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Securities code: 3086
May 6, 2021

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 14th Annual Shareholders Meeting

You are hereby notified that the 14th Annual Shareholders Meeting of J. FRONT RETAILING Co., Ltd. (hereinafter the “Company”) will be held on Thursday, May 27, 2021.

There will be discussion of the current status of the Company’s business and related issues, and the proposal to be presented at the Shareholders Meeting will be explained.

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

Date and Time: Thursday, May 27, 2021, 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 14th fiscal year (from March 1, 2020 to February 28, 2021)
2. Audit reports of the Accounting Auditor and the Audit Committee on Consolidated Financial Statements for the 14th fiscal year

Matters to be resolved: Proposal: Election of Twelve (12) Directors

Decisions made for convocation:

Please refer to Guide to the Exercise of Voting Rights on pages 3 to 4.

* Please note that persons who are not shareholders who can exercise voting rights, such as proxies who are not shareholders, and accompanying persons, will not be admitted. (The accompanying persons of 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 fulfilled the requirements and procedures provided for in the Company’s Articles of Incorporation and Share Handling Regulations.

- Of the documents attached to Notice of Convocation of the Annual Shareholders Meeting, Systems to ensure properness of operations <Basic Policy to Build Internal Control System>* in the Business Report, Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements are provided on the Company's website in accordance with relevant laws and regulations and Article 16 of the Company's Articles of Incorporation, hence are not indicated on this Notice of Convocation.

* "Operational status of systems to ensure properness of operations <Basic Policy to Build Internal Control Systems>" is included in this Notice of Convocation.

- Business Report, which has been audited by the Audit Committee, and Consolidated Financial Statements and Non-consolidated Financial Statements, which have been audited by the Audit Committee and the Accounting Auditor, shall include not only the documents stated in this Notice of Convocation, but also Systems to ensure properness of operations <Basic Policy to Build Internal Control System>, Notes to Consolidated Financial Statements and Notes to Non-consolidated Financial Statements, which are provided on the Company's website.
- If any amendments to Reference Materials for Shareholders Meeting, Business Report, Consolidated Financial Statements or Non-consolidated Financial Statements are made, the revised version will be provided on the Company's website.

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

In view of the situation of the novel coronavirus disease (COVID-19), and with the safety of our shareholders as our top priority, we strongly request that shareholders refrain from attending the Annual Shareholders Meeting in person this year as much as possible and exercise voting rights via either postal mail or the Internet in advance.

Please refer to page 3 for details on how to exercise voting rights in advance.

Exercise due date of your voting rights: Received by 6:00 p.m. on Wednesday, May 26, 2021 (JST)

We will conduct the "live streaming of the meeting via Internet" on the day of the meeting.

▶Please refer to pages 5 to 6 for details.

Guide to the Exercise of Voting Rights

Exercising voting rights via the Internet

Please read the following items before exercising voting rights via the Internet.

Exercise due date: Received by 6:00 p.m. on Wednesday, May 26, 2021 (JST)

(Instructions concerning the exercise of voting rights via the Internet)

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).
*“QR code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Follow the directions that appear on the screen to input approval or disapproval to each proposal.
The QR code can be used for login only one time.
If you need to exercise your voting rights again or exercise your voting rights without using the QR code, see “How to enter login ID and temporary password.”

How to enter login ID and temporary password

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

Access the voting website.

Enter the “Login ID” and the “Temporary password” shown on the voting form and click the “Login” button.

Set a new password.

Follow the directions that appear on the screen to input approval or disapproval to each proposal.

Handling of cases where voting rights are exercised in duplicate by the same shareholder both in writing and by an electromagnetic means

The voting rights exercised by an 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.

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 rights exercise platform for institutional investors operated by ICJ, Inc.

Exercising voting rights by postal mail

Please indicate on the enclosed voting form whether you approve or disapprove of the proposal, and return the completed form to us.

Exercise due date: Received by 6:00 p.m. on Wednesday, May 26, 2021 (JST)

Attending the Shareholders Meeting in person

Please submit the enclosed voting form at the reception of the meeting.

In view of the situation of the novel coronavirus disease (COVID-19), and with the safety of our shareholders as our top priority, we strongly request that shareholders refrain from attending the Annual Shareholders Meeting in person this year as much as possible.

Measures to prevent COVID-19 infection

- Please make sure to wear a mask to protect yourself and others from COVID-19.
(You may be refused entry if you do not wear one.)
- We ask for your cooperation in disinfecting your hands with alcohol and taking your temperature at the entrance of the venue.
- Please note that we may ask you to refrain from entering the venue if the temperature check shows that you have a fever of more than 37.5 degrees Celsius or if you look unwell.
- The Company's officers and staff will wear a mask and respond at the venue after checking their physical condition.
- The proceedings of this Annual Shareholders Meeting will be shortened to prevent COVID-19 infection.

Guide to live streaming of the meeting via Internet

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.

1. Date and time of the live streaming

From 10:00 a.m. on Thursday, May 27, 2021 to the closing time of the Annual Shareholders Meeting

***A live streaming web page is available from around 9:30 a.m., approximately 30 minutes before the start time of the Annual Shareholders Meeting.**

2. How to view the live streaming

Please prepare in advance your Shareholder ID (Shareholder Number) and password (postal code) required on the shareholder authentication page (login screen), and access the following website for live streaming.

Website for live streaming: <https://www.virtual-sr.jp/users/j-front-retailing/login.aspx>

- (i) Shareholder ID: **Shareholder Number** (eight-digit number) shown on the voting form, etc.
- (ii) Password: **Postal code** of the address registered in the shareholders' register as of the end of February 2021 (seven-digit number without a hyphen)

The **Shareholder ID (Shareholder Number)** and **Password (postal code)** are printed on the voting form.

***Please be sure to take a note of your Shareholder Number before posting your voting form.** If you forget your ID and/or password, please contact us at the contact number listed below "Contact information for inquiries about live streaming" on page 6.

(Note)

(ii) "Password (Postal code)" may differ from the postal code printed on the voting form (because the password does not reflect information such as on change of address made after the record date of the Annual Shareholders Meeting or on 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.

3. Important notice

- (1) Due to unavoidable circumstances, we might be unable to provide the live streaming. In that 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 3 on this Notice of Convocation.**
- (3) Viewing will be restricted to shareholders only.
- (4) It is strictly prohibited to capture, record audio or video of, or save the live streaming, or to publish it on SNS or other media.
- (5) Please note that due to the Internet communication environment and other factors, the video and audio may be distorted, or the streaming may be interrupted.
- (6) The live streaming may not be viewable depending on the device used or the network environment connected.
- (7) Fees for accessing the website for viewing (Internet access fees, communication fees, etc.) shall be borne by the shareholder.

(Contact information for inquiries about live streaming)

Mitsubishi UFJ Trust and Banking Corporation Tel: 0120-191-060

Service period

May 27, 2021 (the day of the Annual Shareholders Meeting)

From 9:00 a.m. to the closing time of the Annual Shareholders Meeting from 9:00 a.m. to the closing time of the Annual Shareholders Meeting

Questions will be accepted in advance via the Internet

We will accept questions from shareholders in advance on the Company's website.

We plan to answer questions frequently asked by shareholders at the Annual Shareholders Meeting.

Please note that we do not respond to individual inquiries.

Please access the dedicated website for receiving questions using the URL or QR code below to fill in the Question Submission Form.

URL: <https://krs.bz/jfr/m?f=1>

Due date for receipt of questions: by 6:00 p.m. on Thursday, May 20, 2021

Reference Materials for Shareholders Meeting

Proposal and Reference Information

Proposal: Election of Twelve (12) Directors

The terms of office of all 13 Directors will expire at the conclusion of this Annual Shareholders Meeting. Accordingly, based on the decision of the Nomination Committee, the Company has made the number of Director candidates 12, reducing the number of Directors by one, and proposes the election of those candidates.

If the candidates for Director in this proposal are elected as proposed, the Board of Directors will have 12 Directors with one less Inside Director, half of the members (six out of 12) will be independent Outside Directors, and three female Directors. The Company believes that this structure will allow the Board to promote management from a shareholder-oriented perspective, continue to facilitate the appropriate functioning of the Company's three statutory committees (nomination, audit, and remuneration), and exercise diverse supervisory functions. Furthermore, the Company has reviewed the composition of its three statutory committees, and will reduce the number of members in each committee from five to four and will only select Directors who do not execute business as members for the Nomination Committee and the Remuneration Committee. Consequently, in matters such as the determination of the plan for the selection and dismissal of Representative Executive Officers and the decision of individual remuneration, the Company believes that it can expect the further strengthening of management supervision functions due to the increase of objectivity and transparency. The candidates for the Directors are as follows.

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 four 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 Company takes the perspective of strengthening management supervisory functions, and, within the scope of the number of members specified in the Articles of Incorporation, considers the balance of the numbers of supervisors and executives. In addition, in order to effectively fulfill the roles and responsibilities of the Board of Directors, the Board shall consist of personnel with experience and knowledge in key areas related to the Company's business management.

In selecting candidates for Outside Director, the Company selects persons from the point of view of Board diversity who have experience as managers not in the retailing industry that forms the core of the Company's business but in manufacturing and other non-retail industries, and who have expertise in legal, accounting audit and other fields. With regard to candidates for non-executive Inside Director, wide-ranging practical experience within the Group and specialized knowledge in fields such as auditing are sought by the Company. 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 persons responsible for the Group's core subsidiaries, which are Daimaru Matsuzakaya Department Stores and PARCO.

No.	Name	Attribute	Committee to belong (The “◎” mark indicates the candidates of Chairperson.)		
			Nomina- tion	Audit	Remunera- tion
1	YAMAMOTO Ryoichi (Note 1) Chairperson Male	Reappointment Non-executive	○		○
2	HAMADA Kazuko (Note 2) Female	New Non-executive		○	
3	YAGO Natsunosuke Male	Reappointment Non-executive Independent Outside	◎		○
4	HAKODA Junya Male	New Non-executive Independent Outside		◎	
5	UCHIDA Akira Male	Reappointment Non-executive Independent Outside	○		◎
6	SATO Rieko (Note 3) Female	Reappointment Non-executive Independent Outside		○	
7	SEKI Tadayuki Male	Reappointment Non-executive Independent Outside		○	
8	KOIDE Hiroko Female	New Non-executive Independent Outside	○		○
9	YOSHIMOTO Tatsuya Male	Reappointment Executive			
10	SAWADA Taro Male	Reappointment Executive			
11	MAKIYAMA Kozo Male	Reappointment Executive			
12	WAKABAYASHI Hayato Male	Reappointment Executive			

No.	Name	Expected skills as Candidate for Director								
		Manage- ment strategies	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 Chairperson (Note 1)	○		○				○		○
2	HAMADA Kazuko (Note 2)				○				○	○
3	YAGO Natsunosuke	○						○		○
4	HAKODA Junya	○	○							○
5	UCHIDA Akira	○	○							○
6	SATO Rieko (Note 3)					○	○		○	○
7	SEKI Tadayuki		○			○			○	
8	KOIDE Hiroko	○		○	○					
9	YOSHIMOTO Tatsuya	○		○				○		○
10	SAWADA Taro	○		○			○		○	
11	MAKIYAMA Kozo	○		○	○		○		○	
12	WAKABAYASHI Hayato	○	○		○					

(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 a Board of Directors meeting that is to be held after this Annual Shareholders Meeting.

2. HAMADA Kazuko is recorded under the name of HIMENO Kazuko in the family register.

3. SATO Rieko is recorded under the name of KAMATA Rieko in the family register.

4. The Company plans to elect eight Executive Officers who do not concurrently serve as Directors at a Board of Directors meeting that is to be held after this Annual Shareholders Meeting.

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 in the Company	
1	<p>YAMAMOTO Ryoichi (March 27, 1951)</p> <p>Gender: Male</p> <p>Number of the Company's shares owned (shares): 95,667</p> <p>Special interests between the Company and the Candidate: None</p> <p>Number of attendance at the Board of Directors meetings for the 14th fiscal year: 15/15</p> <p>Number of attendance at the meetings of Nomination Committee 14/14</p> <p>Number of attendance at the meetings of Remuneration Committee 15/15</p> <p>Tenure as Director (at the conclusion of this Meeting): approx. 13 years and 9 months</p>	<p>April 1973 May 2003 September 2007 March 2008 March 2010 September 2012 April 2013 May 2017 May 2020</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 of Daimaru Matsuzakaya Department Stores Co. Ltd. President of Daimaru Matsuzakaya Department Stores Co. Ltd. and President 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)</p>

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

-YAMAMOTO Ryoichi possesses broad-based insight and a high-level overview gained through his abundant experience spanning overall retail operations. Since being appointed as President and Representative Director of the Company in April 2013, he has been precisely and efficiently managing business of the Group overall. In addition to formulating a new Group Vision that showed the direction of management strategies that is necessary considering the external environment surrounding the Group and leading its permeation, he has been demonstrating strong leadership in positioning the corporate governance code at the center of change and reform of corporate management. In light of his track record and abundant 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 well versed in the Group's overall strategy and the roles and expectations of individual businesses, to help ensure the improved corporate value and sustained 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 in the Company	
2	<p data-bbox="252 277 395 309">New Candidate</p> <p data-bbox="252 322 464 465">HAMADA Kazuko (Name in the family register: HIMENO Kazuko) (September 6, 1962)</p> <p data-bbox="252 517 400 548">Gender: Female</p> <p data-bbox="252 562 491 651">Number of the Company's shares owned (shares): None</p> <p data-bbox="252 674 480 797">Special interests between the Company and the Candidate: None</p>	<p data-bbox="515 264 624 295">April 1985</p> <p data-bbox="515 300 676 331">September 2000</p> <p data-bbox="515 360 635 392">March 2002</p> <p data-bbox="515 396 635 427">March 2005</p> <p data-bbox="515 432 635 463">March 2007</p> <p data-bbox="515 468 635 499">March 2010</p> <p data-bbox="515 504 635 535">March 2013</p> <p data-bbox="515 539 635 571">March 2015</p> <p data-bbox="515 575 619 607">May 2020</p>	<p data-bbox="715 264 932 295">Joined Parco Co., Ltd.</p> <p data-bbox="715 300 1358 353">General Manager of Marketing Department of Sales Management Division</p> <p data-bbox="715 360 1166 392">Deputy General Manager of Kichijoji PARCO</p> <p data-bbox="715 396 1086 427">General Manager of Kichijoji PARCO</p> <p data-bbox="715 432 1158 463">General Manager of Shintokorozawa PARCO</p> <p data-bbox="715 468 1007 499">Executive Officer (Personnel)</p> <p data-bbox="715 504 1198 535">Executive Officer (Administration and Personnel)</p> <p data-bbox="715 539 1098 571">Executive Officer (Group Audit Office)</p> <p data-bbox="715 575 884 607">Auditor (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 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 such abundant experience, she has broad insight in the areas of store operations and business management of Parco Co., Ltd. as well as corporate diversity promotion. Furthermore, she was in charge of the Group Audit Office from March 2015, and served as Auditor from May 2020, contributing to strengthening the audit function of Parco. The Company expects her to help ensure the improved corporate value and sustained growth of the Group, particularly through the maximization of group synergies with Parco, which has become a wholly owned subsidiary of the Company, by utilizing her abundant knowledge based on her achievements and experience and fulfilling appropriate management supervisory function, and therefore has newly nominated her as a candidate to serve as Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	
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.
	Gender: Male	June 2004	Director
	Number of the Company's shares owned (shares): 2,208	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 attendance at the Board of Directors meetings for the 14th fiscal year: 12/12	April 2006	Director and Managing Executive Officer President of Precision Machinery Company
	Number of attendance at the meetings of Nomination Committee 11/11	April 2007	President and Representative Director
	Number of attendance at the meetings of Remuneration Committee 11/11	May 2007	President and Representative Director and General Manager of Internal Control Promotion Department
	Number of attendance at the meetings of Remuneration Committee 11/11	July 2009	President and Representative Director and General Manager of Internal Control Department
	Tenure as Director (at the conclusion of this Meeting): approx. 1 year	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)	
	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 company management for many years, and has abundant experience in strengthening financial bases and in compliance management. He also possesses highly specialized knowledge of internal control and corporate governance gained through his experience of being involved in the transition 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 on the overall management strategy of a holding company, including approaches to setting appropriate targets for structural reform, how to identify issues for the formulation of medium-term business plans, the ideal form of management in matrix management, and how to set and assess materiality and specific promotion measures thereof. Moreover, he has contributed to strengthening the management personnel function by providing necessary advice as appropriate on transparent and fair decision making of officer personnel appointment plan and when deliberating on the Nomination Committee's operational policies focusing on succession plan as a member of the Nomination Committee, as well as facilitating deliberation on specific remuneration amounts and revisions to the officer remuneration system, etc. as the Chairperson of the Remuneration Committee. In light of his track record, abundant experience and high level of insight, the Company expects him to contribute greatly to management of the Group. 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 in the Company	
4	<input type="checkbox"/> New Candidate <input type="checkbox"/> Independent <input type="checkbox"/> Outside Director	April 1974	Joined Mitsubishi Rayon Co., Ltd. (present Mitsubishi Chemical Corporation)
		November 1980	Joined Pricewaterhouse CPA Office (Reorganized as Aoyama Audit Corporation in June 1983)
	HAKODA Junya	April 1984	Registered as Certified Public Accountant
	(July 10, 1951)	April 2000	Partner at the merged firm, ChuoAoyama Audit Corporation/PricewaterhouseCoopers
	Gender: Male	August 2006	Representative of Arata Audit Corporation/Partner of PricewaterhouseCoopers
	Number of the Company's shares owned (shares):	April 2008	Eminent Professor of Graduate School of Keio University (internal audit theory)
	None	September 2009	Member of the Agreement Monitoring Committee of the Japan External Trade Organization (JETRO)
	Special interests between the Company and the Candidate:	September 2010	Director of Japan Internal Control Research Association
	None	December 2014	Outside Corporate Auditor of Schroder Investment Management (Japan) Limited (present)
		March 2015	Director of Institute of Corporate Governance, Japan (present)
		June 2015	Outside Corporate Auditor of Yamaha Corporation
		June 2015	Outside Director of AEON Financial Service Co., Ltd.
		June 2017	Outside Director and Chairperson of the Audit Committee of Yamaha Corporation
		September 2019	Member of the Ethics Committee of the Japanese Institute of Certified Public Accountants (present)
	August 2020	Vice Chairperson of the Committee on Training and Research for Outside Officers (present)	
		Important concurrent positions	
		Member of the Ethics Committee of the Japanese Institute of Certified Public Accountants	
		Vice Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants	
Reasons for nomination as candidate for Outside Director and overview of expected roles			
<p>-HAKODA Junya was involved in accounting audits, management consulting, and internal audits of auditing firms, etc. as a certified public accountant for many years at PricewaterhouseCoopers, also served as an eminent professor teaching internal audit theory at Graduate School of Keio University, and therefore has abundant experience and high-level expertise in corporate auditing. He also has a high level of expertise in corporate governance and management auditing, having served as the Chairperson of the Audit Committee of Yamaha Corporation when the company changed its organizational design to a company with three committees (nomination, audit, and remuneration committees). In light of his track record, abundant experience and high level of insight, the Company expects that he will apply them to the appropriate supervision of management in the Group, and has accordingly appointed him as a candidate to serve as a new Outside Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	
5	<p data-bbox="252 277 368 306">Independent</p> <p data-bbox="252 313 405 342">Outside Director</p> <p data-bbox="252 349 424 416">UCHIDA Akira (October 4, 1950)</p> <p data-bbox="252 461 379 490">Gender: Male</p> <p data-bbox="252 506 491 573">Number of the Company's shares owned (shares):</p> <p data-bbox="443 580 491 609">3,118</p> <p data-bbox="252 624 491 692">Number of other shares as stock-based remuneration not yet granted (shares):</p> <p data-bbox="443 721 491 750">1,933</p> <p data-bbox="252 766 491 855">Special interests between the Company and the Candidate:</p> <p data-bbox="443 871 491 900">None</p> <p data-bbox="252 916 491 1050">Number of attendance at the Board of Directors meetings for the 14th fiscal year:</p> <p data-bbox="443 1043 491 1072">15/15</p> <p data-bbox="252 1088 491 1178">Number of attendance at the meetings of Nomination Committee</p> <p data-bbox="443 1193 491 1223">11/11</p> <p data-bbox="252 1238 491 1328">Number of attendance at the meetings of Remuneration Committee</p> <p data-bbox="443 1335 491 1364">11/11</p> <p data-bbox="252 1379 491 1469">Number of attendance at the meetings of Audit Committee</p> <p data-bbox="443 1485 491 1514">5/5</p> <p data-bbox="252 1529 491 1619">Tenure as Director (at the conclusion of this Meeting):</p> <p data-bbox="347 1626 491 1655">approx. 2 years</p>	<p data-bbox="517 262 624 291">April 1975</p> <p data-bbox="517 297 624 327">June 1996</p> <p data-bbox="517 333 624 362">June 2000</p> <p data-bbox="517 416 624 445">June 2004</p> <p data-bbox="517 483 624 512">June 2005</p> <p data-bbox="517 573 624 602">June 2009</p> <p data-bbox="517 663 624 692">June 2012</p> <p data-bbox="517 788 624 817">June 2016</p> <p data-bbox="517 824 624 853">March 2019</p> <p data-bbox="517 860 624 889">May 2019</p> <p data-bbox="517 896 624 925">June 2019</p> <p data-bbox="517 931 624 960">May 2020</p>	<p data-bbox="713 262 991 291">Joined Toray Industries, Inc.</p> <p data-bbox="713 297 1302 327">Executive Vice President of Toray Industries (America), Inc.</p> <p data-bbox="713 333 1347 416">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> <p data-bbox="713 423 1410 474">Counsellor of Corporate Strategic Planning Division, and Counsellor of Investor Relations Dept.</p> <p data-bbox="713 481 1378 533">Member of the Board, General Manager of Finance and Controller's Division</p> <p data-bbox="713 539 1078 568">President, Toray Holding (USA), Inc.</p> <p data-bbox="713 575 1362 627">Senior Vice President (Member of the Board), General Manager of Finance and Controller's Division</p> <p data-bbox="713 633 1078 663">President, Toray Holding (USA), Inc.</p> <p data-bbox="713 669 1342 781">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</p> <p data-bbox="713 788 791 817">Adviser</p> <p data-bbox="713 824 922 853">Retired from Adviser</p> <p data-bbox="713 860 1262 889">Outside Director of J. Front Retailing Co., Ltd. (present)</p> <p data-bbox="713 896 1307 925">Outside Director of Yokogawa Electric Corporation (present)</p> <p data-bbox="713 931 1410 960">Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)</p>
		Important concurrent positions	
		Outside Director of Yokogawa Electric Corporation (Concurrent positions in the Group)	
		Director of Daimaru Matsuzakaya Department Stores Co. Ltd.	

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

-UCHIDA Akira possesses broad experience and knowledge in the corporate division, as a manager in charge of management planning and IR, and as the person responsible for the finance and accounting division. He has contributed to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to how to strengthen collaboration among organizations that will lead to group synergies, clarify the chain of command in promoting structural reforms and digital initiatives, and formulate and communicate visions and strategies expected by stakeholders, as well as approaches to ESG and CSV management that will lead to increased corporate value. Moreover, he has contributed to strengthening the management personnel function, by facilitating deliberation on specific remuneration amounts and revisions to the officer remuneration system, etc., as the Chairperson of the Remuneration Committee, as well as by providing necessary advice as appropriate on transparent and fair decision making of officer personnel appointment plan and when deliberating on the Nomination Committee's operational policies focusing on succession plan as a member of the Nomination Committee. In light of his track record and abundant insight, the Company expects him to contribute greatly to management of the Group. 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 in the Company	
6	<div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Outside Director</div> SATO Rieko (Name in the family register: KAMATA Rieko) (November 28, 1956) Gender: Female Number of the Company's shares owned (shares): <p style="text-align: right;">1,777</p> Number of other shares as stock-based remuneration not yet granted (shares): <p style="text-align: right;">3,866</p> Special interests between the Company and the Candidate: <p style="text-align: right;">None</p> Number of attendance at the Board of Directors meetings for the 14th fiscal year: <p style="text-align: right;">14/15</p> Number of attendance at the meetings of Audit Committee <p style="text-align: right;">18/18</p> Tenure as Director (at the conclusion of this Meeting): <p style="text-align: right;">approx. 3 years</p>	April 1984 August 1989 July 1998 June 2004 June 2012 June 2015 October 2016 May 2018 May 2019 June 2020	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) Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) Outside Director (Member of the Audit and Supervisory Committee) of NTT DATA CORPORATION (present) Outside Audit & Supervisory Board Member of Mitsubishi Corporation (present)
	Important concurrent positions Partner and attorney at law of Ishii Law Office Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. Outside Director (Member of the Audit and Supervisory Committee) of NTT DATA CORPORATION Outside Audit & Supervisory Board Member of Mitsubishi Corporation (Concurrent positions in the Group) Director of Daimaru Matsuzakaya Department Stores Co. Ltd.		

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

-SATO Rieko possesses abundant experience as an outside director and outside audit & supervisory board member at other companies, in addition to having made a career in handling many projects with in-depth and specialized knowledge as an attorney at law specializing in corporate legal affairs. She has contributed to improving the effectiveness of the Board of Directors by providing active advice and oversight from legal perspectives on how to promote structural reforms, points to keep in mind in conducting them, the importance of analyzing the future environment in medium- to long-term strategies, and what digital-based services customers expect, etc. Moreover, as a member of the Audit Committee, she has endeavored to strengthen the audit function by auditing the execution of duties by Directors and Executive Officers of the company with three committees (nomination, audit, and remuneration committees), while engaging in discussions from the perspective of legality and appropriateness related to items submitted to the Board of Directors and items judged to require monitoring by the Audit Committee. In light of her track record and abundant insight, 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 in the Company	
7	<p data-bbox="252 264 368 293">Independent</p> <p data-bbox="252 300 405 329">Outside Director</p> <p data-bbox="252 336 448 405">SEKI Tadayuki (December 7, 1949)</p> <p data-bbox="252 450 379 479">Gender: Male</p> <p data-bbox="252 495 491 591">Number of the Company's shares owned (shares): 984</p> <p data-bbox="252 607 491 725">Special interests between the Company and the Candidate: None</p> <p data-bbox="252 748 491 904">Number of attendance at the Board of Directors meetings for the 14th fiscal year: 12/12</p> <p data-bbox="252 927 491 1061">Number of attendance at the meetings of Audit Committee 13/13</p> <p data-bbox="252 1077 491 1196">Tenure as Director (at the conclusion of this Meeting): approx. 1 year</p>	<p data-bbox="517 264 624 293">April 1973</p> <p data-bbox="517 300 624 329">June 1998</p> <p data-bbox="517 336 624 365">June 2004</p> <p data-bbox="517 371 624 400">April 2007</p> <p data-bbox="517 407 624 436">June 2009</p> <p data-bbox="517 465 624 495">April 2010</p> <p data-bbox="517 501 624 530">May 2011</p> <p data-bbox="517 537 624 566">April 2013</p> <p data-bbox="517 573 624 602">April 2014</p> <p data-bbox="517 631 624 660">April 2015</p> <p data-bbox="517 667 624 696">May 2016</p> <p data-bbox="517 703 624 732">June 2016</p> <p data-bbox="517 761 624 790">April 2017</p> <p data-bbox="517 797 624 826">June 2017</p> <p data-bbox="517 833 624 862">July 2017</p> <p data-bbox="517 891 624 920">May 2020</p>	<p data-bbox="718 264 1002 293">Joined ITOCHU Corporation</p> <p data-bbox="718 300 1337 351">General Manager, Finance Division, ITOCHU International Inc. (Stationed in New York)</p> <p data-bbox="718 358 1374 387">Executive Officer of ITOCHU Corporation, CFO of Food Company</p> <p data-bbox="718 394 1369 423">Managing Executive Officer, General Manager of Finance Division</p> <p data-bbox="718 430 1406 481">Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management and CFO</p> <p data-bbox="718 488 1305 517">Representative Director, Senior Managing Executive Officer</p> <p data-bbox="718 524 1398 553">Representative Director, Senior Managing Executive Officer and CFO</p> <p data-bbox="718 560 1294 589">Representative Director, Executive Vice President and CFO</p> <p data-bbox="718 595 1406 647">Representative Director, Executive Vice President, Executive Advisory Officer, CFO & CAO</p> <p data-bbox="718 654 794 683">Adviser</p> <p data-bbox="718 689 1062 719">External Director of Parco Co., Ltd.</p> <p data-bbox="718 725 1398 777">Outside Director of NIPPON VALQUA INDUSTRIES, LTD. (present VALQUA, LTD.) (present)</p> <p data-bbox="718 784 1233 813">Advisory Member of ITOCHU Corporation (present)</p> <p data-bbox="718 819 1166 848">Outside Director of JSR Corporation (present)</p> <p data-bbox="718 855 1374 907">Outside Statutory Auditor of Asahi Mutual Life Insurance Company (present)</p> <p data-bbox="718 913 1262 943">Outside Director of J. Front Retailing Co., Ltd. (present)</p> <p data-bbox="718 949 1066 978">Director of Parco Co., Ltd. (present)</p> <p data-bbox="517 981 815 1010">Important concurrent positions</p> <p data-bbox="517 1016 874 1046">Outside Director of VALQUA, LTD.</p> <p data-bbox="517 1052 874 1081">Outside Director of JSR Corporation</p> <p data-bbox="517 1088 1177 1140">Outside Statutory Auditor of Asahi Mutual Life Insurance Company (Concurrent positions in the Group)</p> <p data-bbox="517 1146 778 1176">Director of Parco Co., Ltd.</p>
<p data-bbox="178 1220 1098 1249">Reasons for nomination as candidate for Outside Director and overview of expected roles</p> <p data-bbox="178 1249 1414 1550">-SEKI Tadayuki was involved in international business management and risk management at a general trading company for many years, and has extensive experience in finance and accounting as CFO, as well as abundant experience as an outside director and outside corporate auditor of multiple companies. He has contributed to improving the effectiveness of the Board of Directors by actively and affirmatively providing advice to the Board of Directors on how to promote structural reforms, how the Payment and Finance Businesses and new businesses should be structured in the Medium-term Business Plan, and how to formulate capital cost-conscious financial strategies, etc. As a member of the Audit Committee, he has contributed to strengthening the audit function by auditing the execution of duties by Directors and Executive Officers of the company with three committees (nomination, audit, and remuneration committees), while 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. In light of his track record and high level of insight, the Company expects him to contribute greatly to management of the Group. As such, he has been nominated as a candidate to continue serving as Outside Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	
8	<div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">New Candidate</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Independent</div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 2px;">Outside Director</div> <p>KOIDE Hiroko (August 10, 1957)</p> <p>Gender: Female</p> <p>Number of the Company's shares owned (shares): None</p> <p>Special interests between the Company and the Candidate: None</p>	September 1986	Joined J. Walter Thompson Japan K.K. (present J. Walter Thompson Japan G.K.)
		May 1993	Joined Nippon Lever K.K. (present Unilever Japan K.K.)
		April 2001	Director
		April 2006	General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited)
		April 2008	Chief Operating Officer
		November 2010	President and Representative Director of Parfums Christian Dior Japon K.K.
		January 2013	Outside Director of Kirin Co., Ltd.
		April 2013	Senior Vice President of Global Marketing of Newell Rubbermaid Inc. (U.S.) (present Newell Brands Inc.)
		June 2016	Outside Director of Mitsubishi Electric Corporation (present)
		April 2018	Director of Vicela Japan Co., Ltd.
		June 2019	Outside Director of Honda Motor Co., Ltd (present)
		Outside Director of J-OIL MILLS, Inc. (present)	
		<p>Important concurrent positions</p> <p>Outside Director of Mitsubishi Electric Corporation</p> <p>Outside Director of Honda Motor Co., Ltd</p> <p>Outside Director of J-OIL MILLS, Inc.</p>	

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

- KOIDE Hiroko served as an officer at foreign companies for many years, also engaged in corporate management as the head of marketing at the head office of a U.S. company, and therefore has abundant experience in global management and knowledge based on her extensive experience in the marketing field. She also has wide-ranging insight as an outside director of multiple listed companies. In light of her track record, abundant experience, and deep knowledge, the Company expects that she will apply them to the appropriate supervision of management in the Group, and has accordingly appointed her as a candidate to serve as a new Outside Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	
9	<p>YOSHIMOTO Tatsuya (April 13, 1956)</p> <p>Gender: Male</p> <p>Number of the Company's shares owned (shares): 75,004</p> <p>Special interests between the Company and the Candidate: None</p> <p>Number of attendance at the Board of Directors meetings for the 14th fiscal year: 15/15</p> <p>Number of attendance at the meetings of Nomination Committee 11/11</p> <p>Number of attendance at the meetings of Remuneration Committee 11/11</p> <p>Tenure as Director (at the conclusion of this Meeting): approx. 8 years</p>	<p>April 1979</p> <p>March 2000</p> <p>January 2008</p> <p>May 2008</p> <p>January 2010</p> <p>March 2010</p> <p>May 2012</p> <p>April 2013</p> <p>May 2013</p> <p>May 2017</p> <p>May 2020</p>	<p>Joined The Daimaru, Inc.</p> <p>Senior Manager of Preparatory Office for Opening Sapporo Store of Planning Office for Sapporo Store, Head Office</p> <p>General Manager of Tokyo Store</p> <p>Corporate Officer, General Manager of Tokyo Store</p> <p>Corporate Officer, General Manager of Sales Planning Promotion Division and Marketing Planning Promotion Division of Department Stores Coordination Division of J. Front Retailing Co., Ltd.</p> <p>Corporate Officer of Daimaru Matsuzakaya Department Stores Co. Ltd.</p> <p>Senior General Manager of Management Planning Division</p> <p>Director and Corporate Officer</p> <p>President of Daimaru Matsuzakaya Department Stores Co. Ltd. and President of Daimaru Matsuzakaya Sales Associates Co. Ltd.</p> <p>Director of J. Front Retailing Co., Ltd. (present)</p> <p>Representative Managing Executive Officer</p> <p>President and Representative Executive Officer (present)</p>

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

-YOSHIMOTO Tatsuya has abundant experience and insight into the whole of the Department Store Business, 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 April 2013, he has been involved in executing existing high-quality department store business strategy considering the roles and expectations of the Department Store Business under the Group's strategy, and formulating a new Department Store Business strategy in reaction to the massive changes in the external environment. He has been demonstrating swift and resoundingly effective leadership based on a strong results-oriented approach aimed at realizing these initiatives. Since 2017, as Representative Managing Executive Officer of the Company, he has accumulated further knowledge based on his experiences in management reform in relation to business management and corporate governance for the Group as a whole. Since being appointed as President and Representative Executive Officer of the Company in May 2020, he has exercised leadership in leading the entire Group amid the severe business environment, and in formulating group strategies to achieve sustainability management in the Medium-term Business Plan starting this fiscal year. In light of his track record and experience, the Company expects that he will help ensure the improved corporate value and sustained growth of the Group and has accordingly nominated him as a candidate to continue serving as Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	
10	<p>SAWADA Taro (January 17, 1960)</p> <p>Gender: Male</p> <p>Number of the Company's shares owned (shares): 20,114</p> <p>Special interests between the Company and the Candidate: None</p> <p>Number of attendance at the Board of Directors meetings for the 14th fiscal year: 12/12</p> <p>Tenure as Director (at the conclusion of this Meeting): Approx. 1 year</p> <p>(Reference) Tenure as Director before April 2020 Approx. 1 year</p> <p>(May 24, 2018 to May 23, 2019)</p>	<p>April 1983 June 2004 March 2010 January 2011 May 2011 May 2012 September 2015 July 2016 March 2017 May 2017 May 2018 March 2019 May 2020</p>	<p>Joined The Daimaru, Inc. Department Manager of Sales Promotion Department, Sales Planning & CS Promotion Division of Kobe Store Division Manager of Management Planning Division of Daimaru Matsuzakaya Department Stores Co. Ltd. Executive Store Manager of Daimaru Kobe Corporate Officer Executive Store Manager of Daimaru Osaka Shinsaibashi Executive Store Manager of Daimaru Osaka Shinsaibashi and Executive General Manager of Shinsaibashi New Store Planning Office Executive General Manager of Management Planning Unit Executive General Manager of Management Planning Unit, Senior General Manager of Management Planning Division and Executive General Manager of Future Standard Laboratory Director and Managing Executive Officer Director of J. Front Retailing Co., Ltd. Managing Executive Officer Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management Senior General Manager of New Business Division Director of J. Front Retailing Co., Ltd. (present) Senior Managing Executive Officer of J. Front Retailing Co., Ltd. (present) President of Daimaru Matsuzakaya Department Stores Co. Ltd. (present) President and Representative Director of Daimaru Matsuzakaya Sales Associates Co. Ltd. (present)</p>
		<p>Important concurrent positions (Concurrent positions in the Group) President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. President and Representative Director of Daimaru Matsuzakaya Sales Associates Co. Ltd.</p>	

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

-SAWADA Taro has served in management in Daimaru Matsuzakaya Department Stores Co. Ltd., serving as Executive Store Manager of Daimaru Kobe and Executive Store Manager of Daimaru Osaka Shinsaibashi, and since being appointed as Executive General Manager of Shinsaibashi New Store Planning Office in September 2015, he has accumulated valuable practical experience as the person responsible for formulating the master plan for rebuilding the main building of the Shinsaibashi Store and promoting the action plan, possessing in-depth insight and the ability to lead organizations in planning and proposals. From July 2016, he has coordinated the Medium-term Business Plan as the Executive General Manager of Management Planning Unit of Daimaru Matsuzakaya Department Stores, and has been involved in projects to create business models from a broad perspective with new ideas. From 2018, as the Senior Executive General Manager of Management Strategy Unit of the Company, he has been promoting the Group Medium-term Business Plan, leading the conception, planning and promotion toward making the Group Vision a reality. Since being appointed as President of Daimaru Matsuzakaya Department Stores Co. Ltd. in May 2020, he has demonstrated leadership in formulating a new Department Store Business strategy, including efforts to redefine the department store business in the Medium-term Business Plan starting this fiscal year, based on the role and expectations of the department store business under the Group Strategy. In light of his track record, the Company expects that he will help ensure the improved corporate value and sustained growth of the Group in acting as a manager of Daimaru Matsuzakaya Department Stores, and has accordingly nominated him as a candidate to continue serving as Director.

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	
11	<p>MAKIYAMA Kozo (August 28, 1958)</p> <p>Gender: Male</p> <p>Number of the Company's shares owned (shares): 26,844</p> <p>Special interests between the Company and the Candidate: None</p> <p>Number of attendance at the Board of Directors meetings for the 14th fiscal year: 15/15</p> <p>Tenure as Director (at the conclusion of this Meeting): approx. 8 years</p>	<p>April 1981</p> <p>March 2004</p> <p>March 2007</p> <p>March 2008</p> <p>May 2008</p> <p>March 2009</p> <p>March 2010</p> <p>March 2011</p> <p>May 2011</p> <p>May 2013</p> <p>May 2017</p> <p>May 2020</p>	<p>Joined Parco Co., Ltd.</p> <p>Executive Officer, Executive General Manager of Store Operation Division</p> <p>Managing Executive Officer, Executive General Manager of Store Management Division</p> <p>Senior Executive Officer, Senior Executive General Manager of Store Operation Headquarters and Executive General Manager of Store Management Division</p> <p>Director and Senior Executive Officer</p> <p>Supervisor of Store Operation Division</p> <p>In charge of Store Management</p> <p>In charge of Business Management</p> <p>Director, President and Representative Executive Officer</p> <p>Director of J. Front Retailing Co., Ltd. (present)</p> <p>Managing Executive Officer</p> <p>Senior Managing Executive Officer (present)</p> <p>Representative Director, President and Executive Officer of Parco Co., Ltd. (present)</p>
	<p>Important concurrent positions (Concurrent positions in the Group) Representative Director, President and Executive Officer of Parco Co., Ltd.</p>		
<p>Reasons for nomination as candidate for Director and overview of expected roles</p> <p>-MAKIYAMA Kozo serves as Representative Director, President and Executive Officer of Parco Co., Ltd., and has abundant experience and insight related to the business management and store operations of Parco. Drawing on a sufficient understanding of Parco roles and expectations under the Group's strategy, he promotes the management vision leveraging attributes of Parco, and is proactively expanding into new store makeups that are symbolized by the opening of the new Shibuya PARCO and new business fields. When Parco became a wholly owned subsidiary of the Company, he demonstrated resoundingly effective leadership based on his ability to act as a unifying force within the organization. In opening Shinsaibashi PARCO, he helped realize a new store image that symbolizes the maximization of group synergy. In addition, he continuously takes on challenges for sustainable growth. For example, in formulating the Medium-term Business Plan, he sets his sights on the future, 50 years from now, considering the roles and expectations of Parco under the Group's strategy. In light of his track record, the Company expects that he will help ensure the improved corporate value and sustained growth of the Group in acting as a manager of Parco, and has accordingly nominated him as a candidate to continue serving as Director.</p>			

No.	Name (Date of birth)	Career summary, positions and areas of responsibility in the Company	
12	WAKABAYASHI Hayato (August 31, 1961) Gender: Male Number of the Company's shares owned (shares): <p style="text-align: center;">12,165</p> Special interests between the Company and the Candidate: <p style="text-align: center;">None</p> Number of attendance at the Board of Directors meetings for the 14th fiscal year: <p style="text-align: center;">15/15</p> Tenure as Director (at the conclusion of this Meeting): <p style="text-align: center;">approx. 5 years</p>	April 1985	Joined Matsushita Electric Industrial Co., Ltd. (present Panasonic Corporation)
		April 1998	President of Panasonic Financial Center Malaysia Co., Ltd.
		April 2007	Director and Chief Executive Officer of Matsushita Electric (China) Finance Limited
		February 2009	Finance Planning Team Leader (Manager), Headquarters Finance & IR Group of Panasonic Corporation
		July 2013	General Manager, Finance & IR Group, Corporate Strategy Division and Finance Strategy Team Leader of Panasonic Corporation (Director)
		May 2015	Joined J. Front Retailing Co., Ltd. In charge of Finance Policy, Administration Unit
		September 2015	Executive Officer In charge of Financial Strategy and Policy, Administration Unit
		March 2016	Senior Executive General Manager of Financial Strategy Unit (present) and in charge of Finance Policy
		May 2016	Director (present)
		March 2017	In charge of Financing and Finance Policy
May 2017	Managing Executive Officer (present)		
May 2018	Senior General Manager of Financing and Finance Policy Division		
May 2020	Director of Parco Co., Ltd. (present)		
Important concurrent positions (Concurrent positions in the Group) Director of Parco Co., Ltd.		<p>Reasons for nomination as candidate for Director and overview of expected roles</p> <p>-WAKABAYASHI Hayato has pursued a career mainly in the financial realm of Panasonic Corporation and its group companies, and as such has adequate insight and sufficient experience related to financial policy with respect to enhancing financial standing, improving levels of cash management and other such initiatives. As such, he was invited into the Group in May 2015 and has established and promoted a financial strategy encompassing the entire Group. From 2016, he has led the transition to IFRS with an eye to the future, and began its application during the previous Medium-term Business Plan. Amid the severe business environment caused by COVID-19, he has raised funds to support the continuation of corporate activities by implementing appropriate financial measures. In addition to such achievements and in-depth insight 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 expects that he will help ensure the improved corporate value and sustained growth of the Group by executing duties acting as a Director, and has accordingly nominated him as a candidate to continue serving as Director.</p>	

Special notes regarding the candidates for Director

- The Company has entered into an agreement with candidates for reappointment as Directors YAMAMOTO Ryoichi, YAGO Natsunosuke, UCHIDA Akira, SATO Rieko and SEKI Tadayuki individually to limit the liability of 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 candidates for Director HAMADA Kazuko, HAKODA Junya and KOIDE Hiroko is approved under this proposal, the Company plans to enter into the same agreement with each of the three candidates.
- 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 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 reappointment as Directors and new candidate for Director HAMADA Kazuko (Auditor of Parco Co., Ltd.) are included in the insured persons of the said insurance contract. If the election of the new candidates for Director HAKODA Junya and KOIDE Hiroko is approved under this proposal, the Company plans to include both of them as the insured under the insurance contract.
- Candidates for reappointment as Directors YAGO Natsunosuke, UCHIDA Akira, SATO Rieko and SEKI Tadayuki are independent officers who have been given the obligation by the Tokyo Stock Exchange and the Nagoya Stock Exchange to protect ordinary shareholders. If the election of the new candidates for Director HAKODA Junya and KOIDE Hiroko is approved under this proposal, the Company plans to register both of them as independent officers.

(Reference) The Company's criteria for determining 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.

[Reference Document for the 14th Annual Shareholders Meeting]

Business Report (From March 1, 2020 to February 28, 2021)

1. Current status of the corporate group

(1) Business summary and results

In the fiscal year under review, the Japanese economy was significantly affected by the spread of the novel coronavirus disease (COVID-19). Although the economy bottomed out after it registered a record negative real GDP growth rate at the beginning of the fiscal year under review, and subsequently showed signs of picking up, it ended up with only a moderate recovery due to the rebound of the epidemic in the latter half of the fiscal year. While corporate earnings were robust in certain industries, many businesses were forced to control investments and reduce employment and wages. Despite a gradual recovery from a slump in the early fiscal year under review, personal spending remained weak mainly due to the declaration of another state of emergency in the late fiscal year.

Amid the unprecedented business environment, the J. Front Retailing Group (hereinafter the “Group”) strove to operate its respective businesses in response to the changing circumstances, with the highest priority given to ensuring the safety and security of customers and employees, as well as the viability of its business. At the same time, with an eye to the future, we promoted efforts to contribute to a sustainable society and to achieve the Group’s medium- and long-term growth.

Responding to the novel coronavirus (COVID-19)

To adequately respond to unprecedented business environment caused by the pandemic, the Group set up the Emergency Response Headquarters in the early stage of the infection spread and implemented a range of measures to ensure safety and security with thorough hygiene management as well as its business continuity and management stability.

In our sales activities, we suspended store operations or shortened operating hours taking into account demands by the Japanese government and each local government. For sales, we endeavored to prevent the spread of COVID-19 by taking such measures as creating a safe in-store environment, where customers can feel secure while shopping, by carrying out in-store disinfection, ensuring safe traffic flows for customers and adequate air circulation, and reviewing event plans. Also, while providing suppliers with sales support through the utilization of the website of Daimaru Matsuzakaya and PARCO, we worked to improve the work environment through meticulous hygiene management for sales staff at stores, including rest areas and lockers, and by encouraging remote work and staggered working hours and utilizing online meetings for back-office departments.

At the same time, from the perspective of ensuring business continuity and management stability, we took early actions to brace for a situation where the impact of COVID-19 becomes even more severe than expected, including controlling investments, cutting expenses, accumulating cash on hand and increasing the amount of credit lines for fund raising so as to ensure financial stability and liquidity.

Meanwhile, we promoted the use of digital technologies in our sales activities to adapt to new lifestyles amid the spread of self-curfew. Specifically, we worked on enhancing the selection of products in the online stores of our department stores and offering a remote sales service by providing online customer service and distributing videos from the department stores. In addition, as part of “Think LOCAL,” which was launched in September as support for manufacturers in various regions, we introduced, on our website, local specialties in areas where our stores are located. In the PARCO Business, we also moved forward with our efforts toward the integration of brick-and-mortar stores with the online store by implementing measures such as distributing a virtual tour video of Shinsaibashi PARCO and strengthening online sales in cooperation with suppliers.

Initiatives toward the achievement of medium- and long-term growth

We implemented organizational reforms and consolidation of the Real Estate Business as part of necessary structural adjustments following the conversion of PARCO into a wholly owned subsidiary. In the organizational reforms, we set up the “Organizational Structure Review Committee” and built a new structure which allows PARCO to be dedicated to strengthening its own business by restructuring and integrating head office functions for the holding company and PARCO from the perspective of promptly generating the Group synergies and facilitating highly efficient management. As for the

consolidation of the Real Estate Business, we transferred the Daimaru Matsuzakaya Department Store's real estate business to PARCO in September to concentrate the Group assets and centralize operation, supervision and development functions.

As part of our efforts to generate the Group synergies, we also opened Shinsaibashi PARCO in November. Shinsaibashi PARCO is a new commercial facility that embodies sustainability management and fusion of our department stores and PARCO, which are what the Group promotes, and aims to expand the area customer base through coexisting with local communities and contributing to generating the prosperity of the Shinsaibashi area together with Daimaru Shinsaibashi store, with which its management was integrated, and by attracting new customers. After the opening, Shinsaibashi PARCO has been visited by a broad range of customers, and its synergy with Daimaru Shinsaibashi store has been demonstrated.

Along with such efforts to reinforce our foundation toward the achievement of medium- and long-term growth, we worked on the formulation of a new Medium-term Business Plan starting from FY2021. Regarding the reform of management structure that is included in the plan, we aim to work on improving revenue by accelerating the transformation of business models and streamlining business operations by restructuring the Group's business to quickly build a future growth platform, while taking a serious look at the future survivability and growth potential of each of our businesses. As part of such efforts, in light of environmental changes in each of our businesses and the future survivability of the market, we decided to close Tsudanuma PARCO and Shintokorozawa PARCO in the PARCO Business (on February 28, 2023, and February 29, 2024, respectively), and excluded J. Front Foods Co., Ltd., which is engaged in the restaurant business, from the scope of consolidated subsidiaries by transferring all the shares in the company in February.

Consolidated revenue for the fiscal year under review

As for consolidated revenue for the fiscal year under review, the spread of infectious disease caused the stagnation in both domestic and inbound spending, which impacted, among others, our core Department Store Business. Despite various measures including those mentioned above, revenue was ¥319,079 million, down 33.6% year on year.

In this environment, despite securing a profit of ¥2,366 million in business profit as a result of controlling investments and reducing expenses throughout the fiscal year, operating loss was ¥24,265 million (operating profit of ¥40,286 million in the previous fiscal year) as a result of reclassification of fixed costs primarily due to suspending store operations, and the recording of expenses, such as those for store closures and impairment loss. Loss before tax was ¥28,672 million (profit before tax of ¥37,161 million in the previous fiscal year), and loss attributable to owners of parent was ¥26,193 million (profit attributable to owners of parent of ¥21,251 million in the previous fiscal year) due to an increase in expenses as a result of reversing the deferred tax assets of subsidiaries.

Regarding dividends, given the unprecedented business environment as well as severe earnings forecasts and financial conditions, the Company paid an interim dividend of ¥9 per share (¥18 in the previous fiscal year), but from the perspective of ensuring stable dividend payments to shareholders, has decided to pay a year-end dividend of ¥18 per share, which is the same as the previous fiscal year. As a result, the annual dividend is ¥27 per share.

Results by segment are as follows.

Revenue and operating profit by business segment of the corporate group

(Millions of yen)

Business segment	13th fiscal year (Fiscal 2019)				14th fiscal year (Current fiscal year) (Fiscal 2020)			
	Revenue		Operating profit		Revenue		Operating profit	
	Results	Composi- tion	Results	Composi- tion	Results	Composi- tion	Results	Composi- tion
		%		%		%		%
Department Store Business	263,748	54.9	17,625	43.7	164,024	51.4	(22,199)	-
PARCO Business	112,212	23.3	10,823	26.9	68,861	21.6	(6,895)	-
Real Estate Business	17,793	3.7	6,725	16.7	15,372	4.8	1,986	-
Credit and Finance Business	10,719	2.2	1,908	4.7	9,035	2.8	421	-
Total	404,474	84.1	37,082	92.0	257,294	80.6	(26,687)	-
Other	123,275	25.7	4,700	11.7	95,722	30.0	2,852	-
Adjustments	(47,128)	(9.8)	(1,496)	(3.7)	(33,937)	(10.6)	(430)	-
Consolidated total	480,621	100.0	40,286	100.0	319,079	100.0	(24,265)	100.0

<Department Store Business>

Due to the spread of COVID-19, we downsized operations at each of our department stores from March. After the declaration of state of emergency in April, we suspended operations at almost all the stores, excluding the food sales floors. Despite successively restarting operations in the middle of May, both the number of customers visiting stores and sales decreased significantly throughout the year, reflecting self-curfew and the reconsideration of the events and sales from the perspective of avoiding “Three Cs” (closed spaces, crowded places, and close-contact settings) and overseas travel restrictions.

Meanwhile, we promoted the enhancement of product lineups in the “Daimaru Matsuzakaya Online Shopping” to meet stay-at-home demand; the offering of remote sales services, through which customers can enjoy shopping at home; and sales activities using digital technologies such as the visit reservation system. In addition, we carried out new activities amid the COVID-19 pandemic, such as the installment of non-contact collection boxes of used clothing for the “ECOFF Recycle Campaign,” in which customers can participate.

Besides that, customers were invited to the Daimaru Shinsaibashi store in conjunction with the opening of Shinsaibashi PARCO, and a mutual customer referral campaign using both Daimaru’s and PARCO’s house cards was implemented.

As part of the restructuring of regional suburban department stores, we brought Shimonoseki Daimaru under direct management. Then, we re-opened the Daimaru Shimonoseki store in March. In addition, we proceeded with creating community-based stores at the Daimaru Ashiya store and the Daimaru Suma store.

Despite our efforts including capital investments and reduction of expenses throughout the fiscal year, coupled with various measures such as those mentioned above, revenue decreased significantly to ¥164,024 million, down 37.8% year on year, partly due to the stagnation in both domestic and inbound spending, and operating loss was ¥22,199 million (operating profit of ¥17,625 million in the previous fiscal year) partly due to the recording of impairment loss.

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

Net 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	41,646	8.9	(51.2)
Osaka Umeda store	37,937	8.1	(41.0)
Tokyo store	38,784	8.3	(51.0)
Kyoto store	47,041	10.1	(29.6)
Kobe store	57,633	12.3	(22.6)
Suma store	6,893	1.5	(13.7)
Ashiya store	3,420	0.7	(22.4)
Sapporo store	41,772	8.9	(36.2)
Shimonoseki store	8,115	1.8	(35.2)
Sub total	283,245	60.6	(38.6)
Matsuzakaya			
Nagoya store	86,489	18.5	(25.6)
Ueno store	28,913	6.2	(26.1)
Shizuoka store	14,863	3.2	(25.1)
Takatsuki store	5,787	1.2	(26.8)
Toyota store	5,075	1.1	(26.5)
Sub total	141,129	30.2	(25.8)
Sub total	424,374	90.8	(34.8)
The Hakata Daimaru, Inc.	35,003	7.5	(33.9)
Kochi Daimaru Co., Ltd.	7,948	1.7	(28.2)
Elimination	(118)	(0.0)	12.3
Total	467,208	100.0	(34.7)

(Note) The Shimonoseki Daimaru, Inc. was merged and absorbed into Daimaru Matsuzakaya Department Stores Co. Ltd. on March 1, 2020, and renamed the Daimaru Shimonoseki store.

Net sales by product of the Department Store Business (Millions of yen)

Product	Amount	Composition	Year-on-year changes
		%	%
Men's clothing and haberdashery	28,347	6.1	(38.7)
Ladies' clothing and haberdashery	143,313	30.7	(32.6)
Children's clothing and haberdashery	6,719	1.4	(46.8)
Kimono, bedding and other clothing	5,587	1.2	(37.7)
Accessories	33,634	7.2	(39.6)
Furniture	3,747	0.8	(31.0)
Home appliances	290	0.1	(22.7)
Household goods	13,470	2.9	(33.4)
Food products	117,088	25.1	(27.1)
Food halls and cafes	9,367	2.0	(55.2)
General goods	82,985	17.8	(43.6)
Services	1,531	0.3	(51.1)
Other	21,243	4.4	0.4
Elimination	(118)	(0.0)	-
Total	467,208	100.0	(34.7)

<PARCO Business>

As a result of the impact of the spread of COVID-19, we suspended store operations and shortened operating hours, and were forced to restrict entrance to entertainment venues, which caused both the number of customers visiting stores and tenant transaction volume to decrease significantly. In this environment, in order to further progress customer communication, we worked on new digital measures, such as strengthening the “PARCO ONLINE STORE” in cooperation with suppliers, holding online exhibitions, promoting live commerce and implementing e-commerce services for overseas.

Additionally, in November, we opened Shinsaibashi PARCO, the first store for PARCO to open in Shinsaibashi, Osaka in approximately nine years. Despite opening in the midst of the rebound of the pandemic, the store has been visited by a broad range of customers and maintained sales exceeding expectations.

Despite securing a profit of ¥2,062 million in business profit as a result of initiatives, such as cutting capital investments, cost of sales and expenses, in addition to various measures such as those mentioned above, revenue was ¥68,861 million, down 38.6% year on year, partly due to a rebound following the sales of reserve floor space in the Shibuya redevelopment project in the previous fiscal year. Furthermore, operating loss was ¥6,895 million (operating profit of ¥10,823 million in the previous fiscal year) partly due to the recording of store closure-related expenses.

(Reference) Tenant transaction volume by store of PARCO (on a gross basis) is as follows.

Tenant transaction volume by store of PARCO (Millions of yen)

Store	Amount	Compositi on	Year-on- year changes	Store	Amount	Compositi on	Year-on- year changes
Sapporo PARCO	7,055	% 3.9	% (42.3)	Shintokorozawa PARCO	7,952	% 4.4	% (21.0)
Sendai PARCO	13,646	7.6	(32.6)	Tsudanuma PARCO	8,716	4.8	(27.3)
Urawa PARCO	21,266	11.8	(21.7)	Hibarigaoka PARCO	5,858	3.2	(23.5)
Ikebukuro PARCO	14,459	8.0	(45.8)	Matsumoto PARCO	3,712	2.1	(29.5)
PARCO_ya Ueno	3,360	1.8	(42.0)	Total of community complex group	26,240	14.5	(32.9)
Kichijoji PARCO	5,353	3.0	(44.7)	Total of city and community complex groups	180,424	100.0	(30.3)
Shibuya PARCO	11,877	6.6	25.8				
Kinshicho PARCO	6,332	3.5	(29.4)				
Chofu PARCO	14,388	8.0	(22.6)				
Shizuoka PARCO	6,968	3.9	(29.0)				
Nagoya PARCO	20,705	11.5	(38.9)				
Shinsaibashi PARCO	4,122	2.2	—				
Hiroshima PARCO	10,104	5.6	(33.0)				
Fukuoka PARCO	14,542	8.1	(34.5)				
Total of city complex group	154,184	85.5	(29.8)				

- (Notes) 1. The tenant transaction volume represents the total amount of tenant transactions at PARCO stores.
2. Shibuya PARCO opened on November 22, 2019.
3. Shinsaibashi PARCO opened on November 20, 2020.

(Real Estate Business)

As was the case with the Department Store Business and the PARCO Business, rental income decreased due to a drop in tenant sales impacted by self-curfew as well as being forced to suspend the operations of facilities and shorten operating hours of facilities. On the other hand, we promoted the development in the Nagoya Sakae area to make the area more appealing to customers by working with the Matsuzakaya Nagoya store and Nagoya PARCO. Specifically, in July, we entered into a basic agreement for the “development of Nishiki 3-chome District 25,” which is scheduled to complete and open in 2026, and opened “BINO SAKAE” in November.

Despite various measures such as those mentioned above, revenue was ¥15,372 million, down 13.6% year on year, partly due to the impact of rent concessions on fixed rent income during the suspension period and decreased percentage rents, and operating profit was ¥1,986 million, down 70.5% year on year, due to a rebound following the recording of gain on sale of property in the previous fiscal year.

<Credit and Finance Business>

In order to strengthen business, we updated Daimaru Matsuzakaya Card in January to enhance services and introduced a new point program “QIRA POINT.” We also started the offering of a personal card loan service “QIRA LOAN - BRIGHT LIFE -” in February.

Despite various measures such as those mentioned above, revenue was ¥9,035 million, down 15.7% year on year, partly due to decreased transaction volume at department stores and increased costs associated with the update of the card, and operating profit was ¥421 million, down 77.9% year on year, due to changes in the method of recording annual membership fees.

<Other>

The electronic devices division of Daimaru Kogyo, which is engaged in the wholesale business, had strong performance. Despite this, revenue was ¥95,722 million, down 22.4% year on year, and operating profit was ¥2,852 million, down 39.3% year on year, as a result of a reactionary drop in the design and construction contracting business engaged by J. Front Design & Construction, following the special demand associated with the renovation of the main building of the Daimaru Shinsaibashi store in the previous fiscal year; and an adverse impact on Dimple’s personnel recruitment business resulting from the suspension of operations at its client facilities.

(2) Explanation of financial position

(Assets, liabilities, and equity as of February 28, 2021)

Total assets as of February 28, 2021 was ¥1,263,722 million, up ¥23,414 million compared with February 29, 2020. Total liabilities was ¥899,378 million, an increase of ¥58,751 million compared with February 29, 2020. Interest-bearing liabilities (including lease liabilities) was ¥562,815 million, up ¥84,042 million compared with February 29, 2020.

Total equity was ¥364,343 million, a decrease of ¥35,338 million compared with February 29, 2020.

(Cash flow position)

The balance of cash and cash equivalents (hereinafter “cash”) as of February 28, 2021 was ¥128,925 million, up ¥94,292 million compared with February 29, 2020. This was due to an increase in cash on hand to secure financial stability.

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

Net cash provided by operating activities was ¥56,471 million. In comparison with the previous fiscal year, cash provided decreased by ¥16,887 million, largely due to the recording of loss before tax.

Net cash used in investing activities was ¥20,870 million. In comparison with the previous fiscal year, cash used decreased by ¥28,689 million, largely reflecting a decrease in purchase of property, plant and equipment.

Net cash provided by financing activities was ¥58,727 million. In comparison with the previous fiscal year, cash provided increased by ¥73,556 million, largely reflecting issuances of commercial papers.

(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 ¥29,996 million, as a result of curtailing investments, excluding those for opening Shinsaibashi PARCO.

(i) Major facilities completed during the current fiscal year

Mainly, in the Department Store Business this included building of the north wing of the Daimaru Shinsaibashi store, and in the PARCO Business this included asset purchases associated with new opening of Shinsaibashi PARCO.

(ii) New establishments and expansions of major facilities with ongoing construction works during the current fiscal year

Not applicable.

(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 internally generated funding. Moreover, when the need arises for business investment or other expenditures, such funds are procured 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 centralized and streamlined means of procuring funds by means of intra-Group financing using a cash management system. PARCO also completed centralizing fund procurement timed to coincide with it becoming a wholly owned subsidiary to generate the Group synergies and facilitate the highly efficient management.

For the current fiscal year, based on the above policy, funds were procured in the following ways to prepare for a shortage of funds resulting from the spread of the infectious disease and secure sufficient cash on hand. They consisted of procuring ¥82,000 million in long-term borrowings and ¥47,000 million in current borrowings from financial institutions, and ¥66,000 million through commercial papers. In addition to the redemption of the third unsecured straight bonds of ¥10,000 million, after

having repaid current borrowings of ¥60,000 million and long-term borrowings of ¥23,400 million, the interest-bearing liabilities (excluding lease liabilities) increased by ¥101,700 million compared to the end of the previous fiscal year to ¥359,900 million, and the balance of cash and deposit stood at ¥128,900 million. The commitment line of ¥300,000 million was also set in preparation for a cash shortage possibly caused by the unexpectedly lingering spread of infectious disease.

(5) Issues to be addressed

1. Preparation of the Medium-term Business Plan

The Group positioned the period of the previous Medium-term Business Plan starting in fiscal 2017 as a phase of changing its structure towards transforming its business portfolio. Under the new Group Vision, “Create and Bring to Life ‘New Happiness’,” we have steadily worked to expand our business domain and transform the business models of our existing businesses, as well as promoting ESG management and so forth. Further, the Group established a system enabling the Group-wide initiatives to be undertaken to evolve fundamental but flexible portfolios by making PARCO a wholly owned subsidiary and consolidating the Real Estate Business.

Meanwhile, the spread of COVID-19 has had a significant impact on social and economic activities in Japan and overseas, and the Group was obliged to record heavy losses in its operating results for the fiscal 2020. With these and other factors, the Group faces a severe situation.

There are ongoing trends such as the declining birthrate and aging population, population decline, and technology advancement. Moreover, consumer awareness and behavior have changed due to the COVID-19 pandemic, creating a “new normal.” We recognize that the environment surrounding management will not return to its pre-COVID-19 state.

However, such times of great uncertainty in the future all the more provide a good opportunity for the Group to reexamine the values that it considers important and the significance of its existence amid changes in society and the times.

In preparing the Medium-term Business Plan, we have formulated specific strategies and measures that the Group should focus on for the three-year period to achieve early recovery of earnings and improvement of financial position. The strategies and measures have been formulated by developing the Group’s vision toward 2030 and a strategic direction for achieving it.

2. Basic policy promoting sustainability management

The spread of COVID-19 has provided people with opportunities to rethink their lives and work and remind themselves of the importance of health, safety and security, and the connection between people.

Corporations are strongly called for to play a role and fulfill their responsibilities to tackle and address issues over the environment, society, and human rights through business activities, alongside economic values.

We have set seven materiality issues in order to position sustainability at the core of management and embody it in Group-wide corporate activities, with a view to realizing the Group Vision.

By promoting business activities based on these materiality issues, we will work to realize “Well-Being Life” for all of our stakeholders.

[Please refer to pages 38 to 39 for descriptions of the materiality issues and Well-Being Life]

3. Management direction looking ahead to 2030

(1) Corporate vision

“A corporate group producing fulfilling lifestyles and unique urban development in coexistence with local communities”

When we consider management direction looking ahead to 2030, the Group's values to date will become even more important. These are "respect for human thought and individuality," "coexistence with local communities," and "passing on traditional culture and communicating a cutting-edge culture."

The Group has developed business with the commercial field at its core, such as the Department Store Business and Shopping Center Business (PARCO Business). Looking forward, we will expand our business portfolio beyond the commercial field into areas such as the Real Estate Business, and provide consumers with cultural and fulfilling lifestyles through the Group's distinctive unique urban development in coexistence with local communities.

(2) Strategic direction

For business environment looking ahead to 2030, we consider the following external environmental changes will have a significant impact on the Group: 1) the "resilience of the urban commercial area" amid a shrinking national population, 2) the "fusion of real and digital," in which information received through "people" and its reliability are reevaluated, and 3) "continued polarization of income and consumption."

Moreover, we recognize that the Group's four strengths are 1) store real estate assets in major Japanese cities such as Tokyo, Nagoya, and Osaka, 2) commercial production capabilities developed through store and urban development, 3) partners such as suppliers and specialist stores with excellent content and original creators, and 4) a high quality customer base that enjoys active lifestyles.

1) Three key strategies - Shift to a developer strategy -

We have taken these long-term environmental changes as an opportunity to carry out business structure reforms and create new businesses. We have reconfigured the Group's four strengths and determined the Groups' three key strategies: "developer strategy," "real x digital strategy," and "prime life strategy," to make full use of them across the Group.

Among these, the "developer strategy" is positioned as a growth driver for regrowth of the Group, and we will concentrate our allocation of management resources in this area as our top priority strategy.

(i) Developer strategy

- We will maximize the value of the Group's real estate assets. In complex redevelopment and so forth, we will adjust the scale of department stores and PARCO and make use of the relaxed floor-area ratio. We will increase the share of non-commercial applications to increase profitability.
- In the development of large-scale complexes in key areas, we will contribute to lively towns through attractive urban development that respects individuality of the towns, while increasing our share of consumer sentiment.
- We will diversify multiple revenue streams by acquiring and developing new real estate, organizing private subscription investment funds, and engaging in asset management. In addition, we will expand our development area to include suburban areas.

(ii) Real x digital strategy

- With use of digital technology inspired by stores, we will transform the business model into one that provides new experience value beyond time and space.
- We will increase the sophistication of customer data analysis and use of digital tools to deepen the relationships with customers putting "people" at the start.
- In addition to sales revenue, we will diversify multiple revenue streams, such as rental revenue and commission revenue through the use of digital technology.

(iii) Prime life strategy

- We will further strengthen our proposals for consumers who value culture and arts and enjoy fulfilling, sustainable lifestyles.
- We will enhance our content by utilizing the Group's entertainment and arts, as well as developing new products and service that provide premium experiences through alliances with companies outside the Group.
- We will promote the acquisition of customers beyond department store gaisho, such as the new rich in Japan and wealthy classes overseas in Asia, including through alliances with other companies.

- We will expand our pool of loyal customers by offering new payment methods and developing high added value financial services through customer life planning.

2) Area strategy bringing together the three key strategies

In Shinsaibashi district, Osaka and Sakae district, Nagoya, in which our department stores and PARCO are adjacent, we will bring together the three key strategies to promote unique urban development in coexistence with local communities.

Our area customer strategy will be advanced by utilizing the integrated customer database across multiple businesses such as department stores, PARCO, and new commercial and non-commercial facilities, and by promoting links with JFR Card customer services.

3) Alliances, M&As, and wing expansion

We will realize long-term, highly important Group strategies, such as alliances with other companies and business acquisitions with a view to expanding the scale and increasing the speed of our key strategies.

(3) Pursue Group synergies with strategy committees

The three key strategies shall each have a newly established committee comprising members from across the Group to guide the proposal and execution of plans from an optimal Group perspective.

(4) Approach to long-term profit growth and business portfolio

From fiscal 2024 onward, through annualized profit growth of over 10%, we will aim to achieve consolidated operating profit of ¥80,000 million and ROE (profit/equity attributable to owners of parent) of 10% for fiscal 2030.

We will increase the shares of the Developer Business and the Payment and Finance Business in consolidated operating profit in the business portfolio in 2030 to 40% from 20% in fiscal 2019.

From fiscal 2021, the Group will have four business segments: the Department Store Business, the SC (Shopping Center) Business, the Developer Business, and the Payment and Finance Business.

4. FY2021-FY2023 Medium-term Business Plan

(1) Positioning of the Medium-term Business Plan - Complete recovery and start on regrowth -

This Medium-term Business Plan aims to achieve “complete recovery” from the COVID-19 pandemic by returning our financial figures to fiscal 2019 levels in the final fiscal year of the plan, fiscal 2023, while at the same time positioning this period as one for getting back on track for “regrowth” from fiscal 2024 onward.

Aiming for early recovery in profitability, we will concentrate our efforts at the renovation of flagship stores and digital investment under a key strategy, the “real x digital,” as well as solid customer base underpinned by the department store gaisho under the “prime life strategy.” At the same time, we will steadily promote efforts to achieve “management structure reforms” as the most important measure for complete recovery.

In the “developer strategy,” we will increase our investment allocation in advance, starting during the period of this plan as a medium- to long-term growth driver.

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

Three key strategies for “quick recovery of earnings and regrowth”	(i) Real x digital strategy (Department Store Business and SC Business (PARCO))
	(ii) Prime life strategy (Department Store Business and Payment and Finance Business)
	(iii) Developer strategy (Developer Business (PARCO))
Most important measure towards “complete recovery”	Management structure reforms (reduce fixed expenses, increase management efficiency and asset efficiency)
Strengthening of management foundation	Financial strategy, human resource strategy, (defensive) IT strategy, and governance

(2) Key performance indicator targets

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

For fiscal 2023, we will aim to achieve consolidated operating profit of ¥40,300 million, Return on Equity (ROE) of 7%, Return on Invested Capital (ROIC) of 5%. In addition, as sustainability targets, we will aim to achieve a reduction in greenhouse gas emissions of 40% and a ratio of women in management positions of 26%.

	FY2019 results	FY2020 results	FY2023 targets
Consolidated operating profit (IFRS)	¥40,286 million	¥(24,265) million	¥40,300 million
Consolidated ROE	5.4%	(7.1)%	7.0%
Consolidated ROIC	–	–	5.0%
Greenhouse gas emissions*	(16.3)%	(under calculation)	(40)%
Ratio of women in management positions	16.6%	19.9%	26%

*Scope 1 and 2 emissions compared with FY2017. The result of FY2020 is under calculation.

(3) Financial policy

We will generate operating cash flow of ¥190,000 million or more (including depreciation of right-of-use assets) over three years, ¥90,000 million of which will be injected into the growth and capital investments. Until fiscal 2023, investment allocation will be made giving priority to projects that contribute to profit and the “developer strategy.”

We will reduce interest-bearing liabilities (excluding lease liabilities) to ¥260,000 million by the end of fiscal 2023.

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

(4) Framework for the medium-term business plan

[Key strategies]

1) Real x digital strategy

(Department Store Business)

(i) Increase the attractiveness of stores and content

- We will focus on expanding the categories in which department stores have strengths, such as by further enhancing luxury, centered on flagship stores, and delving deep into cosmetics, watches, art and other item groupings that have a high share within the industry, aiming to establish a competitive advantage in each location.
- We will work to increase the value of the customer experience by increasing the attractiveness of stores, through efforts such as developing new content and sales floors that utilize a variety of customer contact

points, such as physical stores, gaisho and e-commerce, improving the comfortable sales floors and store environment that are exclusive to physical stores, and developing high-quality service menus.

(ii) Expand businesses that utilize online spaces

- We will increase the attractiveness of our stores and develop original OMO sales spaces (merging physical stores with online) for cosmetics, art, and so forth, inspired by physical stores. In tandem with this, we will enrich and expand product lineups such as foods and gifts and rebuild department stores' websites to develop brands and the like.

(iii) Conduct business activities from a CSV (Creating Shared Value) perspective

- We will develop business activities connected with increasing social value, such as development and sale of limited products created with local communities, entry into the subscription business that utilizes online spaces, and collaboration with suppliers to contribute to decarbonized society.

<SC (Shopping Center) Business>

(i) Rebuild the PARCO store brand value

- We will combine elements from our development of the Shibuya PARCO and Shinsaibashi PARCO stores with the local culture of each store's area to rebuild the original brand value provided by each store.

(ii) Pursue a digital SC platform

- Through a digital SC platform developed in collaboration with our business partners, we will promote the construction of PARCO's proprietary OMO sales spaces, including the mutual transfer of customers between the physical world and online based on the stores' power of communication.

(iii) Develop alliance-based sales floors and new content

- We will work to develop sales floors, zones, and content that provide experience value such as "health," "beauty," "food," and "learning" through real x digital.

(iv) Develop content from a CSV perspective

- We will work to enhance online events for art, theatrical performance, and music, hold cultural events in cooperation with towns, and develop businesses that cater to new values and lifestyles such as wellness and shared offices.

2) Prime life strategy

(i) Develop solution services

- Based on department store gaisho, we will deepen our mainstay categories while also taking steps to provide content and experience value beyond the conventional framework by developing new categories and services, and so forth.

(ii) Evolve communication with customers

- We will work to strengthen online communication, such as promoting digitalization in department store gaisho activities and enhancing remote sales services.
- We will work to increase the sophistication of CRM (Customer Relationship Management) activities, including strengthening relationships with customers through full use of our customer database and retaining overseas customers who visit Japan.

(iii) Enhance products in the Payment and Finance Business

- We will develop new products aligned with customers' life stages, such as insurance and financial services while collaborating with Department Store Business to strengthen the customer base.

3) Developer strategy

(i) Work on diverse applications that are not limited to the commercial field

- In addition to the commercial field, we will work on development of residences, offices, hotels, and complexes that include combinations of them by working together with other companies.

(ii) Promote CRE (Corporate Real Estate) strategies

- We will work to improve profitability through measures such as asset sales and asset replacement.

(iii) Start operation of a circular investment scheme

- We will organize a private subscription fund and start a circular investment scheme. Furthermore, we will diversify multiple revenue streams by entering the asset management business.

(iv) Expand into suburban areas

- We will work to develop complex facilities in suburban areas where needs for closely situated “work, living, and commercial” facilities are expected to increase.

(v) Promote key area development

- We will work to develop large-scale complexes in the Group’s key areas such as Shinsaibashi, Osaka and Sakae, Nagoya, looking ahead to 2030.

[Management structure reforms]

1) Reduction of fixed costs through structure reforms

We will reduce fixed expenses by ¥10,000 million compared with fiscal 2019 and lower our break-even point.

(i) Organizational and personnel structure reforms

- We will promote organizational and personnel structure reforms, including business model reforms in each business as well as revision of store operation methods and areas for business process outsourcing.

(ii) Cost structure reforms

- We will promote cost reductions, such as streamlining offices through work style reforms, use of digital media for advertising and promotion, and Group purchasing of material and supplies.

2) Increase management efficiency and asset efficiency

We will narrow down our businesses based on the future and growth potential of each business to increase the efficiency of management. We will also increase asset efficiency by identifying non-business assets.

[Strengthening of management foundation]

1) Group financial strategy

We will respond flexibly to ensure liquidity of funds while monitoring the impact of the COVID-19 pandemic on business. In addition, we will perform new fund procurement to promote ESG investment. In addition, we will strengthen the governance in accordance with the Group’s tax policies, and promote optimization of tax costs.

2) Group human resource strategy

We will strengthen human resource management through measures such as skill development for employees who will carry out the key strategies and boosted recruitment of specialists. To become a People Development Company where employees can demonstrate their full individuality and capabilities, we will conduct various measures such as encouragement of active participation of women, work style reforms, employment of people with disabilities, and initiatives related to LGBT issues.

3) Group IT strategy

To increase the sophistication of management and administration, we will work to rebuild backbone systems. We also aim to improve productivity through efforts such as revising our business processes. Furthermore, we will promote IT governance including optimization of IT investment and strengthening of information security.

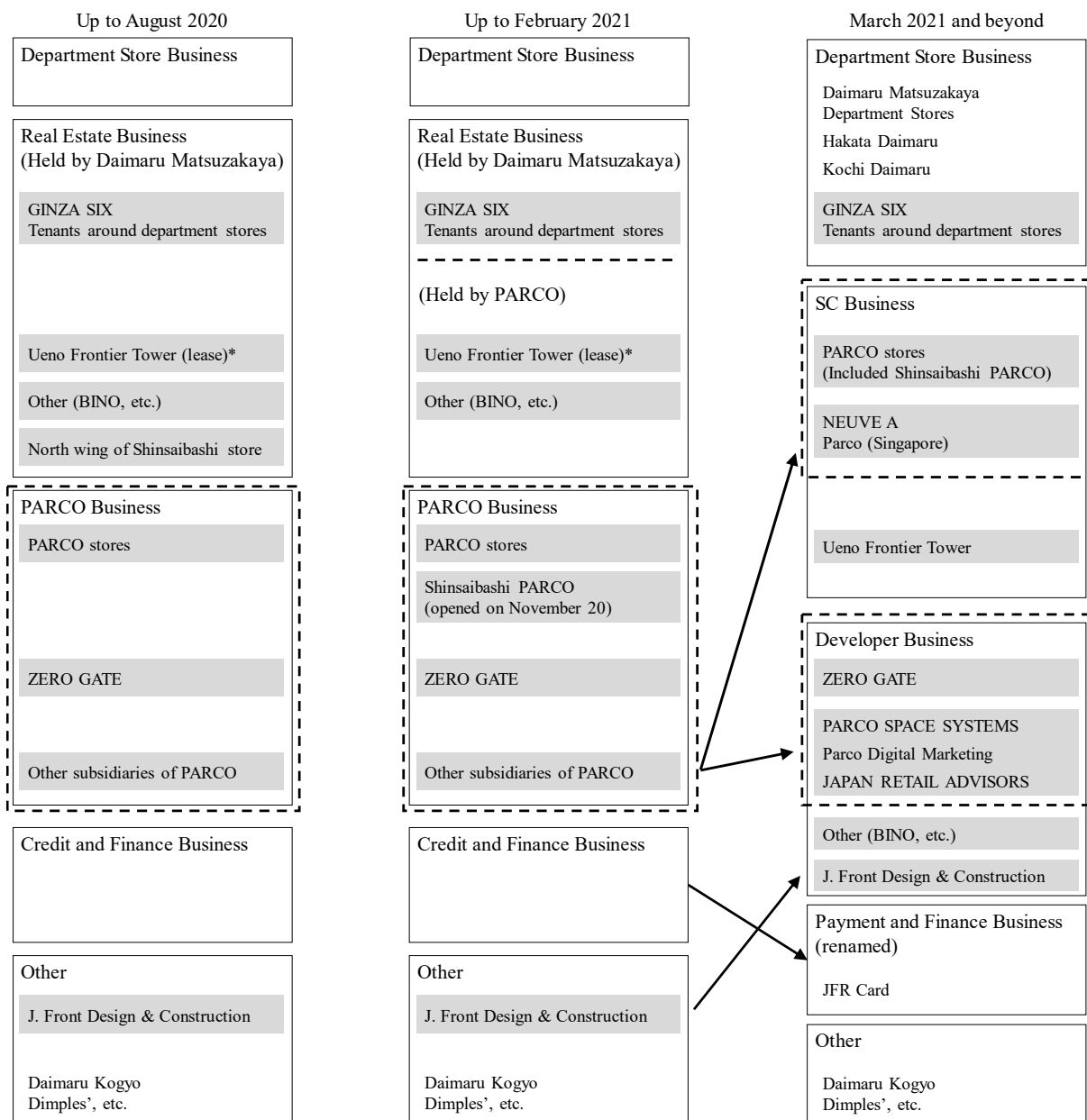
4) Sophistication of corporate governance

To expedite management decision-making and execution, we will work to increase the sophistication of corporate governance, such as further delegating business execution authority to executive officers and clarifying responsibilities, while strengthening the supervision function in the Board of Directors.

(Reference) Changes in the Reportable Segments

- From the fiscal year ending February 28, 2022, the Group will have four business segments; the Department Store Business, the SC (Shopping Center) Business, the Developer Business, and the Payment and Finance Business.
- The changes in the reportable segments under the Group, the major subsidiaries, and the classification of the real estate properties for the fiscal year ended February 28, 2021 and the fiscal year ending February 28, 2022 are as follows.

(Note) In the chart below, the scope of the existing PARCO Business is presented within the dotted lines.



* "Ueno Frontier Tower (lease)" up to February 2021 includes real estate lease revenue from PARCO Co., Ltd. on PARCO_ya Ueno.

(Feature) The Group's Sustainability Vision

(i) JFR's Sustainability Policy

With an aim to achieve sustainable management, the Group established its "Sustainability Policy," the cornerstone of all ESG activities, to create and bring to life "New Happiness." According to the policy, we also formulated our "Eco Vision" and "Social Vision," which, together with the "Corporate Governance Policy," form the basis for our ESG activities. In order to actually conduct ESG activities that the Company aimed to undertake, the "JFR Principles of Action" and "Principles of Action for Suppliers" were formulated in 2019 because it is necessary for the Company to fulfill its social responsibilities along with suppliers.

For details of the sustainability policy, please refer to: (<https://www.j-front-retailing.com/english/sustainability/top-commitment01.php>)

(ii) Sustainability Management and a renewed affluence "Well-Being Life"

We value the sustainability management which incorporates sustainability into the corporate and business strategies to achieve a sustainable business growth. Based on this recognition, the Group promotes the sustainability management through the business activities to achieve our Group Vision, "Create and Bring to Life 'New Happiness'."

On the other hand, the pandemic transformed the world with the social structure and consumption pattern being about to change, which alters the value that the retail industries are expected to offer. Amid an increasing uncertainty, in order to promote sustainability management and realize the Group's vision, we have deliberated and discussed a model that will lead to new affluence, security and happiness after the pandemic. As a result, we concluded that the objective of the vision we should seek is to realize "Well-Being Life" for all of our stakeholders. What we regard as "Well-Being Life" refers to the life that realizes not only conventional material and economic affluence, but also spiritual (intellectual and cultural) and social wealth, as well as the enriched environment surrounding them. We will promote efforts to realize "Well-Being Life" while valuing the opportunities to interact with our customers and other stakeholders.

(iii) Seven materiality issues (key issues)

To promote the sustainability management and realize "Well-Being Life," we reviewed the materiality issues. Taking the environmental issues, changes in the external circumstances due to such as the COVID-19 pandemic, balancing the existing materiality issues and contributing to SDGs into account, we add "promotion of circular economy" and "realization of customers' healthy/safe/secure life" to the materiality issues.

In addition, in response to an increasing awareness toward decarbonization at home and abroad, among the existing materiality issues, the former "contribution to a low-carbon society" has changed to "realization of decarbonized society." Furthermore, given the social background, "promotion of diversity" and "realization of work-life balance" are revised to "promotion of diversity & inclusion" and "realization of work-life integration," respectively.

Toward the future, with the clarification of both aspects of risks and opportunities that lie in the seven materiality issues, we will respond to the risks, create the business opportunities related to each materiality issue, and aim to realize both social and economic values simultaneously based on the CSV vision.

	Materiality	JFR's commitment to realization of a sustainable society
Highest priority issue	Contribution to decarbonized society	Leading decarbonized society and creating a global climate for new generations
With people	Realization of customers' healthy/safe/secure life (new)	Realizing a future-oriented Well-Being Life that satisfies the mind and body of our customers Building safe, secure and resilient stores for the future
	Promotion of diversity & inclusion	Realizing a highly diversified society where everyone recognizes each other's diversity and flexibly demonstrates his/her individuality
	Realization of work-life integration	Realizing Well-Being for the employees and their families through new ways of working for the future of diversity and flexibility
With local communities	Coexistence with local communities	Building affluent future-oriented communities together with local residents, where people gather centered on our stores
	Management of the entire supply chain	Realizing a sustainable supply chain created together with suppliers Realizing decarbonization throughout the entire supply chain created together with suppliers Realizing Well-Being in which we, together with suppliers, protect the human rights and health of the people working along the supply chain
With environment	Promotion of circular economy (new)	Realizing a sustainable global environment for the future and a growth as a company through the promotion of circular economy

(6) 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	11th fiscal year (Fiscal 2017)	12th fiscal year (Fiscal 2018)	13th fiscal year (Fiscal 2019)	14th fiscal year (Fiscal 2020)
Gross sales	1,138,981	1,125,153	1,133,654	766,297
Revenue	469,915	459,840	480,621	319,079
Business profit	46,247	45,514	45,363	2,366
Operating profit	49,546	40,891	40,286	(24,265)
Operating profit/revenue	10.5%	8.9%	8.4%	(7.6)%
Profit before tax	48,271	42,126	37,161	(28,672)
Profit attributable to owners of parent	28,486	27,358	21,251	(26,193)
Total assets	1,022,348	1,029,573	1,240,308	1,263,722
Total equity	450,887	468,485	399,681	364,343
Equity attributable to owners of parent	395,519	412,700	387,188	352,171
Ratio of equity attributable to owners of parent to total assets	38.7	40.1	31.2	27.9
Cash flows from operating activities	57,079	34,870	73,358	56,471
Cash flows from investing activities	(19,030)	(26,836)	(49,559)	(20,870)
Free cash flows	38,048	8,034	23,799	35,601
Cash flows from financing activities	(31,048)	(21,274)	(14,829)	58,727
Cash and cash equivalents at end of period	38,883	25,659	34,633	128,925
Profit/equity attributable to owners of parent (ROE)	7.5%	6.8%	5.4%	(7.1) %
Operating profit/total assets (ROA)	4.9%	4.0%	3.2%	(1.9) %
Basic earnings per share (EPS) (Yen)	108.92	104.55	81.19	(100.03)
Equity attributable to owners of parent per share (Yen)	1,511.91	1,576.68	1,479.07	1,344.91
Price earnings ratio (PER)	17.91%	11.79%	14.13%	(10.17) %
Interim dividend (Yen)	16.00	17.00	18.00	9.00
Year-end dividend (Yen)	19.00	18.00	18.00	18.00
Dividend payout ratio	32.1%	33.5%	44.3%	-%
Dividends/equity attributable to owners of parent	2.3%	2.2%	2.4%	2.0%

- (Notes) 1. The type of profit used for the calculation of ROE is profit attributable to owners of parent, and the type of profit used for the calculation of ROA is operating profit.
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 and Other (Daimaru Kogyo) to a gross amount and the net amount transactions of the PARCO Business to tenant sales (gross basis). Business profit is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

(7) 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, Real Estate 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	PARCO Business, Real Estate Business
Parco (Singapore) Pte Ltd	S\$4 million	100.0	PARCO Business
NEUVE A Co., Ltd.	100	100.0	PARCO Business
PARCO SPACE SYSTEMS Co., Ltd.	490	100.0	PARCO Business
PARCO Digital Marketing Co., Ltd.	10	100.0	PARCO Business
JAPAN RETAIL ADVISORS Co., Ltd.	10	100.0	PARCO Business
JFR Card Co., Ltd.	100	100.0	Credit 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.	NT\$60 million	100.0	Wholesale Business
J. Front Design & Construction Co., Ltd.	100	100.0	Design and construction contracting
Dimples' Co., Ltd.	90	100.0	Staffing service
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 and parking management
JFR Information Center Co., Ltd.	10	100.0	Information service
Daimaru Matsuzakaya Sales Associates Co. Ltd.	90	100.0	Commissioned sales and store management operations
Daimaru Matsuzakaya Tomonokai Co., Ltd.	100	100.0	Specified prepaid transaction service

(Notes) 1. The Shimonoseki Daimaru, Inc. was absorbed and merged into the Daimaru Matsuzakaya Department Stores Co. Ltd. as of March 1, 2020, and renamed to the Daimaru Shimonoseki Store.

2. The Company transferred all of the shares of J. Front Foods Co., Ltd. as of February 26, 2021.

(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	675,917
PARCO Co., Ltd.	1-28-2 Minami-Ikebukuro, Toshima-ku, Tokyo	160,581	675,917

(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.

(8) Major businesses

The Department Store Business, the PARCO Business, the Real Estate Business, the Credit and Finance Business, and Other including wholesale business, design and construction contracting, parking, and leasing.

(9) 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	Toyota store	Toyota, Aichi
Kobe store	Chuo-ku, Kobe	The Hakata Daimaru, Inc.	Chuo-ku, Fukuoka
Suma store	Suma-ku, Kobe	Kochi Daimaru Co., Ltd.	Kochi, Kochi
Ashiya store	Ashiya, Hyogo		
Sapporo store	Chuo-ku, Sapporo		
Shimonoseki store	Shimonoseki, Yamaguchi		

(PARCO Business)

Name	Location	Name	Location
PARCO Co., Ltd.			
Headquarters	Toshima-ku, Tokyo	Shizuoka PARCO	Aoi-ku, Shizuoka
Shibuya Head Office	Shibuya-ku, Tokyo	Nagoya PARCO	Naka-ku, Nagoya
Sapporo PARCO	Chuo-ku, Sapporo	Shinsaibashi PARCO	Chuo-ku, Osaka
Sendai PARCO	Aoba-ku, Sendai	Hiroshima PARCO	Naka-ku, Hiroshima
Urawa PARCO	Urawa-ku, Saitama	Fukuoka PARCO	Chuo-ku, Fukuoka
Shintokorozawa PARCO	Tokorozawa, Saitama	Sapporo ZERO GATE	Chuo-ku, Sapporo
Ikebukuro PARCO	Toshima-ku, Tokyo	Harajuku ZERO GATE	Shibuya-ku, Tokyo
PARCO_ya Ueno	Taito-ku, Tokyo	Kawasaki ZERO GATE	Kawasaki-ku, Kawasaki-shi
Kinshicho PARCO	Sumida-ku, Tokyo	Nagoya ZERO GATE	Naka-ku, Nagoya
Shibuya PARCO	Shibuya-ku, Tokyo	Kyoto ZERO GATE	Shimogyo-ku, Kyoto
Hibarigaoka PARCO	Nishi-Tokyo, Tokyo	Shinsaibashi ZERO GATE	Chuo-ku, Osaka
Kichijoji PARCO	Musashino, Tokyo	Dotonbori ZERO GATE	Chuo-ku, Osaka
Chofu PARCO	Chofu, Tokyo	Sannomiya ZERO GATE	Chuo-ku, Kobe
Tsudanuma PARCO	Funabashi, Chiba	Hiroshima ZERO GATE	Naka-ku, Hiroshima
Matsumoto PARCO	Matsumoto, Nagano	Pedi SHIODOME	Minato-ku, Tokyo
NEUVE A Co., Ltd.	Shibuya-ku, Tokyo	Parco (Singapore) Pte Ltd	Singapore
PARCO Digital Marketing Co., Ltd.	Shibuya-ku, Tokyo	JAPAN RETAIL ADVISORS Co., Ltd.	Shibuya-ku, Tokyo
PARCO SPACE SYSTEMS Co., Ltd.	Shibuya-ku, Tokyo		

(Real Estate Business)

Name	Location
Daimaru Matsuzakaya Department Stores Co. Ltd. GINZA SIX	Koto-ku, Tokyo Chuo-ku, Tokyo
PARCO Co., Ltd. Ueno Frontier Tower	Shibuya-ku, Tokyo Taito-ku, Tokyo
BINO OKACHIMACHI	Taito-ku, Tokyo
BINO GINZA	Chuo-ku, Tokyo
BINO SAKAE	Naka-ku, Nagoya
BINO HIGASHINOTOIN and others	Nakagyo-ku, Kyoto

(Credit 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 8, Nagoya 1, Shanghai 1, Thailand 1, Taiwan 1
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(10) Status of employees

(i) Employees of the corporate group

Category	Number of employees
J. FRONT RETAILING Co., Ltd.	133
Department Store Business	2,232
PARCO Business	1,575
Real Estate Business	47
Credit and Finance Business	182
Other	2,359
Total	6,528

(Note) Other than the employees above, the number of dedicated employees is 1,688 and the number of fixed-term employees is 1,419.

(ii) Employees of the Company

Number of employees	Average age
133	45.7

(Note) Other than the employees above, the number of fixed-term employees is 17.

(iii) Employees of major subsidiaries

Name	Number of employees	Average age
Daimaru Matsuzakaya Department Stores Co. Ltd.	1,886	47.9
PARCO Co., Ltd.	684	43.9

(11) Status of major creditors

Major creditors of the corporate group

(Millions of yen)

Creditor	Amount payable
Borrowings	
MUFG Bank, Ltd.	54,277
Development Bank of Japan Inc.	35,253
Sumitomo Mitsui Banking Corporation	32,828
Mizuho Bank, Ltd.	14,128
Other	83,624
Sub total	220,110
Straight bonds, etc.	139,820
Total	359,930

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

Aiming to strengthen the business foundation and competitiveness and enhance management efficiency as a retail and real estate business group, we transferred the real estate business of Daimaru Matsuzakaya Department Stores Co. Ltd. to PARCO Co., Ltd. effectively on September 1, 2020 to concentrate the Group assets and centralize operation, supervision, and development functions.

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: 142,788

(4) Major shareholders

Name of shareholders	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	24,946	9.45
Custody Bank of Japan, Ltd. (Trust Account)	14,201	5.37
Nippon Life Insurance Company	9,828	3.72
SMBC Nikko Securities Inc.	8,491	3.21
J. Front Retailing Kyoei Supplier Shareholding Association	6,353	2.40
The Dai-ichi Life Insurance Company, Limited	5,470	2.07
MUFG Bank, Ltd.	4,373	1.65
Custody Bank of Japan, Ltd. (Trust Account 9)	4,326	1.63
GOLDMAN SACHS & CO.REG	4,325	1.63
Custody Bank of Japan, Ltd. (Trust Account 5)	3,740	1.41

(Note) Although the Company holds 6,596 thousand shares of treasury shares, the Company is excluded from the above major shareholders. Shareholding ratio is calculated by deducting the said treasury shares. Treasury shares do not include shares of the Company owned by the officer remuneration BIP trust.

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

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

	Number of granted persons	Number of shares
Director	3	20,600
[of which, Outside Director]	(2)	(5,600)
Executive Officer	14	11,001
Total	17	31,601

- (Notes)
1. The number of shares that are granted as compensation for the performance of duties during the term of the executive officers is shown in the Executive Officer row.
 2. The aforementioned number of granted persons and the number of shares include the officers who retired during the current fiscal year and the shares granted to those officers.
 3. The shares granted to those who were directors during the current fiscal year as compensation for the performance of duties were “Restricted Stock (non-performance linked stock-based remuneration)” that is not linked to performance under the stock-based compensation plan, which were granted at the time of retirement from the director.
 4. The shares granted to the executive officers during the current fiscal year as compensation for the performance of duties were “Performance shares (performance linked stock-based remuneration)” (Trust-type stock-based remuneration) that is linked to a single year performance under a stock-based compensation plan, which were granted in the current fiscal year based on the performance of the previous fiscal year.
 5. The number of shares above amounts to shares issued to each Director. 34,039 shares among the shares whose rights granted to each Director will be provided in cash in the amount equivalent to the amount converted within the Trust based on the share issuance policy of 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 the meetings of the Board of Directors (Note 2)	Limited liability agreements (Note 3)
Director	YAMAMOTO Ryoichi	Chairperson of Board of Directors Member of Nomination and Remuneration Committees	100.0% 15/15	Yes
Director	TSUTSUMI Hiroyuki	Member of Audit Committee Audit & Supervisory Board Member of Daimaru Matsuzakaya Department Stores Co. Ltd.	100.0% 15/15	Yes
Director	MURATA Soichi	Member of Audit Committee	100.0% 15/15	Yes
Director (Outside)	ISHII Yasuo	Chairperson of Nomination Committee and member of Remuneration Committee Director of PARCO Co., Ltd.	100.0% 15/15	Yes
Director (Outside)	NISHIKAWA Koichiro	Chairperson of Audit Committee	100.0% 15/15	Yes
Director (Outside)	UCHIDA Akira	Chairperson of Remuneration Committee and member of Nomination Committee Outside Director of Yokogawa Electric Corporation Director of Daimaru Matsuzakaya Department Stores Co. Ltd.	100.0% 15/15	Yes
Director (Outside)	SATO Rieko (Note 1)	Member of Audit Committee Partner of Ishii Law Office Outside Director (Audit and Supervisory Committee Member) of Dai-ichi Life Holdings, Inc. Outside Director (Member of the Audit and Supervisory Committee) of NTT DATA CORPORATION Outside Audit & Supervisory Board Member of Mitsubishi Corporation Director of Daimaru Matsuzakaya Department Stores Co. Ltd.	93.3% 14/15	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 PARCO Co., Ltd.	100.0% 12/12	Yes
Director (Outside)	YAGO Natsunosuke	Member of Nomination and Remuneration Committees Outside Director of SUBARU CORPORATION	100.0% 12/12	Yes
Director (President and Representative Executive Officer)	YOSHIMOTO Tatsuya	Member of Nomination and Remuneration Committees	100.0% 15/15	
Director (Senior Managing Executive Officer)	SAWADA Taro		100.0% 12/12	
Director (Senior Managing Executive Officer)	MAKIYAMA Kozo		100.0% 15/15	
Director (Managing Executive Officer)	WAKABAYASHI Hayato		100.0% 15/15	

- (Notes)
1. SATO Rieko is recorded under the name of KAMATA Rieko in the family register.
 2. Stated are the number of the meetings of the Board of Directors attended and number of the meetings of the Board of Directors held during the individual's tenure this fiscal year (Details of attendance at each committee meeting are given in "7. Operations of each Committee.")
 3. 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.
 4. 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 said 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.
 5. Audit Committee member TSUTSUMI Hiroyuki gained across-the-board experience into finance and accounting and deep insight into finance and accounting matters between 1981, his second year since joining The Daimaru, Inc., and his appointment as Director of the Board in May 2017.
 6. Audit Committee member NISHIKAWA Koichiro has deep insight into financial matters, having been involved in areas such as business alliances, M&A and management reform, and also through his experience in multiple important international negotiations.
 7. Audit Committee member SEKI Tadayuki was involved in international business management and risk management. As CFO, he has both abundant experience and highly specialized knowledge in relation to finance and accounting. He also has deep insight into finance and accounting matters.
 8. Audit Committee members TSUTSUMI Hiroyuki and MURATA Soichi are full-time Audit Committee members. We aim to improve the effectiveness of supervisory roles by having as full-time Audit Committee members two Directors from in-house who are Directors who do not execute business and who have specialist knowledge of specific areas of our business based on a thorough understanding of in-house organizations and business operations.

(2) Names, etc. of Executive Officers

Position in the Company	Name	Areas of responsibility in the Company and important concurrent positions outside the Company
President and Representative Executive Officer	YOSHIMOTO Tatsuya	
Senior Managing Executive Officer	SAWADA Taro	President and Representative Director of Daimaru Matsuzakaya Department Stores Co. Ltd. President and Representative Director of Daimaru Matsuzakaya Sales Associates Co., Ltd.
Senior Managing Executive Officer	MAKIYAMA Kozo	Representative Director, President and Executive Officer of PARCO Co., Ltd.
Managing Executive Officer	WAKABAYASHI Hayato	Senior Executive General Manager of Financial Strategy Unit Director of PARCO Co., Ltd.
Managing Executive Officer	HIRANO Hidekazu	Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management Director of Daimaru Matsuzakaya Department Stores Co. Ltd.
Managing Executive Officer	YUNOKI Kazuyo	Senior Executive General Manager of Affiliated Business Unit
Managing Executive Officer	ARISAWA Hisashi	Senior Executive General Manager of Human Resources Strategy Unit and Administration Unit and in charge of Compliance
Executive Officer	NAKAYAMA Takashi	Senior Executive General Manager of Group Digital Strategy Unit and Senior General Manager of Digital Promotion Division
Executive Officer	IMAZU Takahiro	Senior General Manager of Management Planning Division and Group Communication Promotion Division, and Senior General Manager of New Business Division, Management Strategy Unit
Executive Officer	IWATA Yoshimi	Senior General Manager of Budget and Management Support Division, Financial Strategy Unit
Executive Officer	ONO Keiichi	Senior General Manager of Structural Reform Promotion Division of Financial Strategy Unit
Executive Officer	NINOBE Mamoru	President and Representative Director of JFR Card Co., Ltd.
Executive Officer	KONDO Yasuhiko	President and Representative Director of J. Front Design & Construction Co., Ltd.

(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 have been partially changed on March 1, 2021 as indicated below. On March 1, 2021, Executive Officer, YUNOKI Kazuyo, retired from office and assumed the position of Executive Officer of Daimaru Matsuzakaya Department Stores Co. Ltd. and the position of President and Representative Director of GINZA SIX Retail Management Co., Ltd.

Position in the Company	Name	New areas of responsibility in the Company
Managing Executive Officer (New)	MATSUDA Hirokazu	Senior Executive General Manager of Human Resources Strategy Unit and Administration Unit and in charge of Compliance
Managing Executive Officer	ARISAWA Hisashi	In charge of Special Assignments from President
Executive Officer	IMAZU Takahiro	Senior General Manager of Management Planning Division and Group Communication Promotion Division, Management Strategy Unit
Executive Officer	IWATA Yoshimi	Senior General Manager of Accounting and Tax Affairs Division of Financial Strategy Unit

(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	12	221	167	–	–	53
[of which, Outside Director]	[8]	[99]	[80]	–	–	[18]
Executive Officer	14	252	229	23	–	–
Total	26	474	397	23	–	53

- (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 ¥12 million.
 - In the above table, the remuneration, etc. for Directors of ¥221 million includes ¥21 million (including non-performance-linked stock-based remuneration) paid to three Directors who held the post between March 1 and May 28, 2020.
 - Given the deterioration in earnings performance and downward revisions made in earnings and dividends forecasts impacted by the spread of COVID-19 infectious disease, the Company reduced (returned) the basic remuneration amount of Directors (including Outside Directors) and Executive Officers, from July to September 2020, by 10% with the approval of the Remuneration Committee that received the proposal from Executive Directors and Inside Directors. The amount affected by the reduced (or returned) basic remuneration amount is recorded in other operating income. The total amount of remuneration, etc., and basic remuneration do not reflect the effect of the reduced (or returned) basic remuneration amount.
 - The remunerations, etc. that are paid as compensation for the performance of duties during the term of the Executive Officers is shown in the Executive Officer row.
 - 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 corresponds to monetary remuneration in the Companies Act and is the total recorded as expenses for the period under review according to Japanese accounting standards. 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 trend of earnings performance indicators for calculating bonuses and performance share in the current business year (consolidated operating income, consolidated operating profit, and ROE and basic earnings per share) are stated under 1. (6) Changes in assets and profit or loss.
 - The figure in the "Performance-linked bonuses" column represents an amount recognized as a provision (expense), factoring in the results of performance evaluation for the fiscal year ended February 28, 2021. The actual amounts to be paid after factoring in the earnings performance assessment of each Executive Director will be determined by a meeting of the Remuneration Committee scheduled for or after April 2021.
 - The "performance-linked stock-based remuneration" column reflects the reversal of a provision of ¥65 million for short-term incentives recorded in the first quarter of the fiscal year ended February 28, 2021 as the performance-linked factor was set to zero. As the performance-linked factor was set to zero, a provision of ¥356 million was also reversed for performance shares that are the medium- and long-term incentives of performance-linked stock-based remuneration.

(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. Beginning in the fiscal year ended February 28, 2021, the Remuneration Committee with a majority of independent Outside Directors reviewed the Officer Remuneration System according to changes in the Medium-term Business Plan, business environment and Management Policy, and revised the Officer Remuneration Policy to reflect the promotion of sustainability management and so forth, and further enhance the details of the policy.

<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 philosophy is also established by Daimaru Matsuzakaya Department Stores, which is one of the major subsidiaries of the Group.

- 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.
- A highly performance-based remuneration system that provides incentives to Executive Officers both for accomplishing objectives set under management strategies and business plans, and for achieving targets with respect to corporate performance.
- Remuneration levels that can secure and retain human resources who have the “desirable managerial talent qualities” required by the Company.
- Increase shared awareness of profits with shareholders and awareness of shareholder-focused management.
- 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.

<Composition of remuneration>

[Executive Officers]

Remuneration for Executive Officers shall comprise (i) “basic remuneration” (monetary remuneration) in accordance with rank (position), (ii) “bonuses” (monetary remuneration) based on individual evaluations conducted each business year, and (iii) “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 ROE of 8% in 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 rank (position)			Monthly payment in cash	38.5%	45.4%	
Bonuses (variable)	Base amount by rank (position) × Evaluation factor *1 *1 Determined based on the following quantitative and qualitative evaluation using a balanced scorecard.			Annual payment in cash	23.0%	27.3%	
	Details		Evaluation weights				
	Quantitative evaluation <60% *2>	Financial perspective	Consolidated revenue				18%
			Consolidated operating profit				24%
Qualitative evaluation <40% *2>	Customer perspective		40%				
	Process perspective						
	Organizational and human resource perspective						
Performance-linked stock-based remuneration (variable)	[Short-term: 40%] Base amount by rank (position) × Performance achievement factor *3 *3 Calculated based on the following measures of achievement *4			Annual payment in stocks	38.5%	27.3%	
	Details		Evaluation weights				
	Consolidated operating profit		20%				
	Basic earnings per share		20%				
	[Medium- to long-term: 60%] Base amount by rank (position) × Performance achievement factor *5 *5 Calculated based on the following measures of achievement *4 If free cash flow and ROE targets are not met, the amount paid will be cut by 50% (if only one of the targets is not met, by 25%).			At the expiration of the term of each Medium-term Business Plan in stocks			
	Details		Evaluation weights				
Consolidated operating profit		30%					
Basic earnings per share		30%					

*2 At the Affiliated Business Unit, which includes evaluations of departments in charge, the quantitative evaluation is 70% and the qualitative evaluation 30%.

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

Performance target achievement	Performance-linked factor
150% or more	2
50% or more, but less than 150%	$(\text{Actual results} \div \text{Target} - 0.5) \times 2$
Less than 50%	0

[Directors who do not execute business]

Remuneration for Directors who do not execute business shall consist only of fixed remuneration, which shall be (i) “basic remuneration” (monetary remuneration) in accordance with rank (position) and (ii) “restricted stock” (non-performance-linked stock-based remuneration, which is trust-type stock-based remuneration), which is not linked to performance, as part of the stock-based remuneration system. 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. Directors and Executive Officers of Daimaru Matsuzakaya Department Stores 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

To ensure the appropriateness of the level and amount of remuneration, and the transparency of decision-making processes, decisions are made by resolution of the Remuneration Committee comprising independent Outside Directors (majority), a non-executive Chairperson of the Board of Directors and the President and Representative Executive Officer, 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, Daimaru Matsuzakaya Department Stores and PARCO, and on the remuneration details for individual Directors and Executive Officers of the Company. Basic remuneration positioned as fixed remuneration is decided for each rank (position) based on the size (weight) of the responsibility borne by each officer. Bonuses are decided by evaluating results that correspond to every fiscal year performance based on the numerical target of "financial perspective" and using a balanced scorecard with three key issues: "customer perspective," "process perspective" and "organizational and human resource perspective." The committee also confirms the performance-linked factor in accordance with the achievement rates of consolidated operating profit and basic earnings per share 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.

In addition, the Remuneration Committee revised the Officer Remuneration Policy in April 2021 in accordance with the FY2021-FY2023 Medium-term Business Plan. The Officer Remuneration System is supposed to be reviewed in accordance with each Medium-term Business Plan period. 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.

For the details of this revision made in the Officer Remuneration Policy, please refer to the “Notice Regarding Revision of Officer Remuneration Policy” announced on April 13, 2021.

For details, please refer to:
(https://www.j-front-retailing.com/_data/news/210413_remunerationpolicy_E.pdf)

(5) Matters relating to Outside Directors

<p>ISHII Yasuo <u>Independent</u> (Note)</p>	Important concurrent positions	Director of PARCO Co., Ltd.			
	Relationships between the Company and organizations 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 the meetings of the Board of Directors	100% (Attended all 15 meetings held during tenure this fiscal year)			
	Attendance at the meetings of Committees to which he belongs	<table border="0"> <tr> <td>Nomination</td> <td>100% (Attended all 14 meetings held during tenure this fiscal year)</td> </tr> <tr> <td>Remuneration</td> <td>100% (Attended all 15 meetings held during tenure this fiscal year)</td> </tr> </table>	Nomination	100% (Attended all 14 meetings held during tenure this fiscal year)	Remuneration
Nomination	100% (Attended all 14 meetings held during tenure this fiscal year)				
Remuneration	100% (Attended all 15 meetings held during tenure this fiscal year)				
<p>[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled] ISHII Yasuo has contributed to ensuring more effective meetings of the Board of Directors by fulfilling expectations of him drawing on points of view and perspectives that vary from those of Inside Directors in providing advice and oversight with regard to, among others, the importance of analyzing the future environment when developing medium- and long-term strategies, the approach to working on structural reforms in critical circumstances above everything else, the necessity of suggesting overseas business expansion with the effective use of the Group's resources, and the approach to new businesses in line with sustainability management. He does so using his experience with global business outside the field of retail and advanced knowledge based on his broad experience in the field of business planning, including being knowledgeable of expanding business overseas. In regard to being a committee member, he serves as the Chairperson of the Nomination Committee and a member of the Remuneration Committee and has worked to strengthen the functions of managers by fulfilling expectations of him not only deciding on the transparent and fair choice of directors and promoting deliberations on the policy of operating the Nomination Committee focused on succession plans as the Chairperson of the Nomination Committee but also deciding on concrete compensation amounts and helping deliberate on the revision of the Officer Remuneration System as a member of the Remuneration Committee.</p>					
<p>NISHIKAWA Koichiro <u>Independent</u> (Note)</p>	Important concurrent positions	None			
	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 the meetings of the Board of Directors	100% (Attended all 15 meetings held during tenure this fiscal year)			
	Attendance at the meetings of Committees to which he belongs	<table border="0"> <tr> <td>Audit</td> <td>100% (Attended all 18 meetings held during tenure this fiscal year)</td> </tr> </table>	Audit	100% (Attended all 18 meetings held during tenure this fiscal year)	
Audit	100% (Attended all 18 meetings held during tenure this fiscal year)				
<p>[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled] NISHIKAWA Koichiro, utilizing his various experiences related to business tie-ups, M&As, business reforms, and important international negotiations, has contributed to ensuring more effective meetings of the Board of Directors by fulfilling expectations of him drawing on points of view and perspectives that vary from those of Inside Directors in providing advice and oversight with regard to, among others, the identification of multiple risks in financial strategies such as the importance of ensuring financial bases under the declaration of a state of emergency, the recruitment and development of diverse management personnel, the necessity of speedily working on digitalization and structural reforms, and the importance of clarifying KPIs including a non-financial perspective. In regard to being a committee member, he serves as the Chairperson of the Audit Committee and has worked to strengthen audit functions by fulfilling expectations of him promoting exchanges of opinions and discussions 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).</p>					

UCHIDA Akira <u>Independent</u> (Note)	Important concurrent positions	Outside Director of Yokogawa Electric Corporation Director of Daimaru Matsuzakaya Department Stores Co. Ltd.					
	Relationships between the Company and organizations 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 the meetings of the Board of Directors	100% (Attended all 15 meetings held during tenure this fiscal year)					
	Attendance at the meetings of Committees to which he belongs	<table border="0"> <tr> <td>Nomination</td> <td>100% (Attended all 11 meetings held during tenure this fiscal year)</td> </tr> <tr> <td>Remuneration</td> <td>100% (Attended all 11 meetings held during tenure this fiscal year)</td> </tr> <tr> <td>Audit</td> <td>100% (Attended all 5 meetings held during tenure this fiscal year)</td> </tr> </table>	Nomination	100% (Attended all 11 meetings held during tenure this fiscal year)	Remuneration	100% (Attended all 11 meetings held during tenure this fiscal year)	Audit
Nomination	100% (Attended all 11 meetings held during tenure this fiscal year)						
Remuneration	100% (Attended all 11 meetings held during tenure this fiscal year)						
Audit	100% (Attended all 5 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, and has contributed to ensuring more effective meetings of the Board of Directors by fulfilling expectations of him drawing on points of view and perspectives that vary from those of Inside Directors in providing advice and oversight with regard to, among others, the strengthening of inter-organizational cooperation to help generate the Group synergies, the clarification of the chain of command and order to promote structural reforms and work on digitalization, the approach to management from the perspectives of ESG and CSV to help increase corporate value, and the ways of developing and delivering visions and strategies that stakeholders expect to see. In regard to being a committee member, he serves as the Chairperson of the Remuneration Committee and a member of the Nomination Committee and has worked to strengthen the functions of managers by fulfilling expectations of him not only deciding on concrete compensation amounts and promoting deliberations on the revision of the Officer Remuneration System as the Chairperson of the Remuneration Committee but also deciding on the transparent and fair choice of directors and helping deliberate on the policy of operating the Nomination Committee focused on succession plans and other matters as a member of the Nomination Committee.							
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 Director (Member of the Audit and Supervisory Committee) of NTT DATA CORPORATION Outside Audit & Supervisory Board Member of Mitsubishi Corporation Director of Daimaru Matsuzakaya Department Stores Co. Ltd.					
	Relationships between the Company and organizations 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 the meetings of the Board of Directors	93.3% (Attended 14 of 15 meetings held during tenure this fiscal year)					
	Attendance at the meetings of Committees to which she belongs	<table border="0"> <tr> <td>Audit</td> <td>100% (Attended all 18 meetings held during tenure this fiscal year)</td> </tr> </table>	Audit	100% (Attended all 18 meetings held during tenure this fiscal year)			
Audit	100% (Attended all 18 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 contributed to ensuring more effective meetings of the Board of Directors by fulfilling expectations of her drawing on points of view and perspectives that vary from those of Inside Directors in providing advice and oversight with regard to, among others, specific ways and points that should be kept in mind to promote structural reforms, the importance of analyzing the future environment when developing medium- and long-term strategies, new forms of services using digital technologies that customers expect us to offer, and views on agenda from the perspective of laws and regulations. She does so based on her abundant experience and advanced and expert knowledge as a lawyer specializing mainly in corporate legal affairs. She also has served as a lead director of the Company's executive session established as an opportunity for Outside Directors to openly and freely exchange opinions and share information. In regard to being a committee member, she serves as a member of the Audit Committee and has worked to strengthen audit functions by fulfilling expectations of her exchanging opinions on and discussing 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).							

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 PARCO Co., Ltd.
	Relationships between the Company and organizations 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 the meetings of the Board of Directors	100% (Attended all 12 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Audit 100% (Attended all 13 meetings held during tenure this fiscal year)

[Major activities during current fiscal year and overview of duties executed in roles that are expected to be fulfilled]
SEKI Tadayuki was involved in international business management and risk management at a general trading company for many years, and as CFO has both abundant knowledge and experience in relation to finance and accounting. He also has wide-ranging insights derived from roles as Outside Director and Audit & Supervisory Board Member at multiple companies. Using such experience and knowledge, he has contributed to ensuring more effective meetings of the Board of Directors by fulfilling expectations of him drawing on points of view and perspectives that vary from those of Inside Directors in providing advice and oversight with regard to, among others, specific ways of promoting structural reforms with employee motivation in mind, the approach to positioning the Payment and Finance Business in the Medium-term Business Plan, the ideal way of operating new businesses, and the best financial strategy considering the cost of capital. In regard to being a committee member, he serves as a member of the Audit Committee and has worked to strengthen audit functions by fulfilling expectations of him exchanging opinions on and discussing 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).

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 the meetings of the Board of Directors	100% (Attended all 12 meetings held during tenure this fiscal year)
	Attendance at the meetings of Committees to which he belongs	Nomination 100% (Attended all 11 meetings held during tenure this fiscal year) Remuneration 100% (Attended all 11 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 abundant experience in strengthening financial bases and in compliance management. He also has advanced knowledge of internal control and corporate governance based on his experience in transitioning to a company with three committees (nomination, audit and remuneration committees). Using such experience and knowledge, he has contributed to ensuring more effective meetings of the Board of Directors by fulfilling expectations of him drawing on points of view and perspectives that vary from those of Inside Directors in providing advice and oversight with regard to, among others, the approach to setting appropriate goals to promote structural reforms, the method of identifying issues toward the development of the Medium-term Business Plan, how the management should promote matrix management, the appropriate ways of identifying and examining materiality issues, and specific initiatives to help resolve the materiality issues. In regard to being a committee member, he serves as the Chairperson of the Remuneration Committee and a member of the Nomination Committee and has worked to strengthen the functions of managers by fulfilling expectations of him not only deciding on concrete compensation amounts and promoting deliberations on the revision of the Officer Remuneration System as the Chairperson of the Remuneration Committee but also deciding on the transparent and fair choice of directors and helping deliberate on the policy of operating the Nomination Committee focused on succession plans and other matters as a member of the Nomination Committee.

(Note) The above-mentioned Outside Directors are independent officers, which are required to be put in place by the Tokyo Stock Exchange, Inc. and 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	¥112 million
(ii) Total cash and other financial profits to be paid by the Company and its subsidiaries	¥255 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

Tax accounting and taxation support, etc. for the transfer of real estate

(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 a decision on the details of 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 JFR Group must be to help enable us to realize the ideals of the Group Mission Statement.

The Company, which is a pure 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 shareholders and other 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 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, carries 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 Group Medium-term Business Plan, the Group Management Policy and other management fundamental policies, and carrying out multifaceted and objective deliberations that include evaluation of risks with respect to the aforementioned;
- (ii) Appropriately making decisions 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 internal control systems of the Group overall, and otherwise overseeing the operational status of such systems;
- (v) Overseeing conflicts of interest between related parties; and
- (vi) On the basis of summary reports furnished by the Nomination Committee, overseeing progress of senior management team succession planning, personnel assignment plans pertaining to managerial talent and management team training, as delegated to the Nomination Committee.

(5) Systems of corporate governance

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

- (i) The Company will strengthen the oversight function for business execution of the Board of Directors by separating oversight from execution. In addition, the Company aims to promote sophistication of strategy by having the Board of Directors actively include the insights of external persons in order to hold rigorous discourse on important strategic issues relating to the Group 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 establishing a company with three committees. 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 global perspectives, such as those of overseas investors.

6. Operation of the Board of Directors

Composition of the Board	9 Directors who do not execute business (including 6 Outside Directors) and 4 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 Group Medium-Term Business Plan and Management Policy, and matters relating to important business execution, such as asset acquisition, new business development, and M&As.
Operational status	Held at least once every month, in principle. With one-third or more 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	<p>The COVID-19 pandemic had a profound impact over the Company's performance during FY2020. Amid such backdrop, the Board of Directors made a decision based on factors such as the earning power and financial stability of the Group, to place utmost priority on proceeding with the management structure reforms. The decision was reflected in the Group's agenda setting accordingly.</p> <p>Considering the drastic change in environment internally and externally, the COVID-19 pandemic and the transformation of PARCO into a wholly owned subsidiary, we put halt to the Medium-term Business Plan covering period from FY2017 to FY2021 and terminated it one year ahead of schedule. The new Medium-term Business Plan that will initiate in March 2021 are plans that will lead to achievements by demonstrating the Group's strengths cross-sectionally between businesses. The target is to return to the pre-COVID-19 pandemic level of operational results reached in FY2019 in the final year of the business plan, FY2023.</p> <p>FY2021 will be the first year of the new Medium-term Business Plan. We will focus on working on management structure reforms while recovering the profit of the operating companies, achieving FY2023 goal, and creating a footing that will lead to regrowth in and after FY2024. We will hold discussions designed to improve the quality of strategies from the perspective of stakeholders and enhance management oversight in order to contribute to the realization of the Group Vision and greater corporate value.</p>

(Evaluation of effectiveness of the Board of Directors)

The Company conducted its sixth evaluation of the effectiveness of the Board of Directors between September and October 2020. Third-party organization conducted individual interviews based on advance questionnaire. A Report was prepared from the collected and analyzed results and used in discussion at October's Board of Directors meeting. Taking into account the fact that we now have a new structure due to the changes of the Chairperson of the Board of Directors as well as the President and Representative Executive Officer, we examined the status of our responses to the previous year's findings while putting emphasis notably on identification of issues taking into consideration the status of deliberation and operation of the Board of Directors.

As a result, the following five issues were picked up: "redefining the roles of the Board of Directors," "strengthening discussion on medium- and long-term growth strategy," "reviewing the composition of the Board of Directors," "strengthening the PDCA cycle of the Board of Directors," and "strengthening the function of the Nomination Committee."

Based on these issues, during FY2021, we will: 1) redefine the roles of the Board of Directors, review guideline for submitting agenda items, and promote delegation of authority to executives to accelerate management; 2) for medium- and long-term growth strategy, take into account the COVID-19 crisis and emphasize discussion from the perspective of recovering profit; 3) look into more effective composition of the Board, taking into consideration the board diversity as well as the balance between the number of persons with the function to oversee and those with execution function; 4) prepare the Board of Directors issue management table to strengthen monitoring; and 5) review management evaluation process and strengthen cooperation with the Nomination Committee and the Remuneration Committee.

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) and 1 Director who concurrently serves as Representative Executive Officer
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	14
Number of meetings attended	2 incumbent members attended all 14 meetings. Directors Uchida, Yago, and Yoshimoto, who were newly appointed in May 2020, also attended all 11 meetings held during their tenure.
Comment from Chairperson of the Committee ----- Director (Outside) ISHII Yasuo	<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 including Outside Directors as well as Executive Officers of the Company. The committee also obtains opportunities to get to know candidate's personalities and ideas through conducting interviews, etc., as necessary, and ensures higher objectivity, transparency and rationality.</p> <p>The Nomination Committee has positioned the management team succession plan as a central issue necessary to generate sustainable growth of the Company and continues to conduct related deliberations. As for training of candidates for the next generation of managers, the committee evaluates their performance, debates their roles and transfers to strengthen future human resources, and ties it to implementation if necessary.</p> <p>The Nomination Committee will secure management personnel necessary for continuous growth and development of the Company, and strive for the election of the right person in the right place.</p>

(2) Audit Committee

Composition of Committee	5 Directors who do not execute business (including 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	18
Number of meetings attended	4 incumbent members attended all 18 meetings. Director Seki, who was newly appointed in May 2020, also attended all 13 meetings held during his tenure.
Comment from Chairperson of the Committee ----- Director (Outside) NISHIKAWA Koichiro	<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 at Audit Committee Meeting (held 16 times), a meeting body held apart from the Audit Committee, regarding topics such as the group's business strategy, progress of organizational reform, and governance and risk management system under the influence COVID-19 pandemic to gain understanding of the current situation.</p> <p>From the perspective of increasing the effectiveness and accuracy of audits, the Audit Committee will mutually cooperate with the Internal Audit Division, Accounting Auditor, and Audit & Supervisory Board Members of the Group companies and work to further enrich the audit system. The Committee will also continue to work to establish 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) and 1 Director who concurrently serves as Representative Executive Officer
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	15
Number of meetings attended	2 incumbent members attended all 15 meetings. Directors Uchida, Yago, and Yoshimoto, who were newly appointed in May 2020, also attended all 11 meetings held during their tenure.
Comment from Chairperson of the Committee ----- Director (Outside) UCHIDA Akira	<p>Pursuant to the Officer Remuneration Policy formulated in April 2017 and revised in 2020, 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>Furthermore, upon formulating the new Medium-term Business Plan, the Committee held series of discussions regarding reviewing the officer remuneration system and the policy. To support the achievement of the new Medium-term Business Plan, overall level of officer remuneration, the ratio of performance-linked remuneration, and current trends on stock-based remuneration for officers were examined using third-party organization, while also designing appropriate remuneration system and remuneration level to compensate officers the amount adequate for their work. Going forward, we will continue to operate the system appropriately.</p>

8. System and policies of the Company

(1) Systems to ensure properness of operations <Basic Policy to Build Internal Control System>

The Basic Policy to Build Internal Control System is disclosed on our website (<https://www.j-front-retailing.com/>) in accordance with the laws and regulations and the Article 16 of the Company's Articles of Incorporation.

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

(2) Operational status of systems to ensure properness of operations <Basic Policy to Build Internal Control Systems> (FY2020)

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

I. Group Management System

(1) Board of Directors

- 1) The Board of Directors is comprised of highly independent Outside Directors who have no risk of a conflict of interest with the Company's shareholders, Inside Directors who own deep understandings about the business environment and issues surrounding the Group, and Directors who do not execute business. It functions to oversee the execution of duties by Executive Officers and Directors.
- 2) The composition of the Board of Directors is such that one-third or more of Directors are independent Outside Directors and that the majority of Directors are independent Outside Directors and/or internally promoted Directors who do not execute business and are well informed about internal information.
- 3) The Board of Directors deliberates on material issues related to the Group management, such as strategies. 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.
- 4) During the current fiscal year, the Board of Directors met 15 times. It discussed items stipulated in the Companies Act and Articles of Incorporation, matters related to initiatives for structural reform in view of business continuity under COVID-19 crisis, formulated FY2021-FY2023 Medium-term Business Plan, and worked to steadily implement the current Medium-term Business Plan by strengthening audits to check progress of the execution of the plan. In addition, the Board of Directors evaluates the state of creating and operating the various items stipulated in the "Basic Policy to Build Internal Control Systems" and confirms there are no major problems.
- 5) 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.

(2) Management execution framework

- 1) In the Company, the organization responsible for execution consists of the Management Strategy Unit, Group Digital Strategy Unit, Affiliated Business Unit, Financial Strategy Unit, Human Resources Strategy Unit, and Administration Unit. These units support the prompt execution of operations and management of operating companies under the "Mission Statement," which stipulates their roles and responsibilities.
- 2) The roles and responsibilities of the Company as a pure holding company are to formulate overall policy and plan for the Group management, such as the Group Vision, Medium-term Business Plan, M&As, the Group financing plans, along with the progress and performance management control of the said plans, and proper allocation of the Group's management resources. With regard to matters related to business execution at operating companies, in order

to promote speedy management decisions and clarify management responsibilities; standards have been established for delegating authority to operating companies, which exclude items that have an important impact on the Group management; and things are operated 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 management, and the matters discussed are confirmed at the Group Policy Meeting, the Group Liaison Meeting, and the Group Results and Strategy Examination Meeting to 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.
- 5) In view of the critical condition of business performance resulting from the worsening management environment affected by the outbreak of novel coronavirus, we established Structural Reform Promotion Division to press ahead with the planning and execution of structural reform of the entire group, which has become a pressing issue.
- 6) With regard to internal controls over financial reporting, the Company and operating companies maintain and operate internal systems to ensure the legality and appropriateness of financial reporting in line with the Financial Instruments and Exchange Act and various associated laws and regulations.

II. Risk Management System

(1) Risk Management Committee

- 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 and others.

The committee regularly discusses, identifies, and evaluates risks (uncertainties), prioritizes them and reflects them in strategies, monitors related countermeasures, and submits related reports to the Audit Committee and the Board of Directors.

- 2) During the current fiscal year, the committee met three times and reexamined corporate risks that will become the starting point of the Company's management strategy, taking into consideration the forward-looking forecast for 2030, impact of COVID-19 pandemic, and management's medium-and long-term risk recognition, among others. The committee shares information and provides advice to operating companies in order to establish process to improve risk management of the whole Group.

(2) Execution control

- 1) Under the direction of the President and Representative Executive Officer, the Company has placed designated staff in the ESG Promotion Division in the Management Strategy Unit and develops and manages internal controls under the Companies Act and the internal control system under the Financial Instruments and Exchange Act at the Company and operating companies.

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.

- 2) Moreover, the Company has developed and managed the "Mission Statement," which stipulates each unit's roles and responsibilities, and strengthening links between departments.

(3) Hazard risk response

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, we thoroughly implemented measures to prevent infection at the Group's stores and offices, by continuing the operation of Emergency Response Headquarters

which was established in February 2020 to address COVID-19 crisis, by prioritizing “continuation of the Company’s existence,” “protecting jobs of employees,” and “not letting go of the hands of our customers and suppliers,” and by expanding telework by formulating guideline in view of the infection situation and memorandums issued by the administration.

III. Legal Compliance System

(1) Compliance Committee

- 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 responsible persons in charge of promotion of compliance and risk management are also put at operating companies, 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 five times during the current fiscal year and discussed factors behind and countermeasures against compliance-related violations and provided instructions to implement specific measures to prevent recurrence. In addition, the Committee once again carried out a group-wide discussion on how the Group’s compliance should be, and reconfirmed that it is a broader concept that is not just a matter of compliance but is something rooted in corporate philosophy.
- 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 invited lecturer from outside the Group and gave trainings to Group company managements and those in charge of compliance at each group company.

(2) 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 renewing posters. As a result, 24 cases related to labor-management relations and other issues were reported, and are being dealt mainly by the secretariat.

(3) Other

Daimaru Matsuzakaya Department Stores Co. Ltd. and Daimaru Matsuzakaya Sales Associates Co. Ltd., subsidiaries of the Company, have been reinforcing their monitoring to ensure legal compliance. As a result, they detected a violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in sales of school uniform to a prefectural high school in Aichi Prefecture.

The companies voluntarily reported the violation by making an application under the leniency program of the Japan Fair Trade Commission (JFTC), and stopped the conduct that was in violation with the Act and fully cooperated in the JFTC’s investigation.

Since such actions were recognized, the companies did not receive any cease and desist order or surcharge payment order. However, the Group is taking this matter seriously and sincerely and will work with Daimaru Matsuzakaya Department Stores Co. Ltd. and Daimaru Matsuzakaya Sales Associates Co. Ltd. to continue to further strengthen the compliance system of the Group.

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 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. Our audits and reports given during the current fiscal year focused on compliance situation of the “Subcontracting Law and the Anti-monopoly Law,” “organizational culture and human resources development,” “IT system operation,” and “maintenance and operation of appropriate internal control rules.”

V. Structure of the Audit Committee

- 1) The Audit Committee, which is chaired by an Outside Director, is composed of five members, two of whom are 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.
- 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 current fiscal year, the Audit Committee met 18 times. Apart from the Audit Committee, efforts are being made at the Audit Committee 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. Meeting with Audit & Supervisory Board Members of the Group companies are held every month for each company in principle, to enhance cooperation.

VI. Other

- (1) System for storage and management of information

Documents relating to the execution of duties by Executive Officers and Directors and the minutes of the important meetings and committees such as the meetings of the Board of Directors and the Group Management Meeting are being accurately recorded and prepared, and information is being properly stored and managed by the responsible department.

- (2) Digital information security

In order to strengthen security, the Company has formulated a “JFR Group Information Security Policy,” shares that policy within the Group, and manages digital information based on that. Reports on the status of digital information management and related matters are made at the Board of Directors, the Audit Committee, and Group Management Meeting regularly and when necessary. During the current fiscal year, we newly formulated “IT governance policy, regulations, and rules” intending to minimize potential IT related risks and to increase corporate value, and are controlling the set of activities from establishing IT strategy to implementing them, while promoting information security policy compliance initiatives as a priority measure.

(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.

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.

II. Frameworks contributing to realization of basic policy

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

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

Accordingly, in order to exemplify the principles of "customer-first principle" and "contribution to society," which are in common with these philosophies and spirits, the Company has established the following Basic 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, aiming to realize 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 Directors and experts with viewpoints that are independent from the Company's 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 Inside 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" equipped to address risks.

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.

(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 information about the Company in a fair, timely and

appropriate manner, we aim to improve management transparency and help stakeholders better understand the Company.

Consolidated Financial Statements

Consolidated Statement of Financial Position (As of February 28, 2021)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
<u>Current assets</u>	<u>273,605</u>	<u>Current liabilities</u>	<u>389,926</u>
Cash and cash equivalents	128,925	Bonds and borrowings	145,151
Trade and other receivables	113,414	Trade and other payables	121,937
Other financial assets	5,841	Lease liabilities	29,799
Inventories	20,684	Other financial liabilities	30,211
Other current assets	4,739	Income tax payables	1,957
		Provisions	914
		Other current liabilities	59,953
<u>Non-current assets</u>	<u>990,116</u>	<u>Non-current liabilities</u>	<u>509,451</u>
Property, plant and equipment	493,644	Bonds and borrowings	214,779
Right-of-use assets	157,819	Lease liabilities	173,085
Goodwill	523	Other financial liabilities	39,237
Investment property	188,879	Retirement benefit liability	19,781
Intangible assets	5,752	Provisions	10,534
Investments accounted for using equity method	37,815	Deferred tax liabilities	51,301
Other financial assets	86,870	Other non-current liabilities	731
Deferred tax assets	6,751		
Other non-current assets	12,061		
		Total liabilities	899,378
		Equity	
		<u>Equity attributable to owners of parent</u>	<u>352,171</u>
		Share capital	31,974
		Capital surplus	188,542
		Treasury shares	(14,830)
		Other components of equity	9,578
		Retained earnings	136,906
		<u>Non-controlling interests</u>	<u>12,171</u>
		Total equity	364,343
Total assets	1,263,722	Total liabilities and equity	1,263,722

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

Consolidated Statement of Profit or Loss (From March 1, 2020 to February 28, 2021)

(Millions of yen)

Item	Amount
Revenue	319,079
Cost of sales	(184,711)
Gross profit	134,368
Selling, general and administrative expenses	(132,001)
Other operating income	5,711
Other operating expenses	(32,343)
Operating profit (loss)	(24,265)
Finance income	962
Finance costs	(6,086)
Share of profit (loss) of investments accounted for using equity method	717
(Loss) before tax	(28,672)
Income tax expense	2,251
(Loss)	(26,421)
Loss attributable to:	
Owners of parent	(26,193)
Non-controlling interests	(227)
(Loss)	(26,421)

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

Consolidated Statement of Changes in Equity (From March 1, 2020 to February 28, 2021)

(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, 2020	31,974	189,340	(14,974)	(65)	(3)	11,710	–	11,641
(Loss)	–	–	–	–	–	–	–	–
Other comprehensive income	–	–	–	(24)	15	(2,107)	1,013	(1,103)
Total comprehensive income	–	–	–	(24)	15	(2,107)	1,013	(1,103)
Purchase of treasury shares	–	–	(3)	–	–	–	–	–
Disposal of treasury shares	–	(0)	0	–	–	–	–	–
Dividends	–	–	–	–	–	–	–	–
Share-based payment transactions	–	(796)	148	–	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	–	–	–	53	(1,013)	(959)
Total transactions with owners	–	(797)	144	–	–	53	(1,013)	(959)
Balance as of February 28, 2021	31,974	188,542	(14,830)	(89)	11	9,656	–	9,578

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance as of March 1, 2020	169,206	387,188	12,493	399,681
(Loss)	(26,193)	(26,193)	(227)	(26,421)
Other comprehensive income	–	(1,103)	0	(1,102)
Total comprehensive income	(26,193)	(27,296)	(226)	(27,523)
Purchase of treasury shares	–	(3)	–	(3)
Disposal of treasury shares	–	(0)	–	(0)
Dividends	(7,066)	(7,066)	(94)	(7,161)
Share-based payment transactions	–	(648)	–	(648)
Transfer from other components of equity to retained earnings	959	–	–	–
Total transactions with owners	(6,107)	(7,719)	(94)	(7,813)
Balance as of February 28, 2021	136,906	352,171	12,171	364,343

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

[Reference]

Consolidated Statement of Cash Flows (Summary) (From March 1, 2020 to February 28, 2021)

(Millions of yen)

Item	Amount
Cash flows from operating activities	56,471
Cash flows from investing activities	(20,870)
Cash flows from financing activities	58,727
Net increase in cash and cash equivalents	94,328
Cash and cash equivalents at beginning of period	34,633
Effect of exchange rate changes on cash and cash equivalents	(37)
Cash and cash equivalents at end of period	128,925

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

Non-consolidated Financial Statements

Non-consolidated Balance Sheet (As of February 28, 2021)

J. Front Retailing Co., Ltd.

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
<u>Current assets</u>	<u>145,764</u>	<u>Current liabilities</u>	<u>129,701</u>
Cash and deposits	117,810	Short-term borrowings	56,925
Short-term loans receivable from subsidiaries and associates	26,244	Commercial papers	70,001
Other	2,050	Deposits received	1,230
Allowance for doubtful accounts	(340)	Accrued expenses	626
		Accounts payable - other	533
		Income taxes payable	135
		Provision for bonuses	106
		Provision for bonuses for directors and other officers	23
		Other	120
<u>Non-current assets</u>	<u>529,972</u>	<u>Non-current liabilities</u>	<u>216,864</u>
<u>Property, plant and equipment</u>	<u>111</u>	Bonds payable	70,000
Buildings and structures	90	Long-term borrowings	144,960
Other	21	Long-term deposits received for officer shares trust	1,765
		Provision for officer remuneration BIP trust	106
		Asset retirement obligations	29
		Deferred tax liabilities	3
<u>Intangible assets</u>	<u>205</u>	Total liabilities	346,565
Software	205	Net assets	
<u>Investments and other assets</u>	<u>529,654</u>	<u>Shareholders' equity</u>	<u>329,382</u>
Investment securities	1,159	Share capital	31,974
Shares of subsidiaries and associates	377,358	Capital surplus	249,075
Long-term loans receivable from subsidiaries and associates	151,000	Legal capital surplus	9,474
Other	636	Other capital surplus	239,601
Allowance for doubtful accounts	(500)	Retained earnings	62,398
		Other retained earnings	62,398
		Retained earnings brought forward	62,398
		Treasury shares	(14,066)
<u>Deferred assets</u>	<u>180</u>	<u>Valuation and translation adjustments</u>	<u>(30)</u>
Bond issuance costs	180	Valuation difference on available-for-sale securities	(30)
Total assets	675,917	Total net assets	329,351
		Total liabilities and net assets	675,917

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

Non-consolidated Statement of Income (From March 1, 2020 to February 28, 2021)

J. Front Retailing Co., Ltd.

(Millions of yen)

Item	Amount	
Operating revenue		
Dividend income	9,210	
Consulting fee income	4,602	13,812
General and administrative expense		4,264
Operating profit		9,547
Non-operating income		
Interest income	677	
Dividend income	158	
Other	90	926
Non-operating expenses		
Interest expenses	868	
Commitment fees	415	
Provision of allowance for doubtful accounts	200	
Other	141	1,624
Ordinary profit		8,849
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	763	
Loss on sale of shares of subsidiaries and associates	241	
Impairment losses	343	1,348
Profit before income taxes		7,500
Income taxes - current	15	
Income taxes - deferred	(1)	13
Profit		7,487

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

Non-consolidated Statement of Changes in Equity (From March 1, 2020 to February 28, 2021)
 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	
		Capital surplus	Other capital surplus	Other retained earnings Retained earnings brought forward				
Balance as of March 1, 2020	31,974	9,474	239,601	62,038	(14,210)	328,878	(7)	328,871
Changes during period								
Dividends of surplus				(7,127)		(7,127)		(7,127)
Profit				7,487		7,487		7,487
Purchase of treasury shares					(4)	(4)		(4)
Disposal of treasury shares			(0)		148	148		148
Net changes in items other than shareholders' equity							(23)	(23)
Total changes during period	-	-	(0)	360	144	504	(23)	480
Balance as of February 28, 2021	31,974	9,474	239,601	62,398	(14,066)	329,382	(30)	329,351

(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 9, 2021

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, 2020 through February 28, 2021.

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 14th fiscal year from March 1, 2020 through February 28, 2021 in conformity with the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting that allows companies to prepare consolidated financial statements with the omission of a part of the disclosure items required under IFRS.

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.

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 the latter part of Paragraph 1, Article 120 of the Regulation on Corporate Accounting that allows companies to prepare consolidated financial statements with the omission of a part of the disclosure items required under the designated International Financial Reporting Standards (“IFRS”), 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 the provisions of the second sentence of Paragraph 1, Article 120 of the Regulation on Corporate Accounting, which permit preparation omitting certain disclosures required under International Financial Reporting Standards and using the going concern basis of 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 presentation and disclosures of the consolidated financial statements are in accordance with the provision of the second sentence of Article 120 (1) of the Regulation on Corporate Accounting of Japan, which permits the omission of some disclosure items required under IFRS, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 9, 2021

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 14th fiscal year from March 1, 2020 through February 28, 2021.

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 14th fiscal year from March 1, 2020 through February 28, 2021 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 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.

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 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 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 14th fiscal year from March 1, 2020 through February 28, 2021. 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 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, 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 of the head office and of other principal places of business. 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 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 Regulation for Enforcement of the Companies Act and activities set forth in Item 3 (b), Article 118 of the same Ordinance, 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) 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 received reports from them regarding the performance of their duties, and when necessary, asked for further explanation regarding those reports. Audit Committee Members also 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. Regarding the response to the novel coronavirus (COVID-19), the "Emergency Response Headquarters," which was established in the Company and operating companies in the previous fiscal year, continued, and comprehensive measures to prevent infections have been thoroughly implemented. The Audit Committee confirms that the Company and all the Group companies are working together to strengthen the crisis control system. Furthermore, as stated in the Business Report, Daimaru Matsuzakaya Department Stores Co. Ltd. and Daimaru Matsuzakaya Sales Associates Co. Ltd., subsidiaries of the Company, have been reinforcing their monitoring to ensure legal compliance. As a result, they detected a violation of the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in sales of school uniform to a prefectural high school in Aichi Prefecture. The companies voluntarily reported the violation by making an application under the JFTC's leniency program, and stopped the conduct that was in violation with the Act and fully cooperated in the JFTC's investigation. Since such actions were recognized, Daimaru Matsuzakaya Department Stores has not received any cease and desist order or surcharge payment order. However, the Audit Committee confirms that the Company and J. Front Retailing Group (the "Group") are taking this matter seriously and sincerely and will continue to further strengthen the compliance system of the Group.

(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 Regulation 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 12, 2021

Audit Committee
J. FRONT RETAILING Co., Ltd.

NISHIKAWA Koichiro (seal)
Chairperson of Audit Committee

TSUTSUMI Hiroyuki (seal)
Audit Committee Member (full-time)

MURATA Soichi (seal)
Audit Committee Member (full-time)

SATO Rieko (seal)
Audit Committee Member

SEKI Tadayuki (seal)
Audit Committee Member

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