

December 28, 2020

**Consolidated Financial Results for the First Nine 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: January 13, 2021
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 28, 2021 (from March 1, 2020 to November 30, 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	%
Nine months ended										
November 30, 2020	532,350	(36.7)	230,699	(36.2)	1,890	(95.0)	(18,483)	–	(21,593)	–
November 30, 2019	840,400	3.3	361,767	8.4	37,610	11.9	37,042	9.4	34,897	(0.0)

	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
Nine months ended						
November 30, 2020	(15,632)	–	(15,841)	–	(59.70)	–
November 30, 2019	20,997	(4.9)	20,930	(15.6)	80.22	80.19

- * 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 expense 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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
November 30, 2020	1,299,272	376,715	364,560	28.1	1,392.25
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
February 29, 2020	Yen —	Yen 18.00	Yen —	Yen 18.00	Yen 36.00
Fiscal year ending February 28, 2021	—	9.00	—		
Fiscal year ending February 28, 2021 (Forecast)				18.00	27.00

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

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	%
Fiscal year ending February 28, 2021	810,400	(28.5)	337,500	(29.8)	1,200	(97.4)	(20,600)	—	(25,600)	—

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending February 28, 2021	(18,600)	—	(71.03)

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: 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 November 30, 2020	270,565,764 shares
As of February 29, 2020	270,565,764 shares

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

As of November 30, 2020	8,715,786 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 nine months ended November 30, 2020	261,838,868 shares
For the nine months ended November 30, 2019	261,760,391 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 4 of the material attached to this 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

The Japanese economy in the nine months ended November 30, 2020 (March 1, 2020 to November 30, 2020) was significantly affected by the spread of the novel coronavirus disease (COVID-19). Real GDP growth between July and September 2020 declined 5.7% year on year (second preliminary report of the Cabinet Office), and despite the recovery compared to the largest drop since the war that was recorded from April to June 2020, the situation remained challenging. Regarding personal spending, private final consumption expenditure from July to September decreased 7.3% year on year, which was an improvement from April to June 2020, but the situation remains challenging.

Regarding the conditions in the retail sector, although we have seen some recovery due to the effects of economic activity resuming and the Go To Campaigns, etc. following the lifting of the state of emergency declaration, the outlook continues to be uncertain due to a resurgence in the number of infections and the weight of lower wages, etc.

Amid this business environment, we have been working on “controlling investments and thorough cost management,” “implementing thorough hygiene management in consideration of safety and security,” “promotion of digital measures,” and “promotion of Urban Dominant Strategy” in order to achieve early business recovery and a renewed growth for the future. On the financial front, the J. Front Retailing Group (hereinafter the “Group”) continued to control investments and reduce non-essential and non-urgent costs to ensure financial stability and liquidity. In addition, the Group proceeded with securing 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 and PARCO Businesses, even though there were stores that temporarily refrained from operating under the declaration of a state of emergency, all stores remain currently in operation after implementing thorough hygiene management in consideration of the safety and security of our customers and employees. In addition, as new measures in response to new lifestyles, the Group has been promoting digital measures. In the Out-of-store sales business, which has maintained stable earnings during the COVID-19 crisis, live commerce was implemented and was well received as a new initiative during events for out-of-store sales customers. In the PARCO business, the Group continued to work on holding online exhibitions and strengthening cross-border EC for China. Going forward, we will continue to work on further development of digital measures.

To promote the realization of our Urban Dominant Strategy, we opened BINO SAKAE on November 6, 2020 and Shinsaibashi PARCO on November 20, 2020. BINO SAKAE, which is the fourth facility in the BINO series, takes the original concept of “beauty and health” of the BINO series one step further using the concept of “beautiful food × beautiful accessories” and contributes to increasing the level of foot traffic in the Sakae area and further improving the appeal of the city. Shinsaibashi PARCO will be the first store in the PARCO Business to open in Shinsaibashi, Osaka, in approximately nine years, and in combination with the main building of the Daimaru Shinsaibashi store, which opened in September 2019, this store helps the Group to realize Group synergies, and contribute to further revitalization of the Shinsaibashi area.

As a result of the above measures, profit was able to be secured in the third quarter (September to November) for the second consecutive period, following the second quarter. However, due to the significant impact of refraining from operating in the first quarter, consolidated sales revenue was ¥230,699 million, down 36.2% year on year, operating loss was ¥18,483 million (operating profit of ¥37,042 million in the nine months ended November 30, 2019), loss before tax was ¥21,593 million (profit before tax of ¥34,897 million in the nine months ended November 30, 2019) and loss attributable to owners of parent was ¥15,632 million (profit attributable to owners of parent of ¥20,997 million in the nine months ended November 30, 2019).

Results by segment are as follows.

<Department Store Business>

While consumer sentiment had been gradually recovering in September and October, the recovery in sales was held back in November due to the resurgence in the number of new cases of COVID-19 virus. On the other hand, in response to consumers' increasing willingness to purchase from their homes, we worked to strengthen our operations in EC and live commerce.

The Daimaru Shinsaibashi store is carrying out measures to improve the convenience and satisfaction of using the customer shopping services that were integrated with PARCO, such as increasing foot traffic through a joint point service with Shinsaibashi PARCO, which opened on November 20, 2020.

As part of our sustainability activities, Daimaru and Matsuzakaya, which have stores located throughout Japan, launched the "Think LOCAL" social contribution activities in September aiming to think together with customers and provide support regarding the issues facing local communities and the people who live there.

The Group also carried out "Think GREEN" activities to provide sustainable products and services with a low environmental impact, and 11 Daimaru and Matsuzakaya stores promoted the "ECOFF Recycle Campaign," which was a sustainable participatory project in October and November to eliminate the impact on customers and the earth through ecological activities.

Despite various measures including those mentioned above, sales revenue was ¥112,224 million, down 42.0% year on year, and operating loss was ¥22,087 million (operating profit of ¥14,032 million in the nine months ended November 30, 2019) partly due to the recording of impairment loss.

<PARCO Business>

After operations restarted following the lifting of the state of emergency, consumer sentiment gradually recovered, and in late September, the relaxation of restrictions on the number of people attending events allowed entertainment facilities (cinemas and theaters) to hold performances without restrictions on the number of seats.

Additionally, in response to the new lifestyle changes, we worked on online exhibitions, live commerce, live streaming, etc.

In the Shopping complex business, we opened Shinsaibashi PARCO in November. As a new business development, we have opened the first branch of the community-type working space "SkiMa" in Shinsaibashi PARCO. We also organized a project to celebrate the first anniversary of the opening of Shibuya PARCO and implemented a contactless payment campaign at all stores as a sales promotion measure.

Despite various measures including those mentioned above, sales revenue was ¥49,391 million, down 43.9% year on year. Although we were able to secure a profit in the second and third quarters, the impact of the all-store closure was significant, resulting in an operating loss of ¥1,579 million (compared to an operating profit of ¥10,130 million in the nine months ended November 30, 2019).

<Real Estate Business>

As part of our "Urban Dominant Strategy" to maximize the allure of the area and grow along with the community, we opened BINO SAKAE in Nagoya on November 6 and promoted new real estate development in Ueno, Nagoya Sakae, Kyoto, Shinsaibashi and Kobe, which are our priority areas.

Furthermore, along with making PARCO a wholly owned subsidiary, we transferred properties and performed other procedures toward the unification of the Real Estate Business under PARCO, and consolidated the real estate functions.

Despite various measures including those mentioned above, sales revenue was ¥11,048 million, down 16.7% year on year, and operating profit was ¥2,597 million, down 63.9% year on year, as a result of the impact of rent concessions and other measures taken at many facilities due to the spread of COVID-19.

<Credit Finance Business>

As a result of a decrease in card transaction volume, affiliated store fees, etc. due to unplanned closures or shortened operating hours of affiliated stores because of the spread of COVID-19, sales revenue was ¥6,931 million, down 13.6% year on year. On the other hand, operating profit was ¥453 million, down 76.2% year on year as a result of advance notification expenses for credit card renewals and expenses for building and operating the acquiring system, etc., despite the decrease in expenses, etc. for acquiring new credit card customers at department stores in selling, general and administrative expense.

(2) Explanation of financial position

(Assets, liabilities, and equity as of November 30, 2020)

Total assets as of November 30, 2020 was ¥1,299,272 million, an increase of ¥58,964 million compared with February 29, 2020. Total liabilities was ¥922,556 million, an increase of ¥81,929 million. Total equity was ¥376,715 million, a decrease of ¥22,966 million compared with February 29, 2020.

(Cash flow position)

The balance of cash and cash equivalents (hereinafter “cash”) as of November 30, 2020 amounted to ¥121,012 million, up ¥86,379 million compared with February 29, 2020. This was mainly attributable to accumulating cash on hand to ensure financial stability.

Cash flow positions in the nine months ended November 30, 2020 and the factors for these were as follows.

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

Net cash provided by operating activities was ¥34,329 million. In comparison with the nine months ended November 30, 2019, cash provided decreased by ¥33,203 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 ¥17,522 million. In comparison with the nine months ended November 30, 2019, cash used decreased by ¥8,132 million, largely reflecting the absence of the purchase of property, plant and equipment in the previous fiscal year.

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

Net cash provided by financing activities was ¥69,586 million. In comparison with the nine months ended November 30, 2019, cash provided increased by ¥87,962 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 are unchanged from the forecasts for the fiscal year ending February 28, 2021 announced on September 29, 2020.

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 November 30, 2020
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	34,633	121,012
Trade and other receivables	144,244	142,261
Other financial assets	5,095	4,559
Inventories	19,169	20,789
Other current assets	5,281	4,935
Total current assets	208,424	293,558
Non-current assets		
Property, plant and equipment	473,167	496,720
Right-of-use assets	179,632	161,508
Goodwill	523	523
Investment property	219,354	189,487
Intangible assets	5,662	6,321
Investments accounted for using equity method	37,439	37,813
Other financial assets	91,379	91,318
Deferred tax assets	9,988	7,127
Other non-current assets	14,734	14,891
Total non-current assets	1,031,883	1,005,713
Total assets	1,240,308	1,299,272

	As of February 29, 2020	As of November 30, 2020
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	108,400	148,700
Trade and other payables	144,020	139,085
Lease liabilities	29,493	29,514
Other financial liabilities	30,199	30,200
Income tax payables	4,349	1,100
Provisions	999	483
Other current liabilities	56,427	65,608
Total current liabilities	<u>373,889</u>	<u>414,692</u>
Non-current liabilities		
Bonds and borrowings	149,876	215,167
Lease liabilities	191,003	177,230
Other financial liabilities	41,087	39,877
Retirement benefit liabilities	20,175	20,353
Provisions	4,909	5,239
Deferred tax liabilities	58,829	49,238
Other non-current liabilities	855	757
Total non-current liabilities	<u>466,737</u>	<u>507,864</u>
Total liabilities	<u>840,627</u>	<u>922,556</u>
Equity		
Capital	31,974	31,974
Share premium	189,340	189,231
Treasury shares	(14,974)	(14,829)
Other components of equity	11,641	11,817
Retained earnings	169,206	146,365
Total equity attributable to owners of parent	<u>387,188</u>	<u>364,560</u>
Non-controlling interests	12,493	12,155
Total equity	<u>399,681</u>	<u>376,715</u>
Total liabilities and equity	<u><u>1,240,308</u></u>	<u><u>1,299,272</u></u>

(2) Condensed quarterly consolidated statement of profit or loss

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
	Millions of yen	Millions of yen
Sales revenue	361,767	230,699
Cost of sales	(206,653)	(133,849)
Gross profit	155,113	96,849
Selling, general and administrative expense	(117,503)	(94,959)
Other operating income	7,692	4,871
Other operating expense	(8,259)	(25,246)
Operating profit (loss)	37,042	(18,483)
Finance income	840	773
Finance costs	(4,262)	(4,601)
Share of profit (loss) of investments accounted for using equity method	1,277	717
Profit (loss) before tax	34,897	(21,593)
Income tax expense	(11,731)	5,713
Profit (loss)	23,165	(15,879)
Profit (loss) attributable to:		
Owners of parent	20,997	(15,632)
Non-controlling interests	2,168	(247)
Profit (loss)	23,165	(15,879)
Earnings per share		
Basic earnings (loss) per share (Yen)	80.22	(59.70)
Diluted earnings (loss) per share (Yen)	80.19	-

(3) Condensed quarterly consolidated statement of comprehensive income

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
	Millions of yen	Millions of yen
Profit (loss)	23,165	(15,879)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,987)	196
Remeasurements of defined benefit plans	(180)	–
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	(2,205)	102
Items that may be reclassified to profit or loss		
Cash flow hedges	2	2
Exchange differences on translation of foreign operations	(34)	(67)
Share of other comprehensive income of entities accounted for using equity method	1	1
Total items that may be reclassified to profit or loss	(29)	(63)
Other comprehensive income, net of tax	(2,235)	38
Comprehensive income	20,930	(15,841)
Comprehensive income attributable to:		
Owners of parent	18,832	(15,598)
Non-controlling interests	2,097	(243)
Comprehensive income	20,930	(15,841)

(4) Condensed quarterly consolidated statement of changes in equity

Nine months ended November 30, 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	-	-	-	(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)
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			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, 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	-	-	-
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

Nine months ended November 30, 2020

	Equity attributable to owners of parent					
	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	-	-	-	(67)	3	191
Total comprehensive income	-	-	-	(67)	3	191
Purchase of treasury shares	-	-	(2)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(108)	148	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	48
Total transactions with owners	-	(108)	145	-	-	48
Balance at November 30, 2020	31,974	189,231	(14,829)	(132)	(0)	11,950

	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)	-	-	(15,632)	(15,632)	(247)	(15,879)
Other comprehensive income	(93)	34	-	34	4	38
Total comprehensive income	(93)	34	(15,632)	(15,598)	(243)	(15,841)
Purchase of treasury shares	-	-	-	(2)	-	(2)
Disposal of treasury shares	-	-	-	(0)	-	(0)
Dividends	-	-	(7,066)	(7,066)	(94)	(7,161)
Share-based payment transactions	-	-	-	39	-	39
Transfer from other components of equity to retained earnings	93	142	(142)	-	-	-
Total transactions with owners	93	142	(7,208)	(7,029)	(94)	(7,124)
Balance at November 30, 2020	-	11,817	146,365	364,560	12,155	376,715

(5) Condensed quarterly consolidated statement of cash flows

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
	Millions of yen	Millions of yen
Net cash flows from (used in) operating activities		
Profit (loss) before tax	34,897	(21,593)
Depreciation and amortization expense	37,952	38,389
Impairment loss	577	11,589
Finance income	(840)	(773)
Finance costs	4,262	4,601
Share of loss (profit) of investments accounted for using equity method	(1,277)	(717)
Loss (gain) on sales of non-current assets	(2,719)	(0)
Loss on disposals of non-current assets	3,101	1,012
Decrease (increase) in inventories	16,235	(1,619)
Decrease (increase) in trade and other receivables	(34,824)	(2,151)
Increase (decrease) in trade and other payables	31,939	3,224
Increase (decrease) in retirement benefit liabilities	(6,525)	177
Decrease (increase) in retirement benefit assets	(1,672)	33
Other, net	8,029	6,506
Subtotal	89,136	38,679
Interest received	81	97
Dividends received	250	217
Interest paid	(4,204)	(4,540)
Income taxes paid	(20,387)	(6,251)
Income taxes refund	2,654	6,127
Net cash flows from (used in) operating activities	67,532	34,329
Net cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(26,359)	(12,429)
Proceeds from sales of property, plant and equipment	461	4
Purchase of investment property	(1,965)	(3,726)
Proceeds from sales of investment property	2,959	-
Purchase of investment securities	(821)	(1,203)
Proceeds from sales of investment securities	3,546	1,208
Other, net	(3,474)	(1,376)
Net cash flows from (used in) investing activities	(25,654)	(17,522)
Net cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	(6,370)	12,000
Net increase (decrease) in commercial papers	-	46,000
Proceeds from non-current borrowings	1,300	77,000
Repayments of non-current borrowings	(11,540)	(19,450)
Proceeds from issuance of bonds	29,864	-
Redemption of bonds	-	(10,000)
Repayments of lease liabilities	(21,203)	(22,348)
Purchase of treasury shares	(6)	(2)
Dividends paid	(9,413)	(7,064)
Dividends paid to non-controlling interests	(972)	(94)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(6,458)
Other, net	(34)	4
Net cash flows from (used in) financing activities	(18,376)	69,586
Net increase (decrease) in cash and cash equivalents	23,501	86,394
Cash and cash equivalents at beginning of period	25,659	34,633
Effect of exchange rate changes on cash and cash equivalents	8	(15)
Cash and cash equivalents at end of period	49,170	121,012

(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 and not to assess whether rent concessions are lease modifications if the rent concession is a direct consequence of the COVID-19 pandemic and all of the conditions of IFRS 16 paragraph 46B are met.

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 nine months ended November 30, 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.

Nine months ended November 30, 2019

	Reportable segments				Total	Other, net	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	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.

Nine months ended November 30, 2020

	Reportable segments				Total	Other, net	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	111,965	48,843	10,256	4,769	175,834	54,865	230,699	–	230,699
Inter-segment revenue	259	547	792	2,162	3,761	21,725	25,487	(25,487)	–
Total	112,224	49,391	11,048	6,931	179,596	76,590	256,186	(25,487)	230,699
Segment profit (loss)	(22,087)	(1,579)	2,597	453	(20,615)	2,154	(18,460)	(22)	(18,483)
Finance income									773
Finance costs									(4,601)
Share of profit (loss) of investments accounted for using equity method									717
(Loss) before tax									(21,593)

- 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.