Annual Securities Report

(Report in accordance with Article 24, paragraph (1) of
the Financial Instruments and Exchange Act)

The 16th fiscal year (from March 1, 2022 to February 28, 2023)

J. FRONT RETAILING Co., Ltd.

E03516

The information contained in this Annual Securities Report is the same as the information in the Japanese original of the Annual Securities Report for the 16th fiscal year that was disclosed on May 23, 2023. However, the English translation of the report has not been audited by the Accounting Auditor.

Table of Contents

Cover page

Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	May 26, 2023
Fiscal year	The 16th fiscal year (from March 1, 2022 to February 28, 2023)
Company name	Ｊ.フロント リテイリング株式会社 (*J. FRONT RETAILING Kabushiki Kaisha*)
Company name in English	J. FRONT RETAILING Co., Ltd.
Job title and name of representative	YOSHIMOTO Tatsuya, President and Representative Executive Officer
Address of registered headquarters	10-1, Ginza 6-chome, Chuo-ku, Tokyo
	(Above is the address registered as the location of the head office of the Company. Actual business operations are conducted at the following "Nearest place of contact.")
Telephone number	+81-3-6865-7620 (from overseas)
Name of contact person	NOGUCHI Hideki, Executive Officer, Senior General Manager of Accounting and Tax Affairs Division of Financial Strategy Unit
Nearest place of contact	2-70, Konan 1-chome, Minato-ku, Tokyo
Telephone number	+81-3-6865-7620 (from overseas)
Name of contact person	NOGUCHI Hideki, Executive Officer, Senior General Manager of Accounting and Tax Affairs Division of Financial Strategy Unit
Place for public inspection	Tokyo Stock Exchange, Inc.
	(2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo)
	Nagoya Stock Exchange, Inc.
	(8-20, Sakae 3-chome, Naka-ku, Nagoya)

A. Company Information

I. Overview of the Company

1. Summary of business results

(1) Business results of the Group

Term	12th fiscal year	13th fiscal year	14th fiscal year	15th fiscal year	16th fiscal year
Fiscal year-end	February 2019	February 2020	February 2021	February 2022	February 2023
Sales revenue (Millions of yen)	459,840	480,621	319,079	331,484	359,679
Profit (loss) before tax (Millions of yen)	42,126	37,161	(28,672)	6,190	16,873
Profit (loss) attributable to owners of parent (Millions of yen)	27,358	21,251	(26,193)	4,321	14,237
Comprehensive income attributable to owners of parent (Millions of yen)	25,631	19,259	(27,296)	6,173	16,384
Equity attributable to owners of parent (Millions of yen)	412,700	387,188	352,171	350,368	359,385
Total assets (Millions of yen)	1,029,573	1,240,308	1,263,722	1,192,907	1,120,953
Equity attributable to owners of parent per share (Yen)	1,576.68	1,479.07	1,344.91	1,337.29	1,370.43
Basic earnings (loss) per share (Yen)	104.55	81.19	(100.03)	16.50	54.32
Diluted earnings (loss) per share (Yen)	104.52	81.17	(100.03)	16.50	54.30
Ratio of equity attributable to owners of parent to total assets (%)	40.1	31.2	27.9	29.4	32.1
Profit/equity attributable to owners of parent (ROE) (%)	6.8	5.4	(7.1)	1.2	4.0
Price earnings ratio (PER) (Times)	11.79	14.13	–	58.29	23.27
Net cash provided by (used in) operating activities (Millions of yen)	34,870	73,358	56,471	49,866	65,480
Net cash provided by (used in) investing activities (Millions of yen)	(26,836)	(49,559)	(20,870)	(5,289)	(13,371)
Net cash provided by (used in) financing activities (Millions of yen)	(21,274)	(14,829)	58,727	(80,392)	(105,694)
Cash and cash equivalents at end of period (Millions of yen)	25,659	34,633	128,925	93,278	39,874
Number of employees (Persons)	6,695	6,579	6,528	5,589	5,115
[Separately, average number of temporary employees]	[3,581]	[3,265]	[3,107]	[2,559]	[2,143]

Notes:
1. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).
2. Amounts have been rounded down to the nearest one million yen.
3. The Company has introduced the “officer remuneration BIP trust,” and the Company shares held by the officer remuneration BIP trust are recorded as treasury stock in the consolidated financial statements. The Company shares held by the trust are included in treasury stock to be deducted in the calculation of the total number of shares outstanding at the end of the period for the purpose of calculating equity attributable to owners of parent per share and in the calculation of the average number of shares outstanding during the period for the purpose of calculating basic earnings or loss per share and diluted earnings or loss per share.
4. The average number of temporary employees includes dedicated employees and fixed-term employees.

5. Diluted loss per share for the 14th fiscal year is equal to basic loss per share because there are no potential shares that have dilutive effects.
6. The price earnings ratio (PER) for the 14th fiscal year is not presented because a loss attributable to owners of parent was recorded.

(2) Business results of the reporting company

Term	12th fiscal year	13th fiscal year	14th fiscal year	15th fiscal year	16th fiscal year
Fiscal year-end	February 2019	February 2020	February 2021	February 2022	February 2023
Operating revenue (Millions of yen)	18,770	34,116	13,812	15,482	15,238
Ordinary profit (Millions of yen)	13,987	28,163	8,849	9,505	8,284
Profit (Millions of yen)	13,897	27,948	7,487	14,253	8,448
Share capital (Millions of yen)	31,974	31,974	31,974	31,974	31,974
Total number of issued shares (Shares)	270,565,764	270,565,764	270,565,764	270,565,764	270,565,764
Net assets (Millions of yen)	310,329	328,871	329,351	335,241	336,121
Total assets (Millions of yen)	415,927	531,341	675,917	641,307	574,302
Net assets per share (Yen)	1,186.13	1,256.46	1,258.07	1,280.48	1,282.90
Dividends per share (Yen)	35.00	36.00	27.00	29.00	31.00
[Interim dividends per share]	[17.00]	[18.00]	[9.00]	[14.00]	[15.00]
Basic earnings per share (Yen)	53.12	106.80	28.60	54.44	32.25
Diluted earnings per share (Yen)	–	–	28.60	54.44	32.24
Equity ratio (%)	74.6	61.9	48.7	52.3	58.5
Return on equity (ROE) (%)	4.51	8.74	2.28	4.29	2.52
Price earnings ratio (PER) (Times)	23.21	10.74	35.56	17.67	39.19
Dividend payout ratio (%)	65.89	33.71	94.41	53.27	96.12
Number of employees (Persons)	132	147	133	138	151
[Separately, average number of temporary employees]	[19]	[17]	[17]	[16]	[16]
Total shareholder return (%)	65.0	62.4	57.2	55.8	72.9
[Benchmark index: Dividend-included TOPIX] (%)	[92.9]	[89.5]	[113.2]	[117.0]	[127.0]
Highest share price (Yen)	1,944	1,612	1,175	1,218	1,286
Lowest share price (Yen)	1,184	1,116	600	882	867

Notes:
1. Amounts have been rounded down to the nearest one million yen.
2. The highest and lowest share prices are those quoted on the First Section of the Tokyo Stock Exchange before April 3, 2022. After April 4, 2022, the figures are those on the Tokyo Stock Exchange Prime Market.

2. Company history

Apr. 9, 2007	The Daimaru, Inc. and Matsuzakaya Holdings Co., Ltd. resolve at their meetings of the Board of Directors to jointly establish a holding company through a share transfer, subject to the approval at their respective Annual Shareholders Meetings, and at the same time to prepare a "Share Transfer Plan" and conclude an "Agreement on Business Integration." The details of the proposals regarding the share transfer to be submitted to the respective Annual Shareholders Meetings are resolved at the meetings of the Boards of Directors of both companies.
May 24, 2007	At the Annual Shareholders Meetings of both companies, it is resolved that the two companies would become the holding company's wholly owned subsidiaries by way of joint share transfer.
Sept. 3, 2007	The two companies establish the Company by way of a share transfer.
	The Company's common shares are listed on Tokyo Stock Exchange, Inc., Osaka Securities Exchange Co., Ltd., and Nagoya Stock Exchange, Inc.
Nov. 1, 2007	The Company merges with and absorbs Matsuzakaya Holdings Co., Ltd.
Sept. 1, 2008	Daimaru Design & Engineering Co., Ltd. merges with three other companies, Daimaru Mokko Co., Ltd., Matsuzakaya Seiko Co., Ltd., and Refex Japan, Inc., and changes the company name to J. Front Design & Construction Co., Ltd. Dimples' Co., Ltd. merges with and absorbs Daimaru Sales Associates Co., Ltd.
Jan. 1, 2009	Matsuzakaya Co., Ltd. merges with and absorbs Yokohama Matsuzakaya Co., Ltd., which ceased its operations on October 26, 2008.
Mar. 1, 2009	Restaurant Peacock Co., Ltd. merges with and absorbs Shoei Foods Co., Ltd. and changes the company name to J. Front Foods Co., Ltd.
Dec. 1, 2009	JFR Service Co. Ltd. (renamed from Matsuzaka Services Co., Ltd. on September 1, 2009) merges with and absorbs Daimaru Lease & Service Co., Ltd.
Mar. 1, 2010	Matsuzakaya Co., Ltd. merges with and absorbs The Daimaru, Inc. and changes the company name to Daimaru Matsuzakaya Department Stores Co. Ltd.
	J. Front Design & Construction Co., Ltd. merges with and absorbs DHJ Co., Ltd.
Sept. 1, 2010	The Company establishes JFR Consulting Co. Ltd.
	The Daimaru Tomonokai, Inc. merges with and absorbs Matsuzakaya Tomonokai Co., Ltd. and changes the company name to Daimaru Matsuzakaya Tomonokai Co., Ltd.
Mar. 1, 2011	The Daimaru Home Shopping, Inc. takes over part of the direct marketing business split off from Daimaru Matsuzakaya Department Stores Co. Ltd. and changes the company name to JFR Online Co. Ltd.
Mar. 30, 2011	The Company acquires shares of StylingLife Holdings Inc. and makes it an associate accounted for using the equity method.
Jan. 4, 2012	Daimaru Kogyo, Ltd. establishes Daimaru Kogyo (Thailand) Co., Ltd.
Mar. 23, 2012	The Company acquires shares of PARCO Co., Ltd. and makes it an associate accounted for using the equity method.
Aug. 20, 2012	The Company establishes JFR PLAZA Inc.
Aug. 27, 2012	The Company acquires additional shares of PARCO Co., Ltd., making PARCO Co., Ltd. and its five subsidiaries consolidated subsidiaries of the Company, and also making two subsidiaries and one associate of PARCO Co., Ltd. associates accounted for using the equity method.
Sept. 3, 2012	The Company splits off the commissioned sales business operated by Dimples' Co., Ltd., and Daimaru Matsuzakaya Sales Associates Co. Ltd., which established the said business, takes over the business.
	On the same day, Dimples' Co., Ltd. transfers all of its shares in Daimaru Matsuzakaya Sales Associates Co. Ltd. to Daimaru Matsuzakaya Department Stores Co. Ltd., and Daimaru Matsuzakaya Sales Associates Co. Ltd. becomes a subsidiary of Daimaru Matsuzakaya Department Stores Co. Ltd.
Apr. 1, 2013	The Company transfers all shares in Peacock Store Ltd. to Aeon Co., Ltd.
Aug. 31, 2013	Liquidation of Imabari Daimaru Co., Ltd. is completed.
Dec. 20, 2013	The Company acquires shares of Forest Co., Ltd. and makes it a consolidated subsidiary.

Feb. 24, 2014	Liquidation of Central Park Building Co., Ltd. is completed.
Aug. 18, 2014	Liquidation of Parco Consulting (Suzhou) Co., Ltd. is completed.
Jan. 7, 2015	Daimaru Kogyo, Ltd. establishes Taiwan Daimaru Kogyo, Ltd.
Apr. 22, 2015	The Company acquires shares of Senshukai Co., Ltd.
May 7, 2015	The Company acquires additional shares of Senshukai Co., Ltd. and makes it an associate accounted for using the equity method.
Dec. 17, 2015	Daimaru Matsuzakaya Department Stores Co. Ltd. transfers all shares of Hakuseisha Co., Ltd. to AEON DELIGHT CO., LTD.
Sept. 1, 2016	Daimaru Matsuzakaya Department Stores Co. Ltd. merges with and absorbs Daimaru COM Development Inc.
	JFR Service Co. Ltd. merges with and absorbs JFR Office Support Co., Ltd. and JFR Consulting Co. Ltd.
Mar. 1, 2017	JFR Online Co. Ltd. transfers all its business operations to Feel Life Inc., a wholly owned subsidiary of Senshukai Co., Ltd.
Aug. 31, 2017	The Company transfers all shares of Forest Co., Ltd. to EDION Corporation.
Dec. 31, 2017	Liquidation of JFR PLAZA Inc. is completed.
Feb. 26, 2018	Senshukai Co., Ltd. is excluded from the scope of associates accounted for using the equity method due to the Company's agreement upon the purchase of treasury shares by Senshukai Co., Ltd.
Jul. 2, 2019	Liquidation of JFR Online Co. Ltd. is completed.
Dec. 9, 2019	Daimaru Matsuzakaya Department Store Co., Ltd. acquires a part of the preferred shares of Ginza 6-chome Kaihatsu Tokutei Mokuteki Kaisha (G6TMK) through Ginza 6-chome Shogyo Godo Kaisha and makes it an associate accounted for using the equity method.
Mar. 1, 2020	Daimaru Matsuzakaya Department Stores Co. Ltd. merges with and absorbs The Shimonoseki Daimaru, Inc.
Feb. 26, 2021	The Company transfers all shares in J. Front Foods Co., Ltd. to Dancin' Diner co., ltd.
June 30, 2021	PARCO Co., Ltd. transfers all shares of NEUVE A Co., Ltd. to Libra Invesco Co., Ltd.
Sept. 1, 2021	Daimaru Matsuzakaya Department Stores Co. Ltd. merges with and absorbs Daimaru Matsuzakaya Sales Associates Co. Ltd.
Feb. 28, 2022	The Company removes Dimples' Co., Ltd. from the scope of consolidation upon transfer of 90% of its shares to WORLD HOLDINGS CO., LTD.
Apr. 4, 2022	Due to the revision of the market classification of the Tokyo Stock Exchange, the Company moves from the First Section of the Tokyo Stock Exchange to the Prime Market.
Oct. 27, 2022	The Company acquires all shares of JAPAN RETAIL ADVISORS Co., Ltd. from PARCO Co., Ltd. and changes its trade name to J. FRONT CITY DEVELOPMENT Co., Ltd.
Dec. 1, 2022	The Company acquires shares of XENOZ CO., Ltd. and makes it a consolidated subsidiary.
Jan. 5, 2023	PARCO Co., Ltd. acquires a part of the preferred shares of Shinsaibashi Kaihatsu Tokutei Mokuteki Kaisha (Shinsaibashi TMK) and makes it an associate accounted for using the equity method.

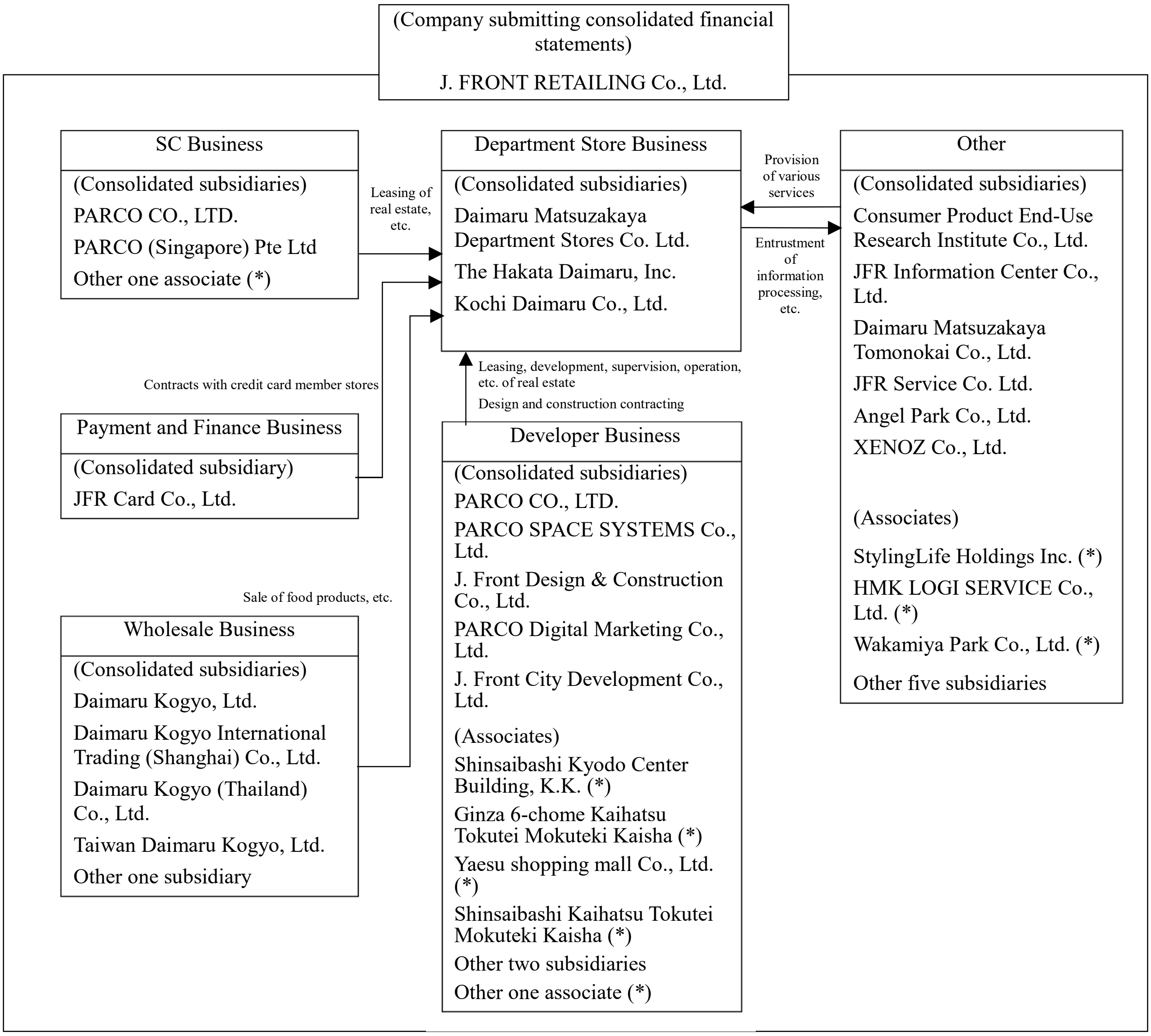
3. Description of business

The corporate group, of which the Company is the holding company, consists of 38 companies (including the Company). Its principal business is the Department Store Business, and its other businesses include the SC Business, the Developer Business, the Payment and Finance Business, wholesaling, commissioned back-office service, parking, leasing, etc.

The Company is a specified listed company. As a result of falling under the category of specified listed company, the criteria for insignificant material events under the insider trading regulations will be determined based on consolidated figures.

Description of business, etc.	Names of major Group companies	Number of companies
Department Store Business	Daimaru Matsuzakaya Department Stores Co. Ltd., The Hakata Daimaru, Inc., and Kochi Daimaru Co., Ltd.	Consolidated subsidiaries: 3
SC Business	PARCO Co., Ltd. and PARCO (SINGAPORE) PTE LTD	Consolidated subsidiaries: 2 Associates: 1
Developer Business	PARCO Co., Ltd., PARCO SPACE SYSTEMS Co., Ltd., J. Front Design & Construction Co., Ltd., PARCO Digital Marketing Co., Ltd., and J. FRONT CITY DEVELOPMENT Co., Ltd.	Consolidated subsidiaries: 6 Associates: 5
Payment and Finance Business	JFR Card Co., Ltd.	Consolidated subsidiaries: 1
Wholesale Business	Daimaru Kogyo, Ltd., Daimaru Kogyo International Trading (Shanghai) Co., Ltd., Daimaru Kogyo (Thailand) Co., Ltd., and Taiwan Daimaru Kogyo, Ltd.	Consolidated subsidiaries: 4
Commissioned back-office service, real estate leasing, parking and leasing	JFR Service Co. Ltd. and Angel Park Co., Ltd.	Consolidated subsidiaries: 2 Associates: 1
Other	Consumer Product End-Use Research Institute Co., Ltd., JFR Information Center Co., Ltd., Daimaru Matsuzakaya Tomonokai Co., Ltd., and XENOZ CO., Ltd.	Consolidated subsidiaries: 5 Associates: 2

Our business structure is shown below.



Notes:
1. Companies marked with an asterisk (*) are equity method associates.
2. In segment information, wholesaling, parking, leasing, etc. are shown together as “Other.” The other businesses are categorized in accordance with the segments.
3. On October 27, 2022, the Company acquired all shares of JAPAN RETAIL ADVISORS Co., Ltd. from PARCO Co., Ltd. and changed its trade name to J. FRONT CITY DEVELOPMENT Co., Ltd.
4. The Company acquired shares of XENOZ CO., Ltd. on December 1, 2022, and made it a consolidated subsidiary.

4. Overview of subsidiaries and associates

Name	Address	Capital (Millions of yen)	Major businesses	Ratio of voting rights holding (held) (%)	Relationship
(Consolidated subsidiaries)					
Daimaru Matsuzakaya Department Stores Co. Ltd. (Notes 3 and 4)	Koto-ku, Tokyo	10,000	Department Store Business	100.0	Interlocking of officers Lending of funds
The Hakata Daimaru, Inc.	Chuo-ku, Fukuoka	3,037	Department Store Business	69.9 [69.9]	
Kochi Daimaru Co., Ltd.	Kochi, Kochi	300	Department Store Business	100.0 [100.0]	
PARCO Co., Ltd. (Notes 3 and 4)	Toshima-ku, Tokyo	34,367	SC Business, Developer Business	100.0	Interlocking of officers Lending of funds
PARCO (SINGAPORE) PTE LTD	Singapore	Millions of Singapore dollars 4	SC Business	100.0 [100.0]	
PARCO SPACE SYSTEMS Co., Ltd.	Shibuya-ku, Tokyo	100	Developer Business	100.0 [100.0]	
J. Front Design & Construction Co., Ltd.	Chuo-ku, Osaka	100	Developer Business	100.0	Interlocking of officers
PARCO Digital Marketing Co., Ltd.	Shibuya-ku, Tokyo	10	Developer Business	100.0 [100.0]	
J. FRONT CITY DEVELOPMENT Co., Ltd.	Shibuya-ku, Tokyo	10	Developer Business	100.0 [100.0]	Interlocking of officers Lending of funds
JFR Card Co., Ltd.	Takatsuki, Osaka	100	Payment and Finance Business	100.0	Interlocking of officers
Daimaru Kogyo, Ltd.	Chuo-ku, Osaka	1,800	Other (Wholesale)	100.0	Interlocking of officers
Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	Shanghai, China	Millions of US dollars 2	Other (Wholesale)	100.0 [100.0]	
Daimaru Kogyo (Thailand) Co., Ltd.	Bangkok, Thailand	Millions of Thai baht 202	Other (Wholesale)	99.9 [99.9]	
Taiwan Daimaru Kogyo, Ltd.	Taipei, Taiwan	Millions of New Taiwan dollars 60	Other (Wholesale)	100.0 [100.0]	
Consumer Product End-Use Research Institute Co., Ltd.	Nishi-ku, Osaka	100	Other (Merchandise test and quality control)	100.0	Interlocking of officers
Angel Park Co., Ltd.	Naka-ku, Nagoya	400	Other (Parking)	50.2 [49.8]	Interlocking of officers
JFR Service Co. Ltd.	Koto-ku, Tokyo	100	Other (Commissioned back-office service, parking and leasing)	100.0	Interlocking of officers Lending of funds
JFR Information Center Co., Ltd.	Tennoji-ku, Osaka	10	Other (Information service)	100.0	Interlocking of officers
Daimaru Matsuzakaya Tomonokai Co., Ltd.	Chuo-ku, Osaka	100	Other (Specified prepaid transaction service)	100.0 [100.0]	
XENOZ CO., Ltd.	Kawasaki-ku, Kawasaki	100	Other (Management of e-sports team, etc.)	50.8	

Name	Address	Capital (Millions of yen)	Major businesses	Ratio of voting rights holding (held) (%)	Relationship
(Equity method associates)					
Shinsaibashi Kyodo Center Building, K.K.	Chuo-ku, Osaka	50	Developer Business (Real estate leasing)	50.0 [50.0]	
StylingLife Holdings Inc.	Shinjuku-ku, Tokyo	100	Other (General retailing)	49.0	Interlocking of officers
Ginza 6-chome Kaihatsu Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	5,595	Developer Business (Services related to the acquisition of specified assets and their management and disposal, etc.)	33.3 [33.3]	
HMK LOGI SERVICE Co., Ltd.	Chuo-ku, Osaka	34	Other (Freight transportation)	32.4 [32.4]	
Wakamiya Park Co., Ltd.	Naka-ku, Nagoya	1,063	Other (Parking)	20.9 [20.9]	
Yaesu shopping mall Co., Ltd.	Chuo-ku, Tokyo	100	Developer Business (Real estate leasing and tenant leasing)	28.3 [28.3]	
Apparel-web, Inc.	Chuo-ku, Tokyo	100	Developer Business	20.3 [20.3]	
SAN-A PARCO, Inc.	Ginowan, Okinawa	10	SC Business	49.0 [49.0]	
Shinsaibashi Kaihatsu Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	2,563	Developer Business (Real estate development and investment)	38.9 [38.9]	

Notes:
1. The names in the “Major businesses” column are the segment names.
2. The figures in brackets in the “Ratio of voting rights holding (held)” column indicate the percentage of indirect ownership.
3. Falls under the category of specified subsidiary.
4. For Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd., the ratio of sales revenue (excluding internal sales revenue among consolidated companies) to consolidated sales revenue exceeds 10%. The main profit and loss information of Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd. is as follows:

(Millions of yen)

		Daimaru Matsuzakaya Department Stores Co. Ltd.	PARCO Co., Ltd.
(i)	Sales revenue	198,370	61,360
(ii)	Profit before tax	6,640	3,226
(iii)	Profit	6,114	3,074
(iv)	Total equity	139,299	141,192
(v)	Total assets	434,474	410,712

5. Information about employees

(1) Consolidated companies

As of February 28, 2023

Segment name	Number of employees (Persons)	
Department Store Business	2,884	[1,390]
SC Business	494	[112]
Developer Business	843	[382]
Payment and Finance Business	211	[30]
Other	532	[213]
Corporate (shared)	151	[16]
Total	5,115	[2,143]

Notes: 1. The number of employees indicates the number of working employees.

2. Figures in brackets in the "Number of employees" column (not included in number of employees) represent dedicated employees and fixed-term employees.

(2) Reporting company

As of February 28, 2023

Number of employees (Persons)		Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
151	[16]	49.0	17.7	7,588,999

Segment name	Number of employees (Persons)	
Corporate (shared)	151	[16]
Total	151	[16]

Notes: 1. The number of employees indicates the number of working employees.

2. Average annual salary includes bonuses and surplus wages.

3. Figures in brackets in the "Number of employees" column (not included in number of employees) represent dedicated employees and fixed-term employees.

4. The Company's employees are seconded from Daimaru Matsuzakaya Department Stores Co. Ltd. and other Group companies. The average years of service of employees is calculated by aggregating the employees' number of years of service at each company.

(3) Status of labor union

The Group includes the J. Front Retailing Group Federation of Labor Union, which is a member of UA ZENSEN.

As the relationship between the Company and the union is favorable and based on mutual trust, there are no significant matters to report.

II. Overview of Business

1. Management policy, management environment, issues to be addressed, etc.

Forward-looking statements in this Annual Securities Report are based on the Company's management decisions and forecasts made according to information available as of the filing date of this document (May 26, 2023).

(1) Management policy

Under a holding company structure, the Group will strive to enhance the competitiveness and profitability of the Department Store Business, the SC Business and all constituent companies by optimizing and making effective use of management resources, including the store network and customer bases of Daimaru, Matsuzakaya and PARCO, as well as responding appropriately to changing times, maximizing customer satisfaction and operating in the most efficient way.

In addition, with the aim of realizing the Group Vision "Create and Bring to Life 'New Happiness,'" we will restructure our business portfolio by allocating resources to areas with greater potential so that it consists of highly competitive and profitable businesses in a balanced manner.

(2) Management target

On April 13, 2021, the Group formulated the FY2021-FY2023 Medium-term Business Plan.

1. Key performance indicator targets

ROIC (Return on Invested Capital) will be applied as the indicator to manage the capital's profitability from this medium-term business plan.

For fiscal 2023, we will aim to achieve consolidated operating profit of ¥38,500 million, profit/equity attributable to owners of parent (ROE) of 7%, and Return on Invested Capital (ROIC) of 4.6%. In addition, as sustainability targets, we will aim to achieve a reduction in greenhouse gas (GHG) emissions of 40% and a ratio of women in management positions of 26%.

2. Financial policy

We will generate operating cash flow of ¥190,000 million or more (including depreciation of right-of-use assets) over three years, ¥60,000 million of which will be injected into the growth and capital investments. Until fiscal 2023, investment allocation will be made giving priority to projects that contribute to profit and the "developer strategy."

We will reduce interest-bearing debt (excluding lease liabilities) to ¥225,000 million by the end of fiscal 2023.

We will provide shareholder returns on the basis of maintaining a consolidated dividend payout ratio of at least 30% and also consider the option of purchasing treasury shares as appropriate.

(3) Priority operational and financial issues that the Company should address

Two years have passed since the start of the Medium-term Business Plan (FY2021-FY2023), which positions sustainability at the core of management.

In fiscal 2022, as the impact of the repeated spread of COVID-19 and restrictions on movement diminished, we transitioned to offense-oriented management and promoted concentrated investment and management structure reforms based on our key strategies. As a result of these efforts, mainly from the middle of the fiscal year onward, revenue steadily began to recover, and we reduced interest-bearing liabilities, improving our financial standing.

The environment surrounding our business is becoming increasingly uncertain due to the emergence of geopolitical risk, rising global inflation, and growing concerns over an economic slowdown due to prolonged supply constraints even though social and economic activities continue to normalize. In addition to "changes in consumer behavior due to COVID-19" and "decline of existing business models," we are aware of the need to respond to these risks from both short-term and medium- to long-term perspectives.

In fiscal 2023, the final year of the Medium-term Business Plan, we will accelerate the implementation of key strategies and measures in each business in order to surely capture domestic spending and inbound demand, which are beginning to recover, and achieve a “prompt recovery in earnings power.” Furthermore, given the highly uncertain business environment, we will further reduce fixed costs in our management structure reforms, compared to the initial plan, and thoroughly manage variable costs and other expenses.

In terms of our performance targets for fiscal 2023, we set our operating profit targets very carefully at the start of the period as we expect utilities costs to surge greater than initially expected and we must carefully identify trends in domestic spending and inbound demand. Considering the future changes in the business environment, we aim to achieve the performance targets. Considering the future changes in the business environment, we aim to achieve the performance targets in the Medium-term Business Plan by steadily promoting our individual strategies and policies.

Furthermore, amid accelerating changes in spending behavior caused by the COVID-19 pandemic, the importance of business portfolio transformation has grown. Against this backdrop, with sustainability at the core of management, we will establish a future vision for the Group with an eye to 2030 and set a clear trajectory toward regrowth, including transforming the business models of existing businesses, business growth in non-commercial fields, and the creation of new businesses. In addition, based on these medium- to long-term strategies, we will begin formulating our next Medium-term Business Plan that starts in fiscal 2024.

(1) Accelerating the promotion of key strategies and management structure reforms aimed at a “prompt recovery in earnings power”

1) Real x Digital Strategy

We are working to increase the attractiveness of flagship stores through concentrated investments and to strengthen our online business with digital technologies.

Furthermore, we are working to expand the Group’s customer base by promoting the mutual exchange of customers in our key areas, such as Nagoya and Shinsaibashi, to integrate and use the Group’s customer database.

(i) Increase the attractiveness of stores

・ To establish competitive superiority in each region, we are further strengthening key categories that customers strongly support in our Department Store Business and enhancing unique promotions and events. Meanwhile, we are accelerating our response to market changes by developing new content, with a focus on beauty, health, and the environment, while streamlining sales floors that handle practical merchandise.

・ In addition to concentrated investments in our flagship stores, including Shibuya, Ikebukuro, Nagoya, and Shinsaibashi PARCO, we are developing sales floors with new, fun experiences and enhancing our information dissemination in Japan and overseas to increase the value of visiting our stores. We are also opening new community-based commercial facilities.

(ii) Strengthen online business

・ In addition to expanding the products and brands on department store websites and cosmetics media commerce, we will strengthen our business activities from a CSV perspective by launching a men’s line service in our fashion subscription business and expanding sales channels for regional products using the online platform.

・ In the SC Business, we are updating our existing online stores, expanding our shops and sales menus, increasing customer and shop convenience by responding to cross-border EC, and providing high value-added services.

2) Prime Life Strategy

To strengthen our response to the affluent market segment, we are evolving our customer polices by working to expand our customer base, develop new content, and use diverse points of customer contact, including stores, gaisho and websites.

(i) Expand the customer base

- In the Department Store Business, we are expanding our customer base through partnerships with other companies, online enrollments, and promoting member registration on dedicated customer websites while also transforming visitors to Japan into regular customers through the use of our app.

(ii) Develop new products and services

- In the Department Store Business, we are creating rare content and services that increase royalties in addition to further strengthening our mainstay categories. Also, in the Payment and Finance Business, we are developing and providing financial services tailored to the life stages of customers through business partnerships with other companies.

(iii) Evolve customer policies

- We are strengthening our sales activities using digital technologies, including a dedicated customer website and online customer approach, while evolving our CRM by expanding the scope of our data analysis and use.

3) Developer Strategy

In addition to promoting large-scale development projects in key areas, we are effectively using our real estate holdings and strengthening our business foundation.

Furthermore, under our new business promotion framework launched in March of this year, we are formulating and promoting long-term development plans centered in the key areas* of seven cities in which the Company maintains its business foundation from the standpoints of Group-wide optimization and advanced utilization of asset holdings.

* Sapporo, Tokyo, Nagoya, Kyoto, Osaka, Kobe, and Fukuoka

(i) Promote large-scale development projects in key areas

- In addition to our large-scale development projects in Nagoya’s Sakae area and Osaka’s Shinsaibashi, we are advancing the Tenjin 2-chome South Block Station-front East West Street Area Project (tentative name) through cooperation with the region and other companies.

(ii) Effectively use real estate holdings

- We will contribute to earnings by developing and completing residential properties that match the characteristics of real estate holdings.

(iii) Strengthen business foundations

- We will work to strengthen our business foundations by undertaking asset replacement and establishing a consignment framework for the asset management business.

4) Management structure reforms

Regarding fixed cost reductions, we are working to generate greater benefits than initially planned. Additionally, we are working to thoroughly manage variable costs as utility costs continue to surge greater than expected.

(i) Reduction of fixed costs

- In addition to the effect of the ongoing organizational and personnel structure reforms, Group-wide purchasing, and a review of rental properties, we will further review cost structure reforms, including a review of outsourcing areas and streamline back-office operations.

(ii) Increase management efficiency and asset efficiency

- With an eye to “regrowth” from fiscal 2024 onward, we will work to improve management efficiency by refining our business foundation, based on future prospects, growth potential, and earnings potential based on invested capital, and improve asset efficiency by assessing non-business assets.

(2) Clarifying the future vision for the Group toward 2030 and the trajectory toward “regrowth”

As the use of digital technologies in everyday life progresses, driven by the COVID-19 pandemic, consumer behavior is changing at an accelerated pace with a renewed awareness of the value of real-life experiences, such as connecting with people and local communities, sharing places, spaces and emotions, and a heightened awareness of social and environmental issues.

As ways of living and enjoying life diversify for our customers, we have established a future vision for the Group toward 2030 to “realize a sustainable society and new happiness in life” and are working to resolve social issues through our businesses and create new value not bound by our existing business sectors, products, or services.

To achieve these goals, we will make full use of our management resources, including store assets owned by the Company, customers and regions, supplier connections, and our business expertise. We will also formulate medium- to long-term strategies and our next Medium-term Business Plan aimed at “regrowth” by transforming the business models of existing businesses, growing businesses in noncommercial sectors, and creating new businesses.

<Management issues and direction toward “regrowth”>

1) Business model transformation of existing businesses

To transform the business models of our Department Store Business and SC Business, we will expand our customer base through customer exchanges in key areas and improve services for overseas customers and next-generation customers. We will also work on developing new businesses aimed at creating environmental and social value.

2) Business growth in non-commercial fields

In our Developer Business, we will formulate and promote long-term strategies, such as long-term development plans in key areas, expansion of the construction and interior design business, asset replacement, and diversification of earnings through asset management, with the aim of proposing diverse urban lifestyles and contributing to the development of attractive urban areas.

In our Payment and Finance Business, we will rebuild the growth strategy in our finance business by efforts that include creating a plan to establish a Group payment infrastructure and developing high value-added services using customer data.

3) Creating new businesses

We are developing and entering businesses with expectations for future growth, such as e-sports and subscription businesses. Moreover, by combining physical stores and virtual spaces, we are providing new experiences for our customers as we use digital technologies to create new businesses.

Furthermore, to increase the efficacy of these strategies, we are utilizing diverse knowledge from inside and outside the Company, including partnering with regions and other companies, business acquisitions, and business co-creation with the CVC fund.

(3) Strengthen management foundations for achievement of medium- to long-term growth

We are working to strengthen management foundations for our Group vision with an eye to 2030 and increase the effectiveness of our business portfolio transformation. In particular, to realize the sustainability management that the Company aims for, we are promoting "human capital management" for the sustainable growth of our people and organizations by proactively promoting diversity and focusing investment on the human resources that create new value.

1) Group human resource strategy

We are strengthening recruitment and developing the skills of highly specialized, talented employees, developing the human resources responsible for the next generation, and encouraging the active participation of women. Additionally, we are strengthening investment in human resources, both in the placement of individual personnel in positions that develop motivation and latent capabilities and in reskilling.

Furthermore, with an eye to the future vision of the Group and business portfolio transformation, we are formulating development, hiring, and placement policies based on the visualization of the required human resources and capabilities. We are also accelerating the promotion of our personnel strategy linked to our management strategy, including increasing employee engagement.

2) Group financial strategy

Aiming at business portfolio transformation and realizing growth deriving from profitability in each business, we are working to enhance the sophistication of the Group's management and administration by formulating a plan to improve return on invested capital (ROIC) through coordination with each business and disseminating it internally. Furthermore, in light of trends in the capital markets, we are working to strengthen our financial standing by creating operating cash flow, securing strategic investment capital, and controlling interest-bearing liabilities.

3) Group systems strategy

We will proceed with the introduction of the common Group accounting system, aimed at the sophistication of management and administration and the streamlining of operations in each company, in preparation for its full-fledged operation, which is scheduled for the next Medium-term Business Plan. Furthermore, from the standpoint of Group-wide optimization and strengthening the response to information security and business continuity, we are working to strengthen Group IT governance, including creating new networks and performing integrated management of investment plans and processes.

4) Strengthening corporate governance

With the goals of realizing medium- to long-term growth and enhancing corporate value, we are working to develop more sophisticated corporate governance practices by strengthening the oversight function of the Board of Directors and speeding up management decision-making and execution to transform our business portfolio.

2. Business risks

The matters recorded in the annual securities report concerning the overview of business, financial information, etc. include the following key risks that are recognized by the management as having the potential to exert a material impact on the financial position, operating results, and cash flows of consolidated companies.

Forward-looking statements in this Annual Securities Report represent the judgment of the Group as of the filing date of this document (May 26, 2023).

(1) Approach and system for risk management

・ Risk Management

The Group defines risk as “uncertainties that have both potentially positive and negative sides that could have an impact on the achievement of targets by a company’s management.” The Company has positioned risk management as “activity that increases corporate value by managing risks by reasonable and optimal methods from a companywide perspective” to achieve sustainable corporate growth by addressing the positive side and the negative side of risk properly.

・ Risk management system

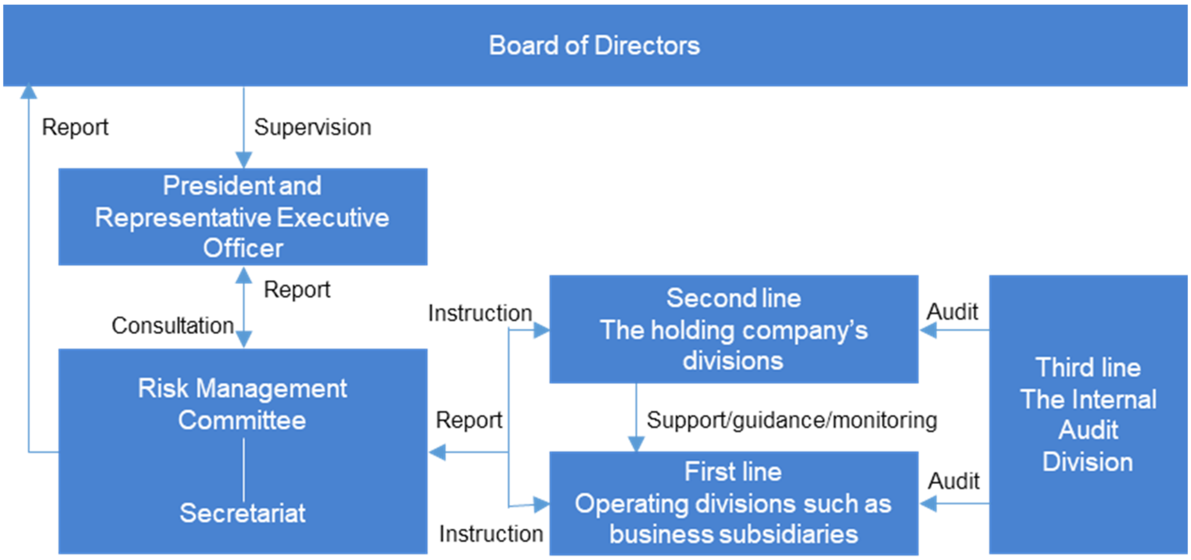
The Company has established the Risk Management Committee, which is chaired by the President and Representative Executive Officer and comprises Executive Officers and others, as an advisory body to the President and Representative Executive Officer. The committee discusses important matters, including risk identification and evaluation, and the determination of risks to be reflected in strategies, and utilizes risk management for management decision-making. The committee also reports details of its deliberations to the Board of Directors in a timely manner.

The committee has established a secretariat headed by an officer in charge of risk management. The secretariat shares important decisions of the committee with operating subsidiaries and promotes enterprise risk management (ERM). Moreover, by positioning risk as the starting point of strategy and linking it to strategy, we are striving to make risk management contribute to corporate value.

Furthermore, in order to effectively perform risk management, we have established the following three lines.

- First line (Operating divisions such as operating subsidiaries): These divisions identify risks and take the necessary measures on their own.
- Second line (The holding company’s divisions): Each division provides support, guidance, and monitoring regarding risk management from a perspective that is independent of the operating divisions.
- Third line (The Internal Audit Division): This division oversees the validity of the risk management functions and the internal control system from a perspective that is independent of the operating divisions and each division of a holding company.

Risk Management System

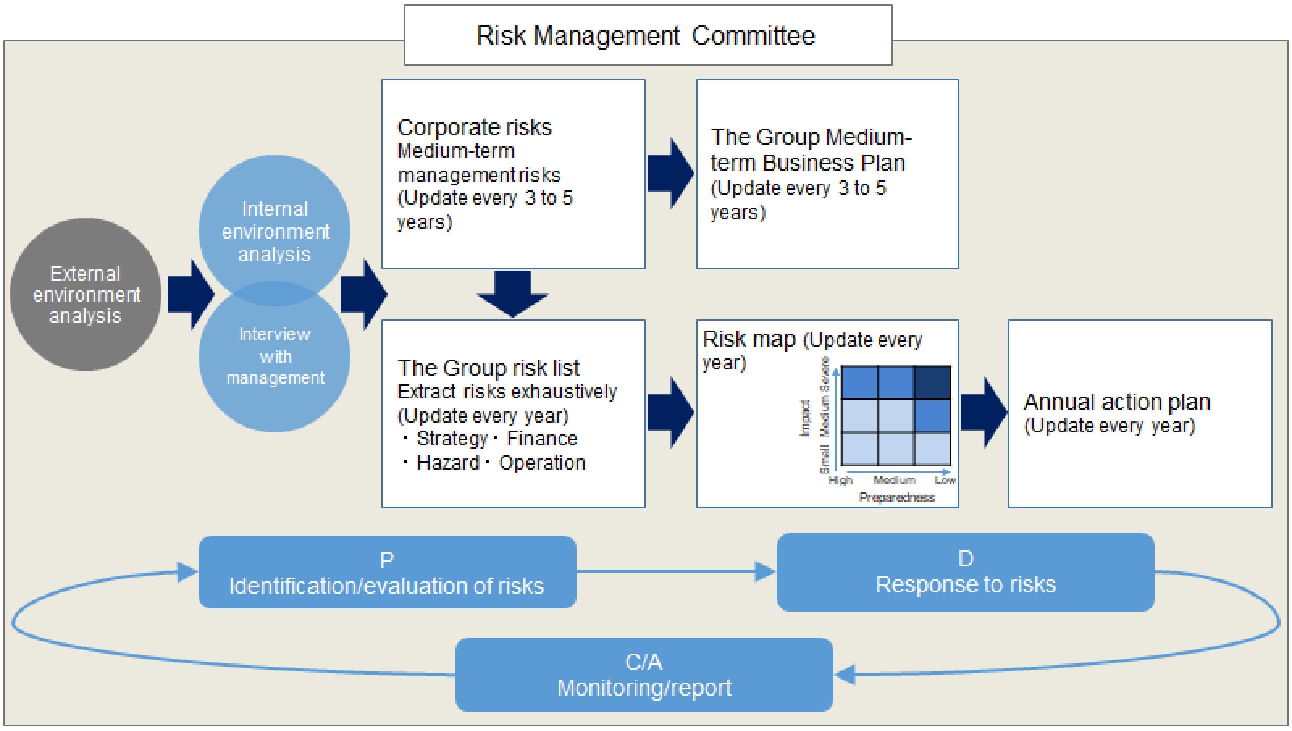


(2) Risk management process

The Group promotes risk management through the following processes. Specifically, we are striving to ensure that risks of high importance to the Group are not overlooked under the external and internal environmental analysis and are based on the recognition of Directors, the management team, and the persons responsible for practical operations.

Over the medium term, we have positioned “corporate risks” as having extremely high importance for the Group’s management and have used these as starting points for the Group Medium-term Business Plan.

Furthermore, the risks for the fiscal year identified from “corporate risks” are summarized in the Group risk list, evaluated using a risk map, then ranked by priority before implementing countermeasures. For “corporate risks” and the “JFR Group Risk List,” change in the environment surrounding risks and the progress of measures are monitored semiannually, and the Risk Management Committee discusses the matters and then reports their contents to the Board of Directors.



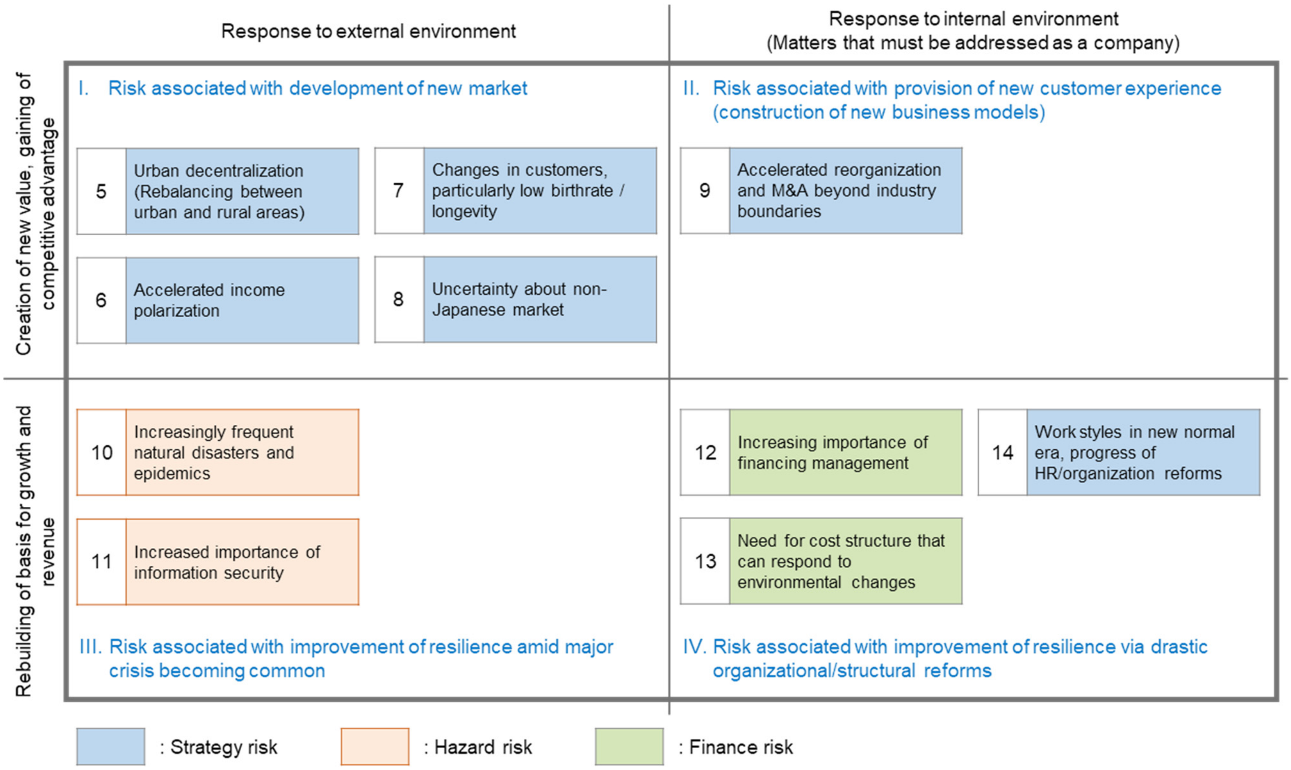
The chart below shows "corporate risks" that the Group has positioned as the most important risks that will affect growth and survival of the Group over the medium to long term.

Among these, "1. Advanced sustainability management," "2. Decline of existing business models," "3. Response to increasingly accelerated digitalization," and "4. Changes in consumer behavior after COVID-19" could potentially have an extremely large impact on our Group's management, and have therefore been positioned as risks to be addressed with the highest priority in the Medium-term Business Plan.

Risks that have an extremely large impact and are being addressed with the highest priority

1	Advanced sustainability management	2	Decline of existing business models	3	Response to increasingly accelerated digitalization	4	Changes in consumer behavior after COVID-19

"Corporate risks" other than the above risks



(3) Recognition of recent environmental changes and risks

The impact of COVID-19, which has caused unprecedented damage to the Group's management, has gradually lessened as the government has steered a course of both anti-virus measures and economic normalization. In fiscal 2023, as the classification of COVID-19 under the Infectious Disease Control Law was lowered to category 5, the same as seasonal influenza, and border measures for foreign travelers were abolished, restrictions on economic and social activities due to the COVID-19 pandemic were gradually eliminated, and the economy is steadily moving into a post-COVID phase, where the infection status does not affect the economy.

At the same time, the international community is facing high prices on a global scale, and policy rates have been raised, particularly in the U.S. and Europe. Although price hikes have slowed, due in part to the effects of these measures, the adverse effects of the interest rate hikes are becoming apparent, as several financial institutions have fallen into financial crises. In addition, geopolitical risks, such as the situation in Ukraine and the intensifying conflict between the U.S. and China, are increasing, and the Company recognizes that the unstable and uncertain situation will continue for the time being.

On the other hand, Japan has kept low interest rates for a full-fledged economic recovery, which contributed to the rapid depreciation of the yen in the last fiscal year. This yen depreciation is adding fuel to the high cost of living and is certainly dampening consumer sentiment. Although the yen's depreciation is coming to an end, prices remain high, and if this trend continues, personal consumption may not recover as expected.

Furthermore, if other countries fall into recession and asset prices, including stock prices, plummet, Japan will also be affected, leading to further stagnation in consumption, which may also affect operating results of the Group profoundly.

Thus, business activities will continue to be placed under pressure amid an uncertain future and an extremely adverse management environment this fiscal year.

For the last three years, the impact of COVID-19 has been further accelerating changes in consumer values, consumer behavior, what is required of the retail business, etc. People's values, lifestyles and consumer behavior, and even the way that cities function, are changing dramatically, and the Group cannot avoid evolving a new business model.

As a countermeasure based on the Medium-term Business Plan (FY2021-FY2023), the Company has promoted key strategies (Real x Digital Strategy, Prime Life Strategy, and Developer Strategy) for a "full recovery" from the COVID-19 crisis and "re-growth" beginning in fiscal 2024, as well as management structure reforms that strengthen the management foundation to support medium- to long-term growth. In addition, in order to transform our business portfolio, we will work on establishing a future vision for the Group and set a clear trajectory toward regrowth, including transforming the business models of existing businesses, business growth in non-commercial fields, and the creation of new businesses, and will strengthen management foundations for the achievement of medium- to long-term growth as well as accelerate key strategies and management structure reforms aimed at a "prompt recovery in earnings power."

As awareness of sustainable community and society is increasing due to the COVID-19 pandemic, many companies are also trying to redefine their existence. Fortunately, the Group has the corporate credos leading to sustainable management of "Service before profit" and "Abjure All Evil and Practice All Good," which have been kept for 300 to 400 years, and will continue to move ahead steadily towards sustainable growth going forward.

The corporate risks revised based on the environmental changes described above are considered risks that could have an impact on your investment and other decisions as of the filing date of the annual securities report. In line with the Group's risk definition (uncertainties that have both potentially positive and negative sides that could have an impact on the achievement of targets by a company's management), we present our risk recognition and countermeasures on the following pages.

1	Advanced sustainability management		
Impact	Very severe	Outlook for the future (*)	↑
The Company’s risk recognition	Amid increasing uncertainty about the environment surrounding companies due to the worsening of global environmental problems, such as global warming and ocean pollution, loss of biodiversity, and issues over human rights in supply chains, etc., demands for sustainability management are of high importance to us and are positioned as one of the highest priorities. We believe that stakeholders’ expectations are for how the Company contributes to the realization of a sustainable society as a corporation, and the Company cannot even achieve its own sustainable growth without initiatives that meet these expectations.		
Negative side	• Defection of stakeholders and lower rating and brand power		
Positive side	• Sustainable growth and improvement of the Group’s presence		
Measures	The Group’s sustainability management is to practice CSV (Creating Shared Value), which is to solve social issues through business and to achieve corporate profits at the same time. The Group has identified seven materiality issues (important issues)* and is working on corresponding measures in order to realize the “Well-Being Life” of stakeholders. * “Realization of decarbonized society,” “Promotion of circular economy,” “Management of the entire supply chain,” “Realization of customers’ healthy/safe/secure lives,” “Coexistence with local communities,” “Promotion of diversity & inclusion,” and “Realization of work-life integration” As for environmental issues and human rights issues, we need to proactively work to solve these issues as our basic corporate attitude. On the other hand, it is also possible to create both social and economic value at the same time by finding business chances in the above materiality issues, including resolution of such issues. The Group will practice CSV by discovering potential needs to solve social issues and create added value in cooperation with many customers, local communities, suppliers, etc. who the Group meets through its businesses. In anticipation of the growth of the circular economy, the Company expanded the fashion subscription business (the fixed-fee fashion rental service). As part of its efforts to coexist with local communities, the Company worked with local communities and partners to develop the area and promote local production for local consumption, thereby creating bustling towns and enhancing the attractiveness of the area. We will continue to create new value with an eye to the future vision of the Group to realize the Well-Being Life of stakeholders.		

(*) Prospect of changes in risks during the Medium-term Business Plan period, which takes into account the impact on the Group, relevant measures, and others

2	Decline of existing business models		
Impact	Very severe	Outlook for the future	↑
The Company's risk recognition	Each business of the Group is centered on in-person business models. In-person businesses have faced significant restrictions because of COVID-19, and the changes in customers, suppliers, etc. that occurred during this period had a very significant impact on the environment surrounding our existing business model. To avoid this impact, it is essential to change the business model and shift to a business portfolio that is not overly dependent on core businesses.		
Negative side	• Decreased vitality of the entire Group due to weak performance of large-scale store-based retail business		
Positive side	• Regrowth by radical change of the business model of large-scale store-based retail business		
Measures	In response to changes in the environment surrounding its existing business models, the Group is promoting its efforts in the following directions. The first one is digitalizing customer contact points. By expanding app membership, the Company will not be limited to card customers and will provide information optimized for each customer. We are working to overcome the weaknesses of traditional in-person businesses by having customers and sales staff connect digitally, which is not constrained by place and time, and offering similar value-added services to physical stores. In addition, we analyze data on behaviors, which are obtained through digital contact points, to improve the accuracy of marketing. Furthermore, to meet customers' need to shop any time they choose, we are improving UX (experience value) and strengthening OMO (merging physical stores with online) by renewing our online store. The second one is reviewing the role of stores. Stores in city areas enable us to provide various values, including encounters with real experiences and something new and connections with people other than sales of goods. During the current fiscal year, we introduced amusement elements and held original mobilization events that attracted many customers to our stores. We have continued to enhance the media function for communicating various types of information by taking advantage of favorable locations, the gallery function for introducing high-value goods and services, entertainment functions, and solutions functions among others and strive to realize increases in the attractiveness of stores and diversification of revenue. The third one is strengthening our Developer Business, the Payment and Finance Business, and developing new businesses in order to shift to a business portfolio less dependent on the Department Store Business and SC Business. We will work on business development through alliances and collaboration with other companies utilizing the newly established CVC "JFR MIRAI CREATORS FUND" and M&A. We will ensure a trajectory toward full recovery and regrowth of our businesses by promoting these changes at a rapid pace.		

<table>
<tr><td>3</td><td colspan="4">Response to increasingly accelerated digitalization</td></tr>
<tr><td colspan="2">Impact</td><td>Very severe</td><td>Outlook for the future</td><td></td></tr>
<tr><td colspan="2">The Company’s risk recognition</td><td colspan="3">Changes in consumer behavior due to digital shifts, such as progress in the promotion of e-commerce, have increased the need for changing from businesses that rely on traditional physical stores and the establishment of business models in new business fields.
We think that the way and speed of responding to digitalization and the development of human resources to support this process affect growth of the Group as a whole and thus are important and at the same time are also vital in improving the productivity of operations.</td></tr>
<tr><td colspan="2">Negative side</td><td colspan="3">• Sluggish growth of the entire Group
• Declining competitiveness due to delay in digitalization</td></tr>
<tr><td colspan="2">Positive side</td><td colspan="3">• Changing the business models through the use of digitalization
• More efficient operations and going paperless</td></tr>
<tr><td colspan="2">Measures</td><td colspan="3">As a measure to respond to digitalization, we promoted the use of integrated databases for more sophisticated marketing and the establishment of new business models through the use of technology. Furthermore, we are actively investing in companies related to the metaverse and WEB 3.0 and are working on NFT at PARCO, and we hope these will work within the Group’s existing businesses and create new businesses in the future.

From the perspective of improving work productivity, we relocated the office and equipped it with booths suitable for remote meetings and better internet connections, etc. so that the quality and quantity of communication have been improved for remote work.

From the perspective of digital human resource development, we have begun training data analysts and digital designers to strengthen the data utilization and business design necessary to support the realization of the three strategies set forth in the JFR Group Digital Strategy, which aims to contribute to the three strategies by implementing customer data-driven management.

(*1) Metaverse: A word coined from “meta (transcending)” and “universe.” All service products that enable virtual spaces and communications there.

WEB 3.0: A new decentralized web world that is about to be realized, mainly by block chain technologies

NFT: Non-Fungible Token. A technology that proves uniqueness through the use of block chain technologies.</td></tr>
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<table>
<tr><td>4</td><td colspan="4">Changes in consumer behavior after COVID-19</td></tr>
<tr><td colspan="2">Impact</td><td>Very severe</td><td>Outlook for the future</td><td>↑</td></tr>
<tr><td colspan="2">The Company’s risk recognition</td><td colspan="3">On May 8, 2023, the classification of COVID-19 under the Infectious Disease Control Law was changed to category 5, the same as seasonal influenza, and we believe that the restrictions on economic and social activities will begin to dissolve, gradually reducing the impact on the economy. The COVID-19 pandemic has triggered a shift in values that emphasize “what one wants to be,” consumer behavior that places importance on contributing to social value, and consumers are becoming more and more sustainability-oriented, and the sharing economy market is expanding.

The Group operates businesses that handle a diverse range of products and services, which means it is important to pay careful attention to the direction of consumption after COVID-19 and find out how to adapt to such consumption to operate businesses.

If the sudden materialization of risks, such as the inability to adapt to changing consumer behavior and needs, accompanied by a rapid deterioration in business results necessitated the impairment of non-current liabilities or a write-down of deferred tax assets, there is an accounting and tax risk that could have a further negative impact on the Company’s operating results and financial position.</td></tr>
<tr><td colspan="2">Negative side
Positive side</td><td colspan="3">• Defection of customers due to failure to meet consumer needs
• New market creation</td></tr>
<tr><td colspan="2">Measures</td><td colspan="3">The Group is considering businesses that respond to the rise of the value of putting emphasis on “what one wants to be.” For example, the cosmetics OMO shopping site DEPACO has reopened as “media commerce” that combines EC and media functions. The structure allows customers to shop conveniently by navigating around the same site while obtaining useful information through the media. We will continue to promote OMOs that contribute to making the customer shopping experience more attractive and convenient. In addition, things such as luxury products, watches, and art, whose own value and backgrounds are linked to a rich lifestyle, have been well received by customers, and sales are steadily expanding.

To respond to the consumer behavior that gives importance to contributing to social value, we focus on the development of products and services based on the theme of “sustainable.” As part of the circular economy initiative, AnotherADdress, a fashion subscription business, launched a men’s line in March 2023, and it will be further promoted. We also promote co-creation with local stakeholders and the spread of local attractions through collaborations with small- and medium-sized enterprises as a way to contribute to the local community.

Impairment of non-current assets, which is an accounting and taxation risk, is based on our business plan for the estimation of future cash flows, and valuation of the recoverability of deferred tax assets is based on our business plan for estimating future taxable income. Thus, we revise our plan as necessary to maintain its accuracy.</td></tr>
</table>

■Strategy risk

5	Urban decentralization (Rebalancing between urban and rural areas) Impact: Severe Outlook for the future 
Risk recognition	• The Group’s real estate holdings are dispersed throughout Japan, and therefore the Group recognizes the characteristics and trends of each location are important risks to be monitored constantly in its business operations. • As many cities are facing a period of infrastructure renewal, and as they seek to create attractive cities in anticipation of future population declines, we believe that if we can capture the characteristics of these cities and contribute to urban development, we can achieve both regional development and expansion of the JFR Group’s earnings.
Measures	• In October 2022, as part of the reorganization of the Developer Business, we announced the establishment of a new developer company, J. FRONT CITY DEVELOPMENT Co., Ltd., directly under the Company, which started operations in March 2023. • In addition, in order to promote prompt and smooth strategic utilization of real estate owned by Group companies, CRE Strategy Unit was newly established in the Company in March 2023, and the functions of CRE Planning Division under the Management Strategy Unit were transferred to this unit. • Through the above organizational restructuring, we will be able to make more agile and prompt decisions than ever before, from the perspective of overall Group optimization for the medium to long term, and will promote coexistence with the local community and attractive urban developments.

6	Accelerated income polarization Impact: Severe Outlook for the future 
Risk recognition	• The impacts of high prices caused by Russia’s invasion of Ukraine have been a shock to the middle class. Consumer behavior has become severe, making it even more difficult to capture demand. • Meanwhile, the number in the affluent class is increasing worldwide and in Japan as well. These include young adults and power couples, who have high purchasing power. • The key issue is how to capture and respond to the needs of each customer.
Measures	• We are revising and segmenting categorization of mass market products and services to an appropriate scale. • At the same time in the growing affluent market, we are strengthening categories in high demand, such as luxury products, art, and watches, to meet the needs of the affluent class. • We are strategically investing in renovations to enhance our target merchandise and increase our presence in contemporary art, as well as collaborating with galleries to offer rare and unique merchandise.

7	Changes in customers, particularly low birthrate / longevity Impact: Severe Outlook for the future 
Risk recognition	• The number of weddings in Japan is decreasing due to the COVID-19 pandemic, and the number of births reached a new record low in fiscal 2022. • The Kishida administration is considering drastic measures to increase the birthrate, but it will take a reasonable period of time before the results of these measures show up and become the bearers of consumption. • For the time being, we recognize that the Group’s strategy must be based on the premise of a society in which the population continues to decline and the aging of the population continues.
Measures	• As the market for children also polarizes in response to the falling birthrate and income polarization, the Group is concentrating its response on the high-quality children’s apparel and accessory market and on the education business. As part of this, the Group entered the education business with a special focus on English-language education. • On the other hand, as the “life shift (transition to an era of 100-year lifespans)” continues, the market of seniors who enjoy economic power is increasing. For senior gaisho customers, we are enhancing convenience by having online staff work closely with them to introduce and sell products.

8	Uncertainty about non-Japanese market Impact: Severe Outlook for the future 
Risk recognition	• Beginning in fiscal 2023, border measures for foreign travelers were eliminated. With the expected increase in Chinese travelers and regular flights to and from other countries, inbound consumption is expected to recover to pre-COVID levels in the near future. • Furthermore, the Japanese government has set a target of 60 million foreign visitors and 15 trillion yen in consumption for 2030, and inbound consumption is expected to grow over the medium to long term.
Measures	• At the Daimaru Shinsaibashi store, a VIP lounge dedicated to inbound customers has been established to strengthen the response. • In cross-border EC, we are also working to cultivate and discover new inbound hot-selling products through the introduction and sale of excellent Japanese beauty care products. • In addition, we are considering the possibility of developing and offering new content that is not limited to current product sales, such as luxury tours by a travel salon.

9	Accelerated reorganization and M&A beyond industry boundaries Impact: Severe Outlook for the future
Risk recognition	• M&A needs are increasing due to an increasing need for listed companies to select and concentrate their businesses, an increase in business succession needs due to the aging of business owners in non-listed companies, and an environment conducive to financing due to continuing fiscal easing, and we believe that M&As will increase even more in the future. • As stakeholder values change dramatically, M&As are certainly becoming more necessary and important, and we recognize this is a domain that we should focus on from the perspectives of both offense and defense.
Measures	• From an offensive perspective, the JFR Group has established a CVC and is practicing R&D reinforcement through capital and business alliances with startup companies. • In addition, we are making a full-scale entry into the e-sports business, which is expected to grow in the future, by acquiring XENOZ CO., Ltd., which operates the e-sports team SCARZ, and are making it a subsidiary. We are also working to create synergies with existing businesses, such as PARCO and department stores, and create new value. • From a defensive perspective, we will improve corporate value by selecting Group businesses and optimizing the allocation of management resources, thereby enhancing growth potential and capital efficiency.

14	Work styles in new normal era and progress of HR/organization reforms Impact: Severe Outlook for the future
Risk recognition	• As a shrinking workforce and the increasing mobility of employment are intensifying competition for professional and other human resources, acquiring human resources and improving the quality of human resources to support corporate growth are key issues for companies. • Companies are required to view human capital as "capital" and to continue to invest in maximizing its value in order to increase corporate value. It is also important to build an organization that enables human resources to fully realize their potential, and the advance of human resources and organizational reforms is a risk that is deeply connected with corporate management going forward.
Measures	• The Company will push to realize the Group Vision and strive to achieve Well-Being Life for our stakeholders, including employees, through visualizing its human capital based on "the principle of human resource strengths," which is the standard that we use for the Company's human resource evaluation, and investing effectively in human resources to realize the human resources vision necessary to execute the strategy • To secure and develop human resources, we are strengthening the recruitment of highly specialized personnel and promoting Group personnel exchanges through open recruitment, and we will invest resources with an emphasis on strengthening human resource development and education, including reskilling.

■Hazard risk

10	Frequent natural disasters / epidemics Impact: Very severe Outlook for the future 
Risk recognition	• The risk of huge earthquakes, such as the Nankai Trough earthquake or an earthquake directly under the Tokyo metropolitan area, is increasing. Natural disasters caused by extreme weather events, such as giant typhoons and torrential rains, are increasing in both frequency and scale of damage. • With regard to COVID-19, although the infection situation is expected to be under control and social activities are expected to normalize, there is a possibility of a similar pandemic, such as the spread of a new mutant strain or a new disease. • If such risks materialize and cause serious disruptions to business operations, such as human casualties, suspension of business activities, disruption of supply chains, or costs associated with facility renovations, the Group’s business performance and financial position could be affected.
Measures	• In response to natural disasters and other risks that threaten business continuity, we will develop a business continuity system from the perspective of securing key operations (funding and payment operations, etc.) and important infrastructure (systems, etc.) based on a business continuity plan and will strengthen the system by conducting periodic drills. • Based on an analysis of our response to COVID-19, in the event that a new infectious disease occurs in the future, the Company will respond based on its “New Infectious Disease Response Manual,” which stipulates items related to ensuring the safety of human life, minimizing the impact on business, and preparing systems during normal times. Furthermore, we will monitor infection trends, and if signs of spreading appear, we will analyze the impact according to multiple scenarios and respond dynamically.

11	Increasing importance of information security Impact: Severe Outlook for the future 
Risk recognition	・ While remote work has been established and operations using cloud computing and mobile devices are expanding, cyberattacks, unauthorized access, and other methods are rapidly diversifying and becoming more sophisticated, making the cyber risks surrounding the Group even more serious. In addition, the Group holds a large amount of customer and personal information, making it essential to introduce more robust systems and system security measures for storing and handling information. ・ The Group recognizes that information security is becoming more important and considers it a high priority risk. However, if risks, such as external leakage of critical information or large-scale service outages, were to materialize due to external attacks, human error, or inadequate management by contractors, the Group's performance and financial position could be affected, depending on the scale of the damage.
Measures	・ We will continue to upgrade and improve the Group's common system infrastructure, conduct the safe operation of our information systems, and establish highly robust security. Cyber incidents are becoming more diverse and complex year by year, and we believe that further initiatives are needed in both hard and soft measures. ・ We will promote the development of the Group's common system infrastructure, including the construction of a secure network and the expansion of a new authentication infrastructure (multi-factor authentication), and also promote the advancement of security operations, such as the enhancement of the monitoring system using new solutions and external monitoring services, the expansion of the scope of vulnerability management, and the improvement of the response quality, to prevent information leaks, etc. In addition, we will promote efforts to minimize risk by revising the Group security guidelines and strengthening the security incident response system. At the same time, we will improve security awareness and literacy by conducting incident response training for IT personnel and ongoing information security e-learning and targeted attack e-mail training for all employees.

■Finance risk

12 Increasing importance of financing management

Impact: Severe | Outlook for the future →

Risk recognition	・ With the change of the Bank of Japan's governor, we will need to closely monitor future changes in monetary policy and the funding environment. ・ Although we believe that the impact of COVID-19 on our business is subsiding and the need to urgently raise funds is diminishing, fund procurement management continues to be a risk, with significant impacts for building a management foundation for the overall growth of the Group.
Measures	・ Considering the characteristics of its business, the Company has traditionally raised a high percentage of its long-term funding at fixed interest rates and has introduced a system that prevents a sudden increase in interest payments due to rising interest rates or other significant short-term effects. ・ On the other hand, we expect large investments to be made in the future to promote growth strategies, and we see the possibility of an increase in interest expenses in terms of funding needs. In the new funding phase, we will work on measures to minimize financing costs by appropriately selecting funding measures.

13 Need for cost structure that can respond to environmental changes

Impact: Very severe | Outlook for the future ↗

Risk recognition	・ The Group's performance has been hit by changes in the environment, such as high prices for raw materials and commodities triggered by the invasion of Ukraine and a global economic slow-down, and the future impact of changes in social conditions on the Company is uncertain. ・ Under these circumstances, lowering the break-even point and transforming into a structure that can cope with environmental changes is an extremely important risk that will dictate the success or failure of our response because it will consolidate our business base and set us on a path to regrowth.
Measures	・ Cost reduction measures have included office reorganization and reviews of work styles, cost structure reforms such as outsourcing, reviews of the composition of required staff in each business, and strengthening the structure for managing expenses across the Group. ・ Going forward, in addition to promoting structural reforms focusing on fixed costs, we will also focus on reducing controllable expenses, particularly variable costs, in light of soaring energy prices and other factors and will implement cost-cutting measures that help secure profits.

List of Group “corporate risks”

Cate-gory	No.	Item	Impact	Outlook for the future (*)	Negative side	Positive side	Measures
Strategy risk	1	Advanced sustainability management	Very severe	↑	・Defection of stakeholders and lower rating and brand power	・Sustainable growth and improvement of the Group’s presence	・CSV practices that combine social and economic value ・Addressing materiality issues
	2	Decline of existing business models	Very severe	↑	・Decreased vitality of the entire Group due to weak performance of large-scale store-based retail business	・Regrowth by radical change of the business model of large-scale store-based retail business	・Digitalizing customer touch points ・Revising the role of stores ・Strengthen existing businesses and develop businesses to transform the business portfolio
	3	Response to increasingly accelerated digitalization	Very severe	↑	・Sluggish growth of the entire Group ・Declining competitiveness due to delay in digitalization	・Transformation of business model through use of digital technology ・More efficient operations and going paperless	・Utilization of integrated database ・Building business models in new markets, such as the metaverse ・Developing digital human resources
	4	Changes in consumer behavior after COVID-19	Very severe	↑	・Defection of customers due to failure to meet consumer needs	・New market creation	・OMO promotion that contributes to making the shopping experience more attractive and convenient ・Developing sustainable products and services ・Carrying out appropriate and timely revision of business plans
	5	Urban decentralization (Rebalancing between urban and rural areas)	Severe	↗	・Decline in conventional urban commercial facilities’ ability to attract customers	・Business development through contribution to urban needs and urban development	・Reorganization to promote the strategic use of group real estate promptly and smoothly ・Working with communities to propose diverse urban living and appealing local area developments through complex redevelopments
	6	Accelerating income polarization	Severe	↗	・Decrease in sales due to contraction of mass market	・Stimulation of new middle-class demand ・Development of new affluent market	・Revising and segmenting categorization of mass market products and services to an appropriate scale ・Strengthening categories that are in high demand, such as luxury products, art, and watches and offering rare and unique merchandise
	7	Changes in customers, particularly low birthrate / longevity	Severe	↗	・Shrinkage of domestic market scale	・Expansion of senior markets	・Intensively responding to high-quality children’s apparel and education business ・Increasing shopping convenience for senior customers and strengthening categories of interest to them, such as wellness
	8	Uncertainty about non-Japanese market	Severe	→	・Delay in recovery of inbound sales	・Recovery and expansion of inbound sales ・Capture of outside demand by development of EC and live commerce	・Dedicated lounge for inbound customers ・Cultivate and discover hot-selling products for inbound customers through cross-border EC ・Develop and prepare to offer new content, such as luxury tours
	9	Accelerated reorganization and M&A beyond industry boundaries	Severe	↗	・Hostile takeover of the Group	・Business portfolio realignment ・Entry into new businesses through M&A and synergies with existing businesses	・Selecting existing businesses and optimizing allocation of management resources ・Strengthen R&D through capital and business alliances with startup companies ・Full-scale entry into e-sports business
	14	Work styles in new normal era, progress of HR/organization reforms	Severe	↗	・Outflow of talented human resources, loss of competitiveness in attracting human resources ・Decrease in employee motivation	・Increase in employee engagement and organizational capability ・Promotion of business strategy; creation of innovation	・Realization of Well-Being Life of employees through investment in human resources based on “the principle of human resource capability” ・Improvement of environment for recruiting professional human resources, group personnel exchanges, and human resource education

Category	No.	Item	Impact	Outlook for the future (*)	Negative side	Positive side	Measures
Hazard risk	10	Frequent natural disasters / epidemics	Very severe	↗	・Damage to the lives of customers and employees ・Business continuity crisis	・Stable business operations	・Continuously implementing practical BCP training ・Conduct periodic reviews of business continuity plans ・Strengthening preparedness for new infectious diseases
	11	Increasing importance of information security	Severe	↗	・Occurrence of personal information leaks, lawsuits, and liability for damages, loss of social trust ・Delay/stagnation of operations	・Stable running of operations and systems ・Operation streamlining and promotion of remote work	・Develop and upgrade the Group's common system infrastructure ・Promoting sophistication of security operations and strengthening the response system ・Reviewing Group security guidelines and improving employee security awareness and understanding through training
Finance risk	12	Increasing importance of financing management	Severe	→	・Remaining high cost of capital	・Lowered cost of capital ・Support for promoting growth strategies	・Long-term funding at fixed interest rates ・Selection of appropriate financing measures during the new funding phase
	13	Need for cost structure that can respond to environmental changes	Very severe	↗	・Decline in profitability ・Curbs on investment	・Transformation of business portfolio ・Strengthen business foundations	・Reducing costs by office reorganization, staff composition reviews, and so forth ・Strengthen cost management system across the Group

(*) Changes to risks during the period of the Medium-term Business Plan are projected taking into account the severity of their impact on the Group and countermeasures.

: Risks that have an extremely heavy impact and are given priority

(4) Information disclosure in line with TCFD recommendations

(i) JFR Group's sustainability management goals

The Group has encountered a number of crises over its 300 to 400-year history. Each time we have faced these situations, we have returned to our Corporate Credo "Service before Profit" and "Abjure All Evil and Practice All Good." We have been able to carry out our business activities honestly while responding quickly to changes in our customers and society. This has led us to our current management. Companies cannot develop without coexisting with society. Today, it is essential for management to take a long-term perspective and create a vision of what the company should be for the future, one that will have a prominent presence in society. It is evident that we cannot conduct business activities while turning a blind eye to issues involving the environment, society and human rights. We believe we can obtain a framework for sustainable management for future growth by incorporating the concept of sustainability into our corporate and business strategies to solve such issues.

Based on this belief, the Medium-term Business Plan, which began in FY2021, clearly states the Company's commitment to resolving social issues through business activities, with sustainability at the core of its management based on the Corporate Credo. For each of the seven materiality issues we have identified, we will seize both risks and opportunities, and by creating business opportunities, we will practice CSV (Creating Shared Value) that balances social value and economic value and realize a "Well-Being Life" for all stakeholders, including customers, employees, and suppliers. (Figure 1, Table 1)

Figure 1: Overview of sustainability management

Table 1: Seven materiality issues addressed by the JFR Group

Materiality issues	FY2030 targets	JFR Group's commitment to realizing a sustainable society
Realization of decarbonized society	Leading a carbon-free society and creating a global climate for the next generation	In order to pass on the irreplaceable environment of the earth to the next generation, we will contribute to the realization of a decarbonized society by working together as one to expand procurement of renewable energy and rigorously implement energy-saving measures, etc.
Promotion of circular economy	Realizing a sustainable global environment for the future and growth as a company through the promotion of a circular economy	We will cooperate with our suppliers and customers to create innovative business models for generating new environmental value and capture competitive advantages in the circular economy.
Management of the entire supply chain	Realizing sustainable supply chain created along with suppliers	We will share our thinking on sustainability with our suppliers and work together with them to fulfill our social responsibilities, thereby contributing to the creation of a sustainable society for the future through our entire supply chain.
	Realizing decarbonization throughout the entire supply chain created along with suppliers	We will engage in procurement, etc. of environmentally considerate products and services with our suppliers while also working to shift to renewable energy and energy saving so that we can contribute to the realization of a decarbonized society throughout the entire supply chain.
	Realizing Well-Being in which we, along with suppliers, protect the human rights and health of the people working in the supply chain	We will work with our suppliers to create workplace environments where the human rights of workers in our supply chain are protected and where they can continue to work in good health.
Coexistence with local communities	Working together with local communities to create prosperous, future-oriented communities where people gather, centered on our stores	We will contribute to the creation of sustainable communities that utilize local assets by working with local communities, governments, NGOs and NPOs, centered on our stores. Moreover, we will provide exciting new experiences for the people who gather in communities by discovering and communicating the appeal of the local region.
Realization of customers' healthy/safe/secure lives	Realizing a future-oriented Well-Being Life that satisfies the mind and body of customers	We will offer high-quality, comfortable products and services that help our customers live healthy and secure lives in mind, body, and spirit, thereby providing them with Well-Being suited just for them and an exciting and fulfilling future.
	Creating safe, secure, and resilient stores with an eye on the future	We will increase the resilience of our stores by addressing disaster-prevention and epidemic risks and business continuity plans (BCPs). At the same time, we will build operations that make use of digital technology to create new customer contact points that are safe and secure as we promote store development that meet society's expectations.

Materiality issues	FY2030 targets	JFR Group's commitment to realizing a sustainable society
Promotion of diversity & inclusion	Realizing a highly diversified society where everyone recognizes each other's diversity and flexibly demonstrates his/her individuality	Based on the themes of diversity and flexibility, we will value the individuality and perspectives of all our stakeholders, which form the essence of diversity, and create a company where diverse abilities can be demonstrated. We will also aim to grow our business in line with diverse expectations of customers by driving innovation through the mutual interaction and complementary functions of diverse individualities and abilities (inclusion).
Realization of work-life integration	Realizing Well-Being for the employees and their families through new work styles for the future to realize diversity and flexibility	We will promote new ways of working in the new normal era, which reflect the concepts of diversity and flexibility, while at the same time maintaining mental and physical health. This will realize the Well-Being of our employees and their families, leading to improved productivity in our organization.

(ii) Initiatives Towards Realizing “JFR Group 2050 Net Zero”

Recently, climate change has progressed to an extremely serious level, endangering not only future generations but all people, including the present generation.

The Intergovernmental Panel on Climate Change (IPCC) provided a scientific indicator in its 1.5°C special report in 2018, which stated that it is necessary to reach net zero[*1] emissions by 2050 in order to achieve the 1.5°C target. Meanwhile, in 2021 the Science Based Targets initiative (SBTi)[*2] announced a new corporate net zero standard based on scientific findings. Now, companies cannot afford to overlook the need to reach net zero by 2050 at the latest in order to achieve the 1.5°C target.

In light of the above social situation, the JFR Group has positioned climate change as a key issue in sustainability management, and is taking measures to address the risks and opportunities associated with climate change, which will have a significant impact on its business strategy. The Group obtained certification from SBTi in 2019 for its Scope 1, 2, and 3 greenhouse gas (GHG) emissions reduction targets. In 2021, we raised our 2030 Scope 1 and 2 GHG emission targets from the previous 40% reduction to a 60% reduction compared with FY2017 (the base year) and reacquired certification for the 1.5°C target that is the new standard set by the SBTi. In February 2023, we also obtained certification for “Net Zero Target” by 2050 for Scope 1, 2, and 3 GHG emissions.

The Group is committed to both “Realization of decarbonized society” and “Promotion of circular economy,” as stated in the Materiality (Table 1), and aims to achieve net zero emissions across its entire value chain by 2050.

Specifically, we will work to reduce Scope 1 and 2 GHG emissions through intense energy conservation and increased use of renewable energy in our stores, and to reduce Scope 3 GHG emissions through cooperation with suppliers and customers, while promoting initiatives such as strengthening 3Rs and expanding circular businesses.

*1 To thoroughly reduce GHG emissions and reduce the remaining emissions to virtually zero after subtracting the amount of emissions removed through forest absorption and CCS (CO_2 capture and storage), etc.

*2 Established in 2014 by the collaboration of CDP, the UN Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to enable companies to set ambitious emission reduction targets in line with the latest climate science

(iii) Information disclosure in line with the four disclosure items recommended by the TCFD

In 2019, the Group endorsed the final report of the Task Force on Climate-Related Disclosures (TCFD recommendations). The TCFD recommendations are a common global framework for comparable climate-related disclosures, recommending companies to disclose information in line with four items: governance, risk management, strategy, and metrics and targets. (Table 2)

The Group uses the TCFD recommendations as a guideline for verifying the appropriateness of its climate change response and conducts proactive dialogues with institutional investors to ensure effective disclosure of information.

Table 2: Four Disclosure Items Required of Companies by the TCFD Recommendations

Disclosure items		Specific disclosures
Governance	(a)	Process by which the Board of Directors receives reports on climate-related issues, the frequency with which these issues are tabled for discussion, and monitored items
	(b)	Responsibility of management for climate-related issues, the process for receiving reports, and the method of monitoring
Risk management	(a)	Detailed processes for identifying and assessing climate-related risks
	(b)	Detailed processes for the management of important climate-related risks
	(c)	How the processes are integrated into the organization's overall risk management
Strategy	(a)	Detailed risks and opportunities the organization has identified over the short, medium and long term
	(b)	Description of risks and opportunities and their degree of impact on the organization's business, strategy and financial planning
	(c)	Risks, opportunities and financial impacts based on relevant scenarios and strategies and resilience against them
Metrics and targets	(a)	The metrics used to manage climate-related risks and opportunities
	(b)	GHG emissions (Scope 1, 2 and 3)
	(c)	The targets used by the organization to manage climate-related risks and opportunities and performance against targets

Source: Recommendations of the "Task Force on Climate-related Financial Disclosures (final report)" (2017)

<Governance (Governance for environmental issues)>

(a) Process by which the Board of Directors receives reports on climate-related issues, frequency with which these issues are tabled for discussion, and monitored items

The Group Management Meeting, which is the highest decision-making body for business execution, discusses and makes decisions on specific initiatives related to environmental issues in order to promote sustainability management across the Group in a cross-organizational manner. Furthermore, policies on environmental issues discussed and decided by the Group Management Meeting are shared with the Sustainability Committee, which meets at least twice a year. The Committee formulates action plans for the Group’s environmental issues and monitors the progress.

The Board of Directors receives reports on the discussions and decisions made by the Group Management Meeting and the Sustainability Committee, then discusses and oversees the Group’s policies and action plans for addressing environmental issues. (Figure 2)

In selecting candidates for Directors, the Company uses a skill matrix to clarify the expertise and experience it expects from its Directors, and one of the matrix items is “the environment.” We enhance the effectiveness of our efforts to address environmental issues by selecting Directors who can appropriately oversee the status of specific action plans, periodic reviews, and continuous improvement efforts in response to our environmental plan, which includes medium- and long-term goals for resolving environmental issues through our business activities.

(b) Responsibility of management for climate-related issues, process for receiving reports and method of monitoring

The President and Representative Executive Officer chairs the Group Management Meeting and also chairs the Risk Management Committee and the Sustainability Committee, both of which are advisory committees under his direct supervision, and is ultimate responsible for business decisions related to environmental issues. The content of discussions and resolutions made by the Group Management Meeting and the Sustainability Committee are finally reported to the Board of Directors. (Table 3, 4)

Figure 2: Environmental management structure of the JFR Group

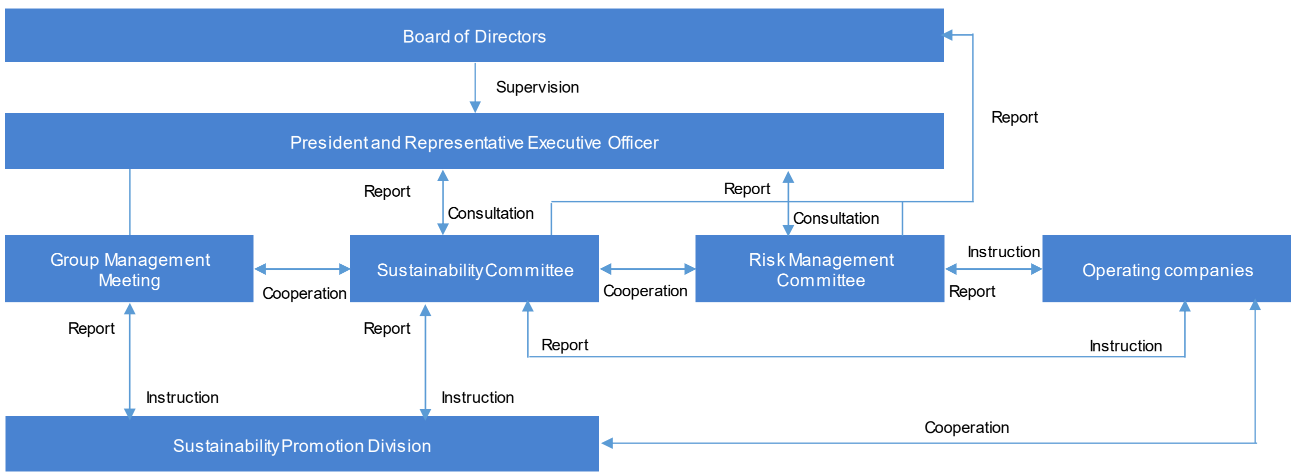


Table 3: JFR Group environmental management meeting bodies and executing entities and their roles

Meeting bodies and executing entities		Role
Meeting body	Board of Directors	Supervises the progress of environment-related initiatives discussed and approved in business executions. Meets monthly.
	Group Management Meeting	As the highest decision-making body for business execution, it discusses and decides on policies and measures related to Group-wide management. Also discusses and decides the Group-wide management policies, etc. related to comprehensive risks and opportunities, including environmental issues, as discussed by the Risk Management Committee and the Sustainability Committee, and the decisions are reported to the Board of Directors. Held weekly.
	Risk Management Committee	Discusses the identification, evaluation, and response to comprehensive risks and opportunities, including environmental issues, and monitors the risk responses of operating companies. The discussions at the committee meetings are reported to the Board of Directors. Held three times a year.
	Sustainability Committee	Discusses specific measures to address more detailed issues related to sustainability, including environmental issues discussed and decided by the Group Management Meeting. With regard to climate-related issues, the committee monitors the progress of each operating company based on the Group's long-term plan and KGI/KPI, taking into account risks and opportunities. Also engages in dialogue with experts in climate-related topics. The discussions are reported to the Board of Directors. Held at least twice a year.
Executing entity	President and Representative Executive Officer	Chairs the Group Management Meeting and also chairs the Risk Management Committee and the Sustainability Committee. Assumes the ultimate responsibility for business decisions related to environmental issues, including identifying, assessing, and responding to climate-related risks and opportunities, and promoting Group-wide efforts to resolve environmental issues.
	Operating companies	Based on decisions made by the Management Meeting and discussions held by the Risk Management Committee and Sustainability Committee, plan and implement specific measures to address environmental issues at each operating company, and report progress to the JFR Group's Risk Management Committee and Sustainability Committee of the Group.
	Sustainability Promotion Division	Formulates and proposes Group policies, etc. to promote sustainability management. Collects information on risks and opportunities regarding climate-related issues and formulates the direction of medium- and long-term initiatives, and reports to the Group Management Meeting and the Sustainability Committee.

Table 4: Main climate change agenda items in the Sustainability Committee

FY2021	April	・ Initiatives with suppliers to reduce Scope 3 GHG emissions ・ Sustainability action plan for FY2021 ・ Overview of supplier assessment (including environment) in FY2021 ・ Revisions to the Sustainability Policy ・ Group-wide KPI progress for FY2020
	September	・ Lecture by an external instructor on the "Importance of ESG information disclosure" ・ Implementation of supplier assessment (including environment) ・ Group-wide KPI progress for H1 FY2021
FY2022	April	・ Lecture by an external instructor on "ESG/sustainability management" ・ Sustainability action plan for FY2022 ・ Results of supplier assessment (including environment) in FY2021 ・ Group-wide KPI progress for FY2021
	September	・ Group-wide KPI progress for H1 FY2022

<Risk management>

(a) Detailed processes for identifying and assessing climate-related risks

The Group considers risk as the starting point of its strategy. It defines risk as "uncertainty, both positive and negative, that affects the achievement of corporate management goals," and believes that when companies respond appropriately to risk, it leads companies to sustainable growth.

With the recognition that climate-related risks and opportunities have a great impact on its business strategies, the Group identifies climate-related risks and opportunities through the process below and assesses their importance. (Figure 3)

Firstly, the Group extracts climate-related risks and opportunities exhaustively for each activity item in the supply chain process: "product procurement," "transportation and delivery," "sales in stores," "use of products and services" and "disposal." Next, we identify important climate-related risks and opportunities for the Group from among the exhaustively extracted climate-related risks and opportunities. Finally, we assess the importance of the identified climate-related risks and opportunities based on two assessment criteria, "Importance to the Company (impact x urgency)" and the "Importance to stakeholders."

(b) Detailed processes for management of important climate-related risks

The Sustainability Committee conducts more detailed examinations of the environmental risks and shares the results with operating companies. Operating companies incorporate climate actions into their action plans. They discuss and confirm the progress of the action plans at the meetings chaired by their presidents. The Group Management Meeting, the Risk Management Committee and the Sustainability Committee monitor the progress and, finally, report to the Board of Directors. (Table 5)

(c) How the processes are integrated into the organization's overall risk management

The Group has established the Risk Management Committee based on the importance of establishing a structure for managing risk companywide. The Risk Management Committee identifies comprehensive risks and opportunities, including climate-related risks, from the perspective of the degree and timing of possible risk manifestations and impacts on business, based on environmental analysis conducted annually, and deliberates on countermeasures. Those risks that are extremely important to the Group's management over the medium term are reflected in the Medium-term Business Plan as "corporate risks" and are addressed accordingly. Discussions at the Risk Management Committee are reported to the Group Management Meeting and shared with the Sustainability Committee.

The discussions at the Risk Management Committee and the Sustainability Committee in the above series of processes, as well as decisions by the Group Management Meeting, are reported to the Board of Directors in a timely manner and are reflected and addressed in the Group's strategies under the supervision of the Board of Directors.

(* See pages 20-23 for the organization's overall risk management.)

Figure 3: JFR Group Risk Management Process

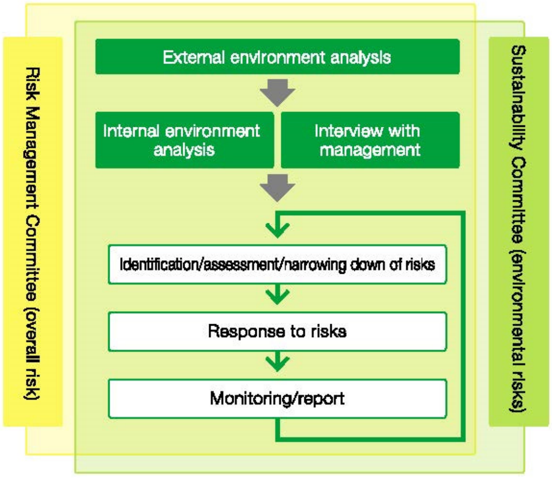


Table 5: JFR Group Risk Management System

Risk management process	Responsible meeting bodies and executing entities
Identification/ assessment/ narrowing down of risks	・Board of Directors ・Group Management Meeting ・Risk Management Committee (Overall management risk) ・Sustainability Committee (Environmental risks)
Response to risks	・Operating companies
Monitoring/report	・Board of Directors ・Group Management Meeting ・Risk Management Committee (Overall management risk) ・Sustainability Committee (Environmental risks)

<Strategy>

(a) Detailed risks and opportunities the organization has identified over the short, medium and long term

The Group considers it important to examine climate-related risks and opportunities at appropriate milestones because of the potential impact of climate-related risks and opportunities on its business activities over the long term. Accordingly, the Group has positioned the execution window of the Medium-term Business Plan up to FY2023 as the short term, the period up to FY2030, which is the year set by the SBTi, as the medium term, and the period to FY2050, which is the SBTi net zero target year, as the long term. (Table 6)

The Group has formulated a group strategy for climate-related risks and opportunities by backcasting from 2050, when net-zero emissions will be achieved.

Table 6: Definition of the periods for consideration of climate-related risks and opportunities in the JFR Group

Periods for consideration of climate-related risks and opportunities		JFR Group definitions
Short term	Until FY2023	Execution period of the Medium-term Business Plan
Medium term	Until FY2030	Period to the target achievement year in SBT
Long term	Until FY2050	Period to SBT Net Zero Target Year

(b) Description of risks and opportunities and their degree of impact on the organization's business, strategy and financial planning

The Group conducts scenario analysis in order to understand the risks, opportunities, and impacts of climate change for the Group and to examine the resilience of the Group's strategies envisaging the world in fiscal 2030 and the necessity of further measures.

In the scenario analysis, we referenced multiple existing scenarios announced by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), then considered two world scenarios: one that envisages the goal of the Paris Agreement to keep the global average temperature increase well below 2°C above pre-industrial levels and to limit it to 1.5°C (the below 1.5˚C/2˚C scenario) and one that envisages the world without the introduction of new environment-related policies and regulations (the 4˚C scenario). (Table 7)

Based on these two scenarios, the Group extracted climate-related risks and opportunities for each activity in its supply chain process, in line with TCFD recommendations. In addition, we defined the transition risks (policy regulation, technology, market, and reputation) and physical risks (acute and chronic) arising from climate change, as well as the opportunities (resource efficiency, energy sources, products and services, markets, and resilience) arising from responding appropriately to it. (Table 8)

Table 7: Existing scenarios taken into consideration

Envisioned world	Existing scenarios
Below 1.5˚C/2˚C scenario	"Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2022)
	"Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)
4˚C scenario	"Stated Policy Scenario (STEPS)" (IEA, 2022)
	"Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

Table 8: Overview of climate-related risks and opportunities in the JFR Group

Type of climate-related risk and opportunity			Time of emergence: Short term	Medium term	Long term	Overview of JFR Group's climate-related risks and opportunities
Risk	Transition risk	Policy regulation	●	●		• Increased costs associated with introduction of carbon tax, etc. • Increased energy procurement costs due to geopolitical risks
		Technology	●	●	●	• Increased costs due to decentralized renewable energy procurement and energy creation (e.g., PPA) • Increased costs associated with the development of properties with high environmental performance and the installation of equipment • Increased investment for introduction of high-efficiency energy-saving equipment
		Market	●	●		• Increased procurement costs for renewable energy due to increased demand for electricity derived from renewable energy • Loss of growth opportunities due to a delay in response to market changes, such as increased demand for environmentally friendly products
		Reputation	●	●		• Risk loss of reputation due to slow response to environmental issues and slow response to diversification of consumption patterns • Negative impact on funding due to lack of response to demand from investors for environmental information disclosure • Negative impact on recruitment of human resources and employee engagement due to loss of reputation
	Physical risk	Acute	●	●		• Disruption of logistics routes due to natural disasters • Decrease in revenue due to store closures caused by natural disasters
		Chronic		●	●	• Increase in procurement costs due to destabilization of yields and quality of agricultural, livestock, and fishery products associated with changes in rainfall and other weather patterns • Increase in employee health damage due to infectious diseases risk caused by climate change

Type of climate-related risk and opportunity		Time of emergence			Overview of JFR Group's climate-related risks and opportunities
		Short term	Medium term	Long term	
Opportunity	Resource efficiency	●	●		• Decrease in energy procurement cost due to strengthening of energy-saving measures • Decrease in energy procurement cost due to conversion to stores of high environmental value
	Energy source	●	●	●	• Decrease in energy procurement cost due to introduction of high-efficiency energy-saving equipment • Decrease in energy procurement cost due to introduction of energy creation • Reduction in energy procurement costs associated with the development of new policies and systems related to renewable energy
	Products and services	●	●		• Expansion of earnings by acquiring new customers by proposing sustainable lifestyles • Decarbonization of the entire supply chain and expansion of earnings by responding to rising demand for environmentally friendly products and services
	Market	●	●	●	• Expansion of financing sources through green bonds, etc. • Expansion of new growth opportunities through new entry into the circular businesses • Improvement in profitability by rebuilding of business portfolio across the framework of the retail business and entry into and expansion in the market for environmentally friendly products • Expansion of earnings due to increased opportunities to acquire new tenants through conversion to stores with high environmental value
	Resilience		●	●	• Improvement in energy resilience through promotion of renewable energy, energy conservation, energy creation, and diversification of procurement sources

(c) Risks, opportunities and financial impacts based on relevant scenarios and strategies and resilience against them

The Group exhaustively extracted climate risks and opportunities and assessed their importance based on two assessment criteria, including the "importance to the Company (impact x urgency)" and the "importance to stakeholders." For items that were rated as particularly important, the Group has conducted both quantitative and qualitative analyses of the financial impacts in FY2030 assuming the below 1.5˚C/2˚C scenario and the 4˚C scenario and developed measures for each scenario. (Table 9)

The qualitative financial impacts are presented in three levels by the direction of the arrow symbols.

Table 9: Climate change risks and opportunities of particular importance to the JFR Group and their financial impacts in FY2030

↑	: The impact on the JFR Group's business and finance is expected to be very large.
↗	: The impact on the JFR Group's business and finance is expected to be slightly large.
→	: The impact on the JFR Group's business and finance is expected to be negligible.

Climate-related risks and opportunities of particular importance to the JFR Group		Financial impact		Measures
		Below 1.5˚C/2˚C scenario	4˚C scenario	
Risk	• Increased costs associated with introduction of carbon tax, etc.	Approximately ¥1,400 million[*1]	Approximately ¥900 million[*1]	• Reduction of GHG emissions through aggressive energy conservation measures in stores and expansion of renewable energy switching to achieve the 2050 net-zero target
	• Increased costs associated with the development of properties with high environmental performance and the installation of equipment	↑	↑	• Financing through Green Bonds, etc. • Cost-effective equipment installation
	• Increased investment for introduction of high-efficiency energy-saving equipment	↗	↗	• Consideration of introducing internal carbon pricing • Cost-effective and well-planned investment considerations
	• Increase in renewable energy procurement costs due to increased demand for electricity derived from renewable energy	Approximately ¥700 million[*2]	Approximately ¥300 million[*2]	• Reduction of renewable energy procurement risk and mid- to long-term costs through diversification of renewable energy procurement methods • Improvement of energy self-sufficiency through installation of renewable energy equipment in the company's facilities, etc.
	• Decrease in revenue due to store closures caused by natural disasters	Approximately ¥5,200 million[*3]	Approximately ¥10,300 million[*3]	• Increased resilience of stores and business sites through BCP preparation • Improvement of disaster prevention performance of stores

Climate-related risks and opportunities of particular importance to the JFR Group		Financial impact		Measures
		Below 1.5˚C/2˚C scenario	4˚C scenario	
Opportunity	• Decrease in energy procurement cost due to introduction of high-efficiency energy-saving equipment	Approximately ¥500 million[*4]		• Replace with high-efficiency energy-saving equipment at the appropriate time
	• Expansion of earnings by acquiring new customers by proposing sustainable lifestyles	↑	↗	• Expansion of circular businesses such as sharing and upcycling
	• Decarbonization of the entire supply chain and expansion of earnings by responding to increased demand for environmentally friendly products and services	↑	↗	• Expansion in handling of environmentally friendly products and services, including switching to environmentally friendly packaging materials • Collaborating with suppliers to decarbonize, including the introduction of AI demand forecasting services to reduce waste
	• Expansion of new growth opportunities through new entry into the circular businesses	↑	↗	• Launching circular businesses through effective use of M&A and CVC* investments • Diversification of sales channels through promotion of Real × Digital Strategy formulated in the Medium-term Business Plan
	• Expansion of earnings due to increased opportunities to acquire new tenants through conversion to stores with high environmental value	Approximately ¥1,000 million[*5]	—	• Acquisition of environmental certifications for newly developed properties (ZEB, CASBEE, etc.) • Promoting the use of renewable energy in stores to achieve RE100

* CVC (Corporate Venture Capital): A mechanism to efficiently and effectively promote business co-creation through investment in promising start-ups. In FY2022, the Company established the “JFR MIRAI CREATORS Fund” to promote open innovation.

Basis for calculation of quantitative financial impacts expected in FY2030

*1 Calculated by multiplying the JFR Group's Scope 1 and 2 GHG emissions in FY2030 by the carbon tax price per tonne of CO_2

*2 Calculated by multiplying the JFR Group's electricity usage in FY2030 by the additional price of renewable energy-sourced electricity per kWh compared to ordinary electricity charges

*3 Calculated by multiplying the amount of sales losses due to suspension of store operations during past natural disasters by the frequency of floods

*4 Estimated by multiplying energy procurement costs by the amount of energy saved by the JFR Group as of FY2030

*5 Estimated by multiplying the JFR Group's real estate revenue and profits in FY2030 by the rate of change of new contract conclusion fees for buildings with environmental certification

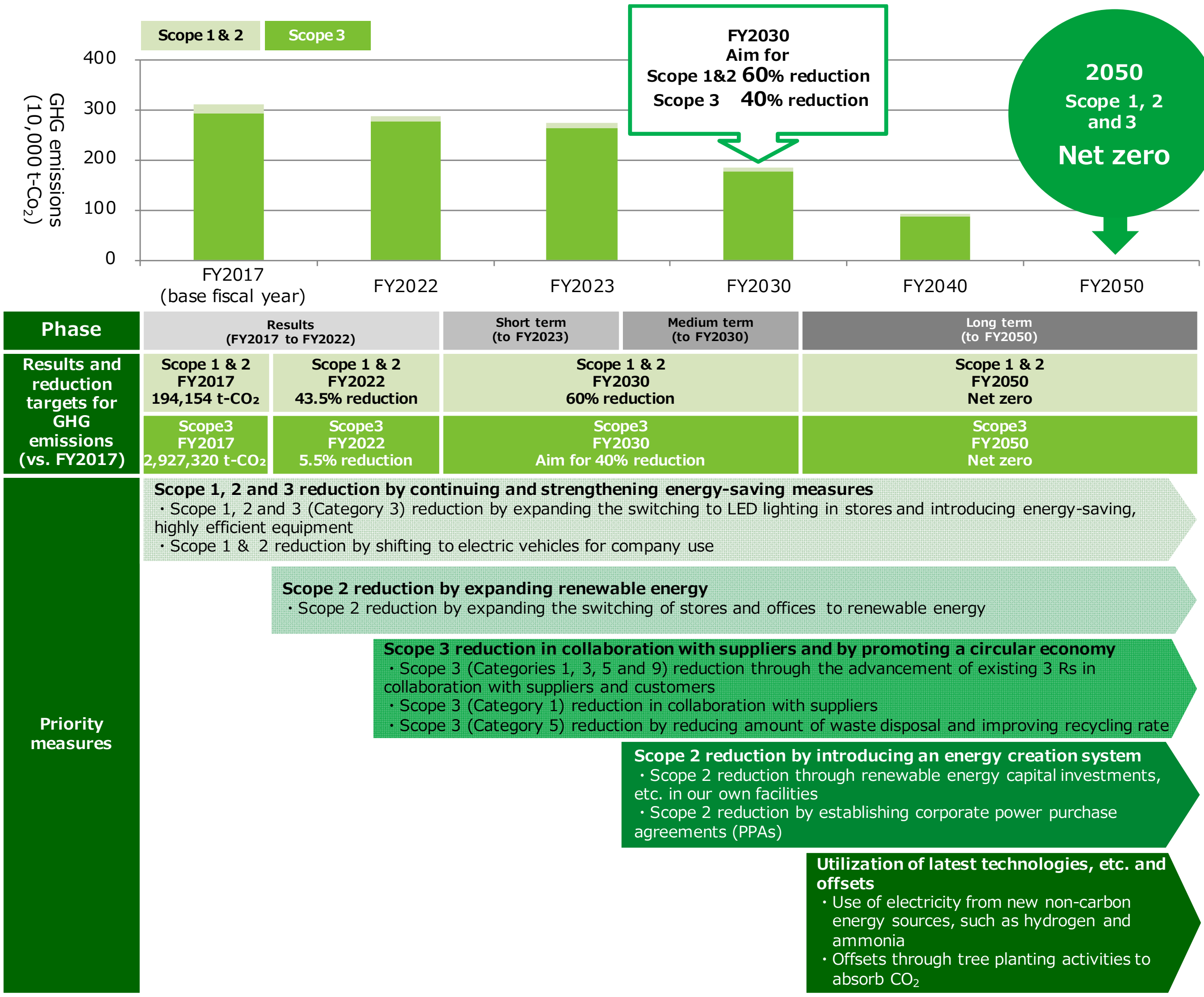
To achieve the materiality issue "Realization of decarbonized society," the Group analyzed the impact of climate change on the Group's business activities, based on the above scenarios, then examined our countermeasures to verify the Group's strategy resilience.

・ JFR Group's 2050 Net Zero Transition Plan

The Group believes it necessary to strengthen its strategic resilience from a medium- to long-term perspective under both the below 1.5˚C/2˚C scenario and the 4˚C scenario towards realizing net zero in 2050.

Therefore, the Group has formulated a transition plan to achieve net zero emissions by 2050. (Figure 4) Under this plan, in our business strategy, we have formulated appropriate strategies to avoid negative risks, while for positive opportunities we have clarified specific initiatives from short-, medium- and long-term perspectives aimed at capturing new growth opportunities, such as responding proactively to market changes.

Figure 4: 2050 Net Zero Transition Plan*



* The plan is current as of the end of May 2023 and may be revised depending on business strategies going forward.

<Metrics and targets>

(a) The metrics used to manage climate-related risks and opportunities

The Group has established two metrics for managing climate-related risks and opportunities: Scope 1, 2 and 3 GHG emissions and the ratio of renewable energy within electricity used in business activities.

Furthermore, as for the officer remuneration, Scope 1 and 2 GHG emissions reduction targets were set as one of the non-financial indicators for determining performance-linked remuneration to clarify executive officers' responsibilities with regard to the issue of climate change.

(* See pages 111-112 for officer remuneration and non-financial indicators)

(b) GHG emissions (Scope 1, 2 and 3)

The Group started calculating the total GHG emissions for the Group from fiscal 2017. In fiscal 2022, the Group's Scope 1 and 2 GHG emissions are forecast at approximately 110,000 t-CO_2 (down 43.5% from fiscal 2017), and Scope 3 GHG emissions are forecast at approximately 2,770,000 t-CO_2 (down 5.5% from fiscal 2017). The ratio of renewable energy is forecast at 33.6%. (Table 10, Figure 5, 6, 7)

The Company expects to obtain third-party assurances for its Scope 1, 2, and 3 GHG emissions and renewable energy electricity consumption for FY2022.

Table 10: JFR Group's Scope 1, 2 and 3 GHG emission results and forecast

(Unit: t-CO_2)

		FY2017	FY2021	Forecast in FY2022	
		Results[*1]	Results[*1]	Forecast	Compared with FY2017 (compared with base fiscal year)
Total Scope 1 and 2 emissions		194,154	122,812	109,792	(43.5)%
Breakdown	Scope 1 emissions	16,052	14,004	13,715	(14.6)%
	Scope 2 emissions	178,102	108,808	96,077	(46.1)%
Total Scope 3 emissions[*2]		2,927,320	2,420,492	2,766,700	(5.5)%
Ratio of renewable energy (%)		–	20.3	33.6	–

*1 Obtained third-party assurance from LRQA

*2 Calculated in accordance with "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain ver. 3.3 (March 2023, Ministry of the Environment and Ministry of Economy, Trade and Industry)" IDEAv2.3 (for supply chain GHG emissions calculation).

(c) The targets used by the organization to manage climate-related risks and opportunities and performance against targets

The Group has set long-term GHG emission reduction targets in 2018 to achieve the global under 1.5˚C target and obtained certification from the SBTi in 2019 for its Scope 1, 2, and 3 GHG emissions reduction targets. In 2021, in line with the evolution of our materiality issues, we lifted our target for reducing Scope 1 and 2 GHG emissions in 2030 from the previous 40% reduction to a 60% reduction compared with FY2017 (the base year) and reacquired certification for the 1.5°C target that is the new standard set by the SBTi. In February 2023, we also obtained certification for "Net Zero Target" by 2050 for Scope 1, 2, and 3 GHG emissions. (Table 11)

To achieve these long-term targets, in FY2019 the Group started procuring renewable energy-derived electricity at its own facilities, and in October 2020 joined RE100*, which aims to achieve a 100% renewable energy rate for electricity used in business activities by 2050. Moreover, as an interim target, we aim to achieve a 60% renewable energy rate for electricity used in business activities by 2030.

Looking ahead, we will work to expand procurement of electricity from renewable energy towards achieving net zero by 2050.

* A global initiative that aims to source 100% renewable energy to power business operations by 2050

Table 11: The targets used by the JFR Group to manage climate-related risks and opportunities

Metrics	Target year	Details of targets
GHG emissions	2050	Net zero emissions of Scope 1, 2, and 3 GHG emissions
	2030	60% reduction of Scope 1 and 2 GHG emissions (compared to FY2017)*1 40% reduction of Scope 3 GHG emissions (compared to FY2017)*1
Ratio of renewable energy in electric power used in business activities	2050	100% ratio of renewable energy in electric power used in business activities*2
	2030	60% ratio of renewable energy in electric power used in business activities

*1 Obtained SBT certification

*2 Joined RE100 in 2020

Figure 5: Scope 1 and 2 emissions

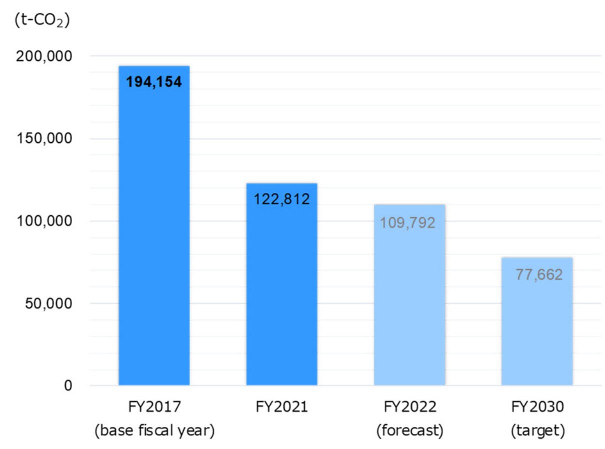


Figure 6: Scope 3 emissions

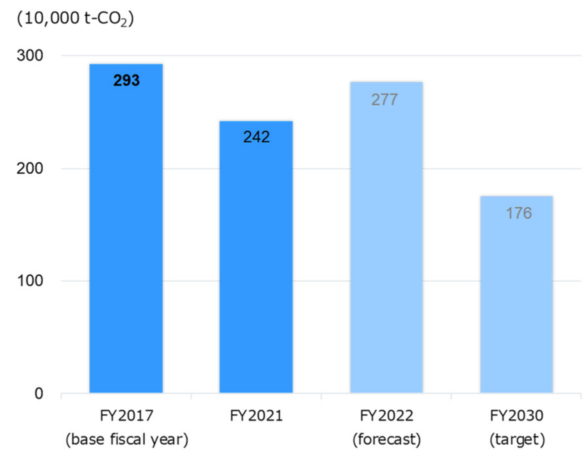
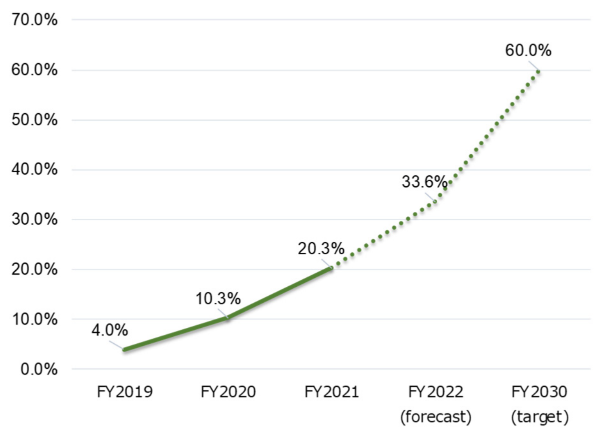


Figure 7: Renewable energy share



Going forward, the Group will continue to promote the strengthening of governance in environmental management under the supervisory system of the Board of Directors, and to promote companywide initiatives such as the formulation and execution of action plans for achieving medium- to long-term targets.

3. Management analysis of financial position, operating results and cash flows

(1) Financial position and operating results

(i) Operating results for the current fiscal year

(Millions of yen, %)	Fiscal year ended February 28, 2023	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Gross sales	998,755	132,836	15.3	23,755
Sales revenue	359,679	28,195	8.5	13,679
Gross profit	169,536	21,694	14.7	1,536
Selling, general and administrative expense	144,682	8,559	6.3	682
Business profit	24,854	13,136	112.1	854
Other operating income	4,540	(6,528)	(59.0)	740
Other operating expense	10,336	(3,070)	(22.9)	6,036
Operating profit	19,059	9,679	103.2	(4,441)
Profit attributable to owners of parent	14,237	9,916	229.4	(1,763)

During the current fiscal year, while the Japanese economy has shown a gradual recovery centering on domestic demand as the effects of COVID-19 gradually abate, geopolitical risks, such as the situation in Ukraine, have emerged, and economic instability, such as sharp fluctuations in exchange rates and rising prices, have persisted.

Corporate earnings have ebbed and flowed as social and economic activities began to normalize. Although there were signs of improvement in earnings in the service sector and others as demand recovered following the COVID-19 pandemic, production activity stagnated due to economic slowdowns overseas, soaring resource prices and shortages in materials.

Turning to personal spending, while the impact of COVID-19 began to diminish, primarily due to face-to-face service consumption and tourist demand from the middle of the fiscal year onward as restrictions on activities were eased, the outlook has grown increasingly uncertain as people grow more frugally minded due to factors such as rising prices.

As for the progress of the FY2021-FY2023 Medium-term Business Plan, faced with the unprecedented business environment caused by the COVID-19 pandemic, the Company launched its Medium-term Business Plan (FY2021-FY2023), which focuses on sustainable management, for FY2021 onwards. This business plan positions this period as a time in which to achieve “complete recovery” from the COVID-19 crisis in order to begin “regrowth” from FY2024.

In this, the second year of the Medium-term Business Plan, the impact of the COVID-19 pandemic and ensuing restrictions on activities, which had been in place up to the previous fiscal year, began to diminish. In order to ensure that we are on the right track toward complete recovery, we have positioned this year as the year in which we will shift to “aggressive management” for regrowth in FY2024 and beyond and have advanced the key strategies and measures set out in the plan.

Our commitment to sustainability primarily involved engaging in activities integrating our seven materiality issues (priority issues) with our key strategies, reducing greenhouse gas emissions based on our medium- to long-term targets, and seeking solutions to environmental and social challenges in cooperation with our suppliers.

Concerning the promotion of the key strategies and management structure reforms for “complete recovery” and “regrowth,” we have steadily advanced measures and strategic investments based on the key strategies alongside management structure reforms, which are the most important measures to achieve complete recovery.

Concerning the “real x digital strategy” to make our stores more attractive in the Department Store Business, in addition to expanding core categories, we promoted the creation of sales areas and stores utilizing the characteristics of each region and store. In the SC Business, we promoted major renovations at our flagship stores and expanded large-scale promotions at each store. In our initiatives using digital technology, we mainly promoted the digitalization of customer contact points by expanding app membership and increasing the sophistication of data usage, including discovery of potential customers.

Under our “prime life strategy,” in order to strengthen our response to the affluent market together with our efforts, mainly based on “gaisho,” (out-of-store sales), to expand our core categories and enhance our scarce merchandise and services offerings both in-store and online, we worked to expand our customer base.

Our “developer strategy” primarily involved development of large-scale multi-use facilities in Nagoya’s Sakae area and Osaka’s Shinsaibashi area, which are priority areas, and we promoted a new investigation of redevelopment in partnership with the local community and other companies in Fukuoka’s Tenjin area. In addition, we entered the residential real estate business to utilize our real estate holdings effectively.

Under “management structure reforms,” in addition to the effects of organizational and personnel structure reforms, fixed costs were reduced beyond the initial plan through the digitalization of advertising methods, joint Group purchasing of material and supplies, and a review of leased properties. In addition, to improve management and asset efficiency, we proceeded with the sale of non-business assets and decided to terminate operations at Matsumoto PARCO (scheduled for the end of February 2025).

At the same time, in order to accelerate efforts toward “regrowth” with a view to 2030, from the current fiscal year the holding company has strengthened its functions for formulating and promoting management strategies, such as “Group digital,” “Group CRE,” and “business portfolio transformation.”

Through these efforts under the Group digital strategy, we have worked to expand the Group’s customer base by analyzing and utilizing customer databases, developed new business plans utilizing digital technology, and formulated and implemented a Group-wide digital human resource development plan.

For the Group CRE strategy, in addition to establishing basic policy and strategies to maximize the value of real estate holdings, we have decided to restructure our Developer Business in order to achieve further business growth by making prompt decisions from the perspective of overall Group optimization.

In our efforts to transform our business portfolio, we established a CVC fund with the aim of creating new businesses through co-creation with startups, developing managerial human resources, and evolving a corporate culture that encourages creation and challenges. Moreover, in order to enter the e-sports business, which is expected to grow in the future, and to create synergies with various businesses, such as the SC business, we have acquired shares in XENOZ CO., Ltd.

To strengthen our management foundation in order to support the realization of medium- and long-term growth, under the Group human resource strategy we strengthened investment in human resources by reinforcing recruitment of highly specialized human resources and developing their skills based on the key strategies and promoted cross-sectional projects across the Group to promote mid-career and young employees and women’s participation in the workplace. In addition, we promoted open staffing that reflects employees’ wishes and motivations and Group personnel exchanges that enhance the diversity of the organization and its human resources.

The Group’s financial strategy was to improve its financial position by securing free cash flow, optimizing cash and deposits on hand, and reducing interest-bearing debt based on an assessment of changes in the business environment due to COVID-19 and the progress and outlook of its business performance. In addition to efforts to improve return on invested capital (ROIC) in each business, a consolidated taxation system was introduced to strengthen tax governance and optimize tax costs.

Under the Group’s systems strategy, in addition to supporting the promotion of the key strategies in each business, we developed a Group-wide accounting system to enhance business management and strengthened our response to information security and business continuity.

As a result of various measures, including those mentioned above, sales revenue was ¥359,679 million (up 8.5% year on year) with respect to consolidated earnings for the current fiscal year.

In addition to the improvement in sales revenue over the fiscal year, the effects of fixed cost reductions and cost savings resulted in business profit of ¥24,854 million (up 112.1% year on year). Despite the recording of an impairment loss on department stores and a PARCO store and a business liquidation loss on Matsumoto PARCO following the decision to terminate its operations, operating profit rose sharply to ¥19,059 million (up 103.2% year on year), profit before tax was ¥16,873 million (up 172.6% year on year), and profit attributable to owners of parent was ¥14,237 million (up 229.4% year on year).

Regarding dividends, the Company has decided to pay an annual dividend of ¥31 per share (¥29 in the previous fiscal year) for an increase of ¥2 relative to the previous fiscal year.

Business results by segment

<Department Store Business>

(Millions of yen, %)	Fiscal year ended February 28, 2023	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	215,754	25,015	13.1	6,154
Business profit	12,834	11,036	613.7	934
Operating profit	7,529	12,123	-	(1,571)

As the impact of the pandemic and restrictions on activities began to diminish, mainly from the middle of the fiscal year onward, customer numbers and sales improved steadily as a result of strategic investment effects advanced during this period as previously restrained consumption began to recover and the number of foreign visitors to Japan increased.

In terms of initiatives for the key strategies, in addition to expanding core categories, such as luxury products, watches, and art, we promoted the creation of attractive sales floors and stores by taking advantage of the characteristics of each store, such as building a large concentrated character zone at the Daimaru Umeda store.

In addition to promoting the digitalization of customer contact points through apps, our digital utilization efforts included the evolution of our customer policies, such as the identification of potential customers through data analysis and utilization. We have also launched “DEPACO,” a media commerce site for cosmetics that leverages the department stores’ strengths, including brick-and-mortar stores and sales service capabilities.

To strengthen our response to the affluent market, we worked to expand our customer base by expanding our core categories, creating high-quality store environments, such as lounges for our loyal customers, and enhancing our scarce merchandise and services offerings both in-store and on our customer-exclusive website.

In our management structure reform initiatives, we reviewed our cost structure, including creating effects from organizational and personnel structure reforms in anticipation of a new store operation model, and reviewed areas for business process outsourcing.

As a result of various measures, including those mentioned above, sales revenue was ¥215,754 million (up 13.1% year on year). Operating profit was ¥7,529 million, despite the recording of an impairment loss on stores (operating loss of ¥4,594 million in the previous fiscal year), and we returned to profitability.

<SC Business>

(Millions of yen, %)	Fiscal year ended February 28, 2023	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	54,361	1,805	3.4	(902)
Business profit	5,382	1,538	40.0	(234)
Operating profit	3,733	1,678	81.6	(2,460)

With a rebound from an end to suspended store operations and restrictions imposed on entering entertainment venues in the previous fiscal year and with personal spending turning toward recovery from the middle of the fiscal year onward, initiatives, such as strategic remodeling of flagship stores and strengthened promotions, have seen steady improvement in the number of customers visiting stores and tenant transaction volume.

In terms of initiatives to achieve the key strategies, in light of the changing times and changing lifestyles during the COVID-19 pandemic, Ikebukuro PARCO renovated its ground floor and expanded content with a high affinity to the area while Nagoya PARCO implemented large-scale renovations with the keywords “genderless” and “ageless.” In addition, unique pop-up stores, character collaboration projects, and joint projects through local partnerships were rolled out at each store. We also worked with tenants to expand app membership and promoted core improvements, such as improving the shopping experience in our physical and online stores. We ceased operations of Tsudanuma PARCO at the end of February 2023.

As a result of various measures, including those mentioned above, sales revenue was ¥54,361 million (up 3.4% year on year). Despite a loss on a business liquidation and an impairment loss on stores following the decision to terminate operations at Matsumoto PARCO (scheduled for the end of February 2025), operating profit was ¥3,733 million (up 81.6% year on year).

<Developer Business>

(Millions of yen, %)	Fiscal year ended February 28, 2023	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	54,670	4,037	8.0	(1,854)
Business profit	2,947	(187)	(6.0)	361
Operating profit	3,695	(1,016)	(21.6)	86

We pursued key strategies to maximize the use of the Group’s real estate holdings and transform our real estate portfolio. We entered the residential real estate business mainly for the development of noncommercial facilities that utilize our real estate holdings and planned and implemented the development of large-scale multi-use facilities in priority areas where the Company has a solid foundation. Specifically, together with the “Nishiki 3-25 District Project (tentative name)” in Nagoya’s Sakae area and the “Shinsaibashi Project (tentative name)” in Osaka’s Shinsaibashi area, both of which are scheduled for completion and opening in 2026, we promoted a new investigation of redevelopments in partnership with local communities and other companies with the aim of contributing to the creation of an attractive, high-quality urban development in Fukuoka’s Tenjin area.

In addition, to achieve further business growth, we placed J. Front City Development Co., Ltd. directly under the holding company and have decided to have J. Front City Development Co., Ltd. take over management of the developer business currently being managed by PARCO CO., LTD. Through this business restructuring, we will build a system for swift decision-making from the perspective of overall Group optimization while also further promoting the development and securing of specialist personnel and the strengthening of governance by practicing corporate-level management and risk management that are optimal for the business.

As a result of various measures, including those mentioned above, and despite the impact of the termination of operations at existing properties, sales revenue was ¥54,670 million (up 8.0% year on year) as a result of an increase in interior decorating/facility work, facility management services, etc. both within the Group and outside it. Operating profit was ¥3,695 million (down 21.6% year on year) due to a rebound from gains on sales of non-current assets and other factors in the previous fiscal year.

<Payment and Finance Business>

(Millions of yen, %)	Fiscal year ended February 28, 2023	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	12,889	1,852	16.8	90
Business profit	3,486	1,580	82.9	215
Operating profit	3,485	1,515	76.9	184

In the payment business, in addition to the recovery of transaction volume in the Department Store Business and at external affiliate stores, we worked to provide special experiences, such as holding special events for card members, in order to increase awareness of our unique point program (QIRA points). We also strengthened our Affiliate Store Business by improving the payment environment at the Group's commercial facilities.

In the finance business, in addition to strengthening the insurance agency business, we worked to expand our financial services, such as an investment trust savings service, in collaboration with other companies.

As a result of various measures, including those mentioned above, sales revenue was ¥12,889 million (up 16.8% year on year) and operating profit was ¥3,485 million (up 76.9% year on year).

<Other>

(Millions of yen, %)	Fiscal year ended February 28, 2023	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Sales revenue	55,922	(5,833)	(9.4)	4,175
Business profit	924	(328)	(26.2)	155
Operating profit	899	(300)	(25.0)	33

Wholesaler Daimaru Kogyo, Ltd. posted increases in both revenue and profit, mainly due to factors such as a recovery in orders received in the automotive components division. However, sales revenue fell to ¥55,922 million (down 9.4% year on year) and operating profit fell to ¥899 million (down 25.0% year on year) due to the exclusion of the personnel recruitment business from the scope of consolidation at the end of the previous fiscal year.

(ii) Financial position

(Millions of yen, %)	As of February 28, 2022	As of February 28, 2023	Change in amount
Current assets	234,884	201,860	(33,024)
Non-current assets	958,022	919,092	(38,930)
Total assets	1,192,907	1,120,953	(71,954)
Current liabilities	347,413	317,953	(29,460)
Non-current liabilities	483,373	431,589	(51,784)
Total liabilities	830,787	749,542	(81,245)
Equity attributable to owners of parent	350,368	359,385	9,017
Ratio of equity attributable to owners of parent to total assets	29.4	32.1	2.7
Total equity	362,120	371,410	9,290

Total assets as of February 28, 2023, was ¥1,120,953 million, down ¥71,954 million compared with February 28, 2022. Total liabilities was ¥749,542 million, a decrease of ¥81,245 million compared with February 28, 2022. Interest-bearing debt (including lease liabilities) was ¥413,949 million, down ¥88,160 million, as a result of the Company having taken steps to optimize cash and deposits on hand secured to provide for the effects of the COVID-19 pandemic and having proceeded with repayment.

Total equity was ¥371,410 million, an increase of ¥9,290 million compared with February 28, 2022.

(iii) Cash flows

(Millions of yen)	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	Change in amount
Net cash flows from (used in) operating activities	49,866	65,480	15,614
Net cash flows from (used in) investing activities	(5,289)	(13,371)	(8,082)
Free cash flows	44,577	52,109	7,532
Net cash flows from (used in) financing activities	(80,392)	(105,694)	(25,302)
Net increase (decrease) in cash and cash equivalents	(35,815)	(53,585)	(17,770)
Cash and cash equivalents at end of period	93,278	39,874	(53,404)

The balance of cash and cash equivalents (hereinafter "cash") as of February 28, 2023, was ¥39,874 million, down ¥53,404 million compared with February 28, 2022.

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

Net cash provided by operating activities was ¥65,480 million. In comparison with the previous fiscal year, cash provided increased by ¥15,614 million, largely due to an increase in profit before tax.

Net cash used in investing activities was ¥13,371 million. In comparison with the previous fiscal year, cash used increased by ¥8,082 million, largely due to the absence of proceeds from sales of investment property and subsidiary shares in addition to an increase in the purchase of property, plant and equipment.

Net cash used in financing activities was ¥105,694 million. In comparison with the previous fiscal year, cash used increased by ¥25,302 million, largely due to the repayment of interest-bearing debt, including the redemption of bonds.

(iv) Production, orders received and sales

1) Production

Production by segments for the current fiscal year are as follows.

Segment name	Production (Millions of yen)	Year-on-year comparison (%)
Developer Business	750	123.2

Notes: 1. Production is not shown for contracted work because it is difficult to define production.

2. No items to report for segments other than above

2) Orders received

Orders received by segments for the current fiscal year are as follows.

Segment name	Orders received (Millions of yen)	Year-on-year comparison (%)
Developer Business	39,495	117.5

Note: No items to report for segments other than above.

3) Sales

Sales by segments for the current fiscal year are as follows.

Segment name	Breakdown	Sales (Millions of yen)	Year-on-year comparison (%)
Department Store Business	Daimaru Matsuzakaya Department Stores	198,347	113.4
	The Hakata Daimaru	14,076	112.3
	Other	3,330	100.3
	Total	215,754	113.1
SC Business	PARCO	54,297	110.3
	Other	64	1.9
	Total	54,361	103.4
Developer Business	PARCO	7,025	86.6
	J. Front Design & Construction	28,142	119.0
	PARCO SPACE SYSTEMS	18,204	102.1
	Other	1,298	124.2
	Total	54,670	108.0
Payment and Finance Business	JFR Card	12,889	116.8
Other	Wholesale	38,732	111.8
	Other	17,190	63.4
	Total	55,922	90.6
Adjustments		(33,919)	96.3
Total		359,679	108.5

Notes: 1. Adjustments for inter-segment transactions are made in the adjustments column.

2. Sales amount shows sales revenue.

(2) Management's analysis and discussion of operating results

Analysis and discussion of the Group's financial position and operating results are, in principle, content that has been analyzed based on the consolidated financial statements.

Items in the text below that concern the future were determined as of the end of the current fiscal year.

(i) Significant accounting policies and estimates

The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards. The preparation of the consolidated financial statements requires selection and application of accounting policies by the management and accounting estimates that affect the reported amounts and disclosures of assets, liabilities, revenues and expenses. Although the management makes reasonable judgments for these estimates based on past results and current circumstances, actual results may differ from these estimates due to uncertainties unique to the estimation.

The significant accounting policies for preparation of the Group's consolidated financial statements are described in "V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, 3. Significant Accounting Policies."

In addition, accounting estimates used in the preparation of the consolidated financial statements and assumptions used in those estimates are described in "V. Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, 4. Significant Accounting Estimates and Judgments."

(ii) Perception, analysis and discussion of operating results, etc. for the current fiscal year

1) Operating results, etc.

Information by segment is described in (1) Financial position and operating results (i) Operating results for the current fiscal year.

a) Sales revenue

Sales revenue increased by ¥28,195 million from the previous fiscal year to ¥359,679 million.

b) Operating profit

Operating profit increased by ¥9,679 million from the previous fiscal year to ¥19,059 million.

c) Profit before tax

Profit before tax increased by ¥10,683 million from the previous fiscal year to ¥16,873 million.

d) Profit attributable to owners of parent

Profit attributable to owners of parent increased by ¥9,916 million from the previous fiscal year to ¥14,237 million.

e) Financial position

Total assets as of February 28, 2023, was ¥1,120,953 million, down ¥71,954 million compared with February 28, 2022. Total liabilities was ¥749,542 million, a decrease of ¥81,245 million compared with February 28, 2022. Interest-bearing debt (including lease liabilities) was ¥413,949 million, down ¥88,160 million, as a result of the Company having taken steps to optimize cash and deposits on hand secured to provide for the effects of the COVID-19 pandemic and having proceeded with repayment.

Total equity was ¥371,410 million, an increase of ¥9,290 million compared with February 28, 2022.

As a result, operating profit/total assets (ROA) was 1.6%, profit/shareholders' equity (ROE) was 4.0%, and the ratio of equity attributable to owners of parent to total assets was 32.1%.

f) Cash flows

Net cash provided by operating activities was ¥65,480 million. Net cash used in investing activities was ¥13,371 million, and net cash used in financing activities was ¥105,694 million.

As a result, the balance of cash and cash equivalents as of February 28, 2023, was ¥39,874 million, down ¥53,404 million compared with February 28, 2022.

Looking forward, the Group plans to provide appropriate distribution of profit and capital investment, giving consideration to the level of profit and cash flow trends among other factors.

g) Liquidity and capital resources

(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” after taking into consideration the business environment and risk readiness.

Moreover, in procuring funds through interest-bearing debt, 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 debt.

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 operating 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.

(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 necessary funds through intra-Group financing using a cash management system.

Based on the above policy, the Company raised 5.5 billion yen in long-term borrowings from financial institutions during the current fiscal year. Meanwhile, we embarked on efforts to optimize cash and deposits on hand secured to provide for the effects of the COVID-19 pandemic and made progress on the redemption of unsecured corporate bonds of ¥20,000 million and commercial paper of ¥15,000 million in addition to repayment of short-term borrowings of ¥24,000 million and long-term borrowings of ¥15,100 million. As a result, the balance of interest-bearing debt (excluding lease liabilities) decreased by ¥68,600 million compared to the end of the previous fiscal year to ¥249,100 million. We also scaled back the commitment line from ¥200,000 million to ¥100,000 million.

Details on risks associated with financing are mentioned in “II. Overview of Business, 2. Business risks.”

(Financial policy)

Financial policies under the “FY2021-FY2023 Medium-term Business Plan” are described in “II. Overview of Business, 1. Management policy, management environment, issues to be addressed, etc.”

(Dividend policy)

The Company’s basic policy on dividends of surplus and dividend results for the current fiscal year are described in “IV. Information About Reporting Company, 3. Dividend policy.”

2) Achievement status of management goals

The achievement status of management goals given as targets for FY2022, the second year of the FY2021-FY2023 Group Medium-term Business Plan, are as follows.

We will continue working on the growth strategy outlined in “1. Management policy, management environment, issues to be addressed, etc.” and strive to realize our management goals.

	FY2022 results	FY2023 targets
Consolidated operating profit (IFRS)	¥19,059 million	¥38,500 million
Consolidated ROE	4.0%	7.0%
Consolidated ROIC	2.7%	4.6%
GHG emissions*	(under calculation)	(40)%
Ratio of women in management positions	22.2%	26.0%

* Compared with fiscal 2017 Scope 1 (direct GHG emissions from the business operators) and Scope 2 (indirect emissions from the use of electricity, heat, and steam supplied by other companies); fiscal 2022 results are currently being calculated.

4. Critical contracts for operation

<Consolidated subsidiaries>

Agreements relating to leases

<table>
<tr><th>Company name</th><th>Office name</th><th>Lessor</th><th>Leased property</th><th>Area (m^2)</th><th>Rent</th></tr>
<tr><td rowspan="2">Daimaru Matsuzakaya Department Stores Co. Ltd.</td><td>Daimaru Osaka Umeda store</td><td>Osaka Terminal Building Co., Ltd.</td><td>Building</td><td>95,101</td><td>(1) Fixed portion of rent expenses
¥6,186 million per annum
(2) Variable portion of rent expenses
1.5% of net sales amount in excess of ¥85,000 million</td></tr>
<tr><td>Daimaru Tokyo store</td><td>JR East Cross Station Co., Ltd.</td><td>Building</td><td>64,657</td><td>(1) Fixed portion of rent expenses
¥5,330 million per annum
(2) Variable portion of rent expenses
1% of the amount in excess of the highest annual net sales in the most recent three fiscal years.</td></tr>
<tr><td rowspan="2">The Hakata Daimaru, Inc.</td><td>Main Building</td><td>The Nishinippon Shimbun Building Inc.
KAMIYO FUDOSAN CO. LTD</td><td>Building</td><td>31,258</td><td>¥1,266 million per annum</td></tr>
<tr><td>East hall (ELLE GALA)</td><td>The Nishinippon Shimbun Building Inc.</td><td>Building</td><td>15,155</td><td>¥1,041 million per annum</td></tr>
</table>

5. Research and development activities

There are no significant matters to report.

III. Information About Facilities

1. Overview of capital expenditures, etc.

In the current fiscal year, total capital expenditures of ¥23,415 million were made, mainly in the Department Store Business and SC Business.

The breakdown by segment is as follows:

Segment name	Capital expenditures (Millions of yen)
Department Store Business	12,633
SC Business	2,597
Developer Business	5,963
Payment and Finance Business	130
Other	1,300
Adjustments	789
Total	23,415

Notes: 1. Guarantee deposits for store openings, etc. are included in the amounts above.
2. Newly acquired right-of-use assets are included in the amounts above.

In the Department Store Business this included investment in refurbishment of sales floors at the Matsuzakaya Nagoya store, and in the Developer Business this included investment in connection with the opening of HAB@Kumamoto, etc.

The funds required for these expenditures were appropriated from funds on hand and borrowings.

2. Major facilities

Major facilities of the Group are as follows:

(1) Reporting company

As of February 28, 2023

Office name (Location)	Segment name	Facilities	Carrying amounts (Millions of yen)					Number of employees (Persons)
			Buildings and structures	Land [Area in m^2]	Right-of-use assets	Other	Total	
J. FRONT RETAILING Co., Ltd. (Minato-ku, Tokyo)	Corporate (Shared)	Office, etc.	219	– [–]	420	–	640	151 [16]

Note: The number in the brackets in the “Number of employees” column (not included in number of employees) refers to the yearly average number of dedicated employees, fixed-term employees, etc.

(2) Domestic subsidiaries

As of February 28, 2023

Company name	Office name (Location)	Segment name	Facilities	Carrying amounts (Millions of yen)					Number of employees (Persons)
				Buildings and structures	Land [Thousands of m^2]	Right-of-use assets	Other	Total	
Daimaru Matsuzakaya Department Stores Co. Ltd.	Daimaru Osaka Shinsaibashi store (Chuo-ku, Osaka)	Department Store Business	Store, etc.	27,693	7,919 [11]	9,405	776	45,795	204 [65]
	Daimaru Osaka Umeda store (Kita-ku, Osaka)	Department Store Business	Store, etc.	–	– [–]	14,357	–	14,357	127 [100]
	Daimaru Tokyo store (Chiyoda-ku, Tokyo)	Department Store Business	Store, etc.	2,661	– [–]	21,546	54	24,263	108 [74]
	Daimaru Kyoto store (Shimogyo-ku, Kyoto)	Department Store Business	Store, etc.	9,853	8,759 [10]	3,094	71	21,779	214 [150]
	Daimaru Kobe store (Chuo-ku, Kobe)	Department Store Business	Store, etc.	7,502	1,693 [11]	9,896	151	19,243	235 [187]
	Daimaru Suma store (Suma-ku, Kobe)	Department Store Business	Store, etc.	868	– [–]	573	4	1,446	13 [3]
	Daimaru Ashiya store (Ashiya, Hyogo)	Department Store Business	Store, etc.	9	– [–]	475	–	485	8 [10]
	Daimaru Sapporo store (Chuo-ku, Sapporo)	Department Store Business	Store, etc.	6,753	12,696 [8]	87	85	19,623	145 [142]
	Daimaru Shimonoseki store (Shimonoseki, Yamaguchi)	Department Store Business	Store, etc.	829	1,361 [11]	47	60	2,298	47 [29]
	Matsuzakaya Nagoya store (Naka-ku, Nagoya)	Department Store Business	Store, etc.	15,310	65,919 [19]	4,497	191	85,919	452 [146]
	Matsuzakaya Ueno store (Taito-ku, Tokyo)	Department Store Business	Store, etc.	3,925	27,718 [7]	606	21	32,271	161 [43]
	Matsuzakaya Shizuoka store (Aoi-ku, Shizuoka)	Department Store Business	Store, etc.	3,890	6,628 [7]	63	136	10,718	61 [46]
	Matsuzakaya Takatsuki store (Takatsuki, Osaka)	Department Store Business	Store, etc.	1,273	3,738 [5]	1	9	5,022	9 [1]
	GINZA SIX (Chuo-ku, Tokyo)	Department Store Business	Store, etc.	14,345	82,660 [4]	238	397	97,642	1 [1]
	Head office/Others (Koto-ku, Tokyo, and other locations)	Department Store Business	Office, etc.	2,535	4,317 [37]	3,227	28	10,109	835 [265]
	Total	–	–	97,450	223,413 [135]	68,120	1,990	390,975	2,620 [1,262]

Company name	Office name (Location)	Segment name	Facilities	Carrying amounts (Millions of yen)					Number of employees (Persons)
				Buildings and structures	Land [Thousands of m^2]	Right-of-use assets	Other	Total	
The Hakata Daimaru, Inc.	Daimaru Fukuoka Tenjin store, etc. (Chuo-ku, Fukuoka, and other locations)	Department Store Business	Store, etc.	4,991	7,101 [8]	7,798	293	20,184	210 [115]
Kochi Daimaru Co., Ltd.	Kochi Daimaru store (Kochi, Kochi)	Department Store Business	Store, etc.	1,312	414 [3]	572	134	2,432	54 [13]
PARCO Co., Ltd.	Sapporo PARCO (Sapporo, Hokkaido)	SC Business	Store, etc.	1,756	5,011 [2]	558	78	7,405	11 [2]
	Sendai PARCO (Sendai, Miyagi)	SC Business	Store, etc.	8,616	4,261 [2]	6,512	79	19,470	16 [–]
	Urawa PARCO (Saitama, Saitama)	SC Business	Store, etc.	7,274	10,300 [7]	109	72	17,756	14 [2]
	Ikebukuro PARCO (Toshima-ku, Tokyo)	SC Business	Store, etc.	4,700	7,120 [1]	12,763	45	24,629	15 [1]
	PARCO_ya Ueno (Taito-ku, Tokyo)	SC Business	Store, etc.	12,353	15,817 [2]	390	62	28,624	7 [1]
	Kichijoji PARCO (Musashino, Tokyo)	SC Business	Store, etc.	1,850	– [–]	3,465	43	5,359	8 [1]
	Shibuya PARCO (Shibuya-ku, Tokyo)	SC Business	Store, etc.	17,626	34,948 [3]	1,551	909	55,037	19 [1]
	Kinshicho PARCO (Sumida-ku, Tokyo)	SC Business	Store, etc.	1,921	– [–]	9,653	27	11,601	– [3]
	Chofu PARCO (Chofu, Tokyo)	SC Business	Store, etc.	3,671	8,029 [4]	1,477	78	13,256	15 [1]
	Shizuoka PARCO (Shizuoka, Shizuoka)	SC Business	Store, etc.	762	– [–]	832	14	1,609	10 [–]
	Nagoya PARCO (Nagoya, Aichi)	SC Business	Store, etc.	5,778	6,261 [2]	8,465	101	20,607	22 [2]
	Shinsaibashi PARCO (Osaka, Osaka)	SC Business	Store, etc.	13,913	21,309 [4]	470	385	36,079	14 [2]
	Hiroshima PARCO (Hiroshima, Hiroshima)	SC Business	Store, etc.	3,063	5,580 [2]	2,756	79	11,479	16 [–]
	Fukuoka PARCO (Fukuoka, Fukuoka)	SC Business	Store, etc.	4,536	24,877 [4]	2,105	55	31,574	16 [–]
	Shintokorozawa PARCO (Tokorozawa, Saitama)	SC Business	Store, etc.	812	1,706 [5]	355	5	2,879	– [–]
	Tsudanuma PARCO (Funabashi, Chiba)	SC Business	Store, etc.	–	– [–]	4	–	4	6 [2]
	Hibarigaoka PARCO (Nishi-Tokyo, Tokyo)	SC Business	Store, etc.	395	– [–]	1,652	3	2,052	– [–]
	Matsumoto PARCO (Matsumoto, Nagano)	SC Business	Store, etc.	10	447 [3]	16	0	475	5 [1]
	Head office/Others (Shibuya-ku, Tokyo, etc.)	SC Business Developer Business	Office, etc.	12,666	43,417 [57]	17,728	271	74,083	347 [96]
	Total	–	–	101,710	189,089 [106]	70,870	2,314	363,984	541 [115]

Notes: 1. The number in brackets in the “Number of employees” column (not included in number of employees) refers to the yearly average number of dedicated employees, fixed-term employees, etc.

2. Of the major facilities, the ones rented from external sources are listed in “Agreements relating to leases” under “4. Critical contracts for operation” in “II. Overview of Business.”

3. Planned additions, retirements, etc. of facilities

Planned additions, retirements, etc. of significant facilities are as follows:

(1) Additions, etc. of significant facilities

Company name	Office name (Location)	Segment name	Facilities	Planned investment amount		Funds procurement method	Start	Scheduled completion
				Total (Millions of yen)	Amount already paid (Millions of yen)			
J. FRONT RETAILING Co., Ltd.	Head Office (Minato-ku, Tokyo)	Companywide (Common)	Construction of a new accounting system	1,612	1,144	Funds on hand and borrowings	March 2021	March 2026
Daimaru Matsuzakaya Department Stores Co. Ltd.	Matsuzakaya Nagoya store, etc. (Naka-ku, Nagoya, etc.)	Department Store Business	Sales floor renovation, etc.	7,672	364	Funds on hand and borrowings	March 2023	February 2024
PARCO Co., Ltd.	Nagoya Sakae (Naka-ku, Nagoya)	Developer Business	Multi-tenant building	14,921	2,598	Funds on hand and borrowings	July 2022	March 2026

(2) Retirements, etc. of significant facilities

There are no significant matters to report.

IV. Information About Reporting Company

1. Company's shares, etc.

(1) Total number of shares

(i) Authorized shares

Class	Number of shares authorized (Shares)
Ordinary shares	1,000,000,000
Total	1,000,000,000

(ii) Number of issued shares

Class	Number of issued shares as of fiscal year end (Shares) (As of February 28, 2023)	Number of issued shares as of filing date (Shares) (As of May 26, 2023)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Details
Ordinary shares	270,565,764	270,565,764	Prime Market of the Tokyo Stock Exchange Premier Market of the Nagoya Stock Exchange	The number of shares per share unit 100 shares
Total	270,565,764	270,565,764	–	–

(2) Share acquisition rights

(i) Employee share option plans

No items to report

(ii) Rights plans

No items to report

(iii) Share acquisition rights for other uses

No items to report

(3) Exercises of moving strike convertible bonds, etc.

No items to report

(4) Changes in number of issued shares, share capital and legal capital surplus

Date	Change in the total number of issued shares (Thousands of shares)	Balance of the total number of issued shares (Thousands of shares)	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
July 24, 2017 (Note)	2,446	270,565	1,974	31,974	1,974	9,474

Note: Third-party allotment

Price of issue: ¥1,614

Amount to be included in capital: ¥807

Allottee: The Master Trust Bank of Japan, Ltd. (Trust account for officer remuneration BIP trust)

(5) Shareholding by shareholder category

As of February 28, 2023

Category	Shareholding status (Number of shares per share unit: 100 shares)								Shares less than one unit (Shares)
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors, etc.		Individuals and others	Total	
					Companies, etc.	Individuals			
Number of shareholders (Persons)	–	62	36	968	324	181	153,686	155,257	–
Number of shares held (Units)	–	992,938	177,536	164,636	516,075	457	848,203	2,699,845	581,264
Shareholding ratio (%)	–	36.77	6.58	6.10	19.11	0.02	31.41	100.00	–

Notes: 1. The 6,272,120 treasury shares include 62,721 share units under “Individuals and others” and 20 shares under “Shares less than one unit.” In addition, the 6,272,120 treasury shares are the shares listed on the shareholder register, and this is the same as the actual number of treasury shares owned as of the end of the fiscal year.

2. The number of units under “Other corporations” includes 94 share units registered in the name of Japan Securities Depository Center, Incorporated.

(6) Status of Major Shareholders

As of February 28, 2023

Name / Company Name	Address	Number of shares held (Thousands of shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	46,039	17.42
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	20,798	7.87
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	9,828	3.72
J. Front Retailing Kyoei Supplier Shareholding Association	Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo	6,462	2.45
The Dai-ichi Life Insurance Company, Limited	1-13-1 Yurakucho, Chiyoda-ku, Tokyo	4,012	1.52
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2 Otemachi, Chiyoda-ku, Tokyo	3,825	1.45
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	3,565	1.35
SMBC Nikko Securities Inc.	3-3-1 Marunouchi, Chiyoda-ku, Tokyo	3,387	1.28
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	1-3-2 Marunouchi, Chiyoda-ku, Tokyo	3,204	1.21
JAPAN SECURITIES FINANCE CO., LTD.	1-2-10 Nihonbashi Kayabacho, Chuo-ku, Tokyo	3,124	1.18
Total	—	104,249	39.44

Notes: 1. J. Front Retailing Kyoei Supplier Shareholding Association is a shareholder association comprised of business partners of the Group.

2. In addition to the above, there are 6,272,000 treasury shares (the percentage of the number of treasury shares owned to the total number of issued shares is 2.31%), and the shareholding ratio is calculated after excluding those treasury shares.

Treasury shares do not include shares held by the officer remuneration BIP trust.

(7) Voting rights

(i) Issued shares

As of February 28, 2023

Category	Number of shares (Shares)	Number of voting rights (Rights)	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares) Ordinary shares 6,272,100	–	–
Shares with full voting rights (Other)	Ordinary shares 263,712,400	2,637,124	–
Shares less than one unit	Ordinary shares 581,264	–	–
Total number of issued shares	270,565,764	–	–
Total number of voting rights	–	2,637,124	–

Notes: 1. Figures under "Shares with full voting rights (Other)" include 2,292,700 shares of the Company held by the officer remuneration BIP trust (22,927 voting rights) and 9,400 shares registered in the name of Japan Securities Depository Center, Incorporated (94 voting rights).

2. The number of "Shares less than one unit" includes 20 treasury shares held by the Company and 16 treasury shares held by the officer remuneration BIP trust.

(ii) Treasury shares, etc.

As of February 28, 2023

Name of shareholder	Address of shareholder	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
(Treasury shares) J. FRONT RETAILING Co., Ltd.	10-1, Ginza 6-chome, Chuo-ku, Tokyo	6,272,100	–	6,272,100	2.31
Total	–	6,272,100	–	6,272,100	2.31

Note: Treasury shares do not include shares of the Company held by the officer remuneration BIP trust.

(8) Share ownership plan for directors (and other officers) and employees

1) Overview of New Stock-Based Remuneration System for Officers

The Company resolved to replace the "stock-based remuneration system for officers utilizing trust" that was introduced in fiscal 2017 as an incentive plan targeting the officers of the Company and the Company's main subsidiary, Daimaru Matsuzakaya Department Stores Co. Ltd. (the "Former System"), by introducing a new stock-based remuneration system for officers (the "System"). In addition to officers of the Company and Daimaru Matsuzakaya Department Stores Co. Ltd., the System covers Executive Officers of PARCO Co., Ltd. and Representative Directors of JFR Card Co., Ltd., J. FRONT CITY DEVELOPMENT Co., Ltd. and J. Front Design & Construction Co., Ltd.

For the introduction of the System, the three trusts described below, including those already established under the Former System, will continue to be used as trusts of the System by making changes to parts of the trust so that they match the details of the System, extending the trust periods and adding additional monetary trusts as required.

(i) The trust that issues the Company's shares for Executive Officers of the Company and Directors and Corporate Officers of Daimaru Matsuzakaya Department Stores Co. Ltd. as well as Representative Directors of JFR Card Co., J. FRONT CITY DEVELOPMENT Co., Ltd. and J. Front Design & Construction Co., Ltd. to help the Group achieve sustainable growth and increase corporate value over the medium to long term ("Trust I").

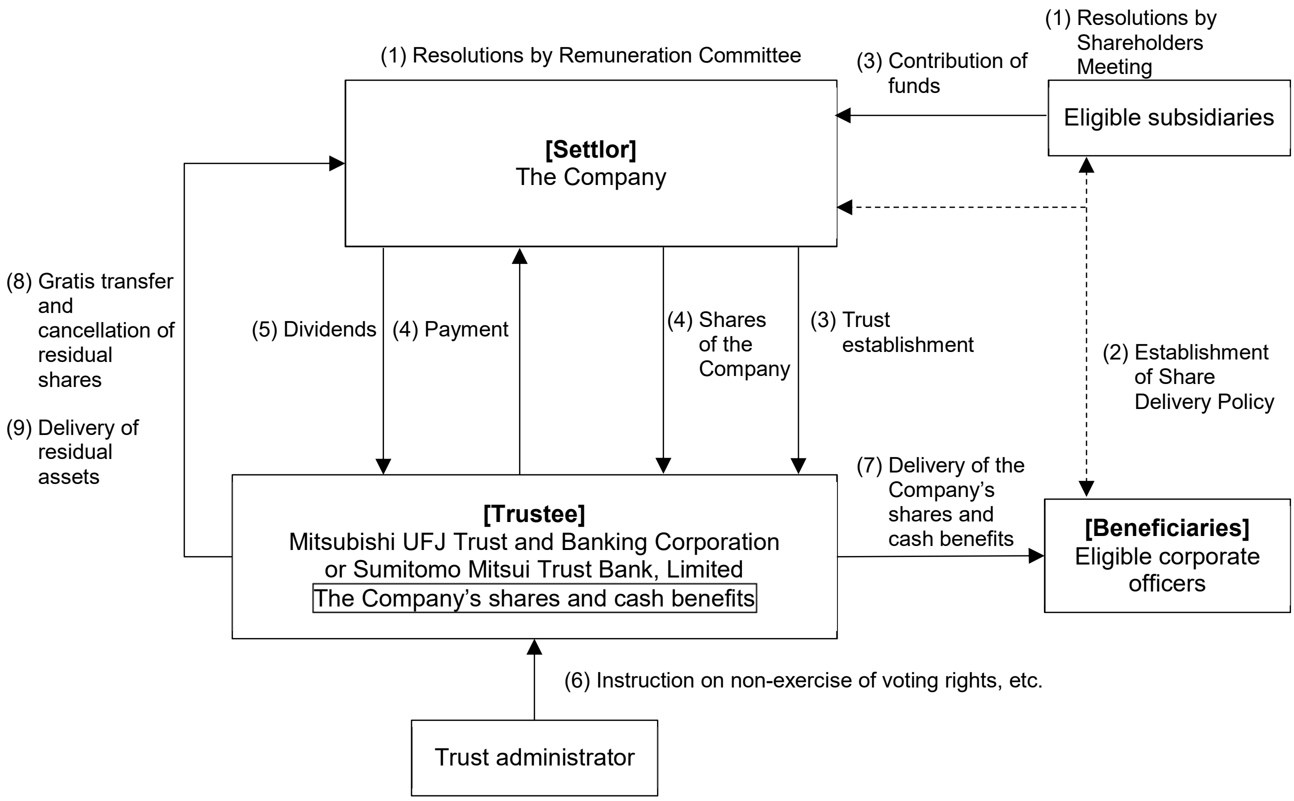
(ii) The trust that issues the Company's shares in a way that is not linked to performance with the objective of involving Non-executive Directors of the Company (Independent Outside Directors as well as the chairperson of the Board of Directors, Audit Committee members and other internal Non-executive Directors; collectively the "Non-executive Directors") 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 executives as representatives of stakeholders ("Trust II").

(iii) The trust that issues the Company's shares for Executive Officers of PARCO Co., Ltd. to help the Group achieve sustainable growth and increase corporate value over the medium to long term ("Trust III").

2) Overview of the trust agreement

	(Reference) "Trust I"	"Trust II"	"Trust III"
(i) Trust category:	Monetary trust other than a specific individually operated monetary trust (third-party benefit trust)		
(ii) Trust objective:	To provide incentive to Executive Officers of the Company and Directors and Corporate Officers of Daimaru Matsuzakaya Department Stores Co. Ltd. as well as Representative Directors of JFR Card Co., Ltd., J. FRONT CITY DEVELOPMENT Co., Ltd. and J. Front Design & Construction Co., Ltd.	To have Non-executive Directors of the Company engage in management as representatives of stakeholders from a medium- to long-term perspective and from a standpoint that is different from that of Executive Officers	To provide incentive to Executive Officers of PARCO Co., Ltd.
(iii) Settlor:	The Company		
(iv) Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Joint Trustee: The Master Trust Bank of Japan, Ltd.)		Sumitomo Mitsui Trust Bank, Limited (Re-trust Trustee: Custody Bank of Japan, Ltd.)
(v) Beneficiaries:	Executive Officers of the Company and Directors and Corporate Officers of Daimaru Matsuzakaya Department Stores Co. Ltd. as well as Representative Directors of JFR Card Co., Ltd., J. FRONT CITY DEVELOPMENT Co., Ltd. and J. Front Design & Construction Co., Ltd. who meet the beneficiary requirements	Non-executive Directors of the Company who meet the beneficiary requirements	Executive Officers of PARCO Co., Ltd. who meet the beneficiary requirements
(vi) Trust administrator:	Third party with no relationship of interest with the Company (certified public accountant)		
(vii) Date of trust agreement:	July 14, 2017 (changed on July 20, 2021)		July 9, 2018 (changed on July 27, 2021)
(viii) Trust period:	July 14, 2017, to August 31, 2022 (Planned extension until August 31, 2024, due to amendment of trust agreement on July 20, 2021)		July 9, 2018, to July 31, 2023 (Planned extension until August 31, 2024, due to amendment of trust agreement on July 27, 2021)
(ix) Execution of voting rights:	None		

3) The structure of Share Distribution Trust



2. Acquisition and disposal of treasury shares

Class of shares, etc. Acquisition of ordinary shares under Article 155, item (vii) of the Companies Act

(1) Acquisitions by resolution of Shareholders Meeting

No items to report

(2) Acquisition by resolution of Board of Directors meeting

No items to report

(3) Acquisition not based on resolution of Shareholders Meeting or Board of Directors meeting

Category	Number of shares (Shares)	Total value (Yen)
Treasury shares acquired during the current fiscal year	8,145	8,879,168
Treasury shares acquired during the period from March 1, 2023, to the filing date of this Annual Securities Report	824	1,078,026

Note: The figure for treasury shares acquired during the period from March 1, 2023, to the filing date of this Annual Securities Report does not include the number of shares arising from purchases of shares less than one unit from shareholders upon request during the period from May 1, 2023, until the filing date of this Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Fiscal year ended February 28, 2023		From March 1, 2022, until the filing date of this Annual Securities Report	
	Number of shares (Shares)	Total disposal value (Yen)	Number of shares (Shares)	Total disposal value (Yen)
Acquired treasury shares offered for subscription	–	–	–	–
Acquired treasury shares that were disposed of	–	–	–	–
Acquired treasury shares transferred for merger, share exchange, share delivery and company split	–	–	–	–
Other (Decrease due to sales of shares less than one unit to shareholders upon request)	171	272,884	–	–
Treasury shares held	6,272,120	–	6,272,944	–

Note: The "Treasury shares held" includes the number of shares from purchases of shares less than one unit. The figure does not include the number of shares from purchases of shares less than one unit from May 1, 2023, until the filing date of this Annual Securities Report.

3. Dividend policy

The Company's basic policy is to appropriately return profits. Hence, while maintaining and enhancing its sound financial standing, the Company strives to provide stable dividends and target a consolidated dividend payout ratio of no less than 30%, taking profit levels, future capital investment, free cash flow trends and other such factors into consideration. The Company also gives consideration to the option of purchasing its own shares as appropriate in accordance with aims that include improving capital efficiency and implementing a flexible capital policy.

With respect to internal reserves, the Company intends to enhance corporate value by using them for such purposes as investing in store refurbishments and business expansions to strengthen sales as well as strengthening the Company's financial standing.

The Company has paid an annual dividend of ¥31 per share for the current fiscal year, comprising an interim dividend of ¥15 per share and a year-end dividend of ¥16 per share.

The Company's basic policy on dividends of surplus is to pay a dividend twice a year in the form of an interim dividend and a year-end dividend, and the Articles of Incorporation stipulate that the Company may pay dividends based on a resolution of a Board of Directors meeting.

Note: Dividends of surplus with record dates falling in the current fiscal year are as follows:

Resolution date	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
October 11, 2022 Resolution of the Board of Directors	3,964	15.00
April 11, 2023 Resolution of the Board of Directors	4,228	16.00

4. Status of corporate governance, etc.

(1) Overview of corporate governance

(i) Overview of corporate governance system and reasons for adopting the system

The Company has established Corporate Governance Guidelines that set out the role of corporate governance in the Company and its subsidiaries (the "Group"). The aims of the Guidelines are to realize our best possible corporate governance practices in order to ensure the sustainable growth of the Group and increase corporate value over the medium to long term.

The Company is a holding company and, with the exception of the authority for matters affecting the business of the Group, it accordingly delegates authority to its respective operating subsidiaries with respect to matters involving business execution by the business subsidiaries in order to speed up business decisions and to make managerial responsibilities clear.

The roles and responsibilities of the Company, as a holding company, are as described below. Accordingly, the Company:

- Plans, formulates and penetrates the Group Vision, Group Medium-term Business Plan and Group Annual Management Policy and tracks the progress and results thereof;
- Sets business domains of the Group;
- Business portfolio management (Optimally allocates the Group's management resources);
- Generates synergies between businesses;
- Establishes Group-wide risk management system;
- Organization design and operation of the entire Group;
- Human resource management of the entire Group;
- Management of shareholders;
- Establishes corporate governance practices for the entire Group;
- Makes decisions on important matters of business execution relating to management of the Group; and
- Provides advice and approval for management policy and management strategy of respective operating subsidiaries and oversees and evaluates progress thereof

The Company has seven supervisory units (Management Strategy Unit, CRE Strategy Unit, Group Digital Unit, Group System Unit, Financial Strategy Unit, Human Resources Strategy Unit and Administration Unit) as management bodies of the Company to clarify each unit's roles, responsibilities and authorities, thereby reinforcing the supervisory function and improving the internal control systems of the entire JFR Group.

The Company has adopted the organizational structure of a company with three committees (nomination, audit and remuneration committees). This is for the purpose of carrying out initiatives to further strengthen corporate governance from the following perspectives:

- The Company will strengthen the oversight function for business execution of the Board of Directors by separating oversight from execution.

  In addition, the Company aims to promote sophistication of strategy by having the Board of Directors actively include the insights of external persons in order to hold rigorous discourse on important strategic issues relating to the Group's management.
- The Company will enable decisions of business execution to be delegated to Executive Officers, clarify authority and responsibilities, and carry out speedy management decision-making.
- The Company will improve the transparency and objectivity of management by adopting the structure of a company with three committees (nomination, audit and remuneration committees). The majority of the members of each of these committees are independent Outside Directors.
- The Company will build a governance structure that is easy to understand from global perspectives, such as those of overseas investors.

1) Organization of the Company

A. Board of Directors

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

- Indicating the overall direction that the Group's 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;
- Appropriately making decisions in terms of overall policy and plans pertaining to the Group's management on the basis of the direction noted above and overseeing progress and results of the plans;
- Developing an environment conducive to encouraging offense-oriented management geared to achieving discontinuous growth;
- Taking steps to build and develop internal control systems of the Group overall and otherwise overseeing the operational status of such systems;
- Overseeing conflicts of interest between related parties; and
- On the basis of summary reports furnished by the Nomination Committee, overseeing the progress of the President and Representative Executive Officer succession planning and personnel assignment plans pertaining to managerial talent and Executive Officer training in consultation with the Nomination Committee

The Board of Directors of the Company is to be composed of an appropriate number of Directors, but not more than 11, as stipulated in the Articles of Incorporation. The number of Directors is currently eleven (11) (including seven (7) independent Outside Directors), and the term of office is one year. From the standpoint of separating supervision and execution and ensuring the effectiveness of discussions in the Board of Directors meetings, a majority of its membership comprises independent Outside Directors. The chairperson of the Board of Directors is chosen from among internally promoted Directors who do not execute business from the standpoint of separating supervision and execution and ensuring the smooth operation of the Board of Directors.

We take steps to ensure diversity when nominating candidates for positions of Director, upon giving consideration to bringing about a balance of knowledge, experience and abilities within the Board of Directors as a whole.

Members of the Board of Directors are as follows.

Internal Directors:	YAMAMOTO Ryoichi (Chairperson), HAMADA Kazuko, YOSHIMOTO Tatsuya, and WAKABAYASHI Hayato
Outside Directors:	YAGO Natsunosuke, HAKODA Junya, UCHIDA Akira, SATO Rieko, SEKI Tadayuki, KOIDE Hiroko, and KATAYAMA Eiichi

B. Three Committees

(Nomination Committee)

The Nomination Committee is composed of three (3) independent Outside Directors and the chairperson of the Board of Directors who does not execute business. The chairperson is chosen from among independent Outside Directors from the standpoint of ensuring transparency and objectivity.

The Nomination Committee determines the contents of proposals on the nomination and dismissal of Directors submitted to shareholders' meetings and reports to the Board of Directors upon consultations from the Board of Directors regarding the nomination and dismissal of Executive Officers as well as the chairpersons and members of individual statutory committees and other matters.

Members: YAGO Natsunosuke (Chairperson), UCHIDA Akira, KOIDE Hiroko, and YAMAMOTO Ryoichi

(Audit Committee)

The Audit Committee is composed of four (4) independent Outside Directors and one (1) full-time internal Director who does not execute business, and the Chairperson is chosen from among independent Outside Directors from the standpoint of ensuring transparency and objectivity.

The Audit Committee effectively audits whether the execution of duties by Executive Officers and Directors is in compliance with laws, regulations, and the Articles of Incorporation of the Company and whether they are performing their duties efficiently in accordance with the Company's basic philosophy and the Group Vision, and it provides necessary advice and recommendations, etc.

Members: HAKODA Junya (Chairperson), SATO Rieko, SEKI Tadayuki, KATAYAMA Eiichi, and HAMADA Kazuko

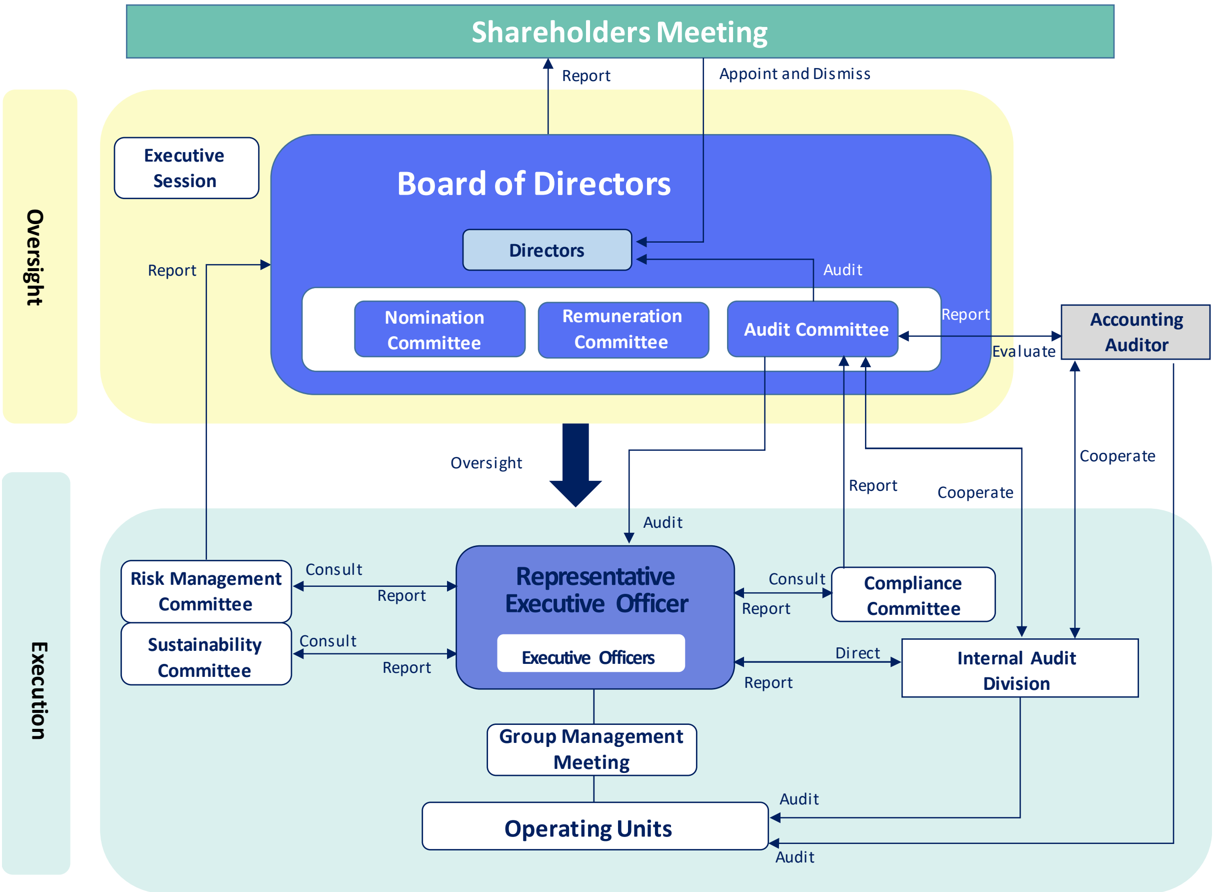
(Remuneration Committee)

The Remuneration Committee is composed of three (3) independent Outside Directors and the chairperson of the Board of Directors who does not execute business. The chairperson is chosen from among independent Outside Directors from the standpoint of transparency and objectivity.

The Remuneration Committee determines the policy on deciding the contents of individual remuneration for Directors and Executive Officers of the Company and officers of its subsidiaries (Directors, Audit & Supervisory Board Members and Executive Officers) and determines the contents themselves of individual remuneration for Directors and Executive Officers of the Company.

Members: UCHIDA Akira (Chairperson), YAGO Natsunosuke, KOIDE Hiroko, and YAMAMOTO Ryoichi

2) Corporate governance structure



(ii) Status of internal control system

The Board of Directors of the Company adopted the following resolution (Basic Policy to Build Internal Control System) concerning “the matters prescribed by Ministry of Justice Order as those necessary for the execution of the duties of the audit committee” (Article 416, paragraph (1), item (i) (b) of the Companies Act) and “the development of systems necessary to ensure that the execution of duties by executive officers complies with laws and regulations and the articles of incorporation and other systems prescribed by Ministry of Justice Order as systems necessary to ensure the properness of operations of a Stock Company and of operations of a group of enterprises consisting of the Stock Company and its Subsidiary Companies” (Article 416, paragraph (1), item (i) (e) of the Companies Act).

Basic Policy to Build Internal Control System

A. Group management system

Regarding the group management system, the Board of Directors shall perform an oversight function by monitoring the Executive Officers’ and Directors’ execution of business. The Board of Directors shall discuss and resolve matters defined in the Companies Act and/or the Articles of Incorporation as well as the Group Vision, Sustainability Policy, Group Medium-term Business Plan, overall policy and plan for Group management, M&As, Group financing plans, and other individual matters relating to Group management. In order to speed up business decisions and execution, the matters involving business execution other than the above shall be delegated to execution, with the exception of matters which have a material impact on the Group management.

Regarding a management execution framework, the Company shall clearly separate management oversight and execution and strengthen the Board of Directors’ oversight function while delegating authority for execution to enable swift management decision-making.

Regarding a system for promoting internal controls, under the direction of the President and Representative Executive Officer, to strengthen internal control over execution, the departments and responsible persons in charge of internal controls shall be established and shall manage the development and operation of the internal controls in relation to the Companies Act and the internal control system in relation to the Financial Instruments and Exchange Act at the Company and the operating subsidiaries.

B. Risk management system

Regarding the risk management, the Company shall establish the Risk Management Committee. The committee is chaired by the President and Representative Executive Officer and comprises Executive Officers and others. The Risk Management Committee shall discuss important matters, including risk identification and evaluation, and determination of risks to be reflected in strategies and utilize it for management decision-making. The committee also reports details of its deliberations to the Board of Directors in a timely manner.

Regarding crisis risk response, crisis management shall be controlled by the "Emergency Response Headquarters," which is headed by the President and Representative Executive Officer, for crisis events such as large-scale earthquakes, fires and accidents.

C. Legal compliance system

Regarding the legal compliance system, the Company shall establish the Compliance Committee. The President and Representative Executive Officer shall be the chairperson, and the members of the committee shall be corporate lawyers, Executive Officers and others. The Compliance Committee continuously oversees development of the foundations of the compliance system and the status of implementation through enhanced collaboration with departments in charge of the compliance of each operating subsidiary and promotes compliance with laws and regulations, corporate ethics, and other such standards. It also draws up a policy for addressing matters involving serious compliance-related violations. The committee also reports details of its deliberations to the Audit Committee in a timely manner.

In addition, regarding a whistle-blowing system, the Company shall establish the "JFR Group Compliance Hotline" as the whistle-blowing system of the Group that also extends beyond companies (to a corporate lawyer) and which may be used by all persons working at the Company and operating subsidiaries. For hotline reports concerning management personnel, the Company shall build a structure whereby the reports are submitted directly to the Audit Committee and subjected to directions from the Audit Committee so as to secure an independent reporting route.

D. Internal audit structure

Regarding the internal audit structure, the Company shall establish an independent internal audit department under the President and Representative Executive Officer. In accordance with internal audit rules and under the direction of the President and Representative Executive Officer, the internal audit department shall audit the operations of the Company and operating subsidiaries or properly report the results of audits of operations, examine the properness and effectiveness of the processes for their operations, and provide guidance, advice and proposals to all departments at the Company and to operating subsidiaries.

E. Structure of the Audit Committee

Regarding the structure of the Audit Committee, it is chaired by an Outside Director and composed of five members, including an internal Director who does not execute business. The Audit Committee shall audit the legality and suitability of the execution of duties by the Executive Officers and Directors. The Audit Committee shall have periodic meetings with the President and Representative Executive Officer to share information. Moreover, the Company's Executive Officers and Directors may be asked to attend Audit Committee meetings to provide reports and opinions as necessary.

Under the direction of the Audit Committee, the Audit Committee Secretariat has been established as an organization in charge of assisting the Committee's duties. Regarding personnel appointments and changes for the Audit Committee Secretariat staff members and personnel evaluation of the responsible person for the Audit Committee Secretariat, the Audit Committee's advance approval is required.

F. System for storage and management of information

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

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

(iii) Overview of limited liability agreement

The Company concludes a limited liability agreement with each Director who does not execute business pursuant to the provisions of Article 427, paragraph (1) of the Companies Act so that Directors who do not execute business can adequately fulfill their expected roles. The limited liability agreement stipulates that the maximum amount of liability for damages due to negligence of duties by a Director who does not execute business shall be the higher of twelve million (12,000,000) yen or the amount fixed by laws and regulations; however, the limitation of liability is applicable only when the duties that caused the liability were executed by the Director who does not execute business in good faith and without gross negligence.

(iv) Number of Directors

The Articles of Incorporation stipulate that the number of Directors of the Company shall be eleven (11) or fewer.

(v) Requirements for a resolution to elect Directors

The Articles of Incorporation stipulate that a resolution to elect a Director of the Company shall be adopted by a majority of the voting rights of shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their voting rights are present, and such a resolution shall not be held by cumulative voting.

(vi) Requirements of a special resolution of a shareholders meeting

The Articles of Incorporation stipulate that a special resolution of a shareholders meeting provided for in Article 309, paragraph (2) of the Companies Act shall be adopted by at least two-thirds of the voting rights of the shareholders present at the meeting where the shareholders holding at least one-third of the voting rights of the shareholders entitled to exercise their voting rights are present. The purpose of this is to facilitate the operation of the shareholders meeting by providing an easier quorum requirement for special resolutions at shareholders meetings.

(vii) Organizational body to determine dividends of surplus, etc.

To implement even more flexible dividend measures, the Company provides in the Articles of Incorporation that matters regarding dividends of surplus, including matters prescribed in the items of Article 459, paragraph (1) of the Companies Act, shall be determined by a resolution of a Board of Directors without obtaining a resolution at a shareholders meeting unless otherwise provided for by laws and regulations.

(viii) Basic policy regarding control of the Company

1) Contents of basic policy

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

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

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

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

2) Frameworks contributing to realization of basic policy

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

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

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

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

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

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

Accordingly, if this occurs, the Company will establish an independent committee composed of Outside Directors and experts with viewpoints that are independent from the Company's management personnel and Internal Directors. If the Company judges that the said Large-Scale

Purchaser is inappropriate in light of the aforementioned basic policy after considering advice and opinions from the committee, the Company will act to secure the Group's corporate value and, by extension, the common interests of shareholders by taking necessary and appropriate measures.

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

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

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

(2) Information about officers

(i) List of officers

Officers include 16 males and 3 females. (Percentage of female officers: 15.79%)

1) Directors

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director Chairperson of Board of Directors	YAMAMOTO Ryoichi	March 27, 1951	April 1973	Joined The Daimaru, Inc.	(Note 2)	102
			May 2003	President and COO and General Manager of Department Store Operations, Group Headquarters		
			September 2007	Director of J. FRONT RETAILING Co., Ltd.		
				In charge of Sales Reform and Out-of-Store Sales (gaisho) Reform Promotion		
				Executive General Manager of Department Store Operations Headquarters and Planning Office for New Umeda Store, Head Office of The Daimaru, Inc.		
				Director of Matsuzakaya Co., Ltd.		
			March 2008	Executive General Manager of Sales Headquarters, Head Office of The Daimaru, Inc.		
			March 2010	President of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2012	President of Daimaru Matsuzakaya Department Stores Co. Ltd. and President of Daimaru Matsuzakaya Sales Associates Co. Ltd.		
			April 2013	President and Representative Director of J. FRONT RETAILING Co., Ltd.		
			May 2017	Director, President and Representative Executive Officer		
			May 2020	Director, Chairperson of Board of Directors (present)		
			June 2021	Outside Director of Daido Steel Co., Ltd (present)		
				Outside Director of NORITAKE CO., LIMITED (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	HAMADA Kazuko	September 6, 1962	April 1985	Joined PARCO Co., Ltd.	(Note 2)	0
			September 2000	General Manager of Marketing Department of Sales Management Division		
			March 2002	Deputy General Manager of Kichijoji PARCO		
			March 2005	General Manager of Kichijoji PARCO		
			March 2007	General Manager of Shintokorozawa PARCO		
			March 2010	Executive Officer (Personnel)		
			March 2013	Executive Officer (Administration and Personnel)		
			March 2015	Executive Officer (Group Audit Office)		
			May 2020	Auditor		
			May 2021	Director of J. FRONT RETAILING Co., Ltd. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	YAGO Natsunosuke	May 16, 1951	April 1977	Joined EBARA CORPORATION	(Note 2)	6
			June 2002	Executive Officer		
			April 2004	Senior Executive Officer, Group Executive of Precision Machinery Group of EBARA CORPORATION, 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.		
			June 2004	Director of EBARA CORPORATION		
			April 2005	Director of EBARA CORPORATION and Chairman of Ebara Precision Machinery Taiwan Inc.		
			June 2005	Director, President of Precision Machinery Company and General Manager of Fujisawa Operation of EBARA CORPORATION		
			April 2006	Director and Managing Executive Officer President of Precision Machinery Company		
			April 2007	President and Representative Director		
			May 2007	President and Representative Director and General Manager of Internal Control Promotion Department		
			July 2009	President and Representative Director and General Manager of Internal Control Department		
			April 2013	Chairman & Director		
			October 2017	Representative Director of The Ebara Hatakeyama Memorial Foundation (present)		
			March 2019	Retired from the office of Chairman & Director of EBARA CORPORATION		
			June 2019	Outside Director of SUBARU CORPORATION (present)		
			May 2020	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			May 2021	Director of PARCO Co., Ltd.		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	HAKODA Junya	July 10, 1951	April 1974	Joined Mitsubishi Rayon Co., Ltd. (present Mitsubishi Chemical Corporation)	(Note 2)	1
			November 1980	Joined Pricewaterhouse CPA Office (Reorganized as Aoyama Audit Corporation in June 1983)		
			April 1984	Registered as Certified Public Accountant		
			April 2000	Partner at the merged firm, ChuoAoyama Audit Corporation/ PricewaterhouseCoopers		
			August 2006	Representative of Arata Audit Corporation/Partner of PricewaterhouseCoopers		
			April 2008	Eminent Professor of Graduate School of Keio University (internal audit theory)		
			September 2009	Member of the Agreement Monitoring Committee of the Japan External Trade Organization (JETRO)		
			September 2010	Director of Japan Internal Control Research Association		
			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		
			June 2015	Outside Director of AEON Financial Service Co., Ltd.		
			June 2017	Outside Director and Chairperson of the Audit Committee of Yamaha Corporation		
			September 2019	Member of the Ethics Committee of the Japanese Institute of Certified Public Accountants		
			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 (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	UCHIDA Akira	October 4, 1950	April 1975	Joined Toray Industries, Inc.	(Note 2)	5
			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		
				President, Toray Holding (USA), Inc.		
			June 2009	Senior Vice President (Member of the Board), General Manager of Finance and Controller’s Division		
				President, Toray Holding (USA), Inc.		
			June 2012	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		
			March 2019	Retired from Adviser		
			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)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	SATO Rieko	November 28, 1956	April 1984	Registered as attorney at law	(Note 2)	3
			August 1989	Shearman & Sterling LLP		
			July 1998	Partner of Ishii Law Office (present)		
			June 2004	External Audit & Supervisory Board Member of Ajinomoto Co., Inc.		
			June 2012	Outside Corporate Auditor of NTT DATA CORPORATION		
			June 2015	Outside Director of The Dai-ichi Life Insurance Company, Limited		
			October 2016	Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. (present)		
			May 2018	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			May 2019	Director of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			June 2020	Outside Director (Member of the Audit and Supervisory Committee) of NTT DATA CORPORATION		
				Outside Audit & Supervisory Board Member of Mitsubishi Corporation (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	SEKI Tadayuki	December 7, 1949	April 1973	Joined ITOCHU Corporation	(Note 2)	3
			June 1998	General Manager, Finance Division, ITOCHU International Inc. (Stationed in New York)		
			June 2004	Executive Officer of ITOCHU Corporation, CFO of Food Company		
			April 2007	Managing Executive Officer, General Manager of Finance Division		
			June 2009	Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management and CFO		
			April 2010	Representative Director, Senior Managing Executive Officer		
			May 2011	Representative Director, Senior Managing Executive Officer and CFO		
			April 2013	Representative Director, Executive Vice President and CFO		
			April 2014	Representative Director, Executive Vice President, Executive Advisory Officer, CFO & CAO		
			April 2015	Adviser		
			May 2016	External Director of PARCO Co., Ltd.		
			June 2016	Outside Director of NIPPON VALQUA INDUSTRIES, LTD. (present VALQUA, LTD.) (present)		
			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)		
				Director of PARCO Co., Ltd.		
			May 2022	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	KOIDE Hiroko	August 10, 1957	September 1986 May 1993 April 2001 April 2006 April 2008 November 2010 January 2013 April 2013 June 2016 April 2018 June 2019 May 2021	Joined J. Walter Thompson Japan K.K. (present Wunderman Thompson Tokyo G.K.) Joined Nippon Lever K.K. (present Unilever Japan K.K.) Director General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited) Chief Operating Officer President and Representative Director of Parfums Christian Dior Japon K.K. Outside Director of Kirin Co., Ltd. Senior Vice President of Global Marketing of Newell Rubbermaid Inc. (U.S.) (present Newell Brands Inc.) Outside Director of Mitsubishi Electric Corporation (present) Director of Vicela Japan Co., Ltd. Outside Director of Honda Motor Co., Ltd Outside Director of J-OIL MILLS, Inc. (present) Outside Director of J. FRONT RETAILING Co., Ltd. (present)	(Note 2)	1

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	KATAYAMA Eiichi	May 17, 1966	April 1989	Joined Nomura Research Institute, Ltd.	(Note 2)	1
			June 2000	Seconded to Nomura Corporate Advisors Co., Ltd.		
			October 2010	Joined Merrill Lynch Japan Securities Co., Ltd. (present BofA Securities Japan Co., Ltd.).		
			June 2012	Managing Director and General Manager of Research Division		
			January 2016	Joined Panasonic Corporation Officer (in charge of Business Development)		
			January 2017	Officer (in charge of Strategy Business)		
				Vice President of Eco Solutions Company, in charge of AGE-FREE Business		
			April 2017	President and Representative Director of Panasonic Cycle Technology Co., Ltd.		
			February 2019	Executive Officer and CSO of Panasonic Corporation In charge of Business Planning, Business Development, and Business Creation Project		
			April 2020	Managing Executive Officer and CSO		
			October 2020	In charge of Sports Management Business		
			October 2021	Managing Executive Officer Assistant General Manager of Lifestyle Updates Business Division		
				President of Cold Chain Solutions Company In charge of Sports Management Business		
			April 2022	Executive Vice President		
				President of Cold Chain Solutions Company In charge of DEI promotion, General Manager of Cold Chain Business Division		
			April 2023	Executive Vice President		
				President of the Cold Chain Solutions Company CDO and in charge of DEI promotion (present)		
			May 2023	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	YOSHIMOTO Tatsuya	April 13, 1956	April 1979	Joined The Daimaru, Inc.	(Note 2)	95
			March 2000	Senior Manager of Preparatory Office for Opening Sapporo Store of Planning Office for Sapporo Store, Head Office		
			January 2008	General Manager of Tokyo Store		
			May 2008	Corporate Officer, General Manager of Tokyo Store		
			January 2010	Corporate Officer, General Manager of Sales Planning Promotion Division and Marketing Planning Promotion Division of Department Stores Coordination Division of J. FRONT RETAILING Co., Ltd.		
			March 2010	Corporate Officer of Daimaru Matsuzakaya Department Stores Co. Ltd.		
				Senior General Manager of Management Planning Division		
			May 2012	Director and Corporate Officer		
			April 2013	President of Daimaru Matsuzakaya Department Stores Co. Ltd. and President of Daimaru Matsuzakaya Sales Associates Co. Ltd.		
			May 2013	Director of J. FRONT RETAILING Co., Ltd. (present)		
			May 2017	Representative Managing Executive Officer		
			May 2020	Director, President and Representative Executive Officer		
			March 2023	Director, President and Representative Executive Officer, Senior Executive General Manager of CRE Strategy Unit (present)		

Title and position	Name	Date of birth	Career summary	Term of office	Number of shares held (Thousands of shares)
Director	WAKABAYASHI Hayato	August 31, 1961	April 1985 Joined Matsushita Electric Industrial Co., Ltd. (present Panasonic Corporation) April 1998 President of Panasonic Financial Center Malaysia Co., Ltd. April 2007 Director and Chief Executive Officer of Matsushita Electric (China) Finance Limited February 2009 Finance Planning Team Leader (Manager), Headquarters Finance & IR Group of Panasonic Corporation 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)	(Note 2)	17
Total					239

Notes: 1. Directors YAGO Natsunosuke, HAKODA Junya, UCHIDA Akira, SATO Rieko, SEKI Tadayuki, KOIDE Hiroko, and KATAYAMA Eiichi are Outside Directors.

2. The term of office will be from the conclusion of the Annual Shareholders Meeting for the fiscal year ended February 28, 2023, to the conclusion of the Annual Shareholders Meeting for the fiscal year ending February 29, 2024.

2) Executive officers

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
President and Representative Executive Officer	YOSHIMOTO Tatsuya	April 13, 1956	(Note 1)		(Note 2)	95
Managing Executive Officer Senior Executive General Manager of Financial Strategy Unit	WAKABAYASHI Hayato	August 31, 1961	(Note 1)		(Note 2)	17
Managing Executive Officer Senior Executive General Manager of Management Strategy Unit	ONO Keiichi	August 2, 1975	April 1998 September 2016 March 2018 October 2020 March 2022 May 2022 October 2022	Joined The Daimaru, Inc. General Manager of Sales Promotion Department, Daimaru Kyoto store of Daimaru Matsuzakaya Department Stores Co. Ltd. Executive Officer of J. FRONT RETAILING Co., Ltd. President and Representative Director of Dimples' Co., Ltd. Executive Officer and Senior General Manager of Structural Reform Promotion Division, 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 (present) Director of PARCO Co., Ltd. (present) Director of J. FRONT CITY DEVELOPMENT Co., Ltd. (present)	(Note 2)	6
Managing Executive Officer Senior Executive General Manager of Group Digital Unit	HAYASHI Naotaka	September 7, 1968	April 1991 March 2009 March 2013 March 2016 March 2017 May 2020 March 2022	Joined PARCO Co., Ltd. General Manager of E-commerce Business Department of PARCO-CITY Co., Ltd. (present PARCO Digital Marketing Co., Ltd.) General Manager of Web Communication Department of PARCO Co., Ltd. Executive Officer (Web Marketing Department and Media Communication Department) Executive Officer (Group ICT Strategy Office) Executive Officer (CRM Promotion Department and Digital Promotion Department) Managing Executive Officer and Senior Executive General Manager of Group Digital Unit of J. FRONT RETAILING Co., Ltd. (present)	(Note 2)	4

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Managing Executive Officer Senior Executive General Manager of Group System Unit	NAKAYAMA Takashi	October 14, 1966	April 1992	Joined Mitsubishi Corporation	(Note 2)	8
			April 1998	General Manager of New Business Development Department of eCubeNet. com Co., Ltd.		
			April 2003	Executive Officer Partner of Eupholink Co., Ltd.		
			April 2004	Vice President and COO		
			April 2008	Distribution Trading Company Sector Partner of SIGMAXYZ Inc.		
			April 2015	Leader of Process Engineering Unit, IT Planning Dept. of Mitsubishi Corporation		
			March 2017	Retired from Mitsubishi Corporation		
			April 2017	Joined J. FRONT RETAILING Co., Ltd.		
				Senior General Manager of Group Digital Strategy Division and Senior General Manager of New Business Division, Management Strategy Unit		
			September 2017	Executive Officer, Senior General Manager of Group Digital Strategy Division, Management Strategy Unit and Senior General Manager of New Business Division		
			March 2019	Executive Officer and Senior General Manager of Group Digital Strategy Division, Management Strategy Unit		
			May 2020	Executive Officer, Senior Executive General Manager of Group Digital Strategy Unit and Senior General Manager of Digital Promotion Division		
			May 2021	Managing Executive Officer and Senior Executive General Manager of Group Digital Strategy Unit		
			March 2022	Managing Executive Officer and Senior Executive General Manager of Group System Unit (present)		
			May 2022	Director of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			May 2023	Director of PARCO Co., Ltd. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Managing Executive Officer Senior Executive General Manager of Human Resources Strategy Unit and Administration Unit	MATSUDA Hirokazu	March 29, 1960	April 1983	Joined The Daimaru, Inc.	(Note 2)	17
			April 2005	General Manager in charge of Labor, Personnel Department, Administration Division, Group Headquarters		
			January 2008	General Manager of Personnel Department, Operation Division, Group Headquarters		
			March 2010	General Manager of Administration Headquarters and in charge of Personnel Structure Reform, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			March 2014	General Manager of Personnel Department of Administration Headquarters, in charge of Personnel Structure Reform, and in charge of Personnel Planning and Labor, Head Office		
			May 2014	Corporate Officer and in charge of Group Organizational and Personnel Policy, Management Strategy Unit of J. Front Retailing Co., Ltd.		
				Corporate Officer and General Manager of Personnel Department, Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			January 2015	Senior Executive General Manager of Administration Headquarters and in charge of Compliance and Risk Management		
			May 2015	Director and Corporate Officer		
			May 2017	Director and Corporate Executive Officer		
			May 2018	Corporate Executive Officer		
			March 2021	Managing Executive Officer, Senior Executive General Manager of Human Resources Strategy Unit and Administration Unit and in charge of Compliance (present)		
			May 2022	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	YAMAZAKI Shiro	January 26, 1970	April 1993	Joined The Daimaru, Inc.	(Note 2)	0
			March 2004	Staff of Sales Planning Department, Sales Planning & CS Promotion Division of Tokyo Store		
			March 2007	Staff of Tokyo Metropolitan Area Strategy Office of J. FRONT RETAILING Co., Ltd.		
			March 2010	Staff of Management Planning Office, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2013	Staff of Sales Promotion Department, Daimaru Shinsaibashi store		
			September 2015	Staff of Shinsaibashi New Store Planning Office, Head Office		
			September 2019	Staff of Sales Promotion Department, Daimaru Shinsaibashi store		
			January 2020	Staff of Group Digital Strategy Division, Management Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			March 2020	Staff of Group Digital Strategy Unit		
			May 2020	Representative Director and President of JFR Information Center Co., Ltd.		
			March 2022	Executive Officer and Senior General Manager of System Planning Division of Group System Unit of J. FRONT RETAILING Co., Ltd. (present)		
				Director of JFR Information Center Co., Ltd. (present)		
			May 2023	Senior General Manager of System Promotion Division of Group System Unit of J. FRONT RETAILING Co., Ltd. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	NOGUCHI Hideki	May 15, 1965	April 1990	Joined PARCO Co., Ltd.	(Note 2)	4
			March 2007	General Manager in charge of Accounting & Finance Department, Financial Administration Unit		
			March 2010	Executive Officer (Accounting Department and Finance/IR Department)		
			May 2020	Executive Officer (Accounting Department, Business Management Department, and Administration and Legal Department)		
			May 2021	Executive Officer (Accounting & Finance Department, Business Administration Department, Business Management Department, and Administration and Legal Department)		
			March 2022	Executive Officer and Senior General Manager of Accounting and Tax Affairs Division, Financial Strategy Unit (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	UMEBAYASHI Akira	May 4, 1972	April 1995 May 2009 September 2016 March 2017 September 2017 May 2018 March 2020 October 2020 September 2021	Joined The Daimaru, Inc. Assistant to Business Promotion Department, Administration Headquarters (Assigned Exclusively to Union) (Responsible for the Tokyo Store) Staff of Group Personnel Department, Administration Unit of J. FRONT RETAILING Co., Ltd. Staff of Group Personnel Department, Administration Unit and Staff of the Board of Directors Secretariat Senior General Manager of Group Personnel Department, Administration Unit (in charge of Group Personnel Policy) and Staff of the Board of Directors Secretariat Senior General Manager of Group Human Resources Policy Division, Human Resources Strategy Unit and Staff of the Board of Directors Secretariat Senior General Manager of Group Human Resources Policy Division, Human Resources Strategy Unit and Staff of Nomination Committee Secretariat and Remuneration Committee Secretariat Senior General Manager of Group Human Resources Policy Division, Human Resources Strategy Unit, Staff of Nomination Committee Secretariat and Remuneration Committee Secretariat, and Staff of Structural Reform Promotion Division, Financial Strategy Unit Senior General Manager of Group Human Resources Policy Division and Group Human Resources Development Division, Human Resources Strategy Unit, Staff of Nomination Committee Secretariat and Remuneration Committee Secretariat, and Staff of Structural Reform Promotion Division, Financial Strategy Unit	(Note 2)	1

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
			March 2022	Executive Officer and Senior General Manager of Group Human Resources Policy Division, Group Human Resources Development Division, and Group Welfare Division of Human Resources Strategy Unit, and Staff of Nomination Committee Secretariat and Remuneration Committee Secretariat (present)		
Executive Officer	OCHIAI Isao	December 21, 1968	April 1993	Joined Matsuzakaya Co., Ltd.	(Note 2)	0
			March 2020	General Manager of Management Planning Division, Management Planning Office, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd., General Manager of MIRAITEIBAN KENKYU-JYO		
			January 2021	Executive Store Manager of Matsuzakaya Shizuoka store		
			March 2023	Executive Officer, Senior General Manager of Management Planning Division and Business Portfolio Transformation Promotion Division of Management Strategy Unit of J. FRONT RETAILING Co., Ltd. (present)		
Total						156

Notes: 1. Described in "(1) Directors" in "(i) List of officers" in "(2) Information about officers."

2. The term of office of an Executive Officer shall expire at the end of the first meeting of the Board of Directors held after the end of the Annual Shareholders Meeting that relates to the latest business year that ends within one (1) year after his/her election to office.

(ii) Outside officers

The Company has seven Outside Directors.

The basic view of the Company under the corporate governance structure with three committees is that more than half of the Board of Directors must be independent Outside Directors. By doing so, the Company aims to separate supervision and execution, ensure the effectiveness of the Board of Directors' discussions, and maintain and improve transparency and objectivity. Two internal Directors who do not execute business and are well informed about internal information because of their extensive business experience in the businesses of the Group companies, fulfill their roles as the chairperson of the Board of Directors and as an Audit Committee member, and seven independent Outside Directors, who have extensive external management experience or in-depth knowledge in specialized areas, fulfill their roles as chairpersons of any of the Nomination, Audit and Remuneration Committees or as members of the three committees, so that the effectiveness of independent and objective management supervision can be ensured.

1) Relationship with the Company and appointment of Outside Directors

Name	Important concurrent positions (As of May 26, 2023)	Relationship with the Company and appointment
YAGO Natsunosuke	Outside Director of SUBARU CORPORATION	YAGO Natsunosuke has been involved in top-level company management for many years and has a wealth of experience in strengthening financial bases and compliance management. He also has a highly specialized knowledge of internal controls 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, particularly on the direction to be specified in the medium- to long-term strategies and key points at the time of their formulation, the desired form of a new developer business company, the approach to asset holdings in our financial strategy, and the approach to monetizing customer data. In addition, as the chairperson of the Nomination Committee, he has proceeded with the establishment of the officer selection process that checks the status of future candidates for positions in senior management and ensures objectivity, transparency, and continuity based on the succession plan. As a member of the Remuneration Committee, he has contributed to reviews of appropriate remuneration levels for bonuses and stock-based remuneration and operating rules in the officer remuneration system. In light of his track record, abundant experience and high level of insight, the Company expects him to contribute greatly to management of the Group and has accordingly appointed him as an Outside Director. The Company has no interest in or relationship with him.
HAKODA Junya	Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants	HAKODA Junya was involved in accounting audits, management consulting, and internal audits of auditing firms, etc. for many years at PricewaterhouseCoopers and also served as an eminent professor teaching internal audit theory at Graduate School of Keio University and therefore has abundant 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 contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight, particularly in terms of the consistency of the medium- to long-term financial plans and medium- to long-term strategies, pursuing new business initiatives, the approach to human resources development, and points of focus in formulating an international business strategy. 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, abundant experience and high level of insight, the Company expects him to contribute greatly to management of the Group and has accordingly appointed him as an Outside Director. The Company has no interest in or relationship with him.

Name	Important concurrent positions (As of May 26, 2023)	Relationship with the Company and appointment
UCHIDA Akira	Outside Director of Yokogawa Electric Corporation	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, particularly in terms of the necessary KPI perspectives the Company should have when formulating medium-term business plans, the concepts for funding plans when promoting business portfolio transformation, Group coordination and the approach to governance as a holding company, the acquisition and development of specialists, and points of focus in supporting initiatives aimed at new business initiatives. In addition, as chairperson of the Compensation Committee, he promotes the review of appropriate compensation levels and operating rules for bonuses and stock compensation in the executive compensation system and, as a member of the Nominating Committee, he confirms the status of candidates for future senior management in accordance with the Succession Plan and contributes to an executive decision-making process that ensures objectivity, transparency, and continuity. In light of his track record and abundant insight, the Company expects him to contribute greatly to management of the Group and has accordingly appointed him as an Outside Director. The Company has no interest in or relationship with him.
SATO Rieko	Partner of Ishii Law Office; Outside Director (Audit & Supervisory Committee Member) of Dai-ichi Life Holdings, Inc.; Outside Director (Audit & Supervisory Committee Member); Outside Audit & Supervisory Board Member of Mitsubishi Corporation	SATO Rieko has extensive experience as an outside director and corporate auditor of other companies in addition to a career as a lawyer specializing mainly in corporate legal affairs, where she has handled numerous cases with a high level of sophistication and expertise. She has also contributed to improving the effectiveness of the Board of Directors by actively and assertively furnishing advice and oversight particularly in terms of the clarification of the path to creating corporate value and achieving profit targets, specific policies on decarbonization, diversity and inclusion that connect to sustainability management, the strategic use of customer data, and the legal position on reducing cross-shareholdings. Moreover, as a member of the Audit Committee, she has contributed to strengthening the audit function by auditing the execution of duties by Directors and Executive Officers of the company with three committees (nomination, audit, and remuneration committees) while exchanging opinions and engaging in discussions from the perspective of legality and appropriateness related to items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee. She is also simultaneously working to enhance the governance of the Group as a whole. In light of her track record and abundant insight, the Company expects her to contribute greatly to management of the Group and has accordingly appointed her as an Outside Director. The Company has no interest in or relationship with her.

Name	Important concurrent positions (As of May 26, 2023)	Relationship with the Company and appointment
SEKI Tadayuki	Outside Director of VALQUA, LTD.; Outside Director of JSR Corporation; Outside Statutory Auditor of Asahi Mutual Life Insurance Company	SEKI Tadayuki was involved in international business management and risk management at a general trading company for many years and has broad experience in finance and accounting as CFO and extensive experience as Outside Director and Audit & Supervisory Board Member at multiple companies. He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight particularly on such issues as the approach to business and asset holdings to promote business portfolio transformation, alignment of strategy with core competencies and resources, and risk awareness in new business initiatives. Moreover, as a member of the Audit Committee, he has contributed to strengthening the audit function by auditing the execution of duties by Directors and Executive Officers of the company with three committees (nomination, audit, and remuneration committees) while exchanging opinions and engaging in discussions from the perspective of legality and appropriateness related to items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee. In light of his track record and high level of insight, the Company expects him to contribute greatly to management of the Group and has accordingly appointed him as an Outside Director. The Company has no interest in or relationship with him.
KOIDE Hiroko	Outside Director of Mitsubishi Electric Corporation; Outside Director of J-OIL MILLS, Inc.	KOIDE Hiroko served as an officer at foreign companies for many years and engaged in corporate management as the head of marketing at the head office of a U.S. company and therefore has extensive knowledge based on her rich experience in the fields of global management and marketing. She also has a wealth of insights gained as an Outside Director at multiple listed companies. She has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight, particularly in terms of the approach to formulating medium- to long-term strategies based on robust strategic discussions, the importance of a marketing-oriented way of thinking such as identifying target and needs, and aspirations for the new developer business. In addition, as a member of the Nomination Committee, she has confirmed the status of future candidates for positions in senior management based on the Succession Plan and contributed to the executive decision-making process that ensures objectivity, transparency, and continuity. As a member of the Remuneration Committee, she has contributed to reviews of appropriate remuneration levels for bonuses and stock-based remuneration and operating rules in the officer remuneration system. In light of her track record, abundant experience and high level of insight, the Company expects her to contribute greatly to management of the Group and has accordingly appointed her as an Outside Director. The Company has no interest in or relationship with her.
KATAYAMA Eiichi	Executive Vice President, Panasonic Corporation; President of the Cold Chain Solutions Company; CDO and in charge of DEI promotion	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 companywide strategies, taking the lead in the transition to a pure holding company, and contributing to strengthening Group governance. In addition, 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. In light of his track record, extensive experience and considerable insights, the Company expects that he will apply them to the appropriate supervision of management in the Group and has accordingly appointed him as an Outside Director. The Company has no interest in or relationship with him.

(iii) Coordination between supervision by the Outside Directors, the internal audits and accounting audit, and relationship with the internal control department

The Company's Outside Directors, as members of the Board of Directors, make decisions on the basic policy for management policy and management strategy of the Group and execution of other management-related operations and fulfill the highly effective oversight function over the management from a standpoint that is independent from the execution of operations. As stated in "(3) Status of audit" below, the Audit Committee conducts audits for the legal compliance and appropriateness of the execution of operations by Directors and Executive Officers by cooperating with the Accounting Auditor and utilizing internal organizations in accordance with the audit policy and plan developed by the Audit Committee.

(3) Status of audit

(i) Status of audit by Audit Committee

1) Organization, members and procedures of Audit Committee

The Audit Committee consists of five Audit Committee Members (as of the filing date of the annual securities report; one full-time member and four outside members).

Chairperson of the Audit Committee, HAKODA Junya, has a wealth of experience as a Certified Public Accountant and extensive expertise in corporate accounting. Audit Committee Member SEKI Tadayuki has served as CFO at Itochu Corporation and possesses considerable insight in finance and accounting. Audit Committee Member SATO Rieko has a wealth of experience and extensive expertise in corporate legal affairs as a lawyer. New Audit Committee Member KATAYAMA Eiichi has a broad knowledge of finance and accounting based on his many years of experience as a security company analyst and working in investment banking. The Audit Committee Secretariat (three members) has been established to support the Audit Committee in its auditing duties.

From fiscal 2021, the Audit Committee Members clearly documented in the Rules of Audit Committee the right of approval of the Audit Committee concerning appointments and transfers of Audit & Supervisory Board Members in the Group companies to strengthen the auditing function in accordance with points made regarding the effectiveness evaluation of the Board of Directors, and working to enhance the auditing systems of organizations, the Audit & Supervisory Board Members in the Group companies concurrently serve on the Audit Committee Secretariat.

In accordance with the audit policy and plan developed by the Audit Committee, the Audit Committee conducts audits for the legal compliance and appropriateness of the execution of operations by Directors and Executive Officers by cooperating with the Accounting Auditor and utilizing internal organizations, and it prepares an audit report.

2) Activities of Audit Committee

In the current fiscal year, the Company held a total of 22 meetings of the Audit Committee. The attendance of each Audit Committee member at the meetings is as follows.

Category	Name	Attendance at the meetings of the Audit Committee
Chairperson of Audit Committee (outside)	HAKODA Junya	22/22
Audit Committee Member (full-time)	HAMADA Kazuko	22/22
Audit Committee Member (outside)	SATO Rieko	22/22
Audit Committee Member (outside)	SEKI Tadayuki	22/22
Audit Committee Member (outside)	KATAYAMA Eiichi (Note)	–

Note: Assumed office on May 25, 2023

The main activities of the Audit Committee and the Audit Committee Meetings (held 18 times), which are held separately from the Audit Committee, during the current fiscal year are as follows.

In addition, the activities of the full-time Corporate Auditors included confirming circular approval memos, attending important internal meetings, confirming auditing issues through periodic meetings with the Internal Audit Division, the Accounting Auditor, and the corporate auditors of other Group companies, and they promoted the construction of an organization audit structure while working to share information with other members.

Major activities of the Audit Committee

Matters to be resolved

- Audit policy, KAM, audit plan, allocation of work
- Independent Auditor's Report, Audit findings
- Reappointment of Accounting Auditor, Consent to audit fees

Matters to be discussed

- Preparation of audit environment (organizational audit structure, etc.) and key issues to be addressed
- Dealing with non-assurance engagements outsourced to accounting auditors group
- Appropriateness of audits by the Accounting Auditor and evaluation of the Accounting Auditor
- Selection criteria for Accounting Auditor candidates
- Regarding Key Audit Matters (KAM)

Matters to be reported

- Reports from the Internal Audit Division
- Reports from the Accounting Auditor (financial reports, etc.)
- Receive audit reports from corporate auditors of other Group companies
- Reports from the finance division (financial reports, financial conditions, etc.)
- Status of compliance with laws and regulations (collaboration with Legal Division and Compliance Committee)
- Construction and operation status of internal control system

Major activities of the Audit Committee meetings

- Conduct audits of the execution of duties by the Representative Executive Officer and exchange opinions
- Audit the execution of duties of Directors and Executive Officers and interview them
- Prior consultation on matters to be resolved at the Audit Committee
- Reports from the full-time Corporate Auditors

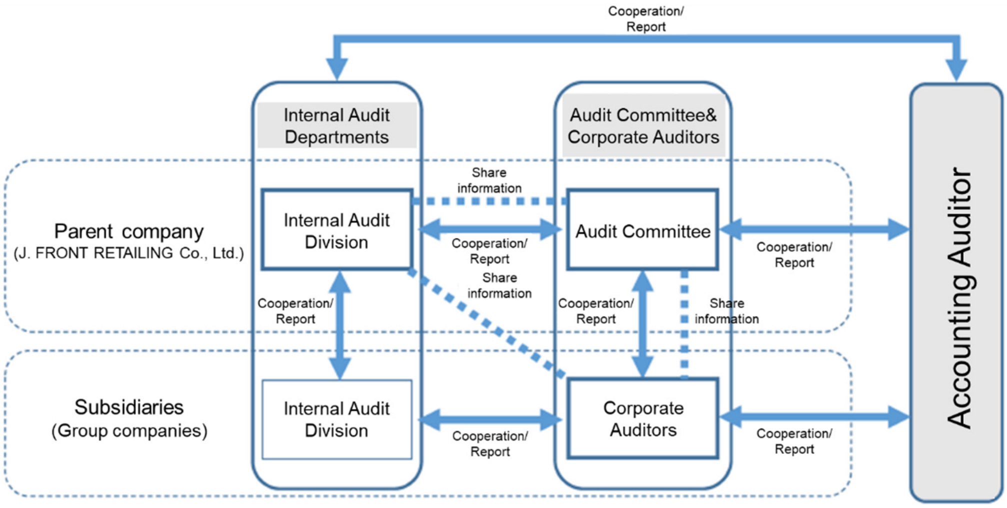
Based on the information received through these discussions, the Audit Committee makes reports monthly to the Board of Directors and offers guidance and proposals in the form of "audit findings" regarding matters deemed to be of particular importance.

3) Enhancement of organizational audits

The Company has established an organizational audit system, as shown in the chart below, in which the Audit Committee, Internal Audit Division, and the corporate auditors of other Group companies always share information on issues discovered through regular meetings and reports and work together to resolve such issues. In addition to the Audit Committee, the Internal Audit Office and the corporate auditors of other Group companies hold regular meetings with the

Accounting Auditor, and the content of these meetings is shared with the Audit Committee in an effort to enhance organizational auditing throughout the Group.

Organizational audit structure chart



(ii) Status of internal audit

1) Organization, members and procedures of internal audit

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

The Company shall adopt a dual-reporting system where both the President and Representative Executive Officer and the Audit Committee shall receive reports, and audit results and improvement measures related to audit findings are regularly reported on. As for orders related to improvement measures from management, issues are promptly handled in collaboration with the audited departments.

2) Coordination between the internal audits, auditing by the Audit Committee members and accounting audit, and their relationship with the internal control department

In addition to the contents described in "(i) Status of audit by Audit Committee," when the Internal Audit Division prepares its audit policy and plan, it submits the relevant report in advance to the Audit Committee. In addition, its audit results are regularly reported to the President and Representative Executive Officer and the Audit Committee. The Audit Committee is authorized to make requests to the Internal Audit Division on the execution of additional audits or directly conduct audits if necessary. Regarding personnel appointments and changes related to the Executive General Manager of the Internal Audit Division, the Audit Committee's advance approval is required.

(iii) Status of accounting audit

1) Name of audit firm

Ernst & Young ShinNihon LLC

2) Consecutive audit period

71 years

Note: The Company is a holding company jointly established by The Daimaru, Inc. and Matsuzakaya Holdings Co., Ltd. through the transfer of shares in 2007, and the above consecutive audit period includes the consecutive audit period of The Daimaru, Inc.

3) Certified public accountants who executed the audit duties

TAKENOUCHI Kazunori (Consecutive audit period: 5 years)

SHIBAYAMA Yoshihisa (Consecutive audit period: 6 years)

MATSUURA Hiroshi (Consecutive audit period: 6 years)

4) Breakdown of support staff for audit operations

Support staff for financial audit operations consists of 23 certified public accountants and 43 others.

5) Policies and reasons for selecting audit firm

The Audit Committee draws up criteria in advance for selecting and evaluating the Accounting Auditor, which are composed of matters relating to the auditor's independence, expertise and other aspects of executing the audit, with the aim of ensuring that the Accounting Auditor properly carries out the audit. On the basis of that criteria, the Audit Committee takes into account the opinions of the management team, etc. and then makes decisions on proposals for the election, dismissal and non-reappointment of the Accounting Auditor that are submitted to the Shareholders Meeting.

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

6) Assessment of audit firm by Audit Committee

The Audit Committee assesses the appropriateness and validity of audit activities by the Accounting Auditor based on the Accounting Auditor Evaluation Standards established by the Audit Committee.

(iv) Details of audit fee, etc.

1) Remuneration to certified public accountants, etc. for audits

Category	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	119	13	136	3
Consolidated subsidiaries	175	9	195	3
Total	295	23	331	6

Note: Non-audit services provided to the Company and its consolidated subsidiaries include assistance in applying accounting standards for revenue recognition.

2) Remuneration to companies which comprise the same network of certified public accountants, etc. for audits (Ernst & Young).

Category	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)	Fees for audit certification services (Millions of yen)	Fees for non-audit services (Millions of yen)
Reporting company	–	217	–	332
Consolidated subsidiaries	6	0	9	8
Total	6	217	9	341

Note: The content of non-audit services for the Company is accounting system-related support services, etc.

The content of non-audit services at consolidated subsidiaries is taxation support, etc.

When outsourcing non-audit services, the Company confirms that the services to be provided will not cause any impediments to the independence of the Accounting Auditor, etc. and obtains the prior approval of the Audit Committee.

3) Policy on determining audit fee

The fee is determined in view of the audit system, the number of days for audit, and other factors.

4) Rationale for Audit Committee's agreement on remuneration of the Accounting Auditor, etc.

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

(4) Remuneration, etc. for officers

(i) Matters regarding the policy on determination of the amounts of compensation paid to officers and the calculation method thereof

The Company established and published an Officer Remuneration Policy (hereinafter the "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, and the Policy has been revised accordingly and is now in effect.

<Basic policy for officer remuneration>

The Company's officer remuneration system is operated under the following basic policy with a view to realizing and promoting sustainability management (pay for purpose). The same basic philosophy is also established for Directors and Executive Officers of Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd. and Representative Directors of JFR Card Co., Ltd., J. FRONT CITY DEVELOPMENT Co., Ltd. and J. Front Design & Construction Co., Ltd. ("eligible officers of major subsidiaries of the Group"), which are major subsidiaries of the Group.

1) Contribute to the sustainable growth and increase of the corporate value of the Group over the medium to long term and also be compatible with its corporate culture

2) Establish a remuneration system that facilitates the achievement of duties (mission) based on management strategies of professional corporate managers.

3) Remuneration levels that can secure and retain human resources who have the desirable managerial talent qualities required by the Company.

4) Increase shared awareness of profits with shareholders and awareness of shareholder-focused management.

5) 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 refers to objectively verifiable survey data from specialist external organizations and adopts the officer remuneration levels of companies in the same industry (department stores / retailers) 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 every year. The same treatment is applied to the eligible officers of major subsidiaries of the Group.

<Composition of remuneration>

Executive Officer

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 linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan as a stock-based remuneration system (trust-type stock-based remuneration). The performance indicators for bonuses and performance shares were selected, as shown in the table below, with an awareness that they function as sound incentives for the achievement of KPIs and sustainable growth in the final year of the Medium-term Business Plan.

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

*2. For the eligible officers of major subsidiaries of the Group, the quantitative evaluation is 70% and the qualitative evaluation 30%, with the evaluation weights for the qualitative evaluation being 20% for the achievement of action plans to achieve individual missions and 10% for the achievement of action plans to achieve non-financial goals in line with materiality.

*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 the ratio of women in management positions is evaluated using the 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.

(Basic remuneration)

Basic remuneration is positioned as a fixed remuneration and is decided for each mission grade based on the size (weight) of the responsibility borne by each officer. Payments are made every month in the form of money.

(Bonuses)

Bonuses are paid as performance-linked remuneration to facilitate the achievement of goals set for each fiscal year as milestones for the Medium-term Business Plan, and evaluation for the bonuses is carried out using the fiscal year's financial indicators serving as quantitative evaluations and the fiscal year's non-financial indicators, which include qualitative evaluations. For the fiscal year's financial indicators, the Company evaluates the level of achievement against target figures set for consolidated financial indicators announced after a resolution by the Board of Directors at the start of each fiscal year. (Where the officer is in charge of a certain business, the target figures for that business are used.) For the fiscal year's non-financial indicators, the Company evaluates the level of achievement of the action plan for achieving each officer's individual mission for each fiscal year and the action plan for achieving the Company's materiality. Taking the weighting of the fiscal year's financial and non-financial indicators as 50:50, two-fifths of the fiscal year's non-financial indicators (20% of the total weight) is taken as the evaluation of the action plan for achieving the Company's materiality issues. For the fiscal year's financial indicators, the evaluation is made based on the achievement level of the fiscal year's target using the forecast figure of the consolidated operating profit announced at the start of the fiscal year (IFRS based). Where the officer is in charge of a certain business, the target figures for operating profit for that business decided by the Company's Board of Directors at the start of the fiscal year are used. The Company selected the indicators referred to above because they are linked to the respective indicators mentioned in the Medium-term Business Plan. However, since the target figures of the consolidated financial indicators for FY2023, the final year of the Medium-term Business Plan, are lower than the initially planned target figures, the Compensation Committee has decided to apply a revised standard amount of bonus set for each mission grade, which is calculated by dividing the target figures of the consolidated financial indicators (where the officer is in charge of a certain business, the target figures for that business are used) to be announced at the beginning of the current fiscal year after a resolution by the Board of Directors by the target figures of the consolidated financial indicators for the relevant fiscal year in the Medium-term Business Plan. For the fiscal year's non-financial indicators, the President and Representative Executive Officer, who is the evaluator, conducts an interview with each Executive Officer at the start of the fiscal year to formulate an action plan based on each Executive Officer's mission.

(Performance share (Performance-linked stock-based remuneration))

Performance-linked stock-based remuneration is issues of the Company's shares linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan. This remuneration is designed to help the Group achieve sustainable growth and increase corporate value over the medium to long term. When the shares are issued, 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. Under this system, 60% of the entire amount of performance-linked stock-based remuneration will be issued in a single issuance at the end of the Medium-term Business Plan, with the remaining 40% to be issued each year in order to promote management from the shareholders' perspective. Of the portion issued at the end of the Medium-term Business Plan, 80% is evaluated by financial indicators and is weighted so that 40% is evaluated based on consolidated operating profit and 40% on ROE, this being the numerical targets of the Medium-term Business Plan (IFRS based) announced following a resolution of the Board of Directors. The remaining 20% is evaluated based on non-financial indicators. For non-financial targets, the system bases the evaluation on a weighting of 10% for GHG reductions (scope 1 & 2 emissions) and 10% for raising the ratio of women in management positions. Regarding the portion issued each year, the level of achievement with respect to figures announced in the initial forecast (IFRS based) following a resolution of the Board of Directors will be evaluated based only on consolidated operating profit. The fluctuation range for remuneration in accordance with the performance achievement rate is between 0% and 200%. However, since the target figures of the consolidated financial indicators for FY2023, the final year of the Medium-term Business Plan, are lower than the initially planned target figures, the Compensation Committee has decided to apply a revised reference point set for each mission grade, which is calculated by dividing the target figures of the consolidated financial indicators (where the officer is in charge of a certain business, the target figures for that business are used) to be announced at the beginning of the current fiscal year after resolution by the Board of Directors by the target figures of the consolidated financial indicators for the relevant fiscal year in the Medium-term Business Plan.

[Performance-linked stock-based remuneration targets]

KPI			Target figures for medium to long term	Evaluation weights
Profitability	(i)	Consolidated operating profit	¥40,300 million (FY2023)	40%
Efficiency	(ii)	ROE	7% (at the end of FY2023)	40%
Non-financial	(iii)	GHG reductions (Scope 1 & 2 emissions)	40% reduction (compared with FY2017)	10%
	(iv)	Raise the ratio of women in management positions	26% (at the end of FY2023)	10%

Note: KPI stands for Key Performance Indicator.

Note: For the short term, only consolidated operating profit is used. The target figure used is the forecast figure (IFRS based) for the fiscal year announced in the Company's financial results reports each year in April. However, since the target figures of the consolidated financial indicators for FY2023, the final year of the Medium-term Business Plan, are lower than the initially planned target figures, the Compensation Committee has decided to apply a revised reference point set for each mission grade, which is calculated by dividing the target figures of the consolidated financial indicators (where the officer is in charge of a certain business, the target figures for that business are used) to be announced at the beginning of the relevant fiscal year after resolution by the Board of Directors by the target figures of the consolidated financial indicators for the relevant fiscal year in the Medium-term Business Plan.

Note: In the medium to long term, we will use the 40.3 billion yen target established for FY2023 in the Medium-term Business Plan.

(Targets and results of indicators for performance-linked remuneration in the current fiscal year (from March 2022 to February 2023))

(Millions of yen)

Type of remuneration			Target	Results
Bonuses	Financial perspective	Consolidated operating profit	21,000	19,059
Performance-linked stock-based remuneration	Short term	Consolidated operating profit	21,000	19,059
	Medium term	Consolidated operating profit ROE GHG reductions Ratio of women in management positions	–	–

<Director>

Non-executive Directors' remuneration shall consist only of fixed remuneration, which shall be (i) basic remuneration (monetary remuneration) in accordance with responsibilities and (ii) 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.

4) Remuneration determination process

To ensure the appropriateness of the level and amount of remuneration and the transparency of decision-making processes, decisions are made by deliberation and resolution of the Remuneration Committee comprising three independent Outside Directors and the chairperson of the Board of Directors, who is an internal Director and does not execute business, and it is headed by an independent Outside Director. By having the same members on the Compensation Committee and Nominating Committee and using the same evaluation sheet for both committees regarding the activities in the areas of nomination and compensation for management, including the eligible officers of major subsidiaries of the Group, the Compensation Committee determines the policy regarding the determination of individual compensation for the Company and the eligible officers of major subsidiaries of the Group as well as the details of individual compensation for the Company's Directors and Executive Officers. The Committee also deliberates on and resolves internal regulations and other rules for remuneration of the Company's Directors and Executive Officers. The individual remuneration details for the eligible officers of major subsidiaries of the Group are deliberated on by the nomination and remuneration committees (among the Group's major subsidiaries, those committees are established at Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd. and whose members include independent Outside Directors of the Company), which are established at the discretion of each company, and are decided by each company's Board of Directors after being resolved by each company's Annual Shareholders Meeting if such approval is required. It is planned that the Remuneration Committee shall meet at least four times a year. Revisions of the officer remuneration system will be undertaken based on Medium-term Business Plan periods. The Company will revise the level of basic remuneration during the Medium-term Business Plan if it is necessary to significantly revise basic remuneration due to extreme changes, etc. in the external environment. In the current fiscal year, the Remuneration Committee held 12 meetings.

5) Forfeiture of remuneration, etc. (clawback/malus clauses)

With regard to bonuses and stock-based remuneration, in cases where the Board of Directors has resolved that serious accounting errors or fraudulent adjustments after the settlement of accounts have occurred, or in cases where serious infringements of the delegation agreement, etc. between the Company and an officer have taken place, or in cases where a person has resigned for their own reasons during their tenure against the wishes of the Company, the right to be paid/issued remuneration may be forfeited, and the Company may demand the repayment of remuneration already paid or issued.

Furthermore, if a significant change occurs in the management environment, and so forth, the Remuneration Committee may deliberate on reducing the amount of officer remuneration in cases where it receives a submission from Executive Officers and Directors volunteering to reduce their remuneration.

6) 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 through performance-linked stock-based remuneration is to provide additional incentives to them to work for the improvement of the financial performance and corporate value of the Company from the medium- to long-term perspective.

The eligible officers of major subsidiaries of the Group shall adopt the same policy for their acquisition and holding of the Company's shares.

(ii) Total amount of remuneration, etc. by each category of Directors and Executive Officers, total amount of remuneration, etc. by type, and number of Directors and Executive Officers to be paid

Category of officer	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)				Number of recipient Directors (and other officers) (Persons)
		Basic remuneration	Performance-linked bonuses	Performance-linked stock-based remuneration	Non-performance-linked stock-based remuneration	
Director [of which, Outside Director]	192 [104]	151 [86]	– [–]	0 [–]	40 [18]	8 [6]
Executive Officer	483	213	122	147	–	15
Total	675	365	122	147	40	23

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 ¥9 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. In the above table, the remuneration, etc. for Directors of ¥483 million includes ¥25 million (including non-performance-linked stock-based remuneration) paid to four Directors who held the post between March 1 and May 26, 2022.
4. Beginning in the fiscal year ended February 28, 2018, to ensure steady execution of the Medium-term Business Plan for realizing the Group Vision, the Company has adopted the stock-based remuneration system using a trust for officers (a system of granting the Company's shares to officers (in certain cases, the Company's shares are converted into cash within the trust, and cash in the amount equivalent to their conversion value is paid) in accordance with the officers' 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 the degree of achievement of single fiscal year results and the 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.
5. Figures in the "performance-linked bonuses" and "performance-linked stock-based remuneration" columns represent amounts recognized as provisions (expenses) (standard amounts) before adjustment for the results of performance evaluations for the fiscal year ended February 2023. The actual amounts to be paid and amounts to be paid on an individual basis will be determined by a meeting of the Remuneration Committee scheduled in or after April 2023.

(iii) Total amount of consolidated remuneration, etc. per Director and Executive Officer

Name	Total amount of consolidated remuneration, etc. (Millions of yen)	Category of officer	Category of company	Total amount of remuneration, etc. by type (Millions of yen)			
				Basic remuneration	Performance-linked bonuses	Performance-linked stock-based remuneration	Non-performance-linked stock-based remuneration
YAMAMOTO Ryoichi	59	Director	Reporting company	43	–	0	16
HAMADA Kazuko	29	Director	Reporting company	21	–	–	8
YAGO Natsunosuke	17	Director (Note 1)	Reporting company	14	–	–	3
HAKODA Junya	21	Director (Note 1)	Reporting company	18	–	–	3
UCHIDA Akira	20	Director (Note 1)	Reporting company	17	–	–	3
SATO Rieko	17	Director (Note 1)	Reporting company	14	–	–	3
SEKI Tadayuki	19	Director (Note 1)	Reporting company	16	–	–	3
KOIDE Hiroko	15	Director (Note 1)	Reporting company	12	–	–	3
YOSHIMOTO Tatsuya	111	Executive Officer	Reporting company	46	22	43	–
WAKABAYASHI Hayato	45	Executive Officer	Reporting company	23	11	11	–
ONO Keiichi	42	Executive Officer	Reporting company	20	11	11	–
HAYASHI Naotaka	37	Executive Officer	Reporting company	18	9	10	–
NAKAYAMA Takashi	38	Executive Officer	Reporting company	18	10	10	–
MATSUDA Hirokazu	40	Executive Officer	Reporting company	20	9	11	–
OCHIAI Isao	–	Executive Officer	Reporting company	–	–	–	–
YAMAZAKI Shiro	27	Executive Officer	Reporting company	13	7	7	–
NOGUCHI Hideki	26	Executive Officer	Reporting company	13	6	7	–
UMEBAYASHI Akira	26	Executive Officer	Reporting company	13	6	7	–

Notes:
1. Independent Outside Director
2. Lists only those who were officers as of the Shareholders Meeting of May 25, 2023
3. Directors who concurrently serve as officers are listed in the “Executive Officer” column.
4. In the case of Executive Officers who serve concurrently at operating companies, remuneration paid by each company is included.

(5) Ownership of shares

(i) Classification criteria and approaches for investment shares

The Company and the Group have defined the classification of investment shares held for the purpose of pure investment and investment shares held for purposes other than pure investment (cross-shareholdings) as follows.

(Investment shares held for the purpose of pure investment)

Shares held exclusively for the purpose of profiting through fluctuations in share prices or from the receipt of dividends

(Investment shares held for any purpose other than pure investment)

Shares held because the Group judged that they are necessary for the promotion of the Group's business strategy and that the holding of such shares will contribute to increasing corporate value in the medium to long term

(ii) Ownership of shares in the Group

1) Investment shares held for any purpose other than pure investment

A. Holding policy and the method to verify the reasonableness of the holding, as well as details of such verification by the Board of Directors concerning the appropriateness of the holding of the respective stocks

The Group has prescribed the holding policy and method for the validation of the rationale for cross-shareholdings, etc. in the Corporate Governance Policy as follows, and the Board of Directors decides whether or not the holding is appropriate.

(Holding policy)

- Shares will not be newly acquired in principle. However, this does not apply to shares where it has been recognized that they are necessary for the promotion of the Group's business strategy and that the holding of such shares will contribute to increasing corporate value in the medium to long term through the validation of the rationale for holding them.
- If listed shares (including deemed shareholdings) that are already held are judged to "not be rational" based on the results of the validation of the rationale for holding them, which occurs every year, the Group will negotiate with corporate customers and business partners and reduce them as appropriate upon receiving consent regarding the sale method, period, etc.
- For unlisted shares, since FY2021, we have confirmed the suitability of holding all shares in the same way as listed shares, from both qualitative and quantitative aspects, and strengthened our initiatives towards reducing holdings.

(Method for validation of rationale)

The Group periodically validates the rationale for holding individual issues from the following perspective.

- Qualitative perspective

  The perspective relating to business strategies, such as maintaining harmonious and favorable business relationships with corporate customers and business partners, and securing supply chains

- Quantitative perspective

  The perspective relating to whether profitability by holding shares, including related trading profits and dividends, exceeds capital costs, etc.

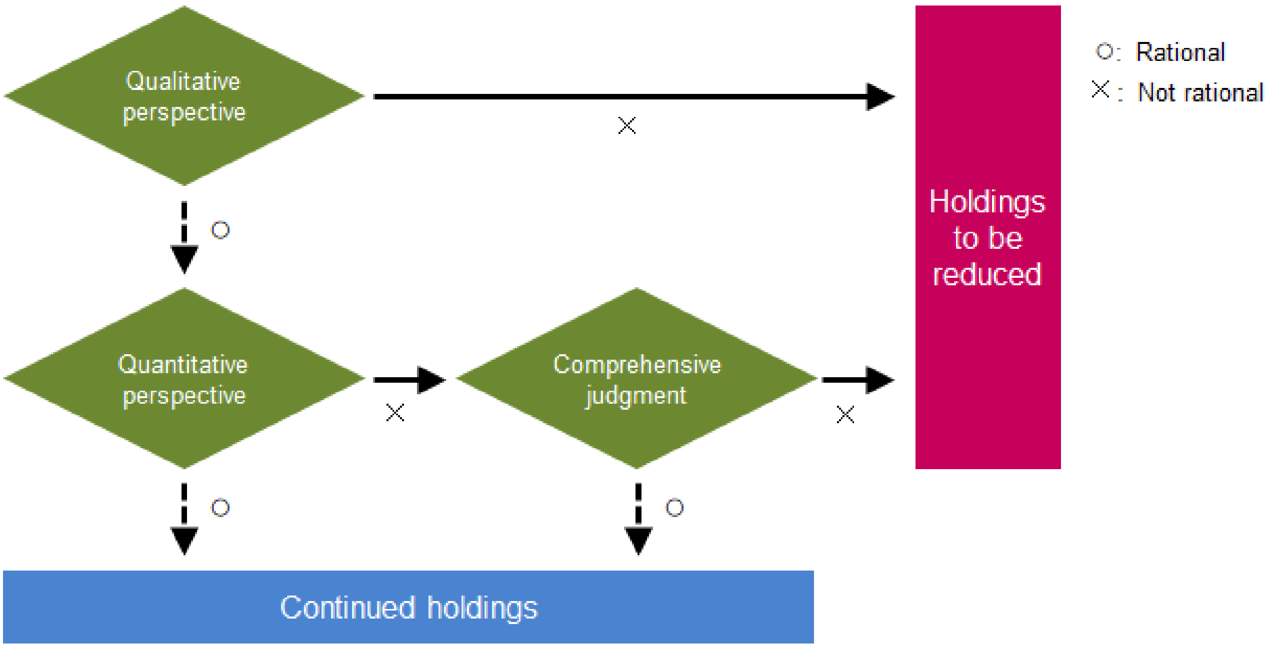
(Details of verification by the Board of Directors concerning the appropriateness of the holding of the respective stocks)

- The results of the above validation that takes place based on the holding policy, the judgment regarding the continuation or disposal of held shares, and the reduction plan are discussed at the meeting of the Board of Directors held every August, and the Group confirms the reduction result at the meeting of the Board of Directors held in the following March.

As a result, the number of the Group’s cross shareholdings as of February 28, 2023, had decreased by 15 stocks compared with the previous fiscal year-end to 148 stocks (of which the number of stocks of listed companies excluding deemed holdings was 16).

□ Process for validation of rationale

- Validation is conducted with a focus on continued qualitative rationality in accordance with the purpose at the time of acquisition.



□ Schedule for validation of rationale, negotiation and reduction

* ○: Efforts in : Year X (first year), ● : X + 1 year, ◉ : X + 2 years

Implementation period / Content of implementation			X			X + 1 year				X + 2 years			
			First half	August	Second half	March	First half	August	Second half	March	First half	August	Second half
Operating unit	Validation of rationale		○				●				◉		
Operating unit	Development of reduction plan		○				●				◉		
Operating unit	Negotiation/reduction												
Board of Directors	Discussion	Decision on continuation/ reduction		○				●				◉	
Board of Directors	Confirmation	Negotiation/ reduction result				○		○		●		●	

B. Number of issues and consolidated statement of financial position amount (IFRS)

(Shares not listed)

	Previous fiscal year	Increase	Decrease	Increase or decrease in market value	Current fiscal year	Reason for increase in number of shares
Number of issues (security titles)	135	1	(7)	–	129	Acquisition aiming to acquire know-how for new businesses
Consolidated statement of financial position amount (Millions of yen)	20,834	150	(21)	1,642	22,605	

* The acquisition was made by JFR MIRAI CREATORS Fund, a corporate venture capital fund.

(Shares other than those not listed)

	Previous fiscal year	Increase	Decrease	Increase or decrease in market value	Current fiscal year	Reason for increase in number of shares
Number of issues (security titles)*	21	–	(5)	–	16	–
Consolidated statement of financial position amount (Millions of yen)	3,334	–	(393)	(25)	2,916	

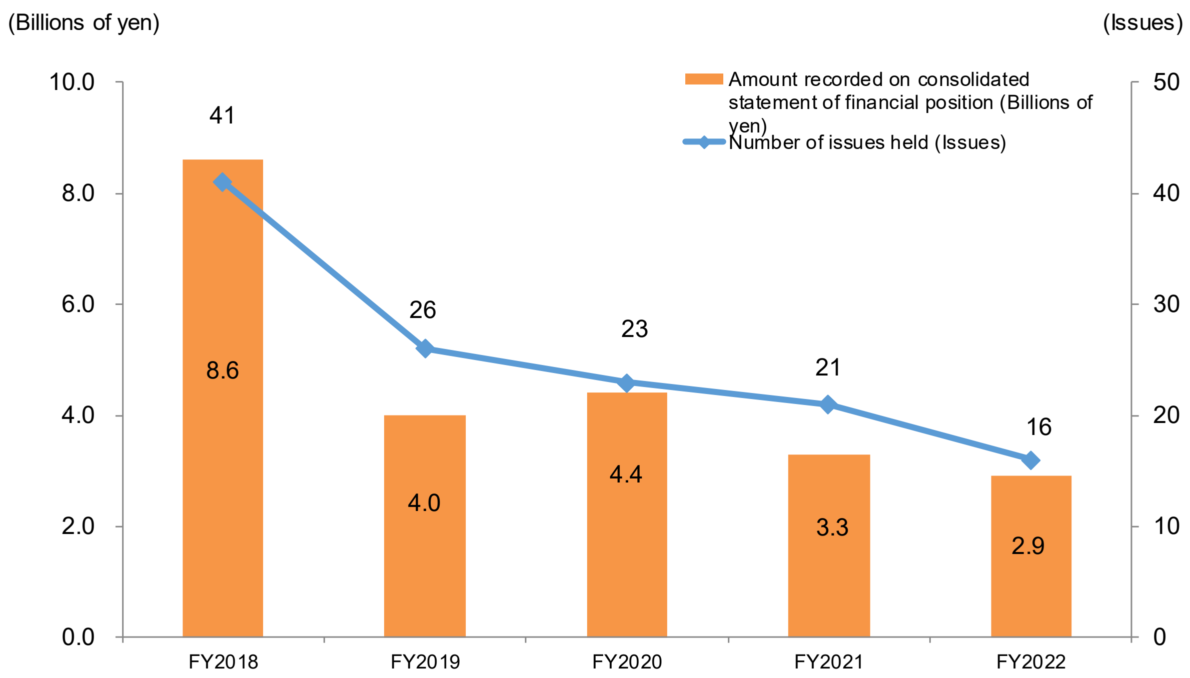
(Deemed shareholdings)

	Previous fiscal year	Increase	Decrease	Increase or decrease in market value	Current fiscal year	Reason for increase in number of shares
Number of issues (security titles)*	7	–	(4)	–	3	–
Consolidated statement of financial position amount (Millions of yen)	9,006	–	(7,785)	8	1,229	

* Of the issues, one issue is included in both shares other than those not listed and deemed shareholdings.

The ratio of the amount recorded in the consolidated statement of financial position of cross shareholdings to the equity attributable to owners of parent is 7.42%.

□ Changes in the number of cross-shareholdings (listed shares excluding deemed shareholdings)



(iii) Ownership of shares in the reporting company (Japanese GAAP)

As for the reporting company, the ownership is as follows.

1) Investment shares held for any purpose other than pure investment

A. Number of issues and carrying amount

(Shares not listed)

	Previous fiscal year	Increase	Decrease	Year-end valuation	Current fiscal year	Reason for increase in number of shares
Number of issues (security titles)	7	–	(1)	–	6	–
Carrying amount (Millions of yen)	1,636	–	(0)	104	1,740	

(Shares other than those not listed)

	Previous fiscal year	Increase	Decrease	Increase or decrease in market value	Current fiscal year	Reason for increase in number of shares
Number of issues (security titles)	1	–	–	–	1	–
Carrying amount (Millions of yen)	24	–	–	(3)	21	

B. Information on the number of shares and carrying amount by issue of specified investment shares and shares subject to deemed shareholding

(Specified investment shares)

The Company validates the rationale for all cross-shareholdings based on the qualitative perspective, which relates to business strategies, such as maintaining harmonious and favorable business relationships with corporate customers and business partners and securing supply chains, as well as the quantitative perspective, which relates to whether profitability by holding shares, including related trading profits and dividends, exceeds capital costs, etc.

The quantitative effects of shareholdings have not been provided from the viewpoint of trade secrets, etc.

Issue name	Current fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Previous fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Purpose of holding	Quantitative effects of shareholding	Reason for increase in number of shares	Holding of the Company's shares
Misonoza Theatrical Corporation	12,000 21	12,000 24	(Purpose of holding) ・Contribution to community development ・Promotion of arts and culture	(Quantitative standard) ・Not met (Comprehensive judgment) ・Made judgment to continue to hold taking into consideration the fact that this company is indispensable for developing art and culture in the area in which stores of Daimaru Matsuzakaya Department Stores exist.	–	None

(iv) Ownership of shares in Daimaru Matsuzakaya Department Stores Co. Ltd. (Japanese GAAP)

As for Daimaru Matsuzakaya Department Stores Co. Ltd. of which the carrying amount of investment shares on the balance sheet is the largest among the Company and consolidated subsidiaries (company with the largest holdings), the ownership of shares is as follows.

1) Investment shares held for any purpose other than pure investment

A. Number of issues and carrying amount

(Shares not listed)

	Previous fiscal year	Increase	Decrease	Year-end valuation	Current fiscal year	Reason for increase in number of shares
Number of issues (security titles)	94	–	(3)	–	91	–
Carrying amount (Millions of yen)	2,672	–	(17)	(27)	2,628	

(Shares other than those not listed)

	Previous fiscal year	Increase	Decrease	Increase or decrease in market value	Current fiscal year	Reason for increase in number of shares
Number of issues (security titles)*	16	–	(5)	–	11	–
Carrying amount (Millions of yen)	3,033	–	(393)	(66)	2,574	

(Deemed shareholdings)

	Previous fiscal year	Increase	Decrease	Increase or decrease in market value	Current fiscal year	Reason for increase in number of shares
Number of issues (security titles)*	7	–	(4)	–	3	–
Carrying amount (Millions of yen)	9,006	–	(7,785)	8	1,229	

* Of the issues, one issue is included in both shares other than those not listed and deemed shareholdings.

B. Information on the number of shares and carrying amount by issue of specified investment shares and shares subject to deemed shareholding

(Specified investment shares)

The Group validates the rationale for all cross-shareholdings based on the qualitative perspective, which relates to business strategies, such as maintaining harmonious and favorable business relationships with corporate customers and business partners and securing supply chains, as well as the quantitative perspective, which relates to whether profitability by holding shares, including related trading profits and dividends, exceeds capital costs, etc.

The quantitative effects of shareholdings have not been provided from the viewpoint of trade secrets, etc.

Of the issues held at the end of the current fiscal year, it is agreed that four will be sold in their entirety.

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding	Quantitative effects of shareholding	Reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares) Carrying amount (Millions of yen)	Number of shares (Shares) Carrying amount (Millions of yen)				
OSAKA GAS CO., LTD.	310,400 686	310,400 654	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that this is a core company in the area in which stores of Daimaru Matsuzakaya Department Stores exist and the recognition that it has continuously contributed to a stable level of profit.	–	Yes
Toho Gas Co., Ltd.	222,893 569	222,893 685	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that this is a core company in the area in which stores of Daimaru Matsuzakaya Department Stores exist and the recognition that it has continuously contributed to a stable level of profit.	–	Yes

Issue name	Current fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Previous fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Purpose of holding	Quantitative effects of shareholding	Reason for increase in number of shares	Holding of the Company's shares
Misonoza Theatrical Corporation	200,000 360	200,000 403	(Segment) ・ Department store (Purpose of holding) ・ Contribution to community development ・ Promotion of arts and culture	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that this company is indispensable for developing art and culture in the area in which stores of Daimaru Matsuzakaya Department Stores exist.	–	None
CHUBU-NIPPON BROADCASTING CO., LTD.	568,205 305	568,205 318	(Segment) ・ Department store (Purpose of holding) ・ Advertisement including public relations activities ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that this is a core company in the area in which stores of Daimaru Matsuzakaya Department Stores exist and the recognition that it has continuously contributed to a stable level of profit.	–	Yes
ANA HOLDINGS INC.	82,200 227	82,200 207	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the recognition that it has continuously contributed to a stable level of profit	–	None
Meiko Trans Co., Ltd.	144,803 173	144,803 166	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that this is a core company in the area in which stores of Daimaru Matsuzakaya Department Stores exist.	–	None

Issue name	Current fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Previous fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Purpose of holding	Quantitative effects of shareholding	Reason for increase in number of shares	Holding of the Company's shares
Hakuyosha Co., Ltd.[*1]	86,337 138	171,337 203	(Segment) ・ Department store (Purpose of holding) ・ Provision of services to customers Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that it is indispensable for maintaining customer service	–	Yes
OKAYA & CO., LTD.	6,600 67	6,600 62	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the recognition that it has continuously contributed to a stable level of profit	–	None
THE ROYAL HOTEL, LIMITED	21,750 30	21,750 24	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Met	–	None
Rinnai Corporation	1,155 11	1,155 10	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Met	–	Yes
Yamaguchi Financial Group, Inc.	5,000 4	5,000 3	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that this is a core company in the area in which stores of Daimaru Matsuzakaya Department Stores exist.	–	None

Issue name	Current fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Previous fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Purpose of holding	Quantitative effects of shareholding	Reason for increase in number of shares	Holding of the Company's shares
Toppan Printing Co., Ltd.*2	–	42,500	–	–	–	None
	–	95				
YOMEISHU SEIZO CO., LTD.*2	–	52,000	–	–	–	Yes
	–	92				
WASHINGTON HOTEL CORPORATION*2	–	79,200	–	–	–	None
	–	52				
Sangetsu Corporation*2	–	24,000	–	–	–	None
	–	38				
Hayashikane Sangyo Co., Ltd.*2	–	26,620	–	–	–	None
	–	13				

*1. Partially sold in the current fiscal year upon reaching an agreement

*2. Fully sold in the current fiscal year upon reaching an agreement

(Deemed shareholdings)

Shares of which the holding is considered by the Company to contribute to increasing corporate value in the medium to long term have been added to the retirement benefit trust for the purpose of achieving sound pension financing in Daimaru Matsuzakaya Department Stores Co. Ltd., a subsidiary of the Company.

The right of instructions for the exercise of voting rights is possessed by Daimaru Matsuzakaya Department Stores Co. Ltd.

Furthermore, the quantitative effects of shareholdings have not been provided from the viewpoint of trade secrets, etc.

Of the issues held at the end of the current fiscal year, three have been agreed to be sold in their entirety.

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding	Quantitative effects of shareholding	Reason for increase in number of shares	Holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)				
	Carrying amount (Millions of yen)	Carrying amount (Millions of yen)				
OSAKA GAS CO., LTD.	300,000	300,000	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise sales ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that this is a core company in the area in which stores of Daimaru Matsuzakaya Department Stores exist and the recognition that it has continuously contributed to a stable level of profit.	–	Yes
	663	632				
YAMATO HOLDINGS CO., LTD.[*1]	135,000	270,000	(Segment) ・ Department store (Purpose of holding) ・ Securing supply chain ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the fact that it is indispensable for maintaining customer service	–	Yes
	310	606				
OUG Holdings Inc.	102,700	102,700	(Segment) ・ Department store (Purpose of holding) ・ Stable merchandise purchasing ・ Maintaining good business relationships	(Quantitative standard) ・ Not met (Comprehensive judgment) ・ Made judgment to continue to hold taking into consideration the recognition that it has continuously contributed to a stable level of profit	–	None
	255	284				
Mitsubishi UFJ Financial Group, Inc.[*2]	–	4,913,000	–	–	–	None
	–	3,498				

Issue name	Current fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Previous fiscal year Number of shares (Shares) Carrying amount (Millions of yen)	Purpose of holding	Quantitative effects of shareholding	Reason for increase in number of shares	Holding of the Company's shares
Sumitomo Mitsui Trust Holdings, Inc.*2	–	670,500	–	–	–	None
	–	2,755				
Sumitomo Mitsui Financial Group, Inc.*2	–	280,000	–	–	–	Yes *3
	–	1,153				
The Nanto Bank, Ltd.	–	33,000	–	–	–	None
	–	70				

*1. Partially sold in the current fiscal year upon reaching an agreement

*2. Fully sold in the current fiscal year upon reaching an agreement

*3. Held by Sumitomo Mitsui Financial Group, Inc.'s subsidiaries Sumitomo Mitsui Banking Corporation and Sumitomo Mitsui Card Company, Limited

V. Financial Information

1. Basis of preparation of the consolidated and non-consolidated financial statements

    (1) Pursuant to the provisions of Article 93 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976; hereinafter referred to as the "Ordinance on Consolidated Financial Statements"), the consolidated financial statements of the Company have been prepared in compliance with International Financial Reporting Standards ("IFRS").

    (2) The non-consolidated financial statements of the Company have been prepared in accordance with the "Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements" (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter referred to as the "Ordinance on Financial Statements").

    The Company meets the criteria of a company allowed to file specified financial statements under the Financial Instruments and Exchange Act and prepares non-consolidated financial statements pursuant to the provisions of Article 127 of the Ordinance on Financial Statements.

    (3) The amounts presented in this report are rounded down to the nearest million yen.

2. Note on independent audit

    The consolidated financial statements for the fiscal year (from March 1, 2022 to February 28, 2023) and the non-consolidated financial statements for the fiscal year (from March 1, 2022 to February 28, 2023) were audited by Ernst & Young ShinNihon LLC in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Special efforts to ensure the appropriateness of the consolidated financial statements, etc. and development of a system for appropriate preparation of the consolidated financial statements, etc. in accordance with IFRS

    The Company makes special efforts to ensure the appropriateness of the consolidated financial statements, etc. and develops a system for appropriate preparation of the consolidated financial statements, etc. in accordance with IFRS. The details of such are as follows:

    (1) To develop a system for ensuring correct understanding of accounting standards, etc. and appropriate responses to any changes in accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation and attends seminars, etc. held by the foundation and others.

    (2) For the adoption of IFRS, the Company keeps up with the latest accounting standards by obtaining press releases and standards published by the International Accounting Standards Board as needed. To prepare appropriate consolidated financial statements under IFRS, the Company has developed accounting policies of the Group in compliance with IFRS and performs accounting procedures based on these policies.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

1) Consolidated Statement of Financial Position

	Notes	As of February 28, 2022	As of February 28, 2023
		Millions of yen	Millions of yen
Assets			
Current assets			
Cash and cash equivalents	6	93,278	39,874
Trade and other receivables	7,27	112,262	129,121
Other financial assets	9,36	11,929	10,836
Inventories	8	12,459	16,932
Other current assets	10	4,954	5,094
Total current assets		234,884	201,860
Non-current assets			
Property, plant and equipment	11	480,380	469,401
Right-of-use assets	13	140,470	119,501
Goodwill	12	523	995
Investment property	14	189,688	187,247
Intangible assets	12	7,289	7,797
Investments accounted for using equity method	16	38,761	41,402
Other financial assets	9,20, 36	79,977	79,711
Deferred tax assets	18	8,209	3,137
Other non-current assets	10	12,721	9,897
Total non-current assets		958,022	919,092
Total assets		1,192,907	1,120,953

	Notes	As of February 28, 2022	As of February 28, 2023
		Millions of yen	Millions of yen
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and borrowings	19,20	108,152	63,530
Trade and other payables	21	116,107	133,835
Lease liabilities	13,19	28,554	28,411
Other financial liabilities	13,19, 20,36	29,915	29,975
Income tax payables		4,485	1,527
Provisions	23	954	2,397
Other current liabilities	24,27	59,243	58,276
Total current liabilities		347,413	317,953
Non-current liabilities			
Bonds and borrowings	19,20	209,562	185,593
Lease liabilities	13,19	155,839	136,414
Other financial liabilities	13,19, 20,36	36,741	35,290
Retirement benefit liabilities	22	19,416	16,754
Provisions	23	9,553	8,699
Deferred tax liabilities	18	51,697	48,366
Other non-current liabilities	24	563	469
Total non-current liabilities		483,373	431,589
Total liabilities		830,787	749,542
Equity			
Capital	25	31,974	31,974
Share premium	25	188,894	189,068
Treasury shares	25	(14,780)	(14,466)
Other components of equity	25	9,574	10,654
Retained earnings	25	134,705	142,153
Total equity attributable to owners of parent		350,368	359,385
Non-controlling interests		11,751	12,025
Total equity		362,120	371,410
Total liabilities and equity		1,192,907	1,120,953

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

	Notes	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
		Millions of yen	Millions of yen
Sales revenue	27	331,484	359,679
Cost of sales	29	(183,642)	(190,142)
Gross profit		147,842	169,536
Selling, general and administrative expense	30	(136,123)	(144,682)
Other operating income	28	11,068	4,540
Other operating expenses	31	(13,406)	(10,336)
Operating profit		9,380	19,059
Finance income	32	1,335	871
Finance costs	32	(5,890)	(5,218)
Share of profit (loss) of investments accounted for using equity method		1,364	2,161
Profit before tax		6,190	16,873
Income tax expense	18	(2,225)	(2,611)
Profit		3,964	14,262
Profit attributable to:			
Owners of parent		4,321	14,237
Non-controlling interests		(356)	25
Profit		3,964	14,262
Earnings per share			
Basic earnings per share (Yen)	34	16.50	54.32
Diluted earnings per share (Yen)	34	16.50	54.30

Consolidated Statement of Comprehensive Income

	Notes	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
		Millions of yen	Millions of yen
Profit		3,964	14,262
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	33,36	(52)	823
Remeasurements of defined benefit plans	33	1,632	1,176
Share of other comprehensive income of entities accounted for using equity method	33	136	(7)
Total items that will not be reclassified to profit or loss		1,716	1,992
Items that may be reclassified to profit or loss			
Cash flow hedges	33	(13)	(1)
Exchange differences on translation of foreign operations	33	151	144
Share of other comprehensive income of entities accounted for using equity method	33	(0)	4
Total items that may be reclassified to profit or loss		136	147
Other comprehensive income, net of tax		1,853	2,140
Comprehensive income		5,818	16,402
Comprehensive income attributable to:			
Owners of parent		6,173	16,384
Non-controlling interests		(355)	18
Comprehensive income		5,818	16,402

3) Consolidated Statement of Changes in Equity

	Notes	Equity attributable to owners of parent					
					Other components of equity		
		Capital	Share premium	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2021		31,974	188,542	(14,830)	(89)	11	9,656
Profit		–	–	–	–	–	–
Other comprehensive income		–	–	–	150	(13)	(53)
Total comprehensive income		–	–	–	150	(13)	(53)
Purchase of treasury shares	25	–	–	(32)	–	–	–
Disposal of treasury shares	25	–	(0)	0	–	–	–
Dividends	26	–	–	–	–	–	–
Share-based payment transactions		–	351	81	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	–	–	(86)
Total transactions with owners		–	351	49	–	–	(86)
Balance at February 28, 2022		31,974	188,894	(14,780)	60	(1)	9,516
Profit		–	–	–	–	–	–
Other comprehensive income		–	–	–	148	(1)	822
Total comprehensive income		–	–	–	148	(1)	822
Purchase of treasury shares	25	–	–	(8)	–	–	–
Disposal of treasury shares	25	–	(0)	1	–	–	–
Dividends	26	–	–	–	–	–	–
Obtaining of control of subsidiaries		–	–	–	–	–	–
Share-based payment transactions		–	175	322	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	–	–	109
Total transactions with owners		–	174	314	–	–	109
Balance at February 28, 2023		31,974	189,068	(14,466)	209	(2)	10,448

		Equity attributable to owners of parent					
	Notes	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
		Remeasure-ments of defined benefit plans	Total				
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2021		–	9,578	136,906	352,171	12,171	364,343
Profit		–	–	4,321	4,321	(356)	3,964
Other comprehensive income		1,769	1,852	–	1,852	1	1,853
Total comprehensive income		1,769	1,852	4,321	6,173	(355)	5,818
Purchase of treasury shares	25	–	–	–	(32)	–	(32)
Disposal of treasury shares	25	–	–	–	0	–	0
Dividends	26	–	–	(8,377)	(8,377)	(64)	(8,442)
Share-based payment transactions		–	–	–	433	–	433
Transfer from other components of equity to retained earnings		(1,769)	(1,855)	1,855	–	–	–
Total transactions with owners		(1,769)	(1,855)	(6,522)	(7,976)	(64)	(8,041)
Balance at February 28, 2022		–	9,574	134,705	350,368	11,751	362,120
Profit		–	–	14,237	14,237	25	14,262
Other comprehensive income		1,177	2,147	–	2,147	(6)	2,140
Total comprehensive income		1,177	2,147	14,237	16,384	18	16,402
Purchase of treasury shares	25	–	–	–	(8)	–	(8)
Disposal of treasury shares	25	–	–	–	0	–	0
Dividends	26	–	–	(7,857)	(7,857)	(64)	(7,921)
Obtaining of control of subsidiaries		–	–	–	–	319	319
Share-based payment transactions		–	–	–	497	–	497
Transfer from other components of equity to retained earnings		(1,177)	(1,067)	1,067	–	–	–
Total transactions with owners		(1,177)	(1,067)	(6,789)	(7,368)	255	(7,113)
Balance at February 28, 2023		–	10,654	142,153	359,385	12,025	371,410

4) Consolidated Statement of Cash Flows

	Notes	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
		Millions of yen	Millions of yen
Cash flows from (used in) operating activities			
Profit before tax		6,190	16,873
Depreciation and amortization expense		49,629	49,107
Impairment loss	15	1,136	5,900
Finance income		(1,335)	(871)
Finance costs		5,890	5,218
Share of loss (profit) of investments accounted for using equity method		(1,364)	(2,161)
Loss (gain) on sales of non-current assets		(2,666)	(771)
Loss on disposals of non-current assets		1,726	2,102
Gain on sales of shares of subsidiaries		(3,951)	–
Loss on sales of shares of subsidiaries		1,818	–
Decrease (increase) in inventories		5,904	(2,185)
Decrease (increase) in trade and other receivables		(536)	(16,898)
Increase (decrease) in trade and other payables		(4,159)	17,599
Increase (decrease) in retirement benefit liabilities		(365)	(2,661)
Decrease (increase) in retirement benefit assets		(407)	3,360
Other, net		228	1,944
Subtotal		57,737	76,558
Interest received		130	123
Dividends received		208	170
Interest paid		(5,808)	(5,172)
Income taxes paid		(4,548)	(8,282)
Income taxes refund		2,147	2,083
Net cash flows from (used in) operating activities		49,866	65,480
Cash flows from (used in) investing activities			
Purchase of property, plant and equipment		(5,820)	(8,641)
Proceeds from sales of property, plant and equipment		492	190
Purchase of investment property		(2,601)	(3,043)
Proceeds from sales of investment property		2,887	1,599
Purchase of investment securities		(2,760)	(1,946)
Proceeds from sales of investment securities		2,503	2,072
Purchase of shares of subsidiaries resulting in change in scope of consolidation		–	(207)
Proceeds from sales of shares of subsidiaries that result in change in scope of consolidation		3,479	–
Other, net		(3,469)	(3,396)
Net cash flows from (used in) investing activities		(5,289)	(13,371)

	Notes	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cash flows from (used in) financing activities			
Net increase (decrease) in current borrowings	19	–	(24,000)
Net increase (decrease) in commercial papers	19	(54,998)	(15,002)
Proceeds from non-current borrowings	19	–	5,500
Repayments of non-current borrowings	19	(17,150)	(15,150)
Proceeds from issuance of bonds	19,20	29,867	–
Redemption of bonds	19,20	–	(20,000)
Repayments of lease liabilities	13,19	(29,674)	(29,138)
Purchase of treasury shares		(32)	(9)
Dividends paid		(8,348)	(7,832)
Dividends paid to non-controlling interests		(64)	(64)
Other, net		8	2
Net cash flows from (used in) financing activities		(80,392)	(105,694)
Net increase (decrease) in cash and cash equivalents		(35,815)	(53,585)
Cash and cash equivalents at beginning of period	6	128,925	93,278
Effect of exchange rate changes on cash and cash equivalents		168	181
Cash and cash equivalents at end of period	6	93,278	39,874

Notes to Consolidated Financial Statements

1. Reporting Entity

J. FRONT RETAILING Co., Ltd. (the "Company") is the ultimate parent of the Company group (the "Group") and a company located in Japan. The registered address of its head office is Chuo-ku, Tokyo.

The Company's consolidated financial statements for the fiscal year ended February 28, 2023 comprise the Company and its subsidiaries' interests in the Group's associates.

For the Group's major business activities, please refer to "5. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

Pursuant to the provisions of Article 93 of the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), the consolidated financial statements of the Group have been prepared in compliance with IFRS since the Company qualifies as a "Specified Company Complying with Designated International Accounting Standards" prescribed in Article 1-2 of the Ordinance.

(2) Basis of measurement

The Group's consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, etc. measured at fair value as stated in "3. Significant Accounting Policies."

(3) Functional currency and presentation currency

The Group's consolidated financial statements are presented in Japanese yen, which is the Company's functional currency, and figures are rounded down to the nearest million yen.

3. Significant Accounting Policies

Significant accounting policies are applied consistently for all periods presented in these consolidated financial statements, except as otherwise provided.

(1) Basis of consolidation

1) Subsidiaries

Subsidiaries are entities controlled by the Group. Control means the power to govern the financial and operating policies of the entity so as to obtain benefits from its business activities.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date when the Group gains control until the date when it ceases to control the subsidiary.

In cases where the accounting policies applied by a subsidiary are different from those applied by the Group, adjustments are made to the subsidiary's financial statements, if necessary. All intergroup balances, transactions and unrealized gains or losses arising from transactions within the Group are eliminated in preparing the consolidated financial statements.

When the Company retains control when there has been partial disposal of ownership interest in a subsidiary, the partial disposal is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributable to owners of the parent.

The additional acquisition of non-controlling interests is accounted for as a capital transaction, and therefore no goodwill is recognized with respect to such transactions.

Non-controlling interests in consolidated subsidiaries are identified separately from the Group's equity therein. Comprehensive income of subsidiaries is attributed to owners of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a negative balance.

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

2) Associates

An associate is defined as an entity over which the Group has significant influence on financial and operating policies but does not have control.

Associates are recognized at cost at the time of the acquisition, and are accounted for by the equity method thereafter. Goodwill recognized on acquisition (less accumulated impairment) is included in investments in associates.

In cases where the accounting policies applied by an associate are different from those applied by the Group, adjustments are made to the associate's financial statements, if necessary.

For associates whose fiscal year end is not the end of February, which is the fiscal year end of the Company, due to relationships with other shareholders or other reasons, adjustments are made by additionally preparing their financial statements as of the fiscal year end of the Company or other means.

3) Joint control

A joint arrangement is a contractual arrangement of which two or more parties have joint control.

The Group classifies its involvement in joint arrangements as joint operations (when the Group has rights to assets and assumes obligations for liabilities in association with the arrangement) and joint ventures (when the Group only has rights to net assets of the arrangement), depending on rights and obligations of the parties to the arrangement.

In the case of joint operations, the Group recognizes its own assets, liabilities, income and expenses as well as the amount equivalent to its share when the Group jointly holds or assumes them. Joint ventures are recognized at cost at the time of the acquisition and are subsequently accounted for using the equity method.

(2) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the acquisition date fair value of the assets transferred, liabilities assumed and equity instruments issued by the Company in exchange for control of the acquiree. Any excess of the consideration transferred over the fair value of identifiable assets and liabilities is recognized as goodwill in the consolidated statement of financial position. Conversely, any deficit is immediately recognized as income in the consolidated statement of income.

The Group elects to measure non-controlling interests at fair value, or at the proportionate share of the recognized amounts of identifiable net assets, on a transaction-by-transaction basis.

Acquisition-related costs are expensed as incurred.

(3) Foreign currency translation

1) Foreign currency transactions

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

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

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

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

2) Financial statements of foreign subsidiaries and associates

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

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

(4) Financial instruments

1) Non-derivative financial assets

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

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

(i) Financial assets measured at amortized cost

With regard to investments in debt instruments, when the contractual cash flows consist of principal and interest paid on specified dates, and the Group holds such investments based on a business model whose objective is to hold the instrument to collect contractual cash flows, the debt instruments are measured at amortized cost. Transaction cost directly attributable to acquisition of financial assets measured at amortized cost is included in the amount of initial measurement.

After the initial recognition, amortization cost is measured using the effective interest method, and impairment losses are deducted when recognized. Interest revenue, foreign exchange gains and losses and impairment losses on financial assets measured at amortized cost are recognized in profit or loss.

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

With regard to investments in debt instruments, when the contractual cash flows consist of principal and interest paid on specified dates, and the Group holds such investments based on a business model whose objective is both to collect contractual cash flows and to sell the financial assets, the debt instruments are measured at fair value. In this case, interest revenue, foreign exchange gains and losses and impairment losses measured using the effective interest method are recognized in profit or loss, and changes in the fair value excluding them are recognized in other comprehensive income. The cumulative amount recognized in other comprehensive income as at the time of derecognition of the financial asset is reclassified to profit or loss.

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

Transaction cost directly attributable to acquisition of financial assets at FVTOCI is included in the amount of initial measurement.

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

Financial assets other than the above are measured at fair value with changes in fair value recognized in profit or loss. Transaction cost directly attributable to acquisition of financial assets at FVTPL is recognized in profit or loss as incurred.

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

(iv) Impairment of financial assets

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

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

(v) Derecognition of financial assets

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

2) Non-derivative financial liabilities

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

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

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

3) Presentation of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4) Derivatives and hedge accounting

The Group uses derivatives to hedge interest rate fluctuation risk and foreign exchange fluctuation risk. Derivatives used by the Group primarily include forward exchange contracts and interest rate swaps.

At the time of initial designation of the hedge, the Group documents the relationship between the hedging instrument and the hedged item, the risk management objective, the strategy for implementation of the hedge transaction, the hedging instrument and the hedged item, the nature of hedged risk, the method for assessing effectiveness of the hedge relationship and the method of measuring the effective portion and ineffective portion.

The Group assesses whether the hedging instrument is expected to be highly effective in achieving offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk throughout the period for which the hedge is designated, at the inception of the hedge and on an ongoing basis.

To apply cash flow hedges to forecast transactions, the forecast transaction must be highly probable.

Derivatives are initially recognized at fair value and the transaction costs are recognized in profit or loss as incurred. After initial recognition, derivatives are measured at fair value, and any changes in the fair value are accounted for as follows.

(i) Cash flow hedges

When a derivative is designated as a hedging instrument to hedge changes in cash flows attributable to certain risks related to highly likely forecast transactions that could affect recognized assets and liabilities or profit or loss, the effective portion of the hedge in changes in fair value of the derivative is included in other components of equity as “cash flow hedges.” The balance of cash flow hedges is deducted from other comprehensive income in the consolidated statement of comprehensive income and transferred to profit or loss under the same item as the hedged item in the same period as the period in which cash flows of the hedged item affect profit or loss. The ineffective portion of the hedge in changes in fair value of the derivative is immediately recognized in profit or loss.

When the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation of the hedge is revoked, the application of hedge accounting, is discontinued prospectively.

If hedge accounting is discontinued, the Group continues to record the balance of cash flow hedges that have already been recognized in other comprehensive income until the forecast transaction affects profit or loss. When forecast transactions are no longer expected to occur, the balance of cash flow hedges is immediately recognized in profit or loss.

(ii) Fair value hedges

Changes in fair value of derivatives that are hedging instruments are recognized in profit or loss. Carrying amounts of hedged items are measured at fair value. For gains or losses on hedged items attributable to hedged risk, any changes in the fair value are recognized in profit or loss.

(5) Cash and cash equivalents

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

(6) Inventories

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

(7) Assets held for sale

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

The condition for classifying an asset under “assets held for sale” is only met by an asset whose sale is highly probable and which is available for immediate sale in its present condition. Management must have committed to the execution of a sale plan for that asset, and the sale of the asset must be scheduled to be completed within one year from the day it is classified as an asset held for sale.

An asset held for sale is measured at the lower of its carrying amount and fair value less cost to sell. After property, plant and equipment, intangible assets and investment property have been classified under “assets held for sale,” depreciation or amortization will not be applied to these assets.

(8) Property, plant and equipment

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

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

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

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

The estimated useful lives, depreciation methods, etc. are reviewed at the end of the fiscal year, and if there are any changes made, those changes are applied prospectively as a change in an accounting estimate.

(9) Goodwill

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

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

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

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

(10) Intangible assets

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

Intangible assets acquired separately are measured at cost at initial recognition.

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

- Software 5 years

The estimated useful lives, residual values and amortization methods are reviewed at the end of the fiscal year, and if there are any changes made, those changes are applied prospectively as a change in an accounting estimate.

(11) Right-of-use assets

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

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

Right-of-use assets are depreciated using the straight-line method mainly over 2 to 73 years from the commencement date.

(12) Lease liabilities

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

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

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

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

Furthermore, for rent concessions arising as a direct consequence of the novel coronavirus disease (COVID-19), which meet specified requirements, the Group has selected to apply the practical expedient and therefore does not assess whether rent concessions are lease modifications.

(13) Investment property

Investment property is property held to earn rental income or for capital appreciation or both.

Investment property is measured using the cost model and stated at cost less accumulated depreciation and accumulated impairment (For the depreciation method and useful lives, please refer to "(8) Property, plant and equipment").

When the investment property portion of a property cannot be accounted for separately from other portions of a property, the entire property is accounted for as investment property only if the owner-occupied portion is insignificant.

(14) Impairment of non-financial assets

The Group determines at the end of every reporting period whether there is any indication that carrying amounts of the Group's non-financial assets excluding inventories and deferred tax assets may be impaired. If any indication exists, the recoverable amount of the asset is estimated. For goodwill and intangible assets that have indefinite useful lives or not yet available for use, the recoverable amount is estimated at the same time each year.

The recoverable amount of an asset or a cash-generating unit is the larger of its value in use and fair value less cost of disposal. In calculating value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset. The cash-generating unit is the smallest group of assets that generates cash inflows, from continuous use, that are largely independent of the cash inflows from other assets or groups of assets.

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

Since the Group's corporate assets do not generate independent cash inflows, the recoverable amount of cash-generating units to which the corporate assets are attributed is determined if there is any indication that corporate assets are impaired.

An impairment loss is recognized as profit or loss, if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. The impairment loss recognized in association with a cash-generating unit is first allocated to reduce the carrying amount of goodwill allocated to this unit, and then the carrying amounts of other assets in the cash-generating unit are reduced on a pro rata basis. Impairment losses related to goodwill are not reversed. With regard to other assets, for previously recognized impairment losses, the Group assesses whether there is any indication that the loss has decreased or been extinguished at the end of the reporting period. An impairment loss is reversed when there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed up to the carrying amount that would have been determined had no impairment loss been recognized, net of necessary depreciation and amortization.

(15) Employee benefits

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

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

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

Net defined benefit liability or asset is determined as the present value of defined benefit obligation less the fair value of plan assets.

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

Past service costs are immediately accounted for as profit or loss.

Costs for defined contribution benefits are recognized as expenses in the period in which the employees render the related service.

(16) Share-based payment

The Company has adopted an officer remuneration BIP (Board Incentive Plan) trust (hereinafter referred to as the "BIP Trust") as a performance-linked, share-based payment to ensure steady execution of the Medium-term Business Plan aimed at realizing the Group Vision.

The BIP Trust is 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 level of achievement of the Medium-term Business Plan, etc. The consideration for the services received is calculated using the fair value of the Company's shares on the grant date. This value is expensed over the vesting period from the grant date, and a corresponding amount is recognized as an increase in equity.

(17) Provisions

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

Asset retirement obligations

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

Provision for loss on business liquidation

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

(18) Sales revenue

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

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

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

The Group, under a holding company structure, develops businesses such as the SC Business, the Developer Business, and the Payment and Finance Business, with the Department Store Business at its core. The Department Store Business carries out the sale of clothing, general goods, household goods, food products and others. With regard to these sales of goods, since performance obligations are deemed to be satisfied at the time of delivery of goods when customers gain control of such goods, the Group mainly recognizes revenue at the time of delivery of such goods. Furthermore, revenue is measured at the amount of consideration promised in contracts between customers, less any discounts, rebates and sales returns, etc.

1) Revenue recognition by business segment

i) Department Store Business

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

ii) SC Business

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

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

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

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

iii) Developer Business

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

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

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

iv) Payment and Finance Business

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

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

v) Other

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

2) Interest revenue

Interest revenue is recognized using the effective interest method.

3) Dividends

Dividend income is recognized when the right to receive dividends is established.

4) Gross and net presentation of revenue

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

The following indicators are taken into account in the determination of whether the Group conducts a transaction as a principal or an agent:

- Whether the entity is primarily responsible for fulfilling a contract
- Whether the entity has inventory risk before or after the customer order, during shipping or on return
- Whether the entity has discretion in establishing prices

(19) Government grants

Government grants are measured and recognized at fair value, if the conditions attaching to them are complied with, and there is reasonable assurance that the grants will be received. Grants for expenses incurred are recorded as income in the same fiscal year as the fiscal year in which the expenses are incurred. Grants related to acquisition of an asset are recorded as other operating income on a systematic basis over the useful life of the asset, and unearned government grants are recorded in liabilities as deferred income.

(20) Income tax

Income tax consists of current taxes and deferred taxes. Income tax is recognized as profit or loss, except for taxes related to business combinations and taxes related to items that are recognized directly in equity or in other comprehensive income.

1) Current taxes

Current taxes are measured in the amount of the expected tax payables to or receivables from the taxation authorities. Calculation of the amount of tax is based on the tax rates and tax laws enacted or substantively enacted by the end of the reporting period in countries where the Group conducts business and earns taxable profit.

2) Deferred taxes

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

No deferred tax assets and liabilities are recognized on the following temporary differences:

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from initial recognition of assets and liabilities from transactions that are not business combinations and affect neither accounting income or taxable profit
- Taxable temporary differences associated with investments in subsidiaries and associates, etc. for which the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

A deferred tax liability is recognized for all taxable temporary differences in principle, and a deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Carrying amount of deferred tax assets is reassessed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to use all or part of the benefit of the deferred tax assets. Unrecognized deferred tax assets are reassessed each period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates and by the tax laws that are expected to apply to the period when the assets are realized or the liabilities are settled, based on the statutory tax rates and tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset current tax assets against tax liabilities and income taxes are levied by the same taxation authority on the same taxable entity.

(21) Earnings per share

Basic earnings per share are calculated by dividing profit (loss) attributable to ordinary equity holders of the parent entity by the weighted average number of shares outstanding during the period, adjusting treasury shares. Diluted earnings per share are calculated by adjusting for the effects of all dilutive potential shares.

(22) Operating segments

Operating segments are components of entities that engage in business activities that earn revenue and incur costs including transactions with other operating segments. Operating results of all the operating segments, for which the financial information is separately available, are reviewed periodically by the Board of Directors for the purpose of allocating management resources to each segment and assessing performance.

(23) Treasury shares

Treasury shares are assessed at acquisition cost and deducted from equity. No gain or loss is recognized on the purchase, sale or cancellation of the Company’s treasury shares. Any difference between the carrying amount and consideration received on the sale of treasury shares is recognized as share premium.

(24) Borrowing costs

The Group includes borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, that is, a qualifying asset as part of the acquisition cost until the asset is substantially ready for its intended use or sale.

All borrowing costs other than those above are recognized as profit or loss in the fiscal period in which they are incurred.

(25) Application of consolidated taxation system

The Company and some of its consolidated subsidiaries apply the consolidated taxation system.

4. Significant Accounting Estimates and Judgments

In the preparation of consolidated financial statements, management is required to make judgments, estimates and assumptions that affect application of accounting policies as well as amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

The estimates and their underlying assumptions are reviewed on an ongoing basis. The effects of changes in accounting estimates are recognized in the fiscal period in which the estimates are changed and in future periods that are affected.

In terms of the business environment, while the impact of the spread of COVID-19 and restrictions on activities has diminished and social and economic activities have normalized, there are still uncertainties such as the emergence of geopolitical risks and growing concerns of economic recession due to global inflation and other factors. Given these circumstances, the Group factors in the effects of strategies and measures in each business and has made reasonable estimates that reflect the situation as of the end of the reporting period, based on the assumption that the recovery trend in domestic spending will continue in FY2023 and inbound tourism demand will head for a full-scale recovery. If uncertainty further increases, the Group may revise the carrying amounts of assets and liabilities in future accounting periods.

Estimates and judgments made by management that significantly affect the amounts in the consolidated financial statements are as follows.

(1) Property, plant and equipment, right-of-use assets, intangible assets and investment property

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

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

The recoverable amount is usually determined by the value in use. In calculating the value in use, future cash flows generated from the use of the asset, future cash flows generated by its final disposal, and the discount rate are used as estimation factors.

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

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

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

Although it is difficult to forecast changes in the impact of consumption and other factors due to changes in social and economic conditions, the Group has made certain assumptions and incorporated them into the forecast of domestic consumer spending trends.

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

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

(Millions of yen)

	Department Store Business	SC Business
Impairment losses	3,887	2,006
Property, plant and equipment	233,491	231,961
Right-of-use assets	69,211	54,000
Intangible assets	4,308	1,355
Investment property	111,087	3,120

(2) Recoverability of deferred tax assets

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

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

The significant assumptions in the Group’s business plan are forecast for personal spending trends in Japan and the projected recovery in inbound tourism demand as well as the forecast for sales revenue that incorporates the effect of each business plan for the Department Store Business, the SC Business and the Payment and Finance Business segments; the forecast for sales revenue that incorporates new development projects from the business plan in the Developer Business segment; and the forecast for operating profit taking into account the effects of cost reductions achieved through business structure reforms in each segment.

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

The breakdown of deferred tax assets by major cause and their carrying amounts are stated in “18. Income Tax.”

(3) Post-employment benefits

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

Of the assumptions provided above, the discount rate and anticipated rate of salary increase, which are particularly important, are provided in “22. Employee Benefits.”

(4) Determination and revision of lease periods

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

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

Details of lease periods are stated in “3. Significant Accounting Policies.”

5. Segment Information

(1) Overview of reportable segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is obtainable. These segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and evaluating business results.

The Group is comprised, under a holding company structure, of the reportable segments “Department Store Business,” “SC Business,” “Developer Business” and “Payment and Finance Business,” with the Department Store Business at its core.

The Department Store Business carries out the sale of clothing, general goods, household goods, food products and others. The SC Business undertakes development, management, supervision and operation, etc. of shopping centers. The Developer Business carries out development, management, operation, interior decorating work, etc. of real estate. The Payment and Finance Business undertakes issuance and administration, etc. of credit cards.

Daimaru Matsuzakaya Sales Associates Co. Ltd., which was a consolidated subsidiary of the Company, merged with and was absorbed by Daimaru Matsuzakaya Department Stores Co. Ltd., which is a consolidated subsidiary of the Company, on September 1, 2021. As a result of this change, Daimaru Matsuzakaya Sales Associates Co. Ltd., which was previously included in “Other,” has been included in “Department Store Business” from the fiscal year ended February 28, 2022.

(2) Segment revenue and business results

Revenue and business results by reportable segments of the Group are as follows. Inter-segment transactions are generally based on prevailing market prices.

Fiscal year ended February 28, 2022

	Reportable segment					Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	190,307	51,585	40,698	7,273	289,864	41,619	331,484	–	331,484
Inter-segment revenue	431	971	9,935	3,764	15,103	20,135	35,239	(35,239)	–
Total	190,739	52,556	50,633	11,037	304,967	61,755	366,723	(35,239)	331,484
Segment profit (loss)	(4,594)	2,055	4,711	1,970	4,142	1,199	5,341	4,039	9,380
Finance income									1,335
Finance costs									(5,890)
Share of profit (loss) of investments accounted for using equity method									1,364
Profit before tax									6,190
Segment assets	566,354	334,273	106,420	72,505	1,079,554	108,065	1,187,620	5,287	1,192,907
Other items									
Depreciation and amortization expense	30,416	14,671	4,102	154	49,345	1,704	51,049	(1,419)	49,629
Impairment loss	113	234	776	–	1,123	13	1,136	–	1,136
Investments accounted for using equity method	21,861	–	47	–	21,908	156	22,065	16,696	38,761
Capital expenditures	10,582	5,074	3,745	38	19,441	1,132	20,573	58	20,632

Notes:
1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.
2. Capital expenditures are the amount of the increase in property, plant and equipment, right-of-use assets, investment property and intangible assets.
3. Adjustments are made as follows.
   (1) The adjustments for segment profit (loss) include inter-segment eliminations and corporate income and expenses not attributable to any business segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any business segment.
   (2) The adjustment for segment assets includes elimination of segment receivables, unrealized profit adjustments on non-current assets, and assets of the company submitting consolidated financial statements that are not attributable to any business segment.
   (3) The adjustment for depreciation and amortization expense consists of inter-segment transfers.
   (4) The adjustment for amounts invested in entities accounted for using equity method consists of investments in entities accounted for using equity method of the company submitting consolidated financial statements that are not attributable to any business segment.
   (5) The adjustment for capital expenditures consists mainly of inter-segment eliminations, inter-segment unrealized profit, and capital expenditures of the company submitting consolidated financial statements that are not attributable to any business segment.
4. Segment profit (loss) is adjusted to operating profit in the consolidated financial statements.

Fiscal year ended February 28, 2023

	Reportable segment					Other	Total	Adjustments	Consolidated
	Department Store Business	SC Business	Developer Business	Payment and Finance Business	Total				
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
External revenue	215,295	53,308	42,297	7,585	318,486	41,193	359,679	–	359,679
Inter-segment revenue	459	1,053	12,372	5,304	19,190	14,728	33,919	(33,919)	–
Total	215,754	54,361	54,670	12,889	337,676	55,922	393,599	(33,919)	359,679
Segment profit	7,529	3,733	3,695	3,485	18,443	899	19,343	(283)	19,059
Finance income									871
Finance costs									(5,218)
Share of profit (loss) of investments accounted for using equity method									2,161
Profit before tax									16,873
Segment assets	544,939	321,529	115,536	80,272	1,062,277	132,614	1,194,892	(73,938)	1,120,953
Other items									
Depreciation and amortization expense	30,624	14,417	3,811	158	49,012	1,460	50,472	(1,365)	49,107
Impairment loss	3,887	2,006	–	–	5,894	6	5,900	–	5,900
Investments accounted for using equity method	22,260	1,038	–	–	23,299	156	23,455	17,947	41,402
Capital expenditures	12,057	2,596	5,735	128	20,517	1,272	21,790	780	22,570

Notes:
1. The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.
2. Capital expenditures are the amount of the increase in property, plant and equipment, right-of-use assets, investment property and intangible assets.
3. Adjustments are made as follows.
   (1) The adjustments for segment profit include inter-segment eliminations and corporate income and expenses not attributable to any business segment. Corporate income and expenses are mainly income and expenses of the company submitting consolidated financial statements that are not attributable to any business segment.
   (2) The adjustment for segment assets includes elimination of segment receivables, unrealized profit adjustments on non-current assets, and assets of the company submitting consolidated financial statements that are not attributable to any business segment.
   (3) The adjustment for depreciation and amortization expense consists of inter-segment transfers.
   (4) The adjustment for amounts invested in entities accounted for using equity method consists of investments in entities accounted for using equity method of the company submitting consolidated financial statements that are not attributable to any business segment.
   (5) The adjustment for capital expenditures consists mainly of inter-segment eliminations, inter-segment unrealized profit, and capital expenditures of the company submitting consolidated financial statements that are not attributable to any business segment.
4. Segment profit is adjusted to operating profit in the consolidated financial statements.

(3) Information by geographical area

Sales revenue from external customers

This information has been omitted, as sales revenue from external customers in Japan accounts for a large percentage of sales revenue recorded on the consolidated statement of income.

Non-current assets

This information has been omitted, as the amount of non-current assets located in Japan accounts for a large percentage of the amount recorded on the consolidated statement of financial position.

6. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

	As of February 28, 2022	As of February 28, 2023
	Millions of yen	Millions of yen
Cash	2,654	2,744
Deposits (including time deposits with deposit terms of three months or less)	90,624	37,129
Total	93,278	39,874

7. Trade and Other Receivables

The breakdown of trade and other receivables is as follows.

All these receivables have been classified as financial assets measured at amortized cost.

	As of February 28, 2022	As of February 28, 2023
	Millions of yen	Millions of yen
Notes receivable - trade	2,081	2,667
Accounts receivable - trade	53,164	60,674
Accounts receivable - other	49,675	54,553
Contract assets	3,193	6,832
Other	4,147	4,392
Total	112,262	129,121

8. Inventories

The breakdown of inventories is as follows:

	As of February 28, 2022	As of February 28, 2023
	Millions of yen	Millions of yen
Merchandise and finished goods	11,982	12,051
Work in process	117	30
Real estate for sale in process	–	4,304
Supplies	360	546
Total	12,459	16,932
Inventories sold beyond 12 months	3	–

In connection with the change of holding purpose of some investment property in the Developer Business from leasing to sales, land amounting to ¥1,827 million and construction in progress amounting to ¥2,476 million were reclassified to inventories.

The amount of inventories that were recognized as expenses was ¥171,024 million in the fiscal year ended February 28, 2022 and ¥175,548 million in the fiscal year ended February 28, 2023.

The amounts of write-down of inventories recognized as expenses are as follows:

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
	Millions of yen	Millions of yen
Amounts of write-down	138	69

9. Other Financial Assets

The breakdown of other financial assets is as follows:

	As of February 28, 2022	As of February 28, 2023
	Millions of yen	Millions of yen
Financial assets measured at amortized cost		
Time deposits with deposit terms of more than three months	4,853	4,915
Lease and guarantee deposits	55,053	53,436
Loans receivable	1,604	1,621
Other	5,739	4,924
Financial instruments measured at fair value through profit or loss		
Derivative financial assets	7	6
Financial assets measured at fair value through other comprehensive income		
Shares and investments in capital	24,648	25,645
Total	91,907	90,548
Total current assets	11,929	10,836
Total non-current assets	79,977	79,711

10. Other Assets

The breakdown of other assets is as follows:

	As of February 28, 2022	As of February 28, 2023
	Millions of yen	Millions of yen
Prepaid expense	2,131	2,768
Advance payments - trade	1,009	794
Suspense payments	337	389
Retirement benefit assets	9,506	6,145
Other	4,690	4,894
Total	17,675	14,991
Other current assets	4,954	5,094
Other non-current assets	12,721	9,897

11. Property, Plant and Equipment

(1) Schedule of changes

Changes in acquisition costs and accumulated depreciation and impairment of property, plant and equipment are as follow:

Acquisition costs

	Land	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2021	287,715	508,914	4,229	17,617	271	818,748
Acquisitions	43	4,655	75	721	145	5,642
Sales or disposals	(490)	(5,396)	(131)	(448)	–	(6,466)
Transfer among line items	–	(148)	–	9	(80)	(220)
Exclusion from consolidation	–	(1,409)	–	(1,395)	–	(2,804)
Balance as of February 28, 2022	287,268	506,616	4,174	16,504	335	814,899
Acquisitions	12	8,677	63	842	203	9,799
Sales or disposals	(34)	(9,296)	(44)	(443)	–	(9,818)
Transfer among line items	–	103	–	0	(114)	(10)
Other	–	7	–	4	(232)	(220)
Balance as of February 28, 2023	287,246	506,108	4,193	16,908	192	814,649

Accumulated depreciation and impairment

	Land	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2021	(499)	(309,452)	(2,863)	(12,289)	–	(325,104)
Depreciation	–	(15,920)	(225)	(1,347)	–	(17,493)
Impairment loss	–	(41)	(2)	(14)	–	(58)
Sales or disposals	–	4,865	130	436	–	5,432
Transfer among line items	–	149	(0)	(6)	–	143
Exclusion from consolidation	–	1,282	–	1,278	–	2,561
Balance as of February 28, 2022	(499)	(319,115)	(2,961)	(11,942)	–	(334,518)
Depreciation	–	(15,557)	(224)	(1,236)	–	(17,019)
Impairment loss	(50)	(2,508)	(4)	(94)	–	(2,657)
Sales or disposals	–	8,529	35	384	–	8,949
Transfer among line items	–	(1)	–	–	–	(1)
Balance as of February 28, 2023	(549)	(328,653)	(3,154)	(12,888)	–	(345,247)

Carrying amount

	Land	Buildings and structures	Machinery and vehicles	Furniture and fixtures	Construction in progress	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2021	287,215	199,462	1,366	5,328	271	493,644
Balance as of February 28, 2022	286,768	187,500	1,213	4,561	335	480,380
Balance as of February 28, 2023	286,696	177,454	1,038	4,019	192	469,401

Notes: 1. The amount of depreciation expense for property, plant and equipment is included in "cost of sales" and "selling, general and administrative expense" in the consolidated statement of income.

2. Please refer to "28. Other Operating Income" for the gain on sales of non-current assets for the fiscal year ended February 28, 2022 and February 28, 2023, and "31. Other Operating Expenses" for the loss on disposals of non-current assets for the fiscal year ended February 28, 2022 and February 28, 2023.

(2) Assets pledged as collateral

There is no property, plant and equipment pledged as collateral for liabilities.

(3) Commitments

Please refer to "39. Commitments" for commitments related to purchase of property, plant and equipment.

12. Goodwill and Intangible Assets

(1) Schedule of changes

Changes in acquisition costs, accumulated amortization and impairment and carrying amounts of goodwill and intangible assets are as follows:

Acquisition costs

	Goodwill	Intangible assets		
		Software	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2021	568	13,036	485	13,521
Acquisitions	–	3,675	3	3,678
Sales or disposals	–	(916)	(7)	(924)
Transfer among line items	–	(61)	1	(60)
Exclusion from consolidation	–	(1,018)	(0)	(1,018)
Balance as of February 28, 2022	568	14,715	481	15,197
Acquisitions	472	2,970	20	2,990
Sales or disposals	–	(1,317)	(1)	(1,319)
Transfer among line items	–	(220)	(11)	(231)
Other	(44)	–	–	–
Balance as of February 28, 2023	995	16,148	488	16,636

Note: The acquisition of goodwill in the fiscal year ended February 28, 2023 was due to a business combination (acquisition of shares of XENOZ CO., Ltd.).

Accumulated amortization and impairment

	Goodwill	Intangible assets		
		Software	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2021	(44)	(7,336)	(432)	(7,769)
Amortization expense	–	(1,993)	(1)	(1,994)
Impairment loss	–	(1)	–	(1)
Sales or disposals	–	912	7	919
Transfer among line items	–	(0)	(0)	(0)
Exclusion from consolidation	–	939	–	939
Balance as of February 28, 2022	(44)	(7,480)	(426)	(7,907)
Amortization expense	–	(2,212)	(2)	(2,214)
Impairment loss	–	(6)	–	(6)
Sales or disposals	–	1,287	1	1,288
Transfer among line items	–	0	0	0
Other	44	–	–	–
Balance as of February 28, 2023	–	(8,412)	(427)	(8,839)

Carrying amount

	Goodwill	Intangible assets		
		Software	Other	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2021	523	5,699	52	5,752
Balance as of February 28, 2022	523	7,235	54	7,289
Balance as of February 28, 2023	995	7,736	60	7,797

Note: The amount of amortization expense for intangible assets is included in “cost of sales” and “selling, general and administrative expense” in the consolidated statement of income.

(2) Impairment of goodwill

Goodwill arising in business combinations is allocated to cash-generating units that benefit from the business combination on the acquisition date. The breakdown of the carrying amount of goodwill by segment is as follows:

	As of February 28, 2022	As of February 28, 2023
	Millions of yen	Millions of yen
SC Business	523	523
Other	–	472
Total	523	995

The Group tests goodwill for impairment each fiscal year, or whenever there is an indication of impairment.

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

The recoverable amount is usually determined by the value in use. The Group estimates the discounted present value of future cash flows generated from use of the asset and the discounted present value of future cash flows generated from ultimate disposal of the asset. These estimates are based on management's best estimates, but may differ from actual results due to effects of changes in uncertain future economic conditions.

There is a risk that impairment may arise if major assumptions used for impairment test are changed. However, the value in use sufficiently exceeds the carrying amount of the cash-generating unit or the group of cash-generating units, and the Group considers value in use unlikely to fall below the carrying amount even if major assumptions used for impairment tests change within a reasonably foreseeable range.

13. Leases

(1) As lessee

The Group enters into lease contracts for real estate, various facilities, etc. in the Department Store Business mainly for the purpose of ensuring flexibility relating to asset replacement, reducing the administrative burden relating to asset management, and efficiently operating funds. In cases where such a contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is deemed to be a lease or to contain a lease, and the right-of-use assets and lease liabilities are recognized on the date of the commencement of the lease. However, for short-term leases and leases for which the underlying asset is of low value, the Group may recognize the lease payments related to the lease as an expense using the straight-line method over the lease term.

In some lease contracts among those aforementioned agreements, an option for the lessee to extend the lease period is attached.

The Group exercises the option to extend a lease if it judges it necessary to exercise that option after comprehensively considering the profitability of the underlying asset of the agreement, changes to the environment of the neighborhood market and the exercise conditions of the option. However, in cases where there is no reasonable certainty that the option will be exercised on the start date of the lease, the corresponding extension period is not included in the lease period and the lease payment for that period is not included in the measurement of lease liabilities.

For both the option to extend the lease period and the option to cancel the lease, the Group reviews the possibility of exercising the option each period.

The total amount of agreements that contain contingent rents or residual value guarantee, or the total amount of leases that have not yet started regardless of whether the agreement has been concluded are immaterial.

The breakdown of right-of-use assets is as follows:

(Millions of yen)

	Type of underlying assets				Total
	Buildings and structures	Machinery, tools and fixtures	Land	Intangible assets, other	
As of February 28, 2022	115,049	1,603	22,433	1,382	140,470
As of February 28, 2023	95,554	1,308	21,414	1,223	119,501

Profit or loss and cash outflow related to right-of-use assets

1) Costs related to leases

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Depreciation expense of right-of-use assets		
Items with buildings and structures as the underlying assets	22,441	22,333
Items with machinery, tools and fixtures as the underlying asset	919	867
Items with land as the underlying asset	1,201	1,237
Items with intangible assets, other as the underlying asset	156	152
Total depreciation expense of right-of-use assets	24,718	24,590
Impairment loss of right-of-use assets		
Items with buildings and structures as the underlying assets	186	2,898
Items with machinery, tools and fixtures as the underlying asset	1	–
Items with land as the underlying asset	–	305
Items with intangible assets, other as the underlying asset	0	32
Total impairment loss of right-of-use assets	188	3,236
Interest expenses related to lease liabilities	4,009	3,607
Costs related to current lease obligations	487	285
Costs related to leases of low-value assets	1,084	990
Contingent rents not included in the measurement of lease liabilities	163	82

Notes:
1. Depreciation and impairment losses exclude right-of-use assets that fall under the definition of investment property.
2. The amount of depreciation expense is included in “cost of sales” and “selling, general and administrative expense” in the consolidated statement of income.
3 Impairment losses are recorded in “other operating expenses” in the consolidated statement of income.

2) Income from subleasing

(Millions of yen)

Income from subleasing	11,962	12,769

3) Cash outflow related to leases

(Millions of yen)

Cash outflow related to leases	35,418	34,081

Lease liabilities

A maturity analysis for lease liabilities is as follows.

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Contractual undiscounted cash flows		
Due within one year	31,932	30,946
Due after one year through two years	29,089	28,785
Due after two years through three years	27,524	23,729
Due after three years through four years	21,935	16,589
Due after four years through five years	14,913	11,814
Due after five years	85,426	78,207
Balance of lease liabilities before discount	210,821	190,072
Current	28,554	28,411
Non-current	155,839	136,414

(2) As lessor

The Group mainly leases investment property and tenant space inside commercial facilities using finance lease or operating lease transactions.

These lease assets are exposed to the risk of being damaged due to the use by the lessee that is above and beyond regular use, or as a result of intentional acts or gross negligence. To avoid and mitigate such risks, the Group requires in accordance with lease contracts that lessees provide a lease or guarantee deposit of a certain amount, and if the asset is actually damaged, the lease or guarantee deposit is used to fund the costs required for repair.

1) Finance leases (As lessor)

The information has been omitted due to its immateriality.

2) Operating leases (As lessor)

Revenue related to operating leases is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Lease revenue (other than contingent rents)	28,532	29,850
Lease revenue (contingent rents)	24,956	26,604

The maturity analysis for lease payments relating to operating leases is as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Due within one year	21,129	20,794
Due after one year through two years	19,630	18,684
Due after two years through three years	18,099	17,214
Due after three years through four years	16,509	15,813
Due after four years through five years	15,182	14,939
Due after five years	111,513	99,691
Total	202,064	187,138

Changes in the carrying amount, acquisition cost, and accumulated depreciation and impairment of underlying assets of operating leases recorded under property, plant and equipment in the consolidated statement of financial position are as follows:

Carrying amount

(Millions of yen)

	Land	Buildings and structures
Balance as of March 1, 2021	149,250	103,431
Acquisitions	43	1,620
Sales or disposals	–	(170)
Depreciation expense	–	(7,537)
Impairment loss	–	(41)
Other	(63)	57
Balance as of February 28, 2022	149,231	97,359
Acquisitions	20	3,376
Sales or disposals	–	(237)
Depreciation expense	–	(7,406)
Impairment loss	–	(1,134)
Other	(31)	(42)
Balance as of February 28, 2023	149,220	91,915

Acquisition costs

(Millions of yen)

	Land	Buildings and structures
Balance as of March 1, 2021	149,729	206,992
Balance as of February 28, 2022	149,709	208,406
Balance as of February 28, 2023	149,698	207,537

Accumulated depreciation and impairment

(Millions of yen)

	Land	Buildings and structures
Balance as of March 1, 2021	478	103,561
Balance as of February 28, 2022	478	111,046
Balance as of February 28, 2023	478	115,622

14. Investment Property

(1) Schedule of changes

Changes in acquisition costs, accumulated depreciation and impairment and carrying amounts of investment property and fair values as of the end of each fiscal year are as follows:

Acquisition costs

	Self-owned assets	Right-of-use assets	Total
	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2021	181,862	35,088	216,950
Acquisitions	3,472	4,007	7,480
Sales or disposals	(1,133)	–	(1,133)
Transfer among line items	175	–	175
Decrease due to cancellation of lease contracts	–	(182)	(182)
Other	71	53	125
Balance as of February 28, 2022	184,446	38,967	223,413
Acquisitions	4,714	2,432	7,146
Sales or disposals	(3,042)	–	(3,042)
Transfer among line items	(4,411)	(455)	(4,866)
Decrease due to cancellation of lease contracts	–	(1,689)	(1,689)
Other	(35)	722	687
Balance as of February 28, 2023	181,672	39,977	221,649

(Changes in presentation)
Previously, “Decrease due to cancellation of lease contracts” was included in “Other” (¥(129) million in the fiscal year ended February 28, 2022), but due to its increased materiality, it is presented as “Decrease due to cancellation of lease contracts” (¥(1,689) million in the fiscal year ended February 28, 2023) from the fiscal year ended February 28, 2023.

Accumulated depreciation and impairment

	Self-owned assets	Right-of-use assets	Total
	Millions of yen	Millions of yen	Millions of yen
Balance as of March 1, 2021	(16,634)	(11,436)	(28,071)
Depreciation	(1,964)	(3,221)	(5,185)
Impairment loss	(805)	(83)	(888)
Sales or disposals	426	–	426
Transfer among line items	(154)	–	(154)
Decrease due to cancellation of lease contracts	–	147	147
Balance as of February 28, 2022	(19,131)	(14,594)	(33,725)
Depreciation	(1,893)	(3,132)	(5,025)
Impairment loss	–	–	–
Sales or disposals	2,146	–	2,146
Transfer among line items	495	5	501
Decrease due to cancellation of lease contracts	–	1,612	1,612
Other	–	88	88
Balance as of February 28, 2023	(18,381)	(16,019)	(34,401)

(Changes in presentation)

Previously, “Decrease due to cancellation of lease contracts” was included in “Other” (¥147 million in the fiscal year ended February 28, 2022), but due to its increased materiality, it is presented as “Decrease due to cancellation of lease contracts” (¥1,612 million in the fiscal year ended February 28, 2023) from the fiscal year ended February 28, 2023.

Carrying amounts and fair values

(Millions of yen)

	As of February 28, 2022		As of February 28, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Investment property	189,688	257,720	187,247	259,459

Fair value of investment property is based on real-estate appraisal by an external real-estate appraiser with recent experience in appraisal for the region where the property is located and the type of the property to be valued who holds certified professional qualifications and others. The appraisal is based on market evidence reflecting the transaction price of similar assets in accordance with valuation standards of the country where the property is located.

(2) Income and expenses from investment property

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Rental income	17,054	17,667
Direct operating expense	10,398	10,781

The amounts of rental income from investment property and accompanying direct operating expense are included in “sales revenue” and “cost of sales,” respectively, in the consolidated statement of income.

(3) Commitments

Please refer to “39. Commitments” for commitments related to purchase of investment property.

15. Impairment of Non-financial Assets

Non-financial assets are grouped based on the smallest cash-generating unit (principally stores) that generates cash inflows largely independent of those of other assets.

Impairment losses are recorded in “other operating expenses” in the consolidated statement of income.

The breakdown of the assets for which impairment losses were recognized by segment is as follows:

Fiscal year ended February 28, 2022

(Millions of yen)

Segment	Company name (Location)	Use	Type	Impairment loss
Department Store Business	Daimaru Matsuzakaya Department Stores Co. Ltd. (Chuo-ku, Tokyo, etc.)	Investment property, etc.	Right-of-use assets	6
			Investment property	106
SC Business	PARCO Co., Ltd. (Funabashi, Chiba, etc.)	Store, etc.	Buildings and structures	41
			Machinery and vehicles	2
			Furniture and fixtures	0
			Right-of-use assets	188
			Software	0
Developer Business	PARCO Co., Ltd. (Osaka, Osaka, etc.)	Store, etc.	Furniture and fixtures	0
			Right-of-use assets	76
			Investment property	698
Other	Daimaru Kogyo, Ltd. (Chuo-ku, Osaka, etc.)	Office, etc.	Furniture and fixtures	12
			Software	0
			Total	1,136

1) With regard to the Department Store Business, the main item is an impairment loss of ¥103 million recognized for an expected decrease in revenue due to tenant withdrawals and write-down of the carrying amount of buildings and structures to the recoverable amount in relation to the formulation of a rebuilding and redevelopment plan for the Ginza Core building, in which Daimaru Matsuzakaya Department Stores Co. Ltd. participates as a joint building business. The recoverable amount of the cash-generating unit is measured as the fair value less cost of disposal.

2) With regard to the SC Business, the main item is an impairment loss of ¥231 million recognized for a write-down of the carrying amount of right-of-use assets to the recoverable amount due to a decrease

in the profitability of PARCO Co., Ltd.'s Tsudanuma PARCO. The recoverable amount of the cash-generating unit was measured at value in use, and was calculated by discounting future cash flows by a pre-tax discount rate of 3.9%, which was based on the WACC at the time of measurement, taking into account the future profitability and other factors.

3) With regard to the Developer Business, the main item is an impairment loss of ¥593 million recognized for a write-off of the entire amount of the carrying amount of investment real estate due to a decision to terminate the PARCO Co., Ltd.'s Dotonbori ZERO GATE project. The recoverable amount was based on the value-in-use, which was zero.

   In addition, an impairment loss of ¥159 million was recognized for the entire amount of the carrying amount of the structure portion only of investment real estate due to a decision to dismantle and rebuild PARCO Co., Ltd.'s Nishiki 3-chome building. The recoverable amount was based on the value-in-use, which was zero.

   There was no reversal of impairment losses recorded in the fiscal year ended February 28, 2022.

Fiscal year ended February 28, 2023

(Millions of yen)

Segment	Company name (Location)	Use	Type	Impairment loss
Department Store Business	The Hakata Daimaru, Inc. (Chuo-ku, Fukuoka)	Merchandise Center	Buildings and structures	47
			Furniture and fixtures	0
	Daimaru Matsuzakaya Department Stores Co. Ltd. (Kita-ku, Osaka, etc.)	Store, etc.	Buildings and structures	1,341
			Furniture and fixtures	82
			Land	50
			Right-of-use assets	2,366
SC Business	PARCO Co., Ltd. (Shizuoka, Shizuoka, etc.)	Store, etc.	Buildings and structures	1,119
			Machinery and vehicles	4
			Furniture and fixtures	12
			Right-of-use assets	870
Other	Daimaru Kogyo, Ltd. (Chuo-ku, Osaka)	Software	Software	6
			Total	5,900

1) With regard to the Department Store Business, principally because of decreased profitability of Daimaru Matsuzakaya Department Stores Co. Ltd.'s Daimaru Umeda store and Daimaru Shimonoseki store, the carrying amount of right-of-use assets, etc. was reduced to the recoverable amount and the reduction of ¥3,840 million was recognized as an impairment loss. The recoverable amount of the cash-generating unit was measured at value in use, and was calculated by discounting future cash flows by a pre-tax discount rates of 4.3 - 4.5%, which were based on the WACC at the time of measurement, taking into account the future profitability and other factors.

2) With regard to the SC Business, principally because of decreased profitability of PARCO Co., Ltd.'s Shizuoka PARCO, the carrying amount of right-of-use assets, etc. was reduced to the recoverable amount and the reduction of ¥1,011 million was recognized as an impairment loss. The recoverable amount of the cash-generating unit was measured at value in use, and was calculated by discounting future cash flows by a pre-tax discount rate of 3.7%, which was based on the WACC at the time of measurement, taking into account the future profitability and other factors.

   In addition, with regard to PARCO Co., Ltd.'s Matsumoto PARCO which plans to terminate operations at the end of February 2025, an impairment loss of ¥995 million was recorded as loss on business liquidation. The recoverable amount of the cash-generating unit was measured at value in use, and was calculated by discounting future cash flows by a pre-tax discount rate of 3.7%, which was based on the WACC at the time of measurement, taking into account the future profitability and other factors.

   There was no reversal of impairment losses recorded in the fiscal year ended February 28, 2023.

16. Investments Accounted for Using Equity Method

Investments in associates and joint ventures

The carrying amount of investments in associates and joint ventures that are not individually material is as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Associates:	20,443	22,056
Joint ventures:	18,318	19,346
Total	38,761	41,402

The Group’s share of comprehensive income of associates and joint ventures that are not individually material is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Associates:		
Share of profit	1,181	1,759
Share of other comprehensive income	136	(3)
Share of comprehensive income	1,317	1,756
Joint ventures:		
Share of profit	183	402
Share of other comprehensive income	0	0
Share of comprehensive income	183	402
Associates and joint ventures		
Share of profit	1,364	2,161
Share of other comprehensive income	136	(3)
Share of comprehensive income	1,500	2,158

17. Joint Operations

(1) GINZA SIX

In the Group, Daimaru Matsuzakaya Department Stores Co. Ltd., a subsidiary, works on the joint operation of GINZA SIX, a commercial facility located at Ginza 6-chome 10, running the joint operation with partners, namely L Real Estate S.C.A SICAR and SUMITOMO CORPORATION. With regard to revenue and expenses related to the operation of this commercial facility, including profit and loss based on tenant agreements, the amount corresponding to the ownership ratio of Daimaru Matsuzakaya Department Stores Co. Ltd. (68%), determined according to the ownership category of the commercial facility and other factors, was recognized.

(2) “Nishiki 3-chome District 25 project (tentative name)”

PARCO Co., Ltd., a subsidiary of the Group is engaged in the construction of a new building in Nishiki 3-chome, Naka-ku, Nagoya City, under the “Nishiki 3-chome District 25 project (tentative name)”, a joint operation with MITSUBISHI ESTATE CO., LTD., Japan Post Real Estate Co., Ltd., Meiji Yasuda Life Insurance Company, and Chunichi Shimbun Co., Ltd.

Of the project expenses related to the project, PARCO Co., Ltd. will recognize the full amount of the construction expenses for the exclusive use areas and some common use areas for the commercial use, and the amount equivalent to the percentage determined based on the exclusive use area ratio, etc. for the entire common use areas.

Construction of this project is scheduled to be completed in March 2026, and the entire facility is scheduled to open around the summer of 2026.

18. Income Tax

(1) Deferred tax assets and liabilities

The breakdown of and changes in deferred tax assets and liabilities by major cause are as follows:

Fiscal year ended February 28, 2022

(Millions of yen)

	Balance as of March 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Other (Note)	Balance as of February 28, 2022
Deferred tax assets					
Retirement benefit liabilities	7,180	(451)	(734)	–	5,994
Allowance for credit losses	614	46	–	(3)	657
Non-current assets	5,372	(717)	–	(1)	4,653
Other financial assets	60	28	(79)	–	8
Asset retirement obligations	1,944	(261)	–	–	1,683
Tax loss carryforwards	5,487	1,142	–	–	6,630
Gain on adjustment of accounts payable	5,235	422	–	–	5,658
Long-term unearned revenue	106	(7)	–	–	98
Prepaid expense (Land leasehold right)	2,972	11	–	–	2,984
Lease liabilities	59,584	(6,424)	–	43	53,203
Other	9,784	5,654	–	(284)	15,154
Total	98,343	(555)	(814)	(245)	96,727
Deferred tax liabilities					
Non-current assets	78,903	(3,287)	–	0	75,616
Securities	4,873	199	435	–	5,508
Right-of-use assets	56,233	(5,714)	–	(107)	50,411
Other	2,882	5,821	(23)	(2)	8,679
Total	142,893	(2,980)	412	(109)	140,215
Net amount of deferred tax assets	(44,550)	2,424	(1,226)	(136)	(43,488)

Note: Changes, etc. due to the sale of a consolidated subsidiary are included in “Other.”

Fiscal year ended February 28, 2023

(Millions of yen)

	Balance as of March 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of February 28, 2023
Deferred tax assets				
Retirement benefit liabilities	5,994	(702)	(166)	5,125
Allowance for credit losses	657	223	–	880
Non-current assets	4,653	(1,455)	–	3,198
Other financial assets	8	(6)	(0)	1
Asset retirement obligations	1,683	74	–	1,758
Tax loss carryforwards	6,630	(1,419)	–	5,210
Gain on adjustment of accounts payable	5,658	697	–	6,355
Long-term unearned revenue	98	(5)	–	93
Prepaid expense (Land leasehold right)	2,984	9	–	2,993
Lease liabilities	53,203	(5,442)	–	47,761
Other	15,154	(346)	–	14,808
Total	96,727	(8,374)	(166)	88,186
Deferred tax liabilities				
Non-current assets	75,616	(3,496)	–	72,120
Securities	5,508	178	491	6,179
Right-of-use assets	50,411	(5,974)	–	44,436
Other	8,679	1,695	304	10,679
Total	140,215	(7,596)	796	133,415
Net amount of deferred tax assets	(43,488)	(777)	(963)	(45,228)

Deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Deferred tax assets	8,209	3,137
Deferred tax liabilities	51,697	48,366
Net amount	(43,488)	(45,228)

In recognizing deferred tax assets, the Group takes into account the possibility that tax loss carryforwards or deductible temporary differences can be utilized against future taxable profit. In the recoverability of deferred tax assets, the Group considers the scheduled reversal of deferred tax liabilities, projected future taxable profit and tax planning.

Based on the result of the above assessment of recoverability of deferred tax assets, some of the Group’s subsidiaries have not recognized deferred tax assets for certain tax loss carryforwards and deductible temporary differences. Tax loss carryforwards and deductible temporary differences for which deferred tax assets have not been recognized are as follows:

Major balances of deferred tax assets of the Group are related to the consolidated taxation group in which the Company is the consolidated parent corporation, and many of these deferred tax assets were recorded at Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd., which are domestic subsidiaries.

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Tax loss carryforwards	5,297	6,633
Deductible temporary differences	45,082	40,794
Total	50,380	47,428

The deferral period of tax loss carryforwards for which deferred tax assets have not been recognized is as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
1st year	–	–
2nd year	–	–
3rd year	–	–
4th year	–	–
5th year and after	5,297	6,633
Total	5,297	6,633

The Company and some of its domestic subsidiaries apply the consolidated taxation system. The above figures do not include the amounts of deductible temporary differences and unused tax losses for which deferred tax assets have not been recognized, related to local taxes (inhabitant tax and business tax), which are not subject to the said system. As of February 28, 2023, the amount of deductible temporary differences related to local taxes (inhabitant tax and business tax) was ¥52,118 million (¥56,515 million as of February 28, 2022), and the amount of unused tax losses was ¥9,041 million (¥7,477 million as of February 28, 2022).

As of February 28, 2022 and February 28, 2023, the total amount of temporary differences for investments in subsidiaries that were not recognized as deferred tax liabilities were ¥130,448 million and ¥136,397 million, respectively.

(2) Income tax

The breakdown of income tax is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Current taxes:		
Current period	4,624	2,619
Prior periods	25	(785)
Total current taxes	4,650	1,834
Deferred taxes:		
Origination and reversal of temporary differences, etc.	757	34
Changes in unrecognized deferred tax assets	(3,182)	743
Total deferred taxes	(2,424)	777
Total	2,225	2,611

(3) Reconciliation between effective tax rates

Differences between the effective statutory tax rate and average effective tax rate are as follows:

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
	%	%
Effective statutory tax rate	30.6	30.6
Entertainment expense	1.4	0.7
Bonuses for directors (and other officers)	0.3	0.4
Dividend income	(0.3)	(0.1)
Share of profit (loss) of investments accounted for using equity method	(6.8)	(3.9)
Unrecognized deferred tax assets	(5.1)	(7.1)
Consolidation adjustments for gain (loss) on sales of shares of subsidiaries	10.3	–
Difference from the applicable tax rate of subsidiaries	4.8	0.1
Income taxes for prior periods	–	(4.4)
Other	0.7	(0.8)
Average effective tax rate	36.0	15.5

19. Cash Flow Information

(1) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities are as follows:

Fiscal year ended February 28, 2022

	Balance as of March 1, 2021	Changes that affect cash flows	Changes that do not affect cash flows			Balance as of February 28, 2022
			New leases and changes in agreements	Changes in fair values	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Current borrowings	58,000	–	–	–	–	58,000
Commercial papers	70,001	(54,998)	–	–	–	15,002
Non-current borrowings	162,110	(17,150)	–	–	–	144,960
Bonds	69,819	29,867	–	–	65	99,752
Lease liabilities	202,885	(29,674)	11,891	–	(708)	184,394
Total	562,815	(71,955)	11,891	–	(642)	502,109

Fiscal year ended February 28, 2023

	Balance as of March 1, 2022	Changes that affect cash flows	Changes that do not affect cash flows			Balance as of February 28, 2023
			New leases and changes in agreements	Changes in fair values	Other	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Current borrowings	58,000	(24,000)	–	–	–	34,000
Commercial papers	15,002	(15,002)	–	–	–	–
Non-current borrowings	144,960	(9,650)	–	–	–	135,310
Bonds	99,752	(20,000)	–	–	61	79,813
Lease liabilities	184,394	(29,138)	9,570	–	–	164,825
Total	502,109	(97,791)	9,570	–	61	413,949

(2) Non-cash transactions

Right-of-use assets acquired through leases are as follows:

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
	Millions of yen	Millions of yen
Right-of-use assets acquired through leases	8,333	8,400

(3) Loss of control

Fiscal year ended February 28, 2022

1) Transfer of NEUVE A Co., Ltd.

(i) Overview of transaction

In accordance with the share transfer agreement concluded with Libra Invesco Co., Ltd. on May 10, 2021, PARCO Co., Ltd., a consolidated subsidiary of the Company, transferred all the shares of NEUVE A Co., Ltd. held by PARCO Co., Ltd. on June 30, 2021. Due to this transfer, the Company lost control of NEUVE A Co., Ltd.

(ii) The amounts of assets and liabilities disposed of

(Millions of yen)

	Amount
Cash and cash equivalents	650
Other current assets	3,085
Non-current assets	1,189
Total assets	4,924
Current liabilities	2,226
Non-current liabilities	402
Total liabilities	2,628

(iii) Cash flows arising from loss of control

(Millions of yen)

	Amount
Cash and cash equivalents received as compensation for loss of control	600
Expenses related to transfer of a subsidiary	(79)
Cash and cash equivalents in a subsidiary of which the Company lost control	(650)
Payments for sales of shares of subsidiaries that result in change in scope of consolidation (Note)	(129)

Note: Payments for sales of shares of subsidiaries that result in change in scope of consolidation are included in cash flows from (used in) investing activities in the consolidated statement of cash flows.

2) Transfer of Dimples' Co., Ltd.

(i) Overview of transaction

In accordance with the share transfer agreement concluded with WORLD HOLDINGS CO., LTD. on January 6, 2022, the Company transferred 90% of the total number of shares of Dimples' Co., Ltd. held by the Company on February 28, 2022. Due to this transfer, the Company lost control of Dimples' Co., Ltd.

(ii) The amounts of assets and liabilities disposed of

(Millions of yen)

	Amount
Cash and cash equivalents	309
Other current assets	760
Non-current assets	495
Total assets	1,565
Current liabilities	1,221
Non-current liabilities	149
Total liabilities	1,370

(iii) Cash flows arising from loss of control

(Millions of yen)

	Amount
Cash and cash equivalents received as compensation for loss of control	3,788
Cash and cash equivalents in a subsidiary of which the Company lost control	(309)
Proceeds from sales of shares of subsidiaries that result in change in scope of consolidation (Note)	3,479

Note: Proceeds from sales of shares of subsidiaries that result in change in scope of consolidation are included in cash flows from (used in) investing activities in the consolidated statement of cash flows.

20. Bonds and Borrowings

(1) Breakdown of financial liabilities

The breakdown of “bonds and borrowings” and “other financial liabilities” is as follows:

	As of February 28, 2022	As of February 28, 2023	Average interest rate (Note 1)	Repayment deadline
	Millions of yen	Millions of yen	%	
Current borrowings	73,150	63,530	0.31	–
Commercial papers	15,002	–	–	–
Long-term borrowings	129,810	105,780	0.42	From March 2024 to March 2035
Bonds (Note 2)	99,752	79,813	(Note 2)	(Note 2)
Guarantee deposits received	37,790	37,605	–	–
Other	28,866	27,660	–	–
Total	384,372	314,389	–	–
Current liabilities	138,068	93,505	–	–
Non-current liabilities	246,304	220,884	–	–

Notes: 1. The average interest rates are weighted-average interest rates based on the contract interest rates and the closing balances for each borrowing.

2. Summary of issuing conditions of bonds is as follows:

(Millions of yen)

Company name	Bond name	Date of issue	As of February 28, 2022	As of February 28, 2023	Interest rate (%)	Maturity date
J. FRONT RETAILING Co., Ltd.	4th series of unsecured bonds	August 5, 2015	5,000	–	0.46	August 5, 2022
J. FRONT RETAILING Co., Ltd.	5th series of unsecured bonds	August 4, 2017	15,000	–	0.16	August 4, 2022
J. FRONT RETAILING Co., Ltd.	6th series of unsecured bonds	August 4, 2017	20,000	20,000	0.43	August 4, 2027
J. FRONT RETAILING Co., Ltd.	7th series of unsecured bonds	May 22, 2019	20,000	20,000	0.20	May 22, 2024
J. FRONT RETAILING Co., Ltd.	8th series of unsecured bonds	May 22, 2019	10,000	10,000	0.37	May 22, 2029
J. FRONT RETAILING Co., Ltd.	9th series of unsecured bonds	May 26, 2021	15,000	15,000	0.17	May 26, 2026
J. FRONT RETAILING Co., Ltd.	10th series of unsecured bonds	May 26, 2021	15,000	15,000	0.47	May 26, 2028
Total			100,000	80,000	0.32	

Agreements on some of borrowings of the Group require the maintenance of specific financial ratios and net assets at a certain level.

The Group has complied with all the agreements on borrowings.

(2) Assets pledged as collateral

The Group has pledged corporate properties as collateral for borrowings, etc. Secured creditors have the right to receive the payment of their claims prior to other unsecured creditors with regard to the Group's properties.

Assets pledged as collateral for borrowings, etc. are as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Other financial assets	160	197
Inventories	81	146
Total	242	343

The corresponding obligations are as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Trade and other payables	177	215
Total	177	215

21. Trade and Other Payables

The breakdown of trade and other payables is as follows.

These are all classified as financial liabilities measured at amortized cost.

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Notes payable - trade	2,353	2,772
Accounts payable - trade	62,937	79,701
Accounts payable - other	27,327	28,761
Deposits received	21,602	21,581
Other	1,886	1,019
Total	116,107	133,835

22. Employee Benefits

The Group has established defined benefit plans (such as a corporate pension fund plan and lump-sum retirement benefit plan) as employee retirement benefit plans, and certain consolidated subsidiaries have adopted defined contribution plans. In addition, the Group may pay extra retirement payments when employees retire before their normal retirement date. Certain consolidated subsidiaries have instituted a retirement benefit trust.

In regard to the corporate pension fund plan, the Group has obligations including paying contributions to the corporate pension fund under the Defined-Benefit Corporate Pension Act, etc. Directors of the fund have responsibilities including a duty of loyalty to faithfully execute operations related to managing and operating funds in the interests of the fund. In addition, it is stipulated that directors are forbidden from entering into any asset management contract aimed at serving the interests of a third party, and rules of conduct that include forbidding acts that create a conflict of interest are clarified.

The plan is mainly operated by a corporate pension fund that is independent from the Group. The board of representatives comprises the same number of representatives elected from among the employers (elected representatives) and representatives elected from among employees (mutually elected representatives), and the chairperson (president) of the board of representatives is elected from among the employers.

Decisions of the board of representatives are made by a majority of members in attendance, but in the case of a tie, the President, who is the Chairperson, has the authority to make a decision. However, it is stipulated that decisions related to particularly important matters shall be determined by a majority in excess of the above.

The board of representatives holds the authority to make decisions about all important matters, such as investment policies. Actual asset management is conducted by a managing trustee under an investment service agreement, and directions from the board of representatives regarding investment in individual securities, etc. are forbidden by laws and regulations.

The Company is required to pay contributions to the corporate pension fund and contributions are regularly reviewed within the range permitted by laws and regulations. While the Company is obligated to make contributions stipulated by the fund into the future, in addition to these contributions, it also funds a retirement benefit trust on a voluntary basis.

With regard to the lump-sum retirement benefit plan, the Company is obligated to pay benefits directly to the beneficiaries. There are no statutory requirements regarding funding.

(1) Defined benefit plans

The relationship between the present value of the defined benefit obligations and the fair value of the plan assets and the amounts recognized in the consolidated statement of financial position is as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Present value of funded defined benefit obligations	23,729	21,325
Fair value of plan assets	(35,179)	(29,631)
Subtotal	(11,450)	(8,306)
Present value of unfunded defined benefit obligations	21,360	18,915
Liabilities of defined benefit plans	9,910	10,609
Amounts in the consolidated statement of financial position		
Retirement benefit liabilities	19,416	16,754
Retirement benefit assets	9,506	6,145
Net defined benefit liability or asset in the consolidated statement of financial position	9,910	10,609

Changes in the present value of the defined benefit obligations are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Present value of defined benefit obligations at beginning of period	46,726	45,089
Service cost	1,480	1,511
Interest expense	190	161
Remeasurements		
Actuarial gains and losses arising from changes in demographic assumptions	(25)	(408)
Actuarial gains and losses arising from changes in financial assumptions	(148)	(673)
Benefits paid	(3,135)	(5,285)
Other	1	(154)
Present value of defined benefit obligations at end of period	45,089	40,240

Changes in the fair value of the plan assets are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Fair value of plan assets at beginning of period	36,043	35,179
Interest revenue	143	122
Remeasurements		
Return on plan assets	2,193	626
Contributions by employer	764	766
Benefits paid	(2,265)	(2,563)
Return of trust assets	(1,700)	(4,500)
Other	–	–
Fair value of plan assets at end of period	35,179	29,631

The fair value of each item of plan assets is as follows:

As of February 28, 2022

(Millions of yen)

Items of plan assets	Assets with quoted market prices in active markets	Assets without quoted market prices in active markets	Total
Cash and cash equivalents	1,269	–	1,269
Domestic shares	12,092	283	12,376
Overseas shares	3,588	280	3,869
Jointly operated trusts (shares)	–	761	761
Domestic bonds	298	6,112	6,411
Overseas bonds	98	3,872	3,970
Jointly operated trusts (public and corporate bonds)	–	977	977
General accounts of life insurance companies	–	4,735	4,735
Other	–	808	808
Total	17,347	17,832	35,179

As of February 28, 2023

(Millions of yen)

Items of plan assets	Assets with quoted market prices in active markets	Assets without quoted market prices in active markets	Total
Cash and cash equivalents	4,158	–	4,158
Domestic shares	4,499	288	4,788
Overseas shares	3,463	271	3,734
Jointly operated trusts (shares)	–	754	754
Domestic bonds	5,389	600	5,989
Overseas bonds	2,996	105	3,102
Jointly operated trusts (public and corporate bonds)	555	948	1,504
General accounts of life insurance companies	–	4,799	4,799
Other	–	799	799
Total	21,063	8,568	29,631

The Group’s management of plan assets is aimed at ensuring the necessary income over the long-term to reliably make pension and lump-sum payments into the future. Its investment policy to achieve this is fundamentally to make diversified investments after analyzing characteristics of risks and returns for each asset and taking into account correlations between respective assets.

Specifically, the Group develops the policy asset mix that is the optimal combination now and in the future after taking into account the expected rate of return and risks on eligible investments, and the managing trustee manages assets accordingly.

In regard to plan assets, the status of asset management is managed primarily by regularly reviewing the financial position of the plans, formulating long-term management policies, and monitoring the status of asset allocation.

The Group’s pension funding is determined after taking into consideration various factors such as the allowable limit of deductible expenses under tax laws, the funding status of plan assets and actuarial calculations. Contributions to plan assets are intended to cover benefits for services already rendered, in addition to benefits for services to be rendered in future.

In accordance with the provisions of the Defined-Benefit Corporate Pension Act, the rules of the corporate pension fund stipulate that the amount of contributions shall be recalculated every three to five years with a record date of the fiscal year end, in order to preserve a balanced budget into the future. During the recalculation, the basic rates related to contributions (expected interest rates, expected mortality rates, expected withdrawal rates, expected salary increase indexes, expected number of new participants, etc.) are reviewed, and the appropriateness of the contributions is reverified.

The Group plans to pay contributions of ¥807 million in the fiscal year ending February 29, 2024.

The weighted average duration of the defined benefit obligations as of February 28, 2022 was 9.28 years.

The weighted average duration of the defined benefit obligations as of February 28, 2023 was 8.58 years.

The main actuarial assumptions used to calculate the present value of the defined benefit obligations are as follows:

	As of February 28, 2022	As of February 28, 2023
	%	%
Discount rate	Mainly 0.4	Mainly 1.0
Anticipated rate of salary increase	Mainly 4.6	Mainly 4.6

The sensitivity analysis is conducted based on changes in assumptions that are reasonably possible, as of the end of the fiscal year.

The sensitivity analysis is based on the premise that all actuarial assumptions remain constant other than the actuarial assumption that is the focus of the analysis, but in reality there is a possibility that changes in other actuarial assumptions may affect the sensitivity analysis.

If there are no other changes to assumptions, the sensitivity of defined benefit obligations at the end of each fiscal year to changes in the discount rate is as follows. Furthermore, the Group does not expect any changes in the anticipated rate of salary increase.

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Changes in discount rate		
0.5% increase	(1,981)	(1,624)
0.5% decrease	2,139	1,750

Amounts recognized as retirement benefit expense are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Service cost	1,480	1,511
Net interest	47	39
Other	122	4
Total	1,650	1,555

(2) Defined contribution plans

The amount recorded as expenses in relation to defined contribution plans is ¥4,479 million for the fiscal year ended February 28, 2022 and ¥3,875 million for the fiscal year ended February 28, 2023, and included in “cost of sales” and “selling, general and administrative expense” in the consolidated statement of income. The above amounts include the amount of the employer’s contribution to welfare pension insurance premiums.

(3) Extra retirement payments

Extra retirement payments may be provided when an employee retires prior to the normal retirement date.

The amount recorded as expenses in relation to extra retirement payments was ¥3,477 million in the fiscal year ended February 28, 2022 and ¥25 million in the fiscal year ended February 28, 2023, and included in “other operating expenses” in the consolidated statement of income.

(4) Employee benefit expenses

The amount of employee benefit expenses was ¥62,009 million in the fiscal year ended February 28, 2022 and ¥51,506 million in the fiscal year ended February 28, 2023, and included in “cost of sales” and “selling, general and administrative expense” in the consolidated statement of income.

23. Provisions

The breakdown and changes of provisions are as follows:

(Millions of yen)

	Asset retirement obligations	Provision for loss on business liquidation	Total
Balance as of March 1, 2021	6,708	4,740	11,449
Increase during the period	122	–	122
Discounted interest expenses for the period	48	–	48
Decrease during the period (use)	(362)	(443)	(805)
Decrease during the period (reversal)	(51)	(82)	(134)
Other	(123)	(48)	(172)
Balance as of February 28, 2022	6,342	4,165	10,507
Increase during the period	632	1,027	1,660
Discounted interest expenses for the period	36	–	36
Decrease during the period (use)	(310)	(217)	(528)
Decrease during the period (reversal)	(175)	(402)	(577)
Other	(0)	–	(0)
Balance as of February 28, 2023	6,524	4,573	11,097

The breakdown of provisions in the consolidated statement of financial position is as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Current liabilities	954	2,397
Non-current liabilities	9,553	8,699
Total	10,507	11,097

(1) Asset retirement obligations

Asset retirement obligations are recorded at the estimated amount of restoration costs for rented stores, offices, etc. for which the Group has obligations to restore to original state at the time when the lease agreement is terminated. These expenses are expected to be mainly paid after one year or longer has passed from the end of the fiscal year, and will be affected by future business plans, etc.

(2) Provision for loss on business liquidation

An amount of loss is recorded for the cost of store dismantlement, etc. that is expected to be borne in the future as a result of business liquidation, store closure and store rebuilding. These expenses are expected to be mainly paid after store closure or rebuilding (within four years from the end of the fiscal year), but will be affected by changes in the surrounding environment and other factors.

24. Other Liabilities

The breakdown of other liabilities is as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Accrued bonuses	4,504	5,089
Accrued paid absences	2,479	2,671
Deferred income (Note)	408	383
Contract liabilities	39,739	39,988
Other accrued expense	9,939	7,929
Other	2,734	2,682
Total	59,806	58,745
Other current liabilities	59,243	58,276
Other non-current liabilities	563	469

Note: The breakdown of deferred income in the fiscal year ended February 28, 2022 was ¥408 million in government grants.
The breakdown of deferred income in the fiscal year ended February 28, 2023 is ¥383 million in government grants.

25. Equity and Other Equity Items

(1) Capital and share premium

Changes in the number of authorized shares, number of issued shares, and the balances of capital, etc. are as follows:

	Number of authorized shares (Shares)	Number of issued shares (Shares)	Capital (Millions of yen)	Share premium (Millions of yen)
As of March 1, 2021	1,000,000,000	270,565,764	31,974	188,542
Changes during the period	–	–	–	351
As of February 28, 2022	1,000,000,000	270,565,764	31,974	188,894
Changes during the period	–	–	–	174
As of February 28, 2023	1,000,000,000	270,565,764	31,974	189,068

Note: All shares issued by the Company are ordinary shares with no restrictions and no par value. Issued shares are fully paid.

(2) Treasury shares

Changes in the number and balance of treasury shares are as follows:

	Number of shares (Shares)	Amount (Millions of yen)
As of March 1, 2021	8,775,280	(14,830)
Changes during the period	(18,325)	50
As of February 28, 2022	8,756,955	(14,780)
Changes during the period	(192,119)	314
As of February 28, 2023	8,564,836	(14,466)

Note: Treasury shares include shares of the Company owned by the officer remuneration BIP trust.

(3) Nature and purposes of share premium and retained earnings

1) Share premium

It is stipulated in the Companies Act of Japan ("Companies Act"), that at least 50% of the payment of certain issues of common shares shall be credited to capital. The remainder of the payment shall be credited to legal capital surplus included in share premium. In addition, the Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from legal capital surplus to capital.

2) Retained earnings

Under the Companies Act, 10% of the amount paid as dividends from surplus shall be reserved as legal capital surplus (an item of share premium) or legal retained earnings (an item of retained earnings), until the total amount of legal capital surplus and legal retained earnings reaches 25% of capital. The legal retained earnings may be used to eliminate or reduce a deficit, or may be reversed by resolution of the shareholders meeting.

(4) Nature and purposes of other components of equity

Exchange differences on translation of foreign operations

Exchange differences on translation of foreign operations represent the translation differences that occurred when consolidating financial statements denominated in a foreign currency for companies including foreign subsidiaries.

Cash flow hedges

The Group uses derivatives to hedge the risk of fluctuations in future cash flows. Cash flow hedges represent the effective portion of changes in fair value of derivative transactions designated as cash flow hedges.

Financial assets measured through other comprehensive income

Financial assets measured at fair value through other comprehensive income represent the changes in fair value of financial assets measured at fair value through other comprehensive income.

Remeasurements of defined benefit plans

Remeasurements of defined benefit plans are the effect of difference between actuarial assumptions as at the beginning of the period and actual results in defined benefit plans and the effect of changes in actuarial assumptions. They are recognized in other comprehensive income when incurred and immediately transferred from other components of equity to retained earnings.

26. Dividends

(1) Dividends paid

Fiscal year ended February 28, 2022

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 13, 2021	Ordinary shares	4,751	18.00	February 28, 2021	May 7, 2021
Board of Directors meeting held on October 12, 2021	Ordinary shares	3,700	14.00	August 31, 2021	November 11, 2021

Note: Total amount of dividends resolved at the Board of Directors meeting held on April 13, 2021 includes ¥39 million of dividends paid to the Company's shares held by an officer remuneration BIP trust.

Total amount of dividends resolved at the Board of Directors meeting held on October 12, 2021 includes ¥34 million of dividends paid on the Company's shares held by the officer remuneration BIP trust.

Fiscal year ended February 28, 2023

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 12, 2022	Ordinary shares	3,964	15.00	February 28, 2022	May 6, 2022
Board of Directors meeting held on October 11, 2022	Ordinary shares	3,964	15.00	August 31, 2022	November 11, 2022

Note: Total amount of dividends resolved at the Board of Directors meeting held on April 12, 2022 includes ¥37 million of dividends paid on the Company's shares held by the officer remuneration BIP trust.

Total amount of dividends resolved at the Board of Directors meeting held on October 11, 2022 includes ¥34 million of dividends paid on the Company's shares held by the officer remuneration BIP trust.

(2) Dividends whose effective date belongs to the following fiscal year

Fiscal year ended February 28, 2022

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 12, 2022	Ordinary shares	3,964	15.00	February 28, 2022	May 6, 2022

Note: Total amount of dividends resolved at the Board of Directors meeting held on April 12, 2022 includes ¥37 million of dividends paid on the Company's shares held by the officer remuneration BIP trust.

Fiscal year ended February 28, 2023

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on April 11, 2023	Ordinary shares	4,228	16.00	February 28, 2023	May 2, 2023

Note: Total amount of dividends resolved at the Board of Directors meeting held on April 11, 2023 includes ¥36 million of dividends paid on the Company’s shares held by the officer remuneration BIP trust.

27. Sales Revenue

(1) Disaggregation of revenue

In accordance with IFRS 8 Operating Segments, the Group reports information about its four segments, namely “Department Store Business,” “SC Business,” “Developer Business” and “Payment and Finance Business.” These reportable segments are periodically examined by the Board of Directors for the purpose of deciding the allocation of management resources and assessing business results. Furthermore, the “Other” category is an operating segment not included as a reportable segment. It includes wholesaling, parking, leasing, etc.

The Group considers that the categories of these reportable segments can be used to meet the objective for the disaggregation disclosure requirement in paragraph 114 of IFRS 15. The following table shows the disaggregation of revenue in accordance with the above categories and includes the reconciliation representing how disaggregated revenue relates to each segment.

Revenue arising from these businesses is mainly recorded in accordance with contracts with customers, and the amount of sales revenue related to variable consideration, etc. is immaterial. In addition, the amount of promised consideration does not include any significant financing.

Segment		Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
		Millions of yen	Millions of yen
	Daimaru		
	Osaka Shinsaibashi store	19,158	23,979
	Osaka Umeda store	14,840	16,101
	Tokyo store	14,721	18,223
	Kyoto store	15,440	17,147
	Kobe store	21,233	25,330
	Sapporo store	14,708	17,652
	Matsuzakaya		
	Nagoya store	34,150	35,382
	Ueno store	7,529	8,551
	Other stores, etc.	48,956	53,385
	Elimination of inter-segment revenue	(431)	(459)
Department Store Business		190,307	215,295
	PARCO	49,358	54,299
	Other	3,198	62
	Elimination of inter-segment revenue	(971)	(1,053)
SC Business		51,585	53,308
	PARCO	8,130	7,061
	PARCO SPACE SYSTEMS	18,150	18,751
	J. Front Design & Construction	23,645	28,142
	Other	706	714
	Elimination of inter-segment revenue	(9,935)	(12,372)
Developer Business		40,698	42,297
	Payment and Finance Business	11,037	12,889
	Elimination of inter-segment revenue	(3,764)	(5,304)
Payment and Finance Business		7,273	7,585
	Other	61,755	55,922
	Elimination of inter-segment revenue	(20,135)	(14,728)
Other		41,619	41,193
Total		331,484	359,679

	Revenue from contracts with customers	274,803	300,164
	Revenue arising from other sources	56,680	59,514
Sales revenue		331,484	359,679

Note: The “Department Store Business,” “SC Business” and “Developer Business” categories include lease revenue based on IFRS 16, and the “Payment and Finance Business” category includes interest revenue based on IFRS 9. Lease revenue and interest revenue are included in “Revenue arising from other sources.” The “Other” category is a business segment not included in reportable segments. It includes wholesaling, parking, leasing, etc.

1) Department Store Business

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

2) SC Business

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

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

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

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

3) Developer Business

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

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

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

4) Payment and Finance Business

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

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

5) Other

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

(2) Balance of contracts

Balance of contracts of the Group is as follows:

Fiscal year ended February 28, 2022

(Millions of yen)

	As of March 1, 2021	As of February 28, 2022
Receivables from contracts with customers	87,602	85,715
Contract assets	3,280	3,193
Contract liabilities	42,935	39,739

Fiscal year ended February 28, 2023

(Millions of yen)

	As of March 1, 2022	February 28, 2023
Receivables from contracts with customers	85,715	94,129
Contract assets	3,193	6,832
Contract liabilities	39,739	39,988

Notes: 1. Receivables from contracts with customers

Receivables from contracts with customers primarily consist of receivables in association with the use of credit cards issued by the Group, and the amount includes the amount collected on behalf of third parties as agent transactions. The collection period of these receivables is mainly within one to two months.

2. Contract assets

Contract assets are related to rights to considerations arising when the Group is to receive payments from customers in line with a series of performances, and are recognized mainly in association with contracted work agreements. For the completed part of work, the Group recognizes contract assets in advance, and they are transferred to trade receivables at the time when the customer conducts acceptance inspection and the invoice is sent.

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

3. Contract liabilities

Contract liabilities are related to consideration received prior to performance under contracts and transferred to revenue at the time when the Group performs obligations under contracts.

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

Of contract liabilities at the end of the previous period, the amount recognized in revenue in the fiscal year ended February 28, 2023 was ¥17,851 million.

The increase in contract assets in the fiscal year ended February 28, 2023 was due to an increase in accounts receivable - trade.

Regarding performance obligations satisfied or partially satisfied in prior periods, no amount was recognized in sales revenue in the fiscal years ended February 28, 2022 and February 28, 2023.

(3) Transaction price allocated to the remaining performance obligations

With regard to transaction price allocated to the remaining performance obligations, the Group will recognize revenue in accordance with progress toward completion of construction work, the actual use of gift certificates and points, and performance of services from membership fees. The total amount of transaction price allocated to the remaining performance obligations and the timing when revenue is expected to be recognized are as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Due within one year	30,103	39,886
Due after one year through two years	11,419	11,376
Due after two years	9,207	7,666
Total	50,729	58,929

28. Other Operating Income

The breakdown of other operating income is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Gain on sales of shares of subsidiaries (Note 3)	3,951	–
Gain on sales of non-current assets (Note 1)	2,666	790
Subsidies for employment adjustment (Note 2)	399	3
Other subsidies	1,012	904
Other	3,038	2,842
Total	11,068	4,540

Notes: 1. Gain on sales of non-current assets is mainly a gain on sales due to the sale of real estate holdings in the Developer Business.

2. The Company was eligible for subsidies for employment adjustment and other special measures due to the impact of COVID-19.

3. Gain on sales of shares of subsidiaries for the fiscal year ended February 28, 2022, is a gain on the transfer of 90% of the shares of Dimples' Co., Ltd. to WORLD HOLDINGS CO., LTD. Gain on valuation at the time of measuring the remaining portion of 10% at fair value was ¥411 million and recognized as gain on sales of shares of subsidiaries.

29. Cost of Sales

The breakdown of cost of sales is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Cost of goods sold	137,226	149,934
Personnel expense	14,552	6,787
Depreciation expense	21,965	22,191
Other	9,899	11,229
Total	183,642	190,142

30. Selling, General and Administrative Expense

The breakdown of selling, general and administrative expense is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Personnel expense	49,944	47,284
Depreciation and amortization expense	25,971	26,915
Advertising expense	9,189	10,489
Operational costs	6,677	9,581
Other	44,340	50,411
Total	136,123	144,682

31. Other Operating Expenses

The breakdown of other operating expenses is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Loss on sales of shares of subsidiaries (Note 2)	1,818	–
Loss on disposals of non-current assets	1,726	2,102
Impairment loss	1,136	4,905
Costs associated with temporary closures (Note 3)	3,146	–
Structural reform costs (Note 4)	3,802	–
Loss on business liquidation (Note 1)	–	1,893
Other	1,775	1,434
Total	13,406	10,336

Notes:
1. The loss on business liquidation for the fiscal year ended February 28, 2023 is due to ¥898 million in costs related to store closures (removal costs, sales reparations, etc.) and ¥995 million in impairment losses that were recorded following the decision to cease operations at PARCO Co., Ltd.'s Matsumoto PARCO.
2. Loss on sales of shares of subsidiaries for the fiscal year ended February 28, 2022, was a loss on sale related to the transfer of all shares of NEUVE A Co., Ltd. to Libra Invesco Co., Ltd.
3. Costs associated with suspension of store operations in the fiscal year ended February 28, 2022 were mainly fixed costs (depreciation and amortization, personnel expenses, etc.) incurred by Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd. during the suspension of operations of stores, etc. that closed due to the impact of the spread of COVID-19.
4. Structural reform costs in the fiscal year ended February 28, 2022, are mainly extra retirement payments due to the expanded voluntary early retirement program for Daimaru Matsuzakaya Department Stores Co. Ltd. and The Hakata Daimaru, Inc.

32. Finance Income and Finance Costs

The breakdown of finance income is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Interest income		
Financial assets measured at amortized cost	1,127	700
Dividend income		
Equity financial assets measured at fair value through other comprehensive income	208	170
Total	1,335	871

The breakdown of finance costs is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Interest expense		
Financial liabilities measured at amortized cost	1,205	1,135
Interest expenses related to lease liabilities	4,009	3,607
Other	676	475
Total	5,890	5,218

33. Other Comprehensive Income

The amount arising during the period and reclassification adjustments to profit or loss for each item of other comprehensive income and tax effect are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Financial assets measured at fair value through other comprehensive income		
Amount arising during the period	461	1,315
Tax effect	(515)	(491)
Financial assets measured at fair value through other comprehensive income	(52)	823
Remeasurements of defined benefit plans		
Amount arising during the period	2,349	1,708
Tax effect	(716)	(531)
Remeasurements of defined benefit plans	1,632	1,176
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during the period	208	(11)
Tax effect	(72)	4
Share of other comprehensive income of entities accounted for using equity method	136	(7)
Total items that will not be reclassified to profit or loss	1,716	1,992
Items that may be reclassified to profit or loss		
Cash flow hedges		
Amount arising during the period	(20)	(1)
Reclassification adjustments	–	–
Before tax effect	(20)	(1)
Tax effect	6	0
Cash flow hedges	(13)	(1)
Exchange differences on translation of foreign operations		
Amount arising during the period	151	144
Reclassification adjustments	–	–
Before tax effect	151	144
Tax effect	–	–
Exchange differences on translation of foreign operations	151	144
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during the period	(0)	4
Reclassification adjustments	–	–
Before tax effect	(0)	4
Tax effect	(0)	–
Share of other comprehensive income of entities accounted for using equity method	(0)	4
Total items that may be reclassified to profit or loss	136	147
Total other comprehensive income	1,853	2,140

34. Earnings Per Share

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Profit attributable to owners of parent (Millions of yen)	4,321	14,237
Adjustment to profit	–	–
Profit used to calculate diluted earnings per share (Millions of yen)	4,321	14,237
Average number of ordinary shares during the period (Shares)	261,863,266	262,075,939
Increase in the number of ordinary shares:		
Officer remuneration BIP trust (Shares)	66,841	138,870
Average number of diluted ordinary shares during the period (Shares)	261,930,107	262,214,809
Basic earnings per share (Yen)	16.50	54.32
Diluted earnings per share (Yen)	16.50	54.30

Note: The calculation of basic earnings per share and diluted earnings per share excludes the number of the Company's shares owned by the officer remuneration BIP trust from the average number of ordinary shares during the period because such shares are treated as the Company's treasury shares.

35. Share-Based Payment

(1) Share-based payment plan

1) Details of share-based payment plan

The Group has also adopted an officer remuneration BIP (Board Incentive Plan) trust (hereinafter the "BIP Trust") as a performance-linked share-based payment for officers of PARCO Co., Ltd., which had previously used a Share Distribution Trust, in addition to the Company and Daimaru Matsuzakaya Department Stores Co. Ltd., from June 2021. The BIP Trust, which is similar to performance share plans and restricted stock plans in the U.S. and Europe, is 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.

2) Number of points granted during the period and weighted average fair value of the points

In the assessment of fair value, a calculation is made based on the market price of shares adjusted after taking into account expected dividends. The number of points granted during the period and weighted average fair value of the points are as follows:

Fiscal year ended February 28, 2022

(Former plan)

	BIP Trust			Share Distribution Trust
	Short-term PS	Medium- to long-term PS	RS	
Number of points granted during the period	–	41,005	33,491	11,772
Weighted average fair value (Yen)	–	1,475	1,475	1,850

(New plan)

	BIP Trust		
	Short-term PS	Medium- to long-term PS	RS
Number of points granted during the period	84,857	138,857	23,079
Weighted average fair value (Yen)	989	922	922

Fiscal year ended February 28, 2023

	BIP Trust		
	Short-term PS	Medium- to long-term PS	RS
Number of points granted during the period	136,871	251,398	40,971
Weighted average fair value (Yen)	988	922	922

Notes: 1. PS (Performance Share) is a share-based payment plan under which shares are granted when a predetermined performance target for a certain period is achieved. The Company's shares are granted to officers according to the level of annual achievement in performance each year for short-term PS and according to the level of achievement of the Medium-term Business Plan after the completion of the Medium-term Business Plan for medium- to long-term PS.

2. RS (Restricted Stock) is a share-based payment plan under which shares that have restrictions on transfer for a certain period are granted at the time of retirement in accordance with rank.

3. The Share Distribution Trust is a system of distributing shares at the time of retirement and paying the amount of cash equivalent to their conversion value.

(2) Share-based payment expense

The amounts recognized as share-based payment expense, which were included in the consolidated statement of income, were ¥455 million in the fiscal year ended February 28, 2022 and ¥480 million in the fiscal year ended February 28, 2023.

36. Financial Instruments

(1) Capital management

The Group works to increase productivity and managerial efficiency as a group and conducts capital management with the aim of achieving sustained improvement in corporate value.

One of the major indicators monitored in the Group's capital management is the D/E ratio, and management uses this for monitoring and confirmation. Furthermore, the Group is not subject to any material capital regulations.

D/E ratio is as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Interest-bearing debt	502,109	413,949
Equity attributable to owners of parent	350,368	359,385
D/E ratio (Times)	1.43	1.15

(2) Financial risk management policy

In the course of its business activities, the Group is exposed to financial risks (credit risk, liquidity risk, foreign currency risk, and interest rate risk), and engages in risk management to reduce these financial risks.

The Group uses derivative transactions to avoid foreign currency fluctuation risk or interest rate fluctuation risk and, in accordance with its policy, does not carry out any speculative transactions.

1) Credit risk management

Credit risk is the risk that a business partner will default on contractual obligations and cause the Group to incur a financial loss.

To address this risk, each Group company carries out due date management and balance management for each business partner and seeks early identification and mitigation of collectability concerns.

The Group's receivables are from a number of business partners in a wide range of industries and regions.

The Group does not have credit risks overly concentrated in a single counterparty or a group to which the counterparty belongs.

The maximum exposure to credit risk on financial assets is the carrying amount after impairment presented in consolidated financial statements. The Group does not hold any properties as collateral or other credit enhancements in regard to exposure to these credit risks.

The Group considers whether or not there has been a significant increase in credit risk from the date of initial recognition, and establishes an allowance for credit losses. Specifically, when there is no significant increase in credit risk since initial recognition, expected credit losses for 12 months are measured as allowance for credit losses.

On the other hand, when there is a significant increase in credit risk since initial recognition, lifetime expected credit losses are measured as allowance for credit losses. Whether credit risk has significantly increased or not is determined based on changes in default risk. Regardless of the above, for trade receivables, lease receivables, etc. without a significant financing component, allowance for credit losses is measured at an amount equal to lifetime expected credit losses.

In the measurement of these expected credit losses, reasonable and supportable information that is available at the fiscal year end is used for past events, current situations and projection of future economic conditions such as credit loss experience in past years, status of delinquent receivables and financial conditions of creditors. Expected credit losses on financial assets for which credit risk has not increased significantly and trade receivables, etc. without a significant financing component are set altogether as a group and collectively assessed based on historical credit losses because they have largely homogeneous credit risk characteristics.

Expected credit losses on financial assets for which credit risk has increased significantly and credit-impaired financial assets are individually assessed, taking into account historical credit loss experience, future estimated collectible amount and others.

If a debtor does not make a payment within 90 days after the due date, the situation is considered as default.

When financial assets are assessed as fully or partially uncollectible and the Group determines, as a result of credit research, that it is appropriate to write off the assets, the Group directly writes off the carrying amount of the credit-impaired financial assets.

(i) Changes in allowance for credit losses

The Group considers whether or not there has been a significant increase in credit risk from the date of initial recognition, and establishes an allowance for credit losses.

Changes in allowance for credit losses are as follows:

(Millions of yen)

	12-month expected credit losses	Lifetime expected credit losses (Assessed collectively)	Lifetime expected credit losses (Assessed individually)	Credit-impaired financial assets (Lifetime expected credit losses)
Balance as of March 1, 2021	131	61	3,085	994
Transfer to lifetime expected credit losses	(32)	–	84	(52)
Transfer to credit-impaired financial assets	(59)	–	(88)	147
Transfer to 12-month expected credit losses	0	–	(0)	(0)
Changes due to new arising and collection of financial assets	76	(21)	240	213
Financial assets that were derecognized during the period	(3)	–	(39)	(3)
Direct write-off	(0)	–	(92)	(463)
Changes in model/risk variables	–	–	–	–
Other	–	(0)	(1)	(1)
Balance as of February 28, 2022	111	38	3,187	835
Transfer to lifetime expected credit losses	(34)	–	77	(42)
Transfer to credit-impaired financial assets	(56)	–	(96)	153
Transfer to 12-month expected credit losses	0	–	(0)	(0)
Changes due to new arising and collection of financial assets	88	(7)	(443)	310
Financial assets that were derecognized during the period	–	–	–	–
Direct write-off	(0)	–	(75)	(336)
Changes in model/risk variables	–	–	–	–
Balance as of February 28, 2023	109	30	2,648	918

(ii) The carrying amounts of financial assets by risk type (before deducting allowance for credit losses) are as follows:

	As of February 28, 2022	As of February 28, 2023
	Millions of yen	Millions of yen
Financial assets measured at amortized cost, etc. (12-month expected credit losses)	119,123	121,203
Trade and other receivables (Lifetime expected credit losses)	59,166	70,898
Financial assets whose credit risk has increased significantly since initial recognition (Lifetime expected credit losses)	4,526	4,667
Credit-impaired financial assets (Lifetime expected credit losses)	869	957

2) Liquidity risk management

Liquidity risk is the risk of failure to make payments on the due date when the Group is required to fulfill its payment obligations for financial liabilities due.

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

The balance of financial liabilities (other than lease liabilities, etc.) by payment due date is as follows:

(Millions of yen)

As of February 28, 2022	Carrying amount	Contractual amount	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	116,107	116,107	116,107	–	–	–	–	–
Current borrowings	73,150	73,300	73,300	–	–	–	–	–
Commercial papers	15,002	15,000	15,000	–	–	–	–	–
Non-current borrowings	129,810	132,397	482	30,012	12,844	26,764	17,662	44,629
Bonds	99,752	101,452	20,283	260	20,240	220	15,207	45,241
Other financial liabilities	66,657	66,679	29,915	1,034	535	–	–	35,193
Derivative financial liabilities								
Forward exchange	–	–	–	–	–	–	–	–
Interest rate swaps	–	–	–	–	–	–	–	–
Total	500,480	504,937	255,090	31,307	33,620	26,984	32,870	125,064

Notes: 1. Current borrowings include the current portion of non-current borrowings.
2. Receivables and liabilities resulting from derivative transactions are presented on a net basis.

(Millions of yen)

As of February 28, 2023	Carrying amount	Contractual amount	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Non-derivative financial liabilities								
Trade and other payables	133,835	133,835	133,835	–	–	–	–	–
Current borrowings	63,530	63,678	63,678	–	–	–	–	–
Commercial papers	–	–	–	–	–	–	–	–
Non-current borrowings	105,780	107,990	444	12,874	28,794	17,686	22,182	26,009
Bonds	79,813	81,169	260	20,240	220	15,207	20,151	25,090
Other financial liabilities	65,265	65,329	29,975	522	428	14	–	34,389
Derivative financial liabilities								
Forward exchange	–	–	–	–	–	–	–	–
Interest rate swaps	–	–	–	–	–	–	–	–
Total	448,225	452,003	228,193	33,636	29,442	32,907	42,333	85,490

Notes: 1. Current borrowings include the current portion of non-current borrowings.
2. Receivables and liabilities resulting from derivative transactions are presented on a net basis.

If funds are temporarily insufficient for the payment of trade payables, etc., the Group procures funds with the following financing methods. Fund procurement methods and the status of procurement in each fiscal year were as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Commitment line		
Used	–	–
Unused	200,000	100,000
Total	200,000	100,000
Overdraft limit		
Used	40,000	16,000
Unused	141,030	132,430
Total	181,030	148,430
Commercial paper issuance limit		
Used	15,000	–
Unused	85,000	100,000
Total	100,000	100,000

3) Foreign currency risk management

The Group conducts transactions denominated in foreign currencies and is exposed to the risk of fluctuations in exchange rates of foreign currencies against the Japanese yen, but this has immaterial effect on profit before tax.

4) Interest rate risk management

The Group is exposed to various interest rate fluctuation risks in the course of its business activities. Particularly, fluctuations in interest rates greatly affect borrowing costs.

To mitigate such interest rate fluctuation risks, the Group hedges the risks by conducting interest rate swap transactions and other means.

(3) Fair value of financial instruments

1) Calculation method of fair value

(Cash and cash equivalents, trade and other receivables, other financial assets (current), trade and other payables, and other financial liabilities (current))

The carrying amount is used as the fair value of these instruments, given that the fair value is almost the same as the carrying amount, as they are mostly settled in a short period of time.

Derivatives are measured as financial assets or liabilities measured at fair value through profit or loss based on prices presented by the counterparty financial institutions.

(Other financial assets (non-current), and other financial liabilities (non-current))

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

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

(Bonds and borrowings)

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

2) Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows.

Financial instruments measured at fair value and financial instruments whose carrying amount closely approximates fair value are not included in the following table.

	As of February 28, 2022		As of February 28, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Financial assets:				
Other financial assets (non-current)	55,743	57,867	54,480	55,332
Total	55,743	57,867	54,480	55,332
Financial liabilities:				
Borrowings	202,960	202,691	169,310	168,026
Bonds	99,752	99,475	79,813	78,812
Other financial liabilities (non-current)	36,741	36,686	35,290	35,290
Total	339,454	338,853	284,414	282,129

3) Fair value measurement

In regard to financial instruments measured at fair value, the fair value amounts measured are categorized into three levels, from Level 1 to Level 3, in accordance with the observability and materiality of inputs used in measurement.

Level 1: Market prices for identical assets or liabilities in active markets

Level 2: Fair value, other than Level 1, that is determined by directly or indirectly using an observable price

Level 3: Fair value that is determined using a valuation technique including unobservable inputs

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

Any transfer between levels in the fair value hierarchy is recognized on each reporting date. In the fiscal years ended February 28, 2022 and February 28, 2023, there was no transfer between Level 1, Level 2 and Level 3.

As of February 28, 2022

Financial assets measured at fair value on a recurring basis

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through profit or loss				
Derivative financial assets	–	7	–	7
Financial assets measured at fair value through other comprehensive income				
Other financial assets (non-current)	3,334	–	20,899	24,233
Total	3,334	7	20,899	24,241
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	–	–	–	–
Total	–	–	–	–

As of February 28, 2023

Financial assets measured at fair value on a recurring basis

	Level 1	Level 2	Level 3	Total
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Assets:				
Financial assets measured at fair value through profit or loss				
Derivative financial assets	–	6	–	6
Financial assets measured at fair value through other comprehensive income				
Other financial assets (non-current)	2,916	–	22,314	25,231
Total	2,916	6	22,314	25,237
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	–	–	–	–
Total	–	–	–	–

4) Changes, from the beginning to the end of the period, in financial instruments whose fair value measurement is categorized within Level 3

Changes, from the beginning to the end of the period, in financial instruments whose fair value measurement is categorized within Level 3 are as follows:

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
	Millions of yen	Millions of yen
Balance at beginning of period	18,549	20,899
Other comprehensive income (Note)	1,410	1,286
Purchase	549	150
Sale	(30)	(19)
Other	420	(2)
Balance at end of period	20,899	22,314

Note: Gains or losses included in other comprehensive income relate to financial assets measured at fair value through other comprehensive income as of the reporting date. These gains or losses are included in "financial assets measured at fair value through other comprehensive income" in the consolidated statement of comprehensive income.

Financial instruments classified as Level 3 principally consist of unlisted shares. Fair value of unlisted shares is measured by the Group's department in charge using the latest figures available for each quarter in accordance with the Group's accounting policies and others, and reported together with the basis for changes in fair value to superiors and to management where necessary.

Illiquidity discount that is a significant unobservable input used for the measurement of fair value classified as Level 3 in the fair value hierarchy is 30% in the calculation.

A significant increase (decrease) in this input will cause a significant decrease (increase) in the fair value.

(4) Fair value hierarchy for assets and liabilities that are not measured at fair value but of which fair value has been disclosed

Fair values of financial instruments measured at amortized cost are as follows.

Financial instruments measured at fair value and financial instruments whose carrying amount closely approximates fair value are not included in the following tables.

(Millions of yen)

As of February 28, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at amortized cost				
Other financial assets (non-current)	–	4,301	53,566	57,867
Total	–	4,301	53,566	57,867
Liabilities:				
Financial liabilities measured at amortized cost				
Borrowings	–	202,691	–	202,691
Bonds	–	99,475	–	99,475
Other financial liabilities (non-current)	–	–	36,686	36,686
Total	–	302,166	36,686	338,853

(Millions of yen)

As of February 28, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at amortized cost				
Other financial assets (non-current)	–	4,359	50,972	55,332
Total	–	4,359	50,972	55,332
Liabilities:				
Financial liabilities measured at amortized cost				
Borrowings	–	168,026	–	168,026
Bonds	–	78,812	–	78,812
Other financial liabilities (non-current)	–	–	35,290	35,290
Total	–	246,838	35,290	282,129

(5) Financial assets measured at fair value through other comprehensive income

The Group designates investments in equity instruments held in order to maintain and strengthen business relationships as financial assets measured at fair value through other comprehensive income in the light of the holding purpose.

1) Fair value of securities

In regard to investments in equity instruments designated as financial assets measured at fair value through other comprehensive income, the fair value of the main securities is as follows:

As of February 28, 2022

(Millions of yen)

Securities	Amount
Asahi Properties Inc.	5,578
Takenaka Corporation	4,687
Chunichi Shimbun Co., Ltd.	975
Toho Gas Co., Ltd.	685
OSAKA GAS CO., LTD.	654
MBS MEDIA HOLDINGS, INC.	614
Nagoya Dome Company, Limited	601
TOKAI TELEVISION BROADCASTING Co., Ltd.	458
Misonoza Theatrical Corporation	427
Japan Installment Deposit Guarantee Co., Ltd.	420

As of February 28, 2023

(Millions of yen)

Securities	Amount
Asahi Properties Inc.	6,476
Takenaka Corporation	5,416
Chunichi Shimbun Co., Ltd.	1,108
OSAKA GAS CO., LTD.	686
MBS MEDIA HOLDINGS, INC.	627
Toho Gas Co., Ltd.	569
Nagoya Dome Company, Limited	513
TOKAI TELEVISION BROADCASTING Co., Ltd.	493
Kyushu Kangyo Co., Ltd.	484
Misonoza Theatrical Corporation	381

2) Dividend income

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Investments derecognized during the period	0	4
Investments held at end of period	207	166
Total	208	170

3) Financial assets measured at fair value through other comprehensive income derecognized during the period

The Group sells financial assets measured at fair value through other comprehensive income for the purpose of periodic portfolio revisions, management of risk assets and others. The fair value on the date of sale thereof and cumulative gain or loss on the sale (before tax) are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Fair value on the date of sale	183	471
Cumulative gain (loss) on sale	95	29

4) Transfer to retained earnings

The Group transfers cumulative gain or loss caused by fluctuations in the fair value of financial assets measured at fair value through other comprehensive income to retained earnings when the asset is derecognized. In the fiscal years ended February 28, 2022 and February 28, 2023, cumulative gain or loss (after tax) in other comprehensive income transferred to retained earnings were ¥86 million and ¥(109) million, respectively.

(6) Derivatives and hedges

1) Cash flow hedges

Cash flow hedges are hedges to avoid the risk of fluctuations in future cash flows. The Company utilizes forward exchange contracts to hedge fluctuations in cash flows for forecast transactions, and interest rate swaps and currency swaps to hedge fluctuations in cash flows related to floating-rate borrowings. Changes in fair value of derivative transactions designated as cash flow hedges are recognized as other comprehensive income, included in other components of equity, and transferred to profit (loss) when the hedged item is recognized as profit (loss).

The details of hedging instruments designated as cash flow hedges are as follows:

As of February 28, 2022

	Contract value	With term exceeding one year	Carrying amount		Line item in the consolidated statement of financial position	Changes in fair value used to calculate the ineffective portion of the hedge
			Assets	Liabilities		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		Millions of yen
Foreign currency risk						
Forward exchange contracts	1,871	–	7	–	Other financial assets	–
Interest rate risk						
Interest rate swaps	–	–	–	–	Other financial liabilities	–

As of February 28, 2023

	Contract value	With term exceeding one year	Carrying amount		Line item in the consolidated statement of financial position	Changes in fair value used to calculate the ineffective portion of the hedge
			Assets	Liabilities		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen		Millions of yen
Foreign currency risk						
Forward exchange contracts	2,101	–	6	–	Other financial assets	–
Interest rate risk						
Interest rate swaps	–	–	–	–	Other financial liabilities	–

(7) Transfer of financial assets

The Group securitizes certain trade receivables through the transfer of shares. However, some of such securitized receivables impose an obligation to pay on the Group retrospectively if the debtor does not make a payment. Since these securitized receivables do not meet requirements for derecognition of financial assets, they are not derecognized.

As of February 28, 2022 and February 28, 2023, such transferred assets were recorded in “trade and other receivables” and the amount of money received arising at the time when the assets were transferred as related liabilities was recorded in “bonds and borrowings,” at ¥18,000 million in the fiscal year ended February 28, 2022 and ¥18,000 million in the fiscal year ended February 28, 2023.

37. Subsidiaries

Status of subsidiaries is as follows:

Name	Location	Reportable segment	Equity ratio (%)	
			As of February 28, 2022	As of February 28, 2023
Daimaru Matsuzakaya Department Stores Co. Ltd.	Japan	Department Store Business	100.0	100.0
The Hakata Daimaru, Inc.	Japan	Department Store Business	69.9	69.9
Kochi Daimaru Co., Ltd.	Japan	Department Store Business	100.0	100.0
PARCO Co., Ltd.	Japan	SC Business Developer Business	100.0	100.0
PARCO (SINGAPORE) PTE LTD	Singapore	SC Business	100.0	100.0
PARCO SPACE SYSTEMS CO., LTD.	Japan	Developer Business	100.0	100.0
J. Front Design & Construction Co., Ltd.	Japan	Developer Business	100.0	100.0
PARCO Digital Marketing CO., LTD.	Japan	Developer Business	100.0	100.0
J. FRONT CITY DEVELOPMENT Co., Ltd.	Japan	Developer Business	100.0	100.0
JFR Card Co., Ltd.	Japan	Payment and Finance Business	100.0	100.0
Daimaru Kogyo, Ltd.	Japan	Other (Wholesale)	100.0	100.0
Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	China	Other (Wholesale)	100.0	100.0
Daimaru Kogyo (Thailand) Co., Ltd.	Thailand	Other (Wholesale)	99.9	99.9
Taiwan Daimaru Kogyo, Ltd.	Taiwan	Other (Wholesale)	100.0	100.0
Consumer Product End-Use Research Institute Co., Ltd.	Japan	Other (Merchandise test and quality control)	100.0	100.0
Angel Park Co., Ltd.	Japan	Other (Parking)	50.2	50.2
JFR Service Co. Ltd.	Japan	Other (Commissioned back-office service/parking and leasing)	100.0	100.0
JFR Information Center Co., Ltd.	Japan	Other (Information service)	100.0	100.0
Daimaru Matsuzakaya Tomonokai Co., Ltd.	Japan	Other (Specified prepaid transaction service)	100.0	100.0
XENOZ CO., Ltd.	Japan	Other (Management of e-sports team, etc.)	–	50.8

Notes:
1. On October 27, 2022, the Company acquired all shares of JAPAN RETAIL ADVISORS Co., Ltd. from PARCO Co., Ltd. and changed its trade name to J. FRONT CITY DEVELOPMENT Co., Ltd.
2. Taiwan Daimaru Kogyo, Ltd. resolved to dissolve as of August 22, 2022 and is in the process of liquidation.
3. The Company acquired shares of XENOZ CO., Ltd. on December 1, 2022 and made it a consolidated subsidiary.

38. Related Parties

(1) Transactions with related parties

Notes related to transactions with related parties (excluding those eliminated in the consolidated financial statements) have been omitted because there were no significant transactions, etc.

(2) Remuneration for key management personnel

Description of the remuneration for Directors and other key management personnel of the Group is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Officer remuneration	1,675	1,750
Retirement benefit	1	1
Share-based payment	455	480
Total	2,132	2,232

39. Commitments

Commitments related to expenditures after the reporting date are as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Purchase of property, plant and equipment	193	246
Purchase of intangible assets	219	894
Purchase of investment property	3,082	8,062
Total	3,495	9,203

40. Contingent Liabilities

Amount of guarantee obligations

The Group has provided guarantee for transactions, etc. between its employees and financial institutions as follows:

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Debt guarantees for employees	1	0
Total	1	0

41. Subsequent Events

No items to report

42. Approval of Consolidated Financial Statements

These consolidated financial statements were approved by the President and Representative Executive Officer Tatsuya Yoshimoto on May 26, 2023.

(2) Other

Quarterly financial information, etc. for the current fiscal year

(Cumulative)	First three months	First six months	First nine months	Current fiscal year
Sales revenue (Millions of yen)	81,905	169,129	256,941	359,679
Profit before tax (Millions of yen)	6,856	12,223	18,426	16,873
Profit attributable to owners of parent (Millions of yen)	5,974	10,155	14,762	14,237
Basic earnings per share (Yen)	22.80	38.75	56.33	54.32

(Quarterly)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings (loss) per share (Yen)	22.80	15.95	17.58	(2.01)

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Assets		
Current assets		
Cash and deposits	85,030	31,087
Short-term loans receivable from subsidiaries and associates	49,074	75,100
Accounts receivable - other	1,776	4,939
Other	376	124
Allowance for doubtful accounts	(370)	(400)
Total current assets	135,887	110,851
Non-current assets		
Property, plant and equipment		
Buildings and structures	77	185
Other	16	34
Total property, plant and equipment	94	219
Intangible assets		
Software	553	1,348
Total intangible assets	553	1,348
Investments and other assets		
Investment securities	1,660	1,762
Shares of subsidiaries and associates	377,268	378,341
Long-term loans receivable from subsidiaries and associates	124,000	81,000
Deferred tax assets	1,615	472
Other	479	619
Allowance for doubtful accounts	(500)	(500)
Total investments and other assets	504,524	461,695
Total non-current assets	505,172	463,264
Deferred assets		
Bond issuance costs	247	186
Total deferred assets	247	186
Total assets	641,307	574,302

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Liabilities		
Current liabilities		
Short-term borrowings	55,150	45,530
Commercial papers	15,002	–
Current portion of bonds	20,000	–
Accrued expenses	616	719
Income taxes payable	356	121
Provision for bonuses	139	194
Provision for bonuses for directors (and other officers)	95	122
Provision for officer remuneration BIP trust	111	178
Other	2,393	3,105
Total current liabilities	93,864	49,971
Non-current liabilities		
Bonds payable	80,000	80,000
Long-term borrowings	129,810	105,780
Provision for officer remuneration BIP trust	413	777
Other	1,978	1,652
Total non-current liabilities	212,201	188,209
Total liabilities	306,066	238,180
Net assets		
Shareholders' equity		
Share capital	31,974	31,974
Capital surplus		
Legal capital surplus	9,474	9,474
Other capital surplus	239,400	239,400
Total capital surplus	248,874	248,874
Retained earnings		
Other retained earnings		
Retained earnings brought forward	68,200	68,719
Total retained earnings	68,200	68,719
Treasury shares	(13,816)	(13,526)
Total shareholders' equity	335,233	336,043
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7	78
Total valuation and translation adjustments	7	78
Total net assets	335,241	336,121
Total liabilities and net assets	641,307	574,302

2) Non-consolidated Statement of Income

(Millions of yen)

		Fiscal year ended February 28, 2022		Fiscal year ended February 28, 2023
Operating revenue				
Dividend income	*1	10,482	*1	9,379
Consulting fee income	*1	5,000	*1	5,859
Total operating revenue		15,482		15,238
General and administrative expenses	*1, *2	4,995	*2	6,278
Operating profit		10,487		8,959
Non-operating income				
Interest income	*1	712	*1	672
Dividend income	*1	44	*1	69
Other		22		45
Total non-operating income		779		787
Non-operating expenses				
Interest expenses	*1	672	*1	608
Interest on bonds		284		280
Amortization of bond issuance costs		65		61
Provision of allowance for doubtful accounts	*3	30	*3	30
Commitment fees		574		383
Other		135		98
Total non-operating expenses		1,762		1,462
Ordinary profit		9,505		8,284
Extraordinary income				
Gain on sale of shares of subsidiaries and associates	*4	3,644		–
Total extraordinary income		3,644		–
Profit before income taxes		13,149		8,284
Income taxes - current		518		(1,276)
Income taxes - deferred		(1,622)		1,112
Total income taxes		(1,103)		(163)
Profit		14,253		8,448

3) Non-consolidated Statement of Changes in Equity

Fiscal year ended February 28, 2022

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of period	31,974	9,474	239,601	249,075	62,398	62,398	(14,066)	329,382
Changes during period								
Dividends of surplus					(8,452)	(8,452)		(8,452)
Profit					14,253	14,253		14,253
Purchase of treasury shares							(32)	(32)
Disposal of treasury shares			(0)	(0)			82	82
Disposal of treasury shares for share distribution trust			(200)	(200)			583	383
Purchase of treasury shares by share distribution trust							(383)	(383)
Net changes in items other than shareholders' equity								
Total changes during period	–	–	(200)	(200)	5,801	5,801	250	5,851
Balance at end of period	31,974	9,474	239,400	248,874	68,200	68,200	(13,816)	335,233

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(30)	(30)	329,351
Changes during period			
Dividends of surplus			(8,452)
Profit			14,253
Purchase of treasury shares			(32)
Disposal of treasury shares			82
Disposal of treasury shares for share distribution trust			383
Purchase of treasury shares by share distribution trust			(383)
Net changes in items other than shareholders' equity	38	38	38
Total changes during period	38	38	5,889
Balance at end of period	7	7	335,241

Fiscal year ended February 28, 2023

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at beginning of period	31,974	9,474	239,400	248,874	68,200	68,200	(13,816)	335,233
Changes during period								
Dividends of surplus					(7,928)	(7,928)		(7,928)
Profit					8,448	8,448		8,448
Purchase of treasury shares							(8)	(8)
Disposal of treasury shares			(0)	(0)			299	299
Net changes in items other than shareholders' equity								
Total changes during period	–	–	(0)	(0)	519	519	290	809
Balance at end of period	31,974	9,474	239,400	248,874	68,719	68,719	(13,526)	336,043

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	7	7	335,241
Changes during period			
Dividends of surplus			(7,928)
Profit			8,448
Purchase of treasury shares			(8)
Disposal of treasury shares			299
Net changes in items other than shareholders' equity	70	70	70
Total changes during period	70	70	879
Balance at end of period	78	78	336,121

Notes to Non-consolidated Financial Statements

(Notes on premise of going concern)

No items to report

(Significant accounting policies)

1. Basis and method of valuation of assets
   (1) Shares of subsidiaries and associates

   Stated at cost using the moving-average method

   (2) Available-for-sale securities

   Other than stocks and other securities with no market price

   Stated at fair value based on the market prices at the fiscal year-end (Valuation differences are included in net assets; cost of securities sold is determined by the moving-average method)

   Stocks and other securities with no market price

   Stated at cost using the moving-average method

2. Basis and method of valuation of derivatives

   Derivatives

   Stated at fair value

3. Basis and method of valuation of inventories

   Supplies

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

4. Depreciation method of non-current assets
   (1) Property, plant and equipment (excluding leased assets)

   Straight-line method

   (2) Intangible assets (excluding leased assets)

   Straight-line method

   Internal use software is amortized using the straight-line method over the internally expected useful life (5 years).

   (3) Leased assets

   Leased assets in finance leases that do not transfer ownership are depreciated using the straight-line method with zero residual value assuming the lease periods as useful lives.

5. Accounting method for deferred assets

   Bond issuance costs

   Amortized using the straight-line method over the period until redemption

6. Accounting policy for provisions
   (1) Allowance for doubtful accounts

   To prepare for losses from bad debt, an estimated uncollectible amount is provided.

   (2) Provision for bonuses

   To prepare for the payment of bonuses to employees, the amount expected to be paid is provided.

(3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to corporate officers, the amount expected to be paid is provided.

(4) Provision for officer remuneration BIP trust

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

7. Accounting policy for revenues and expenses

Revenue generated from contracts with customers for the Company, which is a holding company, mainly consists of consulting fee income and dividend income from subsidiaries. Income from consulting fees is recognized as revenue in equal amounts over the contract period because the performance obligation is to provide management, planning and other guidance to subsidiaries, and such performance obligations are satisfied on a recurring basis. Income from dividends is recognized as of the effective date.

8. Hedge accounting method

(1) Hedge accounting method

Exceptional treatment is applied to interest rate swaps that satisfy the requirements for exceptional treatment.

(2) Hedging instruments and hedged items

(i) Hedging instruments

Interest rate swaps

(ii) Hedged items

Borrowings and interest expenses on borrowings

(3) Hedging policy

Based on the risk management policy, hedging is undertaken to hedge interest rate fluctuation risk.

(4) Method for assessing the hedge effectiveness

At the end of each fiscal year, hedge effectiveness with respect to the hedged items and hedging instruments is assessed for each hedging transaction. This annual assessment excludes any transaction where important terms and conditions, such as principal, interest rate, and duration, are identical between the assets or liabilities of hedged items and hedging instruments.

9. Application of consolidated taxation system

The consolidated taxation system has been applied from the current fiscal year.

Moreover, regarding the transition to the group tax sharing system established in the "Act Partially Amending the Income Tax Act" (Act No. 8 of 2020) and the items revised in the non-consolidated taxation system in line with the transition to the group tax sharing system, in accordance with the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020), the Company has not applied the provision of Paragraph 44 of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018), and the amounts of its deferred tax assets and deferred tax liabilities are in accordance with the tax laws prior to revision.

(Significant accounting estimates)

1. Recoverability of deferred tax assets

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

Deferred tax assets ¥472 million

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

This information is omitted here as it is presented under “4. Significant Accounting Estimates and Judgments” in the notes to consolidated financial statements.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current fiscal year, and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the promised goods or services has been transferred to the customer.

Regarding application of the Accounting Standard for Revenue Recognition, the Company follows the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effect of retrospective applications of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such a starting balance.

There is no impact on the financial statements.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. is applied from the beginning of the current fiscal year, and the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement, etc. are applied prospectively in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

There is no impact on the financial statements.

(Changes in presentation)

(Notes to non-consolidated balance sheet)

Accounts receivable - other, previously included in other (¥2,152 million yen for the previous fiscal year) on the balance sheet, is now presented as accounts receivable - other (¥4,939 million yen for the current fiscal year) due to its increased importance.

(Notes to non-consolidated statement of income)

*1. Transactions with subsidiaries and associates

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Operating transactions		
Operating revenue	15,482	15,238
General and administrative expenses	595	889
Non-operating transactions	700	672

*2. Major components of general and administrative expenses

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023
Officer remuneration	693	799
Employees' salaries	905	1,016
Provision for bonuses	139	194
Provision for bonuses for directors (and other officers)	95	122
Retirement benefit expenses	61	64
Welfare expenses	226	273
Taxes and dues	407	331
Depreciation	34	281
Rent expenses	287	265
Operational costs	606	1,068
Miscellaneous expenses	565	868

*3. Provision of allowance for doubtful accounts

Fiscal year ended February 28, 2022

Loans to the subsidiary and associate JFR Kodomo Mirai Co., Ltd. were recognized as provision of allowance for doubtful accounts.

Fiscal year ended February 28, 2023

Loans to the subsidiary and associate JFR Kodomo Mirai Co., Ltd. were recognized as provision of allowance for doubtful accounts.

*4. Gain on sale of shares of subsidiaries and associates

Fiscal year ended February 28, 2022

Gain on sale was recognized in association with the sale of shares in the subsidiary and associate Dimples' Co., Ltd.

(Notes on securities)

Shares of subsidiaries and associates

As of February 28, 2022

(Millions of yen)

Category	Carrying amount	Fair value	Difference
Shares of subsidiaries	–	–	–
Total	–	–	–

Note: Shares of subsidiaries and associates whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

Category	Carrying amount
Shares of subsidiaries	367,121
Shares of associates	10,147

As of February 28, 2023

(Millions of yen)

Category	Carrying amount	Fair value	Difference
Shares of subsidiaries	–	–	–
Total	–	–	–

Note: Carrying amount of non-marketable stocks and other securities not included in the above table

(Millions of yen)

Category	Carrying amount
Shares of subsidiaries	368,045
Shares of associates	10,147
Investments in investment partnerships, etc.	148

(Notes on tax effect accounting)

1. The breakdown of deferred tax assets and liabilities by major cause

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023
Deferred tax assets		
Provision for bonuses	42	59
Accrued insurance expenses	6	8
Accrued enterprise tax	83	35
Tax loss carryforwards	1,667	707
Allowance for doubtful accounts for subsidiaries and associates	266	275
Loss on valuation of shares of subsidiaries and associates	61	61
Provision for officer remuneration BIP trust	77	119
Loss on impairment of non-current assets	112	112
Other	69	95
Subtotal deferred tax assets	2,387	1,475
Valuation allowance	(767)	(922)
Total deferred tax assets	1,620	552
Deferred tax liabilities		
Asset retirement obligations	(1)	(20)
Valuation difference on available-for-sale securities	(3)	(34)
Business tax refund receivable	–	(14)
Other	–	(10)
Total deferred tax liabilities	(4)	(80)
Net amount of deferred tax assets	1,615	472

2. Reconciliation of significant difference between effective statutory tax rate and effective income tax rate after application of tax effect accounting

(Millions of yen)

		As of February 28, 2022	As of February 28, 2023
Effective statutory tax rate	(%)	30.6	30.6
(Adjustments)			
Permanent non-taxable income for tax purposes (e.g., dividend income)		(24.3)	(34.9)
Permanent non-deductible expenses for tax purposes (e.g., entertainment expenses)		0.0	0.8
Per capita inhabitant tax		0.0	0.1
Valuation allowance		(15.0)	1.8
Other		0.3	(0.3)
Effective income tax rate after application of tax effect accounting		(8.3)	(2.0)

(Notes on business combinations)

No items to report

(Notes on revenue recognition)

The basis for understanding revenues is described in “Notes (Significant accounting policies) 7. Accounting policy for revenues and expenses.”

(Significant subsequent events)

No items to report

4) Annexed detailed schedules

[Annexed detailed schedule of property, plant and equipment, etc.]

(Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase during the period	Decrease during the period	Amortization during the period	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings and structures	77	283	–	175	185	16
	Other	16	32	–	14	34	12
	Total	94	315	–	189	219	29
Intangible assets	Software	553	1,152	266	91	1,348	–
	Total	553	1,152	266	91	1,348	–

[Annexed detailed schedule of provisions]

(Millions of yen)

Category	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period
Allowance for doubtful accounts	870	430	400	900
Provision for bonuses	139	194	139	194
Provision for bonuses for directors (and other officers)	95	122	95	122
Provision for officer remuneration BIP trust	524	777	346	956

(2) Components of major assets and liabilities

The information has been omitted as the consolidated financial statements are prepared.

(3) Other

No items to report

VI. Outline of Share-Related Administration of Reporting Company

<table>
<tr><td>Fiscal year</td><td colspan="2">From March 1 to the last day of February</td></tr>
<tr><td>Annual Shareholders Meeting</td><td colspan="2">May</td></tr>
<tr><td>Record date</td><td colspan="2">Last day of February</td></tr>
<tr><td>Record dates for dividends of surplus</td><td colspan="2">Last day of February
August 31</td></tr>
<tr><td>Number of shares per share unit</td><td colspan="2">100 shares</td></tr>
<tr><td>Purchase of shares less than one unit
Office for handling business

Shareholder register administrator

Forwarding office
Handling charge for purchase</td><td colspan="2">
(Special account)
1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Mitsubishi UFJ Trust and Banking Corporation
Stock Transfer Agency
(Special account)
1-4-5 Marunouchi, Chiyoda-ku, Tokyo
Mitsubishi UFJ Trust and Banking Corporation
–
No charge</td></tr>
<tr><td>Method of public notice</td><td colspan="2">The public notices of the Company shall be given by electronic means. However, in the case of unavoidable circumstances, such as an accident which prevents the use of the public notice by electronic means, they shall be placed in The Nikkei newspaper.</td></tr>
<tr><td rowspan="2">Special benefits for shareholders</td><td>(i)</td><td>For shareholders owning at least 100 shares as of the last day of February and new shareholders owning at least 100 shares as of August 31, the “Daimaru Matsuzakaya shopping courtesy card,” which entitles cardholders to a 10% discount when shopping at marked prices at department stores operated by Daimaru Matsuzakaya Department Stores Co. Ltd. (Daimaru Shinsaibashi store, Daimaru Umeda store, Daimaru Tokyo store, Daimaru Kyoto store, Daimaru Kobe store, Daimaru Suma store, Daimaru Ashiya store, Daimaru Sapporo store, Daimaru Shimonoseki store, Matsuzakaya Nagoya store, Matsuzakaya Takatsuki store, Matsuzakaya Ueno store, Matsuzakaya Shizuoka store), The Hakata Daimaru, Inc. (Fukuoka Tenjin store), Kochi Daimaru Co., Ltd., and also spending at Daimaru Matsuzakaya ONLINE STORE, will be issued on the following basis.

For shareholders as of the last day of February, the courtesy cards will be issued in May, with an annual spending limit set according to the number of shares owned as described below. (Valid from mid-May (the date of delivery) until May 31 the following year)
<table>
<tr><th rowspan="2">Number of shares owned as of the end of February</th><th colspan="2">Spending limit</th></tr>
<tr><th>Duration of ownership: Less than 3 years</th><th>Duration of ownership: 3 years or more</th></tr>
<tr><td>100 to 499 shares</td><td>¥0.5 million per year</td><td>¥1.5 million per year</td></tr>
<tr><td>500 to 999 shares</td><td>¥1.0 million per year</td><td>¥2.0 million per year</td></tr>
<tr><td>1,000 to 3,999 shares</td><td>Additional ¥1.0 million for every 1,000 shares</td><td>Additional ¥1.0 million for every 1,000 shares</td></tr>
<tr><td>4,000 shares or more</td><td>¥5.0 million per year (upper limit)</td><td>¥6.0 million per year (upper limit)</td></tr>
</table>
For new shareholders as of August 31, the courtesy cards will be issued in November, with an annual spending limit according to the number of shares owned set at half of the above amounts. (Valid from mid-November (the date of delivery) until May 31 the following year)</td></tr>
<tr><td>(ii)</td><td>By presenting the “Daimaru Matsuzakaya shopping courtesy card,” shareholders may gain entry free of charge for themselves and a guest to cultural events subject to admission fees held at facilities operated by Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd. (gallery spaces in Sapporo, Shibuya, Nagoya, Shinsaibashi, Fukuoka, etc.).
Note: Complimentary admission may not apply to all cultural events.</td></tr>
</table>

	(iii)	The Company will issue the "PARCO shopping courtesy card" (credit card) upon request from shareholders owning at least 100 shares of the Company as of the end of February and August 31. The credit card will entitle the holder to a 5% discount (excluding some shops, products, services, etc.) at point of purchase for shopping at stores in Japan operated by PARCO Co., Ltd. (Sapporo PARCO, Sendai PARCO, Urawa PARCO, Shintokorozawa PARCO, Shibuya PARCO, Ikebukuro PARCO, Kinshicho PARCO, Hibarigaoka PARCO, Kichijoji PARCO, Chofu PARCO, Shizuoka PARCO, Nagoya PARCO, Matsumoto PARCO, Shinsaibashi PARCO, Hiroshima PARCO, Fukuoka PARCO and PARCO_ya UENO) and via the ONLINE PARCO e-commerce platform. (Valid from the date of delivery until May 31 the following year)

Note: The Company stipulates the rights regarding shares less than one unit in its Articles of Incorporation. According to the stipulation, the holders of shares less than one unit shall not be entitled to exercise the rights of shareholders in connection with such shares less than one unit other than those rights listed below:

(1) Rights set forth in items of Article 189, paragraph (2) of the Companies Act;

(2) Right to make a demand pursuant to the provisions of Article 166, paragraph (1) of the Companies Act;

(3) Right to receive an allotment of offered shares and offered share acquisition rights in proportion to the number of shares held by the shareholder; and

(4) Right to demand the purchase of additional shares less than one unit

VII. Reference Information of Reporting Company

1. Information about parent company, etc. of reporting company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents.

(1) Annual Securities Report, Attached Documents and Written Confirmation

Fiscal year 15th fiscal year (from March 1, 2021, to February 28, 2022)

Filed to Director-General of Kanto Local Finance Bureau on May 27, 2022

(2) Internal Control Report

Filed to Director-General of Kanto Local Finance Bureau on May 27, 2022

(3) Quarterly Securities Reports and Written Confirmations

First quarter of the 16th fiscal year (from March 1, 2022, to May 31, 2022)

Filed to Director-General of Kanto Local Finance Bureau on July 13, 2022

Second quarter of the 16th fiscal year (from June 1, 2022, to August 31, 2022)

Filed to Director-General of Kanto Local Finance Bureau on October 13, 2022

Third quarter of the 16th fiscal year (from September 1, 2022, to November 30, 2022)

Filed to Director-General of Kanto Local Finance Bureau on January 12, 2023

(4) Extraordinary Securities Reports

Filed to Director-General of Kanto Local Finance Bureau on May 27, 2022

Extraordinary Securities Report based on Article 19, paragraph (2), item (ix)-2 (Results of Exercise of Voting Rights at the Shareholders Meeting) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.

(5) Shelf Registration Statements (corporate bonds) and Attached Documents

Filed to Director-General of Kanto Local Finance Bureau on March 2, 2022

(6) Amended Shelf Registration Statements

Filed to Director-General of Kanto Local Finance Bureau on May 27, 2022

Amended Shelf Registration Statements pertaining to Shelf Registration Statement filed on March 2, 2022

B. Information About Reporting Company’s Guarantor, Etc.

No items to report