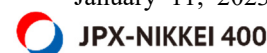


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Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending February 28, 2023 (under Japanese GAAP)



January 11, 2023



Company name: **LIFE CORPORATION**
 Listing: Tokyo Stock Exchange
 Securities code: 8194
 URL: <http://www.lifecorp.jp/>
 Representative: Takaharu Iwasaki, Representative Director and President
 Inquiries: Koichi Miyata, General Manager, Investor Relations Department
 TEL: +81-3-5807-5111 (from overseas)

Scheduled date to file Quarterly Securities Report: January 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results meeting: None

(Amounts less than one million yen are rounded down.)

1. Consolidated financial results for the first nine months of the fiscal year ending February 28, 2023 (from March 1, 2022 to November 30, 2022)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended November 30, 2022	568,681	–	13,559	(31.2)	14,151	(30.0)	9,652	(29.6)
Nine months ended November 30, 2021	574,761	1.1	19,705	(6.8)	20,222	(7.0)	13,711	(5.0)

Note: Comprehensive income
 Nine months ended November 30, 2022: ¥9,735 million [(28.2)%]
 Nine months ended November 30, 2021: ¥13,559 million [(4.9)%]

Reference: Operating revenue is the total of net sales and receipts from operating revenue.

Net sales
 Nine months ended November 30, 2022: ¥548,649 million [–%]
 Nine months ended November 30, 2021: ¥557,313 million [1.1%]
 Receipts from operating revenue
 Nine months ended November 30, 2022: ¥20,032 million [–%]
 Nine months ended November 30, 2021: ¥17,447 million [2.1%]

	Earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
Nine months ended November 30, 2022	205.93	–
Nine months ended November 30, 2021	292.55	–

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., from the beginning of the first quarter of the fiscal year ending February 28, 2023. Figures for the nine months ended November 30, 2022 represent the amounts after applying the said accounting standard, etc., and do not include year-on-year changes for operating revenue.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
November 30, 2022	284,297	116,606	41.0	2,487.70
February 28, 2022	270,229	110,299	40.8	2,353.44

Reference: Equity

As of November 30, 2022: ¥116,606 million

As of February 28, 2022: ¥110,299 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., from the beginning of the first quarter of the fiscal year ending February 28, 2023.

Figures for the nine months ended November 30, 2022 represent the amounts after applying the said accounting standard, etc.

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2022	–	30.00	–	40.00	70.00
Fiscal year ending February 28, 2023	–	35.00	–		
Fiscal year ending February 28, 2023 (Forecast)				35.00	70.00

Notes: 1. Revisions to the forecast of cash dividends most recently announced: None

2. Breakdown of year-end dividend for the fiscal year ended February 28, 2022: Ordinary dividend of ¥30.00, and the 60th anniversary commemorative dividend of ¥10.00

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.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2023	763,000	–	17,000	(25.9)	18,000	(24.0)	11,500	(24.4)	245.36

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

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., from the beginning of the first quarter of the fiscal year ending February 28, 2023. Therefore, the above consolidated earnings forecasts represent the amounts calculated by applying the said accounting standard, etc., but do not include year-on-year changes for operating revenue as the accounting treatment method subject to comparison differs.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting treatment to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
 - i. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - ii. Changes in accounting policies due to other reasons: None
 - iii. Changes in accounting estimates: None
 - iv. Restatement: None

Note: For details, please refer to 2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes to quarterly consolidated financial statements, “Changes in accounting policies” on page 9 of the attached material.

- (4) Number of issued shares (ordinary shares)
 - i. Total number of issued shares at the end of the period (including treasury shares)

As of November 30, 2022	49,450,800 shares
As of February 28, 2022	49,450,800 shares
 - ii. Number of treasury shares at the end of the period

As of November 30, 2022	2,577,758 shares
As of February 28, 2022	2,583,502 shares
 - iii. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended November 30, 2022	46,870,373 shares
Nine months ended November 30, 2021	46,867,592 shares

Note: The number of treasury shares at the end of the period includes the Company’s shares (84,300 shares as of November 30, 2022, and 90,300 shares as of February 28, 2022) held by Custody Bank of Japan, Ltd. (Trust Account) as the trust assets for the “Trust for Delivering Shares to Directors.” In addition, the Company’s shares held by Custody Bank of Japan, Ltd. (Trust Account) are included in the treasury shares that are excluded from the calculation of the average number of shares during the period. (87,130 shares as of November 30, 2022, and 90,300 shares as of November 30, 2021)

* Quarterly financial results reports are not required to be subjected to quarterly financial reviews conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

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. Actual business and other results may differ substantially due to various factors. Please refer to “1. Qualitative information on quarterly financial results, (3) Explanation of consolidated earnings forecasts and other such forward-looking information” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

Attached material

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1. Qualitative information on quarterly financial results

(1) Explanation of operating results

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from the first quarter of the current fiscal year. As a result, the accounting treatment method for revenues differs from that used in the first nine months of the previous fiscal year; therefore, in the following explanation of operating results, no increase or decrease amounts or year-on-year comparisons (%) are shown for operating revenues and net sales. Moreover, the amounts of operating profit, etc., are those of the same period of the previous year due to the negligible impact.

During the first nine months of the current fiscal year, in the Japanese economy, the normalization of socioeconomic activities was pursued while measures against COVID-19 were taken. On the other hand, the outlook remained uncertain largely due to the acceleration of cost-push inflation stemming from a sharp rise in resource prices under the unstable international situation, economic recession risk in Europe and the U.S., and the rapid depreciation of the yen.

In the food supermarket industry, which is the Group’s area of business, the environment surrounding corporate operations is becoming increasingly severe due to intensifying competition across industries and business categories, rising procurement costs for raw materials, and soaring utilities expenses and other costs.

In this economic environment, this fiscal year is positioned as the year for the total completion of the medium-term plan, which commenced in fiscal 2018 aiming to make each of our stores the No. 1 in the area with even greater trust from customers. While breaking away from homogeneous competition and promoting differentiation, we are working on various measures. Specifically, we are focusing on the development of original products such as “BIO-RAL” —a private brand that uses healthy materials and production methods for customers interested in health and natural products— increasing the number of stores with product sections based on the “BIO-RAL” concept to 207 stores (approximately 70% of all stores), expanding our online supermarket business including services for Amazon Prime members, and aggressively opening new stores. Our Central Square Yebisu Garden Place Store, which opened in April as the flagship store, is positioned as a next-generation supermarket that combined brick-and-mortar stores and online supermarkets with the business concepts of Central Square (“making daily shopping not only more convenient but also more enjoyable”) and BIO-RAL (“organic, local, healthy, and sustainable”). It has been performing well with the support from many customers.

Furthermore, in March, as part of our efforts to realize a sustainable and flourishing society, we started full-scale operation of one of the largest bio-gas power generation facilities in the Japanese retail industry at Tempozan, which reduces food residues by more than 4,000 tons per year and creates renewable energy. In April, we switched all electricity used at the Tokyo and Osaka headquarters and Central Square Nishimiyahara Store adjacent to the Osaka headquarters to power from renewable energy sources. In response to soaring electricity prices and tight power supply, stores and the headquarters are working to save electricity by adjusting the temperature settings of air conditioners and turning off some lights.

In addition, as part of our social contribution, we offered food products and daily supplies to those living in Kyoto City who have evacuated from Ukraine to cooperate with “Kyoto Citizens’ Acceptance Support Network for Kyiv and Ukraine evacuees,” a support organization launched by Kyoto City and others.

We opened ten new stores: Central Square Yebisu Garden Place Store (Tokyo) (mentioned above), Kameido Clock Store (Tokyo) and Horikawa Kitayama Store (Kyoto Prefecture) in April, BIO-RAL Shinjuku Marui Store (Tokyo) in May, Moriguchi Takii Store (Osaka Prefecture) and Nishiogikubo Store (Tokyo) in July, Toyosu Store (Tokyo), Hanazono Central Park Store (Osaka Prefecture) and

Shijo Omiya Store (Kyoto Prefecture) in September, and VIERRA Maita Store (Kanagawa Prefecture) in October. We also renovated four existing stores to expand product lines and frozen foods that meet the needs of health consciousness, simplicity, and convenience at Shiki Store, Oyodonaka Store, and Ichikawa Kokubun Store, set up one of the largest “BIO-RAL” sections in the Osaka region at the annex to Central Square Namba Store, etc.

The Group’s operating revenue totaled ¥568,681 million as a result of the expansion of new stores and online supermarkets, strengthening of private brand products such as “BIO-RAL,” and implementing product initiatives that sought to enhance taste. On the other hand, as for selling, general and administrative expenses, the Group saw increases in utilities expenses, various property expenses such as rent expenses from opening new stores, and personnel expenses from increased hiring activities. Operating profit was ¥13,559 million (¥19,705 million in the same period of the previous year), ordinary profit was ¥14,151 million (¥20,222 million in the same period of the previous year), and profit attributable to owners of parent was ¥9,652 million (¥13,711 million in the same period of the previous year).

Results by segment are as follows:

(Retail Business)

Operating revenue was ¥568,543 million, with net sales of ¥548,649 million, and segment profit of ¥13,919 million (¥20,146 million in the same period of the previous year).

Net sales by department were ¥240,086 million for fresh produce, ¥243,749 million for general food, ¥47,884 million for lifestyle products, and ¥16,928 million for apparel.

(Other Business)

Operating revenue from LIFE FINANCIAL SERVICE was ¥1,909 million (¥1,787 million in the same period of the previous year), with segment profit of ¥231 million (¥76 million in the same period of the previous year).

(2) Explanation of financial position

Total assets at the end of the third quarter of the current fiscal year were ¥284,297 million, an increase of ¥14,067 million from the end of the previous fiscal year.

Current assets totaled ¥82,947 million, an increase of ¥8,466 million from the end of the previous fiscal year. This was mainly due to increases of ¥3,865 million in cash and deposits and ¥2,590 million in accounts receivable - trade.

Non-current assets totaled ¥201,349 million, an increase of ¥5,601 million from the end of the previous fiscal year. This was mainly due to an increase of ¥5,441 million in property, plant and equipment after depreciation, resulting from new store openings and land acquisition.

Total liabilities at the end of the third quarter of the current fiscal year were ¥167,690 million, an increase of ¥7,760 million from the end of the previous fiscal year. This was mainly due to increases of ¥6,068 million in the total of short-term borrowings and long-term borrowings and ¥4,563 million in accounts payable - trade, and a decrease of ¥2,243 million in income taxes payable.

Total net assets at the end of the third quarter of the current fiscal year were ¥116,606 million, an increase of ¥6,306 million from the end of the previous fiscal year. This was mainly due to a ¥6,211 million increase in retained earnings.

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

There is no change in the consolidated earnings forecasts for the fiscal year ending February 28, 2023 from that released in “Notice Concerning Revisions to Earnings Forecasts,” which was announced on October 11, 2022.

Moreover, it remains difficult to reasonably foresee the impact of COVID-19 pandemic on the Group's businesses in the future. The forecast for the second half of this fiscal year and beyond, in particular, has been prepared by taking into account as many factors as possible that we can assume at this point in time. However, we will closely monitor future economic and consumer spending trends, and if it becomes necessary to revise our consolidated earnings forecasts, we will disclose them promptly.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	9,809	13,674
Accounts receivable - trade	8,133	10,723
Merchandise and finished goods	23,880	26,540
Raw materials and supplies	258	236
Other	32,399	31,771
Total current assets	74,480	82,947
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	86,648	91,840
Land	39,256	39,709
Other, net	24,584	24,382
Total property, plant and equipment	150,490	155,931
Intangible assets	3,508	3,277
Investments and other assets		
Guarantee deposits	24,086	24,519
Other	17,704	17,662
Allowance for doubtful accounts	(41)	(41)
Total investments and other assets	41,749	42,139
Total non-current assets	195,748	201,349
Total assets	270,229	284,297

(Millions of yen)

	As of February 28, 2022	As of November 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	41,666	46,229
Short-term borrowings	38,500	38,350
Current portion of long-term borrowings	14,865	14,107
Income taxes payable	3,901	1,658
Provision for bonuses	2,555	439
Provision for sales promotion expenses	1,963	25
Other	29,026	32,314
Total current liabilities	132,478	133,124
Non-current liabilities		
Long-term borrowings	12,248	19,225
Provision for share awards for directors (and other officers)	56	43
Retirement benefit liability	2,999	2,956
Asset retirement obligations	5,014	5,329
Other	7,132	7,012
Total non-current liabilities	27,451	34,566
Total liabilities	159,929	167,690
Net assets		
Shareholders' equity		
Share capital	10,004	10,004
Capital surplus	5,628	5,628
Retained earnings	99,221	105,432
Treasury shares	(3,930)	(3,917)
Total shareholders' equity	110,923	117,147
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	357	426
Revaluation reserve for land	(1,114)	(1,114)
Remeasurements of defined benefit plans	133	147
Total accumulated other comprehensive income	(623)	(540)
Total net assets	110,299	116,606
Total liabilities and net assets	270,229	284,297

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

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Net sales	557,313	548,649
Cost of sales	385,681	378,723
Gross profit	171,631	169,925
Receipts from operating revenue	17,447	20,032
Operating gross profit	189,079	189,958
Selling, general and administrative expenses	169,374	176,399
Operating profit	19,705	13,559
Non-operating income		
Interest income	107	98
Dividend income	32	27
Income from recycling	205	264
Data offer fee	110	112
Other	278	291
Total non-operating income	734	795
Non-operating expenses		
Interest expenses	141	138
Other	76	64
Total non-operating expenses	217	203
Ordinary profit	20,222	14,151
Extraordinary income		
Gain on sale of investment securities	249	–
Total extraordinary income	249	–
Extraordinary losses		
Loss on retirement of non-current assets	86	38
Impairment losses	161	–
Loss on store closings	71	–
Loss on COVID-19	*1 66	–
Loss on sale of investment securities	7	–
Other	–	2
Total extraordinary losses	394	40
Profit before income taxes	20,078	14,110
Income taxes - current	6,398	4,578
Income taxes - deferred	(31)	(120)
Total income taxes	6,367	4,458
Profit	13,711	9,652
Profit attributable to owners of parent	13,711	9,652

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended November 30, 2021	Nine months ended November 30, 2022
Profit	13,711	9,652
Other comprehensive income		
Valuation difference on available-for-sale securities	(162)	69
Remeasurements of defined benefit plans, net of tax	10	13
Total other comprehensive income	(151)	82
Comprehensive income	13,559	9,735
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,559	9,735

(3) Notes to quarterly consolidated financial statements

Notes on premise of going concern

Not applicable.

Notes on the event of significant changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The main changes resulting from the application of the Accounting Standard for Revenue Recognition, etc., are as follows:

1. Revenue recognition for agency transactions

With respect to revenue from transactions in which purchase of goods, etc. is recognized at the time of sales thereof (*shoka shiire*), the Company previously recognized the total consideration received from customers as net sales and the total consideration paid to suppliers as cost of sales. However, as the Company's role, in such transactions, in providing goods, etc., to customers is determined to be that of an agent, the Company has changed its method of recognizing revenue to the net amount of the total consideration received from customers less the total consideration paid to suppliers. Moreover, these revenues are recorded in receipts from operating revenue and not net sales.

2. Revenue recognition for our point system

The Company offers a customer loyalty program, whereby members are awarded points based on the amount of purchases they make. Previously, to prepare for the redemption of points granted to customers, the amount expected to be required to redeem the points was recorded as provision for sales promotion expenses, whose transfer amount was recorded as selling, general and administrative expenses. However, the Company has changed its method to identify such points as performance obligations and allocate the transaction price by calculating the independent selling price of the points considering the expected future expiration and other factors.

As a result of this change, what was recorded as selling, general and administrative expenses is now deducted from net sales, and the liability for points awarded based on the purchase amount, which was presented as "provision for sales promotion expenses" on the consolidated balance sheet in the previous fiscal year, is now "contract liabilities" and included in "other" under current liabilities.

3. Revenue recognition related to company-issued coupons and points issued by other companies

Previously, the Company recorded the gross amount of company-issued coupons and points issued by other companies for sales to customers as net sales, and used company-issued coupons and granted points issued by other companies as promotion expenses in selling, general and administrative expenses. Now we have changed the method of recognizing revenue as the net amount of the total consideration received from customers less relevant costs.

The application of the Accounting Standard for Revenue Recognition, etc., is in accordance with the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of

the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

For the first nine months of the current fiscal year, as a result of this change, net sales decreased by ¥17,634 million, cost of sales decreased by ¥11,309 million, receipts from operating revenue increased by ¥2,313 million, and selling, general and administrative expenses decreased by ¥4,004 million, while operating profit, ordinary profit and profit before income taxes each decreased by ¥5 million. The opening balance of retained earnings increased by ¥80 million.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. Furthermore, the information on disaggregation of revenue from contracts with customers during the first nine months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc., from the beginning of the first quarter of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the quarterly consolidated financial statements for the first nine months of the current fiscal year.

Notes to quarterly consolidated statement of income

***1 Loss on COVID-19**

First nine months of the previous fiscal year (March 1, 2021 to November 30, 2021)

The Company recorded a loss on COVID-19 in extraordinary losses resulting from the loss on abandonment of goods, disinfection expenses, and tenant support through rent concessions incurred in stores and other facilities caused by the spread of COVID-19.

First nine months of the current fiscal year (March 1, 2022 to November 30, 2022)

Not applicable.

Segment information, etc.

[Segment information]

I First nine months of the previous fiscal year (March 1, 2021 to November 30, 2021)

Information on operating revenue and profit or loss by reportable segment

(Millions of yen)

	Reportable segment	Other (Note 2)	Total	Adjustments	Amounts recorded in quarterly consolidated statement of income (Note 3)
	Retail Business				
Operating revenue (Note 1)					
Operating revenue from external customers	574,054	707	574,761	–	574,761
Intersegment operating revenue and transfers	2	1,080	1,082	(1,082)	–
Total	574,056	1,787	575,843	(1,082)	574,761
Segment profit	20,146	76	20,222	–	20,222

- Notes: 1. Operating revenue is the total of net sales and receipts from operating revenue.
 2. “Other” includes credit card business, etc.
 3. Segment profit is adjusted to ordinary profit in the quarterly consolidated statement of income.

II First nine months of the current fiscal year (March 1, 2022 to November 30, 2022)

1. Information on operating revenue and profit or loss by reportable segment and on disaggregation of revenue

(Millions of yen)

	Reportable segment	Other (Note 2)	Total	Adjustments	Amounts recorded in quarterly consolidated statement of income (Note 3)
	Retail Business				
Operating revenue (Note 1)					
Revenue from contracts with customers	564,585	811	565,397	–	565,397
Other revenue (Note 4)	3,284	–	3,284	–	3,284
Operating revenue from external customers	567,869	811	568,681	–	568,681
Intersegment operating revenue and transfers	673	1,098	1,771	(1,771)	–
Total	568,543	1,909	570,453	(1,771)	568,681
Segment profit	13,919	231	14,151	–	14,151

- Notes: 1. Operating revenue is the total of net sales and receipts from operating revenue.
 2. “Other” includes credit card business, etc.
 3. Segment profit is adjusted to ordinary profit in the quarterly consolidated statement of income.
 4. Other revenue includes real estate lease revenue based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

2. Matters related to changes in reportable segments, etc.

As described in notes to “Changes in accounting policies,” the Company has applied the Accounting Standard for Revenue Recognition, etc., from the beginning of the first quarter of the current fiscal year, and changed the accounting treatment for revenue recognition.

Accordingly, the Company has changed the method of calculating profit or loss of operating segments.

As a result of this change, compared to the previous method, in the Retail Business, net sales decreased by ¥17,634 million (the full amount is revenue from contracts with customers), receipts from operating revenue increased by ¥2,985 million (of which, revenue from contracts with customers of ¥2,313 million and intersegment operating revenue and transfers of ¥671 million), and segment profit decreased by ¥5 million for the first nine months of the current fiscal year.

Significant subsequent events

Not applicable.