

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2022 (under IFRS)

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 Listing: First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities code: 3086
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Scheduled date to file Quarterly Securities Report: July 14, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes

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

1. Consolidated performance for the first three months of the fiscal year ending February 28, 2022 (from March 1, 2021 to May 31, 2021)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended										
May 31, 2021	190,665	67.3	74,097	16.8	1,298	–	(3,819)	–	(4,413)	–
May 31, 2020	113,990	(58.4)	63,459	(43.6)	(3,879)	–	(27,103)	–	(28,492)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
May 31, 2021	(3,062)	–	(3,266)	–	(11.70)	–
May 31, 2020	(20,334)	–	(20,364)	–	(77.66)	–

- * 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 “SC 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
May 31, 2021	1,240,350	356,311	344,280	27.8	1,314.73
February 28, 2021	1,263,722	364,343	352,171	27.9	1,344.91

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2021	–	9.00	–	18.00	27.00
Fiscal year ending February 28, 2022	–				
Fiscal year ending February 28, 2022 (Forecast)		14.00	–	15.00	29.00

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

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	415,000	29.4	165,000	11.9	3,500	–	(2,500)	–	(4,300)	–
Fiscal year ending February 28, 2022	935,000	21.5	365,000	14.4	12,000	407.0	5,500	–	2,000	–

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
First six months ending August 31, 2021	(3,000)	–	(11.46)
Fiscal year ending February 28, 2022	1,000	–	3.82

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

The earnings forecasts for the fiscal year ending February 28, 2022, which were announced on April 13, 2021, have been revised. For details, please refer to the “Notice Regarding Revision to Earnings Forecasts,” which was published today.

* **Notes**

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

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

- a. Changes in accounting policies required by IFRS: None
- b. Changes in accounting policies due to other reasons: 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 May 31, 2021	270,565,764 shares
As of February 28, 2021	270,565,764 shares

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

As of May 31, 2021	8,702,437 shares
As of February 28, 2021	8,709,561 shares

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

For the three months ended May 31, 2021	261,859,686 shares
For the three months ended May 31, 2020	261,831,318 shares

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

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

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. Please refer to "1. Qualitative information regarding results for the first three months (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 4 of the material attached to this quarterly financial results report for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on financial results)

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

[Attached Material]

Index

1.	Qualitative information regarding results for the first three months	2
(1)	Explanation of operating results	2
(2)	Explanation of financial position	4
(3)	Explanation of consolidated earnings forecasts and other forward-looking statements	4
2.	Condensed quarterly consolidated financial statements and significant notes thereto	5
(1)	Condensed quarterly consolidated statement of financial position.....	5
(2)	Condensed quarterly consolidated statement of profit or loss	7
(3)	Condensed quarterly consolidated statement of comprehensive income.....	8
(4)	Condensed quarterly consolidated statement of changes in equity.....	9
(5)	Condensed quarterly consolidated statement of cash flows.....	11
(6)	Notes to condensed quarterly consolidated financial statements	12
	(Notes on premise of going concern).....	12
	(Segment information)	12

1. Qualitative information regarding results for the first three months

(1) Explanation of operating results

The Japanese economy in the three months ended May 31, 2021 (March 1, 2021 to May 31, 2021) continued to be significantly affected by the spread of the novel coronavirus disease (COVID-19). Real GDP growth between January and March 2021 declined 1.3% year on year (a 5.1% decline on an annualized basis), the first negative growth rate in three quarters. Although corporate earnings are picking up overall, the improvement in business sentiment of companies appears to have stalled as difficult conditions remain, and personal spending is also weak, mainly in spending for services.

In the retail sector, more than one year has passed since the outbreak of COVID-19 and business results were on a path of recovery from March 2021 to the middle of April 2021. However, due to strict infection control measures and the third declaration of a state of emergency, we have been forced to continue to shorten operating hours of stores and refrain from operating sales areas for products other than daily necessities since the middle of April. Going forward, although consumption is expected to improve as vaccinations and other measures are implemented, we must continue to pay sufficient attention to risks of a downturn caused by the spread of COVID-19 and consumption trends are uncertain.

Under these conditions, the Group formulated the FY2021-FY2023 Medium-term Business Plan in April 2021. We will concentrate our allocation of management resources across the Group on the three key strategies: “developer strategy,” “real x digital strategy,” and “prime life strategy,” and promote efforts to achieve medium- and long-term growth. In addition, as part of “Responding to the novel coronavirus (COVID-19),” the Group will continue to ensure safety and security with thorough hygiene management. At the same time, from the perspective of ensuring business continuity and management stability, on the financial front, we will continue measures implemented in the previous fiscal year 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.

In the Department Store and SC Businesses, although sales started to show an upward trend following the lifting of the second state of emergency, due to a declaration of a third state of emergency at the end of April as the spread of COVID-19 gradually became severer in April, stores in the Tokyo metropolitan area and Kansai region refrained from operating or shortened operating hours, and business results significantly deteriorated. In May, the Group faced an even more difficult situation as the state of emergency was extended and the affected areas were expanded. Amid these circumstances, we believe that the safety and security of customers and employees is the most important, so we have thoroughly carried out hygiene management, such as ensuring social distancing and checking temperatures, at the stores and sales areas handling daily necessities that are operating.

In the environment mentioned above, in the three months ended May 31, 2021, consolidated sales revenue was ¥74,097 million, up 16.8% year on year, operating loss was ¥3,819 million (¥27,103 million in the three months ended May 31, 2020), loss before tax was ¥4,413 million (¥28,492 million in the three months ended May 31, 2020) and loss attributable to owners of parent was ¥3,062 million (¥20,334 million in the three months ended May 31, 2020).

Results by segment are as follows.

Reportable segment classifications have been changed effective from the first quarter of the fiscal year ending February 28, 2022 and, in the following yearly comparisons, the figures for the fiscal year ended February 28, 2021 have been restated based on the new segment classifications.

<Department Store Business>

Based on the belief that clothes are not disposable and in order to emphasize the intrinsic value of fashion and sustainable initiatives, we launched the fashion subscription business “AnotherADdress” as a service aiming to shift to a socially and environmentally sustainable business model.

In addition, as part of our sustainability activities, we held the “With TOHOKU” event to support the Tohoku region as it marks the 10th anniversary since the Great East Japan Earthquake as a new initiative for the “Think Local” social contribution activities that consider and support issues facing local communities.

In stores, amid the suspension of store operations (excluding some floors where food, etc. is sold) and shortened operating hours due to the impact of the resurgence of COVID-19, we have strengthened initiatives for online customer service and sales using digital technologies and telephone order sales in order to meet customer needs.

As a result of various measures including those mentioned above, and the rebound from the all-store suspension of operations, etc. during the state of emergency in the previous year, sales revenue was ¥39,631 million, up 54.0% year on year, and operating loss was ¥3,922 million (¥23,068 million in the three months ended May 31, 2020).

<SC Business>

Following the lifting of the second state of emergency, sales at PARCO stores and the number of visitors had both been recovering steadily. However, due to the declaration of a third state of emergency at the end of April, the SC Business was affected by suspension of operations and shortened operating hours of PARCO stores and temporary closures of entertainment facilities. As measures for securing profits and serving our customers under the state of emergency, we have made efforts to strengthen the operation support system for tenants of the PARCO ONLINE STORE and sales promotions, such as free shipping.

In addition, the Company concluded a share transfer agreement to transfer all of the shares of NEUVE · A CO., LTD., a wholly owned subsidiary of the Company, to Libra Invesco Co., Ltd. on June 30, 2021. Consequently, loss recognized due to assets held for sale being measured at fair value less costs to sell was recorded as impairment loss.

As a result of various measures including those mentioned above, sales revenue was ¥13,786 million, up 59.2% year on year. However, operating loss was ¥955 million (¥4,242 million in the three months ended May 31, 2020).

<Developer Business>

In March, we opened a commercial facility on the former site of a Matsuzakaya distribution center utilizing the property transferred due to the unification of the Real Estate Business under PARCO in September 2020. In addition, we are promoting our real estate development plan centered on Nagoya and Shinsaibashi, which are key areas in the Group’s developer strategy.

For PARCO SPACE SYSTEMS, orders for work increased compared to the previous fiscal year. However, for J. Front Design & Construction, orders decreased due to the pullback following the extraordinary demand for the Olympics.

As a result of various measures including those mentioned above, sales revenue was ¥11,640 million, down 46.2% year on year, and operating profit was ¥876 million, up 11.7% year on year.

<Payment and Finance Business>

Card transaction volume and revenues from affiliated store fees recovered due to a year-on-year decrease in the number of days that department stores and external affiliated stores were closed because of the state of emergency, and sales revenue was ¥2,335 million, up 11.4% year on year. On the other hand, operating profit was ¥75 million, up 4.0% year on year, resulting from increases in recruiting-related personnel expenses and operating expenses for system usage fees, etc. in selling, general and administrative expense.

(2) Explanation of financial position

(Assets, liabilities, and equity as of May 31, 2021)

Total assets as of May 31, 2021 was ¥1,240,350 million, a decrease of ¥23,372 million compared with February 28, 2021. Total liabilities was ¥884,038 million, a decrease of ¥15,340 million compared with February 28, 2021. Assets and liabilities of NEUVE · A CO., LTD. were recorded as assets held for sale and liabilities directly associated with assets held for sale. Total equity was ¥356,311 million, a decrease of ¥8,032 million compared with February 28, 2021.

(Cash flow position)

The balance of cash and cash equivalents (hereinafter “cash”) as of May 31, 2021 amounted to ¥123,067 million, down ¥5,858 million compared with February 28, 2021.

Cash flow positions in the three months ended May 31, 2021 and the factors for these were as follows.

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

Net cash used in operating activities was ¥2,401 million. In comparison with the three months ended May 31, 2020, cash used decreased by ¥6,443 million, largely due to the recording of reduced loss before tax.

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

Net cash used in investing activities was ¥2,925 million. In comparison with the three months ended May 31, 2020, cash used decreased by ¥2,917 million, largely reflecting a decrease in purchase of property, plant and equipment.

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

Net cash used in financing activities was ¥583 million. In comparison with the three months ended May 31, 2020, cash provided decreased (cash used increased) by ¥116,648 million due to a rebound of the fund raising implemented in the previous year despite proceeds from issuance of bonds.

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

The consolidated earnings forecasts have been changed from the forecasts for the first six months ending August 31, 2021 and the fiscal year ending February 28, 2022 announced in the consolidated financial results released on April 13, 2021.

In our revised forecasts for the first six months ending August 31, 2021, we project gross sales of ¥415,000 million, sales revenue of ¥165,000 million, operating loss of ¥2,500 million, loss before tax of ¥4,300 million, loss attributable to owners of parent of ¥3,000 million, and basic loss per share of ¥11.46.

In our revised forecasts for the fiscal year ending February 28, 2022, we project gross sales of ¥935,000 million, sales revenue of ¥365,000 million, operating profit of ¥5,500 million, profit before tax of ¥2,000 million, profit attributable to owners of parent of ¥1,000 million, and basic earnings per share of ¥3.82.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

	As of February 28, 2021	As of May 31, 2021
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	128,925	123,067
Trade and other receivables	113,414	104,893
Other financial assets	5,841	7,944
Inventories	20,684	17,440
Other current assets	4,739	6,010
Subtotal	273,605	259,355
Assets held for sale	–	2,193
Total current assets	273,605	261,549
Non-current assets		
Property, plant and equipment	493,644	490,085
Right-of-use assets	157,819	152,324
Goodwill	523	523
Investment property	188,879	189,816
Intangible assets	5,752	6,149
Investments accounted for using equity method	37,815	37,975
Other financial assets	86,870	82,842
Deferred tax assets	6,751	6,970
Other non-current assets	12,061	12,111
Total non-current assets	990,116	978,800
Total assets	1,263,722	1,240,350

	As of February 28, 2021	As of May 31, 2021
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	145,151	129,200
Trade and other payables	121,937	104,981
Lease liabilities	29,799	29,199
Other financial liabilities	30,211	29,294
Income tax payables	1,957	747
Provisions	914	1,750
Other current liabilities	59,953	58,324
Subtotal	389,926	353,499
Liabilities directly associated with assets held for sale	-	2,469
Total current liabilities	389,926	355,969
Non-current liabilities		
Bonds and borrowings	214,779	242,359
Lease liabilities	173,085	166,846
Other financial liabilities	39,237	38,870
Retirement benefit liabilities	19,781	19,872
Provisions	10,534	9,688
Deferred tax liabilities	51,301	49,746
Other non-current liabilities	731	685
Total non-current liabilities	509,451	528,069
Total liabilities	899,378	884,038
Equity		
Capital	31,974	31,974
Share premium	188,542	188,514
Treasury shares	(14,830)	(14,790)
Other components of equity	9,578	9,305
Retained earnings	136,906	129,276
Total equity attributable to owners of parent	352,171	344,280
Non-controlling interests	12,171	12,031
Total equity	364,343	356,311
Total liabilities and equity	1,263,722	1,240,350

(2) Condensed quarterly consolidated statement of profit or loss

	Three months ended May 31, 2020	Three months ended May 31, 2021
	Millions of yen	Millions of yen
Sales revenue	63,459	74,097
Cost of sales	(42,187)	(40,561)
Gross profit	21,272	33,535
Selling, general and administrative expense	(25,152)	(32,236)
Other operating income	800	431
Other operating expense	(24,024)	(5,550)
Operating loss	(27,103)	(3,819)
Finance income	303	670
Finance costs	(1,461)	(1,501)
Share of profit (loss) of investments accounted for using equity method	(230)	237
Loss before tax	(28,492)	(4,413)
Income tax expense	7,928	1,276
Loss	(20,563)	(3,137)
Loss attributable to:		
Owners of parent	(20,334)	(3,062)
Non-controlling interests	(229)	(74)
Loss	(20,563)	(3,137)
Earnings per share		
Basic loss per share (Yen)	(77.66)	(11.70)
Diluted earnings (loss) per share (Yen)	-	-

(3) Condensed quarterly consolidated statement of comprehensive income

	Three months ended May 31, 2020	Three months ended May 31, 2021
	Millions of yen	Millions of yen
Loss	(20,563)	(3,137)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	387	(344)
Share of other comprehensive income of entities accounted for using equity method	(94)	136
Total items that will not be reclassified to profit or loss	293	(208)
Items that may be reclassified to profit or loss		
Cash flow hedges	(12)	(7)
Exchange differences on translation of foreign operations	(82)	86
Share of other comprehensive income of entities accounted for using equity method	0	(0)
Total items that may be reclassified to profit or loss	(94)	78
Other comprehensive income, net of tax	198	(129)
Comprehensive income	<u>(20,364)</u>	<u>(3,266)</u>
Comprehensive income attributable to:		
Owners of parent	(20,138)	(3,190)
Non-controlling interests	(226)	(76)
Comprehensive income	<u>(20,364)</u>	<u>(3,266)</u>

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended May 31, 2020

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

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

Three months ended May 31, 2021

	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, 2021	31,974	188,542	(14,830)	(89)	11	9,656
(Loss)	-	-	-	-	-	-
Other comprehensive income	-	-	-	85	(6)	(343)
Total comprehensive income	-	-	-	85	(6)	(343)
Purchase of treasury shares	-	-	(1)	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(28)	41	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	(8)
Total transactions with owners	-	(28)	39	-	-	(8)
Balance at May 31, 2021	31,974	188,514	(14,790)	(4)	4	9,304

	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, 2021	-	9,578	136,906	352,171	12,171	364,343
(Loss)	-	-	(3,062)	(3,062)	(74)	(3,137)
Other comprehensive income	136	(127)	-	(127)	(1)	(129)
Total comprehensive income	136	(127)	(3,062)	(3,190)	(76)	(3,266)
Purchase of treasury shares	-	-	-	(1)	-	(1)
Dividends	-	-	(4,712)	(4,712)	(64)	(4,776)
Share-based payment transactions	-	-	-	12	-	12
Transfer from other components of equity to retained earnings	(136)	(145)	145	-	-	-
Total transactions with owners	(136)	(145)	(4,566)	(4,701)	(64)	(4,765)
Balance at May 31, 2021	-	9,305	129,276	344,280	12,031	356,311

(5) Condensed quarterly consolidated statement of cash flows

	Three months ended May 31, 2020	Three months ended May 31, 2021
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Loss before tax	(28,492)	(4,413)
Depreciation and amortization expense	13,388	12,543
Impairment loss	11,589	1,812
Finance income	(303)	(670)
Finance costs	1,461	1,501
Share of loss (profit) of investments accounted for using equity method	230	(237)
Loss on disposals of non-current assets	553	295
Decrease (increase) in inventories	(1,078)	919
Decrease (increase) in trade and other receivables	48,871	9,344
Increase (decrease) in trade and other payables	(46,792)	(16,113)
Increase (decrease) in retirement benefit liabilities	(10)	90
Decrease (increase) in retirement benefit assets	10	(1)
Other, net	(3,722)	(3,584)
Subtotal	(4,295)	1,487
Interest received	28	25
Dividends received	100	107
Interest paid	(1,380)	(1,499)
Income taxes paid	(3,297)	(2,522)
Net cash flows from (used in) operating activities	(8,844)	(2,401)
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(5,250)	(1,994)
Proceeds from sales of property, plant and equipment	3	10
Purchase of investment property	(590)	(1,603)
Purchase of investment securities	(797)	(153)
Proceeds from sales of investment securities	700	279
Other, net	92	536
Net cash flows from (used in) investing activities	(5,842)	(2,925)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	30,000	8,000
Net increase (decrease) in commercial papers	37,992	(25,000)
Proceeds from non-current borrowings	72,000	-
Repayments of non-current borrowings	(11,800)	(1,250)
Proceeds from issuance of bonds	-	29,867
Repayments of lease liabilities	(7,315)	(7,418)
Purchase of treasury shares	(0)	(1)
Dividends paid	(4,718)	(4,718)
Dividends paid to non-controlling interests	(94)	(64)
Other, net	1	2
Net cash flows from (used in) financing activities	116,065	(583)
Net increase (decrease) in cash and cash equivalents	101,377	(5,909)
Cash and cash equivalents at beginning of period	34,633	128,925
Effect of exchange rate changes on cash and cash equivalents	(10)	72
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	-	(19)
Cash and cash equivalents at end of period	136,001	123,067

(6) Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Segment information)

(1) Overview of reportable segments

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

The Group is comprised, under a holding company structure, of the reportable segments “Department Store Business,” “SC Business,” “Developer Business” and “Payment and 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 SC Business undertakes development, management, supervision and operation, etc. of shopping centers. The Developer Business carries out development, supervision, operation, interior decorating work, etc. of real estate. The Payment and Finance Business undertakes issuance and administration, etc. of credit cards.

Towards our business growth based on the conversion of PARCO CO., LTD. into a wholly-owned subsidiary and consolidation of the Real Estate Business, reportable segment classifications have been changed to the above classifications effective from the first quarter of the fiscal year ending February 28, 2022.

Furthermore, segment information for the three months ended May 31, 2020 has been prepared and disclosed based on the reportable segment classifications after the change.

(2) Segment revenue and business results

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

Three months ended May 31, 2020

	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business					
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	25,662	8,483	18,307	1,710	54,163	9,295	63,459	–	63,459
Inter-segment revenue	67	175	3,329	385	3,957	5,772	9,729	(9,729)	–
Total	25,729	8,658	21,637	2,095	58,121	15,068	73,189	(9,729)	63,459
Segment profit (loss)	(23,068)	(4,242)	784	72	(26,453)	(583)	(27,037)	(66)	(27,103)
Finance income									303
Finance costs									(1,461)
Share of profit (loss) of investments accounted for using equity method									(230)
(Loss) before tax									(28,492)

Notes: 1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.

2. 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 condensed quarterly consolidated financial statements that are not attributable to any business segment.

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

Three months ended May 31, 2021

	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business					
	Millions of yen	Millions of yen	Millions of yen	Millions of yen					
External revenue	39,507	13,515	8,745	1,569	63,338	10,758	74,097	–	74,097
Inter-segment revenue	123	270	2,895	765	4,055	6,560	10,616	(10,616)	–
Total	<u>39,631</u>	<u>13,786</u>	<u>11,640</u>	<u>2,335</u>	<u>67,394</u>	<u>17,319</u>	<u>84,713</u>	<u>(10,616)</u>	<u>74,097</u>
Segment profit (loss)	<u>(3,922)</u>	<u>(955)</u>	<u>876</u>	<u>75</u>	<u>(3,925)</u>	<u>135</u>	<u>(3,789)</u>	<u>(29)</u>	<u>(3,819)</u>
Finance income									670
Finance costs									(1,501)
Share of profit (loss) of investments accounted for using equity method									237
(Loss) before tax									<u>(4,413)</u>

Notes: 1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.

2. 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 condensed quarterly consolidated financial statements that are not attributable to any business segment.

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