To Our Shareholders

My name is ONO Keiichi, and I assumed the position of President and Representative Executive Officer from March of this year.

I express our deepest gratitude and appreciation for your continued support.

I would like to announce to you all that our 17th Annual Shareholders Meeting will be held on Thursday, May 23, 2024.

ONO Keiichi
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 2, 2024

To All Shareholders

YOSHIMOTO Tatsuya
Director and Executive Officer
J. FRONT RETAILING Co., Ltd.
10-1, Ginza 6-chome, Chuo-ku, Tokyo

Notice of Convocation of the 17th Annual Shareholders Meeting

You are hereby notified that the 17th 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 23, 2024, at 10:00 a.m. (JST) (Reception opens at 9:30 a.m.)
Venue: Otemachi Mitsui Hall, 3F Otemachi One, MITSUI & CO. Building
2-1, Otemachi 1-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 17th fiscal year (from March 1, 2023 to February 29, 2024)
2. Audit reports of the Accounting Auditor and the Audit Committee on Consolidated Financial Statements for the 17th 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 5.

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 17th Annual Shareholders Meeting,” and check the Annual Shareholders Meeting informational materials listed under “The 17th Annual Shareholders Meeting.”

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

Process of the Annual Shareholders Meeting

Before the Annual Shareholders Meeting

1. Read the Annual Shareholders Meeting informational materials.

On the Internet (via PC, smartphone, etc.), check "Notice of Convocation of the 17th Annual Shareholders Meeting" and "17th Annual General Shareholders Meeting: Other Matters for Which Information is Provided in Electronic Format (Matters for Which Document Provision is Omitted)."
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)

2. Exercise voting rights in advance.

Exercise deadline: Received by 6:00 p.m. on Wednesday, May 22, 2024 (JST)
Convenient exercise of voting rights by smartphone is recommended.

▶ For details, please refer to "Guide to the Exercise of Voting Rights" on page 5.

3. Ask questions in advance.

Question deadline: Received by 6:00 p.m. on Thursday, May 16, 2024 (JST)
We will accept questions in advance from shareholders on the Annual Shareholders Meeting online website.

▶ For details, please refer to "Information regarding the Engagement Portal online site for the Annual Shareholders Meeting" on page 6, or the attached "Information regarding the Live Streaming of the Annual Shareholders Meeting and Acceptance of Questions in Advance."

On the Day of the Annual Shareholders Meeting (Thursday, May 23, 2024)

1. Persons attending the venue in person

Venue: Otemachi Mitsui Hall, 3F Otemachi One, MITSUI & CO. Building
2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo

▶ If you need special accommodations at the venue, please contact us using the inquiry form below by 6:00 p.m. on Thursday, May 16, 2024 (JST).
[https://www.j-front-retailing.com/ir/inquiry.html (in Japanese)]

Time: 10:00 a.m. (JST) (Reception opens at 9:30 a.m.)

Please submit the voting form at the reception desk for the meeting.

2. Persons attending via live streaming

Streaming time: From 10:00 a.m. to the closing time of the Annual Shareholders Meeting

The Annual Shareholders Meeting will be live streamed via the Internet for you to view the proceedings of the meeting at home or other locations.

▶ For details, please refer to "Information regarding the Engagement Portal online site for the Annual Shareholders Meeting" on page 6, or the attached "Information regarding the Live Streaming of the Annual Shareholders Meeting and Acceptance of Questions in Advance."

After the Annual Shareholders Meeting

View proceedings of the Annual Shareholders Meeting (Post-streaming video)

View a summary of Q&A

See the results of the resolutions

On smartphones

On PCs

https://www.j-front-retailing.com/english/ir/stock/meeting.html

Guide to the Exercise of Voting Rights

If you do not attend the meeting in person, you can exercise your voting rights via the Internet 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.

Handling of Exercise of Voting Rights

- If a shareholder does not indicate approval or disapproval for a proposal on the voting form, it will be deemed that the shareholder intended to approve the proposal.
- If a shareholder exercises his/her voting rights both by written form and electromagnetic means, only the exercise of voting rights by electromagnetic means shall be treated as valid. If the same shareholder exercises his/her voting rights by an electromagnetic means more than once, only the last exercise of voting rights shall be treated as valid.

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 + 2024 (11-digit number without a hyphen) of the address registered in the shareholders' register as of February 29, 2024

1. Guide to viewing live streaming of the meeting
Live streaming start time: 10:00 a.m. on Thursday, May 23, 2024

(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 7.

(Note)
The postal code used for (ii) "Password (Postal code+2024)" 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/).
(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 5 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 16, 2024

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)

Greetings from the new President and Representative Executive Officer

Clarifying our vision of the future to improve corporate value:

Providing new value through "Co-creation"

The Company fully recovered from the COVID-19 pandemic in the FY2023 due to the steady implementation of the previous Medium-term Business Plan. Looking to the future, however, there are many challenges to address. I took over as representative of the J. Front Retailing Group (hereinafter the "Group") in March of this year, and I recognize that my role is to promote bold transformations with a medium- to long-term perspective.

The first step is our new Medium-term Business Plan that I will explain in the next pages. As well as further refining our core retail business, we will advance initiatives to maximize synergies, such as formulating and promoting Group customer strategies, promoting collaboration within and outside the Group in key areas represented by the Nagoya's Sakae area, and owning in-house contents for future growth.

To realize the Group Vision to "Create and Bring to Life 'New Happiness,'" we will expand the circle of co-creation with our stakeholders and evolve into a corporate group that continues to provide new value.

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

1 In preparation for the new Medium-term Business Plan

<u>Review of the previous Medium-term Business Plan: full recovery from the COVID-19 pandemic and building a foundation for regrowth</u>

Although the impact of COVID-19 lasted longer than expected in our previous Medium-term Business Plan, we steadily but surely implemented strategies including large-scale renovations and digitalization in our mainstay Department Store Business and Shopping Center Business (hereinafter "SC Business"), in order to keep up with demand recovery such as expansion of the affluent market and diversification of the inbound market. In addition, by incorporating management structure reforms such as reduction of fixed costs, we were able to restore consolidated operating profit to pre-COVID-19 levels and significantly improve our financial standing by reducing interest-bearing liabilities.

At the same time, looking towards regrowth for 2030, we developed a medium- to long-term plan for our developer strategy and established J. Front City Development Co., Ltd., an operating company for implementing the plan. From the perspective of transforming our business portfolio, we worked on entering the esports field, establishing funds and improving management efficiency by critically evaluating each Business.

2 Management direction looking ahead to 2030

To realize the Group Vision to "Create and Bring to Life 'New Happiness,'" we promote corporate activities based on sustainability management, which focuses on addressing environmental and social issues and seeking solutions through business.

We recognize that our strengths lie in our fine customer base and store real estate mostly in major cities in Japan, connections and trust with all stakeholders, and commercial production capabilities and discernment developed through department stores and PARCO.

In setting our future management direction, we have redrawn our "Vision for 2030" based on these strengths and the changes in the business environment that we consider important. The Company aims to evolve into a "value co-creating retailer group" that continues to provide "three co-creation values" with the retail business (Department Store Business and SC Business) at its core.

1) Changes in the business environment that surrounds us

Consumption	・ Generational shift in the major market segments, advance of globalization (inbound demand, etc.) ・ Growing desire for "connections through empathy, support, and trust" that replenish the soul ・ Further raise in awareness of "circulation" from the cycle of production and consumption
Market	・ Declining population and growing income inequality in Japan ・ Renewal of urban functions and the progression of consolidation and urban development ・ Reduced workforce in regional economies, increased interest in unique regional traditions and cultures
Society	・ Progress of climate change and other environmental issues, emergence of geopolitical risks ・ People and communities becoming less connected, growing digital communities ・ Deepening labor shortages, greater emphasis on self-realization and social contribution in choosing a job

2) Vision for 2030

(i) Three co-creation values, materiality

Based on our existing strong points, we will continue to provide three co-creation values by expanding the circle of "co-creation" with all stakeholders including customers, without being confined to conventional frameworks.

Three co-creation values

Emotional co-creation:	Creating and sharing excitement together with customers and employees
Regional co-prosperity:	Boosting the appeal of the region and becoming an indispensable part of the community
Environmental coexistence:	Fostering a culture where everyone can contribute to building a society that lives in harmony with the environment

We have reviewed materiality based on these three co-creation values and identified five themes. By implementing initiatives integrated with business strategies, we will realize sustainable growth of the company and "Well-Being Life (both mentally and physically fulfilling life)" for all our stakeholders.

(ii) Strategic direction

<u>Evolve into a "value co-creating retailer group" that continues to provide the three co-creation values with overwhelming support from a "premium and aspirational consumer group*" both in and outside Japan</u>

* Premium and aspirational consumer group: all consumers favor high-quality, exciting consumption and experiences that meet their preferences and values

To achieve these, we will strengthen our retail business (Department Store Business & SC Business) and pursue group synergies in the three domains of "customers," "areas," and "contents" in an aim to achieve substantial growth.

3 Summary of the new Medium-term Business Plan

<u>(1) Positioning and key strategies</u>

This Medium-term Business Plan is positioned as a "period of transformation" to ensure substantial growth towards achieving our Vision for 2030. We will expand our upfront investment for realizing group synergies and our growth strategy investment while generating profits primarily through our mainstay retail business. As part of this, we will focus on "strengthening the retail business" and "evolving group synergies as key strategies."

Key strategy: strengthening the retail business

(i) Expansion of domestic and international customer base
Strengthening of out-of-store sales at department stores (expansion of services for customers, broadening of activities, etc.), acquisition of members through the issuance of a new card at PARCO, and establishment of strong ties with overseas customers through partnerships with international companies, particularly in Asia

(ii) Improvement of appeal of customer contact points
Establishing competitive advantages through major renovations centered on flagship stores, expanding customer contact points using digital technologies (improvements and updates of apps and dedicated website for department store customers, etc.)

(iii) Content enhancement for the premium and aspirational consumer group
Further strengthening of categories with strengths (department stores: luxury, watches, art; PARCO: Japanese pop culture), introduction of brands to PARCO in collaboration with department stores

Key strategies: evolving Group synergies

(i) Expansion of the Group customer base
Expansion of the Group customer base through simplification of card issuance operations at GINZA SIX, PARCO, etc., developing Group customer strategy to promote customer collaboration across businesses and stores

(ii) Maximization of area value
Promotion of area management initiatives by taking advantage of the opening of a commercial complex in the Nagoya's Sakae area through the developer business, strengthening investments in developer projects to implement development plans in priority areas*

(iii) Ownership and development of in-house contents

Develop and own in-house contents and services, both in Japan and overseas, including in the digital field and promote the development of new businesses by combining the organizational capabilities of each company such as department stores and PARCO, including their discernment, procurement capabilities, and networks.

* Key areas: Sapporo, Tokyo, Nagoya, Kyoto, Osaka, Kobe, and Fukuoka

(2) Strengthening the Group's management foundation

We are working together as a Group to strengthen our management foundation to achieve our Vision for 2030 and enhance the effectiveness of our strategies. In particular, we will invest intensively in human resources, the source of value creation, and accelerate our human resource strategy.

Human resource strategy	・ Promoting employment and development of highly specialized professionals, planning the development of next-generation human resources, and promoting participation of women in integration with the management strategy ・ Cultivating the spirit of challenge by activating the exchange of human resources within the Group and expanding opportunities for human resources to play an active role ・ Creating an environment and frameworks that allow each employee to take on challenges, leading to sustainable growth of people and the organization
Financial strategy	・ Thoroughly managing investments based on growth and profitability, and strengthening the ROIC management in order to improve capital profitability over the medium to long term ・ Generating free cash flow based on market trends, securing long-term stable funding, and controlling interest-bearing liabilities to strengthen our financial standing
Systems strategy	・ Encouraging collaboration between operating companies and active internal and external communications, and build Group's common systems and groupware that integrates businesses, organizations, and systems
Corporate governance	・ Accelerating decision-making and execution of management under the new management structure ・ Achieving medium- to long-term growth and continuous enhancement of corporate value through more sophisticated governance

(3) Target

■ Key performance indicator targets

	FY2026 targets	(Reference) FY2023 results
Consolidated business profit (IFRS)	¥52,000 million	¥44,300 million
Consolidated ROE	8.0% or more	8.1%
Consolidated ROIC	5.0% or more	5.1%
Greenhouse gas emissions*1	(58.0)%	(55.0)%
Ratio of women in management positions*2	31.0%	22.5%

*1 Scope 1 and 2 reduction ratio (compared with FY2017); result for FY2023 is a rough estimate (final figure is under calculation).

*2 As of March 1, 2024: 26.2%

■ Financial targets

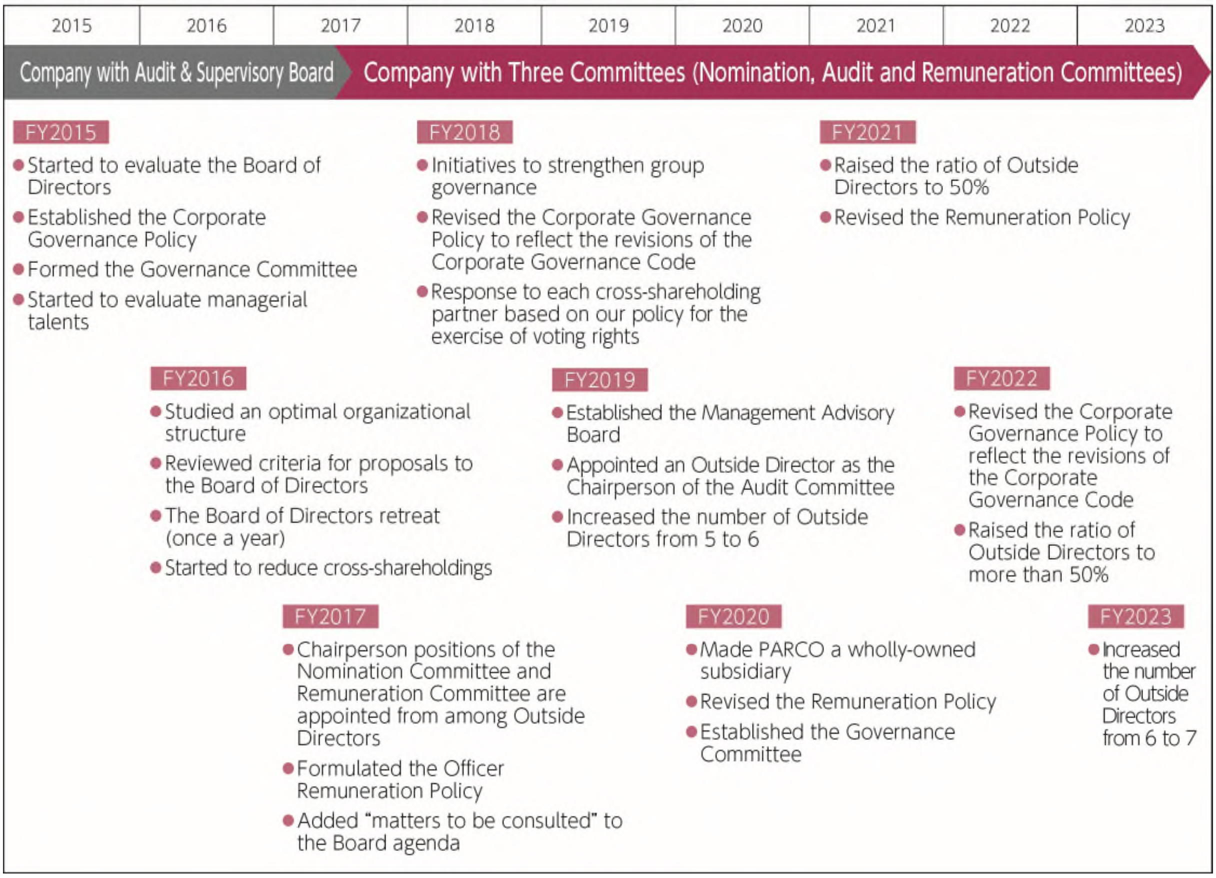
	FY2024–2026 (Cumulative)
Free cash flows (IFRS)	¥50,000 million or more
Capital expenditures and growth strategy investments	¥175,000 million
Interest-bearing liabilities (balance excluding lease liabilities)	¥285,000 million
Ratio of equity attributable to owners of parent to total assets (equity ratio)	30.0% or more
Shareholder returns	Consolidated dividend payout ratio of 40.0% or more Acquisition of treasury shares as appropriate

4 Our corporate governance

(1) Our initiatives towards corporate governance

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.

The Company's initiatives for corporate governance



(2) 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.

Under the new management structure that began in FY2024, 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 reinforcing the oversight function of the Board of Directors and advancing governance.

Reference Materials for Shareholders Meeting

Proposal and Reference Information

Proposal: Election of Ten (10) Directors

The terms of office of all 11 current Directors will expire at the conclusion of this Annual Shareholders Meeting. Therefore, based on a resolution of the Nomination Committee intended to deepen the governance structure to one appropriate for a company with three committees (nomination, audit, and remuneration committees), from the perspective of diversity for applying a broad range of insights and experience to our business strategies, and from the perspective of board succession 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 six 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	UCHIDA Akira	M	Reappointment	Non-executive	Independent	Outside	○		◎
5	SEKI Tadayuki	M	Reappointment	Non-executive	Independent	Outside		○	
6	OMURA Emi	F	New	Non-executive	Independent	Outside		○	
7	YOSHIMOTO Tatsuya	M	Reappointment	Non-executive			○		○
8	HAMADA Kazuko*2	F	Reappointment	Non-executive				○	
9	ONO Keiichi	M	New	Executive					
10	WAKABAYASHI Hayato	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 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 nine 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 individuals with the experience and knowledge 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 is conscious of Board diversity, selecting 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 experience related to finance and accounting.

With regard to candidates for non-executive Inside Director, 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 a person responsible for the Financial Department whose high level of knowledge will facilitate the execution of the strategic financial policies demanded by our shareholders and investors, as well as by the President and Representative Executive Officer of the Company.

No.	Name	Expected skills of Candidate for Director								
		Corporate management	Finance & accounting	Marketing	Human resource & organization development	Legal affairs & compliance	IT & digital	E: Environment	S: Society	G: Governance
1	KOIDE Hiroko	○		○	○					○
2	YAGO Natsunosuke	○						○		○
3	HAKODA Junya	○	○							○
4	UCHIDA Akira	○	○							○
5	SEKI Tadayuki		○			○			○	○
6	OMURA Emi					○	○		○	○
7	YOSHIMOTO Tatsuya	○		○				○		○
8	HAMADA Kazuko				○				○	○
9	ONO Keiichi	○		○				○		○
10	WAKABAYASHI Hayato	○	○		○					○

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 local 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="15">1</td><td rowspan="15">Independent
Outside Director
KOIDE Hiroko
(August 10, 1957)

Number of the Company’s shares owned (shares):
2,810
Number of other shares as stock-based remuneration not yet granted (shares):
5,942
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 17th fiscal year:
15/15
Number of Nomination Committee meetings attended
15/15
Number of Remuneration Committee meetings attended
13/13
Tenure as Director (at the conclusion of this meeting):
approx. 3 years</td><td>September 1986</td><td>Joined J. Walter Thompson Japan K.K. (present Wunderman Thompson Tokyo G.K.)</td></tr>
<tr><td>May 1993</td><td>Joined Nippon Lever K.K. (present Unilever Japan K.K.)</td></tr>
<tr><td>April 2001</td><td>Director</td></tr>
<tr><td>April 2006</td><td>General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited)</td></tr>
<tr><td>April 2008</td><td>Chief Operating Officer</td></tr>
<tr><td>November 2010</td><td>President and Representative Director of Parfums Christian Dior Japon K.K.</td></tr>
<tr><td>January 2013</td><td>Outside Director of Kirin Co., Ltd.</td></tr>
<tr><td>April 2013</td><td>Senior Vice President of Global Marketing of Newell Rubbermaid Inc. (U.S.) (present Newell Brands Inc.)</td></tr>
<tr><td>June 2016</td><td>Outside Director of Mitsubishi Electric Corporation (to retire in June 2024)</td></tr>
<tr><td>April 2018</td><td>Director of Vicela Japan Co., Ltd.</td></tr>
<tr><td>June 2019</td><td>Outside Director of Honda Motor Co., Ltd</td></tr>
<tr><td></td><td>Outside Director of J-OIL MILLS, Inc. (to retire in June 2024)</td></tr>
<tr><td>May 2021</td><td>Outside Director of J. Front Retailing Co., Ltd. (present)</td></tr>
<tr><td colspan="2">Important concurrent positions
Outside Director of Mitsubishi Electric Corporation (scheduled to retire in June 2024)
Outside Director of J-OIL MILLS, Inc. (scheduled to retire in June 2024)</td></tr>
<tr><td colspan="2"></td></tr>
<tr><td colspan="4">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 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 importance of strategies for evolving existing core businesses, clarifying and delving into customer targets based on marketing thinking, and synchronizing medium- to long-term management strategies with human resource strategies.
As a member of the Nomination Committee, she conducts discussions that ensure objectivity, transparency, and continuity and deliberates on the decision process for the new President and Representative Executive Officer based on the succession plan. As a member of the Remuneration Committee, she reviews the officer remuneration system in conjunction with the next medium-term business plan and provides necessary advice at suitable times on the introduction of a new calculation method for officer remuneration and reviews of remuneration standards, composition, and performance evaluation indicators, etc., and contributes to strengthening the management personnel functions.
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 as the Chairperson of Board of Directors at the Board of Directors meeting to be held after the conclusion of this Annual Shareholders Meeting.</td></tr>
</table>

<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>2</td><td>Independent
Outside Director
YAGO Natsunosuke
(May 16, 1951)

Number of the Company’s shares owned (shares):
8,400
Number of other shares as stock-based remuneration not yet granted (shares):
7,875
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 17th fiscal year:
15/15
Number of Nomination Committee meetings attended
15/15
Number of Remuneration Committee meetings attended
13/13
Tenure as Director (at the conclusion of this meeting):
approx. 4 years</td><td>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</td><td>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.</td></tr>
<tr><td colspan="4">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 has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice in many areas, including on the formulation of the medium-term business plan with an awareness of overall optimization, the approach to cross-shareholdings, overseas business expansion based on past experiences and reflections, and approaches to human resource investment and human resource evaluation.
As the Chairperson of the Nomination Committee, he conducts discussions that ensure objectivity, transparency, and continuity and resolves on the new President and Representative Executive Officer based on the succession plan. As a member of the Remuneration Committee, he reviews the officer remuneration system in conjunction with the next medium-term business plan and provides necessary advice at suitable times on the introduction of a new calculation method for officer remuneration and reviews of remuneration standards, composition, and performance evaluation indicators, etc., and contributes to strengthening the management personnel functions.
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.</td></tr>
</table>

<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="17">3</td><td rowspan="17">Independent
Outside Director
HAKODA Junya
(July 10, 1951)

Number of the Company’s shares owned (shares):
2,811
Number of other shares as stock-based remuneration not yet granted (shares):
5,942
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 17th fiscal year:
15/15
Number of Audit Committee meetings attended
23/24
Tenure as Director (at the conclusion of this meeting):
approx. 3 years</td><td>April 1974</td><td>Joined Mitsubishi Rayon Co., Ltd. (present Mitsubishi Chemical Corporation)</td></tr>
<tr><td>November 1980</td><td>Joined Pricewaterhouse CPA Office
(Reorganized as Aoyama Audit Corporation in June 1983)</td></tr>
<tr><td>April 1984</td><td>Registered as Certified Public Accountant</td></tr>
<tr><td>April 2000</td><td>Partner at the merged firm, ChuoAoyama Audit Corporation/PricewaterhouseCoopers</td></tr>
<tr><td>August 2006</td><td>Representative of Arata Audit Corporation/Partner of PricewaterhouseCoopers</td></tr>
<tr><td>April 2008</td><td>Eminent Professor of Graduate School of Keio University (internal audit theory)</td></tr>
<tr><td>September 2009</td><td>Member of the Agreement Monitoring Committee of the Japan External Trade Organization (JETRO)</td></tr>
<tr><td>September 2010</td><td>Director of Japan Internal Control Research Association</td></tr>
<tr><td>December 2014</td><td>Outside Corporate Auditor of Schroder Investment Management (Japan) Limited (present)</td></tr>
<tr><td>March 2015</td><td>Director of Institute of Corporate Governance, Japan (present)</td></tr>
<tr><td>June 2015</td><td>Outside Corporate Auditor of Yamaha Corporation</td></tr>
<tr><td></td><td>Outside Director of AEON Financial Service Co., Ltd.</td></tr>
<tr><td>June 2017</td><td>Outside Director and Chairperson of the Audit Committee of Yamaha Corporation</td></tr>
<tr><td>September 2019</td><td>Member of the Ethics Committee of the Japanese Institute of Certified Public Accountants</td></tr>
<tr><td>August 2020</td><td>Vice Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants</td></tr>
<tr><td>May 2021</td><td>Outside Director of J. Front Retailing Co., Ltd. (present)</td></tr>
<tr><td>August 2021</td><td>Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants</td></tr>
<tr><td colspan="4">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 committees). He has also 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 KPI perspectives necessary for monitoring the medium-term business plan, consideration of financial policies in light of the macro environment, utilization of internal human resources in new business development, and approaches to the appointment of human resources in times of change.
Moreover, as a member 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.</td></tr>
</table>

<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">4</td><td rowspan="2">Independent
Outside Director
UCHIDA Akira
(October 4, 1950)

Number of the Company’s shares owned (shares):
6,217
Number of other shares as stock-based remuneration not yet granted (shares):
9,808
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 17th fiscal year:
15/15
Number of Nomination Committee meetings attended
15/15
Number of Remuneration Committee meetings attended
13/13
Tenure as Director (at the conclusion of this meeting):
approx. 5 years</td><td>April 1975
June 1996
June 2000

June 2004

June 2005

June 2009

June 2012

June 2016
March 2019
May 2019
June 2019
May 2020
May 2022</td><td>Joined Toray Industries, Inc.
Executive Vice President of Toray Industries (America), Inc.
General Manager on Special Assignment of Corporate Strategic Planning Division 1, General Manager on Special Assignment of Corporate Communications Dept. of Toray Industries, Inc.
Counsellor of Corporate Strategic Planning Division, and Counsellor of Investor Relations Dept.
Member of the Board, General Manager of Finance and Controller’s Division
President, Toray Holding (USA), Inc.
Senior Vice President (Member of the Board), General Manager of Finance and Controller’s Division
President, Toray Holding (USA), Inc.
Senior Vice President (Member of the Board), in charge of CSR; General Manager of General Administration and Legal Division, Investor Relations Dept., Corporate Communications Dept., and Advertising Dept., Tokyo Head Office
Adviser, Toray Industries, Inc.
Retired from Adviser, Toray Industries, Inc.
Outside Director of J. Front Retailing Co., Ltd. (present)
Outside Director of Yokogawa Electric Corporation (present)
Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
Director of Parco Co., Ltd. (present)</td></tr>
<tr><td colspan="2">Important concurrent positions
Outside Director of Yokogawa Electric Corporation
(Concurrent positions in the Group)
Director of PARCO Co., Ltd.</td></tr>
<tr><td colspan="4">Reasons for nomination as candidate for Outside Director and overview of expected roles
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 the importance of identifying issues and addressing risks when formulating the medium-term business plan, aligning sustainability management policies with business strategies, digital strategies that also utilize stores, and the Company’s approach to human capital management.
As Chairperson of the Remuneration Committee, he reviews the officer remuneration system in conjunction with the next medium-term business plan and introduces a new calculation method for officer remuneration and reviews remuneration standards, composition, and performance evaluation indicators, etc. As a member of the Nomination Committee, he conducts discussions that ensure objectivity, transparency, and continuity and provides necessary advice at suitable times regarding deliberation on the decision process for the new President and Representative Executive Officer based on the succession plan, and contributes to strengthening the management personnel functions.
In light of his track record 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>

<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">5</td><td rowspan="2">Independent
Outside Director
SEKI Tadayuki
(December 7, 1949)

Number of the Company’s shares owned (shares):
4,083
Number of other shares as stock-based remuneration not yet granted (shares):
7,875
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 17th fiscal year:
15/15
Number of Audit Committee meetings attended
24/24
Tenure as Director (at the conclusion of this meeting):
approx. 4 years</td><td>April 1973
June 1998

June 2004
April 2007
June 2009

April 2010
May 2011
April 2013
April 2014

April 2015
May 2016
June 2016

April 2017
June 2017
July 2017

May 2020

May 2022</td><td>Joined ITOCHU Corporation
General Manager, Finance Division, ITOCHU International Inc. (Stationed in New York)
Executive Officer of ITOCHU Corporation, CFO of Food Company
Managing Executive Officer, General Manager of Finance Division
Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management and CFO
Representative Director, Senior Managing Executive Officer
Representative Director, Senior Managing Executive Officer and CFO
Representative Director, Executive Vice President and CFO
Representative Director, Executive Vice President, Executive Advisory Officer, CFO & CAO
Adviser
External Director of Parco Co., Ltd.
Outside Director of NIPPON VALQUA INDUSTRIES, LTD. (present VALQUA, LTD.)
Advisory Member of ITOCHU Corporation
Outside Director of JSR Corporation (present)
Outside Statutory Auditor of Asahi Mutual Life Insurance Company (present)
Outside Director of J. Front Retailing Co., Ltd. (present)
Director of Parco Co., Ltd.
Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)</td></tr>
<tr><td colspan="2">Important concurrent positions
Outside Director of JSR Corporation
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 has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice on a wide range of matters including the promotion of business strategies with an awareness of the cost of capital, the importance of responding to stores and businesses facing challenges in the transformation of business portfolios, and the risks involved in entering new businesses and how to respond to those risks.
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 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>

<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="14">6</td><td rowspan="14">New Candidate
Independent
Outside Director
OMURA Emi
(September 2, 1976)

Number of the Company’s shares owned (shares):
None
Special interests between the Company and the Candidate:
None</td><td>October 2002</td><td>Registered as attorney at law
Joined Iwasaki & Motoyama</td></tr>
<tr><td>March 2007</td><td>Registered as attorney at law of New York State, U.S.A.</td></tr>
<tr><td>July 2008</td><td>Partner of Athena Law Office</td></tr>
<tr><td>September 2010</td><td>Associate Expert, International Labour Standards Department, International Labour Organization in Geneva, Switzerland</td></tr>
<tr><td>September 2013</td><td>Partner of Athena Law Office</td></tr>
<tr><td>January 2014</td><td>Director, Office of International Affairs, Japan Federation of Bar Associations</td></tr>
<tr><td>September 2014</td><td>Outside Director of Digital Garage, Inc. (present)</td></tr>
<tr><td>June 2019</td><td>Counsel of Kamiyacho International Law Office</td></tr>
<tr><td>April 2021</td><td>Counsel of CLS HIBIYA TOKYO LAW OFFICE</td></tr>
<tr><td>November 2021</td><td>Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc. (present)</td></tr>
<tr><td>January 2022</td><td>Partner of CLS HIBIYA TOKYO LAW OFFICE (present)</td></tr>
<tr><td>December 2022</td><td>External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD. (present)</td></tr>
<tr><td>June 2023</td><td>Auditor of Japan Association for Women’s Education (present)</td></tr>
<tr><td colspan="2">Important concurrent positions
Partner of CLS HIBIYA TOKYO LAW OFFICE
Outside Director of Digital Garage, Inc.
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 colspan="4">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 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, and has extensive experience in providing objective advice and oversight on various issues that companies face, including diversity management.
In light of her track record, extensive experience and considerable insights, the Company expects that she will appropriately apply them to the supervision of management in the Group. As such, she has been nominated as a candidate to serve as a new Outside Director.</td></tr>
</table>

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
7	YOSHIMOTO Tatsuya (April 13, 1956) Number of the Company's shares owned (shares): **108,150** Special interests between the Company and the Candidate: **None** Number of Board of Directors meetings attended during the 17th fiscal year: **15/15** Tenure as Director (at the conclusion of this meeting): **approx. 11 years**	April 1979	Joined The Daimaru, Inc.
		March 2000	Senior Manager of Preparatory Office for Opening Sapporo Store of Planning Office for Sapporo Store, Head Office
		January 2008	General Manager of Tokyo Store
		May 2008	Corporate Officer, General Manager of Tokyo Store
		January 2010	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.
		March 2010	Corporate Officer of Daimaru Matsuzakaya Department Stores Co. Ltd. Senior General Manager of Management Planning Division
		May 2012	Director and Corporate Officer
		April 2013	President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. and President and Representative Director of Daimaru Matsuzakaya Sales Associates Co. Ltd.
		May 2013	Director of J. Front Retailing Co., Ltd. (present)
		May 2017	Representative Managing Executive Officer
		May 2020	President and Representative Executive Officer
		March 2023	President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit
		March 2024	Executive Officer (present)

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

YOSHIMOTO Tatsuya has a wealth of experience and knowledge in Department Store Business in general, particularly those areas related to business management, planning, and store operations. Since being appointed as President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. in 2013, he has been involved in executing the existing high-quality department store business strategy based on the roles and expectations of the Department Store Business under the Group's strategy, and formulating a new Department Store Business strategy in reaction to the massive changes in the external environment. He has been demonstrating swift and resoundingly effective leadership based on a strong results-oriented approach aimed at realizing these initiatives.

Since 2017, as Representative Managing Executive Officer of the Company, he has accumulated further knowledge based on his experiences in management reform in relation to business management and corporate governance for the Group as a whole. Since becoming President and Representative Executive Officer of the Company in FY2020, he has resolutely carried out structural reforms in the Group as part of 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 also exercised leadership for implementing sustainability management and for business innovations aimed at success in future competition, including organizational changes and personnel interactions to maximize Group synergy, speaking directly with Group employees, and assigning younger employees and middle management to carry out projects directly under his direction, and realized full recovery from the COVID-19 pandemic.

Taking into consideration such achievements and the current business environment, the Company has judged that a person with thorough knowledge of the roles of the Group's overall strategy and individual businesses, as well as knowledge of expectations of individual businesses conducting supervisory operations that consider all stakeholders will lead to the improved corporate value and sustained growth of the Group and has accordingly nominated him as a candidate to continue serving as Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
8	HAMADA Kazuko (Name in Family Registry: HIMENO Kazuko) (September 6, 1962) Number of the Company's shares owned (shares): **1,851** Number of other shares as stock-based remuneration not yet granted (shares): **15,428** Special interests between the Company and the Candidate: **None** Number of Board of Directors meetings attended during the 17th fiscal year: **15/15** Number of Audit Committee meetings attended **24/24** Tenure as Director (at the conclusion of this meeting): **approx. 3 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, 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="13">9</td><td rowspan="13">New Candidate
ONO Keiichi
(August 2, 1975)

Number of the Company’s shares owned (shares):
8,907
Special interests between the Company and the Candidate:
None</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, Merchadising 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.
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
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 (present)</td></tr>
<tr></tr>
<tr><td colspan="4">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, 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 formulated recently, he has formulated the direction for the Group from a broad and long-term perspective, and exhibited leadership while promoting the Group’s strategy.
He was appointed President and Representative Executive Officer in March 2024 based on his ability to build business strategies from a Group-wide perspective and his leadership in promoting reform, which are qualities that make him an outstanding management resource. Furthermore, the Company has judged that he can contribute to the enhancement of corporate value and the sustainable growth of the Group through his execution of duties as Director, and accordingly has nominated him as a new candidate to serve as Director.</td></tr>
</table>

<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">WAKABAYASHI Hayato
(August 31, 1961)

Number of the Company's shares owned (shares):
20,064
Special interests between the Company and the Candidate:
None
Number of Board of Directors meetings attended during the 17th fiscal year:
15/15
Tenure as Director (at the conclusion of this meeting):
approx. 8 years</td><td>April 1985</td><td>Joined Matsushita Electric Industrial Co., Ltd. (present Panasonic Corporation)</td></tr>
<tr><td>April 1998</td><td>President of Panasonic Financial Center Malaysia Co., Ltd.</td></tr>
<tr><td>April 2007</td><td>Director and Chief Executive Officer of Matsushita Electric (China) Finance Limited</td></tr>
<tr><td>February 2009</td><td>Finance Planning Team Leader (Manager), Headquarters Finance & IR Group of Panasonic Corporation</td></tr>
<tr><td>July 2013</td><td>General Manager, Finance & IR Group, Corporate Strategy Division and Finance Strategy Team Leader of Panasonic Corporation (Director)</td></tr>
<tr><td>May 2015</td><td>Joined J. Front Retailing Co., Ltd.
In charge of Finance Policy, Administration Unit</td></tr>
<tr><td>September 2015</td><td>Executive Officer
In charge of Financial Strategy and Policy, Administration Unit</td></tr>
<tr><td>March 2016</td><td>Senior Executive General Manager of Financial Strategy Unit (present) and in charge of Finance Policy</td></tr>
<tr><td>May 2016</td><td>Director (present)</td></tr>
<tr><td>March 2017</td><td>In charge of Financing and Finance Policy</td></tr>
<tr><td>May 2017</td><td>Managing Executive Officer (present)</td></tr>
<tr><td>May 2018</td><td>Senior General Manager of Financing and Finance Policy Division</td></tr>
<tr><td>May 2020</td><td>Director of PARCO Co., Ltd.</td></tr>
<tr><td>May 2023</td><td>Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)</td></tr>
<tr><td colspan="2">Important concurrent positions
(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 Director and overview of expected roles
WAKABAYASHI Hayato has pursued his career mainly in the financial realm of a general appliance manufacturer, and as such has sufficient knowledge and experience related to financial policy, including the enhancement of financial standing, improving levels of cash management and other such initiatives. For that reason, he was invited into the Group in May 2015 and has established and promoted a financial strategy encompassing the entire Group.
In addition to carrying out the adoption of International Financial Reporting Standards (IFRS) in 2017 and financial measures to support the continuity of business activities in a difficult business environment, including the onset of the COVID-19 pandemic, he has promoted a wide range of financial strategies and actions for the entire Group and contributed to improving its financial strength by introducing a Group consolidated tax payment system, beginning the renovation of the accounting system, and establishing ROIC for each business with the aim of improving investment profitability.
In addition to such achievements and in-depth insights on finance, he has the commensurate abilities as a management professional in terms of his strategic and transformation-minded leadership, strong results-oriented approach and other such attributes. 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 by executing business acting as a Director, and accordingly has nominated him as a candidate to continue serving as Director.</td></tr>
</table>

Special notes regarding the candidates for Director

- The Company has entered into an agreement with candidates for Directors KOIDE Hiroko, YAGO Natsunosuke, HAKODA Junya, UCHIDA Akira, SEKI Tadayuki 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 candidates for Director OMURA Emi and YOSHIMOTO Tatsuya 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, UCHIDA Akira and SEKI Tadayuki 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 candidate for Director OMURA Emi as an independent officer if her 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 has 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 ISO9001 and IRIS certifications would be suspended, and other that part of the scope of their ISO9001 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 has 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 has 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, 2023 to February 29, 2024)

1. Current status of the corporate group

(1) Business summary and results

During the fiscal year under review, the Japanese economy continued to experience a moderate recovery driven mainly by growth in service consumption and inbound demand in the context of the progressive normalization of social and economic activities, which overcame rising uncertainty caused by the increasingly unstable international situation and slowdowns in overseas economies.

Regarding personal spending, as improvements in the employment and income environments continued, in face-to-face services and other services grew, but the outlook remained uncertain as price increases pushed down real wages.

<Overall Composition of the FY2021-FY2023 Medium-term Business Plan>

Key strategies and management structure reforms looking toward “complete recovery” and “regrowth”	Real × digital strategy Department Store Business and SC Business (PARCO)	Prime life strategy Department Store Business and Payment and Finance Business	Developer strategy Developer Business (PARCO)	Management structure reforms Reduce fixed costs, increase management efficiency and asset efficiency
Strengthening management foundation to support medium- to long-term growth	**Financial strategy**	**Human resource strategy**	**IT strategy (defensive)**	**Governance**

Since fiscal 2021 the Company has been promoting the Medium-term Business Plan (FY2021-FY2023), which positions sustainability at the core of management. During the current Medium-term Business Plan, we have achieved a “complete recovery” from the COVID-19 pandemic, positioned the period beginning in fiscal 2024 as a time of “regrowth,” and focused mainly on our three key strategies, on management structure reforms, and on strengthening the management foundation to support medium- to long-term growth.

During the fiscal year under review, the final fiscal year under the current Medium-term Business Plan, we steadily promoted the key strategies and measures established by the Medium-term Business Plan to achieve “regrowth” from fiscal 2024 onward, having created a strong foothold for “complete recovery” to ensure that we captured changes in consumer behavior and inbound demand in the wake of the COVID-19 pandemic.

In terms of initiatives for sustainability, we have worked to resolve environmental and social issues mainly through activities that integrate our seven materiality issues (key issues) with the key strategies.

Although the effects of COVID-19 continued for longer than expected, the results of the above initiatives enabled us to more or less achieve our key performance indicator targets set under the current Medium-term Business Plan, including that for consolidated operating profit (¥40,300 million), and led to improvements in our financial standing, mainly through reductions in interest-bearing liabilities.

In parallel with the promotion of strategies to achieve the targets of the current Medium-term Business Plan, we have formulated a Group vision for 2030, as well as the next Medium-term Business Plan (FY2024-FY2026), which begins in fiscal 2024. In addition, we made the decision to adopt a new management system under which to launch the next Medium-term Business Plan, with the objective of further strengthening Group management and enhancing corporate value.

<Key performance indicator targets and results of the Medium-term Business Plan>

	Medium-term Business Plan targets*1	FY2021 results	FY2022 results	FY2023 results	(Reference) FY2019 results
Consolidated operating profit (IFRS)	¥40,300 million	¥9,380 million	¥19,059 million	¥43,048 million	¥40,286 million
Consolidated ROE	7.0%	1.2%	4.0%	8.1%	5.4%
Consolidated ROIC	5.0%	1.2%	2.7%	5.1%	–
Greenhouse gas emissions*2	(40.0)%	(36.7)%	(43.5)%	(55.0)%	(16.3)%
Ratio of women in management positions*3	26.0%	21.3%	22.2%	22.5%	16.6%

*1 At the time of the plan's formulation, the Company set the goals of achieving a "full recovery" from the COVID-19 pandemic by returning the financial figures to FY2019 levels by FY2023, the final year of the plan, while at the same time positioning the plan period as one for getting back on track for "regrowth" from FY2024 onward.

*2 *Scope 1 and 2 reduction ratio (compared with FY2017); result for FY2023 is a rough estimate (final figure is under calculation).

(Reference) Scope 1: Direct emissions of greenhouse gases from an organization itself (gasoline for company vehicles, etc.).

Scope 2: Indirect emissions from the use of electricity, heat, or steam provided by another company (electrical usage in stores and offices, etc.)

*3 Ratio of women in management positions: 26.2% as of March 1, 2024

1) Promoting the implementation of key strategies and management structure reforms looking toward "complete recovery" and "regrowth"

We made progress in implementing measures and strategic investments based on our key strategies, and in management structure reforms, which has been positioned as the most important measure for achieving complete recovery.

In addition to making strategic investments in the Department Store Business and the SC Business based on our "Real x Digital Strategy," by expanding key categories and carrying out renovations centered on flagship stores to increase the attractiveness of real stores, we have strengthened promotions aimed at increasing the value of visiting our stores, which includes the holding of large-scale mobilization events. Our use of digital technology has entailed the expansion of online businesses such as subscription services, and the digitalization of customer contact points through the use of apps and other measures to build strong relationships with customers.

Under our Prime Life Strategy, to enhance our response to the affluent market segment, based largely on department store *gaisho* (out-of-store sales), we have expanded our key categories, developed merchandise and services with scarcity value, both in-store and online, and worked to expand our customer base by winning new customers.

In terms of our Developer Strategy, under the new business promotion framework launched during the fiscal year under review, we formulated and promoted long-term development plans centered in the key areas of seven cities in which the Company maintains its business foundation, such as Nagoya's Sakae area and Osaka's Shinsaibashi area, to which we have recently added Fukuoka's Tenjin area. We also entered the residential real estate business to use our real estate holdings effectively, and promoted the development of properties.

In our management structure reforms, we have succeeded in reducing costs more than initially planned by reviewing our outsourcing and digitalizing our advertising methods in addition to effects from organizational and personnel structure reforms to reduce fixed costs. As a means of further improving management efficiency, we transferred to another entity all shares held by the Company in StylingLife Holdings Inc. As a result, the said company has been removed from being an equity method associate of the Company. We ceased operations of Shintokorozawa PARCO at the end of February 2024.

In addition to promoting these strategies, looking ahead to the reform of the business portfolio and to launching new businesses through co-creation with other companies we took equity stakes in Financie, Inc. and QON Inc., as well as investing in eight other companies through a CVC (corporate venture capital) fund. Based on the concept of "coexistence with local communities" that is a key sustainability issue for the Company, we have established a business succession fund in collaboration with another company in March 2024, with the objectives of contributing to local communities as well as unearthing, and ensuring the continuation of, products and services that are deeply rooted in their regions of origin.

2) Strengthening management foundation to support medium- to long-term growth

Under the Group human resources strategy, not only are we strengthening recruitment of highly specialized professionals and enhancing skills development programs at the holding company and individual businesses, but we are also working on Group-wide human resources development initiatives, such as the systematic nurturing of digital human resources and the promotion of active participation by mid-career and younger employees. We also promoted open recruitment and placement to reflect the intentions and desires of our employees, and actively facilitated personnel interaction to improve the diversity of our organizations and personnel.

In accordance with the Group financial strategy, we worked to improve our financial standing through measures that took into account changes in the business environment and the outlook going forward, including optimizing the balance of cash and deposits, and reducing interest-bearing liabilities. Looking ahead to the next Medium-term Business Plan, we have also formulated a medium- to long-term financial policy.

Under our Group systems strategy, in addition to supporting the promotion of key strategies in each business, we promoted the deployment among operating companies of a common accounting system for the Group, with the objective of enhancing management and administration and raising its productivity, and also strengthened our ability to handle both information security and business continuity.

3) 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, revenue for the fiscal year under review was ¥407,006 million, up 13.2% year on year. Business profit was ¥44,330 million, up 78.4% year on year, as a result of improvement in revenue, along with the effects from reduced fixed costs and expenses. Operating profit was ¥43,048 million (up 125.9% year on year), partly due to the transfer of shares of equity method associates while impairment losses were recorded at some branches of our department stores. Profit before tax was ¥41,343 million (up 145.0% year on year), and profit attributable to owners of parent was ¥29,913 million (up 110.1% year on year), demonstrating a large increase in profit.

Regarding dividends, the Company has decided to pay an annual dividend of ¥36 per share (¥31 in the previous fiscal year), for an increase of ¥5 relative to the previous fiscal year.

(ii) Results by segment

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

Business segment	16th fiscal year (Fiscal 2022)				17th fiscal year (Current fiscal year) (Fiscal 2023)			
	Revenue		Operating profit		Revenue		Operating profit	
	Results	Composition	Results	Composition	Results	Composition	Results	Composition
		%		%		%		%
Department Store Business	215,754	60.0	7,529	39.5	239,125	58.8	23,587	54.8
SC Business	53,779	15.0	4,244	22.3	57,944	14.2	9,414	21.9
Developer Business	55,252	15.4	3,184	16.7	78,418	19.3	7,437	17.3
Payment and Finance Business	12,889	3.6	3,485	18.3	13,115	3.2	2,583	6.0
Total	337,676	93.9	18,443	96.8	388,604	95.5	43,022	99.9
Other	55,922	15.5	899	4.7	51,925	12.8	1,370	3.2
Adjustments	(33,919)	(9.4)	(283)	(1.5)	(33,523)	(8.2)	(1,343)	(3.1)
Consolidated total	359,679	100.0	19,059	100.0	407,006	100.0	43,048	100.0

* Following the organizational reform on March 1, 2023, results for the fiscal year ended February 28, 2023 have been retrospectively adjusted to make it appear that the transfer of real estate from PARCO CO., LTD. to J. Front City Development Co., Ltd. took place on March 1, 2022.

Department Store Business

- Strategies and measures for the affluent market segment bear fruit
- Duty-free sales also hit record high

Revenue of ¥239,125 million, operating profit of ¥23,587 million

<Reference data>
Gross sales of ¥747,855 million (+13.7% YoY), business profit of ¥26,265 million (+104.6% YoY)

With social and economic activities progressively normalizing, in addition to the results of strategies and policies aimed mainly at the solid affluent market, we also saw further growth in revenue from foreign tourists visiting Japan, resulting in a significant expansion of net sales.

By store, the Daimaru Shinsaibashi and Daimaru Kyoto stores, which had particularly strong sales from foreign tourists visiting Japan, and the Daimaru Tokyo and Daimaru Sapporo stores, which are on terminal sites, saw significant improvements in customer numbers and net sales.

In terms of executing key strategies, as well as programs centered on flagship stores involving renovations and the strengthening of key categories, such as luxury brands and high-end watches, we worked to build a higher-quality shopping experience through the introduction of lounges for regular customers and other measures. In addition, to strengthen the online business, we worked on the creation of new customer experiences using digital technologies, such as expanding subscription services for fashion, art and food. To achieve our goal of building strong relationships with customers, we also moved steadily forward with the digitalization of customer contact points through the use of the Daimaru and Matsuzakaya app, as well as implementing measures for real stores.

As a result of various measures including those mentioned above, revenue was ¥239,125 million, up 10.8% year on year. Operating profit was ¥23,587 million (up 213.3% year on year) despite an increase in variable costs associated with the improvement of revenue, demonstrating a large increase in profit.

SC Business

- Success of strategic renovations of flagship stores and promotion of unified plans for all stores

Revenue of ¥57,944 million, operating profit of ¥9,414 million

<Reference data>
Gross sales of ¥296,951 million (+16.3% YoY), business profit of ¥8,379 million (+43.1% YoY)

The number of customers visiting stores and tenant transaction volume increased primarily due to the effects of strategic remodeling centering on flagship stores and promotions such as unified plans for all stores, and an increase in the number of foreign tourists visiting Japan, including those visiting Shibuya PARCO and Shinsaibashi PARCO.

To increase the attractiveness of stores based on our key strategies, we promoted strategic innovations such as the creation of zones that integrate a number of high-profile entertainment shops at Ikebukuro PARCO, and the expansion of unisex and women’s elements and the revamp of common areas at Nagoya PARCO. We also welcomed tenants at Urawa PARCO under the themes of “proposing charming and quality lifestyles” and “comfortable daily living.” Furthermore, to increase the value of visiting stores, we worked on PARCO’s own promotion, such as by developing large-scale mobilization events for popular TV anime, and for Shibuya PARCO, which is celebrating its 50th anniversary, we held an exhibition titled “The Advertisements (Advertising PARCO) 1969-2023” covering the history of creative advertising spanning over half a century. We ceased operations of Shintokorozawa PARCO at the end of February 2024.

As a result of various measures including those mentioned above, revenue was ¥57,944 million, up 7.7% year on year. Operating profit was ¥9,414 million (up 121.8% year on year) due to the improved revenue and a gain on sales of our properties, demonstrating a large increase in profit.

Developer Business

- Long-term investments intended to contribute to the growth and maximization of the retail business continue in the run-up to 2030

Revenue of ¥78,418 million, operating profit of ¥7,437 million

<Reference data>
Gross sales of ¥78,418 million (+45.1% YoY), business profit of ¥7,546 million (+204.7% YoY)

Under our new business promotion framework launched in fiscal 2023, we worked on formulating medium- to long-term development plans centered in the key areas of seven cities in which the Group maintains its business foundation, from the standpoints of Group-wide optimization. Specifically, we promoted redevelopment plans slated for completion and opening in 2026 for Nishiki 3-chome District 25 (tentative name) in Nagoya's Sakae area, and the Shinsaibashi Project (tentative name) in Osaka's Shinsaibashi area, as well as in Fukuoka's Tenjin area. In terms of development of non-commercial facilities using our assets, we completed the construction of three residential properties in which the Company was involved.

In the construction and interior design business, we seized investment opportunities for redevelopment and store expansion in cities, participated in development projects for hotels and other facilities, and worked to strengthen marketing capabilities by growing orders mainly from specially selected brands.

As a result of various measures such as those mentioned above, revenue was ¥78,418 million (up 41.9% year on year), due to increases in interior and facilities work inside and outside the Group, facilities management contracting, and the sale of developed properties to a fund formed by the Company itself. As a result of the above, operating profit was ¥7,437 million, up 133.5% year on year.

Payment and Finance Business

- Upfront investments to expand the Group customer member base continue

Revenue of ¥13,115 million, operating profit of ¥2,583 million

<Reference data>
Gross sales of ¥13,115 million (+1.8% YoY), business profit of ¥2,777 million (-20.4% YoY)

In the payment business, in addition to gaining members through cooperation with department stores, we implemented special events aimed at raising awareness of our unique points program (QIRA Point). We also worked to strengthen external affiliated stores through such measures as improving the payment environment in Group commercial facilities, and collaborating with the facilities of other companies in areas adjacent to Group stores. In the finance business, we promoted the development of new services for members through cooperation and collaboration with other companies.

As a result of the above efforts, revenue reached ¥13,115 million, up 1.8% year on year, but due in part to increases in investment expenses, etc. aimed at expanding the business foundation, and costs associated with an increase in unauthorized credit card use, operating profit was ¥2,583 million, down 25.9% year on year.

Other

- Wholesale business hit by weakness in automotive-related demand

Revenue of ¥51,925 million, operating profit of ¥1,370 million

<Reference data>
Gross sales of ¥53,308 million (-7.1% YoY), business profit of ¥965 million (+4.4% YoY)

In the Daimaru Kogyo business, a fall in orders in the mainstay electronic devices business, declining sales in the overseas business, and other factors led to revenue falling to ¥51,925 million, down 7.1%

year on year. However, operating profit reached ¥1,370 million, up 52.3% year on year, due mainly to foreign exchange gain and gain on sales of fixed assets.

(2) Explanation of financial position

(Assets, liabilities, and equity as of February 29, 2024)

Total assets as of February 29, 2024 were ¥1,114,726 million, down ¥6,227 million compared with February 28, 2023. Total liabilities were ¥720,494 million, a decrease of ¥29,048 million compared with February 28, 2023. Interest-bearing liabilities (including lease liabilities) were ¥364,398 million, down ¥49,551 million compared with February 28, 2023.

Total equity was ¥394,232 million, an increase of ¥22,822 million compared with February 28, 2023.

(Cash flow position)

The balance of cash and cash equivalents (hereinafter “cash”) as of February 29, 2024 was ¥71,342 million, up ¥31,468 million compared with February 28, 2023.

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

Net cash provided by operating activities was ¥90,692 million. In comparison with the previous fiscal year, cash provided increased by ¥25,212 million, largely due to an increase in profit before tax.

Net cash provided by investing activities was ¥13,429 million. In comparison with the previous fiscal year, cash provided increased by ¥26,800 million despite making capital investments, mainly due to proceeds from sales of shares of subsidiaries accounted for using equity method and of investment property.

Net cash used in financing activities was ¥72,746 million. In comparison with the previous fiscal year, cash used decreased by ¥32,948 million, largely due to repayment of interest-bearing liabilities.

(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 ¥16,194 million.

(i) Major facilities completed during the current fiscal year

The main projects in the Department Store Business were the Matsuzakaya Nagoya store and the renovation of the sales floors in the Daimaru Sapporo store, while in the SC Business they included the acquisition of assets in connection to PARCO_ya Ueno, and the acquisition of assets associated with the construction of HAB @ Kumamoto. In the Developer Business they included the acquisition of assets associated with the construction of parking facilities within condominiums developed by the Company, and investments in the renovation of store interiors and upgrading facilities.

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

New construction in Nagoya’s Sakae area for the development of Nishiki 3-chome District 25 (tentative name)

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

Sale, removal, etc. of assets associated with the withdrawal of Tsudanuma PARCO, and sale, etc. of site associated with progress under the Shinsaibashi Project (tentative name)

(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 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 ¥3,400 million through long-term borrowings from financial institutions. Meanwhile, with the repayment of ¥9,100 million in short-term borrowings and ¥29,500 million in long-term borrowings, our balance of interest-bearing liabilities (excluding lease liabilities) decreased by ¥35,100 million compared to February 28, 2023 to ¥213,900 million.

(5) Issues to be addressed

Preparation of the Medium-term Business Plan (FY2024–FY2026)

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

Under the previous Medium-term Business Plan (FY2021-FY2023), despite the prolongation of the COVID-19 pandemic, we worked to ensure that we captured recovering domestic consumption and inbound demand as the country transitioned towards normalization of social and economic activity by moving steadily forward with key strategies and measures mainly in the mainstay Department Store Business and the SC Business, as well as through fixed cost reductions and other management structure reforms. As a result of these initiatives profit has recovered to pre-COVID-19 levels, and we achieved the key performance indicator targets set in the previous Medium-term Business Plan, including improvements to the financial standing of the Company.

On the other hand, the environment in which the Company operates is characterized by increasing uncertainty, such as the emergence of geopolitical risks, fears of a slowdown in overseas economies, and trends in prices and financial markets. Moreover, the perceptions and actions of consumers who lived through the COVID-19 pandemic have changed dramatically, as shown by their heightened awareness of such themes as population decline, the polarization of income and consumption, the advance of technology, and environmental and social issues.

During the formulation of the Medium-term Business Plan, the Company saw these changes in the environment as an opportunity for business innovation, drew up its Vision for 2030, with sustainability at the core of management, and designated key strategies to execute during the period of the current Plan.

Looking ahead to substantial growth in the run up to 2030, the Company seeks to bring together the strengths of the Group, centered on retail operations such as the Department Store Business and the SC Business, and two evolve into a corporate group that continues to provide new value to its stakeholders, including customers.

Based on the management direction under the current Medium-term Business Plan, in addition to deepening the retail business and evolving Group synergies in preparation for substantial growth, we will focus on strengthening the Group’s management foundation to heighten the effectiveness of these strategies.

The management approach in heading toward 2030

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.’” Moreover, the Company recognizes our strengths as being our excellent customer base and store real estate primarily in major cities across Japan, the connections and trust it has with our stakeholders, and the capabilities of creation and management of commercial spaces/experiences and overall discernment it has cultivated through the department stores, PARCO, and others.

In defining our management approach for the coming years, the Company, after considering the aforementioned strengths that the Company possesses, along with important changes in the business environment, has drawn up a “Vision for 2030.” The Company intends to evolve into a “Value Co-creation Retailer Group” that constantly provides “Three Values of Co-creation” centered on the retail businesses.

1) Changes in the business environment the Company considers important

Consumption	• Generational change in the primary purchasing group, and progression toward a global orientation (inbound demand, etc.). • Seeking "connections through empathy, support and trust" for heart-felt fulfillment. • Attitudes of production/consumption cycle shifting to "circular economy" awareness.
Market	• Japan's population is declining and the income gap is widening. • Trend of renewal and centralization/city building in the urban amenities. • Decline in the number of key players in local economies, and growing interest in the unique traditions and culture of communities.
Society	• Environmental problems such as climate change are being progressed and geopolitical risks are materializing. • People's ties with local communities are weakening, and digital-based communities are strengthening. • The labor shortage in Japan is becoming more serious, and considerations of self-fulfillment and contribution to society are given more weight when choosing work.

2) Vision for 2030

(i) Three Values of Co-creation – Our Materiality

Leveraging the solid foundation provided by the Company's inherent strengths without being constrained by traditional boundaries, the Company will cultivate a culture in which anyone can share in the creation of new values that offer heart-felt fulfillment for customers, thereby contributing to raising the charm and vitality of cities, while building a sustainable environment and society.

Concentrating on the retail businesses, the Company will broaden the wheel of "Co-creation" with our stakeholders, particularly our customers, continually providing the following three values of co-creation:

"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.

Based on the above three values of co-creation, the Company has reviewed our materiality to designate five themes of materiality. We are promoting the alignment of these initiatives for materiality with our business strategies and working to realize sustainable growth for the Company and a "Well-Being Life" for all our stakeholders.

For more detail on J. Front Retailing's Sustainability Policy and our Materiality, please see "(6) Sustainability Initiatives."

(ii) Strategic Approach

Through overwhelming support from the domestic and overseas premium and aspirational consumer group, we will evolve into a "Value Co-creation Retailer Group" to always offer the three values of co-creation

- In today's world, as consumption diversity advances, we are seeing a vanishing desire for uniformity in products and services. As such, the Company aims to evolve into a "Value Co-creation Retailer Group" that constantly provides the three values of co-creation to the premium and aspirational consumer group (all individuals who favor consuming high-quality goods and having heart-lifting experiences that fulfill their own preferences and values).

- To realize this goal, the Company believes it is now necessary to integrate the JFR Group's efforts more than ever before and extend our strengths. For this purpose, along with deepening our retail business, we aim to grow exponentially by pursuing synergies that JFR Group offers in the three areas of "customer," "area" and "content" outlined below.

<Customer Synergy>

In addition to deepening our excellent customer base, the Company will strengthen connections with new customers, including overseas customers and generations Y (millennials) and Z (collectively hereinafter the "MZ generations"). We will connect with our customers across stores, business companies, and regions, and continue to be a partner chosen by our customers throughout their lives.

<Area Synergy>

The Company will utilize store real estate and business foundations in major cities nationwide across the JFR Group to contribute to enhancing city charm. Especially in the seven priority areas*, the Company will hone the uniqueness of our department stores and PARCO stores, and work on creating vibrant cities and further enhancing their charm through medium- to long-term development plans, customer collaboration within the area and promotion of foot-traffic circulation.

* Priority areas: Sapporo, Tokyo, Nagoya, Kyoto, Osaka, Kobe, and Fukuoka

<Content Synergy>

The Company will promote the development of our own content for new growth in the retail business, including business expansion in Japan as well as overseas and in the digital domain, by creating a synergistic fusion encompassing our cultivated discernment and purchasing power, along with JFR Group's network of connections with regions, business partners and creators.

In order to realize these three areas of synergies, the Company is working to strengthen the management foundation into one that is capable of bringing together the capabilities of the JFR Group, such as the cross-pollination of talent and the integration of systems, that give rise to new value.

2024–2026 Medium-term Business Plan

1) Positioning of the Medium-term Business Plan Within the Overall Long-term Strategy

- This medium-term business plan is positioned as a "period of reform" to ensure JFR Group's realization of the Vision for 2030, and achievement of medium- to long-term growth.
- Specifically to achieve this, under this plan, the Company is targeting the creation of profits centered on the principle retail businesses (Department Store Business and SC Business), and in addition, planning to expand upfront investments and growth strategy investments aimed at bringing about the synergies of the JFR Group.
- Initiatives will be concentrated on the key strategies of this medium-term business plan: "Deepening the Retail Businesses," "Evolving Group Synergies," and along with "Strengthening the Group Management Foundation."

“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 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)

2) Key Performance Indicator Targets

The Company has set the following financial targets for the final year of this medium-term business plan (FY2026 ending February 28, 2027), which is positioned as the “period of reform.” the Company is targeting consolidated business profit (on an IFRS basis) of ¥52.0 billion, and a consolidated ROE of 8.0% or higher. We have also set the following non-financial targets. the Company aims to achieve 58.0% greenhouse gas emission reduction target*, and a 31.0% ratio of women in management positions.

<Key performance indicator targets>

	FY2026 targets	(Reference) FY2023 results
Consolidated business profit (IFRS)	¥52,000 million	¥44,300 million
Consolidated ROE	8.0% or more	8.1%
Consolidated ROIC	5.0% or more	5.1%
Greenhouse gas emissions*1	(58.0)%	(55.0)%
Ratio of women in management positions*2	31.0%	22.5%

*1 *Scope 1 and 2 reduction ratio (compared with FY2017); result for FY2023 is a rough estimate (final figure is under calculation).
*2 As of March 1, 2024: 26.2%

3) Financial and capital policy

With the aim of medium- to long-term improvement of capital profitability, we will focus on “realizing growth derived from profitability” as well as “optimizing the amount of equity and enhancing shareholder returns.”

(i) Realizing growth derived from profitability

- We will promote ROE management on a consolidated basis and ROIC management by business segment. We will realize growth derived from profitability in part by taking a thorough approach to managing investments based on growth potential and profitability, while expanding growth investment with our sights set on 2030.
- Under our investment plans set forth in the Medium-term Business Plan, we will concentrate on upfront investments and on growth strategy investments in the Developer Business directed toward achieving Group synergies, in addition to the retail business.

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

- We will establish a financial base in seeking ongoing improvement in capital profitability, in addition to profit generated through business growth.

- Under the Medium-term Business Plan, we seek to optimize the amount of equity and enhance shareholder returns by maintaining a consolidated dividend payout ratio of 40% or more and conducting purchases of treasury shares.

	FY2024-FY2026 (cumulative)
Free cash flows (IFRS)	¥50,000 million or more
Capital investment and growth strategy investments	¥175,000 million
Interest-bearing liabilities (balance excluding lease liabilities)	¥285,000 million
Ratio of equity attributable to owners of parent to total assets (equity ratio)	30.0% or more
Shareholder returns	Consolidated dividend payout ratio of 40.0% or more Purchase of treasury shares as appropriate

4) Framework for the Medium-term Business Plan

(i) Deepening the retail business

A. Expand the customer base in Japan and overseas

- In the Department Store Business, we will strive to expand the customer base centered on department store *gaisho* (out-of-store sales) in part by extending the reach of services for customers who use apps and by broadening the geographical scope of *gaisho* activities. We will also promote *gaisho* collaborations with PARCO stores and elsewhere within the Group.
- In the SC Business, we will collaborate with JFR Card in strengthening and promoting efforts to gain members upon issuance of new cards, along with app members.
- In the Department Store Business and the SC Business, we will strive to enhance relationships with overseas customers. This will involve seeking customer collaboration through partnerships with overseas companies particularly in Asia and leveraging mutual use of store facilities. In addition, we will direct foreign tourists visiting Japan to various stores and strengthen information dissemination.

B. Elevate appeal of customer contact points

- In the Department Store Business, we will establish competitive superiority in each of our geographic locations by striving to elevate the appeal of our stores where customer engagement originates. This will involve persistently enhancing key categories particularly with respect to the Matsuzakaya Nagoya store and other flagship stores, creating sales settings that cater to next-generation customers such as Generation MZ and adapting to market changes, and improving spatial value particularly in terms of offering pleasant store environments with premium value and eco-friendly design.
- We will expand digitally-based customer contact points through efforts that involve enhancing customer communications by overhauling department store apps and dedicated customer websites.
- In the SC Business, we will strive to increase the distinctive brand value of PARCO and the value of visiting our stores through strategic renovations focusing on four key store locations, with our sights set on extending support from the perspective of Generation MZ and overseas customers. In addition to carrying out the first major renovations at Shibuya PARCO and Shinsaibashi PARCO, at Nagoya PARCO we will work on integrating different shops to create one of the largest entertainment and pop culture zones in the area, introducing next-generation fashion, and implementing other initiatives.
- We will enhance the appeal of customer contact points in part by better disseminating information to customers through Company-wide use of customer data at PARCO stores and online, and also by rolling out new services for members.

C. Expand content for the premium and aspirational consumer group

- In the Department Store Business, we will persistently enhance offerings such as luxury brands and watches that are highly regarded by our domestic and overseas customers. We will also propose options with respect to new lifestyles aligned with market changes, particularly in the areas of fashion, beauty, and health.
- In addition, we will also work to expand our lineup of new products and services in cooperation with other companies to enhance our response to the affluent market segment.
- In the SC Business, we will enhance entertainment offerings with respect to PARCO's strengths in theater, music and cinema, as well as esports and other digital entertainment, in addition to operating Japan pop culture zones through store renovations and rolling out brands enlisting collaboration with department stores.

(ii) Evolving Group synergies

A. Expand the Group customer base

- During the course of the Medium-term Business Plan, as well as expanding app membership, we will consolidate issuance operations for in-house card, such as GINZA SIX and PARCO, within the Group. We will also tap into opportunities arising from establishing a Group payment infrastructure if efforts for expanding the Group customer base and improving customer lifetime value (LTV).
- In addition to making progress in arranging customer collaboration beyond our business and stores, we will also formulate and promote a Group customer strategy that involves customer database analysis and use centered in key areas.

B. Maximize the area value

- During the current Medium-term Business Plan, of the seven key areas, we will concentrate on generating synergies in the Nagoya's Sakae area.
- In addition to major renovations at the Matsuzakaya Nagoya and Nagoya PARCO stores, through the opening of a commercial complex by the Developer Business (scheduled for 2026) and the expansion of external affiliated stores using the JFR card, we will promote the mutual exchange of customers and encourage customers to move around within the area. Through such initiatives, we will help in creating bustling towns and making them more appealing thereby maximizing area value.
- As well as opening commercial complexes in the Nagoya's Sakae and Osaka's Shinsaibashi areas (scheduled for 2026), we are strengthening investment in the Developer Business to promote development plans for the Fukuoka's Tenjin area. On the other hand, we will also work to improve profitability by making better use of, selling, or replacing underutilized assets.
- We will integrate and reorganize the current construction and interior design business and building management business, and expand the business by creating high-quality spatial value in facilities inside and outside the Group, including key areas, enhancing the quality of processes such as facility maintenance and management, and recruiting and developing specialized professionals.

C. Own and develop in-house contents

- In preparation for new growth in the retail business, we will develop and own in-house contents and services with a view to business development, not only in Japan but also overseas, including in the digital domain. We will also promote the development of new businesses in collaboration with other companies by combining the organizational capabilities of the department stores and PARCO, including their discernment, procurement capabilities, and networks.
- Leveraging the Company's business foundation deployed in major cities nationwide, we will work on identifying and developing distinctive products and services specific to each region with respect to food culture and other local characteristics.
- As well as attracting visionary new content and tenants, we will promote the development and ownership of content such as games centered on particular subcultures.

- In addition to strengthening the subscription business, we will promote the development of new operations through collaboration with other companies, such as by entering new businesses that promote the circulation of consumption.
- 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.

(iii) 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 prioritize investments in human resources, which are the source of value creation, and promote the acceleration of our human resource strategy.

A. Human resource strategy

- We will promote a human resource strategy that is integrated with the management strategy, such as by strengthening recruitment of highly specialized professionals and enhancing skills development programs, systematically nurturing next-generation staff, and promoting the participation of women.
- As well as seeking to blend the knowledge of our employees by energizing human interactions within the Group, we will cultivate a spirit of taking on challenges by expanding opportunities for human resources to play an active role.
- We aim to become a human resources development company by creating an environment and organizational structure that allows every employee to take on new challenges, and by drawing out their intentions, desires, and abilities so that both people and organizations can achieve sustainable growth.

B. 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.
- We will generate free cash flows based on capital market trends, securing long-term stable funding, and controlling interest-bearing liabilities to improve our financial standing.

C. Systems strategy

- We will build Group common systems and groupware that encourage collaboration between operating companies and active internal and external communications.
- We aim to sophisticate the management and administration as well as streaming operations through the full-fledged deployment of a common Group accounting system. In addition to working to strengthen our ability to handle both information security and business continuity, we will promote IT governance by enhancing system investments and asset management.

D. Corporate governance

- Under the new management system that began in fiscal 2024, 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 enhancing the oversight function of the Board of Directors and advancing governance.

(6) Sustainability Initiatives

J. Front Retailing is committed to contributing to the "Well-Being Life" of our customers, business partners, employees, and other stakeholders by promoting sustainability management that balances the resolution of environmental and social issues with corporate growth toward the realization of a sustainable society and new happiness in people's lives.

- Sustainability Policy (extract) “Together with people, with local communities, and with the environment”

We interact with customers in many places, including our retail stores. These places bring together various people, including customers, employees, business partners, and local people, creating opportunities for encounters. Local communities, where people are rooted, have an important role to play in maintaining the richness of these places of interaction. In order for local communities to remain vibrant points of contact, we believe it is vital that the irreplaceable global environment, which supports everything, be passed on to future generations.

* Click here for the full text
https://www.j-front-retailing.com/english/sustainability/way_to_think.html#sustainability_contents_waytothink_03

- Materiality Issues (Important Issues)

In formulating our Medium-term Business Plan that started in 2024, J. Front Retailing has proposed a vision of society in 2030. We have concluded that the values we wish to provide to society through our business activities are “Co-creation of Excitement,” “Co-prosperity with Communities,” and “Co-existence with the Environment.” By sharing these values with our stakeholders, we will achieve sustainable growth as a Group.

Based on this, we have reviewed our materiality and identified five themes. Rather than merely resolving issues, we will integrate materiality initiatives with our business strategy to link materiality to corporate growth. For this reason, we have changed to more proactive language based on the belief that the enthusiasm and actions of every employee are even more important than ever.

J. Front Retailing will integrate sustainability and business strategies to realize “Well-Being Life” for all stakeholders through our commitment to “CSV (Creating Shared Value).”

Materiality	Commitment
Adding excitement to life	Amidst diversifying values, JFR will provide places and spaces for new encounters with goods and things that stir people’s hearts, and propose well-being and future lifestyles that are fulfilling and exciting for every consumer.
Enhancing community vitality	We will strengthen ties with regions, including our seven priority areas, and work with local communities, governments, NPOs, and others to enhance local vitality and create sustainable urban development. In addition, by discovering and communicating the appeal of local areas, we will offer new and exciting experiences for people who gather there.
Creating a society that co-exists with the environment	To achieve the 2050 net zero target, we will work toward both decarbonizing the entire supply chain and promoting a circular economy. At the same time, we will provide opportunities for everyone to contribute to the creation of a sustainable society, not only through our independent efforts, but also by working with our value co-creation partners.
Increasing the number of value co-creation partners	We will share our thoughts and ideas on sustainability with others and establish a partner foundation for the values of “Co-creation of Excitement,” “Co-prosperity with Communities,” and “Co-existence with the Environment” along with fulfilling our social responsibilities, such as human rights due diligence, toward the realization of a sustainable society.
Empowering diverse human resources to shine	We will realize the sustainable growth of our human resources and the company by creating an environment and structure, including DEI and work-life integration, that enable each employee to play an active role and maximize their motivation, ambition, and abilities.

* 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	14th fiscal year (Fiscal 2020)	15th fiscal year (Fiscal 2021)	16th fiscal year (Fiscal 2022)	17th fiscal year (Fiscal 2023)
Gross sales	769,453	865,919	998,755	1,151,972
Revenue	319,079	331,484	359,679	407,006
Business profit	2,366	11,718	24,854	44,330
Operating profit	(24,265)	9,380	19,059	43,048
Operating profit/revenue	(7.6)%	2.8%	5.3%	10.6%
Profit before tax	(28,672)	6,190	16,873	41,343
Profit attributable to owners of parent	(26,193)	4,321	14,237	29,913
Total assets	1,263,722	1,192,907	1,120,953	1,114,726
Total equity	364,343	362,120	371,410	394,232
Equity attributable to owners of parent	352,171	350,368	359,385	381,898
Ratio of equity attributable to owners of parent to total assets	27.9	29.4	32.1	34.3
Interest-bearing liabilities [Of which, lease liabilities]	562,815 [202,885]	502,109 [184,394]	413,949 [164,825]	364,398 [150,450]
Cash flows from operating activities	56,471	49,866	65,480	90,692
Cash flows from investing activities	(20,870)	(5,289)	(13,371)	13,429
Free cash flows	35,601	44,577	52,109	104,122
Cash flows from financing activities	58,727	(80,392)	(105,694)	(72,746)
Cash and cash equivalents at end of period	128,925	93,278	39,874	71,342
Profit/equity attributable to owners of parent (ROE)	(7.1)%	1.2%	4.0%	8.1%
Operating profit/total assets (ROA)	(1.9)%	0.8%	1.6%	3.9%
Return on invested capital (ROIC)	0.2	1.2	2.7	5.1
Basic earnings per share (EPS) (Yen)	(100.03)	16.50	54.32	114.06
Equity attributable to owners of parent per share (Yen)	1,344.91	1,337.29	1,370.43	1,453.71
Price earnings ratio (PER)	(10.17)%	58.29%	23.27%	13.02%
Interim dividend (Yen)	9.00	14.00	15.00	16.00
Year-end dividend (Yen)	18.00	15.00	16.00	20.00
Dividend payout ratio	–%	175.7%	57.1%	31.6%
Dividends/equity attributable to owners of parent	2.0%	2.2%	2.3%	2.5%

(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
PARCO Co., Ltd.	34,367	100.0	Shopping Center 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
PARCO Digital Marketing Co., Ltd.	10	100.0	Internet-related business
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
JFR Service Co. Ltd.	100	100.0	Commissioned back-office service, leasing, parking
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) The liquidation of Taiwan Daimaru Kogyo, Ltd., which was previously a consolidated subsidiary of the Company, was completed on November 14, 2023, and it is therefore no longer consolidated.

(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	202,109	639,463

(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.	35,344
	Development Bank of Japan Inc.	33,212
	Sumitomo Mitsui Banking Corporation	16,712
	Mizuho Bank, Ltd.	8,212
	Other	40,600
	Sub total	134,080
Straight bonds, etc.		79,868
Total		213,948

(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: 176,971

(4) Major shareholders

Name of shareholders	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,154	17.09
Custody Bank of Japan, Ltd. (Trust Account)	22,542	8.53
Nippon Life Insurance Company	9,828	3.72
J. Front Retailing Kyoei Supplier Shareholding Association	6,295	2.38
SMBC Nikko Securities Inc.	4,261	1.61
JP Morgan Securities Japan Co., Ltd.	3,628	1.37
The Dai-ichi Life Insurance Company, Limited	3,439	1.30
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,401	1.29
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	3,204	1.21
JUNIPER	2,871	1.09

(Notes) 1. Although the Company holds 6,277 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	–	–
[of which, Outside Director]	–	–
Executive Officer	12	22,022
Total	12	22,022

(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 the number of shares granted to officers serving between May 26, 2022 and May 25, 2023.
3. The number of shares above amounts to shares issued to each Director. 22,917 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 3)	Limited liability agreements (Note 4)
Director	YAMAMOTO Ryoichi	Chairperson of Board of Directors Member of Nomination and Remuneration Committees Outside Director of Daido Steel Co., Ltd. Outside Director of NORITAKE CO., LIMITED	100.0% 15/15	Yes
Director	HAMADA Kazuko (Note 1)	Member of Audit Committee	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)	SATO Rieko (Note 2)	Member of Audit Committee Partner of Ishii Law Office Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. Outside Audit & Supervisory Board Member of Mitsubishi Corporation	86.7% 13/15	Yes
Director (Outside)	SEKI Tadayuki	Member of Audit Committee Outside Director of JSR Corporation Outside Statutory Auditor of Asahi Mutual Life Insurance Company Director of Daimaru Matsuzakaya Department Stores Co. Ltd.	100.0% 15/15	Yes
Director (Outside)	KOIDE Hiroko	Member of Nomination and Remuneration Committees Outside Director of Mitsubishi Electric Corporation Outside Director of J-OIL MILLS, Inc.	100.0% 15/15	Yes
Director (Outside)	KATAYAMA Eiichi	Member of Audit Committee Executive Vice President of Panasonic Corporation	100.0% 12/12	Yes
Director (President and Representative Executive Officer)	YOSHIMOTO Tatsuya		100.0% 15/15	
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. SATO Rieko is recorded under the name of KAMATA Rieko in the Family Registry.
3. 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.")
4. The Company enters into agreements limiting liability for damages such that are stipulated in Paragraph 1, Article 423 of the Companies Act, provided for in Paragraph 1, Article 427 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 such that is stipulated in Paragraph 1, Article 425 of the said Act.
5. The Company enters into a Directors and Officers liability insurance contract with an insurance company as stipulated in Paragraph 1, Article 430-3 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 and violations of laws and regulations committed by the insured knowingly what they are doing, as a measure to prevent the impairment of the appropriateness of the execution of duties by the insured.

6. 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.
7. 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 knowledge of finance and accounting matters.
8. 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	YOSHIMOTO Tatsuya	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	ONO Keiichi	Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management Director of PARCO Co., Ltd
Managing Executive Officer	HAYASHI Naotaka	Senior Executive General Manager of Group Digital Unit and Group System Unit
Managing Executive Officer	MATSUDA Hirokazu	Senior Executive General Manager of Human Resources Strategy Unit and Administration Unit and in charge of Compliance Director of Daimaru Matsuzakaya Department Stores Co. Ltd. Director of PARCO Co., Ltd.
Executive Officer	OCHIAI Isao	Senior General Manager of Management Planning Division and Business Portfolio Transformation Promotion Division of Management Strategy Unit
Executive Officer	YAMAZAKI Shiro	Senior General Manager of System Planning Division and System Promotion Division of Group System Unit
Executive Officer	NOGUCHI Hideki	Senior General Manager of Accounting and Tax Affairs Division of Financial Strategy Unit
Executive Officer	UMEBAYASHI Akira	Senior General Manager of Group Human Resources Development Division and Group Welfare Division of Human Resources Strategy Unit

(Note) NAKAYAMA Takashi resigned from his positions as Managing Executive Officer, Senior Executive General Manager of Group System Unit, and Director of Parco Co., Ltd. on December 8, 2023.

(Reference) On March 1, 2024, the Company changed the Executive Officer system. The names of the Executive Officers at that point in time were at follows.

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 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	YOSHIMOTO Tatsuya	
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
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
Executive Officer	YAMAZAKI Shiro	In charge of Special Assignments from President

(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	9	207	161	–	–	45
[of which, Outside Director]	[7]	[117]	[95]	–	–	[21]
Executive Officer	10	377	182	104	90	–
Total	19	584	344	104	90	45

(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. 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.
3. 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' rank and level of achievement of the Medium-term Business Plan, etc.) The stock-based remuneration in the above chart 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 targets and results of the Medium-term Business Plan> under "1. Current status of the corporate group, (1) Business summary and results."

4. 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 29, 2024. 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 2024.

(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

The Company established and published an Officer Remuneration Policy in April 2017. On May 27, 2021, the Remuneration Committee with a majority of independent Outside Directors embarked on review of the Officer Remuneration System in alignment with the Medium-term Business Plan to ensure that officer remuneration functions as an incentive for achieving and promoting sustainability management. The Officer Remuneration Policy has been revised accordingly and is now in effect.

<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 JFR Card Co., Ltd., J. Front City Development 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 make quick responses to changes in the external environment and the market environment, the Company uses objective remuneration survey data, and so forth, from external specialist organizations, adopts officer remuneration levels of companies in the same industry (department store, retailer) and companies of a comparable size (selected based on market capitalization and consolidated operating profit) in other industries as a benchmark, and compares the remuneration levels of its Executive Officers and Directors with the benchmark annually. 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 mission grade, "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><th rowspan="2">Type of remuneration</th><th colspan="4" rowspan="2">Payment basis</th><th rowspan="2">Payment method</th><th colspan="2">Composition of remuneration</th></tr>
<tr><th>President</th><th>Officers other than President</th></tr>
<tr><td>Basic remuneration (fixed)</td><td colspan="4">Determined separately for each mission grade</td><td>Monthly payment in cash</td><td>38.5%</td><td>45.4%</td></tr>
<tr><td rowspan="5">Bonuses (variable)</td><td colspan="4">Base amount by mission grade × 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="5">Annual payment in cash</td><td rowspan="5">23.0%</td><td rowspan="5">27.3%</td></tr>
<tr><td colspan="3">Details</td><td>Evaluation weights</td></tr>
<tr><td>Quantitative evaluation*2
<50%></td><td>Fiscal year's financial evaluation</td><td>Consolidated operating profit*3</td><td>50%</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</td><td>30%</td></tr>
<tr><td>Level of achievement of action plan for achieving non-financial targets in line with materiality issues</td><td>20%</td></tr>
<tr><td rowspan="9">Performance-linked stock-based remuneration (variable)</td><td colspan="4">[Short-term: 40%] Base amount by mission grade × Performance achievement factor*4
*4 Calculated based on the following measures of achievement</td><td rowspan="3">Annual payment in stocks*6</td><td rowspan="9">38.5%</td><td rowspan="9">27.3%</td></tr>
<tr><td colspan="3">Details</td><td>Evaluation weights</td></tr>
<tr><td colspan="3">Consolidated operating profit</td><td>100%</td></tr>
<tr><td colspan="4">[Medium- to long-term: 60%] Base amount by mission grade × Performance achievement factor*5
*5 Calculated based on the following measures of achievement</td><td rowspan="6">At the expiration of the term of each Medium-term Business Plan in stocks*6</td></tr>
<tr><td colspan="3">Details</td><td>Evaluation weights</td></tr>
<tr><td rowspan="2">Financial indicators
<80%></td><td colspan="2">Consolidated operating profit</td><td>40%</td></tr>
<tr><td colspan="2">ROE</td><td>40%</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">Achievement of target ratio of women in management positions</td><td>10%</td></tr>
</table>

*2 For eligible officers of major subsidiaries of the Group, the quantitative evaluation rate is 70%, and the qualitative evaluation rate is 30%. The evaluation weight for the qualitative evaluation includes 20% for the level of achievement of the action plan for achieving individual missions and 10% for the level of achievement of the action plan for achieving non-financial targets in line with materialities.

*3 In principle, the target figures are based on consolidated financial indicators but if an officer is in charge of a certain business, target figures for that business are used.

*4,5 The performance-linked factor for performance-linked stock-based remuneration is calculated by the following calculation method:
The rate of change for ratio of women in management positions is evaluated using fiscal 2020 results as the reference.
Actual results = Results - fiscal 2020 results, Target = 26% - fiscal 2020 results

Performance target achievement	Performance-linked factor
200% or more	2
0% or more, but less than 200%	Actual results ÷ Target
Less than 0%	0

*6. In principle, the equivalent of 50% of the Company's shares to be issued is converted and paid as cash to provide funds for payment of tax.

[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 stock-based remuneration, which is trust-type stock-based remuneration), which is not linked to performance, as part of the stock-based remuneration system. Restricted stock is a system for issuing 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 issued 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 issued.

<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 adopt 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 remuneration levels and the transparency of decision-making processes, decisions are made by resolution of a Remuneration Committee comprising independent Outside Directors (majority) and the Chairperson of Board of Directors who does not execute business, and 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 the 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 mission grade based on the size (weight) of the responsibility borne by each officer. As for bonuses, evaluation is carried out using the "fiscal year's financial indicators," serving as quantitative evaluation, and the "fiscal year's non-financial indicators," which include qualitative evaluation. The committee also confirms the performance-linked factor in accordance with the level of achievement with respect to figures announced in the initial forecast (IFRS based) following a resolution of the Board of Directors 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 officer, or when an 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.

The Officer Remuneration System is subject to review as scheduled in the Medium-term Business Plan, and was revised in accordance with the FY2024-FY2026 Medium-term Business Plan. For an overview of the revised Officer Remuneration Policy, please refer to the corporate website.

For details, please refer to:
(https://www.j-front-retailing.com/_data/news/240415_remenurationpolicy_E.pdf)

(5) Matters relating to Outside Directors

<table>
<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 15 meetings held during tenure this fiscal year)
Remuneration 100% (Attended all 13 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 in many areas, including on the formulation of the medium-term business plan with an awareness of overall optimization, the approach to cross-shareholdings, overseas business expansion based on past experiences and reflections, and approaches to human resource investment and human resource evaluation. As the Chairperson of the Nomination Committee, he conducts discussions that ensure objectivity, transparency, and continuity and resolves on the new President and Representative Executive Officer based on the succession plan. As a member of the Remuneration Committee, he reviews the officer remuneration system in conjunction with the next medium-term business plan and provides necessary advice at suitable times on the introduction of a new calculation method for officer remuneration and reviews of remuneration standards, composition, and performance evaluation indicators, etc., and has contributed to strengthening the management personnel functions.</td></tr>
<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 95.8% (Attended 23 of 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 committees). He has also 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 KPI perspectives necessary for monitoring the medium-term business plan, consideration of financial policies in light of the macro environment, utilization of internal human resources in new business development, and approaches to the appointment of human resources in times of change. Moreover, as a member 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 has also simultaneously worked to enhance the governance of the Group as a whole.</td></tr>
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<table>
<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 15 meetings held during tenure this fiscal year)
Remuneration 100% (Attended all 13 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 the importance of identifying issues and addressing risks when formulating the medium-term business plan, aligning sustainability management policies with business strategies, digital strategies that also utilize stores, and the Company’s approach to human capital management. As Chairperson of the Remuneration Committee, he reviews the officer remuneration system in conjunction with the next medium-term business plan and introduces a new calculation method for officer remuneration and reviews remuneration standards, composition, and performance evaluation indicators, etc. As a member of the Nomination Committee, he conducts discussions that ensure objectivity, transparency, and continuity and provides necessary advice at suitable times regarding deliberation on the decision process for the new President and Representative Executive Officer based on the succession plan, and has contributed to strengthening the management personnel functions.</td></tr>
<tr><td rowspan="5">SATO Rieko
Independent
(Note)</td><td>Important concurrent positions</td><td>Partner of Ishii Law Office
Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc.
Outside Audit & Supervisory Board Member of Mitsubishi Corporation</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>86.7% (Attended 13 of 15 meetings held during tenure this fiscal year)</td></tr>
<tr><td>Attendance at the meetings of Committees to which she belongs</td><td>Audit 91.7% (Attended 22 of 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]
SATO Rieko has viewpoints and insights from a legal perspective on agenda topics based on a wealth of experience as well as advanced and expert knowledge as a lawyer specializing mainly in corporate legal affairs. As such, we accordingly expect her to provide advice and oversight from perspectives and viewpoints different from those of the Inside Directors. She has also contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice particularly in terms of clarifying responsible persons in the contents business, policy on initiatives in the finance business, and her insights from a legal perspective on other agenda items. She 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, 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 has also simultaneously worked to enhance the governance of the Group as a whole.</td></tr>
</table>

<table>
<tr><td rowspan="5">SEKI Tadayuki
Independent
(Note)</td><td>Important concurrent positions</td><td>Outside Director of JSR Corporation
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 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 the promotion of business strategies with an awareness of the cost of capital, the importance of responding to stores and businesses facing challenges in the transformation of business portfolios, and the risks involved in entering new businesses and how to respond to those risks. 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 has also simultaneously worked to enhance the governance of the Group as a whole.</td></tr>
<tr><td rowspan="5">KOIDE Hiroko
Independent
(Note)</td><td>Important concurrent positions</td><td>Outside Director of Mitsubishi Electric Corporation
Outside Director of J-OIL MILLS, Inc.</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 15 meetings held during tenure this fiscal year)</td></tr>
<tr><td>Attendance at the meetings of Committees to which she belongs</td><td>Nomination 100% (Attended all 15 meetings held during tenure this fiscal year)
Remuneration 100% (Attended all 13 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 importance of strategies for evolving existing core businesses, clarifying and delving into customer targets based on marketing thinking, and synchronizing medium- to long-term management strategies with human resource strategies. As a member of the Nomination Committee, she conducts discussions that ensure objectivity, transparency, and continuity and deliberates on the decision process for the new President and Representative Executive Officer based on the succession plan. As a member of the Remuneration Committee, she reviews the officer remuneration system in conjunction with the next medium-term business plan and provides necessary advice at suitable times on the introduction of a new calculation method for officer remuneration and reviews of remuneration standards, composition, and performance evaluation indicators, etc., and has contributed to strengthening the management personnel functions.</td></tr>
</table>

<table>
<tr><td rowspan="5">KATAYAMA Eiichi
Independent
(Note)</td><td>Important concurrent positions</td><td>Executive Vice President of Panasonic 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 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]
KATAYAMA Eiichi has a wide range of financial and accounting knowledge based on his many years of experience as a security company analyst and working in the investment banking business. As the manager of several companies at a general appliance manufacturer, he has delivered strong leadership and achieved business regeneration, structural reforms, and other improvements. As CSO, he possesses extensive experience and advanced knowledge about a wide range of matters including constructing and carrying out various M&A actions, formulating and implementing company-wide strategies, taking the lead in the transition to a pure holding company, and contributing to strengthening group governance.
As the officer in charge of new business, he has knowledge related to the creation of new digital businesses, and through his initiatives in digitalizing existing businesses, he has developed knowledge that permits a comprehensive view of the latest digital trends from an objective perspective. Moreover, he has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight particularly in terms of risk management in the developer business, clarifying exit strategies in the intellectual property business, and expressing the importance of the stakeholder perspective during the formulation of strategy. 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 has also simultaneously worked to enhance the governance of the Group as a whole.</td></tr>
</table>

(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, such that relate to 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 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	7 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, 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 YAMAMOTO Ryoichi	In fiscal 2023, based on “ensuring thorough discussion on the Company’s robust growth strategy” and “monitoring of the Medium-term Business Plan,” 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 (FY2021-FY2023) and the degree to which profit targets for fiscal 2023 were met. We also engaged in intensive deliberation of the new Medium-term Business Plan, which begins in fiscal 2024. In fiscal 2024, which is the first year of the new Medium-term Business Plan, the Board of Directors intends to contribute to enhancing corporate value by monitoring KPIs set in advance in relation to the progress of strategies and measures being executed to achieve the vision for 2030.

(Evaluation of effectiveness of the Board of Directors)

The Company conducted its ninth evaluation of the effectiveness of the Board of Directors between August and September 2023. 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 October 2023.

The results of the evaluation of effectiveness showed that the Company’s Board of Directors had succeeded in improving its effectiveness by building an advanced governance system involving the transition to a company with three committees (nomination, audit and remuneration committees) and a Board of Directors on which independent Outside Directors make up a majority of the members, as well as by strengthening the functions of the three statutory committees. On the other hand, whereas these structural improvements are nearly complete in terms of format, issues in terms of substance have been identified from the perspective of increasing medium- to long-term corporate value, such that include, “monitoring of the Medium-term Business Plan,” and “thoroughly engaging in preparation and analysis for discussions on growth strategy.”

In response to the raising of these issues, we reviewed the Medium-term Business Plan (FY2021-FY2023) and oversaw the process of ensuring that issues and measures thus identified were reflected in the new Medium-term Business Plan.

We will continue to strive to share issues based on the evaluation of the effectiveness of the Board of Directors and improve the substantive 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	15
Number of meetings attended	All 4 members attended all 15 meetings.
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 the management team succession plan, which is necessary to generate the sustainable growth of the Company, as a central issue and, as a result of continuous deliberations, selected a new Representative Executive Officer in the current fiscal year. As for development of candidates for the next generation of managers, the committee evaluates their performance and conducts interviews based on the results of the human resources diagnosis, discusses roles and reassignments for the development and strengthening of potential successors, and links these to implementation if necessary. 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	5 Directors who do not execute business (including 4 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	Of the five committee members, two attended all 24 meetings, one attended 23 meetings, and one attended 22 meetings. Director Katayama, who was newly appointed in May 2023, also attended all 17 meetings held during his tenure. Information on the details of deliberations held during the absence of members is shared with them separately at a later date.
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 18 times), a meeting body held apart from the Audit Committee, regarding the main strategies in the final 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	13
Number of meetings attended	All 4 members attended all 13 meetings.
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, we revised the Officer Remuneration System and Officer Remuneration Policy in accordance with the new Medium-term Business Plan, which begins in fiscal 2024. Regarding the revision, we introduced a new method of calculating officer remuneration utilizing surveys conducted by a third-party organization in order to improve the transparency and objectiveness of the overall remuneration levels and system. Based on this, we revised the ratio of performance-linked remuneration and stock-based remuneration from the perspective of further raising the motivation to contribute to medium- to long-term improvements in corporate value, and of sharing the interests of shareholders. In addition, we revised evaluation indicators and evaluation weights of bonuses which reflects the status of individual officer achievements and stock-based remuneration linked to overall consolidated performance. 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 through the use of such measures.

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 29, 2024)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**246,501**	**Current liabilities**	**331,261**
Cash and cash equivalents	71,342	Bonds and borrowings	57,330
Trade and other receivables	143,321	Trade and other payables	151,230
Other financial assets	11,439	Lease liabilities	27,222
Inventories	15,193	Other financial liabilities	28,362
Other current assets	5,203	Income tax payables	7,183
		Provisions	2,487
		Other current liabilities	57,445
Non-current assets	**868,225**	**Non-current liabilities**	**389,232**
Property, plant and equipment	458,623	Bonds and borrowings	156,618
Right-of-use assets	107,623	Lease liabilities	123,228
Goodwill	560	Other financial liabilities	34,798
Investment property	181,985	Retirement benefit liability	15,980
Intangible assets	7,886	Provisions	6,746
Investments accounted for using equity method	23,531	Deferred tax liabilities	51,439
		Other non-current liabilities	419
Other financial assets	72,034		
Deferred tax assets	3,636		
Other non-current assets	12,343		
		Total liabilities	**720,494**
		Equity	
		Equity attributable to owners of parent	**381,898**
		Share capital	31,974
		Capital surplus	189,172
		Treasury shares	(14,231)
		Other components of equity	7,383
		Retained earnings	167,600
		Non-controlling interests	**12,333**
		Total equity	**394,232**
Total assets	**1,114,726**	**Total liabilities and equity**	**1,114,726**

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

Consolidated Statement of Profit or Loss (From March 1, 2023 to February 29, 2024)

(Millions of yen)

Item	Amount
Revenue	407,006
Cost of sales	(211,490)
Gross profit	**195,516**
Selling, general and administrative expenses	(151,185)
Other operating income	3,673
Other operating expenses	(4,955)
Operating profit	**43,048**
Finance income	1,609
Finance costs	(4,847)
Share of profit (loss) of investments accounted for using equity method	1,532
Profit before tax	**41,343**
Income tax expense	(11,096)
Profit	**30,247**
Profit attributable to:	
Owners of parent	29,913
Non-controlling interests	333
Profit	30,247

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

Consolidated Statement of Changes in Equity (From March 1, 2023 to February 29, 2024)

(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, 2023	31,974	189,068	(14,466)	209	(2)	10,448	–	10,654
Profit	–	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	105	20	(1,647)	2,169	648
Total comprehensive income	–	–	–	105	20	(1,647)	2,169	648
Purchase of treasury shares	–	–	(7)	–	–	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–
Change due to capital increase of consolidated subsidiaries	–	–	–	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	0	–	–	–	–	–	–
Share-based payment transactions	–	104	240	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	(1,749)	(2,169)	(3,919)
Total transactions with owners	–	103	234	–	–	(1,749)	(2,169)	(3,919)
Balance as of February 29, 2024	31,974	189,172	(14,231)	314	17	7,050	–	7,383

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance as of March 1, 2023	142,153	359,385	12,025	371,410
Profit	29,913	29,913	333	30,247
Other comprehensive income	–	648	40	688
Total comprehensive income	29,913	30,561	373	30,935
Purchase of treasury shares	–	(7)	–	(7)
Disposal of treasury shares	–	0	–	0
Dividends	(8,386)	(8,386)	(64)	(8,450)
Change due to capital increase of consolidated subsidiaries	–	–	6	6
Changes in ownership interests in subsidiaries	–	0	(7)	(6)
Share-based payment transactions	–	344	–	344
Transfer from other components of equity to retained earnings	3,919	–	–	–
Total transactions with owners	(4,466)	(8,048)	(65)	(8,113)
Balance as of February 29, 2024	167,600	381,898	12,333	394,232

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

[Reference]

Consolidated Statement of Cash Flows (Summary) (From March 1, 2023 to February 29, 2024)

(Millions of yen)

Item	Amount
Cash flows from operating activities	90,692
Cash flows from investing activities	13,429
Cash flows from financing activities	(72,746)
Net increase (decrease) in cash and cash equivalents	31,375
Cash and cash equivalents at beginning of period	39,874
Effect of exchange rate changes on cash and cash equivalents	92
Cash and cash equivalents at end of period	71,342

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

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.

17th Annual Shareholders Meeting: Other Matters for Which Information is Provided in Electronic Format (Matters for Which Document Provision is Omitted)

(From March 1, 2023 to February 29, 2024)

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	95,731	12.8	35.2
		Osaka Umeda store	55,010	7.4	13.9
		Tokyo store	78,341	10.5	22.0
		Kyoto store	70,532	9.4	14.6
		Kobe store	91,849	12.3	9.4
		Suma store	6,379	0.9	1.0
		Ashiya store	4,303	0.6	2.4
		Sapporo store	75,473	10.1	21.6
		Shimonoseki store	7,816	1.0	(6.5)
		Sub total	485,438	64.9	18.5
	Matsuzakaya	Nagoya store	126,852	17.0	7.7
		Ueno store	25,416	3.4	6.0
		Shizuoka store	17,724	2.4	1.2
		Takatsuki store	5,441	0.7	(1.1)
		Sub total	175,435	23.5	6.5
	Corporations, head office, etc.		24,548	3.3	(12.2)
	Total		685,422	91.7	13.8
The Hakata Daimaru, Inc.			54,096	7.2	14.8
Kochi Daimaru Co., Ltd.			8,359	1.1	(0.2)
Adjustment			(23)	0.0	–
Total			747,855	100.0	13.7

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

Product	Amount	Composition	Year-on-year changes
		%	%
Men's clothing and haberdashery	33,799	4.5	(8.5)
Ladies' clothing and haberdashery	275,171	36.8	21.2
Children's clothing and haberdashery	6,930	0.9	6.7
Kimono, bedding and other clothing	6,338	0.8	0.3
Accessories	54,861	7.3	17.7
Furniture	4,439	0.6	(10.1)
Home appliances	179	0.0	4.7
Household goods	15,173	2.0	11.6
Food products	149,677	20.0	5.7
Food halls and cafes	18,904	2.5	22.6
General goods	139,807	18.7	17.8
Services	2,606	0.3	9.6
Other	39,998	5.3	5.9
Adjustment	(23)	0.0	–
Total	747,855	100.0	13.7

(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	13,522	4.7	35.5
Sendai PARCO	19,906	6.9	15.0
Urawa PARCO	28,440	9.8	10.0
Ikebukuro PARCO	25,510	8.8	21.5
PARCO_ya Ueno	8,432	2.9	30.1
Kichijoji PARCO	8,367	2.9	22.1
Shibuya PARCO	35,898	12.4	57.3
Kinshicho PARCO	10,428	3.6	19.7
Chofu PARCO	18,851	6.5	8.3
Shizuoka PARCO	7,249	2.5	(5.5)
Nagoya PARCO	30,942	10.7	15.0
Shinsaibashi PARCO	25,951	8.9	46.1
Hiroshima PARCO	13,225	4.6	10.9
Fukuoka PARCO	24,371	8.4	23.5
Shintokorozawa PARCO	7,835	2.7	3.5
Hibarigaoka PARCO	7,291	2.5	7.3
Matsumoto PARCO	4,039	1.4	0.5
All store total	290,266	100.0	16.8

(Notes)
1. The tenant transaction volume represents the total amount of tenant transactions at PARCO stores.
2. Shintokorozawa PARCO closed on February 29, 2024.

(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		
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
Shintokorozawa PARCO	Tokorozawa, Saitama	Hiroshima PARCO	Naka-ku, Hiroshima
Ikebukuro PARCO	Toshima-ku, Tokyo	Fukuoka PARCO	Chuo-ku, Fukuoka
PARCO_ya Ueno (Ueno Frontier Tower)	Taito-ku, Tokyo		
Kinshicho PARCO	Sumida-ku, Tokyo	Pedi SHIODOME	Minato-ku, Tokyo
Shibuya PARCO	Shibuya-ku, Tokyo	Cattleya Plaza Isezaki	Naka-ku, Yokohama
Hibarigaoka PARCO	Nishi-Tokyo, Tokyo	HAB @ Kumamoto	Chuo-ku, Kumamoto
Kichijoji PARCO	Musashino, 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	PARCO Digital Marketing 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.	185
Department Store Business	2,945
SC Business	496
Developer Business	855
Payment and Finance Business	256
Other	540
Total	5,277

(Note) Other than the employees above, the number of dedicated employees is 1,170 and the number of fixed-term employees is 922.

2) Employees of the Company

Number of employees	Average age
185	47.9

(Note) Other than the employees above, the number of dedicated employees is 4 and the number of fixed-term employees is 12.

3) Employees of major subsidiaries

Name	Number of employees	Average age
Daimaru Matsuzakaya Department Stores Co. Ltd.	2,763	49.2
PARCO Co., Ltd.	622	43.4

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	¥139 million
2) Total cash and other financial profits to be paid by the Company and its subsidiaries	¥387 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 25, 2023)

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 system, and audit committee system.

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.
- To further strengthen oversight function while conducting smooth operation of the Board of Directors, an Inside Director who does not execute business shall be selected as the Chairperson of Board of Directors.

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 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 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> (FY2023)

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 that ended in fiscal 2023, deliberation of the new Medium-term Business Plan that started in fiscal 2024 and the sales of the shares of StylingLife Holdings Inc. 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, each segment’s 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 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 four times in the current fiscal year to discuss current risks of the Group based on an analysis of the macro environment and a risk survey. In addition, to start the new Medium-term Business Plan in fiscal 2024, regarding risk management, which is the starting point of the strategies, it deliberated and determined how to extract risks and the important risks (important risks for the Group) to be addressed during the plan's period.

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 infectious diseases, with the safety and security of our customers and employees as our top priority, we have implemented hygiene management practices to help prevent outbreaks and other measures to help prevent the spread of disease based on our "New Infectious Disease Response Manual" in line with the Crisis Management Rules.

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.

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 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, 61 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 promoting structure reforms and executing DX strategy.

V. Structure of the Audit Committee

1) The Audit Committee, which is chaired by an Outside Director, is composed of five 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 Audit Committee Meeting. Through these, we monitored the progress of the plans based on the Group's policies such as business portfolio transformation, 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.

(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 21 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.

The Company removed Taiwan Daimaru Kogyo, Ltd., which is our consolidated subsidiary, from the scope of consolidation upon the completion of liquidation on November 14, 2023.

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. The Company removed StylingLife Holdings Inc. from the scope of the equity method upon the transfer of 100% of its shares on September 27, 2023. In addition, the Company established J&D Regional Development Inc. through a joint investment on February 9, 2024; it is included 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 transactions

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 20 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.

Right-of-use assets are depreciated using the straight-line method from the commencement date for mainly two to 73 years.

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, etc. 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.

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, intangible assets and investment property

The Group conducts impairment tests if there is an indication that property, plant and equipment, right-of-use assets, intangible assets and investment property 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 after the business plan.

For the forecast trend for personal spending in Japan, 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 growth rate 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	¥1,654 million	¥29 million
Property, plant and equipment	¥228,220 million	¥201,597 million
Right-of-use assets	¥62,001 million	¥54,987 million
Intangible assets	¥3,799 million	¥871 million
Investment property	¥109,518 million	¥5,050 million

2. Recoverability of deferred tax assets

The Group recognizes deferred tax assets to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized as a result of scheduling.

The judgment of the recoverability is made on the basis of an estimate of taxable profit, etc. for each future fiscal year determined based on the Group's business plan.

The major assumptions in the Group's business plan are forecast revenue factoring in the effects of business plans based on market growth rates predicated on forecast trends for personal spending in Japan, the outlook for inbound tourism demand, and the like in the Department Store Business, SC Business, and Payment and Finance Business segments, as well as forecast revenue factoring in new development projects in the business plans of the Developer Business segment and forecast operating profit taking into consideration the effects of cost reductions achieved through business structure reforms in each segment.

These major assumptions are based on management's best estimates, but may differ from actual results due to effects of changes in uncertain future economic conditions. If significant revisions become necessary, it may have a material impact on the amounts to be recognized in the consolidated financial statements for the following fiscal year onward.

Deferred tax assets in the consolidated financial statements are as follows:

Deferred tax assets	¥3,636 million

3. 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	¥15,980 million

4. 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	¥150,450 million

Notes on consolidated statement of financial position

1. Allowance for doubtful accounts directly deducted from assets

(1) Trade and other receivables	¥111 million
(2) Other financial assets	¥4,829 million

2. Total amount of accumulated depreciation

(1) Property, plant and equipment	¥346,212 million
(2) Right-of-use assets	¥152,247 million
(3) Investment property	¥37,161 million

3. Change in the reason for owning investment property

The reason for owning some investment property in the Developer Business was changed from leasing to selling; accordingly, ¥2,010 million of land was transferred to inventories.

4. Assets pledged as collateral and secured liabilities

(1) Assets pledged as collateral

Other financial assets	¥220 million
Other	¥148 million
Total	¥369 million

(2) Secured liabilities

Trade and other payables	¥356 million
Total	¥356 million

Notes on consolidated statement of profit or loss

1. Other operating income

Gain on sales of non-current assets (Note 1)	¥757 million
Gain on sale of shares of subsidiaries and associates (Note 2)	¥760 million
Other subsidies	¥150 million
Other	¥2,005 million
Total	¥3,673 million

(Note 1) A gain on sales due to the sale of real estate holdings in the SC Business, wholesale business, Developer Business, etc.

(Note 2) A gain on sales due to the transfer of 100% of the shares of StylingLife Holdings Inc.

2. Other operating expense

Loss on disposals of non-current assets	¥1,302 million
Impairment losses (Note)	¥2,310 million
Other	¥1,342 million
Total	¥4,955 million

(Note) As a breakdown of the ¥2,310 million in impairment losses in the current fiscal year, ¥1,654 million was recorded for the Department Store Business, ¥446 million was recorded for Other, and ¥179 million was recorded for the Developer Business.

With regard to the Department Store Business, because of decreased profitability of Daimaru Matsuzakaya Department Stores Co. Ltd.'s Daimaru Shimonoseki store, the carrying amount of buildings and structures and land, etc. were reduced to the recoverable amount and the reduction of ¥980 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. In addition, because of decreased profitability of Kochi Daimaru Co., Ltd., the carrying amount of buildings and structures, right-of-use assets etc. were reduced to the recoverable amount and the reduction of ¥674 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 5.1%, which was based on the WACC at the time of measurement, taking into account the future profitability and other factors.

With regard to Other, mainly because of decreased profitability of XENOZ Co., Ltd., the carrying amount of goodwill was reduced to the recoverable amount and the reduction of ¥435 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 16.6%, which was based on the WACC at the time of measurement, taking into account the future profitability and other factors.

For the Developer Business, since it was decided to close Hiroshima ZERO GATE of J. Front City Development Co., Ltd., the carrying amount of investment property was reduced to the recoverable amount and the reduction of ¥179 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 4.0%, 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 11, 2023	Common shares	4,228	16.00	February 28, 2023	May 2, 2023
Board of Directors meeting held on October 10, 2023	Common shares	4,228	16.00	August 31, 2023	November 13, 2023

(Note 1) Total amount of dividends resolved at the Board of Directors meeting held on April 11, 2023 includes ¥36 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 10, 2023 includes ¥34 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 15, 2024	Common shares	Retained earnings	5,285	20.00	February 29, 2024	May 7, 2024

(Note) 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.

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 29, 2024, and their differences are as follows.

(Millions of yen)

	Carrying amount (*)	Fair value (*)	Difference
Assets			
(1) Cash and cash equivalents	71,342	71,342	–
(2) Trade and other receivables	143,321	143,321	–
(3) Derivatives	25	25	–
(4) Other financial assets	83,448	83,847	399
Liabilities			
(5) Trade and other payables	[151,230]	[151,230]	–
(6) Other financial liabilities	[63,161]	[63,161]	–
(7) Borrowings	[134,080]	[133,000]	(1,079)
(8) Bonds payable	[79,868]	[79,257]	(611)

(*) 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, (4) other financial assets (current), (5) trade and other payables, and (6) 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) Derivatives (assets)

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

(4) Other financial assets (non-current), (6) 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.

(7) Borrowings, (8) 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.

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	–	25	–	25
Other financial assets	–	127	464	592
Financial assets measured at fair value through other comprehensive income				
Other financial assets	2,181	63	17,123	19,368
Total	2,181	217	17,588	19,986
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	–	–	–	–
Total	–	–	–	–

(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)	–	3,252	49,220	52,473
Total	–	3,252	49,220	52,473
Liabilities:				
Financial liabilities measured at amortized cost				
Borrowings	–	133,000	–	133,000
Bonds payable	–	79,257	–	79,257
Other financial liabilities (non-current)	–	–	34,798	34,798
Total	–	212,257	34,798	247,055

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
181,985	289,151

(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	32,768
	Osaka Umeda store	18,047
	Tokyo store	21,130
	Kyoto store	19,067
	Kobe store	27,236
	Sapporo store	20,575
	Matsuzakaya Nagoya store	37,144
	Ueno store	8,439
	Other stores	54,715
	Removal of revenue from between segments	(496)
Department Store Business		238,629
	PARCO	57,872
	Other	71
	Removal of revenue from between segments	(1,080)
SC Business		56,864
	J. Front City Development	19,478
	PARCO SPACE SYSTEMS	22,631
	J. Front Design & Construction	35,902
	Other	405
	Removal of revenue from between segments	(11,559)
Developer Business		66,859
	Payment and Finance Business	13,115
	Removal of revenue from between segments	(6,967)
Payment and Finance Business		6,148
	Other	51,925
	Removal of revenue from between segments	(13,420)
Other		38,505
Total		407,006

	Revenue from contracts with customers	341,462
	Revenue from other sources	65,543
Revenue		407,006

(Note) 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.

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	94,129	98,071
Contract assets	6,832	6,821
Contract liabilities	39,988	38,784

(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, ¥18,793 million was recognized as revenue in the current fiscal year.

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	39,886	37,499
1–2 years	11,376	18,301
More than 2 years	7,666	7,470
Total	58,929	63,271

Notes on per share information

1. Equity attributable to owners of parent per share: ¥1,453.71
2. Basic earnings per share ¥114.06

(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 15, 2024, 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

As announced on April 15, 2024 in the FY2024-FY2026 Medium-term Business Plan, the Company has 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
8,000,000 shares (upper limit)
(3.03% of total number of issued shares (excluding treasury shares))

(3) Total value of shares to be purchased
¥10,000 million (upper limit)

(4) Purchase period
From May 1, 2024 to July 31, 2024

(5) Purchase method
Market purchase on the Tokyo Stock Exchange (Discretionary trading by a securities company)

Non-consolidated Financial Statements

Non-consolidated Balance Sheet (As of February 29, 2024)
J. Front Retailing Co., Ltd.

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**180,959**	**Current liabilities**	**135,118**
Cash and deposits	62,904	Short-term borrowings	34,330
Short-term loans receivable from subsidiaries and associates	113,565	Bonds payable	20,000
		Accounts payable - other	450
Accounts receivable - other	4,804	Income taxes payable	132
Other	184	Accrued expenses	899
Allowance for doubtful accounts	(500)	Deposits received from subsidiaries and associates	78,408
		Deposits received	390
		Provision for bonuses	236
		Provision for bonuses for directors and other officers	104
		Provision for officer remuneration BIP trust	168
Non-current assets	**458,372**	**Non-current liabilities**	**159,169**
Property, plant and equipment	**189**	Bonds payable	60,000
Buildings and structures	160	Long-term borrowings	96,750
Other	28	Asset retirement obligations	76
		Long-term deposits received for officer shares trust	1,150
		Provision for officer remuneration BIP trust	1,192
Intangible assets	**2,221**	**Total liabilities**	**294,288**
Software	2,221	**Net assets**	
		Shareholders' equity	**345,046**
		Share capital	31,974
		Capital surplus	248,874
		Legal capital surplus	9,474
Investments and other assets	**455,962**	Other capital surplus	239,400
Investment securities	2,067	Retained earnings	77,513
Shares of subsidiaries and associates	367,906	Other retained earnings	77,513
Long-term loans receivable from subsidiaries and associates	85,500	Retained earnings brought forward	77,513
Deferred tax assets	346	Treasury shares	(13,316)
Other	642		
Allowance for doubtful accounts	(500)		
		Valuation and translation adjustments	**128**
Deferred assets	**131**	Valuation difference on available-for-sale securities	128
Bond issuance cost	131		
		Total net assets	**345,175**
Total assets	**639,463**	**Total liabilities and net assets**	**639,463**

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

Non-consolidated Statement of Income (From March 1, 2023 to February 29, 2024)
J. Front Retailing Co., Ltd.

(Millions of yen)

Item	Amount	
Operating revenue		
Dividend income	10,536	
Consulting fee income	5,975	16,512
General and administrative expenses		**7,972**
Operating profit		**8,539**
Non-operating income		
Interest income	578	
Dividend income	939	
Other	199	1,717
Non-operating expenses		
Interest expenses	806	
Commitment fees	193	
Loss on investments in investment partnerships	311	
Provision of allowance for doubtful accounts	100	
Other	104	1,515
Ordinary profit		**8,741**
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	8,870	**8,870**
Extraordinary losses		
Loss on valuation of investment securities	656	
Loss on valuation of shares of subsidiaries and associates	614	**1,271**
Profit before income taxes		**16,341**
Income taxes - current	(1,013)	
Income taxes - deferred	103	(909)
Profit		**17,251**

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

Non-consolidated Statement of Changes in Equity (From March 1, 2023 to February 29, 2024)

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, 2023	31,974	9,474	239,400	68,719	(13,526)	336,043	78	336,121
Dividends of surplus	–	–	–	(8,457)	–	(8,457)	–	(8,457)
Profit	–	–	–	17,251	–	17,251	–	17,251
Purchase of treasury shares	–	–	–	–	(7)	(7)	–	(7)
Disposal of treasury shares	–	–	(0)	–	217	217	–	217
Net changes in items other than shareholders' equity	–	–	–	–	–	–	50	50
Total changes during period	–	–	(0)	8,793	209	9,003	50	9,054
Balance as of February 29, 2024	31,974	9,474	239,400	77,513	(13,316)	345,046	128	345,175

(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 changes in presentations

1. Non-consolidated balance sheet

   "Deposits received from subsidiaries and associates" (¥2,000 million in the previous fiscal year), which was included in "Deposits received" in the previous fiscal year is recorded separately in the current fiscal year due to its increased materiality.

2. Non-consolidated statement of income

   "Loss on investments in investment partnerships" (¥34 million in the previous fiscal year), which was included in "Non-operating expenses" in the previous fiscal year is recorded separately in the current fiscal year due to its increased materiality.

Notes to accounting estimates

1. Recoverability of deferred tax assets

   (1) Amounts recorded in financial statements for the current fiscal year

   Deferred tax assets ¥346 million

   (2) Other information contributing to understanding the details of accounting estimates

   This information is omitted here as it is presented under "Notes to accounting estimates" in the notes to consolidated financial statements.

Notes on non-consolidated balance sheet

1. Short-term monetary liabilities to subsidiaries and associates
   ¥111 million
2. Short-term monetary receivables from subsidiaries and associates
   ¥997 million
3. Accumulated depreciation of property, plant and equipment
   ¥60 million

Notes on non-consolidated statement of income

1. Transaction with subsidiaries and associates

Operating transaction

Operating revenue	¥16,512 million
General and administrative expenses	¥887 million

Non-operating transactions

Interest income	¥578 million
Interest expenses	¥5 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 8,420,629 shares

Notes on tax effect accounting

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

Deferred tax assets	
Unused tax losses	¥534 million
Allowance for doubtful accounts for subsidiaries and associates	¥306 million
Loss on valuation of investment securities	¥200 million
Impairment losses on shares of subsidiaries	¥188 million
Provision for officer remuneration BIP trust	¥160 million
Excess of depreciation	¥142 million
Accrued expenses	¥117 million
Loss on impairment of non-current assets	¥112 million
Provision for bonuses	¥72 million
Loss on valuation of shares of subsidiaries and associates	¥61 million
Accrued enterprise tax	¥38 million
Asset retirement obligations	¥23 million
Revised carrying amount of investment	¥16 million
Accrued insurance expenses	¥13 million
Other	¥98 million
Sub total deferred tax assets	¥2,087 million
Valuation allowance for unused tax losses for taxation	¥(534) million
Valuation allowance for total of deductible temporary differences, etc.	¥(1,121) million
Sub total valuation allowance	¥(1,656) million
Total deferred tax assets	¥431 million
Deferred tax liabilities	
Valuation difference on available-for-sale securities	¥(56) million
Asset retirement obligations	¥(15) million
Uncollected income tax refund	¥(2) million
Other	¥(10) million
Total deferred tax liabilities	¥(85) million
Net amount of deferred tax assets	¥346 million

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

The Company shifted from the consolidated taxation system to the Japanese group relief system in the current fiscal year. Accordingly, accounting treatment for and disclosure of income taxes and local income taxes and tax effect accounting are 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. Hereinafter “Practical Solution No. 42”). The Company considers that there is no effect of the change of the accounting policy that is associated with the application of Practical Solution No. 42 based on Paragraph 32 (1) of Practical Solution No. 42.

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 6)	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)	4,132	–	–
				Lending of funds	31,266	Short-term loans receivable from subsidiaries and associates	46,266
				Collection of funds	10,000	Long-term loans receivable from subsidiaries and associates	–
				Receipt of interests (Note 2)	79	–	–
Subsidiary	PARCO Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Lending of funds	35,419	Short-term loans receivable from subsidiaries and associates	15,419
				Collection of funds	25,000	Long-term loans receivable from subsidiaries and associates	85,500
				Receipt of interests (Note 2)	410	–	–
Subsidiary	The Hakata Daimaru, Inc.	Holding Indirectly 69.9%	Business advisory	Deposits of funds	9,204	Deposits received from subsidiaries and associates	9,204
Subsidiary	JFR Card Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Lending of funds	48,419	Short-term loans receivable from subsidiaries and associates	48,419
Subsidiary	Daimaru Matsuzakaya Tomonokai Co., Ltd.	Holding Indirectly 100%	Business advisory	Deposits of funds	36,812	Deposits from subsidiaries and associates	36,812

Type	Company name	Ownership ratio of voting rights	Relationship	Nature of transactions	Transaction amount (Note 6)	Item	Balance at the end of the fiscal year
Subsidiary	J. Front Design & Construction Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Deposits of funds	9,927	Deposits received from subsidiaries and associates	9,927
Subsidiary	J. Front City Development Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Collection of funds Deposits of funds	140 9,920	Deposits received from subsidiaries and associates	9,920
Subsidiary	JFR Service Co. Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Lending and collection of funds (Note 3)	25,134	Deposits from subsidiaries and associates (Note 5)	609
				Receipt of interests (Note 2)	88	–	–
Subsidiary	Angel Park Co., Ltd.	Holding Directly 0.38% Indirectly 49.88%	Interlocking of officers Business advisory	Deposits of funds Repayment of deposits	3,000 2,000	Deposits received from subsidiaries and associates	3,000
				Payment of interests (Note 2)	5	–	–
Subsidiary	JFR Information Center Co., Ltd.	Holding Directly 100%	Interlocking of officers Business advisory	Requests for computation services (Note 4)	831	–	–

Transaction conditions and policy for deciding transaction conditions

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

(Note 2) Interest rates on funds lent and funds deposited are determined reasonably with reference to market interest rates.

(Note 3) As transactions for lending and collection of funds are carried out repetitively, the amount shown in the transaction amount column is the average balance during the period.

(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) Since the supervising company for CMS was changed from JFR Service Co. Ltd. to J. FRONT RETAILING Co., Ltd. at the end of February 2024, the balance at the end of the fiscal year was transferred from loans receivable to deposits.

(Note 6) Transaction amounts do not include consumption taxes.

Officers and major individual shareholders, etc.

(Millions of yen)

Type	Name	Ownership ratio of voting rights	Relationship	Nature of transactions	Transaction amount (Note 2)	Item	Balance at the end of the fiscal year
Officers and close relatives	NAKAYAMA Takashi	–	Ex-Managing Executive Officer of the Company	Payment of appropriate amount of remuneration, etc. (Note 1)	14	–	–

Transaction conditions and policy for deciding transaction conditions

(Note 1) The officer mentioned above resigned from his position on December 8, 2023, midway through his term of office for personal reasons. Upon his retirement, he was paid an appropriate amount, which was calculated based on his remuneration, etc. from the time of his resignation to the expiration of his term of office, in accordance with a resolution of the Board of Directors.

(Note 2) Transaction amounts do not include consumption taxes.

Notes on per share information

1. Net assets per share:	¥1,316.73
2. Basic earnings per share:	¥65.82

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 15, 2024

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

Ernst & Young ShinNihon LLC
Tokyo office
Koji Ojima
Certified Public Accountant
Designated and Engagement Partner
Yoshihisa Shibayama
Certified Public Accountant
Designated and Engagement Partner
Hiroshi Matsuura
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, 2023 through February 29, 2024.

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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 15, 2024

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

Ernst & Young ShinNihon LLC
Tokyo office
Koji Ojima
Certified Public Accountant
Designated and Engagement Partner
Yoshihisa Shibayama
Certified Public Accountant
Designated and Engagement Partner
Hiroshi Matsuura
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 17th fiscal year from March 1, 2023 through February 29, 2024.

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 17th fiscal year from March 1, 2023 through February 29, 2024. 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 15, 2024
Audit Committee
J. Front Retailing Co., Ltd.

HAKODA Junya (seal)
Chairperson of Audit Committee

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

SATO Rieko (seal)
Audit Committee Member

SEKI Tadayuki (seal)
Audit Committee Member

KATAYAMA Eiichi (seal)
Audit Committee Member

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