

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

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 Listing: First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange
 Securities code: 3086
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Scheduled date to file Quarterly Securities Report: October 14, 2020
 Scheduled date to commence dividend payments: November 11, 2020
 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 six months of the fiscal year ending February 28, 2021 (from March 1, 2020 to August 31, 2020)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended										
August 31, 2020	319,589	(41.5)	147,471	(34.7)	250	(98.9)	(20,637)	—	(22,760)	—
August 31, 2019	545,841	(0.2)	225,664	(0.7)	23,743	(2.2)	25,175	4.0	23,960	(4.4)

	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
Six months ended						
August 31, 2020	(16,311)	—	(16,856)	—	(62.30)	—
August 31, 2019	14,367	(9.7)	13,227	(25.7)	54.89	54.89

- * 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
August 31, 2020	1,284,217	378,000	365,859	28.5	1,397.25
February 29, 2020	1,240,308	399,681	387,188	31.2	1,479.07

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2020	—	18.00	—	18.00	36.00
Fiscal year ending February 28, 2021	—	9.00			
Fiscal year ending February 28, 2021 (Forecast)			—	18.00	27.00

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

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

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending February 28, 2021	810,400	(28.5)	337,500	(29.8)	1,200	(97.4)	(20,600)	—	(25,600)	—

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

Note: Revisions to the consolidated earnings forecasts most recently announced: None

* **Notes**

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

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

- a. Changes in accounting policies required by IFRS: None
- b. Changes in accounting policies due to other reasons: Yes
- c. Changes in accounting estimates: None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2020	270,565,764 shares
As of February 29, 2020	270,565,764 shares

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

As of August 31, 2020	8,722,921 shares
As of February 29, 2020	8,788,287 shares

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

For the six months ended August 31, 2020	261,835,138 shares
For the six months ended August 31, 2019	261,756,871 shares

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

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

(Caution regarding forward-looking statements)

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

(How to obtain supplementary material on financial results)

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

[Attached Material]

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1. Qualitative information regarding results for the first six months

(1) Explanation of operating results

The Japanese economy in the six months ended August 31, 2020 (March 1, 2020 to August 31, 2020) was significantly affected by the spread of the novel coronavirus disease (COVID-19). Between April and June 2020, Japan's GDP declined at an annualized rate of 28.1% from the preceding period (second preliminary report of the Cabinet Office), which was the largest drop since 1980, when comparable data began to be available. Regarding personal spending, final consumption expenditure of households from April to June decreased 11.3% year on year, which was the largest ever fall. Although we currently consider that we are out of the worst situation under the declaration of the state of emergency, the outlook remains uncertain.

In the retail sector, conditions remain challenging as well, with "Preliminary Report on the Current Survey of Commerce" showing a 2.8% decrease in retail sales in July 2020, the fifth consecutive month of decline.

In the Department Store Business and the PARCO Business, which are the core businesses of the J. Front Retailing Group (hereinafter the "Group"), the business results were significantly affected by the spread of COVID-19, in-bound spending evaporated and shops were forced to refrain from operating following the declaration of the state of emergency in April.

With respect to resuming business operations, after implementing thorough hygiene management in consideration of the safety and security of our customers and employees, such as by creating sales areas that mitigate the risks of the three Cs (closed spaces, crowded places and close-contact settings) and checking temperatures of customers when they enter shops, we have been working on implementing live shopping of local Hokkaido products and online customer service of specially selected brands in the Department Store Business, and online exhibitions and live commerce for China in the PARCO Business, as new sales methods for the new lifestyle. However, there was no recovery in business results in consumer sentiment as the number of infections increased again in July and August.

In terms of and finances, we took measures, such as controlling investments and further reducing costs, and accumulating cash on hand and increasing the amount of credit lines for fund raising to ensure financial stability and liquidity.

In addition, as part of the policy to make PARCO a wholly owned subsidiary, we have been making preparations toward the unification of the Real Estate Business under PARCO. Amid these conditions, we will open Shinsaibashi PARCO in November 2020. We will integrate the management with the management for the main building of the Daimaru Shinsaibashi store, which reopened in September 2019, and promote the realization of the "Urban Dominant Strategy" in the Shinsaibashi area.

Although the Group was able to secure a profit in the second quarter (June to August), in the harsh environment mentioned above, consolidated sales revenue was ¥147,471 million, down 34.7% year on year, operating loss was ¥20,637 million (operating profit of ¥25,175 million in the six months ended August 31, 2019), loss before tax was ¥22,760 million (profit before tax of ¥23,960 million in the six months ended August 31, 2019) and loss attributable to owners of parent was ¥16,311 million (profit attributable to owners of parent of ¥14,367 million in the six months ended August 31, 2019), as a result of the significant impact of refraining from operating.

Results by segment are as follows.

<Department Store Business>

After operations restarted following the lifting of the declaration of the state of emergency, consumer sentiment gradually recovered from June to July. In August, the pace of recovery came to a standstill due to an increase in the number of infections, but there have been signs of recovery since then.

On the other hand, in response to consumers' increasing willingness to purchase from their homes, we worked to strengthen our operations in EC and live commerce.

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

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

Despite various measures including those mentioned above, sales revenue was ¥70,102 million, down 46.9% year on year, and operating loss was ¥21,357 million (operating profit of ¥10,580 million in the six months ended August 31, 2019) partly due to the recording of impairment loss.

<PARCO Business>

Due to the spread of COVID-19, the PARCO Business was affected by temporary closures and shortened operating hours of PARCO stores, relaxing of conditions for tenants, temporary closures of entertainment facilities, temporary closures of shops in the specialty store business, a drop in orders in the space engineering and management business, in which it undertakes design, operation, etc. of interior decorating work, and other factors. After operations restarted following the lifting of the state of emergency declaration, although PARCO stores promoted sales of items (interior accessories, home appliances, books, etc.) to enhance the lifestyles of people who spend most of their time at home and implemented various measures such as online distribution using entertainment facilities, sales revenue was ¥30,115 million, down 31.1% year on year, and operating loss was ¥2,604 million (operating profit of ¥5,865 million in the six months ended August 31, 2019).

<Real Estate Business>

As part of our "Urban Dominant Strategy" to maximize the charm of the area and grow along with the community, we prepared to open the BINO SAKAE in Nagoya, which will open on November 6, 2020. In addition to this, we promoted new real estate development in Ueno, Nagoya Sakae, Kyoto, Shinsaibashi and Kobe, which are priority areas.

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

Despite various measures including those mentioned above, sales revenue was ¥6,815 million, down 22.7% year on year, and operating profit was ¥1,634 million, down 71.5% year on year, as a result of the impact of rent concessions, etc. at many facilities, including GINZA SIX, due to the spread of COVID-19.

<Credit Finance Business>

As a result of a decrease in card transaction volume, affiliated store fees, etc. at Daimaru Matsuzakaya Department Stores Co. Ltd. and external affiliated stores due to unplanned closures or shortened operating hours of stores because of the spread of COVID-19, sales revenue was ¥4,593 million, down 11.7% year on year. In addition, costs related to updating cards were incurred as an investment in the future, and operating profit was ¥453 million, down 58.3%.

(2) Explanation of financial position

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

Total assets as of August 31, 2020 was ¥1,284,217 million, an increase of ¥43,909 million compared with February 29, 2020. Total liabilities was ¥906,216 million, an increase of ¥65,589 million. Total equity was ¥378,000 million, a decrease of ¥21,681 million compared with February 29, 2020.

(Cash flow position)

The balance of cash and cash equivalents (hereinafter “cash”) as of August 31, 2020 amounted to ¥124,377 million, up ¥89,744 million compared with February 29, 2020. This was mainly attributable to accumulating cash on hand to ensure financial stability.

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

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

Net cash provided by operating activities was ¥19,758 million. In comparison with the six months ended August 31, 2019, cash provided decreased by ¥23,012 million, largely due to the recording of loss before tax.

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

Net cash used in investing activities was ¥11,358 million. In comparison with the six months ended August 31, 2019, cash used increased by ¥6,069 million, largely reflecting the absence of the proceeds from sales of investment property in the previous fiscal year and a decrease in proceeds from sales of investment securities.

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

Net cash provided by financing activities was ¥81,355 million. In comparison with the six months ended August 31, 2019, cash provided increased by ¥83,477 million, largely reflecting issuances of commercial papers and an increase in borrowings.

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

The consolidated earnings forecasts are unchanged from the forecasts for the fiscal year ending February 28, 2021 announced on September 29, 2020.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

	As of February 29, 2020	As of August 31, 2020
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	34,633	124,377
Trade and other receivables	144,244	117,527
Other financial assets	5,095	5,533
Inventories	19,169	18,579
Other current assets	5,281	4,904
Total current assets	208,424	270,923
Non-current assets		
Property, plant and equipment	473,167	462,300
Right-of-use assets	179,632	166,196
Goodwill	523	523
Investment property	219,354	224,641
Intangible assets	5,662	5,843
Investments accounted for using equity method	37,439	37,648
Other financial assets	91,379	90,132
Deferred tax assets	9,988	11,243
Other non-current assets	14,734	14,761
Total non-current assets	1,031,883	1,013,293
Total assets	1,240,308	1,284,217

	As of February 29, 2020	As of August 31, 2020
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	108,400	151,573
Trade and other payables	144,020	118,118
Lease liabilities	29,493	29,737
Other financial liabilities	30,199	30,403
Income tax payables	4,349	1,490
Provisions	999	684
Other current liabilities	56,427	57,752
Total current liabilities	<u>373,889</u>	<u>389,761</u>
Non-current liabilities		
Bonds and borrowings	149,876	213,980
Lease liabilities	191,003	183,129
Other financial liabilities	41,087	40,102
Retirement benefit liabilities	20,175	20,264
Provisions	4,909	5,064
Deferred tax liabilities	58,829	53,110
Other non-current liabilities	855	804
Total non-current liabilities	<u>466,737</u>	<u>516,455</u>
Total liabilities	<u>840,627</u>	<u>906,216</u>
Equity		
Capital	31,974	31,974
Share premium	189,340	189,173
Treasury shares	(14,974)	(14,827)
Other components of equity	11,641	11,498
Retained earnings	169,206	148,041
Total equity attributable to owners of parent	<u>387,188</u>	<u>365,859</u>
Non-controlling interests	12,493	12,140
Total equity	<u>399,681</u>	<u>378,000</u>
Total liabilities and equity	<u><u>1,240,308</u></u>	<u><u>1,284,217</u></u>

(2) Condensed quarterly consolidated statement of profit or loss

	Six months ended August 31, 2019	Six months ended August 31, 2020
	Millions of yen	Millions of yen
Sales revenue	225,664	147,471
Cost of sales	(121,005)	(88,020)
Gross profit	104,659	59,450
Selling, general and administrative expense	(80,915)	(59,200)
Other operating income	4,097	3,692
Other operating expense	(2,666)	(24,579)
Operating profit (loss)	25,175	(20,637)
Finance income	633	570
Finance costs	(2,836)	(3,047)
Share of profit (loss) of investments accounted for using equity method	988	353
Profit (loss) before tax	23,960	(22,760)
Income tax expense	(8,369)	6,189
Profit (loss)	15,591	(16,570)
Profit (loss) attributable to:		
Owners of parent	14,367	(16,311)
Non-controlling interests	1,223	(258)
Profit (loss)	15,591	(16,570)
Earnings per share		
Basic earnings (loss) per share (Yen)	54.89	(62.30)
Diluted earnings (loss) per share (Yen)	54.89	—

(3) Condensed quarterly consolidated statement of comprehensive income

	Six months ended August 31, 2019	Six months ended August 31, 2020
	Millions of yen	Millions of yen
Profit (loss)	15,591	(16,570)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,259)	(132)
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	(2,297)	(226)
Items that may be reclassified to profit or loss		
Cash flow hedges	(54)	(7)
Exchange differences on translation of foreign operations	(12)	(52)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total items that may be reclassified to profit or loss	(66)	(59)
Other comprehensive income, net of tax	(2,363)	(286)
Comprehensive income	13,227	(16,856)
Comprehensive income attributable to:		
Owners of parent	12,080	(16,598)
Non-controlling interests	1,147	(258)
Comprehensive income	13,227	(16,856)

(4) Condensed quarterly consolidated statement of changes in equity

Six months ended August 31, 2019

	Equity attributable to owners of parent					
	Capital	Share premium	Treasury shares	Other components of equity		
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
Balance at March 1, 2019	31,974	212,210	(15,090)	(83)	(5)	14,834
Effect of changes in accounting policies	-	-	-	-	-	-
Balance reflecting changes in accounting policies	31,974	212,210	(15,090)	(83)	(5)	14,834
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	(12)	(54)	(2,183)
Total comprehensive income	-	-	-	(12)	(54)	(2,183)
Purchase of treasury shares	-	-	(3)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-
Share-based payment transactions	-	57	122	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	(931)
Total transactions with owners	-	57	119	-	-	(931)
Balance at August 31, 2019	31,974	212,267	(14,970)	(95)	(59)	11,718

	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	-	-	14,367	14,367	1,223	15,591
Other comprehensive income	(37)	(2,287)	-	(2,287)	(76)	(2,363)
Total comprehensive income	(37)	(2,287)	14,367	12,080	1,147	13,227
Purchase of treasury shares	-	-	-	(3)	-	(3)
Disposal of treasury shares	-	-	-	0	-	0
Dividends	-	-	(4,709)	(4,709)	(515)	(5,225)
Changes in ownership interests in subsidiaries	-	-	-	-	3	3
Share-based payment transactions	-	-	-	179	38	218
Transfer from other components of equity to retained earnings	37	(894)	894	-	-	-
Total transactions with owners	37	(894)	(3,815)	(4,532)	(473)	(5,005)
Balance at August 31, 2019	-	11,563	166,738	407,573	54,543	462,117

Six months ended August 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	-	-	-	(52)	(6)	(132)
Total comprehensive income	-	-	-	(52)	(6)	(132)
Purchase of treasury shares	-	-	(1)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Share-based payment transactions	-	(166)	148	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	49
Total transactions with owners	-	(166)	147	-	-	49
Balance at August 31, 2020	31,974	189,173	(14,827)	(117)	(10)	11,626

	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, 2020	-	11,641	169,206	387,188	12,493	399,681
(Loss)	-	-	(16,311)	(16,311)	(258)	(16,570)
Other comprehensive income	(93)	(286)	-	(286)	0	(286)
Total comprehensive income	(93)	(286)	(16,311)	(16,598)	(258)	(16,856)
Purchase of treasury shares	-	-	-	(1)	-	(1)
Disposal of treasury shares	-	-	-	0	-	0
Dividends	-	-	(4,710)	(4,710)	(94)	(4,805)
Share-based payment transactions	-	-	-	(18)	-	(18)
Transfer from other components of equity to retained earnings	93	143	(143)	-	-	-
Total transactions with owners	93	143	(4,853)	(4,730)	(94)	(4,824)
Balance at August 31, 2020	-	11,498	148,041	365,859	12,140	378,000

(5) Condensed quarterly consolidated statement of cash flows

	Six months ended August 31, 2019	Six months ended August 31, 2020
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit (loss) before tax	23,960	(22,760)
Depreciation and amortization expense	25,119	25,874
Impairment loss	573	11,589
Finance income	(633)	(570)
Finance costs	2,836	3,047
Share of loss (profit) of investments accounted for using equity method	(988)	(353)
Loss (gain) on sales of non-current assets	(2,422)	(0)
Loss on disposals of non-current assets	685	720
Decrease (increase) in inventories	1,038	590
Decrease (increase) in trade and other receivables	(4,161)	21,632
Increase (decrease) in trade and other payables	4,798	(17,881)
Increase (decrease) in retirement benefit liabilities	(513)	89
Decrease (increase) in retirement benefit assets	57	21
Other, net	4,188	(639)
Subtotal	54,539	21,360
Interest received	59	60
Dividends received	226	170
Interest paid	(2,785)	(2,984)
Income taxes paid	(11,923)	(4,976)
Income taxes refund	2,654	6,127
Net cash flows from (used in) operating activities	42,770	19,758
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(6,717)	(7,280)
Proceeds from sales of property, plant and equipment	34	3
Purchase of investment property	(613)	(3,573)
Proceeds from sales of investment property	2,959	–
Purchase of investment securities	(613)	(1,002)
Proceeds from sales of investment securities	3,140	901
Other, net	(3,480)	(406)
Net cash flows from (used in) investing activities	(5,289)	(11,358)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	(7,000)	14,000
Net increase (decrease) in commercial papers	–	45,998
Proceeds from non-current borrowings	1,300	72,000
Repayments of non-current borrowings	(6,730)	(14,750)
Proceeds from issuance of bonds	29,864	–
Redemption of bonds	–	(10,000)
Repayments of lease liabilities	(14,367)	(14,692)
Purchase of treasury shares	(3)	(1)
Dividends paid	(4,693)	(4,699)
Dividends paid to non-controlling interests	(515)	(94)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(6,409)
Other, net	23	3
Net cash flows from (used in) financing activities	(2,122)	81,355
Net increase (decrease) in cash and cash equivalents	35,359	89,755
Cash and cash equivalents at beginning of period	25,659	34,633
Effect of exchange rate changes on cash and cash equivalents	(0)	(11)
Cash and cash equivalents at end of period	61,018	124,377

(6) Notes to condensed quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Changes in accounting policies)

Application of amendments to IFRS 16 “Leases”

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

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

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

(Segment information)

(1) Overview of reportable segments

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

The Group is comprised, under a holding company structure, of the reportable segments “Department Store Business,” “PARCO Business,” “Real Estate Business” and “Credit Finance Business,” with the Department Store Business at its core.

The Department Store Business carries out the sale of clothing, general goods, household goods, food products and others. The PARCO Business undertakes development, management, supervision and operation, etc. of shopping centers. The Real Estate Business carries out development, supervision, operation, etc. of real estate. The Credit Finance Business undertakes issuance and administration, etc. of credit cards.

(2) Segment revenue and business results

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

Six months ended August 31, 2019

	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Department Store Business	PARCO Business	Real Estate Business	Credit Finance Business					
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	
External revenue	131,753	43,502	8,287	3,337	186,881	38,783	225,664	–	225,664
Inter-segment revenue	244	191	533	1,862	2,831	17,371	20,202	(20,202)	–
Total	131,997	43,694	8,820	5,199	189,712	56,154	245,867	(20,202)	225,664
Segment profit	10,580	5,865	5,729	1,089	23,264	2,008	25,273	(98)	25,175
Finance income									633
Finance costs									(2,836)
Share of profit (loss) of investments accounted for using equity method									988
Profit before tax									23,960

Notes: 1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, design and construction contracting, manufacture and sale of furniture, parking, leasing, etc.

2. The adjustments for segment profit include inter-segment eliminations and corporate income and expenses not attributable to any reportable segment. Corporate income and expenses are mainly income and expenses of the company submitting condensed quarterly consolidated financial statements that are not attributable to any reportable segment.
3. Segment profit is adjusted to operating profit in the condensed quarterly consolidated financial statements.

Six months ended August 31, 2020

	Reportable segments				Total	Other	Total	Adjustments	Consolidated
	Department Store Business	PARCO Business	Real Estate Business	Credit Finance Business					
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	69,949	29,817	6,251	3,352	109,371	38,099	147,471	–	147,471
Inter-segment revenue	152	297	563	1,240	2,254	14,205	16,460	(16,460)	–
Total	70,102	30,115	6,815	4,593	111,626	52,305	163,931	(16,460)	147,471
Segment profit (loss)	(21,357)	(2,604)	1,634	453	(21,873)	1,150	(20,722)	85	(20,637)
Finance income									570
Finance costs									(3,047)
Share of profit (loss) of investments accounted for using equity method									353
(Loss) before tax									(22,760)

- Notes:
1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, design and construction contracting, parking, leasing, etc.
 2. The adjustments for segment profit (loss) include inter-segment eliminations and corporate income and expenses not attributable to any reportable segment. Corporate income and expenses are mainly income and expenses of the company submitting condensed quarterly consolidated financial statements that are not attributable to any reportable segment.
 3. Segment profit (loss) is adjusted to operating profit (loss) in the condensed quarterly consolidated financial statements.