

J. Front Retailing
Summary of Q&A at IR Day
Date and Time: 15:30-16:45 on Tuesday, February 17, 2026

<Q&A Session>

Q. I would like to ask Mr. Yoshimura a question. I believe the integration of J. Front Design & Construction and PARCO Space Systems, enabling them to handle both interior design and facility management, will become a significant strength. What kind of synergies are you expecting from this integration?

(Yoshimura)

A. Regarding our interior construction business, securing talent is currently extremely challenging, and in some cases, we have no choice but to decline projects. Through integration, we believe we can enhance effectiveness and efficiency as our business and organizational scale expand by optimizing resource allocation better than before. As for facilities services, they are embedded within Daimaru Matsuzakaya and PARCO stores. Ensuring safety and security must always be maintained. At the same time, as mentioned earlier, PSS has been steadily expanding into adjacent areas such as hotel cleaning services and brand agent services. These have a high affinity with interior design and facilities services. By being involved in ongoing facility operations, such as in hotels where renovations often occur at intervals of around 10 years, there's an expectation that we can quickly identify such opportunities and establish a cycle where we not only manage operations but also secure renovation project.

Q. I would like to ask Mr. Saito two questions. First, drawing on your extensive experience—whether in comparison with other companies or from your own professional background—how open is the atmosphere at J. Front Board of Directors meetings, and how active are the discussions? The second question concerns brand strength. Japan has many strong department store operators, but what defines the strengths of the brands under J. Front, such as Daimaru Matsuzakaya and PARCO? Particularly in the digital space, I believe marketing approaches from a different perspective will be necessary, similar to what manufacturers have long practiced. What kind of potential do you see in J. Front?

(Outside Director Saito)

A. Regarding the atmosphere of board meetings, I would describe them as very frank and open. On that point, I hope you can feel assured. As for branding, our group possesses what could be called the “power of place.” Department stores are indispensable in each region, offering a sense of reassurance that they naturally belong there. PARCO, which literally means “park,” conveys a lighter image than department stores, yet it still has equally strong appeal. The challenge for both department stores and PARCO is to continuously pursue ways to enhance this “power of place” in the future. Personally, I believe physical stores themselves remain necessary. However, how we develop these places is key. While department stores have external sales, I believe the concept of “space” also encompasses virtual environments. Furthermore, I feel that as digital technology evolves, the value of physical spaces grows. I perceive our group as a company capable of achieving the optimal mix of physical locations, human connections, and virtual spaces.

Q. I would like to ask Mr. Yoshimura a question. Is the difference in operating margins, compared to other industries, structural? Also, I would like to know about the potential for future profit growth.

(Yoshimura)

A. The profit margin for J. Front Design & Construction is 7.1%, which is well above the low end of the range for other companies. PARCO Space System's interior design business also boasts a high profit margin. Meanwhile, the business model for its facilities services generates stable profits with a high

proportion of orders originating within the Group. Since competitors in the same industry lack a facilities services business, simply combining both businesses makes the apparent profit margin appear lower. Regarding opportunities to increase profit: ① In the interior construction business, we can enhance profit margins by engaging in projects in the upstream phase of construction and by strengthening these efforts. ② In the facilities services business, we will work to expand orders from outside the Group. ③ By leveraging the strength of two distinct business areas, we aim to enhance the company's overall profitability by capitalizing on the positive cycle mentioned earlier.

Q. My question is for Mr. Kobayashi. While GINZA SIX, Daimaru Matsuzakaya, and PARCO each cater to distinct customer segments, could you share what you see as areas with growth potential in terms of expanding communication with new customer groups?

(Kobayashi)

A. At GINZA SIX, we view our customers not by attributes, but as borderless and ageless. We recognize that we primarily receive support from affluent domestic customers. Furthermore, against the backdrop of increasing numbers of foreign visitors to Japan, we have firsthand experience that our customer base is expanding without borders. We believe the future growth potential lies in the affluent, borderless market.

Q. GINZA SIX has successfully established its brand and earned the favor of affluent customers. Is it reasonable to expect that the synergy effect—where employees at GINZA SIX acquire various experiences and expertise and later apply them at Daimaru Matsuzakaya or PARCO—will become even more prominent in the future?

(Kobayashi)

A. I share the same understanding. I believe those experiences and expertise will be utilized in future store development and design.

Q. I would like to ask Mr. Saito about organizational structure. You mentioned that "compact and high-performing headquarters are ideal." On the other hand, I understand your company is strengthening talent within the holding company to optimize the entire group. How do you envision evolving the headquarters function to effectively integrate diverse businesses and talent in the future? Additionally, I'd like to hear your thoughts on recruitment, development, and placing the right people in the right roles in relation to the organizational structure.

(Outside Director Saito)

A. I assumed office last May, and I will respond based on the premise that I don't yet have a detailed understanding of the group's organizational and HR situation. From my experience, I recognize that when decision-making processes become complex, they naturally take longer, and the distinction between process and outcome can become blurred. If the decision-making process is simple and swift, even if problems arise, it's easier to take the next action and engage in cycles of trial and error. Additionally, based on my own experience, organizations tend to grow layered unless constant pressure is applied to keep them lean. While there's no single correct answer, I believe the key lies in flexibility toward change and how quickly the organization and its functions can pivot. As for talent, I think the point you raised is a challenge shared by many companies. While our group has many highly capable individuals, I feel that their potential is not being fully realized. One effective initiative to address this issue, as I mentioned today, is talent exchange within the organization. I sense that we're reaching a stage where this can be institutionalized to some extent. I have high expectations for the creation and realization of synergies through diverse talent exchanges that transcend organizational boundaries.