

<p>Supplementary Information to Financial Results for the First Six Months of the Fiscal Year Ending February 28, 2022</p>
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[From March 1, 2021 to August 31, 2021]
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J. Front Retailing Co., Ltd.

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I. J. Front Retailing Consolidated Statements [IFRS]
1—1. Consolidated business performance (comparison with previous year and forecast released in June 2021)

(Millions of yen, %)

Item	Six months ended August 31, 2021	Six months ended August 31, 2020	YoY		Forecast released in June 2021 (Six months ended August 31, 2021)	Change
			Amount	%		
1. Gross sales	402,148	320,635	81,513	25.4	415,000	(12,852)
2. Revenue	157,333	147,471	9,862	6.7	165,000	(7,667)
3. Gross profit	69,693	59,450	10,243	17.2	72,000	(2,307)
4. Gross margin ratio	44.30%	40.31%	Difference 3.99%		43.64%	Difference 0.66%
5. Selling, general and administrative expenses (SGA)	66,038	59,200	6,838	11.6	68,500	(2,462)
6. Business profit	3,654	250	3,404	—	3,500	154
7. Operating profit	(1,388)	(20,637)	19,249	—	(2,500)	1,112
8. Profit before tax	(2,871)	(22,760)	19,889	—	(4,300)	1,429
9. Profit attributable to owners of parent	(1,995)	(16,311)	14,316	—	(3,000)	1,005
10. Total assets	1,233,119	1,263,722	(30,603)		1,260,000	(26,881)
11. Equity attributable to owners of parent	345,842	352,171	(6,329)		348,000	(2,158)
12. Ratio of equity attributable to owners of parent to total assets	28.0%	27.9%	Difference 0.1%		27.6%	Difference 0.4%
13. Total interest-bearing liabilities	554,189	562,815	(8,626)		545,500	8,689
[Of which: lease liabilities]	[192,532]	[202,885]	[(10,353)]		[188,500]	[4,032]
14. Financial balance	(2,073)	(2,476)	403		(2,500)	427
15. Cash flows from operating activities	17,261	19,758	(2,497)		28,000	(10,739)
16. Cash flows from investing activities	(4,867)	(11,358)	6,491		(11,000)	6,133
17. Free cash flows	12,393	8,400	3,993		17,000	(4,607)
18. Cash flows from financing activities	(17,962)	81,355	(99,317)		(22,000)	4,038
19. Return on equity attributable to owners of parent (ROE)	(0.6)%	(4.4)%	Difference 3.8%			
20. Return on assets (ROA)	(0.1)%	(1.6)%	Difference 1.5%			
21. Return on invested capital (ROIC)	0.4%	0.0%	Difference 0.4%			
22. Ratio of interest-bearing liabilities to equity attributable to owners of parent (D/E ratio)	1.60 Times	1.60 Times	Difference 0.00 Times			
23. Interest-bearing liabilities to cash flow ratio	32.11 Times	29.27 Times	Difference 2.84 Times			

- Notes:
- Gross sales are calculated by converting sales from purchase recorded at the time of sale (*shoka shiire*) of the "Department Store Business" and "Other (Daimaru Kogyo)," which are recognized as revenue under IFRS, into gross amount and converting the net amount of sales of the "SC Business (Parco SC)" into tenant transaction volume (gross amount basis).
 - Business profit is calculated by subtracting cost of sales and SGA from revenue.
 - Profit attributable to owners of parent, operating profit and business profit after tax are used to calculate ROE, ROA and ROIC, respectively.
 - Results for the previous year in Items 10 to 13 and 22 are figures at the end of the previous consolidated fiscal year (February 28, 2021).
 - Forecasts in Items 10 to 13 and 15 to 18 were released in April 2021.

1—2. Consolidated business performance (full year forecast)

(Millions of yen, %)

Item	Full year ending February 28, 2022	Full year ended February 28, 2021	YoY		Forecast released in June 2021 (Full year ending February 28, 2022)
			Amount	%	
1. Gross sales	922,000	769,453	152,547	19.8	935,000
2. Revenue	357,500	319,079	38,421	12.0	365,000
3. Gross profit	152,500	134,368	18,132	13.5	155,000
4. Gross margin	42.66%	42.11%	Difference 0.55%		42.47%
5. SGA	140,500	132,001	8,499	6.4	143,000
6. Business profit	12,000	2,366	9,634	407.0	12,000
7. Operating profit	5,500	(24,265)	29,765	—	5,500
8. Profit before tax	2,000	(28,672)	30,672	—	2,000
9. Profit attributable to owners of parent	1,000	(26,193)	27,193	—	1,000
10. Total assets	1,200,000	1,263,722	(63,722)		1,240,000
11. Equity attributable to owners of parent	345,000	352,171	(7,171)		347,500
12. Ratio of equity attributable to owners of parent to total assets	28.8%	27.9%	Difference 0.9%		28.0%
13. Total interest-bearing liabilities	542,000	562,815	(20,815)		534,000
[Of which: lease liabilities]	[185,000]	[202,885]	[(17,885)]		[174,000]
14. Financial balance	(4,700)	(5,124)	424		(5,000)
15. Cash flows from operating activities	40,000	56,471	(16,471)		52,000
16. Cash flows from investing activities	(7,000)	(20,870)	13,870		(22,000)
17. Free cash flows	33,000	35,601	(2,601)		30,000
18. Cash flows from financing activities	(41,000)	58,727	(99,727)		(37,500)
19. Return on equity attributable to owners of parent (ROE)	0.3%	(7.1)%	Difference 7.4%		
20. Return on assets (ROA)	0.4%	(1.9)%	Difference 2.3%		
21. Return on invested capital (ROIC)	1.2%	0.2%	Difference 1.0%		
Ratio of interest-bearing liabilities to equity attributable to owners of parent (D/E ratio)	1.57 Times	1.60 Times	Difference (0.03) Times		
23. Interest-bearing liabilities to cash flow ratio	13.55 Times	9.97 Times	Difference 3.58 Times		

- Notes: 1. Gross sales are calculated by converting sales from purchase recorded at the time of sale (*shoka shiire*) of the "Department Store Business" and "Other (Daimaru Kogyo)," which are recognized as revenue under IFRS, into gross amount and converting the net amount of sales of the "SC Business (Parco SC)" into tenant transaction volume (gross amount basis).
2. Business profit is calculated by subtracting cost of sales and SGA from revenue.
3. Profit attributable to owners of parent, operating profit and business profit after tax are used to calculate ROE, ROA and ROIC, respectively.
4. Forecasts in Items 10 to 13 and 15 to 18 were released in April 2021.

2. Segment information (results and full year forecast)

<Results>

Six months ended August 31, 2021

(Millions of yen, %)

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business	Total				
Gross sales	247,604	102,979	29,017	6,832	386,434	39,929	426,364	(24,215)	402,148
YoY	27.7	32.0	6.0	31.1	26.9	5.8	24.6	—	25.4
(1) Revenue to external customers	86,079	26,303	20,681	3,264	136,328	21,004	157,333	—	157,333
(2) Intersegment revenue	258	461	5,056	1,689	7,464	13,668	21,133	(21,133)	—
Total revenue	86,338	26,764	25,737	4,953	143,793	34,673	178,466	(21,133)	157,333
YoY	16.3	15.5	(21.7)	7.8	6.6	9.8	7.2	—	6.7
Business profit	(1,447)	2,721	1,726	476	3,475	596	4,072	(417)	3,654
YoY	—	186.4	(0.3)	6.8	—	(38.1)	267.0	—	—
Segment profit	(4,757)	456	1,807	506	(1,987)	631	(1,355)	(33)	(1,388)
YoY	—	—	6.5	11.7	—	53.0	—	—	—

Full year ending February 28, 2022

(Millions of yen, %)

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business	Total				
Gross sales	579,200	231,500	60,900	14,500	886,100	75,000	961,100	(39,100)	922,000
YoY	21.4	18.2	19.9	26.1	20.5	(0.8)	18.5	—	19.8
(1) Revenue to external customers	201,200	54,000	46,500	7,300	309,000	48,500	357,500	—	357,500
(2) Intersegment revenue	400	1,000	10,000	3,500	14,900	15,500	30,400	(30,400)	—
Total revenue	201,600	55,000	56,500	10,800	323,900	64,000	387,900	(30,400)	357,500
YoY	16.0	(0.4)	5.0	19.5	11.0	2.3	9.4	—	12.0
Business profit	3,000	4,200	3,400	1,140	11,740	1,200	12,940	(940)	12,000
YoY	—	288.9	19.7	187.3	750.1	(27.5)	326.2	—	407.0
Segment profit	(1,200)	1,800	3,500	1,200	5,300	1,100	6,400	(900)	5,500
YoY	—	—	76.6	184.9	—	(36.2)	—	—	—

Note: Daimaru Matsuzakaya Department Stores Co. Ltd. absorbed and merged Daimaru Matsuzakaya Sales Associates Co. Ltd. on September 1, 2021. Accordingly, full year forecasts for "Other" and Adjustments decreased compared to figures released in June 2021. YoY percentage changes are calculated by retrospectively adjusting comparative figures for the previous year.

3. Performance by consolidated company

(Millions of yen, %)

Company name	Six months ended August 31, 2021				Full year ending February 28, 2022				Capital	Ownership percentage (%)	Business
	Revenue	Business profit	Operating profit	Profit	Revenue	Business profit	Operating profit	Profit			
1. J. Front Retailing Co., Ltd.	8,716	6,381	6,284	5,860	14,912	9,758	9,728	8,790	31,974		
2. Daimaru Matsuzakaya Department Stores Co. Ltd.	79,273	(454)	(2,812)	(2,225)	185,300	3,900	900	(500)	10,000	100.0	Department store
3. The Hakata Daimaru, Inc.	5,588	(845)	(971)	(738)	13,000	(730)	(870)	(740)	3,037	69.9	Department store
4. Kochi Daimaru Co., Ltd.	1,525	(146)	(763)	(533)	3,400	(170)	(1,030)	(210)	300	100.0	Department store
5. Parco Co., Ltd.	27,666	4,112	1,265	78	59,880	5,902	2,957	394	34,367	100.0	Shopping center Developer
6. Parco (Singapore) Pte Ltd	51	7	7	7	125	(4)	(4)	(4)	SGD 4M	100.0	Shopping center
7. Parco Space Systems Co., Ltd.	7,786	(16)	(32)	(21)	17,599	382	368	232	490	100.0	Space engineering & management
8. J. Front Design & Construction Co., Ltd.	16,694	698	1,130	804	33,594	1,573	2,002	1,378	100	100.0	Design & construction contracting
9. Parco Digital Marketing Co., Ltd.	508	(8)	(7)	(5)	1,150	61	62	43	10	100.0	Internet-related business
10. Japan Retail Advisors Co., Ltd.	—	(0)	(0)	(0)	—	(0)	(0)	(0)	10	100.0	Real estate management Consulting
11. JFR Card Co., Ltd.	4,953	476	506	303	10,800	1,140	1,200	718	100	100.0	Payment and finance
12. Daimaru Kogyo, Ltd.	17,324	92	70	49	34,031	371	344	237	1,800	100.0	Wholesale
13. Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	4,719	72	67	52	9,570	109	104	80	USD 2M	100.0	Wholesale
14. Daimaru Kogyo (Thailand) Co., Ltd.	169	(12)	(11)	(10)	532	(0)	0	1	THB 202M	99.9	Wholesale
15. Taiwan Daimaru Kogyo, Ltd.	79	(7)	(13)	(13)	185	(0)	(6)	(6)	NTD 60M	100.0	Wholesale
16. Dimples' Co., Ltd.	4,730	(23)	(20)	(14)	9,943	34	29	27	90	100.0	Staffing service
17. Consumer Product End-Use Research Institute Co., Ltd.	525	60	59	36	1,085	141	140	86	100	100.0	Merchandise test Quality control
18. Angel Park Co., Ltd.	505	244	242	177	1,045	510	505	368	400	50.2	Parking
19. JFR Service Co. Ltd.	4,442	43	43	47	8,555	0	0	33	100	100.0	Commissioned back-office service Leasing Parking
20. JFR Information Center Co., Ltd.	3,688	241	242	166	7,103	350	352	231	10	100.0	Information service
21. Daimaru Matsuzakaya Tomonokai Co., Ltd.	25	(242)	(263)	52	59	(478)	(518)	39	100	100.0	Specified prepaid transaction service
22. Neuve A Co., Ltd.	3,255	(279)	2,344	2,340	3,255	(279)	2,344	2,340	—	—	Specialty store
23. Daimaru Matsuzakaya Sales Associates Co. Ltd.	3,459	103	191	132	3,459	103	191	132	90	100.0	Commissioned sales & store operations

Notes: 1. Parco Co., Ltd. sold all shares of Neuve A Co., Ltd. on June 30, 2021.

2. Daimaru Matsuzakaya Department Stores Co. Ltd. absorbed and merged Daimaru Matsuzakaya Sales Associates Co. Ltd. on September 1, 2021.

4. Consolidated capital expenditures (results and full year plan)

(Millions of yen)

Component	Six months ended August 31, 2021	Full year ending February 28, 2022	Remarks
Daimaru Matsuzakaya Department Stores	2,730	5,200	Sales floor renovation (Kobe store, Kyoto store and others) and others
Hakata Daimaru	420	900	Sales floor renovation and others
Kochi Daimaru	91	200	"
Parco	3,211	8,700	
[SC Business]	[602]	[3,700]	Sales floor renovation (Shinsaibashi PARCO and others) and others
[Developer Business]	[2,609]	[5,000]	LIFE Higashinippori store and others
Other	787	2,200	
Intercompany eliminations	(1,091)	(2,000)	
Total consolidated	6,151	15,200	
Right-of-use assets	4,633	9,000	
Total investment	10,784	24,200	

5. Components of SGA (results and full year forecast)

(Millions of yen, %)

Component	Six months ended August 31, 2021			Full year ending February 28, 2022		
	Amount	YoY %	Ratio to sales	Amount	YoY %	Ratio to sales
Personnel expenses	25,505	10.9	16.2	50,900	4.7	14.2
Advertising expenses	4,568	42.3	2.9	9,400	17.5	2.6
Packing and transportation costs	1,293	(1.1)	0.8	2,900	(2.9)	0.8
Rent expenses	576	(11.6)	0.4	1,200	(43.0)	0.3
Depreciation	12,633	11.3	8.0	26,500	5.4	7.4
Operational costs	3,256	(9.5)	2.1	8,000	30.8	2.2
Other	18,204	13.3	11.6	41,600	6.6	11.6
Total	66,038	11.6	42.0	140,500	6.4	39.3

Note: Depreciation is included in cost of sales and other operating expenses as well as SGA.

Cost of sales: Current period: 10,665 million yen / Previous period: 9,208 million yen / Full year ending February 28, 2022: 21,500 million yen

Other operating expenses: Current period: 1,692 million yen / Previous period: 5,309 million yen / Full year ending February 28, 2022: 1,692 million yen

6. Components of other operating income and other operating expenses (results and full year forecast)

(Millions of yen)

Component	Six months ended August 31, 2021	Full year ending February 28, 2022	Remarks
Other operating income	1,657	7,000	
Subsidies for employment adjustment	330	386	Mainly Daimaru Matsuzakaya Department Stores 204
Other subsidies	311	646	
Other	1,015	5,966	
Other operating expenses	6,701	13,500	
Loss on disposal of fixed assets	651	2,500	Mainly Daimaru Matsuzakaya Department Stores 338 , Parco 254
Impairment losses	20	20	
Costs associated with temporary closure	3,146	3,146	Mainly Daimaru Matsuzakaya Department Stores 2,814 , Parco 550
Loss on sale of shares of subsidiaries	1,818	1,818	
Other	1,064	6,014	Full year forecast: structural reform cost and others

7. Components of finance income and finance costs and share of profit (loss) of

investments accounted for using equity method (results and full year forecast) (Millions of yen, %)

Component	Six months ended	YoY %	Full year ending	YoY %
	Aug 31, 2021		Feb 28, 2022	
Finance income	932	63.4	1,300	35.1
Interest and dividend income	932	63.4	1,300	35.1
Finance costs	3,006	(1.3)	6,000	(1.4)
Interest expenses on borrowings and bonds	2,668	(6.6)	5,300	(5.0)
Other	338	76.5	700	38.4
Share of profit (loss) of investments accounted for using equity method	591	67.3	1,200	67.3

8. Main changes in consolidated statements of financial position

(Millions of yen)

Item	Aug 31, 2021	Feb 28, 2021	Change	Remarks
Current assets				
Cash and cash equivalents	123,450	128,925	(5,475)	Mainly J. Front Retailing Co., Ltd.
Inventories	13,785	20,684	(6,899)	Mainly J. Front Design & Construction Co., Ltd.
Notes and accounts receivable - trade	54,933	55,854	(921)	
Non-current assets				
Buildings and structures	193,304	199,462	(6,158)	Mainly Daimaru Matsuzakaya Department Stores and Parco
Right-of-use assets	147,011	157,819	(10,808)	Mainly Daimaru Matsuzakaya Department Stores and Parco
Investment property	191,768	188,879	2,889	Mainly Daimaru Matsuzakaya Department Stores and Parco
Current liabilities				
Commercial papers	50,005	70,001	(19,996)	J. Front Retailing Co., Ltd.
Current portion of bonds	20,000	—	20,000	
Non-current liabilities				
Long-term borrowings	141,100	144,960	(3,860)	Mainly J. Front Retailing Co., Ltd.
Bonds	79,716	69,819	9,897	J. Front Retailing Co., Ltd.
Long-term lease liabilities	163,249	173,085	(9,836)	Mainly Daimaru Matsuzakaya Department Stores and Parco

9. Number of employees of consolidated companies (results and year-end forecast)

(People)

Component	August 31, 2021				February 28, 2022			
	Regular	Dedicated	Fixed-term	Total	Regular	Dedicated	Fixed-term	Total
J. Front Retailing	125	1	16	142	141	1	15	157
Department Store Business	2,295	235	267	2,797	2,959	1,184	260	4,403
[Of which: Daimaru Matsuzakaya Department Stores]	[1,951]	[163]	[195]	[2,309]	[2,664]	[1,121]	[195]	[3,980]
SC Business	508	—	102	610	498	—	102	600
Developer Business	884	3	423	1,310	886	3	421	1,310
Payment and Finance Business	194	21	15	230	200	21	14	235
Other	1,942	1,311	467	3,720	1,218	400	300	1,918
Total	5,948	1,571	1,290	8,809	5,902	1,609	1,112	8,623

Note: Daimaru Matsuzakaya Department Stores Co. Ltd. absorbed and merged Daimaru Matsuzakaya Sales Associates Co. Ltd. on September 1, 2021.

Accordingly, year-end forecasts for "Department Store Business" increased and those for "Other" decreased compared to figures released in April 2021.

II. Daimaru Matsuzakaya Department Stores Non-consolidated Statements 【IFRS】

*Results for the previous year have been adjusted retrospectively as if the Real Estate Business, which was transferred to Parco Co., Ltd. on September 1, 2020, had been transferred at the beginning of the previous year.

1-1. Business performance (results)

(Millions of yen, %)

Item	Six months ended August 31, 2021	YoY		Six months ended August 31, 2020
		Amount	%	
1. Gross sales	225,371	48,681	27.6	176,690
[Of which: real estate lease revenue]	[9,027]	[1,561]	[20.9]	[7,466]
2. Revenue	79,273	11,026	16.2	68,247
3. Gross profit	47,878	9,414	24.5	38,464
4. Gross margin ratio	60.40%	Difference	4.04%	56.36%
5. SGA	48,332	7,629	18.7	40,703
6. Business profit	(454)	1,785	—	(2,239)
7. Operating profit	(2,812)	15,626	—	(18,438)
8. Profit before tax	(3,211)	16,156	—	(19,367)
9. Profit	(2,225)	11,175	—	(13,400)
10. Total assets	464,489	(11,474)		475,963
11. Equity	138,543	(5,727)		144,270
12. Equity ratio	29.8%	Difference	(0.5)%	30.3%
13. Total interest-bearing liabilities	146,164	657		145,507
[Of which: lease liabilities]	[100,000]	[(5,241)]		[105,241]
14. Financial balance	(399)	529		(928)
15. Cash flows from operating activities	6,940	3,178		3,762
16. Cash flows from investing activities	(678)	7,537		(8,215)
17. Cash flows from financing activities	(7,394)	(10,983)		3,589
18. Return on equity (ROE)	(1.6)%	Difference	5.7%	(7.3)%
19. Return on assets (ROA)	(0.6)%	Difference	2.4%	(3.0)%
20. Return on invested capital (ROIC)	(0.2)%	Difference	0.3%	(0.5)%

Notes: 1. Gross sales are calculated by converting sales from *shoka shiire*, which are recognized as revenue under IFRS, into gross amount.

2. Business profit is calculated by subtracting cost of sales and SGA from revenue.

3. Profit, operating profit and business profit after tax are used to calculate ROE, ROA and ROIC, respectively.

4. Results for the previous year in Items 10 to 13 are figures at the end of the previous business year (February 28, 2021).

1-2. Business performance (full year forecast)

(Millions of yen, %)

Item	Full year ending February 28, 2022	YoY		Full year ended February 28, 2021
		Amount	%	
1. Gross sales	528,000	94,124	21.7	433,876
[Of which: real estate lease revenue]	[19,100]	[2,058]	[12.1]	[17,042]
2. Revenue	185,300	26,068	16.4	159,232
3. Gross profit	108,900	17,221	18.8	91,679
4. Gross margin ratio	58.77%	Difference	1.19%	57.58%
5. SGA	105,000	11,455	12.2	93,545
6. Business profit	3,900	5,765	—	(1,865)
7. Operating profit	900	19,591	—	(18,691)
8. Profit before tax	(700)	20,084	—	(20,784)
9. Profit	(500)	12,874	—	(13,374)
10. Total assets	455,000	(20,963)		475,963
11. Equity	137,800	(6,470)		144,270
12. Equity ratio	30.3%	Difference	0.0%	30.3%
13. Total interest-bearing liabilities	139,000	(6,507)		145,507
[Of which: lease liabilities]	[91,200]	[(14,041)]		[105,241]
14. Financial balance	(1,600)	493		(2,093)
15. Cash flows from operating activities	24,000	(2,011)		26,011
16. Cash flows from investing activities	(4,000)	7,982		(11,982)
17. Cash flows from financing activities	(21,000)	(7,546)		(13,454)
18. Return on equity (ROE)	(0.4)%	Difference	7.5%	(7.9)%
19. Return on assets (ROA)	0.2%	Difference	3.6%	(3.4)%
20. Return on invested capital (ROIC)	1.5%	Difference	2.0%	(0.5)%

Notes: 1. Gross sales are calculated by converting sales from *shoka shiire*, which are recognized as revenue under IFRS, into gross amount.

2. Business profit is calculated by subtracting cost of sales and SGA from revenue.

3. Profit, operating profit and business profit after tax are used to calculate ROE, ROA and ROIC, respectively.

2. Summary of gross sales

(1) Sales by store

*Results for the previous year have been restated due to changes in disclosure classification.

(Millions of yen, %)

Store	Period	Six months ended August 31, 2021		Full year ending February 28, 2022	
		Amount	YoY %	Amount	YoY %
Daimaru	Osaka Shinsaibashi	22,727	55.6	56,850	40.1
	Osaka Umeda	17,743	12.1	45,480	20.0
	Tokyo	20,087	33.2	50,370	30.0
	Kyoto	23,700	22.9	56,560	20.0
	Kobe	29,776	28.6	68,430	16.4
	Suma	3,278	5.6	6,680	(3.0)
	Ashiya	1,997	41.4	4,180	22.3
	Sapporo	21,649	27.8	53,100	27.2
	Shimonoseki	4,075	13.3	9,470	16.8
Matsuzakaya	Nagoya	47,246	34.9	106,350	22.8
	Ueno	9,368	27.9	21,960	21.3
	Shizuoka	7,417	16.9	17,260	16.2
	Takatsuki	2,403	(7.3)	5,460	(6.8)
	Toyota	3,000	34.8	4,150	(18.2)
Total all stores		214,472	28.8	506,300	22.3
Total comparable stores		—	—	502,150	22.8
Corporations, head office, etc.		10,898	7.2	21,700	8.5
Total		225,371	27.6	528,000	21.7
[Of which: net sales of goods]		216,343	27.8	508,900	22.1
[Of which: real estate lease revenue]		9,027	20.9	19,100	12.1
Total comparable stores		—	—	523,850	22.2

Notes: 1. Effective from the fiscal year ending February 28, 2022, sales of Corporate Sales Division and revenue attributable to head office, which had been included in relevant stores, have been changed to be reported as corporations, head office, etc. YoY percentage changes are calculated by restating the results for the fiscal year ended February 28, 2021.

2. Effective from the fiscal year ending February 28, 2022, real estate lease revenue from Ginza Six and the tenants around department stores, etc., which had been included in the Real Estate Business, has been changed to be included in corporation, head office, etc. and relevant stores, respectively. YoY percentage changes are calculated by restating the results for the fiscal year ended February 28, 2021.

3. The Matsuzakaya Toyota store closed on September 30, 2021.

4. Total comparable stores does not include the values of the Matsuzakaya Toyota store.

(2) YoY percentage changes in monthly sales

(%)

Month	March 2021	April	May	June	July	August	Six months ended August 31, 2021
Total	33.5	202.4	78.4	2.3	8.5	(4.3)	27.6

(3) Sales classification

(i) Share of cash/credit sales

(Millions of yen, %)

Category	Amount	YoY %	Share
Cash sales	158,148	27.3	70.2
Credit sales	67,222	28.2	29.8
Total	225,371	27.6	100.0

(ii) Share of sales to corporate/individual customers (credit sales)

(%)

Category	Six months ended Aug 31, 2021	Six months ended Aug 31, 2020	Sales YoY
Corporate	10.8	18.0	(23.0)
Individual	89.2	82.0	39.4
Total	100.0	100.0	28.2

(iii) Number of the Company-issued cards, number of active cardholders and sales

(Thousand cards, thousand people, millions of yen, %)

Category	Number of cards issued	Number of active cardholders	Sales		% of total sales to individual customers
				YoY %	
Otokuisama Gold Card	321	203	60,722	39.0	29.1
Daimaru Matsuzakaya Card <Gold>	105	61	7,642	18.5	3.7
Daimaru Matsuzakaya Card	1,176	663	38,826	10.0	18.6
Total	1,604	928	107,191	25.5	51.4
Point card for cash purchases	1,806	774	28,430	50.3	13.6
Other	416	179	8,133	14.5	3.9
Total	3,826	1,719	140,138	28.8	67.2

Notes: 1. "Point card for cash purchases" consists of Daimaru Matsuzakaya Point Card, Daimaru D Card, Matsuzakaya M Card and Ufufu Girls Card.

"Other" consists of the cards of membership organizations such as Tomonokai and Bridal Circle.

2. The total number of active cardholders and total sales differ from the total of these cards because some hold more than one card.

3. "Daimaru Matsuzakaya Card <Gold>" includes Daimaru Card Gold and Matsuzakaya Card Gold.

"Daimaru Matsuzakaya Card" includes Daimaru Card and Matsuzakaya Card.

(4) Sales and gross margin ratio by merchandise category

(Millions of yen, %)

Merchandise category	Sales	YoY %	Share	Share PY	Gross margin ratio	YoY (Ratio)
Clothing	90,613	36.3	41.9	39.3	22.58	(0.97)
Accessories	10,942	14.7	5.0	5.6	27.28	0.05
General goods	41,065	35.2	19.0	17.9	24.05	(0.38)
Household goods	8,449	25.5	3.9	4.0	23.72	(0.97)
Foods	52,968	20.9	24.5	25.9	15.96	(0.57)
Other	12,305	0.3	5.7	7.3	16.04	(0.12)
Total	216,343	27.8	100.0	100.0	21.15	(0.46)

(5) Number of business days and total number of customers by store

	Number of business days			Total number of customers	
	Six months ended August 31, 2021	Six months ended August 31, 2020	Change	Six months ended August 31, 2021	YoY
	Days	Days	Days	Thousand people	%
Daimaru Osaka Shinsaibashi	184	145	39	3,802	45.4
Osaka Umeda	184	145	39	8,728	25.7
Tokyo	184	146	38	7,473	34.9
Kyoto	184	164	20	4,393	16.4
Kobe	184	145	39	3,414	22.1
Suma	184	178	6	2,600	16.1
Ashiya	183	143	40	2,265	44.9
Sapporo	184	169	15	6,391	26.8
Shimonoseki	184	179	5	1,487	23.7
Matsuzakaya Nagoya	184	168	16	6,237	30.5
Ueno	184	144	40	2,694	32.1
Shizuoka	184	178	6	2,052	24.3
Takatsuki	184	178	6	2,423	26.6
Toyota	184	168	16	985	23.0
Total			325	54,951	28.1

(6) Duty-free sales

(Millions of yen, %)

	Six months ended August 31, 2021	YoY %	Sales share
Daimaru Osaka Shinsaibashi	973	250.4	4.3
Osaka Umeda	104	101.7	0.6
Tokyo	59	8.7	0.3
Kyoto	86	168.0	0.4
Kobe	212	134.8	0.7
Sapporo	21	(55.4)	0.1
Shimonoseki	0	(21.6)	0.0
Matsuzakaya Nagoya	269	120.5	0.6
Ueno	2	(84.5)	0.0
Shizuoka	2	(24.7)	0.0
Total	1,733	147.4	0.8

Note: Sales share is the duty-free sales percentage of total sales of each store.

(7) Average spend per customer / conversion rate

	Six months ended August 31, 2021	Six months ended August 31, 2020	YoY (%)
Average spend per customer (Yen)	4,634	4,440	4.4
Conversion rate (%)	58.1	61.0	(2.9)

Note:

$$\text{Average spend per customer} = \frac{\text{Cash sales}}{\text{Number of receipts issued}}$$

$$\text{Conversion rate} = \frac{\text{Number of receipts issued}}{\text{Number of customers}}$$

3. Components of SGA (results and full year forecast)

(Millions of yen, %)

Component	Six months ended August 31, 2021			Full year ending February 28, 2022		
	Amount	YoY %	Ratio to sales	Amount	YoY %	Ratio to sales
Personnel expenses	10,777	5.9	13.6	25,100	24.6	13.5
Advertising expenses	3,757	44.4	4.7	7,600	20.6	4.1
Packing and transportation costs	1,053	2.2	1.3	2,500	4.6	1.3
Rent expenses	124	(4.8)	0.2	300	38.3	0.2
Depreciation	9,887	21.7	12.5	20,800	9.8	11.2
Operational costs	4,990	22.6	6.3	11,000	15.6	5.9
Other	17,742	21.8	22.4	37,700	4.6	20.5
Total	48,332	18.7	61.0	105,000	12.2	56.7

Notes: 1. Depreciation is included in cost of sales and other operating expenses as well as SGA.

Cost of sales: Current period: 2,358 million yen / Previous period: 2,206 million yen / Full year ending February 28, 2022: 5,030 million yen

Other operating expenses: Current period: 1,258 million yen / Previous period: 3,079 million yen / Full year ending February 28, 2022: 1,258 million yen

2. Daimaru Matsuzakaya Department Stores Co. Ltd. absorbed and merged Daimaru Matsuzakaya Sales Associates Co. Ltd.

on September 1, 2021. Accordingly, compared to figures released in June 2021, full year forecasts for "Personnel expenses"

increased and those for "Other" decreased due to a decrease in sales outsourcing expenses.

4. Components of other operating income and other operating expenses (results and full year forecast)

(Millions of yen)

Component	Six months ended Aug 31, 2021	Full year ending Feb 28, 2022	Remarks
Other operating income	982	1,100	
Subsidies for employment adjustment	204	260	
Other Subsidies	153	153	
Other	624	687	
Other operating expenses	3,340	4,100	
Loss on disposal of fixed assets	338	830	
Costs associated with temporary closure	2,814	2,814	
Other	187	456	

5. Components of finance income and finance costs (results and full year forecast)

(Millions of yen,%)

Component	Six months ended Aug 31, 2021		Full year ending Feb 28, 2022	
	Amount	YoY	Amount	YoY
Finance income	963	51.4	1,200	31.2
Interest and dividend income	963	51.4	1,200	31.2
Finance costs	1,362	(12.9)	2,800	(6.9)
Interest expenses	1,362	(12.9)	2,800	(6.9)

III. Parco Non-consolidated Statements [IFRS]

*Results for the previous period have been adjusted retrospectively as if the Real Estate Business, which was transferred from Daimaru Matsuzakaya Department Stores Co., Ltd. on September 1, 2020, had been transferred at the beginning of the previous period.

1. Business performance

(Millions of yen, %)

Item	Six months ended August 31, 2021	YoY		Six months ended August 31, 2020
		Amount	%	
1. Gross sales	105,077	27,174	34.9	77,903
[Of which: real estate lease revenue]	[17,133]	[3,324]	[24.1]	[13,809]
2. Operating revenue	27,666	5,506	24.8	22,160
3. Operating costs	18,684	4,054	27.7	14,630
4. Gross profit	8,982	1,452	19.3	7,530
5. Gross margin ratio	32.47%	Difference (1.51)%		33.98%
6. SGA	4,869	(333)	(6.4)	5,202
7. Business profit	4,112	1,785	76.7	2,327
8. Operating profit	1,265	2,284	—	(1,019)
9. Profit before tax	107	2,199	—	(2,092)
10. Profit	78	1,543	—	(1,465)
11. Total assets	421,412	(8,077)		429,489
12. Equity	140,852	(1,450)		142,302
13. Equity ratio	33.4%	Difference 0.3%		33.1%
14. Total interest-bearing liabilities	208,387	(2,164)		210,551
[Of which: lease liabilities]	[87,518]	[(3,379)]		[90,897]
15. Financial balance	(1,158)	(86)		(1,072)
16. Cash flows from operating activities	7,975	4,177		3,798
17. Cash flows from investing activities	(4,792)	(1,565)		(3,227)
18. Cash flows from financing activities	(4,431)	2,578		(7,009)
19. Return on equity (ROE)	0.1%	Difference 1.3%		(1.2)%
20. Return on assets (ROA)	0.3%	Difference 0.6%		(0.3)%
21. Return on investment (ROIC)	1.1%	Difference 0.2%		0.9%

Notes: 1. Gross sales are the total value of the tenant transaction volume of Parco stores, sales of the entertainment business, and real estate lease revenue.
2. Business profit is calculated by subtracting operating costs and SGA from operating revenue.
3. Profit, operating profit and business profit after tax are used to calculate ROE, ROA and ROIC, respectively.
4. Results for the previous year in Items 11 to 14 are figures at the end of the previous business year ended February 28, 2021.

(Reference)

(Millions of yen, %)

Item	Six months ended August 31, 2021				Six months ended August 31, 2020	
	SC Business	YoY	Developer Business	YoY	SC Business	Developer Business
1. Gross sales	101,009	26,838	4,068	337	74,171	3,731
[Of which: real estate lease revenue]	[13,384]	[3,180]	[3,748]	[144]	[10,204]	[3,604]
2. Operating revenue	23,598	5,169	4,068	337	18,429	3,731
3. Operating costs	16,925	4,107	1,758	(53)	12,818	1,811
4. Gross profit	6,672	1,062	2,309	390	5,610	1,919
5. Gross margin ratio	28.28%	Difference (2.16)%	56.77%	Difference 5.33%	30.44%	51.44%
6. SGA	3,624	(563)	1,244	230	4,187	1,014
7. Business profit	3,048	1,626	1,064	160	1,422	904
8. Operating profit	107	2,148	1,158	137	(2,041)	1,021
9. Profit before tax	(902)	1,945	1,010	255	(2,847)	755

Notes: 1. Gross sales are the total value of the tenant transaction volume of Parco stores, sales of the entertainment business, and real estate lease revenue.
2. Business profit is calculated by subtracting operating costs and SGA from operating revenue.

1—2. Business performance (full year forecast)

(Millions of yen, %)

Item	Full year ending February 28, 2022	YoY		Full year ended February 28, 2021
		Amount	%	
1. Gross sales	238,733	46,800	24.4	191,933
[Of which: real estate lease revenue]	[37,065]	[5,056]	[15.8]	[32,009]
2. Operating revenue	59,880	8,291	16.1	51,589
3. Operating costs	43,163	5,081	13.3	38,082
4. Gross profit	16,716	3,209	23.8	13,507
5. Gross margin ratio	27.92%	Difference 1.74%		26.18%
6. SGA	10,814	285	2.7	10,529
7. Business profit	5,902	2,924	98.2	2,978
8. Operating profit	2,957	8,887	—	(5,930)
9. Profit before tax	565	8,863	—	(8,298)
10. Profit	394	10,547	—	(10,153)
11. Total assets	419,532	(9,957)		429,489
12. Equity	140,059	(2,243)		142,302
13. Equity ratio	33.4%	Difference 0.3%		33.1%
14. Total interest-bearing liabilities	208,202	(2,349)		210,551
[Of which: lease liabilities]	[86,731]	[(4,166)]		[90,897]
15. Financial balance	(2,391)	(24)		(2,367)
16. Cash flows from operating activities	16,747	(3,816)		20,563
17. Cash flows from investing activities	(8,824)	(278)		(8,546)
18. Cash flows from financing activities	(9,211)	12,970		(22,181)
19. Return on equity (ROE)	0.3%	Difference 7.9%		(7.6)%
20. Return on assets (ROA)	0.7%	Difference 2.2%		(1.5)%
21. Return on investment (ROIC)	1.6%	Difference 0.7%		0.9%

Notes: 1. Gross sales are the total value of the tenant transaction volume of Parco stores, sales of the entertainment business, and real estate lease revenue.

2. Business profit is calculated by subtracting operating costs and SGA from operating revenue.

3. Profit, operating profit and business profit after tax are used to calculate ROE, ROA and ROIC, respectively.

(Reference)

(Millions of yen, %)

Item	Full year ending February 28, 2022				Full year ended February 28, 2021	
	SC Business	YoY	Developer Business	YoY	SC Business	Developer Business
1. Gross sales	230,695	46,499	8,038	302	184,196	7,736
[Of which: real estate lease revenue]	[29,346]	[1,774]	[7,719]	[3,282]	[27,572]	[4,437]
2. Operating revenue	51,841	7,989	8,038	302	43,852	7,736
3. Operating costs	39,082	5,331	4,081	(249)	33,751	4,330
4. Gross profit	12,759	2,659	3,957	551	10,100	3,406
5. Gross margin ratio	24.61%	Difference 1.58%	49.23%	Difference 5.20%	23.03%	44.03%
6. SGA	8,230	(253)	2,583	538	8,483	2,045
7. Business profit	4,529	2,913	1,373	12	1,616	1,361
8. Operating profit	1,502	8,037	1,455	851	(6,535)	604
9. Profit before tax	(596)	7,881	1,162	984	(8,477)	178

Notes: 1. Gross sales are the total value of the tenant transaction volume of Parco stores, sales of the entertainment business, and real estate lease revenue.

2. Business profit is calculated by subtracting operating costs and SGA from operating revenue.

2. Summary of tenant transaction volume (Parco stores)

(1) Tenant transaction volume by store

(Millions of yen, %)

Store	Six months ended August 31, 2021		Store	Six months ended August 31, 2021	
	Amount	YoY %		Amount	YoY %
Sapporo PARCO	3,739	26.1	Shintokorozawa PARCO	4,128	18.9
Sendai PARCO	6,839	21.1	Tsudanuma PARCO	4,681	26.8
Urawa PARCO	11,720	26.5	Hibarigaoka PARCO	2,890	10.7
Ikebukuro PARCO	7,345	28.8	Matsumoto PARCO	1,969	23.6
PARCO_ya Ueno	2,309	74.0	Total community store group	13,671	20.2
Kichijoji PARCO	2,724	22.9	Total urban/community stores	99,018	35.2
Shibuya PARCO	7,028	68.6	Total comparable stores	92,568	26.4
Kinshicho PARCO	3,164	22.8	Notes: 1. Tenant transaction volume is the total value of the transaction volume of Parco stores. 2. Shinsaibashi PARCO opened on November 20, 2020. 3. Effective from the fiscal year ended February 28, 2022, the results of the 1st basement and cinema complex of Ueno Frontier Tower have been managed as the SC Business. Accordingly, the results of the 1st basement and cinema complex are included in this year's results of PARCO_ya Ueno but not in its previous year's results. 4. Total comparable stores does not include the values of Shinsaibashi PARCO and the 1st basement and cinema complex of PARCO_ya Ueno.		
Chofu PARCO	7,025	13.9			
Shizuoka PARCO	3,677	23.3			
Nagoya PARCO	11,011	29.2			
Shinsaibashi PARCO	5,799	—			
Hiroshima PARCO	4,972	13.2			
Fukuoka PARCO	7,987	34.1			
Total urban store group	85,347	37.9			

(2) YoY percentage changes in monthly tenant transaction volume

(%)

Month	March	April	May	June	July	August	Total 1st Half
Total all stores	13.3	333.4	247.4	0.2	14.6	(3.3)	35.2
Total comparable stores	4.9	305.5	242.0	(7.4)	5.9	(10.3)	26.4

(3) Tenant transaction volume by merchandise category (comparable stores)

(%)

Merchandise category	YoY %
Womenswear	18.8
Menswear	17.9
General clothing	31.0
Total clothing	24.8
Shoes	29.7
Bags	6.4
Jewelry	9.0
Cosmetics	17.2
Total accessories	19.5
General clothing	28.9
Foods	10.0
Restaurants	29.9
Other	59.3
Total	26.4

(4) Number of paying customers and average spend per customer (comparable stores)

Category	YoY %
Number of paying customers	25.9
Average spend per customer	0.4

(5) Credit card (comparable stores)

(Millions of yen, %)

Category	Transaction volume	YoY %	Share
Credit card	47,043	29.8	50.8
Parco card	13,678	10.0	14.8

(6) Renovation

Number of sections	86
Renovated area (m ²)	9,000
YoY change in zone transaction volume (%)	34.2

(7) Share of duty-free tenant transaction volume of main stores

(%)

	YoY change in transaction volume	Share of transaction volume	YoY change in share of transaction volume
Sapporo PARCO	(13.2)	0.5	(0.2)
Ikebukuro PARCO	31.0	1.9	0.0
Shibuya PARCO	111.3	7.1	1.4
Nagoya PARCO	12.3	0.3	(0.0)
Fukuoka PARCO	99.1	0.7	0.2
Total comparable stores	78.9	0.9	0.6

Notes: 1. Duty-free tenant transaction volume is calculated by totaling purchases via foreign-issued credit cards and Chinese mobile payments.
2. Total comparable stores does not include the values of Shinsaibashi PARCO and the 1st basement and cinema complex of PARCO_ya Ueno.

3. Components of operating costs (results and full year forecast)

(Millions of yen, %)

Component	Six months ended August 31, 2021			Full year ending February 28, 2022		
	Amount	YoY %	Ratio to sales	Amount	YoY %	Ratio to sales
Personnel expenses	879	41.1	3.2	1,750	20.5	2.9
Rent expenses on land and buildings	629	42.5	2.3	1,369	19.1	2.3
Advertising expenses	1,358	26.7	4.9	3,065	(8.0)	5.1
Outsourcing expenses	2,507	12.2	9.1	5,197	5.5	8.7
Depreciation	7,926	27.4	28.7	16,248	13.6	27.1
Utilities expenses	1,928	23.2	7.0	4,181	25.8	7.0
Repair expenses	939	11.7	3.4	2,032	4.7	3.4
Other	2,514	54.3	9.1	9,319	21.7	15.6
Total	18,684	27.7	67.5	43,163	13.3	72.1

Note: Depreciation is included in other operating expenses as well as operating costs.

Other operating expenses: Current period: 360 million yen / Previous period: 93 million yen / Full year ending February 28, 2022: 360 million yen

4. Components of SGA (results and full year forecast)

(Millions of yen, %)

Component	Six months ended August 31, 2021			Full year ending February 28, 2022		
	Amount	YoY %	Ratio to sales	Amount	YoY %	Ratio to sales
Personnel expenses	2,181	4.9	7.9	4,311	6.1	7.2
Rent expenses on land and buildings	30	(68.1)	0.1	63	(48.3)	0.1
Advertising expenses	78	46.3	0.3	283	61.5	0.5
Outsourcing expenses	718	(21.0)	2.6	1,756	(0.4)	2.9
Depreciation	586	(28.7)	2.1	1,309	(15.4)	2.2
Taxes and dues	231	11.3	0.8	513	(18.7)	0.9
Other	1,041	0.7	3.8	2,575	15.8	4.3
Total	4,869	(6.4)	17.6	10,814	2.7	18.1

Note: Depreciation is included in other operating expenses as well as SGA.

Other operating expenses: Current period: 24 million yen / Previous period: 15 million yen / Full year ending February 28, 2022: 24 million yen

5. Components of other operating income and other operating expenses (results and full year forecast)

(Millions of yen)

Component	Six months ended August 31, 2021	Full year ending February 28, 2022	Remark
Other operating income	498	957	
Gain on sale of fixed assets	2	2	
Other Subsidies	140	475	
Other	355	479	
Other operating expenses	3,346	3,902	
Loss on disposal of fixed assets	254	736	Partial removal and disposal of assets due to in-store renovation and facility replacement at stores
Loss on liquidation of business	2,531	2,531	Loss on sale of shares of Neuve A
Costs associated with temporary closure	550	550	
Other	10	85	

6. Components of finance income and finance costs (results and full year forecast)

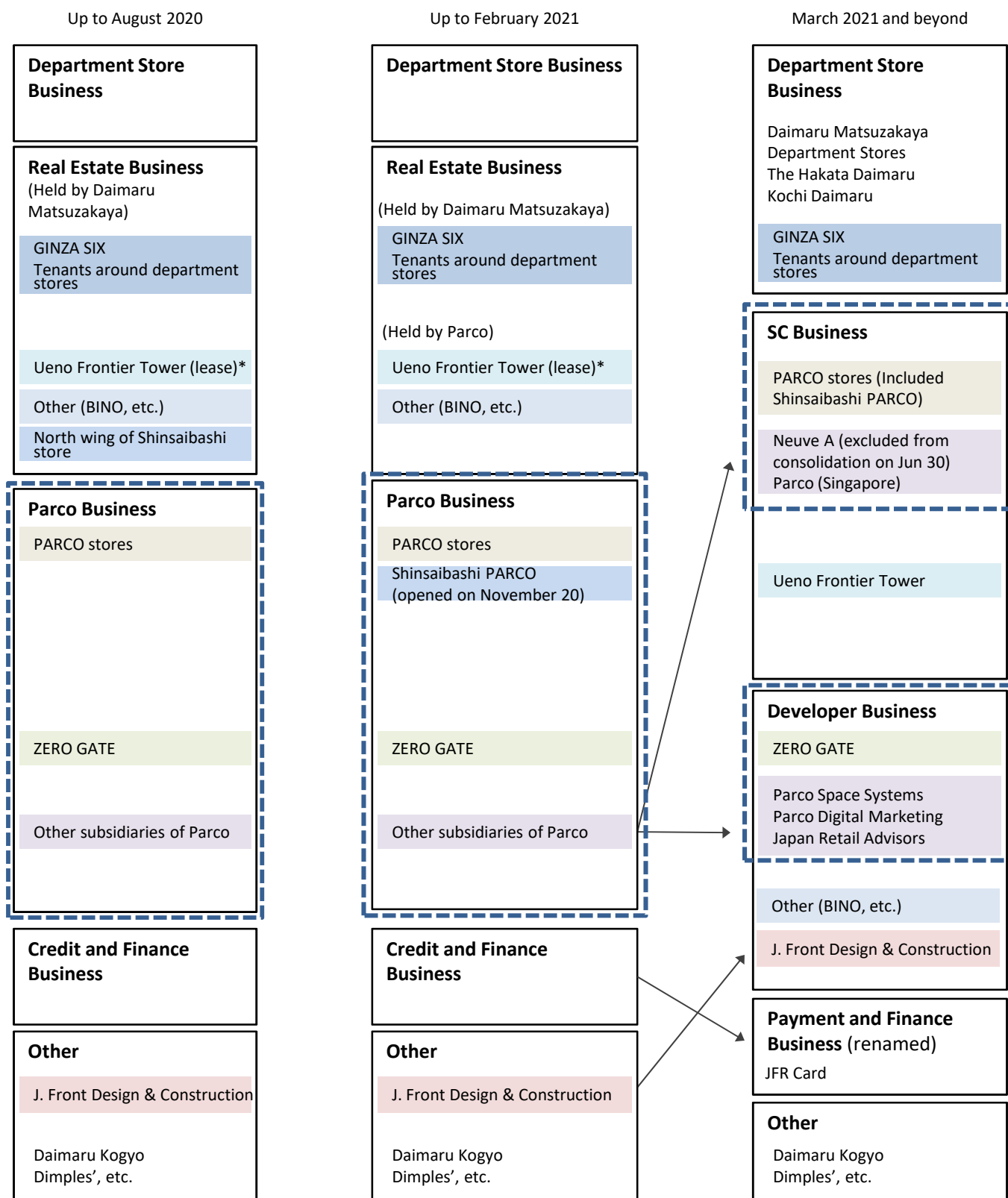
(Millions of yen, %)

Component	Six months ended August 31, 2021		Full year ending February 28, 2022	
	Amount	YoY %	Amount	YoY %
Finance income	213	(46.9)	300	(38.9)
Interest and dividend income	213	(46.9)	300	(38.9)
Finance costs	1,372	(7.0)	2,691	(5.8)
Interest expenses	1,372	(7.0)	2,691	(5.8)

<Reference> Changes in reportable segments

- Effective from the fiscal year ending February 28, 2022, the Group has changed its reportable segments to “Department Store Business,” “SC (Shopping Center) Business,” “Developer Business” and “Payment and Finance Business.”
- The Group’s reportable segments in the fiscal year ended February 28, 2021 and the fiscal year ending February 28, 2022 and changes in classification of principal subsidiaries and real estate properties are shown below.

Note: The scope of Parco Business until the fiscal year ended February 28, 2021 is shown with dotted lines.



*“Ueno Frontier Tower (lease)” up to February 2021 includes real estate lease revenue from Parco Co., Ltd. on PARCO_ya Ueno.