Translation

April 10, 2020

Consolidated Financial Results for the Fiscal Year Ended 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 of ordinary general shareholders meeting: May 28, 2020
Scheduled date to commence dividend payments: May 8, 2020
Scheduled date to file Annual Securities Report: May 29, 2020
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated performance for the fiscal year ended February 29, 2020 (from March 1, 2019 to February 29, 2020)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 29, 2020	1,133,654	0.8	480,621	4.5	45,363	(0.3)	40,286	(1.5)	37,161	(11.8)
February 28, 2019	1,125,153	(1.2)	459,840	(2.1)	45,514	(1.6)	40,891	(17.5)	42,126	(12.7)

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
February 29, 2020	21,251	(22.3)	21,320	(22.5)	81.19	81.17
February 28, 2019	27,358	(4.0)	27,507	(27.3)	104.55	104.52

	Profit/shareholders' equity	Operating profit/ total assets	Operating profit/ sales revenue
Fiscal year ended	%	%	%
February 29, 2020	5.4	3.2	8.4
February 28, 2019	6.8	4.0	8.9

* 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
February 29, 2020	1,240,308	399,681	387,188	31.2	1,479.07
February 28, 2019	1,029,573	468,485	412,700	40.1	1,576.68

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 29, 2020	73,358	(49,559)	(14,829)	34,633
February 28, 2019	34,870	(26,836)	(21,274)	25,659

2. 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	437,500	(19.8)	182,000	(19.3)	2,500	(89.5)	0	–	(1,500)	–
Fiscal year ending February 28, 2021	1,010,000	(10.9)	411,000	(14.5)	17,000	(62.5)	12,000	(70.2)	8,700	(76.6)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
First six months ending August 31, 2020	(1,000)	–	(3.82)
Fiscal year ending February 28, 2021	5,000	(76.5)	19.10

Note: The forecasts have been calculated taking into account the impact due to the spread of the novel coronavirus (COVID-19) based on information available to the Company as of March 31, 2020. Mainly, the Company expects a fall in the number of customers visiting stores in the Department Store Business and PARCO Business, and the future impact was estimated on the assumption that the adverse effect would last for the first six months or for full fiscal year concentrated on the first quarter. However, depending on the actual timing when this pandemic is resolved, the current forecasts may change considerably. The Company will consider the future trends of operating results, and if it is decided that a revision to the current forecast is required, this information will be promptly disclosed.

3. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2019	–	17.00	–	18.00	35.00	9,157	33.5	2.2
Fiscal year ended February 29, 2020	–	18.00	–	18.00	36.00	9,421	44.3	2.4
Fiscal year ending February 28, 2021 (Forecast)	–	–	–	–	–		–	

Note: Dividends (forecast) for the fiscal year ending February 28, 2021 have not yet been determined at this time. When such a forecast has been determined, based on the Company's "Basic policy on profit distribution*," and in light of the future trends of operating results, it will be promptly disclosed.
* Please refer to "1. Operating results (3) Basic policy on profit distribution and dividends for the current fiscal year and the next fiscal year" on page 6 of the material attached to this financial results report.

* **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 February 29, 2020	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 February 29, 2020	8,788,287 shares
As of February 28, 2019	8,812,617 shares

c. Average number of shares during the period

For the fiscal year ended February 29, 2020	261,763,803 shares
For the fiscal year ended February 28, 2019	261,673,471 shares

<Reference> Non-consolidated performance
Non-consolidated performance for the fiscal year ended February 29, 2020
(from March 1, 2019 to February 29, 2020)
(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 29, 2020	34,116	81.8	28,888	107.4	28,163	101.3	27,948	101.1
February 28, 2019	18,770	27.0	13,926	31.1	13,987	41.4	13,897	62.0

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 29, 2020	106.80	–
February 28, 2019	53.12	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 29, 2020	531,341	328,871	61.9	1,256.46
February 28, 2019	415,927	310,329	74.6	1,186.13

Reference: Equity
As of February 29, 2020: ¥328,871 million
As of February 28, 2019: ¥310,329 million

<Reason for difference compared with the previous fiscal year’s actual non-consolidated performance>
Operating revenue and profit increased as a result of increases provided by dividend income from subsidiaries.

*** Financial results reports are exempt from audit 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. Operating results (1) Analysis of operating results” on page 2 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. Operating results

(1) Analysis of operating results

A. Operating results for the current fiscal year

In the fiscal year under review, the Japanese economy rose and fell. For various reasons, including stagnant exports and production and a decline in capital investments and domestic demand due to the impact of the slowdown in overseas economies, natural disasters, and other developments, the Japanese economy's recovery trend leveled off, and uncertainty regarding various aspects of the Japanese economy, such as corporate production, capital investments, and spending, rapidly increased near the end of the fiscal year. Although the employment and income environments were firm, personal spending was not only lackluster due to continued weak spending as a result of the consumption tax hike but also further deteriorated toward the end of the fiscal year as both in-bound and domestic spending fell because of the novel coronavirus (COVID-19).

Amid this environment, the J. Front Retailing Group (hereinafter the "Group") worked to implement the following five strategies to generate growth and reinforce its foundation as part of its efforts in the third year of the "FY2017–FY2021 Medium-term Business Plan" to realize the Group vision and transform its business portfolio. In particular, we completed two large-scale redevelopment projects this fiscal year—the main building of the Daimaru Shinsaibashi store, which embodies a new department store business model, and Shibuya PARCO, a next-generation commercial space.

The business environment in which the Group operates is undergoing major changes. In order to further increase the corporate and brand value of the Company and PARCO, it is necessary to accurately read ever-changing consumer needs. In order to quickly promote a fundamental but flexible reform of our business portfolio based on quick decision-making, it is necessary to deepen collaboration between the two companies and focus business resources. Therefore, we conducted a takeover bid of PARCO and forced shareholders to sell their shares, which resulted in PARCO becoming a wholly owned subsidiary. Through these efforts, we will maximize Group synergies and accelerate efforts to transform the Group structure in order to realize the Group vision "Create and Bring to Life 'New Happiness.'"

In regard to the "Multi Service Retailer Strategy," we not only worked to expand our existing business fields by concluding a licensing agreement with VISA and Mastercard in July for our Credit Finance Business and moving forward with creating an environment to conduct the Group's acquiring (affiliated store) business but also updated our existing cards by overhauling various card features, such as the point program (a new point program is expected to be introduced in the fall of 2020) and ancillary services. As for efforts to expand new business fields, we moved forward with efforts to gain an understanding of the clothing rental business and an examination of entering that market as the value of "sharing, not owning, items and services" spreads and we respond to those risks.

Turning to the "Urban Dominant Strategy," following GINZA SIX and Ueno Frontier Tower, we completed two massive area redevelopments projects—the main building of the Daimaru Shinsaibashi store in September and Shibuya PARCO in November. In addition, we worked to develop the surrounding areas of core stores, such as opening two BINO stores, commercial facilities based on the concept of beauty and health, in Kyoto and the Ueno area. We also worked to improve the appeal of cities through various efforts, including hosting joint-promotions and area revitalization events with department stores and PARCO in Ueno, Nagoya, and Kobe areas and collaborating with local universities to support the next generation and develop local areas.

As for the "ICT (Internet, Communication, and Technology) Strategy which looks toward the IoT era," we made integrated use of customer data as a shared Group asset and worked to build an integrated database, a foundation for promoting the Lifetime Service Hub concept, the goal of which is to maximize the lifetime value of customers (*). At the same time, we strove to build a cloud environment that makes it possible to manage security at the various Group companies and quickly and flexibly respond to the introduction of digital technology called for in the business strategy. (* By providing new products and services according to the life stage of each and every customer, we strengthen lifetime relationships with customers and maximize the customer value.)

Turning to "innovating existing businesses," for the department store business, we not only introduced into the main building of the Daimaru Shinsaibashi store a new department store business model that balances growth and profitability through novel floor compositions for department stores but also moved forward with developing new sales areas that match changes in the market at the various stores. We also steadily promoted structural reforms at rural and suburban stores, such as Shimonoseki Daimaru and the Daimaru Ashiya store. PARCO celebrated its fiftieth anniversary, and we opened the new Shibuya

PARCO, a next-generation commercial facility that embodies the new appeal of the PARCO brand, and this included expanding experience-based content, re-proposing fashion, and creating futuristic sales areas that make use of ICT. In addition, we made steady progress in developing various types of stores, including opening Kinshicho PARCO, SAN-A Urasoe West Coast PARCO CITY, and Kawasaki ZERO GATE.

As for ESG, we moved forward with company-wide efforts to resolve five major issues, such as "contribution to low-carbon society." At the main building of the Daimaru Shinsaibashi store, our flagship store for promoting ESG, we switched to renewable energy sources for the whole interior, and at Daimaru Matsuzakaya Department Stores Co. Ltd., we held our first explanatory meeting for suppliers regarding "Principles of Action for Suppliers," which were establish in 2019, in order to promote cooperation with our ESG activities. Because of these efforts, there has been an increase in ESG related certifications and evaluations by independent parties, including a climate change survey. (ESG: environment, social, and governance)

As for reforming personnel affairs, with the goal of becoming a human resources development company that aims to generate sustainable growth, we moved forward with reforms to the personnel system that draws out creation and challenges and promoted efforts to recruit specialized human resources and to push back the retirement age at the various group companies to 65 from the perspective of making use of seniors in order to establish human resources management centered on "human resource power" that creates new value.

As for the Group's fiscal strategy, we not only worked to improve asset efficiency by promoting B/S-oriented management and administration to build a management system that boasts high capital efficiency but also steadily adopted new lease accounting standards that are based on the International Financial Reporting Standards (IFRS). Furthermore, we held the first business strategy briefing to expand opportunities for dialogue with all investors.

As for the Group's administrative systems innovation, we strove to strengthen information security and increase business efficiency by not only promoting the automation of operations, primarily in Group back-office operations, through the greater use of robotic process automation (RPA) but also introducing business tools to raise productivity.

As for consolidated earnings for the fiscal year under review, spending continued to be weak as a result of the consumption tax hike, and Japan faced natural disasters, a warm winter, and the spread of the novel coronavirus (COVID-19). However, as a result of various measures such as those mentioned above were implemented, sales revenue was ¥480,621 million, up 4.5% year on year, for various reasons, including sales of reserve floor space in the Shibuya redevelopment project. Even so, operating profit was ¥40,286 million, down 1.5% year on year; profit before tax was ¥37,161 million, down 11.8% year on year; and profit attributable to owners of parent was ¥21,251 million, down 22.3% year on year. In addition, profit/shareholders' equity (ROE) was 5.4%, down 1.4 percentage points year on year, and the ratio of equity attributable to owners of parent to total assets was 31.2%, down 8.9 percentage points year on year.

J. Front Retailing Co., Ltd. (hereinafter the "Company") has decided to pay year-end dividend of ¥18 per share. As a result, the annual dividend, which includes an interim dividend of ¥18 per share, is ¥36 per share, marking nine consecutive years of ordinary dividend increases.

Business results by segment

<Department Store Business>

The main building of the Daimaru Shinsaibashi store, which reopened in September after being rebuilt, has been transformed into a more evolved department store for the world and future that targets "all customers who actively enjoy life" and can better handle affluent customers and foreign tourists to Japan, our strength.

As for implementing the new customer strategy, we introduced the Daimaru and Matsuzakaya app at the end of May in order to expand our customer base. We also continued efforts to acquire new customer accounts in response to the expanding affluent customer market and worked to construct an operation support system that utilizes ICT and a new organization with an eye toward establishing a new out-of-store sales business model.

As a result of various measures such as those mentioned above, sales revenue was ¥263,748 million, down 4.2% year on year, and operating profit was ¥17,625 million, down 27.2% year on year, because of a reduction in store hours and closed stores due to natural disasters; weak spending as a result of the consumption tax hike; the impact of the novel coronavirus (COVID-19); and other developments.

<PARCO Business>
In November, the new Shibuya PARCO opened as a unique next-generation commercial facility that provides both new consumption experiences and value. We also promoted real estate development using several methods, which included opening Kinshicho PARCO (March), a renovation type development property; SAN-A Urasoe West Coast PARCO CITY (June), a joint venture with SAN-A CO., LTD., and Kawasaki ZERO GATE (August). For PARCO stores, we have developed a system to promote customer-driven business model reforms in response to the evolution of the digital environment and changing consumer mindset, and these reforms include changing the customer benefit system from one based on discounts to one based on points. We also worked to develop new tenants and strengthen communication in order to expand customer contact points and improve customer satisfaction.
As a result of various measures such as those mentioned above, even though some existing PARCO stores and businesses struggled, sales revenue was ¥112,212 million, up 24.7% year on year, because of contributions from the newly opened Kinshicho PARCO, new Shibuya PARCO, and other stores; sales of reserve floor space at the Shibuya redevelopment project; and other factors. Operating profit was ¥10,823 million, up 98.7% year on year, as a result of a rebound following the recording of losses due to store closing and impairment loss on other stores in the previous fiscal year.

<Real Estate Business>
We worked to strengthen the real estate lease business by increasing leased floor space, particular in priority areas (Ueno, Nagoya, Kyoto, Shinsaibashi, and Kobe) for the Urban Dominant Strategy. In particular, we opened BINO HIGASHINOTOIN (April) in the Karasuma area of Kyoto and BINO OKACHIMACHI (December) on the former site of the Matsuzakaya Ueno Annex No. 2 and renovated DAIMARU WHITE AVENUE (November) in Shinsaibashi area. In this and other ways, we steadily developed surrounding stores.
Because of various measures such as those mentioned above and strong contributions from GINZA SIX, which opened in FY2017, sales revenue was ¥17,793 million, up 4.7% year on year. In addition, despite up-front investments for the north wing of the Daimaru Shinsaibashi store, which is expected to open in the fall of 2020, operating profit was ¥6,725 million, up 44.2% year on year, because of the disposal of fixed assets.

<Credit Finance Business>
There was an increase in revenues from the affiliated store fees, interest income from installment sales, and other items as a result of greater business by external member stores and efforts to promote the use of revolving shopping credit and installment sales. Therefore, sales revenue was ¥10,719 million, up 1.4% year on year. Furthermore, operating profit was ¥1,908 million, down 19.1% year on year, because of an increase in expenses related to recruiting human resources and strengthening the organization in order to achieve medium- and long-term growth centered on payment and financial services.

<Other Businesses>
As for the personnel recruitment business Dimple, it faced difficult times, and the wholesale business Daimaru Kogyo recorded a decline in both revenue and profit due to weakness in the electronic devices division, but J. Front Design & Construction saw a dramatic increase in both revenue and profit as a result of a growth in orders for not only interior work on hotels and luxury brand stores but also remodeling of the main building of the Daimaru Shinsaibashi store. As a result, sales revenue was ¥123,275 million, up 18.2% year on year, and operating profit was ¥4,700 million, up 34.0%.

B. Consolidated earnings forecasts for the next fiscal year
In our full-year consolidated earnings forecasts for the fiscal year ending February 28, 2021, we project gross sales of ¥1,010,000 million, sales revenue of ¥411,000 million; business profit of ¥17,000 million; operating profit of ¥12,000 million; profit before tax of ¥8,700 million; and profit attributable to owners of parent of ¥5,000 million.
Our forecast for basic earnings per share is ¥19.10.
Note: The forecasts have been calculated taking into account the impact due to the spread of the novel

coronavirus (COVID-19) based on information available to the Company as of March 31, 2020. Specifically, the main effect is expected to be a fall in the number of customers visiting stores in the Department Store Business and PARCO Business as a result of abstinence and restriction of travel to Japan from overseas, self-quarantine in Japan, unplanned closures or shortened operating hours of stores, and the suspension of events, and other factors. The future impact was estimated on the assumption that the adverse effect would last for the first six months or for full fiscal year concentrated on the first quarter.

(2) Analysis of financial position

A. Position of assets, liabilities, and equity

Total assets as of February 29, 2020 was ¥1,240,308 million, up ¥210,735 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 ¥840,627 million, an increase of ¥279,540 million. Interest-bearing debt was ¥478,773 million, up ¥304,395 million. This was mainly attributable to an increase in lease liabilities due to the application of IFRS 16 "Leases."
Total equity was ¥399,681 million, a decrease of ¥68,804 million compared with February 28, 2019. This was mainly attributable to a decrease in share premium and non-controlling interests due to an additional acquisition of shares of PARCO CO., LTD.

B. Cash flow position for the current fiscal year

The balance of cash and cash equivalents (hereinafter "cash") as of February 29, 2020 was ¥34,633 million, up ¥8,974 million compared with February 28, 2019.
Cash flow positions in the current fiscal year and the factors for these were as follows.
Net cash provided by operating activities was ¥73,358 million. In comparison with the previous fiscal year, cash provided increased by ¥38,488 million, largely reflecting an adjustment of depreciation and amortization expense due to an increase in the right-of-use asset and a decrease in inventories.
Net cash used in investing activities was ¥49,559 million. In comparison with the previous fiscal year, cash used increased by ¥22,723 million, largely reflecting an increase in purchase of investment securities.
Net cash used in financing activities was ¥14,829 million. In comparison with the previous fiscal year, cash used decreased by ¥6,445 million, largely reflecting issuance of bonds and other financing activities, despite payment for an additional acquisition of shares of PARCO CO., LTD. and recording of repayments of lease liabilities.

<Reference> Trends in cash flow indicators

		Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Ratio of equity attributable to owners of parent to total assets	(%)	38.7	40.1	31.2
Market value ratio of equity attributable to owners of parent to total assets	(%)	49.9	31.3	24.2
Interest-bearing debt to cash flow ratio	(%)	322.7	500.1	652.7
Interest coverage ratio	(times)	51.5	32.8	12.4

Ratio of equity attributable to owners of parent to total assets: total equity attributable to owners of parent / total assets
Market value ratio of equity attributable to owners of parent to total assets: market capitalization / total assets
Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow
Interest coverage ratio: cash flow / paid interest

Notes:
1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares at the end of the period (excluding treasury shares).
3. The figure used for cash flow is "net cash provided by (used in) operating activities."
4. Interest-bearing debt consists of current borrowings, commercial papers, current portion of bonds, lease liabilities (short-term), bonds, non-current borrowings and lease liabilities (long-term) recorded on the consolidated statement of financial position. Furthermore, regarding the paid interest, we use the interest paid recorded on the consolidated statement of cash flows.

(3) Basic policy on profit distribution and dividends for the current fiscal year and the next fiscal year

The Company's basic policy is to return profits appropriately in accordance with a targeted consolidated dividend payout ratio of 30% or more while striving to provide a stable dividend, with the aim of maintaining and enhancing the Company's sound financial standing while keeping profit levels, future capital investment, free cash flow trends and other such factors in consideration. The Company also considers carrying out purchases of its own shares as appropriate in accordance with such aims as improving capital efficiency and implementing a flexible capital policy.

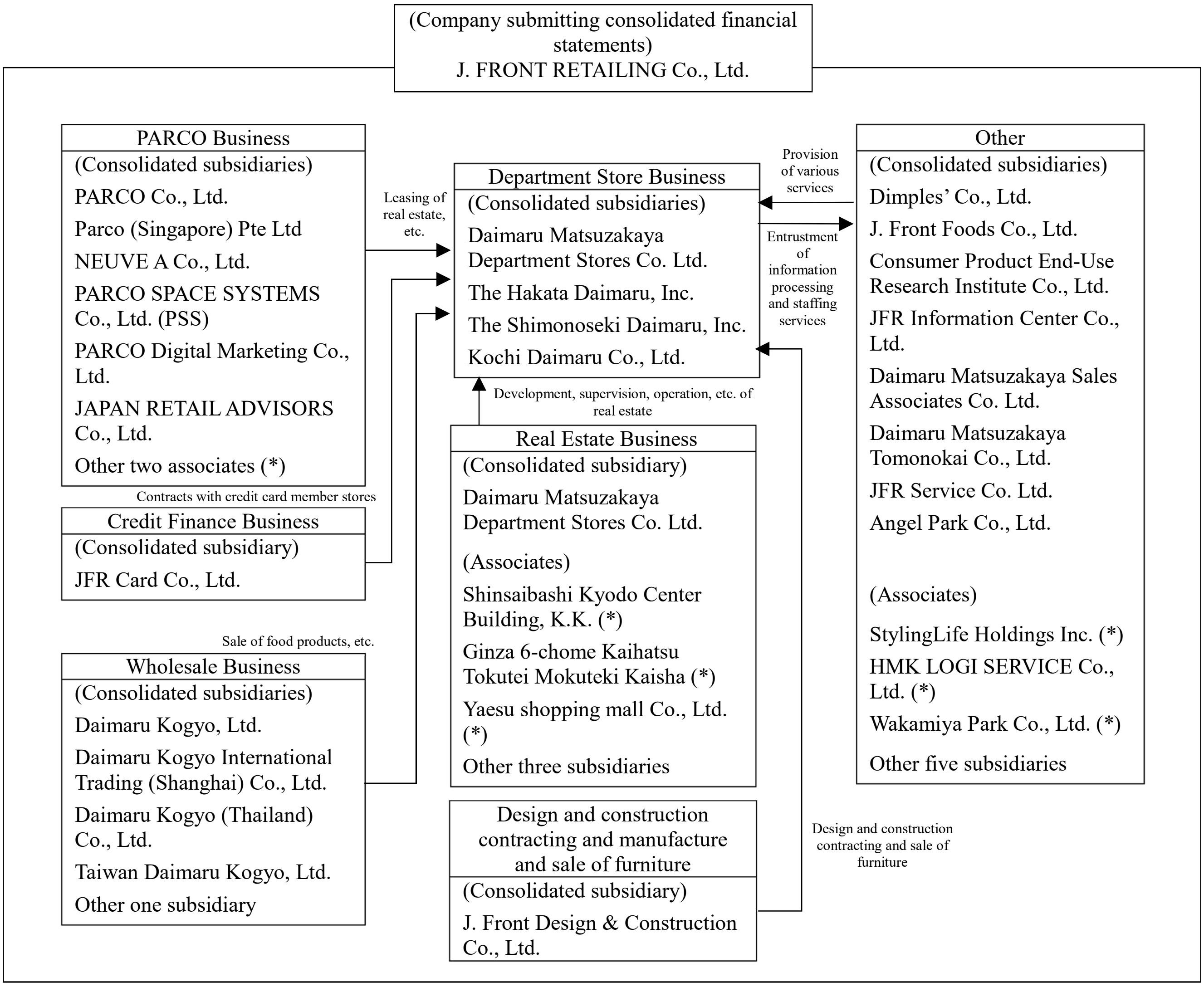
With respect to internal reserves, the Company intends to enhance corporate value by using them for such purposes as investing in store refurbishments and business expansions to strengthen sales, as well as strengthening the Company's financial standing.

The Company has decided to pay an annual dividend of ¥36 per share in the current fiscal year, comprising an interim dividend of ¥18 per share and a year-end dividend of ¥18 per share.

Dividends for the next fiscal year have not yet been determined at this time.

2. Overview of the corporate group

The corporate group consists of the Company, 33 subsidiaries and eight associates. Its principal business is the Department Store Business, and its other businesses include the PARCO Business, the Real Estate Business, the Credit Finance Business, wholesaling, and design and construction contracting. The following is a business organization chart of the Group’s main consolidated subsidiaries and equity method companies.



Notes: 1. Companies marked with an asterisk (*) are equity method associates.

2. In segment information, wholesaling, design and construction contracting, manufacture and sale of furniture, etc. are shown together as “Other.” The other businesses are categorized in accordance with the segments.

3. Basic rational on selection of accounting standard

The Group voluntarily applies International Financial Reporting Standards from the fiscal year ended February 28, 2018 for the purpose of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period and improving the convenience of overseas investors by improving the international comparability of financial information.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated statement of financial position

	As of February 28, 2019	As of February 29, 2020
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	25,659	34,633
Trade and other receivables	132,943	144,244
Other financial assets	7,324	5,095
Inventories	38,349	19,169
Other current assets	7,004	5,281
Total current assets	211,281	208,424
Non-current assets		
Property, plant and equipment	471,238	473,167
Right-of-use assets	–	179,632
Goodwill	523	523
Investment property	197,162	219,354
Intangible assets	4,489	5,662
Investments accounted for using equity method	17,616	37,439
Other financial assets	96,225	91,379
Deferred tax assets	8,280	9,988
Other non-current assets	22,754	14,734
Total non-current assets	818,291	1,031,883
Total assets	1,029,573	1,240,308

	As of February 28, 2019	As of February 29, 2020
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	31,320	108,400
Trade and other payables	138,938	144,020
Lease liabilities	–	29,493
Other financial liabilities	32,252	30,199
Income tax payables	8,174	4,349
Provisions	1,851	999
Other current liabilities	62,490	56,427
Total current liabilities	275,028	373,889
Non-current liabilities		
Bonds and borrowings	143,058	149,876
Lease liabilities	–	191,003
Other financial liabilities	38,486	41,087
Retirement benefit liabilities	29,003	20,175
Provisions	5,176	4,909
Deferred tax liabilities	60,455	58,829
Other non-current liabilities	9,880	855
Total non-current liabilities	286,059	466,737
Total liabilities	561,087	840,627
Equity		
Capital	31,974	31,974
Share premium	212,210	189,340
Treasury shares	(15,090)	(14,974)
Other components of equity	14,745	11,641
Retained earnings	168,861	169,206
Total equity attributable to owners of parent	412,700	387,188
Non-controlling interests	55,784	12,493
Total equity	468,485	399,681
Total liabilities and equity	1,029,573	1,240,308

(2) Consolidated statement of profit or loss and consolidated statement of comprehensive income

(Consolidated statement of income)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
	Millions of yen	Millions of yen
Sales revenue	459,840	480,621
Cost of sales	(247,443)	(273,667)
Gross profit	212,396	206,953
Selling, general and administrative expense	(166,882)	(161,590)
Other operating income	3,237	8,663
Other operating expense	(7,860)	(13,740)
Operating profit	40,891	40,286
Finance income	1,104	1,091
Finance costs	(1,170)	(5,862)
Share of profit (loss) of investments accounted for using equity method	1,301	1,644
Profit before tax	42,126	37,161
Income tax expense	(12,950)	(13,767)
Profit	29,176	23,393
Profit attributable to:		
Owners of parent	27,358	21,251
Non-controlling interests	1,817	2,141
Profit	29,176	23,393
Earnings per share		
Basic earnings per share (Yen)	104.55	81.19
Diluted earnings per share (Yen)	104.52	81.17

(Consolidated statement of comprehensive income)

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
	Millions of yen	Millions of yen
Profit	29,176	23,393
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(471)	(2,318)
Remeasurements of defined benefit plans	(1,220)	256
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	(1,657)	(2,099)
Items that may be reclassified to profit or loss		
Cash flow hedges	58	0
Exchange differences on translation of foreign operations	(71)	24
Share of other comprehensive income of entities accounted for using equity method	2	1
Total items that may be reclassified to profit or loss	(10)	26
Other comprehensive income, net of tax	(1,668)	(2,073)
Comprehensive income	27,507	21,320
Comprehensive income attributable to:		
Owners of parent	25,631	19,259
Non-controlling interests	1,875	2,060
Comprehensive income	27,507	21,320

(3) Consolidated statement of changes in equity

	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
Profit	–	–	–	–	–	–
Other comprehensive income	–	–	–	(70)	60	(530)
Total comprehensive income	–	–	–	(70)	60	(530)
Purchase of treasury shares	–	–	(8)	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–
Dividends	–	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	1	–	–	–	–
Share-based payment transactions	–	343	162	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(466)
Other	–	–	–	29	(49)	–
Total transactions with owners	–	345	154	29	(49)	(466)
Balance at February 28, 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	–	–	–	24	1	(2,237)
Total comprehensive income	–	–	–	24	1	(2,237)
Purchase of treasury shares	–	–	(7)	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–
Dividends	–	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	(23,106)	–	(6)	(0)	84
Share-based payment transactions	–	236	122	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(970)
Other	–	–	–	–	–	–
Total transactions with owners	–	(22,870)	115	(6)	(0)	(885)
Balance at February 29, 2020	31,974	189,340	(14,974)	(65)	(3)	11,710

	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, 2018	–	15,772	151,639	396,006	55,368	451,374
Profit	–	–	27,358	27,358	1,817	29,176
Other comprehensive income	(1,186)	(1,727)	–	(1,727)	58	(1,668)
Total comprehensive income	(1,186)	(1,727)	27,358	25,631	1,875	27,507
Purchase of treasury shares	–	–	–	(8)	–	(8)
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	–	–	–	505	–	505
Transfer from other components of equity to retained earnings	1,186	719	(719)	–	–	–
Other	–	(19)	–	(19)	–	(19)
Total transactions with owners	1,186	699	(10,136)	(8,937)	(1,459)	(10,396)
Balance at February 28, 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	–	–	21,251	21,251	2,141	23,393
Other comprehensive income	219	(1,992)	–	(1,992)	(80)	(2,073)
Total comprehensive income	219	(1,992)	21,251	19,259	2,060	21,320
Purchase of treasury shares	–	–	–	(7)	–	(7)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(9,419)	(9,419)	(972)	(10,392)
Changes in ownership interests in subsidiaries	–	77	–	(23,028)	(42,465)	(65,494)
Share-based payment transactions	–	–	–	359	–	359
Transfer from other components of equity to retained earnings	(219)	(1,189)	1,189	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	(219)	(1,111)	(8,230)	(32,096)	(43,437)	(75,534)
Balance at February 29, 2020	–	11,641	169,206	387,188	12,493	399,681

(4) Consolidated statement of cash flows

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit before tax	42,126	37,161
Depreciation and amortization expense	19,907	50,953
Impairment loss	2,514	2,496
Finance income	(1,104)	(1,091)
Finance costs	1,170	5,862
Share of loss (profit) of investments accounted for using equity method	(1,301)	(1,644)
Loss (gain) on sales of non-current assets	(23)	(2,832)
Loss on disposals of non-current assets	1,641	3,576
Decrease (increase) in inventories	(4,594)	20,173
Decrease (increase) in trade and other receivables	(7,500)	(6,899)
Increase (decrease) in trade and other payables	(2,087)	(4,071)
Increase (decrease) in retirement benefit liabilities	(905)	(8,828)
Decrease (increase) in retirement benefit assets	1,334	776
Other, net	(462)	364
Subtotal	50,714	95,995
Interest received	98	111
Dividends received	330	275
Interest paid	(1,063)	(5,894)
Income taxes paid	(17,662)	(19,783)
Income taxes refund	2,453	2,654
Net cash flows from (used in) operating activities	34,870	73,358
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(28,954)	(33,073)
Proceeds from sales of property, plant and equipment	9	930
Purchase of investment property	(4,250)	(2,759)
Proceeds from sales of investment property	32	3,257
Purchase of investment securities	(1,040)	(19,574)
Proceeds from sales of investment securities	8,826	4,558
Other, net	(1,459)	(2,898)
Net cash flows from (used in) investing activities	(26,836)	(49,559)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	(9,849)	53,480
Net increase (decrease) in commercial papers	(1,000)	4,000
Proceeds from non-current borrowings	20,350	10,300
Repayments of non-current borrowings	(19,360)	(13,800)
Proceeds from issuance of bonds	–	29,864
Repayments of lease liabilities	–	(29,241)
Purchase of treasury shares	(9)	(10)
Dividends paid	(9,389)	(9,396)
Dividends paid to non-controlling interests	(942)	(972)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(59,042)
Other, net	(1,073)	(10)
Net cash flows from (used in) financing activities	(21,274)	(14,829)
Net increase (decrease) in cash and cash equivalents	(13,240)	8,970
Cash and cash equivalents at beginning of period	38,883	25,659
Effect of exchange rate changes on cash and cash equivalents	16	4
Cash and cash equivalents at end of period	25,659	34,633

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

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

The Group has applied the following standards from the fiscal year ended 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 fiscal year ended 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 fiscal year ended 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 consolidated statement of financial position at the beginning of the fiscal year ended 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 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, etc.)

(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 of shopping centers. The Real Estate Business carries out development, supervision, operation, etc. of real estate. The Credit Finance Business undertakes issuance and administration 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.

Fiscal year ended February 28, 2019

	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	275,140	89,406	15,826	6,361	386,734	73,105	459,840	–	459,840
Inter-segment revenue	300	563	1,168	4,212	6,244	31,144	37,389	(37,389)	–
Total	275,441	89,969	16,995	10,573	392,979	104,250	497,229	(37,389)	459,840
Segment profit	24,194	5,445	4,664	2,360	36,665	3,507	40,173	717	40,891
Finance income									1,104
Finance costs									(1,170)
Share of profit (loss) of investments accounted for using equity method									1,301
Profit before tax									42,126
Segment assets	420,059	273,056	187,937	75,862	956,915	125,454	1,082,370	(52,796)	1,029,573
Other items									
Depreciation and amortization expense	10,984	5,970	2,453	12	19,420	812	20,232	(325)	19,907
Impairment loss	295	2,219	–	–	2,514	–	2,514	–	2,514
Investments accounted for using equity method	2,939	43	–	–	2,983	166	3,150	14,466	17,616
Capital expenditures	15,582	18,376	3,571	15	37,545	1,446	38,992	74	39,066

Notes:
1. The "Other" category is a business segment not included as a reportable segment. It includes wholesaling, design and construction contracting, manufacture and sale of furniture, parking, leasing, etc.
2. Capital expenditures are the amount of the increase in property, plant and equipment, investment property and intangible assets.
3. Adjustments are made as follows.
   (1) The adjustment for segment profit includes an inter-segment elimination and corporate income and expenses not attributable to any reportable segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (2) The adjustment for segment assets includes elimination of segment receivables, unrealized adjustments on non-current assets, and assets of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (3) The adjustment for depreciation and amortization expense consists of inter-segment transfers.
   (4) The adjustment for amounts invested in entities accounted for using equity method consists of investments in entities accounted for using equity method of the company submitting consolidated financial statements that are not attributable to any reporting segment.
   (5) The adjustment for capital expenditures consists mainly of inter-segment unrealized profit.
4. Segment profit is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended February 29, 2020

	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	263,388	111,614	16,644	6,872	398,519	82,101	480,621	–	480,621
Inter-segment revenue	360	598	1,148	3,846	5,954	41,173	47,128	(47,128)	–
Total	263,748	112,212	17,793	10,719	404,474	123,275	527,749	(47,128)	480,621
Segment profit	17,625	10,823	6,725	1,908	37,082	4,700	41,783	(1,496)	40,286
Finance income									1,091
Finance costs									(5,862)
Share of profit (loss) of investments accounted for using equity method									1,644
Profit before tax									37,161
Segment assets	471,955	344,162	264,663	78,589	1,159,370	139,143	1,298,514	(58,205)	1,240,308
Other items									
Depreciation and amortization expense	29,043	15,804	4,753	107	49,707	1,987	51,695	(741)	50,953
Impairment loss	1,167	1,234	–	–	2,401	94	2,496	–	2,496
Investments accounted for using equity method	3,141	40	18,474	–	21,657	164	21,821	15,618	37,439
Capital expenditures	24,578	14,549	5,180	538	44,846	2,414	47,260	(331)	46,929

Notes:
1. The "Other" category is a business segment not included as a reportable segment. It includes wholesaling, design and construction contracting, manufacture and sale of furniture, parking, leasing, etc.
2. Capital expenditures are the amount of the increase in property, plant and equipment, right-of-use assets, investment property and intangible assets.
3. Adjustments are made as follows.
   (1) The adjustment for segment profit includes an inter-segment elimination and corporate income and expenses not attributable to any reportable segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (2) The adjustment for segment assets includes elimination of segment receivables, unrealized adjustments on non-current assets, and assets of the company submitting consolidated financial statements that are not attributable to any reportable segment.
   (3) The adjustment for depreciation and amortization expense consists of inter-segment transfers.
   (4) The adjustment for amounts invested in entities accounted for using equity method consists of investments in entities accounted for using equity method of the company submitting consolidated financial statements that are not attributable to any reporting segment.
   (5) The adjustment for capital expenditures consists mainly of inter-segment unrealized profit.
4. Segment profit is adjusted to operating profit in the consolidated financial statements.

(Per share information)

(1) Basic earnings per share and diluted earnings per share

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Basic earnings per share (Yen)	104.55	81.19
Diluted earnings per share (Yen)	104.52	81.17

(2) Basis for calculation of basic earnings per share and diluted earnings per share

1) Profit attributable to ordinary equity holders

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Profit attributable to owners of parent (Millions of yen)	27,358	21,251
Profit not attributable to owners of parent (Millions of yen)	–	–
Profit used to calculate basic earnings per share (Millions of yen)	27,358	21,251
Adjustment to profit (Millions of yen)	–	–
Profit used to calculate diluted earnings per share (Millions of yen)	27,358	21,251

2) Average number of shares during the period

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020
Average number of ordinary shares during the period (Thousands of shares)	261,673	261,763
Increase in the number of ordinary shares		
Officer remuneration BIP trust	79	46
Average number of diluted ordinary shares	261,752	261,810

Note: The calculation of basic earnings per share and diluted earnings per share excludes the number of Company's shares owned by the officer remuneration BIP trust from the average number of ordinary shares during the period because such shares are treated as the Company's treasury shares.

(Significant subsequent events)

(Spread of the novel coronavirus (COVID-19))

As a result of the spread of the novel coronavirus (COVID-19), the Group has been adversely affected with respect to the number of customers visiting stores in the Department Store Business and PARCO Business due to abstinence and restriction of travel from overseas to Japan, self-quarantine in Japan, unplanned closures or shortened operating hours of stores, the suspension of events, and other factors. On April 7, 2020, the Government of Japan declared a state of emergency, and the Group decided to suspend operations excluding some stores from April 8, 2020. Based on such developments, there may be a considerable adverse effect on the Group's business results in the coming fiscal year, but it is difficult to reasonably calculate such an effect at present.

5. Other

Changes in executives

For information about the changes in executives, please refer to "Notice Regarding Change of Representative Executive Officer and Determination of New Director and Executive Officer Candidates," which was released today.