To Our Shareholders

I would like to announce to you all that our 18th Annual Shareholders Meeting will be held on Thursday, May 29, 2025.

There will be discussion of the current status of the Company's business and related issues, and the proposal to be presented at the Shareholders Meeting will be explained.

We look forward to the continued understanding and support of all our shareholders.

ONO Keiichi
Director, President, and Representative Executive Officer
J. FRONT RETAILING Co., Ltd.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.
J. FRONT RETAILING Co., Ltd. assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities code: 3086
May 7, 2025

To All Shareholders

ONO Keiichi
Director, President, and Representative Executive Officer
J. FRONT RETAILING Co., Ltd.
10-1, Ginza 6-chome, Chuo-ku, Tokyo

Notice of Convocation of the 18th Annual Shareholders Meeting

You are hereby notified that the 18th Annual Shareholders Meeting of J. FRONT RETAILING Co., Ltd. (hereinafter the "Company") will be held at the time and place indicated below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the websites below. Please access one of these websites to review the information.

Company's website: https://www.j-front-retailing.com/english/ir/stock/meeting.html
Website for Annual Shareholders Meeting informational materials: https://d.sokai.jp/3086/teiji (in Japanese)

Date and Time: Thursday, May 29, 2025, at 10:00 a.m. (JST) (Reception opens at 9:30 a.m.)

Venue: Tokyo Chamber of Commerce and Industry Shibusawa Hall, 5F Marunouchi Nijubashi Building
2-2, Marunouchi 3-chome, Chiyoda-ku, Tokyo

Purpose of the meeting:

Matters to be reported:
1. Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the 18th fiscal year (from March 1, 2024 to February 28, 2025)
2. Audit reports of the Accounting Auditor and the Audit Committee on Consolidated Financial Statements for the 18th fiscal year

Matters to be resolved: Proposal: Election of Ten (10) Directors

Decisions made for convocation:
Please refer to Guide to the Exercise of Voting Rights on page 6.

Important notes concerning the Annual Shareholders Meeting informational materials

- ■ Among the matters subject to measures for electronic provision, in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company, the matters below are not provided in the paper-based documents delivered to shareholders who have made a request for delivery of such documents. The Financial Auditor and the Audit and Committee have audited the documents subject to audit, including the matters below.

  (i) (Reference) Gross sales by company, store and product of the Department Store Business (ii) (Reference) Tenant transaction volume (on a gross basis) by PARCO store in the SC Business (iii) Major businesses (iv) Major business locations (v) Status of employees (vi) Matters relating to Accounting Auditor (vii) Systems to Ensure the Appropriateness of Operations <Basic Policy for Establishment of Internal Control System> (viii) Operational status of systems to ensure the appropriateness of operations <Basic Policy for Establishment of Internal Control System> (ix) Basic policy regarding control of the Company (x) Consolidated Financial Statements (xii) Balance Sheet (xii) Statement of Income (xiii) Statement of Changes in Equity (xiv) Non-consolidated Financial Statements (xv) Audit Report of Independent Auditors Concerning the Consolidated Financial Statements (Copy) (xvi) Audit Report of Independent Auditors (Copy) (xvii) Audit report of Audit Committee Members (Copy)

- ■ If revisions are made to the matters provided electronically, a notice of the revisions and the details of the matters before and after the revisions will be posted on the abovementioned websites and the Annual Shareholders Meeting informational materials website.

Company website: https://www.j-front-retailing.com/english

- ▶ Please access the Company’s website using the above URL, go to the page for the Shareholders Meeting by clicking the banner “The 18th Annual Shareholders Meeting,” and check the Annual Shareholders Meeting informational materials listed under “The 18th Annual Shareholders Meeting.”

Website for Annual Shareholders Meeting informational materials:
https://d.sokai.jp/3086/teiji (in Japanese)

Reference **Members of the Board of Directors following this Annual Meeting of Shareholders and skill matrix of candidates for Directors (planned)**

In selecting candidates for the Board of Directors, the Company shall select from individuals with the knowledge and experience necessary to appropriately oversee the promotion of sustainability management in order to allow the Board of Directors to effectively fulfill its roles and responsibilities.

In selecting candidates for Outside Director, the Company shall be conscious of Board diversity and select people who have experience as managers not only in the retailing industry, which forms the core of the Company's business, but in manufacturing and other non-retail industries, as well as people who have expertise in law and other fields, marketing perspectives, and extensive knowledge and experience related to finance and accounting.

No.	Name	Attribute	Committee assignments (The "◎" mark indicates the candidates for Chairperson.)		
			Nomination	Audit	Remuneration
1	KOIDE Hiroko[*1]	Reappointment Non-executive Independent Outside	○		○
2	YAGO Natsunosuke	Reappointment Non-executive Independent Outside	◎		◎
3	HAKODA Junya	Reappointment Non-executive Independent Outside		◎	
4	SEKI Tadayuki	Reappointment Non-executive Independent Outside		○	
5	OMURA Emi	Reappointment Non-executive Independent Outside		○	
6	YAMADA Yoshihito	New Non-executive Independent Outside	○		○
7	SAITO Kazuhiro	New Non-executive Independent Outside		○	
8	YOSHIMOTO Tatsuya	Reappointment Non-executive	○		○
9	HAMADA Kazuko[*2]	Reappointment Non-executive		○	
10	ONO Keiichi	Reappointment Executive			

Reappointment Candidate for reappointment as Director

New Candidate for new Director

Non-executive Candidate for Director who does not concurrently serve as Executive Officer

Executive Candidate for Director who concurrently serves as Executive Officer

Independent Independent officer whose status as such is registered with the stock exchange

Outside Candidate for Outside Director

With regard to candidates for Inside Director who does not execute business, the Company seeks individuals with wide-ranging practical experience within the Group and knowledge in fields such as auditing. As for candidates for executive Director, the Company has selected the head of management, the President and Representative Executive Officer.

No.	Name	Expected skills								
		Corporate manage-ment	Finance & account-ing	Market-ing	Human resource & organiza-tion develop-ment	Legal affairs & compli-ance	IT & digital	E: Environ-ment	S: Society	G: Gover-nance
1	KOIDE Hiroko*1	○		○	○					○
2	YAGO Natsunosuke	○						○		○
3	HAKODA Junya	○	○							○
4	SEKI Tadayuki		○			○			○	○
5	OMURA Emi					○	○		○	○
6	YAMADA Yoshihito	○		○	○					○
7	SAITO Kazuhiro	○	○	○				○		○
8	YOSHIMOTO Tatsuya	○		○				○		○
9	HAMADA Kazuko*2				○				○	○
10	ONO Keiichi	○		○				○		○

*Notes 1. If the election of KOIDE Hiroko is approved, the Company plans to select her once again as the Chairperson of Board of Directors at a Board of Directors meeting that is to be held after this Annual Shareholders Meeting.
2. HAMADA Kazuko is recorded under the name of HIMENO Kazuko in the Family Registry.
3. The Company plans to elect 12 Executive Officers who do not concurrently serve as Directors at a Board of Directors meeting that is to be held after this Annual Shareholders Meeting.

Guide to the Exercise of Voting Rights

Exercise deadline of your voting rights: Received by 6:00 p.m. on Wednesday, May 28, 2025 (JST)

If you do not attend the meeting in person, you can exercise your voting rights via the Internet, etc. or in writing (post), so please exercise your voting rights in advance by either of the following methods.

How to scan QR code

You can log in to the voting website without entering your login ID and temporary password printed on the voting form.

1. Scan QR code printed on the voting form (at right).
2. Follow the directions that appear on the screen to input approval or disapproval to each proposal.
   *"QR code" is a registered trademark of DENSO WAVE INCORPORATED.

How to enter login ID and temporary password

Voting website: https://evote.tr.mufg.jp/ (in Japanese)

1. Access the voting website.
2. Enter the "Login ID" and the "Temporary password" shown on the voting form and click the "Login" button.
3. Follow the directions that appear on the screen to input approval or disapproval to each proposal.

For inquiries about the system, please contact:
Corporate Agency Division (Help Desk)
Mitsubishi UFJ Trust and Banking Corporation
(Toll free) 0120-173-027 (available 9:00 a.m. – 9:00 p.m., only in Japan)

To institutional investors

- To exercise voting rights at this meeting, institutional investors can use the Electronic Voting Platform for institutional investors operated by ICJ, Inc.
- Institutional investors who hold shares in the names of trust banks, etc. and do not hold shares in their own names will be allowed to enter the venue and attend the Annual Shareholders Meeting on condition that they have fulfilled the requirements and procedures provided for in the Company's Articles of Incorporation and Share Handling Regulations.

Information Regarding the Engagement Portal Online Site for the Annual Shareholders Meeting

“Engagement Portal” online site for the Annual Shareholders Meeting:
https://engagement-portal.tr.mufg.jp/ (in Japanese)

From this site, you can view the live streaming of the Annual Shareholders Meeting and submit questions in advance.
Prepare the “Login ID” and “Password” indicated on the voting form and access the above Engagement Portal online site for the Annual Shareholders Meeting.

(i) Login ID: 0007 + Shareholder Number (12-digit number without a hyphen) shown on the voting form, etc.
(ii) Password: Postal code + 2025 (11-digit number without a hyphen) of the address registered in the shareholders’ register as of February 28, 2025

1. Guide to viewing live streaming of the meeting
Live streaming start time: 10:00 a.m. on Thursday, May 29, 2025

(i) Enter your “Login ID” and “Password” on the login screen, confirm the Terms of Use and check the “I agree to the Terms of Use” checkbox if you agree, then click the “Login” button.
(ii) After logging in, click the “View Live Streaming of the Meeting” button, confirm the Terms of Use and check the “I agree to the Terms of Use” checkbox if you agree, then click “View.”

*Please be sure to make a note of your Login ID and Password before mailing in your voting form by postal service. If you forget your ID and/or password, please contact us at the contact number listed “Contact information for inquiries about the Annual Shareholders Meeting online site” on page 8.

(Note)
The postal code used for (ii) “Password (Postal code+2025)” may differ from the postal code printed on the voting form (because the password does not reflect information such as a change of address made after the record date of the Annual Shareholders Meeting or a mailing address designated for the voting form to be sent). Shareholders residing outside Japan who have designated a standing proxy are requested to enter the postal code of the proxy.

(Important notice)

(1) Due to unavoidable circumstances, there is a possibility that we may not be able to conduct the live streaming. In such a case, a notice will be posted on the Company’s website (https://www.j-front-retailing.com/english).
(2) Shareholders viewing the live streaming are not considered to be attending the Annual Shareholders Meeting under the Companies Act, and therefore, will not be able to exercise their voting rights or make any comments, including questions on the day. Please exercise your voting rights in advance by following the instructions on page 6 on this Notice of Convocation.
(3) Please note that viewing will be limited to shareholders only, and viewing by proxies is not permitted.
(4) Filming, recording, storing, or publishing on social networking sites, etc. of the live streaming is strictly prohibited.

2. Information about acceptance of advance questions
Deadline for receipt of questions: by 6:00 p.m. on Thursday, May 22, 2025

We will accept questions regarding the purpose of this Annual Shareholders Meeting prior to the holding of the meeting. Among the questions asked, we plan to answer those of particularly high interest to our shareholders during the meeting. Please note that we will not be able to guarantee responses to questions nor respond to individual inquiries.

(i) Please click the “Question in advance” button displayed on the screen after logging in to the Annual Shareholders Meeting online site.
(ii) Select a category for your question, enter the question, confirm the Terms of Use and check the “I agree to the Terms of Use” checkbox if you agree, then click the “Confirm” button.
(iii) Confirm the contents of your question, etc., and then click the “Send” button.

(Contact information for inquiries about the Annual Shareholders Meeting online site)

Mitsubishi UFJ Trust and Banking Corporation
Dedicated support line for the "Engagement Portal" (Toll free) 0120-676-808

Service period

From 9:00 a.m. to 5:00 p.m. on weekdays, excluding Saturdays, Sundays, national holidays, etc.
(However, on the day of the Annual Shareholders Meeting, from 9:00 a.m. to the end of the meeting)

Message to Our Shareholders

Greetings from the President and Representative Executive Officer

Accelerating the pace of transformation aimed at creating new value

We made a promising start in the first year (FY2024) of our Medium-term Business Plan, setting a new profit record and achieving the profit target, which we had set for the final year (FY2026) of the plan, ahead of schedule.

Meanwhile, we have positioned the period of the Medium-term Business Plan as a "period of change" towards achieving our goal of being a "Value Co-creation Retailer," which is our vision for the Group in 2030, and what is needed from us is to be a driving force promoting this change. Accordingly, we will accelerate the speed of change towards future growth without overreacting to recent business results.

Leveraging our well-balanced portfolio of stores in major cities throughout Japan, our diverse customer contact points, and our network of business partners and creators, we are aiming to achieve exponential growth by deepening the retail business and evolving Group synergies, primarily in seven priority areas.

Going forward, all employees of the Group will work together as a single team towards achieving our goal of being a "Value Co-creation Retailer" that continues to provide the three co-creation values (Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment).

ONO Keiichi
Director, President, and Representative Executive Officer
J. Front Retailing Co., Ltd.

1 Results during the first year of the Medium-term Business Plan

(i) Setting a new profit record

In the first year of our Medium-term Business Plan, we worked to deepen our retail business, such as the Department Store Business and the SC Business, to evolve our Group synergies with the aim of achieving exponential growth, and to strengthen our Group's management foundation to increase the effectiveness of these strategies. As a result of these efforts, we set a new profit record by recording the highest consolidated profit at each level of profit since our business integration in 2007, and we reached our profit target for the final year (FY2026) of the Medium-term Business Plan.

(ii) Optimizing the amount of equity and enhancing shareholder returns

Led by a policy of seeking to optimize equity capital and enhance shareholder returns by maintaining a consolidated dividend payout ratio of 40% or more and conducting purchases of treasury shares, we increased annual dividends by ¥16 per share to ¥52 (¥36 in the previous fiscal year), a record high for our Company. We also purchased a total of ¥10,000 million of treasury shares during the period.

2 Summary of the Medium-term Business Plan

Under the new management system, the Company set its sights on 2030 with the start of the new Medium-term Business Plan (FY2024–FY2026).

The Company is promoting corporate activities that are aligned with "sustainability management" aimed at tackling environmental and social issues and finding solutions for them through business in order to realize the Group Vision of "Create and Bring to Life 'New Happiness.'" Based on the changes in the business environment the Company considers important and our strengths, last spring we set the following as our Vision for 2030: "Transforming into a 'Value Co-creation Retailer' that concentrates on retail business and constantly provides three co-creation values."

Three Co-creation Values

Co-creation of Excitement	**Co-prosperity with Communities**	**Co-existence with the Environment**
Customers and employees working together to generate excitement.	Enhancing local community charm while giving it an important and essential presence.	Cultivating a culture in which anyone can contribute to building a society that co-exists with the environment.

The period of this Medium-term Business Plan is positioned as a "period of change" during which we will make solid progress toward realizing our Vision for 2030 and achieving medium- to long-term growth. We will focus on our key strategies of deepening our retail business, such as our Department Store and SC Businesses, evolving our Group synergies to achieve exponential growth, and strengthening the Group's management foundation to increase the effectiveness of these strategies.

Recovery from COVID-19	**Period of Change**	**Exponential Growth**
FY2021-FY2023	FY2024-FY2026	FY2027-FY2030

Key Strategy: **Deepening the Retail Business** × Key Strategy: **Evolving Group Synergies**

Key Strategy: Deepening the Retail Business	Key Strategy: Evolving Group Synergies
Expand domestic/overseas customer groups	Expand JFR Group's customer base
Enhance charm of customer touchpoints	Maximize value of areas
Enhance content for premium and aspirational consumer group	Own and develop proprietary content

Strengthening the Group Management Foundation
(Human Resources, Financial Position, System Strategies, and Corporate Governance)

3 Issues to be addressed: Upward revisions to our key performance indicator targets and strengthening of our key strategies

(i) Upward revisions to our key performance indicator targets

Based on our business results for FY2024, we are upwardly revising the key performance indicator targets of the final year (FY2026) of this Medium-term Business Plan.

Specifically, of our financial targets, we are raising our consolidated business profit target to ¥56,000 million (from our initial target of ¥52,000 million) and our consolidated ROIC target to 6.0% or more (from our initial target of 5.0% or more). Of our non-financial targets, we will aim to cut greenhouse gas emissions by 70% (vs. our initial target of 58%).

■ Key performance indicator targets

Key performance indicator	New targets (FY2026)	Initial targets (FY2026)	Changes
Consolidated business profit	¥56,000 million	¥52,000 million	+¥4,000 million
Consolidated ROE	8.0% or more	8.0% or more	–
Consolidated ROIC	6.0% or more	5.0% or more	+1.0 pt
Greenhouse gas emissions*	(70.0)%	(58.0)%	(12.0) pts
Ratio of women in management positions	31.0%	31.0%	–

* Scope 1 and 2 reduction ratio (compared with FY2017)

(ii) Strengthening our key strategies based on the Medium-term Business Plan

While accelerating our growth strategies, such as our deepening of the retail business, we will also work to establish a solid management foundation aimed at achieving sustained growth, taking into consideration the highly uncertain business environment.

Key Strategy: Deepening the Retail Business	
Expand the customer base overseas	Fully leverage our communication platform directed at overseas customers, enhance to direct customers to stores through business partnerships with internal and external companies
Strengthen our response to the affluent market segment	Reinforce customer communications by extending the reach of *gaisho* (out-of-store sales) activities and using digital technologies, develop new products and services
Enhance content for premium and aspirational consumer group	Expand Japan Mode (featuring distinctive styles and brands by Japanese designers) and character zones and enhance anime and other IP content in PARCO

Key Strategy: Evolving the Group Synergies	
Maximize value of areas	Create synergies in the Nagoya's Sakae and Osaka's Shinsaibashi areas
Expand JFR Group's customer base	Consolidate card issuance operations to expand the Group's customer base and consider integrating point systems within the Group
Own and develop in-house contents and develop businesses	Fuse our cultivated discernment, purchasing power, network, etc., to develop and own in-house contents and promote the development of new businesses

Strengthening the Group Management Foundation	
Human resource strategy	・ Enhance value co-creation capabilities, improve ability to develop junior members, promote employment of specialized professionals, and promote participation of women ・ Activate the exchange of human resources within the Group and build a Group-wide human resource platform
Financial strategy	・ Strengthen the ROIC management ・ Actively invest with an eye to the future while ensuring our financial soundness
Systems strategy	・ Create shared system within the Group and promote the use of our data platform ・ Sophisticate the management and administration as well as stream operations through the full-fledged deployment of a shared accounting system within the Group
Corporate governance	・ Accelerate decision-making and execution of management under the new management system ・ Achieve medium- to long-term growth and continuously enhance our corporate value through more sophisticated governance

4 Our corporate governance

Current systems of corporate governance

The Company has adopted a company with three committees (nomination, audit, and remuneration committees) as its organizational structure. The reasons are (i) strengthening the management oversight function by separating supervision and execution, (ii) clarifying authority and responsibility in business execution and promotion of flexible management, (iii) improving management transparency and objectivity, and (iv) establishing a governance structure capable of responding globally to further strengthen corporate governance.

We will continue to aim to accelerate management decision-making and execution, seek to realize sustained Group growth, and enhance our medium- to long-term corporate value by reinforcing the oversight functions of the Board of Directors and advancing governance.

Board of Directors organizations and roles

Organization	Roles	Chairperson
Board of Directors	The roles of the Board of Directors include indicating the overall direction that the Group management is to take, by engaging in constructive discussions with respect to the Group Vision, the Sustainability Policy, the Group Medium-term Business Plan, the Group Management Policy for the fiscal year, and other fundamental management policies, and carrying out multifaceted and objective deliberations that include evaluation of risks with respect to the aforementioned.	Outside Director
Nomination Committee	This committee determines the contents of proposals on the nomination and dismissal of Directors submitted to shareholders' meetings and reports to the Board of Directors upon consultations from the Board of Directors regarding the nomination and dismissal of Representative Executive Officers, Executive Officers, Chairperson of Board of Directors, as well as the chairpersons and members of individual statutory committees and other matters.	Outside Director
Audit Committee	This committee effectively audits whether the execution of duties by Executive Officers and Directors is in compliance with laws, regulations, and the Articles of Incorporation of the Company and whether they are performing their duties efficiently in accordance with the Company's basic philosophy and the Group Vision, and it provides necessary guidance and recommendations, etc.	Outside Director
Remuneration Committee	This committee determines the policy on deciding the contents of individual remuneration for Directors and Executive Officers of the Company and eligible officers of major subsidiaries of the Group and determines the contents themselves of individual remuneration for Directors and Executive Officers of the Company.	Outside Director
Executive Session	Executive sessions are exclusive meetings of independent Outside Directors for free exchange of opinions and sharing of information. Participants debate on matters that need to be watched from a position of oversight, such as issues in the Board of Directors or problems to be addressed in order to improve the effectiveness of the Board of Directors.	–

Enhancement of corporate governance by the Board of Directors

The Company assumes responsibility for ensuring managerial transparency, soundness, and compliance of the entire Group as the core of corporate governance of the Group, with the aim of realizing the ideals of the Group Mission Statement. We are working to build relationships of trust with stakeholders, including enhanced information disclosure. In addition, we position strengthening corporate governance by means of indicating the overall direction of the Group management and overseeing establishment, maintenance, and the operational status of the internal control system as one of the most important management issues, and we will aim to further strengthen corporate governance in the future.

Past corporate governance enhancement measures

FY2015	FY2017	FY2019	FY2022	FY2024
Started to evaluate the effectiveness of the Board of Directors	Transitioned to a company with three committees (nomination, audit, and remuneration committees), appointed Outside Directors as Chairpersons of the Nomination Committee and Remuneration Committee	Appointed Outside Directors as Chairpersons of the Nomination Committee, Audit Committee, and Remuneration Committee	Raised the ratio of Outside Directors to more than 50%	Appointed Outside Director as Chairperson of Board of Directors

Reference Materials for Shareholders Meeting

Proposal and Reference Information

Proposal: Election of Ten (10) Directors

The terms of office of all ten (10) current Directors will expire at the conclusion of this Annual Shareholders Meeting. Therefore, based on the goal of deepening the governance structure to one appropriate for a company with three committees (nomination, audit, and remuneration committees), from the twin perspectives of board diversity to apply a broad range of insights and experience to our business strategies and board succession to enable the Company to continually exercise supervisory functions, we request the election of ten (10) Directors.

If the candidates for Director in this proposal are elected as proposed, the Board of Directors will have a structure with seven out of ten members, i.e. the majority of its members being independent Outside Directors, and three female Directors. We believe this will lead to strengthening of the oversight function and to ensuring a more diverse Board of Directors. The candidates for the Directors are shown below.

Furthermore, of the candidates for Director, please refer to "3. Matters relating to corporate officers" in the Business Report regarding the status of activities of five Outside Directors who are proposed for reappointment, and "5. Operation of the Board of Directors" and "6. Operations of each Committee" in the Business Report regarding the status of operations of the Board of Directors and each committee.

No.	Name		Attribute				Committee assignments (The "◎" mark indicates the candidates for Chairperson.)		
							Nomination	Audit	Remuneration
1	KOIDE Hiroko[*1]	F	Reappointment	Non-executive	Independent	Outside	○		○
2	YAGO Natsunosuke	M	Reappointment	Non-executive	Independent	Outside	◎		◎
3	HAKODA Junya	M	Reappointment	Non-executive	Independent	Outside		◎	
4	SEKI Tadayuki	M	Reappointment	Non-executive	Independent	Outside		○	
5	OMURA Emi	F	Reappointment	Non-executive	Independent	Outside		○	
6	YAMADA Yoshihito	M	New	Non-executive	Independent	Outside	○		○
7	SAITO Kazuhiro	M	New	Non-executive	Independent	Outside		○	
8	YOSHIMOTO Tatsuya	M	Reappointment	Non-executive			○		○
9	HAMADA Kazuko[*2]	F	Reappointment	Non-executive				○	
10	ONO Keiichi	M	Reappointment	Executive					

M	Male
F	Female
Reappointment	Candidate for reappointment as Director
New	Candidate for new Director
Non-executive	Candidate for Director who does not concurrently serve as Executive Officer
Executive	Candidate for Director who concurrently serves as Executive Officer
Independent	Independent officer whose status as such is registered with the stock exchange
Outside	Candidate for Outside Director

*Notes 1. If the election of KOIDE Hiroko is approved in this proposal, the Company plans to select her once again as the Chairperson of Board of Directors at a Board of Directors meeting that is to be held after this Annual Shareholders Meeting.

2. HAMADA Kazuko is recorded under the name of HIMENO Kazuko in the Family Registry.

3. The Company plans to elect 12 Executive Officers who do not concurrently serve as Directors at a Board of Directors meeting that is to be held after this Annual Shareholders Meeting.

Election of candidates for Director

In selecting candidates for the Board of Directors, the Company shall select from individuals with the knowledge and experience necessary to appropriately oversee the promotion of sustainability management in order to allow the Board of Directors to effectively fulfill its roles and responsibilities.

In selecting candidates for Outside Director, the Company shall be conscious of Board diversity and select people who have experience as managers not only in the retailing industry, which forms the core of the Company’s business, but in manufacturing and other non-retail industries, as well as people who have expertise in law and other fields, marketing perspectives, and extensive knowledge and experience related to finance and accounting.

With regard to candidates for Inside Director who does not execute business, the Company seeks individuals with wide-ranging practical experience within the Group and knowledge in fields such as auditing. As for candidates for executive Director, the Company has selected the head of management, the President and Representative Executive Officer.

No.	Name		Expected skills of candidate for Director								
			Corporate manage-ment	Finance & account-ing	Market-ing	Human resource & organiza-tion develop-ment	Legal affairs & compli-ance	IT & digital	E: Environ-ment	S: Society	G: Gover-nance
1	KOIDE Hiroko[*1]	F	○		○	○					○
2	YAGO Natsunosuke	M	○						○		○
3	HAKODA Junya	M	○	○							○
4	SEKI Tadayuki	M		○			○			○	○
5	OMURA Emi	F					○	○		○	○
6	YAMADA Yoshihito	M	○		○	○					○
7	SAITO Kazuhiro	M	○	○	○				○		○
8	YOSHIMOTO Tatsuya	M	○		○				○		○
9	HAMADA Kazuko[*2]	F				○				○	○
10	ONO Keiichi	M	○		○				○		○

Reference　Level of skills expected of candidates for Director

Corporate management	Management experience as well as knowledge and experience related to corporate management, such as strategy planning towards enhancement of corporate value, and method for identifying issues for formulating the medium-term business plan.
Finance & accounting	A wide range of knowledge and experience related to finance and accounting, such as enhancement of corporate value through establishment of a solid financial base and financial strategy planning that factors in the cost of capital.
Marketing	Knowledge and experience in activities that bring about customer satisfaction and continuous enhancement of corporate value through identifying customers' problems and creating products and services to solve them, communicating effectively, and providing added value.
Human resource & organization development	Knowledge and experience in human capital management that brings out individuality and abilities of diverse employees and induces new value creation.
Legal affairs & compliance	Advanced and specialized knowledge of corporate legal affairs and knowledge and experience in promoting compliance management, as lawful and appropriate corporate management forms the foundation for sustainable enhancement of corporate value.
IT & digital	Knowledge and experience for overseeing ICT support and new business development from the customer's perspective and with a good grasp of the latest IT trends, with aim to promote digital transformation of existing businesses.
E: Environment	Knowledge and experience in appropriately overseeing business activities conscious of solving environmental issues and JFR Group's "environmental coexistence" efforts, such as environmental plans including setting of the medium- to long-term targets.
S: Society	Knowledge and experience in appropriately overseeing JFR Group's efforts towards "co-prosperity with communities" and realization of a sustainable society.
G: Governance	Knowledge and experience in corporate governance for improving the effectiveness of the oversight function of the Board of Directors, in order to establish an appropriate governance system as the foundation for sustainable enhancement of corporate value.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, and areas of responsibility</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Independent
Outside Director
KOIDE Hiroko
(August 10, 1957)

Number of the Company’s shares owned (shares):
3,524
Number of other shares as stock-based remuneration not yet granted (shares):
8,913
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 18th fiscal year:
15/15
Number of Nomination Committee meetings attended
14/14
Number of Remuneration Committee meetings attended
10/10
Tenure as Director (at the conclusion of this meeting):
approx. 4 years</td><td>September 1986
May 1993
April 2001
April 2006
April 2008
November 2010
January 2013
April 2013
June 2016
April 2018
June 2019

May 2021
May 2024
June 2024</td><td>Joined J. Walter Thompson Japan K.K. (present Wunderman Thompson Tokyo G.K.)
Joined Nippon Lever K.K. (present Unilever Japan K.K.)
Director
General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited)
Chief Operating Officer
President and Representative Director of Parfums Christian Dior Japon K.K.
Outside Director of Kirin Co., Ltd.
Senior Vice President of Global Marketing of Newell Rubbermaid Inc. (U.S.) (present Newell Brands Inc.)
Outside Director of Mitsubishi Electric Corporation
Director of Vicela Japan Co., Ltd.
Outside Director of Honda Motor Co., Ltd
Outside Director of J-OIL MILLS, Inc.
Outside Director of J. Front Retailing Co., Ltd. (present)
Chairperson of Board of Directors of J. Front Retailing Co., Ltd. (present)
External Member of the Board of TAISEI CORPORATION (present)</td></tr>
<tr><td colspan="2">Important concurrent positions
External Member of the Board of TAISEI CORPORATION</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions, and areas of responsibility

Reasons for nomination as candidate for Outside Director and overview of expected roles

KOIDE Hiroko has extensive knowledge based on her rich experience in the fields of global management and marketing, having served as an officer at foreign companies for many years, and having been engaged in corporate management as the head of marketing at the head office of a U.S. company, as well as a wealth of knowledge gained as an Outside Director at several listed companies. She contributes to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to a wide range of matters including the Board of Directors discussions in a company with three committees (nomination, audit, and remuneration committees), incorporation of competitive analysis into strategies, effective communication of top messages, and strategic design of organizations. In May 2024, she assumed the position of Chairperson of Board of Directors. In this role, she focuses on strengthening and improving the Board of Directors operations by setting medium-to long-term and more strategic annual agendas, enhancing the quality of meeting materials, and boosting the effectiveness and efficiency of discussions.

As a member of the Nomination Committee, she participates in deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers as well as discussions on the succession plan for Outside Directors, aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. As a member of the Remuneration Committee, she engages in activities such as examination of remuneration levels and composition under the officer remuneration system revised in line with the medium-term business plan, and reviews of remuneration levels following the organizational reform. Through these efforts, by providing necessary advice at suitable times, she contributes to strengthening strategy personnel functions that are closely aligned with business strategies.

In light of her track record, extensive experience and considerable insights, the Company expects her to contribute greatly to management of the Group. As such, she has been nominated as a candidate to continue serving as Outside Director. The Company plans to select her once again as the Chairperson of Board of Directors at the Board of Directors meeting to be held after the conclusion of this Annual Shareholders Meeting.

No.	Name (Date of birth)	Career summary, positions, and areas of responsibility	
2	Independent Outside Director YAGO Natsunosuke (May 16, 1951) Number of the Company's shares owned (shares): **9,829** Number of other shares as stock-based remuneration not yet granted (shares): **10,846** Special interests between the Company and the Candidate: **None** Number of Board of Directors meetings attended during the 18th fiscal year: **15/15** Number of Nomination Committee meetings attended **14/14** Number of Remuneration Committee meetings attended **10/10** Tenure as Director (at the conclusion of this meeting): **approx. 5 years**	April 1977 June 2002 April 2004 June 2004 April 2005 June 2005 April 2006 April 2007 May 2007 July 2009 April 2013 October 2017 March 2019 June 2019 May 2020 May 2021	Joined EBARA CORPORATION Executive Officer Senior Executive Officer, Group Executive of Precision Machinery Group, Representative Director and Chairman of Ebara Precision Machinery Europe GmbH, Representative Director and Chairman of Ebara Technologies Inc. and Chairman of Ebara Precision Machinery Shanghai Inc. Director Director and Chairman of Ebara Precision Machinery Taiwan Inc. Director, President of Precision Machinery Company and General Manager of Fujisawa Operation Director and Managing Executive Officer President of Precision Machinery Company President and Representative Director President and Representative Director and General Manager of Internal Control Promotion Department President and Representative Director and General Manager of Internal Control Department Chairman & Director Representative Director of The Ebara Hatakeyama Memorial Foundation (present) Retired from the office of Chairman & Director of EBARA CORPORATION Outside Director of SUBARU CORPORATION Outside Director of J. Front Retailing Co., Ltd. (present) Director of PARCO Co., Ltd.

Reasons for nomination as candidate for Outside Director and overview of expected roles

YAGO Natsunosuke has been involved in top-level corporate management for many years, and has a wealth of experience in compliance management and strengthening financial bases. He also possesses a high level of expertise in internal control and corporate governance gained through his experience in transitioning to a company with three committees (nomination, audit, and remuneration committees). He contributes to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on approaches to the Board of Directors discussions and organizational audits within the Company, the granularity and accuracy of future plans for new businesses and asset acquisitions, initiatives to enhance human capital, and approaches to personnel system reforms.

As the Chairperson of the Nomination Committee, he leads and promotes deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers, as well as discussions on the succession plan for Outside Directors aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. As a member of the Remuneration Committee, he examines the remuneration levels and composition under the officer remuneration system revised in line with the medium-term business plan, reviews remuneration levels following the organizational reform, and provides necessary advice at suitable times. Through these efforts, he contributes to strengthening strategy personnel functions that are closely aligned with business strategies.

In light of his track record, his wealth of experience and considerable insights, the Company expects him to contribute greatly to the management of the Group as an Outside Director. As such, he has been nominated as a candidate to continue serving as Outside Director.

No.	Name (Date of birth)	Career summary, positions, and areas of responsibility	
3	Independent Outside Director HAKODA Junya (July 10, 1951) Number of the Company's shares owned (shares): **3,526** Number of other shares as stock-based remuneration not yet granted (shares): **8,913** Special interests between the Company and the Candidate: **None** Number of Board of Directors meetings attended during the 18th fiscal year: **15/15** Number of Audit Committee meetings attended **24/24** Tenure as Director (at the conclusion of this meeting): **approx. 4 years**	April 1974	Joined Mitsubishi Rayon Co., Ltd. (present Mitsubishi Chemical Corporation)
		November 1980	Joined Pricewaterhouse CPA Office (Reorganized as Aoyama Audit Corporation in June 1983)
		April 1984	Registered as Certified Public Accountant
		April 2000	Partner at the merged firm, ChuoAoyama Audit Corporation/PricewaterhouseCoopers
		August 2006	Representative of Arata Audit Corporation/Partner of PricewaterhouseCoopers (present PricewaterhouseCoopers Japan LLC)
		April 2008	Eminent Professor of Graduate School of Keio University (internal audit theory)
		September 2009	Member of the Agreement Monitoring Committee of the Japan External Trade Organization (JETRO)
		September 2010	Director of Japan Internal Control Research Association (present Japan Internal Control Research Association)
		December 2014	Outside Corporate Auditor of Schroder Investment Management (Japan) Limited (present)
		March 2015	Director of Institute of Corporate Governance, Japan
		June 2015	Outside Corporate Auditor of Yamaha Corporation Outside Director of AEON Financial Service Co., Ltd.
		June 2017	Outside Director and Chairperson of the Audit Committee of Yamaha Corporation
		September 2019	Member of the Ethics Committee of the Japanese Institute of Certified Public Accountants
		May 2021	Outside Director of J. Front Retailing Co., Ltd. (present)
		August 2021	Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants

Reasons for nomination as candidate for Outside Director and overview of expected roles

HAKODA Junya has been involved in accounting audits, management consulting, and internal audits of auditing firms, etc. for many years at PricewaterhouseCoopers, and has also served as an eminent professor teaching internal audit theory in the Graduate School of Keio University, and therefore has a wealth of experience and high-level expertise in corporate auditing. He also has a high level of expertise in corporate governance and management auditing, having served as the Chairperson of the Audit Committee of Yamaha Corporation when the company changed its organizational design to a company with three committees (nomination, audit, and remuneration). He contributes to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight regarding a wide range of matters including risk management for new businesses, status of monitoring by executives on investment projects including minority stakes, and approaches to organizational audits within the Company.

Moreover, as the Chairperson of the Audit Committee, he has endeavored to strengthen the audit function by fulfilling his roles of auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees), while exchanging opinions and engaging in discussions from the perspective of legality and appropriateness, etc. related to items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee, which he is expected to promote. He is also simultaneously working to enhance the governance of the Group as a whole.

In light of his track record, wealth of experience and considerable insights, the Company expects him to contribute greatly to management of the Group as an Outside Director. As such, he has been nominated as a candidate to continue serving as Outside Director.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, and areas of responsibility</th></tr>
<tr><td rowspan="18">4</td><td rowspan="18">Independent
Outside Director
SEKI Tadayuki
(December 7, 1949)

Number of the Company’s shares owned (shares):
4,798
Number of other shares as stock-based remuneration not yet granted (shares):
10,846
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 18th fiscal year:
15/15
Number of Audit Committee meetings attended
24/24
Tenure as Director (at the conclusion of this meeting):
approx. 5 years</td><td>April 1973</td><td>Joined ITOCHU Corporation</td></tr>
<tr><td>June 1998</td><td>General Manager, Finance Division, ITOCHU International Inc. (Stationed in New York)</td></tr>
<tr><td>June 2004</td><td>Executive Officer of ITOCHU Corporation, CFO of Food Company</td></tr>
<tr><td>April 2007</td><td>Managing Executive Officer, General Manager of Finance Division</td></tr>
<tr><td>June 2009</td><td>Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management and CFO</td></tr>
<tr><td>April 2010</td><td>Representative Director, Senior Managing Executive Officer</td></tr>
<tr><td>May 2011</td><td>Representative Director, Senior Managing Executive Officer and CFO</td></tr>
<tr><td>April 2013</td><td>Representative Director, Executive Vice President and CFO</td></tr>
<tr><td>April 2014</td><td>Representative Director, Executive Vice President, Executive Advisory Officer, CFO & CAO</td></tr>
<tr><td>April 2015</td><td>Adviser</td></tr>
<tr><td>May 2016</td><td>External Director of PARCO Co., Ltd.</td></tr>
<tr><td>June 2016</td><td>Outside Director of NIPPON VALQUA INDUSTRIES, LTD. (present VALQUA, LTD.)</td></tr>
<tr><td>April 2017</td><td>Advisory Member of ITOCHU Corporation (present)</td></tr>
<tr><td>June 2017</td><td>Outside Director of JSR Corporation</td></tr>
<tr><td>July 2017</td><td>Outside Statutory Auditor of Asahi Mutual Life Insurance Company (present)</td></tr>
<tr><td>May 2020</td><td>Outside Director of J. Front Retailing Co., Ltd. (present)
Director of PARCO Co., Ltd.</td></tr>
<tr><td>May 2022</td><td>Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)</td></tr>
<tr><td colspan="2">Important concurrent positions
Outside Statutory Auditor of Asahi Mutual Life Insurance Company
(Concurrent positions in the Group)
Director of Daimaru Matsuzakaya Department Stores Co. Ltd.</td></tr>
<tr><td colspan="4">**Reasons for nomination as candidate for Outside Director and overview of expected roles**
SEKI Tadayuki has many years of experience in international business management and risk management at a general trading company, and has extensive knowledge and experience in finance and accounting as CFO, as well as broad knowledge as an outside director and outside statutory auditor of multiple companies. He contributes to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on a wide range of matters including proposal standards to the Board of Directors, risk management for new investment projects, approaches to performance forecasting, stakeholder communication, and leading practices for enhancing audit functions. He serves as a lead director of the executive session established by the Company as an opportunity for Outside Directors to openly and freely exchange opinions and share information.
As a member of the Audit Committee, he is working to strengthen audit functions by fulfilling expectations of him in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. on items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee, while auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees). He is also simultaneously working to enhance the governance of the Group as a whole.
In light of his track record, wealth of experience and considerable insights, the Company expects him to contribute greatly to management of the Group as an Outside Director. As such, he has been nominated as a candidate to continue serving as Outside Director.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions, and areas of responsibility	
5	Independent Outside Director OMURA Emi (September 2, 1976) Number of the Company's shares owned (shares): **258** Number of other shares as stock-based remuneration not yet granted (shares): – Special interests between the Company and the Candidate: **None** Number of Board of Directors meetings attended during the 18th fiscal year: **12/12** Number of Audit Committee meetings attended **17/17** Tenure as Director (at the conclusion of this meeting): **approx. 1 year**	October 2002	Registered as attorney at law Joined Iwasaki & Motoyama
		March 2007	Registered as attorney at law of New York State, U.S.A.
		July 2008	Partner of Athena Law Office
		September 2010	Associate Expert, International Labour Standards Department, International Labour Organization in Geneva, Switzerland
		September 2013	Partner of Athena Law Office
		January 2014	Director, Office of International Affairs, Japan Federation of Bar Associations
		September 2014	Outside Director of Digital Garage, Inc.
		June 2019	Counsel of Kamiyacho International Law Office
		April 2021	Counsel of CLS HIBIYA TOKYO LAW OFFICE
		November 2021	Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc. (present)
		January 2022	Partner of CLS HIBIYA TOKYO LAW OFFICE (present)
		December 2022	External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD. (present)
		June 2023	Auditor of Japan Association for Women's Education (present)
		May 2024	Outside Director of J. Front Retailing Co., Ltd. (present)
		Important concurrent positions Partner of CLS HIBIYA TOKYO LAW OFFICE Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc. External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD.	

Reasons for nomination as candidate for Outside Director and overview of expected roles

In addition to her global experience in handling abundant cases in international organizations and specialized insights in labor law as an attorney, OMURA Emi has extensive experience as an outside director (audit & supervisory board member) at other listed companies (B to C business). In particular, she is well versed in the practical aspects of sustainability and ESG legal fields such as human rights due diligence, as an expert, she has provided advice on various issues that companies face, including diversity management. Within the Group, she contributes to enhancing the effectiveness of the Board of Directors by actively and assertively providing advice and oversight regarding a wide range of matters including consideration of business plans aimed at the socially conscious younger generation familiar with the SDGs, integration of employee feedback into the Company's distinctive human capital management, and risk identification in new businesses from diverse perspectives.

As a member of the Audit Committee, she is working to strengthen audit functions by fulfilling expectations of her in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. on items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee, while auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees). She is also simultaneously working to enhance the governance of the Group as a whole.

In light of her track record, wealth of experience and considerable insights, the Company expects her to contribute greatly to the Group as an Outside Director. As such, she has been nominated as a candidate to continue serving as Outside Director.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, and areas of responsibility</th></tr>
<tr><td rowspan="2">6</td><td rowspan="2">New Candidate
Independent
Outside Director
YAMADA Yoshihito
(November 30, 1961)

Number of the Company’s shares owned (shares):
None

Special interests between the Company and the Candidate:
None</td><td>April 1984
June 2008

March 2010

June 2010
June 2011
June 2013
June 2023</td><td>Joined Tateishi Electric Corporation (present OMRON Corporation)
Executive Officer of OMRON Corporation and President and CEO of OMRON HEALTHCARE Co., Ltd.
Senior General Manager, Corporate Strategic Planning H.Q. of OMRON Corporation
Managing Executive Officer
Representative Director and President
Representative Director, President & CEO
Chairman of the Board (present)
Outside Director of NEC Corporation (present)</td></tr>
<tr><td colspan="2">Important concurrent positions
Chairman of the Board of OMRON Corporation
Outside Director of NEC Corporation</td></tr>
</table>

Reasons for nomination as candidate for Outside Director and overview of expected roles

YAMADA Yoshihito has demonstrated strong leadership as Representative Director, President & CEO of OMRON Corporation for many years. Since 2023, he has served as Chairman of the Board, focusing on overseeing the management of the company. He possesses extensive experience and deep insights into corporate management and appropriate operations of the Board of Directors from a medium- to long-term perspective.

In addition to serving as a member of the CEO Selection Advisory Committee and the Corporate Governance Committee at the company, he holds a position as an outside director for a listed company. He possesses advanced knowledge in corporate governance and sustainability. We anticipate his proactive advice will enhance the transparency and fairness of the Group’s corporate management, including succession planning.

In light of his track record, extensive experience and deep insights, the Company expects that he will apply them to the appropriate supervision of management in the Group. As such, he has been nominated as a candidate to serve as a new Outside Director.

No.	Name (Date of birth)	Career summary, positions, and areas of responsibility	
7	New Candidate Independent Outside Director SAITO Kazuhiro (October 31, 1956) Number of the Company's shares owned (shares): **None** Special interests between the Company and the Candidate: **None**	April 1979	Joined Suntory Limited
		January 1999	Senior General Manager, Beverage & Food Division
		September 2005	Deputy Division Chief Operating Officer, Beverage & Food Division
		April 2009	Executive Officer of Suntory Holdings Limited and Managing Director of Suntory Beverage & Food Limited
		January 2011	Executive Vice President and Chief Operating Officer, Chinese Beverage & Food Division of Suntory (China) Holding Co., Ltd. and Chair and President of Suntory (Shanghai) Food Trading Co., Ltd.
		April 2014	President and Chief Operating Officer, Chinese Beer & Huangjiu Division of Suntory (China) Holding Co., Ltd.
		April 2015	Managing Executive Officer and in charge of Corporate Planning Division, Chief Operating Officer, Finance & Accounting Division of Suntory Beverage & Food Limited
		April 2016	Full-time Advisor of Suntory Beverage & Food Limited and Chief Executive Officer of Suntory Beverage & Food Asia Pte. Ltd.
		April 2019	Representative Director, President & Chief Executive Officer of Suntory Beverage & Food Limited
		April 2022	Chair of ad-comm Co., Ltd.

Reasons for nomination as candidate for Outside Director and overview of expected roles

SAITO Kazuhiro brings extensive management experience from his time working overseas at the Suntory Group. He also possesses wealth of experience and considerable insights in marketing, corporate planning, finance, and accounting at a beverage and food company.

Over the past four years since 2019, he has served as President & Chief Executive Officer of the beverage and food company, demonstrating strong leadership in group management. He has extensive experience and deep insights into group management from a medium- to long-term perspective. Combined with his rich experience and advanced knowledge in marketing, finance, and accounting, we anticipate his proactive advice will strengthen our governance on both offensive and defensive fronts.

In light of his track record, extensive experience and deep insights, the Company expects that he will apply them to the appropriate supervision of management in the Group. As such, he has been nominated as a candidate to serve as a new Outside Director.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, and areas of responsibility</th></tr>
<tr><td>8</td><td>YOSHIMOTO Tatsuya
(April 13, 1956)

Number of the Company’s shares owned (shares):
158,662
Number of other shares as stock-based remuneration not yet granted (shares):
–
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 18th fiscal year:
15/15
Number of Nomination Committee meetings attended
10/10
Number of Remuneration Committee meetings attended
6/6
Tenure as Director (at the conclusion of this meeting):
approx. 12 years</td><td>April 1979
March 2000

January 2008
May 2008
January 2010

March 2010

May 2012
April 2013

May 2013
May 2017
May 2020
March 2023

March 2024</td><td>Joined The Daimaru, Inc.
Senior Manager of Preparatory Office for Opening Sapporo Store of Planning Office for Sapporo Store, Head Office
General Manager of Tokyo Store
Corporate Officer, General Manager of Tokyo Store
Corporate Officer, General Manager of Sales Planning Promotion Division and Marketing Planning Promotion Division of Department Stores Coordination Division of J. Front Retailing Co., Ltd.
Corporate Officer of Daimaru Matsuzakaya Department Stores Co. Ltd.
Senior General Manager of Management Planning Division
Director and Corporate Officer
President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. and President and Representative Director of Daimaru Matsuzakaya Sales Associates Co. Ltd.
Director of J. Front Retailing Co., Ltd. (present)
Representative Managing Executive Officer
President and Representative Executive Officer
President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit
Executive Officer</td></tr>
<tr><td colspan="4">Reasons for nomination as candidate for Director and overview of expected roles
YOSHIMOTO Tatsuya has a wealth of experience and knowledge in business management, planning, and store operations at Daimaru Matsuzakaya Department Stores Co. Ltd. After becoming that company’s President and Representative Director in 2013, he formulated a new department store business strategy in reaction to the massive changes in the external environment and demonstrated strong leadership aimed at realizing these initiatives.
Since becoming President and Representative Executive Officer of the Company in 2020, under the Medium-term Business Plan aimed at fully returning the Company to the operating profit level of FY2019 in the midst of a harsh business environment, he has exercised leadership for implementing sustainability management and for business innovations aimed at success in future competition and realized full recovery from the COVID-19 pandemic.
Since May 2024, as a Director who does not execute business elected internally, he has contributed to enhancing the Board of Directors’ oversight function by leveraging his extensive experience and insights from a broad perspective as well as conducting supervisory operations that consider all stakeholders based on the Group’s overall strategy and the roles and expectations of individual businesses. As a member of the Nomination Committee, he participates in deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers as well as discussions on the succession plan for Outside Directors, aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. As a member of the Remuneration Committee, he engages in examination and confirmation of remuneration levels and composition under the officer remuneration system revised in line with the medium-term business plan. Through these efforts, by providing necessary advice at suitable times, he contributes to strengthening strategy personnel functions that are closely aligned with business strategies.
The Company expects him to contribute to the improved corporate value and sustained growth of the Group based on his track record and considerable insights. As such, he has been nominated as a candidate to continue serving as Director.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions, and areas of responsibility	
9	HAMADA Kazuko (Name in Family Registry: HIMENO Kazuko) (September 6, 1962) Number of the Company's shares owned (shares): **3,081** Number of other shares as stock-based remuneration not yet granted (shares): **23,142** Special interests between the Company and the Candidate: **None** Number of Board of Directors meetings attended during the 18th fiscal year: **15/15** Number of Audit Committee meetings attended **24/24** Tenure as Director (at the conclusion of this meeting): **approx. 4 years**	April 1985 September 2000 March 2002 March 2005 March 2007 March 2010 March 2013 March 2015 May 2020 May 2021	Joined PARCO Co., Ltd. General Manager of Marketing Department of Sales Management Division Deputy General Manager of Kichijoji PARCO General Manager of Kichijoji PARCO General Manager of Shintokorozawa PARCO Executive Officer (Personnel) Executive Officer (Administration and Personnel) Executive Officer (Group Audit Office) Auditor Director of J. Front Retailing Co., Ltd. (present)

Reasons for nomination as candidate for Director and overview of expected roles

HAMADA Kazuko served as store manager of the Kichijoji and Shintokorozawa stores at PARCO Co., Ltd. before being appointed as an Executive Officer of the company in March 2010. She then engaged in initiatives such as planning a senior management development program as Executive Officer in charge of Administration and Personnel. Based on her wealth of experience, she has broad insights into the store operations and business management of PARCO Co., Ltd. as well as the promotion of corporate diversity.

Furthermore, she has contributed to strengthening the auditing function of the PARCO Business by taking charge of the Group Audit Office from March 2015 and serving as a corporate auditor from May 2020.

Since May 2021, she has served as a member of the Audit Committee as an internally elected Director who does not execute business, attending important internal management and other meetings. She has also contributed to strengthening the audit function by auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees), while exchanging opinions and engaging in discussions from the perspective of legality, appropriateness, etc. related to items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee.

The Company expects her to help enhance corporate value and the sustainable growth of the Group, particularly through the maximization of group synergies with PARCO, by utilizing her wealth of knowledge based on her achievements and experience and fulfilling appropriate management oversight work, and therefore has nominated her to continue serving as Director.

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, positions, and areas of responsibility</th></tr>
<tr><td rowspan="15">10</td><td rowspan="15">ONO Keiichi
(August 2, 1975)

Number of the Company’s shares owned (shares):
25,723
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 18th fiscal year:
12/12
Tenure as Director (at the conclusion of this meeting):
approx. 1 year</td><td>April 1998</td><td>Joined The Daimaru, Inc.</td></tr>
<tr><td>April 2007</td><td>Planning Office for New Umeda Store, Department Store Business Division, Head Office</td></tr>
<tr><td>September 2010</td><td>In charge of Sales Promotion and Advertising of Business Promotion Division of Daimaru Umeda Store, Daimaru Matsuzakaya Department Stores Co. Ltd.</td></tr>
<tr><td>November 2012</td><td>Store Planning Department, Head Office of PARCO Co., Ltd.</td></tr>
<tr><td>November 2013</td><td>In charge of Inbound Business of Sales Planning Unit of Sales & Marketing Headquarters, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd.</td></tr>
<tr><td>September 2015</td><td>General Manager of Inbound Business, Merchandising and Channel Development Division, Head Office</td></tr>
<tr><td>September 2016</td><td>General Manager of Business Promotion Division of Daimaru Kyoto Store</td></tr>
<tr><td>March 2018</td><td>Executive Officer of J. Front Retailing Co., Ltd.</td></tr>
<tr><td></td><td>President and Representative Director of Dimples’ Co., Ltd.</td></tr>
<tr><td>October 2020</td><td>Senior General Manager of Structural Reform Promotion Division of Financial Strategy Unit of J. Front Retailing Co., Ltd.</td></tr>
<tr><td>March 2022</td><td>Managing Executive Officer</td></tr>
<tr><td></td><td>Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management</td></tr>
<tr><td>May 2022</td><td>Director of PARCO Co., Ltd.</td></tr>
<tr><td>March 2024</td><td>President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit of J. Front Retailing Co., Ltd. (present)</td></tr>
<tr><td>May 2024</td><td>Director (present)</td></tr>
</table>

Reasons for nomination as candidate for Director and overview of expected roles

ONO Keiichi has been appointed as the Senior Executive General Manager of Management Strategy Unit after serving as the Senior General Manager of Structural Reform Promotion Division, following his roles as the person in charge of inbound sales at a department store’s planning department, secondment to PARCO, and president of a Group subsidiary. In his role as the person in charge of inbound sales, he formulated innovative strategies that contributed to performance improvement, and as the Senior General Manager of Structural Reform Promotion Division, he proceeded with transformation of the business portfolio, the Group-wide fixed cost reduction, and more. After his appointment as Senior Executive General Manager of Management Strategy Unit in March 2022, he has continued to take on unprecedented challenges such as corporate acquisitions, CVC, and launching business succession funds, in addition to formulating strategies for the Group as a whole. In addition, he has extensive experience and capability in overseeing the entire Group, including serving as a director for several Group operating companies and being involved in their management. In the Medium-term Business Plan that began this fiscal year, he has formulated the direction for the Group from a broad and long-term perspective, and promoted the Group-wide strategies.

Since assuming the role of President and Representative Executive Officer in March 2024, he has demonstrated leadership in overall management, building business strategies from a Group-wide perspective and driving transformation for future growth. He is actively working towards achieving the Medium-term Business Plan (FY2024-FY2026) and also the vision of evolving into a Value Co-creation Retailer Group by 2030.

As such, the Company has judged that he is a competent professional who can contribute to the enhancement of corporate value and the sustainable growth of the Group in terms of both supervision and execution by leading business execution acting as President and Representative Executive Officer, and accordingly has nominated him as a candidate to continue serving as Director.

Special notes regarding the candidates for Director

- The Company has entered into an agreement with candidates for Directors KOIDE Hiroko, YAGO Natsunosuke, HAKODA Junya, SEKI Tadayuki, OMURA Emi, YOSHIMOTO Tatsuya, and HAMADA Kazuko individually to limit his/her liability for damages stipulated in Paragraph 1, Article 423 of the Companies Act as prescribed in Paragraph 1, Article 427 of the said Act. If the election of the new candidates for Director YAMADA Yoshihito and SAITO Kazuhiro are approved under this proposal, the Company plans to enter into the same agreement with both candidates.
- The Company has entered into a Directors and Officers liability insurance contract with an insurance company based on the prescription of Paragraph 1, Article 430-3 of the Companies Act. Under such an insurance contract, the Company will bear the full amount of insurance premiums for all the insured. The insurance contract covers all Directors and Executive Officers of the Company and all Directors and Audit & Supervisory Board Members of its subsidiaries. If the election of each candidate for Director is approved under this proposal, they will become insured under the insurance contract. The Company plans to renew the insurance contract with the same terms at the next renewal.
- Candidates for Directors KOIDE Hiroko, YAGO Natsunosuke, HAKODA Junya, SEKI Tadayuki, and OMURA Emi are independent officers who have been given the obligation by the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. to protect ordinary shareholders. The Company has notified each of the stock exchanges that the Company will designate the new candidates for Director YAMADA Yoshihito and SAITO Kazuhiro as independent officers if their election is approved under this proposal.
- Candidates for Directors who concurrently serve as Director within the Group do not execute business in the concurrent position.
- At Mitsubishi Electric Corporation, where candidate for Director KOIDE Hiroko had been in office as an Outside Director since June 2016, several incidents of quality misconduct regarding several products of the company came to light from April 2021. After the incidents came to light, several manufacturing bases of the company related to the incidents received notice, some that their ISO 9001 and IRIS certifications would be suspended, and other that part of the scope of their ISO 9001 certification and the whole of their IRIS certification would be canceled from July 2021 and onwards. She was not directly involved in the incidents and was not aware of the incidents until they came to light. She had regularly provided advice from the point of view of compliance with laws and regulations even before the incidents came to light, such as by expressing her opinion at meetings of the Board of Directors regarding the importance of a change in thinking with regard to quality issues, etc., and had continued to fulfill her duty as an Outside Director after the incidents came to light by providing advice and oversight with respect to efforts aimed at thorough compliance with laws and regulations and with contracts and at the implementation of effective measures to prevent fraud.

(Reference) The Company's criteria for determining the independence of Outside Directors are as follows.

In appointing the Company's Outside Directors, we select individuals who maintain a high degree of independence and consequently are not susceptible to conflicts of interest involving the Company's shareholders. An individual does not meet the criteria for independence if one or more of the items listed below apply to that individual.

(i) Person who executes business in the Group
(ii) Major shareholder of the Company (including person who executes business thereof; the same applies with items (iii) to (vi) below)
(iii) Major business partner of the Group
(iv) Person affiliated with a law office, audit firm, consultancy, or other entity that receives payment other than executive compensation of more than a certain amount from the Group
(v) Recipient of donations of more than a certain amount contributed by the Group
(vi) Related party in cases where the party is engaged in an arrangement involving a reciprocal officer appointment with the Group
(vii) Person with respect to whom any of items (i) to (vi) has applied at any point over the last five years
(viii) Spouse or relative within the second degree of consanguinity of a person with respect to whom any of the items (i) to (vii) applies

With respect to the above, "person who executes business" refers to an Executive Director, an Executive Officer, and any other employee; "major shareholder" refers to a shareholder who holds voting rights accounting for no less than 10% of the Company's voting rights; "major business partner" refers to a business partner whose transactions with the Group account for 2% or more of the Company's annual consolidated net sales or the business partner's annual net sales for any of the fiscal years over the last five years; "a certain amount" refers to an annual amount of ¥10 million in any of the fiscal years over the last five years.

Business Report (From March 1, 2024 to February 28, 2025)

1. Current status of the corporate group

(1) Business summary and results

During the fiscal year under review, despite weakness in some areas such as housing investment the Japanese economy experienced a moderate recovery overall, thanks to robust capital investment that unfolded against a backdrop of improvements in corporate profitability, and to growth in consumption by visitors to Japan from overseas.

Regarding personal spending, although the employment environment and income conditions continued to improve the outlook remained uncertain, with rising prices and other factors resulting in progress in consumer sentiment coming to a standstill.

<Initiatives for the initial fiscal year of the Medium-term Business Plan (FY2024-FY2026)>

In this operating environment, and under the new management system, the Company set its sights on 2030 with the start of the new Medium-term Business Plan (FY2024-FY2026).

The Company is promoting corporate activities that are aligned with “sustainability management” aimed at tackling environmental and social issues and finding solutions for them through business in order to realize the Group Vision of “Create and Bring to Life ‘New Happiness.’” In the spring of last year, the Company redrew its Vision for 2030 based on its strengths and on changes in the business environment that it considers important, aiming to transform itself into a “Value Co-creation Retailer” that continues to provide “three co-creation values” with the retail business at its core.

Three co-creation values

“Co-creation of Excitement”
Customers and employees working together to generate excitement.

“Co-prosperity with Communities”
Enhancing local community charm while giving it an important and essential presence.

“Co-existence with the Environment”
Cultivating a culture in which anyone can contribute to building a society that co-exists with the environment.

In this Medium-term Business Plan, we have positioned this period as a period of change to achieve our Vision for 2030 and increase the likelihood of growth over the medium to long term. As a key strategy, we are focusing on further strengthening the retail businesses, particularly the Department Store Business and the SC Business, evolving Group synergies to realize dramatic growth, and strengthening the Group’s management foundation to enhance the effectiveness of these strategies.

“Recovery from COVID-19” (FY2021-FY2023) → **“Period of Change” (FY2024-FY2026)** → **“Exponential Growth” (FY2027-FY2030)**

Key Strategy:
Deepening the Retail Business

1. Expand domestic/overseas customer groups
2. Enhance charm of customer touchpoints
3. Enhance content for premium and aspirational consumer group

Key Strategy:
Evolving the Group Synergies

1. Expand JFR Group’s customer base
2. Maximize value of areas
3. Own and develop proprietary content

Strengthening the Group Management Foundation
(Human Resources, Financial Position, System Strategies, and Corporate Governance)

1) Strengthening the retail business

To enhance the appeal of consumer contact points and further increase our competitive advantage, as well as to prepare for deeper cultivation of existing customers and the winning of next-generation customers, mainly in the Department Store Business, we began renovating the Matsuzakaya Nagoya store where we conducted a gradual reopening, floor by floor, starting in November 2024. We have also decided to promote a large-scale renovation of the Daimaru Umeda store, for the first time since the opening of the store, through collaboration with other companies.

In the SC Business, we renovated Nagoya PARCO based on the theme of being the foremost store in the Tokai area in terms of integrating fashion and entertainment, and introduced leading fashion brands as well as expanding our offering of pop culture shops. We also worked to broaden anime and subculture in which PARCO excels, expanding content for the premium and aspirational consumer group by developing the business through the licensing of popular manga.

In terms of initiatives to expand our customer base, as well as working to increase the number of app members we took steps to revamp the app by enhancing its media functions. In order to enhance our response to overseas customers, in the Department Store Business, we have built a new communications platform aimed at visitors to Japan from overseas, and also worked in partnership with companies both inside and outside Japan for the mutual exchange of customers.

2) Evolving Group synergies

With the goal of maximizing synergies chiefly in our seven priority areas, we worked mainly on store renewals in the Nagoya Sakae district as well as moving forward in the Developer Business with development plans for The Landmark Nagoya Sakae, which is scheduled to open in 2026. In addition to making progress with the development of the Shinsaibashi Project (tentative name) in the Osaka Shinsaibashi area, which is scheduled to begin operations in 2026, we made Shinsaibashi Kyodo Center Building, K.K., which owns the Daimaru Shinsaibashi South Building, a subsidiary. We also took the decision to invest in a special purpose company to acquire the neighboring Shinsaibashi Building, which was previously the head office of the Kansai Urban Banking Corporation. In the Fukuoka Tenjin area, we worked to promote plans for redevelopment in partnership with other companies.

Based on our policy of reorganizing and strengthening the interior design business and building management business, in September 2024 we integrated the Group internal building management service into PARCO SPACE SYSTEMS Co., Ltd.

In the Payment and Finance Business, we continued to consolidate in-house card issuance operations in preparation for expansion in the Group customer base, commencing the issue of the new GINZA SIX Card in April 2024 and the new PARCO Card in February 2025.

In addition, we concluded an agreement with Komehyo Co., Ltd. in November 2024 to establish a joint venture company aimed at increasing the number of customer touchpoints and providing new value by entering the reuse market, which is expected to grow in the future. Also, for the purpose of seeking solutions to the business succession challenges of local communities, contributing to regional economies, and discovering appealing regional content, we set up a business succession fund together with external partners and executed the first investment deal through this scheme.

3) Strengthening the Group's management foundation

In terms of our human resource strategy, in order to realize our transformation into a Value Co-creation Retailer and to promote a human resource strategy that is integrated with the management strategy, we formulated a common Group Human Resources Management Policy, and worked to strengthen systems for accelerating the human resource strategy.

As for systems strategy, in addition to deploying a common accounting system for the entire Group to raise the level of management and administration sophistication and enhance operational efficiency, we also worked on such initiatives as integrating groupware to encourage a more active approach to internal and external communications. We also formulated a new Group System Philosophy.

Moreover, we implemented some changes to our corporate governance so that, in addition to the chairpersons of the existing three statutory committees, we changed the chairperson of the Board of Directors to an independent Outside Director. These resulted in a further strengthening of the supervisory function.

In terms of financial strategy, as well as moving forward with initiatives in partnership with the operating companies aimed at encouraging ROIC management to take root within the Company, with the aim of enhancing return on capital over the medium to long term, optimizing equity, and improving shareholder returns, we maintained a consolidated dividend payout ratio of 40% or more (excluding gain on step acquisitions), and conducted purchases of treasury shares totaling ¥10.0 billion.

4) Consolidated revenue and results by segment for the fiscal year under review

(i) Consolidated revenue

As a result of various measures including those mentioned above in the fiscal year under review, the Company set record highs at all levels of consolidated profit for the first time since the business integration in 2007, and achieved the profit targets for the final year of the Medium-term Business Plan (FY2026).

Specifically, revenue was ¥441,877 million, up 8.6% year on year. Business profit was ¥53,490 million, up 20.7% year on year as a result of the increase in revenue, which together with efforts to reduce expenses outweighed strategic expenditures. Operating profit was ¥58,199 million (up 35.2% year on year), mostly due to the recording of gain on step acquisitions, although impairment losses were recorded at some branches of our department stores. Profit before tax was ¥55,785 million (up 34.9% year on year), and profit attributable to owners of parent was ¥41,424 million (up 38.5% year on year), demonstrating a large increase in profit.

Regarding dividends, in consideration of performance in the fiscal year under review, the Company has decided to pay an annual dividend of ¥52 per share (¥36 in the previous fiscal year), for an increase of ¥16 relative to the previous fiscal year. This is the highest-ever level for the dividend.

<Key performance indicator results>

	FY2023 results	FY2024 results	(Reference) FY2026 targets
Consolidated business profit	¥44,300 million	¥53,400 million	¥52,000 million
Consolidated ROE	8.1%	10.5%	8.0% or more
Consolidated ROIC	5.1%	6.2%	5.0% or more
Greenhouse gas emissions*	(57.4)%	(64.5)%	(58.0)%
Ratio of women in management positions	22.5%	26.2%	31.0%

* Greenhouse gas emissions: Scope 1 + 2 compared to FY2017; figure for FY2024 is a rough estimate.

(ii) Results by segment

Revenue and business profit by business segment of the corporate group (Millions of yen)

Business segment	17th fiscal year (Fiscal 2023)				18th fiscal year (Current fiscal year) (Fiscal 2024)			
	Revenue		Business profit		Revenue		Business profit	
	Results	Composition	Results	Composition	Results	Composition	Results	Composition
		%		%		%		%
Department Store Business	239,100	58.7	26,108	58.9	263,643	59.7	33,982	63.5
SC Business	58,731	14.4	8,422	19.0	64,418	14.6	12,745	23.8
Developer Business	81,318	20.0	7,785	17.6	90,658	20.5	8,360	15.6
Payment and Finance Business	13,115	3.2	2,777	6.3	13,135	3.0	1,637	3.1
Total	392,265	96.4	45,093	101.7	431,855	97.7	56,727	106.1
Other	47,341	11.6	843	1.9	50,716	11.5	832	1.6
Adjustments	(32,600)	(8.0)	(1,606)	(3.6)	(40,694)	(9.2)	(4,069)	(7.6)
Consolidated total	407,006	100.0	44,330	100.0	441,877	100.0	53,490	100.0

* 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. In addition, due to reorganization

within the Group as of September 1, 2024, a part of the management business of J. Front One Partner Co., Ltd. (formerly JFR Service Co. Ltd.), which had been included in “Other,” was transferred to PARCO SPACE SYSTEMS Co., Ltd. that is included in the “Developer Business” and another company. Results for the previous fiscal year were accordingly deemed to have changed on March 1, 2023, and retroactive revisions have been applied.

Department Store Business

- Use strategic renovations to enhance content for premium and aspirational consumer group
- Duty-free sales hit record high

Revenue of ¥263,643 million, business profit of ¥33,982 million

<Reference data>
Gross sales of ¥824,785 million (+10.2% YoY), operating profit of ¥29,677 million (+26.7% YoY)

Net sales increased significantly due mainly to the impact of renovations aimed at enhancing content for the premium and aspirational consumer group, and growth in sales to overseas visitors to Japan.

By store, sales to inbound tourists were brisk at the Daimaru Shinsaibashi and Kyoto stores, while the performance of major stores was strong, including the Daimaru Kobe and Sapporo stores, which carried out strategic renovations, and the Daimaru Tokyo store, which is located at a terminal site. These factors drove the overall performance.

We have been promoting a major renovation at the Matsuzakaya Nagoya store in accordance with our key strategy, and reopened it gradually starting in November 2024. This renovation aims to enhance experiential value unique to a physical store, and to win next-generation customers. In addition to expanding luxury brand offerings, we enhanced content that captures next-generation market needs, such as fashion, art, alcoholic beverages, beauty, and wellness. We made a joint announcement with other companies regarding major renovation plans for the South Gate Building, where the Daimaru Umeda store is located.

Moreover, we revamped the Daimaru Matsuzakaya App to enhance its media functions in order to build strong relationships with customers.

As a result of various measures including those mentioned above, revenue was ¥263,643 million, up 10.3% year on year. Business profit was ¥33,982 million, up 30.2% year on year, demonstrating a large increase in profit.

SC Business

- Success of strategic renovations at flagship stores and growth in transaction volume with inbound tourists

Revenue of ¥64,418 million, business profit of ¥12,745 million

<Reference data>
Gross sales of ¥332,739 million (+11.8% YoY), operating profit of ¥12,850 million (+35.8% YoY)

In order to strengthen the retail business, we strived to increase the distinctive brand value of PARCO and the value of visiting our stores through strategic renovations, setting our sights on extending support from Generation MZ and overseas customers.

We renovated Nagoya PARCO based on the theme of providing the Tokai area’s most sophisticated fashion and diverse entertainment, while at Sendai PARCO we strengthened fashion and entertainment, and at Hiroshima PARCO we conducted strategic renovation with the aim of attracting one-of-a-kind shops in the area.

We also worked to enhance the dissemination of information to foreign tourists visiting Japan and to strengthen relationships, such as by partnering with overseas companies, mainly in Asia. At Shibuya PARCO and Shinsaibashi PARCO, a significant increase in transaction volumes with inbound tourists became a driver for performance.

In the culture business, theatres recovered and in music Shibuya CLUB QUATTRO turned in a strong performance. At our collaboration cafes we had success in business development through the licensing of popular manga.

Moreover, in April 2024, we signed a basic agreement on a strategic alliance with Hyundai, a major department store chain in South Korea, and we also staged popup events at Shibuya PARCO in order to win new customers, primarily in the MZ generations.

As a result of various measures including those mentioned above, revenue was ¥64,418 million, up 9.7% year on year. Business profit was ¥12,745 million, up 51.3% year on year, demonstrating a large increase in profit.

Developer Business

- Working to raise synergies in key areas, and promoting long-term strategic projects to maximize area value

Revenue of ¥90,658 million, business profit of ¥8,360 million

<Reference data>
Gross sales of ¥90,658 million (+11.5% YoY), operating profit of ¥8,189 million (+6.7% YoY)

Factors such as recording a gain on the sale of properties held by J. Front City Development Co., Ltd., and an increase in orders for the hotel interior finishing and construction at J. Front Design & Construction Co., Ltd. led to higher revenue and profit.

In terms of key strategies, in the development of the Company's key areas, we have steadily promoted The Landmark Nagoya Sakae and the Shinsaibashi Project (tentative name), both of which are scheduled for completion and opening in FY2026. We also took the decision to invest in a special purpose company to acquire the Shinsaibashi Building. In the Tenjin 2-chome South Block Station-front East West Street Area Project (tentative name), we are moving forward with plans across the Group, based on the finalization of city planning by the district planning and urban redevelopment project.

In addition, to reorganize and strengthen the building management business of the Group, in September 2024, the building management business of J. Front One Partner Co., Ltd. (formerly JFR Service Co. Ltd.) was transferred to PARCO SPACE SYSTEMS Co., Ltd.

As a result of various measures including those mentioned above, revenue was ¥90,658 million, up 11.5% year on year, and business profit was ¥8,360 million, up 7.4% year on year.

Payment and Finance Business

- Beginning of new card issuance to expand the Group customer member base

Revenue of ¥13,135 million, business profit of ¥1,637 million

<Reference data>
Gross sales of ¥13,135 million (+0.1% YoY), operating profit of ¥1,460 million (-43.5% YoY)

As part of efforts to implement key strategies, we worked to expand the number of card members and promote usage through collaboration with the Department Store Business. To pave the way for the expansion of our base of new customers, we also started issuing the GINZA SIX Card and the new PARCO Card as an initiative to consolidate the Group's cards. In the Affiliated Store Business, we developed external affiliates centered on the key areas, and worked on the expansion of acquiring operations at the Group's commercial facilities.

Also, to reinforce the effort 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.

As a result of various measures including those mentioned above, revenue was ¥13,135 million, up 0.1% year on year, due mostly to higher transaction volumes that drove increases in affiliated store fees, and outweighed increases in point costs. Business profit was ¥1,637 million, down 41.0% year on year, as selling, general, and administrative expenses rose as a result of an increase in investments for the consolidation of the Group's cards and in personnel expenses.

(2) Explanation of financial position

(Assets, liabilities, and equity as of February 28, 2025)

Total assets as of February 28, 2025 were ¥1,164,147 million, up ¥49,421 million compared with February 29, 2024. Total liabilities were ¥740,911 million, an increase of ¥20,417 million compared with February 29, 2024. Interest-bearing liabilities (including lease liabilities) were ¥363,578 million, down ¥820 million compared with February 29, 2024.

Total equity was ¥423,235 million, an increase of ¥29,003 million compared with February 29, 2024.

(Cash flow position)

The balance of cash and cash equivalents (hereinafter "cash") as of February 28, 2025 was ¥54,975 million, down ¥16,367 million compared with February 29, 2024.

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

Net cash provided by operating activities was ¥85,812 million. In comparison with the previous fiscal year, cash provided decreased by ¥4,880 million due to an increase in working capital, etc., despite an increase in profit before tax.

Net cash used in investing activities was ¥28,308 million. In comparison with the previous fiscal year, cash used increased by ¥41,737 million, due to such factors as the renovation of the Matsuzakaya Nagoya store and the acquisition of the shares of Shinsaibashi Kyodo Center Building, K.K.

Net cash used in financing activities was ¥74,001 million. In comparison with the previous fiscal year, cash used increased by ¥1,255 million, largely due to purchases of treasury shares.

(3) Status of capital investment

The basic approach taken regarding the Group's recurring capital investment is to keep such investment within the scope of the amount of depreciation. In the current fiscal year, total capital investments were ¥23,855 million.

(i) Major facilities completed during the current fiscal year

Major facilities completed during the current fiscal year included investments in renovating sales floors at the Matsuzaka Nagoya store in the Department Store Business. There were also acquisitions of assets for internal renovations and facility upgrades at Nagoya PARCO, Sendai PARCO, and other stores in the SC Business, and investment in store renovation and facility upgrades in the Developer Business.

(ii) New construction and expansions of major facilities during the current fiscal year

New construction following progress in plans for The Landmark Nagoya Sakae

(iii) Sales, removals, and losses of major non-current assets

Sale, etc. of assets following the withdrawal of Utsunomiya PARCO

(4) Status of procurement

The Group's basic policy is to source funds needed for business activities using funds generated by the Group. Moreover, when the need arises for business investment or other expenditures, the holding company spearheads efforts to procure such funds mainly by issuing bonds and borrowing from financial institutions, with consideration placed on maintaining financial soundness.

The Group subsidiaries do not procure funds from financial institutions, but instead we promote streamlined means of procuring the Group funds by seeking needed funding through intra-Group financing using a cash management system.

For the current fiscal year, based on the above policy, we procured ¥8,500 million through long-term borrowings from financial institutions. Meanwhile, with the repayment of ¥12,400 million in long-term borrowings and the redemption of ¥20,000 million of unsecured straight bonds, our balance of interest-bearing liabilities (excluding lease liabilities) decreased by ¥23,800 million compared to February 29, 2024 to ¥190,000 million.

(5) Issues to be addressed

Accelerating our transformation into a Value Co-creation Retailer

Performance in the first year of the Medium-term Business Plan (FY2024-FY2026), which commenced under a new structure aligned with sustainability management, benefited not only from the promotion of the growth strategy with a focus on 2030 but also on the successful implementation of measures designed to capture the tailwind of such external environmental factors as growth in the number of foreign tourists visiting Japan, and led to the business profit target initially set for the final year of the Medium-term Business Plan (FY2026) being achieved early.

Meanwhile, as for the outlook for the business environment going forward, we recognize that we need to keep a close eye on changes in the global situation and the risk of downward pressure on domestic spending and inbound consumption due mainly to the outlook for domestic and overseas economies, including interest rate and exchange rate fluctuations, as well as prolonged rising prices.

In order to increase the likelihood of growth over the medium to long term and realize our 2030 vision of transforming ourselves into a Value Co-creation Retailer, it is essential that we expand our business base by accelerating our growth strategy, and build a solid management foundation to steadily promote these strategies.

In FY2025, the second year of the Medium-term Business Plan, we have revised up the key performance indicator targets in the Medium-term Business Plan, and we will work to expand our business base by promoting our growth strategy even more actively, such as by growing our customer base in Japan and overseas, strengthening the retail business, and evolving Group synergies, which includes the maximization of value in our seven priority areas.

In addition, this Medium-term Business Plan is positioned as a “period of change” towards achieving our Vision for 2030. As part of its efforts to build a solid management foundation that increases the likelihood of sustainable growth in a highly uncertain business environment, the Group members will work together as one to steadily promote such initiatives for corporate transformation as actively investing in the business and human resources, and intensifying efforts to reorganize the business.

Strengthening our key strategies based on the Medium-term Business Plan

1) Upward revisions to our key performance indicator targets

Based on results for FY2024, we have revised up key performance indicator targets for the final year of this Medium-term Business Plan (FY2026).

Specifically, we will aim for consolidated business profit of ¥56,000 million (initial target: ¥52,000 million) and consolidated ROIC of at least 6.0% (initial target: at least 5.0%) as the financial targets, and for reductions in greenhouse gas emissions of 70% (initial target: 58%) as a non-financial target.

<Key performance indicator targets>

	FY2026 new targets	FY2026 initial targets	(Reference) FY2024 results
Consolidated business profit (IFRS)	¥56,000 million	¥52,000 million	¥53,400 million
Consolidated ROE	8.0% or more	8.0% or more	10.5%
Consolidated ROIC	6.0% or more	5.0% or more	6.2%
Greenhouse gas emissions*1	(70.0)%	(58.0)%	(64.5)%
Ratio of women in management positions*2	31.0%	31.0%	26.2%

*1 Scope 1 and 2 reduction ratio (compared with FY2017); result for FY2024 is a rough estimate (final figure is under calculation).

*2 As of March 1, 2025: 27.3%

2) Strengthening the retail business

In the mainstay Department Store Business and SC Business, we will strengthen initiatives to expand the customer base in Japan and overseas, improve the appeal of customer contact points, and enhance content for the premium and aspirational consumer group. In particular, we will respond to affluent foreigners by leveraging our platform for overseas customers (inbound CRM), and address the domestic market for affluent individuals by conducting our *gaisho* (out-of-store sales) activities over a wider geographic area, thus prioritizing the expansion of our customer base.

(i) Expand the customer base overseas

- As well as using the inbound CRM that began full-fledged operation at the end of FY2024 to achieve centralized management of information pertaining to overseas customers visiting Japan, the Department Store Business will enhance the dissemination of information in accordance with customer needs, and encourage them to revisit our stores.
- Through partnerships with companies in Japan and overseas whose customers consist of primarily affluent foreigners, we will strengthen measures for directing customers to the Group stores. Furthermore, by building a system of attending customers that transcends the barriers between department stores and PARCO operating in the same area, the Group members will work together to strengthen our ability to respond to affluent foreigners, with the objective of expanding the customer base.

(ii) Strengthen our response to the affluent market segment

- In preparation for the expansion of the customer base, we will enhance communications with customers through the use of digital technology and by conducting our *gaisho* activities over a wider geographic area, as well as taking steps to enhance content through the development of new products and services in partnership with external companies. With a focus on the sustainable growth of the *gaisho* business, we will also work to bolster our human resources and reinforce organizational structures.

(iii) Enhance content for premium and aspirational consumer group

- We will steadily promote major renovations centered on flagship stores such as Shibuya PARCO, Nagoya PARCO, and Sendai PARCO, while continuing to develop IP-based content such as the Japan modes, character zones, and anime that have being highly rated by both domestic and overseas customers.

3) Evolving the Group synergies

We will tackle the maximization of area value, expansion of the Group customer base, ownership and development of in-house contents, and the reorganization and strengthening of the interior design business. Particularly for the maximization of area value, we are working to strengthen relationships within the Group and with communities, such as by drawing up and promoting measures to create a bustling town in the Sakae area of Nagoya. In the Shinsaibashi area of Osaka, we are engaging in area development plans focused on the future, such as by participating in new development projects. In the Fukuoka Tenjin area, we are working on redevelopment plans that will utilize one of the best locations in Kyushu.

(i) Maximization of area value

A. Nagoya Sakae area

- In addition to major renovations of the Matsuzakaya Nagoya store and Nagoya PARCO, we are waiting for the opening of The Landmark Nagoya Sakae that is scheduled for 2026, all of which will lead to steady progress in the appeal of the Group’s commercial facilities in that area.
- Going forward, we will steadily promote measures for the creation of a bustling town such as local activities involving surrounding facilities, companies, and creators. To that end, in March 2025, we created a new dedicated organization whose role extends across the Group.

B. Osaka Shinsaibashi area

- Based on the vision for the future of Midosuji Avenue being promoted by the city of Osaka (spatial reorganization into a people-centered street boasting global recognition), the Osaka Shinsaibashi area is expected to become even more bustling, and we plan to open new commercial complexes in 2026 to follow those of Daimaru Shinsaibashi and Shinsaibashi PARCO.
- As well as beginning to consider a future vision for the Daimaru Shinsaibashi South Building, which is owned by Shinsaibashi Kyodo Center Building, K.K., which we made a subsidiary in FY2024, we are participating in the redevelopment project for the Shinsaibashi Building. In this way we are reinforcing and executing our strategy of maximizing value of the area by further extending the district's retail industry.

(ii) Expansion of the Group customer base

- We will move steadily forward with the consolidation of in-house card issuance operations within the Group. Following the new GINZA SIX and PARCO cards in FY2024, we began issuing the new Hakata Daimaru card in March 2025. Taking advantage of these opportunities, the Group will work together as one on the expansion of the customer base, which includes the acquisition of new card members.
- Moreover, we are conducting intensive investigations into the realization of services and customer collaboration that transcends businesses and stores, such as centralization of points within the Group, and the expansion of customer services that are tailored to the characteristics of different areas.

(iii) Ownership and development of in-house contents and business development

- In preparation for new growth in the retail business, we will own and develop in-house content with a view to future business development, not only of our own stores but also overseas, including those in the digital domain. We will also promote the development of new businesses by combining the organizational capabilities of the department stores and PARCO, including their discernment, procurement capabilities, and networks.
- To accelerate and promote these initiatives, we will strengthen M&A and collaboration with other companies, and growth strategy investments through the Company's business succession and CVC funds.

(iv) Reorganization and strengthening of the interior design business

- Following the integration of the building management business in FY2024, we are planning to merge the current J. Front Design & Construction Co., Ltd. and PARCO SPACE SYSTEMS Co., Ltd. in March 2026, in preparation for reorganizing and strengthening the interior design business.
- Using this opportunity, we will strive to expand the business base by creating high-quality spatial value in the Group stores within the seven priority areas and in facilities outside the Group, as well as by recruiting and developing specialized professionals.

4) Strengthening the Group's management foundation

We are working together as a Group to strengthen the management foundation to achieve our Vision for 2030 and enhance the effectiveness of our strategies. In particular, we will actively invest in people, who are our partners in value co-creation, and speed up our efforts to draw up and execute our human resource strategy.

(i) Human resource strategy

- Based on the newly formulated Human Resources Management Policy, we aim to achieve the sustainable growth of people and organizations by strengthening and reallocating human resources in a way that is integrated with the management strategy. We will take a particularly active approach to enhancing the ability to create value and to develop subordinates, strengthening recruitment of specialized personnel, and promoting the participation of women.
- By energizing human interactions within the Group, we will seek to increase opportunities for the participation of diverse human resources, and to blend the human networks and knowledge of our

employees. In order to promote measures aimed at manifesting such synergies, we will build a common Group human resources platform.

(ii) Systems strategy

- Based on our newly formulated Group System Philosophy, we will promote a shift to common systems within the Group and the use of a data platform.
- We aim to sophisticate the management and administration as well as streamlining operations through the full-fledged deployment of a common Group accounting system.
- We will promote IT governance through such measures as enhancing system investments and asset management, and strengthening risk management, including our ability to handle information security.

(iii) Financial strategy

- With the aim of medium- to long-term improvements in capital profitability, we will strengthen promotion of ROIC management through such initiatives as taking a thorough approach to managing investments based on growth potential and profitability, and encouraging this to take root within the Company through cooperation with operating companies.
- As well as seeking to generate free cash flow, we will move forward with active investments focused on the future. We will make every effort to secure long-term stable funding based on trends in the financial and capital markets, and apply appropriate control to interest-bearing liabilities, etc. to secure financial soundness.

(iv) Corporate governance

- Under the new management system, we aim to accelerate management decision-making and execution, and we seek to realize medium- to long-term growth and continuous enhancement of corporate value by further enhancing the oversight function of the Board of Directors and advancing governance.

(6) Sustainability Initiatives

- Materiality Issues (Important Issues)

In preparation for realizing through our business the three values that we wish to provide to society (Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment), we have identified five materiality issues (key issues). By blending materiality initiatives into our business strategies, we will achieve both sustainable growth for the Company and “Well-Being Life” for all our stakeholders.

▶ Achieving 2050 Net Zero

In order to achieve 2050 Net Zero, the Company is implementing the two initiatives of reducing greenhouse gas emissions, and promoting the circular economy. We are promoting resource recycling through thorough efforts to conserve energy and an accelerated shift to renewable energy in order to reduce greenhouse gas emissions, as well as by strengthening the 3Rs (Reduce, Reuse, Recycle) and expanding circular businesses.

(i) Expanded use of renewable energy

Beginning with the opening of the Daimaru Shinsaibashi store in 2019, which uses 100% renewable energy, our stores have been expanding their use of renewable energy*. As of the end of February 2025, the renewable energy ratio had exceeded 60%. Because this meant that we had hit the initial target for 2030 ahead of schedule, we raised the target to 75%. We also set a new target of 90% by 2040.

* Reference:	Shift to renewable energy in stores (as of February 28, 2025)	
	Daimaru Matsuzakaya Department Stores	9 stores of 15
	PARCO	13 stores of 16

(ii) Recycling of waste food oil (used food oil)

In September 2023, Daimaru Matsuzakaya Department Stores began participating in the “Fry to Fly Project,” an initiative for encouraging the recycling of waste food oil with the aim of achieving large-scale production of sustainable aviation fuel (SAF). As of the end of February 2025, it provides waste food oil derived from restaurants and shops offering ready-prepared meals at nine department stores, accounting for approximately 69% of the total volume generated by all stores.

(iii) Reuse business (repurchases)

In November 2024, we concluded a joint venture agreement with Komehyo Co., Ltd. to establish a joint venture company, and in March 2025 we entered the reuse business by establishing JFR & KOMEHYO PARTNERS Co., Ltd.

It plans to gradually open specialist repurchasing shops in Daimaru, Matsuzakaya, and PARCO stores from the summer of 2025 onward. By enabling the passing of objects with value from one person to another so that they can be used and appreciated over long periods of time, we will help to achieve a sustainable society.

▶ Business and human rights initiatives

In accordance with the Guiding Principles on Business and Human Rights set out by the United Nations, respect for human rights is the foundation of all business activities of the Company, which conducts human rights due diligence* based on its Human Rights Policy.

In FY2024, we engaged in dialogue where necessary with suppliers, based on the results of an assessment that aimed to check the state of their initiatives for respect of human rights, which was conducted in the previous fiscal year. In addition, in January 2025 we held the first web-based seminar with experts, aiming to encourage deeper understanding of the importance of respect for human rights and related basic knowledge. We also implement e-learning every year for employees.

* Multiple initiatives to identify, prevent, and mitigate negative impacts on human rights in the value chain, evaluate the effectiveness of such initiatives, and disclose information on how that has been addressed

* Human rights initiatives
https://www.j-front-retailing.com/english/sustainability/diversity/diversity04.html

* More information about our sustainability can be found here.
https://www.j-front-retailing.com/english/sustainability/sustainability.html

(7) Status of assets and profit or loss

Changes in assets and profit or loss of the corporate group

(Millions of yen, unless otherwise stated)

International Financial Reporting Standards (IFRS)				
Category	15th fiscal year (Fiscal 2021)	16th fiscal year (Fiscal 2022)	17th fiscal year (Fiscal 2023)	18th fiscal year (Fiscal 2024)
Gross sales	865,919	998,755	1,151,972	1,268,322
Revenue	331,484	359,679	407,006	441,877
Business profit	11,718	24,854	44,330	53,490
Operating profit	9,380	19,059	43,048	58,199
Operating profit/revenue	2.8%	5.3%	10.6%	13.2%
Profit before tax	6,190	16,873	41,343	55,785
Profit attributable to owners of parent	4,321	14,237	29,913	41,424
Total assets	1,192,907	1,120,953	1,114,726	1,164,147
Total equity	362,120	371,410	394,232	423,235
Equity attributable to owners of parent	350,368	359,385	381,898	409,646
Ratio of equity attributable to owners of parent to total assets	29.4	32.1	34.3	35.2
Interest-bearing liabilities [Of which, lease liabilities]	502,109 [184,394]	413,949 [164,825]	364,398 [150,450]	363,578 [173,520]
Cash flows from operating activities	49,866	65,480	90,692	85,812
Cash flows from investing activities	(5,289)	(13,371)	13,429	(28,308)
Free cash flows	44,577	52,109	104,122	57,503
Cash flows from financing activities	(80,392)	(105,694)	(72,746)	(74,001)
Cash and cash equivalents at end of period	93,278	39,874	71,342	54,975
Profit/equity attributable to owners of parent (ROE)	1.2%	4.0%	8.1%	10.5%
Operating profit/total assets (ROA)	0.8%	1.6%	3.9%	5.1%
Return on invested capital (ROIC)	1.2	2.7	5.1	6.2
Basic earnings per share (EPS) (Yen)	16.50	54.32	114.06	160.35
Equity attributable to owners of parent per share (Yen)	1,337.29	1,370.43	1,453.71	1,597.24
Price earnings ratio (PER)	58.29%	23.27%	13.02%	12.15%
Interim dividend (Yen)	14.00	15.00	16.00	22.00
Year-end dividend (Yen)	15.00	16.00	20.00	30.00
Dividend payout ratio	175.7%	57.1%	31.6%	32.4%
Dividends/equity attributable to owners of parent	2.2%	2.3%	2.5%	3.3%

(Notes) 1. Profit attributable to owners of parent, operating profit and business profit after tax are used to calculate ROE, ROA and ROIC, respectively.

2. Gross sales are calculated by converting certain transactions recognized as revenue under IFRS on a net basis to amounts on a gross basis. Specifically, we converted sales from purchase recorded at the time of sale (shoka shiire) of the Department Store Business to a gross amount and the net amount transactions of the SC Business to tenant transaction volume (gross basis). Accordingly, gross sales for the 15th fiscal year have been retrospectively adjusted.

3. Business profit is calculated by deducting cost of sales and selling, general, and administrative expenses from revenue.

(8) Status of significant parent company and subsidiaries

(i) Relationship with the parent company

No items to report

(ii) Status of significant subsidiaries and major businesses (Millions of yen, unless otherwise stated)

Company name	Share capital	Ratio of ownership by the Company (%)	Major businesses
Daimaru Matsuzakaya Department Stores Co. Ltd.	10,000	100.0	Department Store Business
The Hakata Daimaru, Inc.	3,037	69.9	Department Store Business
Kochi Daimaru Co., Ltd.	300	100.0	Department Store Business
Shinsaibashi Kyodo Center Building, K.K.	50	89.2	Department store real estate management
PARCO Co., Ltd.	34,367	100.0	Shopping Center Business
PARCO Digital Marketing Co., Ltd.	10	100.0	Internet-related business
Parco (Singapore) Pte Ltd	S$4 million	100.0	Shopping Center Business
PARCO SPACE SYSTEMS Co., Ltd.	100	100.0	Space engineering and management business
J. Front Design & Construction Co., Ltd.	100	100.0	Design and construction contracting
J. Front City Development Co., Ltd.	110	100.0	Real estate business
JFR Card Co., Ltd.	100	100.0	Payment and Finance Business
Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale business
Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	US$2 million	100.0	Wholesale business
Daimaru Kogyo (Thailand) Co., Ltd.	THB202 million	99.9	Wholesale business
Consumer Product End-Use Research Institute Co., Ltd.	100	100.0	Merchandise test and quality control
Angel Park Co., Ltd.	400	50.2	Parking
J.Front One Partner Co., Ltd.	100	100.0	Commissioned back-office service, leasing
JFR Information Center Co., Ltd.	10	100.0	Information service
Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service
XENOZ Co., Ltd.	100	51.6	Esports business

(Note) JFR Service Co. Ltd. changed its trade name to J.Front One Partner Co., Ltd. on November 1, 2024.

(iii) Matters relating to specified wholly owned subsidiaries (Millions of yen)

Name	Address	Total book value	Total assets of the Company
Daimaru Matsuzakaya Department Stores Co. Ltd.	18-11, Kiba 2-chome, Koto-ku, Tokyo	202,947	601,478

(Note) A specified wholly owned subsidiary is one where the book value of the shares of said subsidiary on the final day of the fiscal year exceeds 1/5th of the Company's total assets, and one whose shares are all held by the Company.

(9) Status of major creditors

Major creditors of the corporate group

(Millions of yen)

Creditor		Amount payable
Borrowings		
	MUFG Bank, Ltd.	36,230
	Development Bank of Japan Inc.	32,640
	Sumitomo Mitsui Banking Corporation	17,140
	Mizuho Bank, Ltd.	6,640
	Other	37,500
	Sub total	130,150
Straight bonds, etc.		59,908
Total		190,058

(10) Other important matters relating to current status of the corporate group

No items to report

2. Matters relating to shares of the Company

(1) Number of shares authorized: 1,000,000,000 shares

(2) Number of shares issued: 270,565,764 shares

(3) Number of shareholders: 180,670

(4) Major shareholders

Name of shareholders	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,036	14.34
Custody Bank of Japan, Ltd. (Trust Account)	19,927	7.72
STATE STREET BANK AND TRUST COMPANY 505018	11,706	4.53
Nippon Life Insurance Company	9,828	3.81
JP Morgan Securities Japan Co., Ltd.	6,439	2.49
J. Front Retailing Kyoei Supplier Shareholding Association	6,212	2.41
SMBC Nikko Securities Inc.	4,934	1.91
Custody Bank of Japan, Ltd. (Trust Account 4)	3,830	1.48
The Dai-ichi Life Insurance Company, Limited	3,439	1.33
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,311	1.28

(Notes)
1. Although the Company holds 12,323 thousand shares of treasury shares, the Company is excluded from the above major shareholders.
2. Shareholding ratio is calculated by deducting treasury shares. Treasury shares do not include shares of the Company owned by the officer remuneration BIP trust.

(5) Summary of shares that are granted to the officers of the Company as compensation for the performance of duties during the current fiscal year

Stock-based remuneration that is granted during the current fiscal year is as follows.

	Number of granted persons	Number of shares
Director	3	74,004
[of which, Outside Director]	[2]	[17,683]
Executive Officer	22	311,983
Total	25	385,987

(Notes)
1. The number of shares granted to Directors who concurrently serve as Executive Officers as compensation for performance of duties during the term of the Executive Officer is shown in the Executive Officer row.
2. The aforementioned number of granted persons and the number of shares show officers who were present during the current fiscal year, officers who retired during the current fiscal year, and officers who were present from May 27, 2021 to May 23, 2024 and the shares granted to those officers.
3. The number of shares above amounts to shares actually granted to each Director. 194,457 shares among the shares whose rights are granted to each Director will be provided in cash in the amount equivalent to the amount converted within the Trust pursuant to the share granting rules related to the stock-based remuneration system.

3. Matters relating to corporate officers

(1) Names, etc. of Directors

Position in the Company	Name	Areas of responsibility in the Company and important concurrent positions outside the Company	Attendance at Board of Directors meetings (Note 2)	Limited liability agreements (Note 3)
Director (Outside)	KOIDE Hiroko	Chairperson of Board of Directors Member of Nomination and Remuneration Committees Member of the Board (External Member) of TAISEI CORPORATION	100.0% 15/15	Yes
Director (Outside)	YAGO Natsunosuke	Chairperson of Nomination Committee and member of Remuneration Committee	100.0% 15/15	Yes
Director (Outside)	HAKODA Junya	Chairperson of Audit Committee	100.0% 15/15	Yes
Director (Outside)	UCHIDA Akira	Chairperson of Remuneration Committee and member of Nomination Committee Outside Director of Yokogawa Electric Corporation Director of PARCO Co., Ltd.	100.0% 15/15	Yes
Director (Outside)	SEKI Tadayuki	Member of Audit Committee Outside Statutory Auditor of Asahi Mutual Life Insurance Company Director of Daimaru Matsuzakaya Department Stores Co. Ltd.	100.0% 15/15	Yes
Director (Outside)	OMURA Emi	Member of Audit Committee Partner of CLS HIBIYA TOKYO LAW OFFICE Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc. External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD.	100.0% 12/12	Yes
Director	YOSHIMOTO Tatsuya	Member of Nomination and Remuneration Committees	100.0% 15/15	Yes
Director	HAMADA Kazuko (Note 1)	Member of Audit Committee	100.0% 15/15	Yes
Director (President and Representative Executive Officer)	ONO Keiichi		100.0% 12/12	
Director (Managing Executive Officer)	WAKABAYASHI Hayato		100.0% 15/15	

(Notes)
1. HAMADA Kazuko is recorded under the name of HIMENO Kazuko in the Family Registry.
2. Stated are the number of Board of Directors meetings attended and number of Board of Directors meetings held during the individual's tenure this fiscal year (Details of attendance at each committee meeting are given in "6. Operations of each Committee.")
3. "The Company has entered into agreements limiting liability for damages under Article 423, Paragraph 1 of the Companies Act, pursuant to Article 427, Paragraph 1 of the said Act, with the relevant individuals (marked as "Yes" in the "Limited liability agreements" column)." These agreements limit the amount of their liability for damages to the higher of either ¥12,000,000 or the minimum amount of liability stipulated in Article 425, Paragraph 1 of the said Act.
4. The Company has entered into a Directors and Officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. Under such an insurance contract, indemnification will be provided for legal damages and litigation costs to be borne by the insured. The Company covers the payment for the entire amount of the premium for all of those insured. The insurance policy covers all Directors and Executive Officers of the Company and all Directors and Audit & Supervisory Board Members of its subsidiaries. However, the contract does not cover any damages, etc. arising from criminal acts or acts carried out while the insured was aware that they were in violation of the laws and regulations, as a measure to prevent the impairment of the appropriateness of the execution of duties by the insured.

5. Audit Committee member HAKODA Junya has been involved in accounting audits, management consulting, and internal audits of accounting firms, etc., serving as a certified public accountant for many years. He has both a wealth of experience and highly specialized knowledge in relation to corporate auditing. He also has deep insight into finance and accounting matters.
6. Audit Committee member SEKI Tadayuki was involved in international business management and risk management. As CFO, he has both a wealth of experience and highly specialized knowledge in relation to finance and accounting. He also has deep insight into finance and accounting matters.
7. Audit Committee member HAMADA Kazuko is a full-time Audit Committee member. We aim to improve the effectiveness of audits by appointing to serve as full-time Audit Committee member an in-house Director who does not execute business and has specialist knowledge of specific areas of our business based on a thorough understanding of in-house organizations and business execution.

(2) Names, etc. of Executive Officers

Position in the Company	Name	Areas of responsibility in the Company and important concurrent positions outside the Company
President and Representative Executive Officer	ONO Keiichi	Senior Executive General Manager of CRE Strategy Unit
Managing Executive Officer	WAKABAYASHI Hayato	Senior Executive General Manager of Financial Strategy Unit Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
Managing Executive Officer	HAYASHI Kenichi	Senior Executive General Manager of Management Strategy Unit, Senior General Manager of Fukuoka Tenjin Area Development Promotion Division and in charge of Risk Management Director of PARCO Co., Ltd
Managing Executive Officer	HAYASHI Naotaka	Senior Executive General Manager of Digital Strategy Unit Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
Managing Executive Officer	MATSUDA Hirokazu	Senior Executive General Manager of Human Resources Strategy Unit and Administration Unit and in charge of Compliance Director of PARCO Co., Ltd.
Executive Officer	UMEBAYASHI Akira	Senior General Manager of Board of Directors Office
Executive Officer	OCHIAI Isao	Senior General Manager of Management Planning Division of Management Strategy Unit and In charge of Group Customer Strategy
Executive Officer	MORITA Kosuke	Senior General Manager of Business Planning Division of Management Strategy Unit
Executive Officer	NOMURA Taiichi	Senior General Manager of Group System Promotion Division of Digital Strategy Unit
Executive Officer	NOGUCHI Hideki	Senior General Manager of Accounting and Tax Affairs Division of Financial Strategy Unit
Executive Officer	IMAZU Takako	Senior General Manager of Group Human Resources Development Division and Group Welfare Division of Human Resources Strategy Unit

(Reference) A new Executive Officer was elected and appointed. Accordingly, Executive Officers' areas of responsibility in the Company and important concurrent positions outside the Company were partially changed on March 1, 2025 as indicated below.

Position in the Company	Name	Areas of responsibility in the Company and important concurrent positions outside the Company
Managing Executive Officer	SHIBATA Takeshi	Senior Executive General Manager of Human Resources Strategy Unit
Managing Executive Officer	WAKABAYASHI Hayato	Special Assignments from President Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
Managing Executive Officer	MATSUDA Hirokazu	Special Assignments from President Director of Parco Co., Ltd.
Executive Officer	INAGAMI Hajime	Senior General Manager of Board of Directors Office and Corporate Communications Division
Executive Officer	NAGAMINE Takamasa	Senior Executive General Manager of Financial Strategy Unit
Executive Officer	NOMURA Taiichi	Senior Executive General Manager of DX Promotion Division
Executive Officer	UMEBAYASHI Akira	Senior Executive General Manager of Business Promotion Division, Compliance Manager, and Senior General Manager of Group Human Resources Policy Division of Human Resources Strategy Unit
Executive Officer	YOSHIDA Maki (Note 1)	Senior General Manager of Group Management Planning Division of Management Strategy Unit
Executive Officer	MORITA Kosuke	Senior General Manager of Group Business Planning Division of Management Strategy Unit
Executive Officer	SAITO Takeshi	Nagoya Area Co-prosperity Manager of Management Strategy Unit Executive Officer and Executive Store Manager of Matsuzakaya Nagoya of Daimaru Matsuzakaya Department Stores Co. Ltd.
Executive Officer	URAKI Hiroshi	Senior General Manager of Group Financing and Finance Policy Division of Financial Strategy Unit
Executive Officer	NOGUCHI Hideki	Senior General Manager of Group Accounting and Tax Affairs Division of Financial Strategy Unit
Executive Officer	IMAZU Takako	Senior General Manager of Group Human Resources Development Division of Human Resources Strategy Unit

(Notes) 1. YOSHIDA Maki is recorded under the name of YASUOKA Maki in the Family Registry.
2. On March 1, 2025, HAYASHI Naotaka and OCHIAI Isao retired as Executive Officers. HAYASHI Naotaka assumed the positions of Director, Managing Executive Officer, and Executive General Manager of Digital Strategy Promotion Office of Daimaru Matsuzakaya Department Stores Co. Ltd., and OCHIAI Isao assumed the position of Executive Officer and Head of Financial & Corporate Planning Department and Leagel Department of Corporate Headquarters of Parco Co., Ltd.

(3) Total amount of remuneration, etc. to Directors and Executive Officers

	Number of payees	Total amount of remuneration, etc. (Millions of yen)	Totals by category of remuneration, etc. (Millions of yen)			
			Basic remuneration	Performance-linked bonuses	Performance-linked stock-based remuneration	Non-performance-linked stock-based remuneration
Director	11	206	162	–	–	43
[of which, Outside Director]	[8]	[116]	[97]	–	–	[19]
Executive Officer	13	716	235	230	251	–
Total	24	923	398	230	251	43

(Notes) 1. Other than the above, the total amount of remuneration, etc. received by Outside Directors from subsidiaries of the Company in the current fiscal year is ¥7 million.
2. In the above table, the remuneration, etc. for Directors of ¥206 million includes ¥23 million (including non-performance-linked stock-based remuneration) paid to three Directors who held the post between March 1 and May 23, 2024.

3. The remunerations, etc. paid to Directors who concurrently serve as Executive Officers as compensation for the performance of duties during the term of the Executive Officers is shown in the Executive Officer row.
4. Beginning in the fiscal year ended February 28, 2018, to ensure steady execution of the Medium-term Business Plan for realizing the Group Vision, the Company has adopted the stock-based remuneration system using a trust for officers (a system of granting the Company's shares to officers (in certain cases, the Company's shares are converted into cash within the trust and cash in the amount equivalent to their conversion value is paid) in accordance with the officers' job size and level of achievement of the Medium-term Business Plan, etc.). The stock-based remuneration in the above table is the total recorded as expenses for the period under review. It is divided into performance-linked stock-based remuneration corresponding to degree of achievement of single fiscal year results and degree of achievement of the Medium-term Business Plan targets, as well as non-performance-linked stock-based remuneration for Directors who do not execute business. Actual indicators used for calculating bonuses and performance share in the fiscal year under review are as stated in <Key performance indicator results> under "1. Current status of the corporate group, (1) Business summary and results, 4) Consolidated revenue and results by segment for the fiscal year under review, (i) Consolidated revenue."
5. Figures in the "performance-linked bonuses" and "performance-linked stock-based remuneration" columns represent amounts recognized as provisions (standard amounts) before adjustment for the results of performance evaluation for the fiscal year ended February 28, 2025. The actual amounts to be paid in total and on an individual basis will be determined by a meeting of the Remuneration Committee scheduled for or after April 2025.

(4) Outline of method for determining policy regarding decisions on amounts of remuneration, etc. of each corporate officer or calculation method thereof, and contents of such policy

(i) Policy on determining remuneration for Directors and Executive Officers

In April 2017, the Company announced the formulation of an officer remuneration policy, and it then revised the Officer Remuneration System in May 2021, to match the Medium-term Business Plan. The Officer Remuneration System and the Officer Remuneration Policy were subsequently amended in FY2024, to coincide with the start of the new Medium-term Business Plan. The Company has also designed the officer remuneration to function as incentive for achieving and promoting sustainability management.

<Basic policy for officer remuneration>

The Company's Officer Remuneration System follows the basic approach below, aiming to achieve the objectives of realizing and promoting sustainability management (pay for purpose). The same basic policy has been established for the Directors and Executive Officers of the Group's major subsidiaries Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd., as well as for the Representative Directors of J. Front City Development Co., Ltd., JFR Card Co., Ltd., and J. Front Design & Construction Co., Ltd. (hereinafter, "eligible officers of major subsidiaries of the Group").

(i) Contribute to the sustainable growth of the Group and an increase of corporate value over the medium to long term, and be consistent with the corporate culture.
(ii) Establish a remuneration system that facilitates the achievement of duties (mission) based on management strategies of professional corporate managers.
(iii) Remuneration levels that can secure and retain human resources who have the "desirable managerial talent qualities" required by the Company.
(iv) Increase shared awareness of profits with shareholders and awareness of shareholder-focused management.
(v) Enhanced transparency and objectivity in the remuneration determining process.

<How to determine remuneration levels>

To respond quickly to changes in the external environment and the market environment, the Company uses objective remuneration survey data, etc. from a third-party organization, then determines an appropriate level of competitive remuneration for Executive Officers and Directors based on annual comparisons to a group of peers of a similar size selected on the basis of industry, market capitalization, and revenue. The same treatment shall apply to eligible officers of major subsidiaries of the Group.

<Composition of remuneration>

[Executive Officers]

Remuneration for Executive Officers shall comprise “basic remuneration” (monetary remuneration) in accordance with job size, “bonuses” (monetary remuneration) based on individual evaluations conducted each business year, and “performance shares” (performance-linked stock-based remuneration, which is trust-type stock-based remuneration) linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan as a stock-based remuneration system. The performance indicators of bonuses and performance shares were selected as shown in the table below so as to achieve KPIs for the final fiscal year of the Medium-term Business Plan and to make a healthy incentive for sustainable growth function.

<table>
<tr><td rowspan="2">Type of remuneration</td><td colspan="4" rowspan="2">Payment basis</td><td rowspan="2">Payment method</td><td></td><td colspan="2">Composition of remuneration</td></tr>
<tr><td>President</td><td colspan="2">Officers other than President*10</td></tr>
<tr><td>Basic remuneration (fixed)</td><td colspan="4">Determination by job size</td><td>Monthly payment in cash</td><td>33.3%</td><td>38.5%</td><td>45.4%</td></tr>
<tr><td rowspan="6">Bonuses (variable)</td><td colspan="4">Basic amount by job size × rate of change*1
*1 The rate of change is based on a calculation of scores using the quantitative and qualitative evaluations below.</td><td rowspan="6">Annual payment in cash</td><td rowspan="6">33.3%</td><td rowspan="6">30.8%</td><td rowspan="6">27.3%</td></tr>
<tr><td colspan="3">Details</td><td>Evaluation weights</td></tr>
<tr><td rowspan="2">Quantitative evaluation*2 <50%></td><td rowspan="2">Fiscal year’s financial evaluation</td><td>Consolidated business profit*3</td><td>40%</td></tr>
<tr><td>Consolidated ROIC*4</td><td>10%</td></tr>
<tr><td rowspan="2">Qualitative evaluation*2 <50%></td><td rowspan="2">Fiscal year’s non-financial evaluation</td><td>Level of achievement of action plan for achieving individual missions*5</td><td>30%</td></tr>
<tr><td>Level of achievement of action plan for achieving non-financial targets in line with materialities*6</td><td>20%</td></tr>
<tr><td rowspan="10">Performance-linked stock-based remuneration (variable)</td><td colspan="4">[Short term: 40%] Base amount by job size × Performance achievement factor*7
*7 Calculated based on the following measures of achievement</td><td rowspan="3">Annual payment in stocks*9</td><td rowspan="10">33.3%</td><td rowspan="10">30.8%</td><td rowspan="10">27.3%</td></tr>
<tr><td colspan="3">Details</td><td>Evaluation weights</td></tr>
<tr><td colspan="3">Consolidated business profit</td><td>100%</td></tr>
<tr><td colspan="4">[Medium to long term: 60%] Base amount by job size × Performance achievement factor*8
*8 Calculated based on the following measures of achievement</td><td rowspan="7">At the expiration of the term of each Medium-term Business Plan in stocks*9</td></tr>
<tr><td colspan="3">Details</td><td>Evaluation weights</td></tr>
<tr><td rowspan="2">Financial indicators <60%></td><td colspan="2">ROE</td><td>40%</td></tr>
<tr><td colspan="2">Consolidated ROIC</td><td>20%</td></tr>
<tr><td>Share price metrics <20%></td><td colspan="2">r - TSR
(compared to TOPIX growth rate inclusive of dividends)</td><td>20%</td></tr>
<tr><td rowspan="2">Non-financial indicators <20%></td><td colspan="2">Greenhouse gas reductions (Scope 1 & 2 emissions)</td><td>10%</td></tr>
<tr><td colspan="2">Ratio of women in management positions</td><td>10%</td></tr>
</table>

*2 For eligible officers of major subsidiaries of the Group, quantitative valuation accounts for 70%, and qualitative evaluation for 30%.

*3 For eligible officers of major subsidiaries of the Group, business profit for that subsidiary is weighted at 60% of the evaluation.

*4 For eligible officers of major subsidiaries of the Group, ROIC of that subsidiary is used.

*5 For eligible officers of major subsidiaries of the Group, weighted at 20% of the evaluation.
*6 For eligible officers of major subsidiaries of the Group, weighted at 10% of the evaluation.
*9 In principle, the equivalent of 50% of the Company's shares to be granted is converted and paid as cash to provide funds for payment of tax.
*10 For the composition of remuneration for officers other than President, one of the compositions in applied in accordance with the responsibilities.

[Directors who do not execute business]

Remuneration for Directors who do not execute business shall consist only of fixed remuneration, which shall be "basic remuneration" (monetary remuneration) in accordance with responsibilities and "restricted stock" (non-performance-linked, trust-type stock-based remuneration) under the stock-based remuneration system. Restricted stock is a system for granting the Company's shares in a way that it is not linked to performance, with the objective of involving Directors who do not execute business in management with a medium- to long-term view in order that they should strengthen proactive and defensive governance of the Company from a different standpoint to the Executive Officers as representatives of stakeholders. The shares are granted upon their retirement from office. The Company will disclose the number of shares held as the number of dilutive potential shares until the shares are granted.

<Stock acquisition and holding>

Any shares of the Company acquired by Executive Officers as stock-based remuneration shall continue to be held by respective Executive Officers at least for three years from the grant date of the shares (or at least for one year after they retire from the office of Executive Officer). The purpose of this requirement is to deepen the common interest of shareholders and officers. In particular, the purpose of granting shares of the Company to Executive Officers who are responsible for business execution as remuneration in the form of performance-linked stock-based remuneration is to provide additional incentive to them to work for the improvement of the financial performance and corporate value of the Company from the medium- to long-term perspective. Eligible officers of major subsidiaries of the Group shall be subject to the same policy for their acquisition and holding of the Company's shares.

(ii) Process for determining remuneration for Directors and Executive Officers and forfeiture of remuneration of Executive Officers (clawback/malus)

To ensure the appropriateness of the level and amount of remuneration and the transparency of decision-making processes, decisions on the specific amount of remuneration to be paid are made by deliberation and resolution of the Remuneration Committee, whose four members comprise three independent Outside Directors and one internal Director who does not execute business, and which is headed by an independent Outside Director.

Remuneration Committee meetings are to be held at least four times per year. The committee decides on the policy for determining remuneration details for individual officers (Directors and Executive Officers) of the Company and major subsidiaries of the Group, and on the remuneration details for individual Directors and Executive Officers of the Company. Basic remuneration positioned as fixed remuneration is decided for each job size based on the size (weight) of the responsibility borne by each officer. For bonuses, evaluations are carried out using the fiscal year's financial indicators for quantitative evaluation, while qualitative evaluation includes reference to the fiscal year's non-financial indicators. The committee also confirms the performance-linked factor in accordance with the level of achievement with respect to targets for consolidated business profit (IFRS-based) announced in the Medium-term Business Plan to determine short-term performance shares that account for 40% of performance shares (performance-linked stock-based remuneration).

Based on these results, the committee determines that the remuneration details for individual Directors and Executive Officers during the current fiscal year align with the Company's basic policy for officer remuneration and the approach to determine remuneration levels.

Regarding Executive Officers' bonuses and stock-based remuneration, the right of payment of bonuses and granting of stock-based remuneration may be forfeited or the Company may request the return of remuneration that has already been paid or granted in cases such as where the Board of Directors has resolved that the financial results are to be amended afterwards due to a serious accounting misstatement or fraud, or where there has been a serious infringement of the appointment contract, etc., between the Company and an Executive Officer, or when an Executive Officer has retired for their own reasons during their term of office against the will of the Company.

To properly promote the initiatives above, the Company appoints external remuneration consultants with a view to introducing objective viewpoints from outside the Company and expertise on Officer Remuneration Systems. With their support, the Company reviews its remuneration levels and remuneration system in light of external data, economic environment, industry trends, business conditions, and corporate culture, among others.

(5) Matters relating to Outside Directors

<table>
<tr><td rowspan="5">KOIDE Hiroko
Independent
(Note)</td><td>Important concurrent positions</td><td>Member of the Board (External Member) of TAISEI CORPORATION</td></tr>
<tr><td>Relationships between the Company and organizations where important concurrent positions are held</td><td>No special relationships exist</td></tr>
<tr><td>Relationship with specified affiliated business operator</td><td>No items to report</td></tr>
<tr><td>Attendance at Board of Directors meetings</td><td>100% (Attended all 15 meetings held during tenure this fiscal year)</td></tr>
<tr><td>Attendance at the meetings of Committees to which he belongs</td><td>Nomination 100% (Attended all 14 meetings held during tenure this fiscal year)
Remuneration 100% (Attended all 10 meetings held during tenure this fiscal year)</td></tr>
<tr><td colspan="3">[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
KOIDE Hiroko has extensive knowledge based on her rich experience in the fields of global management and marketing, having served as an officer at foreign companies for many years, and having been engaged in corporate management as the head of marketing at the head office of a U.S. company, as well as a wealth of knowledge gained as an Outside Director at several listed companies. She has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to a wide range of matters including the Board of Directors discussions in a company with three committees (nomination, audit, and remuneration committees), incorporation of competitive analysis into strategies, effective communication of top messages, and strategic design of organizations. Furthermore, in May 2024, she assumed the position of Chairperson of Board of Directors. In this role, she has focused on strengthening and improving the Board of Directors operations by setting medium- to long-term and more strategic annual agendas, enhancing the quality of meeting materials, and boosting the effectiveness and efficiency of discussions. As a member of the Nomination Committee, she participates in deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers. She also engages in discussions on the succession plan for Outside Directors, aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. As a member of the Remuneration Committee, she examines the remuneration levels and composition under the officer remuneration system revised in line with the medium-term business plan, and reviews remuneration levels following the organizational reform. Through these efforts, by providing necessary advice at suitable times, she has contributed to strengthening strategy personnel functions that are closely aligned with business strategies.</td></tr>
<tr><td rowspan="5">YAGO Natsunosuke
Independent
(Note)</td><td>Important concurrent positions</td><td>No items to report</td></tr>
<tr><td>Relationships between the Company and organizations where important concurrent positions are held</td><td>No special relationships exist</td></tr>
<tr><td>Relationship with specified affiliated business operator</td><td>No items to report</td></tr>
<tr><td>Attendance at Board of Directors meetings</td><td>100% (Attended all 15 meetings held during tenure this fiscal year)</td></tr>
<tr><td>Attendance at the meetings of Committees to which he belongs</td><td>Nomination 100% (Attended all 14 meetings held during tenure this fiscal year)
Remuneration 100% (Attended all 10 meetings held during tenure this fiscal year)</td></tr>
<tr><td colspan="3">[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
YAGO Natsunosuke has been involved in top-level corporate management for many years, and has a wealth of experience in compliance management and strengthening financial bases. He also possesses a high level of expertise in internal control and corporate governance gained through his experience in transitioning to a company with three committees (nomination, audit, and remuneration committees). He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on approaches to the Board of Directors discussions and organizational audits within the Company, the granularity and accuracy of future plans for new businesses and asset acquisitions, initiatives to enhance human capital, and approaches to personnel system reforms. As the Chairperson of the Nomination Committee, he leads and promotes deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers, as well as discussions on the succession plan for Outside Directors aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. As a member of the Remuneration Committee, he examines the remuneration levels and composition under the officer remuneration system revised in line with the medium-term business plan, reviews remuneration levels following the organizational reform, and provides necessary advice at suitable times. Through these efforts, he has contributed to strengthening strategy personnel functions that are closely aligned with business strategies.</td></tr>
</table>

<table>
<tr><td rowspan="5">HAKODA Junya
Independent
(Note)</td><td>Important concurrent positions</td><td>No items to report</td></tr>
<tr><td>Relationships between the Company and organizations where important concurrent positions are held</td><td>No special relationships exist</td></tr>
<tr><td>Relationship with specified affiliated business operator</td><td>No items to report</td></tr>
<tr><td>Attendance at Board of Directors meetings</td><td>100% (Attended all 15 meetings held during tenure this fiscal year)</td></tr>
<tr><td>Attendance at the meetings of Committees to which he belongs</td><td>Audit 100% (Attended all 24 meetings held during tenure this fiscal year)</td></tr>
<tr><td colspan="3">[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
HAKODA Junya has been involved in accounting audits, management consulting, and internal audits of auditing firms, etc. for many years at PricewaterhouseCoopers, and has also served as an eminent professor teaching internal audit theory in the Graduate School of Keio University, and therefore has a wealth of experience and high-level expertise in corporate auditing. He also has a high level of expertise in corporate governance and management auditing, having served as the Chairperson of the Audit Committee of Yamaha Corporation when the company changed its organizational design to a company with three committees (nomination, audit, and remuneration). He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight regarding a wide range of matters including risk management for new businesses, status of monitoring by executives on investment projects including minority stakes, and approaches to organizational audits within the Company. As the chair of the Audit Committee, he has worked to strengthen audit functions by fulfilling expectations of him in terms of promoting the exchange and discussion of opinions from the perspective of legality, appropriateness, etc. of items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee. He has also audited the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees), and worked to improve the governance of the Group as a whole.</td></tr>
<tr><td rowspan="5">UCHIDA Akira
Independent
(Note)</td><td>Important concurrent positions</td><td>Outside Director of Yokogawa Electric Corporation
Director of PARCO Co., Ltd.</td></tr>
<tr><td>Relationships between the Company and each organization where important concurrent positions are held</td><td>PARCO Co., Ltd. is a wholly owned subsidiary of the Company.</td></tr>
<tr><td>Relationship with specified affiliated business operator</td><td>No items to report</td></tr>
<tr><td>Attendance at Board of Directors meetings</td><td>100% (Attended all 15 meetings held during tenure this fiscal year)</td></tr>
<tr><td>Attendance at the meetings of Committees to which he belongs</td><td>Nomination 100% (Attended all 14 meetings held during tenure this fiscal year)
Remuneration 100% (Attended all 10 meetings held during tenure this fiscal year)</td></tr>
<tr><td colspan="3">[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
UCHIDA Akira possesses extensive experience and knowledge of not only business planning and IR but also corporate departments as the person responsible for the finance and accounting division. He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to a wide range of matters including approaches to information disclosure with an awareness of dialogue with the capital markets, perspectives on the differentiation required for strengthening of the retail business, the setting-out of matters that need to be clarified when entering a new business, and the synchronization of human resources strategy with management strategy. As the chair of the Remuneration Committee, he examines the remuneration levels and composition under the officer remuneration system revised in line with the medium-term business plan, and reviews remuneration levels following the organizational reform. As a member of the Nomination Committee, he participates in deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers. He also engages in discussions on the succession plan for Outside Directors, aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. Through these efforts, by providing necessary advice at suitable times, he has contributed to strengthening strategy personnel functions that are closely aligned with business strategies.</td></tr>
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<table>
<tr><td rowspan="5">SEKI Tadayuki
Independent
(Note)</td><td>Important concurrent positions</td><td>Outside Statutory Auditor of Asahi Mutual Life Insurance Company
Director of Daimaru Matsuzakaya Department Stores Co. Ltd.</td></tr>
<tr><td>Relationships between the Company and each organization where important concurrent positions are held</td><td>Daimaru Matsuzakaya Department Stores Co. Ltd. is a wholly owned subsidiary of the Company.</td></tr>
<tr><td>Relationship with specified affiliated business operator</td><td>No items to report</td></tr>
<tr><td>Attendance at Board of Directors meetings</td><td>100% (Attended all 15 meetings held during tenure this fiscal year)</td></tr>
<tr><td>Attendance at the meetings of Committees to which he belongs</td><td>Audit 100% (Attended all 24 meetings held during tenure this fiscal year)</td></tr>
<tr><td colspan="3">[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
SEKI Tadayuki has many years of experience in international business management and risk management at a general trading company, and has extensive knowledge and experience in finance and accounting as CFO, as well as broad knowledge as an outside director and outside statutory auditor of multiple companies. He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on a wide range of matters including proposal standards to the Board of Directors, risk management for new investment projects, approaches to performance forecasting, stakeholder communication, and leading practices for enhancing audit functions. He also has served as a lead director of the executive session which the Company established as an opportunity for Outside Directors to openly and freely exchange opinions and share information. As a member of the Audit Committee, he has worked to strengthen audit functions by fulfilling expectations of him in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. of items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee. He has also audited the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees), and worked to improve the governance of the Group as a whole.</td></tr>
<tr><td rowspan="5">OMURA Emi
Independent
(Note)</td><td>Important concurrent positions</td><td>Partner of CLS HIBIYA TOKYO LAW OFFICE
Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc.
External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD.</td></tr>
<tr><td>Relationships between the Company and each organization where important concurrent positions are held</td><td>No special relationships exist</td></tr>
<tr><td>Relationship with specified affiliated business operator</td><td>No items to report</td></tr>
<tr><td>Attendance at Board of Directors meetings</td><td>100% (Attended all 12 meetings held during tenure this fiscal year)</td></tr>
<tr><td>Attendance at the meetings of Committees to which he belongs</td><td>Audit 100% (Attended all 17 meetings held during tenure this fiscal year)</td></tr>
<tr><td colspan="3">[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
In addition to her global experience in handling abundant cases in international organizations and specialized insights in labor law as an attorney, OMURA Emi has extensive experience as an outside director (audit & supervisory board member) at other listed companies (B to C business). In particular, she is well versed in the practical aspects of sustainability and ESG legal fields such as human rights due diligence. As an expert, she has provided advice on various issues that companies face, including diversity management. Within the Group, she has contributed to enhancing the effectiveness of the Board of Directors by actively and assertively providing advice and oversight regarding a wide range of matters including consideration of business plans aimed at the socially conscious younger generation familiar with the SDGs, integration of employee feedback into the Company’s distinctive human capital management, and risk identification in new businesses from diverse perspectives. As a member of the Audit Committee, she has worked to strengthen audit functions by fulfilling expectations of her in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. of items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee. She has also audited the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees), and worked to improve the governance of the Group as a whole.</td></tr>
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(Note) The above-mentioned Outside Directors are independent officers, which are required to be put in place by the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. for the protection of general shareholders.

4. Basic ideas on corporate governance

(1) Role of corporate governance

The Company believes that ensuring sustainable growth of the Group and increasing corporate value over the medium to long term is conducive to realizing ideals of the Group Mission Statement. Accordingly, the role of corporate governance in the Group must be to help enable us to realize the ideals of the Group Mission Statement.

The Company, which is a holding company at the core of corporate governance of the Group, assumes responsibility for ensuring managerial transparency, soundness, and compliance of the entire Group, with the aim of realizing the ideals of the Group Mission Statement.

(2) Relationship with stakeholders

Through its business activities, the Company strives to build relationships of trust with all of its stakeholders.

Our shareholders are the providers of the Company’s capital and act as the main source of the Group’s corporate governance. Accordingly, the Company respects shareholder rights to the maximum extent (including those of minority shareholders and foreign shareholders), and substantively ensures their rights.

The Company treats its shareholders equitably and impartially, in accordance with types and numbers of shares held by shareholders. Moreover, neither the Company nor the Group provides property benefits to any person in connection with the exercise of the rights of specific shareholders.

The Company also actively works to fulfill its responsibilities towards customers, business partners, employees, and local communities in relation to the environment and society, as part of its efforts to realize a sustainable society.

(3) Information disclosure

We believe that promoting constructive dialogue with our shareholders and investors helps the Group achieve sustainable growth while increasing corporate value over the medium to long term. The Company is committed to timely and appropriate disclosure of information, on which constructive dialogue is premised, and through such initiatives maintains and develops trusting relations with its stakeholders.

The Company discloses important information of the Group in a timely and appropriate manner, in accordance with Japan’s Financial Instruments and Exchange Act and other such laws and regulations, as well as in accordance with rules for timely disclosure stipulated by financial instruments exchanges on which the Company’s shares are listed. Even in cases where such laws, regulations and the timely disclosure rules do not apply, the Company recognizes information deemed useful to shareholders, investors, and other stakeholders as important with respect to its corporate activities as called for by society. As such, the Company proactively discloses such information in an impartial and swift manner using appropriate means, and with the added aim of facilitating more extensive understanding regarding the Group.

(4) Roles and responsibilities of the Board of Directors, etc.

Directors, who were appointed by the shareholders and were entrusted with management of the Company, carry out the roles and responsibilities in the Board of Directors as listed below. They do so in accordance with their fiduciary responsibility and accountability to shareholders, and with the aim of realizing the ideals of the Group Vision. Accordingly, these roles and responsibilities include:

(i) Indicating the overall direction that the Group management is to take, by engaging in constructive discussions with respect to the Group Vision, the Sustainability Policy, the Group Medium-term Business Plan, the Group Management Policy for the fiscal year, and other fundamental management policies, and carrying out multifaceted and objective deliberations that include evaluation of risks with respect to the aforementioned;

(ii) Making decisions appropriately in terms of overall policy and plans pertaining to the Group management on the basis of the direction noted above and overseeing progress and results of the plans;

(iii) Developing an environment conducive to encouraging offense-oriented management geared to achieving discontinuous growth;

(iv) Taking steps to build and develop an internal control system for the Group overall, and otherwise overseeing the operational status of such system;

(v) Overseeing conflicts of interest between related parties; and

(vi) On the basis of summary reports furnished by the Nomination Committee, overseeing the progress of succession planning for President and Representative Executive Officers, personnel assignment plans pertaining to managerial talent and Executive Officer training, in consultation with the Nomination Committee.

5. Operation of the Board of Directors

Composition of the Board	6 independent Outside Directors, 2 internal Directors who do not execute business, and 2 Directors who concurrently serve as Executive Officer (with the total including 3 female Directors)
Major roles	The Board of Directors shall discuss and resolve matters defined in the Companies Act and/or the Articles of Incorporation, as well as matters relating to management strategies, such as the Group Medium-term Business Plan, the Group Human Capital Management, etc., and matters relating to important business execution such as asset acquisition.
Operational status	Held at least once every month, in principle. With at least one-half of Directors being independent Outside Directors, the Board of Directors functions as a venue for constructive discussions and deliberations, beyond being solely a decision-making body for important matters, and is a key to the enhancement of corporate governance.
Comment from Chairperson of the Board Director (Outside) KOIDE Hiroko	In fiscal 2024, based on “monitoring of the Medium-term Business Plan,” and “thorough preparation and analysis in preparation for discussions of growth strategy,” which were recognized as issues in the evaluation of the effectiveness of the Board of Directors conducted in the previous fiscal year, we oversaw progress in the Medium-term Business Plan (FY2024-FY2026). Taking the opportunity presented by the change in the Chairperson of the Board of Directors and the Representative Executive Officer, as well as the introduction of a new structure for the Board of Directors and the business execution, we sought to improve communication between oversight and business execution, and worked to enhance the operation of the Board of Directors. In FY2025, the Board of Directors will engage in highly effective discussions by making further improvements to its operation, through such measures as revising standards for agenda items and putting items on the agenda, setting an annual agenda from a more strategic perspective over the medium to long term, and active facilitation by the chairperson. In this way we hope to contribute to improvements in corporate value.

(Evaluation of effectiveness of the Board of Directors)

The Company conducted its tenth evaluation of the effectiveness of the Board of Directors between September and October 2024. Based on the results of the prior questionnaires given to all Directors, a third-party organization conducted individual interviews, and those details were discussed at a meeting of the Board of Directors held in November.

As a result of the evaluation of effectiveness, it was confirmed that the issues raised in the previous fiscal year, which were “thorough preparation and analysis in preparation for discussions of growth strategy,” “monitoring of the Medium-term Business Plan,” and “improvements in communication between oversight and business execution,” had been resolved to a reasonable extent. On the other hand, the evaluation for FY2024 led to the raising of further issues to enhance the effectiveness of the Board of Directors, which were “revising standards for agenda items and putting items on the agenda,” “improvements in the operation of the Board of Directors,” and “strengthening of the audit function.”

In response to this, approaches for resolving these issues were again discussed at a meeting of the Board of Directors held in December, which led to a concrete plan of action that has also been reflected in the agenda for the Board of Directors in FY2025.

We will continue to strive to share issues based on the evaluation of the effectiveness of the Board of Directors and substantively improve the effectiveness of the Board of Directors.

6. Operations of each Committee

(1) Nomination Committee

Composition of Committee	4 Directors who do not execute business (including 3 Outside Directors).
Major roles	The Nomination Committee determines the contents of proposals on the nomination and dismissal of Directors to be submitted to shareholders' meetings, and reports to the Board of Directors upon consultations from the Board of Directors regarding the nomination and dismissal of management personnel of the Company and major business subsidiaries, as well as the chairpersons and members of individual committees, and other matters.
Number of meetings held	14
Number of meetings attended	3 incumbent members attended all 14 meetings. Director Yoshimoto, who was newly appointed in May 2024, also attended all 10 meetings held during his tenure.
Comment from Chairperson of the Committee Director (Outside) YAGO Natsunosuke	The Nomination Committee utilizes in-house personnel evaluation information as well as assessment data by a third-party organization to deliberate effective composition of the Board of Directors and the election and dismissal of Directors and Executive Officers of the Company. The committee also obtains opportunities to gain insights into the personalities and ideas of candidates by conducting interviews, etc., as necessary, and strives to ensure greater objectivity, transparency and rationality. The Nomination Committee has positioned succession plans for important members of the management team as an issue that is central to the sustainable growth of the Company. In the fiscal year under review, it engaged in deliberations aimed at establishing an overview of and a specific process for the succession plan for the Representative Executive Officer, the starting point for which was the development of candidates for the next generation of managers. It also conducted periodic checks on the state of execution of duties by the Representative Executive Officer who was appointed in the previous fiscal year. It also discussed succession plans for Outside Directors, and is working to maintain and enhance the oversight function of the Board of Directors over the medium to long term. The Nomination Committee will secure management personnel necessary for continuous growth and development of the Company, and strive for the election of the right person in the right place.

(2) Audit Committee

Composition of Committee	4 Directors who do not execute business (including 3 Outside Directors).
Major roles	In accordance with the overall policy and plan determined by the Board of Directors, the Audit Committee audits the execution of business by Directors and Executive Officers, important matters to be submitted to the Board of Directors, and other individual matters the Audit Committee considers necessary.
Number of meetings held	24
Number of meetings attended	Three of the four current members of the committee attended all 24 meetings. OMURA Emi has attended all 17 meetings that have taken place since she was appointed member in May 2024.
Comment from Chairperson of the Committee Director (Outside) HAKODA Junya	The Audit Committee, in accordance with the Rules of Audit Committee, Audit Standards, and Practice Standards for Audit concerning Internal Control System, etc., formulated an audit plan for the current fiscal year, conducted the audit, and reported its contents to the Board of Directors. The committee also conducted hearing from Executive Officers and those responsible for each of the Group companies at Audit Committee Meeting (held 19 times), a meeting body held apart from the Audit Committee, regarding the main strategies in the first fiscal year of the Group's Medium-term Business Plan, the development and operation of an internal control system, and the compliance and risk management system to gain understanding of their current status. The Audit Committee will work to further strengthen and enhance the organizational audit system through mutual cooperation with the Internal Audit Division, Accounting Auditors, and Audit & Supervisory Board Members of Group companies, from the perspective of increasing the effectiveness and accuracy of audits. It will also continue to work to establish a high quality corporate governance structure that is worthy of social trust and to conduct audits in a fair and impartial manner to contribute to the growth of the Group and the enhancement of its corporate value.

(3) Remuneration Committee

Composition of Committee	4 Directors who do not execute business (including 3 Outside Directors).
Major roles	The Remuneration Committee determines the policy on deciding the contents of individual remuneration to management personnel of the Company and major business subsidiaries, and these contents themselves.
Number of meetings held	10
Number of meetings attended	3 incumbent members attended all 10 meetings. Director Yoshimoto, who was newly appointed in May 2024, also attended all 6 meetings held during his tenure.
Comment from Chairperson of the Committee Director (Outside) UCHIDA Akira	Pursuant to the Officer Remuneration Policy formulated in April 2017 and subsequently revised, the Remuneration Committee examines the overall level of officer remuneration and the ratio of performance-linked remuneration, as well as the ratio of stock-based remuneration therein against preset peer group. By doing so, the Company maintains objective and appropriate remuneration level and system at all times. In the fiscal year under review, the Remuneration Committee used surveys from a third-party organization and other measures to verify the Officer Remuneration System that was revised to coincide with the Medium-term Business Plan that began in FY2024. The result of this verification was confirmation that the overall level and composition of remuneration calculated in accordance with the new methods are appropriate, that it has further raised the motivation to contribute to improvements in corporate value over the medium to long term, and that it is consistent with the policy of sharing the interests of shareholders that underlies the design of the system. In addition, for bonuses that reflect the status of individual officer's achievements, we review each officer's goal setting and evaluation results as well as evaluation items, and evaluation rank determination process, to ensure that the end result will be shown with greater fairness and objectivity. In order to maintain an appropriate remuneration system and remuneration levels to compensate officers adequately for their work and commensurate with their offices and the role entrusted to them as professional managers, we will continue to operate the system appropriately going forward.

7. System and policies of the Company

(1) Basic Capital Policy

The Company believes that any increase in free cash flow and improvement in ROE should help to ensure its sustainable growth and increase corporate value over the medium to long term. To such ends, the Company promotes a capital policy that takes a balanced approach to "undertaking strategic investment," "enhancing shareholder returns," and "expanding net worth being" after taking into consideration the business environment and risk readiness.

Moreover, in procuring funds through interest-bearing liabilities, we aim to achieve an optimal structure of debt to equity in a manner cognizant of our funding efficiency and cost of capital, carried out on the basis of having taken into consideration our capacity for generating free cash flows and our balance of interest-bearing liabilities.

A "business strategy" where higher sales are accompanied by profits and a "financial strategy (encompassing the capital policy)" that heightens profitability of invested capital are essential elements with respect to improving free cash flows and ROE. In addition, we believe it is crucial that we achieve maximization of the operating profit and sustainable improvement of the operating profit margin by strengthening our core businesses and concentrating management resources on initiatives such as business field expansion and active development of new businesses.

The key financial indicators for the achievement of the Medium-term Business Plan are ROE for capital efficiency, consolidated business profit and ROIC for business profitability, free cash flow for profitability and safety, and equity ratio attributable to owners of the parent (equity ratio) for financial soundness.

(2) Policy regarding decisions on dividends of surplus, etc.

The Company's basic policy is to maintain and enhance its sound financial standing while appropriately returning profits by providing stable dividends and enlisting a flexible and agile approach to purchasing its treasury shares in a manner that involves taking profit levels, future capital investment, free cash flow trends, and other such factors into consideration.

In accordance with this policy, during the period of the current Medium-term Business Plan (FY2024-FY2026), the Company aims to optimize the amount of equity by maintaining a consolidated dividend payout ratio of 40% or more and conducting purchases of treasury shares.

(3) IR Policy

We aim at developing the Group by contributing to society at large as a fair and reliable corporation. Under such Basic Mission Statement, the Company promotes IR activities for the purpose of maintaining and developing relations of trust with stakeholders including shareholders and investors. By accurately and plainly disclosing important financial and non-financial information about the Company in a fair, timely, and appropriate manner, we aim to improve management transparency and help stakeholders better understand the Company.

- Amounts in millions of yen presented in the business report above have been rounded down to the nearest one million yen.

Consolidated Financial Statements

Consolidated Statement of Financial Position (As of February 28, 2025)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**241,045**	**Current liabilities**	**341,341**
Cash and cash equivalents	54,975	Bonds and borrowings	53,330
Trade and other receivables	156,663	Trade and other payables	162,810
Other financial assets	8,690	Lease liabilities	25,294
Inventories	12,662	Other financial liabilities	28,262
Other current assets	6,421	Income tax payables	11,576
Sub total	239,414	Provisions	785
Assets held for sale	1,631	Other current liabilities	59,280
Non-current assets	**923,101**	**Non-current liabilities**	**399,570**
Property, plant and equipment	469,417	Bonds and borrowings	136,728
Right-of-use assets	136,389	Lease liabilities	148,225
Goodwill	6,799	Other financial liabilities	33,368
Investment property	177,176	Retirement benefit liability	15,369
Intangible assets	8,350	Provisions	5,905
Investments accounted for using equity method	27,840	Deferred tax liabilities	59,519
		Other non-current liabilities	453
Other financial assets	81,535		
Deferred tax assets	3,190		
Other non-current assets	12,402		
		Total liabilities	**740,911**
		Equity	
		Equity attributable to owners of parent	**409,646**
		Share capital	31,974
		Capital surplus	188,081
		Treasury shares	(23,940)
		Other components of equity	14,219
		Retained earnings	199,311
		Non-controlling interests	**13,588**
		Total equity	**423,235**
Total assets	**1,164,147**	**Total liabilities and equity**	**1,164,147**

(Note) Amounts have been rounded down to the nearest one million yen.

Consolidated Statement of Profit or Loss (From March 1, 2024 to February 28, 2025)

(Millions of yen)

Item	Amount
Revenue	441,877
Cost of sales	(229,281)
Gross profit	**212,596**
Selling, general and administrative expenses	(159,106)
Other operating income	11,831
Other operating expenses	(7,122)
Operating profit	**58,199**
Finance income	781
Finance costs	(4,270)
Share of profit (loss) of investments accounted for using equity method	1,074
Profit before tax	**55,785**
Income tax expense	(14,273)
Profit	**41,512**
Profit attributable to:	
Owners of parent	41,424
Non-controlling interests	87
Profit	41,512

(Note) Amounts have been rounded down to the nearest one million yen.

Consolidated Statement of Changes in Equity (From March 1, 2024 to February 28, 2025)

(Millions of yen)

	Equity attributable to owners of parent							
				Other components of equity				
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total
Balance as of March 1, 2024	31,974	189,172	(14,231)	314	17	7,050	–	7,383
Profit	–	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	211	(46)	6,716	1,120	8,002
Total comprehensive income	–	–	–	211	(46)	6,716	1,120	8,002
Purchase of treasury shares	–	(117)	(11,458)	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–
Change due to capital increase of consolidated subsidiaries	–	–	–	–	–	–	–	–
Obtaining of control of subsidiaries	–	–	–	–	–	–	–	–
Share-based payment transactions	–	(973)	1,749	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(45)	(1,120)	(1,166)
Total transactions with owners	–	(1,090)	(9,708)	–	–	(45)	(1,120)	(1,166)
Balance as of February 28, 2025	31,974	188,081	(23,940)	525	(29)	13,722	–	14,219

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance as of March 1, 2024	167,600	381,898	12,333	394,232
Profit	41,424	41,424	87	41,512
Other comprehensive income	–	8,002	15	8,017
Total comprehensive income	41,424	49,426	102	49,529
Purchase of treasury shares	–	(11,575)	–	(11,575)
Dividends	(10,879)	(10,879)	(64)	(10,943)
Change due to capital increase of consolidated subsidiaries	–	–	5	5
Obtaining of control of subsidiaries	–	–	1,210	1,210
Share-based payment transactions	–	776	–	776
Transfer from other components of equity to retained earnings	1,166	–	–	–
Total transactions with owners	(9,712)	(21,678)	1,151	(20,526)
Balance as of February 28, 2025	199,311	409,646	13,588	423,235

(Note) Amounts have been rounded down to the nearest one million yen.

[Reference]

Consolidated Statement of Cash Flows (Summary) (From March 1, 2024 to February 28, 2025)

(Millions of yen)

Item	Amount
Cash flows from operating activities	85,812
Cash flows from investing activities	(28,308)
Cash flows from financing activities	(74,001)
Net increase (decrease) in cash and cash equivalents	(16,498)
Cash and cash equivalents at beginning of period	71,342
Effect of exchange rate changes on cash and cash equivalents	130
Cash and cash equivalents at end of period	54,975

(Note) Amounts have been rounded down to the nearest one million yen.

18th Annual Shareholders Meeting: Other Matters for Which Information is Provided in Electronic Format (Matters for Which Document Provision is Omitted)

(From March 1, 2024 to February 28, 2025)

J. Front Retailing Co., Ltd.

The matters listed on this document are not presented in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents in accordance with the laws and regulations and the Company’s Articles of Incorporation.

1. Current status of the corporate group

(1) Business summary and results

(Reference) Gross sales by company, store, and product of the Department Store Business

Net sales by company and store of the Department Store Business (Millions of yen)

Company / Store			Amount	Composition	Year-on-year changes
				%	%
Daimaru Matsuzakaya Department Stores Co. Ltd.	Daimaru	Osaka Shinsaibashi store	115,261	14.0	20.4
		Osaka Umeda store	60,031	7.3	9.1
		Tokyo store	84,513	10.2	7.9
		Kyoto store	78,775	9.6	11.7
		Kobe store	98,404	11.9	7.1
		Suma store	6,315	0.8	(1.0)
		Ashiya store	4,246	0.5	(1.3)
		Sapporo store	88,253	10.7	16.9
		Shimonoseki store	7,399	0.9	(5.3)
		Sub total	543,202	65.9	11.9
	Matsuzakaya	Nagoya store	131,635	16.0	3.8
		Ueno store	27,319	3.3	7.5
		Shizuoka store	18,376	2.2	3.7
		Takatsuki store	5,465	0.7	0.4
		Sub total	182,797	22.2	4.2
	Corporations, head office, etc.		29,786	3.6	21.3
	Total		755,786	91.6	10.3
The Hakata Daimaru, Inc.			60,352	7.3	11.6
Kochi Daimaru Co., Ltd.			8,433	1.0	0.9
Shinsaibashi Kyodo Center Building, K.K.			275	0.0	–
Adjustment			(62)	0.0	–
Total			824,785	100.0	10.2

Net sales by product of the Department Store Business (Millions of yen)

Product	Amount	Composition	Year-on-year changes
		%	%
Men's clothing and haberdashery	33,476	4.1	(1.0)
Ladies' clothing and haberdashery	312,682	37.9	13.6
Children's clothing and haberdashery	6,749	0.8	(2.6)
Kimono, bedding, and other clothing	5,566	0.7	(12.2)
Accessories	62,750	7.6	14.4
Furniture	3,997	0.5	(9.9)
Home appliances	174	0.0	(3.0)
Household goods	16,128	2.0	6.3
Food products	150,570	18.3	0.6
Food halls and cafes	19,621	2.4	3.8
General goods	161,580	19.6	15.6
Services	2,925	0.4	12.2
Other	48,623	5.9	21.6
Adjustment	(62)	0.0	–
Total	824,785	100.0	10.2

(Note) Gross sales are calculated by converting certain transactions recognized as revenue under IFRS on a net basis to amounts on a gross basis. Specifically, we converted sales from purchase recorded at the time of sale (shoka shiire) to a gross amount.

(Reference) Tenant transaction volume (on a gross basis) by PARCO store in the SC Business

(Millions of yen)

Store	Amount	Composition	Year-on-year changes
		%	%
Sapporo PARCO	16,655	5.1	23.2
Sendai PARCO	20,942	6.5	5.2
Urawa PARCO	31,571	9.8	11.0
Ikebukuro PARCO	28,748	8.9	12.7
PARCO_ya Ueno	9,376	2.9	11.2
Kichijoji PARCO	8,441	2.6	0.9
Shibuya PARCO	43,963	13.6	22.5
Kinshicho PARCO	11,302	3.5	8.4
Chofu PARCO	19,316	6.0	2.5
Shizuoka PARCO	8,193	2.5	13.0
Nagoya PARCO	35,971	11.1	16.3
Shinsaibashi PARCO	37,991	11.7	46.4
Hiroshima PARCO	13,797	4.3	4.3
Fukuoka PARCO	27,274	8.4	11.9
Hibarigaoka PARCO	6,823	2.1	(6.4)
Matsumoto PARCO	3,402	1.1	(15.8)
All store total	323,774	100.0	11.5

(Note) The tenant transaction volume represents the total amount of tenant transactions at PARCO stores.

(2) Major businesses

The Department Store Business, the SC Business, the Developer Business, the Payment and Finance Business, and Other including wholesale business, parking, and leasing, etc.

(3) Major sales offices

(Department Store Business)

Name	Location	Name	Location
Daimaru Matsuzakaya Department Stores Co. Ltd.			
Head Office	Koto-ku, Tokyo	Matsuzakaya Nagoya store	Naka-ku, Nagoya
Daimaru Osaka Shinsaibashi store	Chuo-ku, Osaka	Ueno store	Taito-ku, Tokyo
Osaka Umeda store	Kita-ku, Osaka	Shizuoka store	Aoi-ku, Shizuoka
Tokyo store	Chiyoda-ku, Tokyo	Takatsuki store	Takatsuki, Osaka
Kyoto store	Shimogyo-ku, Kyoto		
Kobe store	Chuo-ku, Kobe	GINZA SIX	Chuo-ku, Tokyo
Suma store	Suma-ku, Kobe	The Hakata Daimaru, Inc.	Chuo-ku, Fukuoka
Ashiya store	Ashiya, Hyogo	Kochi Daimaru Co., Ltd.	Kochi, Kochi
Sapporo store	Chuo-ku, Sapporo	Shinsaibashi Kyodo Center Building, K.K.	Chuo-ku, Osaka
Shimonoseki store	Shimonoseki, Yamaguchi		

(SC Business)

Name	Location	Name	Location
PARCO Co., Ltd.			
Headquarters	Toshima-ku, Tokyo	Chofu PARCO	Chofu, Tokyo
Shibuya Head Office	Shibuya-ku, Tokyo	Matsumoto PARCO	Matsumoto, Nagano
Sapporo PARCO	Chuo-ku, Sapporo	Shizuoka PARCO	Aoi-ku, Shizuoka
Sendai PARCO	Aoba-ku, Sendai	Nagoya PARCO	Naka-ku, Nagoya
Urawa PARCO	Urawa-ku, Saitama	Shinsaibashi PARCO	Chuo-ku, Osaka
Ikebukuro PARCO	Toshima-ku, Tokyo	Hiroshima PARCO	Naka-ku, Hiroshima
PARCO_ya Ueno (Ueno Frontier Tower)	Taito-ku, Tokyo	Fukuoka PARCO	Chuo-ku, Fukuoka
Kinshicho PARCO	Sumida-ku, Tokyo		
Shibuya PARCO	Shibuya-ku, Tokyo	Pedi SHIODOME	Minato-ku, Tokyo
Hibarigaoka PARCO	Nishi-Tokyo, Tokyo	Cattleya Plaza Isezaki	Naka-ku, Yokohama
Kichijoji PARCO	Musashino, Tokyo	HAB @ Kumamoto	Chuo-ku, Kumamoto
PARCO Digital Marketing Co., Ltd.	Shibuya-ku, Tokyo	PARCO (Singapore) Pte Ltd	Singapore

(Developer Business)

Name	Location	Name	Location
J. Front City Development Co., Ltd.			
Head Office	Shibuya-ku, Tokyo	Shinsaibashi ZERO GATE	Chuo-ku, Osaka
Ueno Frontier Tower	Taito-ku, Tokyo	Sannomiya ZERO GATE	Chuo-ku, Kobe
CROSS GINZA	Chuo-ku, Tokyo	Hiroshima ZERO GATE	Naka-ku, Hiroshima
Sapporo ZERO GATE	Chuo-ku, Sapporo	BINO OKACHIMACHI	Taito-ku, Tokyo
Harajuku ZERO GATE	Shibuya-ku, Tokyo	BINO GINZA	Chuo-ku, Tokyo
Kawasaki ZERO GATE	Kawasaki-ku, Kawasaki-shi	BINO SAKAE	Naka-ku, Nagoya
Nagoya ZERO GATE	Naka-ku, Nagoya	BINO HIGASHINOTOIN	Nakagyo-ku, Kyoto
Kyoto ZERO GATE	Shimogyo-ku, Kyoto	and others	
PARCO SPACE SYSTEMS Co., Ltd.	Shibuya-ku, Tokyo	J. Front Design & Construction Co., Ltd.	Chuo-ku, Osaka

(Payment and Finance Business)

Name	Location
JFR Card Co., Ltd.	Head Office: Takatsuki, Osaka Sales Office: Tokyo 3, Osaka 2, Kyoto 1, Kobe 1, Sapporo 1, Nagoya 1, Shizuoka 1

(Other subsidiaries)

Head Office: Osaka 5, Nagoya 1, Tokyo 1, Shanghai 1, Thailand 1

(4) Status of employees

1) Employees of the corporate group

Category	Number of employees
J. FRONT RETAILING Co., Ltd.	233
Department Store Business	2,943
SC Business	565
Developer Business	870
Payment and Finance Business	249
Other	483
Total	5,343

(Note) Other than the employees above, the number of dedicated employees is 1,131 and the number of fixed-term employees is 828.

2) Employees of the Company

Number of employees	Average age
233	47.4

(Note) Other than the employees above, the number of dedicated employees is 4 and the number of fixed-term employees is 15.

3) Employees of major subsidiaries

Name	Number of employees	Average age
Daimaru Matsuzakaya Department Stores Co. Ltd.	2,682	49.8
PARCO Co., Ltd.	591	43.7

2. Matters relating to Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. of Accounting Auditor

1) Amount of remuneration, etc. to be paid by the Company	¥136 million
2) Total cash and other financial profits to be paid by the Company and its subsidiaries	¥373 million

(Note) The audit agreement entered into by the Accounting Auditor and the Company does not clearly distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be practically distinguished from each other. Therefore, the amount in 1) above indicates the total of these two kinds of amounts.

(3) Content of non-audit service

No items to report

(4) Rationale for Audit Committee's agreement on remuneration of the Accounting Auditor

The Audit Committee furnished its agreement with respect to the amount of remuneration, etc. provided to the Accounting Auditor, which has been deemed appropriate upon conducting a review regarding audit appropriateness with respect to the Accounting Auditor's audit plan, its execution of duties, the basis used for calculating remuneration estimates, and other factors.

(5) Policy for determining dismissal or non-reappointment of Accounting Auditor

The Audit Committee is to take necessary measures that include dismissing the Accounting Auditor upon gaining consent of all Audit Committee members, or otherwise making decisions on proposals to dismiss or not reappoint the Accounting Auditor submitted to the Shareholders Meeting, in the event that the Audit Committee deems it appropriate to dismiss or otherwise not reappoint the Accounting Auditor, either if there are grounds for dismissal as provided for in Paragraph 1, Article 340 of the Companies Act of Japan, or if a situation arises whereby the audit of the Company has been significantly impeded such as would be the case if the supervisory authorities were to issue an order requiring suspension of auditing activities.

(6) Rationale for Audit Committee's decision on reappointment of Accounting Auditor

The Audit Committee decided to reappoint Ernst & Young ShinNihon LLC, as a result of comprehensive considerations, following the evaluation of the appropriateness and validness of audit activities by the Accounting Auditor based on the Accounting Auditor Evaluation Standards established by the Audit Committee.

3. System and policies of the Company

(1) Systems to ensure properness of operations <Basic Policy to Build Internal Control System> (revised on May 23, 2024)

This is a basic policy set out by J. FRONT RETAILING Co., Ltd. (hereinafter the “Company”) relating to building an internal control system for lawful and appropriate execution of overall business within the Group (here and hereinafter referring to the corporate group comprising the Company and its subsidiaries). By specifically promoting this policy, the Group aims to sustain its own growth and contribute to increasing corporate value over the medium and long term.

- The Company aims to realize corporate governance that is a structure for transparent, fair, swift, and resolute decision-making with due attention to the perspectives of shareholders and also customers, employees, and local communities in order to ensure the sustainable growth of the Group and increase corporate value over the medium to long term. The Company has therefore adopted the system of the company with three committees (nomination, audit, and remuneration committees) in order to strengthen the oversight function and decision-making function for business execution of the Board of Directors by clearly separating management oversight and execution functions.
- In order to achieve our best possible corporate governance structure, it is important that the President and Representative Executive Officer takes and hedges various risks (uncertainties) within the Group to build an internal control system capable of appropriate and efficient business execution.
- The internal control system is a structure that companies should establish to control internal risks (uncertainties) with a view to realizing sustainable, stable growth. Specifically, the system comprises the following Group management system, risk management system, legal compliance system, internal audit structure, and structure of the audit committee.

I. Group Management System

1) Board of Directors

- The Board of Directors shall perform an oversight function by monitoring the Executive Officers’ and Directors’ execution of business.
- The Board of Directors shall discuss and resolve matters defined in the Companies Act and/or the Articles of Incorporation, as well as the Group Vision, Sustainability Policy, the Group Medium-term Business Plan, overall policy and plan for the Group management, M&As, the Group financing plans, and other individual important matters relating to the Group management. In order to accelerate business decisions and execution, the task of determining matters involving business execution other than the above shall be delegated to execution, with the exception of matters which have a material impact on the Group management.
- Regarding oversight, decision-making, and the like by the Board of Directors, in pursuit of separating supervisory and executive functions and ensuring the effectiveness of discussions by the Board of Directors, independent Outside Directors having no risk of a conflict of interest with the Company’s shareholders shall comprise a majority of the Board of Directors.
- To ensure effectiveness of objective management oversight, in addition to the Outside Directors, internally promoted Directors who do not execute business and who are well informed about internal information shall also be appointed.

2) Management execution framework

- The Company shall clearly separate management oversight and execution and strengthen the Board of Directors’ oversight function while delegating authority for execution to enable swift management decision-making. Meanwhile, execution shall be controlled by having the following framework.
- The Company shall assign the optimal unit for expediting and ensuring the effectiveness of strategy execution as the organization responsible for execution, and its general manager shall be an Executive Officer.

- The Company clarifies the missions of the President and Representative Executive Officer and each unit. Each division formulates and executes a concrete plan based on the mission, and the roles and operations set forth in the Rules for Division of Organizations and Duties.
- Management shall formulate the major Group management policies and individual important matters, and oversee business execution of operating subsidiaries. The Board of Directors shall discuss and determine (approve) the suitability of major policies and plans that execution has prepared as well as individual important matters.
- Overall policy, plans, and other matters concerning the Group's management are discussed at the Group Management Meeting, the Group Policy Meeting, each segment's Medium-term Business Plan Progress Meeting, the Operating Associates Results and Strategy Examination Meeting, etc. At the meetings, participants confirm the progress of management strategies, share information between management, and so forth.
- The Company shall construct systems to raise overall efficiency of the Group such as the introduction of the Group's common accounting system in principle and promotion of centralized management of the Group funds.
- The Company has adopted the International Financial Reporting Standards (IFRS) voluntarily in the interest of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period and increasing convenience for overseas investors by improving the international comparability of financial information.

3) Internal control promotion framework

- Under the direction of the President and Representative Executive Officer, the Company shall put a department and person in charge of internal control to strengthen internal control over execution. The person in charge shall develop and manage the operation of the internal controls regarding the Companies Act and the internal control system regarding the Financial Instruments and Exchange Act at the Company and operating subsidiaries.
- The department in charge of internal control shall coordinate with the Audit Committee, internal audit departments, and each unit and operating subsidiary to share information and remedy any deficiencies that occur in the internal controls.
- With regard to internal controls over financial reporting, internal systems that ensure the reliability of financial reporting in line with the Financial Instruments and Exchange Act and various associated laws and regulations shall be established at the Company and operating subsidiaries.

II. Risk Management System

- The Company shall establish the Risk Management Committee as an advisory body to the President and Representative Executive Officer with regard to risk management. The committee is chaired by the President and Representative Executive Officer and comprises Executive Officers and others.
- The Risk Management Committee incorporates risk management into management decision-making by identifying and evaluating risks, determining which risks should be reflected in strategies, and deliberating over other important matters. Notably, the committee shall report the details of these deliberations to the Board of Directors in a timely manner.
- An officer shall be put in charge of risk management in order to promote the operation of risk management.
  The Company shall also put a department and person in charge of risk management to offer support and guidance in addition to monitoring the risk management of the Company and operating subsidiaries.
- Each operating subsidiary shall designate departments and people in charge of risk management, and provide daily leadership for risk management.
- For hazard risks such as large-scale earthquakes, fires, and accidents, crisis management shall be controlled by the "Emergency Response Headquarters" headed by the President and Representative Executive Officer.

III. Legal Compliance System

1) Compliance promotion framework

- The Company shall establish the Compliance Committee as an advisory body to the President and Representative Executive Officer regarding the operation of compliance management. The President and Representative Executive Officer shall be the Chairperson and the members of the committee shall be a corporate lawyer, Executive Officers, and others.
- An officer shall be put in charge of compliance in order to promote the operation of compliance management.
  The Company shall also designate a department and person in charge of compliance to establish, institutionalize, and supervise the operation of compliance systems at the Company and operating subsidiaries.
- Each operating subsidiary shall designate departments and responsible persons in charge of promotion of compliance, and shall carry out daily supervision and direction of business operations that are in accordance with laws and regulations and internal company rules.
- The Compliance Committee shall strengthen collaboration with departments in charge of compliance in operating subsidiaries, continuously oversee the development of the foundations of the compliance system and the status of implementation, and promote compliance with laws, regulations, and corporate ethics in addition to drawing up courses of action to take in response to serious compliance-related violations.
  Notably, the committee shall report the details of these deliberations to the Audit Committee in a timely manner.

2) Whistle-blowing system

- The Company shall establish the “JFR Group Compliance Hotline” that sets contact points both within and outside of the companies (corporate lawyer) as the whistle-blowing system of the Group, which may be used by all persons working at the Company and operating subsidiaries.
- The hotline’s policy shall be to maintain strict confidentiality regarding notifications and reports and shall not disclose the personal information of whistleblowers to a third party without their consent; to be careful to avoid identification of the whistleblower when investigating the facts; and to ensure that whistleblowers are not subjected to disadvantageous treatment in terms of personnel affairs or any other aspect.
- For hotline reports concerning management personnel, the Company shall build a structure whereby the reports are submitted directly to the Audit Committee and subjected to directions from the Audit Committee so as to secure an independent reporting route.

IV. Internal Audit Structure

- The Company shall establish an independent internal audit department under the direction of the President and Representative Executive Officer. In accordance with internal audit rules and under the direction of the President and Representative Executive Officer, the internal audit department shall audit the operations of the Company and operating subsidiaries or have them properly report the results of audits of operations, examine the properness and effectiveness of the processes for their operations, and provide guidance, advice and proposals to all departments at the Company and to operating subsidiaries.
- The persons responsible for the internal audit departments, while providing directions, guidance, and assistance to the internal audit departments of the operating subsidiaries, provide a report to the President and Representative Executive Officer of the status of internal control functions through a third-party evaluation of the audit plans and audit results of the operating subsidiaries.
- To further enhance corporate governance by strengthening auditing functions, the Company shall clarify links between the President and Representative Executive Officer, the Audit Committee and the internal audit department. Specifically, the Company shall adopt a system in which reports are submitted to both the President and Representative Executive Officer and the Audit Committee. When the reports are made, the audit report and the improvement report shall be made together to realize swift measures.

- Appointments and transfers of persons responsible for the internal audit departments shall be subject to advance approval by the Audit Committee, and when such persons are evaluated, the Audit Committee states an opinion to the execution of such evaluation.

V. Structure of the Audit Committee

- The Audit Committee shall audit the legality and suitability of the execution of duties by the Executive Officers and Directors.
- The committee shall comprise independent Outside Directors and full-time non-executive directors, and in pursuit of transparency and objectivity, the Chairperson shall be selected from among the independent Outside Directors.
- The Audit Committee Secretariat has been established as an organization in charge of assistance for the Audit Committee's duties.
- Regarding the appointment and reassignment of secretariat staff members, and performance evaluations of the manager of the secretariat, the Audit Committee's advance approval is required to ensure independence.
- The Audit Committee shall have periodic meetings with the President and Representative Executive Officer to share information.
  Moreover, the Company's Executive Officers and Directors may be asked to attend the Audit Committee meetings to provide reports and opinions as necessary.
- The Audit Committee shall regularly coordinate with the internal audit department to share information. Moreover, the Accounting Auditor, outside experts and others may be asked to attend Audit Committee meetings to provide reports and opinions as necessary.
- The Audit Committee members shall report to the Audit Committee on the status of audits of the following matters:
  - Matters resolved by or reported to the Board of Directors
  - Matters identified by the Audit Committee as issues
  - Internal audit implementation status and results (audit report, improvement report, etc.)
- The Audit Committee members shall attend the Group Management Meeting and other meetings, inspect important documents associated with the execution of duties, such as circular approval memos, and request explanations from officers and employees of operating subsidiaries as necessary.
- Operating subsidiaries shall submit the necessary audit reports and perform other duties if requested to do so by the Audit Committee.
- The Audit Committee shall have periodic meetings and the like with the audit & supervisory board members of operating subsidiaries to enhance and strengthen the auditing of the entire Group.
- Personnel appointments and transfers for audit & supervisory board members of operating subsidiaries shall require approval from the Audit Committee, and the audit & supervisory board members of operating subsidiaries concurrently serve as members in the Audit Committee Secretariat.
- The Audit Committee may request expenses deemed necessary for performing the duties from the Company, and the Company shall bear them.

VI. System for Storage and Management of Information

1) Confidential information management

- Regarding documents relating to the execution of duties by Executive Officers and Directors and minutes and related documents (including electromagnetic records, in both cases) regarding meetings chaired by Executive Officers and Directors, in accordance with laws, regulations, and the rules on confidential information management, each responsible department shall carry out document storage and management during the stipulated period and shall develop a system to enable inspections of such documents at any time.

2) Information security management

- The Senior Executive General Manager of the Systems Department shall control information security management of the Company based on the Information Security Policy and IT Governance Policy, and shall report periodically and whenever necessary on the status of information system management and related matters to the Board of Directors, the Audit Committee, the Management Meeting, and the President and Representative Executive Officer.

(2) Operational status of systems to ensure properness of operations <Basic Policy to Build Internal Control System> (FY2024)

The Company endeavors to maintain its internal control system and properly operate such system on the basis of its “Basic Policy to Build Internal Control System.” Details regarding the overall status of such operations during the current fiscal year are as follows.

I. Group Management System

1) Board of Directors

1) To separate supervisory and executive functions and ensure the effectiveness of discussions at the Board of Directors, the Board of Directors is comprised of a majority of independent Outside Directors who have no risk of a conflict of interest with the Company’s shareholders.

2) The Board of Directors deliberates on material issues related to the Group management. As for the findings of and issues raised by the Board of Directors, there are demands for additional reports on execution, and efforts are made to run through the PDCA cycle, including additional debate by the Board of Directors. Briefings are also provided to Outside Directors prior to the Board of Directors meetings for fuller discussions at such meetings. The effectiveness of the Board of Directors is being improved through these initiatives.

3) The Board of Directors met 15 times in the current fiscal year. Their discussions included monitoring of the Medium-term Business Plan (FY2024-FY2026), the business restructuring within the Group, the establishment of a joint venture aimed at entering the reuse business, as well as matters defined in the Companies Act and/or the Articles of Incorporation. In addition, the Board of Directors evaluates the state of creating and operating the various items stipulated in the “Basic Policy to Build Internal Control System” and confirms there are no major problems.

4) Evaluations of the effectiveness of the Board of Directors are performed by a third-party organization each fiscal year to continuously and further improve the effectiveness of the Board of Directors by resolving any identified issues.

2) Management execution framework

1) As an executive organization, the Company has established optimal strategy units for effective, faster strategy execution. Following on the mission of the President and Representative Executive Officer, the Executive Officer, who is the Senior Executive General Manager, prepares missions for each strategy unit in order to realize the Medium-term Business Plan and the Annual Execution Plan. These units execute business and support the operations and management of operating subsidiaries in line with its duties and mission.

2) The roles and responsibilities of the Company as a holding company include planning, formulating, and spreading the Group Vision, the Group Medium-term Business Plan and the Group Management Policy for the fiscal year; managing the progress and performance of these activities; establishing business portfolio management (optimal allocation of management resources), human resources management, shareholder management, and corporate governance group-wide. With regard to matters related to business execution at operating subsidiaries, in order to promote speedy management decisions and clarify management responsibilities; standards have been established for delegating authority to operating companies, which exclude items that have an important impact on the Group management; and things are operated in accordance with these standards.

3) The Company has established various meetings to execute items, the roles of which are clearly indicated. The Group Management Meeting focuses on discussions of important issues to be submitted to the Board of Directors, such as overall policy and plans for the Group’s management. The matters discussed are reviewed at the Group Policy Meeting, the Medium-term Business Plan Progress Meeting, and the Operating Associates Results and Strategy Examination Meeting to help facilitate prompt management decisions.

4) As a rule, the common Group accounting system is introduced; and efforts are made to promote more efficient operations and integrated and more efficient fund procurement by the Group through a cash management system.

3) Internal control promotion framework

1) Under the direction of the President and Representative Executive Officer, the Company has established a department and person responsible for internal control. This department and person develop and manage the internal controls regarding the Companies Act and the internal control system regarding the Financial Instruments and Exchange Act at the Company and operating subsidiaries.

2) With regard to internal controls over financial reporting, the Company and operating subsidiaries maintain and operate internal systems to ensure the reliability of financial reporting in line with the Financial Instruments and Exchange Act and various associated laws and regulations.

3) During the current fiscal year, no material deficiencies that should be disclosed were found, and this was reported to the Audit Committee and the Board of Directors.

II. Risk Management System

1) The Company has established the Risk Management Committee as an advisory body to the President and Representative Executive Officer with regard to risk management. The committee is chaired by the President and Representative Executive Officer and comprises Executive Officers of the Company, presidents of operating subsidiaries, and others.

2) The Risk Management Committee regularly discusses, identifies, and evaluates risks (uncertainties), prioritizes them and reflects them in strategies, monitors related countermeasures, and submits related reports to the Board of Directors.

3) The Risk Management Committee met three times in the current fiscal year to address and monitor countermeasures based on the important risks (important risks for the Group) to be addressed under the Medium-term Business Plan, as well as to review and address the important risks for the Group in light of changes in the internal and external environment during the period. In addition, each group company extracts risks unique to the individual company with reference to the risks for the Group, and each operating company formulates, addresses, and monitors such risks.

4) For hazard risks such as large-scale earthquakes, fires, and accidents, the Company has established a system in which crisis management is controlled by the "Emergency Response Headquarters" headed by the President and Representative Executive Officer.

   During the current fiscal year, the Company, based on its "Crisis Management Rules" and "Business Continuity Manual" to be followed in case of a large-scale natural disaster, continued to make efforts to improve its ability to respond to a wide range of crisis events by conducting BCP drills several times, including at our operating companies. Regarding preparations for new infectious diseases, we have implemented measures to minimize the impact on our business based on our "New Infectious Disease Response Manual," which stipulates infection prevention measures to help prevent outbreaks and preparations during normal times.

III. Legal Compliance System

1) Compliance promotion framework

1) The Company has established the Compliance Committee as an advisory body to the President and Representative Executive Officer regarding the compliance operation. The President and Representative Executive Officer shall be the chairperson and the members of the committee shall be a corporate lawyer, Executive Officers, and others.

2) Departments and persons responsible for compliance are also put at operating subsidiaries, and carry out daily supervision and direction of business operations that are in accordance with laws and regulations and internal company rules.

3) The Compliance Committee met four times during the current fiscal year to discuss issues in the Group's internal organizational culture and initiatives aimed at reform. The committee also discussed the response to the aggregated reports to the whistle-blowing system. Furthermore, a compliance awareness survey was conducted on all employees of the Group, and the Compliance Committee had discussions based on the evaluation results.

4) In order to spread efforts to ensure compliance, those responsible for compliance at each group company meet four times a year to increase compliance awareness and implement activities within the entire group. We also conducted trainings on the theme of compliance and corporate culture for JFR's officers, as well as officers, executives, and newly assigned managers of each Group company.

2) Whistle-blowing system

1) The Company has established the "JFR Group Compliance Hotline" for reporting issues to the Company or an independent party (corporate lawyer), which may be used by all persons working at the Company and operating companies.

2) For hotline reports concerning management personnel, the Company has built a structure whereby the reports are directly submitted through the hotline desk to the Audit Committee and subjected to directions from the Audit Committee.

3) During the current fiscal year, efforts were made to increase recognition and promote understanding of the system among the Group company employees through measures such as posting analysis of issues reported and the status of responses to them on our in-house portal site. As a result, 66 cases related to labor-management relations and other issues were reported, and are being dealt mainly by the secretariat.

IV. Internal Audit Structure

1) The Company has established an independent Internal Audit Division under the President and Representative Executive Officer. The Internal Audit Division verifies and evaluates the legality and effectiveness of systems of corporate governance, risk management, and compliance management, in addition to performing audits on business operations of the Company and each operating company.

2) There is a system in which reports are submitted to both the President and Representative Executive Officer and the Audit Committee, and audit results and improvement measures related to audit findings are regularly reported. As for orders related to improvement measures from management, issues are promptly handled in collaboration with the audited departments.

3) We have established remote audit structure, which is used to conduct audits along with onsite audits. During the current fiscal year, we conducted operational audits on the status of legal compliance with the Labor Measures Comprehensive Promotion Act, the Antimonopoly Act, and other statutes, as well as the status of development of operational rules and regulations and their compliance. We also conducted audits based on themes such as the status of developing and operating IT governance and operating the Group hotline.

V. Structure of the Audit Committee

1) The Audit Committee, which is chaired by an Outside Director, is composed of four members including Directors who do not execute business and are Inside Directors.

2) In accordance with the overall policy and plan determined by the Board of Directors, the Audit Committee audits the execution of business by Executive Officers and Directors, important matters submitted to the Board of Directors, and other individual matters the Audit Committee considers necessary, as well as the status of establishing and implementing internal controls, and then prepares audit reports.

3) The Audit Committee receives explanations on the audit policy and plan prior to the audit from the Accounting Auditor, and receives explanations and reports on the audit results and expresses its opinions including requests on audit items, and in addition, exchanges of opinions with the Accounting Auditor is carried out on a regular basis. It receives regular audit reports from the Internal Audit Division on the status of improvements regarding issues identified through internal audits. Moreover, the Audit Committee works closely with the Audit & Supervisory Board Members of the Group companies through regular meetings to share recognition of auditing issues and exchange opinions.

4) To grasp important decision-making processes and the status of the execution of duties, full-time members of the Audit Committee not only attend important committees and other meetings, such as the Group Management Meeting, but also peruse important documents relating to the execution of business such as approval circulars.

5) During the current fiscal year, the Audit Committee met 24 times. Apart from the Committee, we carried out audits on execution of duties of all of the Executive Officers of the Company at the Audit Committee Meeting. Through these, we monitored the progress of the plans based on the Group's policies such as the maximization of the Group synergies, the status to maintain and improve sound and sustainable company structure, etc.

VI. System for Storage and Management of Information

1) Confidential information management

The Company ensures that the documents associated with the execution of duties by the Executive Officers and Directors, as well as the minutes and relevant materials (including electronic records) of the meetings held by Executive Officers and Directors are appropriately stored and managed by each of the responsible departments based on laws and regulation as well as internal rules.

2) Information security management

The Company has formulated information security policies and IT governance policies and distributes them within the Group, and based on these policies, the individual departments in charge conduct information security management. Reports on the status of management of information systems and related matters are made at the Board of Directors, the Audit Committee, and the Group Management Meeting regularly and when necessary.

To minimize potential IT related risks and increase corporate value, the Company controls activities ranging from the development of IT strategy to its implementation with the Regular IT Governance Meeting and the System Development Meeting based on the Company's IT governance policy, regulations, and rules. We also promote efforts to ensure compliance with our information security policy through ongoing training related to targeted e-mail attacks and incident response. In addition, during the current fiscal year, we formulated internal rules on efforts taken by the J. FRONT RETAILING Computer Security Incident Response Team (JFR-CSIRT), an organization responsible for taking prompt post-incident responses within the Group.

(3) Basic policy regarding control of the Company

I. Contents of basic policy

The Company believes it is necessary for the party controlling the Company's financial and business policy decisions to be a party who sufficiently understands the financial and business details of the Group and the sources of the Group's corporate value, continuously and sustainably ensures that the corporate value of the Group and, by extension, the common interests of shareholders are served, and enables further improvement in this area.

As the Company is a listed enterprise, the Company's policy regarding its shareholders is that, in general, they are determined through free market transactions on the financial instruments market. Furthermore, even in the case of a purchase of shares of the Company above a certain scale by specific shareholders or specific groups (hereinafter "Large-Scale Purchase"), if this Large-Scale Purchase will contribute to the corporate value of the Group and, by extension, the common interests of its shareholders, the Company believes that this should not be rejected outright and that, ultimately, the decision on whether to accept or reject it should be left to the discretion of the Company's shareholders.

Nevertheless, a Large-Scale Purchase that involves a serious risk of causing damage to the corporate value of the Group may be envisaged. This may include a Large-Scale Purchase that, in view of its purpose and other factors, would demonstrably harm the Group's corporate value; one with the potential to involve substantial coercion of shareholders to sell shares of the Company; or one that would not provide sufficient time and information for the Company's Board of Directors and shareholders to consider factors such as the details of the large-scale purchaser's proposal, or for the Company's Board of Directors to make an alternative proposal.

A party attempting this kind of Large-Scale Purchase, which would not contribute to the corporate value of the Group and, by extension, the common interests of its shareholders (hereinafter, the "Large-Scale Purchaser"), would not be appropriate as a party controlling the Company's financial and business policy decisions. Accordingly, the Company believes that it is the duty of the Company's Board of Directors, which is entrusted by the shareholders to manage the Company, to respond to this kind of Large-Scale Purchase by ensuring that processes such as provision of information by the Large-Scale Purchaser and considerations and evaluations by the Company's Board of Directors are carried out, and securing sufficient time for the Company's Board of Directors and shareholders to consider the details of the Large-Scale Purchaser's proposal in order to prevent damage to the corporate value of the Group and, by extension, the common interests of its shareholders.

II. Frameworks contributing to realization of basic policy

Since the foundation of Daimaru and Matsuzakaya, the Group has been engaged in businesses of kimono fabric stores and department stores for many years based on the corporate philosophies and traditional spirits of these businesses, which are: "Service before profit (those who place service before profit will prosper)," "Abjure all evil and practice all good" and "In doing good to others, we do good to ourselves."

The Company believes that the sources of the Group's corporate value are the relationships of trust it has established with customers and with society, which have been refined on the basis of these philosophies and spirits.

Accordingly, in order to exemplify the principles of "customer-first principle" and "contribution to society," which are in common with these philosophies and spirit, the Company has established the following Basic Mission Statement of the Group: "to aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations" and "to aim at developing the Group by making a broad contribution to society as a fair and trusted business entity." Based on this Basic Mission Statement, the Company implements a wide range of measures, aimed at realizing the Group Vision of "Create and Bring to Life 'New Happiness," in order to make a contribution to securing and enhancing the corporate value of the Group and, by extension, the common interests of shareholders.

III. Framework to prevent parties deemed inappropriate in light of basic policy from controlling the financial and business policy decisions of the Company

At present, the Company has not specifically stipulated a concrete framework for a case in which a Large-Scale Purchaser appears, commonly known as takeover defense measures.

Nevertheless, the Company believes that, in order to prevent damage to the Group's corporate value if a Large-Scale Purchaser appears, it is necessary to carefully examine the impact a Large-Scale Purchase would have on the Group's corporate value after ascertaining certain information about the Large-Scale Purchaser. Such information would include the nature of the Large-Scale Purchaser, the purpose of the Large-Scale Purchase, the Large-Scale Purchaser's proposed financial and business policies and their policy for handling shareholders, the Group's customers, business partners, employees, the communities that surround the Group, and other stakeholders.

Accordingly, if this occurs, the Company will establish an independent committee composed of Outside Officers and experts with viewpoints that are independent from the Company's management personnel and Inside Directors. If the Company judges that the said Large-Scale Purchaser is inappropriate in light of the aforementioned basic policy after considering advice and opinions from the committee, the Company will act to secure the Group's corporate value and, by extension, the common interests of shareholders by taking necessary and appropriate countermeasures.

IV. Judgment of the Company's Board of Directors regarding concrete framework and reasons for such judgment

Various measures formulated by the Group are formulated based on the Group's Basic Mission Statement, and are intended to further build up the relationships of trust with customers and with society, which are the sources of the Group's corporate value. Therefore, the Company believes that these measures are in line with the contents of the basic policy and contribute to securing and enhancing the corporate value of the Group and, by extension, the common interests of shareholders.

Furthermore, if the Company takes necessary and appropriate countermeasures against a Large-Scale Purchaser judged to be inappropriate in light of the basic policy, the fairness, neutrality and rationality of this judgment will be ensured by making it in consideration of advice and opinions from an independent committee whose independence from the management personnel and Internal Directors of the Company is assured. Accordingly, the Company believes that these measures would not damage the corporate value of the Group or the common interests of shareholders, and that they are not intended to maintain the positions of the officers of the Company.

Notes to Consolidated Financial Statements

Notes on important matters forming the basis of preparation of consolidated financial statements, etc.

1. Reporting standards for the preparation of consolidated financial statements

The J. Front Retailing Group (the "Group") has been preparing its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), based on the provisions of Article 120, Paragraph 1 of the Regulation on Accounting of Companies.

Certain items of the consolidated financial statements that are required to be disclosed by the IFRS are omitted based on the latter provisions of the same Paragraph.

2. Matters concerning the scope of consolidation

Consolidated subsidiaries 22 companies

Major consolidated subsidiaries are listed in "1. Current status of the corporate group, (8) Status of significant parent company and subsidiaries" in the Business Report.

Daimaru Matsuzakaya Department Stores Co. Ltd., which is our consolidated subsidiary, acquired 35.2% of the shares of Shinsaibashi Kyodo Center Building, K.K., which was an equity method associate, on July 31, 2024. As a result, the Company included Shinsaibashi Kyodo Center Building, K.K. in the scope of consolidation.

3. Matters concerning the application of the equity method

Equity method associates 9 companies

Major equity method associates include Ginza 6-chome Kaihatsu Tokutei Mokuteki Kaisha.

PARCO Co., Ltd., which is our consolidated subsidiary, transferred part of its shares in Apparel-web, Inc. on March 27, 2024. As a result, the Company removed Apparel-web, Inc. from the scope of the equity method. In addition, the Company established Pride No. 1 Limited Liability Investment Partnership through a joint investment on March 1, 2024; it is included in the scope of the equity method. Furthermore, J. Front City Development Co., Ltd., which is our consolidated subsidiary, established Shinsaibashi Mirai Tokutei Mokuteki Kaisha through a joint investment on January 28, 2025. As a result, the Company included Shinsaibashi Mirai Tokutei Mokuteki Kaisha in the scope of the equity method.

With regard to equity method associates whose balance sheet dates are different from the consolidated balance sheet date, necessary adjustments are made by additionally preparing their financial statements as of the fiscal year end of the Company or other means.

4. Matters concerning the fiscal year of consolidated subsidiaries

With regard to subsidiaries whose balance sheet dates are not the end of February, which is balance sheet date of the Company, because the legal system of the region where the subsidiaries are located does not allow them to have the same balance sheet date as that of the Company, or for other reasons, adjustments are made by additionally preparing their financial statements as of the fiscal year end of the Company or other means.

5. Matters concerning accounting policies

(1) Foreign currency translation

1) Foreign currency transactions

Each entity of the Group has set its own functional currency as the currency of the primary economic environment in which the entity operates. Transactions of each entity are measured at the functional currency.

When each entity prepares non-consolidated financial statements, transactions in currencies other than its functional currencies are translated using the exchange rate prevailing at the dates of transactions.

Foreign currency monetary assets and liabilities at the end of the reporting period are translated using exchange rates at the end of the reporting period.

Exchange differences arising from translation or settlement are recognized as profit or loss. However, when gains or losses on non-monetary items are recorded in other comprehensive income, exchange differences are also recorded in other comprehensive income.

2) Financial statements of foreign subsidiaries, etc.

Assets and liabilities of foreign subsidiaries, etc., are translated into Japanese yen at the exchange rate prevailing at the end of the reporting period. Income and expenses of foreign subsidiaries, etc. are translated into Japanese yen at the average exchange rate for the period, unless there is significant change in the exchange rate during the period. When there is significant change in the exchange rate, the income and expenses are translated using the exchange rate at the transaction date.

Exchange differences arising from translation of the financial statements of foreign subsidiaries, etc. are recognized in other comprehensive income. Exchange differences for foreign subsidiaries, etc. are recognized as profit or loss in the period during which the foreign subsidiaries, etc. are disposed of.

(2) Basis and method of valuation of significant assets and accounting method for deferred assets

1) Financial instruments

(i) Non-derivative financial assets

Trade and other receivables are initially recognized on the date when they are incurred. All other financial assets are initially recognized on the trade date when the Group becomes a party to the contractual provisions of the financial instruments.

An overview of classification and measurement model of non-derivative financial assets is as follows.

(a) Financial assets measured at amortized cost

With regard to investments in debt instruments, when the contractual cash flows consist of principal and interest paid on specified dates, and the Group holds such investments based on a business model whose objective is to hold the instrument to collect contractual cash flows, the debt instruments are measured at amortized cost using the effective interest method.

(b) Financial assets measured at fair value through other comprehensive income (financial assets at FVTOCI)

With regard to investments in debt instruments, when the contractual cash flows consist of principal and interest paid on specified dates, and the Group holds such investments based on a business model whose objective is both to collect contractual cash flows and to sell the financial assets, the debt instruments are measured at fair value.

For investments in equity instruments that are not held for trading, the Group may make an election (irrevocable) at the initial recognition to measure them at fair value and recognize any changes in the fair value in other comprehensive income. In this case, changes in the fair value are recognized in other comprehensive income (not reclassified to profit or loss). The cumulative amount recognized as other comprehensive income is transferred to retained earnings when the financial asset is derecognized. Dividends are recognized in profit or loss unless they obviously represent a partial recovery of the cost of the investment.

(c) Financial assets measured at fair value through profit or loss (financial assets at FVTPL)

Financial assets other than above are measured at fair value with changes in fair value recognized in profit or loss.

The Group does not designate any debt instrument as measured at fair value through profit or loss to remove or significantly reduce an accounting mismatch.

(d) Impairment of financial assets

The Group recognizes impairment of debt instruments measured at amortized cost or at fair value through other comprehensive income based on its evaluation at the end of each reporting period whether there is a significant increase in credit risk of financial assets or groups of financial assets since initial recognition. Specifically, when there is no significant increase in the credit risk since initial recognition, expected credit losses for 12 months are recognized as allowance for doubtful accounts. On the other hand, when there is a significant increase in credit risk since initial recognition, expected credit losses for the remaining life of the financial assets are recognized as allowance for doubtful accounts. Whether credit risk is significantly increased or not is determined based on the changes in default risk.

For trade receivables arising from the ordinary course of business of the Group, since the period up to the collection is short, expected credit losses of such trade receivables are recognized over their remaining lives from the inception simply based on historical credit loss experience.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or the contractual rights to receive cash flows from the financial asset are transferred in a transaction where substantially all the risks and rewards incidental to ownership of the financial asset are transferred. Any interests in transferred financial assets that are created or continuously retained by the Group are recognized as a separate asset or liability.

(ii) Non-derivative financial liabilities

The Group recognizes financial liabilities at the date of transaction when the Group becomes a party to the contract for the financial instrument.

Non-derivative financial liabilities include borrowings, bonds, trade payables, other short-term payables, common gift certificates for department stores nationwide, deposits, etc. These financial liabilities are initially recognized at fair value and subsequently measured at amortized cost based on the effective interest method.

The Group derecognizes a financial liability when the financial liability is extinguished, i.e. when the contractual obligation is discharged, cancelled, or expired.

(iii) Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits, and short-term investments with maturities of three months or less that are readily convertible to cash and subject to insignificant risk of change in value.

2) Basis and method of valuation of non-financial instruments

(i) Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The acquisition cost is calculated mainly using the identified cost method, and includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

(ii) Assets held for sale

If the carrying amounts of non-current assets are recovered principally through a sale transaction rather than through continuing use, these assets (or disposal groups) are classified as “Assets held for sale.”

An asset held for sale is measured at the lower of its carrying amount and fair value less cost to sell.

After property, plant and equipment, intangible assets, and investment property have been classified under “assets held for sale,” depreciation or amortization will not be applied to these assets.

3) Property, plant and equipment

Property, plant, and equipment is measured using the cost model and is carried at cost less accumulated depreciation and accumulated impairment losses.

The acquisition cost includes costs directly attributable to the acquisition of the asset, costs related to disassembly, retirement, and site restoration, and borrowing costs that should be capitalized.

Depreciation of assets other than land and construction in progress is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives of major components of property, plant and equipment are as follows:

- Buildings and structures 2 to 60 years
- Machinery and vehicles 2 to 17 years
- Furniture and fixtures 2 to 20 years

4) Goodwill

The Group measures goodwill at the amount calculated by deducting the net recognized amount (usually, fair value) of identifiable assets acquired and liabilities assumed at the date of acquisition from fair value of consideration for the transfer including the recognized amount of non-controlling interests in the acquiree, which is measured at the date of acquisition.

Goodwill is not amortized. Instead, it is tested for impairment annually, or whenever there are indications of potential impairment.

Impairment losses of goodwill are recognized in the consolidated statement of profit or loss, and not reversed subsequently.

In addition, goodwill is carried at cost less accumulated impairment losses on consolidated statement of financial position.

5) Intangible assets

Intangible assets are measured using the cost model and stated at cost less accumulated amortization and accumulated impairment losses.

After the initial recognition, intangible assets other than goodwill are amortized using the straight-line method over respective estimated useful lives, except for intangible assets with indefinite useful lives. Estimated useful lives of major intangible assets are as follows. In addition, the Group has no significant intangible assets with indefinite useful lives.

- Software 5 to 10 years

6) Right-of-use assets

The Group confirms a right-of-use asset on the lease commencement date and initially measures it at its acquisition cost. The aforementioned acquisition cost consists of the amount of the lease liability, the amount of lease payments made before the lease commencement date adjusted to exclude any received lease incentives, and the initial direct cost that was incurred.

After the initial measurement, right-of-use assets are depreciated using the straight-line method over the lease term. The lease term is determined based on the non-cancellable term of the lease, taking into consideration any term for which there is reasonable certainty of extension and any term for which there is reasonable certainty of non-cancellation. In cases where a right-of-use asset is impaired, the impairment loss is deducted from the carrying amount of the right-of-use asset.

7) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments to be paid in the future over the lease term on and after the lease commencement date. When calculating the present value, if the interest rate implicit in the lease can be readily determined, that is used, and if it cannot, the lessee’s incremental borrowing rate is used.

The lease payments used in the measurement of lease liabilities include the lease payments of the extended term if the lease term reflects the exercise of a lease extension option, and include the cancellation fees if the lease term reflects the exercise of a lease cancellation option.

After the initial measurement, lease liabilities are measured at the amortized cost using the effective interest method. Moreover, if changes in future lease payments arise due to changes in indexes or rates, or if changes in the assessment regarding the potential for execution of an extension option or a cancellation option arises, the Group remeasures the lease liabilities.

If remeasuring the lease liabilities, the carrying amount of the right-of-use asset is also adjusted using the remeasured amount of the lease liabilities. However, if the decrease in liabilities due to re-measurement of the lease liabilities is larger than the carrying amount of the right-of-use asset, the amount remaining after impairing the right-of-use asset to zero is recognized as a net loss.

8) Investment property

Investment property is measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment losses. (See “3 Property, plant and equipment” for method of depreciation and useful life.)

9) Impairment of non-financial assets

The Group determines every reporting period whether there is any indication that carrying amounts of the Group’s non-financial assets excluding inventories and deferred tax assets may be impaired. If any indication exists, the recoverable amount of the asset is estimated.

For goodwill and intangible assets with indefinite useful lives or not yet available for use, the recoverable amount is estimated at the same time each year.

The recoverable amount of an asset or a cash-generating unit is the larger of its value in use and fair value less cost of disposal. The cash-generating unit is the smallest group of assets that generates cash inflows, from continuous use, that are largely independent of the cash inflows from other assets or groups of assets.

To test goodwill for impairment, cash-generating units to which the goodwill is allocated are integrated so that impairment is tested reflecting the smallest unit related to the goodwill. Goodwill acquired in business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized as profit or loss, if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. For an impairment loss recognized in the past, when there is an indication of a reversal of impairment loss and a change in the estimates used to determine the recoverable amount, the impairment loss is reversed to the recoverable amount. However, impairment losses related to goodwill are not reversed. An impairment loss is reversed up to the carrying amount that would have been determined had no impairment loss been recognized, net of necessary depreciation and amortization.

(3) Accounting policy for significant provisions

A provision is recognized when the Group has a present legal or constructive obligation as a result of a past event, when it is highly probable that an outflow of financial resources will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. To determine the amount of a provision, when the effect of the time value of money is material, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the liability. Unwinding of the discount over time are recognized in finance costs.

Asset retirement obligations

Asset retirement obligations are recorded at the estimated amount of restoration costs for leased stores, offices, etc. for which the Group has obligations to restore them to original state at the time when the lease is terminated.

Provision for loss on business liquidation

Legal or constructive obligations are recorded for the cost of store dismantlement, etc. that is expected to be borne in the future as a result of business liquidation, store closure, and store rebuilding.

(4) Revenue recognition

Based on the following five-step approach, revenue is recognized as the amount of consideration to which the Group expects to be entitled in exchange for the transfer of goods or services promised to customers.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group, under a holding company structure, develops businesses such as the SC Business, the Developer Business, and the Payment and Finance Business, with the Department Store Business at its core. Revenue recognition by business segment is as follows:

1) Revenue recognition by business segment

(i) Department Store Business

The Department Store Business carries out the sale of clothing, general goods, household goods, food products, and others. With regard to these sales of goods, since it is determined that performance obligation is satisfied at the time when goods are delivered to customers, the Group recognizes revenue at the time of delivery of such goods. Payments for goods are received mainly at the time of delivery of the goods, which is the time when performance obligation is satisfied.

(ii) SC Business

The SC Business undertakes development, management, supervision, and operation of shopping centers as well as sale of accessories, general goods, and others.

With regard to services, because these services are provided on a continuous basis and thus it is determined that performance obligation is satisfied over a certain period of time, revenue is recognized as the services are rendered.

With regard to the sale of accessories, general goods, and others, since it is usually determined that performance obligation is satisfied at the time when goods are delivered to customers, revenue is recognized at the time of delivery of such goods. Payments for goods are received at the time of delivery of the goods, which is the time when performance obligation is satisfied.

Revenue from lease of shopping centers and others is recognized over the lease term, in accordance with IFRS 16.

(iii) Developer Business

The Developer Business carries out development, sales, supervision, operation, interior decorating work, etc. of real estate.

Revenue from lease of real estate and others is recognized over the lease term, in accordance with IFRS 16.

Revenue from sales of real estate is recognized at the time of delivery.

With regard to the design and operation of interior decorating work, if the outcome of a work contract can be estimated reliably, revenue is recognized according to the stage of completion of the performance obligation. If the outcome of a work contract cannot be estimated reliably, revenue is recognized only to the extent that it is probable that the contract costs incurred will be recoverable.

(iv) Payment and Finance Business

The Payment and Finance Business undertakes issuance and administration, etc. of credit cards.

In the Payment and Finance Business, annual membership fees from cardholders, and fees from department stores and external affiliated stores are recognized as revenue. With regard to interest on installment sales, the Group multiplies the revolving balance and number of installment payments by their respective set interest rates to calculate interest revenue, and recognizes the interest in the period to which it is attributable, in accordance with IFRS 9.

(v) Other

Within other, for sales of products and merchandise such as electronic components, automobile components, industrial supplies, and liquor within the wholesale business, the Group deems that in most cases the customer acquires control of the products when they are delivered and its performance obligations are satisfied. Therefore, usually revenue is recognized for the goods upon their delivery.

2) Gross and net presentation of revenue

When the Group conducts transactions as a principal, revenue is presented at the gross amount of consideration received from customers. When the Group conducts transactions as an agent for the benefit of a third party, revenue is presented at the net amount calculated by deducting the amount collected for the benefit of the third party from the gross amount of consideration received from customers.

(5) Income tax

Income tax consists of current taxes and deferred taxes, and is recognized as loss except for the items that are recognized in other comprehensive income.

Deferred taxes are recognized for temporary differences between the carrying amounts of assets or liabilities in the statement of financial position and its tax base, and for unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when temporary differences are reversed based on the laws enacted or substantively enacted by the end of the reporting period.

The recoverability of deferred tax assets is reviewed at the last day of every fiscal year after recognizing deferred tax assets to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilized. A deferred tax liability is recognized for all taxable temporary differences in principle.

The Company and some consolidated subsidiaries apply the Japanese group relief system.

(6) Employee benefits

The Group has established defined benefit plans (such as a corporate pension fund plan and lump-sum retirement benefit plan) as employee retirement benefit plans, and certain consolidated subsidiaries have adopted defined contribution plans.

The projected unit credit method is used to determine the present value of defined benefit obligation, related current service cost and past service cost.

The discount rate is determined by reference to market yields at the end of the fiscal year on high quality corporate bonds corresponding to the discount period established based on the period to the date when the future benefits for each fiscal year are to be paid.

Net defined benefit liability or asset is determined as the present value of defined benefit obligation less the fair value of plan assets (including adjustments to the cap on plan assets).

Remeasurements of net defined benefit liability or asset are recognized as other comprehensive income and immediately transferred from other components of equity to retained earnings. Remeasurements consist of actuarial gains and losses on defined benefit obligation, return on plan assets (excluding the amount of interest revenue on plan assets), and others.

Costs for defined contribution benefits are recognized as expenses in the period in which the employees provide services.

(7) Share-based payment

To ensure steady execution of the Medium-term Business Plan for realizing the Group Vision, the Company has adopted a stock-based remuneration system for officers utilizing a trust (officer remuneration BIP trust). The officer remuneration BIP trust is a system of granting the Company's shares to officers (in this system, in certain cases, the Company's shares are converted into cash within the trust and cash in the amount equivalent to their conversion value is paid) in accordance with the officers' level of achievement of the Medium-term Business Plan, etc. The value of the service received is measured by the fair value of the Company's shares on the grant date. This value is expensed over the vesting period from the grant date, and a corresponding amount is recognized as an increase in equity.

Notes to accounting estimates

1. Property, plant and equipment, right-of-use assets, goodwill, investment property, and intangible assets

The Group conducts impairment tests if there is an indication that property, plant and equipment, right-of-use assets, goodwill, investment property, and intangible assets may be impaired.

Impairment tests are performed by comparing the carrying amount and the recoverable amount of the asset. If the recoverable amount is less than the carrying amount, an impairment loss is recognized.

The recoverable amount is usually determined by the value in use. Factors for estimating the value in use include future cash flows generated from the use of the asset, future cash flows generated by its final disposal, and discount rates.

The forecasting period for future cash flows is estimated by considering the remaining useful life of the relevant asset.

Future cash flows before discounting are estimated based on the business plan. The main assumptions include forecast trends for personal spending in Japan and outlook for inbound tourism demand, and the rate of sales growth for the period after the business plan.

For the forecast trend for personal spending in Japan, which is the basis of revenue, the Group refers to forecast trends provided by several external specialist organizations, factors in the effect of measures in its business plan, and sets the sales growth rates for each of the relevant primary business segments for the following fiscal year onward. In addition, in the outlook for inbound tourism demand, the Group creates a scenario based on international shipping forecasts and tourism demand forecasts by external organizations, and forecasts the demand within the scope of that scenario.

Although it is also difficult to forecast changes in consumption and other developments impacted by changes in social and economic circumstances, some assumptions are incorporated into forecasts of personal spending trend in Japan.

The sales growth rate for the period after the business plan is determined by referencing long-term growth rates for the relevant markets. These estimates are based on management's best estimates, but may differ from actual results due to effects of changes in uncertain future economic conditions.

Moreover, the amounts of impairment losses in the consolidated financial statements and non-current assets in the Department Store Business and the SC Business are as follows.

	Department Store Business	SC Business
Impairment losses	¥1,878 million	¥765 million
Property, plant and equipment	¥245,364 million	¥196,550 million
Right-of-use assets	¥93,748 million	¥51,690 million
Goodwill	¥6,275 million	¥523 million
Investment property	¥108,313 million	¥3,200 million
Intangible assets	¥3,296 million	¥1,085 million

2. Retirement benefit

The Group has defined benefit and defined contribution post-employment benefit plans for employees and retirees.

Present value of defined benefit obligations, service costs and others are determined based on various actuarial assumptions. For actuarial assumptions, a variety of factors, such as discount rates, future payment of salaries, those who withdraw from the plan in the future and life expectancy of members, are estimated. These estimates are made based on management’s best estimates, but may differ from actual results due to effects of changes in uncertain future economic conditions and amendment or promulgation of relevant laws and regulations.

Retirement benefit liability in the consolidated financial statements is as follows:

Retirement benefit liabilities	¥15,369 million

3. Determination and revision of lease periods

The Group determines the lease periods based on the non-cancellable term of the lease, taking into consideration any term for which there is reasonable certainty of extension and any term for which there is reasonable certainty of non-cancellation. Specifically, the Group estimates the period for which there is reasonable certainty considering changes in rent expenses resulting from extension or shortening of the lease period, the existence of cancellation penalties, and the payback period for investments in significant fixtures, facilities, etc. for rental properties.

For real estate leases in which the Group is the lessee in the Department Store Business, there may be revisions to the lease period for the flagship store or properties tied to the flagship store individually coinciding with the next large-scale renovation plan or when the next Medium-term Business Plan is decided. If revisions to the lease periods become necessary, such revisions could have a material effect on the amounts to be recognized in the consolidated financial statements in the next fiscal year and beyond.

Lease liabilities in the consolidated financial statements are as follows:

Lease liabilities	¥173,520 million

Additional information

Matters concerning changes in corporate tax rates, etc. after the balance sheet date

The “Act Partially Amending the Income Tax Act” (Act No. 13 of 2025) was promulgated on March 31, 2025, and the special defense corporate tax will be established from the fiscal years beginning on or after April 1, 2026.

Accordingly, the effective statutory tax rate used to calculate deferred tax assets and liabilities will be changed from 30.6% to 31.5% for temporary differences, etc. expected to be eliminated in the fiscal years beginning on or after March 1, 2027.

As a result of this change, when recalculated based on temporary differences, etc. as of the end of the current fiscal year, deferred tax assets (the amount less deferred tax liabilities) will decrease by ¥2,021 million, and income tax expense (debit) will increase by ¥1,778 million, and other components of equity will decrease by ¥242 million.

Notes on consolidated statement of financial position

1. Allowance for doubtful accounts directly deducted from assets

(1) Trade and other receivables	¥159 million
(2) Other financial assets	¥5,058 million

2. Total amount of accumulated depreciation

(1) Property, plant and equipment	¥346,362 million
(2) Right-of-use assets	¥165,917 million
(3) Investment property	¥42,039 million

3. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral

Other financial assets	¥243 million
Other	¥153 million
Total	¥397 million

(2) Secured liabilities

Trade and other payables	¥276 million
Total	¥276 million

Notes on consolidated statement of profit or loss

1. Other operating income

Gain on sales of non-current assets (Note 1)	¥144 million
Gain on step acquisitions (Note 2)	¥8,525 million
Other	¥3,161 million
Total	¥11,831 million

(Note 1) Mainly a gain on sales due to the sale of real estate holdings in the SC Business.

(Note 2) A gain on acquisition of shares of Shinsaibashi Kyodo Center Building, K.K., which was an equity method associate.

2. Other operating expenses

Loss on disposals of non-current assets	¥2,699 million
Impairment losses (Note)	¥2,689 million
Other	¥1,732 million
Total	¥7,122 million

(Note) As a breakdown of the ¥2,689 million in impairment losses in the current fiscal year, ¥1,878 million was recorded for the Department Store Business and ¥765 million was recorded for the SC Business.

With regard to the Department Store Business, mainly because of decreased profitability of Daimaru Matsuzakaya Department Stores Co. Ltd.'s Matsuzakaya Shizuoka store, the carrying amounts of buildings and structures, and land were reduced to the recoverable amount and the reduction of ¥1,730 million was recognized as an impairment loss. The recoverable amount of the cash-generating unit is measured as the fair value less cost of disposal.

With regard to the SC Business, mainly because of decreased profitability of PARCO Co., Ltd.'s HAB @ Kumamoto store, the carrying amount of investment property was reduced to the recoverable amount and the reduction of ¥683 million was recognized as an impairment loss. The recoverable amount of the cash-generating unit was measured at value in use, and was calculated by discounting future cash flows by a pre-tax discount rate of 4.8%, which was based on the WACC at the time of measurement, taking into account the future profitability and other factors.

Notes on consolidated statement of changes in equity

1. Class and total number of shares issued as of the end of the current fiscal year

   Common shares 270,565,764 shares

2. Matters concerning dividends

   (1) Dividends paid

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 15, 2024	Common shares	5,285	20.00	February 29, 2024	May 7, 2024
Board of Directors meeting held on October 8, 2024	Common shares	5,681	22.00	August 31, 2024	November 12, 2024

(Note 1) Total amount of dividends resolved at the Board of Directors meeting held on April 15, 2024 includes ¥42 million of dividends paid to the Company’s shares held by an officer remuneration BIP trust.

(Note 2) Total amount of dividends resolved at the Board of Directors meeting held on October 8, 2024 includes ¥45 million of dividends paid to the Company’s shares held by an officer remuneration BIP trust.

(2) Dividends with the record date falling within the current fiscal year and with the effective date falling within the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 24, 2025	Common shares	Retained earnings	7,747	30.00	February 28, 2025	May 8, 2025

(Note) Total amount of dividends resolved at the Board of Directors meeting held on April 24, 2025 includes ¥61 million of dividends paid to the Company’s shares held by an officer remuneration BIP trust.

Notes on financial instruments

1. Matters concerning conditions of financial instruments

   Financial risk management policy

In the process of conducting business activities, the Group is exposed to financial risks (credit risk, liquidity risk, foreign exchange risk, interest rate risk); the Group conducts risk management to mitigate these financial risks.

The Group also uses derivative transactions to hedge against foreign exchange and interest rate risks with a policy of avoiding speculative transactions.

(1) Credit risk management

Credit risk refers to the risk of financial losses to the Group when customers default on their contractual obligations.

To handle this risk, all Group companies carry out due date management and balance management by customer and seek early identification and mitigation of collectability concerns.

The Group’s receivables are dispersed across a broad range of industries and customers throughout the region.

Notably, the Group does not have credit risk that is over concentrated with a single customer or group to which customers belong.

The maximum exposure associated with the credit risk of financial assets is the carrying amount after deducting impairment losses shown on consolidated financial statements. This exposure associated with credit risk does not include any properties held as collateral or other forms of credit enhancement.

The Group sets out an allowance for doubtful accounts after considering whether the initially recognized credit risk will increase significantly. Specifically, when there is no significant increase in the credit risk since initial recognition, expected credit losses for 12 months are measured as allowance for doubtful accounts.

On the other hand, when there is a significant increase in credit risk since initial recognition, expected credit losses for the entire life of the financial assets are measured as allowance for doubtful accounts. Whether credit risk is significantly increased or not is determined based on the changes in default risk. Regardless of the above, regarding trade receivables, lease receivables, and others that do not include major financial factors, expected credit losses for the entire life of the financial assets are measured as allowance for doubtful accounts.

In the course of measuring these expected credit losses, reasonable, verifiable information available as of the end of the period is used with regard to the results of doubtful accounts from past fiscal years, delays and payments, and the financial circumstances of creditors in addition to past phenomena, present circumstances, and projections of future economic circumstances. Expected credit losses from financial assets for which the credit risk has not increased significantly and trade receivables and other receivables that do not include major financial factors have essentially identical credit risk profiles and are thus grouped together for evaluation based on past credit losses.

Expected credit losses from financial assets for which the credit risk has increased significantly and credit-impaired financial assets are evaluated individually while factoring in past credit losses, expected recoverable amounts, and the like.

Accounts are considered delinquent when debtors fail to pay within 90 days of the deadline.

When the Group conducts a credit investigation and deems that all or part of a financial asset is unrecoverable and should be written off, the carrying amount of the credit-impaired financial asset is directly written off.

(2) Liquidity risk management

Liquidity risk refers to the risk that the Group is unable to fulfill its payment obligations of financial liabilities when they are due.

The Group manages liquidity risk with methods such as preparing monthly cash flow management plans at all companies, and secures sufficient liquidity on hand through commitment line contracts and overdraft contracts with its main financing banks.

(3) Foreign exchange risk management

Although the Group conducts transactions in foreign currency and is exposed to foreign exchange risk between foreign currencies and Japanese yen, its impact on profit before tax is minor.

(4) Interest rate risk management

The Group is exposed to various forms of interest rate risk in the context of its business activities; interest rate fluctuations have an especially outsized impact on borrowing costs.

The Group uses interest rate swaps and other means to hedge against interest rate risk.

2. Matters concerning fair values of financial instruments

Carrying amount, fair values as of February 28, 2025, and their differences are as follows.

(Millions of yen)

	Carrying amount (*)	Fair value (*)	Difference
Assets			
(1) Cash and cash equivalents	54,975	54,975	–
(2) Trade and other receivables	156,663	156,663	–
(3) Other financial assets	90,225	89,818	(407)
Liabilities			
(4) Trade and other payables	[162,810]	[162,810]	–
(5) Other financial liabilities	[61,590]	[61,590]	–
(6) Borrowings	[130,150]	[128,655]	(1,494)
(7) Bonds payable	[59,908]	[58,662]	(1,246)
(8) Derivatives	[41]	[41]	–

(*) The items recorded in liabilities on the consolidated balance sheet are shown in square brackets [ ].

(Note) Method for measuring fair values

(1) Cash and cash equivalents, (2) trade and other receivables, (3) other financial assets (current), (4) trade and other payables, and (5) other financial liabilities (current)

The carrying amount is used as the fair value of these assets, given that the fair value is similar to the carrying amount, as they are mostly settled in a short time.

(3) Other financial assets (non-current), (5) other financial liabilities (non-current)

The fair value of listed stocks is measured based on market prices at the last date of a fiscal year. The fair value of unlisted stocks is measured by discounted future cash flows, valuation model based on revenue and net assets, comparable company analysis method, or the like.

Other financial assets or other financial liabilities measured at amortized cost mainly consist of lease and guarantee deposits paid or lease and guarantee deposits received, and their fair value is measured at present value calculated by discounting future cash flows at the current market interest rates or the like.

(6) Borrowings, (7) bonds

For bonds, fair value is estimated using the reference trading statistics of Japan Securities Dealers Association and others. The fair value of borrowings is mainly measured by present value obtained by discounting future cash flows at interest rates that would be charged for a new similar borrowing.

(8) Derivatives (liabilities)

For derivatives, as financial assets measured at fair value through profit or loss, fair value is measured based on prices presented by financial institutions.

3. Matters concerning breakdowns for each level of financial instrument fair value, etc.

(1) Financial instruments measured at fair value

Regarding financial instruments measured at fair value, fair value measurements are classified into levels 1 through 3 commensurate with the observability and significance of the underlying inputs.

Level 1: Market price of the same assets or liabilities in an active market

Level 2: Fair value (of non-Level-1 financial instruments) calculated by directly or indirectly using observable prices

Level 3: Fair value calculated from evaluation techniques including unobservable inputs

The fair value of financial instruments measured using fair value is as follows.

Transitions between the levels in the fair value hierarchy are recognized on each reporting date. Notably, there were no transitions between Levels 1, 2, or 3 in the fair value hierarchy during the current fiscal year.

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through profit or loss				
Derivative financial assets	–	–	–	–
Other financial assets	–	118	950	1,068
Financial assets measured at fair value through other comprehensive income				
Other financial assets	2,259	63	26,447	28,770
Total	2,259	182	27,397	29,839
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	–	41	–	41
Total	–	41	–	41

(2) Fair value hierarchy for assets and liabilities for which fair value has been disclosed, but were not measured at fair value

The fair value of financial instruments measured at the amortization cost is as follows.

Notably, the following table does not include financial instruments measured at fair value or financial instruments for which the carrying amount and fair value are very similar.

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at amortized cost				
Other financial assets (non-current)	–	3,631	47,656	51,288
Total	–	3,631	47,656	51,288
Liabilities:				
Financial liabilities measured at amortized cost				
Borrowings	–	128,655	–	128,655
Bonds payable	–	58,662	–	58,662
Other financial liabilities (non-current)	–	–	33,368	33,368
Total	–	187,317	33,368	220,686

Notes on investment property

1. Matters concerning status of investment property

Some of the Company's subsidiaries own rental buildings, etc. in Tokyo and other regions.

2. Matters concerning fair values of investment property

(Millions of yen)

Consolidated statement of financial position amount	Fair value at the end of the current fiscal year
177,176	298,490

(Note 1) The consolidated statement of financial position amount is the acquisition cost less accumulated depreciation and accumulated impairment losses.

(Note 2) For major properties, fair value at the end of the current fiscal year is an amount based on the real estate appraisal standards of an external real estate appraiser, etc. For other properties, fair value is an amount estimated by employing the land price index with necessary adjustments applied at the Company.

Notes on revenue recognition

1. Revenue disaggregation information

The Group reports four business segments: the Department Store Business, the SC Business, the Developer Business, and the Payment and Finance Business. These reportable segments are subject to regular consideration by the Board of Directors to determine how to allocate management resources and evaluate performance. The relationship between disaggregated revenue and the segments is as follows.

(Millions of yen)

Segment		Revenue
	Daimaru Osaka Shinsaibashi store	41,301
	Osaka Umeda store	19,375
	Tokyo store	22,154
	Kyoto store	20,927
	Kobe store	28,993
	Sapporo store	23,337
	Matsuzakaya Nagoya store	38,250
	Ueno store	8,958
	Other stores	60,344
	Removal of revenue from between segments	(401)
Department Store Business		263,242
	PARCO	63,484
	Other	934
	Removal of revenue from between segments	(1,167)
SC Business		63,251
	J. Front City Development	13,414
	PARCO SPACE SYSTEMS	25,844
	J. Front Design & Construction	50,645
	Other	754
	Removal of revenue from between segments	(21,513)
Developer Business		69,144
	Payment and Finance Business	13,135
	Removal of revenue from between segments	(7,765)
Payment and Finance Business		5,370
	Other	50,716
	Removal of revenue from between segments	(9,857)
Other		40,859
Adjustments		9
Total		441,877

	Revenue from contracts with customers	377,851
	Revenue from other sources	64,026
Revenue		441,877

(Note 1) The Department Store Business, the SC Business, and the Developer Business categories include lease revenue in accordance with IFRS 16. The Payment and Finance Business category includes interest revenue in accordance with IFRS 9. Notably, lease revenue and interest revenue are included in “Revenue from other sources.” The category, “Other,” comprises non-reportable business segments such as the wholesale business, the parking business, and the leasing business.

(Note 2) “Other” in each business category includes removal of inter-segment revenue.

2. Foundational information for understanding revenue

See “5. Matters concerning accounting policies (4) Revenue recognition” under “Notes on important matters forming the basis of preparation of consolidated financial statements, etc.”

3. Information for understanding revenue amounts in the current and subsequent fiscal years

(1) Contract balances

The Group's contract balances are as follows.

(Millions of yen)

	Balance at the beginning of the current fiscal year	Balance at the end of the current fiscal year
Receivables from contracts with customers	98,071	102,726
Contract assets	6,821	10,433
Contract liabilities	38,784	39,320

(Notes) 1 Receivables from contracts with customers

Receivables from contracts with customers mainly comprises receivables generated from the use of credit cards issued by the Group; the amount includes amounts collected for third parties as agent transactions. The payback period for these receivables is typically one to two months.

2 Contract assets

Contract assets are assets involving rights over customers that arise when the Group is to receive payments from customers in line with the series of performance, recognized mainly in relation to outsourcing agreements. The Group recognizes contract assets for completed work in advance, and transfers them to trade receivables when issuing invoices after customers' receipt and inspection.

Contract assets are included in trade and other receivables in the consolidated statement of financial position.

3 Contract liabilities

Contract liabilities are liabilities involving consideration received in advance of performance pursuant to contracts, and are transferred to revenue when the Group performs work pursuant to contracts.

Contract liabilities are included in other current liabilities in the consolidated statement of financial position.

Of contract liabilities from the previous fiscal year, ¥20,159 million was recognized as revenue in the current fiscal year.

The increase in contract assets in the current fiscal year is mainly due to the increase in construction orders received.

Regarding wholly or partially satisfied performance obligations from past years, amounts recognized as revenue have not occurred in the previous or current fiscal year.

(2) Transaction prices allocated to residual performance obligations

Regarding transaction prices allocated to residual performance obligations, the Group recognizes revenue commensurate with progress toward the completion of work, actual usage of gift certificates and points, and performance of services of annual membership fees. Total transaction prices allocated to residual performance obligations and expected timing of revenue recognition thereof are as follows.

(Millions of yen)

	Balance at the beginning of the current fiscal year	Balance at the end of the current fiscal year
Within one year	37,499	36,590
1–2 years	18,301	11,248
More than 2 years	7,470	6,885
Total	63,271	54,724

Notes on business combination

Acquisition of shares of Shinsaibashi Kyodo Center Building, K.K.

1. Outline of business combination

(1) Name of acquired company and its business content

Name of acquired company: Shinsaibashi Kyodo Center Building, K.K.

Business content: Ownership and leasing of real estate

(2) Main reason for business combination

The building owned by Shinsaibashi Kyodo Center Building, K.K. (hereinafter "SCB") has been in operation as the south wing of the Daimaru Shinsaibashi store since 1970 and, as the Company's strategic base in the Shinsaibashi area, has most recently operated specialty brands, cosmetics sales floors mainly for inbound tourists, and a duty-free counter. In addition to the aforementioned south wing of the Daimaru Shinsaibashi store, the Company also operates the Main Building of the Daimaru Shinsaibashi store and Shinsaibashi PARCO in the Shinsaibashi area. Along with demonstrating the uniqueness and strengths of Daimaru and PARCO, the Company is actively developing product collaboration, joint sales promotions, area collaboration with nearby facilities of other companies, and personnel exchanges to further enhance the synergy between the department store and PARCO. The Shinsaibashi area is expected to further develop and become more attractive due to the increase in the number of local customers and inbound visitors, as well as Osaka's initiative to convert a portion of the sidewalks along Midosuji Avenue into a pedestrian space, etc. Under these circumstances, making SCB a wholly owned subsidiary of the Company's subsidiary Daimaru Matsuzakaya through this share acquisition will enable the Company to formulate a highly flexible business plan for its area strategy going forward, including the south wing of the Daimaru Shinsaibashi store. The Company will further strengthen its presence in the Shinsaibashi area by considering its future vision, including the south wing of the Daimaru Shinsaibashi store, and promoting plans that will contribute to retail expansion in the Shinsaibashi area and the creation of a livelier and more attractive town.

(3) Date of business combination

July 31, 2024

(4) Legal form of business combination

Acquisition of shares in consideration for cash by the Company's consolidated subsidiary, Daimaru Matsuzakaya Department Stores Co. Ltd.

Acquisition of treasury shares by the acquired company

(5) Ratio of voting rights after acquisition

Ratio of voting rights before additional acquisition	50.0%
Ratio of voting rights increased by SCB's acquisition of treasury shares	4.0%
Ratio of voting rights additionally acquired on the date of business combination	35.2%
Ratio of voting rights after additional acquisition	89.2%

2. Acquisition-related expenses

Acquisition-related expenses of ¥10 million are included in "Selling, general and administrative expenses" in the consolidated statement of income.

3. Gain on step acquisitions

The Company remeasured its interest in the acquired company, which was an equity method associate, held immediately prior to the acquisition date at its acquisition-date fair value, resulting in an ¥8,525 million gain on step acquisitions that are included in "Other operating income" in the consolidated statement of income.

4. Fair value of assets acquired and liabilities assumed as of the acquisition date

(Millions of yen)

	Amount
Fair value of consideration paid	6,422
Fair value of equity interest held immediately before the acquisition date	9,850
Total	16,272
Fair value of assets acquired and liabilities assumed	
Property, plant and equipment	16,522
Of which, land	16,008
Other Assets	348
Deferred tax liabilities	5,275
Other Liabilities	389
Fair value of assets acquired and liabilities assumed (net amount)	11,206
Non-controlling interests (Note 1)	1,210
Goodwill (Note 2)	6,275
Total	16,272

(Notes) 1 Non-controlling interests are measured at the non-controlling interest's proportionate share of the fair value of the acquired company's identifiable net assets at the acquisition date.

2 Goodwill mainly arises from a reasonable estimate of expected future excess earning power. No such goodwill is expected to be deductible for tax purposes.

5. Cash flows arising from acquisition

Item	Amount
Cash and cash equivalents transferred in acquisition	6,422
Cash and cash equivalents held by the acquiree at the time of acquisition	201
Purchase of shares of subsidiaries resulting in change in scope of consolidation	6,220

6. Impact on the Group

Information on profit and loss after the acquisition date related to this business combination as well as information on profit and loss if the business combination had taken place at the beginning of the fiscal year is omitted because the impact on the consolidated statement of income is immaterial.

Notes on per share information

1. Equity attributable to owners of parent per share: ¥1,597.24
2. Basic earnings per share ¥160.35

(Note) The calculation of per share information excludes the number of Company's shares owned by the officer remuneration BIP trust from the number of shares at the end of the period and the average number of shares during the period because such shares are treated as the Company's treasury shares.

Significant subsequent events

At the meeting of the Board of Directors held on April 14, 2025, a resolution was passed concerning matters related to the purchase of own shares in accordance with Paragraph 1, Article 459 of the Companies Act and Article 39 of the Company's Articles of Incorporation.

1. Reason for the purchase of own shares

Under the FY2024-FY2026 Medium-term Business Plan, the Company is committed to working on the "Realization of growth with profitability" and "Optimization of equity amount and enhancement of shareholder returns” in order to enhance medium- to long-term return on capital. This purchase will be carried out based on this policy.

2. Details of matters related to the purchase
   (1) Class of shares to be purchased
       Common shares
   (2) Total number of shares to be purchased
       11,500,000 shares (upper limit)
       (4.45% of total number of issued shares (excluding treasury shares))
   (3) Total value of shares to be purchased
       ¥15,000 million (upper limit)
   (4) Purchase period
       From April 15, 2025 to August 29, 2025
   (5) Purchase method
       (i) Purchase through the Off-Auction Own Share Repurchase Transaction (ToSTNeT-3) of the Tokyo Stock Exchange
       (ii) Market purchase on the Tokyo Stock Exchange

Non-consolidated Financial Statements

Non-consolidated Balance Sheet (As of February 28, 2025)

J. Front Retailing Co., Ltd.

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**166,859**	**Current liabilities**	**127,695**
Cash and deposits	46,053	Short-term borrowings	50,330
Short-term loans receivable from subsidiaries and associates	120,254	Accounts payable - other	878
		Income taxes payable	89
Accounts receivable - other	1,166	Accrued expenses	811
Other	218	Deposits received from subsidiaries and associates	74,098
Allowance for doubtful accounts	(832)	Deposits received	761
		Provision for bonuses	328
		Provision for bonuses for directors and other officers	230
		Provision for officer remuneration BIP trust	155
		Other	12
Non-current assets	**434,526**	**Non-current liabilities**	**138,400**
Property, plant and equipment	**287**	Bonds payable	60,000
Buildings and structures	223	Long-term borrowings	76,820
Other	63	Asset retirement obligations	101
		Long-term deposits received for officer shares trust	1,101
		Provision for officer remuneration BIP trust	377
Intangible assets	**2,272**	**Total liabilities**	**266,095**
Software	2,272	**Net assets**	
		Shareholders' equity	**335,258**
		Share capital	31,974
		Capital surplus	248,874
		Legal capital surplus	9,474
Investments and other assets	**431,967**	Other capital surplus	239,400
Investment securities	2,060	Retained earnings	77,628
Shares of subsidiaries and associates	368,387	Other retained earnings	77,628
Long-term loans receivable from subsidiaries and associates	60,500	Retained earnings brought forward	77,628
Deferred tax assets	635	Treasury shares	(23,219)
Other	383		
		Valuation and translation adjustments	**123**
Deferred assets	**91**	Valuation difference on available-for-sale securities	123
Bond issuance cost	91		
		Total net assets	**335,382**
Total assets	**601,478**	**Total liabilities and net assets**	**601,478**

(Note) Amounts have been rounded down to the nearest one million yen.

Non-consolidated Statement of Income (From March 1, 2024 to February 28, 2025)
J. Front Retailing Co., Ltd.

(Millions of yen)

Item	Amount	
Operating revenue		
Dividend income	14,657	
Consulting fee income	6,070	20,727
General and administrative expense		**9,848**
Operating profit		**10,878**
Non-operating income		
Interest income	806	
Dividend income	20	
Reversal of allowance for loan losses	167	
Other	50	1,044
Non-operating expenses		
Interest expenses	1,424	
Commitment fees	192	
Loss on investments in investment partnerships	114	
Other	218	1,950
Ordinary profit		**9,973**
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	170	**170**
Profit before income taxes		**9,803**
Income taxes - current	(991)	
Income taxes - deferred	(293)	(1,284)
Profit		**11,087**

(Note) Amounts have been rounded down to the nearest one million yen.

Non-consolidated Statement of Changes in Equity (From March 1, 2024 to February 28, 2025)
J. Front Retailing Co., Ltd.

(Millions of yen)

	Shareholders' equity						Valuation and translation adjustments	Total net assets
	Share capital	Capital surplus		Retained earnings	Treasury shares	Total share-holders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus	Other retained earnings: Retained earnings brought forward				
Balance as of March 1, 2024	31,974	9,474	239,400	77,513	(13,316)	345,046	128	345,175
Dividends of surplus	–	–	–	(10,967)	–	(10,967)	–	(10,967)
Profit	–	–	–	11,087	–	11,087	–	11,087
Purchase of treasury shares	–	–	–	–	(11,458)	(11,458)	–	(11,458)
Disposal of treasury shares	–	–	–	–	1,555	1,555	–	1,555
Changes due to dividends in kind	–	–	–	(6)	–	(6)	–	(6)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	(4)	(4)
Total changes during period	–	–	–	114	(9,902)	(9,788)	(4)	(9,793)
Balance as of February 28, 2025	31,974	9,474	239,400	77,628	(23,219)	335,258	123	335,382

(Note) Amounts have been rounded down to the nearest one million yen.

Notes to Non-consolidated Financial Statements

Notes on matters concerning important accounting policies

1. Basis and method of valuation of assets

(1) Basis and method of valuation of securities

Shares of subsidiaries and associates	Stated at cost using the moving-average method (For investments in limited liability investment partnerships (deemed to be securities based on Paragraph 2, Article 2 of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company's equity share based on the most recent obtainable financial statements depending on the reporting date established by the partnership agreement.)
Other securities	
Securities with available market prices	Stated at fair value based on the market prices at the fiscal year-end (Valuation differences are included in net assets; cost of securities sold is determined by the moving-average method)
Securities without available market prices	Stated at cost using the moving-average method

(2) Basis and method of valuation of derivatives

Derivatives	Stated at fair value

(3) Basis and method of valuation of inventories

Supplies	Stated at cost using the FIFO method (the book value is written down based on the decreased profitability)

2. Depreciation method of non-current assets

Property, plant and equipment (excluding leased assets)	Straight-line method
Intangible assets (excluding leased assets)	Straight-line method Internal use software is amortized using the straight-line method over the internally expected useful life (5 years).
Leased assets	
Leased assets in finance leases that do not transfer ownership	Straight-line method with zero residual value assuming the lease periods as useful lives

3. Accounting method for deferred assets

Bond issuance cost	Amortized using the straight-line method over the period until redemption

4. Accounting policy for provisions

Allowance for doubtful accounts	To prepare for losses from bad debt, an estimated uncollectible amount is provided.
Provision for bonuses	To prepare for the payment of bonuses to employees, the amount expected to be paid is provided.
Provision for bonuses for directors and other officers	To prepare for the payment of bonuses to corporate officers, the amount expected to be paid is provided.

Provision for officer remuneration BIP trust	To prepare for the granting of the Company's shares through an officer remuneration BIP trust, the amount equivalent to the value of shares in proportion to the number of points awarded to officers in accordance with the Stock Benefit Rules is provided.

5. Revenue and expense recognition

Revenue from contracts with customers of the Company—a holding company—is mainly dividend income and consulting fee income from subsidiaries. Revenue from consulting fee income is recognized at the average value over the contract period because the obligation to provide consulting to subsidiaries on management, planning, and the like is satisfied on a recurring basis. Dividend income is recognized as of the effective date.

6. Hedge accounting method

Hedge accounting method	Exceptional treatment is applied to interest rate swaps that satisfy the requirements for exceptional treatment.
Hedging instruments and hedged items	
Hedging instruments	Interest rate swaps
Hedged items	Borrowings and interest expenses on borrowings
Hedging policy	Based on the risk management policy, hedging is undertaken to hedge interest rate fluctuation risk.
Method for assessing the hedge effectiveness	
	At the end of each fiscal year, hedge effectiveness with respect to the hedged items and hedging instruments is assessed for each hedging transaction. This annual assessment excludes any transaction where important terms and conditions such as principal, interest rate, and duration are identical between the assets or liabilities of hedged items and hedging instruments.

Notes to accounting estimates

There are no accounting estimates that have a risk of significantly impacting the financial statements for the next fiscal year.

Notes on non-consolidated balance sheet

1. Short-term monetary liabilities to subsidiaries and associates
¥204 million
2. Short-term monetary receivables from subsidiaries and associates
¥1,154 million
3. Accumulated depreciation of property, plant and equipment
¥97 million

Notes on non-consolidated statement of income

1. Transaction with subsidiaries and associates

Operating transaction	
Operating revenue	¥20,727 million
General and administrative expenses	¥973 million
Non-operating transactions	
Interest income	¥806 million
Interest expenses	¥693 million

Notes on non-consolidated statement of changes in equity

1. Class and total number of shares issued as of the end of the current fiscal year

Common shares	270,565,764 shares

2. Class and number of treasury shares as of the end of the current fiscal year

Common shares	14,369,908 shares

Notes on tax effect accounting

1. Deferred tax assets and deferred tax liabilities by major category of cause

Deferred tax assets	
Revised carrying amount of shares of subsidiaries and associates	¥2,770 million
Unused tax losses	¥765 million
Allowance for doubtful accounts for subsidiaries and associates	¥266 million
Loss on valuation of shares of subsidiaries and associates	¥301 million
Loss on valuation of investment securities	¥200 million
Provision for officer remuneration BIP trust	¥82 million
Excess of depreciation	¥269 million
Accrued expenses	¥107 million
Loss on impairment of non-current assets	¥112 million
Provision for bonuses	¥100 million
Accrued enterprise tax	¥25 million
Asset retirement obligations	¥30 million
Revised carrying amount of investment	¥16 million
Accrued insurance expenses	¥22 million
Other	¥94 million
Sub total deferred tax assets	¥5,166 million
Valuation allowance for unused tax losses for taxation	¥(765) million
Valuation allowance for total of deductible temporary differences, etc.	¥(3,694) million
Sub total valuation allowance	¥(4,459) million
Total deferred tax assets	¥706 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥(54) million
Asset retirement obligations	¥(16) million
Total deferred tax liabilities	¥(70) million
Net amount of deferred tax assets	¥635 million

2. Accounting treatment for income taxes and local income taxes and related tax effect accounting

The Company applies the Japanese group relief system, and conducts accounting treatment for and disclosure of income taxes and local income taxes, or related tax effect accounting, in accordance with

Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (The Accounting Standards Board of Japan (ASBJ) Practical Solution No. 42, August 12, 2021).

3. Matters concerning changes in corporate tax rates, etc. after the balance sheet date

The "Act Partially Amending the Income Tax Act" (Act No. 13 of 2025) was promulgated on March 31, 2025, and the special defense corporate tax will be established from the fiscal years beginning on or after April 1, 2026. Accordingly, the effective statutory tax rate used to calculate deferred tax assets and liabilities will be changed from 30.6% to 31.5% for temporary differences, etc. expected to be eliminated in the fiscal years beginning on or after March 1, 2027. However, the effect of the recalculation based on the temporary differences, etc. as of the end of the current fiscal year is immaterial.

Notes on revenue recognition

1. Foundational information for understanding revenue from contracts with customers

Foundational information for understanding revenue is as explained in "5. Revenue and expense recognition" under "Notes on matters concerning important accounting policies."

Notes on transactions with related parties

Subsidiaries, etc.

(Millions of yen)

Type	Company name	Ownership ratio of voting rights	Relationship	Nature of transactions	Transaction amount (Note 5)	Item	Balance at the end of the fiscal year
Subsidiary	Daimaru Matsuzakaya Department Stores Co. Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Receipt of consulting fee income (Note 1)	4,304	–	–
				Lending of funds	7,000	Short-term loans receivable from subsidiaries and associates	30,170
				Collection of funds	15,000		
				Lending and deposits of funds (CMS) (Note 2)	28,651	Long-term loans receivable from subsidiaries and associates	7,000
				Receipt of interests (Note 3)	193	–	–
Subsidiary	PARCO Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Lending of funds	–	Short-term loans receivable from subsidiaries and associates	38,676
				Collection of funds	–		
				Lending and deposits of funds (CMS) (Note 2)	14,914	Long-term loans receivable from subsidiaries and associates	53,500
				Receipt of interests (Note 3)	462	–	–
Subsidiary	The Hakata Daimaru, Inc.	Holding Indirectly 69.9%	Business advisory	Lending and deposits of funds (CMS) (Note 2)	10,697	Deposits received from subsidiaries and associates	8,997
				Payment of interests (Note 3)	17	–	–
Subsidiary	JFR Card Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Lending and deposits of funds (CMS) (Note 2)	32,915	Short-term loans receivable from subsidiaries and associates	48,701
				Receipt of interests (Note 3)	140	–	–
Subsidiary	Daimaru Matsuzakaya Tomonokai Co., Ltd.	Holding Indirectly 100%	Business advisory	Lending and deposits of funds (CMS) (Note 2)	36,959	Deposits received from subsidiaries and associates	36,500
				Payment of interests (Note 3)	624	–	–

Type	Company name	Ownership ratio of voting rights	Relationship	Nature of transactions	Transaction amount (Note 5)	Item	Balance at the end of the fiscal year
Subsidiary	J. Front Design & Construction Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Lending and deposits of funds (CMS) (Note 2)	8,253	Deposits received from subsidiaries and associates	9,530
				Payment of interests (Note 3)	13	–	–
Subsidiary	J. Front City Development Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Lending and deposits of funds (CMS) (Note 2)	8,828	Deposits received from subsidiaries and associates	5,874
				Payment of interests (Note 3)	14	–	–
Subsidiary	Angel Park Co., Ltd.	Holding Directly 0.38% Indirectly 49.88%	Interlocking of officers Business advisory	Deposits of funds	4,000	Deposits received from subsidiaries and associates	4,000
				Repayment of deposits	3,000		
				Payment of interests (Note 3)	10	–	–
Subsidiary	JFR Information Center Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Requests for computation services (Note 4)	927	–	–

Transaction conditions and policy for deciding transaction conditions

(Note 1) Consulting fee income is determined by contract terms.

(Note 2) The Group has introduced a cash management system (CMS), and since the lending and deposits of funds are conducted on a recurring basis, the transaction amount column reflects the average balance during the period.

(Note 3) Interest rates on funds lent and funds deposited are determined reasonably with reference to market interest rates.

(Note 4) The Company will reasonably determine with reference to market prices whether to request this company mainly in relation to computation services.

(Note 5) Transaction amounts do not include consumption taxes.

Notes on per share information

1. Net assets per share: ¥1,309.09
2. Basic earnings per share: ¥42.98

Notes on significant subsequent events

Purchase of own shares

Notes are omitted concerning the purchase of own shares as the same information is presented in "Significant subsequent events" in the Notes to Consolidated Financial Statements.

THE AUDIT REPORT OF INDEPENDENT AUDITORS CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS (COPY)

Report of Independent Auditors

April 22, 2025

The Board of Directors
J. Front Retailing Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo office
Koji Ojima
Certified Public Accountant
Designated and Engagement Partner
Kenji Onuma
Certified Public Accountant
Designated and Engagement Partner
Tetsuro Tone
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Paragraph 4, Article 444 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements of J. Front Retailing Co., Ltd. (the “Company”) applicable to the fiscal year from March 1, 2024 through February 28, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the J. Front Retailing Group, which consisted of the Company and consolidated subsidiaries in conformity with accounting principles with the omission of a part of the disclosure items required under IFRS as allowed by the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit Committee is responsible for overseeing the Executive Officers’ and Directors’ performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in conformity with accounting principles with the omission of a part of the disclosure items required under IFRS as allowed by the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the going concern basis, and disclosing, as applicable, matters related to going concern in accordance with accounting principles with the omission of a part of the disclosure items required under IFRS as allowed by the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting.

The Audit Committee is responsible for overseeing the Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles with the omission of a part of the disclosure items required under IFRS as allowed by the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, as well as evaluate the overall presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.

- Plan and perform audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis for our opinion on the consolidated financial statements. We are responsible for the direction, supervision, and inspection of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence, on matters that may be reasonably thought to bear on our independence, as well as cases where countermeasures have been established to eliminate obstruction factors or cases where safeguards have been applied to reduce obstruction factors to allowable levels.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

THE AUDIT REPORT OF INDEPENDENT AUDITORS CONCERNING THE NON-CONSOLIDATED FINANCIAL STATEMENTS (COPY)

Report of Independent Auditors

April 22, 2025

The Board of Directors
J. Front Retailing Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo office
Koji Ojima
Certified Public Accountant
Designated and Engagement Partner
Kenji Onuma
Certified Public Accountant
Designated and Engagement Partner
Tetsuro Tone
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Item 1, Paragraph 2, Article 436 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the notes to the non-consolidated financial statements and the related supplementary schedules of J. FRONT RETAILING Co., Ltd. (the "Company") (the "non-consolidated financial statements, etc.") applicable to the 18th fiscal year from March 1, 2024 through February 28, 2025.

In our opinion, the non-consolidated financial statements etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company in conformity with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit Committee is responsible for overseeing the Executive Officers' and Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the non-consolidated financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of Management and the Audit Committee for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements etc. on the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements etc. is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements etc. or, if the notes to the non-consolidated financial statements etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements etc., including the related notes thereto, and whether the non-consolidated financial statements etc. fairly represent the underlying transactions and accounting events.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence, on matters that may be reasonably thought to bear on our independence, as well as cases where countermeasures have been established to eliminate obstruction factors or cases where safeguards have been applied to reduce obstruction factors to allowable levels.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

THE AUDIT REPORT OF AUDIT COMMITTEE MEMBERS (COPY)

Audit Report

The Audit Committee has audited the performance of duties by Directors and Executive Officers of J. FRONT RETAILING Co., Ltd. (the "Company") during the 18th fiscal year from March 1, 2024 through February 28, 2025. We hereby report as follows regarding the method and results of the audit.

1. Method and content of audits

With respect to the resolution of the Board of Directors concerning the matters stipulated in Item 1 (b) and (e), Paragraph 1, Article 416 of the Companies Act, as well as the system (the internal control system) developed based on such resolution of the Board of Directors, we received regular reports regarding the status of establishment and operation of such system from Directors, Executive Officers and employees, and others, requested explanations as necessary, expressed opinion thereon, and executed audits through the following methods.

(i) In accordance with audit policies stipulated by the Audit Committee and the division of duties, etc., Audit Committee Members, in coordination with the departments in the Company related to internal control, participated in key meetings, including via online methods, received reports from Directors, Executive Officers, and others regarding the matters related to the performance of their duties, and when necessary, requested explanations of those reports. Audit Committee Members also reviewed key decision documents, and conducted surveys of the operations and assets. Further, regarding subsidiaries, Audit Committee Members worked to communicate with Directors, Audit & Supervisory Board Members, Executive Officers, and other parties at those subsidiaries, and when necessary, travel to the head office and other places of business and conduct hearings with them regarding their business.

(ii) Additional consideration was given to the basic policy set forth in Item 3 (a), Article 118 of the Regulations for Enforcement of the Companies Act and activities set forth in Item 3 (b), Article 118 of the same Regulations, as noted in the Business Report, based on the status of deliberations at the meeting of the Board of Directors and other key meetings.

(iii) Regular reports were received regarding the results of audits carried out by the internal audit departments based on the initial plan, and information was shared.

(iv) Discussions were carried out after receiving an explanation by the Accounting Auditor regarding the audit plan, and opinions were exchanged after receiving the report on the audit results. Furthermore, while monitoring and reviewing the audit of the Accounting Auditor to ensure they maintained an independent position and conducted their audits fairly, Audit Committee Members received reports from them regarding the performance of their duties, and when necessary, asked for further explanation regarding those reports. Audit Committee Members were also notified that the Accounting Auditor was arranging the system to ensure the appropriate execution of their duties (as enumerated in each Item of Article 131 of the Regulation on Corporate Accounting) in compliance with the Quality Control Standards Relating to Auditing (adopted by the Business Accounting Deliberations Council), etc., and, where necessary, requested further explanation. Furthermore, Audit Committee Members discussed major audit considerations with Ernst & Young ShinNihon LLC, received the report on the implementation status of the audit, and asked for an explanation as required.

Based on the above methods, Audit Committee Members proceeded to review the Business Report with the supplementary schedules, the non-consolidated financial statements (which consist of the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, and the notes to the non-consolidated financial statements) with the supplementary schedules, and the consolidated financial statements (which consist of the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and the notes to the consolidated financial statements) for the current fiscal year.

2. Audit Results

(1) Results of Audit of Business Report, etc.

(i) The Audit Committee confirms that the Business Report and the supplementary schedules conformed to the applicable laws and regulations, and the Articles of Incorporation, and that they accurately present the situation of the Company.

(ii) With respect to the performance of duties by Directors and Executive Officers, the Audit Committee found no improper acts or important violation of applicable laws and regulations or the Articles of Incorporation.

(iii) The Audit Committee confirms that decisions by the Board of Directors regarding the Company's internal control system are fair and adequate, and found no areas that require mention regarding the description of the internal control system in the Business Report and the performance of duties by Directors and Executive Officers.

(iv) The Audit Committee confirms that the basic policy regarding those who control the determination of the Company's financial and operational policies, as noted in the Business Report, is fair and adequate. The Audit Committee confirms that activities set forth in Item 3 (b), Article 118 of the Regulation for Enforcement of the Companies Act, as noted in the Business Report, are in line with this basic policy, are not harmful to the common interest of the Company's shareholders, and are not intended to maintain the positions of corporate officers of the Company.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

The Audit Committee confirms that the methods used and results achieved by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and adequate.

(3) Results of Audit of Consolidated Financial Statements

The Audit Committee confirms that the methods used and results achieved by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and adequate.

April 23, 2025
Audit Committee
J. Front Retailing Co., Ltd.

HAKODA Junya (seal)
Chairperson of Audit Committee

HAMADA Kazuko (seal)
Audit Committee Member (full-time)

SEKI Tadayuki (seal)
Audit Committee Member

OMURA Emi (seal)
Audit Committee Member

(Note) Audit Committee Members, namely, HAKODA Junya, SEKI Tadayuki, and OMURA Emi are Outside Directors as prescribed in Item 15, Article 2 and Paragraph 3, Article 400 of the Companies Act.