Translation

April 12, 2022

Consolidated Financial Results for the Fiscal Year Ended February 28, 2022 (under IFRS)

Company name: **J. FRONT RETAILING Co., Ltd.**
Listing: Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code: 3086
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Scheduled date of ordinary general shareholders meeting: May 26, 2022
Scheduled date to commence dividend payments: May 6, 2022
Scheduled date to file Annual Securities Report: May 27, 2022
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated performance for the fiscal year ended February 28, 2022 (from March 1, 2021 to February 28, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Gross sales		Sales revenue		Business profit		Operating profit		Profit before tax	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2022	875,281	13.8	331,484	3.9	11,718	395.1	9,380	–	6,190	–
February 28, 2021	769,453	(32.1)	319,079	(33.6)	2,366	(94.8)	(24,265)	–	(28,672)	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
February 28, 2022	4,321	–	5,818	–	16.50	16.50
February 28, 2021	(26,193)	–	(27,523)	–	(100.03)	(100.03)

	Profit/shareholders' equity	Operating profit/ total assets	Operating profit/ sales revenue
Fiscal year ended	%	%	%
February 28, 2022	1.2	0.8	2.8
February 28, 2021	(7.1)	(1.9)	(7.6)

* 1. Of sales revenue, sales from purchase recorded at the time of sale (shoka shiire) of the "Department Store Business" and "Other (Daimaru Kogyo)" have been converted into gross amount and the net amount of sales of the "SC Business" into tenant transaction volume (gross amount basis) to calculate gross sales.
2. Business profit is obtained by subtracting cost of sales and selling, general and administrative expense from sales revenue. Operating profit is obtained by adding other operating income to and subtracting other operating expense from business profit.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
February 28, 2022	1,192,907	362,120	350,368	29.4	1,337.29
February 28, 2021	1,263,722	364,343	352,171	27.9	1,344.91

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2022	49,866	(5,289)	(80,392)	93,278
February 28, 2021	56,471	(20,870)	58,727	128,925

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 28, 2021	–	9.00	–	18.00	27.00	7,068	–	2.0
Fiscal year ended February 28, 2022	–	14.00	–	15.00	29.00	7,593	175.7	2.2
Fiscal year ending February 28, 2023 (Forecast)	–	15.00	–	16.00	31.00		70.6	

3. Consolidated earnings forecasts for the fiscal year ending February 28, 2023 (from March 1, 2022 to February 28, 2023)

(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, 2022	492,000	22.3	179,000	13.8	11,500	214.6	10,500	–	9,000	–
Fiscal year ending February 28, 2023	1,020,000	16.5	370,000	11.6	22,000	87.7	21,000	123.9	17,500	182.7

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
First six months ending August 31, 2022	6,000	–	22.91
Fiscal year ending February 28, 2023	11,500	166.1	43.92

* **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 February 28, 2022	270,565,764 shares
As of February 28, 2021	270,565,764 shares

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

As of February 28, 2022	8,565,722 shares
As of February 28, 2021	8,709,561 shares

c. Average number of shares during the period

For the fiscal year ended February 28, 2022	261,863,266 shares
For the fiscal year ended February 28, 2021	261,842,400 shares

<Reference> Non-consolidated performance
Non-consolidated performance for the fiscal year ended February 28, 2022
(from March 1, 2021 to February 28, 2022)
(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenue		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2022	15,482	12.1	10,487	9.8	9,505	7.4	14,253	90.4
February 28, 2021	13,812	(59.5)	9,547	(66.9)	8,849	(68.6)	7,487	(73.2)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 28, 2022	54.44	54.44
February 28, 2021	28.60	28.60

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2022	641,307	335,241	52.3	1,280.48
February 28, 2021	675,917	329,351	48.7	1,258.07

Reference: Equity
As of February 28, 2022: ¥335,241 million
As of February 28, 2021: ¥329,351 million

<Reason for difference compared with the previous fiscal year's actual non-consolidated performance>
Operating revenue and profit increased as a result of factors that include gains in dividend income and consulting fee income from subsidiaries, and the recording of gain on sales of shares of subsidiaries and associates, income taxes - deferred, etc.

*** Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.**

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

(Caution regarding forward-looking statements)
The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. Please refer to "1. Operating results (1) Analysis of operating results" on page 2 of the material attached to this financial results report for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(How to obtain supplementary material on financial results)
Supplementary material on financial results was disclosed on the same day on TDnet.

[Attached Material]

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1. Operating results

(1) Analysis of operating results

A. Operating results for the current fiscal year

(Millions of yen, %)	Fiscal year ended February 28, 2022	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Gross sales	875,281	105,828	13.8	(46,719)
Sales revenue	331,484	12,405	3.9	(26,016)
Gross profit	147,842	13,474	10.0	(4,658)
Selling, general and administrative expense	136,123	4,122	3.1	(4,377)
Business profit	11,718	9,352	395.1	(282)
Other operating income	11,068	5,357	93.8	4,068
Other operating expense	13,406	(18,937)	(58.6)	(94)
Operating profit	9,380	33,645	–	3,880
Profit attributable to owners of parent	4,321	30,514	–	3,321

In the fiscal year under review, the Japanese economy encountered ongoing instability, which was partly attributable to a situation where the worldwide spread of COVID-19 persisting since last year significantly affected social and economic activities in Japan and overseas, and also attributable to rapidly mounting geopolitical risks in the latter half of the fiscal year.

As for corporate earnings, signs of improvement emerged largely due to expanding external demand amid resumption of global economic activity, yet earnings disparity between industries widened amid a situation where the in-person services sector has been subject to severe restrictions limiting movement particularly in the form of controls on flows of people and voluntary restraints on business operations associated with the spread of COVID-19. In addition, the outlook has become furthermore uncertain amid increasingly conspicuous effects of surging resource prices and materials supply shortages.

Despite personal spending having exhibited signs of recovery beginning in October of last year amid a decreasing number of COVID-19 cases and progress made with respect to vaccinations, challenging circumstances have persisted amid a resurgence of deteriorating consumer sentiment caused by factors that include rapid proliferation of infections involving COVID-19 variants at the end of the fiscal year and imposition of strict infection control measures.

With respect to initiatives for the initial fiscal year of the FY2021-FY2023 Medium-term Business Plan, the Company has embarked on its new Medium-term Business Plan, which positions sustainability at the core of management and sets its sights on the corporate vision for 2030, amid the unprecedented crises of the COVID-19 pandemic. Under the Medium-term Business Plan, (1) we aim to achieve “complete recovery” in terms of ensuring that our performance indicators return to levels of fiscal 2019 prior to the COVID-19 pandemic, and (2) we have positioned the period covered by the plan to be one of poising ourselves for “regrowth” beginning in fiscal 2024.

During the current fiscal year, which constituted the initial year of the Medium-term Business Plan, the outlook remained uncertain due to COVID-19 with the infection having spread intermittently throughout the year. Amid those circumstances, we strove to manage operations in a manner that involves addressing persistently changing circumstances across our respective businesses, with our top priority placed on ensuring the safety and security of our customers and employees, and achieving business continuity. We also took a flexible approach in terms of implementing measures that entail cutting costs and carefully selecting investments even during the fiscal year.

Our commitment to sustainability primarily involved engaging in business activities and new business development integrating our seven materiality issues (priority issues) with our key strategies, reducing greenhouse gas emissions looking toward our medium- to long-term targets, and seeking solutions to environmental and social challenges in cooperation with our suppliers.

At the same time, we steadily promoted initiatives set forth in the Medium-term Business Plan in terms of the “three key strategies,” “management structure reforms,” and “strengthening of management foundation.”

As for our “three key strategies and management structure reforms,” we have been implementing the Company’s digital strategy as part of our “real x digital strategy” with the aim of providing new experience value extending beyond temporal and spatial constraints by enlisting digital technologies combined with the appeal of brick-and-mortar stores and human resources, thereby extending above and beyond initiatives that merely involve strengthening e-commerce.

Our efforts to increase the attractiveness of our stores involved developing content that provides new value for department stores, particularly in terms of enhancing luxury brands and other key categories centered on the flagship stores, developing sales floors that enlist integration of direct-to-consumer brands (where creators and manufacturers deal directly with consumers), having PARCO promote renovation of its flagship stores with sights set on rebranding of stores, and opening medical wellness malls that seamlessly provide a range of services, from medical treatment to the sales of goods and services.

Our efforts involving use of digital technologies have entailed digitalizing customer contact points particularly by increasing the app membership count in the Department Store and PARCO businesses, and developing original OMO operations (offline brick-and-mortar stores merged with online) particularly for cosmetics and art, inspired by brick-and-mortar stores, looking toward expanding business using online platforms. In addition, we have entered the market of fashion subscription, which serves as a business initiative undertaken from the perspective of CSV (creating shared value) using online platforms.

Under our prime life strategy, we have been expanding our high-quality customer base, which is a strength of the Company, while strengthening our proposals for consumers who value culture and the arts and enjoy fulfilling, sustainable lifestyles.

In the Department Store Business, we worked to increase the value of the customer experience derived from both brick-and-mortar stores and online platforms. This has involved enhancing key categories, developing refined store environments that are distinctive to brick-and-mortar stores particularly by constructing lounges for our loyal customers, offering scarce merchandise and services through our customer-exclusive website, and upgrading our remote sales services. In addition, we took steps to provide new services including a family trust service in our Payment and Finance Business.

We have set our sights on transforming our business portfolio under our developer strategy. This has involved efforts of the Developer Business, which is a new business segment, in terms of helping to create bustling towns underpinned by coexistence with local communities, building foundations for “regrowth” in fiscal 2024 and beyond, and proceeding with upfront investment.

In the current fiscal year, we have made progress in deriving revenue from existing properties unified within PARCO through their effective use, and have furthermore been promoting district development in Nagoya’s Sakae area in partnership with other companies. In addition, we have been building foundations for achieving medium- to long-term growth, which has involved devising plans for development of large-scale complexes in the Group’s key areas, making sophisticated use of our asset holdings, and taking action to diversify into multiple revenue streams.

In terms of management structure reforms, we have been implementing the most important measures for complete recovery to levels of fiscal 2019, in conjunction with our key strategies, which has involved: (1) reducing fixed expenses through structure reforms, and (2) increasing management efficiency and asset efficiency.

As for our initiatives to reduce fixed expenses during the current fiscal year, we achieved reductions exceeding initial estimates primarily by promoting organizational and personnel structure reforms through business model reforms in the Department Store Business and by prompting a shift to digital advertising.

In addition, our efforts to improve management efficiency and asset efficiency involved setting our sights on transforming our business portfolio. To such ends, we transferred all shares of NEUVE・A CO., LTD. in the specialty store business at the end of June, transferred some shares of Dimples' Co., Ltd. in the staffing service business at the end of February, and furthermore sold non-business assets.

In terms of strengthening of management foundation to support the achievement of medium- and long-term growth, under the Group financial strategy we sought to ensure liquidity of funds aligned with changes in the business environment amid the COVID-19 pandemic, and furthermore issued sustainability bonds for the first time as a Company in May as a new means of procuring funds. In addition, we made the decision to adopt the consolidated taxation system beginning in fiscal 2022 in aiming to strengthen tax governance and optimize tax costs.

Under the Group human resource strategy, we made progress in recruiting work-ready professionals equipped with requisite specialized knowledge and skills particularly in the digital realm with the aim of steadily promoting our key strategies. In addition, we promoted initiatives on the basis of the Company's materiality issues, particularly with respect to encouraging active participation of women and setting up remote work arrangements aligned with diversification of work styles.

Under the Group IT strategy, we embarked on efforts to rebuild backbone systems in seeking to develop more sophisticated management and administration, particularly by revamping Group-wide accounting systems in conjunction with lending support for promoting digital strategies in our respective businesses.

With respect to consolidated earnings for the current fiscal year, sales revenue was ¥331,484 million, up 3.9% year on year, partly due to a rebound in the wake of suspended store operations and shortened operating hours in the Department Store and PARCO businesses in the previous fiscal year, in addition to various measures including those mentioned above.

Furthermore, business profit was ¥11,718 million, up 395.1% year on year, as a result of efforts throughout the fiscal year that involved curbing investment and reducing expenses. Operating profit was ¥9,380 million (operating loss of ¥24,265 million in the previous fiscal year) largely due to recording of gain on sales of shares of subsidiaries, gain on sales of non-current assets, and structural reform costs. Profit before tax was ¥6,190 million (loss before tax of ¥28,672 million in the previous fiscal year), and profit attributable to owners of parent was ¥4,321 million (loss attributable to owners of parent of ¥26,193 million in the previous fiscal year).

Regarding dividends, the Company has decided to pay an annual dividend of ¥29 per share (¥27 in the previous fiscal year), for an increase of ¥2 relative to the previous fiscal year. With respect to the balance of the interim dividend and year-end dividend, the interim dividend amounted to ¥14 per share for an increase of ¥5 relative to the previous fiscal year (¥9 in the previous fiscal year), and the year-end dividend amounted to ¥15 per share for a decrease of ¥3 relative to the previous fiscal year.

Business results by segment
<Department Store Business>

(Millions of yen, %)	Fiscal year ended February 28, 2022	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	190,739	16,908	9.7	(10,861)
Business profit	1,798	4,734	–	(1,202)
Operating profit	(4,594)	16,191	–	(3,394)

The adverse business environment persisted amid a situation where each store was forced to suspend on-site sales of items other than daily necessities particularly in the first half, along with imposition of shorter operating hours and entry restrictions, all associated with application of state of emergency declarations and strict infection control measures.

On the other hand, we promoted digital sales activities that involved strengthening app-based communications with customers and upgrading remote sales services. Moreover, our OMO initiatives entailed launching the new ARToVILLA media service for conveying the appeal of art in both physical stores and online.

To increase the attractiveness of stores, we enhanced key categories and constructed lounges for our loyal customers particularly in our flagship stores. We also sought to create new stores that are integral to their respective communities with renovation and re-openings of the Daimaru Suma store in March and the Matsuzakaya Takatsuki store in July. In addition, at the Daimaru Tokyo store we sought development of new content that entailed opening “asumise,” a showrooming space for direct-to-consumer brands. We ceased operations of the Matsuzakaya Toyota store in September.

In addition, we engaged in initiatives involving organizational and personnel structure reforms with our sights set on business model reforms, which was in addition to absorption-type merger of a sales function subsidiary and overhaul of outsourcing operations for the sake of heightening flexibility in addressing the changing business environment as well as improving organizational and employee productivity.

As a result of various measures including those mentioned above, along with a rebound from suspension of store operations, among other factors, sales revenue was ¥190,739 million, up 9.7% year on year. Operating loss improved relative to the previous fiscal year to ¥4,594 million (operating loss of ¥20,785 million in the previous fiscal year), partly due to recording of structural reform cost.

<SC Business>

(Millions of yen, %)	Fiscal year ended February 28, 2022	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	52,556	(2,893)	(5.2)	(2,444)
Business profit	3,844	2,836	281.3	(356)
Operating profit	2,055	9,023	–	255

Adverse circumstances in the business environment persisted as was the case with the Department Store Business, amid a situation where the spread of COVID-19 resulted in suspended store operations, shortened operating hours, and restrictions imposed on entrance to entertainment venues.

Amid those circumstances, we sought to advance customer communications through initiatives that included digitalizing customer contact points particularly in terms of expanding app membership in partnership with our tenants, strengthening the “PARCO ONLINE STORE,” and enhancing app payment functions. In terms of store rebranding, we undertook renovation centered on our flagship stores including Urawa PARCO, Sendai PARCO, and Fukuoka PARCO, and we actively operated pop-up stores that are highly distinctive to luxury brands at Shibuya PARCO. In addition, we arranged events enlisting collaboration with popular characters and furthermore held anniversary events at Shibuya and Shinsaibashi PARCO.

As a new business in the area of wellness, we participated in the development and operation of medical malls and opened the 1st “Welpa” new-concept medical wellness mall in Shinsaibashi PARCO in November.

As a result of various measures including those mentioned above, sales revenue from store operations increased, but sales revenue overall decreased by 5.2% year on year to ¥52,556 million due to transfer of all shares of NEUVE・A CO., LTD. in the specialty store business in June. Operating profit increased substantially to ¥2,055 million (operating loss of ¥6,968 million in the previous fiscal year), partly due to a rebound with respect to store closure-related expenses incurred in the previous fiscal year.

<Developer Business>

(Millions of yen, %)	Fiscal year ended February 28, 2022	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	50,633	(3,192)	(5.9)	(5,867)
Business profit	3,134	294	10.3	(266)
Operating profit	4,711	2,730	137.7	1,211

We promoted use of our existing properties on the basis of the Real Estate Business having been consolidated into PARCO in the previous fiscal year. This involved opening a commercial facility at the former site of a Matsuzakaya distribution center in March while also engaging in non-commercial multi-purpose development, and furthermore selling off non-business assets. In July, we decided to open stores in a new building (formerly Kumamoto PARCO) in central Kumamoto.

Meanwhile, our efforts to develop the Nagoya Sakae area to make it more appealing involved promoting development of Nishiki 3-chome District 25, slated for completion and opening in 2026.

As a result of various measures including those mentioned above, along with factors that include rent concessions associated with business suspension, a backlash effect with respect to prior special demand for building interior work, and reconsideration of postponed work order schedules, sales revenue was ¥50,633 million, down 5.9% year on year. However, operating profit was ¥4,711 million, up 137.7% year on year, partly as a result of recording gain on sales of non-current assets.

<Payment and Finance Business>

(Millions of yen, %)	Fiscal year ended February 28, 2022	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	11,037	2,002	22.2	237
Business profit	1,906	1,510	380.4	766
Operating profit	1,970	1,549	367.8	770

In the payment business, we worked to maintain and expand the customer base through initiatives that included updating cards in the previous fiscal year and introducing a new points program (QIRA Point). We also achieved geographic expansion with respect to the network of affiliated stores and initiated operations such as those involving mutual exchange of customers among Group stores.

In the finance business, we integrated the insurance agency business within the Group and started offering family trust service in seeking to expand into new financial products.

As a result of various measures including those mentioned above, sales revenue was ¥11,037 million, up 22.2% year on year primarily due to recovery in transaction volume handled by department stores and increased revenues from annual membership fees associated with updating cards. Meanwhile, operating profit was ¥1,970 million, up 367.8% year on year.

<Other Businesses>

(Millions of yen, %)	Fiscal year ended February 28, 2022	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	61,755	(804)	(1.3)	(2,245)
Business profit	1,252	(402)	(24.3)	52
Operating profit	1,199	(525)	(30.5)	99

In the electronic devices division and automotive components division of Daimaru Kogyo, Ltd., which is engaged in the wholesale business, sales revenue decreased amid tight supply of semiconductors.

Meanwhile, Dimples' personnel recruitment business achieved an increase in sales revenue in part due to recovery of business involving its client facilities.

As a result, sales revenue was ¥61,755 million, down 1.3% year on year, and operating profit was ¥1,199 million, down 30.5% year on year.

Dimples' has been removed from the scope of consolidation upon partial sale of its shares at the end of February.

B. Consolidated earnings forecasts for the next fiscal year

In our full-year consolidated earnings forecasts for the fiscal year ending February 28, 2023, we project gross sales of ¥1,020,000 million, sales revenue of ¥370,000 million; business profit of ¥22,000 million; operating profit of ¥21,000 million; profit before tax of ¥17,500 million; and profit attributable to owners of parent of ¥11,500 million. Our forecast for basic earnings per share is ¥43.92.

(2) Analysis of financial position

A. Position of assets, liabilities, and equity

(Millions of yen, %)	As of February 28, 2021	As of February 28, 2022	Change in amount
Current assets	273,605	234,884	(38,721)
Non-current assets	990,116	958,022	(32,094)
Total assets	1,263,722	1,192,907	(70,815)
Current liabilities	389,926	347,413	(42,513)
Non-current liabilities	509,451	483,373	(26,078)
Total liabilities	899,378	830,787	(68,591)
Equity attributable to owners of parent	352,171	350,368	(1,803)
Ratio of equity attributable to owners of parent to total assets	27.9	29.4	1.5
Total equity	364,343	362,120	(2,223)

Total assets as of February 28, 2022 was ¥1,192,907 million, down ¥70,815 million compared with February 28, 2021. Total liabilities was ¥830,787 million, a decrease of ¥68,591 million compared with February 28, 2021. Interest-bearing debt (including lease liabilities) was ¥502,109 million, down ¥60,706 million as a result of the Company having taken steps to optimize cash on hand and deposits secured to provide for effects of the COVID-19 pandemic, and having proceeded with repayment.

Total equity was ¥362,120 million, a decrease of ¥2,223 million compared with February 28, 2021.

B. Cash flow position for the current fiscal year

(Millions of yen)	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Change in amount
Net cash flows from (used in) operating activities	56,471	49,866	(6,605)
Net cash flows from (used in) financing activities	(20,870)	(5,289)	15,581
Free cash flows	35,601	44,577	8,976
Net cash flows from (used in) financing activities	58,727	(80,392)	(139,119)
Net increase (decrease) in cash and cash equivalents	94,328	(35,815)	(130,143)
Cash and cash equivalents at end of period	128,925	93,278	(35,647)

The balance of cash and cash equivalents (hereinafter “cash”) as of February 28, 2022 was ¥93,278 million, down ¥35,647 million compared with February 28, 2021.

Cash flow positions in the current fiscal year and the factors for these are as follows.

Net cash provided by operating activities was ¥49,866 million. In comparison with the previous fiscal year, despite profit before tax having returned to profitability, cash provided decreased by ¥6,605 million, largely due to an increase in trade receivables (decrease of cash provided).

Net cash used in investing activities was ¥5,289 million. In comparison with the previous fiscal year, cash used decreased by ¥15,581 million, largely due to proceeds from sales of investment property and subsidiary shares, in addition to a decrease in purchase of property, plant and equipment.

Net cash used in financing activities was ¥80,392 million. In comparison with the previous fiscal year, although there were proceeds from issuance of bonds, cash provided decreased by ¥139,119 million, largely due to the rebound after fund raising for COVID-19 measures carried out in the previous year.

<Reference> Trends in cash flow indicators

	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Ratio of equity attributable to owners of parent to total assets (%)	40.1	31.2	27.9	29.4
Market value ratio of equity attributable to owners of parent to total assets (%)	31.3	24.2	21.1	21.1
Interest-bearing debt to cash flow ratio (%)	500.1	652.7	996.6	1,006.9
Interest coverage ratio (times)	32.8	12.4	9.4	8.6

Ratio of equity attributable to owners of parent to total assets: total equity attributable to owners of parent / total assets
Market value ratio of equity attributable to owners of parent to total assets: market capitalization / total assets
Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow
Interest coverage ratio: cash flow / paid interest

Notes:
1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares at the end of the period (excluding treasury shares).
3. The figure used for cash flow is “net cash provided by (used in) operating activities.”
4. Interest-bearing debt consists of current borrowings, commercial papers, current portion of bonds, lease liabilities (short-term), bonds, non-current borrowings and lease liabilities (long-term) recorded on the consolidated statement of financial position. Furthermore, regarding the paid interest, we use the interest paid recorded on the consolidated statement of cash flows.

(3) Basic policy on profit distribution and dividends for the current fiscal year and the next fiscal year

The Company's basic policy is to return profits appropriately in accordance with a targeted consolidated dividend payout ratio of 30% or more while striving to provide a stable dividend, with the aim of maintaining and enhancing the Company's sound financial standing while keeping profit levels, future capital investment, free cash flow trends and other such factors in consideration. The Company also considers carrying out purchases of its own shares as appropriate in accordance with such aims as improving capital efficiency and implementing a flexible capital policy.

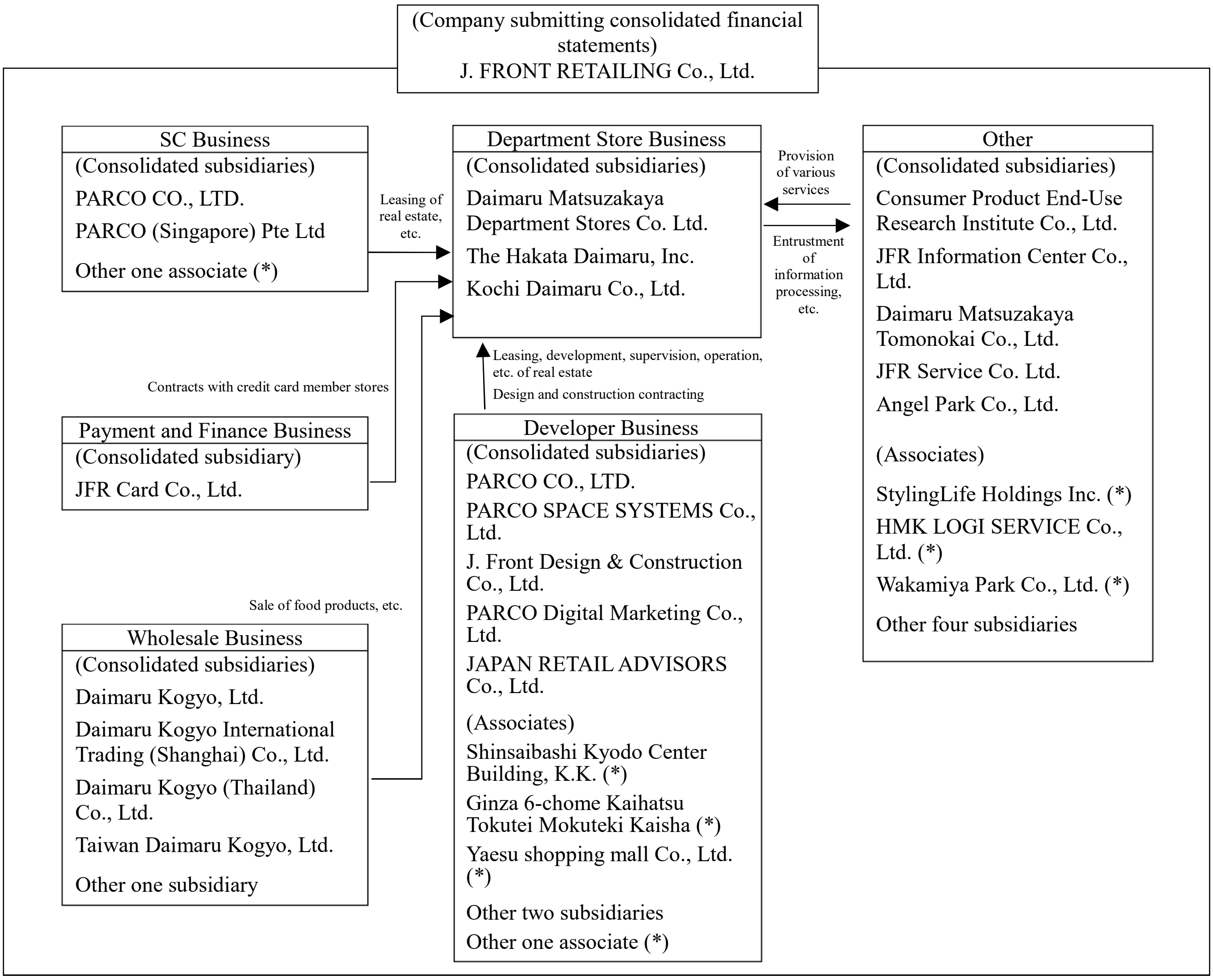
With respect to internal reserves, the Company intends to enhance corporate value by using them for such purposes as investing in store refurbishments and business expansions to strengthen its sales power, as well as strengthening its financial standing.

The Company has decided to pay an annual dividend of ¥29 per share in the current fiscal year, comprising an interim dividend of ¥14 per share and a year-end dividend of ¥15 per share.

In the next fiscal year, the Company plans to pay an annual dividend of ¥31 per share, comprising an interim dividend of ¥15 per share and a year-end dividend of ¥16 per share.

2. Overview of the corporate group

The corporate group consists of the Company, 26 subsidiaries and eight associates. Its principal business is the Department Store Business, and its other businesses include the SC Business, the Developer Business, the Payment and Finance Business, wholesaling, parking, and leasing. The following is a business organization chart of the Group's main consolidated subsidiaries and equity method companies.



Notes:
1. Companies marked with an asterisk (*) are equity method associates.
2. In segment information, wholesaling, parking, leasing, etc. are shown together as "Other." The other businesses are categorized in accordance with the segments.
3. PARCO CO., LTD. transferred all shares of NEUVE・A CO., LTD. on June 30, 2021.
4. Daimaru Matsuzakaya Department Stores Co. Ltd. merged with and absorbed Daimaru Matsuzakaya Sales Associates Co. Ltd. on September 1, 2021.
5. The Company removed Dimples' Co., Ltd. from the scope of consolidation upon transfer of 90% of its shares on February 28, 2022.

3. Basic rational on selection of accounting standard

The Group has voluntarily adopted the International Financial Reporting Standards (IFRS) from the fiscal year ended February 28, 2018 for the purpose of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period and improving the convenience of overseas investors by improving the international comparability of financial information.

4. Consolidated financial statements and significant notes thereto
(1) Consolidated statement of financial position

	As of February 28, 2021	As of February 28, 2022
	Millions of yen	Millions of yen
Assets		
Current assets		
Cash and cash equivalents	128,925	93,278
Trade and other receivables	113,414	112,262
Other financial assets	5,841	11,929
Inventories	20,684	12,459
Other current assets	4,739	4,954
Total current assets	273,605	234,884
Non-current assets		
Property, plant and equipment	493,644	480,380
Right-of-use assets	157,819	140,470
Goodwill	523	523
Investment property	188,879	189,688
Intangible assets	5,752	7,289
Investments accounted for using equity method	37,815	38,761
Other financial assets	86,870	79,977
Deferred tax assets	6,751	8,209
Other non-current assets	12,061	12,721
Total non-current assets	990,116	958,022
Total assets	1,263,722	1,192,907

	As of February 28, 2021	As of February 28, 2022
	Millions of yen	Millions of yen
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	145,151	108,152
Trade and other payables	121,937	116,107
Lease liabilities	29,799	28,554
Other financial liabilities	30,211	29,915
Income tax payables	1,957	4,485
Provisions	914	954
Other current liabilities	59,953	59,243
Total current liabilities	389,926	347,413
Non-current liabilities		
Bonds and borrowings	214,779	209,562
Lease liabilities	173,085	155,839
Other financial liabilities	39,237	36,741
Retirement benefit liabilities	19,781	19,416
Provisions	10,534	9,553
Deferred tax liabilities	51,301	51,697
Other non-current liabilities	731	563
Total non-current liabilities	509,451	483,373
Total liabilities	899,378	830,787
Equity		
Capital	31,974	31,974
Share premium	188,542	188,894
Treasury shares	(14,830)	(14,780)
Other components of equity	9,578	9,574
Retained earnings	136,906	134,705
Total equity attributable to owners of parent	352,171	350,368
Non-controlling interests	12,171	11,751
Total equity	364,343	362,120
Total liabilities and equity	1,263,722	1,192,907

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

(Consolidated statement of income)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
	Millions of yen	Millions of yen
Sales revenue	319,079	331,484
Cost of sales	(184,711)	(183,642)
Gross profit	134,368	147,842
Selling, general and administrative expense	(132,001)	(136,123)
Other operating income	5,711	11,068
Other operating expense	(32,343)	(13,406)
Operating profit (loss)	(24,265)	9,380
Finance income	962	1,335
Finance costs	(6,086)	(5,890)
Share of profit (loss) of investments accounted for using equity method	717	1,364
Profit (loss) before tax	(28,672)	6,190
Income tax expense	2,251	(2,225)
Profit (loss)	(26,421)	3,964
Profit (loss) attributable to:		
Owners of parent	(26,193)	4,321
Non-controlling interests	(227)	(356)
Profit (loss)	(26,421)	3,964
Earnings per share		
Basic earnings (loss) per share (Yen)	(100.03)	16.50
Diluted earnings (loss) per share (Yen)	(100.03)	16.50

(Consolidated statement of comprehensive income)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
	Millions of yen	Millions of yen
Profit (loss)	(26,421)	3,964
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(2,106)	(52)
Remeasurements of defined benefit plans	1,107	1,632
Share of other comprehensive income of entities accounted for using equity method	(94)	136
Total items that will not be reclassified to profit or loss	(1,093)	1,716
Items that may be reclassified to profit or loss		
Cash flow hedges	13	(13)
Exchange differences on translation of foreign operations	(26)	151
Share of other comprehensive income of entities accounted for using equity method	3	(0)
Total items that may be reclassified to profit or loss	(9)	136
Other comprehensive income, net of tax	(1,102)	1,853
Comprehensive income	(27,523)	5,818
Comprehensive income attributable to:		
Owners of parent	(27,296)	6,173
Non-controlling interests	(226)	(355)
Comprehensive income	(27,523)	5,818

(3) Consolidated statement of changes in equity

	Equity attributable to owners of parent					
				Other components of equity		
	Capital	Share premium	Treasury shares	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
Profit (loss)	–	–	–	–	–	–
Other comprehensive income	–	–	–	(24)	15	(2,107)
Total comprehensive income	–	–	–	(24)	15	(2,107)
Purchase of treasury shares	–	–	(3)	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	(796)	148	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	53
Total transactions with owners	–	(797)	144	–	–	53
Balance at February 28, 2021	31,974	188,542	(14,830)	(89)	11	9,656
Profit (loss)	–	–	–	–	–	–
Other comprehensive income	–	–	–	150	(13)	(53)
Total comprehensive income	–	–	–	150	(13)	(53)
Purchase of treasury shares	–	–	(32)	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	351	81	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(86)
Total transactions with owners	–	351	49	–	–	(86)
Balance at February 28, 2022	31,974	188,894	(14,780)	60	(1)	9,516

	Equity attributable to owners of parent					
	Other components of equity					
	Remeasure-ments of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	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
Profit (loss)	–	–	(26,193)	(26,193)	(227)	(26,421)
Other comprehensive income	1,013	(1,103)	–	(1,103)	0	(1,102)
Total comprehensive income	1,013	(1,103)	(26,193)	(27,296)	(226)	(27,523)
Purchase of treasury shares	–	–	–	(3)	–	(3)
Disposal of treasury shares	–	–	–	(0)	–	(0)
Dividends	–	–	(7,066)	(7,066)	(94)	(7,161)
Share-based payment transactions	–	–	–	(648)	–	(648)
Transfer from other components of equity to retained earnings	(1,013)	(959)	959	–	–	–
Total transactions with owners	(1,013)	(959)	(6,107)	(7,719)	(94)	(7,813)
Balance at February 28, 2021	–	9,578	136,906	352,171	12,171	364,343
Profit (loss)	–	–	4,321	4,321	(356)	3,964
Other comprehensive income	1,769	1,852	–	1,852	1	1,853
Total comprehensive income	1,769	1,852	4,321	6,173	(355)	5,818
Purchase of treasury shares	–	–	–	(32)	–	(32)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(8,377)	(8,377)	(64)	(8,442)
Share-based payment transactions	–	–	–	433	–	433
Transfer from other components of equity to retained earnings	(1,769)	(1,855)	1,855	–	–	–
Total transactions with owners	(1,769)	(1,855)	(6,522)	(7,976)	(64)	(8,041)
Balance at February 28, 2022	–	9,574	134,705	350,368	11,751	362,120

(4) Consolidated statement of cash flows

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
	Millions of yen	Millions of yen
Cash flows from (used in) operating activities		
Profit (loss) before tax	(28,672)	6,190
Depreciation and amortization expense	50,361	49,629
Impairment loss	14,122	1,136
Finance income	(962)	(1,335)
Finance costs	6,086	5,890
Share of loss (profit) of investments accounted for using equity method	(717)	(1,364)
Loss (gain) on sales of non-current assets	0	(2,666)
Loss on disposals of non-current assets	1,260	1,726
Gain on sales of shares of subsidiaries	–	(3,951)
Loss on sales of shares of subsidiaries	–	1,818
Decrease (increase) in inventories	(1,522)	5,904
Decrease (increase) in trade and other receivables	26,608	(536)
Increase (decrease) in trade and other payables	(12,720)	(4,159)
Increase (decrease) in retirement benefit liabilities	(267)	(365)
Decrease (increase) in retirement benefit assets	2,988	(407)
Other, net	5,666	228
Subtotal	62,232	57,737
Interest received	110	130
Dividends received	232	208
Interest paid	(6,028)	(5,808)
Income taxes paid	(6,251)	(4,548)
Income taxes refund	6,176	2,147
Net cash flows from (used in) operating activities	56,471	49,866
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(14,729)	(5,820)
Proceeds from sales of property, plant and equipment	7	492
Purchase of investment property	(3,813)	(2,601)
Proceeds from sales of investment property	–	2,887
Purchase of investment securities	(1,401)	(2,760)
Proceeds from sales of investment securities	1,480	2,503
Proceeds from sales of shares of subsidiaries that result in change in scope of consolidation	91	3,349
Other, net	(2,505)	(3,340)
Net cash flows from (used in) investing activities	(20,870)	(5,289)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
	Millions of yen	Millions of yen
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	(13,000)	–
Net increase (decrease) in commercial papers	66,001	(54,998)
Proceeds from non-current borrowings	82,000	–
Repayments of non-current borrowings	(23,400)	(17,150)
Proceeds from issuance of bonds	–	29,867
Redemption of bonds	(10,000)	–
Repayments of lease liabilities	(29,254)	(29,674)
Purchase of treasury shares	(3)	(32)
Dividends paid	(7,056)	(8,348)
Dividends paid to non-controlling interests	(94)	(64)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(6,471)	–
Other, net	6	8
Net cash flows from (used in) financing activities	58,727	(80,392)
Net increase (decrease) in cash and cash equivalents	94,328	(35,815)
Cash and cash equivalents at beginning of period	34,633	128,925
Effect of exchange rate changes on cash and cash equivalents	(37)	168
Cash and cash equivalents at end of period	128,925	93,278

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Application of consolidated taxation system)

The Company decided in October 2021 to apply the consolidated taxation system effective from the fiscal year ending February 28, 2023, and the Company filed the application form with the relevant authorities in November 2021.

(Segment information, etc.)

(1) Overview of reportable segments

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

The Group is comprised, under a holding company structure, of the reportable segments “Department Store Business,” “SC Business,” “Developer Business” and “Payment and Finance Business,” with the Department Store Business at its core.

The Department Store Business carries out the sale of clothing, general goods, household goods, food products and others. The SC Business undertakes development, management, supervision and operation, etc. of shopping centers. The Developer Business carries out development, supervision, operation, interior decorating work, etc. of real estate. The Payment and Finance Business undertakes issuance and administration, etc. of credit cards.

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

In addition, Daimaru Matsuzakaya Sales Associates Co. Ltd., which was a consolidated subsidiary of the Company, merged with and was absorbed by Daimaru Matsuzakaya Department Stores Co. Ltd., which is a consolidated subsidiary of the Company, on September 1, 2021.

As a result of this change, Daimaru Matsuzakaya Sales Associates Co. Ltd., which was previously included in “Other,” has been included in “Department Store Business” from the fiscal year ended February 28, 2022.

Furthermore, segment information for the fiscal year ended February 28, 2021 has been prepared and disclosed based on the reportable segment classifications after the change.

(2) Segment revenue and business results

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

Fiscal year ended February 28, 2021

	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	173,185	54,877	42,511	5,952	276,527	42,552	319,079	–	319,079
Inter-segment revenue	645	571	11,314	3,083	15,614	20,007	35,622	(35,622)	–
Total	173,831	55,449	53,825	9,035	292,142	62,559	354,701	(35,622)	319,079
Segment profit (loss)	(20,785)	(6,968)	1,981	421	(25,351)	1,724	(23,626)	(638)	(24,265)
Finance income									962
Finance costs									(6,086)
Share of profit (loss) of investments accounted for using equity method									717
(Loss) before tax									(28,672)
Segment assets	578,453	348,404	111,550	70,165	1,108,573	108,019	1,216,593	47,129	1,263,722
Other items									
Depreciation and amortization expense	31,590	13,526	4,405	133	49,655	1,768	51,424	(1,726)	50,361
Impairment loss	10,357	3,167	7	–	13,533	245	13,778	343	14,122
Investments accounted for using equity method	21,958	–	45	–	22,003	158	22,161	15,653	37,815
Capital expenditures	19,600	8,661	9,082	149	37,494	631	38,126	(8,765)	29,360

Notes:
1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.
2. Capital expenditures are the amount of the increase in property, plant and equipment, right-of-use assets, investment property and intangible assets.
3. Adjustments are made as follows.
   (1) The adjustments for segment profit (loss) include inter-segment eliminations and corporate income and expenses not attributable to any business segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any business segment.
   (2) The adjustment for segment assets includes elimination of segment receivables, unrealized adjustments on non-current assets, and assets of the company submitting consolidated financial statements that are not attributable to any business segment.
   (3) The adjustment for depreciation and amortization expense consists of inter-segment transfers.
   (4) The adjustment for amounts invested in entities accounted for using equity method consists of investments in entities accounted for using equity method of the company submitting consolidated financial statements that are not attributable to any business segment.
   (5) The adjustment for capital expenditures consists mainly of inter-segment eliminations and inter-segment unrealized profit.
4. Segment profit (loss) is adjusted to operating profit (loss) in the consolidated financial statements.

Fiscal year ended February 28, 2022

	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	190,307	51,585	40,698	7,273	289,864	41,619	331,484	–	331,484
Inter-segment revenue	431	971	9,935	3,764	15,103	20,135	35,239	(35,239)	–
Total	190,739	52,556	50,633	11,037	304,967	61,755	366,723	(35,239)	331,484
Segment profit (loss)	(4,594)	2,055	4,711	1,970	4,142	1,199	5,341	4,039	9,380
Finance income									1,335
Finance costs									(5,890)
Share of profit (loss) of investments accounted for using equity method									1,364
Profit before tax									6,190
Segment assets	566,354	334,273	106,420	72,505	1,079,554	108,065	1,187,620	5,287	1,192,907
Other items									
Depreciation and amortization expense	30,416	14,671	4,102	154	49,345	1,704	51,049	(1,419)	49,629
Impairment loss	113	234	776	–	1,123	13	1,136	–	1,136
Investments accounted for using equity method	21,861	–	47	–	21,908	156	22,065	16,696	38,761
Capital expenditures	10,582	5,074	3,745	38	19,441	1,132	20,573	58	20,632

Notes:

1. The "Other" category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.
2. Capital expenditures are the amount of the increase in property, plant and equipment, right-of-use assets, investment property and intangible assets.
3. Adjustments are made as follows.
   (1) The adjustments for segment profit (loss) include inter-segment eliminations and corporate income and expenses not attributable to any business segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any business segment.
   (2) The adjustment for segment assets includes elimination of segment receivables, unrealized adjustments on non-current assets, and assets of the company submitting consolidated financial statements that are not attributable to any business segment.
   (3) The adjustment for depreciation and amortization expense consists of inter-segment transfers.
   (4) The adjustment for amounts invested in entities accounted for using equity method consists of investments in entities accounted for using equity method of the company submitting consolidated financial statements that are not attributable to any business segment.
   (5) The adjustment for capital expenditures consists mainly of inter-segment eliminations, inter-segment unrealized profit, and capital expenditures of the company submitting consolidated financial statements that are not attributable to any business segment.
4. Segment profit (loss) is adjusted to operating profit (loss) in the consolidated financial statements.

(Per share information)

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

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Basic earnings (loss) per share (Yen)	(100.03)	16.50
Diluted earnings per share (Yen)	(100.03)	16.50

Note: Diluted loss per share for the fiscal year ended February 28, 2021 is equal to basic loss per share because there are no potential shares that have dilutive effects.

(2) Basis for calculation of basic earnings per share and diluted earnings per share

1) Profit attributable to ordinary equity holders

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Profit (loss) attributable to owners of parent (Millions of yen)	(26,193)	4,321
Profit not attributable to owners of parent (Millions of yen)	–	–
Profit (loss) used to calculate basic earnings per share (Millions of yen)	(26,193)	4,321
Adjustment to profit (Millions of yen)	–	–
Profit (loss) used to calculate diluted earnings per share (Millions of yen)	(26,193)	4,321

2) Average number of shares during the period

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Average number of ordinary shares during the period (Thousands of shares)	261,842	261,863
Increase in the number of ordinary shares		
Officer remuneration BIP trust (Thousands of shares)	–	66
Average number of diluted ordinary shares	261,842	261,930

Note: The calculation of basic earnings or loss per share and diluted earnings per share excludes the number of Company's shares owned by the officer remuneration BIP trust from the average number of ordinary shares during the period because such shares are treated as the Company's treasury shares.

(Significant subsequent events)

No items to report.

5. Other

Changes in executives

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