Annual Securities Report

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

The 19th fiscal year (from March 1, 2025 to February 28, 2026)

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 19th fiscal year that was disclosed on May 26, 2026. However, the English translation of the report has not been audited by the Accounting Auditor.

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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, 2026
Fiscal year	The 19th fiscal year (from March 1, 2025 to February 28, 2026)
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	ONO Keiichi, 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 Group 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 Group 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	15th fiscal year	16th fiscal year	17th fiscal year	18th fiscal year	19th fiscal year
Fiscal year-end	February 2022	February 2023	February 2024	February 2025	February 2026
Revenue (Millions of yen)	331,484	359,679	407,006	441,877	445,094
Profit before tax (Millions of yen)	6,190	16,873	41,343	55,785	44,515
Profit attributable to owners of parent (Millions of yen)	4,321	14,237	29,913	41,424	28,282
Comprehensive income attributable to owners of parent (Millions of yen)	6,173	16,384	30,561	49,426	35,545
Equity attributable to owners of parent (Millions of yen)	350,368	359,385	381,898	409,646	415,586
Total assets (Millions of yen)	1,192,907	1,120,953	1,114,726	1,164,147	1,141,567
Equity attributable to owners of parent per share (Yen)	1,337.29	1,370.43	1,453.71	1,597.24	1,671.35
Basic earnings per share (Yen)	16.50	54.32	114.06	160.35	112.93
Diluted earnings per share (Yen)	16.50	54.30	114.06	160.15	112.80
Ratio of equity attributable to owners of parent to total assets (%)	29.4	32.1	34.3	35.2	36.4
Profit/equity attributable to owners of parent (ROE) (%)	1.2	4.0	8.1	10.5	6.9
Price earnings ratio (PER) (Times)	58.29	23.27	13.02	12.15	22.85
Net cash provided by (used in) operating activities (Millions of yen)	49,866	65,480	90,692	85,812	66,992
Net cash provided by (used in) investing activities (Millions of yen)	(5,289)	(13,371)	13,429	(28,308)	(15,154)
Net cash provided by (used in) financing activities (Millions of yen)	(80,392)	(105,694)	(72,746)	(74,001)	(70,782)
Cash and cash equivalents at end of period (Millions of yen)	93,278	39,874	71,342	54,975	36,099
Number of employees (Persons)	5,589	5,115	5,277	5,343	5,584
[Separately, average number of temporary employees]	[2,559]	[2,143]	[2,092]	[1,959]	[1,844]

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 per share and diluted earnings per share.
4. The average number of temporary employees includes dedicated employees and fixed-term employees.
5. Diluted earnings per share for the 17th fiscal year is equal to basic earnings per share because there are no potential shares that have dilutive effects.

(2) Business results of the reporting company

Term	15th fiscal year	16th fiscal year	17th fiscal year	18th fiscal year	19th fiscal year
Fiscal year-end	February 2022	February 2023	February 2024	February 2025	February 2026
Operating revenue (Millions of yen)	15,482	15,238	16,512	20,727	25,179
Ordinary profit (Millions of yen)	9,505	8,284	8,741	9,973	14,093
Profit (Millions of yen)	14,253	8,448	17,251	11,087	14,827
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)	335,241	336,121	345,175	335,382	321,044
Total assets (Millions of yen)	641,307	574,302	639,463	601,478	575,147
Net assets per share (Yen)	1,280.48	1,282.90	1,316.73	1,309.09	1,292.38
Dividends per share (Yen)	29.00	31.00	36.00	52.00	54.00
[Interim dividends per share]	[14.00]	[15.00]	[16.00]	[22.00]	[27.00]
Basic earnings per share (Yen)	54.44	32.25	65.82	42.98	59.24
Diluted earnings per share (Yen)	54.44	32.24	65.82	42.93	59.17
Equity ratio (%)	52.3	58.5	54.0	55.8	55.8
Return on equity (ROE) (%)	4.29	2.52	5.06	3.26	4.52
Price earnings ratio (PER) (Times)	17.67	39.19	22.57	45.32	43.55
Dividend payout ratio (%)	53.27	96.12	54.69	120.99	91.15
Number of employees (Persons)	138	151	185	233	243
[Separately, average number of temporary employees]	[16]	[16]	[16]	[19]	[15]
Total shareholder return (%)	97.4	130.2	155.5	206.1	273.5
[Benchmark index: Dividend-included TOPIX] (%)	[103.4]	[112.2]	[154.4]	[158.4]	[238.4]
Highest share price (Yen)	1,218	1,286	1,634.50	2,212.50	2,796.00
Lowest share price (Yen)	882	867	1,182.00	1,226.00	1,553.00

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 Board 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 the Company makes G6TMK 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.
Mar. 23, 2020	The Company makes PARCO CO., LTD. a wholly owned subsidiary.
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 the Company makes Shinsaibashi TMK an associate accounted for using the equity method.
Sept. 27, 2023	The Company excludes StylingLife Holdings Inc. from the scope of associates accounted for using the equity method by agreeing to the purchase of treasury shares by StylingLife Holdings Inc., which transferred those shares to SLH Partners Limited Liability Investment Partnership.
Nov. 14, 2023	Liquidation of Taiwan Daimaru Kogyo, Ltd. is completed.
Mar. 27, 2024	PARCO CO., LTD. sells part of its shares in Apparel-web, Inc. and is excluded from the scope of associates accounted for using the equity method.

Jul. 31, 2024	Daimaru Matsuzakaya Department Stores Co. Ltd. acquires additional shares of Shinsaibashi Kyodo Center Building, K.K., making it a consolidated subsidiary from an associate accounted for using the equity method.
Nov. 1, 2024	JFR Service Co. Ltd. changes its trade name to J. Front One Partner Co., Ltd.
Jan. 31, 2025	J. FRONT CITY DEVELOPMENT Co., Ltd. makes a joint investment in Shinsaibashi Mirai Tokutei Mokuteki Kaisha, thereby establishing it as an associate accounted for using the equity method.
Feb. 3, 2025	Liquidation of PT. Daimaru Kogyo Indonesia is completed.
Mar. 3, 2025	The Company establishes JFR & KOMEHYO PARTNERS Co., Ltd. through a joint investment.
July 28, 2025	Daimaru Matsuzakaya Department Stores Co. Ltd. establishes ANNIVEL Co., Ltd. through a joint investment.
Sept. 1, 2025	The Company establishes J. FRONT PRIME SPACE Co., Ltd.
Jan. 30, 2026	Liquidation of JFR Kodomo Mirai Co., Ltd. is completed.
Mar. 1, 2026	J. FRONT PRIME SPACE Co., Ltd. merges with J. Front Design & Construction Co., Ltd. and PARCO SPACE SYSTEMS CO., LTD.

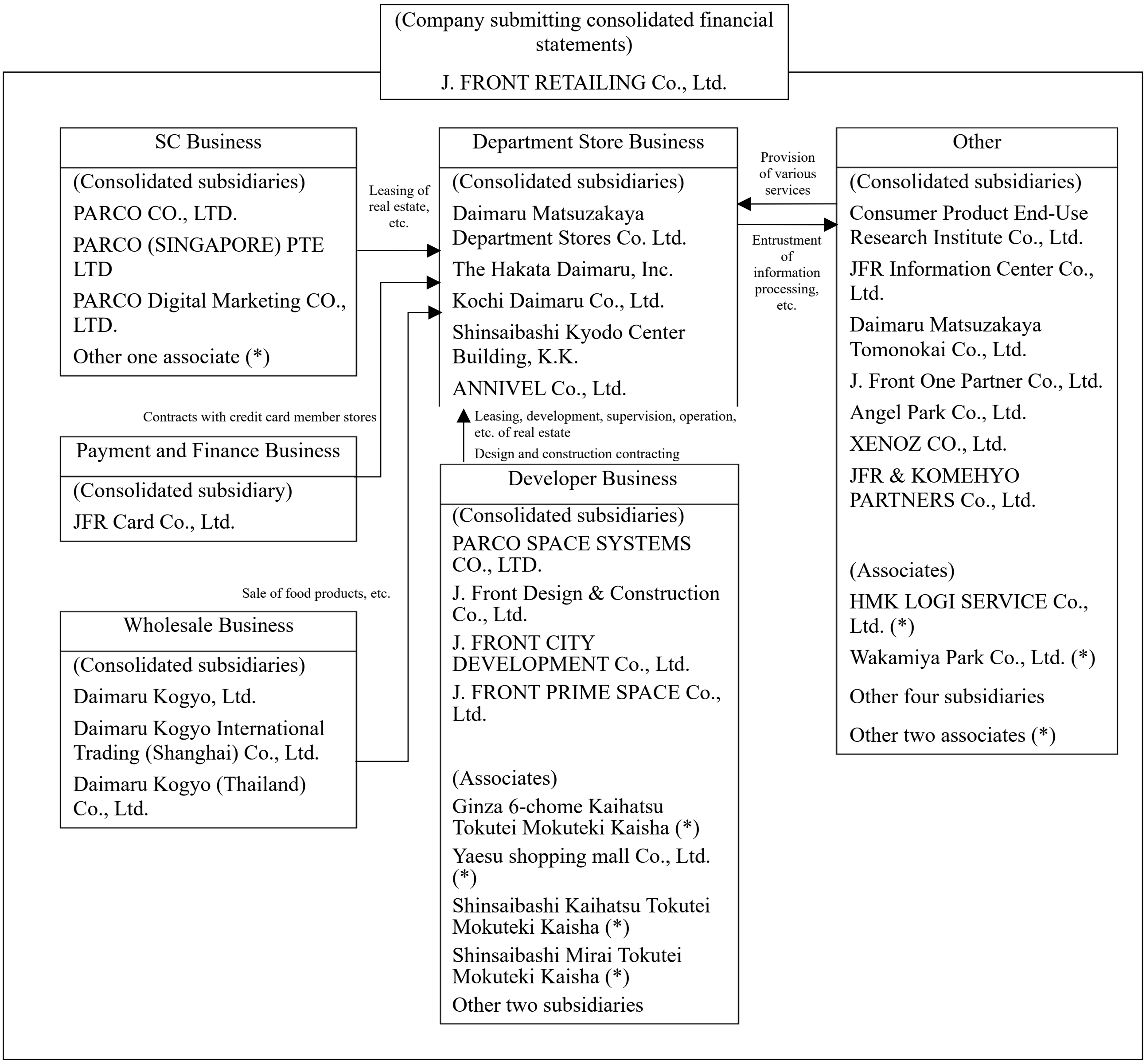
3. Description of business

The corporate group, of which the Company is the holding company, consists of 39 companies (including the Company). Its principal business is the Department Store Business, and its other businesses include the Shopping Center (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., Kochi Daimaru Co., Ltd., Shinsaibashi Kyodo Center Building, K.K., and ANNIVEL Co., Ltd.	Consolidated subsidiaries: 5
SC Business	PARCO CO., LTD., PARCO (SINGAPORE) PTE LTD, and PARCO Digital Marketing Co., Ltd.	Consolidated subsidiaries: 3 Associates: 1
Developer Business	PARCO SPACE SYSTEMS CO., LTD., J. Front Design & Construction Co., Ltd., J. FRONT CITY DEVELOPMENT Co., Ltd., and J. FRONT PRIME SPACE Co., Ltd.	Consolidated subsidiaries: 5 Associates: 4
Payment and Finance Business	JFR Card Co., Ltd.	Consolidated subsidiaries: 1
Wholesale Business	Daimaru Kogyo, Ltd., Daimaru Kogyo International Trading (Shanghai) Co., Ltd., and Daimaru Kogyo (Thailand) Co., Ltd.	Consolidated subsidiaries: 3
Commissioned back-office service, parking and leasing	J. Front One Partner 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., XENOZ CO., Ltd., and JFR & KOMEHYO PARTNERS Co., Ltd.	Consolidated subsidiaries: 6 Associates: 3

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. The Company established JFR & KOMEHYO PARTNERS Co., Ltd. through a joint investment on March 3, 2025, and it is included in the scope of consolidated subsidiaries.
4. Daimaru Matsuzakaya Department Stores Co., Ltd. established ANNIVEL Co., Ltd. through a joint investment on July 28, 2025, and it is included in the scope of consolidated subsidiaries.
5. On September 1, 2025, the Company established J. FRONT PRIME SPACE Co., Ltd., and it is included in the scope of consolidated subsidiaries.
6. Completed liquidation of JFR Kodomo Mirai Co., Ltd. on January 30, 2026.
7. On March 1, 2026, J. FRONT PRIME SPACE Co., Ltd. conducted an absorption-type merger of J. Front Design & Construction Co., Ltd. and PARCO SPACE SYSTEMS CO., LTD.

4. Overview of subsidiaries and associates

Name	Address	Share 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]	Lending of funds
Shinsaibashi Kyodo Center Building, K.K.	Chuo-ku, Osaka	50	Department Store Business	100.0 [100.0]	
ANNIVEL Co., Ltd.	Minato-ku, Tokyo	75	Department Store Business	80.0 [80.0]	
PARCO CO., LTD. (Notes 3 and 4)	Toshima-ku, Tokyo	34,367	SC Business	100.0	Interlocking of officers Lending of funds
PARCO Digital Marketing CO., LTD.	Shibuya-ku, Tokyo	10	SC Business	100.0 [100.0]	
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	
J. Front Design & Construction Co., Ltd.	Chuo-ku, Osaka	100	Developer Business	100.0	Interlocking of officers
J. FRONT CITY DEVELOPMENT Co., Ltd.	Shibuya-ku, Tokyo	110	Developer Business	100.0	Interlocking of officers
J. FRONT PRIME SPACE Co., Ltd.	Minato-ku, Tokyo	100	Developer Business	100.0	Interlocking of officers Lending of funds
JFR Card Co., Ltd.	Takatsuki, Osaka	100	Payment and Finance Business	100.0	Interlocking of officers Lending of funds
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 210	Other (Wholesale)	99.9 [99.9]	
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
J. Front One Partner Co., Ltd.	Koto-ku, Tokyo	100	Other (Commissioned back-office service, leasing)	100.0	Interlocking of officers
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.	Shibuya-ku, Tokyo	100	Other (Management of e-sports team, etc.)	52.5	

Name	Address	Share capital (Millions of yen)	Major businesses	Ratio of voting rights holding (held) (%)	Relationship
JFR & KOMEHYO PARTNERS Co., Ltd.	Chiyoda-ku, Tokyo	100	Other (Purchase of branded goods and related items)	51.0	Interlocking of officers Lending of funds
(Equity method associates)					
Ginza 6-chome Kaihatsu Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	2,610	Developer Business (Services related to the acquisition of specified assets and their management and disposal, etc.)	50.0 [50.0]	
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)	28.5 [28.5]	
SAN-A PARCO, Inc.	Ginowan, Okinawa	10	SC Business	49.0 [49.0]	
Shinsaibashi Kaihatsu Tokutei Mokuteki Kaisha	Chuo-ku, Tokyo	3,497	Developer Business (Real estate development and investment)	38.9 [38.9]	
Shinsaibashi Mirai Tokutei Mokuteki Kaisha	Chiyoda-ku, Tokyo	12,688	Developer Business (Real estate development and investment)	39.1 [39.1]	

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 revenue (excluding internal revenue among consolidated companies) to consolidated 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) Revenue	249,900	66,504
(ii) Profit before tax	27,799	10,663
(iii) Profit	19,088	7,473
(iv) Total equity	186,457	79,085
(v) Total assets	505,934	283,594

5. Information about employees

(1) Consolidated companies

As of February 28, 2026

Segment name	Number of employees (Persons)	
Department Store Business	3,037	[1,192]
SC Business	579	[98]
Developer Business	919	[356]
Payment and Finance Business	253	[18]
Other	553	[165]
Corporate (shared)	243	[15]
Total	5,584	[1,844]

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, 2026

Number of employees (Persons)		Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
243	[15]	47.8	15.6	8,979,626

Segment name	Number of employees (Persons)	
Corporate (shared)	243	[15]
Total	243	[15]

Notes: 1. The number of employees indicates the number of working employees, including those seconded from Daimaru Matsuzakaya Department Stores Co. Ltd. and other Group companies.

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. Average length of service for employees seconded from the Group is calculated by aggregating the 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.

(4) Ratio of women in management positions, ratio of men taking childcare leave, and gender wage gap

(i) Reporting company

(%)

Current fiscal year				
Ratio of women in management positions (%) (Note 1)	Ratio of men taking childcare leave (%) (Note 2)	Gender wage gap (%) (Notes 1 and 3)		
		All employees	Regular employees	Part-time and fixed-term employees
22.7	100.0	79.9	77.9	89.5

Notes: 1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

2. The childcare leave acquisition rate is calculated based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) and Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991).

3. Regarding the gender wage gap, although there is no wage disparity under the wage system, a gap arises due to factors such as the low ratio of women in management positions and the high number of female employees working shorter hours due to childcare and other personal reasons.

(ii) Consolidated subsidiaries

(%)

Current fiscal year					
Name	Ratio of women in management positions (%) (Note 1)	Ratio of men taking childcare leave (%) (Note 2)	Gender wage gap (Notes 1 and 3)		
			All employees	Regular employees	Part-time and fixed-term employees
Daimaru Matsuzakaya Department Stores Co. Ltd.	32.1	100.0	61.1	72.2	77.5
The Hakata Daimaru, Inc.	35.7	–	76.3	78.1	76.7
PARCO Co., Ltd.	27.4	100.0	79.2	77.7	86.4
PARCO SPACE SYSTEMS CO., LTD.	16.1	50.0	68.2	79.8	72.2
J. Front Design & Construction Co., Ltd.	14.6	150.0	75.5	74.2	81.9
JFR Card Co., Ltd.	23.3	80.0	65.3	68.0	188.8
Daimaru Kogyo, Ltd.	13.3	–	76.7	77.6	75.9
J. Front One Partner Co., Ltd.	50.0	100.0	62.0	85.8	63.3

Notes:
1. Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
2. The childcare leave acquisition rate is calculated based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991) and Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991).

   If there were no applicable male employees, the ratio of men taking childcare leave is shown as "–."
3. Regarding the gender wage gap, although there is no wage disparity under the wage system, a gap arises due to factors such as the low ratio of women in management positions and the high number of female employees working shorter hours due to childcare and other personal reasons.

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, 2026).

(1) Management policy

Under a holding company structure, the Group will strive to enhance the competitiveness and profitability of the retail business (Department Store Business and 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 centered on retail business in a balanced manner.

(2) Management target

On April 15, 2024, the Group published the FY2024–FY2026 Medium-term Business Plan.

Subsequently, as the Group achieved the final year profit target first set for the Medium-term Business Plan in the FY2024 financial results, the key performance indicator targets have been revised upward. However, given that department store duty-free sales are currently falling short of expectations, our outlook for the earnings forecast for FY2026 is that it will not meet the targets set out in our Medium-term Business Plan.

1. Key performance indicator targets

We will aim for consolidated business profit of ¥52,000 million and consolidated ROE of at least 6.9% (initial target: at least 8.0%) as financial targets, and for reductions in greenhouse gas emissions of 70% and to increase the ratio of women in management positions to 31.0%, as non-financial targets.

<Key performance indicator targets>

	FY2024 results	FY2025 results	FY2026 earnings forecasts	(Reference) FY2026 Medium-term Business Plan's targets
Consolidated business profit (IFRS)	¥53,400 million	¥50,500 million	¥52,000 million	¥56,000 million
Consolidated ROE	10.5%	6.9%	6.9%	8.0% or more
Consolidated ROIC	6.2%	5.9%	5.7%	6.0% or more
Greenhouse gas emissions[*1]	(65.4)%	(69.5)%	(70.0)%	(70.0)%
Ratio of women in management positions	26.2%	27.7%	31.0%	31.0%

*1 Scope 1 and 2 emissions (compared with FY2017); result for FY2025 is a rough estimate.

2. Financial policy

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

Under the current Medium-term Business Plan, we will generate operating cash flow, etc. of ¥250,000 million or more (including depreciation of right-of-use assets) over three years, ¥195,000 million of which will be injected into capital and growth strategy investments.

As for investments, with our sights on 2030, we will concentrate on upfront investments and growth strategy investments in the Developer Business directed toward achieving Group synergies, in addition to the core retail business. Regarding shareholder returns, we are working to optimize the amount of equity through dividends at a consolidated payout ratio of 40% or more and by flexibly and responsively repurchasing treasury shares.

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

We have entered the final fiscal year of the Medium-term Business Plan (FY2024 to FY2026), which we positioned as a "period of change" toward realizing our vision for the Group in 2030: "Value Co-creation Retailer."

Progress achieved on the Medium-term Business Plan has culminated in growth in our mainstay Department Store Business and SC Business given successful key strategies and other initiatives amid a highly uncertain business environment. As a result of such growth and other factors, consolidated business profit increased to ¥50,500 million in FY2025 from ¥44,300 million in FY2023 (the final fiscal year of the previous Medium-term Business Plan). We concurrently engaged in initiatives toward transformation with our sights set on 2030. This has mainly involved making steady progress with initiatives that include development of Nagoya and other key areas, consolidation of in-house card issuance in seeking to strengthen the Group's customer base, and the ownership and development of in-house content.

Meanwhile, with respect to the earnings forecast for FY2026, the final fiscal year of the Medium-term Business Plan, the Company is poised to fall short of the targets set in the said plan, with consolidated business profit of ¥52,000 million and consolidated ROE in the 6% range, as duty-free sales are tracking below initial assumptions due to deteriorating Japan-China relations and other factors.

For FY2026, we recognize the need to enhance our response to changes in domestic consumption and inbound demand driven by exchange rate trends, rising prices, and other factors, while working to secure full-year earnings results. At the same time, we must once again articulate our path toward transforming into a resilient operating structure that is not susceptible to changes in the external environment, which constitutes a fundamental challenge.

The Group will work together as one in completing the key strategies and measures set forth as the culmination of the Medium-term Business Plan, while also formulating the next Medium-term Business Plan for ensuring sustainable growth, grounded in sustainability management practices.

1) Completion of the Medium-term Business Plan

<Deepening the retail business>

1. Strengthen our response to the affluent market segment

・With respect to efforts taken to strengthen our response to the robust affluent market segment, we will work to expand the department store customer base. This will involve conducting our gaisho (Japanese department store's traditional personal shopping service for VIP customers) activities over a wider geographic area with flagship stores serving as the starting point, and working to convert young affluent customers into gaisho customers at each location.

2. Expand the customer base overseas

・In the Department Store Business, we will strive to enhance communication and proposal capabilities with overseas customers through efforts that include further expanding customer membership and encouraging repeat visits to our stores, primarily targeting tourists visiting Japan from other parts of Asia.

・In the SC Business, we will redouble our efforts to provide experiential value regarding pop culture and other content areas in seeking to increase inbound tourist transaction volume.

3. Expand content for the premium and aspirational consumer group

・Based on the strong performance of Shibuya PARCO and other locations, we will promote major renovation centered on our flagship stores, including Shinsaibashi PARCO (now in its 6th year of business), as well as Ikebukuro PARCO and Nagoya PARCO. We will particularly enhance offerings with substantial customer followings, including Japan Mode fashion, character zones, IP content such as anime, and dining.

・In the Department Store Business, we will continue to enhance sales floor layouts and product lineups. At the Daimaru Umeda store in particular, we will promote large-scale renovation that involves drastically revamping the floor layout with the aim of attracting a wide range of customers from Japan and overseas.

<Evolving Group synergies>

1. Maximize the area value

A. Nagoya Sakae area

- In June 2026, we will open the new "HAERA" commercial facility combining a department store and PARCO, located within "The Landmark Nagoya Sakae." Taking advantage of the opening of this facility, we will establish a commanding presence in the Sakae area alongside the adjacent Matsuzakaya Nagoya store and Nagoya PARCO. Additionally, a portion of the Matsuzakaya Nagoya South Building will be renovated in spring of next year to serve as a new facility operated by PARCO, with the aim of realizing even greater area synergies.
- In conjunction with the above, we aim to create a bustling town by working to strengthen relationships with nearby establishments in the Sakae area.

B. Osaka Shinsaibashi area

- We will formulate a redevelopment plan for the Daimaru Shinsaibashi South Building, while also participating in the redevelopment project for the "Shinsaibashi Building."
- We will deepen our relationship with the local community and reinforce our efforts to maximize area value. This will include the "QUARTZ SHINSAIBASHI" complex, which opened in April 2026 with partial investment from the Company.

C. Fukuoka Tenjin and Kobe area

- In Fukuoka City, we are working jointly with the local community and partner companies with respect to implementing the redevelopment plan for the "Tenjin 2-chome South Block Station-front East West Street Area Project." It is centrally located in the city, which is characterized by sustained population growth and its reputation as the gateway to Asia. We will proceed with the development of specific business plans with an aim to establish a leadership position in the area, which is poised to experience market growth.
- In the Kobe area, we are taking advantage of opportunities arising from our investment in "Kobe Former Foreign Settlement Building No. 25" in working to further elevate the appeal of the area through initiatives that include improving accessibility of the district centered on the Daimaru Kobe store, and enhancing events in partnership with the local community.

2. Expand the Group customer base

- In FY2025, initiatives to consolidate card issuance operations within the Group proceeded in line with the initial plan. Taking advantage of this opportunity, we seek to expand the Group's customer base by further increasing the number of card members and app members.

- Additionally, we will focus on enhancing customer collaboration and services across businesses and stores, which includes exchanging points and unifying point programs within the Group, as well as engaging in measures to encourage shopping across multiple stores in each area.

3. Own and develop in-house contents and business development
   - We seek to own and develop distinctive products, services and businesses that extend beyond deployment within our own stores. To such ends, we will strive to expand the scale of owned content promoted in the previous fiscal year, while strengthening M&A, partnerships with other companies, and growth strategy investment through the Company's business succession and CVC funds with a medium- to long-term perspective.
4. Strengthen the construction, interior design and facility businesses
   - The J. Front Design & Construction Co., Ltd. and PARCO SPACE SYSTEMS CO., LTD. integrated their operations in March 2026, and J. FRONT PRIME SPACE Co., Ltd. commenced operations.
   - By further integrating the strengths of both companies, we aim to expand our business and organizational foundation, through initiatives that include creating high-quality spatial value, enhancing facility management, and securing and developing specialized personnel by elevating our position within the industry.

<Strengthening the Group's management foundation>

To further enhance the effectiveness of our strategies, we established an executive structure where executive officers of J. FRONT RETAILING will also serve as executive officers at Daimaru Matsuzakaya Department Stores and PARCO, in the three areas of human resources, IT digital, and finance. This will advance the standardization of measures and functions, the utilization and efficiency of resources, and accelerate collaboration among the companies from the perspective of optimizing the entire Group.

1. Human resources strategy
   - In seeking to realize transformation in terms of becoming a Value Co-creation Retailer, the Group will work as one to reinforce and promote a new Group human resources strategy designed to achieve sustainable growth of our people and organizations.
   - In addition to increasing opportunities for the participation of diverse human resources, such as initiatives for the advancement of women in the workplace and facilitating exchanges of human resources within the Group, we will also work to improve our management capabilities to cultivate an organizational culture that encourages creativity and the spirit of challenge, while also undertaking personnel system reforms including evaluations and remuneration.
2. IT & digital strategy
   - We will further drive productivity improvements using digital technology and other initiatives by implementing business process reengineering (BPR) across the entire Group beginning with the Department Store Business.
   - Amid the increasing importance of cybersecurity, we will continue to engage in risk mitigation activities that include vulnerability management of information assets, while also strengthening our incident response capabilities.

- We will strengthen Group IT governance through initiatives that include enhancing approval processes for IT investment.

3. Financial strategy

   - With the aim of enhancing return on capital from a medium- to long-term perspective, we will strengthen profitability of our existing businesses and enhance growth investments that contribute to expanding the Group's business foundations, underpinned by an approach to managing investments based on growth potential and profitability.
   - We aim to optimize equity while ensuring financial soundness by purchasing up to ¥10,000 million in treasury shares during the current fiscal year.

4. Corporate governance

   - With the aim of achieving medium- to long-term growth and continuously increasing our corporate value, we will focus on further improving effectiveness through initiatives that include accelerating management decision-making and execution, as well as enhancing the oversight function of the Board of Directors.

2) Formulation of the next Medium-term Business Plan (from FY2027) to drive sustainable growth

   - The business environment surrounding the Company has changed beyond expectations held at the launch of the Medium-term Business Plan in FY2024, particularly in terms of escalating geopolitical risk, shifts in income and consumption, and persisting inflation and interest rate hikes.
   - In viewing these changes and projections as opportunities for achieving sustainable growth and transitioning to a resilient management structure, we accordingly believe it is necessary to examine growth scenarios from both opportunity and risk perspectives, and to once again articulate our path toward achieving the Group Vision and ensuring growth from FY2027 onward.
   - We will work to formulate the next Medium-term Business Plan, which will sharpen our vision through initiatives that include enhancing the profitability of our core retail business while also expanding the Developer Business and content business, and furthermore optimally allocating management resources and collaborating with partner companies to achieve these objectives.

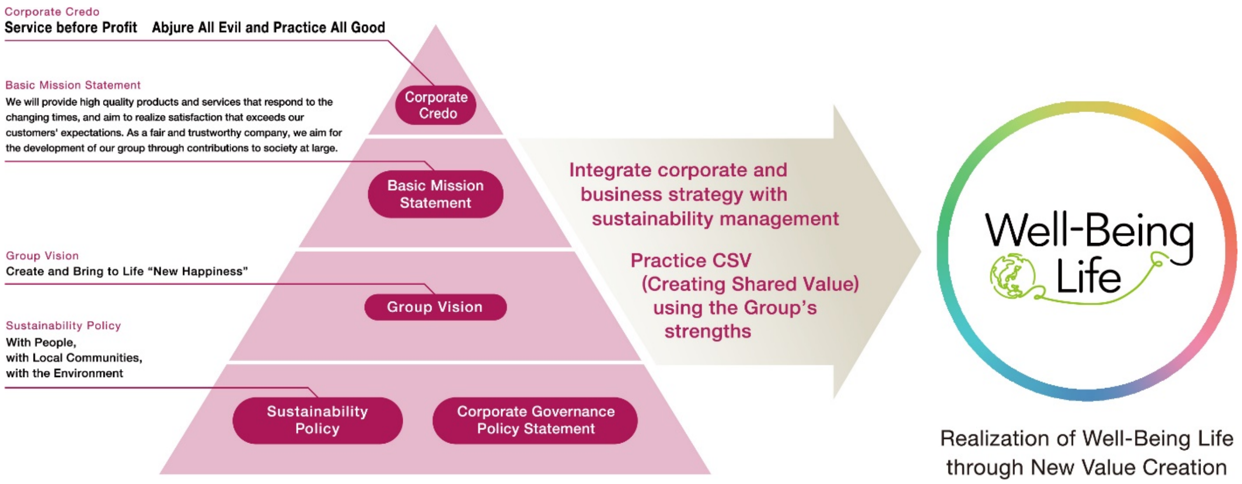
2. Approach and initiatives for sustainability

(1) JFR Group's sustainability management goals

Daimaru Matsuzakaya Department Stores, the main operating company of our Group, has encountered many crises over its 300 to 400-year history. Each time, we have returned to our Corporate Credo "Service before Profit" and "Abjure All Evil and Practice All Good," conducting business activities honestly while responding quickly to changes in our customers and society. This has led to our Group's 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, a company that will have a prominent presence in society. It is evident that we cannot conduct business activities while turning a blind eye to the growing seriousness of global environmental issues such as global warming, ocean pollution, and loss of biodiversity, as well as human rights issues in the supply chain. We believe we can obtain a framework to realize sustainable management for future growth by integrating and promoting the concept of sustainability into our corporate and business strategies to resolve these issues.

Based on this belief, J. Front Retailing will promote sustainability management and contribute to the "Well-Being Life" of our stakeholders by practicing CSV (Creating Shared Value) that balances the resolution of environmental and social issues with corporate growth, towards the aim of realizing a sustainable society and new happiness in people's lives.

<Overview of sustainability management>



(i) Governance

At the Company, the President and Representative Executive Officer bears ultimate responsibility for management decisions related to sustainability, and we have established a governance framework to enhance the effectiveness of our sustainability management.

We have established a Sustainability Committee to serve as an advisory body to the President and Representative Executive Officer. The Committee discusses strategies that contribute to the sustainable growth of our Group's businesses, as well as sustainability-related matters, including environmental and human rights issues, and monitors the progress of Group-wide initiatives. Furthermore, matters deemed critical to promoting sustainability management across the entire Group are deliberated and approved by the Group Management Committee, which serves as the highest decision-making body for business operations.

Meanwhile, the Board of Directors receives reports on matters discussed by the Sustainability Committee and those deliberated and approved by the Group Management Committee, and oversees the setting of goals, response policies, and implementation plans.

- Board of Directors skill matrix

In selecting candidates for the Board of Directors, the Company uses a skills matrix to clarify the expertise and experience expected of directors. Given our promotion of sustainability management, we have identified "environment," "society," "governance," and "human resources and organizational development" as skill categories, and we select directors who can appropriately oversee our sustainability initiatives.

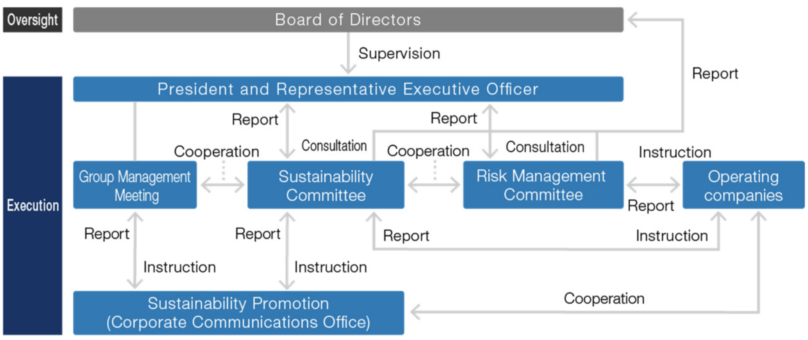
* For information about the skill matrix, please see the link below.
Notice of Convocation for the 19th fiscal year.
https://www.j-front-retailing.com/english/ir/stock/pdf/260501_Notice_of_Convocation_E.pdf

- Non-financial metrics incorporated into the officer remuneration system

Since FY2021, "reduction of Scope 1 and 2 emissions" and "ratio of female managers" have been set as non-financial metrics for determining performance-linked remuneration under the officer remuneration system. These are linked to the KPIs in the Medium-term Business Plan to clarify the responsibility of executive officers for achieving the targets for climate-related issues and to function as an incentive for realizing and promoting sustainability management.

* For information about our officer remuneration system, please see "4. Status of corporate governance, etc., (4) Officer remuneration."

<JFR Group's sustainability management system>



<JFR Group: Governance Structures, Responsible Entities, and Roles in Sustainability Management>

Meeting bodies and duties		Role	Meeting frequency
Meeting body	Board of Directors	Supervises the setting of sustainability goals and the progress of environmental and human rights issues deliberated and approved by the executive management team.	Monthly
	Group Management Meeting	Deliberates and approves company-wide management policies and measures as the highest decision-making body for business execution. Deliberates and approves company-wide management policies and other matters related to comprehensive sustainability-related risks and opportunities, including environmental and human rights issues discussed by the Risk Management Committee and Sustainability Committee. Matters approved are reported to the Board of Directors.	Weekly
	Risk Management Committee	Deliberates on the comprehensive identification, evaluation, and response measures to risks and opportunities, and monitors the risk responses of operating companies. Sustainability-related risks and opportunities, including environmental and human rights issues, will be integrated into the company-wide risk management framework and managed by this committee alongside other risks. The outcomes of the committee's deliberations are reported to the Board of Directors.	At least twice a year
	Sustainability Committee	Discusses strategies that contribute to the Group's sustainable growth, as well as matters requiring corporate action, including responses to sustainability-related risks such as environmental and human rights issues. Also monitors the progress of initiatives across the Group. Additionally, engages in dialogue with external experts who possess specialized knowledge of sustainability-related matters. The outcomes of committee's deliberations are reported to the Board of Directors	At least twice a year
Executing entity	President and Representative Executive Officer	Chairs the Group Management Meeting, and also the Risk Management Committee and the Sustainability Committee. Assumes the ultimate responsibility for business execution for identifying, evaluating, and addressing sustainability-related risks and opportunities, including environmental and human rights issues, and promoting Group-wide initiatives to resolve environment-related issues.	
	Operating Companies	Each operating company plans and implements specific measures related to sustainability, including environmental and human rights issues, based on the items approved by the Group Management Meeting and deliberations of the Risk Management Committee and Sustainability Committee, and reports on their progress to the JFR Group's Risk Management Committee and Sustainability Committee.	
	Sustainability Promotion (Corporate Communications Division)	Formulates and proposes Group policies and other measures to promote sustainability management. The division collects information on sustainability-related risks and opportunities, including those related to environmental and human rights issues, formulates the direction of medium- and long-term initiatives, and reports to the Group Management Meeting and the Sustainability Committee.	

<Main agenda items of the Sustainability Committee>

FY2024 (2 times)	・ Employee engagement with materiality ・ Group-wide KPI progress report ・ Lecture by an external instructor on "The Relationship Between Long-Term Corporate Value Enhancement and Non-Financial Activities"
FY2025 (4 times)	・ Future approaches to renewable energy procurement ・ Updates on environmental and human rights risks ・ Group-wide KPI progress report ・ Lecture by an external instructor on "Introducing Renewable Energy for the Net-Zero Transition" and "Unconscious Bias"

(ii) Risk management

The Company defines risk as "uncertainty that affects the achievement of corporate management goals and has both positive and negative aspects." Risk management is positioned as "activities to enhance corporate value by managing risk in a rational and optimal manner from a company-wide perspective." The Company aims to achieve sustainable corporate growth by appropriately addressing both the positive and negative aspects of risk.

The Company has established a Risk Management Committee to comprehensively manage all sustainability-related risks, including those associated with environmental and human rights issues, in an integrated company-wide manner, based on the recognition that risk management is extremely important for business operations. The deliberations of this committee are shared with the Sustainability Committee.

Furthermore, the contents of the deliberations held by the Risk Management Committee and the Sustainability Committee, as well as matters approved by the Group Management Meeting, are reported to the Board of Directors in a timely manner. Under the supervision of the Board of Directors, these matters are reflected in the Group's strategies and addressed accordingly.

* For information on the Company's risk management framework, processes, and risks of extremely high importance to Group Management, please see "II. Overview of Business, 3. Business risks."
For information on environmental issues, please also refer to "(2) Addressing Climate and Nature-Related Issues (TCFD/TNFD Integrated Disclosure) (2) Risk Management."

(iii) Strategy

(a) Identification of materiality

In clarifying the relationship between environmental and social issues and the Group's business activities, the materiality (important issues) we have identified are "sustainable growth of the company and society" and the realization of a "sustainable society." Since 2018, we review these at the time of formulating each medium-term business plan.

During the formulation of the current medium-term business plan, which began in FY2024, we reviewed our materiality based on the JFR Group's key risks and changes in the business environment. This review was dedicated to integrating our approach to materiality into our business strategies and promoting it as a way of not only addressing these challenges but also driving corporate growth, and we identified five themes.

Through our efforts to address materiality, we aim to transform ourselves into a "Value Co-creation Retailer Group" that continues to deliver three types of value centered on the retail business: "Co-creation of Excitement," "Co-prosperity with Communities," and "Co-existence with the environment."

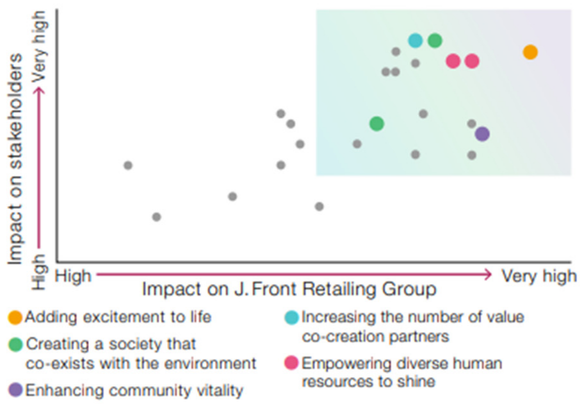
* For further information on the JFR Group's key risks, see "II. Overview of Business, 3. Business risks."

〔5 Materiality Issues〕
- Adding excitement to life
- Enhancing community vitality
- Creating a society that co-exists with the environment
- Increasing the number of value co-creation partners
- Empowering diverse human resources to shine

Changes in the business environment surrounding the Company

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

Materiality Map



Changes in Materiality

2018–2020	2021–2023	2024–2026
Laying the Foundation for Sustainability Management	**Challenging to Integrate Sustainability and Strategy** **= Sowing the Seeds for Realizing CSV**	**Integration of Sustainability and Business Strategy** **= Realizing CSV**
	Realization of customers' healthy/safe/secure life	**Adding excitement to life**
Contribution to a low-carbon society	Realization of a decarbonized society Promotion of circular economy	**Creating a society that co-exists with the environment**
Coexistence with local communities	Coexistence with local communities	**Enhancing community vitality**
Management of the entire supply chain	Management of the entire supply chain	**Increasing the number of value co-creation partners**
Promotion of diversity Realization of work-life balance	Promotion of diversity & inclusion Realization of work-life integration	**Empowering diverse human resources to shine**
Selected 5 materialities	**Added 2 materialities and updated 3 materialities**	**Reorganized into 5 themes**
•Questionnaire survey of stakeholders (4,250 people) •Interview with management •JFR Group major risks •Prepared materiality map •Discussion by the Management Meeting and Board of Directors	•Changes in the external environment surrounding environmental issues •Changes in society and people's attitudes due to impact of COVID-19 pandemic •JFR Group major risks •Reviewed from the perspective of upgrading efforts in light of social changes •Communications with stakeholders •Discussed by the Management Meeting and the Board of Directors	•Reorganization toward realization of the 2030 Future Vision (Co-creation of Excitement, Co-prosperity with Communities, Co-existence with the Environment) •JFR Group major risks •Review toward integrating sustainability and business strategy •Revision of wording to promote employee action •Communication with stakeholders •Discussed by the Management Meeting and the Board of Directors

(b) Materiality Commitment

We believe that solving social issues is a shared goal for many individuals and organizations, and co-creation—collaborating rather than competing—is essential for making a meaningful impact on society. Thus far, our materiality has concentrated on what we can achieve within our own business activities. Moving forward, we will align these efforts with our business strategy and work with our employees to engage more customers, business partners, and other stakeholders. By doing so, we believe we can achieve not only social sustainability but also create business opportunities and realize sustainable growth for the company.

Our commitments in the five materiality themes are as follows.

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

(iv) Metrics and targets

The following are our sustainability metrics, targets, and results for FY2025.

<table>
<tr><th rowspan="2">Materiality</th><th rowspan="2" colspan="2">Metrics</th><th>Results</th><th colspan="2">Target</th></tr>
<tr><th>FY2025</th><th>FY2026</th><th>FY2030</th></tr>
<tr><td rowspan="2">Adding excitement to life</td><td colspan="2">Number of Group member customers (% increase vs. FY2023)</td><td>32.5% increase</td><td>25% increase</td><td>*1</td></tr>
<tr><td colspan="2">Customer survey (Excitement/emotional engagement)</td><td>70.5%</td><td>—</td><td>75%</td></tr>
<tr><td rowspan="2">Enhancing community vitality</td><td colspan="2">Customer traffic</td><td>8.8% increase (vs. FY2023)</td><td>10% increase (vs. FY2023)</td><td>*1</td></tr>
<tr><td colspan="2">Customer survey (Contribution to the community)</td><td>92.9%</td><td>—</td><td>80%</td></tr>
<tr><td rowspan="6">Creating a society that co-exists with the environment</td><td colspan="2">Reduction of GHG Scope 1 & 2 (vs. FY2017)</td><td>-69.5% (vs. FY2017)</td><td>-70% (vs. FY2017)</td><td>-73% (vs. FY2017)</td></tr>
<tr><td colspan="2">Reduction of GHG Scope 3 (vs. FY2017)</td><td>-23.8% (vs. FY2017)</td><td>—</td><td>-40% (vs. FY2017)</td></tr>
<tr><td colspan="2">Percent of energy used in business activities from renewable electricity</td><td>75.2%</td><td>72%</td><td>75%</td></tr>
<tr><td colspan="2">Food recycling rate</td><td>92.7%</td><td>80%</td><td>85%</td></tr>
<tr><td colspan="2">Percentage of newly developed properties with environmental certification</td><td>No matching properties</td><td>—</td><td>100%</td></tr>
<tr><td colspan="2">Customer survey (Customer commitment to the environment)</td><td>63.8%</td><td>—</td><td>55%</td></tr>
<tr><td rowspan="2">Increasing the number of value co-creation partners</td><td colspan="2">Number of stakeholder co-creations</td><td>371</td><td>over 400</td><td>over 500</td></tr>
<tr><td colspan="2">Human rights assessment results</td><td>Business partner information briefing</td><td>35% (B rating or higher)</td><td>45% (B rating or higher)</td></tr>
<tr><td rowspan="7">Empowering diverse human resources to shine</td><td rowspan="2">Employee engagement</td><td>Employee satisfaction</td><td>68.3%</td><td>70%</td><td rowspan="2">Set based on achievement status in FY2026</td></tr>
<tr><td>Work recommendation level</td><td>62.0%</td><td>60%</td></tr>
<tr><td colspan="2">Ratio of women in management positions</td><td>27.7%</td><td>31%</td><td>40%</td></tr>
<tr><td rowspan="3">Gender wage gap</td><td>All employees</td><td>65.1%</td><td rowspan="3">Narrowing of difference*2</td><td rowspan="4">Set based on achievement status in FY2026</td></tr>
<tr><td>Regular employees</td><td>74.0%</td></tr>
<tr><td>Non-regular employees</td><td>69.2%</td></tr>
<tr><td colspan="2">Paternity leave usage rate</td><td>95.5%</td><td>95%</td></tr>
</table>

*1. Metrics and targets more closely aligned with business strategy to achieve materiality will be established in the next medium-term business plan.

*2: The gender pay gap for FY2024 is as follows:
All employees 66.5%, Full-time employees 75.0%, Non-regular employees 75.5%

(2) Addressing climate and nature-related issues (TCFD/TNFD integrated disclosure)

・ JFR approach to achieving Net Zero and Nature Positive Strategies

Our daily lives and all forms of business activities are supported by the benefits derived from ecosystems in which a range of living organisms interact, providing food, water, climate stability and other services (ecosystem services). However, due to the impact of climate change driven by global warming and the degradation of the natural environment, biodiversity—the diversity of animals and plants— is being lost at an unprecedented rate. This endangers not only future generations but all people including all of us alive today.

Recognizing that climate change and biodiversity loss are inextricably linked issues that will have a significant impact on our business over the medium to long term, the Company has established “Creating a Society that Coexists with the Environment” as our materiality (key management issue).

In our core retail business, including department stores and shopping centers, we will leverage our relationships with a wide range of stakeholders, including business partners, customers, and local communities, to comprehensively advance initiatives aimed at achieving net zero GHG emissions[*1] across our entire value chain by 2050 and realizing a nature-positive[*2] society. This will be accomplished by procuring eco-friendly products, promoting lifestyles that emphasize harmony with nature, and developing stores with high environmental performance.

Furthermore, when assessing dependencies and impacts, as well as risks and opportunities, we will also consider the trade-offs between climate change and biodiversity, comprehensively evaluate climate and nature-related scenarios and response measures and disclose climate and nature-related information in an integrated manner.

*1. A thorough reduction of GHG emissions, with the remaining emissions being reduced to practically zero after subtracting the amount removed through forest absorption, CCS (CO_2 capture and storage), etc.

*2. Nature positive (nature restoration) is a concept that aims to halt and reverse the loss of nature, with the goal of achieving full recovery. It is reflected in the Kunming-Montreal Biodiversity Framework adopted in 2022, which sets targets for 2030 and 2050.

・ Direction of initiatives toward net zero

To achieve net zero by 2050, our Group will focus on two main initiatives: “Reduction of GHG emissions” and “Promotion of a circular economy.”

Specifically, we will reduce Scope 1 and 2 GHG emissions (hereinafter referred to as “Scope 1 and 2 emissions”) through energy conservation at our stores and the expanded transition to renewable energy (hereinafter “renewable energy”), among other measures. In addition, we will collaborate with our suppliers and customers to reduce Scope 3 GHG emissions (hereinafter referred to as “Scope 3 emissions”). At the same time, we will promote resource circulation by strengthening the 3Rs[*3] and expanding circular business models.

*3. 3Rs stand for Reduce, Reuse, and Recycle.

・ Establishment of targets

We believe that setting ambitious medium and long-term reduction targets and developing a roadmap to achieve them is necessary to promote climate change countermeasures across the Group. Based on this approach, we obtained certification through the Science Based Targets (SBT) initiative[*4] in 2019 for our Scope 1, 2, and 3 GHG emission reduction targets. In 2021, we raised our 2030 Scope 1 and 2 emissions reduction target from 40% to 60% (compared with FY2017 levels), and re-obtained SBT certification as aligned with the “1.5°C target.” Furthermore, in February 2023, we obtained SBT certification for our overall “net zero target” for Scope 1, 2, and 3 emissions by 2050.

Based on the results of our analysis of climate-related risks and opportunities, as well as changes in the external environment, the Company, under the supervision of the Board of Directors, regularly reviews the appropriateness of its GHG emission reduction targets through the formulation and revision of its medium-term business plans and revises the target levels and target years as necessary.

Furthermore, as we achieved our 2030 target of a “60% reduction” in Scope 1 and 2 emissions ahead of schedule by the end of February 2025, we have raised the target and set a new 2030 goal of “73% reduction.” To ensure the steady achievement of this target, the Company will continue to promote initiatives aimed at further reducing Scope 1 and 2 emissions. (Projected to reach a 69.5% reduction by the end of February 2026)

Target year	Targets with SBT certification	
FY2050	●Scope 1,2, and 3 GHG emissions reach net zero	
FY2030	●60% reduction of Scope 1 and 2 GHG emissions (vs. FY2017)	New higher target 73% reduction
	●40% reduction of Scope 3 GHG emissions (vs. FY2017)	

*4. The Science Based Targets initiative was established jointly in 2014 by CDP, the UN Global Compact, the 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.

(i) Governance

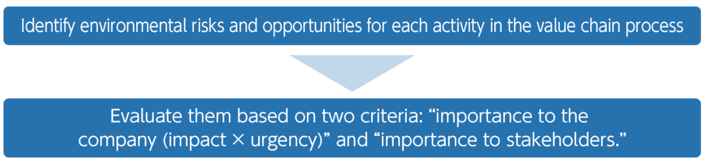
Please see “(1) JFR Group’s sustainability management goals, (i) Governance.”

(ii) Risk management

(a) Details of the process for identifying and assessing climate and nature related risks and opportunities

The Group positions risk management as the starting point of its strategy and defines risk in general as “uncertainty that affects the achievement of corporate management objectives and has both positive and negative aspects.” The Group believes that, when appropriately addressed by a company, such risks can contribute to sustainable growth.

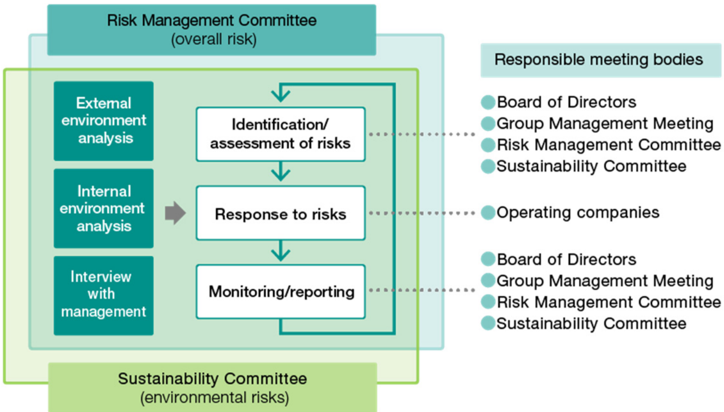
Based on this same understanding, the Group identifies and assesses environmental-related risks and opportunities from both positive and negative perspectives.



(b) Details of the process for managing climate- and nature-related risks and opportunities

The Company conducts more detailed studies of environmental risks and opportunities within the Sustainability Committee and shares the outcomes with each operating company. Each operating company incorporates environmental initiatives into its action plan and monitors their progress through discussions at meetings chaired by the president of each operating company. These matters are further monitored by the Group Management Meeting, the Risk Management Committee, and the Sustainability Committee, and are ultimately reported to the Board of Directors. There have been no changes to the management processes since the previous fiscal year.

<JFR Group management process for risks and opportunities>



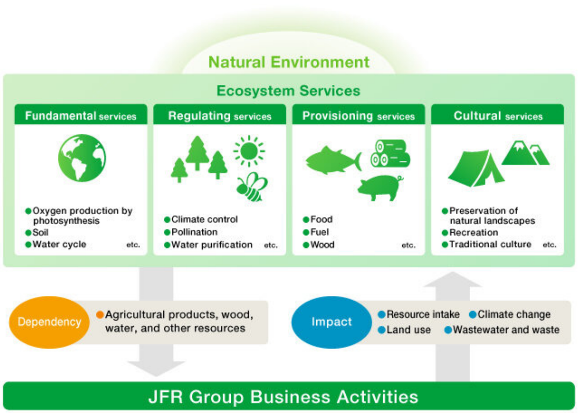
* For information on the process for identifying and assessing climate-related risks and opportunities, as well as their integration into the company-wide risk management framework, please refer to "Section 2: Business Conditions, 3: Business Risks."

(iii) Strategy

(a) Dependencies and impact on nature

The Group's business is sustained by benefiting from a wide range of natural capital (ecosystem services), including agricultural, livestock, marine products, as well as resources such as timber, water, soil, forests, and seasonal weather. That said, our business activities also impact the natural environment in various ways, such as GHG emissions and waste emissions, and wastewater discharge. We recognize the importance of understanding and assessing the relationship between our business activities and the natural environment from the dual perspectives of "dependencies" and "impacts," as illustrated in the figure below, and to respond promptly to material issues that are identified.

<Relationship between business activities and ecosystem services>



(b) Evaluating nature-related issues based on the LEAP*1 approach

The LEAP approach is a TNFD recommended, integrated process for identifying and assessing nature-related issues, including contact points with nature, dependencies and impacts, and nature-related risk and opportunities.

In FY2023, Daimaru Matsuzakaya Department Stores Co., Ltd.—the Group's main operating company—used the LEAP approach to identify and assess nature-related issues (dependencies/impacts, risks/opportunities) at its 15 department stores throughout Japan.

*1. LEAP stands for the four phases of Locate, Evaluate, Assess, Prepare

(c) Outward appearance of dependencies and impacts (Locate)

We created a heat map based on "ENCORE" (a TNFD recommended tool for identifying nature-related dependencies and impacts) to understand the overall dependence and impact across the entire value chain of the department store business on nature and their magnitude. We then confirmed the degree of dependence and impact on natural capital in direct operations (store operations and store development) and upstream in the value chain (procurement).

Dependency Heatmap

Business	Value chain	Sector	Provisioning services			Regulating services									
			Textiles and other materials	Surface water	Groundwater	Pollination mediation	Soil quality	Water quantity regulation	Water quality	Mass flow mitigation	Climate regulation	Controlling spread of disease	Flood and storm control	Landform stabilization and erosion control	Control spread of pests
Department store operations	Direct operations	Store operations												L	
		Store development		H	M								VL	L	
	Upstream (procurement)	Apparel	M	VH	VH			M	L				M	L	
		Household goods		M	M			M	L		VL		M	VL	
		Agricultural products	M	H	VH	H	H	H	H	H	H	H	VH	VH	H
		Livestock products	VH	VH	VH	VL	H	M	M	L	M	M	M	L	L
		Marine products	VH	M	VL		VL	H	H	M	H	M	H	H	M
		Paper products	M	VH	VH			M			VL				
		Store development		H	M								VL	L	

VH Very High H High M Medium L Low VL Very Low

Impact Heatmap

Business	Value chain	Sector	Land/freshwater/ocean-use change			Pollution/depollution				Resource usage	Climate change
			Use of terrestrial ecosystem	Use of freshwater ecosystem	Use of marine ecosystem	Air pollution	Soil pollution	Water pollution	Waste	Water usage	GHG emissions
Department store operations	Direct operations	Store operations				M	H	H	M	H	
		Store development	VH			M	M	M	H		H
	Upstream (procurement)	Apparel	H			H	M	M	M	VH	
		Household goods				M	H	H	H	H	H
		Agricultural products	VH	VH			H	H		VH	
		Livestock products	VH				M	M		VH	H
		Marine products		VH	H		H	H			
		Paper products				M	H	H		VH	
		Store development	VH			M	M	M	H		H

VH Very High H High M Medium L Low VL Very Low

The heatmap analysis revealed high levels of dependency on water resources (provisioning services) in the upstream value chains of apparel and agricultural, livestock, and marine products, as well as on flood control and land stabilization (regulating services). In addition, areas with high impact were identified as water resource usage and usage of terrestrial and freshwater ecosystems.

For information on the specific areas, please refer below.

https://www.j-front-retailing.com/ir/library/pdf/sustainability/2025/J_FRONT_2025_E.pdf

(d) Details of Short-, Medium-, and Long-Term Risks and Opportunities

The Company considers it important to examine environmental-related risks and opportunities at the appropriate milestones, as they may have long-term impacts on its business activities. Accordingly, the Company defines the period up to fiscal year 2026, which corresponds to the implementation period of its medium-term management plan, as the short term; the period up to fiscal year 2030, the target year for the near-term goals under the Science Based Targets (SBT), as the medium term; and the period up to fiscal year 2050, the target year for achieving net zero under the SBT framework, as the long term.

In response to environmental-related risks and opportunities, the Group formulates and implements strategies based on a back-casting approach, looking ahead to the achievement of net zero by 2050.

<Definition of the periods for considering climate-related risks and opportunities in the JFR Group>

Periods for considering climate-related risks and opportunities		JFR Group's definition
Short term	Until FY2026	Execution period of the Medium-term Business Plan
Medium term	Until FY2030	Period until the SBT short-term target year
Long term	Until FY2050	Period until the SBT net zero target year

(e) Nature and extent of impact of risks/opportunities on business, strategy, and financial planning

The Company recognizes that its core retail and developer businesses are particularly vulnerable to the impacts of ecosystem degradation and climate change, especially in the procurement and quality of products and raw materials, store operations, and energy procurement costs, which are essential for business activities. Accordingly, the Company conducts annual scenario analyses to identify the risks and opportunities posed by ecosystem degradation and climate change and their impacts on the Group, to verify and enhance the resilience of its strategies based on a FY2030 outlook scenario, and to examine the need for additional measures.

In our analysis, we referenced multiple existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), then envisioned two possible futures as shown in the table below. For each scenario, we examine the risks and opportunities for our business.

Estimated temperature rise	Scenario (Assumed world)
Less than 1.5℃/2℃[*1]	●Highly ambitious scenario aiming to limit the increase in global average temperature to below 1.5°C compared to pre-industrial levels ⇒A world in which climate- and nature-related policies and regulations are strengthened, markets align with these measures, and the pace of climate change and ecosystem degradation is restrained ●Introduction of carbon pricing ●Expansion and spread of renewable energy ●Increased interest in eco-friendly products ●Development of stores and urban areas with high environmental value
4℃[*2]	●Scenario prioritizing economic growth, based on a continuation of current policies ⇒A world in which no new climate- or nature-related policies or regulations are introduced, markets do not align with sustainability goals, and climate change and ecosystem degradation continue to worsen ●Intensification of natural disasters (sharp decline in customer traffic, business suspensions) ●Shift toward a "two-season" climate (loss of seasonal distinctiveness, erosion of traditional culture) ●Loss of production regions ●Disruptions to procurement and logistics routes

(Existing scenarios referenced)

*1 Transition: "Net Zero Emissions by 2050 Scenario (NZE)" (IEA, 2025)
Physical: "Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)

*2 Transition: "Stated Policies Scenario (STEPS)" (IEA, 2025)
Physical: "Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

Based on these two scenarios, the Group, which is mainly engaged in retail operations such as department stores and shopping centers, has identified climate- and nature-related risks and opportunities for each activity in its value chain process, in accordance with TCFD and TNFD recommendations. Accordingly, we identified transition risks (policy regulations, technology, market, and reputation) and physical risks (acute and chronic) arising from climate change. We also identified opportunities arising from appropriate responses to climate change and nature-related issues, including those related to resource efficiency, energy sources, products and services, markets, and resilience.

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

The Company identified climate- and nature-related risks and opportunities and assessed their importance based on two criteria, the "importance to the Company (impact x urgency)" and the "importance to stakeholders." For items that were assessed as having particularly high materiality, the Company has conducted both quantitative and qualitative analyses of the financial impacts in FY2030 under two scenarios—the below 1.5℃/2℃ scenario and the 4℃ scenario—and formulated measures for each scenario.

When the data necessary for a quantitative evaluation of the financial impact is difficult to obtain, we conduct qualitative assessments, and the results are presented in a three-level scale indicted by the slope of arrows.

Climate change and nature risks of particular importance to the JFR Group and their financial impact

↑ Impact on JFR Group's business and finances expected to be very large | ↗ Impact on JFR Group's business and finances expected to be somewhat large | → Impact on JFR Group's business and finances expected to be negligible

Type		Category	Time Horizon			Theme	Description	Financial impact		Current measures	Future measures	Target business	
			Short-term	Medium-term	Long-term			Below 1.5°C / 2°C scenario	4°C scenario			Retail	Developer
Transition risk	Policy & Regulations	Climate		●	●	Carbon pricing	・Increased costs associated with introduction of carbon taxes and emissions trading schemes	↗	↗	● Reduction of GHG emissions through proactive energy conservation measures at stores and expansion of renewable energy switching ● Medium- to long-term cost reductions through the introduction of high environmental performance equipment ● Financing through Green Bonds	● Implementation of ZEB (zero energy building) standards in newly constructed properties	○	○
Transition risk	Technology	Climate	●	●		Energy savings	・Increased investment for introduction of high-efficiency equipment	↗	→	● Consideration of cost-efficient and strategic investments	● Use of internal carbon pricing ● Installation of smart meters ● Optimization of HVAC control using AI	○	
Transition risk	Market	Climate	●	●	●	Renewable energy	・Higher procurement costs due to increased demand for electricity derived from renewable energy	↗	→	● Use of internal carbon pricing ● Reduction of procurement risks and reductions of medium- to long-term costs through an appropriate mix of renewable energy procurement methods	● Implementation of corporate PPAs (including on-site and off-site arrangements) ● Renewable energy procurement in compliance with the revised GHG Protocol and RE100	○	○
Transition risk	Market	Nature	●	●	●	Building materials	・Difficulties in store development due to shortages of building materials such as lumber, rising construction-related costs, and the risk of losing business from business partners if eco-friendly building materials are not procured	→	→	● Acquisition of FSC®-CoC certification	● Expanded use of domestically-sourced thinning wood ● Procurement of wood that complies with regulations		○
Transition risk	Reputation	Climate & Nature		●	●	Trade-offs	・Reputational damage resulting from the inability to balance the procurement of low-carbon energy with consideration for local ecosystems	→	→	● Certification as a Nature-Friendly Site ● Implementation of supplier survey regarding biodiversity initiatives	● Ecosystem impact assessments at sites where corporate PPA generation facilities are installed	○	○
Transition risk	Reputation	Nature	●	●		Waste	・Reputational damage due to increased waste generation or improper waste management	→	→	● Selection of appropriate waste management contractors, management guidance and training for store staff ● Plastic recycling ● Reduction of food waste through employee-led community composting initiatives	● Use of AI-based demand forecasting services to reduce food waste	○	○
Transition risk	Reputation	Climate	●	●		Logistics	・Increased transportation costs due to delays in adopting new technologies for resource-efficient and effective logistics and packaging	→	→	● Reduction in delivery frequency, promoting modal shift, and implementing joint delivery ● Elimination of cardboard usage by adopting reusable garment bags and boxes (AnotherAddress)	● Implementation of an inventory optimization system	○	
Physical risks	Acute	Climate & Nature	●	●		Natural disasters	・Decline in revenue due to store closures caused by extreme weather and increasingly severe natural disasters ・Loss of sales opportunities for products and services due to disruptions in procurement and logistics channels ・Increased costs for restoring damaged buildings	↑	↑	● Increased resilience of stores and business sites through BCP preparation ● Improvement of disaster prevention performance at stores.	● Diversification of suppliers and transportation routes	○	○
Physical risks	Chronic	Climate & Nature	●	●	●	Temperature and precipitation patterns	・Decrease in revenue resulting from rising energy costs due to higher temperatures, adverse health impacts on people, and a reduction in the range of agricultural and marine products available ・Declining revenue and disruptions to procurement and logistics channels due to a shift toward a two-season climate and changes in rainfall patterns ・Declining sales due to construction delays caused by an increase in extremely hot days	↗	↗	● Review of product demand composition and sales promotion plans ● Regular review of BCPs and implementation of BCP training	● Discussion and strategy development on procurement risks for climate- and nature-critical food ingredients ● Sales of alternative food products ● Use of commercial facilities as designated cooling spots ● Implementation of heatstroke countermeasures through the introduction of temperature control equipment at construction sites and enhancement of air-conditioning and temperature control systems	○	○

Climate change and nature risks of particular importance to the JFR Group and their financial impact

↑	Impact on JFR Group's business and finances expected to be very large
↗	Impact on JFR Group's business and finances expected to be somewhat large
→	Impact on JFR Group's business and finances expected to be negligible

Type	Category	Time Horizon: Short-term	Time Horizon: Medium-term	Time Horizon: Long-term	Theme	Description	Financial impact: Below 1.5°C / 2°C scenario	Financial impact: 4°C scenario	Current measures	Future measures	Target business: Retail	Target business: Developer
Resource efficiency	Nature	●	●		Water	· Cost reductions through efficient water usage	→	→	● Use of water-saving equipment ● Use of rainwater and greywater	● Monitoring of water usage and establishment of reduction targets ● More efficient use of water resources	○	○
Resource efficiency	Climate & Nature	●	●		Building materials	· Cost reductions through effective use of construction materials, such as thinned wood	→	→	● Horizontal recycling of gypsum boards ● Switchover of demolition site enclosures to reusable system panel construction methods ● Utilization of scrap wood	● Expanded use of domestically sourced thinned wood		○
Energy sources	Climate	●	●	●	Energy conservation	· Reduction of energy procurement costs through the transition to high-efficiency equipment	→	→	● Upgrading to high-efficiency equipment, including transition to refrigerants with low global warming potential	● Optimization of facility environments and energy performance through Building Energy Management Systems (BEMS)	○	
Products and services	Climate & Nature	●	●	●	Eco-friendly products (business partners)	· Revenue growth through business opportunities gained by providing eco-friendly products and services and promoting decarbonization across the entire value chain	↑	↑	● Requests to business partners to expand handling of eco-friendly products and services ● Recycling of waste cooking oil into SAF (Sustainable Aviation Fuel) ● Implementation of briefings for business partners on decarbonization initiatives (2022, 2025)	● Tracking and analyzing sales figures for eco friendly products through item level management	○	
Market	Climate & Nature	●	●	●	Eco-friendly products (customers)	· Revenue growth through increased assortment of eco-friendly products · Revenue growth through acquisition of new customers by proposing sustainable lifestyles	↑	–	● Conducting customer awareness surveys on sustainability ● Upgrading to eco-friendly packaging materials such as FSC®-certified materials and introduction of charges ● Implementation of customer-participation recycling programs ● Recycling of catalogs for seasonal gift campaigns ● Use of upcycled materials in products and in-store decorations	● Enhancing value communication of eco-friendly products to customers and stimulating demand ● Strengthening maintenance and repair services	○	
Market	Climate & Nature	●	●	●	Circular business	· Expansion of new growth opportunities through entry into circular businesses	↗	–	● Expansion of circular businesses such as the fashion subscription service "Another Address" ● Expansion of reuse business "MEGRÜS" store locations	● Expansion of environment-related CVC (Corporate Venture Capital) and joint ventures	○	
Market	Climate & Nature	●	●	●	Creating stores and communities with high environmental value	· Revenue growth through acquisition of new tenants by transforming stores into high environmental value facilities · Increase in visitors through promotion of green infrastructure that considers biodiversity and landscape across entire areas	↗	–	● Acquisition of environmental certifications for new development projects (ZEB, CASBEE, etc.) ● Stabilization of funding through the use of green bonds ● Promotion of renewable energy use in stores ● Rooftop urban beekeeping and rooftop greening ● SHINSAIBASHI Green Project	● Real estate development and store operations that take into account biodiversity and the surrounding landscape in seven key cities ● Promotion of ZEB conversion and equipment upgrades in existing facilities ● Promotion of green procurement in interior construction	○	○
Resilience	Nature		●	●	Adaption	· Stable procurement through improved traceability of raw materials	↗	↗	● Supplier surveys on biodiversity to understand production conditions	● Prioritizing the procurement of certified products and considering alternative suppliers	○	○
Resilience	Climate & Nature		●	●	Energy	· Improved energy resilience through diversification of renewable energy procurement methods	↑	↑	● Development of a renewable energy procurement portfolio from medium- and long-term perspectives	● Introduction of corporate PPAs ● Minimization of procurement cost increases and stable long-term group-wide renewable energy procurement ● Decarbonization of gas through use of methanation technology	○	○

<Estimated financial impact for 2030>

Risk type	Theme	Description	1.5°C scenario	4°C scenario
Transition risk	Carbon pricing	Increased costs associated with introduction of carbon taxes and emissions trading schemes*1	¥1.2 billion (FY2050: ¥0)	¥0.7 billion (FY2050: ¥0)
Transition risk	Renewable energy	Higher procurement costs due to increased demand for electricity derived from renewable energy*2	¥0.8 billion	¥0.4 billion
Physical risk	Natural disasters	Lower profits due to store closures caused by intensified extreme weather events and natural disasters*3	¥5.2 billion	¥10.3 billion
Business opportunity	Energy efficiency	Reduction in energy procurement costs through the introduction of high efficiency equipment*4	¥0.4 billion	¥0.4 billion
Business opportunity	Environmentally high-value stores and urban development	Revenue growth through the acquisition of new tenants through transition to stores with high environmental value*5	¥1.1 billion	—

(Basis for calculation of quantitative financial impacts in FY2030)

*1 Estimated by multiplying the JFR Group's Scope 1 and Scope 2 emissions as of FY2030 by the carbon price per t-CO_2.

*2 Estimated by multiplying the JFR Group's electricity consumption as of FY2030 by the price premium per kWh for renewable energy-derived electricity compared with standard electricity rates.

*3 Estimated by multiplying historical revenue losses due to store closures caused by natural disasters by the projected future frequency of flooding events.

*4 Estimated by multiplying the JFR Group's projected energy savings as of FY2030 by energy procurement costs.

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

<Major parameters>

Parameters	Source
Carbon tax 2030 (1.5℃：$157/t-CO2*, 4℃：$87/t-CO2) 2050 (1.5℃：$250/t-CO2, 4℃：$87/t-CO2)	"Net-Zero Emissions by 2050 Scenario (NZE)" (IEA, 2025)
	"Stated Policy Scenario (STEPS)" (IEA, 2025)
High electricity prices from renewable energy	"Japan's Energy 2020" (Ministry of Economy, Trade and Industry / Agency for Natural Resources and Energy, 2021)
Frequency of future flood occurrence	"Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

*The 2030 figures are estimated based on the IEA's World Energy Outlook 2025 (WEO2025).

Summary of resilience

Based on the above scenarios, the Group analyzed the impact of climate change and ecosystem degradation and examined our countermeasures, confirming that the measures that we have already implemented and planned are effective and flexible enough to reduce risks and contribute to the realization of opportunities under all scenarios.

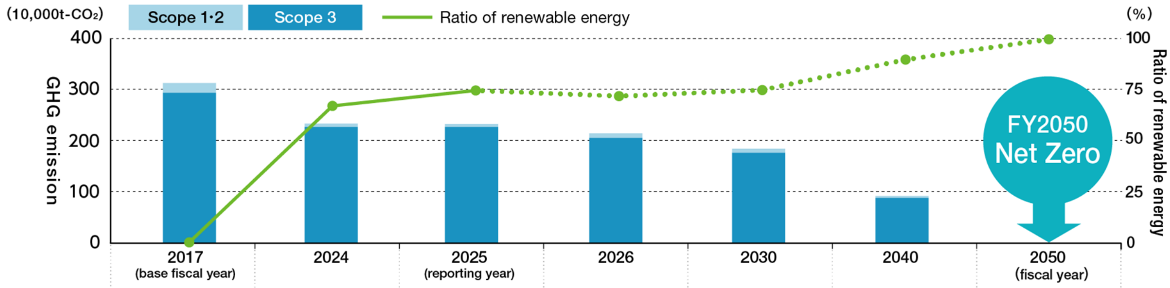
Regarding increased costs due to the introduction of carbon taxes and the impact of natural disasters on revenues, we will systematically and steadily implement measures to mitigate the associated financial risks, including expanding the adoption of renewable energy through the use of sustainability bonds and similar instruments. Additionally, we will leverage our unique strengths in sharing, upcycling, and reuse businesses to promote circular economy initiatives that contribute to the growth of our group and the realization of a decarbonized society.

By promoting initiatives that address both the risks and opportunities associated with climate- and nature-related issues, the Company will enhance management resilience.

<u>JFR Group 2050 Net Zero and Nature Positive Transition Plan</u>

Recognizing the need to take a medium- to long-term perspective in achieving net zero emissions and a nature positive outcome by 2050, the Company has formulated a transition plan extending through 2050. Based on the results of our analysis of climate- and nature-related risks and opportunities, as well as their financial implications, we will implement specific initiatives from short-, medium-, and long-term perspectives. This includes taking appropriate measures to address risks and actively responding to changing customer needs to capture new growth opportunities. By clearly outlining our investment and funding plans, as well as the results of our initiatives and financial impacts for the current fiscal year within this transition plan, we will clarify the relationships between these elements and further enhance the plan’s effectiveness. Furthermore, we implemented our environmental investments for fiscal year 2025 as planned.

＜JFR Group 2050 net-zero and nature-positive transition plan＞



Phase	Results (FY2017-2025)			Short term (until FY2026)	Medium term (until FY2030)	Long term (until FY2050)	
Scope 1 and 2 (vs. FY2017)	194,154 t-CO_2	65.4% reduction	69.5% reduction	70% reduction	73% reduction	80% reduction	Net zero
Scope 3 (vs. FY2017)	2,927,320 t-CO_2	23.2% reduction	23.8% reduction	–	40% reduction	–	Net zero
Ratio of renewable energy	0%	67.2%	75.2%	72%	75%	90%	100%
	2017	2024	2025	2026	2030	2040	2050

Key initiatives

① Continuation and strengthening of energy-saving measures to reduce Scope 1, 2, and 3 emissions

② Expansion of renewable energy transition to reduce Scope 2 emissions — 100% renewable energy use for all stores (2040); 100% renewable energy use for all facilities, including offices (2050)

③ Collaboration with business partners and promotion of the circular economy to reduce Scope 3 emissions

Utilization of next-generation fuels (hydrogen, ammonia, etc.)

Forestry activities and utilization of offsets

Investment performance

FY2025 Investment of 49 billion yen

Financing

May 2021 – May 2026 Sustainability bond: 15 billion yen

May 2025 – May 2030 Sustainability Bond: 20 billion yen

Participation in initiatives

- 2019: SBT Certification (below 2°C)
- 2020: Joined RE100
- 2021: Obtained SBT certification (1.5°C)
- 2022: Obtained SBT Net Zero certification
- 2023: Joined TNFD Forum
- 2024: Registered as a TNFD Adopter

	FY2025 initiatives		Investment amount
❶ Energy conservation	Expansion of shift to LED for in-store lighting	• Number of LED units installed: Approx. 740 units (Cumulative total: 205,310 units, 82.0% of total)	170 million yen
	Electrification of the corporate fleet	• Number of EVs purchased: Cumulative total: 174 units, 47.4% of fleet	102 million yen
	Updating to high-efficiency equipment	• Renovation of elevators and escalators	853 million yen
❷ Expansion of renewable energy	Expanding the shift of stores and offices to renewable energy	• Amount of renewable energy purchased: 215,862 MWh	3,795 million yen
❸-1 Promotion of circular economy	Expansion of circular business such as sharing and up-cycling	• Promotion of fashion upcycling through the apparel recycling project "roop" • Launch of reuse business (March 2025)	
❸-2 Waste reduction	Reduction of total waste disposal and improvement of recycling rate	• Food recycling rate: 92.7% for FY2025 • Recycling of waste cooking oil into domestically produced SAF: Implemented in 11 stores (as of the end of FY2025) (approx. 86% of the total waste oil generated by Daimaru Matsuzakaya Department Stores	
❸-3 Scope 3 reduction	Conducting dialogues and seminars with suppliers to obtain GHG emission data	• Organization of a briefing session on decarbonization for business partner (Participants: 233 companies / 336 individuals) • Start of calculations using primary data	

* The transition plan is current as of the date of submission of the Annual Securities Report (May 26, 2026) and may be subject to revision in the future in accordance with changes in business strategy.

(iv) Metrics and targets

(a) Metrics used to manage climate- and nature-related risks and opportunities

The Group recognizes that biodiversity loss and climate change are inseparable issues and is committed to addressing them comprehensively. To this end, we have established and pursue metrics and targets aligned with the global 1.5°C goal, as well as metrics and targets for the efficient circulation of resources and will continue to advance our initiatives accordingly.

<Indicators and Targets Used by the JFR Group to Manage Climate and Nature-Related Risks and Opportunities>

Metrics	Target year	Description of targets
GHG emissions	2050	Achieve net-zero GHG emissions across Scopes 1, 2, and 3 *1
	2030	Reduce Scope 1 and 2 emissions by 73% (vs. FY2017) *2 Reduce Scope 3 emissions by 40% (vs. FY2017) *3
Ratio of renewable energy in the electricity used for business operations	2050	Achieve 100% renewable energy ratio *4
	2040	Achieve 90% renewable energy ratio
	2030	Achieve 75% renewable energy ratio
Food recycling rate	2030	Achieve a food recycling rate of 85%
Development of eco-friendly products	2030	Expand the sales volume of eco-friendly products, including certified products
Rate of environmental certification acquisition for newly developed properties	2030	Achieve a 100% environmental certification rate for newly developed properties

*1. Obtained SBT certification in FY2022 for Net Zero targets

*2. Obtained SBT certification in FY2021 for the “1.5°C target” (60% reduction vs. FY2017 before the target was revised)

*3. Obtained SBT certification in FY2021 for “1.5°C target”

*4. Joined RE100 in 2020

To clarify the accountability of executive officers with respect to climate-related issues, we have established a target for the reduction rate of Scope 1 and 2 emissions as one of the non-financial performance indicators used to determine performance-linked stock compensation under the executive remuneration system.

*For information about our officer remuneration system, please see the link below.

https://www.j-front-retailing.com/english/company/governance/governance05.html

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

The Company has been calculating its total emissions since fiscal 2017. For FY2025, we project Scope 1 and 2 emissions to be approx. 59,255 t-CO2 (69.5% reduction vs. FY2017) and Scope 3 emissions to be approximately 2,230,599 t-CO2 (23.8% reduction vs. FY2017). Additionally, the renewable energy ratio is expected to reach 75.2%.

Furthermore, we expect to obtain third-party assurance for FY2025 Scope 1, 2, and 3 emissions and renewable electricity consumption.

<JFR Group's Scope 1, 2, and 3 GHG emission results and outlook> (Unit: t-CO2)

	FY2017	FY2024	FY2025	
	Actual*1	Actual*1	Outlook	Compared with FY2017 (base year)
Scope 1 emissions	16,052	14,430	13,638	-15.0 %
Scope 2 emissions (market-based)	178,102	52,696	45,617	-74.4 %
(location-based)	184,047	136,692	133,872	-27.3 %
Scope 1 and 2 emissions total*2	194,154	67,125	59,255	-69.5 %
Scope 3 emissions*3	2,927,320	2,247,051	2,230,599	-23.8 %
Category 1 Purchased goods and services	2,701,018	1,958,949	1,934,925	-28.4 %
Category 2 Capital goods	81,883	58,639	64,266	-21.5 %
Category 3 Energy excluding Scope 1 and 2	17,966	30,976	30,423	69.3 %
Category 4 Upstream transportation and distribution	7,400	3,756	3,556	-51.9 %
Category 5 Waste from operations	845	12,838	9,508	1,025.2 %
Category 6 Business travel	627	4,099	5,101	713.6 %
Category 7 Employee commuting	1,158	1,825	2,169	87.3 %
Category 9 Downstream transportation and distribution	21,086	6,336	8,604	-59.2 %
Category 11 Use of sold products	—	14,841	16,111	—
Category 12 End-of-life treatment of sold products	68,423	140,487	142,304	108.0 %
Category 13 Downstream leased assets	26,914	14,305	13,632	-49.4 %
Total of Scope 1, 2, and 3 emissions*2	3,121,474	2,314,179	2,289,854	-26.6 %
Ratio of renewable energy (%)	—	67.2	75.2	—

*1 Obtained third-party assurance from LRQA Limited.

*2 Scope 2 emissions used in the total are calculated with market-based data.

*3 Calculated based on the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.8 (Ministry of the Environment and Ministry of Economy, Trade and Industry, March 2026)," the "Emission Factor Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain Ver. 3.5 (March 2025)," and IDEA v3.5
Scope 3 emissions category 8 is excluded from the calculation because it is already accounted for in Scope 1 and 2 emissions
Scope 3 emissions categories 10, 14, and 15 are excluded from the calculation because they do not apply to our Group's business processes

* The Group's Scope 1, 2, and 3 emissions are calculated using the above Japanese guidelines and in accordance with the framework of the GHG Protocol, the international standard for supply chain emissions.

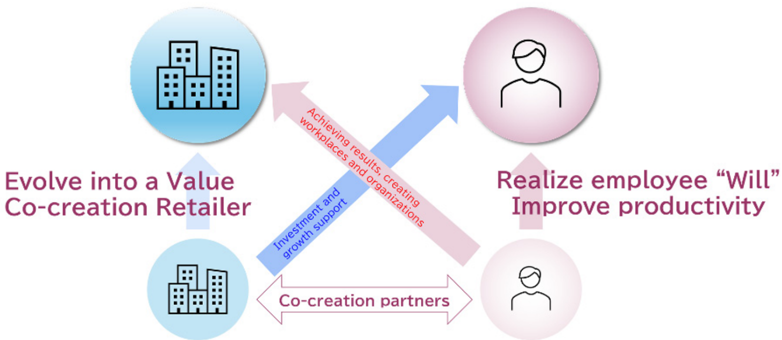
・ Measures to Reduce Greenhouse Gas Emissions

Within the Group, most of the Scope 1 and Scope 2 emissions are attributable to operations at Daimaru Matsuzakaya Department Stores and PARCO, with electricity consumption accounting for a particularly large share. Accordingly, we are promoting energy conservation and improving energy efficiency in stores, while also advancing the transition to renewable energy, including the use of internal carbon pricing (ICP). As of the end of fiscal 2025, 10 of 15 Daimaru Matsuzakaya Department Store locations and 12 of 15 PARCO locations are operated using renewable energy. Since Category 1 emissions (procured goods and services) account for approximately 90% of Scope 3 emissions, it is difficult to achieve reductions through our own efforts alone; rather, collaborative reduction efforts are necessary across the entire value chain. At Daimaru Matsuzakaya Department Stores, our principal operating company, we have been engaging in dialogue with our business partners based on their specific circumstances regarding requests for emissions calculations, setting reduction targets, and providing primary emissions data (Scope 1, 2, and upstream Scope 3). As a result, in fiscal 2024, primary data from 41 companies was incorporated into our emissions calculations, contributing to a 26.9% year-on-year reduction in Category 1 emissions. Furthermore, in November 2025, we held a briefing session for major business partners to explain the Group's environmental initiatives and to encourage the calculation of greenhouse gas emissions (attendance: 233 companies / 336 participants).

(3) Approach to human capital

The Company has set forth a vision for 2030 to become a "Value Co-creation Retailer Group" centered on our retail business and continuously providing three core values—Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment. The power to create this future and realize our vision lies in every single Group employee. We consider our employees as our most important value co-creation partner and strive to support each person's Will (will, desire, and intrinsic motivation) while fostering mutual support and contribution between the company and its employees, thereby achieving growth together.

<Concept of Value Co-creation by the Company and Employees>



(a) Overview of Human Capital Strategy

In our current medium-term business plan, which we have positioned as a period of transformation, we are proactively investing in our people to shift to a new growth model while steadily building the foundation for future growth.

To become a "Value Co-creation Retailer," we will establish a "Human Capital Management Policy" as the basic approach for Group-wide human resources, and shift to a human capital portfolio that aligns with management strategy. Furthermore, we will implement effective measures across the HR domain and aim to enhance employee engagement and productivity per employee as key outcomes of our human capital strategy.

(b) Human capital management policy

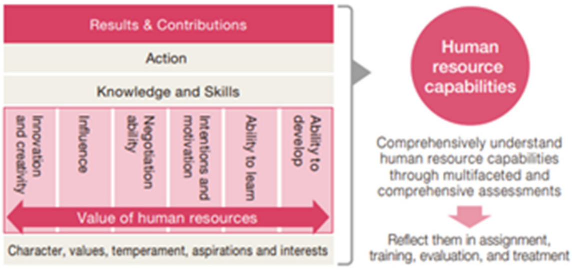
To drive the behavior and mindset changes necessary for value co-creation, the Company has established a group-wide human resource management policy called "Power to Involve Others, Mindset to Enjoy Challenges." This policy will guide our efforts in recruitment, development, placement, and evaluation of human resources who demonstrate self-motivation, transcend and link organizations, and enjoy their work.

(c) Personnel management based on a human capital-oriented approach

Since FY2019, the Company has been implementing its personnel system based on our unique "human capital-oriented approach" that emphasizes on the intangible strengths of employees (including their value as talent, personality, values, temperament, preferences and interests). As we pursue this approach, we will foster value co-creation across the entire company by evaluating and surveying employee performance and behavior, based on observable knowledge and skills, using evaluations, surveys, and other tools. Through these initiatives, the Company promotes human capital development through work and aims to realize company-wide value co-creation.

"Human capital value" comprises the perspective of reproducibility and versatility that leads to steady results and contributions under any circumstances (intention and motivation, learning ability, innovation and creativity, influence, negotiation ability, and development ability), and we have set the required level for each career stage.

<Definition of human resource capabilities>



(i) Governance

Policies and specific measures related to human capital strategy are reviewed and approved in the Group Management Meeting, which is the highest decision-making body for business operations.

In response, the Board of Directors receives reports on the content approved by the Group Management Meeting and discusses and supervises matters such as goal setting, response policies, and implementation plans.

(ii) Risk management

As competition for talent intensifies, driven by labor shortages due to demographic decline and increased workforce mobility, has made the acquisition of high-caliber personnel a critical risk. This risk is recognized as having not only a potential short-term impact on business performance but also a significant bearing on the realization of the Company's 2030 vision of becoming a "Value Co-Creation Retailer Group."

In executing our human capital strategy, matters deliberated by the Risk Management Committee and the Sustainability Committee, as well as items approved by the Group Management Committee, are reported in a timely manner to the Board of Directors. Under the Board's oversight, these are reflected in and addressed through the Group's overall strategic initiatives.

(iii) Strategy

In accordance with our human capital management policy, the Company has identified four priority areas: "strengthening human capital capabilities," "promotion of diversity and the advancement of women," "enhancement of work engagement," and "system reforms centered on evaluation and compensation." In addition, we are focusing on "enhancement of management capabilities and maximizing managerial performance," which is expected to play a central role in improving the effectiveness of these initiatives. Through these efforts, and with a view toward the next medium-term business plan, we aim to rebuild an optimal organizational and workforce structure and realize our vision of becoming a Value Co-Creation Retailer.

(a) Strengthening of human capital capabilities

For the Company to evolve into a "Value Co-Creation Retailer Group," it is essential to secure and expand human resources capable of embodying the Three Values. To this end, we will strengthen our HR structure and expand recruitment channels, while also implementing flexible personnel systems to attract high-performing talent.

Specifically, in addition to hiring new graduates and young talent, we will focus on recruiting, assigning, and developing individuals with advanced expertise in areas such as real estate, finance, and accounting. In our retail business, we will prioritize talent capable of understanding customer needs and creating new content and services, sales professionals who can serve affluent customers with both expertise and hospitality, digital talent to drive digital transformation, and specialists in legal affairs, finance, and M&A.

At the same time, we will work on initiatives to improve the workplace environment and strengthen onboarding processes for the retention of our human resources.

(b) Promotion of diversity and advancement of women

We believe that incorporating a diverse range of individual strengths and turning them into organizational strengths will lead to value co-creation and sustainable growth.

To this end, we are committed to creating an environment in which all employees can thrive by leveraging their unique characteristics, from the promotion of young talent to the revitalization of mid- and senior-level employees. For our Group, where more than half of employees are women, it is essential to further advance the promotion of women's participation and success.

As a result of proactive promotion and advancement initiatives, supported by ongoing efforts to improve the workplace environment and reform working styles, the ratio of female managers increased from

26.2% in FY2024 to 27.7% in FY2025. Aiming to achieve our target of 31% in FY2026, we will continue to enhance the environment for managerial appointments, while implementing initiatives such as internal and external networking activities, mentoring programs, and unconscious bias training on an ongoing basis.

(c) Enhancement of work engagement

We recognize that employees' willingness to take on challenges is essential to realizing value co-creation and that fostering an environment in which employees are motivated to embrace new challenges is equally important.

The Company defines work engagement as the degree of employees' proactive involvement in and passion toward their organization and work. Believing that employees initiative cannot begin without increased work engagement, we will review and improve all aspects of the employee experience, including management involvement, internal systems, and assignment practices, from the perspective of enhancing work engagement.

In FY2025, to more accurately assess the current state, we revised our engagement survey and promoted improvement initiatives using the results as a starting point for identifying key issues. We will continue to verify the outcomes of these initiatives through annual surveys and link them to actions for the following fiscal year.

(d) System reform centered on evaluation and compensation

Ensuring fair treatment based on appropriate evaluations is one of the most important initiatives for fostering employees' willingness to take on challenges. To this end, we will review our existing evaluation systems and enhance operational capabilities by providing training, starting with senior-level positions, so that roles, performance, and individual differences can be accurately assessed and effectively communicated through feedback.

In addition, our compensation policy is critical from the perspective of strengthening recruitment competitiveness and improving employee retention, both of which are directly linked to enhancing human capital capabilities. Accordingly, we aim to establish compensation levels that are more closely aligned with the external labor market.

(e) Enhancement and active utilization of management capabilities

Management plays a central role in each initiative outlined in our human capital strategy and serves as the key nexus between corporate leadership and frontline operations. To enable management to fully realize its potential, we are focused on improving the organizational environment and driving a shift in mindset."

Specifically, we are optimizing spans of control, develop support measures to revitalize organizations, and revise evaluation systems to encourage a culture of challenge. At the same time, we are continuously conducting workshops for executives and department heads to promote behavioral change within management.

(f) Redefinition and strengthening of the human resources function

The role of the human resources function is becoming increasingly important in ensuring the steady execution of the above initiatives. To respond swiftly and appropriately to frontline issues such as recruitment, assignment, development, and evaluation, we are enhancing the expertise of the HR function while also reforming operational processes to enable employees to realize personal growth through their work.

Furthermore, we are working to establish a framework that enables the HR function to contribute as a strategic business partner to senior management and business unit leaders.

(iv) Metrics and targets

<table>
<tr><th colspan="2">Metrics</th><th>FY2025 results</th><th>FY2026 targets</th></tr>
<tr><td colspan="2">Share of women in management positions</td><td>27.7%</td><td>31%</td></tr>
<tr><td rowspan="3">Gender wage gap</td><td>All employees</td><td>65.1%</td><td rowspan="3">We will strengthen initiatives such as career development programs and training for women and manager to prevent career interruptions, as well as strive to narrow the gap.</td></tr>
<tr><td>Regular employees</td><td>74.0%</td></tr>
<tr><td>Non-regular employees</td><td>69.2%</td></tr>
<tr><td colspan="2">Paternity leave usage rate</td><td>95.5%</td><td>95%</td></tr>
<tr><td colspan="2">Engagement survey Employee satisfaction</td><td>68.3%</td><td>70%</td></tr>
<tr><td colspan="2">Engagement survey Work recommendations</td><td>62.0%</td><td>60%</td></tr>
</table>

* Ratio of women in managerial positions and the gender wage gap are calculated based on the provisions of the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

* Totals are calculated on a consolidated basis for the Group unless otherwise specified.

* Gender wage gap shows the wages of female employees as a percentage of the wages of male employees.

(4) Human rights

In recent years, there has been growing concern over human rights issues, such as forced labor and discrimination, occurring across global supply chains. Companies are increasingly expected to conduct business activities that respect human rights. In accordance with the United Nations' 'Guiding Principles on Business and Human Rights,' our company places respect for human rights at the foundation of all our business activities. Through our ongoing commitment to human rights due diligence, we aim to realize business practices that respect human rights in collaboration with our employees and business partners, and in doing so, enhance corporate value.

(i) Governance

(a) Human rights policy

In 2019 we established the "JFR Principles of Action" and the "JFR Principles of Action for Suppliers," which include a Human Rights Policy. This policy outlines the Company's approach to ensuring appropriate responses that respect human rights in all business activities, with the aim of building a responsible supply chain. It applies to all officers and employees, and we actively encourage our business partners to understand and comply with the policy.

JFR Principles of Action / JFR Principles of Action for Suppliers

* For information about our Human Rights Policy, please click on the link below.
https://www.j-front-retailing.com/english/sustainability/pdf/diversity04/Human_rights_policy_e.pdf

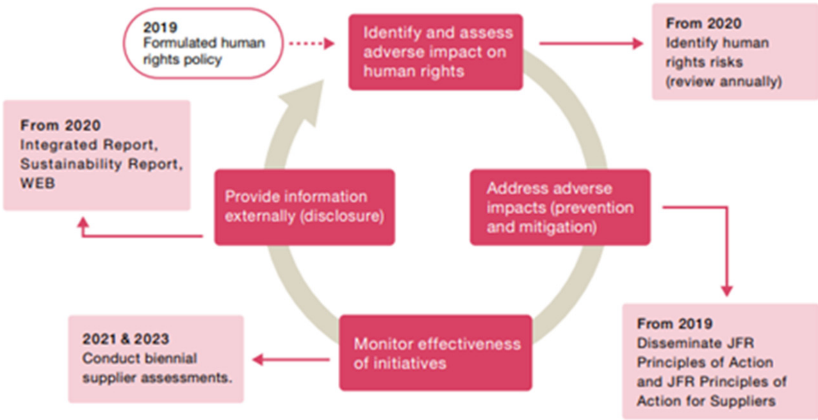
(b) Promotion system

Please see "(1) JFR Group's sustainability management goals, (i) Governance."

(c) Human rights due diligence

We conduct ongoing human rights due diligence based on our Human Rights Policy. We identify and assess potential adverse human rights impacts across our supply chain and take measures to prevent and mitigate such impacts. In addition, we conduct periodic assessments of our business partners and engage in dialogue with them as necessary.

<Overview of human rights due diligence>



(ii) Risk management

(a) Identification, evaluation and reporting of human rights risks

Regarding human rights risks (potential adverse impacts on human rights) that may affect stakeholders in connection with our business activities, we have comprehensively identified key risks by first mapping the entire value chain of our operations and examining the specific nature of each business activity. Each risk is then evaluated based on their severity (scale, scope, and remediability) and likelihood of occurrence, with input from external experts through repeated deliberations. Based on these assessments, the Sustainability Committee, an advisory body to the President and Representative Executive Officer, conducts discussions to identify material human rights risks and confirms measures to prevent and mitigate such risks.
Matters discussed in by the Sustainability Committee are reported to the Board of Directors.

* For information on significant human rights risks within the JFR Group, please see Strategy 3: “Measures to Prevent and Mitigate Significant Human Rights Risks.”

(iii) Strategy

(a) Approach

The Company aims to be a “Value Co-creation Retailer” that continuously delivers the three core values of “Co-Creation of Excitement.” “Co-Prosperity with Communities,” and “Co-existence with the Environment,” primarily through our retail business, based on sustainability management that seeks to addresses environmental and social challenges through our business operations. To achieve this, we have identified “increasing the number of value co-creation partners” as a key materiality.

Together with a wide range of partners, including business partners, employees, and local communities, the Company is committed to respecting human rights and advancing initiatives that contribute to sustainable value creation.

Materiality	Commitment
Increasing the number of value co-creation partners	We will share our thoughts and ideas on sustainability with others and establish a partner foundation for the values of “Co-creation of Excitement,” “Co-prosperity with Communities,” and “Co-existence with the Environment” along with fulfilling our social responsibilities, such as human rights due diligence, toward realization of a sustainable society.

(b) Measures to prevent and mitigate material human rights risks

The Company is committed to preventing and mitigating human rights risks through various measures, including promoting awareness of the JFR Principles of Action for Suppliers, conducting business partner assessments and individual dialogues, and establishing a harassment reporting hotline and providing internal training for employees.

<Measures to prevent and mitigate material salient human rights risks in the JFR Group>

	Business partners	Our Group	Customers
Stakeholders	Employees of suppliers, store operators, contractors, and business partners *Includes second-tier and subsequent tiers	Employees of the JFR Groups including parttime workers in stores and temporary workers dispatched by suppliers	Customers and local residents
Content	Manufacturing, wholesales, service provision, and construction	Commercial facilities, store operations (including remodeling, advertising, facility management, sales promotion, etc.), sales (including e-commerce), planning and construction	Use of products and service
Salient human rights risks	● Forced labor ● Child labor ● Foreign labor conditions ● Long working hours ● Low wages ● Right to access remedies ● Discrimination (gender, LGBTQ, etc.) ● Harassment ● Occupational safety and health	● Harassment ● Long working hours ● Discrimination (gender, LGBTQ, etc.)	● Violation of customer privacy (personal information and right of publicity) ● Expressions of discrimination through advertisements ● Product safety and physical safety at facilities
Prevention and mitigation measures	▶Dissemination of the JFR Principles of Action for Suppliers ▶Implementation of human rights due diligence ・Periodic assessment Implemented: 2021, 2023 ・Information briefing Implemented: 2019, 2022, 2025 ・Seminar Implemented: 2024 ▶Dialogue with business partners and requests for improvement ・Dialogue based on assessment results and individual cases	▶Dissemination of the JFR Principles of Action ▶Implementation of human rights education (harassment training, e-learning, etc.) ▶Establishment of hotline and harassment consultation desk ▶Implementation of harassment surveys ▶Formulation of customer harassment response policy Utilization of the customer harassment response guide ▶Measures to prevent long working hours Identification of employees working long hours and implementation of management training Promoting the use of paid leave and implementing measures to reduce overtime	▶Establishment of a customer service center ▶Quality inspection of products (Consumer Product End-Use Research Institute) ▶Protection of personal information ▶Creation of safe, secure, and resilient stores ▶Promotion of barrier-free store design

* For information on the JFR Principles of Action for Suppliers, please click on the link below.
https://www.j-front-retailing.com/english/sustainability/supply-chain/supply-chain02.html

* For information on the assessments and internal reporting system conducted in 2023, please refer to the report below.
Integrated Report 2025 p.72
https://www.j-front-retailing.com/ir/library/pdf/annual/2025/J_FRONT_2025_E_P66-75.pdf

(iv) Metrics and targets

The Company conducts regular assessments to confirm the status of initiatives undertaken by its business partners regarding matters requiring efforts across the entire supply chain, including respect for human rights.

In November 2025, we held a briefing session for major business partners of Daimaru Matsuzakaya Department Stores, where we explained the Group's initiatives on environmental and human rights issues and called for cooperation with future human rights assessments. (Participation: 233 companies / 336 attendees)

Through dialogue with business partners based on these assessments, the Company aims to increase the proportion of partners implementing initiatives in line with the *UN Guiding Principles on Business and Human Rights*, thereby contributing to the reduction of human rights risks across the entire supply chain.

Metrics	Target	
	FY2026	FY2030
Human rights assessment results (B rating or higher)	35%	45%

* FY2023 result: 31.7%

* B rating or higher: The status of initiatives for respecting human rights is evaluated based on the Company’s criteria on a four-tier scale from A to D. A rating of B or higher indicates that initiatives are being implemented in line with the UN Guiding Principles on Business and Human Rights.

3. 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, 2026).

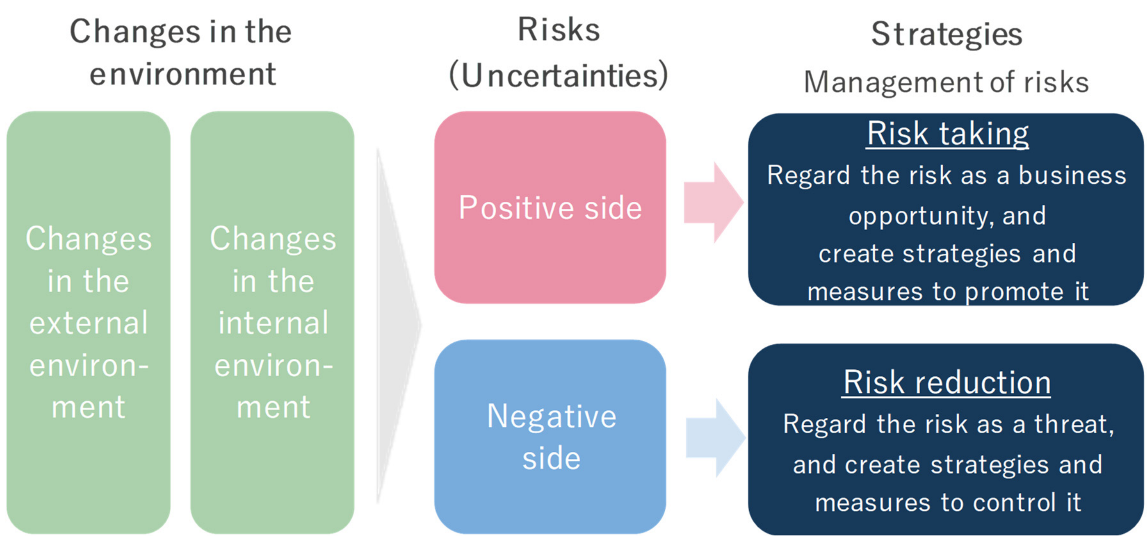
(1) Approach and system for risk management

- Risk management

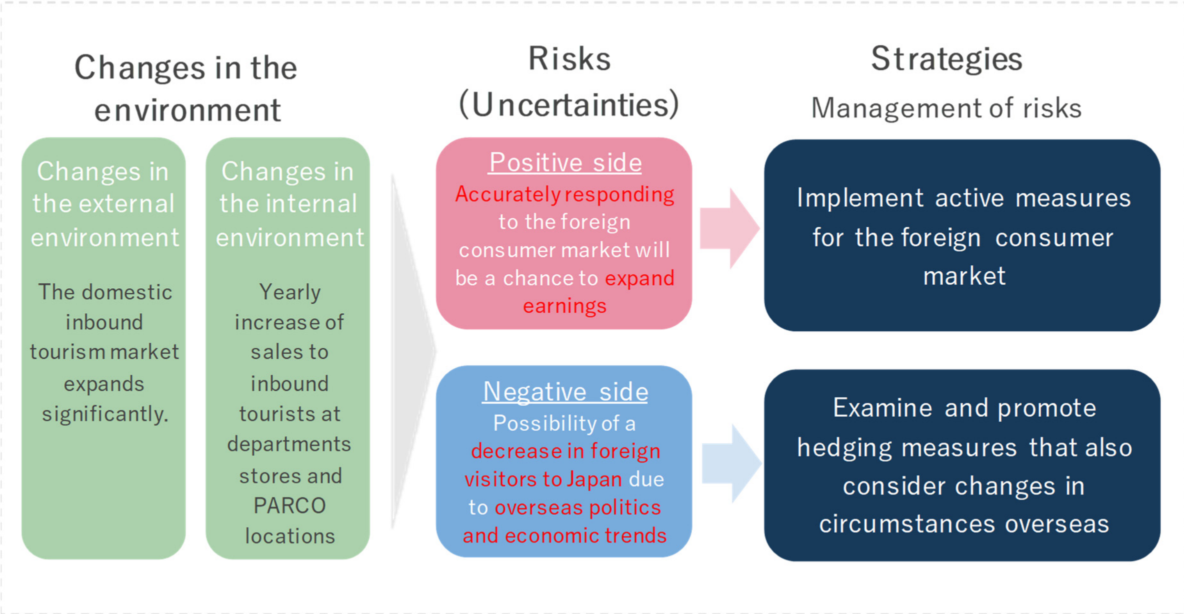
The Group defines risk as "uncertainties that have both potentially positive and negative sides that could have an impact on the achievement of targets by a company's management." The Company has positioned risk management as an "activity that increases corporate value by managing risks by reasonable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

For risks that are highly significant to us, we consider "strategies and measures that regard the risk as a business opportunity to be taken" and "strategies and measures that regard the risk as a threat to be controlled," positioning risk as the starting point of strategy and advancing our response accordingly.

Image of path from environmental changes to risk recognition to strategy formulation



<Example: Risk of rise in foreign consumer presence>



- Risk management system

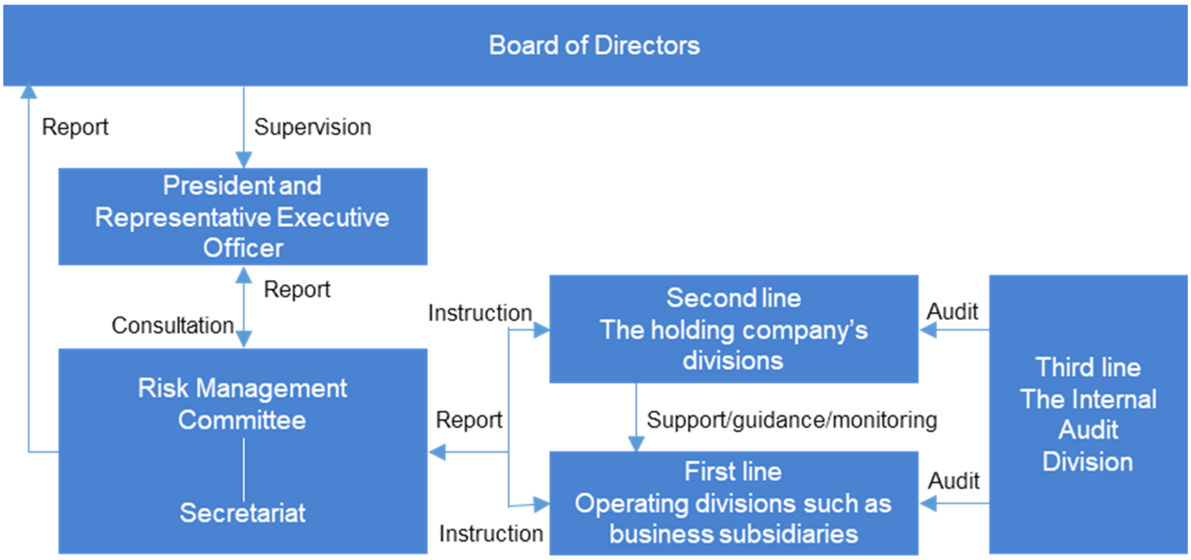
The Company has established the Risk Management Committee, which is chaired by the President and Representative Executive Officer and comprises Executive Officers of the Company and the presidents of major operating companies, as an advisory body to the President and Representative Executive Officer. 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.

Support and monitoring from the second line and independent oversight from the third line allow the first line (operating divisions) to independently execute risk response through proper procedures and without delay.



(2) Risk identification and monitoring process

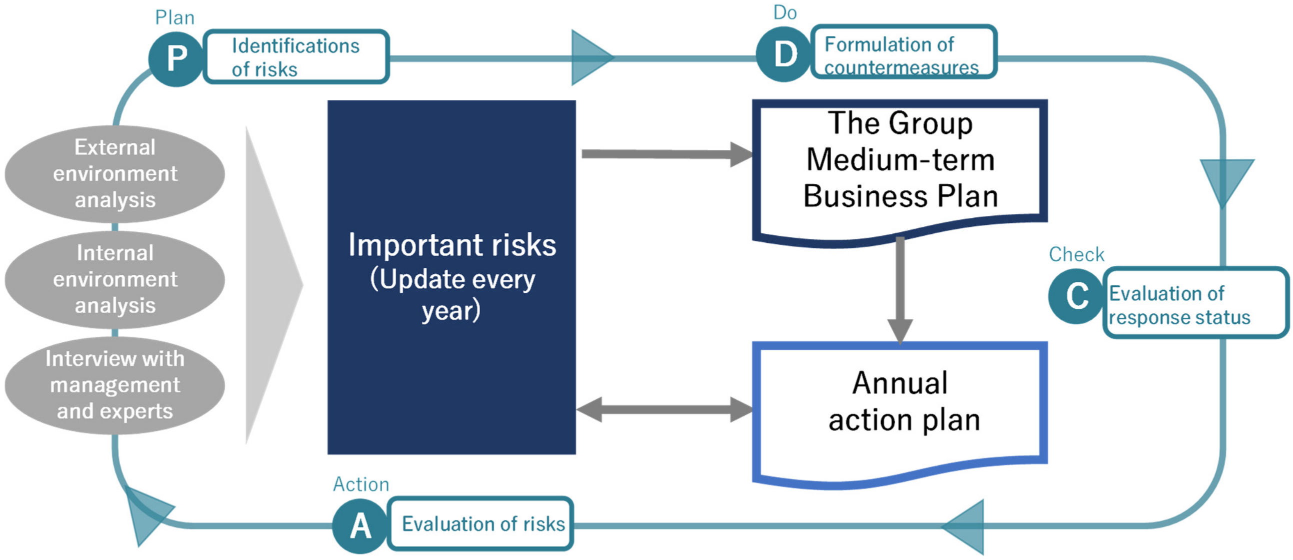
The Group promotes risk management through the following processes.

For the extraction of risks, 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, external experts, and practical operation divisions.

Among these, we have positioned "important risks for the JFR Group" as having extremely high importance for the Group's management over the medium to long term and have used these as starting points for the Group Medium-term Business Plan. Furthermore, once the "important risks for the JFR Group" are formulated, they are shared with the operating companies. In addition, each operating company extracts risks unique to the individual company with reference to the risks for the Group, and formulates "important risks" for each operating company.

JFR and each operating company formulate response measures annually and monitor response semiannually. Risks themselves are also reevaluated, leading to important risks being revised and the strategy for the following fiscal year.

Risk identification method and PDCA



(3) Important risks for the JFR Group

The Company has identified 13 items as "important risks for the JFR Group" as the most important risks that will affect growth and survival of the JFR Group over the medium to long term.

In the process of revising important risks conducted in FY2025, we added "the increasing importance of compliance" as a new item, in light of the impact that compliance violations can have on management. Furthermore, regarding the "increasing importance of environmental issues" and the "increasing importance of respecting human rights," which we had previously identified as important risks, we have reclassified them as "the increasing complexity of sustainability issues," given the current need for an integrated approach amid the complex interplay of natural, climate, and human rights issues.

We recognize that "changes in the industrial structure of existing businesses," "intensification of competition for human resources," "acceleration of technology innovations," and "increasing complexity of sustainability issues" have an extremely substantial impact on the Group's management and, therefore, position these as priority risks to be addressed in the Medium-term Business Plan.

Overview of "important risks for the Group"
Asterisks (*) denote priority risks with an extremely substantial impact.

	Internal environment (Business environment)	External environment (Macro environment)
Strategy risk	* Changes in industrial structure of existing business * Intensification of competition for human resources Diversification of consumers' values and behavior Increased presence of non-Japanese consumers Increasing inequality between cities	* Acceleration of technology innovations * Increasing complexity of sustainability issues Declining birthrate, population aging, and increasing income inequality
Finance risk		Changes in consumer behavior and cost structure due to fluctuations in economic trends
Hazard risk		Emergence of geopolitical and geo-economic risk Natural disasters and epidemics Increase in information security threats
Operation risk	Increasing importance of compliance	

List of important risks for the JFR Group

Category	Item	Impact	Outlook for the future	Negative side	Positive side	Measures
Strategy	Changes in industrial structure of existing business	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	・Strengthen existing businesses and develop businesses to transform the business portfolio ・Invest through M&As and CVC based on our vision
	Intensification of competition for human resources	Very severe	↑	・Loss of competitiveness in attracting human resources, outflow of talented human resources ・Decrease in employee motivation	・Promotion of business strategy; creation of innovation ・Increase in employee engagement and organizational capability	・Recruit professional human resources, group personnel exchanges, development ・Realization of Well-Being Life of employees through investment in human resources
	Acceleration of technology innovations	Very severe	↑	・Sluggish growth of the entire Group ・Declining competitiveness due to delay use of technology	・Transformation of business model through use of technology ・Operation streamlining	・Operation streamlining through AI utilization ・Efforts toward business process reengineering (BPR) on a Group basis ・Developing digital/IT human resources
	Increasing complexity of sustainability issues	Very severe	↗	・Decrease in sales and profit due to the increasing severity of natural disasters and the effects of climate change ・Defection of stakeholders and lower rating and brand power	・Sustainable growth and improvement of the Group's presence	・Reducing GHG emissions ・Expand handling of environmentally friendly products and services ・Expansion of circular businesses such as sharing and upcycling ・Implementation of human rights due diligence ・Strengthening engagement with customers, suppliers, local communities, etc.
	Declining birthrate, population aging, and increasing income inequality	Severe	↗	・Shrinkage of domestic market scale ・Contraction of high-volume sector, the existing target	・Expansion of new markets through target accommodation	・Approach consumers who favor consuming high-quality goods and having heart-lifting experiences that fulfill their own preferences and values ・Expand customer/business base to reach the aforementioned target
	Diversification of consumers' values and behavior	Severe	↗	・Decrease in sales and profit	・Expansion of new markets	・Promote measures in line with the values of consumers who favor consuming high-quality goods and having heart-lifting experiences that fulfill their own preferences and values (e.g. subscription business, entertainment, pop culture)
	Increased presence of non-Japanese consumers	Severe	↗	・Delays in incorporating inbound tourism ・Sudden decrease in inbound tourism	・Expansion of inbound sales	・Sustain and strengthen categories of products with robust support from Japanese and non-Japanese customers ・Converting overseas customers into members ・Ongoing efforts to expand the Japanese customer base
	Increasing inequality between cities	Severe	↗	・Shrinking of the consumption pie in rural areas	・Business development through contribution to urban needs and urban development	・Participate in community-building in collaboration with local governments and other organizations in the Group's major locations (e.g. commercial facilities, office space, hotel accommodations, residences)
Finance	Changes in consumer behavior and cost structures due to fluctuations in economic trends	Severe	↗	・Loss of opportunities for profit ・Increased cost of fund procurement	・Promotion of growth strategies and business portfolio transformation ・Lowered cost of fund procurement	・Long-term funding at fixed interest rates ・Selection of appropriate financing measures during the new funding phase ・Continuously monitor changes and revise plans and policies as necessary

Category	Item	Impact	Outlook for the future	Negative side	Positive side	Measures
Hazards	Natural disasters and epidemics	Very severe	→	・Damage to the lives of customers and employees ・Business continuity crisis	・Stable business operations	・Continuously implementing practical BCP training ・Periodic reviews of business continuity plans ・Strengthen preparation for new pandemics
	Emergence of geopolitical and geo-economic risk	Severe	↗	・Danger and difficulties in life for employees stationed overseas (or on business trips)	・Stable overseas business operations	・Establish and promote an overseas risk management system in line with the risk environments and circumstances at our employees' overseas postings and business trip destinations ・Monitor impact on the Company's business (especially overseas business)
	Increase in information security threats	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 ・Prevent information leaks and incidents through the enhancement of monitoring systems and the expansion of the scope of vulnerability management ・Reviewing Group security guidelines and improving employee security awareness and understanding through training
Operation	The increasing importance of compliance	Severe	→	・Business continuity crisis ・Loss of social trust ・Defection of stakeholders and lower corporate value	・Enhance corporate value ・Improve Group employee engagement and transform the corporate culture	・Initiatives to continuously promote and embed the "JFR Principles of Action" ・Implement initiatives to foster awareness among group company managers ・Establish a whistle-blowing system

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

When a risk bridges multiple categories, we placed it in the category with the highest impact and relevance to the Group's strategies

Impact: Consideration of economic impact on the Group and impact on brand value during the period of the Medium-term Business Plan

Outlook for the future: Projected changes to risks during the period of the Medium-term Business Plan taking into account the severity of their impact on the Group

↑ : Escalate greatly ↗ : Escalate → : Remain important

(4) Each risk

(i) Strategic risks

- **Changes in industrial structure of existing business** (Impact: Very severe; Outlook for the future: escalate greatly)

<Risk recognition>
The industrial and profit structures that form the basis of our business operations are changing; for example, competition in the industry is intensifying, e-commerce and other competitors and forms of business are entering the scene, relations with suppliers are changing, consumer markets are shrinking and changes in consumer behavior are progressing, and fixed costs are increasing and becoming more variable. The industry of the Department Store Business—the Group's main business—is declining over the long term, making it difficult to maintain or increase profits by doing nothing more than continuing to apply existing business models. Building new business models and rearranging business portfolios in response to these structural changes present opportunities to increase profits. However, failure to respond properly could compromise our performance and present accounting and tax risks (e.g. necessitate impairment of fixed assets).

<Measures>
The Group positions the current Medium-term Business Plan as a period of transformation toward long-term growth. While aiming to grow profits through the deepening of our core retail business, we are also strengthening advanced investments and strategic growth investments with an eye toward 2030. We are promoting the transformation of existing businesses (such as expanding into overseas and digital business domains and developing and owning content and services) and also pushing portfolio realignment through M&As aligned with our vision, as well as promoting open innovation in collaboration with our investees through business succession funds and CVCs.

- **Intensification of competition for human resources** (Impact: Very severe; Outlook for the future: escalate greatly)

<Risk recognition>
The decline of the working population is causing labor shortages and more transience of human resources that have increased the ferocity of competition for human resources. Continuously securing human resources is a requirement for sustainable management, and to reform our business portfolio, we require a dynamic human resources portfolio linked thereto. To continuously secure the required quality and quantity of human resources, we must make proper investments, provide proper training, acquire (hire) new human resources, and improve mobility within the Company through recurrent education and reskilling for existing human resources.

<Measures>
In seeking to realize transformation in terms of becoming a "Value Co-creation Retailer," the Group will work as one to reinforce and promote a new Group human resources strategy designed to achieve sustainable growth of our people and organizations. In addition to increasing opportunities to utilize diverse human resources, such as the advancement of women in the workplace and facilitating exchanges within the Group, we will also work to improve our management capabilities to cultivate an organizational culture that encourages imagination and the spirit of challenge, while also undertaking personnel system reforms including evaluations and remuneration.

- **Acceleration of technology innovations** (Impact: Very severe; Outlook for the future: escalate greatly)

<Risk recognition>
Of all the technology innovations with a substantial impact on business, generative AI has a particularly broad scope of application and is changing the very nature of operations. Additionally, new digital technologies and services are changing consumers' lifestyles, values, and communication, offering potential for growth into prominent markets and impacting existing business models. Using technology to establish new business models allows us to adapt to changing consumer behavior and contributes to increased profits; however, failure to respond properly could delay business reforms and result in lost business opportunities, lower operational efficiency, and other problems.

<Measures>
We will further drive productivity using digital technology and other initiatives by implementing business process reengineering (BPR) on a Group basis. We will also strengthen Group IT governance through initiatives that include enhancing approval processes for IT investment. We are also exploring business models that create new experience value by fusing the real and digital worlds; for example, we are selling avatars and holding XR/VR-based events at our department stores and PARCO locations.

- **Increasing complexity of sustainability issues** (Impact: Very severe; Outlook for the future: escalate)

<Risk recognition>
Issues related to sustainability, such as the worsening of global environmental problems like global warming, marine pollution, and the loss of biodiversity, as well as human rights issues within supply chains, are increasingly intertwined, becoming more complex and severe than ever before. Since individual companies have limited capacity to respond alone, collaboration with stakeholders and initiatives across the entire supply chain are required. Furthermore, it is also necessary to respond to these issues while considering the trade-offs between climate change and biodiversity, or between the environment and human rights.

<Measures>
For information about our approach and measures to sustainability, including environmental and human rights issues, please refer to "2. Approach and initiatives for sustainability."

- **Declining birthrate, population aging, and increasing income inequality** (Impact: Severe; Outlook for the future: escalate)

<Risk recognition>
Depopulation is causing the consumer population of Japan to decline, and over the medium and long term, the core of consumption will shift to Millennials and Gen Zers (collectively, the "Generation MZ"), a group with widely different values and behavior patterns from previous generations. Also, income inequality is increasing worldwide, and polarization is progressing in Japan as well, necessitating a proper response to target customers.

<Measures>
In today's world, as consumption continues to diversify and the products and services people demand are no longer uniform, the Group will provide new value to the premium and aspirational consumer group—regardless of demographics—who are willing to pay a premium for added value that aligns with their own

preferences and values (especially notable among the Generation MZ, the affluent market segment, and inbound tourists). We are seeking to establish competitive advantages in the affluent customer business sector, also a strength of the Company, by engaging in efforts in each region that include developing customers as well as enhancing events and experience-based offerings.

- **Diversification of consumers' values and behavior** (Impact: Severe; Outlook for the future: escalate)

<Risk recognition>
Changes in consumers' values are becoming more apparent amid the ongoing shift of the main consuming generation. Consumption is diversifying, trending from owning to using, from convenience-based to emotional narrative-based, toward experiences that can only be had in the present moment, and from competition to co-creation. Additionally, people are seeking sustainable economic activity (ethical consumption). Consumer behavior processes are also diversifying, and the number of consumers who wish to do all their consuming and enjoy all their services online is also on the rise. If we can respond properly to these changes in consumers' behavior and needs, we can improve our corporate value and seize opportunities to increase profits.

<Measures>
To respond to the aforementioned market and accommodate the next generation of customers, we worked to develop in-house contents by combining our discernment and procurement capabilities, and networks, and have opened several next-generation sweets brands in department stores through joint development and joint investment. Additionally, PARCO made a full-scale entry into the game publishing business, and began selling three games under the new "PARCO GAMES" label. As a business contributing to the circular economy, we established JFR & KOMEHYO PARTNERS Co., Ltd. with Komehyo Co., Ltd. and are gradually opening "MEGRUS" branded product repurchasing specialist shops in department stores and PARCO stores.

- **Increased presence of non-Japanese consumers** (Impact: Severe; Outlook for the future: escalate)

<Risk recognition>
In contrast to Japan's ongoing low growth, emerging economies in Asia and elsewhere continue to experience high growth. Other signs point to the growing importance of Asia as a driver of consumption, including an increasing affluent market segment and a rapidly expanding middle class in terms of both population and income. The Japanese government has also set ambitious inbound tourism targets for 2030, and the non-Japanese consumer market is expected to continue expanding.
Therefore, non-Japanese consumers are a major target for the Group, and turning our focus to properly accommodating this market presents great opportunities. However, we should also continue to devote energy to serving Japanese customers in case inbound tourism drops off dramatically due to overseas political strife or other circumstances.

<Measures>
In the Department Store Business, we will strive to enhance communication and proposal capabilities with overseas customers through efforts that include promoting customer membership and encouraging repeat visits to our stores, primarily targeting tourists visiting Japan from other parts of Asia. We also aim to establish a foundation that is less susceptible to the influence of overseas conditions. Regarding PARCO, we

will redouble our efforts to provide experiential value regarding pop culture and other content areas in seeking to increase inbound tourist transaction volume.

● Increasing inequality between cities (Impact: Severe; Outlook for the future: escalate)

<Risk recognition>

Amid ongoing depopulation, birthrate decline, and population aging in Japan, people are moving to Tokyo, Osaka, Nagoya, and other major cities, expanding job opportunities and markets in those cities, which is increasing inequality when compared to the working populations and economies of other cities.

If we can collaborate with local governments and other stakeholders in each city and participate in building communities and resolving their issues, it will be possible both for communities to advance and for the Group to expand its profits.

<Measures>

In early summer 2026, the Group will open the “HAERA,” commercial facility combining a department store and PARCO, at “The Landmark Nagoya Sakae.” Together with the nearby Matsuzakaya Nagoya store and Nagoya PARCO, this will establish an overwhelming presence in the Sakae area. Additionally, we will work on further enhancing the area’s appeal by improving accessibility of the district and enhancing events through regional collaboration, leveraging redevelopment plans in the Osaka Shinsaibashi area and the Fukuoka Tenjin area, as well as our investment in the Kobe Former Foreign Settlement Building No. 25 in the Kobe area.

(ii) Financial risk

● Changes in consumer behavior and cost structures due to fluctuations in economic trends (Impact: Severe; Outlook for the future: escalate)

<Risk recognition>

The Japanese economy is impacted by the global economy and policies, particularly those of the United States. Uncertainty regarding both domestic and international conditions—such as the economy, exchange rates, interest rates, and stock prices—remains high. In particular, interest rates may significantly impact the Developer Business, while exchange rates may also affect inbound consumption. When considering and implementing measures in these highly uncertain economic circumstances, the JFR Group must formulate multiple scenarios and respond flexibly.

If we respond properly, we can expand opportunities for profit and reduce risks. Failure to respond properly may cost us opportunities for profit, increase the cost of fund procurement, and have other negative impacts.

<Measures>

With regards to financing, considering the characteristics of our business, we have traditionally raised a high percentage of our fixed interest rates long-term funding and have introduced a system that prevents a sudden increase in interest expenses due to rising interest rates or other substantial short-term effects. On the other hand, with respect to large-scale investments accompanying the promotion of growth strategies, we recognize the possibility that interest expenses may increase. In the new funding phase, we will work on measures to minimize financing costs by appropriately selecting funding measures.

In terms of business, we are constantly monitoring fluctuations in economic trends and their impacts, and will revise the Medium-term Business Plan and reflect our findings in policy for the following fiscal year as necessary.

(iii) Hazard risks

- **Natural disasters and epidemics** (Impact: Very severe; Outlook for the future: remain important)

<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. There is also the possibility of pandemics, such as an outbreak of a contagious 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 could be affected. We must envision what will happen when such risks emerge and implement proper measures and drills in advance.

<Measures>
In response to natural disasters and other risks that threaten the continuity of our business, we are developing systems for sustaining operations in terms of securing the necessary operations (e.g. funding, payment operations) and infrastructure (e.g. systems) based on business continuity plans, and strengthening the system by conducting periodic drills. Also, based on an analysis of COVID-19 response, 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 and preparing systems during normal times, with the aim of minimizing the impact on business.

- **Emergence of geopolitical and geo-economic risk** (Impact: Severe; Outlook for the future: escalate)

<Risk recognition>
Geopolitical risks are emerging in various regions. Amid this situation, risks have an increasing effect of trapping resources, food, cutting-edge technology, and other benefits within national borders, and are impacting commodity prices, supply chains, and consumer trends. To ensure safety and security for our overseas employees and minimize potential damage as uncertainty mounts throughout the world, it is essential for us to monitor global trends and use our findings to formulate plans and conduct drills to prepare. We must envision what could happen and be prepared before it does so that we can take the proper actions at the right times when risks emerge.

<Measures>
We will establish an overseas risk management system in line with the risk environments and circumstances at our employees' overseas postings and business trip destinations. We will continue to strengthen response capabilities based on the Manual for Overseas Safety Measures, which defines action guidelines in the event of overseas emergencies. We will also revise the business continuity plans of our operating companies with locations and employees stationed outside Japan.
In terms of strategy, we will constantly monitor factors of instability and their impact on business, and reflect our findings in policy for the following fiscal year as necessary and change measures accordingly.

- **Increase in information security threats** (Impact: Severe; Outlook for the future: escalate)

<Risk recognition>
While the IT environment surrounding business operations is becoming increasingly sophisticated and diverse, driven by the establishment of remote work and the expanding use of cloud and mobile technologies, information security threats, such as cyberattacks and unauthorized access, are also becoming more diverse and sophisticated.
Under such an environment, the Group holds a large volume of critical information assets, including customer and personal information, and is exposed to the risk of information leaks, system failures, and service interruptions due to external attacks, human error, or inadequate management by contractors.
If these events occur, in addition to the loss of social trust, depending on the scale and nature of the damage, they could have an impact on the performance and financial condition of the Group.

<Measures>
Specifically, we are working to develop and upgrade the Group's common system infrastructure, while also strengthening authentication and access management through measures such as the expanded implementation of multi-factor authentication. We are also working to prevent information leaks and incidents by enhancing our monitoring system, including the use of external monitoring services, and expanding the scope of vulnerability management.
Together with this, we are revising our Group security guidelines and enhancing our incident response system, while also conducting ongoing incident response training, information security e-learning, and targeted attack e-mail training to enhance employee security awareness and literacy. We established a specialized organization within the Company (JFR-CSIRT) for information security and appointed information security officers at each operating company to strengthen the Group-wide information security management framework.
While we are working to reduce information security risks through these measures, we believe it is necessary to continuously revise and enhance our measures, as new threats may emerge and attack methods may become increasingly sophisticated in the future.

- **The increasing importance of compliance** (Impact: Severe; Outlook for the future: remain important)

<Risk recognition>
The reputational impact of engaging with anti-social forces, non-compliance with laws and regulations (e.g. the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment, the Antimonopoly Act, consumer protection laws, and various industry regulations), and failure to adhere to guidelines from regulatory authorities (e.g. money laundering), as well as other fraudulent activities, is increasing. In particular, if proper procedures and business operations are not carried out in accordance with industry regulations, administrative guidance or other measures could have a significant impact on business continuity. Furthermore, if any of the above acts or similar incidents occur, they could result in a loss of social trust in the Company, lead to defection of stakeholders, and cause a decline in corporate value.

<Measures>
The Company has established the departments and responsible persons in charge of compliance within the Company and Group companies. We conduct ongoing legal training for employees and oversee business operations. Additionally, we implement various measures aimed at fostering awareness among the managers

of Group companies to ensure that appropriate management decisions are made across the entire Group.
Furthermore, to ensure that all JFR Group directors, officers, and employees fulfill their social responsibilities in pursuit of our Corporate Credo and Group Vision, by recognizing their respective roles and responsibilities and acting with a high sense of ethics, we have established the "JFR Principles of Action" as a set of fundamental guidelines to be followed on a daily basis, and we are actively promoting awareness of these principles throughout the Group.
In addition, we have established an internal Whistleblowing System that allows all directors, officers, employees, and anyone working for the JFR Group (including part-time employees and temporary staff from suppliers) to report compliance-related issues within the JFR Group and request corrective action.

4. 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, 2026	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Gross sales	1,290,489	22,167	1.7	(2,511)
Revenue	445,094	3,217	0.7	(6,906)
Gross profit	215,412	2,816	1.3	1,912
Selling, general and administrative expenses	164,814	5,708	3.6	(186)
Business profit	50,597	(2,893)	(5.4)	2,097
Other operating income	4,131	(7,700)	(65.1)	631
Other operating expenses	5,713	(1,409)	(19.8)	(2,287)
Operating profit	49,015	(9,184)	(15.8)	5,015
Profit before tax	44,515	(11,270)	(20.2)	5,015
Profit attributable to owners of parent	28,282	(13,142)	(31.7)	2,282

During the fiscal year under review, the Japanese economy experienced a moderate recovery overall despite having incurred effects of U.S. trade policy and other developments. The recovery is attributable to factors that include an increase in capital investment against a backdrop of robust corporate profitability as well as growth in spending by visitors to Japan from overseas despite the state of Japan-China relations. While prices continued to rise, personal spending remained firm against a backdrop of the wealth effect and other factors amid a trend of continued improvement in employment and income conditions.

Meanwhile, uncertainties persisted amid heightened geopolitical risks and other factors, prompting growing concerns over both the outlook for domestic and overseas economies as well as downward pressure on consumer sentiment due to rising prices.

In this operating environment, the Company seeks to realize transformation into a “Value Co-creation Retailer,” which is our vision for the Group in 2030. It has accordingly been focusing on “deepening the retail business,” “evolving the Group synergies,” and “strengthening the Group’s management foundation” under the Medium-term Business Plan (FY2024-FY2026).

For “deepening the retail business,” in seeking to elevate the appeal of our stores where customer engagement originates, we conducted major renovation of the Matsuzakaya Nagoya store in the Department Store Business with the aim of achieving deeper cultivation of existing customers and winning next-generation customers. We completed renovation of the Main Building and the North Building. At the Daimaru Umeda store, we embarked on major renovation in October 2025 with the aims of establishing a new presence in the area as the largest commercial hub in western Japan and improving profitability.

To strengthen our responsiveness to the affluent market segment, we enhanced content such as new events and experience-based offerings, in addition to conducting our gaisho (Japanese department store’s traditional personal shopping service for VIP customers) activities over a wider geographic area to expand the customer base. Additionally, customers have provided positive feedback with respect to our official store for Expo 2025 Osaka, Kansai, featuring original products developed and launched harnessing the discerning ability of our department store employees, accompanied by a spatial store design that offers first-hand experience of Japanese culture.

In the SC Business, we promoted a strategic renovation mainly for flagship stores such as Shibuya PARCO, Hiroshima PARCO, and Sendai PARCO. At Shibuya PARCO in particular, we conducted major renovation for the first time since its rebuilding and proceeded with creation of stores that embody a “global niche” concept, which encompasses an enhanced lineup of luxury and up-and-coming brands as well as a strengthened rollout of IP content stores.

In seeking to expand the customer base in Japan and overseas, we persisted with efforts to increase the number of app members and card members in the Department Store Business and SC Business. In order to enhance our responsiveness to overseas customers, we stepped up efforts to convert overseas visitors to Japan into members in the Department Store Business, while also working on initiatives such as mutual customer referrals through partnerships with other companies.

For “evolving Group synergies,” with regard to maximizing area value, we proceeded with preparations for the opening of the new “HAERA” commercial facility combining a department store and PARCO with the aim of further enhancing our competitive advantages in the Nagoya Sakae area, which we position as a key area. We also worked to create a bustling town in the Sakae area in part by holding events in partnership with the local community. In the Kobe area, we decided to invest in “Kobe Former Foreign Settlement Building No. 25,” a large complex situated in the former foreign settlement where the Daimaru Kobe store is located with the aim of elevating the appeal of the area.

In order to expand the Group’s customer base, following the launch of the GINZA SIX Card and PARCO Card in FY2024, we launched the Hakata Daimaru Kujaku Card, completing consolidation of in-house card issuance operations according to the plan. Taking advantage of these opportunities, we worked to expand the Group’s customer membership base through cooperation among Group companies.

Regarding the ownership and development of in-house content in preparation for new growth in the retail business, we entered the reuse business through a joint venture with Komehyo Co., Ltd., and successively opened “MEGRUS” branded product repurchasing specialist shops in department stores and PARCO stores. Additionally, we collaborated with a partner company to develop next-generation sweets brands in the Department Store Business. We also established “PARCO GAMES” and made full-scale entry into the game publishing business involving development and sales of original games in the SC Business.

For “strengthening the Group’s management foundation,” in terms of our human resources strategy, we formulated a new human resources strategy aimed at developing the people and organizations that serve as the source of value co-creation and transforming our organizational culture in seeking to realize the future vision for the Group. Based on this, we worked on various initiatives, which included strengthening recruitment of specialized personnel, promoting the empowerment of diverse talent through Group-wide human interaction and advancement of women in the workplace, and improving management skills and mindsets.

As for systems strategy, we worked toward shifting to common systems within the Group with initiatives that included the full-fledged deployment of an accounting system for enhancing management and administration while also increasing operational efficiency. We also promoted IT governance through such measures as enhancing system investment and asset management, as well as handling information security.

In terms of financial strategy, we maintained a consolidated dividend payout ratio of 40% or more and purchased a total of ¥15.0 billion in treasury shares with the aims of enhancing return on capital over the medium to long term, optimizing equity, and improving shareholder returns. We also issued “Sustainability Bonds” to drive business growth based on sustainability management practices.

With respect to corporate governance, we worked to further strengthen the oversight function, including monitoring of the Medium-term Business Plan and strengthening audit functions, based on our evaluation of the effectiveness of the Board of Directors.

As a result of various measures including those mentioned above, the consolidated performance showed strong results with respect to domestic customer sales in the Department Store Business and performance of the SC Business. However, as a result of a sharp decrease in department store duty-free sales, which had grown significantly in the previous fiscal year, revenue was ¥445,094 million, up 0.7% year on year, and business profit was ¥50,597 million, down 5.4% year on year. Additionally, due to the reactionary decrease following the gain on step acquisition recorded in the previous fiscal year from the acquisition of shares (subsidiarization) of Shinsaibashi Kyodo Center Building, K.K., operating profit was ¥49,015 million, down 15.8% year on year, profit before tax was ¥44,515 million, down 20.2% year on year, and profit attributable to owners of parent was ¥28,282 million, down 31.7% year on year.

Results by segment are as follows:

Due to reorganization within the Group as of September 1, 2024, a part of the management business of J. Front One Partner Co., Ltd., which had been included in “Other,” was transferred to PARCO SPACE SYSTEMS CO., LTD. that is included in the “Developer Business” and another company. Accordingly, they have been retroactively adjusted as if the transfer had been effective from the beginning of the previous fiscal year (March 1, 2024).

Business results by segment

<Department Store Business>

(Millions of yen, %)	Fiscal year ended February 28, 2026	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Revenue	268,175	4,532	1.7	(3,025)
Business profit	30,900	(3,082)	(9.1)	(1,000)
Operating profit	29,856	179	0.6	(344)

Amidst fluctuating inbound demands, we have steadily promoted key strategies based on the Medium-term Business Plan. Specifically, we continued to undertake major renovation of the Matsuzakaya Nagoya store with the aim of achieving deeper cultivation of existing customers and winning next-generation customers, and completed renovation of the Main Building and the North Building. At the Daimaru Umeda store, we embarked on major renovation in October 2025 with the aims of establishing a new presence in the area as the largest commercial hub in western Japan and improving profitability, through collaboration among three companies including the Company.

We additionally sought to establish competitive advantages in the affluent customer business sector, a strength of the Company, by engaging in efforts in each region that included developing customers to expand our customer base as well as enhancing events and experience-based offerings. Our customers have provided positive feedback with respect to our official store for Expo 2025 Osaka, Kansai, featuring art pieces and original products developed in collaboration with famous artists and designer brands, harnessing the discerning ability of our department store employees, accompanied by a spatial store design that offers first-hand experience of Japanese culture.

In seeking new growth in the retail business, we also focused on developing and owning in-house content that integrates our organizational capabilities, such as discernment, procurement capabilities, and networks. Specifically, we jointly developed next-generation sweets brands with a partner company and opened two brands in October 2025. We also established a company managing and selling original sweets through joint investment and opened a new sweets brand in October 2025.

As a result of various measures including those mentioned above, revenue was ¥268,175 million, up 1.7% year on year, and business profit was ¥30,900 million, representing a decrease of 9.1% year on year in the fiscal year under review. This performance reflects factors that include strong domestic customer sales in the fiscal year under review, but a decrease in duty-free sales, which had grown beyond initial expectations in the previous fiscal year.

<SC Business>

(Millions of yen, %)	Fiscal year ended February 28, 2026	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Revenue	67,277	2,859	4.4	277
Business profit	14,007	1,262	9.9	707
Operating profit	13,669	819	6.4	669

Under the key strategy of the Medium-term Business Plan, we are promoting major renovations that will structurally evolve store operations and floor layout restructuring. Specifically, we completed major renovation of Shibuya PARCO in September 2025, and strengthened content originating from Japan based on our “global niche” concept for extending support from customers in Japan and overseas. This included opening the world’s first official “JoJo’s Bizarre Adventure” experiential shop and opening the first flagship store in Japan by SEGA CORPORATION, which has produced an abundance of IP over its 65-year history. Additionally, building on the results of our initiatives at Shibuya PARCO, we opened an entertainment floor at Hiroshima PARCO and conducted major renovation of Sendai PARCO, the largest of its kind since the building was opened.

We also sought to expand our content business by making full-scale entry into the game publishing business utilizing our unique discernment ability, creativity and networks developed thus far. The new “PARCO GAMES” label began sales of three titles as its first publishing title round.

As a result of various measures including those mentioned above, revenue was ¥67,277 million, up 4.4% year on year, and business profit was ¥14,007 million, up 9.9% year on year in the fiscal year under review. This performance reflects factors that include growth in store leasing revenue driven by the continued strong performance of domestic and inbound tourist transaction volume and an increase in payment fee income. Operating profit increased to ¥13,669 million, up 6.4% year on year, despite the recording of a loss on liquidation of business following the decision to cease operations of Shizuoka PARCO at the end of January 2027 (scheduled).

<Developer Business>

(Millions of yen, %)	Fiscal year ended February 28, 2026	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Revenue	81,393	(9,265)	(10.2)	(1,807)
Business profit	7,386	(974)	(11.6)	586
Operating profit	7,023	(1,166)	(14.2)	523

Under the key area strategy, we announced we will open “HAERA,” a new commercial facility in “The Landmark Nagoya Sakae” currently under development in Nishiki 3-chome, Naka-ku, Nagoya City, in June 2026. We went on preparations to open the facility. In the Kobe area, we decided to invest in “Kobe Former Foreign Settlement Building No. 25,” a complex consisting of commercial facilities and a hotel. We will contribute to elevating the appeal of the former foreign settlement centered on collaboration with the Daimaru Kobe store and other locations in the Department Store Business. We are also participating in “QUARTZ SHINSAIBASHI” in the Osaka Shinsaibashi area, and promoting the redevelopment plan for the Fukuoka Tenjin area “Tenjin 2-chome South Block Station-front East West Street Area Project” through cooperation among the local community and Group companies. The Group will continue working together as one on enhancing our presence and elevating the appeal of towns in key areas with the retail business at the core.

Despite various measures including those mentioned above, revenue was ¥81,393 million, down 10.2% year on year, and business profit decreased to ¥7,386 million, down 11.6% year on year, mainly due to factors such as a reactionary decline following a gain on the sale of properties held and large-scale construction orders in the construction and interior design business in the previous fiscal year.

<Payment and Finance Business>

(Millions of yen, %)	Fiscal year ended February 28, 2026	Year-on-year changes		Against October forecasts
		Change in amount	Change in percentage	Change in amount
Revenue	13,504	369	2.8	(473)
Business profit	962	(675)	(41.2)	(247)
Operating profit	920	(540)	(37.0)	(233)

Under the key strategies, we completed consolidation of card issuance operations within the Group based on the Medium-term Business Plan, primarily through the new issuance of the PARCO Card in February 2025 and the Hakata Daimaru Kujaku Card in March 2025. Taking advantage of these opportunities, we promoted member acquisition measures in collaboration with Group companies to expand card membership, in part by launching a new service for Daimaru Matsuzakaya Cards that allows for immediate card issuance and use. Furthermore, we have implemented credit limit expansion and optimization to expand card transaction volume. In the merchant business, we worked on acquiring merchants mainly in key areas, and transaction volume increased due to the expansion of acquiring operations at the Group commercial facilities. Notably, regarding our initiative to combat the unauthorized use of credit cards, a challenge for the industry, the effect of various measures has led to a reduction in unauthorized use, and we continue to implement measures.

As a result of various measures including those mentioned above, revenue increased to ¥13,504 million, up 2.8% year on year, due to factors that include expansion in card transaction volume and merchant business transaction volume. Meanwhile, business profit decreased to ¥962 million, down 41.2% year on year, due to factors that include higher costs for acquiring new members associated with new card issuance, as well as increased advertising expenses and personnel expenses.

(ii) Financial position

(Millions of yen, %)	As of February 28, 2025	As of February 28, 2026	Change in amount
Current assets	241,045	227,519	(13,526)
Non-current assets	923,101	914,047	(9,054)
Total assets	1,164,147	1,141,567	(22,580)
Current liabilities	341,341	324,502	(16,839)
Non-current liabilities	399,570	389,042	(10,528)
Total liabilities	740,911	713,544	(27,367)
Equity attributable to owners of parent	409,646	415,586	5,940
Ratio of equity attributable to owners of parent to total assets	35.2	36.4	1.2
Total equity	423,235	428,022	4,787

Total assets as of February 28, 2026 were ¥1,141,567 million, down ¥22,580 million compared with February 28, 2025 due mainly to decreases in cash and cash equivalents and right-of-use assets. Total liabilities were ¥713,544 million, a decrease of ¥27,367 million compared with February 28, 2025 due mainly to decreases in bonds and borrowings and lease liabilities. Interest-bearing liabilities (including lease liabilities) were ¥336,675 million, down ¥26,903 million compared with February 28, 2025.

Total equity was ¥428,022 million, an increase of ¥4,787 million compared with February 28, 2025 due mainly to the recording of profit, offset by the purchase of treasury shares and dividend payments.

(iii) Cash flows

(Millions of yen)	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026	Change in amount
Net cash flows from (used in) operating activities	85,812	66,992	(18,820)
Net cash flows from (used in) investing activities	(28,308)	(15,154)	13,154
Free cash flows	57,503	51,838	(5,665)
Net cash flows from (used in) financing activities	(74,001)	(70,782)	3,219
Net increase (decrease) in cash and cash equivalents	(16,498)	(18,944)	(2,446)
Cash and cash equivalents at end of period	54,975	36,099	(18,876)

The balance of cash and cash equivalents as of February 28, 2026 amounted to ¥36,099 million, down ¥18,876 million compared with February 28, 2025 (¥54,975 million).

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

Net cash provided by operating activities was ¥66,992 million. In comparison with the previous fiscal year, cash provided decreased by ¥18,820 million due to a decrease in profit before tax as well as an increase in income taxes paid.

Net cash used in investing activities was ¥15,154 million. In comparison with the previous fiscal year, cash used decreased by ¥13,154 million, mainly due to a reactionary decline from the acquisition of the shares of Shinsaibashi Kyodo Center Building, K.K. and others in the previous fiscal year.

Net cash used in financing activities was ¥70,782 million. In comparison with the previous fiscal year, cash used decreased by ¥3,219 million mainly due to proceeds from issuance of bonds, despite an increase in purchase of treasury shares.

(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	684	129.8

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	60,544	122.8

Note: 1. 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	249,817	102.8
	The Hakata Daimaru	14,966	87.6
	Other	3,391	97.3
	Total	268,175	101.7
SC Business	PARCO	66,503	104.8
	Other	773	82.6
	Total	67,277	104.4
Developer Business	J. FRONT CITY DEVELOPMENT	11,200	84.0
	J. Front Design & Construction	40,395	79.8
	PARCO SPACE SYSTEMS	29,796	111.7
	Total	81,393	89.8
Payment and Finance Business	JFR Card	13,504	102.8
Other	Wholesale	45,938	115.3
	Other	12,048	111.0
	Total	57,987	114.3
Adjustments		(43,243)	106.3
Total		445,094	100.7

Notes: 1. Adjustments for inter-segment transactions are made in the adjustments column.
2. Sales amount shows 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) Revenue

Revenue increased by ¥3,217 million from the previous fiscal year to ¥445,094 million.

b) Operating profit

Operating profit decreased by ¥9,184 million from the previous fiscal year to ¥49,015 million.

c) Profit before tax

Profit before tax decreased by ¥11,270 million from the previous fiscal year to ¥44,515 million.

d) Profit attributable to owners of parent

Profit attributable to owners of parent decreased by ¥13,142 million from the previous fiscal year to ¥28,282 million.

e) Financial position

Total assets as of February 28, 2026 were ¥1,141,567 million, down ¥22,580 million compared with February 28, 2025. Total liabilities were ¥713,544 million, a decrease of ¥27,367 million compared with February 28, 2025. Interest-bearing liabilities (including lease liabilities) were ¥336,675 million, down ¥26,903 million compared with February 28, 2025. Total equity was ¥428,022 million, an increase of ¥4,787 million compared with February 28, 2025. As a result, operating profit/total assets (ROA) was 4.3%, profit/shareholders' equity (ROE) was 6.9%, and the ratio of equity attributable to owners of parent to total assets was 36.4%.

f) Cash flows

Net cash provided by operating activities was ¥66,992 million. Net cash used in investing activities was ¥15,154 million, and net cash used in financing activities was ¥70,782 million.

As a result, the balance of cash and cash equivalents as of February 28, 2026, was ¥36,099 million, down ¥18,876 million compared with February 28, 2025.

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 business profit and sustainable improvement of the business profit margin by strengthening our core businesses and concentrating management resources on initiatives such as business field expansion and active development of new businesses.

The key financial indicators for the achievement of the Medium-term Business Plan are ROE for capital efficiency, consolidated business profit and ROIC for business profitability, free cash flow for profitability and safety, and equity ratio attributable to owners of the parent (equity ratio) for financial soundness.

(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 the Group funds by seeking needed funding through intra-Group financing using a cash management system.

In the current fiscal year, based on the above policy, the Company raised ¥30,000 million through the issuance of unsecured straight bonds (of which, ¥20,000 million were sustainability bonds). Meanwhile, with the repayment of ¥28,400 million in long-term borrowings and ¥15,000 million in short-term borrowings, our balance of interest-bearing liabilities (excluding lease liabilities) decreased by ¥13,500 million compared with February 28, 2025 to ¥176,500 million.

Details on risks associated with financing are mentioned in “II. Overview of Business, 3. Business risks.”

(Financial policy)

Financial policies under the “FY2024–FY2026 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

In FY2025, the second year of the “FY2024-FY2026 Medium-term Business Plan,” amid a highly uncertain business environment, our key strategies and other initiatives proved successful, driven by growth in our mainstay Department Store Business and SC Business. As a result of such growth and other factors, consolidated business profit increased to ¥50,500 million in FY2025 from ¥44,300 million in FY2023 (the final fiscal year of the previous Medium-term Business Plan).

Meanwhile, with respect to the earnings forecast for FY2026, the final fiscal year of the Medium-term Business Plan, the Company is poised to fall short of the targets set in the said plan, with consolidated business profit of ¥52,000 million and consolidated ROE in the 6% range, as duty-free sales are tracking below initial assumptions due to deteriorating Japan-China relations and other factors.

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

5. Critical contracts

<Consolidated subsidiaries>

Agreements relating to leases

Company name	Office name	Lessor	Leased property	Area (m^2)	Rent
Daimaru Matsuzakaya Department Stores Co. Ltd.	Daimaru Osaka Umeda store	JR West Station City Co., Ltd.	Building	53,570	Fixed portion of rent expenses ¥4,500 million per annum
	Daimaru Tokyo store	JR East Cross Station Co., Ltd.	Building	64,657	(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
The Hakata Daimaru, Inc.	Main Building	The Nishinippon Shimbun Building Inc. KAMIYO FUDOSAN CO. LTD "THE NISHINIPPON SHIMBUN CO.,LTD.	Building	31,258	¥1,266 million per annum
	East hall (ELLE GALA)	The Nishinippon Shimbun Building Inc. "THE NISHINIPPON SHIMBUN CO.,LTD.	Building	15,155	¥1,048 million per annum

6. 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 ¥26,471 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	32,470
SC Business	9,569
Developer Business	4,553
Payment and Finance Business	120
Other	1,284
Adjustments	(21,526)
Total	26,471

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

Major facilities completed during the current fiscal year included a project renovation work at the Matsuzakaya Nagoya store and renovation work at the Daimaru Kobe store in the Department Store Business. There were also acquisitions of assets in connection to Nagoya PARCO, Hiroshima PARCO, and other stores in the SC Business, and investment in store renovation and facility upgrades in the Developer Business.

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, 2026

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.	182	– [–]	176	54	413	243 [15]

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, 2026

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.	22,788	7,919 [11]	10,168	585	41,460	202 [77]
	Daimaru Osaka Umeda store (Kita-ku, Osaka)	Department Store Business	Store, etc.	676	– [–]	53,097	172	53,947	114 [87]
	Daimaru Tokyo store (Chiyoda-ku, Tokyo)	Department Store Business	Store, etc.	3,209	– [–]	7,719	253	11,181	115 [56]
	Daimaru Kyoto store (Shimogyo-ku, Kyoto)	Department Store Business	Store, etc.	9,245	8,759 [10]	1,727	63	19,795	206 [137]
	Daimaru Kobe store (Chuo-ku, Kobe)	Department Store Business	Store, etc.	7,748	1,693 [11]	8,287	200	17,929	238 [175]
	Daimaru Suma store (Suma-ku, Kobe)	Department Store Business	Store, etc.	1,162	– [–]	473	1	1,637	14 [2]
	Daimaru Ashiya store (Ashiya, Hyogo)	Department Store Business	Store, etc.	98	– [–]	742	24	866	10 [9]
	Daimaru Sapporo store (Chuo-ku, Sapporo)	Department Store Business	Store, etc.	7,131	12,696 [8]	79	71	19,979	159 [130]
	Daimaru Shimonoseki store (Shimonoseki, Yamaguchi)	Department Store Business	Store, etc.	–	1,302 [11]	4	0	1,307	46 [26]
	Matsuzakaya Nagoya store (Naka-ku, Nagoya)	Department Store Business	Store, etc.	17,533	65,919 [19]	24,190	302	107,946	450 [119]
	Matsuzakaya Ueno store (Taito-ku, Tokyo)	Department Store Business	Store, etc.	2,992	27,718 [7]	497	27	31,235	153 [45]
	Matsuzakaya Shizuoka store (Aoi-ku, Shizuoka)	Department Store Business	Store, etc.	1,813	6,380 [7]	42	55	8,292	58 [32]
	Matsuzakaya Takatsuki store (Takatsuki, Osaka)	Department Store Business	Store, etc.	954	3,738 [5]	1	33	4,727	11 [–]
	GINZA SIX (Chuo-ku, Tokyo)	Department Store Business	Store, etc.	11,806	82,660 [4]	302	277	95,047	1 [–]
	Head office/Others (Koto-ku, Tokyo, and other locations)	Department Store Business	Office, etc.	2,159	4,045 [37]	561	112	6,879	1,001 [160]
	Total	–	–	89,322	222,835 [135]	107,895	2,181	422,234	2,778 [1,055]

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.	5,124	7,068 [8]	2,868	492	15,553	210 [118]
Kochi Daimaru Co., Ltd.	Kochi Daimaru store (Kochi, Kochi)	Department Store Business	Store, etc.	827	414 [3]	287	69	1,598	47 [19]
PARCO CO., LTD.	Sapporo PARCO (Sapporo, Hokkaido)	SC Business	Store, etc.	1,267	5,011 [2]	639	109	7,028	20 [5]
	Sendai PARCO (Sendai, Miyagi)	SC Business	Store, etc.	7,923	4,261 [2]	5,265	293	17,744	19 [1]
	Urawa PARCO (Saitama, Saitama)	SC Business	Store, etc.	7,011	10,300 [7]	551	148	18,011	18 [2]
	Ikebukuro PARCO (Toshima-ku, Tokyo)	SC Business	Store, etc.	4,363	7,120 [1]	11,812	162	23,458	25 [5]
	Shibuya PARCO (Shibuya-ku, Tokyo)	SC Business	Store, etc.	15,580	34,948 [3]	1,550	605	52,684	27 [1]
	PARCO_ya Ueno (Taito-ku, Tokyo)	SC Business	Store, etc.	737	– [–]	4,856	38	5,632	9 [2]
	Kinshicho PARCO (Sumida-ku, Tokyo)	SC Business	Store, etc.	1,418	– [–]	7,847	50	9,316	– [–]
	Kichijoji PARCO (Musashino, Tokyo)	SC Business	Store, etc.	1,367	– [–]	2,948	44	4,360	11 [3]
	Chofu PARCO (Chofu, Tokyo)	SC Business	Store, etc.	3,098	8,029 [4]	786	191	12,105	16 [4]
	Hibarigaoka PARCO (Nishi-Tokyo, Tokyo)	SC Business	Store, etc.	312	– [–]	803	40	1,156	– [–]
	Shizuoka PARCO (Shizuoka, Shizuoka)	SC Business	Store, etc.	–	– [–]	3	–	3	10 [1]
	Nagoya PARCO (Nagoya, Aichi)	SC Business	Store, etc.	5,502	6,519 [3]	7,188	215	19,426	34 [10]
	Shinsaibashi PARCO (Osaka, Osaka)	SC Business	Store, etc.	11,072	21,309 [4]	369	231	32,982	19 [2]
	Hiroshima PARCO (Hiroshima, Hiroshima)	SC Business	Store, etc.	2,889	6,031 [2]	1,500	178	10,600	18 [3]
	Fukuoka PARCO (Fukuoka, Fukuoka)	SC Business	Store, etc.	3,261	23,633 [3]	230	14	27,140	14 [1]
	Head office/Others (Shibuya-ku, Tokyo, and other locations)	SC Business	Office, etc.	1,292	2,200 [3]	2,319	333	6,145	260 [53]
	Total	–	–	67,100	129,365 [40]	48,674	2,656	247,796	500 [93]
J. FRONT CITY DEVELOPMENT Co., Ltd.	Ueno Frontier Tower (Taito-ku, Tokyo)	Developer Business	Multi-tenant building	9,437	15,812 [2]	254	10	25,514	– [–]
	Other (Shibuya-ku, Tokyo, and other locations)	Developer Business	Commercial buildings, rental properties, etc.	9,268	37,896 [17]	11,453	92	58,710	74 [7]
	Total	–	–	18,705	53,708 [20]	11,707	103	84,225	74 [7]

Notes: 1. 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. Of the major facilities, the ones rented from external sources are listed in “Agreements relating to leases” under “5. Critical contracts” 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)			
Daimaru Matsuzakaya Department Stores Co. Ltd.	Daimaru Kyoto store, etc. (Shimogyo-ku, Kyoto)	Department Store Business	Sales floor renovation, etc.	12,254	3,188	Funds on hand and borrowings	March 2026	February 2027
J. FRONT CITY DEVELOPMENT Co., Ltd.	The Landmark Nagoya Sakae (Naka-ku, Nagoya)	Developer Business	Multi-tenant building	12,725	6,020	Funds on hand and borrowings	October 2018	June 2026
J. FRONT CITY DEVELOPMENT Co., Ltd.	QUARTZ SHINSAIBASHI (Chuo-ku, Osaka)	Developer Business	Multi-tenant building	1,464	1,359	Funds on hand and borrowings	December 2022	April 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, 2026)	Number of issued shares as of filing date (Shares) (As of May 26, 2026)	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, 2026

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)	–	35	27	1,000	303	223	160,735	162,323	–
Number of shares held (Units)	–	856,842	209,792	133,409	609,238	442	890,456	2,700,179	547,864
Shareholding ratio (%)	–	31.73	7.77	4.94	22.56	0.02	32.98	100.00	–

Notes: 1. The 20,316,343 treasury shares include 203,163 share units under "Individuals and others" and 43 shares under "Shares less than one unit." In addition, the 20,316,343 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, 2026

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)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	38,805	15.51
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	19,197	7.67
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	9,828	3.93
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	6,311	2.52
J. Front Retailing Kyoei Supplier Shareholding Association	Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo	6,110	2.44
Mizuho Securities Co., Ltd.	1-5-1 Otemachi, Chiyoda-ku, Tokyo	5,197	2.08
J.P. Morgan Securities plc (Standing proxy: JPMorgan Securities Japan Co., Ltd.)	London, 25 Bank Street, Canary Wharf, E14 5JP, United Kingdom Tokyo Building, 2-7-3 Marunouchi, Chiyoda-ku, Tokyo	3,802	1.52
JP JPMSE LUX RE MACQUARIE BANK LTD LONDON EQ CO (Standing proxy: MUFG Bank, Ltd.)	LEVEL 6, 50 MARTIN PLACE, SYDNEY, AUSTRALIA, 2000 Transaction Services Division, 1-4-5 Marunouchi, Chiyoda-ku, Tokyo	3,749	1.50
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo	3,555	1.42
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo	3,467	1.39
Total	–	100,026	39.97

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 20,316,000 treasury shares (the percentage of the number of treasury shares owned to the total number of issued shares is 7.5%), 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, 2026

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 20,316,300	–	–
Shares with full voting rights (Other)	Ordinary shares 249,701,600	2,497,016	–
Shares less than one unit	Ordinary shares 547,864	–	–
Total number of issued shares	270,565,764	–	–
Total number of voting rights	–	2,497,016	–

Notes: 1. Figures under "Shares with full voting rights (Other)" include 1,835,600 shares of the Company held by the officer remuneration BIP trust (18,356 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 43 treasury shares held by the Company and 93 treasury shares held by the officer remuneration BIP trust.

(ii) Treasury shares, etc.

As of February 28, 2026

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	20,316,300	–	20,316,300	7.50
Total	–	20,316,300	–	20,316,300	7.50

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

At the Remuneration Committee meeting held in April 2024, the Company resolved to continue its stock-based remuneration system utilizing share distribution trusts (hereinafter, the "System") for officers of the Company and major subsidiaries within the Group.

As part of the continuation of the System, the trust periods for the following two existing share distribution trusts will be extended by three years, and additional monetary contributions will be made to continue using them as share distribution trusts under the System.

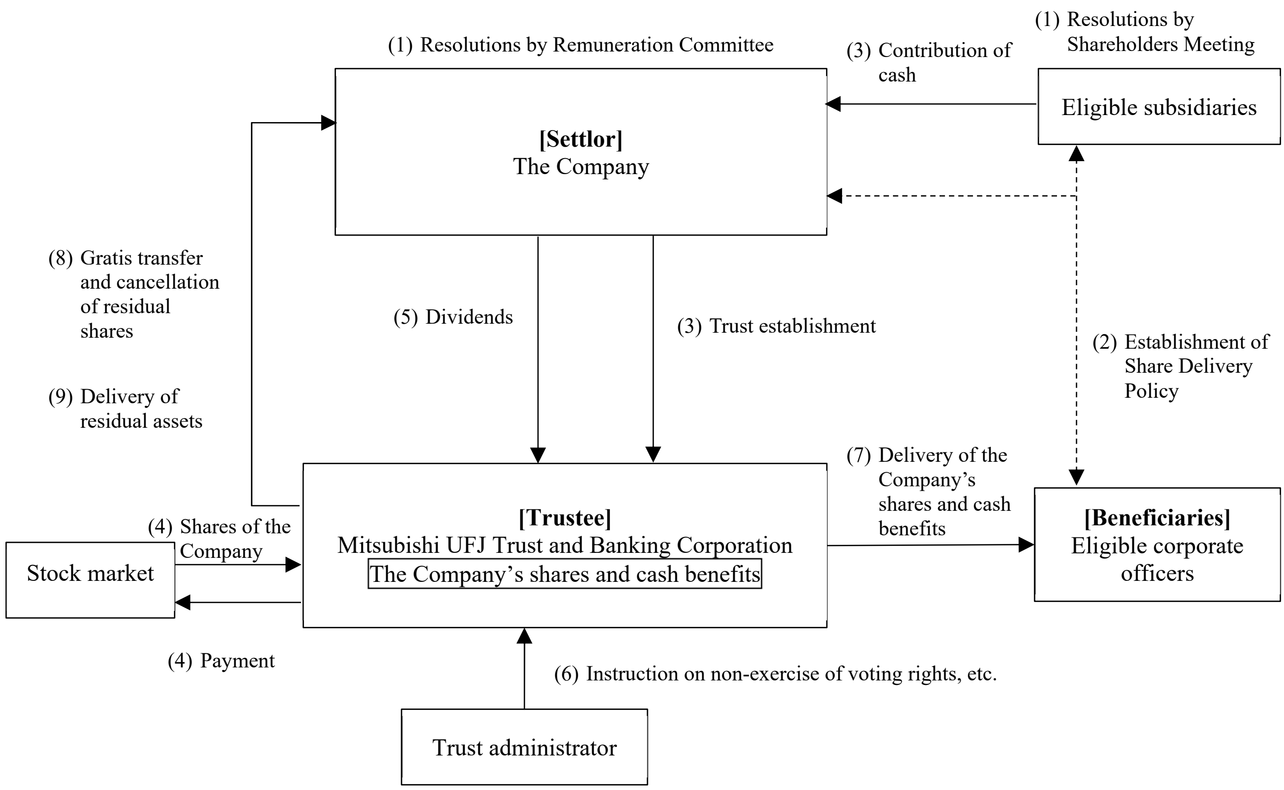
(i) The beneficiaries of Trust I shall be the Executive Officers of the Company; the Directors and Corporate/Executive Officers of Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO CO., LTD.; and the Representative Directors of J. FRONT CITY DEVELOPMENT Co., Ltd., JFR Card Co., Ltd., and J. Front Design & Construction Co., Ltd. Under this scheme, shares of the Company will be granted as performance-linked stock-based remuneration with the aim of achieving sustainable growth of the Group and enhancing its corporate value over the medium to long term (hereinafter "Trust I").

(ii) The beneficiaries of Trust II shall be the Non-executive Directors of the Company (comprising independent Outside Directors and internal Non-executive Directors; hereinafter collectively the "Non-executive Directors"). Shares of the Company will be granted through a non-performance-linked method with the aim of involving these Directors, from their position as stakeholder representatives separate from execution, in medium- to long-term management, thereby strengthening both the offensive and defensive aspects of governance (hereinafter "Trust II").

2) Overview of the trust agreement

	(Reference) "Trust I"	"Trust II"
(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, Directors and Corporate/Executive Officers of Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO CO., LTD., and the Representative Directors of J. FRONT CITY DEVELOPMENT Co., Ltd., JFR Card 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
(iii) Settlor:	The Company	
(iv) Trustee:	Mitsubishi UFJ Trust and Banking Corporation (Joint Trustee: The Master Trust Bank of Japan, Ltd.)	
(v) Beneficiaries:	Executive Officers of the Company, Directors and Corporate/Executive Officers of Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO CO., LTD., and the Representative Directors of J. FRONT CITY DEVELOPMENT Co., Ltd., JFR Card 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
(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 April 18, 2024)	
(viii) Trust period:	July 14, 2017, to August 31, 2024 (Extension until August 31, 2027, due to amendment of trust agreement on April 18, 2024)	
(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 (iii) of the Companies Act and 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

Acquisition based on the provisions of Article 459, paragraph (1) of the Companies Act

Category	Number of shares (Shares)	Total value (Yen)
Status of resolution at Board of Directors meeting (April 14, 2025) (Purchase period: From April 15, 2025 to August 29, 2025)	11,500,000	15,000,000,000
Treasury shares acquired prior to the current fiscal year	–	–
Treasury shares acquired during the current fiscal year	7,988,500	14,999,904,056
Total number and value of remaining resolution shares	–	–
Percentage of unexercised shares as of the end of the current fiscal year (%)	–	–
Treasury shares acquired during the period from March 1, 2026, to the filing date of this Annual Securities Report	–	–
Percentage of unexercised shares as of the filing date (%)	30.53	–

Category	Number of shares (Shares)	Total value (Yen)
Status of resolution at Board of Directors meeting (April 14, 2026) (Purchase period: From April 15, 2026 to June 26, 2026)	5,000,000	10,000,000,000
Treasury shares acquired prior to the current fiscal year	–	–
Treasury shares acquired during the current fiscal year	–	–
Total number and value of remaining resolution shares	–	–
Percentage of unexercised shares as of the end of the current fiscal year (%)	–	–
Treasury shares acquired during the period from March 1, 2026, to the filing date of this Annual Securities Report	1,335,800	3,208,240,818
Percentage of unexercised shares as of the filing date (%)	73.28	67.92

Note: The figure for treasury shares acquired during the period from March 1, 2026, to the filing date of this Annual Securities Report does not include the number of shares acquired during the period from May 1, 2026, until the filing date of this Annual Securities 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	4,542	9,904,210
Treasury shares acquired during the period from March 1, 2026, to the filing date of this Annual Securities Report	527	1,293,462

Note: The figure for treasury shares acquired during the period from March 1, 2026, 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, 2026, 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, 2026		From March 1, 2026, 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)	–	–	–	–
Treasury shares held	20,316,343	–	21,652,670	–

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, 2026, until the filing date of this Annual Securities Report.

3. Dividend policy

The Company's basic policy is to maintain and enhance its sound financial standing while appropriately returning profits by providing stable dividends and enlisting a flexible and agile approach to purchasing its treasury shares in a manner that involves taking profit levels, future capital investment, free cash flow trends and other such factors into consideration.

In accordance with this policy, during the period of the current Medium-term Business Plan (FY2024–FY2026), the Company aims to optimize the amount of equity by maintaining a consolidated dividend payout ratio of 40% or more and conducting purchases of treasury shares.

With respect to internal reserves, the Company intends to enhance corporate value by using them for such purposes as investing in store refurbishments to further strengthen the retail business (Department Store Business and SC Business), upfront investment in the Developer Business to realize Group synergies, and growth investment.

The Company has paid an annual dividend of ¥54 per share for the current fiscal year, comprising an interim dividend of ¥27 per share and a year-end dividend of ¥27 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 14, 2025 Resolution of the Board of Directors	6,756	27.00
April 27, 2026 Resolution of the Board of Directors	6,756	27.00

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 Plan 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 five supervisory units (Management Strategy Unit, Financial Strategy Unit, Human Resources Strategy Unit, CRE Strategy Unit, IT Digital Unit) and one promotion division (Business Promotion Division) 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 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 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 Annual Management Plan, 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 ten (10) (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.

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.

Outside Director	KOIDE Hiroko (Chairperson of the Board of Directors)
Outside Director	YAGO Natsunosuke
Outside Director	HAKODA Junya
Outside Director	SEKI Tadayuki
Outside Director	OMURA Emi
Outside Director	YAMADA Yoshihito
Outside Director	SAITO Kazuhiro
Director	YOSHIMOTO Tatsuya
Director	HAMADA Kazuko
Director	ONO Keiichi

Note: Outside Director UCHIDA Akira and Director WAKABAYASHI Hayato retired at the conclusion of the 18th Annual Shareholders Meeting held on May 29, 2025, upon the expiration of their terms of office.

In FY2025 (from March 2025 to February 2026), the Board of Directors held 14 meetings. The attendance rate of Directors was 100%. (The average duration of each meeting was 2 hours and 10 minutes.)

Main Agenda Items for FY2025 (from March 2025 to February 2026)

- Group human resources strategy
- Group long-term strategy
- Progress report on the Medium-term Business Plan
- Report on the evaluation of effectiveness of the Board of Directors
- JFR Group FY2026 Plan, etc.

Skill Matrix of the Board of Directors

The Company's Board of Directors, with up to 11 members as stipulated in the Articles of Incorporation and a one-year term of office, is structured to ensure the separation of supervisory and executive functions and effective discussions at board meetings. A majority of the board members are independent Outside Directors, with no potential conflicts of interest with shareholders. The Company ensures diversity, including gender diversity, while maintaining a balanced mix of the knowledge, experience, and abilities required of the board as a whole. The combination of skills possessed by Directors is disclosed in the form of a skill matrix.

Name	**Expected skills of Director**								
	Corporate management	**Finance & accounting**	**Marketing**	**Human resource & organization development**	**Legal affairs & compliance**	**IT & digital**	**E: Environ-ment**	**S: Society**	**G: Governance**
KOIDE Hiroko	○		○	○					○
YAGO Natsunosuke	○						○		○
HAKODA Junya	○	○							○
SEKI Tadayuki		○			○			○	○
OMURA Emi					○	○		○	○
YAMADA Yoshihito	○		○	○					○
SAITO Kazuhiro	○	○	○				○		○
YOSHIMOTO Tatsuya	○		○				○		○
HAMADA Kazuko				○				○	○
ONO Keiichi	○		○				○		○

i Corporate management: Management experience as well as knowledge and experience related to corporate management, such as strategy planning towards enhancement of corporate value, and method for identifying issues for formulating the medium-term business plan.

ii Finance & accounting: A wide range of knowledge and experience related to finance and accounting, such as enhancement of corporate value through establishment of a solid financial base and financial strategy planning that factors in the cost of capital.

iii Marketing: Knowledge and experience in activities that bring about customer satisfaction and continuous enhancement of corporate value through identifying customers' problems and creating products and services to solve them, communicating effectively, and providing added value.

iv Human resource & organization development: Knowledge and experience in human capital management that brings out individuality and abilities of diverse employees and induces new value creation.

v Legal affairs & compliance: Advanced and specialized knowledge of corporate legal affairs and knowledge and experience in promoting compliance management, as lawful and appropriate corporate management forms the foundation for sustainable enhancement of corporate value.

vi IT & digital: Knowledge and experience for overseeing ICT support and new business development from the customer’s perspective and with a good grasp of the latest IT trends, with aim to promote digital transformation of existing businesses.

vii Environment: Knowledge and experience in appropriately overseeing business activities conscious of solving environmental issues and JFR Group’s “environmental coexistence” efforts, such as environmental plans including setting of the medium- to long-term targets.

viii Society: Knowledge and experience in appropriately overseeing JFR Group’s efforts towards “co-prosperity with communities” and realization of a sustainable society.

ix Governance: Knowledge and experience in corporate governance for improving the effectiveness of the oversight function of the Board of Directors, in order to establish an appropriate governance system as the foundation for sustainable enhancement of corporate value.

Evaluation of Effectiveness of the Board of Directors

Since 2015, the Company performs an annual third-party evaluation of the effectiveness of the Board of Directors.

Evaluation Items

Approximately 40 items including 1) Contribution of the Board of Directors to the overall Group, 2) Composition of the Board of Directors, 3) Operational status, 4) Content of discussions, and 5) Effectiveness of the activities of the Nomination, Remuneration, and Audit Committees.

Evaluation Method

Based on a preliminary questionnaire, a third party organization conducted individual interviews (Note) and the results were compiled and analyzed in a report, which was then discussed at the Board of Directors meeting.

Note: Individual interviews

Based on the results of the questionnaire, a third party organization conducted individual interviews of approximately one hour with each member of the Board of Directors (both internal and external), to hear their thoughts on and awareness regarding various questions related to the Board of Directors. The Board of Directors uses the results of the interviews to resolve issues.

Evaluation Results and Initiatives to Address Issues

The Company conducted its eleventh evaluation of the effectiveness of the Board of Directors between November and December 2025. Based on the results of the prior questionnaires given to all Directors, a third-party organization conducted individual interviews, and those details were discussed at a meeting of the Board of Directors held in February.

As a result of the effectiveness evaluation, it was confirmed that among the issues raised in the previous fiscal year, “reviewing agenda items and submission criteria,” “enhancing the operation of the Board of Directors,” and “strengthening of the audit function” had been addressed to a reasonable extent. On the other hand, the evaluation for FY2025 led to the raising of further issues that included “articulating roles of the holding company and its Board of Directors” and “thorough preparation and analysis in preparation for discussions of growth strategy.”

In response to this, approaches for resolving these issues were again discussed at a meeting of the Board of Directors held in March, which led to a concrete plan of action that has also been reflected in the annual agenda for the Board of Directors in FY2026.

We will continue to strive to share issues based on the evaluation of the effectiveness of the Board of Directors and substantively improve the effectiveness of the Board of Directors.

B. Three Committees

(Nomination Committee)

The Nomination Committee is composed of three (3) 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 objectivity, transparency and rationality.

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 Representative Executive Officers, Executive Officers, Chairperson of Board of Directors, as well as the chairpersons and members of individual statutory committees and other matters.

Members:

Outside Director	YAGO Natsunosuke (Chairperson of Nomination Committee)
Outside Director	KOIDE Hiroko
Outside Director	YAMADA Yoshihito
Director	YOSHIMOTO Tatsuya

In FY2025 (from March 2025 to February 2026), 11 Nomination Committee meetings were held. The attendance rate of members was 100%. (The average duration of each meeting was 1 hour and 8 minutes.)

Main Agenda Items for FY2025 (from March 2025 to February 2026)

- Succession plan (2 times)
- Director structure, independent Outside Director structure (7 times)
- Confirmation of the skill matrix
- Selection of candidates for Director (1 time)
- Candidates for Executive Officers and Representative Executive Officers to be proposed to the Board of Directors (6 times)
- Candidates for Chairperson of the Board of Directors and committee chairpersons and members to be proposed to the Board of Directors (2 times)

(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 but familiar with internal operations, aimed at maintaining and enhancing audit quality. 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. The committee also audits the development and operation of internal control systems and prepares audit reports.

Members:

Outside Director	HAKODA Junya (Chairperson of Audit Committee)
Outside Director	SEKI Tadayuki
Outside Director	OMURA Emi
Outside Director	SAITO Kazuhiro
Director	HAMADA Kazuko

In FY2025 (from March 2025 to February 2026), 24 Audit Committee meetings were held. The attendance rate of members was 99.1%. (The average duration of each meeting was 1 hour and 30 minutes.)

Main Agenda Items for FY2025 (from March 2025 to February 2026)

- Reports from the Internal Audit Division (11 times)
- Reports from the Compliance Committee (4 times)
- Audit reports from corporate auditors of Group companies (April and October)
- Evaluation of Accounting Auditor (1 time)

In addition, the Audit Committee monitors and verifies the execution of duties by the Accounting Auditor to ensure the reliability of financial information, and determines the content of proposals regarding the appointment and dismissal of the Accounting Auditor to be submitted to the Shareholders Meeting.

Main Coordination Between the Audit Committee and the Accounting Auditor

- Audit report for FY2024 by the Accounting Auditor (April)
- Feedback related to the evaluation of Accounting Auditor (May)
- Report on the audit and interim review plan for the 19th fiscal year (June)
- Management letter report for FY2024 (June)
- Interim review reports by the Accounting Auditor (October), and interim audit progress reports (July and January)

Notes: 1. Throughout the fiscal year, whenever there were revisions to the audit plan, reports were received at the time of each report.

2. We also confirmed the appropriateness and consistency of information disclosures related to KAM (Key Audit Matters).

(Remuneration Committee)

The Remuneration Committee is composed of three (3) 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 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 eligible officers of major subsidiaries of the Group and determines the contents themselves of individual remuneration for Directors and Executive Officers of the Company.

Members:

Outside Director	YAGO Natsunosuke (Chairperson of Remuneration Committee)
Outside Director	KOIDE Hiroko
Outside Director	YAMADA Yoshihito
Director	YOSHIMOTO Tatsuya

In FY2025 (from March 2025 to February 2026), eight Remuneration Committee meetings were held. The attendance rate of members was 100%. (The average duration of each meeting was 1 hour.)

Main Agenda Items for FY2025 (from March 2025 to February 2026)

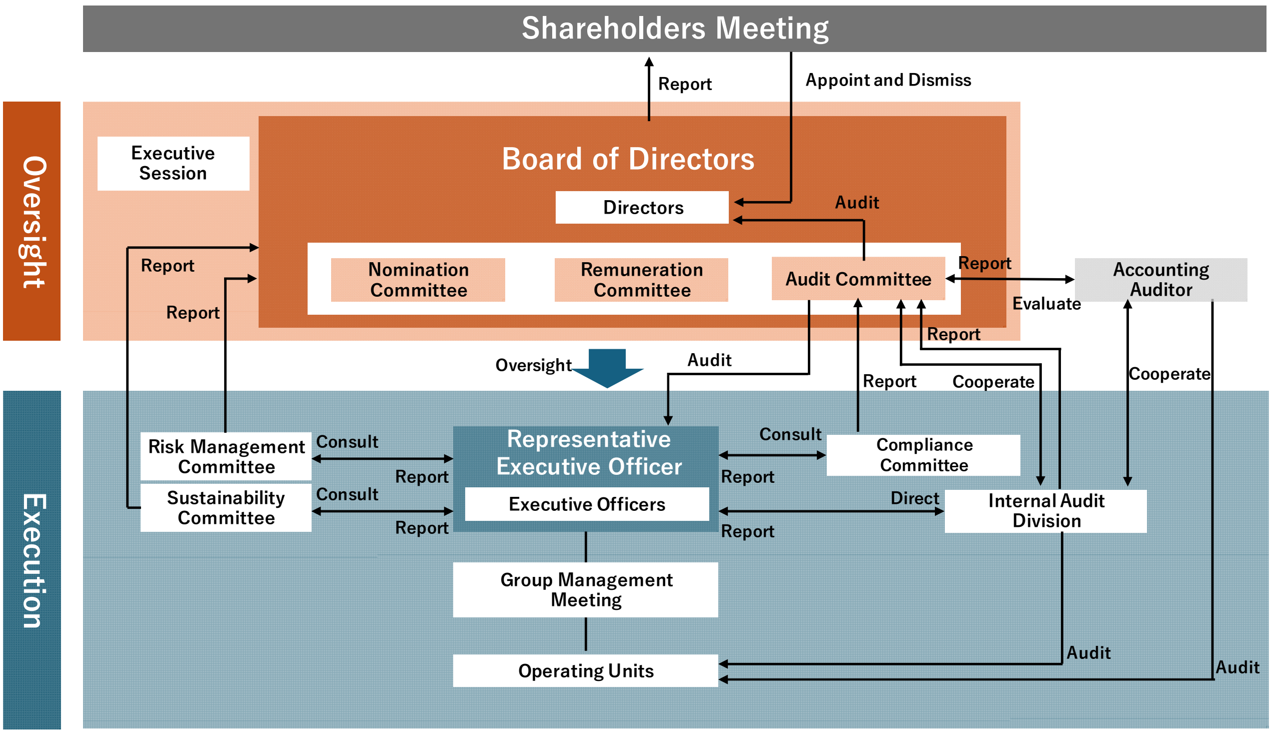
- Review of officer remuneration system (3 times)
- Verification of officer remuneration levels and composition using external data
- Officers evaluation results, bonuses for officers (5 times)
- Performance-linked factors and awarded points for stock-based remuneration for officers (3 times)
- Individual officer remuneration amounts (3 times)

As of the end of February 2026, the status of meetings of the Board of Directors and the three statutory committees for FY2025 (from March 2025 to February 2026), as well as the attendance status of each Director, are as follows.

	Board of Directors	Nomination Committee	Audit Committee	Remuneration Committee
KOIDE Hiroko*	◎100% (14/14)	100% (11/11)	–	100% (8/8)
YAGO Natsunosuke*	100% (14/14)	◎100% (11/11)	–	◎100% (8/8)
HAKODA Junya*	100% (14/14)	–	◎100% (24/24)	–
SEKI Tadayuki*	100% (14/14)	–	95.8% (23/24)	–
OMURA Emi*	100% (14/14)	–	100% (24/24)	–
YAMADA Yoshihito*	100% (11/11)	100% (8/8)	–	100% (5/5)
SAITO Kazuhiro*	100% (11/11)	–	100% (17/17)	–
YOSHIMOTO Tatsuya	100% (14/14)	100% (11/11)	–	100% (8/8)
HAMADA Kazuko	100% (14/14)	–	100% (24/24)	–
ONO Keiichi	100% (14/14)	–	–	–

Notes:
1 The figures in ( ) indicate the number of meetings attended / number of meetings held during tenure.
2 ◎ indicates Chairperson of the Board or of a committee.
3 * indicates independent Outside Director.
4 YAMADA Yoshihito and SAITO Kazuhiro are listed based on meetings of the Board and committees held after their appointment as Directors (May 2025).

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 deliberate and resolve on matters prescribed by the Companies Act or the Articles of Incorporation, as well as matters related to the Group Vision, Sustainability Policy, Group Medium-term Business Plan, Group Annual Management Plan, and new business development and M&A. The items subject to resolution are specified in advance in the rules of the Board of Directors. In order to speed up business decisions and execution, the task of determining matters involving business execution other than the above shall be delegated to execution, with the exception of matters which have a material impact on the Group management.

Regarding 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 system, the Company shall establish the Risk Management Committee chaired by the President and Representative Executive Officer, with members comprising the Company's Executive Officers and Presidents of major operating subsidiaries. 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 chaired by the President and Representative Executive Officer, with members comprising Senior Executive General Managers of supervising units, Senior General Managers of promotion divisions, individuals appointed by the chairperson to represent each business segment, and corporate lawyers. 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 direction of the President and Representative Executive Officer. In accordance with internal audit rules and under the direction of the President and Representative Executive Officer, the internal audit department shall audit the operations of the Company and operating subsidiaries or 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 to support 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 to ensure independence.

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 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

The composition of the Company's officers as of May 26, 2026 (as of the filing date of the Annual Securities Report is as follows.

Officers include 21 males and 6 females. (Percentage of female officers: 22.22%)

(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	KOIDE Hiroko	August 10, 1957	September 1986	Joined J. Walter Thompson Japan K.K. (present Wunderman Thompson Tokyo G.K.)	(Note 2)	4
			May 1993	Joined Nippon Lever K.K. (present Unilever Japan K.K.)		
			April 2001	Director		
			April 2006	General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited)		
			April 2008	Chief Operating Officer		
			November 2010	President and Representative Director of Parfums Christian Dior Japon K.K.		
			January 2013	Outside Director of Kirin Co., Ltd.		
			April 2013	Senior Vice President of Global Marketing of Newell Rubbermaid Inc. (U.S.) (present Newell Brands Inc.)		
			June 2016	Outside Director of Mitsubishi Electric Corporation		
			April 2018	Director of Vicela Japan Co., Ltd.		
			June 2019	Outside Director of Honda Motor Co., Ltd		
				Outside Director of J-OIL MILLS, Inc.		
			May 2021	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			May 2024	Chairperson of Board of Directors (present)		
			June 2024	External Member of the Board of TAISEI CORPORATION (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)	10
			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		
			March 2019	Retired from the office of Chairman & Director of EBARA CORPORATION		
			June 2019	Outside Director of SUBARU CORPORATION		
			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)	4
			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 Aarata Audit Corporation/Partner of PricewaterhouseCoopers (present PricewaterhouseCoopers Japan LLC)		
			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		
			June 2015	Outside Corporate Auditor of Yamaha Corporation		
				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		
			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		

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)	5
			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.)		
			April 2017	Advisory Member of ITOCHU Corporation (present)		
			June 2017	Outside Director of JSR Corporation		
			July 2017	Outside Statutory Auditor of Asahi Mutual Life Insurance Company		
			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	OMURA Emi	September 2, 1976	October 2002	Registered as attorney at law Joined Iwasaki & Motoyama	(Note 2)	0
			March 2007	Registered as attorney at law of New York State, U.S.A.		
			July 2008	Partner of Athena Law Office		
			September 2010	Associate Expert, International Labour Standards Department, International Labour Organization in Geneva, Switzerland		
			September 2013	Partner of Athena Law Office		
			January 2014	Director, Office of International Affairs, Japan Federation of Bar Associations		
			September 2014	Outside Director of Digital Garage, Inc.		
			June 2019	Counsel of Kamiyacho International Law Office		
			April 2021	Counsel of CLS HIBIYA TOKYO LAW OFFICE		
			November 2021	Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc.		
			January 2022	Partner of CLS HIBIYA TOKYO LAW OFFICE (present)		
			December 2022	External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD. (present)		
			June 2023	Auditor of Japan Association for Women’s Education (present)		
			May 2024	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			May 2025	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	YAMADA Yoshihito	November 30, 1961	April 1984	Joined Tateishi Electric Corporation (present OMRON Corporation)	(Note 2)	0
			June 2008	Executive Officer of OMRON Corporation and President and CEO of OMRON HEALTHCARE Co., Ltd.		
			March 2010	Senior General Manager, Corporate Strategic Planning H.Q. of OMRON Corporation		
			June 2010	Managing Executive Officer		
			June 2011	Representative Director and President		
			June 2013	Representative Director, President & CEO		
			June 2023	Chairman of the Board (present)		
				Outside Director of NEC Corporation (present)		
			May 2025	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			June 2025	Outside Director of Mitsubishi UFJ Securities Holdings Co., Ltd. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	SAITO Kazuhiro	October 31, 1956	April 1979	Joined Suntory Limited	(Note 2)	0
			January 1999	Senior General Manager, Beverage & Food Division		
			September 2005	Deputy Division Chief Operating Officer, Beverage & Food Division		
			April 2009	Executive Officer of Suntory Holdings Limited and Managing Director of Suntory Beverage & Food Limited		
			January 2011	Executive Vice President and Chief Operating Officer, Chinese Beverage & Food Division of Suntory (China) Holding Co., Ltd. and Chair and President of Suntory (Shanghai) Food Trading Co., Ltd.		
			April 2014	President and Chief Operating Officer, Chinese Beer & Huangjiu Division of Suntory (China) Holding Co., Ltd.		
			April 2015	Managing Executive Officer and in charge of Corporate Planning Division, Chief Operating Officer, Finance & Accounting Division of Suntory Beverage & Food Limited		
			April 2016	Full-time Advisor of Suntory Beverage & Food Limited and Chief Executive Officer of Suntory Beverage & Food Asia Pte. Ltd.		
			April 2019	Representative Director, President & Chief Executive Officer of Suntory Beverage & Food Limited		
			April 2023	Chair of ad-comm Co., Ltd.		
			May 2025	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			June 2025	Outside Director of Marusan Securities Co., Ltd. (present)		
			March 2026	Independent Outside Director (Member of the Audit Committee) of KOKUYO 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)	159
			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	President and Representative Executive Officer		
			March 2023	President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit		
			March 2024	Executive Officer of J. FRONT RETAILING Co., Ltd.		
Director	HAMADA Kazuko	September 6, 1962	April 1985	Joined PARCO CO., LTD.	(Note 2)	4
			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	ONO Keiichi	August 2, 1975	April 1998	Joined The Daimaru, Inc.	(Note 2)	33
			April 2007	Planning Office for New Umeda Store, Department Store Business Division, Head Office		
			September 2010	In charge of Sales Promotion and Advertising of Business Promotion Division of Daimaru Umeda Store, Daimaru Matsuzakaya Department Stores Co. Ltd.		
			November 2012	Store Planning Department, Head Office of PARCO CO., LTD.		
			November 2013	In charge of Inbound Business of Sales Planning Unit of Sales & Marketing Headquarters, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2015	General Manager of Inbound Business, Merchandising and Channel Development Division, Head Office		
			September 2016	General Manager of Business Promotion Division of Daimaru Kyoto Store		
			March 2018	Executive Officer of J. FRONT RETAILING Co., Ltd. and President and Representative Director of Dimples' Co., Ltd.		
			October 2020	Senior General Manager of Structural Reform Promotion Division, Financial Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			March 2022	Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management of J. FRONT RETAILING Co., Ltd.		
			May 2022	Director of PARCO CO., LTD.		
			March 2024	President and Representative Executive Officer (present) and Senior Executive General Manager of CRE Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			May 2024	Director (present)		
Total						221

Notes:
1. Directors KOIDE Hiroko, YAGO Natsunosuke, HAKODA Junya, SEKI Tadayuki, OMURA Emi, YAMADA Yoshihito, and SAITO Kazuhiro 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, 2025, to the conclusion of the Annual Shareholders Meeting for the fiscal year ended February 28, 2026.
3. Director HAMADA Kazuko is recorded under the name of HIMENO Kazuko in the Family Registry.

(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	ONO Keiichi	August 2, 1975	(Note 1)		(Note 2)	33
Managing Executive Officer Senior Executive General Manager of Management Strategy Unit	TANAKA Tomoaki	May 18, 1974	April 1998	Joined The Daimaru, Inc.	(Note 2)	8
			March 2016	General Manager of No. 2 Sales Department, Daimaru Tokyo store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			February 2017	General Manager of Business Promotion Division of Daimaru Sapporo store		
			March 2019	General Manager of Business Promotion Division of Daimaru Kobe store		
			March 2021	General Manager of Business Promotion Division of Daimaru Tokyo store		
			March 2023	Corporate Officer, Executive Store Manager in charge of Administration of Daimaru Tokyo store		
			March 2024	Managing Executive Officer, General Manager of Corporate Strategy Planning Headquarters and in charge of Risk Management and Administration		
			March 2026	Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit, Senior General Manager of Fukuoka Tenjin Area Development Promotion Division, and in charge of Risk Management 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)
Managing Executive Officer Senior Executive General Manager of Financial Strategy Unit and CRE Strategy Unit	NAGAMINE Takamasa	July 3, 1975	April 1998	Joined SUMITOMO CORPORATION	(Note 2)	1
			June 2005	Sumitomo Corporation (China) Holding Ltd.		
			October 2021	Vice President of Financial Department of Sumitomo Corporation of Americas		
			June 2022	Vice President & Treasurer		
			October 2023	Joined Raysum Co., Ltd., Executive General Manager of President Office		
			October 2024	Joined J. FRONT RETAILING Co., Ltd., Dedicated Senior General Manager of Financing and Finance Policy Division of Financial Strategy Unit		
			March 2025	Executive Officer, Senior Executive General Manager of Financial Strategy Unit		
			May 2025	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)		
			September 2025	Senior Executive General Manager of CRE Strategy Unit of Financial Strategy Unit of J. FRONT RETAILING Co., Ltd. (present)		
			March 2026	Managing Executive Officer, Senior Executive General Manager of Financial Strategy Unit (present) Managing Executive Officer and Senior Executive General Manager of Finance Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) Managing Executive Officer for Corporate Headquarters, Head of Financial Policy Department 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	SHIBATA Takeshi	June 26, 1968	April 1991	Joined Sony Corporation	(Note 2)	1
			October 2010	General Manager in charge of Group Human Resources Department		
			November 2011	Senior Executive General Manager of Human Resources Planning Department, Human Resources Division		
			April 2016	Senior General Manager of Group Human Resources Department of Sony Corporation (present Sony Group Corporation)		
			April 2019	Director and Senior Vice President (in charge of Human Resources and General Affairs) of Sony Interactive Entertainment Inc.		
			November 2024	Joined J. FRONT RETAILING Co., Ltd., Dedicated Senior General Manager of Human Resources Strategy Unit		
			March 2025	Managing Executive Officer, Senior Executive General Manager of Human Resources Strategy Unit (present)		
			May 2025	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) Director of PARCO CO., LTD. (present)		
			March 2026	Managing Executive Officer, and Senior Executive General Manager of Human Resources Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) Managing Executive Officer for Corporate Headquarters, Head of HR Department 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 IT Digital Unit	OZAWA Toshihiro	April 3, 1965	April 1990	Joined NTT Data Communications Systems Corporation (present NTT DATA CORPORATION)	(Note 2)	–
			August 2000	Joined CIS Corporation		
			October 2005	Joined SANYO Electric Co., Ltd.		
			January 2008	Joined Intelligence, Ltd. (present PERSOL CAREER CO., LTD.)		
			December 2008	Representative Director of Intelligence Business Solutions, Ltd. (present PERSOL PROCESS & TECHNOLOGY CO., LTD.)		
			July 2011	Director and Managing Executive Officer of Intelligence, Ltd. (present PERSOL CAREER CO., LTD.)		
			June 2016	Director, Executive Officer of Temp Holdings Co., Ltd. (present PERSOL HOLDINGS CO., LTD.)		
			April 2019	Outside Director of Sun* Inc. (Audit and Supervisory Committee Member) (present)		
			June 2019	Director (Full-time Audit and Supervisory Committee Member) of PERSOL HOLDINGS CO., LTD.		
			July 2021	Joined Fine Today Shiseido Co., Ltd. (present FineToday Co., Ltd.) Senior Executive Officer, CIO General Manager, IT Division		
			January 2026	Joined J. FRONT RETAILING Co., Ltd.		
			March 2026	Managing Executive Officer, Senior Executive General Manager of IT Digital Unit (present) Managing Executive Officer and Senior Executive General Manager of IT Digital Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) Managing Executive Officer for Corporate Headquarters, Head of IT Department 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	HAYASHI Kenichi	September 1, 1960	April 1983 February 2007 March 2009 March 2011 March 2013 September 2015 January 2016 March 2017 May 2018 August 2018 January 2021 March 2024	Joined The Daimaru, Inc. General Manager of Men's Wear & Accessory Division of Daimaru Kyoto store General Manager of Men's Wear & Accessory Division, General Manager of Home Culture Products Division, and General Manager of Art, Kimono & Jewelry Division of Daimaru Kyoto store General Manager of Men's Wear & Accessory Division, General Manager of Home Culture Products Division, and General Manager of Art, Kimono & Jewelry Division of Daimaru Kobe store of Daimaru Matsuzakaya Department Stores Co. Ltd. General Manager of Sales Department of Matsuzakaya Shizuoka store General Manager of Merchandising and Channel Development Division (in charge of Event Planning and Management), Merchandising Strategy Promotion Office, Sales & Marketing Headquarters Representative Director and President of JFR Online Co., Ltd. Director and General Manager of Sales Management Department of The Hakata Daimaru, Inc. Senior General Manager of Merchandising Planning and New Business Development Office, Sales & Marketing Headquarters, General Manager of Merchandising Planning Department of Daimaru Matsuzakaya Department Stores Co. Ltd. President & CEO of Daimaru Kogyo, Ltd. Corporate Officer, Executive Store Manager in charge of Administration of Daimaru Sapporo store of Daimaru Matsuzakaya Department Stores Co. Ltd. Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management of J. FRONT RETAILING Co., Ltd. Director of PARCO CO., LTD.	(Note 2)	17

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
			December 2025	Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit, Senior General Manager of Fukuoka Tenjin Area Development Promotion Division, and in charge of Risk Management of J. FRONT RETAILING Co., Ltd., Director of PARCO CO., LTD. (present) President & CEO of Daimaru Kogyo, Ltd. (present)		
			March 2026	Managing Executive Officer in charge of Special Assignments from President 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	KOMURO Takahiro	June 19, 1962	April 1987	Joined The Daimaru, Inc.	(Note 2)	14
			March 2010	General Manager of Business Promotion Division of Matsuzakaya Ginza store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			July 2013	Staff of Management Planning Office of Head Office		
			March 2014	Staff of IT New Business Development Office of J. FRONT RETAILING Co., Ltd.		
			March 2015	Staff of Management Strategy Unit (in charge of corporate governance promotion)		
			September 2017	Manager of Corporate Governance Promotion Division of Management Strategy Unit		
			January 2018	Senior General Manager of Board of Directors Secretariat and Senior General Manager of Corporate Governance Promotion Division of Management Strategy Unit of J. FRONT RETAILING Co., Ltd. General Manager of Corporate Governance Promotion Division, Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			March 2018	Senior General Manager of Board of Directors Secretariat and Senior General Manager of ESG Promotion Division, Management Strategy Unit of J. FRONT RETAILING Co., Ltd. General Manager of Corporate Governance Promotion Division and Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			January 2020	Executive Store Manager of Matsuzakaya Shizuoka store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			January 2021	Corporate Officer, Executive Store Manager in charge of Administration of Daimaru Osaka Shinsaibashi store		
			September 2025	Executive Officer in charge of regional co-prosperity in the Shinsaibashi area under the Management Strategy Unit of J. FRONT RETAILING Co., Ltd. Corporate Officer and Executive Store Manager in charge of Administration of Daimaru Osaka Shinsaibashi of Daimaru Matsuzakaya Department Stores Co. Ltd.		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
			March 2026	Executive Officer and Senior General Manager of Board of Directors Office (present)		
Executive Officer	INAGAMI Hajime	January 27, 1972	April 1994	Joined Matsuzakaya Co., Ltd.	(Note 2)	2
			January 2018	Senior General Manager of IR and Group Public Relations Promotion Division of Management Strategy Unit of J. FRONT RETAILING Co., Ltd., and General Manager of Public Relations Department, Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2018	Senior General Manager of IR Promotion Division of Financial Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			March 2023	Senior General Manager of Corporate Communications Division		
			March 2025	Executive Officer and Senior General Manager of Board of Directors Office and Senior General Manager of Corporate Communications Division		
			March 2026	Executive Officer and Senior General Manager of Corporate Communications Division (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer Senior Executive General Manager of Business Promotion Division	SAITO Takeshi	September 2, 1969	March 1992	Joined Matsuzakaya Co., Ltd.	(Note 2)	9
			May 2014	General Manager of Cost Structure Reform Promotion Division (in charge of logistics), Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2016	General Manager of Cost Structure Reform Promotion Division (in charge of cost strategy promotion), Administration Headquarters		
			September 2019	General Manager of Business Promotion Division (in charge of the Matsuzakaya Nagoya store), Administration Headquarters		
			March 2024	Corporate Officer, Executive Store Manager in charge of Administration of Matsuzakaya Nagoya store		
			March 2025	Executive Officer in charge of regional co-prosperity in the Nagoya area under the Management Strategy Unit of J. FRONT RETAILING Co., Ltd. Corporate Officer, Executive Store Manager in charge of Administration of Matsuzakaya Nagoya store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			March 2026	Executive Officer, Senior Executive General Manager of Business Promotion Division, in charge of compliance (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	HASHIMOTO Naoya	December 3, 1986	April 2009	Joined J. FRONT RETAILING Co., Ltd.	(Note 2)	5
			March 2010	Joined Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2018	Manager, Business Development Division of JFR Card Co., Ltd.		
			September 2019	General Manager of Business Development Division		
			March 2021	General Manager of the Management Planning Division and Affiliated Store Business Division		
			March 2022	General Manager of Business Partner Division		
			March 2024	President and Representative Director		
			June 2025	President and Representative Director, General Manager of Management Strategy Division		
			March 2026	Executive Officer, Senior General Manager of Group Management Planning Division of Management Strategy Unit of J. FRONT RETAILING Co., Ltd. (present)		
Executive Officer	TOKUDA Wakako	August 21, 1983	April 2008	Joined Goldman Sachs Japan Co., Ltd.	(Note 2)	–
			February 2011	Joined Next Capital Partners Co., Ltd.		
			April 2012	Seconded to Cross FM Co., Ltd., Executive Officer		
			September 2012	Director and Vice President of Cross FM Co., Ltd.		
			June 2013	President and CEO		
			July 2018	Director of MAYA HOLDINGS, Inc.		
			April 2020	Director and COO of Yuko Yuko Holdings, Inc		
			September 2020	Representative Director and COO		
			June 2021	President and CEO		
			June 2021	Outside Director of K’S HOLDINGS CORPORATION		
			July 2025	Joined J. FRONT RETAILING Co., Ltd., Dedicated Senior General Manager of Board of Directors Secretariat		
			September 2025	Dedicated Senior General Manager of Secretarial Division, Business Promotion Division		
			March 2026	Executive Officer, Senior General Manager of Group Business Development Division of Management Strategy Unit (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	SHIOYAMA Masato	May 26, 1975	April 1999	Joined PARCO CO., LTD.	(Note 2)	4
			March 2019	General Manager of Market Creation Department		
			March 2022	General Manager of Shibuya PARCO		
			March 2024	Corporate Officer, Executive Store Manager in charge of Administration of Daimaru Sapporo store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			March 2026	Executive Officer in charge of regional co-prosperity in the Nagoya area under the Management Strategy Unit of J. FRONT RETAILING Co., Ltd. (present) Corporate Officer and Executive Store Manager in charge of Administration of Matsuzakaya Nagoya store 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	YONEYAMA Yuki	October 27, 1970	April 1993	Joined Matsuzakaya Co., Ltd.	(Note 2)	–
			September 2012	General Manager of Department Store Sales Department, seconded to Daimaru Matsuzakaya Sales Associates Co. Ltd. (Responsible for the Tokyo and Ueno stores)		
			September 2015	Merchandiser (in charge of women's clothing), Independent Business Management Department, Merchandising Strategy Promotion Office, Sales & Marketing Headquarters, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2016	Seconded to GINZA SIX Retail Management Co., Ltd.		
			May 2017	General Manager of Sales Department		
			March 2021	General Manager of Management Planning Division, Corporate Strategy Planning Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (in charge of sustainability strategy)		
			March 2025	Seconded to PARCO CO., LTD., General Manager of PARCO Urawa		
			March 2026	Executive Officer in charge of regional co-prosperity in the Shinsaibashi area under the Management Strategy Unit of J. FRONT RETAILING Co., Ltd. (present) Corporate Officer and Executive Store Manager in charge of Administration of Daimaru Osaka Shinsaibashi of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)		
Executive Officer	URAKI Hiroshi	December 19, 1969	April 1992	Joined The Daimaru, Inc.	(Note 2)	8
			June 2020	Senior General Manager of Financing and Finance Policy Division of Financial Strategy Unit and Manager (in charge of Financing) of J. FRONT RETAILING Co., Ltd.		
			March 2021	Senior General Manager of Financing and Finance Policy Division of Financial Strategy Unit		
			March 2025	Executive Officer, Senior General Manager of Group Financing and Finance Policy Division of 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	NOGUCHI Hideki	May 15, 1965	April 1990	Joined PARCO CO., LTD.	(Note 2)	19
			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, Senior General Manager of Group Accounting and Tax Affairs Division of Financial Strategy Unit of J. FRONT RETAILING Co., Ltd. (present)		
			May 2025	President and Representative Director, J. Front One Partner Co., Ltd. (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	Joined The Daimaru, Inc.	(Note 2)	13
			May 2009	Assistant to Business Promotion Department, Administration Headquarters (Assigned Exclusively to Union) (Responsible for the Tokyo Store)		
			September 2016	Staff of Group Personnel Department, Administration Unit of J. FRONT RETAILING Co., Ltd.		
			March 2017	Staff of Group Personnel Department, Administration Unit and Staff of the Board of Directors Secretariat		
			September 2017	Senior General Manager of Group Personnel Department, Administration Unit (in charge of Group Personnel Policy) and Staff of the Board of Directors Secretariat		
			May 2018	Senior General Manager of Group Human Resources Policy Division, Human Resources Strategy Unit and Staff of the Board of Directors Secretariat		
			March 2020	Senior General Manager of Group Human Resources Policy Division, Human Resources Strategy Unit and Staff of Nomination Committee Secretariat and Remuneration Committee Secretariat		
			October 2020	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		
			September 2021	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		

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		
			March 2023	Executive Officer and Senior General Manager of Group Human Resources Development Division and Group Welfare Division of Human Resources Strategy Unit		
			March 2024	Executive Officer and Senior General Manager of Board of Directors Office		
			March 2025	Executive Officer, Senior Executive General Manager of Business Promotion Division in charge of Compliance, Senior General Manager of Group Human Resources Policy Division of Human Resources Strategy Unit		
			March 2026	Executive Officer, Senior General Manager of Group Human Resources Policy Division of Human Resources Strategy Unit (present) Corporate Officer and Deputy Senior Executive General Manager of Human Resources Headquarters 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	IMAZU Takako	August 7, 1971	April 1995	Joined The Daimaru, Inc.	(Note 2)	7
			March 2019	Senior General Manager of Group Human Resources Development Division, Daimaru Sapporo store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			December 2022	Corporate Unit Executive Officer of J. FRONT CITY DEVELOPMENT Co., Ltd.		
			March 2024	Executive Officer and Senior General Manager of Group Human Resources Development Division and Group Welfare Division of Human Resources Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			March 2025	Executive Officer, Senior General Manager of Group Human Resources Development Division of Human Resources Strategy Unit (present)		
			March 2026	Corporate Officer and Deputy Senior Executive General Manager of Human Resources Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)		
Executive Officer	NOMURA Taiichi	December 25, 1963	April 1987	Joined ALL NIPPON AIRWAYS CO., LTD.	(Note 2)	4
			April 2011	Senior General Manager of Innovation Management Department of Peach Aviation Limited		
			April 2015	Director of Ad Value Creation Lab		
			April 2016	Director in charge of ANA HOLDINGS Digital Design Lab of ALL NIPPON AIRWAYS CO., LTD.		
			April 2017	Director of Innovation Promotion Department, Business Process Reform Office (concurrent position)		
			April 2022	Chief Digital Designer of Group Digital Unit of J. FRONT RETAILING Co., Ltd.		
			March 2024	Executive Officer and Senior General Manager of Group System Promotion Division of Digital Strategy Unit		
			March 2025	Executive Officer and Senior Executive General Manager of DX Promotion Division		
			March 2026	Executive Officer in charge of Special Assignments from President (present)		
Total						152

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.
3. Executive Officer TOKUDA Wakako is recorded under the name of ASAI Wakako in the Family Registry.
4. Executive Officer YONEYAMA Yuki is recorded under the name of OKUMA Yuki in the Family Registry.

We are proposing the “Election of Ten (10) Directors” as a proposal (matters to be resolved) for the Annual Shareholders Meeting scheduled to be held on May 28, 2026. If this proposal is approved, the composition of our Board of Directors is expected to be as follows.

The information presented herein also includes matters (including officer titles and positions) that are scheduled to be resolved at the Board of Directors meeting to be held immediately after the Annual Shareholders Meeting.

Officers include 17 males and 7 females. (Percentage of female officers: 29.17%)

(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	KOIDE Hiroko	August 10, 1957	September 1986 Joined J. Walter Thompson Japan K.K. (present Wunderman Thompson Tokyo G.K.) May 1993 Joined Nippon Lever K.K. (present Unilever Japan K.K.) April 2001 Director April 2006 General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited) April 2008 Chief Operating Officer November 2010 President and Representative Director of Parfums Christian Dior Japon K.K. January 2013 Outside Director of Kirin Co., Ltd. April 2013 Senior Vice President of Global Marketing of Newell Rubbermaid Inc. (U.S.) (present Newell Brands Inc.) June 2016 Outside Director of Mitsubishi Electric Corporation April 2018 Director of Vicela Japan Co., Ltd. June 2019 Outside Director of Honda Motor Co., Ltd Outside Director of J-OIL MILLS, Inc. May 2021 Outside Director of J. FRONT RETAILING Co., Ltd. (present) May 2024 Chairperson of Board of Directors (present) June 2024 External Member of the Board of TAISEI CORPORATION (present)	(Note 2)	4

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	YAMADA Yoshihito	November 30, 1961	April 1984	Joined Tateishi Electric Corporation (present OMRON Corporation)	(Note 2)	0
			June 2008	Executive Officer of OMRON Corporation and President and CEO of OMRON HEALTHCARE Co., Ltd.		
			March 2010	Senior General Manager, Corporate Strategic Planning H.Q. of OMRON Corporation		
			June 2010	Managing Executive Officer		
			June 2011	Representative Director and President		
			June 2013	Representative Director, President & CEO		
			June 2023	Chairman of the Board (present)		
				Outside Director of NEC Corporation (present)		
			May 2025	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			June 2025	Outside Director of Mitsubishi UFJ Securities Holdings Co., Ltd. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	SAITO Kazuhiro	October 31, 1956	April 1979	Joined Suntory Limited	(Note 2)	0
			January 1999	Senior General Manager, Beverage & Food Division		
			September 2005	Deputy Division Chief Operating Officer, Beverage & Food Division		
			April 2009	Executive Officer of Suntory Holdings Limited and Managing Director of Suntory Beverage & Food Limited		
			January 2011	Executive Vice President and Chief Operating Officer, Chinese Beverage & Food Division of Suntory (China) Holding Co., Ltd. and Chair and President of Suntory (Shanghai) Food Trading Co., Ltd.		
			April 2014	President and Chief Operating Officer, Chinese Beer & Huangjiu Division of Suntory (China) Holding Co., Ltd.		
			April 2015	Managing Executive Officer and in charge of Corporate Planning Division, Chief Operating Officer, Finance & Accounting Division of Suntory Beverage & Food Limited		
			April 2016	Full-time Advisor of Suntory Beverage & Food Limited and Chief Executive Officer of Suntory Beverage & Food Asia Pte. Ltd.		
			April 2019	Representative Director, President & Chief Executive Officer of Suntory Beverage & Food Limited		
			April 2023	Chair of ad-comm Co., Ltd.		
			May 2025	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			June 2025	Outside Director of Marusan Securities Co., Ltd. (present)		
			March 2026	Independent Outside Director (Member of the Audit Committee) of KOKUYO CO., LTD. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	SHIONO Noriko	October 18, 1960	August 1983	Joined Japan New Media Co., Ltd.	(Note 2)	–
			January 1999	General Manager of Marketing Department of Federal Express Corporation		
			March 2001	Joined The Walt Disney Company (Japan) Ltd.		
			October 2002	Vice President of Marketing and Sales		
			February 2006	Vice President of Corporate Marketing		
			April 2008	Director, General Manager of Marketing Division of SSP Co., Ltd.		
			March 2010	President		
			January 2012	Director and Vice President of Konami Sports & Life Co., Ltd. (present Konami Sports Co., Ltd.)		
			January 2014	Representative Director and President		
			May 2016	Director and Chairman		
			October 2017	Representative Director and President of Widex Japan		
			June 2020	Non-executive Director of Kirin Holdings Company, Limited (present)		
			January 2024	Advisor of Widex Japan		
			June 2024	Outside Director of Japan Post Holdings Co., Ltd. (present)		
				Outside Director of Bengo4.com,Inc. (present)		
			May 2026	Outside Director of J. FRONT RETAILING Co., Ltd. (scheduled)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	OMURA Emi	September 2, 1976	October 2002	Registered as attorney at law Joined Iwasaki & Motoyama	(Note 2)	0
			March 2007	Registered as attorney at law of New York State, U.S.A.		
			July 2008	Partner of Athena Law Office		
			September 2010	Associate Expert, International Labour Standards Department, International Labour Organization in Geneva, Switzerland		
			September 2013	Partner of Athena Law Office		
			January 2014	Director, Office of International Affairs, Japan Federation of Bar Associations		
			September 2014	Outside Director of Digital Garage, Inc.		
			June 2019	Counsel of Kamiyacho International Law Office		
			April 2021	Counsel of CLS HIBIYA TOKYO LAW OFFICE		
			November 2021	Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc.		
			January 2022	Partner of CLS HIBIYA TOKYO LAW OFFICE (present)		
			December 2022	External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD. (present)		
			June 2023	Auditor of Japan Association for Women’s Education (present)		
			May 2024	Outside Director of J. FRONT RETAILING Co., Ltd. (present)		
			May 2025	Director of PARCO CO., LTD. (Scheduled to retire on May 28, 2026)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	OSAWA Eiko	February 27, 1963	October 1989	Joined Asahi Shinwa & Co. (present KPMG AZSA LLC)	(Note 2)	1
			June 1993	Joined Showa Ota & Co. (present Ernst & Young ShinNihon LLC)		
			August 1993	Registered as Certified Public Accountant		
			August 2005	Seconded to Accounting Standards Board of Japan as Project Manager		
			October 2006	Seconded to the International Accounting Standards Board as Visiting Fellow		
			July 2008	Partner of Shin Nihon & Co. (present Ernst & Young ShinNihon LLC) (retired in June 2021)		
			July 2021	Representative of Osawa Certified Public Accountant Office (present)		
			September 2021	Registered as a tax accountant		
			November 2021	Supervisory Director of Mitsui Fudosan Logistics Park Inc. (present)		
			June 2023	Independent Auditor of EXEO Group, Inc. (present)		
			June 2024	Outside Director (Audit and Supervisory Committee Member) of Nintendo Co., Ltd. (present)		
			May 2026	Outside Director of J. FRONT RETAILING Co., Ltd. (scheduled)		

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)	159
			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	President and Representative Executive Officer		
			March 2023	President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit		
			March 2024	Executive Officer of J. FRONT RETAILING Co., Ltd.		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	YOSHIKAWA Kiyoshi	August 11, 1964	April 1988	Joined Matsuzakaya Co., Ltd.	(Note 2)	1
			March 2006	Senior Executive Manager in charge of Accounting, Cash Management, Credit and Accounts Receivable Management of Accounting Section, Finance and Accounting Division		
			June 2006	In charge of Finance Policy, Financial Policy Office		
			November 2007	Finance staff of J. FRONT RETAILING Co., Ltd.		
			March 2010	In charge of Finance Policy and Strategy of Finance Division of Administration Unit		
			March 2016	In charge of Finance and Accounting of Financial Strategy Unit		
			March 2017	In charge of Budget and Management Support of Financial Strategy Unit		
			March 2018	Manager in charge of Budget and Management Support of Financial Strategy Unit		
			March 2019	In charge of Board of Directors Office		
			March 2020	In charge of Audit Committee Secretariat		
			May 2020	General Manager of Audit Committee Secretariat		
			May 2023	Audit & Supervisory Board Member of Daimaru Matsuzakaya Department Stores Co. Ltd. (Scheduled to retire on May 28, 2026)		
			May 2026	Director (scheduled)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	ONO Keiichi	August 2, 1975	April 1998	Joined The Daimaru, Inc.	(Note 2)	33
			April 2007	Planning Office for New Umeda Store, Department Store Business Division, Head Office		
			September 2010	In charge of Sales Promotion and Advertising of Business Promotion Division of Daimaru Umeda Store, Daimaru Matsuzakaya Department Stores Co. Ltd.		
			November 2012	Store Planning Department, Head Office of PARCO CO., LTD.		
			November 2013	In charge of Inbound Business of Sales Planning Unit of Sales & Marketing Headquarters, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2015	General Manager of Inbound Business, Merchandising and Channel Development Division, Head Office		
			September 2016	General Manager of Business Promotion Division of Daimaru Kyoto Store		
			March 2018	Executive Officer of J. FRONT RETAILING Co., Ltd. and President and Representative Director of Dimples' Co., Ltd.		
			October 2020	Senior General Manager of Structural Reform Promotion Division, Financial Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			March 2022	Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management		
			May 2022	Director of PARCO CO., LTD.		
			March 2024	President and Representative Executive Officer (present) and Senior Executive General Manager of CRE Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			May 2024	Director (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Director	NAGAMINE Takamasa	July 3, 1975	April 1998	Joined SUMITOMO CORPORATION	(Note 2)	1
			June 2005	Sumitomo Corporation (China) Holding Ltd.		
			October 2021	Vice President of Financial Department of Sumitomo Corporation of Americas		
			June 2022	Vice President & Treasurer		
			October 2023	Joined Raysum Co., Ltd., Operating Officer and Executive General Manager of President Office		
			October 2024	Joined J. FRONT RETAILING Co., Ltd., Expert Manager of Financing and Finance Policy Division of Financial Strategy Unit		
			March 2025	Executive Officer of J. FRONT RETAILING Co., Ltd. Senior Executive General Manager of Financial Strategy Unit		
			May 2025	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (Scheduled to retire on May 28, 2026)		
			September 2025	Senior Executive General Manager of CRE Strategy Unit of J. FRONT RETAILING Co., Ltd. (present)		
			March 2026	Managing Executive Officer, General Manager of Financial Strategy Unit (present) Managing Executive Officer and Senior Executive General Manager of Finance Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) Managing Executive Officer for Corporate Headquarters, Head of Financial Policy Department of PARCO CO., LTD. (present)		
			May 2026	Director of J. FRONT RETAILING Co., Ltd. (scheduled)		
Total						201

Notes: 1. Directors KOIDE Hiroko, YAMADA Yoshihito, SAITO Kazuhiro, SHIONO Noriko, OMURA Emi, and OSAWA Eiko 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, 2026, to the conclusion of the Annual Shareholders Meeting for the fiscal year ending February 28, 2027.

(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	ONO Keiichi	August 2, 1975	(Note 1)		(Note 2)	33
Managing Executive Officer Senior Executive General Manager of Financial Strategy Unit and CRE Strategy Unit	NAGAMINE Takamasa	July 3, 1975	(Note 1)		(Note 2)	1
Managing Executive Officer Senior Executive General Manager of Management Strategy Unit	TANAKA Tomoaki	May 18, 1974	April 1998	Joined The Daimaru, Inc.	(Note 2)	8
			March 2016	General Manager of No. 2 Sales Department, Daimaru Tokyo store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			February 2017	General Manager of Business Promotion Division of Daimaru Sapporo store		
			March 2019	General Manager of Business Promotion Division of Daimaru Kobe Store		
			March 2021	General Manager of Business Promotion Division of Daimaru Tokyo Store		
			March 2023	Corporate Officer, Executive Store Manager in charge of Administration of Daimaru Tokyo store		
			March 2024	Managing Executive Officer, General Manager of Corporate Strategy Planning Headquarters and in charge of Risk Management and Administration		
			March 2026	Managing Executive Officer, Senior Executive General Manager of Management Strategy Unit, Senior General Manager of Fukuoka Tenjin Area Development Promotion Division, and in charge of Risk Management of J. FRONT RETAILING Co., Ltd. (present)		
			May 2026	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (scheduled) Director of PARCO CO., LTD. (scheduled)		

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	SHIBATA Takeshi	June 26, 1968	April 1991	Joined Sony Corporation	(Note 2)	1
			October 2010	General Manager in charge of Group Human Resources Department		
			November 2011	Senior Executive General Manager of Human Resources Planning Department, Human Resources Division		
			April 2016	Senior General Manager of Group Human Resources Department of Sony Corporation (present Sony Group Corporation)		
			April 2019	Director and Senior Vice President (in charge of Human Resources and General Affairs) of Sony Interactive Entertainment Inc.		
			November 2024	Joined J. FRONT RETAILING Co., Ltd., Dedicated Senior General Manager of Human Resources Strategy Unit		
			March 2025	Managing Executive Officer, Senior Executive General Manager of Human Resources Strategy Unit (present)		
			May 2025	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (Scheduled to retire on May 28, 2026) Director of PARCO CO., LTD. (Scheduled to retire on May 28, 2026)		
			March 2026	Managing Executive Officer, and Senior Executive General Manager of Human Resources Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) Managing Executive Officer for Corporate Headquarters, Head of HR Department 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 IT Digital Unit	OZAWA Toshihiro	April 3, 1965	April 1990	Joined NTT Data Communications Systems Corporation (present NTT DATA CORPORATION)	(Note 2)	–
			August 2000	Joined CIS Corporation		
			October 2005	Joined SANYO Electric Co., Ltd.		
			January 2008	Joined Intelligence, Ltd. (present PERSOL CAREER CO., LTD.)		
			December 2008	Representative Director of Intelligence Business Solutions, Ltd. (present PERSOL PROCESS & TECHNOLOGY CO., LTD.)		
			July 2011	Director and Managing Executive Officer of Intelligence, Ltd. (present PERSOL CAREER CO., LTD.)		
			June 2016	Director, Executive Officer of Temp Holdings Co., Ltd. (present PERSOL HOLDINGS CO., LTD.)		
			April 2019	Outside Director of Sun* Inc. (Audit and Supervisory Committee Member) (present)		
			June 2019	Director (Full-time Audit and Supervisory Committee Member) of PERSOL HOLDINGS CO., LTD.		
			July 2021	Joined Fine Today Shiseido Co., Ltd. (present FineToday Co., Ltd.) Senior Executive Officer, CIO General Manager, IT Division		
			January 2026	Joined J. FRONT RETAILING Co., Ltd.		
			March 2026	Managing Executive Officer, Senior Executive General Manager of IT Digital Unit (present) Managing Executive Officer and Senior Executive General Manager of IT Digital Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) Managing Executive Officer for Corporate Headquarters, Head of IT Department of PARCO CO., LTD. (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	KOMURO Takahiro	June 19, 1962	April 1987 March 2010 July 2013 March 2014 March 2015 September 2017 January 2018 March 2018 January 2020 January 2021 September 2025	Joined The Daimaru, Inc. General Manager of Business Promotion Division of Matsuzakaya Ginza store of Daimaru Matsuzakaya Department Stores Co. Ltd. Staff of Management Planning Office of Head Office Staff of IT New Business Development Office of J. FRONT RETAILING Co., Ltd. Staff of Management Strategy Unit (in charge of corporate governance promotion) Manager of Corporate Governance Promotion Division of Management Strategy Unit Senior General Manager of Board of Directors Secretariat and Senior General Manager of Corporate Governance Promotion Division of Management Strategy Unit of J. FRONT RETAILING Co., Ltd. General Manager of Corporate Governance Promotion Division, Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. Senior General Manager of Board of Directors Secretariat and Senior General Manager of ESG Promotion Division, Management Strategy Unit of J. FRONT RETAILING Co., Ltd. General Manager of Corporate Governance Promotion Division and Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. Executive Store Manager of Matsuzakaya Shizuoka store of Daimaru Matsuzakaya Department Stores Co. Ltd. Corporate Officer, Executive Store Manager in charge of Administration of Daimaru Osaka Shinsaibashi store Executive Officer in charge of regional co-prosperity in the Shinsaibashi area under the Management Strategy Unit of J. FRONT RETAILING Co., Ltd. Corporate Officer and Executive Store Manager in charge of Administration of Daimaru Osaka Shinsaibashi of Daimaru Matsuzakaya Department Stores Co. Ltd.	(Note 2)	14

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
			March 2026	Executive Officer and Senior General Manager of Board of Directors Office (present)		
Executive Officer	INAGAMI Hajime	January 27, 1972	April 1994	Joined Matsuzakaya Co., Ltd.	(Note 2)	2
			January 2018	Senior General Manager of IR and Group Public Relations Promotion Division of Management Strategy Unit of J. FRONT RETAILING Co., Ltd., and General Manager of Public Relations Department, Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2018	Senior General Manager of IR Promotion Division of Financial Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			March 2023	Senior General Manager of Corporate Communications Division		
			March 2025	Executive Officer and Senior General Manager of Board of Directors Office and Senior General Manager of Corporate Communications Division		
			March 2026	Executive Officer and Senior General Manager of Corporate Communications Division (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer Senior Executive General Manager of Business Promotion Division	SAITO Takeshi	September 2, 1969	March 1992	Joined Matsuzakaya Co., Ltd.	(Note 2)	9
			May 2014	General Manager of Cost Structure Reform Promotion Division (in charge of logistics), Administration Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2016	General Manager of Cost Structure Reform Promotion Division (in charge of cost strategy promotion), Administration Headquarters		
			September 2019	General Manager of Business Promotion Division (in charge of the Matsuzakaya Nagoya store), Administration Headquarters		
			March 2024	Corporate Officer, Executive Store Manager in charge of Administration of Matsuzakaya Nagoya Store		
			March 2025	Executive Officer in charge of regional co-prosperity in the Nagoya area under the Management Strategy Unit of J. FRONT RETAILING Co., Ltd. Corporate Officer, Executive Store Manager in charge of Administration of Matsuzakaya Nagoya store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			March 2026	Executive Officer, Senior Executive General Manager of Business Promotion Division, in charge of compliance (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	HASHIMOTO Naoya	December 3, 1986	April 2009	Joined J. FRONT RETAILING Co., Ltd.	(Note 2)	5
			March 2010	Joined Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2018	Manager, Business Development Division of JFR Card Co., Ltd.		
			September 2019	General Manager of Business Development Division		
			March 2021	General Manager of the Management Planning Division and Affiliated Store Business Division		
			March 2022	General Manager of Business Partner Division		
			March 2024	President and Representative Director		
			June 2025	President and Representative Director, General Manager of Management Strategy Division		
			March 2026	Executive Officer, Senior General Manager of Group Management Planning Division of Management Strategy Unit (present)		
			May 2026	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (scheduled) Director of PARCO CO., LTD. (scheduled)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	TOKUDA Wakako	August 21, 1983	April 2008	Joined Goldman Sachs Japan Co., Ltd.	(Note 2)	–
			February 2011	Joined Next Capital Partners Co., Ltd.		
			April 2012	Seconded to Cross FM Co., Ltd., Executive Officer		
			September 2012	Director and Vice President of Cross FM Co., Ltd.		
			June 2013	President and CEO		
			July 2018	Director of MAYA HOLDINGS, Inc.		
			April 2020	Director and COO of Yuko Yuko Holdings, Inc		
			September 2020	Representative Director and COO		
			June 2021	President and CEO		
			June 2021	Outside Director of K'S HOLDINGS CORPORATION		
			July 2025	Joined J. FRONT RETAILING Co., Ltd., Dedicated Senior General Manager of Board of Directors Secretariat		
			September 2025	Dedicated Senior General Manager of Secretarial Division, Business Promotion Division		
			March 2026	Executive Officer, Senior General Manager of Group Business Development Division of Management Strategy Unit (present)		

Title and position	Name	Date of birth	Career summary		Term of office	Number of shares held (Thousands of shares)
Executive Officer	SHIOYAMA Masato	May 26, 1975	April 1999 March 2019 March 2022 March 2024 March 2026	Joined PARCO CO., LTD. General Manager of Market Creation Department General Manager of Shibuya PARCO Corporate Officer, Executive Store Manager in charge of Administration of Daimaru Sapporo store of Daimaru Matsuzakaya Department Stores Co. Ltd. Executive Officer in charge of regional co-prosperity in the Nagoya area under the Management Strategy Unit of J. FRONT RETAILING Co., Ltd. (present) Corporate Officer and Executive Store Manager in charge of Administration of Matsuzakaya Nagoya store of Daimaru Matsuzakaya Department Stores 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)
Executive Officer	YONEYAMA Yuki	October 27, 1970	April 1993	Joined Matsuzakaya Co., Ltd.	(Note 2)	–
			September 2012	General Manager of Department Store Sales Department, seconded to Daimaru Matsuzakaya Sales Associates Co. Ltd. (Responsible for the Tokyo and Ueno stores)		
			September 2015	Merchandiser (in charge of women's clothing), Independent Business Management Department, Merchandising Strategy Promotion Office, Sales & Marketing Headquarters, Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			September 2016	Seconded to GINZA SIX Retail Management Co., Ltd.		
			May 2017	General Manager of Sales Department		
			March 2021	General Manager of Management Planning Division, Corporate Strategy Planning Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (in charge of sustainability strategy)		
			March 2025	Seconded to PARCO CO., LTD., General Manager of PARCO Urawa		
			March 2026	Executive Officer in charge of regional co-prosperity in the Shinsaibashi area under the Management Strategy Unit of J. FRONT RETAILING Co., Ltd. (present) Corporate Officer and Executive Store Manager in charge of Administration of Daimaru Osaka Shinsaibashi of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)		
Executive Officer	URAKI Hiroshi	December 19, 1969	April 1992	Joined The Daimaru, Inc.	(Note 2)	8
			June 2020	Senior General Manager of Financing and Finance Policy Division of Financial Strategy Unit and Manager (in charge of Financing) of J. FRONT RETAILING Co., Ltd.		
			March 2021	Senior General Manager of Financing and Finance Policy Division of Financial Strategy Unit		
			March 2025	Executive Officer, Senior General Manager of Group Financing and Finance Policy Division of 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	NOGUCHI Hideki	May 15, 1965	April 1990	Joined PARCO CO., LTD.	(Note 2)	19
			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, Senior General Manager of Group Accounting and Tax Affairs Division of Financial Strategy Unit of J. FRONT RETAILING Co., Ltd. (present)		
			May 2025	President and Representative Director, J. Front One Partner Co., Ltd. (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	Joined The Daimaru, Inc.	(Note 2)	13
			May 2009	Assistant to Business Promotion Department, Administration Headquarters (Assigned Exclusively to Union) (Responsible for the Tokyo Store)		
			September 2016	Staff of Group Personnel Department, Administration Unit of J. FRONT RETAILING Co., Ltd.		
			March 2017	Staff of Group Personnel Department, Administration Unit and Staff of the Board of Directors Secretariat		
			September 2017	Senior General Manager of Group Personnel Department, Administration Unit (in charge of Group Personnel Policy) and Staff of the Board of Directors Secretariat		
			May 2018	Senior General Manager of Group Human Resources Policy Division, Human Resources Strategy Unit and Staff of the Board of Directors Secretariat		
			March 2020	Senior General Manager of Group Human Resources Policy Division, Human Resources Strategy Unit and Staff of Nomination Committee Secretariat and Remuneration Committee Secretariat		
			October 2020	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		
			September 2021	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		

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		
			March 2023	Executive Officer and Senior General Manager of Group Human Resources Development Division and Group Welfare Division of Human Resources Strategy Unit		
			March 2024	Executive Officer and Senior General Manager of Board of Directors Office		
			March 2025	Executive Officer, Senior Executive General Manager of Business Promotion Division in charge of Compliance, Senior General Manager of Group Human Resources Policy Division of Human Resources Strategy Unit		
			March 2026	Executive Officer, Senior General Manager of Group Human Resources Policy Division of Human Resources Strategy Unit (present) Corporate Officer and Deputy Senior Executive General Manager of Human Resources Headquarters 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	IMAZU Takako	August 7, 1971	April 1995	Joined The Daimaru, Inc.	(Note 2)	7
			March 2019	Senior General Manager of Group Human Resources Development Division, Daimaru Sapporo store of Daimaru Matsuzakaya Department Stores Co. Ltd.		
			December 2022	Corporate Unit Executive Officer of J. FRONT CITY DEVELOPMENT Co., Ltd.		
			March 2024	Executive Officer and Senior General Manager of Group Human Resources Development Division and Group Welfare Division of Human Resources Strategy Unit of J. FRONT RETAILING Co., Ltd.		
			March 2025	Executive Officer, Senior General Manager of Group Human Resources Development Division of Human Resources Strategy Unit (present)		
			March 2026	Corporate Officer and Deputy Senior Executive General Manager of Human Resources Headquarters of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)		
Total						130

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.
3. Executive Officer TOKUDA Wakako is recorded under the name of ASAI Wakako in the Family Registry.
4. Executive Officer YONEYAMA Yuki is recorded under the name of OKUMA Yuki in the Family Registry.

(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. Seven independent Outside Directors, who have extensive external management experience or in-depth knowledge in specialized areas, fulfill their roles as chairperson of the Board of Directors, chairpersons of any of the Nomination, Audit, and Remuneration Committees, or 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, 2026)	Relationship with the Company and appointment
KOIDE Hiroko	Member of the Board (External Member) of TAISEI CORPORATION	As a Director, KOIDE Hiroko has actively and assertively provided advice and oversight on matters including the importance of multifaceted marketing in strategy formulation, risk management in investment projects, and tracking progress of business plans. As Chairperson of Board of Directors, she has additionally taken a leading role in improving the quality of strategic discussions through initiatives such as setting agendas from a medium- to long-term perspective and actively facilitating meetings. As a member of the Nomination Committee, she participates in deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers as well as discussions on the succession plan for Outside Directors, aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. As a member of the Remuneration Committee, she engages in activities such as examination of remuneration levels and composition under the officer remuneration system revised in line with the medium-term business plan, and reviews of remuneration levels following the organizational reform. Through these efforts, by providing necessary advice at suitable times, she contributes to strengthening strategy personnel functions that are closely aligned with business strategies. 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.

Name	Important concurrent positions (As of May 26, 2026)	Relationship with the Company and appointment
YAGO Natsunosuke		As a Director, YAGO Natsunosuke has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on matters including the promotion of business portfolio strategies aimed at improving profitability, the direction of organizational and human resource strategies based on the Group Vision, and the strengthening of organizational audit functions. As the Chairperson of the Nomination Committee, he leads and promotes deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers, as well as discussions on the succession plan for Outside Directors aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. As the Chairperson of the Remuneration Committee, he examines the remuneration levels and composition under the officer remuneration system revised in line with the Medium-term Business Plan, reviews remuneration levels following the organizational reform, and provides necessary advice at suitable times. Through these efforts, he contributes to strengthening strategy personnel functions that are closely aligned with business strategies. In light of his track record, his wealth of experience and considerable insights, the Company expects him to contribute greatly to the management of the Group as an Outside Director. As such, he has been nominated as an Outside Director. The Company has no interest in or relationship with him.
HAKODA Junya		As a Director, HAKODA Junya has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on matters including risk management in light of changes in financial and capital markets, management resource allocation and capital policy, and strengthening of organizational audit functions. Moreover, as the Chairperson of Audit Committee, he has endeavored to strengthen the audit function by fulfilling his roles of auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees), while exchanging opinions and engaging in discussions from the perspective of legality and appropriateness, etc. related to items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee, which he is expected to promote. He is also simultaneously working to enhance the governance of the Group as a whole. In light of his track record, wealth of experience and considerable insights, the Company expects him to contribute greatly to management of the Group as an Outside Director. As such, he has been nominated as an Outside Director. The Company has no interest in or relationship with him.

Name	Important concurrent positions (As of May 26, 2026)	Relationship with the Company and appointment
SEKI Tadayuki		As a Director, SEKI Tadayuki has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on matters including financial and capital policies with a view to business portfolio transformation, and approaches to dialogue with shareholders and investors. He also serves as a lead director of the executive session established by the Company as an opportunity for Outside Directors to openly and freely exchange opinions and share information. Furthermore, as a member of the Audit Committee, he is working to strengthen audit functions by fulfilling expectations of him in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. on items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee, while auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees). He is also simultaneously working to enhance the governance of the Group as a whole. In light of his track record, wealth of experience and considerable insights, the Company expects him to contribute greatly to management of the Group as an Outside Director. As such, he has been nominated as an Outside Director. The Company has no interest in or relationship with him.
OMURA Emi	Partner of CLS HIBIYA TOKYO LAW OFFICE; External Director (Audit & Supervisory Committee Member) of FOOD & LIFE COMPANIES LTD. Director of PARCO CO., LTD.	As a Director, OMURA Emi has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on matters including the direction of strategies in light of social changes such as AI, risk management related to investment projects, and redefinition of and education on in-house skills within the human resources strategy. As a member of the Audit Committee, she has worked to strengthen audit functions by fulfilling expectations of her in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. of items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee. She has also audited the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees), and worked to improve the governance of the Group as a whole. In light of her track record, wealth of experience and considerable insights, the Company expects her to contribute greatly to the Group as an Outside Director. As such, she has been nominated as an Outside Director. The Company has no interest in or relationship with her.

Name	Important concurrent positions (As of May 26, 2026)	Relationship with the Company and appointment
YAMADA Yoshihito	Chairman of the Board of OMRON Corporation; Outside Director of NEC Corporation Outside Director of Mitsubishi UFJ Securities Holdings Co., Ltd.	As a Director, YAMADA Yoshihito has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on matters including the promotion of business portfolio strategy and growth strategy for core businesses, the role and functions of the holding company, and thorough implementation of compliance management. As a member of the Nomination Committee, he participates in deliberations to ensure objectivity, transparency, and continuity in the overall design of the succession plan for Representative Executive Officers as well as discussions on the succession plan for Outside Directors, aiming to maintain and enhance the Board of Directors supervisory functions from a medium- to long-term perspective. As a member of the Remuneration Committee, he engages in activities such as examination of remuneration levels and composition under the officer remuneration system revised in line with the medium-term business plan, and reviews of remuneration levels following the organizational reform. Through these efforts, by providing necessary advice at suitable times, he contributes to strengthening strategy personnel functions that are closely aligned with business strategies. In light of his track record, extensive experience and deep insights, the Company expects that he will apply them to the appropriate supervision of management in the Group. As such, he has been nominated as an Outside Director. The Company has no interest in or relationship with him.
SAITO Kazuhiro	Outside Director of Marusan Securities Co., Ltd. Independent Outside Director (Member of the Audit Committee) of KOKUYO CO., LTD.	As a Director, SAITO Kazuhiro has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on matters including the importance of business strategy and digital strategy based on customer and market analysis, and optimizing allocations of management resources such as those pertaining to organizations and human resources of the Group. As a member of the Audit Committee, he has worked to strengthen audit functions by fulfilling expectations of him in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. of items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee. He has also audited the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees), and worked to improve the governance of the Group as a whole. In light of his track record, extensive experience and deep insights, the Company expects that he will apply them to the appropriate supervision of management in the Group. As such, he has been nominated 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 in corporate auditing as a Certified Public Accountant and possesses considerable insight in finance and accounting. Audit Committee Member SEKI Tadayuki has served as CFO at ITOCHU Corporation and possesses considerable knowledge in finance and accounting. SAITO Kazuhiro has extensive overseas management experience within the Suntory Group, and also has experience as Chief Operating Officer of Finance & Accounting Division and in charge of Corporate Planning, possessing considerable knowledge in finance and accounting. Also, OMURA Emi has global experience in handling abundant cases in international organizations and specialized insights in labor law as an attorney. The Audit Committee Secretariat (four 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 Corporate Auditors 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 Corporate Auditors 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

Audit Policy and Key Audit Matters

The Audit Committee effectively audits with a fair and unbiased attitude 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 as the basic audit policy. The committee also supports the sound management of the Group by providing necessary observations and recommendations. The current fiscal year marks the second year of our Medium-term Business Plan, which we have designated as a "period of change." We now must achieve steady results that will pave the way for the "period of exponential growth" beginning in FY2027, while further enhancing the effectiveness of the governance system to support it. Based on this background, the Audit Committee identified the following three areas as Key Audit Matters (KAM) and conducted audits from the perspective of governance, risk, and compliance.

Key Audit Matters	Main Audit Perspectives
Initiatives to enhance the effectiveness of the governance system	・ Evolving Group management structure ・ Further strengthening of the promotion of management policies and internal group collaboration ・ Further enhancement of discussions between the Board and Executives ・ Progress on the Group restructuring plan and strategic development of systems
Steady implementation of the Medium-term Business Plan and initiatives toward medium- to long-term growth	・ Implementation of the three initiatives outlined in the Medium-term Business Plan ((1) Deepening the retail business, (2) Evolving Group synergies, and (3) Strengthening the Group's management foundation) ・ Progress in improving the effectiveness of the investment decision-making and execution process
Initiatives to maintain and enhance the internal control system and risk/compliance system	・ Implementation of in-house compliance training led by management through example ・ The appropriateness of response to significant risks by Executive Officers through the risk management system (progress on measures against natural disaster risks and human rights risks, in particular)

Overview of Audit Activities

In the current fiscal year, the Audit Committee held a total of 24 meetings. 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	24/24
Audit Committee Member (full-time)	HAMADA Kazuko	24/24
Audit Committee Member (outside)	SEKI Tadayuki	23/24
Audit Committee Member (outside)	OMURA Emi	24/24
Audit Committee Member (outside)	SAITO Kazuhiro (Note)	17/17

This is based on the number of times the meetings were held during the term.

Note: Assumed office on May 29, 2025.

To improve the effectiveness of audits and discussions at the Audit Committee, Audit Committee meetings are held separately from the Audit Committee, and they were held 19 times during the current fiscal year. The average duration of a combined Audit Committee and Audit Committee meeting is approximately two and a half hours. The main activities of the Audit Committee and Audit Committee meetings 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
- Group company corporate auditor structure for next fiscal year

Matters to be discussed

- Appropriateness of audits by the Accounting Auditor and evaluation of the Accounting Auditor
- 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

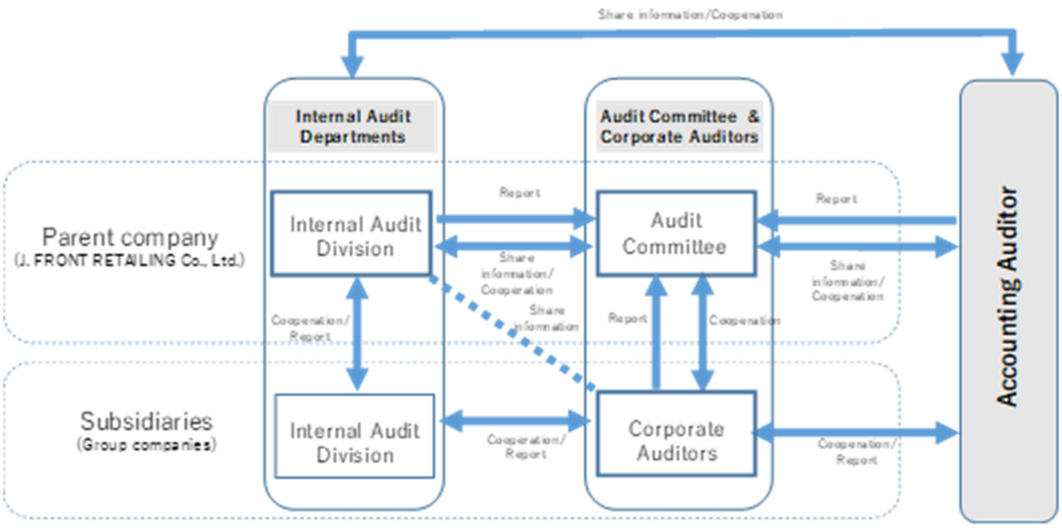
- Conduct audits of the execution of duties by the Representative Executive Officer and exchange opinions
- Audit the execution of duties of Directors and Executive Officers and interview them
- Prior consultation on matters to be resolved at the Audit Committee
- Reports from the full-time Corporate Auditors
- Discussion about Audit & Supervisory Board Member system (personnel requirements, assignments, remuneration, etc.)

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 Division 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 (11 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.

Furthermore, in anticipation of emergencies, the internal audit rules include the following specific provision: “The Internal Audit Division shall respond to any investigation requests received from the Audit Committee. However, if the content of such a request conflicts with instructions from the President and Representative Executive Officer, the request shall take precedence.” Appointments and transfers of the Executive General Manager of the Internal Audit Division, shall be subject to advance approval by the Audit Committee, and when such persons are evaluated, the Audit Committee states an opinion to the execution of such evaluation.

(iii) Status of accounting audit

1) Name of audit firm

Ernst & Young ShinNihon LLC

2) Consecutive audit period

Since the fiscal year ended February 29, 2008, when the Company was established

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 we have maintained an audit agreement with Ernst & Young ShinNihon LLC. In addition, The Daimaru, Inc. has had an audit agreement with Aono & Yamamoto Certified Public Accountant Office since the fiscal year ended February 29, 1952. Subsequently, The Daimaru, Inc. entered into an audit engagement with Daiichi Audit Corporation, which included Aono & Yamamoto Certified Public Accountants Office. The auditor subsequently evolved into Century Audit Corporation, established in 1986 through the merger of Daiichi Audit Corporation, and then into Century Ota Showa & Co., established in 2000 through the merger of Century Audit Corporation. Currently, Ernst & Young ShinNihon LLC, which was renamed from Century Ota Showa & Co. through a series of organizational and name changes, performs the Company's financial audits.

Rotation of Designated and Engagement Partners is being implemented. The Lead Engagement Partner is not involved in audit services for more than five consecutive fiscal years, while non-Lead Engagement Partners are not involved in audit services for more than seven consecutive fiscal years. In addition, Ernst & Young ShinNihon LLC applies a policy under which Lead Engagement Partners are not reassigned to the same audit engagement after serving for five fiscal years. For non-Lead Engagement Partners, when they are reassigned to the same audit engagement after serving for seven fiscal years, a cooling-off period of five fiscal years is required.

3) Certified public accountants who executed the audit duties

OJIMA Koji (Consecutive audit period: 3 years)

ONUMA Kenji (Consecutive audit period: 3 years)

TONE Tetsuro (Consecutive audit period: 2 years)

4) Breakdown of support staff for audit operations

Support staff for financial audit operations consists of 28 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	136	–	124	2
Consolidated subsidiaries	236	–	238	–
Total	373	–	363	2

Note: The Company's non-audit services for the current fiscal year consisted of the preparation of comfort letters related to bond issuance.

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	–	–	–	–
Consolidated subsidiaries	11	–	7	–
Total	11	–	7	–

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

In April 2017, the Company announced the formulation of an officer remuneration policy, and it then revised the Officer Remuneration System in May 2021, to match the Medium-term Business Plan. Subsequently, we revised the Officer Remuneration System and Officer Remuneration Policy in accordance with the new Medium-term Business Plan, which began in FY2024. The Company has also designed the officer remuneration to function as incentive for achieving and promoting sustainability management.

<Basic policy for officer remuneration>

The Company's Officer Remuneration System follows the basic approach below, aiming to achieve the objectives of realizing and promoting sustainability management (pay for purpose). The same basic policy has been established for the Directors and Executive Officers of the Group's major subsidiaries Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO CO., LTD., as well as for the Representative Directors of J. FRONT CITY DEVELOPMENT Co., Ltd., JFR Card Co., Ltd., and J. Front Design & Construction Co., Ltd. (hereinafter, "eligible officers of 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 respond quickly to changes in the external environment and the market environment, the Company uses objective remuneration survey data, etc. from a third-party organization, then determines an appropriate level of competitive remuneration for Executive Officers and Directors based on annual comparisons to a group of peers of a similar size selected on the basis of industry, market capitalization, and revenue. 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 job size, “bonuses” (monetary remuneration) based on individual evaluations conducted each business year, and “performance shares” (performance-linked stock-based remuneration, which is trust-type stock-based remuneration) linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan as a stock-based remuneration system. The performance indicators 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" colspan="5">Payment basis</th><th rowspan="2">Payment method</th><th colspan="3">Composition of remuneration (%)</th></tr>
<tr><th>President</th><th colspan="2">Officers other than President[10]</th></tr>
<tr><td>Basic remuneration (fixed)</td><td colspan="5">Determination by job size</td><td>Monthly payment in cash</td><td>33.3</td><td>38.5</td><td>45.4</td></tr>
<tr><td rowspan="6">Bonuses (variable)</td><td colspan="5">Basic amount by job size × rate of change[1]
*1. The rate of change is based on a calculation of scores using the quantitative and qualitative evaluations below.</td><td rowspan="6">Annual payment in cash</td><td rowspan="6">33.3</td><td rowspan="6">30.8</td><td rowspan="6">27.3</td></tr>
<tr><td colspan="4">Details</td><td>Evaluation weights (%)</td></tr>
<tr><td rowspan="2">Quantitative evaluation[2] <50%></td><td rowspan="2" colspan="2">Fiscal year’s financial evaluation</td><td>Consolidated business profit[3]</td><td>40</td></tr>
<tr><td>Consolidated ROIC[4]</td><td>10</td></tr>
<tr><td rowspan="2">Qualitative evaluation[2] <50%></td><td rowspan="2" colspan="2">Fiscal year’s non-financial evaluation</td><td>Level of achievement of action plan for achieving individual missions[5]</td><td>30</td></tr>
<tr><td>Level of achievement of action plan for achieving non-financial targets in line with materiality issues[6]</td><td>20</td></tr>
<tr><td rowspan="10">Performance-linked stock-based remuneration (variable)</td><td colspan="5">[Short term: 40%] Basic amount by job size × performance achievement factor[7]
*7. Calculated based on the following measures of achievement</td><td rowspan="3">Annual payment in stocks[9]</td><td rowspan="10">33.3</td><td rowspan="10">30.8</td><td rowspan="10">27.3</td></tr>
<tr><td colspan="4">Details</td><td>Evaluation weights (%)</td></tr>
<tr><td colspan="4">Consolidated business profit</td><td>100</td></tr>
<tr><td colspan="5">[Medium to long term: 60%] Basic amount by job size × performance achievement factor[8]
*8. Calculated based on the following measures of achievement</td><td rowspan="7">At the expiration of the term of each Medium-term Business Plan in stocks[9]</td></tr>
<tr><td colspan="4">Details</td><td>Evaluation weights (%)</td></tr>
<tr><td rowspan="2" colspan="2">Financial indicators <60%></td><td colspan="2">ROE</td><td>40</td></tr>
<tr><td colspan="2">Consolidated ROIC</td><td>20</td></tr>
<tr><td colspan="2">Share price metrics <20%></td><td colspan="2">r-TSR (compared to TOPIX growth rate inclusive of dividends)</td><td>20</td></tr>
<tr><td rowspan="2" colspan="2">Non-financial indicators <20%></td><td colspan="2">GHG reductions (Scope 1 & 2 emissions)</td><td>10</td></tr>
<tr><td colspan="2">Ratio of women in management positions</td><td>10</td></tr>
</table>

*2. For eligible officers of major subsidiaries of the Group, quantitative valuation accounts for 70%, and qualitative evaluation for 30%. From FY2026, for President and Representative Executive Officer, quantitative valuation accounts for 100%.

*3. For eligible officers of major subsidiaries of the Group, business profit for that subsidiary is weighted at 60% of the evaluation.

*4. For eligible officers of major subsidiaries of the Group, ROIC of that subsidiary is used.

*5. For eligible officers of major subsidiaries of the Group, weighted at 20% of the evaluation.

*6. For eligible officers of major subsidiaries of the Group, weighted at 10% of the evaluation.

*9. 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.

*10. For the composition of remuneration for officers other than President, one of the compositions is applied in accordance with the responsibilities.

(Basic remuneration)

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

(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 annual financial indicators, the degree of achievement of target values for consolidated financial indicators for each fiscal year as set in the Medium-term Business Plan resolved by the Board of Directors is evaluated (for eligible officers of major subsidiaries of the Group, the target values of those subsidiaries are used). For annual non-financial indicators, the degree of achievement of action plans to fulfill individual missions of each officer and action plans to achieve the Company's materiality is evaluated. The weighting between annual financial indicators and annual non-financial indicators is 50:50 (for eligible officers of major subsidiaries of the Group, 70:30), and among the annual non-financial indicators, 2/5 (20% of the total weighting, 1/3 for officers of target subsidiaries) is evaluated based on action plans to achieve the Company's materiality. In annual financial indicators, consolidated business profit and consolidated ROIC are adopted, and the degree of achievement of targets set for each fiscal year in the Medium-term Business Plan is evaluated (for eligible officers of major subsidiaries of the Group, the degree of achievement of each company's business profit and ROIC targets is evaluated). From FY2026, for President and Representative Executive Officer, quantitative valuation accounts for 100%.

(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, 40% of the entire amount of performance-linked stock-based remuneration will be issued each year in order to promote management from the shareholders' perspective, with the remaining 60% to be issued in a single issuance at the end of the Medium-term Business Plan. The portion granted annually is evaluated solely based on the degree of achievement of the consolidated business profit target set for each fiscal year in the Medium-term Business Plan. The portion granted upon completion of the Medium-term Business Plan is evaluated 60% based on financial indicators, 20% based on share price metrics, and 20% based on non-financial indicators. Financial indicators are evaluated using numerical targets (IFRS basis) for ROE (weighting of 40%) and consolidated ROIC (weighting of 20%) as stated in the Medium-term Business Plan published following a resolution by the Board of Directors. For share price metrics, evaluation is based on r-TSR (compared to TOPIX growth rate inclusive of dividends). The system bases the evaluation for non-financial targets on a weighting of 10% for reduction of greenhouse gas emissions (Scope 1 and 2) and 10% for the ratio of women in management positions, both of which are related to the Company's material issues. The fluctuation range for remuneration in accordance with the performance achievement rate is between 0% and 200%.

[Performance-linked stock-based remuneration targets]

KPI		Target	Weight
Finance	Consolidated business profit	¥56,000 million (FY2026)	100%

KPI			Target	Weight
Finance	(1)	ROE	8.0% or more (FY2026)	40%
	(2)	Consolidated ROIC	6.0% or more (FY2026)	20%
Share price	(3)	r-TSR (compared to TOPIX growth rate inclusive of dividends)	TOPIX growth rate inclusive of dividends	20%
Non-financial	(4)	GHG reductions (Scope 1 & 2 emissions)	70.0% reduction (compared with FY2017)	10%
	(5)	Ratio of women in management positions	31.0% (FY2026)	10%

(Targets and results of indicators for performance-linked remuneration in the current fiscal year (from March 2025 to February 2026))

(Millions of yen)

Type of remuneration			Target	Results
Bonuses	Financial perspective	Consolidated business profit	54,000	50,597
		Consolidated ROIC	6.2%	5.9%
Performance-linked stock-based remuneration	Short term	Consolidated business profit	54,000	50,597
	Medium to long term	ROE	–	–
		Consolidated ROIC	–	–
		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 on the specific amount of remuneration to be paid are made by deliberation and resolution of the Remuneration Committee, whose four members comprise three independent Outside Directors and one internal Director who does not execute business, and which is headed by an independent Outside Director. Since the members of the Company's Remuneration Committee and its Nomination Committee are the same, they can use a common evaluation sheet for both committees to coordinate together in activities related to the areas of nomination and remuneration of management, including eligible officers of major subsidiaries of the Group. The Remuneration Committee determines the policy on deciding the contents of individual remuneration for eligible officers of major subsidiaries of the Group, and the contents of individual remuneration for Directors and Executive Officers of the Company. 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. If unforeseen events or changes in the external environment occur that were not anticipated at the time of formulating the Medium-term Business Plan, the remuneration level, as well as evaluation methods for bonuses and performance shares (performance-linked stock-based remuneration), will be reviewed based on the decision of the Remuneration Committee. In the current fiscal year, the Remuneration Committee held eight meetings.

In addition, the Company appoints external remuneration consultants with a view to introducing objective viewpoints from outside the Company and expertise on Officer Remuneration Systems. With their support, the Company reviews its remuneration levels and remuneration system in light of external data, economic environment, industry trends, business conditions, and corporate culture, among others.

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	216	170	–	–	45	10
[of which, Outside Director]	[126]	[105]	[–]	[–]	[21]	[8]
Executive Officer	675	239	192	244	–	16
Total	892	410	192	244	45	26

Notes: 1. Other than the above, the total amount of remuneration, etc. received by Outside Directors from subsidiaries of the Company in the current fiscal year is ¥7 million.

2. In the above table, the remuneration, etc. for Directors of ¥216 million includes ¥4 million (including non-performance-linked stock-based remuneration) paid to one Director who held the post between March 1 and May 29, 2025.
3. 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.
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' job size 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 (standard amounts) before adjustment for the results of performance evaluation for the fiscal year ended February 28, 2026. 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 2026.

(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
ONO Keiichi	126	Executive Officer	Reporting company	43	35	48	–

Notes: 1. Disclosure is limited to Directors and Executive Officers whose total amount of consolidated remuneration, etc. was ¥100 million or more.
2. The amount of remuneration, etc. includes remuneration, etc. received for serving as a Director and Executive Officer in a concurrent capacity.

(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.
- The Group annually validates shares that are already held, and for those that are judged to not be rational, the Group will negotiate with the companies that hold them and reduce them as appropriate upon receiving consent regarding sale method, period, etc.

As of February 28, 2026, the Group holds 137 cross-shareholdings (of which ten are listed shares).

(Method for validation of rationale)

The Group annually validates the rationale for holding individual issues from the following perspective using the Group's common validation method.

- Qualitative perspective

  The perspective relating to business strategies, such as maintaining harmonious and favorable business relationships with companies that make up the local community together, corporate customers, and business partners, and securing supply chains

- Quantitative perspective

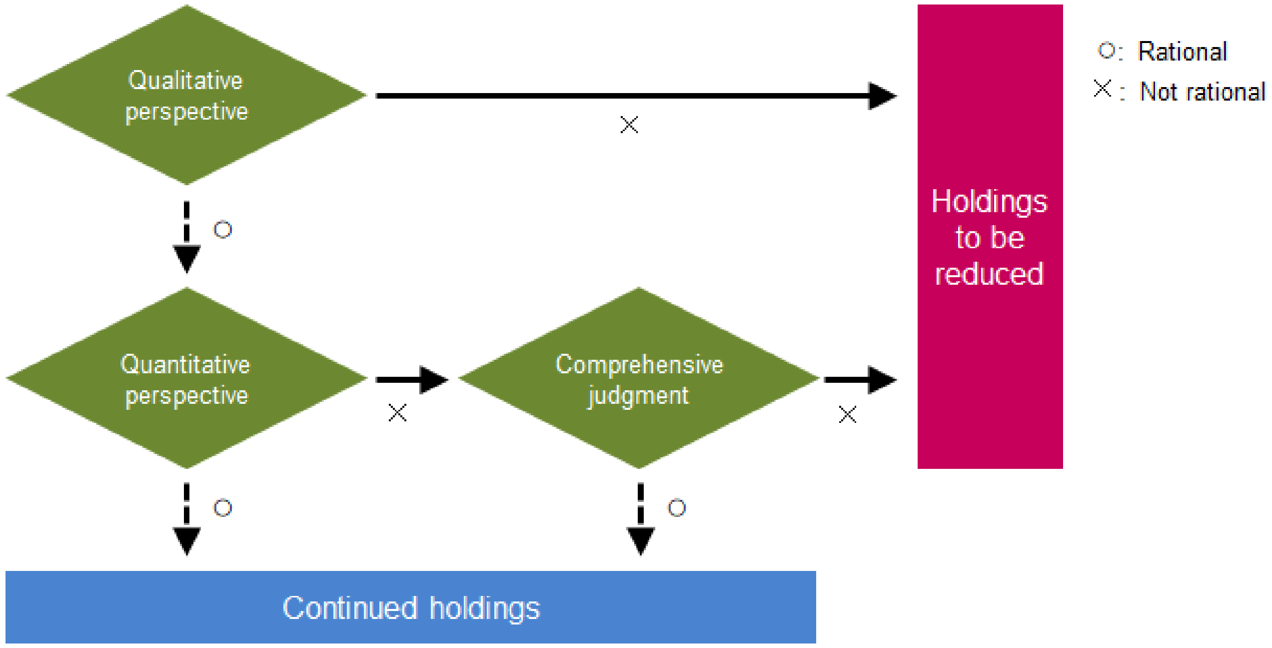
  The perspective relating to whether profitability by holding shares, including related trading profits and dividends, exceeds capital costs, etc.

(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 reduction 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.

□ 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

Content of implementation \ Implementation period			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		○				🔵				🔴		
	Development of reduction plan		○				🔵				🔴		
	Negotiation/reduction												
Board of Directors	Discussion	Decision on continuation/ reduction		○				🔵				🔴	
	Confirmation	Negotiation/ reduction result				○		○		🔵		🔵	

(Execution of voting rights)

The Group determines whether to exercise its voting rights pertaining to cross-shareholdings considering both whether such exercise will contribute to the sustainable growth and the medium- to long-term enhancement of corporate value of the company whose shares are held and whether such exercise will contribute to the sustainable growth and the medium- to long-term enhancement of corporate value of the Group. Particularly, in regard to proposals that we consider to be of high priority with respect to strengthening corporate governance, such as proposals relating to the corporate governance system (selection of officers), proposals relating to shareholder return (appropriation of surplus), and proposals that have an impact on shareholder value (introduction of takeover defense measures), we will establish policies upon which to base judgment of our exercise of voting rights, and acting as the Group as a whole, we will respond to them in line with such policies. We will engage in dialogue with companies whose shares we hold if necessary.

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

(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)	134	1	(8)	–	127	(Increased shares) Start-up companies with innovative technologies and business models, etc. (Purpose) Creation of new businesses through business alliances and transformation of existing businesses
Consolidated statement of financial position amount (Millions of yen)	27,341	29	(74)	6,497	33,793	

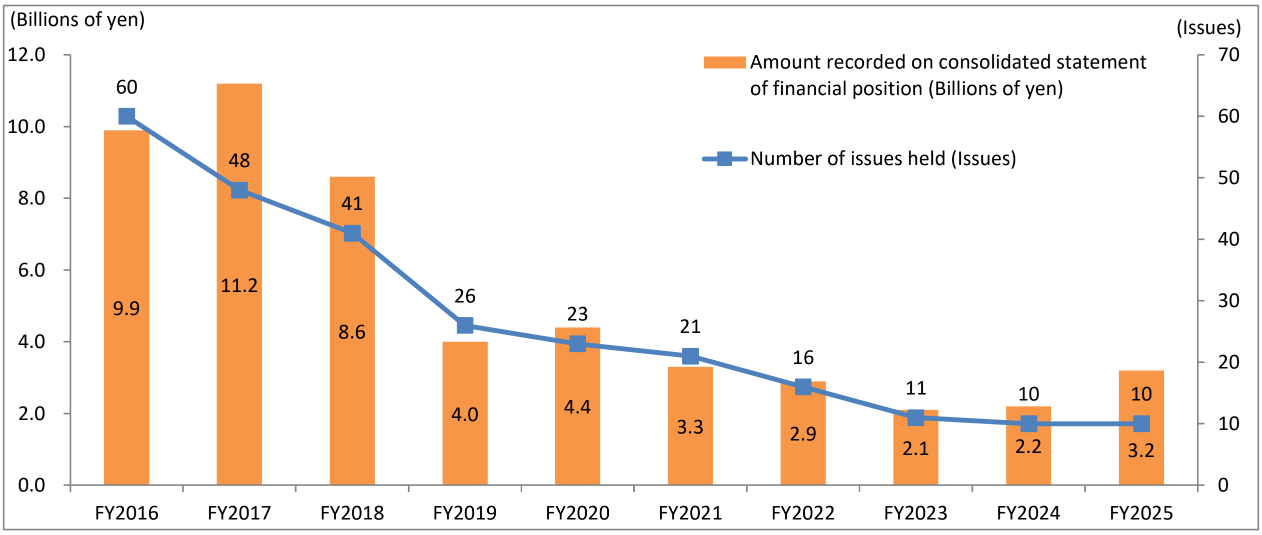
* Of the one issue, the acquisition was made by JFR MIRAI CREATORS Fund, a corporate venture capital fund.

(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)	10	–	–	–	10	(Increased shares) Regular contributions to stock ownership plans (Purpose) Maintaining business relationships
Consolidated statement of financial position amount (Millions of yen)	2,259	5	–	1,034	3,298	

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 8.92%.

□ 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)	8	–	–	–	8	–
Carrying amount (Millions of yen)	2,039	–	–	(102)	1,937	

(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)	20	–	–	0	20	

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 using the Group's common validation method.

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

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding and overview of business alliance, etc.	Quantitative effects of shareholding and comprehensive judgment	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)				
Misonoza Theatrical Corporation	12,000	12,000	(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
	20	20				

(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)	87	–	(6)	–	81	–
Carrying amount (Millions of yen)	2,053	–	(43)	(9)	2,001	

(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)	5	–	–	–	5	–
Carrying amount (Millions of yen)	1,839	–	–	731	2,570	

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 using the Group's common validation method.

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

Issue name	Current fiscal year	Previous fiscal year	Purpose of holding and overview of business alliance, etc.	Quantitative effects of shareholding and comprehensive judgment	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)				
Toho Gas Co., Ltd.	222,893	222,893	(Segment) ・ Department store (Purpose of holding and overview of transaction) ・ Maintaining good relationships ・ Stable merchandise sales	(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.	–	None
	1,254	915				

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 and overview of business alliance, etc.	Quantitative effects of shareholding and comprehensive judgment	Reason for increase in number of shares	Holding of the Company's shares
CHUBU-NIPPON BROADCASTING CO., LTD.	568,205 701	568,205 371	(Segment) ・ Department store (Purpose of holding and overview of transaction) ・ Maintaining good relationships ・ Advertisement including public relations activities	(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
Misonoza Theatrical Corporation	200,000 343	200,000 344	(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
ANA HOLDINGS INC.	41,100 139	41,100 117	(Segment) ・ Department store (Purpose of holding and overview of transaction) ・ Maintaining good relationships ・ Stable merchandise sales	(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
OKAYA & CO., LTD.	13,200 130	13,200 92	(Segment) ・ Department store (Purpose of holding and overview of transaction) ・ Maintaining good relationships ・ Stable merchandise sales	(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.	–	None

V. Financial Information

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

   (1) Pursuant to the provisions of Article 312 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, 2025 to February 28, 2026) and the non-consolidated financial statements for the fiscal year (from March 1, 2025 to February 28, 2026) 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, 2025	As of February 28, 2026
		Millions of yen	Millions of yen
Assets			
Current assets			
Cash and cash equivalents	7	54,975	36,099
Trade and other receivables	8,30	156,663	155,096
Other financial assets	10,39	8,690	14,266
Inventories	9,11	12,662	14,129
Other current assets	13	6,421	6,503
Subtotal		239,414	226,095
Assets held for sale	12	1,631	1,423
Total current assets		241,045	227,519
Non-current assets			
Property, plant and equipment	14,18	469,417	468,476
Right-of-use assets	16,18	136,389	123,174
Goodwill	15,18	6,799	6,799
Investment property	17,18	177,176	177,187
Intangible assets	15,18	8,350	9,955
Investments accounted for using equity method	19	27,840	28,129
Other financial assets	10,11, 39	81,535	82,238
Deferred tax assets	21	3,190	2,700
Other non-current assets	13	12,402	15,385
Total non-current assets		923,101	914,047
Total assets		1,164,147	1,141,567

	Notes	As of February 28, 2025	As of February 28, 2026
		Millions of yen	Millions of yen
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and borrowings	22,23, 39	53,330	45,220
Trade and other payables	24,39	162,810	161,326
Lease liabilities	16,22	25,294	24,060
Other financial liabilities	23,39	28,262	27,655
Income tax payables		11,576	6,186
Provisions	26	785	624
Other current liabilities	27,30	59,280	59,430
Total current liabilities		341,341	324,502
Non-current liabilities			
Bonds and borrowings	22,23, 39	136,728	131,316
Lease liabilities	16,22	148,225	136,079
Other financial liabilities	23,39	33,368	33,474
Retirement benefit liability	25	15,369	14,486
Provisions	26	5,905	6,308
Deferred tax liabilities	21	59,519	66,901
Other non-current liabilities	27	453	476
Total non-current liabilities		399,570	389,042
Total liabilities		740,911	713,544
Equity			
Share capital	28	31,974	31,974
Capital surplus	28	188,081	187,549
Treasury shares	28	(23,940)	(38,620)
Other components of equity	28	14,219	19,545
Retained earnings	28	199,311	215,138
Total equity attributable to owners of parent		409,646	415,586
Non-controlling interests		13,588	12,436
Total equity		423,235	428,022
Total liabilities and equity		1,164,147	1,141,567

2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

Consolidated Statement of Profit or Loss

	Notes	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
		Millions of yen	Millions of yen
Revenue	30	441,877	445,094
Cost of sales	32	(229,281)	(229,682)
Gross profit		212,596	215,412
Selling, general and administrative expenses	33	(159,106)	(164,814)
Other operating income	31	11,831	4,131
Other operating expenses	34	(7,122)	(5,713)
Operating profit		58,199	49,015
Finance income	35	781	797
Finance costs	35	(4,270)	(6,294)
Share of profit (loss) of investments accounted for using equity method	19	1,074	996
Profit before tax		55,785	44,515
Income tax expense	21	(14,273)	(16,436)
Profit		41,512	28,079
Profit attributable to:			
Owners of parent		41,424	28,282
Non-controlling interests		87	(203)
Profit		41,512	28,079
Earnings per share			
Basic earnings per share (Yen)	37	160.35	112.93
Diluted earnings per share (Yen)	37	160.15	112.80

Consolidated Statement of Comprehensive Income

	Notes	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
		Millions of yen	Millions of yen
Profit		41,512	28,079
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	36,39	6,717	5,158
Remeasurements of defined benefit plans	36	1,135	2,005
Share of other comprehensive income of entities accounted for using equity method	36	0	0
Total items that will not be reclassified to profit or loss		7,852	7,164
Items that may be reclassified to profit or loss			
Cash flow hedges	36	(46)	40
Exchange differences on translation of foreign operations	36	213	97
Share of other comprehensive income of entities accounted for using equity method	36	(2)	–
Total items that may be reclassified to profit or loss		164	137
Other comprehensive income, net of tax		8,017	7,301
Comprehensive income		49,529	35,381
Comprehensive income attributable to:			
Owners of parent		49,426	35,545
Non-controlling interests		102	(164)
Comprehensive income		49,529	35,381

3) Consolidated Statement of Changes in Equity

	Notes	Equity attributable to owners of parent					
					Other components of equity		
		Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 1, 2024		31,974	189,172	(14,231)	314	17	7,050
Profit		–	–	–	–	–	–
Other comprehensive income		–	–	–	211	(46)	6,716
Total comprehensive income		–	–	–	211	(46)	6,716
Purchase of treasury shares	28	–	(117)	(11,458)	–	–	–
Dividends	29	–	–	–	–	–	–
Share-based payment transactions		–	(973)	1,749	–	–	–
Change due to capital increase of consolidated subsidiaries		–	–	–	–	–	–
Obtaining of control of subsidiaries		–	–	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	–	–	(45)
Total transactions with owners		–	(1,090)	(9,708)	–	–	(45)
Balance at February 28, 2025		31,974	188,081	(23,940)	525	(29)	13,722
Profit		–	–	–	–	–	–
Other comprehensive income		–	–	–	97	40	5,144
Total comprehensive income		–	–	–	97	40	5,144
Purchase of treasury shares	28	–	(63)	(15,009)	–	–	–
Dividends	29	–	–	–	–	–	–
Share-based payment transactions		–	287	329	–	–	–
Change due to capital increase of consolidated subsidiaries		–	–	–	–	–	–
Obtaining of control of subsidiaries		–	–	–	–	–	–
Changes in ownership interests in subsidiaries		–	(756)	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	–	–	–	43
Total transactions with owners		–	(532)	(14,680)	–	–	43
Balance at February 28, 2026		31,974	187,549	(38,620)	622	11	18,910

	Notes	Equity attributable to owners of parent				Non-controlling interests	Total
		Other components of equity		Retained earnings	Total		
		Remeasurements 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, 2024		–	7,383	167,600	381,898	12,333	394,232
Profit		–	–	41,424	41,424	87	41,512
Other comprehensive income		1,120	8,002	–	8,002	15	8,017
Total comprehensive income		1,120	8,002	41,424	49,426	102	49,529
Purchase of treasury shares	28	–	–	–	(11,575)	–	(11,575)
Dividends	29	–	–	(10,879)	(10,879)	(64)	(10,943)
Share-based payment transactions		–	–	–	776	–	776
Change due to capital increase of consolidated subsidiaries		–	–	–	–	5	5
Obtaining of control of subsidiaries		–	–	–	–	1,210	1,210
Transfer from other components of equity to retained earnings		(1,120)	(1,166)	1,166	–	–	–
Total transactions with owners		(1,120)	(1,166)	(9,712)	(21,678)	1,151	(20,526)
Balance at February 28, 2025		–	14,219	199,311	409,646	13,588	423,235
Profit		–	–	28,282	28,282	(203)	28,079
Other comprehensive income		1,980	7,263	–	7,263	38	7,301
Total comprehensive income		1,980	7,263	28,282	35,545	(164)	35,381
Purchase of treasury shares	28	–	–	–	(15,073)	–	(15,073)
Dividends	29	–	–	(14,393)	(14,393)	(94)	(14,487)
Share-based payment transactions		–	–	–	616	–	616
Change due to capital increase of consolidated subsidiaries		–	–	–	–	1	1
Obtaining of control of subsidiaries		–	–	–	–	324	324
Changes in ownership interests in subsidiaries		–	–	–	(756)	(1,218)	(1,974)
Transfer from other components of equity to retained earnings		(1,980)	(1,937)	1,937	–	–	–
Total transactions with owners		(1,980)	(1,937)	(12,455)	(29,606)	(987)	(30,594)
Balance at February 28, 2026		–	19,545	215,138	415,586	12,436	428,022

4) Consolidated Statement of Cash Flows

	Notes	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
		Millions of yen	Millions of yen
Cash flows from (used in) operating activities			
Profit before tax		55,785	44,515
Depreciation and amortization expense		45,593	44,290
Impairment loss	18	2,689	1,979
Finance income		(781)	(797)
Finance costs		4,270	6,294
Share of loss (profit) of investments accounted for using equity method		(1,074)	(996)
Loss (gain) on sales of non-current assets		(140)	(1,827)
Loss on disposals of non-current assets		2,699	2,607
Gain on step acquisitions	44	(8,525)	–
Decrease (increase) in inventories		2,530	(1,467)
Decrease (increase) in trade and other receivables		(16,567)	1,343
Increase (decrease) in trade and other payables		11,157	(1,962)
Increase (decrease) in retirement benefit liabilities		(616)	(882)
Decrease (increase) in retirement benefit assets		(787)	(2,184)
Other, net		181	(1,024)
Subtotal		96,415	89,887
Interest received		186	175
Dividends received		129	148
Interest paid		(4,223)	(6,020)
Income taxes paid		(10,390)	(17,734)
Income taxes refund		3,695	536
Net cash flows from (used in) operating activities		85,812	66,992
Cash flows from (used in) investing activities			
Purchase of property, plant and equipment		(14,412)	(14,157)
Proceeds from sales of property, plant and equipment, and intangible assets		182	3,445
Purchase of investment property		(1,216)	(2,444)
Proceeds from sales of investment property		–	2,157
Purchase of intangible assets		(2,574)	(4,561)
Purchase of investment securities		(6,641)	(658)
Proceeds from sales of investment securities		1,699	613
Proceeds from refund of guarantee deposits		3,645	2,780
Purchase of shares of subsidiaries resulting in change in scope of consolidation	44	(6,220)	–
Other, net		(2,771)	(2,330)
Net cash flows from (used in) investing activities		(28,308)	(15,154)

	Notes	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
		Millions of yen	Millions of yen
Cash flows from (used in) financing activities			
Net increase (decrease) in current borrowings	22	–	(15,000)
Proceeds from non-current borrowings	22	8,500	–
Repayments of non-current borrowings	22	(12,430)	(28,430)
Proceeds from issuance of bonds	22,23	–	29,849
Redemption of bonds	22,23	(20,000)	–
Repayments of lease liabilities	16,22	(27,590)	(26,041)
Purchase of treasury shares		(11,575)	(15,073)
Dividends paid		(10,847)	(14,343)
Dividends paid to non-controlling interests		(64)	(94)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	44	–	(1,970)
Other, net		5	320
Net cash flows from (used in) financing activities		(74,001)	(70,782)
Net increase (decrease) in cash and cash equivalents		(16,498)	(18,944)
Cash and cash equivalents at beginning of period		71,342	54,975
Effect of exchange rate changes on cash and cash equivalents		130	67
Cash and cash equivalents at end of period		54,975	36,099

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, 2026 comprise the Company and its subsidiaries' interests in the Group's associates.

For the Group's major business activities, please refer to "6. 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 312 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.

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.

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.

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 profit or loss.

The Group measures non-controlling interests at the proportionate share of the recognized amounts of identifiable net assets.

(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 using the effective interest method.

(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.

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.

(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.

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 doubtful accounts. 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 doubtful accounts. 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.

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

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

(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.”

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 17 years
・Furniture and fixtures	2 to 20 years

(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 profit or loss, 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.

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 significant intangible assets with indefinite useful lives.

• Software 5 to 10 years

(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.

(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.

(13) Investment property

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”).

(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. 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 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.

An impairment loss is recognized as profit or loss, if the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. For an impairment loss recognized in the past, when there is an indication of a reversal of impairment loss and a change in the estimates used to determine the recoverable amount, the impairment loss is reversed to the recoverable amount. However, impairment losses related to goodwill are not reversed. An impairment loss is reversed up to the carrying amount that would have been determined had no impairment loss been recognized, net of necessary depreciation and amortization.

(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 (including adjustments to the cap on plan assets).

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

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

(16) Share-based payment

To ensure steady execution of the Medium-term Business Plan for realizing the Group Vision, the Company has adopted a stock-based remuneration system for officers utilizing a trust (officer remuneration BIP trust).

The officer remuneration BIP trust is a system of granting the Company’s shares to officers (in 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) 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. Revenue recognition by business segment is as follows:

1) Revenue recognition by business segment

i) Department Store Business

The Department Store Business carries out the sale of clothing, general goods, household goods, food products, and others. With regard to these sales of goods, since it is determined that the customer obtains control over the goods and the performance obligation is satisfied at the time when goods are delivered to the customer, 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 of shopping centers. With regard to these 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. Revenue from lease of shopping centers and others is recognized over the lease term, in accordance with IFRS 16.

iii) Developer Business

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

Revenue from lease of real estate and others is recognized over the lease term, in accordance with IFRS 16. Revenue from sales of real estate is recognized at the time when ownership of the developed property is transferred to the customer, as it is determined that the performance obligation is satisfied at that point. The payment for the delivered property is received at the time of property delivery, which is the point of satisfaction of the performance obligation.

Revenue from the design and operation of interior decorating work is recognized based on the progress towards the satisfaction of performance obligations over a certain period for construction contracts in the business. For such construction contracts, since it is determined that the incurrence of costs appropriately reflects the progress of the work, the measurement of progress is conducted based on the proportion of construction costs incurred by the end of each reporting period to the total expected construction costs. If the progress cannot be reasonably measured but it is expected that the costs incurred in fulfilling the performance obligation will be recoverable, revenue is recognized to the extent of the costs incurred for performance obligations satisfied over a certain period of time until the progress can be reasonably measured.

iv) Payment and Finance Business

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

In the Payment and Finance Business, the Group recognizes annual membership fees from cardholders and other fees, such as those from department stores, shopping centers, and external affiliated stores, as revenue.

Revenue from annual membership fees is recognized over the period of the membership, as the performance obligation is satisfied according to the duration of the membership fees based on the contract with the member who is the customer. Revenue from merchant fees is recognized at the time of credit card usage, when the service is completed and the performance obligation is satisfied, based on the contract with the merchant who is the customer. Revenue from interest on installment sales is recognized by multiplying the revolving balance and the number of installment payments by their respective set interest rates to calculate interest revenue, and the interest is recognized in the period to which it is attributable, in accordance with IFRS 9.

v) Other

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

2) Gross and net presentation of revenue

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

(19) Income tax

Income tax consists of current taxes and deferred taxes, and is recognized as profit or loss except for the items that are recognized in other comprehensive income.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when temporary differences are reversed based on the laws enacted or substantively enacted by the end of the reporting period.

The recoverability of deferred tax assets is reviewed at the last day of every fiscal year after recognizing deferred tax assets to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax losses, and unused tax credits can be utilized. A deferred tax liability is recognized for all taxable temporary differences in principle.

The Company and some of its subsidiaries apply the Japanese group relief 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 Japanese economy as a whole continues to show a moderate recovery trend, domestic consumption remains steady, uncertainties still persist due to changes in the global situation, domestic and overseas economic slowdowns caused by interest rate and exchange rate fluctuations, and concerns over a decline in domestic and inbound consumption due to rising prices. Given these circumstances, the Group has made reasonable estimates based on the assumption that domestic personal consumption in FY2026 will remain strong, particularly in the affluent market, while inbound demand will continue to be affected by a decline in the number of Chinese tourists visiting Japan for the time being. These estimates incorporate the expected effects of strategies and measures in each business and reflect the situation as of the end of the reporting period. 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, goodwill, investment property, and intangible assets

The Group conducts impairment tests if there is an indication that property, plant and equipment, right-of-use assets, goodwill, investment property, and intangible assets 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 the larger of its value in use and fair value less cost of disposal. In estimating value in use, we consider future cash flows generated from the use of the asset, future cash flows from its ultimate disposal, and apply a discount rate.

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 inbound tourism demand, and the rate of sales growth after the period of business plan.

For the forecast trend for personal spending in Japan, which is the basis of revenue, the Group bases its forecast on the most recent performance, factors in the effect of measures in its business plan, and forecasts for each of the relevant primary business segments. In addition, in the outlook for inbound tourism demand, the Group creates a scenario based on international shipping forecasts and tourism demand forecasts by external organizations, and forecasts the demand within the scope of that scenario.

Although it is also difficult to forecast changes in consumption and other developments impacted by changes in social and economic circumstances, some assumptions are incorporated into forecasts of personal spending trend in Japan and the outlook for inbound tourism demand.

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

For the estimation of fair value less cost of disposal, we calculate based on real estate appraisal values, deducting the estimated disposal costs.

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	756	973
Property, plant and equipment	245,339	195,564
Right-of-use assets	84,710	48,459
Goodwill	6,275	523
Investment property	127,364	3,144
Intangible assets	4,654	1,051

(2) 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 "25. Employee Benefits."

(3) 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.

5. New Standards Not Yet Applied

As of the approval date of the consolidated financial statements, the main accounting standards and interpretation guidelines published but not yet early adopted by the Group are as follows.

The impact of the adoption of IFRS 18 Presentation and Disclosure in Financial Statements on the Group's consolidated financial statements is currently being reviewed.

Standard		Mandatory application period (fiscal year starting from)	Group's scheduled application period	Overview of new and revised standards
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Fiscal year ending February 29, 2028	New standard that replaces the current IAS 1 accounting standard on presentation and disclosure in financial statements

6. 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, operation, etc. of shopping centers. The Developer Business carries out development, sales, management, operation, interior decorating work, etc. of real estate. The Payment and Finance Business undertakes issuance and administration, etc. of credit cards.

Due to reorganization within the Group as of September 1, 2024, a part of the management business of J. Front One Partner Co., Ltd., which had been included in “Other,” was transferred to PARCO SPACE SYSTEMS CO., LTD. that is included in the “Developer Business” and another company. Accordingly, they have been retroactively adjusted as if the transfer had been effective from the beginning of the previous fiscal year (March 1, 2024).

(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, 2025

	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	263,242	63,251	69,144	5,370	401,009	40,859	441,868	9	441,877
Inter-segment revenue	401	1,167	21,513	7,765	30,846	9,857	40,704	(40,704)	–
Total	263,643	64,418	90,658	13,135	431,855	50,716	482,572	(40,694)	441,877
Segment profit	29,677	12,850	8,189	1,460	52,177	797	52,975	5,224	58,199
Finance income									781
Finance costs									(4,270)
Share of profit (loss) of investments accounted for using equity method									1,074
Profit before tax									55,785
Segment assets	617,068	285,933	144,196	85,954	1,133,153	82,075	1,215,229	(51,082)	1,164,147
Other items									
Depreciation and amortization expense	28,803	12,172	4,284	202	45,463	833	46,297	(703)	45,593
Impairment loss	1,878	765	–	–	2,643	102	2,746	(56)	2,689
Investments accounted for using equity method	21,607	15	5,888	–	27,511	157	27,668	171	27,840
Capital expenditures	14,698	3,878	1,877	588	21,043	1,577	22,621	360	22,981

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.

Fiscal year ended February 28, 2026

	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	267,744	66,027	60,198	4,276	398,247	46,839	445,086	7	445,094
Inter-segment revenue	431	1,249	21,194	9,227	32,102	11,147	43,250	(43,250)	–
Total	268,175	67,277	81,393	13,504	430,350	57,987	488,337	(43,243)	445,094
Segment profit	29,856	13,669	7,023	920	51,470	435	51,906	(2,890)	49,015
Finance income									797
Finance costs									(6,294)
Share of profit (loss) of investments accounted for using equity method									996
Profit before tax									44,515
Segment assets	636,000	283,611	138,768	96,937	1,155,316	82,539	1,237,855	(96,288)	1,141,567
Other items									
Depreciation and amortization expense	29,188	11,917	4,295	232	45,634	967	46,601	(2,310)	44,290
Impairment loss	756	973	256	–	1,985	1	1,986	(7)	1,979
Investments accounted for using equity method	21,842	15	5,975	–	27,833	158	27,991	137	28,129
Capital expenditures	31,979	9,233	4,277	119	45,609	1,266	46,875	(21,526)	25,349

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

Revenue from external customers

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

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.

7. Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

	As of February 28, 2025	As of February 28, 2026
	Millions of yen	Millions of yen
Cash	3,310	3,762
Deposits (including time deposits with deposit terms of three months or less)	51,665	32,336
Total	54,975	36,099

8. 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, 2025	As of February 28, 2026
	Millions of yen	Millions of yen
Notes receivable - trade	3,093	2,311
Accounts receivable - trade	97,702	107,904
Accounts receivable - other	41,269	33,521
Contract assets	10,433	6,092
Other	4,165	5,266
Total	156,663	155,096

9. Inventories

The breakdown of inventories is as follows:

	As of February 28, 2025	As of February 28, 2026
	Millions of yen	Millions of yen
Merchandise and finished goods	11,943	13,229
Work in process	251	346
Supplies	466	553
Total	12,662	14,129

The amount of inventories that were recognized as expenses was ¥194,982 million in the fiscal year ended February 28, 2025 and ¥193,289 million in the fiscal year ended February 28, 2026.

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

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
	Millions of yen	Millions of yen
Amounts of write-down	118	103

10. Other Financial Assets

The breakdown of other financial assets is as follows:

	As of February 28, 2025	As of February 28, 2026
	Millions of yen	Millions of yen
Financial assets measured at amortized cost		
Time deposits with deposit terms of more than three months	5,073	5,255
Lease and guarantee deposits	49,359	48,152
Loans receivable	1,961	1,832
Other	3,991	3,981
Financial instruments measured at fair value through profit or loss		
Derivative financial assets	–	16
Shares	950	850
Other	118	72
Financial assets measured at fair value through other comprehensive income		
Shares and investments in capital	28,770	36,344
Total	90,225	96,504
Total current assets	8,690	14,266
Total non-current assets	81,535	82,238

11. Assets Pledged as Collateral

Assets pledged as collateral are as follows:

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Other financial assets	243	407
Inventories	153	151
Total	397	558

12. Assets Held for Sale

Assets held for sale are as follows:

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Property, plant and equipment	1,631	–
Investment property	–	1,423
Total	1,631	1,423

In the previous fiscal year, assets held for sale were those related to the Department Store Business and SC Business. These assets were reclassified as assets held for sale based on decisions to sell land and buildings, etc. The sale of these assets was completed during the current fiscal year.

In the current fiscal year, assets held for sale relate to the Department Store Business. These assets were reclassified as assets held for sale based on decisions to sell investment property. The sale of these assets is expected to be completed during the next fiscal year.

13. Other Assets

The breakdown of other assets is as follows:

	As of February 28, 2025	As of February 28, 2026
	Millions of yen	Millions of yen
Prepaid expense	2,824	3,548
Advance payments - trade	917	652
Suspense payments	580	354
Retirement benefit assets	9,238	11,422
Other	5,262	5,911
Total	18,824	21,889
Other current assets	6,421	6,503
Other non-current assets	12,402	15,385

14. Property, Plant and Equipment

(1) Schedule of changes

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

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, 2024	287,255	508,889	4,089	17,198	306	817,739
Acquisitions	74	12,906	108	1,563	425	15,077
Sales or disposals	(217)	(10,144)	(84)	(661)	–	(11,107)
Transfer to assets held for sale	(1,139)	(11,250)	(16)	(238)	–	(12,645)
Transfer among line items	(287)	229	–	3	(327)	(380)
Acquisition due to business combinations	16,008	514	–	0	–	16,522
Other	(13)	–	–	–	–	(13)
Balance as of February 28, 2025	301,680	501,146	4,096	17,864	405	825,192
Acquisitions	710	10,820	28	2,447	2,134	16,141
Sales or disposals	(33)	(3,715)	(40)	(641)	–	(4,429)
Transfer among line items	107	227	9	174	(396)	122
Balance as of February 28, 2026	302,464	508,478	4,094	19,846	2,143	837,027

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, 2024	(608)	(341,449)	(3,161)	(13,897)	–	(359,116)
Depreciation	–	(14,488)	(186)	(1,050)	–	(15,725)
Impairment loss	(248)	(1,619)	–	(15)	–	(1,883)
Sales or disposals	216	9,028	80	610	–	9,936
Transfer to assets held for sale	261	10,499	16	236	–	11,014
Transfer among line items	–	–	–	0	–	0
Balance as of February 28, 2025	(377)	(338,029)	(3,251)	(14,116)	–	(355,774)
Depreciation	–	(14,403)	(176)	(1,149)	–	(15,730)
Impairment loss	–	(1,187)	–	(22)	–	(1,209)
Sales or disposals	–	3,274	40	602	–	3,917
Transfer among line items	7	239	–	–	–	246
Balance as of February 28, 2026	(370)	(350,105)	(3,387)	(14,686)	–	(368,550)

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, 2024	286,647	167,440	927	3,300	306	458,623
Balance as of February 28, 2025	301,302	163,116	845	3,748	405	469,417
Balance as of February 28, 2026	302,094	158,372	706	5,159	2,143	468,476

Notes:
1. The amount of depreciation expense for property, plant and equipment is included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of profit or loss.
2. Please refer to “31. Other Operating Income” for the gain on sales of non-current assets for the fiscal years ended February 28, 2025 and February 28, 2026, and “34. Other Operating Expenses” for the loss on disposals of non-current assets for the fiscal years ended February 28, 2025 and February 28, 2026.

(2) Commitments

Please refer to “42. Commitments” for commitments related to purchase of property, plant and equipment.

15. 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, 2024	995	17,437	495	17,932
Acquisitions	6,275	2,916	12	2,929
Sales or disposals	–	(2,036)	(1)	(2,037)
Transfer among line items	–	(62)	1	(60)
Balance as of February 28, 2025	7,271	18,255	508	18,764
Acquisitions	–	4,054	94	4,148
Sales or disposals	–	(1,728)	(2)	(1,731)
Transfer among line items	–	(74)	(75)	(149)
Balance as of February 28, 2026	7,271	20,507	525	21,032

Note: The acquisition of goodwill in the fiscal year ended February 28, 2025 was due to a business combination (acquisition of shares of Shinsaibashi Kyodo Center Building, K.K.).

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, 2024	(435)	(9,608)	(437)	(10,045)
Amortization expense	–	(2,362)	(2)	(2,364)
Impairment loss	(36)	(1)	–	(1)
Sales or disposals	–	1,997	0	1,998
Transfer among line items	–	(1)	1	0
Balance as of February 28, 2025	(472)	(9,976)	(437)	(10,414)
Amortization expense	–	(2,377)	(2)	(2,380)
Sales or disposals	–	1,718	–	1,718
Balance as of February 28, 2026	(472)	(10,636)	(440)	(11,076)

Note: The impairment loss of goodwill in the fiscal year ended February 28, 2025 was due to a decline in profitability of XENOZ CO., Ltd.

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, 2024	560	7,828	58	7,886
Balance as of February 28, 2025	6,799	8,279	70	8,350
Balance as of February 28, 2026	6,799	9,870	84	9,955

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

Impairment losses of goodwill are recorded in “other operating expenses” in the consolidated statement of profit or loss.

(2) Impairment of goodwill

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

(Millions of yen)

Reportable segment	Cash-generating units or unit groups	As of February 28, 2025	As of February 28, 2026
Department Store Business	Daimaru Shinsaibashi store	6,275	6,275
SC Business	PARCO CO., LTD.	523	523
Other	XENOZ CO., Ltd.	0	0
	Total	6,799	6,799

The Group tests goodwill for impairment each fiscal year, or whenever there is an indication of impairment.

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.

The discount rates before tax used to calculate value in use for the cash-generating units to which significant goodwill was allocated are as follows:

	As of February 28, 2025	As of February 28, 2026
Daimaru Shinsaibashi store	6.8%	6.4%

There is a risk that impairment may arise if major assumptions used for impairment test are changed. However, in the Department Store Business and SC Business segments, 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.

(3) Commitments

Please refer to "42. Commitments" for commitments related to purchase of intangible assets.

16. 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.

Both the options to extend and terminate leases are reviewed each period for the likelihood of exercise, and the lease term is reviewed if there are significant events or material change in circumstances.

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, 2025	115,474	821	19,080	1,013	136,389
As of February 28, 2026	103,629	680	17,832	1,031	123,174

For information about the increase of right-of-use assets, please refer to "22. Cash Flow Information."

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, 2025	Fiscal year ended February 28, 2026
Depreciation expense of right-of-use assets		
Items with buildings and structures as the underlying assets	20,726	19,208
Items with machinery, tools and fixtures as the underlying asset	454	391
Items with land as the underlying asset	1,249	1,224
Items with intangible assets, other as the underlying asset	150	169
Total depreciation expense of right-of-use assets	22,580	20,993
Impairment loss of right-of-use assets		
Items with buildings and structures as the underlying assets	29	463
Items with machinery, tools and fixtures as the underlying asset	–	–
Items with land as the underlying asset	54	49
Items with intangible assets, other as the underlying asset	0	0
Total impairment loss of right-of-use assets	84	513
Interest expenses related to lease liabilities	2,995	4,381
Costs related to current lease obligations	481	965
Costs related to leases of low-value assets	687	738
Contingent rents not included in the measurement of lease liabilities	140	166

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 expenses" in the consolidated statement of profit or loss.
3. Impairment losses are recorded in "other operating expenses" in the consolidated statement of profit or loss.

2) Income from subleasing

(Millions of yen)

Income from subleasing	12,996	13,222

Note: Income from subleasing generated from right-of-use assets that fall under the definition of investment property is excluded.

3) Cash outflow related to leases

(Millions of yen)

Cash outflow related to leases	32,005	32,155

Lease liabilities

A maturity analysis for lease liabilities is as follows.

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Contractual undiscounted cash flows		
Due within one year	29,575	28,012
Due after one year through two years	26,173	19,581
Due after two years through three years	18,962	15,711
Due after three years through four years	15,316	14,252
Due after four years through five years	13,724	13,008
Due after five years	105,458	106,274
Balance of lease liabilities before discount	209,210	196,841
Current	25,294	24,060
Non-current	148,225	136,079

(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, 2025	Fiscal year ended February 28, 2026
Lease revenue (other than contingent rents)	25,513	25,622
Lease revenue (contingent rents)	36,008	38,010

The maturity analysis for lease payments relating to operating leases is as follows:

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Due within one year	18,526	19,352
Due after one year through two years	16,294	17,857
Due after two years through three years	15,424	16,403
Due after three years through four years	14,279	14,686
Due after four years through five years	12,727	13,905
Due after five years	78,840	77,077
Total	156,093	159,282

Please refer to “17. Investment property” for changes in the carrying amount, acquisition cost, and accumulated depreciation and impairment of underlying assets of operating leases recorded under investment property in the consolidated statement of financial position.

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, 2024	149,229	86,601
Acquisitions	–	2,143
Sales or disposals	(25)	(223)
Transfer to assets held for sale	(531)	(639)
Depreciation	–	(6,599)
Other	–	(0)
Balance as of February 28, 2025	148,672	81,281
Acquisitions	709	3,677
Sales or disposals	–	(249)
Depreciation expense	–	(6,513)
Impairment loss	–	(619)
Other	(13)	(17)
Balance as of February 28, 2026	149,369	77,559

Acquisition costs

(Millions of yen)

	Land	Buildings and structures
Balance as of March 1, 2024	149,708	207,767
Balance as of February 28, 2025	148,672	196,296
Balance as of February 28, 2026	149,369	198,519

Accumulated depreciation and impairment

(Millions of yen)

	Land	Buildings and structures
Balance as of March 1, 2024	478	121,166
Balance as of February 28, 2025	–	115,015
Balance as of February 28, 2026	–	120,960

17. 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, 2024	178,300	43,358	221,658
Acquisitions	1,255	452	1,708
Sales or disposals	(385)	–	(385)
Transfer among line items	287	28	315
Other (Note)	(77)	(814)	(891)
As of February 28, 2025	179,380	43,025	222,405
Acquisitions	2,437	–	2,437
Sales or disposals	(832)	–	(832)
Transfer to assets held for sale	(1,527)	–	(1,527)
Transfer among line items	215	91	306
Other (Note)	–	4,936	4,936
February 28, 2026	179,673	48,053	227,727

Note: This mainly includes changes due to changes in terms and conditions.

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, 2024	(20,406)	(19,267)	(39,673)
Depreciation	(1,899)	(3,307)	(5,207)
Impairment loss	(223)	(459)	(683)
Sales or disposals	365	–	365
Transfer among line items	–	(28)	(28)
Other	–	(1)	(1)
Balance as of February 28, 2025	(22,164)	(23,064)	(45,229)
Depreciation	(1,837)	(3,370)	(5,207)
Impairment loss	(29)	(226)	(256)
Sales or disposals	379	–	379
Transfer to assets held for sale	103	–	103
Transfer among line items	(330)	–	(330)
Balance as of February 28, 2026	(23,877)	(26,661)	(50,539)

Carrying amounts and fair values

(Millions of yen)

	As of February 28, 2025		As of February 28, 2026	
	Carrying amount	Fair value	Carrying amount	Fair value
Investment property	177,176	298,490	177,187	314,421

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.

The fair value hierarchy for investment property is categorized as Level 3 because it includes inputs that are not observable. Fair value hierarchy is provided in “39. Financial Instruments.”

(2) Income and expenses from investment property

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Rental income	22,258	23,120
Direct operating expense	12,287	12,702

The amounts of rental income from investment property and accompanying direct operating expense are included in "revenue" and "cost of sales," respectively, in the consolidated statement of profit or loss.

(3) Commitments

Please refer to "42. Commitments" for commitments related to purchase of investment property.

18. 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.

Key assumptions used in estimating value in use are as provided in "4. Significant Accounting Estimates and Judgments," to the Notes to Consolidated Financial Statements.

Impairment losses are recorded in "other operating expenses" in the consolidated statement of profit or loss.

The breakdown of the assets for which impairment losses were recognized by segment is as follows:

Fiscal year ended February 28, 2025

(Millions of yen)

Segment	Company name (Location)	Use	Type	Impairment loss
Department Store Business	Daimaru Matsuzakaya Department Stores Co. Ltd. (Shizuoka, Shizuoka, etc.)	Store, etc.	Buildings and structures	1,601
			Furniture and fixtures	9
			Land	248
			Right-of-use assets	19
SC Business	PARCO CO., LTD. (Kumamoto, Kumamoto, etc.)	Store, etc.	Buildings and structures	12
			Furniture and fixtures	0
			Right-of-use assets	65
			Software	0
			Investment property	683
Other	Daimaru Kogyo, Ltd. (Chuo-ku, Osaka)	Software	Software	1
	XENOZ CO., Ltd. (Shibuya-ku, Tokyo)	Goodwill, etc.	Buildings and structures	6
			Furniture and fixtures	5
			Goodwill	36
			Total	2,689

1) With regard to the Department Store Business, mainly because of decreased profitability of Daimaru Matsuzakaya Department Stores Co. Ltd.'s Matsuzakaya Shizuoka store, the carrying amounts of buildings and structures, and land were reduced to the recoverable amount and the reduction of ¥1,730 million was recognized as an impairment loss. The recoverable amount of ¥8,341 million for the relevant cash-generating unit is measured at fair value less cost of disposal, based on real estate appraisal values. The fair value hierarchy level of this measurement is Level 3.

2) With regard to the SC Business, mainly because of decreased profitability of PARCO CO., LTD.'s HAB @ Kumamoto store, the carrying amount of investment property was reduced to the recoverable amount and the reduction of ¥683 million was recognized as an impairment loss. The recoverable amount of ¥383 million for the cash-generating unit was measured at value in use, and was calculated by discounting future cash flows by a pre-tax discount rate of 4.8%, 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, 2025.

Fiscal year ended February 28, 2026

(Millions of yen)

Segment	Company name (Location)	Use	Type	Impairment loss
Department Store Business	Daimaru Matsuzakaya Department Stores Co. Ltd. (Kita-ku, Osaka, etc.)	Store, etc.	Buildings and structures	550
			Furniture and fixtures	12
			Right-of-use assets	186
SC Business	PARCO CO., LTD. (Shizuoka, Shizuoka, etc.)	Store, etc.	Buildings and structures	635
			Furniture and fixtures	9
			Right-of-use assets	327
Developer Business	J. FRONT CITY DEVELOPMENT Co., Ltd. (Kawasaki, Kanagawa)	Commercial facility	Investment property	256
Other	XENOZ CO., Ltd. (Shibuya-ku, Tokyo)	Interior facility, etc.	Buildings and structures	1
			Furniture and fixtures	0
			Total	1,979

1) With regard to the Department Store Business, mainly due to the return of the upper floors of Daimaru Matsuzakaya Department Stores Co. Ltd.'s Daimaru Umeda store, the cash-generating units were changed, the carrying amounts of the upper floors of buildings and structures, the amount of right-of-use assets, and fixtures and equipment were reduced to the recoverable amount, and the reduction of ¥730 million was recognized as an impairment loss. Since no future cash flows are expected for the cash-generating units, their recoverable value was calculated with a value in use of zero.

2) With regard to the SC Business, an impairment loss of ¥895 million was recorded as a loss on business liquidation due to the decision to cease operations at PARCO CO., LTD.'s Shizuoka PARCO at the end of January 2027. Since no future cash flows are expected for the cash-generating units, their recoverable value was calculated with a value in use of zero.

3) For the Developer Business, due to the decreased profitability of Kawasaki ZERO GATE of J. FRONT CITY DEVELOPMENT Co., Ltd., the carrying amount of investment property was reduced to the recoverable amount, and the reduction of ¥256 million was recognized as an impairment loss. The recoverable amount of ¥748 million for the cash-generating unit was measured at value in use, and was calculated by discounting future cash flows by a pre-tax discount rate of 5.1%, which was based on the WACC at the time of measurement, taking into account the future profitability and other factors.

There was no reversal of impairment losses recorded in the fiscal year ended February 28, 2026.

19. 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, 2025	As of February 28, 2026
Associates:	3,337	3,575
Joint ventures	24,502	24,553
Total	27,840	28,129

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, 2025	Fiscal year ended February 28, 2026
Associates:		
Share of profit	336	423
Share of other comprehensive income	(2)	0
Share of comprehensive income	333	424
Joint ventures:		
Share of profit	737	572
Share of other comprehensive income	–	–
Share of comprehensive income	737	572
Associates and joint ventures:		
Share of profit	1,074	996
Share of other comprehensive income	(2)	0
Share of comprehensive income	1,071	996

20. 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 another company. 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) The Landmark Nagoya Sakae

J. FRONT CITY DEVELOPMENT Co., Ltd., a subsidiary of the Group is engaged in the construction of a new building “The Landmark Nagoya Sakae” in Nishiki 3-chome, Naka-ku, Nagoya City, through 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, J. FRONT CITY DEVELOPMENT Co., Ltd. recognizes 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.

We will open the new “HAERA” commercial facility located within “The Landmark Nagoya Sakae” as part of this project in June 2026.

21. 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, 2025

(Millions of yen)

	Balance as of March 1, 2024	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition due to business combinations	Balance as of February 28, 2025
Deferred tax assets					
Retirement benefit liability	4,599	(554)	(148)	–	3,895
Allowance for doubtful accounts	1,006	188	–	–	1,195
Non-current assets	4,593	1,011	–	–	5,604
Asset retirement obligations	1,720	(59)	–	–	1,661
Tax loss carryforwards	1,020	(660)	–	–	359
Gain on adjustment of accounts payable	7,034	159	–	–	7,194
Long-term unearned revenue	87	(5)	–	–	81
Prepaid expense (Land leasehold right)	3,004	11	–	–	3,015
Lease liabilities	45,653	6,819	–	–	52,472
Other	14,568	61	12	–	14,643
Total	83,288	6,971	(135)	–	90,124
Deferred tax liabilities					
Non-current assets	72,925	867	–	5,275	79,067
Securities	5,566	(1,061)	2,839	–	7,344
Right-of-use assets	42,693	7,111	–	–	49,804
Other	9,906	(100)	430	–	10,236
Total	131,091	6,816	3,269	5,275	146,453
Net amount of deferred tax assets	(47,803)	154	(3,405)	(5,275)	(56,328)

Fiscal year ended February 28, 2026

(Millions of yen)

	Balance as of March 1, 2025	Recognized in profit or loss	Recognized in other comprehensive income	Balance as of February 28, 2026
Deferred tax assets				
Retirement benefit liability	3,895	236	(1,369)	2,762
Allowance for doubtful accounts	1,195	(395)	–	800
Non-current assets	5,604	(1,225)	–	4,379
Asset retirement obligations	1,661	409	–	2,070
Tax loss carryforwards	359	(210)	–	149
Gain on adjustment of accounts payable	7,194	295	–	7,489
Long-term unearned revenue	81	(3)	–	78
Prepaid expense (Land leasehold right)	3,015	208	–	3,224
Lease liabilities	52,472	3,573	–	56,045
Other	14,643	140	(12)	14,770
Total	90,124	3,029	(1,382)	91,770
Deferred tax liabilities				
Non-current assets	79,067	2,654	–	81,722
Securities	7,344	(20)	2,641	9,965
Right-of-use assets	49,804	4,417	–	54,222
Other	10,236	263	(438)	10,061
Total	146,453	7,315	2,203	155,971
Net amount of deferred tax assets	(56,328)	(4,286)	(3,585)	(64,200)

Deferred tax assets and liabilities in the consolidated statement of financial position are as follows:

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Deferred tax assets	3,190	2,700
Deferred tax liabilities	59,519	66,901
Net amount	(56,328)	(64,200)

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 group in which the Company is the parent corporation under the Japanese group relief system, 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, 2025	As of February 28, 2026
Tax loss carryforwards	7,183	8,835
Deductible temporary differences	48,203	49,699
Total	55,387	58,534

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, 2025	As of February 28, 2026
1st year	–	–
2nd year	–	–
3rd year	–	–
4th year	–	640
5th year and after	7,183	8,194
Total	7,183	8,835

The Company and some of its domestic subsidiaries apply the Japanese group relief 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, 2026, the amount of deductible temporary differences related to local taxes (inhabitant tax and business tax) was ¥51,541 million (¥51,585 million as of February 28, 2025), and the amount of unused tax losses was ¥21,017 million (¥15,844 million as of February 28, 2025).

As of February 28, 2025 and February 28, 2026, the total amount of temporary differences for investments in subsidiaries that were not recognized as deferred tax liabilities were ¥191,395 million and ¥206,609 million, respectively.

(2) Income tax

The breakdown of income tax is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Current taxes:		
Current period	14,423	11,893
Prior periods	4	256
Total current taxes	14,428	12,149
Deferred taxes:		
Origination and reversal of temporary differences, etc.	(267)	1,501
Changes in unrecognized deferred tax assets	112	2,784
Total deferred taxes	(154)	4,286
Total	14,273	16,436

(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, 2025	Fiscal year ended February 28, 2026
	%	%
Effective statutory tax rate	30.6	30.6
Entertainment expense	0.5	0.6
Bonuses for directors (and other officers)	0.3	0.4
Dividend income	(1.1)	(0.0)
Share of profit (loss) of investments accounted for using equity method	(0.6)	(0.7)
Unrecognized deferred tax assets	0.3	3.2
Tax credits	(0.6)	(1.4)
Effect of the changes in tax rates	–	4.1
Gain on step acquisitions	(4.7)	–
Other	0.9	0.1
Average effective tax rate	25.6	36.9

(4) Reconciliation between effective tax rates

Following the enactment by the Diet on March 31, 2025, of the "Act Partially Amending the Income Tax Act" (Act No. 13 of 2025), the special defense corporate tax will be levied from the fiscal years beginning on or after April 1, 2026. Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be eliminated in the fiscal years beginning on or after March 1, 2027, have changed and are now calculated using a statutory effective tax rate of 31.5%, up from 30.6%.

22. 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, 2025

			Changes that do not affect cash flows			
	Balance as of March 1, 2024	Changes that affect cash flows	New leases and changes in agreements	Changes in fair values	Other	Balance as of February 28, 2025
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Current borrowings	24,900	–	–	–	–	24,900
Non-current borrowings	109,180	(3,930)	–	–	–	105,250
Bonds	79,868	(20,000)	–	–	40	59,908
Lease liabilities	150,450	(27,590)	50,660	–	–	173,520
Total	364,398	(51,520)	50,660	–	40	363,578

Fiscal year ended February 28, 2026

			Changes that do not affect cash flows			
	Balance as of March 1, 2025	Changes that affect cash flows	New leases and changes in agreements	Changes in fair values	Other	Balance as of February 28, 2026
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Current borrowings	24,900	(15,000)	–	–	–	9,900
Non-current borrowings	105,250	(28,430)	–	–	–	76,820
Bonds	59,908	29,849	–	–	57	89,816
Lease liabilities	173,520	(26,041)	12,660	–	–	160,139
Total	363,578	(39,621)	12,660	–	57	336,675

(2) Non-cash transactions

The increase in right-of-use assets related to lease transactions is as follows:

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
	Millions of yen	Millions of yen
Increase in right-of-use assets related to lease transactions	53,053	13,088

(3) Acquisition of shares of Shinsaibashi Kyodo Center Building, K.K.

For details about the breakdown of assets and liabilities at the time of stock acquisition and cash flows arising from acquisition for the previous fiscal year and the current fiscal year, please refer to “44. Business Combinations and Acquisition of Non-Controlling Interests.”

23. Bonds and Borrowings

The breakdown of “bonds and borrowings” and “other financial liabilities” is as follows:

	As of February 28, 2025	As of February 28, 2026	Average interest rate (Note 1)	Repayment deadline
	Millions of yen	Millions of yen	%	
Short-term borrowings	53,330	30,220	0.78	–
Long-term borrowings	76,820	56,500	0.57	From March 2027 to March 2035
Bonds (Note 2)	59,908	89,816	(Note 2)	(Note 2)
Guarantee deposits received	35,411	35,601	–	–
Other	26,220	25,528	–	–
Total	251,690	237,666	–	–
Current liabilities	81,592	72,875	–	–
Non-current liabilities	170,097	164,790	–	–

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, 2025	As of February 28, 2026	Interest rate (%)	Maturity date
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.	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
J. FRONT RETAILING Co., Ltd.	11th series of unsecured bonds	May 29, 2025	–	20,000	1.48	May 29, 2030
J. FRONT RETAILING Co., Ltd.	12th series of unsecured bonds	May 29, 2025	–	10,000	2.24	May 29, 2035
Total			60,000	90,000	0.82	

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.

24. 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, 2025	As of February 28, 2026
Notes payable - trade	2,169	274
Accounts payable - trade	107,182	105,252
Accounts payable - other	34,230	36,853
Deposits received	18,634	18,099
Other	593	846
Total	162,810	161,326

25. 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, 2025	As of February 28, 2026
Present value of funded defined benefit obligations	20,388	19,251
Fair value of plan assets	(30,392)	(31,584)
Subtotal	(10,004)	(12,332)
Impact of maximum amount of assets	267	355
Present value of unfunded defined benefit obligations	15,867	15,040
Liabilities of defined benefit plans	6,130	3,063
Amounts in the consolidated statement of financial position		
Retirement benefit liability	15,369	14,486
Retirement benefit assets	9,238	11,422
Net defined benefit liability or asset in the consolidated statement of financial position	6,130	3,063

Changes in the present value of the defined benefit obligations are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Present value of defined benefit obligations at beginning of period	38,528	36,256
Service cost	1,333	1,169
Interest expense	376	562
Remeasurements		
Actuarial gains and losses arising from changes in demographic assumptions	(0)	–
Actuarial gains and losses arising from changes in financial assumptions	(1,841)	(1,095)
Past service cost	–	(79)
Benefits paid	(2,133)	(2,525)
Other	(7)	3
Present value of defined benefit obligations at end of period	36,256	34,292

Changes in the fair value of the plan assets are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Fair value of plan assets at beginning of period	31,038	30,392
Interest revenue	303	478
Remeasurements		
Return on plan assets	138	1,950
Contributions by employer	508	489
Benefits paid	(1,596)	(1,727)
Fair value of plan assets at end of period	30,392	31,584

Changes in impact of maximum amount of assets are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Impact of maximum amount of assets at beginning of period	39	267
Limits on interest revenue	–	4
Remeasurements		
Change in impact of maximum amount of assets	227	84
Impact of maximum amount of assets at end of period	267	355

The fair value of each item of plan assets is as follows:

As of February 28, 2025

(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	5,439	–	5,439
Domestic shares	5,104	338	5,443
Overseas shares	3,434	331	3,766
Jointly operated trusts (shares)	–	805	805
Domestic bonds	4,862	690	5,553
Overseas bonds	2,318	135	2,454
Jointly operated trusts (public and corporate bonds)	551	992	1,544
General accounts of life insurance companies	–	4,550	4,550
Other	–	834	834
Total	21,711	8,681	30,392

As of February 28, 2026

(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	5,767	–	5,767
Domestic shares	5,226	371	5,598
Overseas shares	3,689	353	4,042
Jointly operated trusts (shares)	–	863	863
Domestic bonds	5,011	748	5,760
Overseas bonds	2,437	149	2,586
Jointly operated trusts (public and corporate bonds)	546	1,069	1,616
General accounts of life insurance companies	–	4,354	4,354
Other	38	955	994
Total	22,717	8,866	31,584

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 ¥378 million in the fiscal year ending February 28, 2027.

The weighted average duration of the defined benefit obligations as of February 28, 2025 was 7.65 years.

The weighted average duration of the defined benefit obligations as of February 28, 2026 was 7.34 years.

The main actuarial assumptions used to calculate the present value of the defined benefit obligations are as follows:

	As of February 28, 2025	As of February 28, 2026
	%	%
Discount rate	Mainly 1.6	Mainly 2.4
Anticipated rate of salary increase	Mainly 4.7	Mainly 4.7

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, 2025	As of February 28, 2026
Changes in discount rate		
0.5% increase	(1,303)	(1,173)
0.5% decrease	1,395	1,254

Amounts recognized as retirement benefit expense are as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Service cost	1,333	1,169
Net interest	72	88
Past service cost	–	(79)
Other	168	247
Total	1,574	1,426

(2) Defined contribution plans

The amount recorded as expenses in relation to defined contribution plans is ¥4,663 million for the fiscal year ended February 28, 2025 and ¥4,873 million for the fiscal year ended February 28, 2026, and included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of profit or loss. 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 ¥25 million in the fiscal year ended February 28, 2025 and ¥18 million in the fiscal year ended February 28, 2026, and included in “other operating expenses” in the consolidated statement of profit or loss.

(4) Employee benefit expenses

The amount of employee benefit expenses was ¥60,389 million in the fiscal year ended February 28, 2025 and ¥62,018 million in the fiscal year ended February 28, 2026, and included in “cost of sales” and “selling, general and administrative expenses” in the consolidated statement of profit or loss.

26. 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, 2024	6,072	3,161	9,233
Increase during the period	145	684	830
Discounted interest expenses for the period	49	–	49
Decrease during the period (use)	(60)	(1,348)	(1,409)
Decrease during the period (reversal)	(289)	(1,725)	(2,014)
Other	1	–	1
Balance as of February 28, 2025	5,918	772	6,691
Increase during the period	1,009	–	1,009
Discounted interest expenses for the period	57	–	57
Decrease during the period (use)	(40)	(737)	(778)
Decrease during the period (reversal)	(14)	(34)	(49)
Other	1	–	1
Balance as of February 28, 2026	6,932	–	6,932

The breakdown of provisions in the consolidated statement of financial position is as follows:

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Current liabilities	785	624
Non-current liabilities	5,905	6,308
Total	6,691	6,932

(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.

27. Other Liabilities

The breakdown of other liabilities is as follows:

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Accrued bonuses	7,103	6,528
Accrued paid absences	2,719	2,889
Deferred income (Note)	336	310
Contract liabilities	39,320	39,676
Other accrued expense	6,742	6,342
Other	3,510	4,160
Total	59,733	59,906
Other current liabilities	59,280	59,430
Other non-current liabilities	453	476

Note: The breakdown of deferred income in the fiscal year ended February 28, 2025 was ¥336 million in government grants.
The breakdown of deferred income in the fiscal year ended February 28, 2026 is ¥310 million in government grants.

28. Equity and Other Equity Items

(1) Share capital and capital surplus

Changes in the number of authorized shares, number of issued shares, and the balances of share capital, etc. are as follows:

	Number of authorized shares (Shares)	Number of issued shares (Shares)	Share capital (Millions of yen)	Capital surplus (Millions of yen)
As of March 1, 2024	1,000,000,000	270,565,764	31,974	189,172
Changes during the period	–	–	–	(1,090)
As of February 28, 2025	1,000,000,000	270,565,764	31,974	188,081
Changes during the period	–	–	–	(532)
As of February 28, 2026	1,000,000,000	270,565,764	31,974	187,549

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, 2024	8,420,629	(14,231)
Changes during the period	5,949,279	(9,708)
As of February 28, 2025	14,369,908	(23,940)
Changes during the period	7,782,128	(14,680)
As of February 28, 2026	22,152,036	(38,620)

Note 1: Treasury shares include shares of the Company owned by the officer remuneration BIP trust.

Note 2: The main factor behind the change in the number of shares during the current fiscal year was an increase of 7,988,500 shares resulting from the purchase of treasury shares pursuant to a resolution by the Board of Directors.

(3) Nature and purposes of capital surplus and retained earnings

1) Capital surplus

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 share capital. The remainder of the payment shall be credited to legal capital surplus included in capital surplus. In addition, the Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from legal capital surplus to share 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 capital surplus) or legal retained earnings (an item of retained earnings), until the total amount of legal capital surplus and legal retained earnings reaches 25% of share 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.

29. Dividends

(1) Dividends paid

Fiscal year ended February 28, 2025

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 15, 2024	Ordinary shares	5,285	20.00	February 29, 2024	May 7, 2024
Board of Directors meeting held on October 8, 2024	Ordinary shares	5,681	22.00	August 31, 2024	November 12, 2024

Note: Total amount of dividends resolved at the Board of Directors meeting held on April 15, 2024 includes ¥42 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 8, 2024 includes ¥45 million of dividends paid on the Company’s shares held by the officer remuneration BIP trust.

Fiscal year ended February 28, 2026

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 24, 2025	Ordinary shares	7,747	30.00	February 28, 2025	May 8, 2025
Board of Directors meeting held on October 14, 2025	Ordinary shares	6,756	27.00	August 31, 2025	November 12, 2025

Note: Total amount of dividends resolved at the Board of Directors meeting held on April 24, 2025 includes ¥61 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 14, 2025 includes ¥49 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, 2025

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 24, 2025	Ordinary shares	7,747	30.00	February 28, 2025	May 8, 2025

Note: Total amount of dividends resolved at the Board of Directors meeting held on April 24, 2025 includes ¥61 million of dividends paid on the Company’s shares held by the officer remuneration BIP trust.

Fiscal year ended February 28, 2026

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 27, 2026	Ordinary shares	6,756	27.00	February 28, 2026	May 8, 2026

Note: Total amount of dividends resolved at the Board of Directors meeting held on April 27, 2026 includes ¥49 million of dividends paid on the Company’s shares held by the officer remuneration BIP trust.

30. 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 revenue related to variable consideration, etc. is immaterial. In addition, the amount of promised consideration does not include any significant financing.

Due to reorganization within the Group as of September 1, 2024, a part of the management business of J. Front One Partner Co., Ltd., which had been included in "Other," was transferred to PARCO SPACE SYSTEMS CO., LTD. that is included in the "Developer Business" and another company. Accordingly, they have been retroactively adjusted as if the transfer had been effective from the beginning of the previous fiscal year (March 1, 2024).

Segment		Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
		Millions of yen	Millions of yen
	Daimaru Osaka Shinsaibashi store	41,301	42,129
	Osaka Umeda store	19,375	20,058
	Tokyo store	22,154	22,354
	Kyoto store	20,927	19,943
	Kobe store	28,993	30,043
	Sapporo store	23,337	23,249
	Matsuzakaya Nagoya store	38,250	39,929
	Ueno store	8,958	8,793
	Other stores, etc.	60,344	61,673
	Elimination of inter-segment revenue	(401)	(431)
Department Store Business		263,242	267,744
	PARCO	63,484	66,504
	Other	934	772
	Elimination of inter-segment revenue	(1,167)	(1,249)
SC Business		63,251	66,027
	J. FRONT CITY DEVELOPMENT	13,414	11,202
	PARCO SPACE SYSTEMS	25,844	31,479
	J. Front Design & Construction	50,645	40,403
	Other	754	(1,692)
	Elimination of inter-segment revenue	(21,513)	(21,194)
Developer Business		69,144	60,198
	Payment and Finance Business	13,135	13,504
	Elimination of inter-segment revenue	(7,765)	(9,227)
Payment and Finance Business		5,370	4,276
	Other	50,716	57,987
	Elimination of inter-segment revenue	(9,857)	(11,147)
Other		40,859	46,839
Adjustments		9	7
Total		441,877	445,094

	Revenue from contracts with customers	377,851	378,162
	Revenue arising from other sources	64,026	66,932
Revenue		441,877	445,094

(Note 1) 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.

(Note 2) "Other" in each business category includes elimination of inter-segment revenue.

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 it is determined that the customer obtains control over the goods and the performance obligation is satisfied at the time when goods are delivered to the customer, 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 of shopping centers. With regard to these 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. 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, sales, supervision, operation, interior decorating work, etc. of real estate.

Revenue from lease of real estate and others is recognized over the lease term, in accordance with IFRS 16. Revenue from sales of real estate is recognized at the time when ownership of the developed property is transferred to the customer, as it is determined that the performance obligation is satisfied at that point. The payment for the delivered property is received at the time of property delivery, which is the point of satisfaction of the performance obligation.

Revenue from the design and operation of interior decorating work is recognized based on the progress towards the satisfaction of performance obligations over a certain period for construction contracts in the business. For such construction contracts, since it is determined that the incurrence of costs appropriately reflects the progress of the work, the measurement of progress is conducted based on the proportion of construction costs incurred by the end of each reporting period to the total expected construction costs. If the progress cannot be reasonably measured but it is expected that the costs incurred in fulfilling the performance obligation will be recoverable, revenue is recognized to the extent of the costs incurred for performance obligations satisfied over a certain period of time until the progress can be reasonably measured.

4) Payment and Finance Business

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

In the Payment and Finance Business, the Group recognizes annual membership fees from cardholders and other fees, such as those from department stores, shopping centers, and external affiliated stores, as revenue.

Revenue from annual membership fees is recognized over the period of the membership, as the performance obligation is satisfied according to the duration of the membership fees based on the contract with the member who is the customer. Revenue from merchant fees is recognized at the time of credit card usage, when the service is completed and the performance obligation is satisfied, based on the contract with the merchant who is the customer. Revenue from interest on installment sales is recognized by multiplying the revolving balance and the number of installment payments by their respective set interest rates to calculate interest revenue, and the interest is recognized 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, 2025

(Millions of yen)

	As of March 1, 2024	As of February 28, 2025
Receivables from contracts with customers	98,071	102,726
Contract assets	6,821	10,433
Contract liabilities	38,784	39,320

Fiscal year ended February 28, 2026

(Millions of yen)

	As of March 1, 2025	As of February 28, 2026
Receivables from contracts with customers	102,726	107,824
Contract assets	10,433	6,092
Contract liabilities	39,320	39,676

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 fiscal year, the amount recognized as revenue in the current fiscal year ended February 28, 2026 was ¥20,392 million.

The decrease in contract assets in the current fiscal year is mainly due to the decrease in construction orders received.

Regarding performance obligations satisfied or partially satisfied in prior periods, no amount was recognized in revenue in the fiscal years ended February 28, 2025 and February 28, 2026.

(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, 2025	As of February 28, 2026
Due within one year	36,590	33,754
Due after one year through two years	11,248	10,709
Due after two years	6,885	18,241
Total	54,724	62,705

31. Other Operating Income

The breakdown of other operating income is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Gain on sales of non-current assets (Note 1)	144	1,827
Gain on step acquisitions (Note 2)	8,525	–
Reversal of provision for loss on store closings (Note 3)	1,950	–
Other	1,210	2,304
Total	11,831	4,131

Notes: 1. Gain on sales of non-current assets for the fiscal year ended February 28, 2025, is mainly a gain on sales due to the sale of real estate holdings in the SC Business. Gain on sales of non-current assets for the fiscal year ended February 28, 2026, is a gain on sales due to the sale of real estate holdings in the Department Store Business and SC Business.

2. For the gain on step acquisitions, please refer to “44. Business Combinations and Acquisition of Non-Controlling Interests.”
3. The reversal of provision for loss on store closings in the fiscal year ended February 28, 2025 was due to the waiver of obligations to cover store restoration costs, resulting in a partial reversal of the provision.

32. Cost of Sales

The breakdown of cost of sales is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Cost of goods sold	186,919	186,089
Personnel expense	8,399	8,852
Depreciation and amortization expense	20,632	19,970
Other	13,330	14,769
Total	229,281	229,682

33. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Personnel expense	54,840	55,903
Depreciation and amortization expense	24,961	24,320
Advertising expense	10,802	12,182
Operational costs	11,050	12,227
Other	57,451	60,180
Total	159,106	164,814

34. Other Operating Expenses

The breakdown of other operating expenses is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Loss on disposals of non-current assets	2,699	2,607
Impairment loss (Note 1)	2,689	1,083
Loss on business liquidation (Note 2)	526	895
Other	1,205	1,126
Total	7,122	5,713

Notes: 1. For details, please refer to “18. Impairment of Non-financial Assets.”
2. The loss on business liquidation for the fiscal year ended February 28, 2025 is due to ¥526 million in costs related to store closures (removal costs, etc.) that were recorded following the decision to cease operations at PARCO CO., LTD.’s Pedi SHIODOME. The loss on business liquidation for the fiscal year ended February 28, 2026 is an impairment loss of ¥895 million recorded due to the decision to cease operations at PARCO CO., LTD.’s Shizuoka PARCO.

35. Finance Income and Finance Costs

The breakdown of finance income is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Interest income		
Financial assets measured at amortized cost	652	648
Dividend income		
Equity financial assets measured at fair value through other comprehensive income	129	148
Total	781	797

The breakdown of finance costs is as follows:

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Interest expenses		
Financial liabilities measured at amortized cost	1,014	1,510
Interest expenses related to lease liabilities	2,995	4,381
Other	260	402
Total	4,270	6,294

36. 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, 2025	Fiscal year ended February 28, 2026
Financial assets measured at fair value through other comprehensive income		
Amount arising during the period	9,762	7,786
Tax effect	(3,045)	(2,628)
Financial assets measured at fair value through other comprehensive income	6,717	5,158
Remeasurements of defined benefit plans		
Amount arising during the period	1,751	2,957
Tax effect	(616)	(952)
Remeasurements of defined benefit plans	1,135	2,005
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during the period	0	0
Tax effect	(0)	(0)
Share of other comprehensive income of entities accounted for using equity method	0	0
Total items that will not be reclassified to profit or loss	7,852	7,164
Items that may be reclassified to profit or loss		
Cash flow hedges		
Amount arising during the period	(67)	58
Reclassification adjustments	–	–
Before tax effect	(67)	58
Tax effect	20	(17)
Cash flow hedges	(46)	40
Exchange differences on translation of foreign operations		
Amount arising during the period	213	97
Reclassification adjustments	–	–
Before tax effect	213	97
Tax effect	–	–
Exchange differences on translation of foreign operations	213	97
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during the period	(2)	–
Reclassification adjustments	–	–
Before tax effect	(2)	–
Tax effect	–	–
Share of other comprehensive income of entities accounted for using equity method	(2)	–
Total items that may be reclassified to profit or loss	164	137
Total other comprehensive income	8,017	7,301

37. Earnings Per Share

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Profit attributable to owners of parent (Millions of yen)	41,424	28,282
Adjustment to profit	–	–
Profit used to calculate diluted earnings per share (Millions of yen)	41,424	28,282
Average number of ordinary shares during the period (Shares)	258,336,126	250,455,637
Increase in the number of ordinary shares:		
Officer remuneration BIP trust (Shares)	320,864	267,591
Average number of diluted ordinary shares during the period (Shares)	258,656,990	250,723,228
Basic earnings per share (Yen)	160.35	112.93
Diluted earnings per share (Yen)	160.15	112.80

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.

38. 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 representative directors of JFR Card Co., Ltd., J. FRONT CITY DEVELOPMENT Co., Ltd., and J. Front Design & Construction Co., Ltd., in addition to officers of the Company, Daimaru Matsuzakaya Department Stores Co. Ltd., and PARCO CO., LTD. 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, 2025

	BIP Trust		
	Short-term PS	Medium- to long-term PS	RS
Number of points granted during the period	185,286	314,517	43,939
Weighted average fair value (Yen)	922	922	922

Fiscal year ended February 28, 2026

	BIP Trust		
	Short-term PS	Medium- to long-term PS	RS
Number of points granted during the period	196,062	210,080	28,590
Weighted average fair value (Yen)	1,544	1,466	1,466

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.

(2) Share-based payment expense

The amounts recognized as share-based payment expense, which were included in the consolidated statement of profit or loss, were ¥776 million in the fiscal year ended February 28, 2025 and ¥616 million in the fiscal year ended February 28, 2026.

39. 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, 2025	As of February 28, 2026
Interest-bearing debt	363,578	336,675
Equity attributable to owners of parent	409,646	415,586
D/E ratio (Times)	0.89	0.81

(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 doubtful accounts. Specifically, when there is no significant increase in credit risk since initial recognition, expected credit losses for 12 months are measured as allowance for doubtful accounts.

On the other hand, when there is a significant increase in credit risk since initial recognition, lifetime expected credit losses are measured as allowance for doubtful accounts. 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 doubtful accounts 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 doubtful accounts

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 doubtful accounts.

Changes in allowance for doubtful accounts 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, 2024	108	31	3,669	1,131
Transfer to lifetime expected credit losses	(51)	–	89	(37)
Transfer to credit-impaired financial assets	(217)	–	(198)	416
Transfer to 12-month expected credit losses	0	–	(0)	(0)
Changes due to new arising and collection of financial assets	294	10	186	263
Financial assets that were derecognized during the period	–	–	–	–
Direct write-off	(0)	–	(60)	(417)
Other	–	–	–	–
Balance as of February 28, 2025	134	41	3,685	1,355
Transfer to lifetime expected credit losses	(28)	–	31	(3)
Transfer to credit-impaired financial assets	(161)	–	(280)	442
Transfer to 12-month expected credit losses	0	–	(0)	(0)
Changes due to new arising and collection of financial assets	197	5	86	(339)
Financial assets that were derecognized during the period	–	–	(949)	(0)
Direct write-off	(0)	–	(85)	(215)
Other	(1)	(1)	(49)	–
Balance as of February 28, 2026	140	46	2,437	1,239

(ii) The carrying amounts of financial assets by risk type (before deducting allowance for doubtful accounts) are as follows:

	As of February 28, 2025	As of February 28, 2026
	Millions of yen	Millions of yen
Financial assets measured at amortized cost, etc. (12-month expected credit losses)	104,577	96,626
Trade and other receivables (Lifetime expected credit losses)	111,620	116,487
Financial assets whose credit risk has increased significantly since initial recognition (Lifetime expected credit losses)	4,659	3,611
Credit-impaired financial assets (Lifetime expected credit losses)	1,409	1,457

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, 2025	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	162,810	162,810	162,810	–	–	–	–	–
Short-term borrowings	53,330	53,489	53,489	–	–	–	–	–
Long-term borrowings	76,820	78,687	380	20,700	22,290	753	9,751	24,811
Bonds	59,908	60,669	220	15,207	20,151	15,072	10,018	–
Other financial liabilities	61,590	61,707	28,221	1,153	1,182	414	755	29,980
Derivative financial liabilities								
Forward exchange	41	41	41	–	–	–	–	–
Total	414,501	417,405	245,163	37,060	43,624	16,240	20,525	54,791

Notes: 1. Short-term borrowings include the current portion of long-term borrowings.

2. Receivables and liabilities resulting from derivative transactions are presented on a net basis.

(Millions of yen)

As of February 28, 2026	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	161,326	161,326	161,326	–	–	–	–	–
Short-term borrowings	30,220	30,399	30,399	–	–	–	–	–
Long-term borrowings	56,500	57,897	290	22,290	753	9,751	16,120	8,690
Bonds	89,816	93,907	15,727	20,671	15,592	10,538	20,371	11,006
Other financial liabilities	61,130	61,337	27,655	3,219	1,075	694	485	28,207
Derivative financial liabilities								
Forward exchange	–	–	–	–	–	–	–	–
Total	398,992	404,867	235,398	46,180	17,421	20,984	36,978	47,903

Note: Short-term borrowings include the current portion of long-term borrowings.

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, 2025	As of February 28, 2026
Commitment line		
Used	–	–
Unused	100,000	100,000
Total	100,000	100,000
Overdraft limit		
Used	21,900	6,900
Unused	114,330	128,830
Total	136,230	135,730
Commercial paper issuance limit		
Used	–	–
Unused	100,000	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 monitors developments in the interest rate market.

(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 mainly 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 tables.

	As of February 28, 2025		As of February 28, 2026	
	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)	51,695	51,288	44,971	44,134
Total	51,695	51,288	44,971	44,134
Financial liabilities:				
Borrowings	130,150	128,655	86,720	84,660
Bonds	59,908	58,662	89,816	87,991
Other financial liabilities (non-current)	33,368	33,368	33,474	33,474
Total	223,427	220,686	210,010	206,126

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, 2025 and February 28, 2026, there was no transfer between Level 1, Level 2, and Level 3.

As of February 28, 2025

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	–	–	–	–
Other financial assets	–	118	950	1,068
Financial assets measured at fair value through other comprehensive income				
Other financial assets (non-current)	2,259	63	26,447	28,770
Total	2,259	182	27,397	29,839
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Derivative financial liabilities	–	41	–	41
Total	–	41	–	41

As of February 28, 2026

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	–	16	–	16
Other financial assets	–	72	850	922
Financial assets measured at fair value through other comprehensive income				
Other financial assets (non-current)	3,298	63	32,981	36,344
Total	3,298	152	33,832	37,283
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, 2025	Fiscal year ended February 28, 2026
	Millions of yen	Millions of yen
Balance at beginning of period	17,588	27,397
Total gains and losses	9,378	6,605
Profit or loss (Note 1)	–	(129)
Other comprehensive income (Note 2)	9,378	6,735
Purchase	485	29
Sale	(80)	(201)
Other	26	–
Balance at end of period	27,397	33,832

Notes: 1. Gains or losses included in profit or loss relate to financial assets measured at fair value through profit or loss as of the reporting date. These gains or losses are recorded in "finance costs" in the consolidated statement of profit or loss.

2. 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, 2025	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at amortized cost				
Other financial assets (non-current)	–	3,631	47,656	51,288
Total	–	3,631	47,656	51,288
Liabilities:				
Financial liabilities measured at amortized cost				
Borrowings	–	128,655	–	128,655
Bonds	–	58,662	–	58,662
Other financial liabilities (non-current)	–	–	33,368	33,368
Total	–	187,317	33,368	220,686

(Millions of yen)

As of February 28, 2026	Level 1	Level 2	Level 3	Total
Assets:				
Financial assets measured at amortized cost				
Other financial assets (non-current)	–	2,141	41,992	44,134
Total	–	2,141	41,992	44,134
Liabilities:				
Financial liabilities measured at amortized cost				
Borrowings	–	84,660	–	84,660
Bonds	–	87,991	–	87,991
Other financial liabilities (non-current)	–	–	33,474	33,474
Total	–	172,651	33,474	206,126

(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, 2025

(Millions of yen)

Securities	Amount
Asahi Properties Inc.	12,551
Nagoya Dome Company, Limited	1,481
Nagashima Resort Co., Ltd.	1,237
Chunichi Shimbun Co., Ltd.	1,008
MBS MEDIA HOLDINGS, INC.	972
Toho Gas Co., Ltd.	915
Kyushu Kangyo Co., Ltd.	620
TOKAI TELEVISION BROADCASTING Co., Ltd.	544
Japan Installment Deposit Guarantee Co., Ltd.	515
Tower Records Japan Inc.	429

As of February 28, 2026

(Millions of yen)

Securities	Amount
Asahi Properties Inc.	19,121
MBS MEDIA HOLDINGS, INC.	1,314
Toho Gas Co., Ltd.	1,254
Nagoya Dome Company, Limited	1,177
Nagashima Resort Co., Ltd.	1,176
Chunichi Shimbun Co., Ltd.	1,143
CHUBU-NIPPON BROADCASTING CO., LTD.	701
TOKAI TELEVISION BROADCASTING Co., Ltd.	664
Kyushu Kangyo Co., Ltd.	584
Japan Installment Deposit Guarantee Co., Ltd.	440

2) Dividend income

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Investments derecognized during the period	1	0
Investments held at end of period	127	148
Total	129	148

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, 2025	Fiscal year ended February 28, 2026
Fair value on the date of sale	188	218
Cumulative gain (loss) on sale	64	143

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, 2025 and February 28, 2026, cumulative gain or loss (after tax) in other comprehensive income transferred to retained earnings were ¥45 million and ¥(43) 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. 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, 2025

	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	2,316	–	–	41	Other financial liabilities	–

As of February 28, 2026

	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	2,762	–	16	–	Other financial assets	–

(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, 2025 and February 28, 2026, 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 ¥3,000 million in the fiscal year ended February 28, 2025 and ¥3,000 million in the fiscal year ended February 28, 2026.

40. Significant Subsidiaries

The status of major subsidiaries as of the end of the current fiscal year is as stated in “I. Overview of the Company, 4. Overview of subsidiaries and associates.”

41. Related Parties

(1) Transactions with related parties

Fiscal year ended February 28, 2025

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.

Fiscal year ended February 28, 2026

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, 2025	Fiscal year ended February 28, 2026
Officer remuneration	2,072	2,119
Retirement benefit	1	1
Share-based payment	776	616
Total	2,849	2,737

42. Commitments

Commitments related to expenditures after the reporting date are as follows:

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Purchase of property, plant and equipment	595	1,856
Purchase of intangible assets	289	1,343
Purchase of investment property	6,109	4,651
Total	6,994	7,851

43. Contingent Liabilities

No significant contingent liabilities exist.

44. Business Combinations and Acquisition of Non-Controlling Interests

Fiscal year ended February 28, 2025

(Acquisition of shares of Shinsaibashi Kyodo Center Building, K.K.)

1. Outline of business combination

(1) Name of acquired company and its business content

Name of acquired company	Shinsaibashi Kyodo Center Building, K.K.
Business content	Ownership and leasing of real estate

(2) Main reason for business combination

The building owned by Shinsaibashi Kyodo Center Building, K.K. (hereinafter "SCB") has been in operation as the south wing of the Daimaru Shinsaibashi store since 1970 and, as the Company's strategic base in the Shinsaibashi area, has most recently operated specialty brands, cosmetics sales floors mainly for inbound tourists, and a duty-free counter. In addition to the aforementioned south wing of the Daimaru Shinsaibashi store, the Company also operates the Main Building of the Daimaru Shinsaibashi store and Shinsaibashi PARCO in the Shinsaibashi area. Along with demonstrating the uniqueness and strengths of Daimaru and PARCO, the Company is actively developing product collaboration, joint sales promotions, area collaboration with nearby facilities of other companies, and personnel exchanges to further enhance the synergy between the department store and PARCO. The Shinsaibashi area is expected to further develop and become more attractive due to the increase in the number of local customers and inbound visitors, as well as Osaka's initiative to convert a portion of the sidewalks along Midosuji Avenue into a pedestrian space, etc. Under these circumstances, making SCB a wholly owned subsidiary of the Company's subsidiary Daimaru Matsuzakaya through this share acquisition will enable the Company to formulate a highly flexible business plan for its area strategy going forward, including the south wing of the Daimaru Shinsaibashi store. The Company will further strengthen its presence in the Shinsaibashi area by considering its future vision, including the south wing of the Daimaru Shinsaibashi store, and promoting plans that will contribute to retail expansion in the Shinsaibashi area and the creation of a livelier and more attractive town.

(3) Date of business combination

July 31, 2024

(4) Legal form of business combination

Acquisition of shares in consideration for cash by the Company's consolidated subsidiary, Daimaru Matsuzakaya Department Stores Co. Ltd.

Acquisition of treasury shares by the acquired company

(5) Ratio of voting rights after acquisition

Ratio of voting rights before additional acquisition	50.0%
Ratio of voting rights increased by SCB's acquisition of treasury shares	4.0%
Ratio of voting rights additionally acquired on the date of business combination	35.2%
Ratio of voting rights after additional acquisition	89.2%

2. Acquisition-related expenses

Acquisition-related expenses of ¥10 million are included in "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

3. Gain on step acquisitions

The Company remeasured its interest in the acquired company, which was an equity method associate, held immediately prior to the acquisition date at its acquisition-date fair value, resulting in an ¥8,525 million gain on step acquisitions that are included in "other operating income" in the consolidated statement of profit or loss.

4. Fair value of assets acquired and liabilities assumed as of the acquisition date

(Millions of yen)

	Amount

Fair value of consideration paid	6,422
Fair value of equity interest held immediately before the acquisition date	9,850
Total	16,272
Fair value of assets acquired and liabilities assumed	
Property, plant and equipment	16,522
Of which, land	16,008
Other Assets	348
Deferred tax liabilities	5,275
Other Liabilities	389
Fair value of assets acquired and liabilities assumed (net amount)	11,206
Non-controlling interests (Note 1)	1,210
Goodwill (Note 2)	6,275
Total	16,272

Notes: 1. Non-controlling interests are measured at the non-controlling interest's proportionate share of the fair value of the acquired company's identifiable net assets at the acquisition date.

2. Goodwill mainly arises from a reasonable estimate of expected future excess earning power. No such goodwill is expected to be deductible for tax purposes.

5. Cash flows arising from acquisition

(Millions of yen)

Item	Amount
Cash and cash equivalents transferred in acquisition	6,422
Cash and cash equivalents held by the acquiree at the time of acquisition	201
Purchase of shares of subsidiaries resulting in change in scope of consolidation	6,220

6. Impact on the Group

Information on profit and loss after the acquisition date related to this business combination as well as information on profit and loss if the business combination had taken place at the beginning of the fiscal year is omitted because the impact on the consolidated statement of profit or loss is immaterial. The pro forma information has not been audited.

Fiscal year ended February 28, 2026

(Conversion of Shinsaibashi Kyodo Center Building, K.K. into a wholly-owned subsidiary)

The Group acquired additional interests in Shinsaibashi Kyodo Center Building, K.K., a consolidated subsidiary, on July 31, 2025, making it a wholly-owned subsidiary. The overview of the "transaction with non-controlling interests" associated with the additional acquisition is as follows.

(Millions of yen)

Item	Amount
Carrying amount of the acquired non-controlling interests	1,214
Consideration paid for non-controlling interests	1,970
Decrease in equity attributable to owners of parent	755

45. Subsequent Events

(Purchase of treasury shares)

At the meeting of the Board of Directors held on April 14, 2026, a resolution was passed concerning matters related to the purchase of own shares in accordance with Paragraph 1, Article 459 of the Companies Act and Article 39 of the Company's Articles of Incorporation.

1. Reason for the purchase of own shares

Under the FY2024-FY2026 Medium-term Business Plan, the Company is committed to working on the "Realization of growth with profitability" and "Optimization of equity amount and enhancement of shareholder returns" in order to enhance medium- to long-term return on capital. This purchase will be carried out based on this policy.

2. Details of matters related to the purchase

(1) Class of shares to be purchased

Ordinary shares

(2) Total number of shares to be purchased

5,000,000 shares (upper limit)

(2.00% of total number of issued shares (excluding treasury shares))

*Treasury shares do not include shares of the Company owned by the officer remuneration BIP trust.

(3) Total value of shares to be purchased

¥10,000 million (upper limit)

(4) Purchase period

From April 15, 2026 to June 26, 2026

(5) Purchase method

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

46. Approval of Consolidated Financial Statements

These consolidated financial statements were approved by the President and Representative Executive Officer Keiichi Ono on May 26, 2026.

(2) Other

Quarterly financial information, etc. for the current fiscal year

(Cumulative)	First three months	First six months	First nine months	Current fiscal year
Revenue (Millions of yen)	110,802	219,925	328,127	445,094
Profit before tax (Millions of yen)	15,097	27,874	37,440	44,515
Profit attributable to owners of parent (Millions of yen)	10,483	18,354	24,684	28,282
Basic earnings per share (Yen)	41.25	72.80	98.33	112.93

(Quarterly)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	41.25	31.50	25.47	14.48

Note: For the first and third quarters, the financial information for the quarters has not undergone an interim review.

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Non-consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Assets		
Current assets		
Cash and deposits	46,053	25,330
Short-term loans receivable from subsidiaries and associates	120,254	112,486
Accounts receivable - other	1,166	1,446
Other	218	629
Allowance for doubtful accounts	(832)	–
Total current assets	166,859	139,893
Non-current assets		
Property, plant and equipment		
Buildings and structures	223	182
Other	63	54
Total property, plant and equipment	287	237
Intangible assets		
Software	2,272	2,254
Total intangible assets	2,272	2,254
Investments and other assets		
Investment securities	2,060	1,957
Shares of subsidiaries and associates	368,387	368,661
Long-term loans receivable from subsidiaries and associates	60,500	61,000
Deferred tax assets	635	388
Other	383	571
Total investments and other assets	431,967	432,578
Total non-current assets	434,526	435,070
Deferred assets		
Bond issuance cost	91	183
Total deferred assets	91	183
Total assets	601,478	575,147

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Liabilities		
Current liabilities		
Short-term borrowings	50,330	27,220
Current portion of bonds payable	–	15,000
Deposits received from subsidiaries and associates	74,098	75,256
Accrued expenses	811	783
Income taxes payable	89	220
Provision for bonuses	328	334
Provision for bonuses for directors and other officers	230	192
Provision for officer remuneration BIP trust	155	170
Other	1,653	1,717
Total current liabilities	127,695	120,894
Non-current liabilities		
Bonds payable	60,000	75,000
Long-term borrowings	76,820	56,500
Provision for officer remuneration BIP trust	377	752
Other	1,202	955
Total non-current liabilities	138,400	133,208
Total liabilities	266,095	254,103
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	77,628	77,951
Total retained earnings	77,628	77,951
Treasury shares	(23,219)	(37,899)
Total shareholders' equity	335,258	320,901
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	123	143
Total valuation and translation adjustments	123	143
Total net assets	335,382	321,044
Total liabilities and net assets	601,478	575,147

2) Non-consolidated Statement of Income

(Millions of yen)

		Fiscal year ended February 28, 2025		Fiscal year ended February 28, 2026
Operating revenue				
Dividend income	*1	14,657	*1	18,836
Consulting fee income	*1	6,070	*1	6,342
Total operating revenue		20,727		25,179
General and administrative expense	*1,*2	9,848	*1,*2	9,931
Operating profit		10,878		15,247
Non-operating income				
Interest income	*1	806	*1	1,396
Dividend income	*1	20	*1	25
Reversal of allowance for doubtful accounts	*3	167		–
Other		50		34
Total non-operating income		1,044		1,456
Non-operating expenses				
Interest expenses	*1	1,196	*1	1,400
Interest on bonds		228		609
Provision of allowance for doubtful accounts		–	*4	14
Commitment fees		192		192
Loss on investments in investment partnerships		114		244
Other		218		147
Total non-operating expenses		1,950		2,610
Ordinary profit		9,973		14,093
Extraordinary losses				
Loss on valuation of investment securities		–	*5	132
Loss on valuation of shares of subsidiaries and associates	*6	170		–
Total extraordinary losses		170		132
Profit before income taxes		9,803		13,960
Income taxes - current		(991)		(1,103)
Income taxes - deferred		(293)		236
Total income taxes		(1,284)		(866)
Profit		11,087		14,827

3) Non-consolidated Statement of Changes in Equity

Fiscal year ended February 28, 2025

(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	77,513	77,513	(13,316)	345,046
Changes during period								
Dividends of surplus	–	–	–	–	(10,967)	(10,967)	–	(10,967)
Profit	–	–	–	–	11,087	11,087	–	11,087
Purchase of treasury shares	–	–	–	–	–	–	(11,458)	(11,458)
Disposal of treasury shares	–	–	–	–	–	–	1,555	1,555
Changes due to dividends in kind	–	–	–	–	(6)	(6)	–	(6)
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–
Total changes during period	–	–	–	–	114	114	(9,902)	(9,788)
Balance at end of period	31,974	9,474	239,400	248,874	77,628	77,628	(23,219)	335,258

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	128	128	345,175
Changes during period			
Dividends of surplus	–	–	(10,967)
Profit	–	–	11,087
Purchase of treasury shares	–	–	(11,458)
Disposal of treasury shares	–	–	1,555
Changes due to dividends in kind	–	–	(6)
Net changes in items other than shareholders' equity	(4)	(4)	(4)
Total changes during period	(4)	(4)	(9,793)
Balance at end of period	123	123	335,382

Fiscal year ended February 28, 2026

(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	239,400	248,874	77,628	77,628	(23,219)	335,258
Changes during period								
Dividends of surplus	–	–	–	–	(14,504)	(14,504)	–	(14,504)
Profit	–	–	–	–	14,827	14,827	–	14,827
Purchase of treasury shares	–	–	–	–	–	–	(15,009)	(15,009)
Disposal of treasury shares	–	–	–	–	–	–	329	329
Changes due to dividends in kind	–	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	–	–	–
Total changes during period	–	–	–	–	323	323	(14,680)	(14,356)
Balance at end of period	31,974	9,474	239,400	248,874	77,951	77,951	(37,899)	320,901

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	123	123	335,382
Changes during period			
Dividends of surplus	–	–	(14,504)
Profit	–	–	14,827
Purchase of treasury shares	–	–	(15,009)
Disposal of treasury shares	–	–	329
Changes due to dividends in kind	–	–	–
Net changes in items other than shareholders' equity	19	19	19
Total changes during period	19	19	(14,337)
Balance at end of period	143	143	321,044

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

   (For investments in limited liability investment partnerships (deemed to be securities based on Paragraph 2, Article 2 of the Financial Instruments and Exchange Act), these are stated by the net amount corresponding to the Company’s equity share based on the most recent obtainable financial statements depending on the reporting date established by the partnership agreement.)

   (2) Available-for-sale securities

   Other than stocks and other securities with no market price

   Stated at fair value

   (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 (five 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.

(Significant accounting estimates)

There are no accounting estimates that have a risk of significantly impacting the non-consolidated financial statements for the next fiscal year.

(Changes in accounting policies)

No items to report

(Notes to non-consolidated statement of income)

*1. Transactions with subsidiaries and associates

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Operating transactions		
Operating revenue	20,727	25,179
General and administrative expenses	973	1,051
Non-operating transactions	1,499	2,242

*2. Major components of general and administrative expenses

(Millions of yen)

	Fiscal year ended February 28, 2025	Fiscal year ended February 28, 2026
Officer remuneration	917	876
Employees’ salaries	1,454	1,696
Provision for bonuses	328	334
Provision for bonuses for directors (and other officers)	230	192
Retirement benefit expenses	61	63
Welfare expenses	423	463
Taxes and dues	296	321
Depreciation	585	653
Rent expenses	239	252
Operational costs	1,968	1,788
Business consignment expenses	1,246	1,294
Miscellaneous expenses	1,024	872

*3. Reversal of allowance for doubtful accounts

Fiscal year ended February 28, 2025

Loans to the subsidiary and associate JFR Kodomo Mirai Co., Ltd. were recognized as reversal of allowance for doubtful accounts.

*4. Provision of allowance for doubtful accounts

Fiscal year ended February 28, 2026

Loans to the subsidiary and associate JFR Kodomo Mirai Co., Ltd. were recognized as provision of allowance for doubtful accounts.

*5. Loss on valuation of investment securities

Fiscal year ended February 28, 2026

Loss on valuation was recognized for shares of the invested QON Inc.

*6. Loss on valuation of shares of subsidiaries and associates

Fiscal year ended February 28, 2025

Loss on valuation was recognized for shares in the subsidiary and associate XENOZ CO., Ltd.

(Notes on securities)

Shares of subsidiaries and associates

As of February 28, 2025

(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	367,260
Shares of associates	15
Investments in investment partnerships, etc.	1,111

As of February 28, 2026

(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	367,666
Shares of associates	15
Investments in investment partnerships, etc.	979

(Notes on tax effect accounting)

1. The breakdown of deferred tax assets and liabilities by major cause

(Millions of yen)

	As of February 28, 2025	As of February 28, 2026
Deferred tax assets		
Revised carrying amount of shares of subsidiaries and associates	2,770	2,954
Provision for bonuses	100	102
Accrued insurance expenses	22	20
Accrued enterprise tax	25	19
Tax loss carryforwards	765	1,057
Allowance for doubtful accounts for subsidiaries and associates	266	–
Loss on valuation of shares of subsidiaries and associates	301	361
Loss on valuation of investment securities	200	248
Provision for officer remuneration BIP trust	82	52
Loss on impairment of non-current assets	112	115
Excess depreciation expense	269	282
Other	249	146
Subtotal deferred tax assets	5,166	5,362
Valuation allowance	(4,459)	(4,898)
Total deferred tax assets	706	463
Deferred tax liabilities		
Asset retirement obligations	(16)	(9)
Valuation difference on available-for-sale securities	(54)	(65)
Total deferred tax liabilities	(70)	(75)
Net amount of deferred tax assets	635	388

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, 2025	As of February 28, 2026
Effective statutory tax rate (%)	30.6	30.6
(Adjustments)		
Permanent non-taxable income for tax purposes (e.g., dividend income)	(51.1)	(41.3)
Permanent non-deductible expenses for tax purposes (e.g., entertainment expenses)	7.7	1.4
Per capita inhabitant tax	0.1	0.0
Valuation allowance	0.1	1.6
Other	(0.4)	1.5
Effective income tax rate after application of tax effect accounting	(13.1)	(6.2)

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

   The Company applies the Japanese group relief system, and conducts accounting treatment for and disclosure of income taxes and local income taxes, or related tax effect accounting, in accordance with Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (The Accounting Standards Board of Japan (ASBJ) Practical Solution No. 42, August 12, 2021).

4. Adjustment to the amounts of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates, etc.

   The “Act Partially Amending the Income Tax Act” (Act No. 13 of 2025) was enacted on March 31, 2025, and the “special defense corporate tax” was levied from the fiscal years beginning on or after April 1, 2026. In line with this revision, deferred tax assets and deferred tax liabilities related to temporary differences, etc. expected to be eliminated from the fiscal year beginning March 1, 2027, have changed and are now calculated using a statutory effective tax rate of 31.5%, up from 30.6%.

(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)

Purchase of treasury shares

Notes are omitted concerning the purchase of own shares as the same information is presented in “45. Subsequent Events” in the Notes to Consolidated Financial Statements.

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	223	–	–	40	182	114
	Other	63	1	1	8	54	31
	Total	287	1	1	49	237	146
Intangible assets	Software	2,272	645	59	604	2,254	–
	Total	2,272	645	59	604	2,254	–

[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	832	22	855	–
Provision for bonuses	328	334	328	334
Provision for bonuses for directors (and other officers)	230	192	230	192
Provision for officer remuneration BIP trust	533	718	328	922

(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 and DEPACO, 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><td rowspan="2">Number of shares owned as of the end of February</td><td colspan="2">Spending limit</td></tr>
<tr><td>Duration of ownership: Less than 3 years</td><td>Duration of ownership: 3 years or more</td></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)	For shareholders owning at least 100 shares as of the last day of February, we will issue two PARCO shopping coupons in May. These coupons can be redeemed at PARCO CO., LTD.'s domestic stores (Sapporo PARCO, Sendai PARCO, Shibuya PARCO, Ikebukuro PARCO, Kinshicho PARCO, Kichijoji PARCO, Chofu PARCO, Hibarigaoka PARCO, Urawa PARCO, Shizuoka PARCO, Nagoya PARCO, Shinsaibashi PARCO, Hiroshima PARCO, Fukuoka PARCO, and PARCO_ya Ueno) for purchases made using a designated credit card* or Pokepal Payment, with each coupon worth ¥500 for every ¥5,000 (including tax) spent in a single transaction. (Valid from the date of delivery in mid-May until May 31 the following year) We will issue one PARCO shopping coupon to new shareholders (who have acquired at least 100 shares) as of August 31 during the month of November. (Valid from the date of delivery in mid-November until May 31 the following year) *PARCO Card, Daimaru Matsuzakaya Card, Sakura Panda Card, Daimaru Matsuzakaya Gold Card, Daimaru Matsuzakaya Otokuisama Gold Card, Hakata Daimaru Kujaku Card, Hakata Daimaru Otokuisama Gold Card

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 The 18th fiscal year (from March 1, 2024 to February 28, 2025)

Filed to Director-General of Kanto Local Finance Bureau on May 30, 2025

(2) Internal Control Report

Filed to Director-General of Kanto Local Finance Bureau on May 30, 2025

(3) Semiannual Securities Reports and Written Confirmations

(The 19th fiscal year) (from March 1, 2025 to August 31, 2025)

Filed to Director-General of Kanto Local Finance Bureau on October 15, 2025

(4) Extraordinary Securities Reports

Filed to Director-General of Kanto Local Finance Bureau on May 30, 2025

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) Status Report on Share Buybacks

Filed to Director-General of Kanto Local Finance Bureau on June 13, 2025

Filed to Director-General of Kanto Local Finance Bureau on July 15, 2025

Filed to Director-General of Kanto Local Finance Bureau on August 15, 2025

Filed to Director-General of Kanto Local Finance Bureau on September 12, 2025

Filed to Director-General of Kanto Local Finance Bureau on May 15, 2026

(5) Shelf Registration Statements (corporate bonds) and Attached Documents

Filed to Director-General of Kanto Local Finance Bureau on March 4, 2026

B. Information About Reporting Company's Guarantor, Etc.

No items to report