Translation

December 26, 2019

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending February 29, 2020 (under IFRS)

Company name: **J. FRONT RETAILING Co., Ltd.**
Listing: First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code: 3086
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Scheduled date to file Quarterly Securities Report: January 14, 2020
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first nine months of the fiscal year ending February 29, 2020 (from March 1, 2019 to November 30, 2019)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2019	840,400	3.3	361,767	8.4	37,610	11.9	37,042	9.4	34,897	(0.0)
November 30, 2018	813,679	(1.6)	333,608	(2.6)	33,625	(0.5)	33,853	(10.6)	34,898	(7.5)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Nine months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
November 30, 2019	20,997	(4.9)	20,930	(15.6)	80.22	80.19
November 30, 2018	22,077	(6.9)	24,811	(12.1)	84.37	84.35

* 1. Of sales revenue, sales from purchase recorded at the time of sale (*shoka shiire*) of the "Department Store Business" and "Other (Daimaru Kogyo)" have been converted into gross amount and the net amount of sales of the "PARCO Business" into tenant transaction volume (gross amount basis) to calculate gross sales.
2. Business profit is obtained by subtracting cost of sales and selling, general and administrative expenses from sales revenue. Operating profit is obtained by adding other operating income to and subtracting other operating expense from business profit.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
November 30, 2019	1,284,227	464,762	409,703	31.9	1,565.12
February 28, 2019	1,029,573	468,485	412,700	40.1	1,576.68

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2019	–	17.00	–	18.00	35.00
Fiscal year ending February 29, 2020	–	18.00	–		
Fiscal year ending February 29, 2020 (Forecast)				18.00	36.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending February 29, 2020 (from March 1, 2019 to February 29, 2020)

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending February 29, 2020	1,167,000	3.7	492,000	7.0	49,500	8.8	47,000	14.9	43,700	3.7

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 29, 2020	25,800	(5.7)	98.57

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* **Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates

a. Changes in accounting policies required by IFRS: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2019	270,565,764 shares
As of February 28, 2019	270,565,764 shares

b. Number of shares of treasury shares at the end of the period

As of November 30, 2019	8,794,917 shares
As of February 28, 2019	8,812,617 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended November 30, 2019	261,760,391 shares
For the nine months ended November 30, 2018	261,670,183 shares

*** Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.**

*** Proper use of earnings forecasts, and other special matters**

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. Please refer to “1. Qualitative information regarding results for the first nine months (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 5 of the material attached to this quarterly financial results report for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on financial results)

Supplementary material on financial results was disclosed on the same day on TDnet.

[Attached Material]

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1. Qualitative information regarding results for the first nine months

(1) Explanation of operating results

In the nine months ended November 30, 2019 (from March 1, 2019 to November 30, 2019), the Japanese economy was unstable, with fluctuations in personal consumption, and lacked vigor due to the impact of large typhoons, the rush before the consumption tax hike and the reaction after the tax increase. Since then, the effects of the consumption tax hike have slowly eased, and there has been a gradual recovery as corporate earnings and employment environment have improved.

In the retail sector, although sales increased significantly mainly for durable goods and luxury goods in September due to the rush before the consumption tax hike, there was a significant decrease as a reaction after the consumption tax hike in October. Inbound sales were weak for a while due to the effects of exchange rates, but they are now on a track of recovery.

Amid this harsh environment, with the aim of developing as a multifaceted services retailer operating beyond the retail industry framework as it began working on the third year of the "FY 2017–FY 2021 Medium-term Business Plan," which was formulated with the aim to realize its new Group Vision, "Create and Bring to Life 'New Happiness,'" the J. Front Retailing Group (hereinafter the "Group") is working to further strengthen the competitiveness and profitability of existing businesses while also carrying out initiatives in its three key businesses: the Credit Finance Business, the personnel recruitment business and the design and construction business.

In addition, we have identified five priority issues, such as "contribution to low-carbon society," and are promoting Group-wide initiatives including formulation of action plans to achieve medium- to long-term goals to carry out management with an emphasis on ESG so as to contribute to a sustainable society and realize sustainable growth as a corporation. Also, the Group endorsed the Final Report (TCFD Recommendations) of the "Task Force on Climate-related Financial Disclosures (TCFD)" established by the Financial Stability Board, and took part in the "TCFD Consortium" founded in May. In October, the greenhouse gas reduction target set by the Group was certified as a target based on scientific evidence by the "Science Based Targets (SBT) initiative."

We held an "ESG Presentation" in November aimed at analysts and institutional investors just like last year, with the goal of encouraging them to deepen their understanding of the Group's efforts.

In the Department Store Business, from October to November, key Daimaru and Matsuzakaya stores held the "ECOFF Recycle Campaign" that involves collecting unused clothing, etc. to contribute to building a sustainable society. Many customers participated this time as well.

We completed construction for rebuilding the main building of the Daimaru Shinsaibashi store on August 23, and held the grand opening on September 20. As approximately 5,000 customers were waiting in line before the opening, the store was opened ahead of schedule. The concept of the store is "Delight the World – to Shinsaibashi, the place where everyone wants to go." While further enhancing the capabilities of the Shinsaibashi store to deal with affluent customers and foreign tourists to Japan, which is already one of the store's strong points, we have set as target "all customers who actively enjoy life." We will also actively introduce new brands and open 370 stores, including 37 making their Kansai debut and other 50 new format stores. The business model is completely different from conventional department stores, based on an innovative layered structure in which about 65% of the total area is composed of fixed-term rental sales spaces.

On the other hand, as part of the Group's restructuring of regional department stores, we have decided to absorb and merge The Shimonoseki Daimaru, Inc. into Daimaru Matsuzakaya Department Stores Co. Ltd., aiming to enable The Shimonoseki Daimaru, Inc. to continue to play a part in the community and achieve sustainable growth amid changes in economic circumstances surrounding regional suburban department stores and intensifying competition among them (scheduled for March 2020). In addition, we closed the Daimaru Yamashina store in March.

In the Real Estate Business, we opened commercial facilities “BINO HIGASHINOTOIN” on Higashinotoin-dori in the Karasuma area of Kyoto in April, and “BINO OKACHIMACHI” on the original site of the Matsuzakaya Ueno Store Annex No. 2 in December, with a focus on “beauty & health” as part of our “Urban Dominant Strategy.” In addition, we renovated the first basement floor of the OM Hotel Nikko Building and opened the “DAIMARU WHITE AVENUE” in November.

In the PARCO Business, we opened Kinshicho PARCO in March with a concept of “creating a new community for people living in urban areas in which workplaces and residential areas are close to each other,” SAN-A Urasoe West Coast PARCO CITY in June with a total of 250 shops, including 94 making their Okinawa debut, under the concept of “sharing happiness, from here to the future,” and Kawasaki ZERO GATE in August with a concept of “enhancing the city’s functionality and supporting the lifestyle needs of the city’s shoppers.” On the other hand, we closed Utsunomiya PARCO in May in light of changes in the commercial environment surrounding the store. Also, to mark the 50th anniversary of the opening of Ikebukuro PARCO in 1969, we held a grand opening of the new Shibuya PARCO on November 22, which introduced about 180 unique shops. Aiming for the direction of making stores for the creation of next-generation commercial spaces, we are working to expand hands-on content, re-propose fashion through a mix of luxury, *mode* (French for “fashion”) and street culture, as well as to create sales spaces of the future utilizing ICT, etc. We aim to go beyond commercial facilities and make buildings that have an impact on a global scale, empathizing and co-creating with creative people such as designers and creators, and take new initiatives to propose new stimulating and fun value of experience.

As a result of various measures including those mentioned above, in the nine months ended November 30, 2019, consolidated sales revenue was ¥361,767 million, up 8.4% year on year, operating profit was ¥37,042 million, up 9.4% year on year, profit before tax was ¥34,897 million, down 0.0% year on year, and profit attributable to owners of parent was ¥20,997 million, down 4.9% year on year.

Results by segment are as follows.

<Department Store Business>
In September, due to last-minute demand before the consumption tax hike, sales were strong mainly for luxury goods, but in October and November, as the reaction was large, and especially in October due to unseasonable weather with typhoons, recovery of store sales was delayed.

Under such circumstances, the new main building of the Daimaru Shinsaibashi store had its grand opening on September 20, and under the store concept of “Delight the World – to Shinsaibashi, the place where everyone wants to go,” it has been reborn as a “new department store for the future,” with all unprecedented floor structure, product lineup, design, environment, etc.

We renovated the second floor of the South Building of the Matsuzakaya Nagoya store for the first time in seven years, and opened KiKiYOCOCHO in March as an initiative to strengthen the ability to attract many customers, which is one of the cornerstones of the store strategy. KiKiYOCOCHO is a new arranging sales area fusing “beauty, food and accessories.” It is comprised of 25 shops, some of which are available for the first time in the Tokai region and Japan. It provides women with a space for “trying, discovering, and relaxing” in which the high-class feel of a department store and the lively atmosphere of a side street co-exist.

As one of the initiatives to expand the customer base, we now made the Daimaru and Matsuzakaya app available for use at 13 stores nationwide at the end of May in order to further strengthen the relationships with customers based on the perspectives of providing new customer experience and enhancing sales initiatives.

We continued efforts to acquire new customer accounts in response to the expanding affluent customer market. In order to develop the new out-of-store sales business model, we also improved and maintained the operation support system that utilizes ICT, and established a new organizational structure.

For the inbound market, we worked at expanding the cosmetics sales space, delivering information utilizing social networking services, and expanding customer contact points by strengthening cooperation with priority initiatives.

We carried out a “sustainable participatory project” to eliminate burdens on customers and the earth through ecological activities, and we actively carried out “ECOFF” recycling and reuse activities, such as recycle campaigns at ten Daimaru and Matsuzakaya stores in October and November, and held special days in collaboration with fashion events in Kobe and Nagoya.

In addition, as part of the restructuring of regional department stores, we have decided to absorb and merge The Shimonoseki Daimaru, Inc. into Daimaru Matsuzakaya Department Stores Co. Ltd. and bring it under direct management in March 2020 (plan), aiming to enable its continued growth.

It should be added that we closed the Daimaru Yamashina store as of March 31 based on the judgment of it being difficult to anticipate improvement in its earnings amidst recent changes in the economic environment and fiercer competitions.

Despite various measures including those mentioned above, sales revenue was ¥193,437 million, down 1.7% year on year, and operating profit was ¥14,032 million, down 11.4% year on year.

<PARCO Business>
In the Shopping complex business, we reopened Shibuya PARCO in November, which is an expression of the new charm of the PARCO brand. In addition, we opened Kinshicho PARCO (March) as a renovation type development property, opened SAN-A Urasoe West Coast PARCO CITY (June) as a joint business with SAN-A CO., LTD., and Kawasaki ZERO GATE (August), and promoted real estate development based on various format development methods. At PARCO Stores, we have developed a system to promote customer-driven business model reform in response to the evolution of the digital environment and the changing consumer mindset, by shifting the customer benefit system from discounts to point services (October), etc., and we worked on new tenant development, expansion of customer contact points and strengthening of communication for enhancing customer satisfaction.

As a result of various measures including those mentioned above, sales revenue was ¥88,029 million, up 32.8% year on year, due mainly to sales of reserve floor space in the Shibuya redevelopment business, and operating profit was ¥10,130 million, up 24.5% year on year.

<Real Estate Business>
Even after the opening of GINZA SIX and Ueno Frontier Tower in FY 2017, we are working on our “Urban Dominant Strategy” to maximize the charm of the overall area and grow along with the community.

We worked on peripheral development, opening for business in April the commercial facility “BINO HIGASHINOTOIN” in Kyoto, one of the key areas for our “Urban Dominant Strategy,” and opening for business in December the “BINO OKACHIMACHI” in Ueno. In addition, in November we renovated the first basement floor of the OM Hotel Nikko Building in Shinsaibashi, where we introduced 19 new tenants providing services related to fashion and beauty, and re-opened it as “DAIMARU WHITE AVENUE” together with eight existing tenants.

Consequently, sales revenue was ¥13,266 million, up 4.7% year on year, due to transfer of management of stores surrounding the Kobe, Kyoto, and Ueno stores from the Department Store Business to the Real Estate Business in addition to the above efforts, and operating profit was ¥7,189 million, up 60.2% year on year, due to recording of gain on sales of non-current assets.

<Credit Finance Business>
As a result of increases in commission fees due to increased use at external member stores and in interest income from installment sales, sales revenue was ¥8,018 million, up 2.1% year on year. However, as a

result of the increase in up-front investment expenses, operating profit was ¥1,905 million, down 3.2% year on year.

(2) Explanation of financial position

(Assets, liabilities, and equity as of November 30, 2019)

Total assets as of November 30, 2019 was ¥1,284,227 million, an increase of ¥254,654 million compared with February 28, 2019. This was mainly attributable to an increase in right-of-use assets due to the application of IFRS 16 "Leases." Total liabilities was ¥819,465 million, an increase of ¥258,378 million. This was mainly attributable to an increase in lease liabilities due to the application of IFRS 16 "Leases." Total equity was ¥464,762 million, a decrease of ¥3,723 million compared with February 28, 2019. This was mainly attributable to a decrease in retained earnings due to the application of IFRS 16 "Leases."

(Cash flow position)

The balance of cash and cash equivalents (hereinafter "cash") as of November 30, 2019 amounted to ¥49,170 million, up ¥23,511 million compared with February 28, 2019.

Cash flow positions in the nine months ended November 30, 2019 and the factors for these were as follows.

A. Net cash flows from (used in) operating activities

Net cash provided by operating activities was ¥67,532 million. In comparison with the nine months ended November 30, 2018, cash provided increased by ¥45,702 million, largely reflecting an adjustment of depreciation and amortization expense due to the application of IFRS 16 "Leases" and an increase in trade payables.

B. Net cash flows from (used in) investing activities

Net cash used in investing activities was ¥25,654 million. In comparison with the nine months ended November 30, 2018, cash used increased by ¥3,722 million, largely reflecting an increase of purchase of property, plant and equipment.

C. Net cash flows from (used in) financing activities

Net cash used in financing activities was ¥18,376 million. In comparison with the nine months ended November 30, 2018, cash used increased by ¥6,280 million, largely reflecting recording of repayments of lease liabilities due to the application of IFRS 16 "Leases," despite proceeds from issuance of bonds.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts are unchanged from the forecasts for the fiscal year ending February 29, 2020 announced on October 8, 2019.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

	As of February 28, 2019	As of November 30, 2019
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	25,659	49,170
Trade and other receivables	132,943	172,616
Other financial assets	7,324	6,202
Inventories	38,349	23,106
Other current assets	7,004	6,249
Total current assets	211,281	257,344
Non-current assets		
Property, plant and equipment	471,238	475,306
Right-of-use assets	–	185,959
Goodwill	523	523
Investment property	197,162	220,244
Intangible assets	4,489	5,530
Investments accounted for using equity method	17,616	18,632
Other financial assets	96,225	92,679
Deferred tax assets	8,280	10,687
Other non-current assets	22,754	17,316
Total non-current assets	818,291	1,026,882
Total assets	1,029,573	1,284,227

	As of February 28, 2019	As of November 30, 2019
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	31,320	42,100
Trade and other payables	138,938	173,873
Lease liabilities	–	29,211
Other financial liabilities	32,252	31,328
Income tax payables	8,174	4,936
Provisions	1,851	1,645
Other current liabilities	62,490	65,273
Total current liabilities	275,028	348,369
Non-current liabilities		
Bonds and borrowings	143,058	145,572
Lease liabilities	–	197,837
Other financial liabilities	47,718	43,151
Retirement benefit liabilities	29,003	22,478
Provisions	5,176	4,659
Deferred tax liabilities	60,455	56,614
Other non-current liabilities	647	781
Total non-current liabilities	286,059	471,095
Total liabilities	561,087	819,465
Equity		
Capital	31,974	31,974
Share premium	212,210	212,357
Treasury shares	(15,090)	(14,972)
Other components of equity	14,745	11,901
Retained earnings	168,861	168,442
Total equity attributable to owners of parent	412,700	409,703
Non-controlling interests	55,784	55,058
Total equity	468,485	464,762
Total liabilities and equity	1,029,573	1,284,227

(2) Condensed quarterly consolidated statement of profit or loss

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
	Millions of yen	Millions of yen
Sales revenue	333,608	361,767
Cost of sales	(178,560)	(206,653)
Gross profit	155,047	155,113
Selling, general and administrative expense	(121,422)	(117,503)
Other operating income	2,512	7,692
Other operating expense	(2,284)	(8,259)
Operating profit	33,853	37,042
Finance income	871	840
Finance costs	(865)	(4,262)
Share of profit (loss) of investments accounted for using equity method	1,039	1,277
Profit before tax	34,898	34,897
Income tax expense	(10,517)	(11,731)
Profit	24,380	23,165
Profit attributable to:		
Owners of parent	22,077	20,997
Non-controlling interests	2,302	2,168
Profit	24,380	23,165
Earnings per share		
Basic earnings per share (Yen)	84.37	80.22
Diluted earnings per share (Yen)	84.35	80.19

(3) Condensed quarterly consolidated statement of comprehensive income

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
	Millions of yen	Millions of yen
Profit	24,380	23,165
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	369	(1,987)
Remeasurements of defined benefit plans	–	(180)
Share of other comprehensive income of entities accounted for using equity method	33	(37)
Total items that will not be reclassified to profit or loss	403	(2,205)
Items that may be reclassified to profit or loss		
Cash flow hedges	53	2
Exchange differences on translation of foreign operations	(29)	(34)
Share of other comprehensive income of entities accounted for using equity method	2	1
Total items that may be reclassified to profit or loss	26	(29)
Other comprehensive income, net of tax	430	(2,235)
Comprehensive income	24,811	20,930
Comprehensive income attributable to:		
Owners of parent	22,440	18,832
Non-controlling interests	2,371	2,097
Comprehensive income	24,811	20,930

(4) Condensed quarterly consolidated statement of changes in equity

Nine months ended November 30, 2018

	Equity attributable to owners of parent					
				Other components of equity		
	Capital	Share premium	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2018	31,974	211,864	(15,244)	(43)	(15)	15,831
Effect of changes in accounting policies	–	–	–	–	–	–
Balance reflecting changes in accounting policies	31,974	211,864	(15,244)	(43)	(15)	15,831
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	(28)	55	301
Total comprehensive income	–	–	–	(28)	55	301
Purchase of treasury shares	–	–	(6)	–	–	–
Disposal of treasury shares	–	0	0	–	–	–
Dividends	–	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	1	–	–	–	–
Share-based payment transactions	–	210	162	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(442)
Other	–	–	–	29	(49)	–
Total transactions with owners	–	212	156	29	(49)	(442)
Balance at November 30, 2018	31,974	212,077	(15,088)	(42)	(9)	15,690

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total	Retained earnings	Total		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2018	–	15,772	151,151	395,519	55,368	450,887
Effect of changes in accounting policies	–	–	487	487	–	487
Balance reflecting changes in accounting policies	–	15,772	151,639	396,006	55,368	451,374
Profit	–	–	22,077	22,077	2,302	24,380
Other comprehensive income	33	362	–	362	68	430
Total comprehensive income	33	362	22,077	22,440	2,371	24,811
Purchase of treasury shares	–	–	–	(6)	–	(6)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(9,417)	(9,417)	(942)	(10,359)
Changes in ownership interests in subsidiaries	–	–	–	1	(516)	(515)
Share-based payment transactions	–	–	–	373	–	373
Transfer from other components of equity to retained earnings	(33)	(476)	476	–	–	–
Other	–	(19)	–	(19)	–	(19)
Total transactions with owners	(33)	(496)	(8,940)	(9,068)	(1,458)	(10,527)
Balance at November 30, 2018	–	15,638	164,776	409,378	56,280	465,659

Nine months ended November 30, 2019

	Equity attributable to owners of parent					
				Other components of equity		
	Capital	Share premium	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2019	31,974	212,210	(15,090)	(83)	(5)	14,834
Effect of changes in accounting policies	–	–	–	–	–	–
Balance reflecting changes in accounting policies	31,974	212,210	(15,090)	(83)	(5)	14,834
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	(33)	4	(1,917)
Total comprehensive income	–	–	–	(33)	4	(1,917)
Purchase of treasury shares	–	–	(4)	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–
Dividends	–	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	–	–	–	–	–
Share-based payment transactions	–	146	122	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(897)
Other	–	–	–	–	–	–
Total transactions with owners	–	146	118	–	–	(897)
Balance at November 30, 2019	31,974	212,357	(14,972)	(116)	(1)	12,019

	Equity attributable to owners of parent					
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2019	–	14,745	168,861	412,700	55,784	468,485
Effect of changes in accounting policies	–	–	(12,675)	(12,675)	(1,914)	(14,590)
Balance reflecting changes in accounting policies	–	14,745	156,185	400,025	53,869	453,895
Profit	–	–	20,997	20,997	2,168	23,165
Other comprehensive income	(217)	(2,164)	–	(2,164)	(70)	(2,235)
Total comprehensive income	(217)	(2,164)	20,997	18,832	2,097	20,930
Purchase of treasury shares	–	–	–	(4)	–	(4)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(9,419)	(9,419)	(972)	(10,392)
Changes in ownership interests in subsidiaries	–	–	–	–	3	3
Share-based payment transactions	–	–	–	269	60	329
Transfer from other components of equity to retained earnings	217	(679)	679	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	217	(679)	(8,740)	(9,155)	(908)	(10,063)
Balance at November 30, 2019	–	11,901	168,442	409,703	55,058	464,762

(5) Condensed quarterly consolidated statement of cash flows

	Nine months ended November 30, 2018	Nine months ended November 30, 2019
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit before tax	34,898	34,897
Depreciation and amortization expense	14,799	37,952
Impairment loss	408	577
Finance income	(871)	(840)
Finance costs	865	4,262
Share of loss (profit) of investments accounted for using equity method	(1,039)	(1,277)
Loss (gain) on sales of non-current assets	(23)	(2,719)
Loss on disposals of non-current assets	1,184	3,101
Decrease (increase) in inventories	(8,478)	16,235
Decrease (increase) in trade and other receivables	(28,972)	(34,824)
Increase (decrease) in trade and other payables	21,706	31,939
Increase (decrease) in retirement benefit liabilities	(1,061)	(6,525)
Decrease (increase) in retirement benefit assets	(68)	(1,672)
Other, net	4,160	8,029
Subtotal	37,507	89,136
Interest received	94	81
Dividends received	293	250
Interest paid	(760)	(4,204)
Income taxes paid	(17,758)	(20,387)
Income taxes refund	2,453	2,654
Net cash flows from (used in) operating activities	21,830	67,532
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(25,229)	(26,359)
Proceeds from sales of property, plant and equipment	7	461
Purchase of investment property	(3,972)	(1,965)
Proceeds from sales of investment property	32	2,959
Purchase of investment securities	(928)	(821)
Proceeds from sales of investment securities	8,478	3,546
Other, net	(320)	(3,474)
Net cash flows from (used in) investing activities	(21,932)	(25,654)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	(1,850)	(6,370)
Net increase (decrease) in commercial papers	4,999	–
Proceeds from non-current borrowings	11,850	1,300
Repayments of non-current borrowings	(16,400)	(11,540)
Proceeds from issuance of bonds	–	29,864
Repayments of lease liabilities	–	(21,203)
Purchase of treasury shares	(6)	(6)
Dividends paid	(9,397)	(9,413)
Dividends paid to non-controlling interests	(942)	(972)
Other, net	(350)	(34)
Net cash flows from (used in) financing activities	(12,096)	(18,376)
Net increase (decrease) in cash and cash equivalents	(12,198)	23,501
Cash and cash equivalents at beginning of period	38,883	25,659
Effect of exchange rate changes on cash and cash equivalents	26	8
Cash and cash equivalents at end of period	26,711	49,170

(6) Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

Significant accounting policies applied in these quarterly financial statements are consistent with those applied in the financial statements for the fiscal year ended February 28, 2019 except for the following:

Quarterly income tax expense for the nine months ended November 30, 2019 is recognized based on the estimated annual effective tax rate.

The Group has applied the following standards from the first quarter of the fiscal year ending February 29, 2020.

IFRS	Description of new and amended standards
IFRS 16 Leases	Amendments to accounting treatment for leases

The Group has applied IFRS 16 "Leases" (issued in January 2016) (hereinafter "IFRS 16") from the first quarter of the fiscal year ending February 29, 2020.

The Group has applied IFRS 16 retrospectively in accordance with the transitional requirements under which the cumulative effect of initially applying IFRS 16 has been recognized as an adjustment to the opening balance of retained earnings for the first quarter of the fiscal year ending February 29, 2020. In transitioning to IFRS 16, the Group has elected to apply the practical expedient provided in IFRS 16 paragraph C3 and maintained its assessment of whether a contract contains a lease under IAS 17 "Leases" (hereinafter "IAS 17") and IFRIC 4 "Determining whether an Arrangement Contains a Lease."

The Group recognized right-of-use assets and lease liabilities at the date of initial application of IFRS 16 for leases that it previously classified as operating leases under IAS 17. The lease liabilities are measured at the present value of outstanding lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average of the lessee's incremental borrowing rates applied to the lease liabilities recognized on the consolidated statement of financial position at the date of initial application is 1.8%. The right-of-use assets are measured retrospectively as if IFRS 16 had been applied since the commencement date of the lease contract. It is noted, however, that the Group has elected not to apply the requirements of IFRS 16 to short-term leases or low-value leases.

As a result, assets and liabilities in the condensed quarterly consolidated statement of financial position at the beginning of the first quarter of the fiscal year ending February 29, 2020 increased by ¥210,637 million and ¥225,227 million, respectively while equity decreased by ¥14,590 million. Please note that the impact on profit before tax is not significant in the condensed quarterly consolidated statement of profit or loss.

In applying IFRS 16, the Group used the following practical expedients:

- A lessee may rely on its assessment of whether leases are onerous applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" immediately before the date of initial application as an alternative to performing an impairment review,

- A lessee may account for leases for which the lease term ends within 12 months of the date of initial application in the same way as short-term leases,

- A lessee may exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application, and

- A lessee may use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(Segment information)

(1) Overview of reportable segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business results.

The Group is comprised, under a holding company structure, of the reportable segments "Department Store Business," "PARCO Business," "Real Estate Business" and "Credit Finance Business," with the Department Store Business at its core.

The Department Store Business carries out the sale of clothing, general goods, household goods, food products and others. The PARCO Business undertakes development, management, supervision and operation, etc. of shopping centers. The Real Estate Business carries out development, supervision, operation, etc. of real estate. The Credit Finance Business undertakes issuance and administration, etc. of credit cards.

(2) Segment revenue and business results

Revenue and business results by reportable segments of the Group are as follows. Inter-segment transactions are generally based on prevailing market prices.

Nine months ended November 30, 2018

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	PARCO Business	Real Estate Business	Credit Finance Business	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	196,568	65,979	11,819	4,766	279,133	54,474	333,608	–	333,608
Inter-segment revenue	253	293	849	3,088	4,485	22,906	27,392	(27,392)	–
Total	196,822	66,272	12,669	7,854	283,618	77,381	361,000	(27,392)	333,608
Segment profit	15,839	8,139	4,488	1,969	30,436	2,658	33,095	758	33,853
Finance income									871
Finance costs									(865)
Share of profit (loss) of investments accounted for using equity method									1,039
Profit before tax									34,898

Notes: 1. The "Other" category is a business segment not included in reportable segments. It includes wholesaling, design and construction contracting, manufacture and sale of furniture, parking, leasing, etc.

2. The adjustments for segment profit include inter-segment eliminations and corporate income and expenses not attributable to any reportable segment. Corporate income and expenses are mainly income and expenses of the company submitting condensed quarterly consolidated financial statements that are not attributable to any reportable segment.

3. Segment profit is adjusted to operating profit in the condensed quarterly consolidated financial statements.

Nine months ended November 30, 2019

	Reportable segments								
	Department Store Business	PARCO Business	Real Estate Business	Credit Finance Business	Total	Other	Total	Adjustments	Consolidated
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	193,091	87,562	12,472	5,139	298,266	63,500	361,767	–	361,767
Inter-segment revenue	345	467	794	2,878	4,486	32,674	37,160	(37,160)	–
Total	193,437	88,029	13,266	8,018	302,752	96,175	398,928	(37,160)	361,767
Segment profit	14,032	10,130	7,189	1,905	33,258	4,218	37,476	(433)	37,042
Finance income									840
Finance costs									(4,262)
Share of profit (loss) of investments accounted for using equity method									1,277
Profit before tax									34,897

Notes:

1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, design and construction contracting, manufacture and sale of furniture, parking, leasing, etc.
2. The adjustments for segment profit include inter-segment eliminations and corporate income and expenses not attributable to any reportable segment. Corporate income and expenses are mainly income and expenses of the company submitting condensed quarterly consolidated financial statements that are not attributable to any reportable segment.
3. Segment profit is adjusted to operating profit in the condensed quarterly consolidated financial statements.