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Securities code: 3086
May 1, 2023

To Our Shareholders

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

Notice of Convocation of the 16th Annual Shareholders Meeting

You are hereby notified that the 16th Annual Shareholders Meeting of J. FRONT RETAILING Co., Ltd. (hereinafter the “Company”) will be held on Thursday, May 25, 2023.

In convening this general meeting of shareholders, the Company has taken measures to electronically provide information that constitutes the content of reference documents for the general meeting of shareholders, etc. (matters to be provided electronically), and posts this information as “Notice of Convocation of the 16th Annual Shareholders Meeting” and “16th Annual Shareholders Meeting: Other Matters for Which Information is Provided in Electronic Format (Matters for Which Document Provision is Omitted)” on the following websites. To review the information, please access the websites by using the internet addresses shown below.

We look forward to the continued understanding and support of all our shareholders.

Date and Time: Thursday, May 25, 2023, at 10:00 a.m. (JST) (Reception opens at 9:30 a.m.)
Venue: New Pier Hall
11-1, Kaigan 1-chome, Minato-ku, Tokyo

Purpose of the meeting:

Matters to be reported:

1. Business Report, Consolidated Financial Statements, and Non-consolidated Financial Statements for the 16th fiscal year (from March 1, 2022 to February 28, 2023)
2. Audit reports of the Accounting Auditor and the Audit Committee on Consolidated Financial Statements for the 16th fiscal year

Matters to be resolved: Proposal: Election of Eleven (11) Directors

Decisions made for convocation:

Please refer to Guide to the Exercise of Voting Rights on page 4.

Important notes for when attending the Annual Shareholders Meeting in person

- Please note that persons who are not shareholders entitled to exercise voting rights, such as proxies who are not shareholders and persons accompanying shareholders who are not shareholders, are not permitted to enter the venue (persons accompanying shareholders with disabilities are exempt and will be admitted). However, institutional investors who hold shares in the names of trust banks, etc. and do not hold shares in their own names will be admitted on condition that they have fulfilled the requirements and procedures provided for in the Company’s Articles of Incorporation and Share Handling Regulations.

Important notes concerning the Annual Shareholders Meeting informational materials

- Of the matters provided electronically, the <Basic Policy for Establishment of Internal Control System> in the Business Report, Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are not included in the documents to be delivered to shareholders who have requested the delivery of paper-based documents in accordance with relevant laws and regulations and the provisions of Article 16 of the Company's Articles of Incorporation. Accordingly, the documents to be delivered to shareholders who have made a request for delivery of paper-based documents are part of the documents included in the scope of audits by the Audit Committee and the Financial Auditor when they create their respective audit reports.
- If revisions are made to the matters provided electronically, a notice of the revisions and the details of the matters before and after the revisions will be posted on the Company's aforementioned website and the Annual Shareholders Meeting informational materials website.

Company website: <https://www.j-front-retailing.com/> (in Japanese)

- ▶ Please access the Company's website using the above URL, go to the page for the Shareholders Meeting by clicking the banner "The 16th Annual Shareholders Meeting," and check the Annual Shareholders Meeting informational materials listed under "The 16th Annual Shareholders Meeting."

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

Process of the Annual Shareholders Meeting

Before the Annual Shareholders Meeting

1. Read the Annual Shareholders Meeting informational materials.

On the Internet, check “Notice of Convocation of the 16th Annual Shareholders Meeting” and “16th Annual General Shareholders Meeting: Other Matters for Which Information is Provided in Electronic Format (Matters for Which Document Provision is Omitted).” Scan the QR code printed on the voting form (at right).

Company website: <https://www.j-front-retailing.com/>

Website for Annual Shareholders Meeting informational materials: <https://d.sokai.jp/3086/teiji>

2. Exercise voting rights in advance.

Exercise deadline: Received by 6:00 p.m. on Wednesday, May 24, 2023 (JST)

Convenient exercise of voting rights by smartphone is recommended.

▶ For details, refer to “Guide to the Exercise of Voting Rights” on page 4

3. Ask questions in advance.

Question deadline: Received by 6:00 p.m. on Thursday, May 18, 2023 (JST)

We will accept questions in advance from shareholders on the Annual Shareholders Meeting online website.

▶ For details, please refer to “Information regarding the Engagement Portal,” the online site for the Annual Shareholders Meeting, on page 5

Date of the Annual Shareholders Meeting

1. Persons attending the venue in person

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

▶ Documents containing a Notice of Convocation (matters to be provided electronically) will be distributed at the venue.

2. Persons attending via live streaming

Streaming time: From 10:00 a.m. on Thursday, May 25, 2023 to the closing of the Annual Shareholders Meeting

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

▶ For details, please refer to “Information regarding the Engagement Portal,” the online site for the Annual Shareholders Meeting, on page 5

Guide to the Exercise of Voting Rights

How to scan QR code

You can log in to the voting website without entering your login ID and temporary password printed on the voting form.

1. Scan QR code printed on the voting form (at right).
2. Follow the directions that appear on the screen to input approval or disapproval to each proposal.
**“QR code” is a registered trademark of DENSO WAVE INCORPORATED.

How to enter login ID and temporary password

Voting website: <https://evote.tr.mufg.jp/>

1. Access the voting website.
2. Enter the “Login ID” and the “Temporary password” shown on the voting form and click the “Login” button.
3. Set a new password.
4. Follow the directions that appear on the screen to input approval or disapproval to each proposal.

For inquiries about the system, please contact:

Corporate Agency Division (Help Desk)
Mitsubishi UFJ Trust and Banking Corporation
(Toll free) 0120-173-027
(available 9:00 a.m. – 9:00 p.m., only in Japan)

To institutional investors

To exercise voting rights at this meeting, institutional investors can use the Electronic Voting Platform for institutional investors operated by ICJ, Inc.

Handling of Exercise of Voting Rights

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

Information regarding the Engagement Portal online site for the Annual Shareholders Meeting

“Engagement Portal” online site for the Annual Shareholders Meeting: <https://engagement-portal.tr.mufg.jp/>

From this site, you can view the live streaming of the Annual Shareholders Meeting and submit questions in advance.

Prepare the “Login ID” and “Password” indicated on the voting form and access the above Engagement Portal online site for the Annual Shareholders Meeting.

- (i) Login ID: 0007 + Shareholder Number (12-digit number without a hyphen) shown on the voting form, etc.
- (ii) Password: Postal code + 2023 (11-digit number without a hyphen) of the address registered in the shareholders’ register as of February 28, 2023

1. Guide to viewing live streaming of the meeting

- (i) Enter your “Login ID” and “Password” on the login screen, confirm the Terms of Use and check the “I agree to the Terms of Use” checkbox if you agree, then click the “Login” button.
- (ii) After logging in, click the “View Live Streaming of the Meeting” button, confirm the Terms of Use and check the “I agree to the Terms of Use” checkbox if you agree, then click “View.”

***Please be sure to make a note of your Login ID and Password before mailing in your voting form by postal service.** If you forget your ID and/or password, please contact us at the contact number listed below “Contact information for inquiries about the Annual Shareholders Meeting online site” on page 6.

(Note)

The postal code used for (ii) “Password (Postal code + 2023)” may differ from the postal code printed on the voting form (because the password does not reflect information such as a change of address made after the record date of the Annual Shareholders Meeting or a mailing address designated for the voting form to be sent). Shareholders residing outside Japan who have designated a standing proxy are requested to enter the postal code of the proxy.

(Important notice)

- (1) Due to unavoidable circumstances, there is a possibility that we may not be able to conduct the live streaming. In such a case, a notice will be posted on the Company’s website (<https://www.j-front-retailing.com/>).
- (2) Shareholders viewing the live streaming are not considered to be attending the Annual Shareholders Meeting under the Companies Act, and therefore, will not be able to exercise their voting rights or make any comments, including questions on the day. Please exercise your voting rights in advance by following the instructions on page 4 on this Notice of Convocation.
- (3) Please note that viewing will be limited to shareholders only, and viewing by proxies is not permitted.
- (4) Filming, recording, storing, or publishing on social networking sites, etc. of the live streaming is strictly prohibited.

2. Information about acceptance of advance questions

We plan to answer the many questions asked by shareholders at the Annual Shareholders Meeting. Please note that we will not be able to respond to individual inquiries.

- (i) Please click the “Question in advance” button displayed on the screen after logging in to the Annual Shareholders Meeting online site.
- (ii) Select a category for your question, enter the question, confirm the Terms of Use and check the “I agree to the Terms of Use” checkbox if you agree, then click the “Confirm” button.
- (iii) Confirm the contents of your question, etc., and then click the “Send” button.

Deadline for receipt of questions: by 6:00 p.m. on Thursday, May 18, 2023

(Contact information for inquiries about the Annual Shareholders Meeting online site)

Mitsubishi UFJ Trust and Banking Corporation

Dedicated support line for the “Engagement Portal” Tel: 0120-676-808 (Toll free)

Service period

From 9:00 a.m. to 5:00 p.m. on weekdays, excluding Saturdays, Sundays, national holidays, etc.
(However, on the day of the Annual Shareholders Meeting, from 9:00 a.m. to the end of the Meeting)

Reference Materials for Shareholders Meeting

Proposal and Reference Information

Proposal: Election of Eleven (11) Directors

The terms of office of all 10 current Directors will expire at the conclusion of this Annual Shareholders Meeting. Therefore, based on a resolution of the Nomination Committee intended to deepen the governance structure to one appropriate for a company with three committees (nomination, audit, and remuneration committees), from the perspective of diversity for applying a broad range of insights and experience to our business strategies, and from the perspective of board succession to continually exercise supervisory functions, we request the addition of one (1) Director and the election of eleven (11) Directors.

If the candidates for Director in this proposal are elected as proposed, the Board of Directors will have a structure with seven out of eleven members, i.e. the majority of its members being independent Outside Directors, and three female Directors. We believe this will lead to a further strengthening of the oversight function and to ensuring a more diverse Board of Directors. The candidates for the Directors are shown below. Furthermore, of the candidates for Director, please refer to “3. Matters relating to corporate officers” in the Business Report regarding the status of activities of six Outside Directors who are proposed for reappointment, and “6. Operation of the Board of Directors” and “7. Operations of each Committee” in the Business Report regarding the status of operations of the Board of Directors and each committee.

Skills expected of candidates for Director

In selecting candidates for the Board of Directors, the Board of Directors shall be composed of individuals with the experience and knowledge necessary to appropriately oversee the promotion of sustainability management (execution of business strategies aimed at resolving the seven materialities) in order to allow the Board of Directors to effectively fulfill its roles and responsibilities. In selecting candidates for Outside Director, the Company is conscious of Board diversity, selecting people who have experience as managers not only in the retailing industry, which forms the core of the Company’s business, but in manufacturing and other non-retail industries, as well as people who have expertise in law and other fields, marketing perspectives, and extensive experience related to finance and accounting. With regard to candidates for non-executive Inside Director, the Company seeks individuals with wide-ranging practical experience within the Group and knowledge in fields such as auditing. As for candidates for executive Director, the Company has selected a person responsible for the Financial Department whose high level of knowledge will facilitate the execution of the strategic financial policies demanded by our shareholders and investors, as well as by the President and Representative Executive Officer of the Company.

No.	Name	Attribute	Committee assignments (The “◎” mark indicates the candidates for Chairperson.)		
			Nomina- tion	Audit	Remunera- tion
1	YAMAMOTO Ryoichi* ¹ Chairperson	Reappointment Non-executive	○		○
2	HAMADA Kazuko* ²	Reappointment Non-executive		○	
3	YAGO Natsunosuke	Reappointment Non-executive Independent Outside	◎		○
4	HAKODA Junya	Reappointment Non-executive Independent Outside		◎	
5	UCHIDA Akira	Reappointment Non-executive Independent Outside	○		◎
6	SATO Rieko* ³	Reappointment Non-executive Independent Outside		○	
7	SEKI Tadayuki	Reappointment Non-executive Independent Outside		○	
8	KOIDE Hiroko	Reappointment Non-executive Independent Outside	○		○
9	KATAYAMA Eiichi	New Non-executive Independent Outside		○	
10	YOSHIMOTO Tatsuya	Reappointment Executive			
11	WAKABAYASHI Hayato	Reappointment Executive			

- *Notes 1. If the election of YAMAMOTO Ryoichi is approved in this proposal, the Company plans to select him once again as the Chairperson of Board of Directors at the Board of Directors meeting to be held after the conclusion of this Annual Shareholders Meeting.
2. HAMADA Kazuko is recorded under the name of HIMENO Kazuko in the Family Registry system.
3. SATO Rieko is recorded under the name of KAMATA Rieko in the Family Registry system.
4. Eight Executive Officers who will not concurrently serve as Directors are scheduled to be elected at the Board of Directors meeting to be held after the conclusion of this Annual Shareholders Meeting.

No.	Name	Expected skills of Candidates for Director								
		Manage- ment strategy	Finance	Market- ing	Human resource & organiza- tion develop- ment	Legal affairs & compli- ance	IT & digital	E: Environ- ment	S: Society	G: Govern- ance
1	YAMAMOTO Ryoichi	○		○				○		○
2	HAMADA Kazuko				○				○	○
3	YAGO Natsunosuke	○						○		○
4	HAKODA Junya	○	○							○
5	UCHIDA Akira	○	○							○
6	SATO Rieko					○	○		○	○
7	SEKI Tadayuki		○			○			○	
8	KOIDE Hiroko	○		○	○					
9	KATAYAMA Eiichi	○	○				○			○
10	YOSHIMOTO Tatsuya	○		○				○		○
11	WAKABAYASHI Hayato	○	○		○					

Reappointment	Candidate for reappointment as Director
New	Candidate for new Director
Non-executive	Candidate for Director who does not concurrently serve as Executive Officer
Executive	Candidate for Director who concurrently serves as Executive Officer
Independent	Independent officer whose status as such is registered with the stock exchange
Outside	Candidate for Outside Director

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
1	<p>YAMAMOTO Ryoichi (March 27, 1951)</p> <p>Number of the Company's shares owned (shares): 102,856</p> <p>Number of other shares as stock-based remuneration not yet granted (shares): 25,465</p> <p>Special interests between the Company and the Candidate: None</p> <p>Number of Board of Directors meetings attended during the 16th fiscal year: 15/15</p> <p>Number of Nomination Committee meetings attended 13/13</p> <p>Number of Remuneration Committee meetings attended 12/12</p> <p>Tenure as Director (at the conclusion of this Meeting): approx. 15 years and 9 months</p>	<p>April 1973 May 2003 September 2007 March 2008 March 2010 September 2012 April 2013 May 2017 May 2020 June 2021</p>	<p>Joined The Daimaru, Inc. President and COO and General Manager of Department Store Operations, Group Headquarters Director of J. Front Retailing Co., Ltd. In charge of Sales Reform and Out-of-Store Sales (gaisho) Reform Promotion Executive General Manager of Department Store Operations Headquarters and Planning Office for New Umeda Store, Head Office of The Daimaru, Inc. Director of Matsuzakaya Co., Ltd. Executive General Manager of Sales Headquarters, Head Office of The Daimaru, Inc. President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. and President and Representative Director of Daimaru Matsuzakaya Sales Associates Co. Ltd. President and Representative Director of J. Front Retailing Co., Ltd. Director, President and Representative Executive Officer Director, Chairperson of Board of Directors (present) Outside Director of Daido Steel Co., Ltd (present) Outside Director of NORITAKE CO., LIMITED (present)</p>
	<p>Important concurrent positions Outside Director of Daido Steel Co., Ltd Outside Director of NORITAKE CO., LIMITED</p>		

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

- YAMAMOTO Ryoichi possesses broad insights and a high-level perspective gained through his extensive experience in all aspects of the retail industry. Since being appointed as President and Representative Director of the Company in 2013, he has been accurately and efficiently managing the overall business of the Group.

In addition to formulating and leading the penetration of the Group Vision in Fiscal 2017, which shows the direction of our management strategy considering the external environment surrounding the Group, he has been demonstrating strong leadership in positioning the Corporate Governance Code at the center of innovation and reforms of corporate management. Since May 2020, he has served as the Chairperson of Board of Directors, and has appropriately carried out these duties, contributing to improving the effectiveness of the Board of Directors.

In light of his track record and wealth of experience, and to achieve the Group Vision and sustainability management in a business environment where uncertainty is increasing, the Company expects him, as an Inside Director who is thoroughly understands the Group's overall strategy and the roles and expectations of individual businesses, to help ensure the enhancement of corporate value and sustainable growth of the Group by serving as the Chairperson of Board of Directors and conducting supervisory operations that consider all stakeholders. As such, the Company has nominated him as a candidate to continue serving as Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
2	<p>HAMADA Kazuko (Name in Family Registry: HIMENO Kazuko) (September 6, 1962)</p> <p>Number of the Company's shares owned (shares): 999</p> <p>Number of other shares as stock-based remuneration not yet granted (shares): 7,714</p> <p>Special interests between the Company and the Candidate: None</p> <p>Number of Board of Directors meetings attended during the 16th fiscal year: 15/15</p> <p>Number of Audit Committee meetings attended 22/22</p> <p>Tenure as Director (at the conclusion of this Meeting): approx. 2 years</p>	<p>April 1985 September 2000</p> <p>March 2002 March 2005 March 2007 March 2010 March 2013 March 2015 May 2020 May 2021</p>	<p>Joined Parco Co., Ltd. General Manager of Marketing Department of Sales Management Division Deputy General Manager of Kichijoji PARCO General Manager of Kichijoji PARCO General Manager of Shintokorozawa PARCO Executive Officer (Personnel) Executive Officer (Administration and Personnel) Executive Officer (Group Audit Office) Auditor Director of J. Front Retailing Co., Ltd. (present)</p>

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

- HAMADA Kazuko served as store manager of the Kichijoji and Shintokorozawa stores at Parco Co., Ltd. before being appointed as an Executive Officer of the company in March 2010. She then engaged in initiatives such as planning a senior management development program as Executive Officer in charge of Administration and Personnel. Based on her wealth of experience, she has broad insights into the store operations and business management of Parco Co., Ltd. as well as the promotion of corporate diversity.

Furthermore, she has contributed to strengthening the auditing function of the Parco Business by taking charge of the Group Audit Office from March 2015 and serving as a corporate auditor from May 2020.

Since May 2021, she has served as a member of the Audit Committee as an internally elected Director, attending important internal management and other meetings. She has also contributed to strengthening the audit function by auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration), while exchanging opinions and engaging in discussions from the perspective of legality, appropriateness, etc. related to items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee.

The Company expects her to help enhance corporate value and the sustainable growth of the Group, particularly through the maximization of group synergies with Parco, by utilizing her wealth of knowledge based on her achievements and experience and fulfilling appropriate management oversight work, and therefore has nominated her to continue serving as Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
3	Independent	April 1977	Joined EBARA CORPORATION
	Outside Director	June 2002	Executive Officer
	YAGO Natsunosuke (May 16, 1951)	April 2004	Senior Executive Officer, Group Executive of Precision Machinery Group, Representative Director and Chairman of Ebara Precision Machinery Europe GmbH, Representative Director and Chairman of Ebara Technologies Inc. and Chairman of Ebara Precision Machinery Shanghai Inc.
	Number of the Company's shares owned (shares): 6,696	June 2004	Director
	Number of other shares as stock-based remuneration not yet granted (shares): 4,904	April 2005	Director and Chairman of Ebara Precision Machinery Taiwan Inc.
	Special interests between the Company and the Candidate: None	June 2005	Director, President of Precision Machinery Company and General Manager of Fujisawa Operation
	Number of Board of Directors meetings attended during the 16th fiscal year: 15/15	April 2006	Director and Managing Executive Officer President of Precision Machinery Company
	Number of Nomination Committee meetings attended 13/13	April 2007	President and Representative Director
	Number of Remuneration Committee meetings attended 12/12	May 2007	President and Representative Director and General Manager of Internal Control Promotion Department
	Tenure as Director (at the conclusion of this Meeting): approx. 3 years	July 2009	President and Representative Director and General Manager of Internal Control Department
		April 2013	Chairman & Director
		October 2017	Representative Director of The Ebara Hatakeyama Memorial Foundation (present)
		March 2019	Retired from the office of Chairman & Director of EBARA CORPORATION
		June 2019	Outside Director of SUBARU CORPORATION (present)
	May 2020	Outside Director of J. Front Retailing Co., Ltd. (present)	
	May 2021	Director of Parco Co., Ltd.	
	Important concurrent positions Outside Director of SUBARU CORPORATION		

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

- YAGO Natsunosuke has been involved in top-level corporate management for many years, and has a wealth of experience in compliance management and strengthening financial bases. He also possesses a high level of expertise in internal control and corporate governance gained through his experience in transitioning to a company with three committees (nomination, audit and remuneration committees). He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice in many areas, including on the direction of the medium- to long-term strategies and key points when formulating them, aspirations for the developer business, ideas for assets under ownership in financial strategies, and concepts for generating profits from customer data.

As the Chairperson of the Nomination Committee, he confirms the conditions of future management team candidates based on the succession plan, and promotes the establishment of an officer selection process that ensures objectivity, transparency, and continuity. As a member of the Remuneration Committee, he also provides necessary advice at suitable times in the deliberation on reviews of suitable remuneration standards and operating rules for bonuses and share-based payments in the officer remuneration system, and contributes to strengthening the management personnel functions.

In light of his track record, his wealth of experience and considerable insights, the Company expects him to contribute greatly to the management of the Group as an Outside Director. As such, he has been nominated as a candidate to continue serving as Outside Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
4	<p data-bbox="252 264 405 327">Independent Outside Director</p> <p data-bbox="252 385 437 448">HAKODA Junya (July 10, 1951)</p> <p data-bbox="252 497 491 591">Number of the Company's shares owned (shares): 1,958</p> <p data-bbox="252 609 491 734">Number of other shares as stock-based remuneration not yet granted (shares): 2,971</p> <p data-bbox="252 757 491 882">Special interests between the Company and the Candidate: None</p> <p data-bbox="252 900 491 1061">Number of Board of Directors meetings attended during the 16th fiscal year: 15/15</p> <p data-bbox="252 1079 491 1205">Number of Audit Committee meetings attended 22/22</p> <p data-bbox="252 1223 491 1348">Tenure as Director (at the conclusion of this Meeting): approx. 2 years</p>	<p data-bbox="517 264 628 291">April 1974</p> <p data-bbox="517 322 676 349">November 1980</p> <p data-bbox="517 380 628 407">April 1984</p> <p data-bbox="517 416 628 443">April 2000</p> <p data-bbox="517 474 644 501">August 2006</p> <p data-bbox="517 533 628 560">April 2008</p> <p data-bbox="517 591 676 618">September 2009</p> <p data-bbox="517 627 676 654">September 2010</p> <p data-bbox="517 663 676 689">December 2014</p> <p data-bbox="517 721 644 748">March 2015</p> <p data-bbox="517 757 628 784">June 2015</p> <p data-bbox="517 815 628 842">June 2017</p> <p data-bbox="517 873 676 900">September 2019</p> <p data-bbox="517 931 644 958">August 2020</p> <p data-bbox="517 967 628 994">May 2021</p> <p data-bbox="517 1003 644 1030">August 2021</p>	<p data-bbox="716 264 1347 318">Joined Mitsubishi Rayon Co., Ltd. (present Mitsubishi Chemical Corporation)</p> <p data-bbox="716 327 1283 380">Joined Pricewaterhouse CPA Office (Reorganized as Aoyama Audit Corporation in June 1983)</p> <p data-bbox="716 389 1123 416">Registered as Certified Public Accountant</p> <p data-bbox="716 425 1187 479">Partner at the merged firm, ChuoAoyama Audit Corporation/PricewaterhouseCoopers</p> <p data-bbox="716 488 1235 542">Representative of Arata Audit Corporation/Partner of PricewaterhouseCoopers</p> <p data-bbox="716 551 1362 604">Eminent Professor of Graduate School of Keio University (internal audit theory)</p> <p data-bbox="716 613 1410 667">Member of the Agreement Monitoring Committee of the Japan External Trade Organization (JETRO)</p> <p data-bbox="716 676 1267 703">Director of Japan Internal Control Research Association</p> <p data-bbox="716 712 1410 766">Outside Corporate Auditor of Schroder Investment Management (Japan) Limited (present)</p> <p data-bbox="716 775 1315 801">Director of Institute of Corporate Governance, Japan (present)</p> <p data-bbox="716 810 1203 837">Outside Corporate Auditor of Yamaha Corporation</p> <p data-bbox="716 846 1235 873">Outside Director of AEON Financial Service Co., Ltd.</p> <p data-bbox="716 882 1394 936">Outside Director and Chairperson of the Audit Committee of Yamaha Corporation</p> <p data-bbox="716 945 1394 999">Member of the Ethics Committee of the Japanese Institute of Certified Public Accountants</p> <p data-bbox="716 1008 1378 1061">Vice Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants</p> <p data-bbox="716 1070 1267 1097">Outside Director of J. Front Retailing Co., Ltd. (present)</p> <p data-bbox="716 1106 1378 1160">Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants (present)</p>
<p data-bbox="177 1361 1098 1388">Reasons for nomination as candidate for Outside Director and overview of expected roles</p>			
<p data-bbox="177 1393 1410 1635">- HAKODA Junya has been involved in accounting audits, management consulting, and internal audits of auditing firms, etc. for many years at PricewaterhouseCoopers, and has also served as an eminent professor teaching internal audit theory in the Graduate School of Keio University, and therefore has a wealth of experience and high-level expertise in corporate auditing. He also has a high level of expertise in corporate governance and management auditing, having served as the Chairperson of the Audit Committee of Yamaha Corporation when the company changed its organizational design to a company with three committees (nomination, audit, and remuneration). He has also contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight regarding a wide range of matters including consistency of medium- to long-term financial planning and medium- to long-term strategies, new business initiatives, human resource development concepts, and important points when formulating international business strategies.</p> <p data-bbox="177 1644 1410 1778">Moreover, as a member of the Audit Committee, he has endeavored to strengthen the audit function by fulfilling his roles of auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration), 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.</p> <p data-bbox="177 1787 1410 1854">In light of his track record, wealth of experience and considerable insights, the Company expects him to contribute greatly to management of the Group as an Outside Director. As such, he has been nominated as a candidate to continue serving as Outside Director.</p>			
5	<p data-bbox="252 1868 405 1930">Independent Outside Director</p> <p data-bbox="252 1953 421 1980">UCHIDA Akira</p>	<p data-bbox="517 1868 628 1895">April 1975</p> <p data-bbox="517 1904 628 1930">June 1996</p> <p data-bbox="517 1939 628 1966">June 2000</p>	<p data-bbox="716 1868 995 1895">Joined Toray Industries, Inc.</p> <p data-bbox="716 1904 1299 1930">Executive Vice President of Toray Industries (America), Inc.</p> <p data-bbox="716 1939 1347 2011">General Manager on Special Assignment of Corporate Strategic Planning Division 1, General Manager on Special Assignment of Corporate Communications Dept. of Toray Industries, Inc.</p>

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
	(October 4, 1950) Number of the Company's shares owned (shares): <p style="text-align: right;">5,364</p> Number of other shares as stock-based remuneration not yet granted (shares): <p style="text-align: right;">6,837</p> Special interests between the Company and the Candidate: <p style="text-align: right;">None</p> Number of Board of Directors meetings attended during the 16th fiscal year: <p style="text-align: right;">15/15</p> Number of Nomination Committee meetings attended <p style="text-align: right;">13/13</p> Number of Remuneration Committee meetings attended <p style="text-align: right;">12/12</p> Tenure as Director (at the conclusion of this Meeting): <p style="text-align: right;">approx. 4 years</p>	June 2004 June 2005 June 2009 June 2012 June 2016 March 2019 May 2019 June 2019 May 2020 May 2022	Counsellor of Corporate Strategic Planning Division, and Counsellor of Investor Relations Dept. Member of the Board, General Manager of Finance and Controller's Division President, Toray Holding (USA), Inc. Senior Vice President (Member of the Board), General Manager of Finance and Controller's Division President, Toray Holding (USA), Inc. Senior Vice President (Member of the Board), in charge of CSR; General Manager of General Administration and Legal Division, Investor Relations Dept., Corporate Communications Dept., and Advertising Dept., Tokyo Head Office Adviser, Toray Industries, Inc. Retired from Adviser, Toray Industries, Inc. Outside Director of J. Front Retailing Co., Ltd. (present) Outside Director of Yokogawa Electric Corporation (present) Director of Daimaru Matsuzakaya Department Stores Co. Ltd. Director of Parco Co., Ltd. (present)
Reasons for nomination as candidate for Outside Director and overview of expected roles			
<p>- UCHIDA Akira possesses broad experience and knowledge in the corporate sector, as a manager in charge of management planning and IR, as well as the person responsible for the finance and accounting division, and has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to a wide range of matters including the necessary KPI perspective when formulating Medium-term Business Plans, concepts for funding plans when carrying out changes to business portfolios, intra-Group cooperation and governance as a holding company, the acquisition and development of expert human resources, and important points for supporting new businesses initiatives.</p> <p>As the Chairperson of the Remuneration Committee, he carries out reviews of suitable remuneration standards and operating rules for bonuses and share-based payments in the officer remuneration system. As a member of the Nomination Committee, he confirms the status of future management team candidates based on the succession plan, provides necessary advice at suitable times in the deliberation on the officer selection process that ensures objectivity, transparency, and continuity, and contributes to strengthening the management personnel functions.</p> <p>In light of his track record and considerable insights, the Company expects him to contribute greatly to management of the Group as an Outside Director. As such, he has been nominated as a candidate to continue serving as Outside Director.</p>			
6	<u>Independent</u> <u>Outside Director</u> SATO Rieko (Name in Family Registry: KAMATA Rieko) (November 28, 1956)	April 1984 August 1989 July 1998 June 2004 June 2012 June 2015 October 2016 May 2018	Registered as attorney at law Shearman & Sterling LLP Partner of Ishii Law Office (present) External Audit & Supervisory Board Member of Ajinomoto Co., Inc. Outside Corporate Auditor of NTT DATA CORPORATION Outside Director of The Dai-ichi Life Insurance Company, Limited Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. (present) Outside Director of J. Front Retailing Co., Ltd. (present)

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
	Number of the Company's shares owned (shares): <p style="text-align: right;">3,125</p> Number of other shares as stock-based remuneration not yet granted (shares): <p style="text-align: right;">8,770</p> Special interests between the Company and the Candidate: <p style="text-align: center;">None</p> Number of Board of Directors meetings attended during the 16th fiscal year: <p style="text-align: right;">15/15</p> Number of Audit Committee meetings attended <p style="text-align: right;">22/22</p> Tenure as Director (at the conclusion of this Meeting): <p style="text-align: right;">approx. 5 years</p>	May 2019 June 2020	Director of Daimaru Matsuzakaya Department Stores Co. Ltd. Outside Director (Member of the Audit and Supervisory Committee) of NTT DATA CORPORATION Outside Audit & Supervisory Board Member of Mitsubishi Corporation (present)
		Important concurrent positions Partner of Ishii Law Office Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. Outside Audit & Supervisory Board Member of Mitsubishi Corporation	

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

- SATO Rieko possesses a wealth of experience as an outside director and outside audit & supervisory board member at other companies, in addition to her career in handling many projects with advanced and specialized knowledge as an attorney at law specializing primarily in corporate legal affairs. She has also contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight regarding a wide range of matters including identifying paths to creating corporate value and achieving profit targets, specific policies for decarbonization and diversity & inclusion which contribute to sustainable management, the strategic use of customer data, and legal perspectives related to reducing cross-shareholdings.

She 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.

She serves as a member of the Audit Committee and is working to strengthen audit functions by fulfilling expectations of her in terms of exchanging and discussing opinions on items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee from the perspective of legality, appropriateness, etc. while auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees). She is also simultaneously working to enhance the governance of the Group as a whole.

In light of her track record and considerable insights, the Company expects her to contribute greatly to management of the Group as an Outside Director. As such, she has been nominated as a candidate to continue serving as Outside Director.

7	Independent	April 1973	Joined ITOCHU Corporation
	Outside Director	June 1998	General Manager, Finance Division, ITOCHU International Inc. (Stationed in New York)
	SEKI Tadayuki	June 2004	Executive Officer of ITOCHU Corporation, CFO of Food Company
	(December 7, 1949)	April 2007	Managing Executive Officer, General Manager of Finance Division
	Number of the Company's shares owned (shares):	June 2009	Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management and CFO
	3,230	April 2010	Representative Director, Senior Managing Executive Officer
	Number of other shares as stock-based remuneration not yet granted (shares):	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

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
	<p style="text-align: right;">4,904</p> <p>Special interests between the Company and the Candidate:</p> <p style="text-align: right;">None</p> <p>Number of Board of Directors meetings attended during the 16th fiscal year:</p> <p style="text-align: right;">15/15</p> <p>Number of Audit Committee meetings attended</p> <p style="text-align: right;">22/22</p> <p>Tenure as Director (at the conclusion of this Meeting):</p> <p style="text-align: right;">approx. 3 years</p>	<p>May 2016</p> <p>June 2016</p> <p>April 2017</p> <p>June 2017</p> <p>July 2017</p> <p>May 2020</p> <p>May 2022</p>	<p>External Director of Parco Co., Ltd.</p> <p>Outside Director of NIPPON VALQUA INDUSTRIES, LTD. (present VALQUA, LTD.) (present)</p> <p>Advisory Member of ITOCHU Corporation</p> <p>Outside Director of JSR Corporation (present)</p> <p>Outside Statutory Auditor of Asahi Mutual Life Insurance Company (present)</p> <p>Outside Director of J. Front Retailing Co., Ltd. (present)</p> <p>Director of Parco Co., Ltd.</p> <p>Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)</p> <p>Important concurrent positions</p> <p>Outside Director of VALQUA, LTD.</p> <p>Outside Director of JSR Corporation</p> <p>Outside Statutory Auditor of Asahi Mutual Life Insurance Company (Concurrent positions in the Group)</p> <p>Director of Daimaru Matsuzakaya Department Stores Co. Ltd.</p>

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

- SEKI Tadayuki has many years of experience in international business management and risk management at a general trading company, and has extensive knowledge and experience in finance and accounting as CFO, as well as broad knowledge as an outside director and outside statutory auditor of multiple companies. He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight on a wide range of matters including concepts related to businesses and assets under ownership when carrying out changes to business portfolios, consistency of strategies with core competences and resources, and identification of risks in new business initiatives.

As a member of the Audit Committee, he is working to strengthen audit functions by fulfilling expectations of him in terms of exchanging and discussing opinions from the perspective of legality, appropriateness, etc. on items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee, while auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees). He is also simultaneously working to enhance the governance of the Group as a whole.

In light of his track record and considerable insights, the Company expects him to contribute greatly to management of the Group as an Outside Director. As such, he has been nominated as a candidate to continue serving as Outside Director.

8	<p>Independent</p> <p>Outside Director</p> <p>KOIDE Hiroko (August 10, 1957)</p> <p>Number of the Company's shares owned (shares):</p> <p style="text-align: right;">1,957</p> <p>Number of other shares as stock-based remuneration not yet granted (shares):</p> <p style="text-align: right;">2,971</p> <p>Special interests between the Company and the Candidate:</p>	<p>September 1986</p> <p>May 1993</p> <p>April 2001</p> <p>April 2006</p> <p>April 2008</p> <p>November 2010</p> <p>January 2013</p> <p>April 2013</p> <p>June 2016</p> <p>April 2018</p> <p>June 2019</p> <p>May 2021</p>	<p>Joined J. Walter Thompson Japan K.K. (present Wunderman Thompson Tokyo G.K.)</p> <p>Joined Nippon Lever K.K. (present Unilever Japan K.K.)</p> <p>Director</p> <p>General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited)</p> <p>Chief Operating Officer</p> <p>President and Representative Director of Parfums Christian Dior Japon K.K.</p> <p>Outside Director of Kirin Co., Ltd.</p> <p>Senior Vice President of Global Marketing of Newell Rubbermaid Inc. (U.S.) (present Newell Brands Inc.)</p> <p>Outside Director of Mitsubishi Electric Corporation (present)</p> <p>Director of Vicela Japan Co., Ltd.</p> <p>Outside Director of Honda Motor Co., Ltd</p> <p>Outside Director of J-OIL MILLS, Inc. (present)</p> <p>Outside Director of J. Front Retailing Co., Ltd. (present)</p>
	Important concurrent positions		

No.	Name (Date of birth)	Career summary, positions and areas of responsibility
	<p style="text-align: right;">None</p> <p>Number of Board of Directors meetings attended during the 16th fiscal year:</p> <p style="text-align: right;">15/15</p> <p>Number of Nomination Committee meetings attended</p> <p style="text-align: right;">13/13</p> <p>Number of Remuneration Committee meetings attended</p> <p style="text-align: right;">12/12</p> <p>Tenure as Director (at the conclusion of this Meeting):</p> <p style="text-align: right;">approx. 2 years</p>	<p>Outside Director of Mitsubishi Electric Corporation Outside Director of J-OIL MILLS, Inc.</p>

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

- KOIDE Hiroko has extensive knowledge based on her rich experience in the fields of global management and marketing, having served as an officer at foreign companies for many years, and having been engaged in corporate management as the head of marketing at the head office of a U.S. company, as well as a wealth of knowledge gained as an Outside Director at several listed companies. She has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to a wide range of matters including how to formulate medium- to long-term strategies based on robust strategic discussions, the importance of a marketing-oriented way of thinking such as identifying targets and needs, and aspirations for the new developer business.

As a member of the Nomination Committee, she confirms the status of future management team candidates based on the succession plan and deliberates on the officer selection process that ensures objectivity, transparency, and continuity. As a member of the Remuneration Committee, she also provides necessary advice at suitable times and contributes to strengthening the management personnel functions at meetings which review suitable remuneration standards and operating rules for bonuses and share-based payments in the officer remuneration system.

In light of her track record, extensive experience and considerable insights, the Company expects her to contribute greatly to management of the Group. As such, she has been nominated as a candidate to continue serving as Outside Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
9	Independent	April 1989	Joined Nomura Research Institute, Ltd.
	Outside Director	June 2000	Seconded to Nomura Corporate Advisors Co., Ltd.
	New Candidate	October 2010	Joined Merrill Lynch Japan Securities Co., Ltd. (present BofA Securities Japan Co., Ltd.).
	KATAYAMA Eiichi	June 2012	Managing Director and General Manager of Research Division
	(May 17, 1966)	January 2016	Joined Panasonic Corporation
	Number of the Company's	January 2017	Officer (in charge of Business Development)
	shares owned (shares):	April 2017	Officer (in charge of Strategy Business)
	1,500	April 2017	Vice President of Eco Solutions Company, in charge of AGE-FREE Business
	Special interests between	February 2019	President and Representative Director of Panasonic Cycle Technology Co., Ltd.
	the Company and the	February 2019	Executive Officer and CSO of Panasonic Corporation
Candidate:	April 2020	In charge of Business Planning, Business Development, and Business Creation Project	
None	April 2020	Managing Executive Officer and CSO	
	October 2020	In charge of Sports Management Business	
	October 2021	Managing Executive Officer	
	October 2021	Assistant General Manager of Lifestyle Updates Business Division	
	April 2022	President of Cold Chain Solutions Company	
	April 2022	In charge of Sports Management Business	
	April 2022	Executive Vice President	
	April 2022	President of Cold Chain Solutions Company	
	April 2022	In charge of DEI promotion, General Manager of Cold Chain Business Division	
	April 2023	Executive Vice President	
	April 2023	President of the Cold Chain Solutions Company	
	April 2023	CDO and in charge of DEI promotion (present)	
	Important concurrent positions		
	Executive Vice President of Panasonic Corporation		
<p>Reasons for nomination as candidate for Outside Director and overview of expected roles</p> <p>- KATAYAMA Eiichi has a wide range of financial and accounting knowledge based on his many years of experience as a security company analyst and working in the investment banking business.</p> <p>As the manager of several companies at a general appliance manufacturer, he has delivered strong leadership and achieved business regeneration, structural reforms, and other improvements. As CSO, he possesses extensive experience and advanced knowledge about a wide range of matters including constructing and carrying out various M&A actions, formulating and implementing company-wide strategies, taking the lead in the transition to a pure holding company, and contributing to strengthening group governance.</p> <p>As the officer in charge of new business, he has knowledge related to the creation of new digital businesses, and through his initiatives in digitalizing existing businesses, he has developed knowledge that permits a comprehensive view of the latest digital trends from an objective perspective.</p> <p>In light of his track record, extensive experience and considerable insights, the Company expects that he will apply them to the appropriate supervision of management in the Group. As such, he has been nominated as a candidate to serve as a new Outside Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
10	<p>YOSHIMOTO Tatsuya (April 13, 1956)</p> <p>Number of the Company's shares owned (shares): 96,391</p> <p>Special interests between the Company and the Candidate: None</p> <p>Number of Board of Directors meetings attended during the 16th fiscal year: 15/15</p> <p>Tenure as Director (at the conclusion of this Meeting): approx. 10 years</p>	<p>April 1979 March 2000 January 2008 May 2008 January 2010 March 2010 May 2012 April 2013 May 2013 May 2017 May 2020 March 2023</p>	<p>Joined The Daimaru, Inc. Senior Manager of Preparatory Office for Opening Sapporo Store of Planning Office for Sapporo Store, Head Office General Manager of Tokyo Store Corporate Officer, General Manager of Tokyo Store 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. Corporate Officer of Daimaru Matsuzakaya Department Stores Co. Ltd. Senior General Manager of Management Planning Division Director and Corporate Officer President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. and President and Representative Director of Daimaru Matsuzakaya Sales Associates Co. Ltd. Director of J. Front Retailing Co., Ltd. (present) Representative Managing Executive Officer President and Representative Executive Officer President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit (present)</p>
<p>Reasons for nomination as candidate for Director and overview of expected roles</p> <p>- YOSHIMOTO Tatsuya has a wealth of experience and knowledge in Department Store Business in general, particularly those areas related to business management, planning, and store operations. Since being appointed as President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. in 2013, he has been involved in executing the existing high-quality department store business strategy based on the roles and expectations of the Department Store Business under the Group's strategy, and formulating a new Department Store Business strategy in reaction to the massive changes in the external environment. He has been demonstrating swift and resoundingly effective leadership based on a strong results-oriented approach aimed at realizing these initiatives.</p> <p>Since 2017, as Representative Managing Executive Officer of the Company, he has accumulated further knowledge based on his experiences in business management for the Group as a whole and management reform based on the Corporate Governance Code.</p> <p>Since becoming President and Representative Executive Officer of the Company in FY2020, he has resolutely carried out structural reforms in the Group as part of the Medium-term Business Plan aimed at fully returning the Company to the operating profit level of FY2019 in the midst of a harsh business environment. He has also exercised leadership for implementing sustainability management and for business innovations aimed at success in future competition, including organizational changes and personnel interactions to maximize Group synergy, speaking directly with Group employees, and assigning younger employees and middle management to carry out projects directly under his direction.</p> <p>In light of his track record and experience, the Company has judged that he is a competent professional who can contribute to the enhancement of corporate value and the sustainable growth of the Group, and accordingly has nominated him as a candidate to continue serving as Director.</p>			
11	<p>WAKABAYASHI Hayato (August 31, 1961)</p> <p>Number of the Company's shares owned (shares): 17,210</p> <p>Special interests between the Company and the Candidate: None</p>	<p>April 1985 April 1998 April 2007 February 2009 July 2013 May 2015 September 2015 March 2016</p>	<p>Joined Matsushita Electric Industrial Co., Ltd. (present Panasonic Corporation) President of Panasonic Financial Center Malaysia Co., Ltd. Director and Chief Executive Officer of Matsushita Electric (China) Finance Limited Finance Planning Team Leader (Manager), Headquarters Finance & IR Group of Panasonic Corporation General Manager, Finance & IR Group, Corporate Strategy Division and Finance Strategy Team Leader of Panasonic Corporation (Director) Joined J. Front Retailing Co., Ltd. In charge of Finance Policy, Administration Unit Executive Officer In charge of Financial Strategy and Policy, Administration Unit Senior Executive General Manager of Financial Strategy Unit (present) and in charge of Finance Policy</p>

No.	Name (Date of birth)	Career summary, positions and areas of responsibility	
	Number of Board of Directors meetings attended during the 16th fiscal year: 15/15 Tenure as Director (at the conclusion of this Meeting): approx. 7 years	May 2016 March 2017 May 2017 May 2018 May 2020	Director (present) In charge of Financing and Finance Policy Managing Executive Officer (present) Senior General Manager of Financing and Finance Policy Division Director of Parco Co., Ltd. (present)
		Important concurrent positions (Concurrent positions in the Group) Director of Parco Co., Ltd.	

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

WAKABAYASHI Hayato has pursued his career mainly in the financial realm of a general appliance manufacturer, and as such has sufficient knowledge and experience related to financial policy, including the enhancement of financial standing, improving levels of cash management and other such initiatives. For that reason, he was invited into the Group in May 2015 and has established and promoted a financial strategy encompassing the entire Group.

In addition to carrying out the adoption of International Financial Reporting Standards (IFRS) in 2017 and financial measures to support the continuity of business activities in a difficult business environment, including the onset of the COVID-19 pandemic, he has promoted a wide range of financial strategies and actions for the entire Group and contributed to improving its financial strength by introducing a Group consolidated tax payment system, beginning the renovation of the accounting system, and establishing ROIC for each business with the aim of improving investment profitability.

In addition to such achievements and in-depth insights on finance, he has the commensurate abilities as a management professional in terms of his strategic and transformation-minded leadership, strong results-oriented approach and other such attributes. As such, the Company has judged that he is a competent professional who can contribute to the enhancement of corporate value and the sustainable growth of the Group by executing business acting as a Director, and accordingly has nominated him as a candidate to continue serving as Director.

Special notes regarding the candidates for Director

- The Company has entered into an agreement with candidates for Directors YAMAMOTO Ryoichi, HAMADA Kazuko, YAGO Natsunosuke, HAKODA Junya, UCHIDA Akira, SATO Rieko, SEKI Tadayuki and KOIDE Hiroko individually to limit his/her liability for damages stipulated in Paragraph 1, Article 423 of the Companies Act as prescribed in Paragraph 1, Article 427 of the said Act. If the election of the new candidate for Director KATAYAMA Eiichi is approved under this proposal, the Company plans to enter into the same agreement with this candidate.
- The Company has entered into a Directors and Officers liability insurance contract with an insurance company as prescribed in Paragraph 1, Article 430-3 of the Companies Act. Under such an insurance contract, the Company will bear the full amount of insurance premiums for all the insured. The insurance policy covers all Directors and Executive Officers of the Company and all Directors and Audit & Supervisory Board Members of its subsidiaries. All candidates for Directors are included in the insured persons of the said insurance contract. If the election of the new candidate for Director KATAYAMA Eiichi is approved under this proposal, the Company plans to include him as one of the insured under the insurance contract.
- Candidates for Directors YAGO Natsunosuke, HAKODA Junya, UCHIDA Akira, SATO Rieko, SEKI Tadayuki and KOIDE Hiroko are independent officers who have been given the obligation by the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. to protect ordinary shareholders. The Company has notified each of the stock exchanges that the Company will designate the new candidate for Director KATAYAMA Eiichi as an independent officer if his election is approved under this proposal.
- At Mitsubishi Electric Corporation, where candidate for Director KOIDE Hiroko has been in office as an Outside Director since June 2016, several incidents of quality misconduct regarding several products of the company came to light from April 2021. After the incidents came to light, several manufacturing bases of the company related to the incidents received notice, some that their ISO9001 and IRIS certifications would be suspended, and other that part of the scope of their ISO9001 certification and the whole of their IRIS certification would be canceled from July 2021 and onwards. She was not directly involved in the incidents and was not aware of the incidents until they came to light. She has regularly provided advice from the point of view of compliance with laws and regulations even before the incidents came to light, such as by expressing her opinion at meetings of the Board of Directors regarding the importance of a change in thinking with regard to quality issues, etc., and has continued to fulfill her duty as an Outside Director after the incidents came to light by providing advice and oversight with respect to efforts aimed at thorough compliance with laws and regulations and with contracts and at the implementation of effective measures to prevent fraud.

(Reference) The Company's criteria for determining the independence of Outside Directors are as follows.

In appointing the Company's Outside Directors, we select individuals who maintain a high degree of independence and consequently are not susceptible to conflicts of interest involving the Company's shareholders. An individual does not meet the criteria for independence if one or more of the items listed below apply to that individual.

- (i) Person who executes business in the J. Front Retailing Group (the "Group")
- (ii) Major shareholder of the Company (including person who executes business thereof; the same applies with items (iii) to (vi) below)
- (iii) Major business partner of the Group
- (iv) Person affiliated with a law office, audit firm, consultancy or other entity that receives payment other than executive compensation of more than a certain amount from the Group
- (v) Recipient of donations of more than a certain amount contributed by the Group
- (vi) Related party in cases where the party is engaged in an arrangement involving a reciprocal officer appointment with the Group
- (vii) Person with respect to whom any of items (i) to (vi) has applied at any point over the last five years
- (viii) Spouse or relative within the second degree of consanguinity of a person with respect to whom any of the items (i) to (vii) applies

With respect to the above, "person who executes business" refers to an Executive Director, an Executive Officer, and any other employee; "major shareholder" refers to a shareholder who holds voting rights accounting for no less than 10% of the Company's voting rights; "major business partner" refers to a business partner whose transactions with the Group account for 2% or more of the Company's annual consolidated net sales or the business partner's annual net sales for any of the fiscal years over the last five years; "a certain amount" refers to an annual amount of ¥10 million in any of the fiscal years over the last five years.

Business Report (From March 1, 2022 to February 28, 2023)

1. Current status of the corporate group

(1) Business summary and results

In the fiscal year under review, the Japanese economy showed a gradual move toward recovery centered on domestic demand as the impact of the novel coronavirus (COVID-19) gradually eased. However, unstable conditions continued with the emergence of geopolitical risks including conditions in Ukraine, sharp forex fluctuations, and inflation.

As for corporate earnings, as social and economic activities moved toward normalization, we saw improvement in the service and other industries with recovery in demand following the COVID-19 pandemic. However, recovery has seesawed amid a slowdown in the overseas economy, surging resource prices, and stalled production activities due to shortages in the supply of materials.

In personal spending, the impact from COVID-19 began to diminish, mainly due to a recovery in the consumption of in-person services and tourism demand from the middle of the fiscal year onward, as restrictions limiting movement eased. However, there is increasing uncertainty regarding the future amid greater frugality due to rising inflation.

Faced with unprecedented management conditions caused by the COVID-19 pandemic, the Company launched its new Medium-term Business Plan (FY2021-FY2023) in fiscal 2021, setting sustainability at the core of management. Under the Medium-term Business Plan, we aim to achieve a “complete recovery” from the COVID-19 crisis and have positioned the period as one of poising ourselves for “regrowth” beginning in fiscal 2024.

During the fiscal year under review, the second year of the Medium-term Business Plan, the impact of COVID-19 and restrictions on movement in place through the previous fiscal year began to diminish. As such, to create a strong foothold for complete recovery and achieve regrowth from fiscal 2024 onward, we have positioned the fiscal year as a year to transition to offense-oriented management and have promoted the key strategies and measures established by the Medium-term Business Plan.

Our commitment to sustainability primarily involves integrating our seven materialities (priority issues) with our key strategies, reducing greenhouse gas emissions in line with our medium- to long-term targets, and seeking solutions to environmental and social challenges in cooperation with our suppliers (refer to “(6) The Group’s sustainability initiatives” for further details on our commitment to sustainability).

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

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

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

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

Regarding our Real x Digital Strategy, to increase the attractiveness of our stores, in the Department Store Business, we have promoted the creation of sales floors and stores that utilize the unique qualities of both the regions and the stores themselves, in addition to expanding the key categories. In the SC Business, we conducted large-scale remodeling of our flagship stores and expanded large-scale promotions in each store. Our digital initiatives mainly involved digitalizing customer contact points by increasing our app membership count and making more sophisticated use of data by identifying potential customers.

Under our Prime Life Strategy, to enhance our response to the affluent market segment, based largely on department store gaisho (out-of-store-sales), we have expanded our key categories, improved our offers of scarce merchandise and services both in-store and online, and worked to expand our customer base.

Under our Developer Strategy, we evaluated redevelopment in Fukuoka’s Tenjin area through cooperation with the region and other companies in addition to developing large-scale complex facilities in our key areas including Nagoya’s Sakae area and Osaka’s Shinsaibashi area. We also launched into the residential real estate business to use our real estate holdings effectively.

In our management restructuring, we have succeeded in reducing costs more than initially planned by digitalizing our advertising methods, conducting Group-wide purchasing of materials, and reviewing rental properties in addition to generating effects from organizational and personnel structure reforms to reduce fixed costs. Furthermore, to improve management and asset efficiency, we proceeded with the sale of non-business assets and decided to end operations of Matsumoto PARCO (scheduled for the end of February 2025).

At the same time, to accelerate our initiatives toward regrowth with a view to 2030, we have sought to strengthen our capabilities for formulating and promoting management strategies such as “Group Digital,” “Group Corporate Real Estate (CRE),” and “Business Portfolio Transformation” starting from the fiscal year under review,

Through these initiatives, the Group digital strategy strove to expand our Group customer base by analyzing and utilizing the customer database, formulate new business plans using digital technologies, and formulate and implement a Group-wide digital human resource development plan.

Under our Group CRE strategy, we have established basic policies and strategies aimed at maximizing the value of our real estate holdings. In addition, we have decided to reorganize the Developer Business to achieve further business growth by fast decision-making from the standpoint of Group-wide optimization.

In terms of initiatives for business portfolio transformation, we have established a CVC fund with the goals of creating new businesses through co-creation with startup companies, developing management personnel, and evolving a corporate culture that encourages creativity and the spirit of challenge. We also acquired shares of XENOZ Co., Ltd. with the goals of entering the e-sports business, for which future growth is expected, and creating synergies with our businesses including the SC Business.

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

Under our Group human resource strategy, we strengthened investment in human resources by bolstering the recruitment and skills development of highly specialized talent based on our key strategies, and by promoting Group-wide projects aimed at encouraging the active participation of mid-career and young employees and women. We also promoted open recruitment and personnel placement to reflect the intentions and desires of our employees, and facilitated personnel interaction on a Group-wide basis to improve the diversity of our organizations and personnel.

Under our Group financial strategy, we improved our financial standing by identifying changes in the business environment caused by COVID-19 as well as assessing the progress of performance and

forecasts, securing free cash flows, optimizing cash and deposits on hand, and reducing interest-bearing liabilities. Furthermore, in addition to our efforts to improve our rate of return on invested capital (ROIC) in each of our businesses, we have introduced a consolidated taxation system to enhance tax governance and optimize tax costs.

Under our Group systems strategy, in addition to supporting the promotion of key strategies in each business, we promoted development of a common accounting system for the Group to enhance management and administration, and strengthened our response to both information security and business continuity.

3) Consolidated revenue and results by segment for the fiscal year under review

(i) Consolidated revenue

As a result of various measures including those mentioned above, revenue for the fiscal year under review was ¥359,679 million, up 8.5% year on year.

Furthermore, business profit was ¥24,854 million, up 112.1% year on year, as a result of improvement in revenue throughout the fiscal year, along with the effects from reduced fixed costs and expenses. Operating profit was ¥19,059 million (up 103.2% year on year) despite the recording of impairment losses on department stores and PARCO stores and loss on liquidation of business following the decision to end operations at Matsumoto PARCO. Profit before tax was ¥16,873 million (up 172.6% year on year), and profit attributable to owners of parent was ¥14,237 million (up 229.4% year on year), demonstrating a large increase in profit.

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

<Key performance indicator results and targets>

	FY2020 results	FY2021 results	FY2022 results	FY2023 targets
Consolidated operating profit (IFRS)	¥(24,265) million	¥9,380 million	¥19,059 million	¥38,500 million
Consolidated ROE	(7.1)%	1.2%	4.0%	7.0%
Consolidated ROIC	0.2%	1.2%	2.7%	4.6%
Greenhouse gas emissions*	(32.0)%	(36.7)%	(under calculation)	(40)%
Ratio of women in management positions	19.9%	21.3%	22.2%	26%

*Scope 1 and 2 emissions compared with FY2017. The result for FY2022 is under calculation.

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

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

(ii) Results by segment

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

Business segment	15th fiscal year (Fiscal 2021)				16th fiscal year (Current fiscal year) (Fiscal 2022)			
	Revenue		Operating profit		Revenue		Operating profit	
	Results	Composi- tion	Results	Composi- tion	Results	Composi- tion	Results	Composi- tion
Department Store Business	190,739	57.5	(4,594)	–	215,754	60.0	7,529	39.5
SC Business	52,556	15.9	2,055	–	54,361	15.1	3,733	19.6
Developer Business	50,633	15.3	4,711	–	54,670	15.2	3,695	19.4
Payment and Finance Business	11,037	3.3	1,970	–	12,889	3.6	3,485	18.3
Total	304,967	92.0	4,142	–	337,676	93.9	18,443	96.8
Other	61,755	18.6	1,199	–	55,922	15.5	899	4.7
Adjustments	(35,239)	(10.6)	4,039	–	(33,919)	(9.4)	(283)	(1.5)
Consolidated total	331,484	100.0	9,380	100.0	359,679	100.0	19,059	100.0

Department Store Business

Revenue of ¥215,754 million (+13.1% YoY), operating profit of ¥7,529 million (operating loss of ¥4,594 million in the previous fiscal year)

<Reference data>

Gross sales of ¥657,955 million (+18.4% YoY), business profit of ¥12,834 million (+613.7% YoY)

As the impact of the spread of COVID-19 and restrictions on movement began to diminish, mainly from the middle of the fiscal year onward, consumer behavior, which had been restrained, began to recover. Additionally, as the number of foreign tourists visiting Japan increased, the number of customers visiting stores and net sales improved steadily, reflecting the effects of strategic investments promoted during the period.

In terms of our key strategy initiatives, we promoted the creation of attractive sales floors and stores using the unique qualities of each store by expanding key categories such as luxury goods, watches, and art, mainly at our flagship stores, and by building a large-scale character zone at our Daimaru Umeda store.

Furthermore, in our digital initiatives, we evolved our customer policies by promoting the digitalization of customer contact points through our app and by identifying potential customers through data analysis and use. We also launched a new cosmetics information site “DEPACO” as a form of media commerce, leveraging the strengths of department stores, including physical stores and sales capabilities.

To enhance our approach to the affluent market segment, we expanded our key categories and built high-quality store environments including customer lounges. We also improved our offers of scarce merchandise and services both in-store and on dedicated customer sites, and worked to expand our customer base.

In our management structure reforms, we produced results in organizational and personnel structure reforms with a view to new store operating models and worked to revise our cost structure including reviewing the scope of our outsourcing.

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

(Reference) Gross sales by company, store and product of the Department Store Business are as follows.

Gross sales by company and store of the Department Store Business

(Millions of yen)

Company / Store	Amount	Composition	Year-on-year changes
		%	%
Daimaru Matsuzakaya Department Stores Co. Ltd.			
Daimaru			
Osaka Shinsaibashi store	70,805	10.8	33.9
Osaka Umeda store	48,311	7.3	17.2
Tokyo store	64,236	9.8	34.9
Kyoto store	61,520	9.4	17.3
Kobe store	83,954	12.8	19.7
Suma store	6,314	1.0	(3.6)
Ashiya store	4,204	0.6	0.7
Sapporo store	62,068	9.4	25.7
Shimonoseki store	8,360	1.3	(0.6)
Sub total	409,776	62.3	23.1
Matsuzakaya			
Nagoya store	117,737	17.9	13.2
Ueno store	23,984	3.6	14.8
Shizuoka store	17,517	2.7	2.5
Takatsuki store	5,504	0.8	6.3
Sub total	164,743	25.0	8.9
Corporations, head office, etc.	27,970	4.3	28.0
Total	602,490	91.6	19.1
The Hakata Daimaru, Inc.	47,108	7.2	13.5
Kochi Daimaru Co., Ltd.	8,379	1.3	1.2
Adjustments	(22)	0.0	-
Total	657,955	100.0	18.4

Gross sales by product of the Department Store Business

(Millions of yen)

Product	Amount	Composition	Year-on-year changes
		%	%
Men's clothing and haberdashery	36,959	5.6	15.9
Ladies' clothing and haberdashery	227,036	34.5	28.5
Children's clothing and haberdashery	6,494	1.0	2.1
Kimono, bedding and other clothing	6,318	1.0	12.2
Accessories	46,608	7.1	19.9
Furniture	4,939	0.8	15.2
Home appliances	171	0.0	13.0
Household goods	13,598	2.1	(7.1)
Food products	141,573	21.5	8.3
Food halls and cafes	15,419	2.3	41.5
General goods	118,712	18.0	18.3
Services	2,379	0.4	22.7
Other	37,765	5.7	13.3
Adjustments	(22)	0.0	-
Total	657,955	100.0	18.4

(Note) Gross sales are calculated by converting certain transactions recognized as revenue under IFRS on a net basis to amounts on a gross basis. Specifically, we converted sales from purchase recorded at the time of sale (shoka shiire) to a gross amount.

SC Business

Revenue of ¥54,361 million (+3.4% YoY), operating profit of ¥3,733 million (+81.6% YoY)

<Reference data>

Gross sales of ¥254,641 million (+16.2% YoY), business profit of ¥5,382 million (+40.0% YoY)

The SC Business experienced steady improvement in both the number of customers visiting stores and tenant transaction volume due to strategic remodeling centered on flagship stores and stronger promotions, amid a rebound from store closures and restricted admission policies at entertainment venues imposed in the previous fiscal year, and as personal spending began to recover starting in the middle of the fiscal year onward.

In terms of our key strategy initiatives, with an eye on both the changing times and changing lifestyles driven by the COVID-19 pandemic, we renovated the ground floor and expanded contents with a strong affinity with the area at Ikebukuro PARCO, and we carried out large-scale renovations with genderless and ageless themes at Nagoya PARCO. We also rolled out unique pop-up stores, character collaboration plans, and cooperative plans with local communities at each store. Furthermore, with the cooperation of our tenants, we worked to develop a foundation by increasing our app membership count and enhancing the convenience of shopping at both our physical and online stores. We ceased operations of Tsudanuma PARCO at the end of February 2023.

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

(Reference) Tenant transaction volume (on a gross basis) by PARCO store in the SC Business is as follows.

Tenant transaction volume by PARCO store in the SC Business (Millions of yen)

Store	Amount	Composi- tion	Year-on- year changes	Store	Amount	Composi- tion	Year-on- year changes
Sapporo PARCO	9,980	% 4.0	% 25.3	Shintokorozawa PARCO	7,570	% 3.0	% (6.9)
Sendai PARCO	17,304	7.0	16.4	Tsudanuma PARCO	9,702	3.9	4.2
Urawa PARCO	25,851	10.4	9.6	Hibarigaoka PARCO	6,798	2.7	11.0
Ikebukuro PARCO	20,991	8.4	28.7	Matsumoto PARCO	4,020	1.6	0.8
PARCO_ya Ueno	6,481	2.6	23.2	Total of community complex group	28,092	11.3	1.9
Kichijoji PARCO	6,852	2.8	15.2	Total of urban and community complex groups	248,502	100.0	16.9
Shibuya PARCO	22,823	9.2	33.7				
Kinshicho PARCO	8,715	3.5	25.4				
Chofu PARCO	17,411	7.0	14.4				
Shizuoka PARCO	7,669	3.1	0.6				
Nagoya PARCO	26,910	10.8	18.5				
Shinsaibashi PARCO	17,757	7.1	30.3				
Hiroshima PARCO	11,921	4.8	11.0				
Fukuoka PARCO	19,739	7.9	15.2				
Total of urban complex group	220,410	88.7	19.1				

- (Note) 1. The tenant transaction volume represents the total amount of tenant transactions at PARCO stores.
2. Tsudanuma PARCO closed on February 28, 2023.

Developer Business

Revenue of ¥54,670 million (+8.0% YoY), operating profit of ¥3,695 million (-21.6% YoY)

<Reference data>

Gross sales of ¥54,670 million (+1.6% YoY), business profit of ¥2,947 million (-6.0% YoY)

We promoted our key strategies aimed at maximizing the use of the Group's real estate holdings and reforming our real estate portfolio. This mainly involved entering the residential real estate business to develop non-commercial facilities using our real estate holdings and planning and carrying out the development of large-scale mixed-use facilities in key areas where the Company has a solid foundation. Specifically, in addition to Nishiki 3-chome District 25 (tentative name) in Nagoya's Sakae area slated for completion and opening in 2026 and the Shinsaibashi Project (tentative name) in Osaka's Shinsaibashi area, we evaluated redevelopment in the Tenjin area of Fukuoka in collaboration with local communities and other companies, aiming to contribute to the creation of attractive, high-quality urban development.

Additionally, to pursue further business growth, we established J. Front City Development Co., Ltd. directly under our holding company and decided to transfer the developer business operated by PARCO Co., Ltd. to J. Front City Development Co., Ltd. By restructuring this business, we are building a system capable of fast decision making from the standpoint of Group-wide optimization. In addition, we will further strengthen our governance by developing and securing specialists, conducting management and administration suitable for the business, and carrying out risk management.

As a result of various measures including those mentioned above, revenue was ¥54,670 million (up 8.0% year on year) due to increases in interior and facilities work inside and outside the Group and facilities management contracting, despite the impact of the end of operations of existing properties. Operating profit was ¥3,695 million, down 21.6% year on year, partly due to a rebound with respect to gain on sales of non-current assets recorded in the previous fiscal year.

Payment and Finance Business

Revenue of ¥12,889 million (+16.8% YoY), operating profit of ¥3,485 million (+76.9% YoY)

<Reference data>

Gross sales of ¥12,889 million (+16.8% YoY), business profit of ¥3,486 million (+82.9% YoY)

In the payment business, in addition to the recovery in transaction volume in the Department Store Business and external affiliated stores, we provided special experiences including unique member events to increase awareness about our unique points program (QIRA Point). We also worked to strengthen the external affiliated stores by improving the payment environment in Group commercial facilities.

In the finance business, we strengthened the insurance agency business as well as expanded our financial services including investment trust installment services through partnerships with other companies.

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

(Note) Starting from the fiscal year under review, gross sales for JFR Card Co., Ltd. have been changed to IFRS revenue in our calculations. Percentage changes year on year have been calculated by restating the results for the fiscal year ended February 28, 2022.

Other

Revenue of ¥55,922 million (-9.4% YoY), operating profit of ¥899 million (-25.0% YoY)

<Reference data>

Gross sales of ¥57,358 million (-12.3% YoY), business profit of ¥924 million (-26.2% YoY)

Daimaru Kogyo, Ltd., which is engaged in the wholesale business, enjoyed increased revenue and profit due mainly to a recovery in orders in the automotive component division. However, due to the impact of removing the temporary staffing business from the scope of consolidation at the end of the previous year, revenue was ¥55,922 million (down 9.4% year on year), and operating profit was ¥899 million (down 25.0% year on year).

(Note) Starting from the fiscal year under review, gross sales for Daimaru Kogyo, Ltd. have been changed to IFRS revenue in our calculations. Percentage changes year on year have been calculated by restating the results for the fiscal year ended February 28, 2022.

(2) Explanation of financial position

(Assets, liabilities, and equity as of February 28, 2023)

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

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

(Cash flow position)

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

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

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

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

Net cash used in financing activities was ¥105,694 million. In comparison with the previous fiscal year, net cash used in financing activities increased by ¥25,302 million, as we repaid interest-bearing liabilities including bond redemptions.

(3) Status of capital investment

The basic approach taken regarding the Group’s recurring capital investment is to keep such investment within the scope of the amount of depreciation. In the current fiscal year, total capital investments were ¥23,415 million.

(i) Major facilities completed during the current fiscal year

Major facilities completed during the current fiscal year included investments in renovating sales floors at the Matsuzaka Nagoya store and Daimaru Kyoto store in the Department Store Business, internal renovations and facility upgrades at Nagoya PARCO and Ikebukuro PARCO in the SC Business, and investment in the launch of HAB @ Kumamoto in the Developer Business.

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

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

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

Not applicable.

(4) Status of procurement

The Group’s basic policy is to source funds needed for business activities using funds generated by the Group. Moreover, when the need arises for business investment or other expenditures, the holding company spearheads efforts to procure such funds mainly by issuing bonds and borrowing from financial institutions, with consideration placed on maintaining financial soundness.

The Group subsidiaries do not procure funds from financial institutions, but instead we promote streamlined means of procuring Group funds by seeking needed funding through intra-Group financing using a cash management system.

For the current fiscal year, based on the above policy, we procured ¥5,500 million through long-term borrowings from financial institutions. Meanwhile, we optimized the cash and deposits on hand that we

had secured in preparation for the impact of the spread of COVID-19 and repaid ¥24,000 million in short-term borrowings and ¥15,100 million in long-term borrowings. Additionally, with the redemption of ¥20,000 million in unsecured straight bonds and ¥15,000 million in commercial paper, our balance of interest-bearing liabilities (excluding lease liabilities) decreased by ¥68,600 million compared to February 28, 2022 to ¥249,100 million. We also scaled back the commitment line from ¥200,000 million to ¥100,000 million.

(5) Issues to be addressed

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

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

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

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

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

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

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

(i) Real x Digital Strategy

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

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

A. Increase the attractiveness of stores

- To establish competitive superiority in each region, we are further strengthening key categories that customer strongly support in our Department Store Business and enhancing unique promotions and

events. Meanwhile, we are accelerating our response to market changes by developing new content with a focus on beauty, health, and the environment, while streamlining sales floors that handle practical merchandise.

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

B. Strengthen online business

- In addition to expanding the products and brands in department store websites and cosmetics media commerce, we will strengthen our business activities from a CSV perspective by launching a men's line service in our fashion subscription business and expanding sales channels for regional products using the online platform.
- In the SC Business, we are updating our existing online stores, expanding our shops and sales menus, increasing customer and shop convenience by responding to cross-border EC, and providing high-value-added services.

(ii) Prime Life Strategy

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

A. Expand the customer base

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

B. Develop new products and services

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

C. Evolve customer policies

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

(iii) Developer Strategy

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

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

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

A. Promote large-scale development projects in key areas.

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

B. Effectively use real estate holdings

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

C. Strengthen business foundations

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

(iv) Management structure reforms

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

A. Reduction of fixed costs

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

B. Increase management efficiency and asset efficiency

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

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

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

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

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

<Management issues and direction toward “regrowth”>

i) Business model transformation of existing businesses

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

ii) Business growth in non-commercial fields

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

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

iii) Creating new businesses

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

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

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

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

(i) Group human resource strategy

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

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

(ii) Group financial strategy

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

(iii) Group systems strategy

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

(iv) Strengthening corporate governance

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

(6) The Group’s sustainability initiatives

1) Sustainability management and the seven materialities (priority issues)

The Company has established its sustainability policy “with people, with local communities, with environment to realize a sustainable society and new happiness in life,” and is promoting Group-wide sustainability management.

In its Medium-term Business Plan launched in fiscal 2021, the Company has identified seven materialities for promoting sustainability management and realizing “Well-Being Life.” In each materiality, the aim is to realize the creation of shared value (CSV) that balances social value and economic value by creating business opportunities from both risks and opportunities.

2) Fiscal 2022 initiatives

- Reducing greenhouse gas emissions through the use of renewable energy

By changing over to renewable energy in our stores and offices, converting lighting to LED, and using electric vehicles for company vehicles, we have reduced Scope 1 and 2 greenhouse gas emissions (fiscal 2022 results are being calculated, fiscal 2023 target: 40% reduction compared to fiscal 2017). Furthermore, the ratio of renewable energy to the total energy used in our business activities is expected to exceed 30% by the end of fiscal 2022 (fiscal 2023 target: 40%).

- Promoting resource recycling and circular-type businesses

At Daimaru Matsuzakaya Department Stores Co. Ltd., we entered the fashion subscription business with “AnotherADdress” in March 2021 with the aim of balancing “the enjoyment of fashion” with “a departure from the mass production and disposal model.” Amid lifestyle changes prompted by the COVID-19 pandemic and increasing interest in environmentally-friendly services, AnotherADdress has enjoyed strong customer support and continued growth. We are working to expand the business by adding a new men’s line in March 2023.

Furthermore, at Daimaru Matsuzakaya Department Stores Co. Ltd., we are promoting “ECOFF Recycle Campaign” activities in which we collect unneeded clothing, shoes, and bags from customers to create new resources and reuse them in new materials and products. Through the continued, strong support of our customers through fiscal 2022, we collected around 367 tons of used items, expanding both the number of participants and collection volume of the program.

- Reducing greenhouse gas emissions together with our suppliers

At Daimaru Matsuzakaya Department Stores Co. Ltd., we held a briefing in April 2022 for our main suppliers (attended by 300 people from 253 companies). We communicated both the Group’s resolve and concrete initiatives to realize a decarbonized society. We will continue to cooperate with our suppliers to realize a decarbonized society throughout the entire supply chain.

- Encouraging the active participation of women

Female employees make up 52.9% of all employees in the Group, and we position and encourage the active participation of women as a key management strategy as we strive for corporate growth.

In fiscal 2022, we launched the “project to encourage the active participation of women” under the direct management of the Company President. Members were selected from each operating company and multiple discussions were held on creating an environment in which women can fully exercise their individuality and capabilities. We also held “career forums” for management candidates which included training on the mindset required to exercise leadership and become a manager.

As a result of these initiatives, the ratio of women in management positions at the end of fiscal 2022 was 22.2% (fiscal 2023 target: 26%).

- Strengthening the recruitment of highly specialized professionals

The Group is actively hiring highly specialized professionals with the specialized skills, experience, and knowledge needed for new growth fields, such as digital, developer-related, and the Payment and Finance Business. In fiscal 2022, the Group hired a total of 132 people (103 in the previous fiscal year). Particularly at our holding company, the ratio of outside hires to total employees is 36.4%. Through diversity in our organizations and personnel, we are working to realize sustainable growth and the creation of new value.

*The Company has set “Scope 1 and 2 GHG emissions” and the “ratio of women in management positions” as non-financial indicators for performance-linked stock-based remuneration in its officer remuneration system and has clarified the responsibility of management in achieving these targets.

* Details of the Company's seven materialities are available via the link below.
<https://www.j-front-retailing.com/english/sustainability/sustainability.html>

(7) Status of assets and profit or loss

Changes in assets and profit or loss of the corporate group

(Millions of yen, unless otherwise stated)

International Financial Reporting Standards (IFRS)				
Category	13th fiscal year (Fiscal 2019)	14th fiscal year (Fiscal 2020)	15th fiscal year (Fiscal 2021)	16th fiscal year (Fiscal 2022)
Gross sales	1,133,654	769,453	865,919	998,755
Revenue	480,621	319,079	331,484	359,679
Business profit	45,363	2,366	11,718	24,854
Operating profit	40,286	(24,265)	9,380	19,059
Operating profit/revenue	8.4%	(7.6)%	2.8%	5.3
Profit before tax	37,161	(28,672)	6,190	16,873
Profit attributable to owners of parent	21,251	(26,193)	4,321	14,237
Total assets	1,240,308	1,263,722	1,192,907	1,120,953
Total equity	399,681	364,343	362,120	371,410
Equity attributable to owners of parent	387,188	352,171	350,368	359,385
Ratio of equity attributable to owners of parent to total assets	31.2	27.9	29.4	32.1
Interest-bearing liabilities [Of which, lease liabilities]	478,773 [220,497]	562,815 [202,885]	502,109 [184,394]	413,949 [164,825]
Cash flows from operating activities	73,358	56,471	49,866	65,480
Cash flows from investing activities	(49,559)	(20,870)	(5,289)	(13,371)
Free cash flows	23,799	35,601	44,577	52,109
Cash flows from financing activities	(14,829)	58,727	(80,392)	(105,694)
Cash and cash equivalents at end of period	34,633	128,925	93,278	39,874
Profit/equity attributable to owners of parent (ROE)	5.4%	(7.1)%	1.2%	4.0%
Operating profit/total assets (ROA)	3.2%	(1.9)%	0.8%	1.6%
Return on invested capital (ROIC)	–	0.2	1.2	2.7
Basic earnings per share (EPS) (Yen)	81.19	(100.03)	16.50	54.32
Equity attributable to owners of parent per share (Yen)	1,479.07	1,344.91	1,337.29	1,370.43
Price earnings ratio (PER)	14.13%	(10.17)%	58.29%	23.55%
Interim dividend (Yen)	18.00	9.00	14.00	15.00
Year-end dividend (Yen)	18.00	18.00	15.00	16.00
Dividend payout ratio	44.3%	–%	175.7%	57.1%
Dividends/equity attributable to owners of parent	2.4%	2.0%	2.2%	2.3%

- (Notes) 1. Profit attributable to owners of parent, operating profit and business profit after tax are used to calculate ROE, ROA and ROIC, respectively.
2. Gross sales are calculated by converting certain transactions recognized as revenue under IFRS on a net basis to amounts on a gross basis. Specifically, we converted sales from purchase recorded at the time of sale (shoka shiire) of the Department Store Business to a gross amount and the net amount transactions of the SC Business to tenant transaction volume (gross basis). Accordingly, gross sales for the 15th fiscal year have been retrospectively adjusted.
3. Business profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(8) Status of significant parent company and subsidiaries

(i) Relationship with the parent company

No items to report

(ii) Status of major subsidiaries

(Millions of yen, unless otherwise stated)

Company name	Share capital	Ratio of ownership by the Company (%)	Major businesses
Daimaru Matsuzakaya Department Stores Co. Ltd.	10,000	100.0	Department Store Business
The Hakata Daimaru, Inc.	3,037	69.9	Department Store Business
Kochi Daimaru Co., Ltd.	300	100.0	Department Store Business
PARCO Co., Ltd.	34,367	100.0	Shopping Center Business
Parco (Singapore) Pte Ltd.	S\$4 million	100.0	Shopping Center Business
PARCO SPACE SYSTEMS Co., Ltd.	100	100.0	Space engineering and management business
J. Front Design & Construction Co., Ltd.	100	100.0	Design and construction contracting
PARCO Digital Marketing Co., Ltd.	10	100.0	Internet-related business
J. Front City Development Co., Ltd. (Note 1)	10	100.0	Real estate business
JFR Card Co., Ltd.	100	100.0	Payment and Finance Business
Daimaru Kogyo, Ltd.	1,800	100.0	Wholesale business
Daimaru Kogyo International Trading (Shanghai) Co., Ltd.	US\$2 million	100.0	Wholesale business
Daimaru Kogyo (Thailand) Co., Ltd.	THB202 million	99.9	Wholesale business
Taiwan Daimaru Kogyo, Ltd. (Note 2)	NT\$60 million	100.0	Wholesale business
Consumer Product End-Use Research Institute Co., Ltd.	100	100.0	Merchandise test and quality control
Angel Park Co., Ltd.	400	50.2	Parking
JFR Service Co. Ltd.	100	100.0	Commissioned back-office service, leasing, parking
JFR Information Center Co., Ltd.	10	100.0	Information service
Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service
XENZO Co., Ltd. (Note 3)	100	50.8	E-sports business

- (Notes) 1. On October 27, 2022, the Company acquired all shares of JAPAN RETAIL ADVISORS Co., Ltd. from PARCO Co., Ltd. and changed the trade name to J. Front City Development Co., Ltd.
2. On August 22, 2022, the decision was made to dissolve Taiwan Daimaru Kogyo, Ltd., which is now in liquidation proceedings.
3. On December 1, 2022, the Company acquired shares of XENZO Co., Ltd., making it a consolidated subsidiary.

(iii) Matters relating to specified wholly owned subsidiaries

(Millions of yen)

Name	Address	Total book value	Total assets of the Company
Daimaru Matsuzakaya Department Stores Co. Ltd.	18-11, Kiba 2-chome, Koto-ku, Tokyo	202,109	574,302
PARCO Co., Ltd.	28-2, Minami-Ikebukuro 1-chome, Toshima-ku, Tokyo	160,581	574,302

(Note) A specified wholly owned subsidiary is one where the book value of the shares of said subsidiary on the final day of the fiscal year exceeds 1/5th of the Company's total assets, and one whose shares are all held by the Company.

(9) Major businesses

The Department Store Business, the SC Business, the Developer Business, the Payment and Finance Business, and Other including wholesale business, parking, and leasing, etc.

(10) Major business locations

(Department Store Business)

Name	Location	Name	Location
Daimaru Matsuzakaya Department Stores Co. Ltd.			
Head Office	Koto-ku, Tokyo	Matsuzakaya Nagoya store	Naka-ku, Nagoya
Daimaru Osaka Shinsaibashi store	Chuo-ku, Osaka	Ueno store	Taito-ku, Tokyo
Osaka Umeda store	Kita-ku, Osaka	Shizuoka store	Aoi-ku, Shizuoka
Tokyo store	Chiyoda-ku, Tokyo	Takatsuki store	Takatsuki, Osaka
Kyoto store	Shimogyo-ku, Kyoto		
Kobe store	Chuo-ku, Kobe	GINZA SIX	Chuo-ku, Tokyo
Suma store	Suma-ku, Kobe	The Hakata Daimaru, Inc.	Chuo-ku, Fukuoka
Ashiya store	Ashiya, Hyogo	Kochi Daimaru Co., Ltd.	Kochi, Kochi
Sapporo store	Chuo-ku, Sapporo		
Shimonoseki store	Shimonoseki, Yamaguchi		

(SC Business)

Name	Location	Name	Location
PARCO Co., Ltd.			
Headquarters	Toshima-ku, Tokyo	Hibarigaoka PARCO	Nishi-Tokyo, Tokyo
Shibuya Head Office	Shibuya-ku, Tokyo	Kichijoji PARCO	Musashino, Tokyo
Sapporo PARCO	Chuo-ku, Sapporo	Chofu PARCO	Chofu, Tokyo
Sendai PARCO	Aoba-ku, Sendai	Tsudanuma PARCO	Funabashi, Chiba
Urawa PARCO	Urawa-ku, Saitama	Matsumoto PARCO	Matsumoto, Nagano
Shintokorozawa PARCO	Tokorozawa, Saitama	Shizuoka PARCO	Aoi-ku, Shizuoka
Ikebukuro PARCO	Toshima-ku, Tokyo	Nagoya PARCO	Naka-ku, Nagoya
PARCO_ ya Ueno (Ueno Frontier Tower)	Taito-ku, Tokyo	Shinsaibashi PARCO	Chuo-ku, Osaka
Kinshicho PARCO	Sumida-ku, Tokyo	Hiroshima PARCO	Naka-ku, Hiroshima
Shibuya PARCO	Shibuya-ku, Tokyo	Fukuoka PARCO	Chuo-ku, Fukuoka
Parco (Singapore) Pte Ltd	Singapore		

(Developer Business)

Name	Location	Name	Location
PARCO Co., Ltd. Pedi SHIODOME Sapporo ZERO GATE Harajuku ZERO GATE Kawasaki ZERO GATE Nagoya ZERO GATE Kyoto ZERO GATE Shinsaibashi ZERO GATE Sannomiya ZERO GATE Hiroshima ZERO GATE	Minato-ku, Tokyo Chuo-ku, Sapporo Shibuya-ku, Tokyo Kawasaki-ku, Kawasaki Naka-ku, Nagoya Shimogyo-ku, Kyoto Chuo-ku, Osaka Chuo-ku, Kobe Naka-ku, Hiroshima	BINO OKACHIMACHI BINO GINZA BINO SAKAE BINO HIGASHINOTOIN and others	Taito-ku, Tokyo Chuo-ku, Tokyo Naka-ku, Nagoya Nakagyo-ku, Kyoto
PARCO SPACE SYSTEMS Co., Ltd.	Shibuya-ku, Tokyo	PARCO Digital Marketing Co., Ltd.	Shibuya-ku, Tokyo
J. Front Design & Construction Co., Ltd.	Chuo-ku, Osaka	J. Front City Development Co., Ltd.	Shibuya-ku, Tokyo

(Payment and Finance Business)

Name	Location
JFR Card Co., Ltd.	Head Office: Takatsuki, Osaka Office: Tokyo 3, Osaka 2, Kyoto 1, Kobe 1, Sapporo 1, Nagoya 1, Shizuoka 1

(Other subsidiaries)

Head Office: Osaka-fu 5, Nagoya 1, Kawasaki 1, Shanghai 1, Thailand 1, Taiwan 1

(11) Status of employees

(i) Employees of the corporate group

Category	Number of employees
J. FRONT RETAILING Co., Ltd.	151
Department Store Business	2,884
SC Business	494
Developer Business	843
Payment and Finance Business	211
Other	532
Total	5,115

(Note) Other than the employees above, the number of dedicated employees is 1,195 and the number of fixed-term employees is 948.

(ii) Employees of the Company

Number of employees	Average age
151	49.0

(Note) Other than the employees above, the number of dedicated employees is 3 and the number of fixed-term employees is 13.

(iii) Employees of major subsidiaries

Name	Number of employees	Average age
Daimaru Matsuzakaya Department Stores Co. Ltd.	2,627	49.0
PARCO Co., Ltd.	688	43.9

(12) Status of major creditors

Major creditors of the corporate group

(Millions of yen)

Creditor	Amount payable
Borrowings	
MUFG Bank, Ltd.	37,658
Development Bank of Japan Inc.	34,484
Sumitomo Mitsui Banking Corporation	23,184
Mizuho Bank, Ltd.	12,284
Other	61,700
Sub total	169,310
Straight bonds, etc.	79,813
Total	249,123

(13) Other important matters relating to current status of the corporate group

At a Board of Directors meeting held on October 11, 2022, the Company resolved to transfer the developer business of its wholly owned subsidiary PARCO Co., Ltd. to its wholly owned subsidiary JAPAN RETAIL ADVISORS Co., Ltd. (currently J. Front City Development Co., Ltd.) through a company split (absorption-type split), with an effective date of March 1, 2023.

2. Matters relating to shares of the Company

(1) Number of shares authorized: 1,000,000,000 shares

(2) Number of shares issued: 270,565,764 shares

(3) Number of shareholders: 166,642

(4) Major shareholders

Name of shareholders	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,039	17.42
Custody Bank of Japan, Ltd. (Trust Account)	20,798	7.87
Nippon Life Insurance Company	9,828	3.72
J. Front Retailing Kyoei Supplier Shareholding Association	6,462	2.45
The Dai-ichi Life Insurance Company, Limited	4,012	1.52
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,825	1.45
JP Morgan Securities Japan Co., Ltd.	3,565	1.35
SMBC Nikko Securities Inc.	3,387	1.28
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	3,204	1.21
JAPAN SECURITIES FINANCE CO., LTD.	3,124	1.18

(Note) Shareholding ratio is calculated by deducting treasury shares (6,272 thousand shares). Treasury shares do not include shares of the Company owned by the officer remuneration BIP trust.

(5) Summary of shares that are granted to the officers of the Company as compensation for the performance of duties during the current fiscal year

Stock-based remuneration that is granted during the current fiscal year is as follows.

	Number of granted persons	Number of shares
Director	–	–
[of which, Outside Director]	–	–
Executive Officer	25	35,930
Total	25	35,930

- (Notes)
1. The number of shares granted to Directors who concurrently serve as Executive Officers as compensation for performance of duties during the term of the Executive Officer is shown in the Executive Officer row.
 2. The aforementioned number of granted persons and the number of shares include officers who were present during the current fiscal year, officers who retired during the current fiscal year, and officers who were present from May 25, 2017 to February 28, 2021 and the shares granted to those officers.
 3. The number of shares above amounts to shares issued to each Director. 39,654 shares among the shares whose rights are granted to each Director will be provided in cash in the amount equivalent to the amount converted within the Trust pursuant to the share granting rules related to the stock-based remuneration system.

3. Matters relating to corporate officers

(1) Names, etc. of Directors

Position in the Company	Name	Areas of responsibility in the Company and important concurrent positions outside the Company	Attendance at Board of Directors meetings (Note 3)	Limited liability agreements (Note 4)
Director	YAMAMOTO Ryoichi	Chairperson of Board of Directors Member of Nomination and Remuneration Committees Outside Director of Daido Steel Co., Ltd. Outside Director of NORITAKE CO., LIMITED	100.0% 15/15	Yes
Director	HAMADA Kazuko (Note 1)	Member of Audit Committee	100.0% 15/15	Yes
Director (Outside)	YAGO Natsunosuke	Chairperson of Nomination Committee and member of Remuneration Committee Outside Director of SUBARU CORPORATION	100.0% 15/15	Yes
Director (Outside)	HAKODA Junya	Chairperson of Audit Committee Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants	100.0% 15/15	Yes
Director (Outside)	UCHIDA Akira	Chairperson of Remuneration Committee and member of Nomination Committee Outside Director of Yokogawa Electric Corporation Director of Parco Co., Ltd.	100.0% 15/15	Yes
Director (Outside)	SATO Rieko (Note 2)	Member of Audit Committee Partner of Ishii Law Office Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. Outside Audit & Supervisory Board Member of Mitsubishi Corporation	100.0% 15/15	Yes
Director (Outside)	SEKI Tadayuki	Member of Audit Committee Outside Director of VALQUA, LTD. Outside Director of JSR Corporation Outside Statutory Auditor of Asahi Mutual Life Insurance Company Director of Daimaru Matsuzakaya Department Stores Co. Ltd.	100.0% 15/15	Yes
Director (Outside)	KOIDE Hiroko	Member of Nomination and Remuneration Committees Outside Director of Mitsubishi Electric Corporation Outside Director of J-OIL MILLS, Inc.	100.0% 15/15	Yes
Director (President and Representative Executive Officer)	YOSHIMOTO Tatsuya		100.0% 15/15	
Director (Managing Executive Officer)	WAKABAYASHI Hayato		100.0% 15/15	

- (Notes)
- HAMADA Kazuko is recorded under the name of HIMENO Kazuko in the Family Registry.
 - SATO Rieko is recorded under the name of KAMATA Rieko in the Family Registry.
 - Stated are the number of Board of Directors meetings attended and number of Board of Directors meetings held during the individual's tenure this fiscal year (Details of attendance at each committee meeting are given in "7. Operations of each Committee.")
 - The Company enters into agreements limiting liability for damages such that are stipulated in Paragraph 1, Article 423 of the Companies Act, provided for in Paragraph 1, Article 427 of the said Act, with the relevant individuals (marked as "Yes" in the "Limited liability agreements" column). These agreements limit the amount of their

- liability for damages to the higher of either ¥12,000,000 or the minimum amount of liability such that is stipulated in Paragraph 1, Article 425 of the said Act.
5. The Company enters into a Directors and Officers liability insurance contract with an insurance company as stipulated in Paragraph 1, Article 430-3 of the Companies Act. Under such an insurance contract, indemnification will be provided for legal damages and litigation costs to be borne by the insured. The Company covers the payment for the entire amount of the premium for all of those insured. The insurance policy covers all Directors and Executive Officers of the Company and all Directors and Audit & Supervisory Board Members of its subsidiaries. However, the contract does not cover any damages, etc. arising from criminal acts and violations of laws and regulations committed by the insured knowingly what they are doing, as a measure to prevent the impairment of the appropriateness of the execution of duties by the insured.
 6. Audit Committee member HAKODA Junya has been involved in accounting audits, management consulting, and internal audits of accounting firms, etc., serving as a certified public accountant for many years. He has both a wealth of experience and highly specialized knowledge in relation to corporate auditing. He also has deep insight into finance and accounting matters.
 7. Audit Committee member SEKI Tadayuki was involved in international business management and risk management. As CFO, he has both a wealth of experience and highly specialized knowledge in relation to finance and accounting. He also has deep knowledge of finance and accounting matters.
 8. Audit Committee member HAMADA Kazuko is a full-time Audit Committee member. We aim to improve the effectiveness of audits by appointing to serve as full-time Audit Committee member an in-house Director who does not execute business and has specialist knowledge of specific areas of our business based on a thorough understanding of in-house organizations and business execution.

(2) Names, etc. of Executive Officers

Position in the Company	Name	Areas of responsibility in the Company and important concurrent positions outside the Company
President and Representative Executive Officer	YOSHIMOTO Tatsuya	
Managing Executive Officer	WAKABAYASHI Hayato	Senior Executive General Manager of Financial Strategy Unit Director of PARCO Co., Ltd.
Managing Executive Officer	ONO Keiichi	Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management Director of PARCO Co., Ltd.
Managing Executive Officer	HAYASHI Naotaka	Senior Executive General Manager of Group Digital Unit
Managing Executive Officer	NAKAYAMA Takashi	Senior Executive General Manager of Group System Unit Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
Managing Executive Officer	MATSUDA Hirokazu	Senior Executive General Manager of Human Resources Strategy Unit and Administration Unit and in charge of Compliance Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
Executive Officer	KAWASE Kenji	Senior General Manager of Management Planning Division, Business Portfolio Transformation Promotion Division, and Group Communications Promotion Division of Management Strategy Unit
Executive Officer	HIRAI Yuji	Senior General Manager of CRE Planning Division of Management Strategy Unit Executive Officer of PARCO Co., Ltd. President and Representative Director of J. Front City Development Co., Ltd.
Executive Officer	YAMAZAKI Shiro	Senior General Manager of System Planning Division of Group System Unit
Executive Officer	NOGUCHI Hideki	Senior General Manager of Accounting and Tax Affairs Division of Financial Strategy Unit
Executive Officer	UMEBAYASHI Akira	Senior General Manager of Group Human Resources Policy Division, Group Human Resources Development Division, and Group Welfare Division of Human Resources Strategy Unit

(Reference) A new Executive Officer was elected and appointed. Accordingly, Executive Officers' areas of responsibility in the Company and important concurrent positions outside the Company were partially changed on March 1, 2023 as indicated below.

Position in the Company	Name	New areas of responsibility in the Company and important concurrent positions outside the Company
President and Representative Executive Officer	YOSHIMOTO Tatsuya	Senior Executive General Manager of CRE Strategy Unit
Executive Officer (New)	OCHIAI Isao	Senior General Manager of Management Planning Division and Business Portfolio Transformation Promotion Division of Management Strategy Unit
Executive Officer	UMEBAYASHI Akira	Senior General Manager of Group Human Resources Development Division and Group Welfare Division of Human Resources Strategy Unit

On March 1, 2023, KAWASE Kenji and HIRAI Yuji retired as Executive Officers. KAWASE Kenji assumed the positions of Representative Director, President and Executive Officer of PARCO Co., Ltd. and HIRAI Yuji assumed the positions of Representative Director and President (full-time) of J. Front City Development Co., Ltd.

(3) Total amount of remuneration, etc. to Directors and Executive Officers

	Number of payees	Total amount of remuneration, etc. (Millions of yen)	Totals by category of remuneration, etc. (Millions of yen)			
			Basic remuneration	Performance-linked bonuses	Performance-linked stock-based remuneration	Non-performance-linked stock-based remuneration
Director	8	192	151	–	–	40
[of which, Outside Director]	[6]	[104]	[86]	–	–	[18]
Executive Officer	15	483	213	122	147	–
Total	23	675	365	122	147	40

- (Notes)
- Other than the above, the total amount of remuneration, etc. received by Outside Directors from subsidiaries of the Company in the current fiscal year is ¥9 million.
 - 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.
 - In the above table, the remuneration, etc. for Executive Officers of ¥483 million includes ¥25 million (including performance-linked stock-based remuneration) paid to four Executive Officers who held the post between March 1 and May 26, 2022.
 - Beginning in the fiscal year ended February 28, 2018, to ensure steady execution of the Medium-term Business Plan for realizing the Group Vision, the Company has adopted the stock-based remuneration system using a trust for officers (a system of granting the Company's shares to officers (in certain cases, the Company's shares are converted into cash within the trust and cash in the amount equivalent to their conversion value is paid) in accordance with the officers' rank and level of achievement of the Medium-term Business Plan, etc.) The stock-based remuneration in the above chart is the total recorded as expenses for the period under review. It is divided into performance-linked stock-based remuneration corresponding to degree of achievement of single fiscal year results and degree of achievement of the Medium-Term Business Plan targets, as well as non-performance-linked stock-based remuneration for Directors who do not execute business. Actual trends with respect to financial indicators for calculating bonuses and performance share in the current business year (consolidated operating profit and ROE) are stated under "1. Current status of the corporate group, (7) Status of assets and profit or loss." Meanwhile, actual trends with respect to non-financial indicators (greenhouse gas emissions and ratio of women in management positions) are stated in <Key performance indicator results and targets> under "1. Current status of the corporate group, (1) Business summary and results"
 - 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, 2023. The actual amounts to be paid in total and on an individual basis will be determined by a meeting of the Remuneration Committee scheduled for or after April 2023.

(4) Outline of method for determining policy regarding decisions on amounts of remuneration, etc. of each corporate officer or calculation method thereof, and contents of such policy

(i) Policy on determining remuneration for Directors and Executive Officers

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

<Basic policy for officer remuneration>

The Company's Officer Remuneration System follows the basic approach below, aiming to achieve the objectives of realizing and promoting sustainability management (pay for purpose). The same basic policy has been established for the Directors and Executive Officers of the Group's major subsidiaries Daimaru Matsuzakaya Department Stores Co. Ltd. and PARCO Co., Ltd., as well as for the Representative Directors of JFR Card Co., Ltd., J. Front City Development Co., Ltd., and J. Front Design & Construction Co., Ltd. (hereinafter, "eligible officers of major subsidiaries of the Group").

- (i) Contribute to the sustainable growth of the Group and increase corporate value over the medium to long term, and be consistent with the corporate culture.
- (ii) Establish a remuneration system that facilitates the achievement of duties (mission) based on management strategies of professional corporate managers.
- (iii) Remuneration levels that can secure and retain human resources who have the "desirable managerial talent qualities" required by the Company.
- (iv) Increase shared awareness of profits with shareholders and awareness of shareholder-focused management.
- (v) Enhanced transparency and objectivity in the remuneration determining process.

<How to determine remuneration levels>

To make quick responses to changes in the external environment and the market environment, the Company uses objective remuneration survey data, and so forth, from external specialist organizations, adopts officer remuneration levels of companies in the same industry (department store, retailer) and companies of a comparable size (selected based on market capitalization and consolidated operating profit) in other industries as a benchmark, and compares the remuneration levels of its Executive Officers and Directors with the benchmark annually. The same treatment shall apply to eligible officers of major subsidiaries of the Group.

<Composition of remuneration>

[Executive Officers]

Remuneration for Executive Officers shall comprise "basic remuneration" (monetary remuneration) in accordance with mission grade, "bonuses" (monetary remuneration) based on individual evaluations conducted each business year, and "performance shares" (performance-linked stock-based remuneration, which is trust-type stock-based remuneration) linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan as a stock-based remuneration system. The performance indicators of bonuses and performance shares were selected as shown in the table below so as to achieve KPIs for the final fiscal year of the Medium-term Business Plan and to make a healthy incentive for sustainable growth function.

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

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

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

*4, 5 The performance-linked factor for performance-linked stock-based remuneration is calculated by the following calculation method:

The rate of change for ratio of women in management positions is evaluated using fiscal 2020 results as the reference.
Actual results = Results - fiscal 2020 results, Target = 26% - fiscal 2020 results

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

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

[Directors who do not execute business]

Remuneration for Directors who do not execute business shall consist only of fixed remuneration, which shall be "basic remuneration" (monetary remuneration) in accordance with responsibilities and "restricted stock" (non-performance-linked stock-based remuneration, which is trust-type stock-based remuneration), which is not linked to performance, as part of the stock-based remuneration system. Restricted stock is a system for issuing the Company's shares in a way that it is not linked to performance, with the objective of involving Directors who do not execute business in management with a medium- to long-term view in order that they should strengthen proactive and defensive governance of the Company from a different standpoint to the Executive Officers as representatives of stakeholders. The shares are issued upon their retirement from office. The Company will disclose the number of shares held as the number of dilutive potential shares until the shares are issued.

<Stock acquisition and holding>

Any shares of the Company acquired by Executive Officers as stock-based remuneration shall continue to be held by respective Executive Officers at least for three years from the grant date of the shares (or at least for one year after they retire from the office of Executive Officer). The purpose of this requirement is to deepen the common interest of shareholders and officers. In particular, the purpose of granting shares of the Company to Executive Officers who are responsible for business execution as remuneration in the form of performance-linked stock-based remuneration is to provide additional incentive to them to work for the improvement of the financial performance and corporate value of the Company from the medium- to long-term perspective. Eligible officers of major subsidiaries of the Group shall adopt the same policy for their acquisition and holding of the Company's shares.

(ii) Process for determining remuneration for Directors and Executive Officers and forfeiture of remuneration of Executive Officers (clawback/malus)

To ensure the appropriateness of remuneration levels and the transparency of decision-making processes, decisions are made by resolution of a Remuneration Committee comprising independent Outside Directors (majority) and the Chairperson of Board of Directors who does not execute business, and headed by an independent Outside Director.

Remuneration Committee meetings are to be held at least four times per year. The committee decides on the policy for determining remuneration details for the individual officers (Directors and Executive Officers) of the Company and major subsidiaries of the Group, and on the remuneration details for individual Directors and Executive Officers of the Company. Basic remuneration positioned as fixed remuneration is decided for each mission grade based on the size (weight) of the responsibility borne by each officer. As for bonuses, evaluation is carried out using the "fiscal year's financial indicators," serving as quantitative evaluation, and the "fiscal year's non-financial indicators," which include qualitative evaluation. The committee also confirms the performance-linked factor in accordance with the level of achievement with respect to figures announced in the initial forecast (IFRS based) following a resolution of the Board of Directors to determine short-term performance shares that account for 40% of performance shares (performance-linked stock-based remuneration).

Based on these results, the committee determines that the remuneration details for individual Directors and Executive Officers during the current fiscal year align with the Company's basic policy for officer remuneration and the approach to determine remuneration levels.

Regarding Executive Officers' bonuses and stock-based remuneration, the right of payment of bonuses and granting of stock-based remuneration may be forfeited or the Company may request

the return of remuneration that has already been paid or granted in cases such as where the Board of Directors has resolved that the financial results are to be amended afterwards due to a serious accounting misstatement or fraud, or where there has been a serious infringement of the appointment contract, etc., between the Company and an officer, or when an officer has retired for their own reasons during their term of office against the will of the Company.

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

The Officer Remuneration System is subject to review as scheduled in the Medium-term Business Plan, and in April 2021 the Officer Remuneration Policy was revised in accordance with the FY2021-FY2023 Medium-term Business Plan. Thereafter, it was continuously deliberated and revised as needed.

During the Medium-term Business Plan period, the level of basic remuneration will be reviewed if a drastic review becomes necessary due to dramatic changes in the external environment and so forth.

(5) Matters relating to Outside Directors

YAGO Natsunosuke <u>Independent</u> (Note)	Important concurrent positions	Outside Director of SUBARU CORPORATION
	Relationships between the Company and organizations where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Nomination 100% (Attended all 13 meetings held during tenure this fiscal year) Remuneration 100% (Attended all 12 meetings held during tenure this fiscal year)

[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
 YAGO Natsunosuke has been involved in top-level company management for many years and has a wealth of experience in strengthening financial bases and compliance management. He also has a high level of knowledge of internal controls and corporate governance gained through his experience in transitioning to a company with three committees (nomination, audit and remuneration committees). As such, we accordingly expect him to provide advice and oversight enlisting points of view and perspectives that vary from those of the Inside Directors. Moreover, YAGO Natsunosuke has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight particularly on direction to be specified in the medium- to long-term strategies and key points at the time of their formulation, the desired form of a new developer business company, the approach to asset holdings in our financial strategy, and the approach to monetizing customer data. In regard to committee membership, he serves as the Chairperson of the Nomination Committee and a member of the Remuneration Committee, and has been working to strengthen the functions of managers by fulfilling expectations and roles associated with those committees. As the Chairperson of the Nomination Committee, he has proceeded with the establishment of the officer selection process that checks the status of future candidates for positions in senior management and ensures objectivity, transparency, and continuity based on the succession plan. As a member of the Remuneration Committee, he has contributed to reviews of appropriate remuneration levels for bonuses and stock-based remuneration and operating rules in the officer remuneration system.

HAKODA Junya <u>Independent</u> (Note)	Important concurrent positions	Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants
	Relationships between the Company and organizations where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Audit 100% (Attended all 22 meetings held during tenure this fiscal year)

[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
 HAKODA Junya has been involved in accounting audits, management consulting, and internal audits for auditing firms, etc. as a certified public accountant for many years at PricewaterhouseCoopers, and also served as an eminent professor teaching internal audit theory in the Graduate School of Keio University, and therefore has a wealth of experience and high-level expertise in corporate auditing. As such, we accordingly expect him to provide advice and oversight from perspectives and viewpoints different from those of the Inside Directors. Moreover, HAKODA Junya has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight particularly in terms of the consistency of the medium- to long-term financial plans and medium- to long-term strategies, pursuing new business initiatives, the approach to human resources development, and points of focus in formulating an international business strategy. Regarding Board committees, he serves as the Chairperson of the Audit Committee and has worked to strengthen audit functions by fulfilling expectations of him to promote the exchange of opinions and discussions from the perspective of legality, appropriateness, etc. on matters submitted to the Board of Directors or matters that the Audit Committee determines require monitoring, 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.

UCHIDA Akira <u>Independent</u> (Note)	Important concurrent positions	Outside Director of Yokogawa Electric Corporation Director of PARCO Co., Ltd.
	Relationships between the Company and each organization where important concurrent positions are held	PARCO Co., Ltd. is a wholly owned subsidiary of the Company.
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Nomination 100% (Attended all 13 meetings held during tenure this fiscal year) Remuneration 100% (Attended all 12 meetings held during tenure this fiscal year)

[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]

UCHIDA Akira possesses extensive experience and knowledge of not only business planning and IR but also corporate departments as the person responsible for the finance and accounting division. As such, we accordingly expect him to draw on such experience and knowledge in providing advice and oversight from perspectives and viewpoints different from those of the Inside Directors. Moreover, UCHIDA Akira has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight particularly in terms of the necessary KPI perspectives the Company should have when formulating medium-term business plans, the concepts for funding plans when promoting business portfolio transformation, Group coordination and the approach to governance as a holding company, the acquisition and development of specialists, and points of focus in supporting initiatives aimed at new business initiatives. Regarding Board committees, he serves as the Chairperson of the Remuneration Committee and a member of the Nomination Committee, and has been working to strengthen the functions of managers by fulfilling expectations and roles associated with those committees. As the Chairperson of the Remuneration Committee, he has promoted reviews of appropriate remuneration levels for bonuses and stock-based remuneration and operating rules in the officer remuneration system. As a member of the Nomination Committee, he has confirmed the status of future candidates for positions in senior management based on the Succession Plan and contributed to the executive decision-making process that ensures objectivity, transparency, and continuity.

SATO Rieko <u>Independent</u> (Note)	Important concurrent positions	Partner of Ishii Law Office Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. Outside Audit & Supervisory Board Member of Mitsubishi Corporation
	Relationships between the Company and each organization where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which she belongs	Audit 100% (Attended all 22 meetings held during tenure this fiscal year)

[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]

SATO Rieko has viewpoints and insights from a legal perspective on agenda topics based on a wealth of experience as well as advanced and expert knowledge as a lawyer specializing mainly in corporate legal affairs. As such, we accordingly expect her to provide advice and oversight from perspectives and viewpoints different from those of the Inside Directors. Moreover, SATO Rieko has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight particularly in terms of the clarification of the path to creating corporate value and achieving profit targets, specific policies on decarbonization, diversity and inclusion that connect to sustainability management, the strategic use of customer data, and the legal position on reducing cross-shareholdings. She also has served as a lead director of the executive session which the Company established as an opportunity for Outside Directors to openly and freely exchange opinions and share information. Regarding Board committees, she serves as a member of the Audit Committee and has worked to strengthen audit functions by fulfilling expectations of her in terms of exchanging opinions and discussions from the perspective of legality, appropriateness, etc. on matters submitted to the Board of Directors or matters that the Audit Committee determines require monitoring, while auditing the execution of duties by Directors and Executive Officers of a company with three committees (nomination, audit, and remuneration committees). She is also simultaneously working to enhance the governance of the Group as a whole.

SEKI Tadayuki <u>Independent</u> (Note)	Important concurrent positions	Outside Director of VALQUA, LTD. Outside Director of JSR Corporation Outside Statutory Auditor of Asahi Mutual Life Insurance Company Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
	Relationships between the Company and each organization where important concurrent positions are held	Daimaru Matsuzakaya Department Stores Co. Ltd. is a wholly owned subsidiary of the Company.
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Audit 100% (Attended all 22 meetings held during tenure this fiscal year)

[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]

SEKI Tadayuki was involved in international business management and risk management at a general trading company for many years, and as CFO has both a wealth of knowledge and experience in finance and accounting. He also has wide-ranging insights derived from roles as Outside Director and Audit & Supervisory Board Member at multiple companies. As such, we accordingly expect him to provide advice and oversight from perspectives and viewpoints different from those of the Inside Directors. Moreover, SEKI Tadayuki has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight particularly on such issues as the approach to business and asset holdings to promote business portfolio transformation, alignment of strategy with core competencies and resources, and risk awareness in new business initiatives. Regarding Board committees, he serves as a member of the Audit Committee and has worked to strengthen audit functions by fulfilling expectations of him in terms of exchanging opinions and discussions from the perspective of legality, appropriateness, etc. on matters submitted to the Board of Directors or matters that the Audit Committee determines require monitoring, 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.

KOIDE Hiroko <u>Independent</u> (Note)	Important concurrent positions	Outside Director of Mitsubishi Electric Corporation Outside Director of J-OIL MILLS, Inc.
	Relationships between the Company and each organization where important concurrent positions are held	No special relationships exist
	Relationship with specified affiliated business operator	No items to report
	Attendance at Board of Directors meetings	100% (Attended all 15 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which she belongs	Nomination 100% (Attended all 13 meetings held during tenure this fiscal year) Remuneration 100% (Attended all 12 meetings held during tenure this fiscal year)

[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]

KOIDE Hiroko served as an officer at foreign companies for many years and engaged in corporate management as the head of marketing at the head office of a U.S. company, and therefore has extensive knowledge based on her rich experience in the fields of global management and marketing. She also has a wealth of insights gained as an Outside Director at multiple listed companies. As such, we accordingly expect her to provide advice and oversight from perspectives and viewpoints different from those of the Inside Directors. Moreover, KOIDE Hiroko has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight particularly in terms of the approach to formulating medium- to long-term strategies based on robust strategic discussions, the importance of a marketing-oriented way of thinking such as identifying target and needs, and aspirations for the new developer business. As for Board committees, she serves as a member of the Nomination Committee and a member of the Remuneration Committee, and has been working to strengthen the functions of managers by fulfilling expectations and roles associated with those committees. As a member of the Nomination Committee, she has confirmed the status of future candidates for positions in senior management based on the Succession Plan and contributed to the executive decision-making process that ensures objectivity, transparency, and continuity. As a member of the Remuneration Committee, she has contributed to reviews of appropriate remuneration levels for bonuses and stock-based remuneration and operating rules in the officer remuneration system.

(Note) The above-mentioned Outside Directors are independent officers, which are required to be put in place by the Tokyo Stock Exchange, Inc. and the Nagoya Stock Exchange, Inc. for the protection of general shareholders.

4. Matters relating to Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. of Accounting Auditor

(i) Amount of remuneration, etc. to be paid by the Company	¥139 million
(ii) Total cash and other financial profits to be paid by the Company and its subsidiaries	¥338 million

(Note) The audit agreement entered into by the Accounting Auditor and the Company does not clearly distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be practically distinguished from each other. Therefore, the amount in (i) above indicates the total of these two kinds of amounts.

(3) Content of non-audit service

Services relating to adoption of the accounting standard for revenue recognition, etc.

(4) Rationale for Audit Committee's agreement on remuneration of the Accounting Auditor

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

(5) Policy for determining dismissal or non-reappointment of Accounting Auditor

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

(6) Rationale for Audit Committee's decision on reappointment of Accounting Auditor

The Audit Committee decided to reappoint Ernst & Young ShinNihon LLC, as a result of comprehensive considerations, following the evaluation of the appropriateness and validness of audit activities by the Accounting Auditor based on the Accounting Auditor Evaluation Standards established by the Audit Committee.

5. Basic ideas on corporate governance

(1) Role of corporate governance

The Company believes that ensuring sustainable growth of the Group and increasing corporate value over the medium to long term is conducive to realizing ideals of the Group Mission Statement. Accordingly, the role of corporate governance in the Group must be to help enable us to realize the ideals of the Group Mission Statement.

The Company, which is a holding company at the core of corporate governance of the Group, assumes responsibility for ensuring managerial transparency, soundness and compliance of the entire Group, with the aim of realizing the ideals of the Group Mission Statement.

(2) Relationship with stakeholders

Through its business activities, the Company strives to build relationships of trust with all of its stakeholders.

Our shareholders are the providers of the Company's capital and act as the main source of the Group's corporate governance. Accordingly, the Company respects shareholder rights to the maximum extent (including those of minority shareholders and foreign shareholders), and substantively ensures their rights.

The Company treats its shareholders equitably and impartially, in accordance with types and numbers of shares held by shareholders. Moreover, neither the Company nor the Group provides property benefits to any person, such that relate to the exercise of the rights of specific shareholders.

The Company also actively works to fulfill its responsibilities towards customers, business partners, employees and local communities in relation to the environment and society, as part of its efforts to realize a sustainable society.

(3) Information disclosure

We believe that promoting constructive dialogue with our shareholders and investors helps the Group achieve sustainable growth while increasing corporate value over the medium to long term. The Company is committed to timely and appropriate disclosure of information, on which constructive dialogue is premised, and through such initiatives maintains and develops trusting relations with its stakeholders.

The Company discloses important information of the Group in a timely and appropriate manner, in accordance with Japan's Financial Instruments and Exchange Act and other such laws and regulations, as well as in accordance with rules for timely disclosure stipulated by financial instruments exchanges on which the Company's shares are listed. Even in cases where such laws, regulations and the timely disclosure rules do not apply, the Company recognizes information deemed useful to shareholders, investors and other stakeholders as important with respect to its corporate activities as called for by society. As such, the Company proactively discloses such information in an impartial and swift manner using appropriate means, and with the added aim of facilitating more extensive understanding regarding the Group.

(4) Roles and responsibilities of the Board of Directors, etc.

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

- (i) Indicating the overall direction that Group management is to take, by engaging in constructive discussions with respect to the Group Vision, the Sustainability Policy, the Group Medium-term Business Plan, the Group Management Policy for the fiscal year, and other fundamental management policies, and carrying out multifaceted and objective deliberations that include evaluation of risks with respect to the aforementioned;
- (ii) Making decisions appropriately in terms of overall policy and plans pertaining to the Group management on the basis of the direction noted above and overseeing progress and results of the plans;
- (iii) Developing an environment conducive to encouraging offense-oriented management geared to achieving discontinuous growth;
- (iv) Taking steps to build and develop an internal control system for the Group overall, and otherwise overseeing the operational status of such system;
- (v) Overseeing conflicts of interest between related parties; and
- (vi) On the basis of summary reports furnished by the Nomination Committee, overseeing the progress of succession planning for President and Representative Executive Officers, personnel assignment plans pertaining to managerial talent and Executive Officer training, in consultation with the Nomination Committee.

(5) Systems of corporate governance

The Company is currently adopting a company with three committees (nomination, audit and remuneration committees) as its organizational structure. The reasons are as follows.

- (i) The Company will strengthen the Board of Directors' oversight function for business execution by separating oversight from execution. In addition, the Company aims to enhance the

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 management.

- (ii) The Company will enable decisions of business execution to be delegated to Executive Officers, clarify the authority and responsibility, and carry out speedy management decision making.
- (iii) The Company will improve the transparency and objectivity of management by adopting a company with three committees (nomination, audit and remuneration committees) organizational structure. The majority of the members of each of these committees are independent Outside Directors.
- (iv) The Company will build a governance structure that is easy to understand from a global perspective for overseas investors and others.

6. Operation of the Board of Directors

Composition of the Board	8 Directors who do not execute business (including 6 Outside Directors) and 2 Directors who concurrently serve as Executive Officer
Major roles	The Board of Directors shall discuss and resolve matters defined in the Companies Act and/or the Articles of Incorporation, as well as matters relating to management strategies, such as the Sustainability Policy, the Group Medium-term Business Plan, the Group Management Policy for the fiscal year, and matters relating to important business execution such as asset acquisition.
Operational status	Held at least once every month, in principle. With the majority of Directors being independent Outside Directors, the Board of Directors functions as a venue for constructive discussions and deliberations, beyond being solely a decision-making body for important matters, and is a key to the enhancement of corporate governance.
Comment from Chairperson of the Board ----- Director YAMAMOTO Ryoichi	Since adopting a system in fiscal 2022 in which the majority of the Company's Board of Directors is composed of independent Outside Directors, we have aimed to enhance the Board's oversight function and to realize more effective deliberations than in the past. Furthermore, the Board set issues and conducted proceedings to ensure thorough discussion on the Company's robust growth strategy, an issue identified in previous fiscal year's evaluation of the effectiveness of the Board of Directors. In particular, the Board of Directors held focused deliberations on "progress of the current Medium-term Business Plan," "the fiscal 2023 Group management policy," "the next Medium-term Business Plan," and "the Group's future vision" as highly effective and strategically important matters. For fiscal 2023, the final year of the current Medium-term Business Plan, we are monitoring the achievement of single fiscal year profit targets while carefully following changes in economic conditions. Furthermore, to create a platform to lead to regrowth in the next Medium-term Business Plan, we hope to contribute to enhanced corporate value by advancing discussions that connect to the execution of high-quality strategies.

(Evaluation of effectiveness of the Board of Directors)

The Company conducted its eighth evaluation of the effectiveness of the Board of Directors between September and October 2022. Based on the results of the prior questionnaires given to all Directors, a third-party organization conducted individual interviews, and those details were discussed at a meeting of the Board of Directors held in October 2022.

The results of the evaluation of effectiveness showed that the Company's Board of Directors had worked to resolve the various issues raised in the previous fiscal year, and that the effectiveness of both the Board of Directors and the three statutory committees had been mostly ensured. Meanwhile, issues raised to improve the effectiveness of the Board of Directors further in the future included "strengthen monitoring of the current Medium-term Business Plan," "ensure thorough discussion on the Company's robust growth strategy," and "further improve the effectiveness of the three statutory committees."

Regarding "strengthen monitoring of the current Medium-term Business Plan," we strengthened monitoring of progress by clarifying the key performance indicators (KPI) used to measure the progress of our measures. In terms of "ensure thorough discussion on the Company's robust growth strategy," we held discussions to clarify the Group's overall direction for clearer definition of the Group's future vision and for the formulation of the next Medium-term Business Plan. Moreover, regarding "further

improve the effectiveness of the three statutory committees,” we have been continuing discussions at each committee aimed at resolving issues.

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

7. Operations of each Committee

(1) Nomination Committee

Composition of Committee	4 Directors who do not execute business (including 3 Outside Directors)
Major roles	The Nomination Committee determines the contents of proposals on the nomination and dismissal of Directors to be submitted to shareholders’ meetings, and reports to the Board of Directors upon consultations from the Board of Directors regarding the nomination and dismissal of management personnel of the Company and major business subsidiaries, as well as the chairpersons and members of individual committees, and other matters.
Number of meetings held	13
Number of meetings attended	All 4 members attended all 13 meetings.
Comment from Chairperson of the Committee ----- Director (Outside) YAGO Natsunosuke	<p>The Nomination Committee utilizes in-house personnel evaluation information as well as assessment data by a third-party organization to deliberate effective composition of the Board of Directors and the election and dismissal of Directors and Executive Officers of the Company. The committee also obtains opportunities to gain insights into the personalities and ideas of candidates by conducting interviews, etc., as necessary, and strives to ensure greater objectivity, transparency and rationality.</p> <p>The Nomination Committee has positioned the management team succession plan, which is necessary to generate the sustainable growth of the Company, as a central issue and continues to conduct related deliberations. As for development of candidates for the next generation of managers, the committee evaluates their performance and conducts interviews based on the results of the human resources diagnosis, and discusses roles and reassignments for the development and strengthening of potential successors and ties this to implementation if necessary.</p> <p>The Nomination Committee will secure management personnel necessary for continuous growth and development of the Company, and strive for the election of the right person in the right place.</p>

(2) Audit Committee

Composition of Committee	4 Directors who do not execute business (including 3 Outside Directors)
Major roles	In accordance with the overall policy and plan determined by the Board of Directors, the Audit Committee audits the execution of business by Directors and Executive Officers, important matters to be submitted to the Board of Directors, and other individual matters the Audit Committee considers necessary.
Number of meetings held	22
Number of meetings attended	All 4 members attended all 22 meetings.
Comment from Chairperson of the Committee ----- Director (Outside) HAKODA Junya	<p>The Audit Committee, in accordance with the Rules of Audit Committee, Audit Standards, and Practice Standards for Audit concerning Internal Control System, etc., formulated an audit plan for the current fiscal year, conducted the audit, and reported its contents to the Board of Directors.</p> <p>The committee also conducted hearing from Executive Officers and those responsible for each of the Group companies at Audit Committee Meeting (held 18 times), a meeting body held apart from the Audit Committee, regarding the main strategies in the second year of the Group's Medium-term Business Plan, the development and operation of an internal control system, and the compliance and risk management system to gain understanding of their current status.</p> <p>The Audit Committee will work to further strengthen and enhance the organizational audit system through mutual cooperation with the Internal Audit Division, Accounting Auditors, and Audit & Supervisory Board Members of Group companies, from the perspective of increasing the effectiveness and accuracy of audits. It will also continue to work to establish a high quality corporate governance structure that is worthy of social trust and to conduct audits in a fair and impartial manner to contribute to the growth of the Group and the enhancement of its corporate value.</p>

(3) Remuneration Committee

Composition of Committee	4 Directors who do not execute business (including 3 Outside Directors)
Major roles	The Remuneration Committee determines the policy on deciding the contents of individual remuneration to management personnel of the Company and major business subsidiaries, and these contents themselves.
Number of meetings held	12
Number of meetings attended	All 4 members attended all 12 meetings.
Comment from Chairperson of the Committee ----- Director (Outside) UCHIDA Akira	<p>Pursuant to the Officer Remuneration Policy formulated in April 2017 and subsequently revised, the Remuneration Committee examines the overall level of officer remuneration and the ratio of performance-linked remuneration, as well as the ratio of stock-based remuneration therein against preset peer group. By doing so, the Company maintains objective and appropriate remuneration level and system at all times.</p> <p>Regarding the Officer Remuneration System and Officer Remuneration Policy revised in accordance with the Medium-term Business Plan that commenced in fiscal 2021, we examined trends utilizing surveys by third-party organizations concerning the overall level of officer remuneration, the ratio of performance-linked remuneration, and stock-based remuneration for officers. At the same time, for bonuses that reflect the status of individual officer's achievements, we review each officer's goal setting and evaluation results as well as evaluation items, evaluation weights and evaluation rank determination process, to ensure that the end result will be shown with greater fairness and objectivity.</p> <p>In order to maintain an appropriate remuneration system and remuneration levels to compensate officers adequately for their work and commensurate with their offices and the role entrusted to them as professional managers, we will continue to operate the system appropriately going forward.</p>

8. System and policies of the Company

(1) Systems to Ensure the Appropriateness of Operations <Basic Policy for Establishment of Internal Control System> (revised on May 26, 2022)

The Basic Policy for Establishment of Internal Control System is not presented in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents in accordance with the laws and regulations and the Article 16 of the Company's Articles of Incorporation.

It is presented in "Other Items Presented in Electronic Format for the 16th Annual Shareholders Meeting (Items Excluded From Delivered Paper-Based Documents)" on the Company's website (<https://www.j-front-retailing.com/>) (in Japanese) and the website for posted informational materials for the general meeting of shareholders (<https://d.sokai.jp/3086/teiji>) (in Japanese). Please refer to that release.

You can access here to read the entire contents of the Basic Policy for Establishment of Internal Control System. (<https://www.j-front-retailing.com/english/company/internalcontrol.html>) (in English).

(2) Operational status of systems to ensure the appropriateness of operations <Basic Policy for Establishment of Internal Control System> (FY2022)

The Company endeavors to maintain its internal control system and properly operate such system on the basis of its "Basic Policy for Establishment of Internal Control System." Details regarding the overall status of such operations during the current fiscal year are as follows.

I. Group Management System

(i) Board of Directors

- 1) To separate supervisory and executive functions and ensure the effectiveness of discussions at the Board of Directors, the Board of Directors is comprised of a majority of independent Outside Directors who have no risk of a conflict of interest with the Company's shareholders.
- 2) The Board of Directors deliberates on material issues related to the Group management. As for the findings of and issues raised by the Board of Directors, there are demands for additional reports on execution, and efforts are made to run through the PDCA cycle, including additional debate by the Board of Directors. Briefings are also provided to Outside Directors prior to the Board of Directors meetings for fuller discussions at such meetings. The effectiveness of the Board of Directors is being improved through these initiatives.
- 3) The Board of Directors met 15 times in the current fiscal year. Their discussions included monitoring of the Medium-term Business Plan, the establishment of a developer operating company and the Group's future vision, as well as matters defined in the Companies Act and/or the Articles of Incorporation. In addition, the Board of Directors evaluates the state of developing and operating the various items stipulated in the "Basic Policy for Establishment of Internal Control System" and confirms there are no major problems.
- 4) Evaluations of the effectiveness of the Board of Directors are performed by a third-party organization each fiscal year to continuously and further improve the effectiveness of the Board of Directors by resolving any identified issues.

(ii) Management execution framework

- 1) As an executive organization, the Company has established optimal strategy units for effective, faster strategy execution. Following on the mission of the President and Representative Executive Officer, the Executive Officer, who is the Senior Executive General Manager, prepares missions for each strategy unit in order to realize the Medium-term Business Plan and the Annual Execution Plan. These units execute business and support the operations and management of operating subsidiaries in line with its duties and mission.
- 2) The roles and responsibilities of the Company as a holding company include planning, formulating and spreading the Group Vision, the Group Medium-term Business Plan and the Group Management Policy for the fiscal year; managing the progress and performance of these activities; establishing business portfolio management (optimal allocation of management

resources), human resources management, shareholder management and corporate governance group-wide. With regard to business execution matters of operating subsidiaries, in order to promote speedy management decisions and clarify management responsibilities, standards have been established for delegating authority to operating companies, excluding matters that have a significant impact on Group management, and operations are conducted in accordance with these standards.

- 3) The Company has established various meetings to execute items, the roles of which are clearly indicated. The Group Management Meeting focuses on discussions of important issues to be submitted to the Board of Directors, such as overall policy and plans for the Group's management. The matters discussed are reviewed at the Group Policy Meeting, each segment's Medium-term Business Plan Progress Meeting, and the Related Businesses Results and Strategy Examination Meeting to help facilitate prompt management decisions.
- 4) As a rule, the common Group accounting system is introduced, and efforts are made to promote more efficient operations and integrated and more efficient fund procurement by the Group through a cash management system.

(iii) Internal Control Structure

- 1) Under the direction of President and Representative Executive Officer, the Company has established a department and person responsible for internal control. This department and person develop and manage the internal controls regarding the Companies Act and the internal control system regarding the Financial Instruments and Exchange Act at the Company and operating subsidiaries.
- 2) With regard to internal controls over financial reporting, the Company and operating subsidiaries maintain and operate internal systems to ensure the reliability of financial reporting in line with the Financial Instruments and Exchange Act and various associated laws and regulations.
- 3) During the current fiscal year, no material deficiencies that should be disclosed were found, and this was reported to the Audit Committee and the Board of Directors.

II. Risk Management System

- 1) The Company has established the Risk Management Committee as an advisory body to the President and Representative Executive Officer with regard to risk management. The committee is chaired by the President and Representative Executive Officer and comprises Executive Officers of the Company, presidents of operating subsidiaries, and others.
- 2) The Risk Management Committee regularly discusses, identifies, and evaluates risks (uncertainties), prioritizes them and reflects them in strategies, monitors related countermeasures, and submits related reports to the Board of Directors.
- 3) The Risk Management Committee met three times in the current fiscal year to discuss current corporate risks based on an analysis of the macro environment and a risk survey. The committee also discussed the nature of effective future risk management based on a review of the risk management system in the current Medium-term Business Plan. Additionally, the committee decided on the Group risk list for the coming fiscal year and discussed the external disclosure policy for risk management.
- 4) For hazard risks such as large-scale earthquakes, fires, and accidents, the Company has established a system in which crisis management is controlled by the "Emergency Response Headquarters" headed by the President and Representative Executive Officer.

During the current fiscal year, the Company, based on its "Crisis Management Rules" and "Business Continuity Manual" to be followed in case of a large-scale natural disaster, made efforts to improve its ability to respond to a wide range of crisis events by conducting BCP drills several times, including at our operating companies. Regarding our response to infectious diseases, with the safety and security of our customers and employees as our top priority, we have implemented hygiene management practices to help prevent outbreaks and other measures to help prevent the

spread of disease based on our “New Infectious Disease Response Manual” in line with the Crisis Management Rules.

III. Legal Compliance System

(i) Compliance promotion system

- 1) The Company has established the Compliance Committee as an advisory body to the President and Representative Executive Officer regarding the compliance operation. The President and Representative Executive Officer shall be the chairperson and the members of the committee shall be a corporate lawyer, Executive Officers and others.
- 2) Departments and persons responsible for compliance are also put at operating subsidiaries, and carry out daily supervision and direction of business operations that are in accordance with laws and regulations and internal company rules.
- 3) The Compliance Committee met three times during the current fiscal year to discuss issues in the Group’s internal organizational culture and initiatives aimed at reform. The committee also discussed the response to the aggregated reports to the whistle-blowing system.
- 4) In order to spread efforts to ensure compliance, those responsible for compliance at each Group company meet three times a year to increase compliance awareness and implement activities within the entire Group. We also conducted trainings on the theme of compliance and corporate culture for officers and those in charge of compliance of each Group company.

(ii) Whistle-blowing system

- 1) The Company has established the “JFR Group Compliance Hotline” for reporting issues to the Company or an independent party (corporate lawyer), which may be used by all persons working at the Company and operating companies.
- 2) For hotline reports concerning management personnel, the Company has built a structure whereby the reports are directly submitted through the hotline desk to the Audit Committee and subjected to directions from the Audit Committee.
- 3) During the current fiscal year, efforts were made to increase recognition and promote understanding of the system among the Group company employees through measures such as posting analysis of issues reported and the status of responses to them on our in-house portal site. As a result, 49 cases related to labor-management relations and other issues were reported, and are being dealt mainly by the secretariat.

IV. Internal Audit Structure

- 1) The Company has established an independent Internal Audit Division under the President and Representative Executive Officer. The Internal Audit Division verifies and evaluates the legality and effectiveness of systems of corporate governance, risk management and compliance management, in addition to performing audits on business operations of the Company and operating companies.
- 2) There is a system in which reports are submitted to both the President and Representative Executive Officer and the Audit Committee, and audit results and improvement measures related to audit findings are regularly reported. As for orders related to improvement measures from management, issues are promptly handled in collaboration with the audited departments.
- 3) We have established an audit structure that utilizes digital equipment to enable execution of audit under COVID-19, and are performing audits. During the current fiscal year, we conducted operational audits on the status of legal compliance with the Labor Measures Comprehensive Promotion Act, the Antimonopoly Act, and other statutes, as well as the status of development of operational rules and regulations and their compliance. We also conducted audits based on themes such as the status of implementation of work style reforms and the status of management of confidential information and personal information.

V. Structure of the Audit Committee

- 1) The Audit Committee, which is chaired by an Outside Director, is composed of four members including Directors who do not execute business and are Inside Directors.
- 2) In accordance with the overall policy and plan determined by the Board of Directors, the Audit Committee audits the execution of business by Executive Officers and Directors, important matters submitted to the Board of Directors, and other individual matters the Audit Committee considers necessary, as well as the status of establishing and implementing internal controls, and then prepares audit reports.
- 3) The Audit Committee receives explanations on the audit policy and plan prior to the audit from the Accounting Auditor, and receives explanations and reports on the audit results and expresses its opinions including requests on audit items, and in addition, exchanges of opinions with the Accounting Auditor are carried out on a regular basis. In addition, it receives regular audit reports from the Internal Audit Division on the status of improvements regarding issues identified through internal audits.
- 4) To grasp important decision-making processes and the status of the execution of duties, full-time members of the Audit Committee not only attend important committees and other meetings, such as the Group Management Meeting, but also peruse important documents relating to the execution of business such as approval circulars.
- 5) During the fiscal year under review, the Audit Committee met 22 times. Apart from the Audit Committee, efforts are being made at the Audit Committee Member Meeting to gain understanding of the current situation regarding execution by carrying out audits on execution of duties of all of the Executive Officers of the Company. Moreover, the Audit Committee works closely with the Audit & Supervisory Board Members of the Group companies through regular meetings to share recognition of auditing issues and exchange opinions.

VI. System for storage and management of information

(i) Confidential information management

The Company ensures that the documents associated with the execution of duties by the Executive Officers and Directors, as well as the minutes and relevant materials (including electronic records) of the meetings held by Executive Officers and Directors are appropriately stored and managed by each of the responsible departments based on laws and regulation as well as internal rules.

(ii) Information security management

The Company has formulated information security policies and IT governance policies and distributes them within the Group, and based on these policies, the individual departments in charge conduct information security management. Reports on the status of management of information systems and related matters are made at the Board of Directors, the Audit Committee, and the Group Management Meeting regularly and when necessary.

The Company's "IT governance policy, regulations, and rules" are intended to minimize potential IT related risks and to increase corporate value; based on these, through measures such as the Regular IT Governance Meeting and System Development Meeting, the Company controls activities ranging from the development of IT strategy to its implementation. We also promote efforts to ensure compliance with our information security policy through ongoing training related to targeted e-mail attacks and incident response.

(3) Basic policy regarding control of the Company

I. Contents of basic policy

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

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

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

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

II. Frameworks contributing to realization of basic policy

Since the foundation of Daimaru and Matsuzakaya, the Group has long been engaged in the kimono and department store businesses based on their corporate philosophies and traditional spirit: "Service before profit (those who place service before profit will prosper)," "Abjure all evil and practice all good" and "In doing good to others, we do good to ourselves."

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

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

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

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

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

Accordingly, if this occurs, the Company will establish an independent committee composed of Outside Officers and experts with viewpoints that are independent from the Company's management personnel and Inside Directors. If the Company judges that the said Large-Scale Purchaser is inappropriate in light of the aforementioned basic policy after considering advice and opinions from the committee, the Company will act to secure the Group's corporate value and, by extension, the common interests of shareholders by taking necessary and appropriate countermeasures.

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

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

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

(4) Basic Capital Policy

The Company believes that any increase in free cash flow and improvement in ROE should help to ensure its sustainable growth and increase corporate value over the medium to long term. To such ends, the Company promotes a capital policy that takes a balanced approach to "undertaking strategic investment," "enhancing shareholder returns," and "expanding net worth being" after taking into consideration the business environment and risk readiness.

Moreover, in procuring funds through interest-bearing liabilities, we aim to achieve an optimal structure of debt to equity in a manner cognizant of our funding efficiency and cost of capital, carried out on the basis of having taken into consideration our capacity for generating free cash flows and our balance of interest-bearing liabilities.

A "business strategy" where higher sales are accompanied by profits and a "financial strategy (encompassing the capital policy)" that heightens profitability of invested capital are essential elements with respect to improving free cash flows and ROE. In addition, we believe it is crucial that we achieve maximization of the operating profit and sustainable improvement of the operating profit margin by strengthening our core businesses and concentrating management resources on initiatives such as business field expansion and active development of new businesses.

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

(5) Policy regarding decisions on dividends of surplus, etc.

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

(6) IR Policy

We aim at developing the Group by contributing to society at large as a fair and reliable corporation. Under such Basic Mission Statement, the Company promotes IR activities for the purpose of maintaining and developing relations of trust with stakeholders including shareholders and investors. By accurately and plainly disclosing important financial and non-financial information about the Company in a fair, timely and appropriate manner, we aim to improve management transparency and help stakeholders better understand the Company.

- Amounts in millions of yen presented in the business report above have been rounded down to the nearest one million yen.

Consolidated Financial Statements

Consolidated Statement of Financial Position (As of February 28, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
<u>Current assets</u>	<u>201,860</u>	<u>Current liabilities</u>	<u>317,953</u>
Cash and cash equivalents	39,874	Bonds and borrowings	63,530
Trade and other receivables	129,121	Trade and other payables	133,835
Other financial assets	10,836	Lease liabilities	28,411
Inventories	16,932	Other financial liabilities	29,975
Other current assets	5,094	Income tax payables	1,527
		Provisions	2,397
		Other current liabilities	58,276
<u>Non-current assets</u>	<u>919,092</u>	<u>Non-current liabilities</u>	<u>431,589</u>
Property, plant and equipment	469,401	Bonds and borrowings	185,593
Right-of-use assets	119,501	Lease liabilities	136,414
Goodwill	995	Other financial liabilities	35,290
Investment property	187,247	Retirement benefit liability	16,754
Intangible assets	7,797	Provisions	8,699
Investments accounted for using equity method	41,402	Deferred tax liabilities	48,366
Other financial assets	79,711	Other non-current liabilities	469
Deferred tax assets	3,137		
Other non-current assets	9,897		
		Total liabilities	749,542
		Equity	
		<u>Equity attributable to owners of parent</u>	<u>359,385</u>
		Share capital	31,974
		Capital surplus	189,068
		Treasury shares	(14,466)
		Other components of equity	10,654
		Retained earnings	142,153
		<u>Non-controlling interests</u>	<u>12,025</u>
		Total equity	371,410
Total assets	1,120,953	Total liabilities and equity	1,120,953

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

Consolidated Statement of Profit or Loss (From March 1, 2022 to February 28, 2023)

(Millions of yen)

Item	Amount
Revenue	359,679
Cost of sales	(190,142)
Gross profit	169,536
Selling, general and administrative expenses	(144,682)
Other operating income	4,540
Other operating expenses	(10,336)
Operating profit	19,059
Finance income	871
Finance costs	(5,218)
Share of profit (loss) of investments accounted for using equity method	2,161
Profit before tax	16,873
Income tax expense	(2,611)
Profit	14,262
Profit attributable to:	
Owners of parent	14,237
Non-controlling interests	25
Profit	14,262

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

Consolidated Statement of Changes in Equity (From March 1, 2022 to February 28, 2023)

(Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Treasury shares	Other components of equity				Total
				Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	
Balance as of March 1, 2022	31,974	188,894	(14,780)	60	(1)	9,516	–	9,574
Profit	–	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	148	(1)	822	1,177	2,147
Total comprehensive income	–	–	–	148	(1)	822	1,177	2,147
Purchase of treasury shares	–	–	(8)	–	–	–	–	–
Disposal of treasury shares	–	(0)	1	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–
Changes resulting from additions to consolidation	–	–	–	–	–	–	–	–
Share-based payment transactions	–	175	322	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	109	(1,177)	(1,067)
Total transactions with owners	–	174	314	–	–	109	(1,177)	(1,067)
Balance as of February 28, 2023	31,974	189,068	(14,466)	209	(2)	10,448	–	10,654

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance as of March 1, 2022	134,705	350,368	11,751	362,120
Profit	14,237	14,237	25	14,262
Other comprehensive income	–	2,147	(6)	2,140
Total comprehensive income	14,237	16,384	18	16,402
Purchase of treasury shares	–	(8)	–	(8)
Disposal of treasury shares	–	0	–	0
Dividends	(7,857)	(7,857)	(64)	(7,921)
Changes resulting from additions to consolidation	–	–	319	319
Share-based payment transactions	–	497	–	497
Transfer from other components of equity to retained earnings	1,067	–	–	–
Total transactions with owners	(6,789)	(7,368)	255	(7,113)
Balance as of February 28, 2023	142,153	359,385	12,025	371,410

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

[Reference]

Consolidated Statement of Cash Flows (Summary) (From March 1, 2022 to February 28, 2023)

(Millions of yen)

Item	Amount
Cash flows from operating activities	65,480
Cash flows from investing activities	(13,371)
Cash flows from financing activities	(105,694)
Net increase (decrease) in cash and cash equivalents	(53,585)
Cash and cash equivalents at beginning of period	93,278
Effect of exchange rate changes on cash and cash equivalents	181
Cash and cash equivalents at end of period	39,874

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

Non-consolidated Statement of Income (From March 1, 2022 to February 28, 2023)
 J. Front Retailing Co., Ltd.

(Millions of yen)

Item	Amount	
Operating revenue		
Dividend income	9,379	
Consulting fee income	5,859	15,238
General and administrative expense		6,278
Operating profit		8,959
Non-operating income		
Interest income	672	
Dividend income	69	
Other	45	787
Non-operating expenses		
Interest expenses	888	
Commitment fees	383	
Provision of allowance for doubtful accounts	30	
Other	159	1,462
Ordinary profit		8,284
Profit before income taxes		8,284
Income taxes - current	(1,276)	
Income taxes - deferred	1,112	(163)
Profit		8,448

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

Non-consolidated Statement of Changes in Equity (From March 1, 2022 to February 28, 2023)
J. Front Retailing Co., Ltd.

(Millions of yen)

	Shareholders' equity						Valuation and translation adjustments	Total net assets
	Share capital	Capital surplus		Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus	Other retained earnings Retained earnings brought forward				
Balance as of March 1, 2022	31,974	9,474	239,400	68,200	(13,816)	335,233	7	335,241
Dividends of surplus	-	-	-	(7,928)	-	(7,928)	-	(7,928)
Profit	-	-	-	8,448	-	8,448	-	8,448
Purchase of treasury shares	-	-	-	-	(8)	(8)	-	(8)
Disposal of treasury shares	-	-	(0)	-	299	299	-	299
Net changes in items other than shareholders' equity	-	-	-	-	-	-	70	70
Total changes during period	-	-	(0)	519	290	809	70	879
Balance as of February 28, 2023	31,974	9,474	239,400	68,719	(13,526)	336,043	78	336,121

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

THE AUDIT REPORT OF INDEPENDENT AUDITORS CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS (COPY)

Report of Independent Auditors

April 10, 2023

The Board of Directors

J. FRONT RETAILING Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo office
Kazunori Takenouchi (seal)
Certified Public Accountant
Designated and Engagement Partner
Yoshihisa Shibayama (seal)
Certified Public Accountant
Designated and Engagement Partner
Hiroshi Matsuura (seal)
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Paragraph 4, Article 444 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the notes to the consolidated financial statements of J. FRONT RETAILING Co., Ltd. (the “Company”) applicable to the fiscal year from March 1, 2022 through February 28, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the J. Front Retailing Group, which consisted of the Company and consolidated subsidiaries, applicable to the 16th fiscal year from March 1, 2022 through February 28, 2023 in conformity with accounting principles with the omission of a part of the disclosure items required under IFRS as allowed by the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit Committee is responsible for overseeing the Executive Officers’ and Directors’ performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed,

we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in conformity with accounting principles with the omission of a part of the disclosure items required under IFRS as allowed by the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the going concern basis, and disclosing, as applicable, matters related to going concern in accordance with accounting principles with the omission of a part of the disclosure items required under IFRS as allowed by the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting.

The Audit Committee is responsible for overseeing the Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles with the omission of a part of the disclosure items required under IFRS as allowed by the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are

responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

THE AUDIT REPORT OF INDEPENDENT AUDITORS CONCERNING THE NON-CONSOLIDATED FINANCIAL STATEMENTS (COPY)

Report of Independent Auditors

April 10, 2023

The Board of Directors

J. FRONT RETAILING Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo office
Kazunori Takenouchi (seal)
Certified Public Accountant
Designated and Engagement Partner
Yoshihisa Shibayama (seal)
Certified Public Accountant
Designated and Engagement Partner
Hiroshi Matsuura (seal)
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Item 1, Paragraph 2, Article 436 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the notes to the non-consolidated financial statements and the related supplementary schedules of J. FRONT RETAILING Co., Ltd. (the “Company”) (the “non-consolidated financial statements, etc.”) applicable to the 16th fiscal year from March 1, 2022 through February 28, 2023.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 16th fiscal year from March 1, 2022 through February 28, 2023 in conformity with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements, etc. in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit Committee is responsible for overseeing the Executive Officers’ and Directors’ performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the non-consolidated financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibilities of Management and the Audit Committee for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. on the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Executive Officers' and Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, Etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, etc., whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates by management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and the notes thereto are in accordance with accounting standards generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly represent the underlying transactions and accounting events.

We communicate with the Audit Committee regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

THE AUDIT REPORT OF AUDIT COMMITTEE MEMBERS (COPY)

Audit Report

The Audit Committee has audited the performance of duties by Directors and Executive Officers of J. FRONT RETAILING Co., Ltd. (the “Company”) during the 16th fiscal year from March 1, 2022 through February 28, 2023. We hereby report as follows regarding the method and results of the audit.

1. Method and Content of Audits

With respect to the resolution of the Board of Directors concerning the matters stipulated in Item 1 (b) and (e), Paragraph 1, Article 416 of the Companies Act, as well as the system (the internal control system) developed based on such resolution of the Board of Directors, we received regular reports regarding the status of establishment and operation of such system from Directors, Executive Officers and employees, and others, requested explanations as necessary, expressed opinion thereon, and executed audits through the following methods.

- (i) In accordance with audit policies and plans stipulated by the Audit Committee and the division of duties, etc., Audit Committee Members, in coordination with the departments in the Company related to internal control, participated in key meetings, including via online methods, received reports from Directors, Executive Officers, and others regarding the matters related to the performance of their duties, and when necessary, requested explanations of those reports. Audit Committee Members also reviewed key decision documents, and conducted surveys of the operations and assets. Further, regarding subsidiaries, Audit Committee Members worked to communicate with Directors, Executive Officers, Audit & Supervisory Board Members, and other parties at those subsidiaries, and when necessary travel to the head office and other places of business and conduct hearings with them regarding their business.
- (ii) Additional consideration was given to the basic policy set forth in Item 3 (a), Article 118 of the Regulations for Enforcement of the Companies Act and activities set forth in Item 3 (b), Article 118 of the same Regulations, as noted in the Business Report, based on the status of deliberations at the meeting of the Board of Directors and other key meetings.
- (iii) Regular reports were received regarding the results of audits carried out by the internal audit departments based on the initial plan, and information was shared.
- (iv) Discussions were carried out after receiving an explanation by the Accounting Auditor regarding the audit plan, and opinions were exchanged after receiving the report on the audit results. Moreover, while monitoring and reviewing the audit of the Accounting Auditor to ensure they maintained an independent position and conducted their audits fairly, Audit Committee Members also received reports from them regarding the performance of their duties, and when necessary, asked for further explanation regarding those reports. At the same time, Audit Committee Members received notice from the Accounting Auditor in accordance with “the system for ensuring appropriate execution of their duties” (as enumerated in each Item of Article 131 of the Regulation on Corporate Accounting) in compliance with the “Quality Control Standards Relating to Auditing” (adopted by the Business Accounting Deliberations Council in October 28, 2005), and, where necessary, Audit Committee Members requested further explanation regarding that notice.

Based on the above methods, Audit Committee Members proceeded to review the Business Report with the supplementary schedules, the non-consolidated financial statements (which consist of the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, and the notes to the non-consolidated financial statements) with the supplementary schedules, and the consolidated financial statements (which consist of the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of changes in equity, and the notes to the consolidated financial statements) for the current fiscal year.

2. Audit Results

(1) Results of Audit of Business Report, etc.

- (i) The Audit Committee confirms that the Business Report and the supplementary schedules conformed to the applicable laws and regulations, and the Articles of Incorporation, and that they accurately present the situation of the Company.
- (ii) With respect to the performance of duties by Directors and Executive Officers, the Audit Committee found no improper acts or important violation of applicable laws and regulations or the Articles of Incorporation.
- (iii) The Audit Committee confirms that decisions by the Board of Directors regarding the Company's internal control systems are fair and adequate, and found no areas that require mention regarding the description of the internal control systems in the Business Report and the performance of duties by Directors and Executive Officers.
- (iv) The Audit Committee confirms that the basic policy regarding those who control the determination of the Company's financial and operational policies, as noted in the Business Report, is fair and adequate. The Audit Committee confirms that activities set forth in Item 3 (b), Article 118 of the Regulations for Enforcement of the Companies Act, as noted in the Business Report, are in line with this basic policy, are not harmful to the common interest of the Company's shareholders, and are not intended to maintain the positions of corporate officers of the Company.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules

The Audit Committee confirms that the methods used and results achieved by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and adequate.

(3) Results of Audit of Consolidated Financial Statements

The Audit Committee confirms that the methods used and results achieved by the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and adequate.

April 10, 2023

Audit Committee
J. FRONT RETAILING Co., Ltd.

HAKODA Junya (seal)
Chairperson of Audit Committee

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

SATO Rieko (seal)
Audit Committee Member

SEKI Tadayuki (seal)
Audit Committee Member

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