

June 28, 2024

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2025 (under IFRS)

Company name: **J. FRONT RETAILING Co., Ltd.**

Listing: Tokyo Stock Exchange and Nagoya Stock Exchange

Securities code: 3086

URL: <https://www.j-front-retailing.com/>

Representative: Keiichi Ono, President

Inquiries: Hajime Inagami, General Manager of Corporate Communications Division

TEL: +81-3-6865-7621 (from overseas)

Scheduled date to file Quarterly Securities Report:

July 11, 2024

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, 2025 (from March 1, 2024 to May 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2024	299,707	13.6	101,469	8.6	16,403	66.8	16,136	58.7	15,631	57.5
May 31, 2023	263,818	16.1	93,456	14.1	9,831	39.6	10,169	34.5	9,926	44.8

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Three months ended	Millions of yen	%	Millions of yen	%	Yen	Yen
May 31, 2024	11,316	76.9	12,451	61.9	43.11	43.10
May 31, 2023	6,397	7.1	7,692	28.5	24.39	24.38

- * 1. Of sales revenue, sales from purchase recorded at the time of sale (shoka shiire) of the “Department Store Business” 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 expenses 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, 2024	1,098,536	397,558	385,213	35.1	1,480.35
February 29, 2024	1,114,726	394,232	381,898	34.3	1,453.71

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, 2024	—	16.00	—	20.00	36.00
Fiscal year ending February 28, 2025	—				
Fiscal year ending February 28, 2025 (Forecast)		20.00	—	20.00	40.00

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

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2025 (from March 1, 2024 to February 28, 2025)

(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, 2024	596,000	10.3	207,000	8.0	29,500	46.1	27,000	37.2	26,000	38.3
Fiscal year ending February 28, 2025	1,215,000	5.5	424,500	4.3	48,500	9.4	41,500	(3.6)	39,000	(5.7)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	
First six months ending August 31, 2024	18,000	39.5	69.65
Fiscal year ending February 28, 2025	26,500	(11.4)	103.42

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

The earnings forecasts for the fiscal year ending February 28, 2025, which were announced on April 15, 2024, have been revised. For details, please refer to the “Notice Regarding Revisions 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, 2024	270,565,764 shares
As of February 29, 2024	270,565,764 shares

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

As of May 31, 2024	10,348,454 shares
As of February 29, 2024	7,858,962 shares

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

For the three months ended May 31, 2024	262,513,081 shares
For the three months ended May 31, 2023	262,246,531 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 6-7 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.

Index

1.	Qualitative information regarding results for the first three months	2
(1)	Explanation of operating results	2
(2)	Explanation of financial position	6
(3)	Explanation of consolidated earnings forecasts and other forward-looking statements	6
2.	Condensed quarterly consolidated financial statements and significant notes thereto	8
(1)	Condensed quarterly consolidated statement of financial position.....	8
(2)	Condensed quarterly consolidated statement of profit or loss	10
(3)	Condensed quarterly consolidated statement of comprehensive income.....	11
(4)	Condensed quarterly consolidated statement of changes in equity.....	12
(5)	Condensed quarterly consolidated statement of cash flows.....	14
(6)	Notes to condensed quarterly consolidated financial statements	15
	(Notes on premise of going concern).....	15
	(Segment information)	15

1. Qualitative information regarding results for the first three months

(1) Explanation of operating results

(Millions of yen, %)	Three months ended May 31, 2024 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Gross sales	299,707	35,889	13.6
Sales revenue	101,469	8,013	8.6
Gross profit	53,294	7,463	16.3
Selling, general and administrative expense	36,891	891	2.5
Business profit	16,403	6,572	66.8
Other operating income	277	(784)	(73.8)
Other operating expenses	545	(178)	(24.7)
Operating profit	16,136	5,967	58.7
Profit attributable to owners of parent	11,316	4,919	76.9

In the three months ended May 31, 2024 (from March 1, 2024 to May 31, 2024), reflecting brisk sales from inbound tourists as well as firm domestic sales, consolidated sales revenue was ¥101,469 million, up 8.6% year on year, business profit was ¥16,403 million, up 66.8% year on year, and profit attributable to owners of the parent was ¥11,316 million, up 76.9% year on year.

During the three months ended May 31, 2024, the Japanese economy showed signs of a gradual recovery, highlighted mainly by strong inbound consumption, as well as a rebound in personal consumption on the back of an improvement in employment and income conditions, among other factors. Meanwhile, we recognize that we need to continue keeping a close eye on the risk of downward pressure on personal consumption due mainly to the outlook for domestic and overseas economies, which are affected by interest rate and exchange rate fluctuations, and to prolonged inflation.

In this operating environment, and with a new management structure in place, we have kicked off the next Medium-term Business Plan (FY2024–FY2026) with a view to the year 2030. In this Medium-term Business Plan, we are focusing on further strengthening the retail businesses, particularly the Department Store Business and the Shopping Center Business (SC Business), evolving Group synergies to realize dramatic growth, and strengthening the Group’s management foundation to enhance the effectiveness of these strategies.

As part of efforts to further strengthen the retail businesses, in the Department Store Business, we set about renovating the Nagoya store to cultivate loyalty among existing customers and attract next-generation customers to further improve the store’s competitive superiority in the area. In the SC Business, we carried out strategic remodeling with the aim of improving fashion and entertainment offerings at Sendai PARCO and Hiroshima PARCO, and also opened a restaurant at Nagoya PARCO that appears in a popular manga series. Also, aiming to strengthen our market strategies for the overseas customer base, we entered into a comprehensive business alliance for customer referrals with WealthPark RealEstate Technologies, Inc., a subsidiary of WealthPark Co., Ltd. Our CVC (corporate venture capital) fund invests in WealthPark Co., Ltd., which operates a global platform for alternative investments, such as real estate, art, and wine.

As part of efforts to evolve Group synergies, in the Developer Business, we continued to develop commercial complexes in Nagoya’s Sakae area and Osaka’s Shinsaibashi area, which are slated to open in 2026, and pressed ahead with development plans for Fukuoka’s Tenjin area for a scheduled opening in 2030. Also, with the aim of strengthening the interior design business and building management business, we decided to restructure the businesses in the Group. In the Payment and Finance Business, we continue to consolidate card issuance operations within the Group, and in April we commenced the issuance of the new GINZA SIX card. In addition, for the purpose of seeking solutions to the business succession challenges of local communities and contributing to regional economies and discovering appealing regional content, in March we set up a business succession fund in partnership with other companies.

As part of efforts to strengthen the Group’s management foundation, we implemented some changes to our corporate governance so that in addition to the chairpersons of the existing three statutory committees, the chairperson of the Board of Directors will be an independent Outside Director. As part

of our financial strategy, with the aim of improving medium- to long-term return on equity and optimizing equity capital, we decided to repurchase up to 8 million of our own shares for a maximum amount of 10 billion yen. This share buyback commenced on May 1.

Business results by segment are as follows.

Due to the review of the business management classification, PARCO Digital Marketing Co., Ltd. was removed from the Developer Business and included in the SC Business on March 1, 2024. As a result, results have been retroactively adjusted as if the transfer took place at the beginning of the fiscal year ended February 29, 2024 (as of March 1, 2023).

<Department Store Business>

(Millions of yen, %)	Three months ended May 31, 2024 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	62,606	8,445	15.6
Business profit	10,623	5,764	118.6
Operating profit	10,386	5,882	130.6

With regard to the performance of the Department Store Business in the three months ended May 31, 2024, sales revenue was ¥62,606 million, up 15.6% year on year, business profit was ¥10,623 million, up 118.6% year on year, and operating profit was ¥10,386 million, up 130.6% year on year.

By store, sales to inbound tourists were brisk at the Shinsaibashi, Kyoto and other stores, while the Nagoya store recorded a sharp increase in sales to inbound tourists in the first quarter. In addition, customer traffic and sales at the Umeda store, located at a terminal site, also greatly improved.

The categories of luxury brands and watches, which we had strengthened and revamped mainly at flagship stores in the previous Medium-term Business Plan, continued to perform well. The affluent market remains firm, highlighted by the fact that we recorded record-high sales at the event held for out-of-store sales customers in May.

As part of our initiatives to enhance the attractiveness of stores, at the Nagoya store we are aiming to offer content to capture support from not only existing customers but also new customer segments by targeting young, affluent customers. In addition to renovating the women's clothing floors on the 3rd and 4th floors of the Main Building, renovations have also begun on the art gallery on the 8th floor and the restaurant on basement level 1 of the North Building. The reopening of these floors is scheduled for winter of this year.

We are also focused on increasing the number of members in the Rakurich frozen food delivery subscription service. We newly started offering a one-time delivery menu to complement the periodic delivery plan.

<SC Business>

(Millions of yen, %)	Three months ended May 31, 2024 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	15,868	1,576	11.0
Business profit	4,002	1,527	61.7
Operating profit	3,950	807	25.7

With regard to the performance of the SC Business in the three months ended May 31, 2024, sales revenue was ¥15,868 million, up 11.0% year on year, business profit was ¥4,002 million, up 61.7% year on year, and operating profit was ¥3,950 million, up 25.7% year on year.

Benefitting from last year's renovations, tenant transaction volume increased, mainly from the strong performance of IP content shops, notably the character merchandise stores. As a result, sales revenue rose on the back of higher income from leasing, advertising, and sales commissions.

During the three months ended May 31, 2024, we carried out strategic remodeling at Sendai PARCO to strengthen fashion and entertainment and at Hiroshima PARCO to attract one-of-a-kind shops in the area. We also ran a sales promotion at all stores in collaboration with a hit movie title.

Also, based on one of the key strategies of the Medium-term Business Plan to expand the contents business, we opened a restaurant at Nagoya PARCO that appears in a popular manga series. This restaurant is already contributing to footfall and growth in sales revenue.

In April, PARCO CO., LTD. signed a basic agreement on a strategic alliance with Hyundai, a major department store chain in South Korea. The collaboration will do more than facilitate the sale of Korean fashion brands and entertainment in Japan; we also aim to disseminate Japanese fashion and culture globally, particularly to Asia through Seoul.

<Developer Business>

(Millions of yen, %)	Three months ended May 31, 2024 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	16,726	207	1.3
Business profit	1,638	241	17.2
Operating profit	1,632	4	0.3

With regard to the performance of the Developer Business in the three months ended May 31, 2024, sales revenue was ¥16,726 million, up 1.3% year on year, business profit was ¥1,638 million, up 17.2% year on year, and operating profit was ¥1,632 million, up 0.3% year on year.

Both sales revenue and business profit increased, mainly reflecting the sustained brisk performance of the hotel interior finishing and construction of J. Front Design & Construction Co., Ltd. Operating profit increased despite the impact of the sale of real estate interests in the “Shinsaibashi project (tentative name)” last year.

We are currently working to generate Group synergies and maximize Group profit from the “Nishiki 3-25 District Project (tentative name) (Nagoya)” and the “Shinsaibashi project (tentative name) (Shinsaibashi, Osaka),” both of which are scheduled for completion and opening in FY2026.

Furthermore, as we press ahead with development plans for the “Tenjin 2-chome South Block Station-front East West Street Area Project (tentative name),” which is slated for completion and opening in 2030, we will also work to improve profitability by making better use of, selling, or replacing underutilized assets.

<Payment and Finance Business>

(Millions of yen, %)	Three months ended May 31, 2024 (from March to May)		
	Results	Year-on-year changes	
		Change in amount	Change in percentage
Sales revenue	3,188	(48)	(1.5)
Business profit	386	(346)	(47.2)
Operating profit	344	(342)	(49.8)

With regard to the performance of the Payment and Finance Business in the three months ended May 31, 2024, sales revenue was ¥3,188 million, down 1.5% year on year, business profit was ¥386 million, down 47.2% year on year, and operating profit was ¥344 million, down 49.8% year on year.

Sales revenue decreased partly due to an increase in point cost sales adjustment associated with an increase in points awarded, etc., despite higher revenue from affiliated store fees due to a growth in transaction volume. In selling, general, and administrative expenses, investment for the consolidation of Group cards and personnel expenses, etc. also increased. As a result, business profit decreased.

In this environment, and with the aim of expanding our base of new customers, in April we started issuing the GINZA SIX card to pave the way for the consolidation of the Group’s cards. In the Affiliated Store Business, we worked to promote the referral of customers in Nagoya’s Sakae area by increasing the number of affiliates among third-party-operated facilities that have newly opened, and took other

measures to expand external affiliates where the Group's facilities are located. Also, to combat the unauthorized use of credit cards plaguing the industry, we introduced such measures as multi-factor authentication and one-time passwords for our online services.

(2) Explanation of financial position
(Position of assets, liabilities, and equity)

(Millions of yen, %)	As of February 29, 2024	As of May 31, 2024	Change in amount
Current assets	246,501	236,681	(9,820)
Non-current assets	868,225	861,855	(6,370)
Total assets	1,114,726	1,098,536	(16,190)
Current liabilities	331,261	336,958	5,697
Non-current liabilities	389,232	364,019	(25,213)
Total liabilities	720,494	700,978	(19,516)
Equity attributable to owners of parent	381,898	385,213	3,315
Ratio of equity attributable to owners of parent to total assets	34.3	35.1	0.8
Total equity	394,232	397,558	3,326

Total assets as of May 31, 2024 was ¥1,098,536 million, a decrease of ¥16,190 million compared with February 29, 2024. Total liabilities was ¥700,978 million, a decrease of ¥19,516 million compared with February 29, 2024. Total equity was ¥397,558 million, an increase of ¥3,326 million compared with February 29, 2024.

(Cash flow position)

(Millions of yen)	Three months ended May 31, 2023	Three months ended May 31, 2024	Change in amount
Net cash flows from (used in) operating activities	18,856	11,049	(7,807)
Net cash flows from (used in) investing activities	2,211	(2,417)	(4,628)
Free cash flows	21,068	8,632	(12,436)
Net cash flows from (used in) financing activities	(20,299)	(36,408)	(16,109)
Net increase (decrease) in cash and cash equivalents	769	(27,775)	(28,544)
Cash and cash equivalents at end of period	40,678	43,640	2,962

The balance of cash and cash equivalents (hereinafter “cash”) as of May 31, 2024 amounted to ¥43,640 million, down ¥27,702 million compared with February 29, 2024.

Cash flow positions in the three months ended May 31, 2024 and the factors for these were as follows.

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

Net cash provided by operating activities was ¥11,049 million. In comparison with the three months ended May 31, 2023, cash provided decreased by ¥7,807 million, mainly due to increases in working capital and income taxes paid, despite an increase in profit before tax.

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

Net cash used in investing activities was ¥2,417 million. In comparison with the three months ended May 31, 2023, cash used increased by ¥4,628 million, largely reflecting a rebound from proceeds from sales of investment property in the previous year.

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

Net cash used in financing activities was ¥36,408 million. In comparison with the three months ended May 31, 2023, cash used increased by ¥16,109 million mainly due to redemption of bonds and purchase of treasury shares.

(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, 2024 and the fiscal year ending February 28, 2025 announced in the consolidated financial results released on April 15, 2024.

In our revised forecasts for the first six months ending August 31, 2024, we project gross sales of ¥596,000 million, sales revenue of ¥207,000 million, operating profit of ¥27,000 million, profit before tax of ¥26,000 million, profit attributable to owners of parent of ¥18,000 million, and basic earnings per share of ¥69.65.

In our revised forecasts for the fiscal year ending February 28, 2025, we project gross sales of ¥1,215,000 million, sales revenue of ¥424,500 million, operating profit of ¥41,500 million, profit before tax of ¥39,000 million, profit attributable to owners of parent of ¥26,500 million, and basic earnings per share of ¥103.42.

2. Condensed quarterly consolidated financial statements and significant notes thereto

(1) Condensed quarterly consolidated statement of financial position

	As of February 29, 2024	As of May 31, 2024
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	71,342	43,640
Trade and other receivables	143,321	154,436
Other financial assets	11,439	10,728
Inventories	15,193	14,717
Other current assets	5,203	13,158
Total current assets	246,501	236,681
Non-current assets		
Property, plant and equipment	458,623	456,057
Right-of-use assets	107,623	103,479
Goodwill	560	560
Investment property	181,985	180,890
Intangible assets	7,886	8,212
Investments accounted for using equity method	23,531	23,823
Other financial assets	72,034	72,860
Deferred tax assets	3,636	3,621
Other non-current assets	12,343	12,350
Total non-current assets	868,225	861,855
Total assets	1,114,726	1,098,536

	As of February 29, 2024	As of May 31, 2024
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	57,330	56,830
Trade and other payables	151,230	160,875
Lease liabilities	27,222	27,409
Other financial liabilities	28,362	27,377
Income tax payables	7,183	4,907
Provisions	2,487	3,105
Other current liabilities	57,445	56,452
Total current liabilities	331,261	336,958
Non-current liabilities		
Bonds and borrowings	156,618	136,880
Lease liabilities	123,228	118,306
Other financial liabilities	34,798	34,598
Retirement benefit liabilities	15,980	16,067
Provisions	6,746	5,880
Deferred tax liabilities	51,439	51,837
Other non-current liabilities	419	446
Total non-current liabilities	389,232	364,019
Total liabilities	720,494	700,978
Equity		
Capital	31,974	31,974
Share premium	189,172	188,981
Treasury shares	(14,231)	(17,861)
Other components of equity	7,383	8,426
Retained earnings	167,600	173,692
Total equity attributable to owners of parent	381,898	385,213
Non-controlling interests	12,333	12,345
Total equity	394,232	397,558
Total liabilities and equity	1,114,726	1,098,536

(2) Condensed quarterly consolidated statement of profit or loss

	Three months ended May 31, 2023	Three months ended May 31, 2024
	Millions of yen	Millions of yen
Sales revenue	93,456	101,469
Cost of sales	(47,624)	(48,174)
Gross profit	45,831	53,294
Selling, general and administrative expense	(36,000)	(36,891)
Other operating income	1,061	277
Other operating expenses	(723)	(545)
Operating profit	10,169	16,136
Finance income	262	205
Finance costs	(1,197)	(1,069)
Share of profit (loss) of investments accounted for using equity method	692	359
Profit before tax	9,926	15,631
Income tax expense	(3,479)	(4,243)
Profit	6,446	11,387
Profit attributable to:		
Owners of parent	6,397	11,316
Non-controlling interests	49	70
Profit	6,446	11,387
Earnings per share		
Basic earnings per share (Yen)	24.39	43.11
Diluted earnings per share (Yen)	24.38	43.10

(3) Condensed quarterly consolidated statement of comprehensive income

	Three months ended May 31, 2023	Three months ended May 31, 2024
	Millions of yen	Millions of yen
Profit	6,446	11,387
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	1,253	1,006
Share of other comprehensive income of entities accounted for using equity method	(75)	0
Total items that will not be reclassified to profit or loss	1,177	1,006
Items that may be reclassified to profit or loss		
Cash flow hedges	15	(4)
Exchange differences on translation of foreign operations	53	63
Share of other comprehensive income of entities accounted for using equity method	(0)	(2)
Total items that may be reclassified to profit or loss	68	57
Other comprehensive income, net of tax	1,245	1,063
Comprehensive income	7,692	12,451
Comprehensive income attributable to:		
Owners of parent	7,643	12,378
Non-controlling interests	49	73
Comprehensive income	7,692	12,451

(4) Condensed quarterly consolidated statement of changes in equity

Three months ended May 31, 2023

	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, 2023	31,974	189,068	(14,466)	209	(2)	10,448
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	52	15	1,253
Total comprehensive income	—	—	—	52	15	1,253
Purchase of treasury shares	—	—	(1)	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	54	122	—	—	—
Change due to capital increase of consolidated subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(31)
Total transactions with owners	—	54	120	—	—	(31)
Balance at May 31, 2023	31,974	189,123	(14,345)	262	12	11,670

	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, 2023	—	10,654	142,153	359,385	12,025	371,410
Profit	—	—	6,397	6,397	49	6,446
Other comprehensive income	(75)	1,245	—	1,245	(0)	1,245
Total comprehensive income	(75)	1,245	6,397	7,643	49	7,692
Purchase of treasury shares	—	—	—	(1)	—	(1)
Dividends	—	—	(4,192)	(4,192)	(64)	(4,256)
Share-based payment transactions	—	—	—	177	—	177
Change due to capital increase of consolidated subsidiaries	—	—	—	—	3	3
Transfer from other components of equity to retained earnings	75	44	(44)	—	—	—
Total transactions with owners	75	44	(4,236)	(4,016)	(60)	(4,076)
Balance at May 31, 2023	—	11,944	144,314	363,011	12,014	375,026

Three months ended May 31, 2024

	Equity attributable to owners of parent					
	Other components of equity					Financial assets measured at fair value through other comprehensive income
	Capital	Share premium	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2024	31,974	189,172	(14,231)	314	17	7,050
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	61	(4)	1,004
Total comprehensive income	—	—	—	61	(4)	1,004
Purchase of treasury shares	—	—	(4,488)	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	(190)	858	—	—	—
Change due to capital increase of consolidated subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(18)
Total transactions with owners	—	(190)	(3,629)	—	—	(18)
Balance at May 31, 2024	31,974	188,981	(17,861)	375	13	8,036

	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, 2024	—	7,383	167,600	381,898	12,333	394,232
Profit	—	—	11,316	11,316	70	11,387
Other comprehensive income	—	1,061	—	1,061	2	1,063
Total comprehensive income	—	1,061	11,316	12,378	73	12,451
Purchase of treasury shares	—	—	—	(4,488)	—	(4,488)
Dividends	—	—	(5,242)	(5,242)	(64)	(5,306)
Share-based payment transactions	—	—	—	668	—	668
Change due to capital increase of consolidated subsidiaries	—	—	—	—	2	2
Transfer from other components of equity to retained earnings	—	(18)	18	—	—	—
Total transactions with owners	—	(18)	(5,224)	(9,063)	(61)	(9,125)
Balance at May 31, 2024	—	8,426	173,692	385,213	12,345	397,558

(5) Condensed quarterly consolidated statement of cash flows

	Three months ended May 31, 2023	Three months ended May 31, 2024
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit before tax	9,926	15,631
Depreciation and amortization expense	11,619	11,326
Finance income	(262)	(205)
Finance costs	1,197	1,069
Share of loss (profit) of investments accounted for using equity method	(692)	(359)
Loss (gain) on sales of non-current assets	(732)	—
Loss on disposals of non-current assets	436	333
Decrease (increase) in inventories	(1,391)	475
Decrease (increase) in trade and other receivables	(7,372)	(11,187)
Increase (decrease) in trade and other payables	14,244	10,926
Increase (decrease) in retirement benefit liabilities	59	86
Decrease (increase) in retirement benefit assets	(33)	(16)
Other, net	(4,944)	(9,824)
Subtotal	22,053	18,257
Interest received	35	31
Dividends received	76	42
Interest paid	(1,232)	(1,116)
Income taxes paid	(2,076)	(6,165)
Net cash flows from (used in) operating activities	18,856	11,049
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(2,570)	(2,606)
Proceeds from sales of property, plant and equipment	201	—
Purchase of investment property	(164)	(15)
Proceeds from sales of investment property	4,013	—
Purchase of intangible assets	(513)	(982)
Purchase of investment securities	(1,180)	(192)
Proceeds from sales of investment securities	1,101	256
Proceeds from refund of guarantee deposits	2,024	2,060
Other, net	(700)	(937)
Net cash flows from (used in) investing activities	2,211	(2,417)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	1,000	—
Proceeds from non-current borrowings	2,400	—
Repayments of non-current borrowings	(12,250)	(250)
Redemption of bonds	—	(20,000)
Repayments of lease liabilities	(7,186)	(6,357)
Purchase of treasury shares	(1)	(4,488)
Dividends paid	(4,200)	(5,250)
Dividends paid to non-controlling interests	(64)	(64)
Other, net	3	2
Net cash flows from (used in) financing activities	(20,299)	(36,408)
Net increase (decrease) in cash and cash equivalents	769	(27,775)
Cash and cash equivalents at beginning of period	39,874	71,342
Effect of exchange rate changes on cash and cash equivalents	34	73
Cash and cash equivalents at end of period	40,678	43,640

(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, sales, supervision, operation, interior decorating work, etc. of real estate. The Payment and Finance Business undertakes issuance and administration, etc. of credit cards.

Due to the review of the business management classification, PARCO Digital Marketing Co., Ltd. was removed from the Developer Business and included in the SC Business on March 1, 2024. As a result, results have been retroactively adjusted as if the transfer took place at the beginning of the fiscal year ended February 29, 2024 (as of March 1, 2023).

(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, 2023

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	54,040	14,013	13,572	1,675	83,302	10,154	93,456	–	93,456
Inter-segment revenue	120	279	2,946	1,561	4,908	3,266	8,174	(8,174)	–
Total	54,161	14,292	16,519	3,236	88,210	13,420	101,631	(8,174)	93,456
Segment profit	4,504	3,143	1,628	686	9,962	703	10,665	(496)	10,169
Finance income									262
Finance costs									(1,197)
Share of profit (loss) of investments accounted for using equity method									692
Profit before tax									9,926

- 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 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 is adjusted to operating profit in the condensed quarterly consolidated financial statements.

Three months ended May 31, 2024

	Reportable segments					Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	62,485	15,580	13,859	1,398	93,324	8,142	101,466	2	101,469
Inter-segment revenue	120	287	2,867	1,789	5,064	3,432	8,496	(8,496)	–
Total	62,606	15,868	16,726	3,188	98,388	11,574	109,963	(8,494)	101,469
Segment profit	10,386	3,950	1,632	344	16,314	271	16,585	(449)	16,136
Finance income									205
Finance costs									(1,069)
Share of profit (loss) of investments accounted for using equity method									359
Profit before tax									15,631

- 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 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 is adjusted to operating profit in the condensed quarterly consolidated financial statements.