

**Consolidated Financial Results**  
**for the Fiscal Year Ended February 28, 2021**  
**(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 27, 2021  
 Scheduled date to commence dividend payments: May 7, 2021  
 Scheduled date to file Annual Securities Report: May 28, 2021  
 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 28, 2021 (from March 1, 2020 to February 28, 2021)**

**(1) Consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	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	%
February 28, 2021	766,297	(32.4)	319,079	(33.6)	2,366	(94.8)	(24,265)	–	(28,672)	–
February 29, 2020	1,133,654	0.8	480,621	4.5	45,363	(0.3)	40,286	(1.5)	37,161	(11.8)

Fiscal year ended	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
February 28, 2021	(26,193)	–	(27,523)	–	(100.03)	–
February 29, 2020	21,251	(22.3)	21,320	(22.5)	81.19	81.17

Fiscal year ended	Profit/shareholders' equity	Operating profit/total assets	Operating profit/sales revenue
	%	%	%
February 28, 2021	(7.1)	(1.9)	(7.6)
February 29, 2020	5.4	3.2	8.4

- \* 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
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
February 28, 2021	1,263,722	364,343	352,171	27.9	1,344.91
February 29, 2020	1,240,308	399,681	387,188	31.2	1,479.07

## (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 28, 2021	56,471	(20,870)	58,727	128,925
February 29, 2020	73,358	(49,559)	(14,829)	34,633

## 2. 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 29, 2020	–	18.00	–	18.00	36.00	9,421	44.3	2.4
Fiscal year ended February 28, 2021	–	9.00	–	18.00	27.00	7,068	–	2.0
Fiscal year ending February 28, 2022 (Forecast)	–	14.00	–	15.00	29.00		189.8	

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

(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, 2021	470,000	46.6	180,000	22.1	6,500	–	4,000	–	1,800	–
Fiscal year ending February 28, 2022	1,005,000	30.6	394,000	23.5	18,500	681.7	11,000	–	6,600	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	
First six months ending August 31, 2021	1,000	–	3.82
Fiscal year ending February 28, 2022	4,000	–	15.28

\* **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: Yes

(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 28, 2021	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 February 28, 2021	8,709,561 shares
As of February 29, 2020	8,788,287 shares

c. Average number of shares during the period

For the fiscal year ended February 28, 2021	261,842,400 shares
For the fiscal year ended February 29, 2020	261,763,803 shares

**<Reference> Non-consolidated performance****Non-consolidated performance for the fiscal year ended February 28, 2021****(from March 1, 2020 to February 28, 2021)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Operating revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2021	13,812	(59.5)	9,547	(66.9)	8,849	(68.6)	7,487	(73.2)
February 29, 2020	34,116	81.8	28,888	107.4	28,163	101.3	27,948	101.1

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
February 28, 2021	28.60	–
February 29, 2020	106.80	–

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 28, 2021	675,917	329,351	48.7	1,258.07
February 29, 2020	531,341	328,871	61.9	1,256.46

Reference: Equity

As of February 28, 2021: ¥329,351 million

As of February 29, 2020: ¥328,871 million

&lt;Reason for difference compared with the previous fiscal year's actual non-consolidated performance&gt;

Operating revenue and profit decreased as a result of decreases in dividend income and consulting fee 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.

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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 was significantly affected by the spread of the novel coronavirus disease (COVID-19). Although the economy bottomed out after it registered a record negative real GDP growth rate at the beginning of the fiscal year under review, and subsequently showed signs of picking up, it ended up with only a moderate recovery due to the rebound of the epidemic in the latter half of the fiscal year. While corporate earnings were robust in certain industries, many businesses were forced to control investments and reduce employment and wages. Despite a gradual recovery from a slump in the early fiscal year under review, personal spending remained weak mainly due to the declaration of another state of emergency in the late fiscal year.

Amid the unprecedented business environment, the J. Front Retailing Group (hereinafter the “Group”) strove to operate its respective businesses in responding to with the changing circumstances, with the highest priority given to ensuring the safety and security of customers and employees, as well as the viability of its business. At the same time, with an eye to the future, we promoted efforts to contribute to a sustainable society and to achieve the Group’s medium- and long-term growth.

As part of “countermeasures against COVID-19” to adequately respond to the unprecedented business environment caused by the pandemic, the Group set up the Emergency Response Headquarters in the early stage of the infection spread and implemented a range of measures to ensure safety and security with thorough hygiene management as well as its business continuity and management stability.

In our sales activities, we suspended store operations or shortened operating hours taking into account demands by the Japanese government and each local government. For sales, we endeavored to prevent the spread of COVID-19 by taking such measures as creating a safe in-store environment, where customers can feel secure while shopping, by carrying out in-store disinfection, ensuring safe traffic flows for customers and adequate air circulation, and reviewing event plans. Also, while providing suppliers with sales support through the utilization of the Company’s website, we worked to improve the work environment through meticulous hygiene management for sales staff at stores, including rest areas and lockers, and by encouraging remote work and staggered working hours and utilizing online meetings for administrative departments.

At the same time, from the perspective of ensuring business continuity and management stability, we took early actions to brace for a situation where the impact of COVID-19 becomes even more severe than expected, including controlling investments, cutting expenses, accumulating cash on hand and increasing the amount of credit lines for fund raising so as to ensure financial stability and liquidity.

Meanwhile, we promoted the use of digital technologies in our sales activities to adapt to new lifestyles amid the spread of self-curfew. Specifically, we worked on enhancing the selection of products in the online stores of our department stores and offering a remote sales service by providing online customer service and distributing videos from the department stores. In addition, as part of “Think LOCAL,” which was launched in September as support for manufacturers in various regions, we introduced, on our website, local specialties in areas where our stores are located. In the PARCO Business, we also moved forward with our efforts toward the integration of brick-and-mortar stores with the online store by implementing measures such as distributing a virtual tour video of Shinsaibashi PARCO and strengthening online sales in cooperation with suppliers.

As part of “initiatives toward the achievement of medium- and long-term growth,” we implemented organizational reforms and consolidation of the Real Estate Business as part of necessary structural adjustments following the conversion of PARCO into a wholly-owned subsidiary. In the organizational reforms, we set up the “New System Review Committee” and built a new structure which allows PARCO to be dedicated to strengthening its own business by restructuring and integrating head office functions for the holding company and PARCO from the perspective of promptly generating the Group synergies and facilitating highly efficient management. As for the consolidation of the Real Estate Business, we transferred the Daimaru Matsuzakaya Department Store’s real estate business to PARCO in September to concentrate the Group assets and centralize operation, supervision and development

functions.

As part of our efforts to generate the Group synergies, we also opened Shinsaibashi PARCO in November. Shinsaibashi PARCO is a new commercial facility that embodies sustainability management and fusion of our department stores and PARCO, which are what the Group promotes, and aims to expand the area customer base through coexisting with local communities and contributing to generating the prosperity of the Shinsaibashi area together with Daimaru Shinsaibashi store, with which its management was integrated, and by attracting new customers. After the opening, Shinsaibashi PARCO has been visited by a broad range of customers, and its synergy with Daimaru Shinsaibashi store has been demonstrated.

Along with such efforts to reinforce our foundation toward the achievement of medium- and long-term growth, we worked on the formulation of a new Medium-term Business Plan starting from FY2021. Regarding the reform of management structure that is included in the plan, we aim to work on improving revenue by accelerating the transformation of business models and streamlining business operations by restructuring the Group's business to quickly build a future growth platform, while taking a serious look at the future survivability and growth potential of each of our businesses. As part of such efforts, in light of environmental changes in each of our businesses and the future survivability of the market, we decided to close Tsudanuma PARCO and Shintokorozawa PARCO in the PARCO Business (Tsudanuma PARCO and Shintokorozawa PARCO scheduled to close on February 28, 2023 and February 29, 2024, respectively), as well as exclude J. Front Foods Co., Ltd., which is engaged in the restaurant business, from the scope of consolidated subsidiaries by transferring all the shares in the company in February.

As for consolidated earnings for the current fiscal year, the COVID-19 pandemic caused the stagnation in both domestic and inbound spending, which impacted, among others, our core Department Store Business. Despite various measures including those mentioned above, consolidated sales revenue was ¥319,079 million, down 33.6% year on year.

In this environment, despite securing a profit of ¥2,366 million in business profit as a result of controlling investments and reducing expenses throughout the fiscal year, operating loss was ¥24,265 million (operating profit of ¥40,286 million in the previous fiscal year) as a result of reclassification of fixed costs primarily due to suspending store operations, and the recording of expenses, such as those for store closures and impairment loss. Loss before tax was ¥28,672 million (profit before tax of ¥37,161 million in the previous fiscal year), and loss attributable to owners of parent was ¥26,193 million (profit attributable to owners of parent of ¥21,251 million in the previous fiscal year) due to an increase in expenses as a result of reversing the deferred tax assets of subsidiaries.

Regarding dividends, given the unprecedented business environment as well as severe earnings forecasts and financial conditions, the Company paid an interim dividend of ¥9 per share (¥18 in the previous fiscal year), but from the perspective of ensuring stable dividend payments to shareholders, has decided to pay a year-end dividend of ¥18 per share, which is the same as the previous fiscal year. As a result, the annual dividend is ¥27 per share.

### **Business results by segment** **<Department Store Business>**

Due to the impact of the spread of COVID-19, we downsized operations at each of our department stores from March. After the declaration of state of emergency in April, we suspended operations at almost all the stores, excluding the food sales floors. Despite successively restarting operations in the middle of May, both the number of customers visiting stores and sales decreased significantly throughout the year, reflecting self-curfew, the reconsideration of the operation of events and sales from the perspective of avoiding "Three Cs" (closed spaces, crowded places and close-contact settings), and travel restrictions from overseas.

Meanwhile, we promoted the enhancement of product lineups in "Daimaru Matsuzakaya Online Shopping" to meet stay-at-home demand; the offering of a remote sales services, through which customers can enjoy shopping at home; and sales activities using digital technologies such as the visit reservation system. In addition, we carried out new activities amid the COVID-19 pandemic, such as the

installment of non-contact collection boxes of used clothing for the “ECOFF Recycle Campaign,” in which customers can participate.

Besides that, customers were invited to the Daimaru Shinsaibashi store in conjunction with the opening of Shinsaibashi PARCO, and a mutual customer referral campaign using both Daimaru’s and PARCO’s house cards was implemented.

As part of the restructuring of regional suburban department stores, we brought Shimonoseki Daimaru under direct management. Then, we re-opened the Daimaru Shimonoseki store in March. In addition, we proceeded with creating community-based stores at the Daimaru Ashiya store and the Daimaru Suma store.

Despite our efforts including capital investments and reduction of expenses throughout the fiscal year, coupled with various measures such as those mentioned above, sales revenue decreased significantly to ¥164,024 million, down 37.8% year on year, partly due to the stagnation in both domestic and inbound spending, and operating loss was ¥22,199 million (operating profit of ¥17,625 million in the previous fiscal year) partly due to the recording of impairment loss.

#### **<PARCO Business>**

As a result of the impact of the spread of COVID-19, we suspended store operations and shortened operating hours, and were forced to restrict entrance to entertainment venues, which caused both the number of customers visiting stores and tenant transaction volume to decrease significantly. In this environment, in order to further progress customer communication, we worked on new digital measures, such as strengthening the “PARCO ONLINE STORE” in cooperation with suppliers, holding online exhibitions, promoting live commerce and implementing e-commerce services for overseas.

Additionally, in November, we opened Shinsaibashi PARCO, the first store for PARCO to open in Shinsaibashi, Osaka in approximately nine years. Despite opening in the midst of the rebound of the pandemic, the store has been visited by a broad range of customers and maintained sales exceeding expectations.

Despite securing a profit of ¥2,062 million in business profit as a result of initiatives, such as cutting capital investments, cost of sales and expenses, in addition to various measures such as those mentioned above, sales revenue was ¥68,861 million, down 38.6% year on year, partly due to a rebound following the sales of reserve floor space in the Shibuya redevelopment project in the previous fiscal year. Furthermore, operating loss was ¥6,895 million (operating profit of ¥10,823 million in the previous fiscal year) partly due to the recording of store closure-related expenses.

#### **<Real Estate Business>**

As was the case with the Department Store Business and the PARCO Business, rental income decreased as a result of the decrease in tenant sales due to the impact of self-curfew as well as being forced to suspend the operations and shorten operating hours of facilities. On the other hand, we promoted the development in the Nagoya Sakae area to make the area more appealing to customers by working with the Matsuzakaya Nagoya store and Nagoya PARCO. Specifically, in July, we entered into a basic agreement for the “development of Nishiki 3-chome District 25,” which is scheduled to complete and open in 2026, and opened “BINO SAKAE” in November.

Despite various measures such as those mentioned above, sales revenue was ¥15,372 million, down 13.6% year on year, partly due to the impact of rent concessions on fixed rent income during the suspension period and decreased percentage rents, and operating profit was ¥1,986 million, down 70.5% year on year, due to a rebound following the recording of gain on sale of property in the previous fiscal year.



### <Credit Finance Business>

In order to strengthen business, we updated Daimaru Matsuzakaya Card in January to enhance services and introduced a new point program “QIRA POINT.” We also started the offering of a personal card loan service “QIRA LOAN - BRIGHT LIFE -” in February.

Despite various measures such as those mentioned above, sales revenue was ¥9,035 million, down 15.7% year on year, and operating profit was ¥421 million, down 77.9% year on year, partly due to decreased transaction volume at department stores and increased costs associated with the update of the card.

### <Other Businesses>

The electronic devices division of Daimaru Kogyo, which is engaged in the wholesale business, had strong performance. Despite this, sales revenue was ¥95,722 million, down 22.4% year on year, and operating profit was ¥2,852 million, down 39.3% year on year, as a result of a reactionary drop in the design and construction contracting business engaged by J. Front Design & Construction, following the special demand associated with the renovation of the main building of the Daimaru Shinsaibashi store in the previous fiscal year; and an adverse impact on Dimple’s personnel recruitment business resulting from the suspension of operations at its client facilities.

### **B. Consolidated earnings forecasts for the next fiscal year**

In our full-year consolidated earnings forecasts for the fiscal year ending February 28, 2022, we project gross sales of ¥1,005,000 million, sales revenue of ¥394,000 million; business profit of ¥18,500 million; operating profit of ¥11,000 million; profit before tax of ¥6,600 million; and profit attributable to owners of parent of ¥4,000 million. Our forecast for basic earnings per share is ¥15.28.

## (2) Analysis of financial position

### A. Position of assets, liabilities, and equity

Total assets as of February 28, 2021 was ¥1,263,722 million, up ¥23,414 million compared with February 29, 2020. Total liabilities was ¥899,378 million, an increase of ¥58,751 million. Interest-bearing debt (including lease liabilities) was ¥562,815 million, up ¥84,042 million. Total equity was ¥364,343 million, a decrease of ¥35,338 million compared with February 29, 2020.

### B. Cash flow position for the current fiscal year

The balance of cash and cash equivalents (hereinafter “cash”) as of February 28, 2021 was ¥128,925 million, up ¥94,292 million compared with February 29, 2020. This was mainly attributable to accumulating cash on hand to ensure financial stability.

Cash flow positions in the fiscal year under review and the factors for these were as follows.

Net cash provided by operating activities was ¥56,471 million. In comparison with the previous fiscal year, cash provided decreased by ¥16,887 million, largely due to the recording of loss before tax.

Net cash used in investing activities was ¥20,870 million. In comparison with the previous fiscal year, cash used decreased by ¥28,689 million, largely reflecting a decrease in purchase of property, plant and equipment.

Net cash provided by financing activities was ¥58,727 million. In comparison with the previous fiscal year, cash provided increased by ¥73,556 million, largely reflecting issuances of commercial papers.

<Reference> Trends in cash flow indicators

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Ratio of equity attributable to owners of parent to total assets (%)	38.7	40.1	31.2	27.9
Market value ratio of equity attributable to owners of parent to total assets (%)	49.9	31.3	24.2	21.1
Interest-bearing debt to cash flow ratio (%)	322.7	500.1	652.7	996.6
Interest coverage ratio (times)	51.5	32.8	12.4	9.4

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.

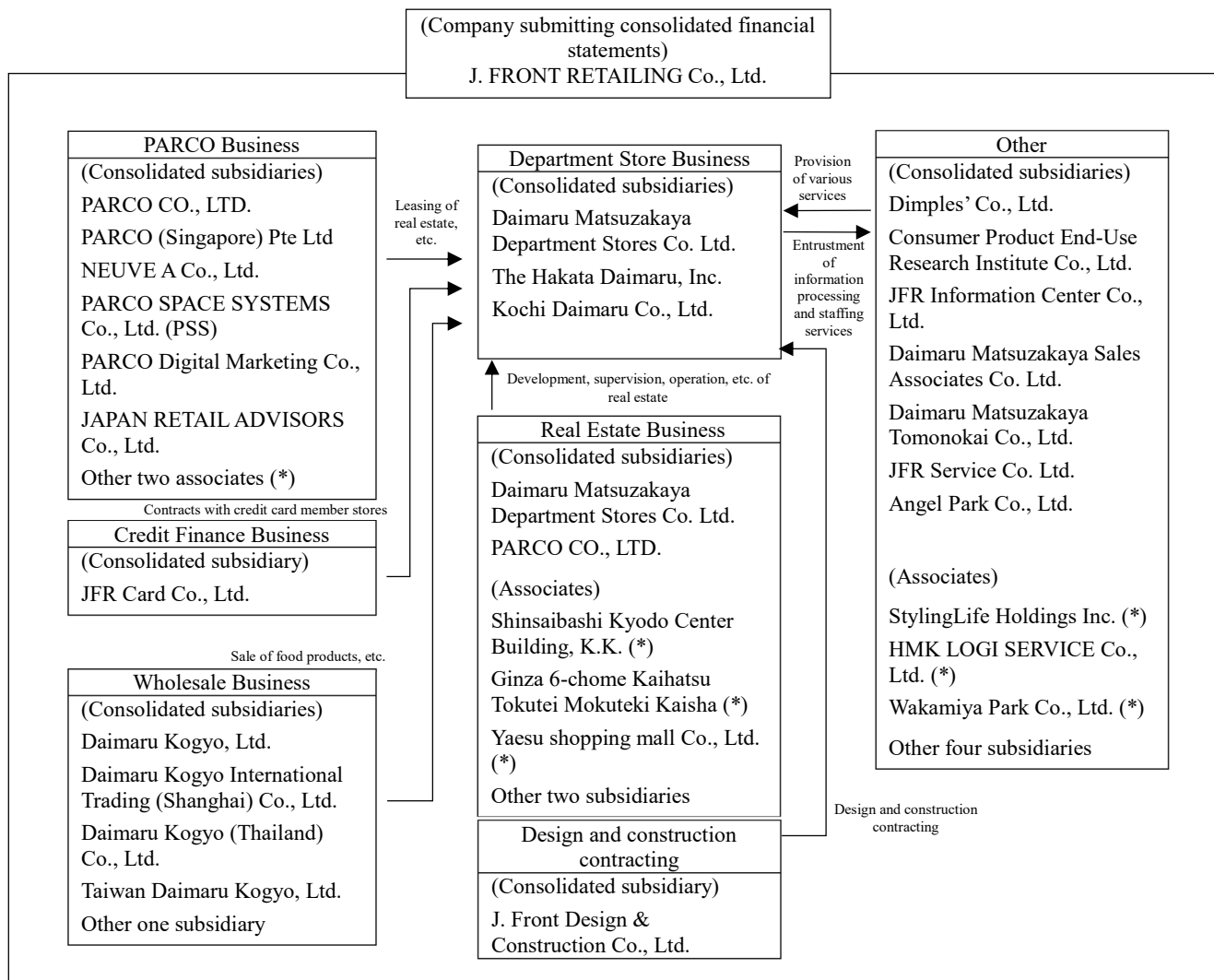
With respect to internal reserves, the Company intends to enhance corporate value by using them for such purposes as investing in store refurbishments and business expansions to strengthen its sales power, as well as strengthening its financial standing.

The Company has decided to pay an annual dividend of ¥27 per share in the current fiscal year, comprising an interim dividend of ¥9 per share and a year-end dividend of ¥18 per share.

In the next fiscal year, the Company plans to pay an annual dividend of ¥29 per share, comprising an interim dividend of ¥14 per share and a year-end dividend of ¥15 per share.

## 2. Overview of the corporate group

The corporate group consists of the Company, 29 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, parking, leasing, etc. are shown together as "Other." The other businesses are categorized in accordance with the segments.
  3. Daimaru Matsuzakaya Department Stores Co. Ltd. merged with and absorbed The Shimonoseki Daimaru, Inc. on March 1, 2020.
  4. The Company transferred all shares of J. Front Foods Co., Ltd. on February 26, 2021.

### **3. Basic rational on selection of accounting standard**

The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) 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 29, 2020	As of February 28, 2021
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	34,633	128,925
Trade and other receivables	144,244	113,414
Other financial assets	5,095	5,841
Inventories	19,169	20,684
Other current assets	5,281	4,739
Total current assets	208,424	273,605
Non-current assets		
Property, plant and equipment	473,167	493,644
Right-of-use assets	179,632	157,819
Goodwill	523	523
Investment property	219,354	188,879
Intangible assets	5,662	5,752
Investments accounted for using equity method	37,439	37,815
Other financial assets	91,379	86,870
Deferred tax assets	9,988	6,751
Other non-current assets	14,734	12,061
Total non-current assets	1,031,883	990,116
Total assets	1,240,308	1,263,722

	As of February 29, 2020	As of February 28, 2021
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	108,400	145,151
Trade and other payables	144,020	121,937
Lease liabilities	29,493	29,799
Other financial liabilities	30,199	30,211
Income tax payables	4,349	1,957
Provisions	999	914
Other current liabilities	56,427	59,953
Total current liabilities	<u>373,889</u>	<u>389,926</u>
Non-current liabilities		
Bonds and borrowings	149,876	214,779
Lease liabilities	191,003	173,085
Other financial liabilities	41,087	39,237
Retirement benefit liabilities	20,175	19,781
Provisions	4,909	10,534
Deferred tax liabilities	58,829	51,301
Other non-current liabilities	855	731
Total non-current liabilities	<u>466,737</u>	<u>509,451</u>
Total liabilities	<u>840,627</u>	<u>899,378</u>
Equity		
Capital	31,974	31,974
Share premium	189,340	188,542
Treasury shares	(14,974)	(14,830)
Other components of equity	11,641	9,578
Retained earnings	169,206	136,906
Total equity attributable to owners of parent	<u>387,188</u>	<u>352,171</u>
Non-controlling interests	<u>12,493</u>	<u>12,171</u>
Total equity	<u>399,681</u>	<u>364,343</u>
Total liabilities and equity	<u><u>1,240,308</u></u>	<u><u>1,263,722</u></u>

## (2) Consolidated statement of income and consolidated statement of comprehensive income

### (Consolidated statement of income)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
	Millions of yen	Millions of yen
Sales revenue	480,621	319,079
Cost of sales	<u>(273,667)</u>	<u>(184,711)</u>
Gross profit	206,953	134,368
Selling, general and administrative expense	(161,590)	(132,001)
Other operating income	8,663	5,711
Other operating expense	<u>(13,740)</u>	<u>(32,343)</u>
Operating profit (loss)	40,286	(24,265)
Finance income	1,091	962
Finance costs	(5,862)	(6,086)
Share of profit (loss) of investments accounted for using equity method	1,644	717
Profit (loss) before tax	<u>37,161</u>	<u>(28,672)</u>
Income tax expense	<u>(13,767)</u>	<u>2,251</u>
Profit (loss)	<u>23,393</u>	<u>(26,421)</u>
Profit (loss) attributable to:		
Owners of parent	21,251	(26,193)
Non-controlling interests	<u>2,141</u>	<u>(227)</u>
Profit (loss)	<u>23,393</u>	<u>(26,421)</u>
Earnings per share		
Basic earnings (loss) per share (Yen)	81.19	(100.03)
Diluted earnings (loss) per share (Yen)	81.17	—



**(Consolidated statement of comprehensive income)**

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
	Millions of yen	Millions of yen
Profit (loss)	23,393	(26,421)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,318)	(2,106)
Remeasurements of defined benefit plans	256	1,107
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	(2,099)	(1,093)
Items that may be reclassified to profit or loss		
Cash flow hedges	0	13
Exchange differences on translation of foreign operations	24	(26)
Share of other comprehensive income of entities accounted for using equity method	1	3
Total items that may be reclassified to profit or loss	26	(9)
Other comprehensive income, net of tax	(2,073)	(1,102)
Comprehensive income	<u>21,320</u>	<u>(27,523)</u>
Comprehensive income attributable to:		
Owners of parent	19,259	(27,296)
Non-controlling interests	2,060	(226)
Comprehensive income	<u>21,320</u>	<u>(27,523)</u>

### (3) Consolidated statement of changes in equity

	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 (loss)	-	-	-	-	-	-
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)
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
Profit (loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	(24)	15	(2,107)
Total comprehensive income	-	-	-	(24)	15	(2,107)
Purchase of treasury shares	-	-	(3)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(796)	148	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	53
Total transactions with owners	-	(797)	144	-	-	53
Balance at February 28, 2021	31,974	188,542	(14,830)	(89)	11	9,656

	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 (loss)	–	–	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	–	–	–
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
Profit (loss)	–	–	(26,193)	(26,193)	(227)	(26,421)
Other comprehensive income	1,013	(1,103)	–	(1,103)	0	(1,102)
Total comprehensive income	1,013	(1,103)	(26,193)	(27,296)	(226)	(27,523)
Purchase of treasury shares	–	–	–	(3)	–	(3)
Disposal of treasury shares	–	–	–	(0)	–	(0)
Dividends	–	–	(7,066)	(7,066)	(94)	(7,161)
Share-based payment transactions	–	–	–	(648)	–	(648)
Transfer from other components of equity to retained earnings	(1,013)	(959)	959	–	–	–
Total transactions with owners	(1,013)	(959)	(6,107)	(7,719)	(94)	(7,813)
Balance at February 28, 2021	–	9,578	136,906	352,171	12,171	364,343

**(4) Consolidated statement of cash flows**

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit (loss) before tax	37,161	(28,672)
Depreciation and amortization expense	50,953	50,361
Impairment loss	2,496	14,122
Finance income	(1,091)	(962)
Finance costs	5,862	6,086
Share of loss (profit) of investments accounted for using equity method	(1,644)	(717)
Loss (gain) on sales of non-current assets	(2,832)	0
Loss on disposals of non-current assets	3,576	1,260
Decrease (increase) in inventories	20,173	(1,522)
Decrease (increase) in trade and other receivables	(6,899)	26,608
Increase (decrease) in trade and other payables	(4,071)	(12,720)
Increase (decrease) in retirement benefit liabilities	(8,828)	(267)
Decrease (increase) in retirement benefit assets	776	2,988
Other, net	364	5,666
Subtotal	95,995	62,232
Interest received	111	110
Dividends received	275	232
Interest paid	(5,894)	(6,028)
Income taxes paid	(19,783)	(6,251)
Income taxes refund	2,654	6,176
Net cash flows from (used in) operating activities	73,358	56,471
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(33,073)	(14,729)
Proceeds from sales of property, plant and equipment	930	7
Purchase of investment property	(2,759)	(3,813)
Proceeds from sales of investment property	3,257	-
Purchase of investment securities	(19,574)	(1,401)
Proceeds from sales of investment securities	4,558	1,480
Other, net	(2,898)	(2,413)
Net cash flows from (used in) investing activities	(49,559)	(20,870)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
	Millions of yen	Millions of yen
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	53,480	(13,000)
Net increase (decrease) in commercial papers	4,000	66,001
Proceeds from non-current borrowings	10,300	82,000
Repayments of non-current borrowings	(13,800)	(23,400)
Proceeds from issuance of bonds	29,864	-
Redemption of bonds	-	(10,000)
Repayments of lease liabilities	(29,241)	(29,254)
Purchase of treasury shares	(10)	(3)
Dividends paid	(9,396)	(7,056)
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	(59,042)	(6,471)
Other, net	(10)	6
Net cash flows from (used in) financing activities	<u>(14,829)</u>	<u>58,727</u>
Net increase (decrease) in cash and cash equivalents	8,970	94,328
Cash and cash equivalents at beginning of period	25,659	34,633
Effect of exchange rate changes on cash and cash equivalents	4	(37)
Cash and cash equivalents at end of period	<u><u>34,633</u></u>	<u><u>128,925</u></u>

## **(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 29, 2020 except for the following:

- Application of amendments to IFRS 16 “Leases”

The Group has applied the amendment “Covid-19-Related Rent Concessions” (issued in May 2020, amended in March 2021) to IFRS 16 “Leases” early from the fiscal year ended 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 consolidated statement of income for the fiscal year ended February 28, 2021, but the impact was immaterial.

(Changes in accounting estimates)

- Change in estimate of asset retirement obligations

PARCO Co., Ltd., a subsidiary of the Company, formulated a new Medium-term Business Plan, reviewed and examined its business continuity and withdrawal strategies, and took into account the most recent store closings and other factors. As a result, we found that the Group would be highly likely to incur additional removal costs, and therefore the additional costs of ¥1,809 million was recorded in asset retirement obligations.

Please note that the change in estimate has no impact on profit or loss for the fiscal year ended February 28, 2021 because the Group changed the estimate at the end of the fiscal year.

(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, 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.

Fiscal year ended February 29, 2020

	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				
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:
- 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.
  - Capital expenditures are the amount of the increase in property, plant and equipment, right-of-use assets, investment property and intangible assets.
  - Adjustments are made as follows.
    - The adjustments for segment profit include inter-segment eliminations and corporate income and expenses not attributable to any business segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any business segment.
    - 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 business segment.
    - The adjustment for depreciation and amortization expense consists of inter-segment transfers.
    - 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 business segment.
    - The adjustment for capital expenditures consists mainly of inter-segment unrealized profit.
  - Segment profit is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended February 28, 2021

	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				
External revenue	163,667	68,307	14,360	5,952	252,287	66,792	319,079	–	319,079
Inter-segment revenue	357	553	1,011	3,083	5,007	28,930	33,937	(33,937)	–
Total	164,024	68,861	15,372	9,035	257,294	95,722	353,017	(33,937)	319,079
Segment profit (loss)	(22,199)	(6,895)	1,986	421	(26,687)	2,852	(23,835)	(430)	(24,265)
Finance income									962
Finance costs									(6,086)
Share of profit (loss) of investments accounted for using equity method									717
(Loss) before tax									(28,672)
Segment assets	457,519	343,870	217,249	70,165	1,088,806	120,612	1,209,418	54,303	1,263,722
Other items									
Depreciation and amortization expense	27,974	16,341	4,691	133	49,141	2,079	51,220	(859)	50,361
Impairment loss	10,357	3,175	–	–	13,553	245	13,778	343	14,122
Investments accounted for using equity method	3,317	45	18,640	–	22,003	158	22,161	15,653	37,815
Capital expenditures	19,599	13,402	4,039	149	37,191	789	37,980	(8,620)	29,360

- Notes:
- The “Other” category is a business segment not included in reportable segments. It includes wholesaling, design and construction contracting, parking, leasing, etc.
  - Capital expenditures are the amount of the increase in property, plant and equipment, right-of-use assets, investment property and intangible assets.
  - Adjustments are made as follows.
    - The adjustments for segment profit (loss) include inter-segment eliminations and corporate income and expenses not attributable to any business segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any business segment.
    - 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 business segment.
    - The adjustment for depreciation and amortization expense consists of inter-segment transfers.
    - 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 business segment.
    - The adjustment for capital expenditures consists mainly of inter-segment eliminations and inter-segment unrealized profit.
  - Segment profit (loss) is adjusted to operating profit (loss) in the consolidated financial statements.



(Per share information)

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

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Basic earnings (loss) per share (Yen)	81.19	(100.03)
Diluted earnings per share (Yen)	81.17	—

Note: Diluted earnings per share for the fiscal year ended February 28, 2021 is not stated because there were no shares with a potential dilutive effect.

(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 29, 2020	Fiscal year ended February 28, 2021
Profit (loss) attributable to owners of parent (Millions of yen)	21,251	(26,193)
Profit not attributable to owners of parent (Millions of yen)	—	—
Profit (loss) used to calculate basic earnings per share (Millions of yen)	21,251	(26,193)
Adjustment to profit (Millions of yen)	—	—
Profit (loss) used to calculate diluted earnings per share (Millions of yen)	21,251	(26,193)

2) Average number of shares during the period

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021
Average number of ordinary shares during the period (Thousands of shares)	261,763	261,842
Increase in the number of ordinary shares		
Officer remuneration BIP trust	46	—
Average number of diluted ordinary shares	261,810	261,842

Note: The calculation of basic earnings or loss 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)

No items to report.

**5. Other**

Changes in executives

For information about the changes in executives, please refer to “Changes in Executives of J. FRONT RETAILING and Group Companies,” which was released on the Company’s website today.