

[Translation]

April 15, 2024

To whom it may concern

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President and Representative Executive Officer

(Securities code: 3086, Prime Market of the Tokyo Stock Exchange
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Notice Regarding the Reorganization of Group Businesses to Strengthen Interior Design and Building Management Businesses

J. FRONT RETAILING Co., Ltd. (the “Company”) hereby announces that the Company has resolved to reorganize businesses within the group in order to strengthen its interior design and building management businesses.

By March 2026, J. Front Design & Construction Co., Ltd. (“J. Front Design & Construction”), PARCO SPACE SYSTEMS Co., Ltd. (“PSS”), and JFR Service Co. Ltd. (“JFR Service”), which are responsible for interior design/building management businesses within the Group, will be reorganized and integrated. (Please refer to “2” below for details of the reorganization of group businesses.)

Since the reorganization of building management businesses is an absorption-type company split conducted between wholly owned subsidiaries of the Company, some disclosure items and details thereof are omitted.

1. Purpose of the Business Reorganization

In its “FY2024-FY2026 Medium-term Business Plan” announced today, the Company is positioning the period of this medium-term business plan as a “period of reform” to ensure JFR Group’s realization of the Vision for 2030 and achievement of medium- to long-term growth, and has chosen to address “Deepening the Retail Businesses,” “Evolving Group Synergies” and “Strengthening the Group Management Foundation.” This business reorganization is part of the “Evolving Group Synergies” initiative, in which the Group’s interior design and building management businesses will be reorganized and consolidated into a single company.

At present, both J. Front Design & Construction and PSS operate interior design businesses within the Group. J. Front Design & Construction excels in high-quality interior construction work for hotels and luxury brand stores, while PSS has strengths in electrical equipment work and the construction of commercial facility interiors. By combining the know-how and skills of the two companies and enhancing their management resources, the Company aims to further expand its high-end/high-grade interior and electrical installation work.

In the building management business, JFR Service is mainly responsible for the operation and management of department store concessions, while PSS is responsible for the operation and management of facilities at PARCO stores. By centralizing building management functions within the Group, we will improve the quality and productivity of operations in the management of the Group’s facilities, and we will also look to expand orders from outside sources, such as for facility management services for hotels, a market that is expected to grow even further in the future.

While there are concerns that the interior design/building management businesses will be affected by labor shortage threatening the entire industry, through this business reorganization, the Company will establish an advantageous position for the recruitment and cultivation of specialist human resources. By strengthening both businesses, which generate high levels of ROIC, the Company will steadily achieve transformation of its business portfolio.

2. Overview of the business reorganization

(1) Step 1 - Reorganization of building management functions

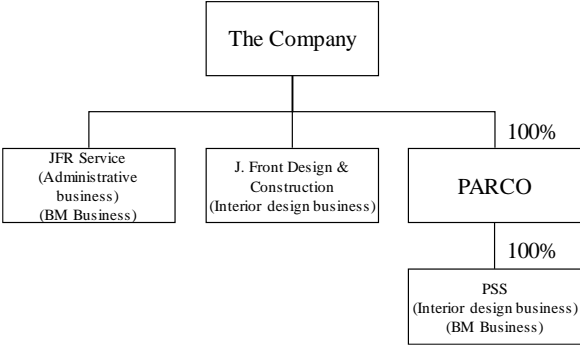
In July 2024, PARCO will pay a dividend-in-kind, with all shares of PSS, which are wholly owned by PARCO, as the dividend asset, and the Company will acquire such shares. As a result, PSS will become a wholly owned subsidiary of the Company.

Next, effective September 1, 2024, of the businesses currently operated by JFR Service, the management business is planned to be transferred to PSS (the “absorption-type company split”). The absorption-type company split will be conducted between wholly owned subsidiaries that satisfy the requirements for tax qualification.

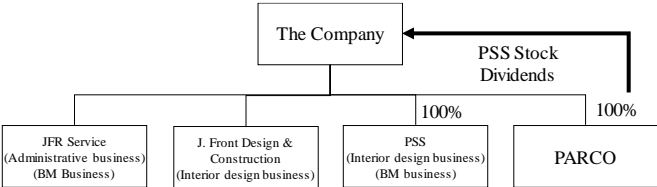
(2) Step 2 - Business merger of J. Front Design & Construction and PSS

A new company will be established, and is scheduled to absorb J. Front Design & Construction and PSS by March 2026. As a result, J. Front Design & Construction and PSS shall be merged companies. Further details will be announced as they are determined.

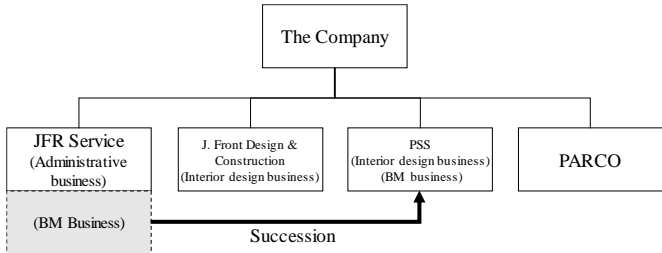
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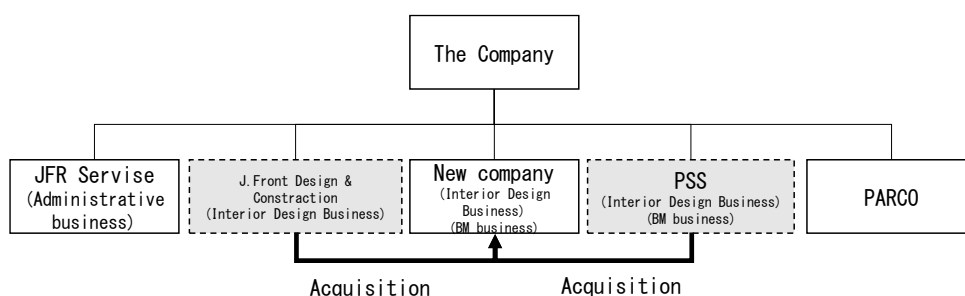
(Step 1) July 2024



September 1, 2024



(Step 2) March 2026 (Scheduled)



3. Overview of Step 1 (Reorganization of building management functions)

(1) Schedule

[Schedule for the conversion of PSS to a subsidiary]

Date of PSS board resolution	June 25, 2024 (Scheduled)
Date of resolution of PARCO's general meeting of shareholders (effective date)	July 25, 2024 (Scheduled)

[Schedule for the absorption-type company split]

Date of Board of Directors' resolution approving the JFR Service company split agreement	April 23, 2024 (Scheduled)
Date of Board of Directors' resolution approving PSS split agreement	April 23, 2024 (Scheduled)
Date of conclusion of the company split agreement	April 23, 2024 (Scheduled)
General meeting of shareholders of JFR Service to approve company split	August 15, 2024 (Scheduled)
General meeting of shareholders of PSS to approve company split	August 15, 2024 (Scheduled)
Date of company split (effective date)	September 1, 2024 (Scheduled)

(2) Method of the absorption-type company split

An absorption-type company split in which JFR Service will be the absorbed company and in which PSS will be the absorbing company.

(3) Allotment of shares related to the absorption-type company split

Since the absorption-type company split will take place between wholly owned subsidiaries of the Company, no shares will be allotted nor other consideration rendered.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the absorption-type company split

No applicable matters.

(5) Increase or decrease in capital as a result of the absorption-type company split

There is no change in capital.

- (6) Rights and obligations to be succeeded to by the successor company
PSS will succeed to the assets, liabilities, other rights and obligations, and contractual status held by JFR Service immediately before the occurrence of the absorption-type company split, related to the businesses to be succeeded, as specified in the absorption-type company split agreement.

- (7) Expected fulfillment of obligations
After the effective date of the absorption-type company split, we consider that there will be no issue with the prospects for performance of obligations that PSS should bear.

(8) Outline of the companies involved in the absorption-type company split

(1) Company name	JFR Service Co. Ltd. (Company splitting in an absorption-type company split)	PARCO SPACE SYSTEMS Co., Ltd. (Company succeeding in an absorption-type company split)
(2) Headquarters	18-11, Kiba 2-chome, Koto-ku, Tokyo	8-16, Shinsencho, Shibuya-ku, Tokyo
(3) Representative	President and Representative Director AZUMA Nobukazu	President and Representative Director KURUMADA Yasuyuki
(4) Business	Facility management, leasing, parking lot management, commissioned back-office services	Space creation, facility operation
(5) Capital	¥100 million	¥100 million
(6) Established	May 6, 1941	June 8, 1964
(7) Number of shares issued	3,400,000 shares	17,748,400 shares
(8) Fiscal year-end	February	February
(9) Major Shareholders and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%	PARCO Co., Ltd. 100%
(10) Number of employees	165 (*)	468 (*)
(11) Operating results and financial position for the most recent fiscal year		
Accounting period	Fiscal year ended February 2024	Fiscal year ended February 2024
Net assets	¥1,019 million	¥4,819 million
Total assets	¥1,929 million	¥10,973 million
Net assets per share	¥299.91	¥271.55
Sales	¥5,824 million	¥22,631 million
Operating profit	¥(148) million	¥1,087 million
Ordinary profit	¥(60) million	¥1,100 million
Net income	¥(45) million	¥686 million
Basic earnings per share	¥(13.28)	¥38.66

(*As of February 29, 2024)

(9) Situation following the absorption-type company split

There will be no change in company name, location, name or title of representative, capital or fiscal year end for either party.

(10) Impact of Step 1 (reorganization of building management functions) on business performance

Since this the absorption-type company split will be conducted between the Company and its wholly owned subsidiaries, it will have no material impact on the consolidated financial results for the fiscal year ending February 2025.

END

(Reference) Earnings Forecasts for the current fiscal year (announced on April 15, 2024)

	Gross sales	Sales revenue	Business profit	Operating profit	Profit before tax
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First six months ending August 31, 2024	581,000	204,000	25,500	23,000	21,500
Fiscal year ending February 28, 2025 (forecast)	1,200,000	421,500	44,500	37,500	34,500

	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Yen
First six months ending August 31, 2024	15,000	58.04
Fiscal year ending February 28, 2025 (forecast)	23,500	91.71

(Reference) Outline of J. Front Design & Construction (as of February 29, 2024)

(1) Company name	J. Front Design & Construction Co., Ltd.
(2) Headquarters	7-1, Shinsaibashisuji 1-chome, Chuo-ku, Osaka
(3) Representative	President and Representative Director YOSHIMURA Minoru
(4) Business	Design and construction contracting, furniture manufacturing and sales
(5) Capital	¥100 million
(6) Established	November 9, 1998
(7) Number of shares issued	2,000 shares
(8) Fiscal year-end	February
(9) Major shareholder and shareholding ratio	J. FRONT RETAILING Co., Ltd. 100%
(10) Number of employees	294 (*)
(11) Operating results and financial position for the most recent fiscal year	
Accounting period	Fiscal year ended February 29, 2024
Net assets	¥8,519 million
Total assets	¥19,358 million
Net assets per share	¥4,259,798.50
Sales	¥35,902 million
Operating profit	¥1,500 million
Ordinary profit	¥1,510 million
Profit	¥1,017 million
Basic earnings per share	¥508,961.50

(*As of February 29, 2024)