

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.
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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.

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

1 In preparation for the new Medium-term Business Plan

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

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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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

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

* 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

(1) Positioning and key strategies

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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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

2015	2016	2017	2018	2019	2020	2021	2022	2023
Company with Audit & Supervisory Board			Company with Three Committees (Nomination, Audit and Remuneration Committees)					
FY2015 <ul style="list-style-type: none"> Started to evaluate the Board of Directors Established the Corporate Governance Policy Formed the Governance Committee Started to evaluate managerial talents 			FY2018 <ul style="list-style-type: none"> Initiatives to strengthen group governance Revised the Corporate Governance Policy to reflect the revisions of the Corporate Governance Code Response to each cross-shareholding partner based on our policy for the exercise of voting rights 			FY2021 <ul style="list-style-type: none"> Raised the ratio of Outside Directors to 50% Revised the Remuneration Policy 		
FY2016 <ul style="list-style-type: none"> Studied an optimal organizational structure Reviewed criteria for proposals to the Board of Directors The Board of Directors retreat (once a year) Started to reduce cross-shareholdings 			FY2019 <ul style="list-style-type: none"> Established the Management Advisory Board Appointed an Outside Director as the Chairperson of the Audit Committee Increased the number of Outside Directors from 5 to 6 			FY2022 <ul style="list-style-type: none"> Revised the Corporate Governance Policy to reflect the revisions of the Corporate Governance Code Raised the ratio of Outside Directors to more than 50% 		
FY2017 <ul style="list-style-type: none"> Chairperson positions of the Nomination Committee and Remuneration Committee are appointed from among Outside Directors Formulated the Officer Remuneration Policy Added "matters to be consulted" to the Board agenda 			FY2020 <ul style="list-style-type: none"> Made PARCO a wholly-owned subsidiary Revised the Remuneration Policy Established the Governance Committee 			FY2023 <ul style="list-style-type: none"> Increased the number of Outside Directors from 6 to 8 		

(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.)		
				Nomina- tion	Audit	Remunera- tion
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.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
1	Independent Outside Director	September 1986	Joined J. Walter Thompson Japan K.K. (present Wunderman Thompson Tokyo G.K.)
	KOIDE Hiroko (August 10, 1957)	May 1993	Joined Nippon Lever K.K. (present Unilever Japan K.K.)
		April 2001	Director
		April 2006	General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited)
	Number of the Company's shares owned (shares):	April 2008	Chief Operating Officer
	2,810	November 2010	President and Representative Director of Parfums Christian Dior Japon K.K.
	Number of other shares as stock-based remuneration not yet granted (shares):	January 2013	Outside Director of Kirin Co., Ltd.
	5,942	April 2013	Senior Vice President of Global Marketing of Newell Rubbermaid Inc. (U.S.) (present Newell Brands Inc.)
	Special interests between the Company and the Candidate:	June 2016	Outside Director of Mitsubishi Electric Corporation (to retire in June 2024)
	None	April 2018	Director of Vicela Japan Co., Ltd.
	June 2019	Outside Director of Honda Motor Co., Ltd	
	May 2021	Outside Director of J-OIL MILLS, Inc. (to retire in June 2024)	
		Outside Director of J. Front Retailing Co., Ltd. (present)	
	Important concurrent positions		
Number of Board of Directors meetings attended during the 17th fiscal year:	Outside Director of Mitsubishi Electric Corporation (scheduled to retire in June 2024)		
15/15	Outside Director of J-OIL MILLS, Inc. (scheduled to retire in June 2024)		
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			

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.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
2	<p data-bbox="252 271 368 297">Independent</p> <p data-bbox="252 304 405 331">Outside Director</p> <p data-bbox="252 338 475 405">YAGO Natsunosuke (May 16, 1951)</p> <p data-bbox="252 450 491 546">Number of the Company's shares owned (shares): 8,400</p> <p data-bbox="252 568 491 696">Number of other shares as stock-based remuneration not yet granted (shares): 7,875</p> <p data-bbox="252 719 491 846">Special interests between the Company and the Candidate: None</p> <p data-bbox="252 869 491 1025">Number of Board of Directors meetings attended during the 17th fiscal year: 15/15</p> <p data-bbox="252 1048 491 1176">Number of Nomination Committee meetings attended 15/15</p> <p data-bbox="252 1198 491 1326">Number of Remuneration Committee meetings attended 13/13</p> <p data-bbox="252 1348 491 1458">Tenure as Director (at the conclusion of this meeting): approx. 4 years</p>	<p data-bbox="518 262 624 288">April 1977</p> <p data-bbox="518 295 617 322">June 2002</p> <p data-bbox="518 329 624 356">April 2004</p> <p data-bbox="518 474 617 501">June 2004</p> <p data-bbox="518 508 624 535">April 2005</p> <p data-bbox="518 542 617 568">June 2005</p> <p data-bbox="518 598 624 624">April 2006</p> <p data-bbox="518 654 624 680">April 2007</p> <p data-bbox="518 687 617 714">May 2007</p> <p data-bbox="518 743 617 770">July 2009</p> <p data-bbox="518 799 624 826">April 2013</p> <p data-bbox="518 833 649 860">October 2017</p> <p data-bbox="518 889 624 916">March 2019</p> <p data-bbox="518 945 624 972">June 2019</p> <p data-bbox="518 978 624 1005">May 2020</p> <p data-bbox="518 1012 624 1039">May 2021</p>	<p data-bbox="715 262 1038 288">Joined EBARA CORPORATION</p> <p data-bbox="715 295 890 322">Executive Officer</p> <p data-bbox="715 329 1385 456">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.</p> <p data-bbox="715 474 799 501">Director</p> <p data-bbox="715 508 1353 535">Director and Chairman of Ebara Precision Machinery Taiwan Inc.</p> <p data-bbox="715 542 1353 598">Director, President of Precision Machinery Company and General Manager of Fujisawa Operation</p> <p data-bbox="715 598 1139 654">Director and Managing Executive Officer President of Precision Machinery Company</p> <p data-bbox="715 654 1086 680">President and Representative Director</p> <p data-bbox="715 687 1409 743">President and Representative Director and General Manager of Internal Control Promotion Department</p> <p data-bbox="715 743 1409 799">President and Representative Director and General Manager of Internal Control Department</p> <p data-bbox="715 799 927 826">Chairman & Director</p> <p data-bbox="715 833 1305 911">Representative Director of The Ebara Hatakeyama Memorial Foundation (present)</p> <p data-bbox="715 911 1289 967">Retired from the office of Chairman & Director of EBARA CORPORATION</p> <p data-bbox="715 967 1182 994">Outside Director of SUBARU CORPORATION</p> <p data-bbox="715 1001 1262 1028">Outside Director of J. Front Retailing Co., Ltd. (present)</p> <p data-bbox="715 1028 1002 1055">Director of PARCO Co., Ltd.</p>

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.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
3	Independent Outside Director HAKODA Junya (July 10, 1951)	April 1974	Joined Mitsubishi Rayon Co., Ltd. (present Mitsubishi Chemical Corporation)
		November 1980	Joined Pricewaterhouse CPA Office (Reorganized as Aoyama Audit Corporation in June 1983)
		April 1984	Registered as Certified Public Accountant
		April 2000	Partner at the merged firm, ChuoAoyama Audit Corporation/PricewaterhouseCoopers
	Number of the Company's shares owned (shares): 2,811	August 2006	Representative of Arata Audit Corporation/Partner of PricewaterhouseCoopers
	Number of other shares as stock-based remuneration not yet granted (shares): 5,942	April 2008	Eminent Professor of Graduate School of Keio University (internal audit theory)
	Special interests between the Company and the Candidate: None	September 2009	Member of the Agreement Monitoring Committee of the Japan External Trade Organization (JETRO)
		September 2010	Director of Japan Internal Control Research Association
		December 2014	Outside Corporate Auditor of Schroder Investment Management (Japan) Limited (present)
		March 2015	Director of Institute of Corporate Governance, Japan (present)
		June 2015	Outside Corporate Auditor of Yamaha Corporation Outside Director of AEON Financial Service Co., Ltd.
	Number of Board of Directors meetings attended during the 17th fiscal year: 15/15	June 2017	Outside Director and Chairperson of the Audit Committee of Yamaha Corporation
	Number of Audit Committee meetings attended 23/24	September 2019	Member of the Ethics Committee of the Japanese Institute of Certified Public Accountants
	Tenure as Director (at the conclusion of this meeting): approx. 3 years	August 2020	Vice Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants
	May 2021	Outside Director of J. Front Retailing Co., Ltd. (present)	
	August 2021	Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants	

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

HAKODA Junya has been involved in accounting audits, management consulting, and internal audits of auditing firms, etc. for many years at PricewaterhouseCoopers, and has also served as an eminent professor teaching internal audit theory in the Graduate School of Keio University, and therefore has a wealth of experience and high-level expertise in corporate auditing. He also has a high level of expertise in corporate governance and management auditing, having served as the Chairperson of the Audit Committee of Yamaha Corporation when the company changed its organizational design to a company with three committees (nomination, audit, and remuneration 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.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
4	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Director</div> UCHIDA Akira (October 4, 1950) Number of the Company's shares owned (shares): <p style="text-align: right;">6,217</p> Number of other shares as stock-based remuneration not yet granted (shares): <p style="text-align: right;">9,808</p> Special interests between the Company and the Candidate: <p style="text-align: right;">None</p> Number of Board of Directors meetings attended during the 17th fiscal year: <p style="text-align: right;">15/15</p> Number of Nomination Committee meetings attended <p style="text-align: right;">15/15</p> Number of Remuneration Committee meetings attended <p style="text-align: right;">13/13</p> Tenure as Director (at the conclusion of this meeting): <p style="text-align: right;">approx. 5 years</p>	April 1975	Joined Toray Industries, Inc.
		June 1996	Executive Vice President of Toray Industries (America), Inc.
		June 2000	General Manager on Special Assignment of Corporate Strategic Planning Division 1, General Manager on Special Assignment of Corporate Communications Dept. of Toray Industries, Inc.
		June 2004	Counsellor of Corporate Strategic Planning Division, and Counsellor of Investor Relations Dept.
		June 2005	Member of the Board, General Manager of Finance and Controller's Division
		June 2009	President, Toray Holding (USA), Inc. Senior Vice President (Member of the Board), General Manager of Finance and Controller's Division
		June 2012	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
		June 2016	Adviser, Toray Industries, Inc.
		March 2019	Retired from Adviser, Toray Industries, Inc.
		May 2019	Outside Director of J. Front Retailing Co., Ltd. (present)
		June 2019	Outside Director of Yokogawa Electric Corporation (present)
		May 2020	Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
		May 2022	Director of Parco Co., Ltd. (present)
			Important concurrent positions

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.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
5	Independent Outside Director	April 1973	Joined ITOCHU Corporation
	SEKI Tadayuki (December 7, 1949)	June 1998	General Manager, Finance Division, ITOCHU International Inc. (Stationed in New York)
	Number of the Company's shares owned (shares): 4,083	June 2004	Executive Officer of ITOCHU Corporation, CFO of Food Company
		April 2007	Managing Executive Officer, General Manager of Finance Division
	Number of other shares as stock-based remuneration not yet granted (shares): 7,875	June 2009	Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management and CFO
		April 2010	Representative Director, Senior Managing Executive Officer
	Special interests between the Company and the Candidate: None	May 2011	Representative Director, Senior Managing Executive Officer and CFO
		April 2013	Representative Director, Executive Vice President and CFO
	Number of Board of Directors meetings attended during the 17th fiscal year: 15/15	April 2014	Representative Director, Executive Vice President, Executive Advisory Officer, CFO & CAO
		April 2015	Adviser
	Number of Audit Committee meetings attended 24/24	May 2016	External Director of Parco Co., Ltd.
		June 2016	Outside Director of NIPPON VALQUA INDUSTRIES, LTD. (present VALQUA, LTD.)
	Tenure as Director (at the conclusion of this meeting): approx. 4 years	April 2017	Advisory Member of ITOCHU Corporation
		June 2017	Outside Director of JSR Corporation (present)
	July 2017	Outside Statutory Auditor of Asahi Mutual Life Insurance Company (present)	
	May 2020	Outside Director of J. Front Retailing Co., Ltd. (present)	
	May 2022	Director of Parco Co., Ltd. Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)	

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.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
6	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">New Candidate</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Independent</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Outside Director</div> <p>OMURA Emi (September 2, 1976)</p> <p>Number of the Company's shares owned (shares): None</p> <p>Special interests between the Company and the Candidate: None</p>	<p>October 2002</p> <p>March 2007</p> <p>July 2008</p> <p>September 2010</p> <p>September 2013</p> <p>January 2014</p> <p>September 2014</p> <p>June 2019</p> <p>April 2021</p> <p>November 2021</p> <p>January 2022</p> <p>December 2022</p> <p>June 2023</p>	<p>Registered as attorney at law Joined Iwasaki & Motoyama</p> <p>Registered as attorney at law of New York State, U.S.A.</p> <p>Partner of Athena Law Office</p> <p>Associate Expert, International Labour Standards Department, International Labour Organization in Geneva, Switzerland</p> <p>Partner of Athena Law Office</p> <p>Director, Office of International Affairs, Japan Federation of Bar Associations</p> <p>Outside Director of Digital Garage, Inc. (present)</p> <p>Counsel of Kamiyacho International Law Office</p> <p>Counsel of CLS HIBIYA TOKYO LAW OFFICE</p> <p>Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc. (present)</p> <p>Partner of CLS HIBIYA TOKYO LAW OFFICE (present)</p> <p>External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD. (present)</p> <p>Auditor of Japan Association for Women's Education (present)</p>
	<p>Important concurrent positions</p> <p>Partner of CLS HIBIYA TOKYO LAW OFFICE</p> <p>Outside Director of Digital Garage, Inc.</p> <p>Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc.</p> <p>External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD.</p>		
<p>Reasons for nomination as candidate for Outside Director and overview of expected roles</p> <p>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.</p> <p>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.</p>			

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

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	<p>HAMADA Kazuko (Name in Family Registry: HIMENO Kazuko) (September 6, 1962)</p> <p>Number of the Company's shares owned (shares): 1,851</p> <p>Number of other shares as stock-based remuneration not yet granted (shares): 15,428</p> <p>Special interests between the Company and the Candidate: None</p> <p>Number of Board of Directors meetings attended during the 17th fiscal year: 15/15</p> <p>Number of Audit Committee meetings attended 24/24</p> <p>Tenure as Director (at the conclusion of this meeting): approx. 3 years</p>	<p>April 1985 September 2000</p> <p>March 2002 March 2005 March 2007 March 2010 March 2013 March 2015 May 2020 May 2021</p>	<p>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)</p>

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.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
9	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">New Candidate</div> ONO Keiichi (August 2, 1975) Number of the Company's shares owned (shares): <p style="text-align: right;">8,907</p> Special interests between the Company and the Candidate: <p style="text-align: right;">None</p>	April 1998 April 2007 September 2010 November 2012 November 2013 September 2015 September 2016 March 2018 October 2020 March 2022 May 2022 March 2024	Joined The Daimaru, Inc. Planning Office for New Umeda Store, Department Store Business Division, Head Office In charge of Sales Promotion and Advertising of Business Promotion Division of Daimaru Umeda Store, Daimaru Matsuzakaya Department Stores Co. Ltd. Store Planning Department, Head Office of PARCO Co., Ltd. In charge of Inbound Business of Sales Planning Unit of Sales & Marketing Headquarters, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd. General Manager of Inbound Business, Merchadising and Channel Development Division, Head Office General Manager of Business Promotion Division of Daimaru Kyoto Store Executive Officer of J. Front Retailing Co., Ltd. President and Representative Director of Dimples' Co., Ltd. Senior General Manager of Structural Reform Promotion Division of Financial Strategy Unit of J. Front Retailing Co., Ltd. Managing Executive Officer Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management Director of Parco Co., Ltd. President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit (present)

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.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
10	WAKABAYASHI Hayato (August 31, 1961)	April 1985	Joined Matsushita Electric Industrial Co., Ltd. (present Panasonic Corporation)
	Number of the Company's shares owned (shares): 20,064	April 1998	President of Panasonic Financial Center Malaysia Co., Ltd.
	Special interests between the Company and the Candidate: None	April 2007	Director and Chief Executive Officer of Matsushita Electric (China) Finance Limited
	Number of Board of Directors meetings attended during the 17th fiscal year: 15/15	February 2009	Finance Planning Team Leader (Manager), Headquarters Finance & IR Group of Panasonic Corporation
	Tenure as Director (at the conclusion of this meeting): approx. 8 years	July 2013	General Manager, Finance & IR Group, Corporate Strategy Division and Finance Strategy Team Leader of Panasonic Corporation (Director)
		May 2015	Joined J. Front Retailing Co., Ltd. In charge of Finance Policy, Administration Unit
		September 2015	Executive Officer In charge of Financial Strategy and Policy, Administration Unit
		March 2016	Senior Executive General Manager of Financial Strategy Unit (present) and in charge of Finance Policy
		May 2016	Director (present)
		March 2017	In charge of Financing and Finance Policy
		May 2017	Managing Executive Officer (present)
		May 2018	Senior General Manager of Financing and Finance Policy Division
		May 2020	Director of PARCO Co., Ltd.
	May 2023	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)	
	Important concurrent positions (Concurrent positions in the Group) Director of Daimaru Matsuzakaya Department Stores Co. Ltd.		
<p>Reasons for nomination as candidate for Director and overview of expected roles</p> <p>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.</p> <p>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.</p> <p>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.</p>			

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)

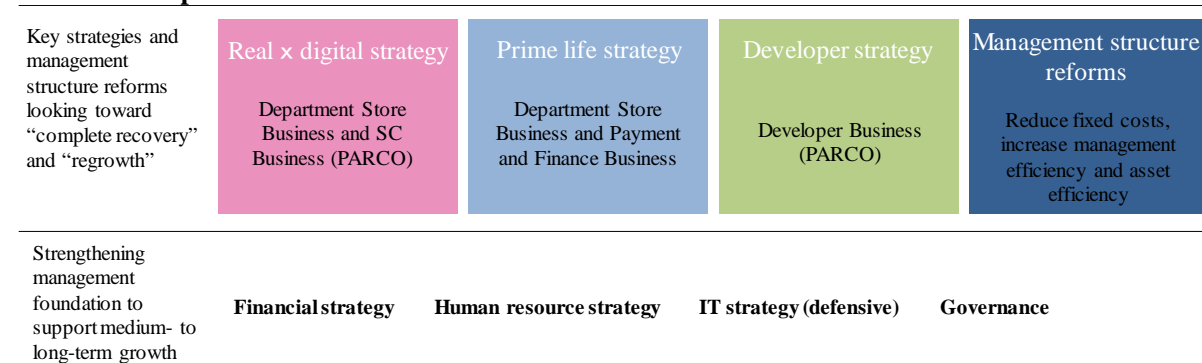
1. Current status of the corporate group

(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>



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	Composi- tion	Results	Composi- tion	Results	Composi- tion	Results	Composi- tion
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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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>

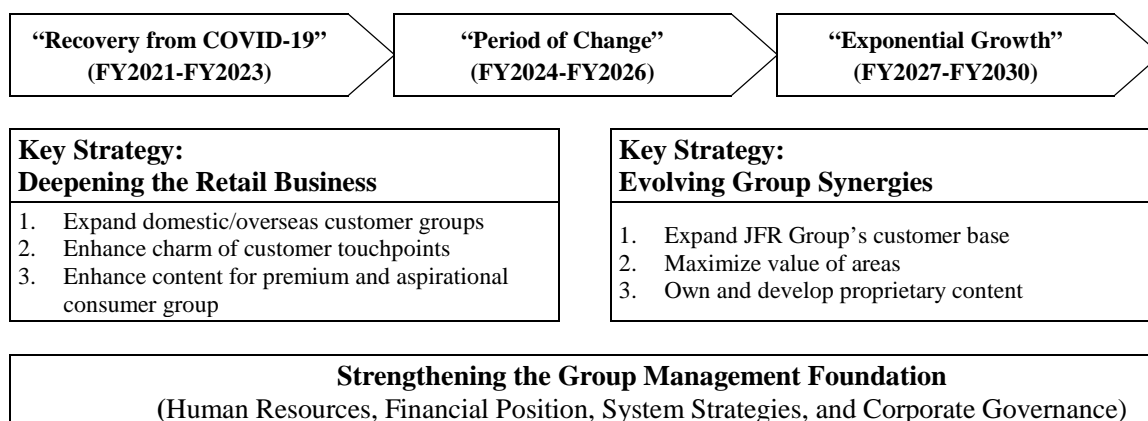
The Company will promote the development of our own content for new growth in the retail business, including business expansion in Japan as well as overseas and in the digital domain, by creating a synergistic fusion encompassing our cultivated discernment and purchasing power, along with JFR Group's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



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
XENOS 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)
- HAMADA Kazuko is recorded under the name of HIMENO Kazuko in the Family Registry.
 - SATO Rieko is recorded under the name of KAMATA Rieko in the Family Registry.
 - 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.")
 - 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.
 - 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 as 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.

Type of remuneration	Payment basis			Payment method	Composition of remuneration		
					President	Officers other than President	
Basic remuneration (fixed)	Determined separately for each mission grade			Monthly payment in cash	38.5%	45.4%	
Bonuses (variable)	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.			Annual payment in cash	23.0%	27.3%	
	Details		Evaluation weights				
	Quantitative evaluation ^{*2} <50%>	Fiscal year's financial evaluation	Consolidated operating profit ^{*3}				50%
	Qualitative evaluation ^{*2} <50%>	Fiscal year's non-financial evaluation	Level of achievement of action plan for achieving individual missions				30%
Level of achievement of action plan for achieving non-financial targets in line with materiality issues			20%				
Performance-linked stock-based remuneration (variable)	[Short-term: 40%] Base amount by mission grade × Performance achievement factor ^{*4} ^{*4} Calculated based on the following measures of achievement			Annual payment in stocks ^{*6}	38.5%	27.3%	
	Details		Evaluation weights				
	Consolidated operating profit		100%				
	[Medium- to long-term: 60%] Base amount by mission grade × Performance achievement factor ^{*5} ^{*5} Calculated based on the following measures of achievement			At the expiration of the term of each Medium-term Business Plan in stocks ^{*6}			
	Details		Evaluation weights				
	Financial indicators <80%>	Consolidated operating profit	40%				
Non-financial indicators <20%>	Greenhouse gas reductions (Scope 1 & 2 emissions)	10%					
	Achievement of target ratio of women in management positions	10%					

*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

YAGO Natsunosuke <u>Independent</u> (Note)	Important concurrent positions	No items to report
	Relationships between the Company and organizations where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Nomination 100% (Attended all 15 meetings held during tenure this fiscal year) Remuneration 100% (Attended all 13 meetings held during tenure this fiscal year)
[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.		
HAKODA Junya <u>Independent</u> (Note)	Important concurrent positions	No items to report
	Relationships between the Company and organizations where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Audit 95.8% (Attended 23 of 24 meetings held during tenure this fiscal year)
[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.		

UCHIDA Akira <u>Independent</u> (Note)	Important concurrent positions	Outside Director of Yokogawa Electric Corporation Director of PARCO Co., Ltd.
	Relationships between the Company and each organization where important concurrent positions are held	PARCO Co., Ltd. is a wholly owned subsidiary of the Company.
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Nomination 100% (Attended all 15 meetings held during tenure this fiscal year) Remuneration 100% (Attended all 13 meetings held during tenure this fiscal year)

[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.

SATO Rieko <u>Independent</u> (Note)	Important concurrent positions	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
	Relationships between the Company and each organization where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	86.7% (Attended 13 of 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which she belongs	Audit 91.7% (Attended 22 of 24 meetings held during tenure this fiscal year)

[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.

SEKI Tadayuki <u>Independent</u> (Note)	Important concurrent positions	Outside Director of JSR Corporation Outside Statutory Auditor of Asahi Mutual Life Insurance Company Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
	Relationships between the Company and each organization where important concurrent positions are held	Daimaru Matsuzakaya Department Stores Co. Ltd. is a wholly owned subsidiary of the Company.
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Audit 100% (Attended all 24 meetings held during tenure this fiscal year)
[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.		
KOIDE Hiroko <u>Independent</u> (Note)	Important concurrent positions	Outside Director of Mitsubishi Electric Corporation Outside Director of J-OIL MILLS, Inc.
	Relationships between the Company and each organization where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which she belongs	Nomination 100% (Attended all 15 meetings held during tenure this fiscal year) Remuneration 100% (Attended all 13 meetings held during tenure this fiscal year)
[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.		

KATAYAMA Eiichi <u>Independent</u> (Note)	Important concurrent positions	Executive Vice President of Panasonic Corporation
	Relationships between the Company and organizations where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 12 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Audit 100% (Attended all 17 meetings held during tenure this fiscal year)
<p>[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.</p>		

(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	<p>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.</p> <p>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.</p> <p>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.</p>

(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	<p>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.</p> <p>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.</p> <p>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.</p>

(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	<p>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.</p> <p>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.</p> <p>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.</p>

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	
<u>Current assets</u>	<u>246,501</u>	<u>Current liabilities</u>	<u>331,261</u>
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
<u>Non-current assets</u>	<u>868,225</u>	<u>Non-current liabilities</u>	<u>389,232</u>
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 financial assets	72,034	Other non-current liabilities	419
Deferred tax assets	3,636		
Other non-current assets	12,343		
		Total liabilities	720,494
		Equity	
		<u>Equity attributable to owners of parent</u>	<u>381,898</u>
		Share capital	31,974
		Capital surplus	189,172
		Treasury shares	(14,231)
		Other components of equity	7,383
		Retained earnings	167,600
		<u>Non-controlling interests</u>	<u>12,333</u>
		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							
	Share capital	Capital surplus	Treasury shares	Other components of equity				Total
				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	
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.