

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2021 (under IFRS)

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 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: July 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 three months of the fiscal year ending February 28, 2021 (from March 1, 2020 to May 31, 2020)

(1) Consolidated operating results (cumulative) (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	%
Three months ended										
May 31, 2020	113,438	(58.6)	63,459	(43.6)	(3,879)	–	(27,103)	–	(28,492)	–
May 31, 2019	274,002	1.5	112,482	1.3	12,476	1.5	12,794	(1.6)	12,150	(8.0)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
May 31, 2020	(20,334)	–	(20,364)	–	(77.66)	–
May 31, 2019	7,447	(10.7)	7,710	(14.4)	28.45	–

- * 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
May 31, 2020	1,281,163	374,434	362,262	28.3	1,383.55
February 29, 2020	1,240,308	399,681	387,188	31.2	1,479.07

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 29, 2020	–	18.00	–	18.00	36.00
Fiscal year ending February 28, 2021	–				
Fiscal year ending February 28, 2021 (Forecast)		9.00	–	18.00	27.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

For details, please refer to the “Notice Regarding Revisions to Earnings Forecasts and Dividend Forecasts,” which was published today.

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

(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	%
First six months ending August 31, 2020	312,000	(42.8)	140,000	(38.0)	(8,000)	–	(30,000)	–	(33,000)	–
Fiscal year ending February 28, 2021	805,000	(29.0)	332,000	(30.9)	(7,000)	–	(30,000)	–	(35,900)	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
First six months ending August 31, 2020	(23,700)	–	(90.51)
Fiscal year ending February 28, 2021	(26,000)	–	(99.30)

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

The earnings forecasts for the fiscal year ending February 28, 2021, which were announced on April 10, 2020, have been revised. For details, please refer to the “Notice Regarding Revisions to Earnings Forecasts and Dividend Forecasts,” which was published today.

* **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: None
- b. Changes in accounting policies due to other reasons: Yes
- 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 May 31, 2020	270,565,764 shares
As of February 29, 2020	270,565,764 shares

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

As of May 31, 2020	8,730,637 shares
As of February 29, 2020	8,788,287 shares

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

For the three months ended May 31, 2020	261,831,318 shares
For the three months ended May 31, 2019	261,753,491 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 three months (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 4 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 three months

(1) Explanation of operating results

The Japanese economy in the three months ended May 31, 2020 (March 1, 2020 to May 31, 2020) was significantly affected by the spread of the novel coronavirus disease (COVID-19). The business conditions index for March 2020 decreased by 4.9 percentage points year on year, significantly declining to 88.8, and in April, which was when the state of emergency was announced, it suddenly deteriorated, decreasing 7.3 percentage points year on year, the largest ever decrease, and being recorded at 81.5.

In the retail sector, there were significant effects due to the spread of COVID-19. The situation where shops are shortening operating hours or refraining from operating has continued, and it is expected that companies, including major apparel manufacturers, will go bankrupt due to the deterioration of business results. Personal spending fell significantly due to many consumers refraining from going outside for non-essential and non-urgent matters, and it is assumed that the stagnation of consumption may continue for a long period of time.

Amid this environment, the J. Front Retailing Group (hereinafter the “Group”) controlled investments and reduced non-essential and non-urgent costs to ensure financial stability and the liquidity of cash on hand. In addition, the Group proceeded with ensuring working capital for the time being by taking measures such as accumulating cash on hand and increasing the amount of credit lines for fund raising.

In the Department Store Business, personal spending stagnated and in-bound spending was extinguished due to people refraining from going outside for non-essential and non-urgent matters in March, and in April, business results significantly deteriorated due to almost all shops refraining from operating after the state of emergency was announced. We restarted operations one after another starting from the food floor after entering May, and all shops and buildings restarted operations in the latter half of May. However, even after reopening, we believe that the safety and security of customers and employees is the most important, so we will thoroughly carry out hygiene management such as ensuring social distancing and checking temperatures.

Under such conditions, as part of the restructuring of regional department stores, we brought Shimonoseki Daimaru under direct management and re-opened it on March 23. In addition, we proceeded with creating community-based stores that only suburban stores can offer, and the Daimaru Ashiya store and the Daimaru Suma store also re-opened on March 13 and March 15, respectively.

In the PARCO Business, similar to the Department Store Business, the transaction volume decreased significantly due to consumers refraining from going outside and shops refraining from operating. However, after the lifting of the state of emergency declaration, operations restarted successively.

Furthermore, completely understanding changes in Japan and overseas, we partnered with the new educational streaming business for teens, “Inspire High,” on April 3 to expand new business opportunities. We will promote the “expansion of soft content” through this partnership.

Despite various measures in the harsh environment mentioned above, in the three months ended May 31, 2020, consolidated sales revenue was ¥63,459 million, down 43.6% year on year, operating loss was ¥27,103 million partly due to the recording of impairment loss (operating profit of ¥12,794 million in the three months ended May 31, 2019), loss before tax was ¥28,492 million (profit before tax of ¥12,150 million in the three months ended May 31, 2019) and loss attributable to owners of parent was ¥20,334 million (profit attributable to owners of parent of ¥7,447 million in the three months ended May 31, 2019), as a result of the significant impact of stores refraining from operating, etc. due to the spread of COVID-19.

Results by segment are as follows.

<Department Store Business>

We actively worked to reform rural and suburban stores as a measure to strengthen the ability to attract many customers, which is one of the cornerstones of the store strategy.

The first large-scale renovation (the first phase) was executed at the Daimaru Suma store, which is celebrating its 40th anniversary since opening, based on the idea of being “In the center of life in Suma. ‘Department store that coexists with the community.’” We carried out renovations on the entire Daimaru Ashiya store building, which was reborn as a compact community-based department store with high-quality space and selection of products appropriate for a town like Ashiya, based on the concept of “Anything you could need in this town is here. The offer of Ashiya Marche.”

Furthermore, we carried out renovations on the entire Daimaru Shimonoseki store building, whose store name changed at the same time that Daimaru Matsuzakaya Department Stores Co. Ltd. was absorbed and merged, for the first time in 18 years, and it transitioned to a hybrid business structure that boldly utilizes fixed-term rental agreements in addition to the conventional department store business model, aiming to be a “store that can be enjoyed by tourists as well as local three generation families, and is filled with beauty, food and fun.”

We decided to conclude operations at Matsuzakaya Toyota on September 30, 2021 based on the judgment of it being difficult to anticipate future growth amidst recent changes in the economic environment and fiercer competitions.

Despite various measures including those mentioned above, sales revenue was ¥24,308 million, down 63.2% year on year, and operating loss was ¥23,156 million (operating profit of ¥6,130 million in the three months ended May 31, 2019) partly due to the recording of impairment loss, as a result of the significant impact of stores refraining from operating, etc.

<PARCO Business>

As a result of temporary closures and shortened operating hours of PARCO stores, relaxing of conditions for tenants, temporary closures of entertainment facilities, temporary closures of shops in the specialty store business, a drop in orders in the space engineering and management business and other factors caused by the impact of the spread of COVID-19, sales revenue was ¥12,132 million, down 45.1% year on year, and operating loss was ¥4,127 million (operating profit of ¥3,408 million in the three months ended May 31, 2019).

<Real Estate Business>

As part of our “Urban Dominant Strategy” to maximize the charm of the area and grow along with the community, we prepared to open the Daimaru Shinsaibashi store’s new north building, which is scheduled to open in fall 2020. In addition to this, we promoted new real estate development in Ueno, Nagoya Sakae, Kyoto, Shinsaibashi and Kobe, which are priority areas.

Despite various measures including those mentioned above, sales revenue was ¥2,739 million, down 38.0% year on year, and operating profit was ¥380 million, down 77.4% year on year, as a result of the significant impact of many facilities refraining from operating, including GINZA SIX and Ueno Frontier Tower, due to the spread of COVID-19.

<Credit Finance Business>

As a result of a decrease in revenues from the affiliated store fees due to Daimaru Matsuzakaya Department Stores Co. Ltd. and external affiliated stores refraining from operating or shortening operating hours because of the spread of COVID-19, sales revenue was ¥2,095 million, down 19.5% year on year, and operating profit was ¥72 million, down 90.9% year on year.

(2) Explanation of financial position

(Assets, liabilities, and equity as of May 31, 2020)

Total assets as of May 31, 2020 was ¥1,281,163 million, an increase of ¥40,855 million compared with February 29, 2020. Total liabilities was ¥906,729 million, an increase of ¥66,102 million. Total equity was ¥374,434 million, a decrease of ¥25,247 million compared with February 29, 2020.

(Cash flow position)

The balance of cash and cash equivalents (hereinafter “cash”) as of May 31, 2020 amounted to ¥136,001 million, up ¥101,368 million compared with February 29, 2020. This was mainly attributable to accumulating cash on hand and increasing the amount of credit lines for fund raising.

Cash flow positions in the three months ended May 31, 2020 and the factors for these were as follows.

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

Net cash used in operating activities was ¥8,844 million. In comparison with the three months ended May 31, 2019, cash decreased by ¥27,868 million, largely due to the recording of loss before tax.

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

Net cash used in investing activities was ¥5,842 million. In comparison with the three months ended May 31, 2019, cash used increased by ¥1,055 million, largely reflecting an increase in purchase of property, plant and equipment.

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

Net cash provided by financing activities was ¥116,065 million. In comparison with the three months ended May 31, 2019, cash provided increased by ¥108,927 million, largely reflecting issuances of commercial papers and an increase in borrowings.

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

The consolidated earnings forecasts have been changed from the forecasts for the first six months ending August 31, 2020 and the fiscal year ending February 28, 2021 announced in the consolidated financial results released on April 10, 2020.

In our revised forecasts for the first six months ending August 31, 2020, we project gross sales of ¥312,000 million, sales revenue of ¥140,000 million, operating loss of ¥30,000 million, loss before tax of ¥33,000 million, loss attributable to owners of parent of ¥23,700 million, and basic loss per share of ¥90.51.

In our revised forecasts for the fiscal year ending February 28, 2021, we project gross sales of ¥805,000 million, sales revenue of ¥332,000 million, operating loss of ¥30,000 million, loss before tax of ¥35,900 million, loss attributable to owners of parent of ¥26,000 million, and basic loss per share of ¥99.30.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

	As of February 29, 2020	As of May 31, 2020
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	34,633	136,001
Trade and other receivables	144,244	96,834
Other financial assets	5,095	4,237
Inventories	19,169	20,248
Other current assets	5,281	6,217
Total current assets	208,424	263,538
Non-current assets		
Property, plant and equipment	473,167	465,084
Right-of-use assets	179,632	171,941
Goodwill	523	523
Investment property	219,354	218,563
Intangible assets	5,662	5,578
Investments accounted for using equity method	37,439	37,114
Other financial assets	91,379	92,366
Deferred tax assets	9,988	11,583
Other non-current assets	14,734	14,868
Total non-current assets	1,031,883	1,017,624
Total assets	1,240,308	1,281,163

	As of February 29, 2020	As of May 31, 2020
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	108,400	165,592
Trade and other payables	144,020	96,089
Lease liabilities	29,493	29,392
Other financial liabilities	30,199	29,395
Income tax payables	4,349	2,690
Provisions	999	780
Other current liabilities	56,427	56,734
Total current liabilities	<u>373,889</u>	<u>380,675</u>
Non-current liabilities		
Bonds and borrowings	149,876	220,891
Lease liabilities	191,003	186,217
Other financial liabilities	41,087	40,481
Retirement benefit liabilities	20,175	20,164
Provisions	4,909	4,976
Deferred tax liabilities	58,829	52,317
Other non-current liabilities	855	1,004
Total non-current liabilities	<u>466,737</u>	<u>526,053</u>
Total liabilities	<u>840,627</u>	<u>906,729</u>
Equity		
Capital	31,974	31,974
Share premium	189,340	189,185
Treasury shares	(14,974)	(14,896)
Other components of equity	11,641	11,931
Retained earnings	169,206	144,067
Total equity attributable to owners of parent	<u>387,188</u>	<u>362,262</u>
Non-controlling interests	12,493	12,172
Total equity	<u>399,681</u>	<u>374,434</u>
Total liabilities and equity	<u><u>1,240,308</u></u>	<u><u>1,281,163</u></u>

(2) Condensed quarterly consolidated statement of profit or loss

	Three months ended May 31, 2019	Three months ended May 31, 2020
	Millions of yen	Millions of yen
Sales revenue	112,482	63,459
Cost of sales	(60,315)	(42,187)
Gross profit	52,167	21,272
Selling, general and administrative expense	(39,691)	(25,152)
Other operating income	827	800
Other operating expense	(509)	(24,024)
Operating profit (loss)	12,794	(27,103)
Finance income	319	303
Finance costs	(1,394)	(1,461)
Share of profit (loss) of investments accounted for using equity method	430	(230)
Profit (loss) before tax	12,150	(28,492)
Income tax expense	(3,900)	7,928
Profit (loss)	8,249	(20,563)
Profit (loss) attributable to:		
Owners of parent	7,447	(20,334)
Non-controlling interests	802	(229)
Profit (loss)	8,249	(20,563)
Earnings per share		
Basic earnings (loss) per share (Yen)	28.45	(77.66)
Diluted earnings (loss) per share (Yen)	-	-

(3) Condensed quarterly consolidated statement of comprehensive income

	Three months ended May 31, 2019	Three months ended May 31, 2020
	Millions of yen	Millions of yen
Profit (loss)	8,249	(20,563)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(505)	387
Share of other comprehensive income of entities accounted for using equity method	(37)	(94)
Total items that will not be reclassified to profit or loss	(543)	293
Items that may be reclassified to profit or loss		
Cash flow hedges	(28)	(12)
Exchange differences on translation of foreign operations	30	(82)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total items that may be reclassified to profit or loss	3	(94)
Other comprehensive income, net of tax	(539)	198
Comprehensive income	7,710	(20,364)
Comprehensive income attributable to:		
Owners of parent	6,940	(20,138)
Non-controlling interests	769	(226)
Comprehensive income	7,710	(20,364)

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended May 31, 2019

	Equity attributable to owners of parent					
	Capital	Share premium	Treasury shares	Other components of equity		
				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	-	-	-	30	(27)	(471)
Total comprehensive income	-	-	-	30	(27)	(471)
Purchase of treasury shares	-	-	(1)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-
Share-based payment transactions	-	90	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	(869)
Total transactions with owners	-	90	(1)	-	-	(869)
Balance at May 31, 2019	31,974	212,300	(15,091)	(53)	(33)	13,493

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	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	-	-	7,447	7,447	802	8,249
Other comprehensive income	(37)	(506)	-	(506)	(33)	(539)
Total comprehensive income	(37)	(506)	7,447	6,940	769	7,710
Purchase of treasury shares	-	-	-	(1)	-	(1)
Disposal of treasury shares	-	-	-	0	-	0
Dividends	-	-	(4,709)	(4,709)	(515)	(5,225)
Changes in ownership interests in subsidiaries	-	-	-	-	3	3
Share-based payment transactions	-	-	-	90	17	107
Transfer from other components of equity to retained earnings	37	(831)	831	-	-	-
Total transactions with owners	37	(831)	(3,877)	(4,620)	(494)	(5,114)
Balance at May 31, 2019	-	13,406	159,755	402,345	54,144	456,490

Three months ended May 31, 2020

	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, 2020	31,974	189,340	(14,974)	(65)	(3)	11,710
(Loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	(82)	(11)	384
Total comprehensive income	-	-	-	(82)	(11)	384
Purchase of treasury shares	-	-	(0)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(154)	78	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	-
Total transactions with owners	-	(154)	77	-	-	-
Balance at May 31, 2020	31,974	189,185	(14,896)	(148)	(15)	12,095

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total	Retained earnings			
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at March 1, 2020	-	11,641	169,206	387,188	12,493	399,681
(Loss)	-	-	(20,334)	(20,334)	(229)	(20,563)
Other comprehensive income	(93)	196	-	196	2	198
Total comprehensive income	(93)	196	(20,334)	(20,138)	(226)	(20,364)
Purchase of treasury shares	-	-	-	(0)	-	(0)
Disposal of treasury shares	-	-	-	0	-	0
Dividends	-	-	(4,710)	(4,710)	(94)	(4,805)
Share-based payment transactions	-	-	-	(76)	-	(76)
Transfer from other components of equity to retained earnings	93	93	(93)	-	-	-
Total transactions with owners	93	93	(4,804)	(4,787)	(94)	(4,882)
Balance at May 31, 2020	-	11,931	144,067	362,262	12,172	374,434

(5) Condensed quarterly consolidated statement of cash flows

	Three months ended May 31, 2019	Three months ended May 31, 2020
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit (loss) before tax	12,150	(28,492)
Depreciation and amortization expense	12,180	13,388
Impairment loss	–	11,589
Finance income	(319)	(303)
Finance costs	1,394	1,461
Share of loss (profit) of investments accounted for using equity method	(430)	230
Loss on disposals of non-current assets	414	553
Decrease (increase) in inventories	(416)	(1,078)
Decrease (increase) in trade and other receivables	(9,352)	48,871
Increase (decrease) in trade and other payables	16,680	(46,792)
Increase (decrease) in retirement benefit liabilities	(351)	(10)
Decrease (increase) in retirement benefit assets	28	10
Other, net	115	(3,722)
Subtotal	32,093	(4,295)
Interest received	30	28
Dividends received	116	100
Interest paid	(1,333)	(1,380)
Income taxes paid	(11,883)	(3,297)
Net cash flows from (used in) operating activities	19,024	(8,844)
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(4,050)	(5,250)
Proceeds from sales of property, plant and equipment	–	3
Purchase of investment property	(290)	(590)
Purchase of investment securities	(350)	(797)
Proceeds from sales of investment securities	1,959	700
Other, net	(2,054)	92
Net cash flows from (used in) investing activities	(4,787)	(5,842)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	(7,000)	30,000
Net increase (decrease) in commercial papers	–	37,992
Proceeds from non-current borrowings	1,300	72,000
Repayments of non-current borrowings	(4,470)	(11,800)
Proceeds from issuance of bonds	29,864	–
Repayments of lease liabilities	(7,322)	(7,315)
Purchase of treasury shares	(1)	(0)
Dividends paid	(4,717)	(4,718)
Dividends paid to non-controlling interests	(515)	(94)
Other, net	1	1
Net cash flows from (used in) financing activities	7,138	116,065
Net increase (decrease) in cash and cash equivalents	21,375	101,377
Cash and cash equivalents at beginning of period	25,659	34,633
Effect of exchange rate changes on cash and cash equivalents	(6)	(10)
Cash and cash equivalents at end of period	47,028	136,001

(6) Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

Application of amendments to IFRS 16 “Leases”

The Group has applied the amendment “Covid-19-Related Rent Concessions” (issued in May 2020) to IFRS 16 “Leases” early from the first quarter of the fiscal year ending February 28, 2021.

For leases as lessee, the Group has selected to apply the practical expedient for all rent concessions that occurred as a direct consequence of the COVID-19 pandemic and that meet the conditions of IFRS 16 paragraph 46B, and not assess whether the concessions are lease modifications.

As a result, the reduced rent expenses were recognized as other operating income in the condensed quarterly consolidated statement of profit or loss for the three months ended May 31, 2020, but the impact was immaterial.

(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.

Three months ended May 31, 2019

	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Department Store Business	PARCO Business	Real Estate Business	Credit Finance Business					
	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	65,858	21,966	4,165	1,680	93,671	18,811	112,482	–	112,482
Inter-segment revenue	128	136	255	922	1,442	9,270	10,713	(10,713)	–
Total	65,987	22,103	4,421	2,602	95,114	28,081	123,196	(10,713)	112,482
Segment profit	6,130	3,408	1,686	795	12,020	829	12,850	(55)	12,794
Finance income									319
Finance costs									(1,394)
Share of profit (loss) of investments accounted for using equity method									430
Profit before tax									12,150

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.

Three months ended May 31, 2020

	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Department Store Business	PARCO Business	Real Estate Business	Credit Finance Business					
	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	24,240	11,985	2,447	1,710	40,384	23,075	63,459	–	63,459
Inter-segment revenue	67	147	291	385	890	7,494	8,384	(8,384)	–
Total	24,308	12,132	2,739	2,095	41,275	30,569	71,844	(8,384)	63,459
Segment profit (loss)	(23,156)	(4,127)	380	72	(26,831)	(174)	(27,005)	(98)	(27,103)
Finance income									303
Finance costs									(1,461)
Share of profit (loss) of investments accounted for using equity method									(230)
(Loss) before tax									(28,492)

- Notes:
1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, design and construction contracting, parking, leasing, etc.
 2. The adjustments for segment profit (loss) 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 (loss) is adjusted to operating profit (loss) in the condensed quarterly consolidated financial statements.