J. FRONT RETAILING

Integrated Report 2025



No Change, No Growth.

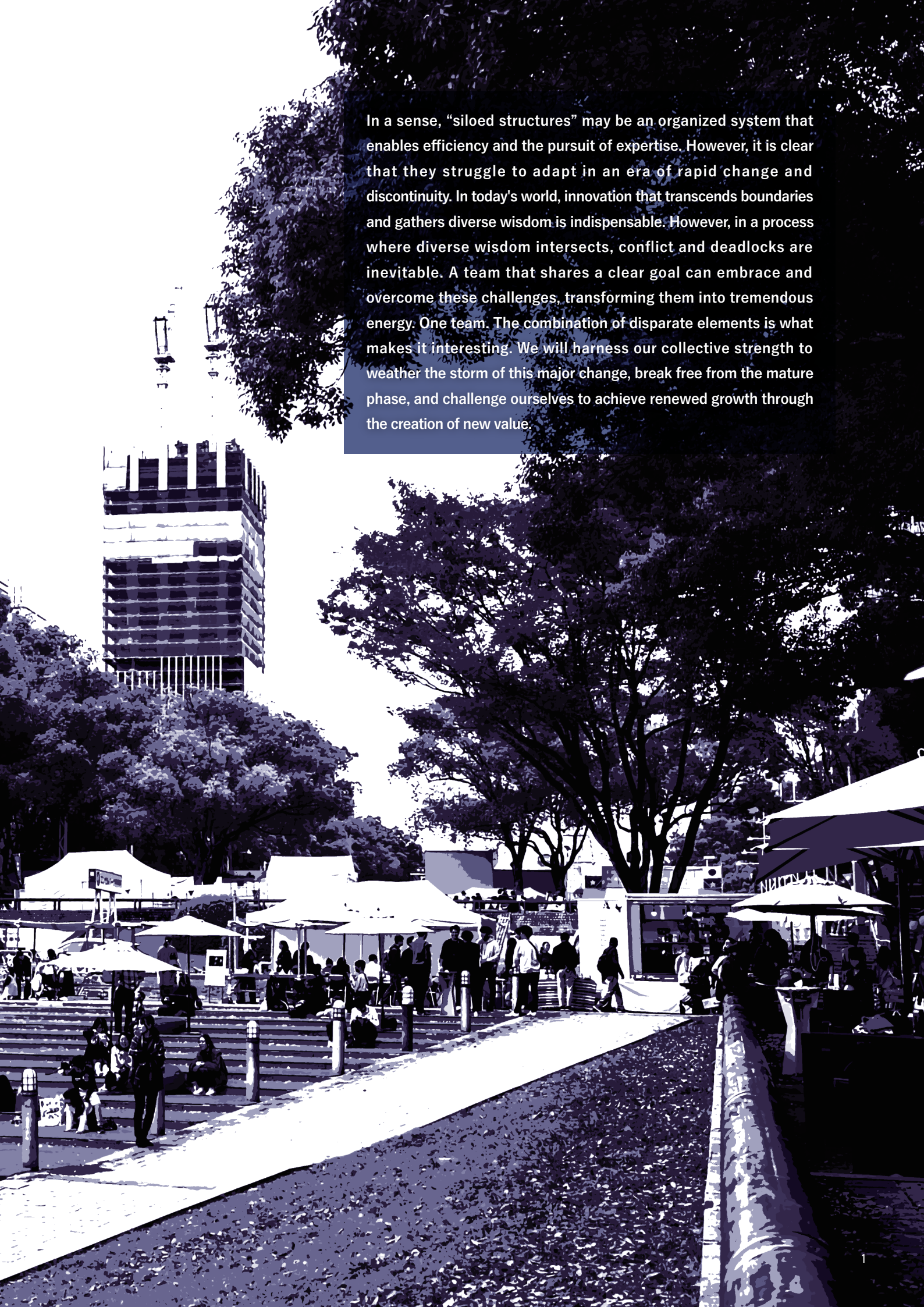
Create and Bring to Life "New Happiness."

J. FRONT RETAILING

INTEGRATED REPORT 2025



One Team



In a sense, “siloed structures” may be an organized system that enables efficiency and the pursuit of expertise. However, it is clear that they struggle to adapt in an era of rapid change and discontinuity. In today's world, innovation that transcends boundaries and gathers diverse wisdom is indispensable. However, in a process where diverse wisdom intersects, conflict and deadlocks are inevitable. A team that shares a clear goal can embrace and overcome these challenges, transforming them into tremendous energy. One team. The combination of disparate elements is what makes it interesting. We will harness our collective strength to weather the storm of this major change, break free from the mature phase, and challenge ourselves to achieve renewed growth through the creation of new value.

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— Editorial policy

J. Front Retailing Group (the "Group") issued this integrated report in order to provide a deeper understanding of what actions it takes to change its business portfolio for sustainable growth of corporate value. The report explains at the beginning the values, vision, value creation process, and business model of J. Front Retailing (the "Company") and it contains non-financial information including the Group's involvement in society and the environment through business activities and governance system that helps enhance corporate value in addition to financial information based on specific management strategy. We have referred to the "International Integrated Reporting Framework" established by the International Integrated Reporting Council (IIRC) and the "Guidance for Collaborative Value Creation" established by the Ministry of Economy, Trade and Industry to create this report.

Environment Social Governance
Guidance for Collaborative Value Creation

— Timeframe

This report mainly reviews the fiscal year 2024 (March 1, 2024 through February 28, 2025) but it also contains the latest information available at the time of issue to the extent possible.

— Scope

J. Front Retailing Co., Ltd. and its consolidated subsidiaries

— Cautionary statement regarding forward-looking statements

Forward-looking statements in this integrated report represent our assumptions based on information currently available to us and inherently involve potential risks, uncertainties, and other factors. Therefore, actual results may differ materially from the results anticipated herein due to changes in various factors.

Values and Vision

Our Values

Service before Profit—This phrase is passage from “Of Honor and Disgrace” written by Xunzi, a Chinese thinker in the Zhanguo period, “Those who give priority to service over profit will prosper.” The most important thing is to approach things with sincerity and good faith. “Do not sell any products that are of no benefit to customers.” “Do not rank customers.” “Honesty and loving-kindness come first.” “An unfaithful person is useless regardless of how gifted he/she may be.” Thus, Daimaru has told its employees to keep a humble attitude to serve customers. At Matsuzakaya, the spirit of “Abjure All Evil and Practice All Good” has been valued. They can be modernized as “Customer-first principle” and “Contribution to society.” Thinking of stakeholders thoroughly and acting accordingly will lead to business growth.

With increasingly diversified lifestyles, customer needs are seen not just on festive occasions but also widely in daily life. One of the most recent symbolic events was the spread of COVID-19 infection, which forced people to refrain from leaving their homes, restrict their movement, and live under many other restrictions and in a state of anxiety and frustration unlike anything they had ever experienced before.

By relieving customers of “anxieties” and “frustrations” in daily life so that they can live more conveniently and more comfortably, we hope many customers will be able to spare more time for festive occasions—we beleive that is the social role we will have to fill, that is to say, the cause.

Another recent big trend is heightened awareness of social contribution as well as a shift to consumption of intangible goods due to diversified means of seeking enjoyment. The Group has to be able to propose something more enjoyable and more exciting in response to such diversification of the means of seeking enjoyment.

We believe “Creating Shared Value (CSV)” to solve social issues through business activities is nothing less than practicing the Group’s Corporate Credo simply and honestly.

Corporate Credo

Service before Profit

Abjure All Evil and Practice All Good

Basic Mission Statement

We aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations.
We aim at developing the Group by contributing to society at large as a fair and reliable corporation.

Group Vision

Create and Bring to Life “New Happiness.”

JFR WAY
(Ideas we value to realize the Vision)

Create the future!
Create amazing and pleasing new things of which society and consumers are not yet aware.

Try without fear of failure!
Act without fear of result.
And learn from what we tried together.

Introduce new ideas!
Do not look inward but expand your ideas by contacting people, tangible goods, and intangible goods in the outside world.

Act for yourself!
Do not wait to be told but think and act for yourself.
And carry through to the end with enthusiasm.

Be sensible and honest!
Act according to common sense as a member of society.
Be always honest and sincere.

History Serves as Proof of Resilience

Daimaru and Matsuzakaya that were founded as a kimono fabric store and a kimono fabric and fancy goods wholesale store, respectively.
The long paths of their 300 and 400 years of histories were uneven.
They converted to department store operators 100 years ago after overcoming a number of crises and expanding their stores.
By having consistent values and continuing to respond to the changing times, they embody “sustainability.”





Matsuzakaya

ITO Ranmaru Sukemichi opened a kimono fabric and fancy goods wholesale store in Honmachi, Nagoya.

1611

DAIMARU

SHIMOMURA Hikoemon Shokei opened a kimono fabric store “Daimonjiya” in Fushimi, Kyoto. (Foundation of Daimaru)

1717





1700s

1726
Opened Osaka store Matsuya in Shinsaibashisuji, Osaka and began cash sales at fixed prices. (Present location of Shinsaibashi store)

1728
Opened Nagoya store at Honmachi 4-chome, Nagoya and used the name “Daimaruya” for the first time. (Closed in 1910)

1737
Distributed to all stores the hanging scrolls with the store creed of “Service before Profit” on it.
Completed the construction of the new Kyoto flagship store in Funaya-cho, Higashinotoin, Kyoto.

1743
Opened Edo store at Odenmacho 3-chome, Edo. (Closed in 1910)

1757
Built Kiba Villa near Hanei Bridge at Kiba 4-chome, Fukagawa, Edo and set up a shrine of Han-ei Inari in one corner of the property. (Still present on the premises of Core Building)

1787
Edo store achieved the highest sales in Japan as a kimono fabric dealer.

1800s

1837
The Oshio Rebellion broke out. Daimaru escaped burning at the hands of mobs due to its reputation as a philanthropic merchant.

1900s

1907
Established Kabushiki Goshi Kaisha Daimaru Gofukuten with a capital of ¥0.5 mn.

1908
Newly built and opened Kobe branch at Motomachi 4-chome, Kobe.

1912
Opened new three-story reinforced wooden Kyoto store on Shijodori Street (present location) as a department store.

1913
Revised and registered the trademark.

1920
Established Kabushiki Kaisha Daimaru Gofukuten with a capital of ¥12 mn.

1922
First implemented a weekly holiday system in the department store industry.

1927
Opened the first Dyeing Laboratory & Hygienic Laboratory (present Consumer End-Use Research Institute) in the department store industry in Osaka store (present Shinsaibashi store).

1928
Changed the company name to Kabushiki Kaisha Daimaru.

1953
Signed an exclusive contract with Christian Dior, Japan's first partnership with a foreign designer.

1959
Launched private label men’s clothing “Trojan.”

1961
Achieved the highest sales in the Japanese retail industry. (Consecutively from H2 1960 to H2 1968)

1964
Signed an exclusive contract with Givenchy.

1983
Umeda store opened in Osaka Terminal Building “Acty Osaka.” Adopted a new CI and created a new logo.

1997
Kobe store (hit by the Great Hanshin-Awaji Earthquake in 1995) was restored and made its grand opening.

1999
Fully launched management reform (store-based sales reform and gaisho reform).(Next year, HR reform and back-office reform were launched.)

2000s

2003
Sapporo store opened.

2007
Integrated management with Matsuzakaya Holdings Co., Ltd. and established a holding company J. Front Retailing Co., Ltd.

2007

1600s

1659
Opened a kimono fabric and fancy goods wholesale store in Chayamachi, Nagoya.

1700s

1736
Changed the trade to a silk and cotton kimono fabric retailer.

1740
Became a kimono fabric purveyor to the Owari Tokugawa clan.

1745
Opened a purchasing office in Muromachi Nishikikoji, Kyoto.

1768
Acquired Matsuzakaya in Ueno, renamed it Ito Matsuzakaya, and entered into Edo.

1800s

1805
Opened a cotton wholesale store Kamedana in Odenmacho, Edo.

1868
Ueno store was used as the headquarters of imperial army during the Ueno war.

1875
Acquired a kimono fabric store Ebisuya and entered into Osaka.

1881
Opened Ito Bank (predecessor of former Tokai Bank) in Chayamachi Kado, Nagoya.

1900s

1907
Reorganized Ueno store into Goshi Kaisha Matsuzakaya Ito Gofukuten.

1910
Established Kabushiki Kaisha Ito Gofukuten with a capital of ¥0.5 mn. Opened a department store in Sakaemachi, Nagoya.

1917
Completed the new main building of Ueno store.

1923
Reopened Osaka store (Nipponbashisuji). (Relocated to Tenmabashi in 1966 and closed in 2004)

1924
Ginza store opened.

1957
Designated cattleya as a symbol flower.

1972
Nagoya store built a north wing.

1991
Nagoya store built a south wing and opened “Matsuzakaya Museum.”

2000s

2003
Nagoya store built a new south wing and became one of the largest department stores in Japan.

2006
Established a holding company Matsuzakaya Holdings Co., Ltd.

2007
Integrated management with The Daimaru, Inc. and established a holding company J. Front Retailing Co., Ltd.

Create New Value through Fusion

Changes in the times are more and more accelerated.
The landscape rapidly changed when the bubble economy burst in the 1900s and there was an urgent need for industry reorganization.
In such a situation, Daimaru and Matsuzakaya Holdings integrated management to expand each other's strength and achieve regrowth.
Furthermore, we converted Parco into a consolidated subsidiary in 2012 and converted it into a wholly owned subsidiary in 2020 to expand our retail wing.
The full-scale fusion of disparate cultures is just beginning.



2007

The Daimaru, Inc. and Matsuzakaya Holdings Co., Ltd. integrated management and established J. Front Retailing Co., Ltd.

J. FRONT RETAILING

Phase of business integration and reorganization

2007

Daimaru Tokyo store completed phase 1 of relocation and expansion.

2008

Daimaru Credit Service, Inc. was renamed JFR Card Co., Ltd.

Daimaru Design & Engineering Co., Ltd., Daimaru Mokko Co., Ltd., Matsuzakaya Seiko Co., Ltd., and Refex Japan, Inc. merged into J. Front Design & Construction Co., Ltd. Dimples' Co., Ltd. absorbed Daimaru Sales Associates Co., Ltd.

Integrated the information systems of The Daimaru, Inc. and Matsuzakaya Co., Ltd.

2009

Restaurant Peacock Co., Ltd. absorbed Shoei Foods Co., Ltd. to form J. Front Foods Co., Ltd.

Matsuzaka Service Co., Ltd. was renamed JFR Service Co. Ltd.

The north wing of Daimaru Shinsaibashi store opened.

JFR Service Co. Ltd. absorbed Daimaru Lease & Service Co., Ltd.

2010

The Daimaru, Inc. and Matsuzakaya Co., Ltd. merged into Daimaru Matsuzakaya Department Stores Co. Ltd.

J. Front Design & Construction Co., Ltd. absorbed DHJ Co., Ltd.

The Daimaru Tomonokai, Inc. absorbed Matsuzakaya Tomonokai Co., Ltd. to form Daimaru Matsuzakaya Tomonokai Co., Ltd.

2011

Keicho Kosode from the Matsuzakaya Collection was designated as a national important cultural property.

Daimaru Umeda store reopened with increased floor space.

2012

Acquired a 33.2% stake in Parco Co., Ltd. and converted it into an equity method associate.

Reached a basic agreement with Shanghai Xin Nan Dong Project Management Co., Ltd. and Shanghai New World Co., Ltd. to provide technical support and cooperation in opening and operating a new department store in Huangpu District, China.

Established JFR PLAZA Inc. through joint investment with StylingLife Holdings Inc.

Increased a stake in Parco Co., Ltd. to 65% through TOB and converted it into a consolidated subsidiary.

PARCO

Dimples' Co., Ltd. spun off Daimaru Matsuzakaya Sales Associates Co. Ltd.

Daimaru Tokyo store completed phase 2 of expansion.

2013

Sold all shares of Peacock Store Ltd., which operated a supermarket business, to Aeon Co., Ltd.

Acquired a 70.52% stake in Forest Co., Ltd. and converted it into a consolidated subsidiary.

2014 ▸ 2016
Medium-term Business Plan

Phase of building foundations

2014
FY2014-FY2016 Medium-term Business Plan started.

Became affiliated with Rakuten R-Point Card service.

Fukuoka PARCO opened a new building.

Invested in Cool Japan Fund.

2015
Increased floor space of the main building of Fukuoka PARCO.

Acquired a 22.6% stake in Senshukai Co., Ltd. and converted it into an equity method associate.

Shanghai New World Daimaru Department Store opened.

Decided to rebuild the main building of Daimaru Shinsaibashi store.

Decided to rebuild Shibuya PARCO.

Invested in Scrum Ventures.

2016
GENTA was created in the north wing of Matsuzakaya Nagoya store.

Daimaru Kyoto Store Gion Machiya opened. (Nov)

2017 ▸ 2020
Medium-term Business Plan

Phase of changing the business structure

2017
FY2017-FY2021 Medium-term Business Plan started.

Voluntarily adopted the International Financial Reporting Standards (IFRS).

Transferred the business of JFR Online Co. Ltd.

GINZA SIX opened.

Transitioned to a Company with Three Committees (Nomination, Audit, and Remuneration Committees).

Transferred shares of Forest Co., Ltd.

Ueno PARCO_ya opened.

Ueno Frontier Tower opened.

JFR PLAZA Inc. was dissolved and liquidated.

2018
Accepted purchase of own shares by Senshukai Co., Ltd.

2019
Kinshicho PARCO opened. (Mar)

SAN-A Urasoe West Coast PARCO CITY opened. (Jun)

The new main building of Daimaru Shinsaibashi store opened. (Sep)

New Shibuya PARCO opened. (Nov)

Commenced TOB to convert Parco Co., Ltd. into a wholly owned subsidiary. (Dec)

2020
Daimaru Matsuzakaya Department Stores Co. Ltd. absorbed The Shimonoseki Daimaru, Inc. and converted it into a directly managed store. (Mar)

Converted Parco Co., Ltd. into a wholly owned subsidiary. (Mar)

Cancelled the Medium-term Business Plan and began to formulate FY2021-FY2023 Medium-term Business Plan.

Transferred the Real Estate Business of Daimaru Matsuzakaya Department Stores Co. Ltd. to Parco Co., Ltd. (Sep)

Shinsaibashi PARCO opened in the north wing of Shinsaibashi store. (Nov)

2021 ▸ 2023
Medium-term Business Plan

Phase of promoting the portfolio transformation

2021
Transferred all shares of a consolidated subsidiary J. Front Foods Co., Ltd. (Feb)

FY2021-FY2023 Medium-term Business Plan started.

Transferred all shares of Neuve A Co., Ltd. (Jun)

Daimaru Matsuzakaya Department Stores Co. Ltd. absorbed Daimaru Matsuzakaya Sales Associates Co. Ltd. (Sep)

2022
Partially transferred shares of Dimples' Co., Ltd. (Feb)

Established a CVC fund JFR MIRAI CREATORS Fund jointly with Ignition Point Venture Partners Inc. (Oct)

Acquired a 50.8% stake in XENOZ Co., Ltd. and converted it into a subsidiary. (Nov)

2023
Established J. Front City Development Co., Ltd. (Mar)

Invested in Financie, Inc. (Apr)

Daimaru Matsuzakaya Department Stores Co. Ltd. signed business partnership agreement with Central Pattana Public Company Limited of Central Group in Thailand. (Nov)

2024 ▸ 2026
New Medium-term Business Plan

Phase of change

2024
FY2024-FY2026 Medium-term Business Plan started.

Established Pride Fund, a business succession fund, with Development Bank of Japan Inc. and Ignition Point Venture Partners Inc. (Apr)

The Company and WealthPark Co., Ltd. entered into a comprehensive business partnership. (Apr)

Daimaru Matsuzakaya Department Stores Co., Ltd. acquired 42.6% of the issued common shares of Shinsaibashi Kyodo Center Building K.K., which owns the south wing of Daimaru Shinsaibashi store, converting it into a consolidated subsidiary. (Jul)

Decided the major renovation of Daimaru Umeda store. (Oct)

2025
J. Front City Development Co., Ltd. invested in the special purpose company to acquire Shinsaibashi Building. (Jan)

Established JFR & Komehyo Partners Co., Ltd. with Komehyo Co., Ltd. to enter the reuse business. (Mar)

Direction to Pursue

Create and Bring to Life “New Happiness.”

Creating Shared Value Sustainability Management

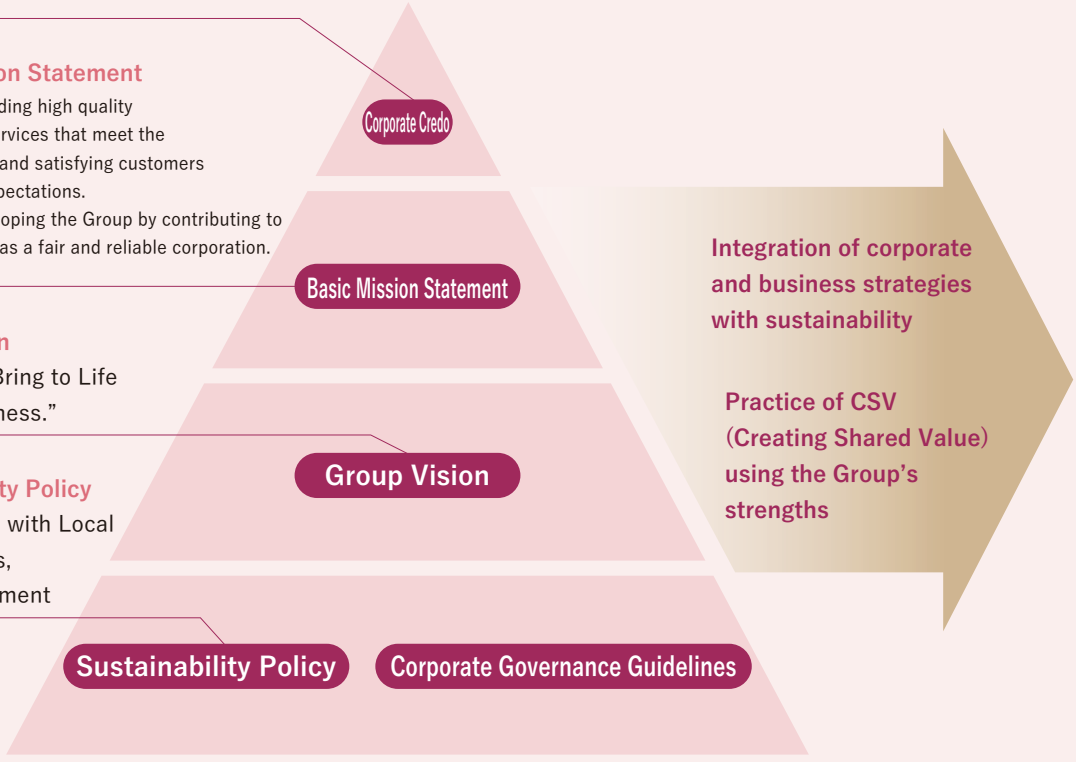
The Group has faced numerous crises over its 300- to 400-year history. Whenever we have faced such a situation, we have returned to our Corporate Credo, "Service before Profit" and "Abjure All Evil and Practice All Good," and have acted honestly in our business activities while quickly grasping changes in our customers and society. I believe this has led to the management we have today. A company cannot grow without co-existence with society. It is now essential for management to take an even longer-term perspective and envision the ideal future for a company that has a meaningful presence in society. It is clear that we cannot conduct business activities while ignoring issues such as the environment, society, and human rights. By incorporating the concept of sustainability, which aims to resolve these issues, into our corporate and business strategies, we believe we can establish a sustainable management framework for future growth. Based on our Corporate Credo, we place sustainability at the core of our management, and by working to resolve social issues through our business activities, we aim to achieve both social and economic value.

Corporate Credo
「Service before Profit」
「Abjure All Evil and Practice All Good」

Basic Mission Statement
We aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations.
We aim at developing the Group by contributing to society at large as a fair and reliable corporation.

Group Vision
Create and Bring to Life “New Happiness.”

Sustainability Policy
With People, with Local Communities, with Environment



5 Materialities

We believe that solving social issues is a common theme shared by many people and companies, and that it is through "co-creation," rather than "competition," that we can have an impact on society. Up until now, our efforts to address materialities have focused on what we can do within our own business activities, but going forward, we will integrate them with our business strategy and, together with our employees, will involve more stakeholders than ever before, including customers and business partners, to broaden the scope of our efforts. By doing so, we believe we will not only contribute to the sustainability of society, but also create business opportunities for the Group and achieve sustainable growth as a company.



Materiality	Commitment
Adding excitement to life	Amidst diversifying values, we will provide places and spaces for new encounters with goods and things that stir people's hearts, and propose Well-Being and future lifestyles that are fulfilling and exciting for every consumer.
Enhancing community vitality	We will strengthen ties with local areas, including our seven key areas, and work with local communities, governments, NPOs, and others to enhance local vitality and conduct sustainable urban development. In addition, by discovering and communicating the appeal of the community, we will offer new and exciting experiences for people who gather there.
Creating a society that co-exists with the environment	To achieve the 2050 net zero target, we will work toward both decarbonizing the entire supply chain and promoting a circular economy. At the same time, we will provide opportunities for everyone to contribute to the creation of a sustainable society, not only through our independent efforts, but also by working with our value co-creation partners.
Increasing the number of value co-creation partners	We will share our thoughts and ideas on sustainability with others and establish a partner foundation to create the values of "Co-creation of Excitement," "Co-prosperity with Communities," and "Co-existence with the Environment" along with fulfilling our social responsibilities, such as human rights due diligence, toward the realization of a sustainable society.
Empowering diverse human resources to shine	We will realize the sustainable growth of our human resources and the company by creating an environment and structure, including diversity, equity, and inclusion, and work-life integration, that enables each employee to play an active role and maximize their intention, motivation, and ability.

Revision of materialities

We identify themes contributing to the realization of "sustainable growth for both business and society" and "a sustainable society" as materialities (important issues) while clarifying the relevance between environmental and social issues and the Group's business activities, and revise them each time we formulate the Medium-term Business Plan, starting in 2018.

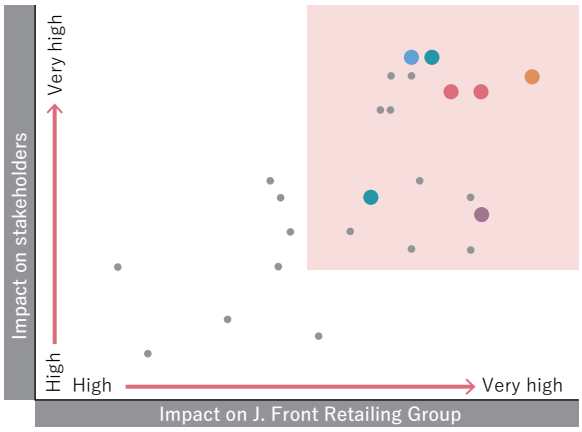
In formulating the Medium-term Business Plan launched in fiscal 2024, we reviewed the important risks for the JFR Group and changes in society surrounding the business environment. This review was conducted with the premise of integrating our materiality initiatives into our business strategy not merely as problem-solving efforts but as drivers of corporate growth and promoting them accordingly. Based on this, we identified five themes.

Through our materiality initiatives, we aim to transform into a Value Co-Creation Retailer Group that continuously provides three values, primarily in our retail business: Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment.

Changes in the environment surrounding the Group

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

Materiality map



Changes in materialities

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

Materialities and targets

Materiality	Output	Metrics		Results 2024	Target 2026	Target 2030
Adding excitement to life	●High quality products and services ●Exciting content	Number of the Group customer members		Growth rate 15.7% (vs. FY2023)	Growth rate 25% (vs. FY2023)	*1
		Customer survey (Excitement/impression level)		Baseline survey conducted	—	75%
Enhancing community vitality	●Vibrant city life ●Revitalization of local communities	Customer traffic		5.4% increase (vs. FY2023)	10% increase (vs. FY2023)	*1
		Customer survey (Contribution to the community)		Baseline survey conducted	—	80%
Creating a society that co-exists with the environment	●Reduction of GHG emissions ●Circular business	Reduction of GHG emissions	Scope 1 and 2	65.4% decrease (vs. FY2017)	70% decrease (vs. FY2017)	73% decrease (vs. FY 2017)
			Scope 3	23.2% decrease (vs. FY2017)	—	40% decrease (vs. FY2017)
		Percent of energy used in business activities from renewable electricity		67.2%	72%	75%
		Food recycling rate		88.1%	80%	85%
		Percent of newly developed properties with environmental certification		None	—	100%
		Customer survey (Customer commitment to the environment)		Baseline survey conducted	—	55%
Increasing the number of value co-creation partners	●Broad partnerships across industries ●Sustainable supply chain	Number of stakeholder co-creations		351	over 400	over 500
		Human rights assessment results		Dialogue based on FY2023 results (112 companies) Web seminar held	35% (B rating or higher)	45% (B rating or higher)
Empowering diverse human resources to shine	●Workplace comfort and job satisfaction	Employee engagement	Employee satisfaction	68.9%	70%	Set based on achievement status in FY2026
			Work recommendation	59.9%	60%	
		Ratio of women in management positions		26.2%	31%	40%
		Gender wage gap	All employees	66.5%	Narrowing of difference*2	Set based on achievement status in FY2026
			Regular employees	75.0%		
			Non-regular employees	75.5%		
		Paternity leave usage rate		132.5%	95%	

*1 We will identify metrics and targets closely linked to our business strategy to achieve materialities in the Medium-term Business Plan.
*2 The gender pay gap for FY2023 is as follows: 65.3% for all employees, 74.4% for regular employees, and 72.7% for non-regular employees.

Let Go of Past Successes and Take on the Challenge of Creating New Value.

小野圭一

ONO Keiichi
Director, President and Representative Officer

A sense of crisis rather than a sense of accomplishment

Last fiscal year, in fiscal 2024, we achieved a record high in business profit, which represents the profit from our core business. This performance was driven by the Department Store Business and Shopping Center (SC) Business, which are centered on retail. In the Department Store Business, sales of gaisho (Japanese department store's traditional personal shopping service) continued to grow by enhancing our product lineup and services to meet the needs of affluent domestic customers, while spending by inbound tourists also expanded rapidly. Furthermore, in the SC Business, Shibuya PARCO and Shinsaibashi PARCO, which opened during the COVID-19 pandemic, gained support from both domestic and international customers, finally demonstrating their full potential and driving the entire Parco business. I believe this is certainly the result of the support we have received from the consumers preferring high-quality, uplifting consumption and experiences, on whom we are focusing as our target.

We expect consumption by the wealthy to continue to grow steadily. Japan's personal financial assets exceed 2,200 trillion yen, an increase of approximately 200 trillion yen since the COVID-19 pandemic. Furthermore, one private research institute estimates that the number of wealthy households with net financial assets of over 100 million yen increased to 1.65 million in 2023. The rise of power couples, including younger ones, and the growth of the affluent youth demographic are often cited, and these individuals are likely included in that trend. Observing the



trends at our luxury mall, GINZA SIX, makes this particularly tangible. If concerns ease in the future against the backdrop of a sustained improvement in the income environment, the situation could become more positive along with the broadening of the base.

Sales to inbound tourists at our department stores have doubled compared to pre-COVID levels. However, a sober assessment reveals that the primary driver is a surge in purchases by overseas customers seeking to benefit from the price differential between domestic and international luxury goods, largely due to exchange rates. In other words, we have been blessed with a remarkably strong tailwind driven by external factors beyond our own capabilities.

In fact, since March, the yen has strengthened against other currencies. Combined with luxury brand price hikes and a narrowing gap between domestic and international prices, the landscape of spending by inbound tourists, which had previously been centered on luxury goods, has undergone a dramatic shift. On the other hand, Parco, which has intellectual property (IP) content as one of its strengths, has been able to maintain double-digit growth in sales to inbound tourists even into this fiscal year, which I think suggests a shift in consumer behavior.

Rather than feeling a sense of accomplishment from achieving record-high profits, I feel a growing sense of crisis. Even amid the COVID-19 pandemic, resilience to the external environment has emerged as a major issue, and I am keenly aware once again of the urgent need for us to transform our portfolio to increase our resilience. While we have begun development projects in Nagoya, Shinsaibashi, Hakata, and other locations sequentially, we

still lack both substance and speed to reach the level of transformation we aim for.

I believe it is important to proceed with portfolio transformation in two major directions. One is to deepen retail, that is, to strengthen our existing department stores and Parco while expanding our wings by implementing and nurturing new retail pillars. The other is to promote co-creation with external partners while generating synergies within the Group. We will elevate our strengths to new heights.

Refine the differences

Shibuya PARCO reopened after reconstruction in November 2019, and has made a strong presence while exuding individuality. Its appeal has garnered overwhelming support not only from Japan's younger generation but also from overseas. The location of Shibuya PARCO is not particularly convenient. It takes about 10 minutes to walk uphill from Shibuya Station. Yet its ability to draw large crowds stems precisely from the fact that it has become a destination in itself. When it first opened in 1973, the current Koen-dori (Park Street), along which Shibuya PARCO is located, was called Kuyakusho-dori (Ward Office Street). Back then, the area literally had nothing but the ward office. Today, we take pride in the fact that it has become a unique presence that creates vibrancy in the neighborhood and defines the Shibuya area.

Shibuya PARCO has been rebuilt for five years, and times have changed considerably since the COVID-19 pandemic, so this fiscal year we undertook its major

Strengthen our retail strengths even further.

Then elevate them into new strengths for the Group.

renovation. One might wonder if there is some risk involved in making such substantial changes despite its strong performance. However, it could be said that Parco's DNA lies in constantly updating itself by anticipating the times and continuing to evolve. Its consistent commitment to a product-out approach in a positive sense may be what attracts so many customers.

In the Department Store Business, the Matsuzakaya Nagoya store underwent a major renovation that took two years. The primary goal was to approach the next generation market. One of the strengths of the Matsuzakaya Nagoya store is that roughly half of its sales come from gaisho customers. In order to further solidify its support from the wealthy, the store has made bold changes to its approach to women's apparel offerings, reducing traditional mass-produced and widely distributed women's clothing by about 60% while also working to create a new fashion zone by strengthening Japan's luxury items and other means. We have taken on some significant challenges for a department store often considered conservative, such as expanding the art section and opening a luxury beauty salon. The Matsuzakaya Nagoya store has a sales floor area of approximately 87,000 square meters, so I believe there is still much that can be done.



The Daimaru Umeda store has also decided to undergo a major renovation as part of a large-scale renewal of the entire South Gate Building in which it is located. The floor layout will be drastically revised, reducing the sales floor area by 40% from the current level, while revitalizing it to create an edgy store that will enhance its presence. The grand opening is scheduled for spring 2029. Osaka's Kita district, centered around Umeda, has seen its appeal as an area significantly enhanced by developments such as the opening of Grand Green. Amidst these changes, we are working to rebuild our presence that only we can achieve.

GINZA SIX was developed as an integrated two-block complex, including the former Matsuzakaya Ginza store, under the direction of "not operating as a department store." Since its opening in 2017, it has continued to grow as Japan's premier luxury mall. It has now become a globally recognized destination, with customers in their 20s and 30s now accounting for half of its clientele. As it approaches its 10th anniversary milestone, GINZA SIX is undergoing an update to achieve further evolution.

In this way, we will further strengthen the strengths of our core retail business. I believe that first honing respective strengths will increase the appeal of the area and lead to new strengths for the Group.

Deepen our presence in seven key cities

We operate stores nationwide, with a particular focus on development and revitalization in seven cities: Sapporo, Tokyo, Nagoya, Osaka, Kyoto, Kobe, and Hakata.

It will be important to make each area, centered around the seven key cities, into a more attractive destination. With the Group's commercial facilities such as department

stores and PARCO at the core, we will work with local residents and cooperate with local governments to create the appeal and value that will make the entire area a destination, and we want to make it a place that attracts customers from a wide area, including overseas. Ultimately, we seek to create a virtuous cycle where the revitalization of the entire area further drives the development of our commercial facilities.

We will implement such initiatives tailored to each area's unique characteristics, starting with Nagoya's Sakae area next year. The Landmark Nagoya Sakae, in which J. Front City Development is involved in development, is scheduled to open around summer next year. We believe that the commercial portion will demonstrate the new possibilities for retail that we can create. The adjacent Matsuzakaya Nagoya store and Nagoya PARCO have been undergoing strategic renovations since last fiscal year, each enhancing its unique appeal. Furthermore, the Group is working together as one, involving external partners in the area to prepare



There is co-creation that only we can do.

Turn the area into an even more attractive "destination."

various soft initiatives. We hope you will keep an eye on our efforts in the Nagoya area, which could be seen as indicative of the Group's future.

The Shinsaibashi area is expected to become increasingly attractive as Osaka City plans to significantly reposition Midosuji in the future. To further solidify our leadership position in the commercial sector in this Shinsaibashi area, we planted two seeds last fiscal year. One is to make Shinsaibashi Kyodo Center Building K.K., which owns the south wing of the Daimaru Shinsaibashi store, a wholly owned subsidiary, and the other is to expand the scope for redevelopment through investment in a special purpose company that acquired the Shinsaibashi Building. The announcement of our grand design for the Shinsaibashi area is still some time away, but the large-scale complex building, Shinsaibashi Project (tentative name), is scheduled for completion next year. We aim to enhance the distinct appeal of each location—the luxury offered by the Daimaru Shinsaibashi store and the entertainment experience provided by Shinsaibashi PARCO—while also revitalizing the broader Shinsaibashi area, including surrounding businesses.

Furthermore, looking a bit further ahead, in Fukuoka's Tenjin area, we are participating in the Tenjin 2-chome South Block Station-Front East-West Area Project (tentative name), commonly known as the Tenjin Big Bang. This involves jointly exploring a large-scale redevelopment encompassing surrounding shopping districts, with completion targeted for around 2030. We will bring together the collective strengths of the Group to create a large-scale complex that will be the number one in Kyushu, and we would like to work with the local community to create an overwhelming and exclusive appeal.

Embody CSV

We advocate sustainability management that balances solving environmental and social issues with our own profits through our business activities. We aim to achieve CSV (Creating Shared Value), which integrates sustainability with corporate and business strategies. We have repeatedly stated this because we believe that no matter how noble or desirable an endeavor may be for society, it is difficult to sustain without accompanying profit for ourselves. That is precisely why, based on the concept of CSV, we contribute to society as social value and generate profits as economic value. I believe we should aim for the co-existence of both: social value comes first, followed by solid economic value. This is the very essence of our Corporate Credo "Service before Profit." In that sense, I believe the Group has the idea of CSV embedded in its DNA from its inception, and it is precisely because we have embodied it that we have been able to continue our business for 300 to 400 years. We will never allow this core principle to waver in the future.

Based on this philosophy, we have decided to enter the reuse business by establishing a joint venture with Komehyo Co., Ltd. as part of our expansion of our business wings this fiscal year. While we have been involved in sharing services centered on AnotherADdress and recycling services centered on ECOFF, this marks our entry into the new business of reuse.

The reuse market is a rapidly growing sector, with

Japan's Ministry of the Environment reporting that the market size exceeded three trillion yen in 2023 and showing strong potential for further expansion. We opened a store specializing in purchasing pre-owned branded goods, MEGRÜS, at the Matsuzakaya Nagoya store in August, and aims to expand to more than 20 locations within the next three to four years.

In our reuse business, I believe that passing on valuable items from person to person and establishing them as "culture" contributes to the creation of rich lifestyles and the realization of a sustainable society. This is an initiative that pursues economic value while minimizing resource waste. Until now, our relationship with our customers has been that of seller and buyer, but through this business, I believe that we and our customers can become value co-creation partners that jointly contribute to the environment.

Since our core business is retail and we occupy a position between suppliers and customers in our supply chain, with diverse contact points, we play a very important role in influencing society both upstream and downstream. While our direct contributions may seem small, by adopting a perspective of co-creation with our customers and suppliers, and by persistently building upon these efforts, we aim to create significant momentum.

Let go of past successes

One of our strengths is low-cost operations. Compared to our peers, the ratio of selling, general, and administrative expenses to total sales at Daimaru Matsuzakaya Department Stores is significantly lower. This low-cost corporate structure was built through store-based sales reforms that began in the late 20th century. The store-based sales reform was originally developed and implemented independently by Daimaru. It involved a scientific approach to department store sales, classifying sales floors, dividing up roles such as purchasing and selling, and manualize them, thereby significantly streamlining operations. As a result, we were able to operate our sales floors with significantly fewer staff than before, and we were able to achieve one of the highest profit margins in the industry. This was undoubtedly a successful reform, and in fact it actually contributed to sales growth, serving as the foundation for our long-standing strength in cost management. While I certainly have no intention of denying this, every action has its side effects.

Change our mindset.

Now is the phase for taking risks and pursuing proactive challenges.

Manualization and siloed structures may have hindered new cross-organizational challenges, while excessive cost consciousness may have fostered an overly risk-averse mindset. Perhaps this created an environment that made it difficult for employees to feel motivated. While efforts have been made in the past to address these challenges, the overwhelming success experienced prior to that seems to have led to little improvement in the situation. To achieve growth with a medium- to long-term perspective, I believe it is essential to first change this mindset and forge a new path forward.

Japan is in the midst of a major shift from deflation to inflation. It is self-evident that costs will inevitably rise if left unchecked, and we will continue to rigorously control areas requiring restraint. At the same time, however, we may be entering a phase where it becomes easier to increase sales.

What we need going forward is to increase profits by boosting our top line. To grow our top line, it is essential to engage with the market, develop hypotheses, and pursue new value creation through repeated trial and error. Naturally, this will require commensurate investment.

We plan to invest 195.0 billion yen over the current three-year medium-term plan, with 65.0 billion yen allocated to growth investments. We intend to leverage these funds effectively to steadily nurture the seeds of medium- to long-term growth. Meanwhile, regarding cost control, we will work to enhance productivity in existing areas by expanding the digital domain of our operations, including the use of AI.

Of course, it is perfectly acceptable to fail many times in the process of taking on a challenge, and in fact I think failure is inevitable. I believe it is important for each employee to change their values so that they don't see the path they are on as a fork in the road between success and failure, but rather that they see success coming from repeated failures. If the company backs them up in this way and changes the experiences and behavior of each individual, the Group can achieve major transformation.

Women's empowerment leads to enhanced corporate value

From a diversity, equity, and inclusion (DE&I) perspective, women comprise over half of the Group's workforce at 53.8% (as of the end of February 2025). Furthermore, over 60% of new graduates joining the Group in fiscal 2025 are women. Even considering workforce numbers alone, it is clear that women's empowerment is crucial for the Group.

Meanwhile, the ratio of women in management positions was 26.2% as of the end of fiscal 2024, compared to the target of 31% for fiscal 2026. We are making steady progress, but given that many of our main businesses are heavily used by female customers and that survey reports

show that women hold a high percentage of decision-making authority in purchasing situations, we recognize that for the Group's growth, we need more diverse perspectives, including those of women, in decision-making processes.

That said, merely boosting the immediate ratio of women in management positions will not enhance corporate value. The essence lies in creating an environment where qualified personnel, regardless of gender or other attributes, can assume management roles. First, we will increase the proportion of women within the talent pool eligible for management positions. To achieve this, we must also address the various challenges facing female employees.

Furthermore, women's empowerment can only be achieved by changing the awareness and mindset of those around them, not just the individual. I believe this is a very important theme to tackle as a management strategy, involving the entire Group.

And in the near future, we aim for women's empowerment to become completely normal in the Group, to a point where even focusing on and discussing it would feel somewhat strange.

Enhance governance while pursuing capital profitability

In 2017, we transitioned to a Company with Three Committees (Nomination, Audit, and Remuneration Committees). In order to further enhance our governance, we changed to a structure in which an Outside Director serves as Chairperson of Board of Directors last fiscal year, with the aim of strengthening management oversight functions by separating oversight and execution. As a result, we have been able to incorporate more external perspectives into discussions aimed at growing the Group, and the roles of execution and oversight have been made clearer, which I believe has strengthened the supervisory function of the Board of Directors and increased its effectiveness.

Achieve an ROE exceeding 10%.

To that end, we will steadily build concrete results from our transformation efforts.

In terms of applying capital market perspectives to management, I have reaffirmed through dialogue that investors possess diverse viewpoints and values. Through direct conversations with such investors and feedback from our investor relations team, I feel we have gained numerous insights and suggestions regarding our growth strategy, business ideas, and capital policies. What many investors fundamentally share is the expectation that our sustained growth will enhance corporate value, and to that end, I feel that we are being asked to make proactive investments while realizing the transformations we have set forth, one by one. This leads me to ask myself anew whether we are able to clearly communicate our vision for the future to the capital markets. It is essential that we clearly explain and gain acceptance for the rationale and appropriateness of what we are trying to do, such as what growth story we are pursuing and what we aim to achieve, how much capital is required and what returns are anticipated, whether we are taking appropriate risks relative to those returns, the timeline for realization, and why this will enhance corporate value. If we can achieve that, I believe even more investors will support us. And above all, we must ensure that we achieve solid results. By continuing to produce concrete results and meet expectations, I hope to deepen our relationship of trust with investors.

Corporate value can be seen as maximizing cash flow and reducing capital costs, or ensuring a return on capital that exceeds capital costs. In the current Medium-term Business Plan, we have set a target ROE of 8% or higher. Considering our cost of shareholders' equity and the average for companies listed on the Tokyo Stock Exchange Prime Market, we cannot remain at 8% indefinitely. We would like to accelerate our transformation to evolve into a Value Co-creation Retailer by growing our existing businesses and transforming our portfolio, so that we can become a company with a stable ROE of over 10% at the earliest possible stage.



Aiming to Stand Out, Try to Adapt to Changes in Consumption.



MUNEMORI Koji

President and Representative Director
Daimaru Matsuzakaya Department Stores Co. Ltd.

Confront the essence of the issue

Last fiscal year, we were able to achieve the profit targets of the current medium-term plan two years ahead of schedule. One of the major factors contributing to this was undoubtedly the higher-than-expected increase in sales to inbound tourists. While it could be said that we successfully capitalized on favorable conditions, what we really need to do is change the volatile structure that makes us overly susceptible to influences like exchange rates and geopolitical risks in inbound tourism. To this end, we have launched a CRM system for overseas high-value customers in February 2025 to enable some degree of control over sales to inbound tourists. However, fundamentally, we believe it is crucial to evolve our approach to domestic markets, particularly to domestic high-net-worth individuals with potential for medium-to-long-term growth.

Specifically, we have launched a gaisho project to strengthen our efforts to achieve highly reliable medium- to long-term growth. Gaisho sales have continued to grow at a rate of around 5% annually, exceeding 210.0 billion yen last fiscal year and accounting for 25.6% of the Department Store Business. However, considering changes in customers and consumption patterns, I believe that we can aim for 400.0 billion yen in the medium to long term.

One of the key themes for this will be deepening and expanding our operations in areas utilizing the store locations in major cities nationwide. We have a particularly strong gaisho customer base in Nagoya and the Kansai region, but we believe there is still room for development and improvement in the Tokyo metropolitan area. The direction will vary depending on the type of store, but fundamentally, the existence of gaisho is special and important, and we must showcase our company's unique qualities to attract customers. In the Tokyo metropolitan area, how to incorporate GINZA SIX will be an important factor. In terms of differentiation, it will be essential to expand attractive content, including experiential elements utilizing CVC, as well as develop exclusive services and infrastructure. In terms of gaisho staff, we believe it is also essential to redevelop the working environment and compensation system.

To enhance store competitiveness

Content is crucial to increasing the competitiveness of our stores. We are moving forward with our direction in strengthening our luxury offerings, and we have seen positive results from the expansion measures we have implemented since the height of the COVID-19 pandemic. On the other hand, the area of our company that is undergoing the biggest changes is fashion. The most notable change that has emerged since the COVID-19 pandemic is that the business model of making a lot of clothes in advance of the season and selling any leftover on clearance is becoming less common. With the growing focus on sustainability, I feel that customers are no longer buying two or three items of clothing just because they are on sale. Rather, they are shifting toward valuing each item individually, which naturally leads to higher unit prices. To adapt to these changes, the Matsuzakaya Nagoya store fundamentally reevaluated its approach to women's fashion. While reducing mass-produced and widely distributed clothing by 60% compared to previous levels, they simultaneously strengthened their offerings in overseas fashion and accessories.

When it comes to department store design, I want to make it distinctive with its content. I think the renovation of the Daimaru Umeda store, which entails a significant reduction in floor space, will be symbolic of this. We must constantly explore new content and work to develop the next generation of customers. Two years ago, we launched a new content development team, but in reality, most of their efforts have been limited to pop-ups. Therefore, we will restructure our organization starting this fiscal year, and will create a system that will link not only

to pop-ups, but also to merchandising projects during renovations and permanent installations. If this works well, I believe that the customer structure will gradually shift from the current core customer base of people in their 50s and 60s to a broader base that includes the MZ generation.

Furthermore, being able to open an official store at the Osaka Kansai Expo was particularly significant from the perspective of human resource development. Our department stores have expanded purchase-as-sold transaction and fixed-term leases, while significantly reducing the number of sales areas with their own curated products. As a result, opportunities to purchase and develop products on their own are becoming increasingly scarce. For our shop at the Osaka Kansai Expo, we had some people in their 30s and 40s who had experience in independent merchandising, so I encouraged them to take on a bold challenge. I believe that by involving our suppliers and artists, we were able to create a presence that rivaled the attractive pavilions through the power of our human resources.

Prosper with the community

One of our strengths is that we are firmly rooted in the communities where our stores are located. Taking Hakata Daimaru as an example, their "Kyushu Exploration Team" initiative has generated significant buzz in the local community. As part of this, the store has been hosting the Kurume Kasuri Grand Exhibition since its inception, which has become a popular event that brings together weavers and wholesalers involved in Kurume Kasuri. It may be possible for other companies to hold events. The key is how to incorporate our ideas into the event, propose them to our suppliers, and have them co-create with us. During the Kurume Kasuri Exhibition, I wear Kurume Kasuri to work. I thought it would be cool if everyone wore it. If everyone wore it, it would be the start of co-creation involving employees. It would be great if we could go one step further and have customers come to the store wearing their own Kurume Kasuri. If we could do this, it would be a co-creation that involves our customers. Furthermore, if a trend emerges in the Tenjin area as an area where people walk around wearing Kurume Kasuri, and people can be seen wearing Kurume Kasuri everywhere, it will be a perfect co-creation. If each piece of content is upgraded to high quality and uplifting consumption, the level of engagement with it should become overwhelming. I believe that the value of our existence as a company rooted in the local community lies in creating co-creation in areas like this.

Securing talented human resources is essential

Since last fiscal year, we have been promoting human resource exchanges with Parco at the store manager level, and the current store managers of the Daimaru Sapporo and Daimaru Tokyo stores are from Parco. This has made me realize once again how important it is for management to bring in a completely different perspective than before. This is true not only in terms of merchandising, but also in the back office, where there are many realizations such as, "Why are we having this kind of meeting among these people?" We would like to actively incorporate these human resource exchange initiatives into other levels of the organization as well.

When considering the future, it is essential to continue hiring new graduates and young people on a stable basis, but the fact is that such hiring is becoming increasingly difficult. In other words, it will require a great deal of ingenuity. For example, if we want to further strategically increase gaisho sales, which is currently the growth driver of our department stores, it will be essential to increase the number of gaisho staff. To this end, we have adopted a system of hiring exclusively for gaisho and area-limited hiring. In reality, the number of new graduates who want to work for gaisho is increasing, and while I conduct final interviews with full commitment, the number of applicants who withdraw has also decreased. Gaisho is basically a one-to-one business, so people are especially important. We are also looking to actively hire mid-career employees.

For our company primarily operating physical stores, it is clear that the added value created through people is significant. We will not hesitate to invest in our human resources, but we will also pursue a solid return on that investment.

Put service before profit

Practicing Service before Profit, or putting service before profit, is, in fact, not as easy as it seems. What we need to do is focus on how much added value we can offer our customers. Of course, it is important to take into account factors such as long lines at a particular location or high sales elsewhere, but relying solely on these factors will only promote homogenization. Instead, it is important to first have the will, the desire to offer new added value to customers that has not yet become apparent to the world. I myself have failed many times since joining the company, especially when I was younger. However, even back then, I felt that nothing would change unless I actually took action. Honestly, it was a time when we would get scolded if we failed, but sometimes failure as a result of taking on a challenge can lead to success. I think it was also important that my boss at the time encouraged me to take on the challenge. Unless the 4,000 department store employees demonstrate through their actions that they are making customers happy at the storefront, the company will not change. If we can create a corporate culture where taking on challenges is the norm and make this visible, employees will gain confidence.

When I was in charge of food products at the Daimaru Kyoto store, I heard that corn is a plant that loses its sugar content quickly after being picked. So, I thought it would be better to deliver it to the sales floor as quickly as possible after picking. And I came up with the idea of transporting freshly harvested corn directly from the farmers by train in 100 minutes. If we can imagine specifically how our customers will be delighted, we can add value with just a few simple ideas. These efforts were widely reported in the media at the time and led to increased sales. Rather than just explaining things logically, I think it is important to provide as many concrete examples as possible, so that employees can understand and act on their own volition.

I believe that by bringing out the best in people, we have every chance of standing out in the industry. As customer needs become more diverse, how can we demonstrate our unique identity and originality? Through trial and error, I expect sustainable, high-quality, and uplifting consumption to become even more prominent in the future. I think it would be great if we could adapt to these changes and become a unique, one-of-a-kind entity that is neither a department store nor a shopping center. To achieve this, we will continue to take on challenges, accumulating both failures and successes, by offering one piece of wisdom at a time and doing one extra thing at a time when taking action, as we strive to create the kind of department store we want to be in the future.



Aim for Business Growth by Implementing Portability and Scalability.

KAWASE Kenji
Representative Director, President and Executive Officer
Parco Co., Ltd.

Complete four strategies

In fiscal 2024, Parco's business profit increased by 51.2% from the previous fiscal year to reach 12.6 billion yen, surpassing the target set for the final year of its medium-term business plan (fiscal 2026). This is mainly because Shibuya PARCO and Shinsaibashi PARCO, which opened during the COVID-19 pandemic and had been unable to demonstrate their full potential, have finally been able to realize their potential and have gained customer support that exceeds their initial business plans. The value we offer, based on our principles of genderlessness, agelessness, and borderlessness, resonated with customers in Japan who share our sensibilities, leading to an increase in domestic transaction volume. In addition, by offering overseas tourists who share the same sensibilities and values as Japanese customers the unique value and experiences that can only be found in Japan, such as Made in Japan and Japan Design, at PARCO, sales to inbound tourists have expanded to a scale far exceeding expectations.

However, I do not feel that we have achieved our medium-term business plan ahead of schedule based on these results. Parco's medium-term business plan focuses on implementing four key strategies: "structural evolution of store business," "development of new business bases," "expansion of content business," and "restructuring and strengthening of management foundations." While these four themes are still in progress, the challenges we identified when the medium-term business plan was formulated remain unchanged. Only by completing these four key strategies can we truly say we have achieved Parco's medium-term business plan.

Promote floor layout reforms of core stores

As part of the structural evolution of store business, we are promoting floor layout reforms under our medium-term business plan. Nagoya PARCO and Sendai PARCO, which were the first to take on this initiative, have been able to clearly define the characteristics of their respective areas, and I feel that they have become much stronger. In addition, Shibuya PARCO reopened in November 2019 as the "new" Shibuya PARCO, but immediately after that, it was hit by the COVID-19 pandemic, and about one-third of the tenants who had initially agreed to join us were forced to leave. I believe this experience is useful for the large-scale renovation we are currently undertaking with a clear purpose in mind.

PARCO is a commercial facility that embodies its worldview through its unique curation skills in IP content, fashion, restaurants, and other areas, based on the vision we have built. For this reason, I believe that PARCO is unique and cannot be easily imitated. It is most important to us that PARCO continues to be loved and admired by people in Japan and around the world even 10 and 20 years from now. We don't aim for perfection, where everything is exactly as customers expect. Rather, we take pride in hearing people say that PARCO is always different and interesting, offering exciting combinations they never thought of. In a positive sense, I believe that our value lies in continuously exceeding our customers' expectations.

Content development with a medium- to long-term perspective

At the start of this fiscal year, the IP content business was narrowed down to five areas. These are two areas involving our own IPs, namely "games" and "manga," and three areas involving the use of other companies' IPs, namely "retail," "museums," and

“artist films.” Among these, “Chiikawa Ramen Buta” and “Chiikawa Restaurant” under the retail category are progressively expanding new locations, with plans for further international expansion. We are also embarking on new initiatives in the game category. These businesses not only make our commercial facilities more attractive, but also enable us to expand our business beyond our commercial facilities.

Looking ahead to 2040, we would like to develop new businesses in addition to our current ones. The value of "finding things amusing" that we have cultivated and cherished through our experience in operating and producing commercial facilities can also be applied to our IP content business.

In addition, this content will enable us to combine “portability,” which is absent at Parco’s commercial facilities, with “scalability,” which enables business expansion. Shibuya PARCO and Shinsaibashi PARCO are already able to offer something that pleases people from overseas, so if we can gain portability, we would like to go to their locations and bring them joy. For example, first they encounter Parco’s content overseas, then stay connected online. When they come to Japan, they become even bigger fans of Parco by visiting our physical stores. After returning home, they continue to interact with us online. In this context, we are thinking about not only having people buy things, but also creating new monetization points for our business. We believe that games and manga are content that can realize this.

Provide alternative value

In a sense, it is inevitable that Parco will expand overseas, and we hope to achieve significant results overseas in the future. PARCO started in Ikebukuro in 1969, when Japan was in the latter half of its period of rapid economic growth, and urbanization continued to progress throughout Japan. As urbanization that began in Tokyo spread to Osaka and Nagoya, a kind of common sense of values emerged, which then spread to regional cities such as Sapporo, Sendai, and Fukuoka. This urbanization, combined with information asymmetry, created fertile ground for PARCO to be accepted in various locations, and it gained support mainly among young people, leading to the expansion of stores throughout Japan. What was happening at that time can be described as physical or geographical urbanization.

In recent years, as Japan faces the reality of population decline and regional decline, and as concentration in major cities progresses, Parco is focusing its resources on stores and businesses where it can leverage its strengths, and is working to select and concentrate its businesses. In the past, when there was no internet, Parco expanded its business by riding the wave of urbanization and increasing the number of stores, but I feel that the current urbanization is progressing all over the world in a largely sensory or conscious way. Even if buildings aren’t built or trains don’t run, the internet allows us to instantly access the same information and enjoy the same experiences as our friends no matter where we are in the world.

We ourselves may sometimes fall into the trap of believing we can only do business in cities, but I think it is important to realize that there are actually countless cities. Once we can adopt this mindset, we will be able to expand our business by merging our commercial facilities and content. I believe this must be achieved by 2040. By then, people overseas who share the same sensibilities as those in Tokyo may be living lifestyles similar to those in Tokyo. We will present Parco to them, gain their sympathy, and create new value. Our goal is to build sustainable relationships with diverse stakeholders in this process while striving for sound business results. No matter how far we go, cities will always demand the provision of alternative value. Parco wants to take on that role.

Co-creation is the basis of Parco’s activities.

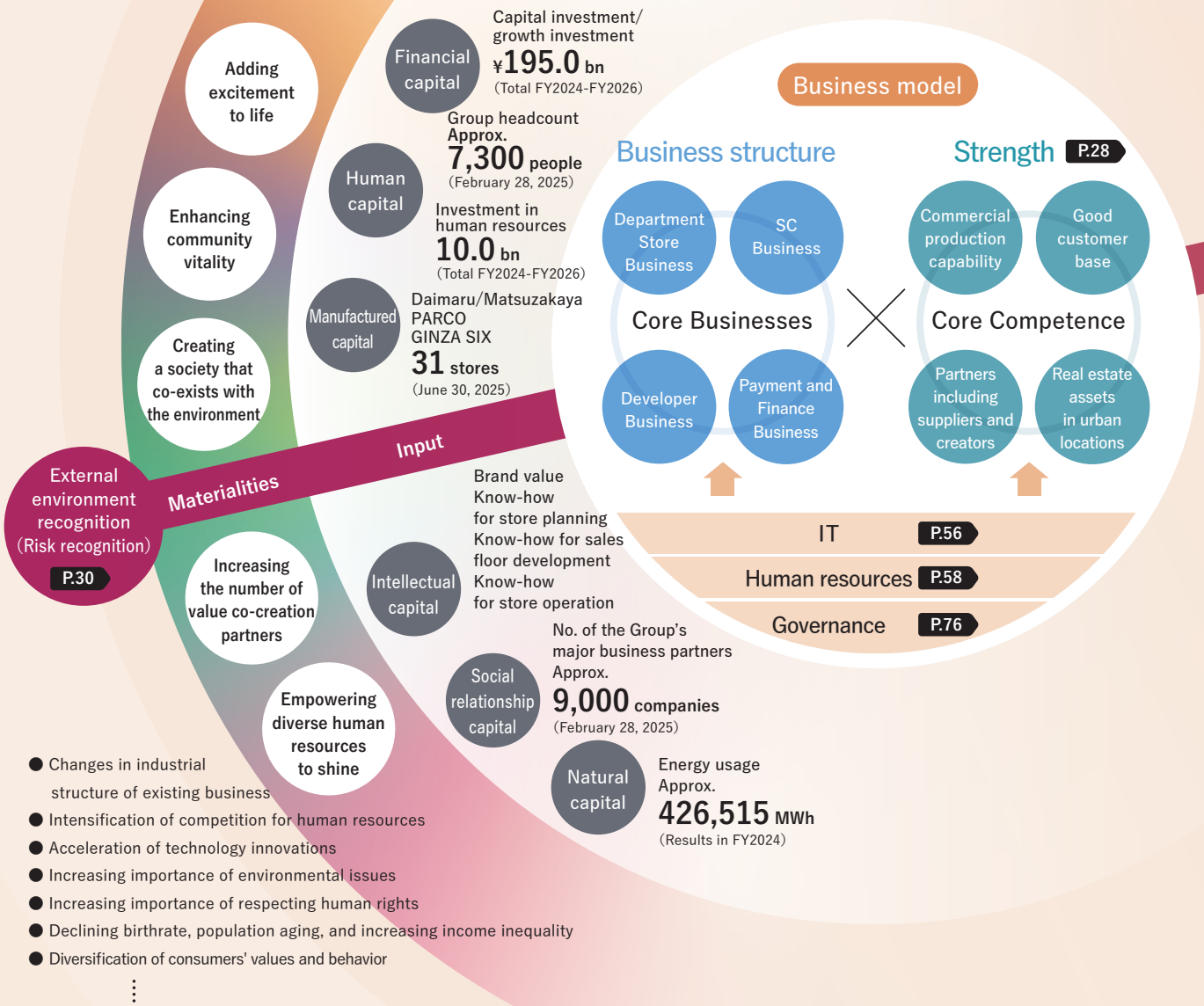
Co-creation is fundamental to Parco. All of its businesses are based on co-creation, which forms the foundation of Parco’s activities. Our strength is our ability to quickly empathize with creators and key players and get them involved. As curators, when we have a strong conviction that “this is the kind of space we want to create,” I believe it creates persuasive power for the people we co-create with. And I believe that the fact that creators want to work with Parco is a precious asset in itself.

However, even so, I sometimes worry that we are limiting ourselves by clinging to past success experiences and restricting the potential outcomes that will emerge from combining our competencies with those of creators. For this reason, I consciously convey the message within the company that “past successes do not necessarily lead to future success.” It is important to redefine Parco’s capabilities, think outside the box, and accumulate new successes, no matter how small.

Currently, the entire Group is actively promoting personnel exchanges, and I feel that the distance between us and the holding company and Daimaru Matsuzakaya Department Stores has narrowed considerably. I hope that everyone will enjoy the differences while identifying each other’s strengths and areas for improvement. And when people who have worked at both Parco and Department Stores become leaders and form a mixed team, if we can create something interesting that combines the best of Parco and Department Stores as a product of co-creation within J. Front Retailing Group, I would definitely like to see that happen.

J. Front Retailing Value Creation Process

Under the Basic Mission Statement and the Group Vision, J. Front Retailing, together with stakeholders, is committed to creating high quality, fresh, hospitable, and fulfilling lifestyles adapted to the changing times.
The business activity of J. Front Retailing is to constantly seek to create rich markets that grow with local communities, which is led by the Department Store and Parco.
It is nothing less than to create, as a public entity of society, new value that resonates with various stakeholders.
Circulating the Group's business model and creating new value using the six capitals of J. Front Retailing effectively and efficiently are the process to create the brand value of J. Front Retailing, which will result in the creation of new value that resonates with society.
Through this initiative, we will aim to realize CSV management that achieves social value and economic value at the same time, contribute to society at large, and develop the Group.



Customers

We will contribute to the creation of communities where people can feel connected to others and society by providing customers with inspiring and enriching lifestyles.

Shareholders and investors

We will strive to enhance corporate value over the long term through the practice of highly profitable and efficient management.

Business partners

We aim to grow together by building partnerships based on mutual trust and co-creating new value.

Employees

We will realize a rewarding workplace by creating an environment in which each and every employee can demonstrate his or her abilities and individuality and feel a sense of growth.

Local community

We will contribute to the sustainable development of local communities by promoting business activities that enhance the liveliness of cities and the attractiveness of communities.

Global environment

We will pass on a better global environment to future generations through environmentally conscious business activities.

Co-creation of Excitement

Co-prosperity with Communities

Co-existence with the Environment

Vision

Create and Bring to Life "New Happiness."

Well-Being Life

Outcome

Output

Strategies and long-term KPIs

Quality products and services

Exciting content

Bustle of local areas

Revitalization of local communities

Circular business

Reduction of GHG emissions

ROE 10% (Medium- to long-term target)

Ratio of women in management positions 40% (2030)

Deepening retail P.40

Scope 1 and 2 GHG emissions Down 73% (2030 vs. FY2017)

Evolving synergies P.52



From September 25 to 27 in 2015, which is a milestone year of the development agenda, the United Nations Sustainable Development Summit was held at the United Nations Headquarters in New York, and with the participation of more than 150 leaders of member states, the "Transforming our world: the 2030 Agenda for Sustainable Development" was adopted as its outcome document. We have implemented CSR systems using ISO 26000 as their guidelines to create shared value.

Unite as One to Become a Value Co-creation Retailer.

3 Values

Co-creation of Excitement

Japan has entered a society with a declining population. The maturation of society also means the end of mass production and mass consumption. Our lives have become richer as a result of the abundance of information and goods and their continuous updating. On the other hand, the diversification of values, tastes, and lifestyles has led to a marked segmentation of the market. One of the characteristics of this trend is the emergence of "*oshi* (the object that someone enthusiastically supports, such as idols, fictional characters, and athletes)" in various genres as a driving force for consumption. What is important is to create a system that allows us to connect more with our customers, share processes and experiences with them, and raise their emotional temperature, in other words, create excitement. We aim to be a company that creates and shares excitement with our customers and employees.

Co-prosperity with Communities

A community is an ecosystem. Businesses and functions expand in layers throughout the area, and people gather there. They influence and stimulate each other to breathe life into the community. Our core business is rooted in community-based retailing. It is the foundation of our business that we value our connections and networks with local communities and aim to prosper together with them. On the other hand, the challenge that retailers tend to face is homogeneity. In other words, locality may become one of the keywords to create strength in the future. We are particularly paying attention to the areas we have positioned as seven key cities. It is safe to say that there is nothing but potential there. We aim to be an indispensable company for the community.

Co-existence with the Environment

Abnormal weather occurs not only in Japan but all over the world almost every year. What was previously dismissed as "abnormal occurrences" is now becoming "everyday matters." Given that retail is the core of our business, there may be only so much we can do in addressing environmental issues. But we are also unique in that we have connections with more customers and suppliers in our supply chain. There are likely many cases where we can take advantage of these connections to work on or work together. Climate change is an issue that all members of society must take seriously as "their own problem." We aim to be a company that engages in businesses that are directly linked to environmental issues.

3 Synergies

Area

One of the Group's unique characteristics and strengths is its well-balanced network of department stores, Daimaru and Matsuzakaya, and shopping centers, PARCO, in major cities throughout Japan. In particular, in the seven key cities of Sapporo, Tokyo, Nagoya, Kyoto, Osaka, Kobe, and Fukuoka, in addition to operating our stores, we also own assets that can be developed around the stores. In the medium-term plan started last fiscal year, as will be explained in more detail later, we will first realize the synergies in the Sakae area of Nagoya, and having seven such areas with great potential and operating diverse retail businesses is our strength and a unique way to compete that our peers do not have.

Customer

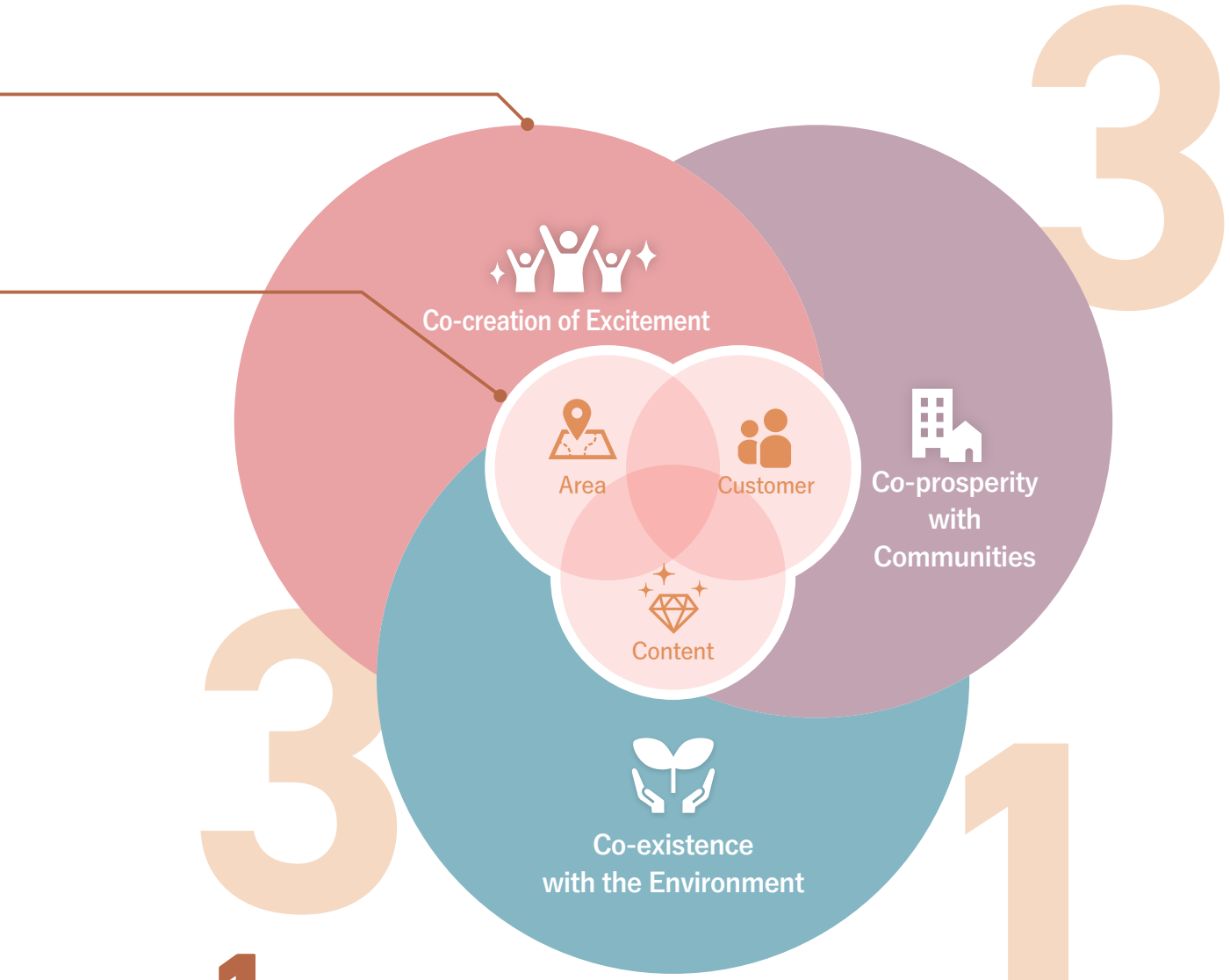
Department stores Daimaru and Matsuzakaya excel at offering prime products and services, while PARCO is unique in its ability to reach younger customers through the discovery of new entertainment and culture. In the Shinsaibashi area, the two stores, each with a heterogeneous configuration, help stimulate customer circulation and create new value for the local area. In the future, in addition to deepening this good customer base, we will also strengthen our connections with new customers, such as overseas customers and the MZ generation. We aim to connect with our customers across our stores, operating companies, and areas, and to remain their lifelong partner of choice.

Content

We believe it is essential to implement a new business model in the retail business in order to achieve sustainable growth for the Group. The Group has the discerning and procurement capabilities cultivated by Daimaru, Matsuzakaya, and PARCO, as well as connections in each area and a network with suppliers and creators. We will fully integrate them as a group and promote the development and ownership of content. The Group itself will own content, including through M&A using its growth investment quota to realize "new growth businesses that are not restricted by the floor space of physical stores."

Looking ahead to 2030, we believe that what we must value in order for the Group to remain a presence needed by society is three values, three synergies, and a renewed unity as a group.

Through these efforts, we will evolve into a Value Co-creation Retailer Group that continues to provide the three shared values by gaining overwhelming support from all consumers who prefer high-quality, uplifting consumption and experiences that satisfy their own preferences and values in Japan and overseas.



As 1

In order to bring out the full potential of the Group, we will be aware of reuniting the Group as one and will actually work as one. In particular, in order to maximize synergies, it is extremely important to integrate the Group's human resources. We will also actively invest in human resources. Employees are our most important value co-creation partners. We will create a cycle in which employees with strong will use the company's resources to realize what they want to do, which will lead to the company's growth.

In addition, we will expand the scope of standardization and centralization of the systems that form the foundation of the Group. One example of this is the consolidation of cards. The PARCO Card, GINZA SIX Card, and Hakata Daimaru Card, which had been issued by multiple issuers within the Group, have finally been consolidated into JFR Card. The other is the integration of business systems throughout the Group. By standardizing the accounting system, payment system, groupware, and human resource system across the Group, we will promote collaboration between operating companies as well as invigorate internal and external communication.

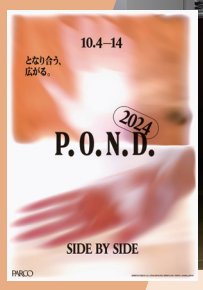
Operating companies and individuals will be united as one by each leveraging diversity, honing personality, and sharing the same perspective while sometimes crossing boundaries. As one team with strong personalities, we will always face the ever-changing times and create and bring to life "new happiness" as an indispensable presence in society.

Hone Our Strengths to Become an Edgy Group



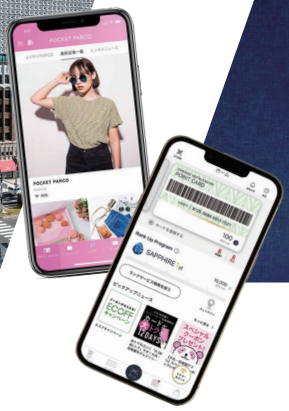














Strength 1 Commercial Production Capability

Daimaru and Matsuzakaya, both department store operators, continue to accurately grasp the changing value that customers seek through their products and services, and continue to connect their long histories of 300 and 400 years through sustainable management. They are committed to proposing new lifestyles that enrich the lives of their customers at all times. Among these, they have an advantage in creating a luxurious worldview, an overwhelming assortment of cosmetics and beauty products, and the creation of a lively atmosphere in *depachika* (department store basement food floors) with a wide variety of high-quality foods. In addition, they have successfully developed a luxury mall GINZA SIX by making the bold choice of "not operating as a department store."

PARCO, which operates in the shopping center format, is working to create attractive commercial spaces through its total production capabilities for commercial facilities. Particularly symbolic is the one and only Shibuya PARCO, which is positioned as a next-generation commercial facility. It is also a hub for the PARCO brand with a cutting-edge lineup of shops in fashion, art, and culture. They provide a full range of services, from marketing and planning for the areas where their stores are located, to shop selection, design of environments, store operation, and maintenance and management. Regular and proactive renovations keep the stores fresh in response to market changes.

Having the department store format of Daimaru and Matsuzakaya and the shopping center format of PARCO, each of which has different areas of expertise, opens up possibilities for unique commercial activities through the fusion and combination of these formats. We will also take on the challenge of developing new commercial spaces in cooperation with J. Front City Development, which operates the Developer Business. We hope to show one variation of this fusion in The Landmark Nagoya Sakae, which is scheduled for completion in fiscal 2026.

Strength 2 Good Customer Base

The Daimaru Matsuzakaya Department Stores app, which is positioned as the number one way to improve customer relations, has 2.64 million users (as of the end of February 2025). In addition, the number of the Department Store's unique gaisho customers, mainly the wealthy, exceed 300,000. One of the most noticeable recent trends among gaisho customers is active purchasing by young affluent customers in their 20s to 40s. The development of younger customers has been one of the most important challenges for the Department Store for some time, and with the support of enhanced digitalization, steady progress is being made.

PARCO is characterized by its depth of highly sensitive customers in their 20s and 30s. With the recent introduction of luxury brands at Shibuya PARCO and Shinsaibashi PARCO, PARCO is expanding its customer base to include wealthy people in Japan and inbound tourists.

Data obtained from the good customer base are the Group's invaluable asset that forms a base for improving its product selection and services. We can say these data are evolving as higher-value-added information through app as a digital touch point. Using the JFR Group data platform, we will accumulate and analyze data obtained from customer touch points to provide further advanced value.

Furthermore, the Group has consolidated the GINZA SIX Card, PARCO Card, and Hakata Daimaru Card, which were previously issued by different issuers within the Group, into a single JFR Card. Going forward, by promoting customer development through the issuance of these new cards, we will be able to build a solid customer base at the group level and also expand our management base as the Payment and Finance Business. Through this process, we believe that by further understanding our customers, we will be able to significantly deepen our CRM, which will contribute to synergies.

Strength 3 Real Estate Assets in Urban Locations

We have achieved a balanced distribution of stores by operating 15 Daimaru and Matsuzakaya department stores, 15 PARCO shopping centers (SCs), and the luxury mall GINZA SIX in major cities across the country, from Sapporo, Hokkaido in the north to Fukuoka in the south. The department store Daimaru or Matsuzakaya and PARCO adjoin each other in Ueno in Tokyo, Nagoya, Shinsaibashi in Osaka, and Fukuoka and it is easy for the Group to create synergy in these locations. As in Shinsaibashi, Osaka, the Daimaru store, which was rebuilt and reopened in 2019, and PARCO, which was newly opened in 2020, are operated as one in connected buildings, many customers shop in both stores, and they have become a symbol of the Group's synergy creation. By placing disparate things side by side, unprecedented new value was created.

As we own many of our core stores in urban areas, and furthermore, we also have a considerable amount of usable real estate around our stores, we think there is enough room to develop as an "area" centering on our existing stores, that is to say, the Group has enough medium- to long-term growth potential.

To achieve them, we established a new company, J. Front City Development, which operates the Developer Business, in March 2023, and also established a new CRE Strategy Unit within the holding company to significantly strengthen the promotion system. Specifically, The Landmark Nagoya Sakae in the Sakae area of Nagoya and the Shinsaibashi Project (tentative name) in the Shinsaibashi area of Osaka are both scheduled for completion in fiscal 2026, and we have also decided to participate in the Tenjin 2-chome South Block Station-Front East-West Area Project (tentative name), known as the Tenjin Big Bang, in the Tenjin area of Fukuoka, which is to be completed in fiscal 2030. Thus, the Developer Business will be an important pillar in driving the Group's growth in the future.

Strength 4 Partners including Suppliers and Creators

The Group can provide various values to customers only through co-creation with its partners. The Department Store found many foreign brands and concluded exclusive agreements with some of them in the past. We believe that Daimaru and Matsuzakaya, with their long histories of 300 and 400 years, respectively, have earned the trust of their suppliers, who value the value of their brands. The Future Standard Laboratory, which was established in 2017, contacts with various creators, cultural figures, communities, and many companies and promotes "combination with foreign elements" to propose and disseminate what will become the standard for the future beyond the traditional department store framework.

In addition to leasing activities such as the introduction of clothing and accessories shops to meet diversifying needs, Parco pioneers the introduction of shops that meet the changing lifestyles and demands of consumers in order to achieve further business growth. Parco also focuses on "incubation" to support up-and-coming fashion designers, creators, and companies with growth potential, as well as the development of new store formats in collaboration with companies that operate shops in PARCO. And considering the discovery and growth of new talent to be the key to its growth, Parco is implementing proactive support measures, such as organizing events that can serve as a catalyst for designers to become known to the world and providing venues for young designers to showcase their work.

By having the Department Store and Parco in the same group and transferring their respective partners selected with a discerning eye to each other, we think we can create exclusive synergy that other groups cannot create. Among others, they are essential competencies for content development, which is an important factor for differentiation. Concrete results are steadily beginning to emerge in order to implement the new retail model we are aiming for, although there are still challenges in terms of granularity.

Risk Is the Starting Point of Strategy

Approach and system for risk management

Risk management

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

In response to risks that are deemed to be of high importance to the Company, we consider “strategies and measures to take risks and promote them as business opportunities” and “strategies and measures to view risks as threats and control them,” and we are responding by positioning risks as the starting point of our strategy.

Risk management system

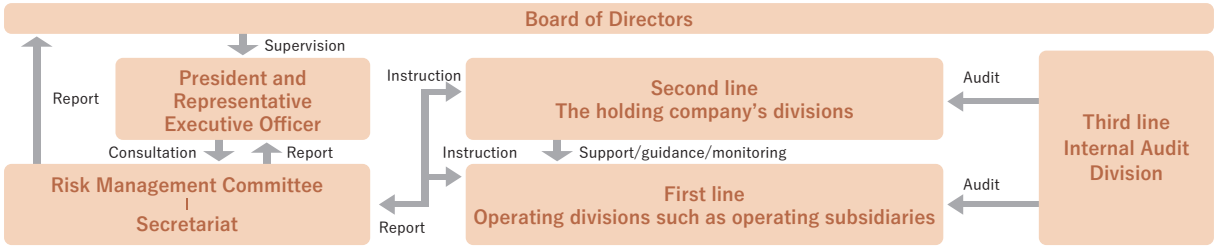
The Company has established the Risk Management Committee, which is chaired by the President and Representative Executive Officer and comprises Executive Officers of the Company and the presidents of major operating companies, as an advisory body to the President and Representative Executive Officer.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

The committee has established a secretariat headed by an officer in charge of risk management. The secretariat shares important decisions of the committee with operating subsidiaries and promotes enterprise risk management (ERM).

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

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

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



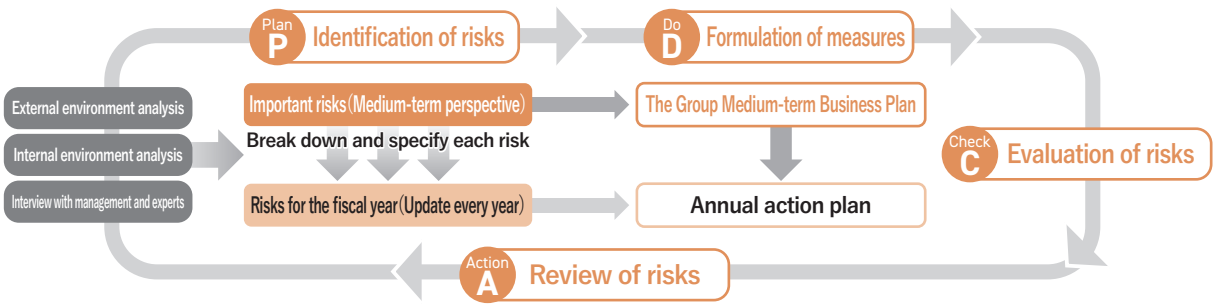
Processes and risk identification method

Over the medium term, we have positioned “important risks for the JFR Group” (hereinafter referred to as “important risks for the Group”) as having extremely high importance for the Group’s management and have used these as starting points for the Group Medium-term Business Plan.

We also break down and specify “important risks for the Group” in terms of fiscal years, which, coupled with risks that require individual attention in a given fiscal year (mainly operation risk, system response, and the like), we refer to as “the JFR Group risks for the fiscal year” (hereinafter referred to as “the Group risks for the fiscal year”), and prioritize and execute countermeasures accordingly.

For “important risks for the Group” and “the Group risks for the fiscal year,” change in the environment surrounding risks and the progress of measures are monitored, and the Risk Management Committee discusses the matters and then reports their contents to the Board of Directors.

Risk identification method and PDCA



Overview of important risks for the Group	Internal environment (Business environment)	External environment (Macro environment)
Strategy risk	*Changes in industrial structure of existing business *Intensification of competition for human resources Diversification of consumers' values and behavior Increased presence of non-Japanese consumers Increasing inequality between cities	*Acceleration of technology innovations *Increasing importance of environmental issues Increasing importance of respecting human rights Declining birthrate, population aging, and increasing income inequality Asterisks (*) denote priority risks with an extremely substantial impact.
Finance risk		Instability of economic trends
Hazard risk		Emergence of geopolitical and geoeconomic risk Natural disasters and epidemics Increase in information security threats
Operation risk	*Operation risk is handled as part of the risks for the fiscal year.	

List of important risks for the JFR Group

Category	Item	Impact	Outlook for the future	Negative side	Positive side	Measures
Strategy	Changes in industrial structure of existing business	Very severe	↑	●Decreased vitality of the entire Group due to weak performance of large-scale store-based retail business	●Regrowth by radical change of the business model of large-scale store-based retail business	●Strengthening existing businesses and developing businesses to transform our business portfolio ●Investing through M&As and CVC based on our vision
Strategy	Intensification of competition for human resources	Very severe	↑	●Loss of competitiveness in attracting human resources, outflow of talented human resources ●Decrease in employee motivation	●Promotion of business strategy, creation of innovation ●Increase in employee engagement and organizational capability	●Recruitment of professional human resources, exchange and development of the Group human resources ●Realization of Well-Being Life of employees through investment in human resources
Strategy	Acceleration of technology innovations	Very severe	↑	●Sluggish growth of the entire Group ●Declining competitiveness due to delay in use of technology	●Transformation of business model through use of technology ●Operation streamlining	●Utilization of the Group database ●Operation streamlining through the use of AI ●Building business models for XR/VR, NFT, and other new markets ●Developing digital/IT human resources
Strategy	Increasing importance of environmental issues	Very severe	↗	●Defection of stakeholders and lower rating and brand power	●Sustainable growth and improvement of the Group's presence	●Reducing GHG emissions ●Expanding handling of environmentally friendly products and services ●Promotion of recycling business ●Expansion of circular businesses such as sharing and upcycling
Strategy	Increasing importance of respecting human rights	Very severe	↗	●Loss of reputation and boycott ●Interference with employees' comfortable working environment	●Increased support from stakeholders, including employees, and improved corporate value	●Supply chain-wide management initiatives on human rights ●Establishment and internal and external dissemination of policies for dealing with customer harassment
Strategy	Declining birthrate, population aging, and increasing income inequality	Severe	↗	●Shrinkage of domestic market scale ●Contraction of high-volume sector, the existing target	●Expansion of new markets through target accommodation	●Approaching consumers who favor consuming high-quality goods and heart-lifting experiences that fulfill their own preferences and values ●Expanding customer/business base to reach the aforementioned target
Strategy	Diversification of consumers' values and behavior	Severe	↗	●Decrease in sales and revenue	●Expansion of new markets	●Promoting measures in line with the values of consumers who favor consuming high-quality goods and heart-lifting experiences that fulfill their own preferences and values (e.g. subscription business, entertainment, pop culture)
Strategy	Increased presence of non-Japanese consumers	Severe	↗	●Delay in capturing sales from inbound tourists ●Sharp decline in sales to inbound tourists	●Increase in sales to inbound tourists ●Capturing foreign demand by developing e-commerce and other means	●Continuously strengthening categories of products that are popular with Japanese and non-Japanese customers ●Promoting the development and ownership of content that allows us to expand in the digital domain outside Japan ●Ongoing efforts to expand the Japanese customer base
Strategy	Increasing inequality between cities	Severe	↗	●Decline in urban commercial facilities' ability to attract customers	●Business development through contribution to urban needs and urban development	●Participating in urban development in collaboration with local governments and other organizations in the Group's major locations (e.g. commercial facilities, office space, hotel accommodations, residences)
Finance	Instability of economic trends	Severe	↗	●Loss of opportunities for revenue ●Increased funding costs	●Promotion of growth strategies and business portfolio changes ●Lowered funding costs	●Long-term funding at fixed interest rates ●Selection of appropriate financing measures during the new funding phase
Hazard	Occurrence and spread of natural disasters and epidemics	Very severe	→	●Damage to the lives of customers and employees ●Business continuity crisis	●Stable business operation	●Continuously implementing practical BCP training ●Periodic reviews of business continuity plans ●Strengthening preparation for new pandemics
Hazard	Emergence of geopolitical and geo-economic risk	Severe	↗	●Danger and difficulties in life for employees stationed overseas (or on business trips)	●Stable overseas business operations	●Establishing and promoting an overseas risk management system in line with the risk environments and circumstances at our employees' overseas postings and business trip destinations ●Closely monitoring the impact on the Group's business (especially overseas business)
Hazard	Increase in information security threats	Severe	↗	●Occurrence of personal information leaks, lawsuits, and liability for damages, loss of social trust ●Delay/stagnation of operations	●Stable running of operations and systems ●Operation streamlining and promotion of remote work	●Developing and upgrading the Group's common system infrastructure ●Promoting sophistication of security operations and strengthening the response system ●Reviewing the Group security guidelines and improving employee security awareness and understanding through training

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

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

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

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

How Can Department Stores Resist Homogenization?

Inflation pushes the industry to a turning point

Japanese society is undergoing a major structural shift from deflation to inflation. Wages are steadily rising, driven by aggressive wage increases at major companies. On the other hand, due to the complex interplay of various factors such as exchange rates, geopolitical risks, and climate change, the prices of raw materials and supplies have risen, which have led to price increases exceeding wage growth. As a result, real wages have not stabilized at a positive level. In particular, we believe that the recent rise in food prices is having a negative impact on consumer sentiment, especially among the middle class.

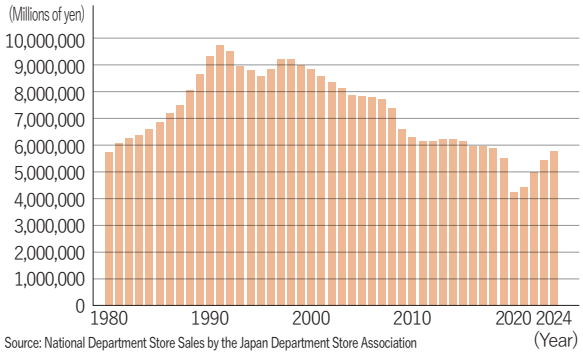
Amid this situation, department stores, as a business model resistant to inflation, showed sustained strength in domestic consumption, centered on favorable trends in luxury goods, jewelry, watches, and other high-priced items, due to the continuing wealth effect and the rise and growth of a new wealthy class. Additionally, with the number of inbound foreign tourists exceeding 36.87 million in 2024, duty-free sales at department stores nationwide also surged, particularly in general merchandise such as luxury goods and watches, reaching 648.7 billion yen, nearly double the pre-COVID-19 level. However, this rapid growth in duty-free sales is largely due to the price difference between domestic and overseas markets caused by the extremely weak yen, and sales are currently slowing down sharply in the first half of 2025 as brands raise prices and the exchange rate enters a period of adjustment.

When viewed over long-term trends, national department store sales have been on a downward trend since peaking at 9.7 trillion yen in 1991. And it is said that the COVID-19 pandemic triggered a decade's worth of changes all at once, with sales disappearing by 1.2 trillion yen a year in 2020. The shrinkage of the department store market is due in part to external macro factors such as a declining population and the collapse of the middle class due to increasing polarization, as well as intensifying competition across industries, including the rapid expansion of e-commerce, but the essential issue is the obsolescence of business models that cannot respond to changes in customers and rapid changes in the environment.

Amid this situation, After the COVID-19 pandemic, the quality of consumption has changed dramatically. One is a shift in the target of consumption to higher-value-added goods and services, and the other is the expansion of the customer base of department stores to younger and wealthier customers. We believe that domestic consumption among the wealthy will remain sustainable due to factors such as the state of financial assets and changes in the quality of consumption. As for trends among the middle class, we believe there is room for department stores to capture them, due to more discerning consumption. This change can be viewed as positive for department stores.

On the other hand, it cannot be denied that sales to inbound tourists is extremely volatile due to factors such as institutional reforms, exchange rate trends, and geopolitical risks, and it must be said that excessive dependence on them carries risks. However, the view that it is a growth market in the medium to long term remains unchanged. The essence of the matter is whether or not we can respond flexibly to changes in order to enhance the value we provide to our customers.

National department store sales



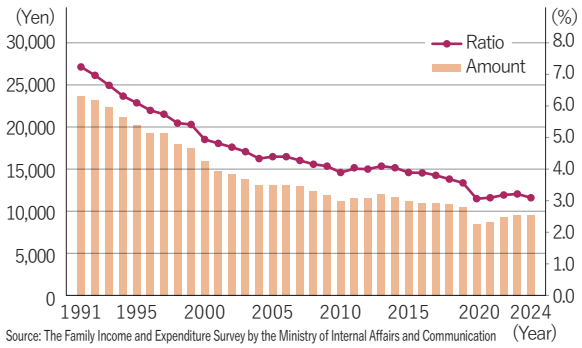
Source: National Department Store Sales by the Japan Department Store Association

History is made by adapting to change

The department store business model was born more than 100 years ago. Large stores were opened and they expanded their product categories as they developed and prospered, from men's and women's clothing to kimono, children's clothing and toys, furniture, home appliances, and food. In terms of business structure, department stores mainly purchased products on a no return basis and took inventory risk, which is called *kaitori* in Japanese. But in the 1980s, a new form of transaction without inventory called *shoka shiire* expanded to around 80%. In *shoka shiire*, purchase is recorded when the product is sold to a customer and the product is not recorded as department store inventory. And the focus of the business shifted from merchandising to marketing or brand assortment. At the same time, department stores overly depended on clothing, particularly women's clothing, against the backdrop of the DC brand boom, instead of carrying a full line of products, which is the origin of the Japanese word *hyakkaten* (literally, a store selling hundreds of products) for a department store. It was then that department store sales peaked.

On the other hand, according to the Family Income and Expenditure Survey by the Ministry of Internal Affairs and Communication, the percentage of expenditure on clothing and footwear, which was 7.3% in 1991, dropped to the 3% range in 2016 and continues to be less than half of its peak in recent years. Department stores could hardly get out of past successes that they grew with apparel and continued to allot too much space to women's clothing, which widened the gap with customers' tastes and buying behavior. Amid the diverse changes in consumption quality, the challenge of homogenization remains persistent, with companies still seeking fundamental transformations including business model overhauls.

Ratio and amount of clothing and footwear expenditures per household



Source: The Family Income and Expenditure Survey by the Ministry of Internal Affairs and Communication

Business models becoming increasingly diverse

We have developed multiple options for the department store business model.

One is a choice “not to operate as a department store.” That is to say, we converted some stores to a 100% real estate rental business without adopting department store’s traditional transaction formats of *kaitori* and *shoka shiire*. Its typical example is GINZA SIX, a luxury mall which was created in 2017 by developing the two blocks including the former site of the Matsuzakaya Ginza store as one.

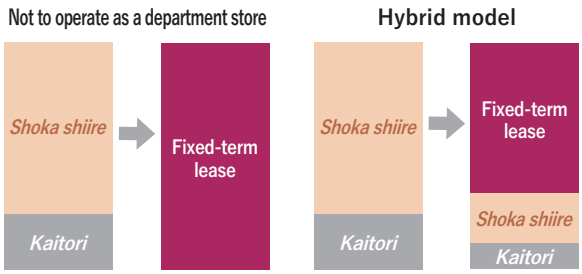
The other is to build a “hybrid model” that combines real estate rental with *kaitori* and *shoka shiire* under the “department store brand.” Its typical example of a large-scale core store is the main building of the Daimaru Shinsaibashi store, which opened in 2019. Also for small and medium-sized stores, we develop optimal business models by analyzing local customers and the surrounding environment, such as the Daimaru Suma store, which was renovated in 2020 to include a library.

Our strength lies in our ability to offer options that are best suited to each area as a department store business model.

The advantage of fixed-term lease is that it not only generates stable revenues and reduces operating costs, but also freshens up the store’s appearance by increasing the variety of tenants to better cater to service consumption and experience-based consumption. This model can also be said to be deflation-proof, as it ensures stable earnings. It is common for rent structures to differ for each contract, including the proportion of fixed and variable rent.

On the other hand, the advantage of *shoka shiire* is that we can seek greater return through sales growth. As the economy is about to shift from a deflationary phase to an inflationary phase, we believe that we have the potential to further demonstrate our strengths in terms of profitability, and that it is necessary to take a strategic approach, including from the perspective of ROIC.

The department store market varies greatly depending on the area. We will pursue the optimal business model for each store while keeping it variable.



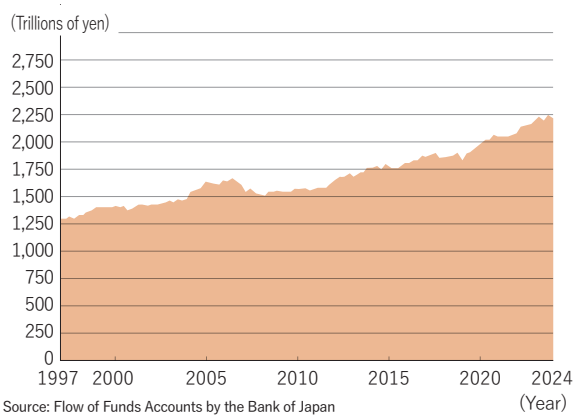
Strength in high-value-added products and services

Even during the COVID-19 pandemic, luxury goods sales continued to grow steadily, and have since grown rapidly. Daimaru Matsuzakaya Department Stores’ sales of luxury goods in fiscal 2024 showed a high growth of 97.0%, almost doubling the fiscal 2019 level. Over the past few years, we have strategically focused investments on expanding the luxury offerings at our core stores, capturing changes in both domestic and inbound tourist consumption, and achieving significant results.

On the other hand, sales of mass-produced and widely distributed women’s clothing have not returned to pre-COVID levels. To address this issue, the Matsuzakaya Nagoya store underwent a major renovation across eight floors, including reducing existing apparel space by 60%, to tap into new markets including younger demographics.

In addition, sales of our gaisho, which has organized wealthy customers, have already exceeded 200.0 billion yen, a double-digit increase from before COVID-19. It is also worth noting that Japanese household financial assets have increased by more than 200 trillion yen compared to 2019, before the COVID-19 pandemic. The core of the gaisho business is “people” to “people,” but the COVID-19 pandemic has triggered the digitalization of the gaisho business as well. Specifically, in addition to the rapid spread of app, the use of the closed website “connaissligne” has led to major changes in the way business is conducted, and the shift to online sign-up procedures has also helped to attract younger affluent consumers.

Household financial assets



Source: Flow of Funds Accounts by the Bank of Japan

The essence of physical stores lies in the value of experience

The COVID-19 pandemic has accelerated society’s digital transformation at an unprecedented pace, with online shopping making rapid progress. We have come to realize that digital technology transcends the constraints of time and place in a variety of situations, both on and off the job. On the other hand, as its antithesis, it has also provided an opportunity to reaffirm how irreplaceable and precious the value of real experiences gained through the five senses is.

The importance of store space can be reaffirmed by the overwhelming atmosphere created by the newly renovated Matsuzakaya Nagoya store. This is a luxurious, comfortable, and exclusive customer experience that can only be achieved in a physical store. In addition, the lounge spaces provided in each store are also popular as high-value-added services.

Our main task is to amplify the value we provide through real communication between people, and that is where our strength lies. We will expand human power using digital technology. Its starting point is in physical stores. From now on, it will be important for department stores to make use of their networks, including with creators, artists, and suppliers, to differentiate themselves through the co-creation of unique content.

By creating a sense of the world based on content and curation capabilities, we will further refine our physical stores and integrate digital technology into them. We believe that these are the basis of the department store business model in the present age.

Medium-term Business Plan (FY2024-FY2026)

Review of the Previous Medium-term Business Plan (FY2021-FY2023)

—Full recovery from the COVID-19 pandemic and building a foundation for renewed growth

- Although the impact of COVID-19 persisted longer than initially envisioned, working to steadily capture the recovery in demand in the latter half of the previous Medium-term Business Plan, we were able to recover our consolidated operating profit to pre-pandemic levels as a result of the strategies of the core Department Store and Shopping Center ("SC") Businesses and management restructuring such as reducing fixed costs, and also broadly improve our financial position by reducing interest-bearing liabilities and other means.
- In order to achieve renewed growth by 2030, in addition to building a foundation for our core businesses, we formulated medium- to long-term plans and promoted business restructuring in our developer strategy, and from the perspective of business portfolio transformation, we made investments and established a fund to create new businesses and worked to improve management efficiency by assessing businesses.

Connection with the previous Medium-term Business Plan (FY2021-FY2023)

Major achievements and challenges of the previous Medium-term Business Plan		Connection with the current Medium-term Business Plan (FY2024-FY2026)
Real/Digital Strategy	• Department Store worked to make its stores more attractive by emphasizing authenticity and achieved sales targets in luxury goods, watches, and art. • The number of the users of app as a digital touch point significantly increased, which contributed to higher per-customer spend. • SC has promoted floor layout restructuring efforts, which has led to greater operating profit than initially planned. • Created new businesses such as AnotherADdress.	• Department Store will continue to strengthen key categories. • SC will promote floor layout reform of core stores. • Continue to grow new businesses created in the previous Medium-term Business Plan and to take on new challenges. • Develop and possess content that contributes to making retail business more attractive.
Prime Life Strategy	• Promoted expansion of services for gaisho customers and acquisition of new customers. • Developed new partners and implemented initiatives to attract overseas affluent customers. • Decided to centralize card issuers within the Group. Shrinking cardholder base is a challenge.	• Attract quasi-gaisho customers and inbound tourists as well as new gaisho customers by expanding customer recognition. • Further strengthen online touch points. • Expand customer base through the centralization of card issuers.
Developer Strategy	• Established J. Front City Development Co., Ltd., an operating company to lead the strategy. • Formulated and promoted medium- to long-term large-scale complex development projects, developed properties for various uses other than retail, and set up funds.	• Promote medium- to long-term large-scale complex development projects that have been formulated. • Focus on initiatives in seven key cities.
Management restructuring	• Fixed cost reductions far exceeded target. • Narrowed down business base by closing unprofitable stores and other means.	• Continue to identify challenging businesses and stores.

Management Direction Looking Ahead to 2030

We promote our corporate activities based on "sustainability management," which addresses environmental and social issues and seeks solutions through our business activities, in order to realize the Group Vision of "Create and Bring to Life 'New Happiness.'" Moreover, we recognize our strengths as being our excellent customer base and store real estate primarily in major cities across Japan, the connections and trust we have with our stakeholders, and the commercial production capabilities and discernment we have cultivated through the Department Store, Parco, and others.

In defining our management direction for the coming years, we, after considering the aforementioned strengths that we possess, along with changes in the business environment that are considered important, have drawn up a Vision for 2030. We intend to evolve into a Value Co-creation Retailer Group that constantly provides three values centered on the retail business: Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment.

Changes in the business environment affecting us

Consumption	Market	Society
• Generational change in the primary purchasing group, and progress of globalization (inbound demand, etc.) • Increasing desire for emotionally satisfying "connections of empathy, support, and trust" • Further increase in awareness of "circulation" rather than the cycle of production and consumption	• Declining population and widening income gap in Japan • Progressing renewal and consolidation of urban functions and urban development • Decline in the number of key players in local economies, and growing interest in unique local traditions and culture	• Worsening environmental problems such as climate change and emerging geopolitical risks • Weakening ties with people and local communities and rise of digital communities • Worsening labor shortage and more importance placed on self-fulfillment and contribution to society when choosing a job

Positioning and Overall Structure of the Medium-term Business Plan (FY2024-FY2026)

This Medium-term Business Plan is positioned as a "phase of change" to realize our vision for 2030 and to ensure medium- to long-term growth, and while striving to generate profits mainly in our mainstay retail business (the Department Store and SC Businesses), we will expand upfront investments and growth strategy investments to realize the Group synergies.

2021 Phase of recovery 2023 | 2024 Phase of change 2026 | 2027 Phase of rapid growth 2030

Deepening the retail business

1. **Expanding domestic and overseas customer base**
   Expanding the scope of app-based services and gaisho activities at Department Store; increasing membership, taking advantage of the issue of a new card, at Parco
2. **Making customer contact points more attractive**
   Establishing a competitive advantage in each area by enhancing the charm of stores, which are the starting point for customer contact points, also promoting the creation of sales floors for next generation customers such as MZ generation
3. **Enhancing content for consumers preferring high-quality, uplifting consumption and experiences**
   Continuing to strengthen luxury brands, rebuilding fashion, and strengthening alliance at Department Store; enhancing IP content and entertainment at Parco

Evolving the Group synergies

1. **Expanding the Group customer base**
   Expanding customer base taking advantage of centralizing GINZA SIX and Parco's card issuers and promoting the Group customer strategies
2. **Maximizing area value**
   Maximizing area value through collaboration between retail, developer, and card in key areas
3. **Owning and developing proprietary content**
   Creating new value through the fusion of content in which Department Store and Parco excel, and promoting the development of proprietary content with an eye to overseas markets

Human resources strategy

- Securing and developing innovative human resources
- Promoting DE&I
- Career development and reskilling

System strategy

- Collaboration among operating companies
- Stimulating internal and external communication
- Establishment of common system for the entire Group

Finance strategy

- Strengthening management of the profitability of invested capital

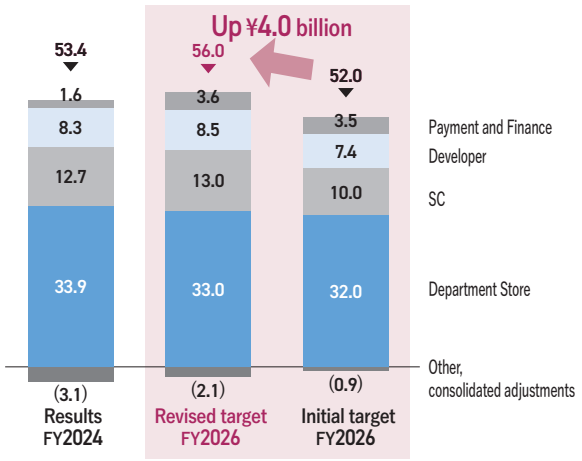
As we achieved our business profit target for the final year of this Medium-term Business Plan in fiscal 2024, we have revised upward the key performance indicator targets for the final year.

Upward revision of numerical targets in the Medium-term Business Plan

Key performance indicator	New target	Initial target	Change
Business profit	¥56.0 bn	¥52.0 bn	¥4.0 bn increase
ROE	8.0% or more	8.0% or more	—
ROIC	6.0% or more	5.0% or more	1.0 pts increase
Interest-bearing liabilities*1	¥270.0 bn	¥285.0 bn	¥15.0 bn decrease
GHG emissions*2	70.0% decrease	58.0% decease	12.0 pts decrease
Ratio of women in management positions	31.0%	31.0%	—

*1 Interest-bearing liabilities exclude lease liabilities.
*2 Percentage reduction compared to FY2017 for Scope 1 and 2

Business profit by segment (Billions of yen)



Cash allocation

In addition to the retail business, this Medium-term Business Plan focuses on upfront investments in the Developer Business to realize the Group synergies, as well as growth strategy investments.

The increase in cash inflow resulting from the upward revision of the profit plan will be allocated to investment in business growth and human resources.

Cash inflow

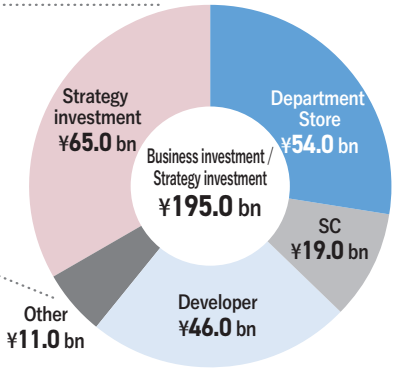
Initial plan ¥30.0 bn

Cash outflow

- Business investment Strategy investment ¥195.0 bn
  - Initial plan ¥20.0 bn
- Human resources ¥10.0 bn or more
- Shareholder returns ¥60.0 bn or more

*Total FY2024-FY2026

Investment breakdown by segment



*Total FY2024-FY2026

Overview of the Medium-term Business Plan

Deepening the retail business

(1) Expanding domestic and overseas customer base

- In the Department Store Business, we will work to expand the customer base, which includes such initiatives as expanding the scope of app-based services targeting loyal customers, and broadening gaisho activities. We will also promote gaisho collaboration with PARCO stores and others in the Group.
- In the SC Business, we will work with JFR Card to acquire app users and cardholders, taking advantage of the issuance of a new card.
- In both the Department Store Business and the SC Business, we will work to strengthen relations with overseas customers through not only initiatives to send inbound tourists to our stores and strengthen communication to customers, but also partnerships with overseas companies mainly in Asia concerning customer referral and mutually beneficial use of store facilities.

(2) Making customer contact points more attractive

- In the Department Store Business, we will enhance the charm of stores, which are the starting points of customer contact points, and establish competitive advantages in each area. Focusing on core stores, including the Matsuzakaya Nagoya store, we will not only continue to strengthen our key categories but also work on creating sales floors that appeal to the next generation of customers, such as the MZ generation, and adapt to market changes. In addition, we will strive to improve the space value, for example, by providing high-quality and comfortable store environments and environmentally friendly designs.
- To expand customer contact points using digital technology, we will work on enhancing customer communication through initiatives to renew both the department store app and the dedicated website for loyal customers.
- In the SC Business, in order to enhance Parco's unique brand value and the value of visiting its stores, we will carry out strategic renovations aimed at gaining greater popularity among the MZ generation and overseas customers, focusing on four key stores. This will include the first major renovations at Shibuya PARCO and Shinsaibashi PARCO, as well as efforts in Nagoya PARCO such as the largest assortment of entertainment and pop culture in the area and the introduction of next-generation fashion.
- We will work to make customer contact points more attractive by enhancing communication to customers through company-wide use of customer data obtained at PARCO stores and online, and introducing new services for members.

(3) Enhancing content for consumers preferring high-quality, uplifting consumption and experiences

- In the Department Store Business, in addition to continuously strengthening luxury brands and watches, which enjoy a high level of popularity among both domestic and overseas customers, we will propose new lifestyles that respond to market changes, focusing on such areas as fashion, beauty, and health.
- Furthermore, we will work on expanding new products and services through collaboration with external companies with the aim of strengthening our efforts to attract the affluent market.
- In the SC Business, through store renovations, we will develop Japan pop culture zones and introduce brands in collaboration with the Department Store. In addition, we will enhance entertainment including theater, music, and movies, in which Parco excels, and digital events like esports.

Evolving the Group synergies

(1) Expanding the Group customer base

- During the period of this Medium-term Business Plan, along with expanding the membership of and linking with app, we will consolidate the issuance of proprietary cards of the Group companies, such as GINZA SIX and Parco. Also, in order to leverage the establishment of a group-wide payment infrastructure as an opportunity, we will work on expanding the Group customer base and enhancing the lifetime value (LTV) of customers.
- We will advance customer referral beyond the boundaries of businesses and stores. Aside from that, we will plan and promote a Group customer strategy focused on the key areas through analysis and utilization of customer databases, among other methods.

(2) Maximizing area value

- In this Medium-term Business Plan, among the seven key cities, we will focus intensively on creating synergy in the "Sakae area in Nagoya."
- Through significant renovations at the Matsuzakaya Nagoya store and Nagoya PARCO, in conjunction with the opening of a commercial complex by the Developer Business (scheduled for 2026), and the expansion of external merchants of JFR Card, we will promote ways for the Group's facilities to mutually encourage customers to visit other facilities in the Group and also promote the circulation of customer foot traffic throughout the area. Through these efforts, we aim to contribute to attracting new crowd to the area and enhancing its charm to maximize the value of the area.
- In addition to the opening of commercial complexes in the "Sakae area in Nagoya" and the "Shinsaibashi area in Osaka" (scheduled for 2026), we will strengthen investments in the Developer Business to promote development projects in the "Tenjin area in Fukuoka." Meanwhile, we will work on improving profitability by using underperforming assets, selling or replacing assets, and other such means.
- We plan to consolidate and reorganize the existing construction and interior design business and building management business, to steer business expansion mainly toward the creation of high-quality space value, the improvement of service quality such as in maintenance and management of facilities, and the securing and training of specialized personnel in facilities inside and outside the Group mainly in the key areas.

(3) Owning and developing proprietary content

- To achieve new growth in the retail business, we will work to collectively harness the discernment, purchasing power, networks, and other organizational competencies possessed by the Department Store, Parco, and other Group companies to further advance efforts to develop and own proprietary content and services, etc. and also develop new businesses through collaboration with other companies, targeting such business development not only for domestic operations but also for the overseas and digital realms.
- Leveraging the strength of having a business base in major cities nationwide, we will work on discovering and nurturing unique local products and services, including food culture, that are characteristic of each area.
- In addition to attracting new content and tenants that are ahead of the times, we will consider the development, ownership, etc. of content such as games centered around subcultures.
- Alongside efforts to strengthen the subscription business, we will promote the development of new businesses that promotes the circulation of consumption, among others, through collaboration with other companies.
- To accelerate these initiatives, we will proceed more strongly with growth strategy investments through M&A, alliances with other companies, and our business succession and CVC funds.

Strengthening the Group management foundation

(1) Human resources strategy

- We will promote a human resources strategy integrated with the management strategy. Such a strategy will include strengthening the recruitment and development of highly specialized personnel, planned nurturing of next generation talents, and promoting women's empowerment.
- We will invigorate the internal exchange of personnel within the Group, with the aim of achieving a fusion of "knowledge" possessed by employees and expanding opportunities to play an active role, thereby fostering a culture of challenge.
- We will create an environment and establish systems where every employee can take on challenges, drawing out employees' intentions, motivations, and abilities, and work towards realizing a human resource development company that aims for the sustainable growth of people and organizations.

(2) Finance strategy

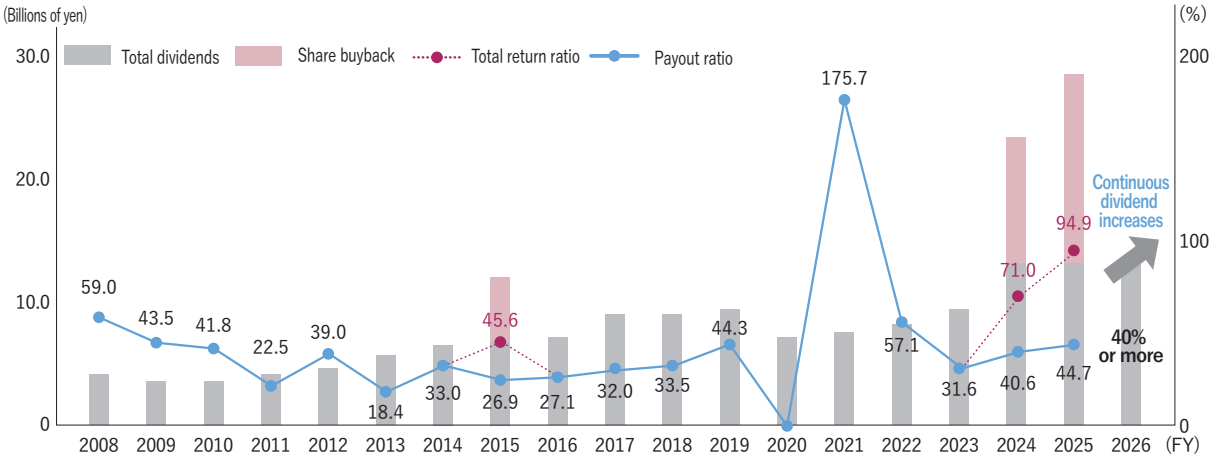
- To improve medium- to long-term capital profitability, we will thoroughly manage investments based on growth and profitability, and enhance ROIC management, mainly by entrenching its practice throughout the Group with the cooperation of the operating companies.
- Taking into account trends in capital markets, we will strengthen our financial position by generating free cash flow, securing long-term stable funds, and controlling interest-bearing liabilities.

(3) System strategy

- We will build a common system for the entire Group together with groupware to encourage collaboration between the operating companies, and enhance internal and external communication.
- By making the common accounting system for the entire Group fully operational, we aim to enhance management control and streamline operations. Additionally, we will promote IT governance, by strengthening our response to information security and business continuity, as well as by implementing system investments and advancing asset management.

Shareholder Returns

Under the current Medium-term Business Plan, we have raised our dividend payout ratio from 30% or more to 40% or more, and for fiscal 2024 we have set a dividend of 52 yen per share, the highest level ever. Going forward, we aim to achieve stable and continuous increases in dividends by achieving sustainable profit growth. Furthermore, in accordance with our policy of flexible and agile share buybacks, we carried out a share buyback of 10.0 billion yen in fiscal 2024 for the first time since fiscal 2015 to optimize the amount of equity. In fiscal 2025, we will also carry out a share buyback of 15.0 billion yen, thereby strengthening shareholder returns.



FY	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dividend per share (Yen)	8	7	7	8	9	11	25	27	28	35	35	36	27	29	31	36	52	54

FY2014: Amount adjusted after reverse stock split (2 shares → 1 share)　FY2017: Includes commemorative dividend of ¥2 per share.
FY2024: Dividend payout ratio and total return ratio exclude special factors.
FY2025: Figures announced in April 2025. Total return ratio is adjusted for share buybacks.　FY2026: To be determined

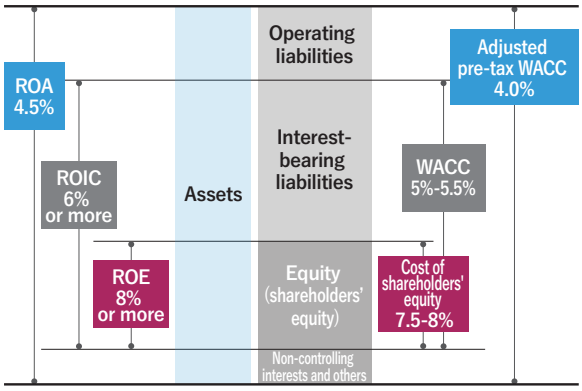
Finance Strategy

Profitable Growth

We believe that achieving a return on capital that exceeds the cost of capital is important to realize an increase in corporate value. In the current Medium-term Business Plan, we aim to improve profit levels by promoting two key strategies: “deepening retail” and “evolving the Group synergies,” while also ensuring return on capital and achieving profitable growth by appropriately controlling the amount of invested capital and equity.

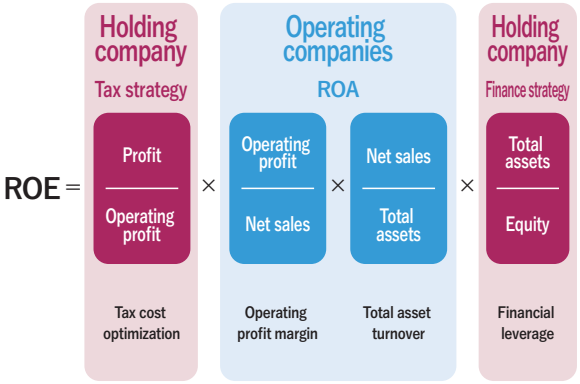
The Company's current cost of shareholders’ equity is believed to be around 7.5 to 8.0%. The target ROE is 8% or more by fiscal 2026, the final year of the current Medium-term Business Plan, and 10% or more in the medium to long term. However, last fiscal year, ROE was 10.5% due to the one-off factor of recording gain on step acquisitions of shares. Looking ahead, we aim to become a company that can achieve an ROE of 10% or more in the medium to long term by quickly raising the level of business profit, which indicates the profitability of our core business. Furthermore, as interest rates have risen due to changes in the financial markets, the Group also expects its financing costs through debt to rise, but financial strategies have become increasingly important from the perspective of securing profit. To improve profitability on a consolidated basis, operating companies are increasing their earning power by maximizing ROA, while the holding company is promoting finance strategy. As such, their respective roles are clearly defined.

Relationship between ROIC and ROE targets and hurdle rates

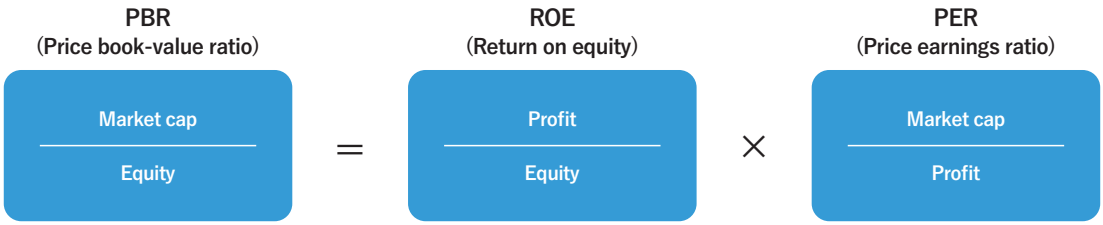


*Cost of shareholders’ equity is calculated based on CAPM.

Roles of operating companies and the holding company



Relationship between ROE and Stock Price Index

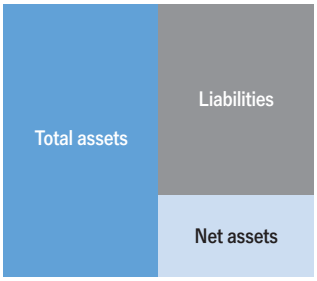


Balance Sheet Management and ROIC

In managing its balance sheet, the Company controls the equity ratio and D/E ratio at levels that allow it to maintain a sound financial base from a safety perspective. In the medium to long term, we believe that the appropriate levels are a consolidated equity ratio of approximately 30 to 35% and a D/E ratio (excluding lease liabilities) of 1.0 time or less. On the other hand, in order to control the amount of equity within an appropriate range from the perspective of capital efficiency, during the period of this Medium-term Business Plan, we will return profits to shareholders by purchasing treasury stock as appropriate, in addition to paying dividends based on a dividend payout ratio of 40% or more. We also manage cash and deposits held at all times based on the principle of maintaining only the minimum level deemed necessary from an efficiency perspective, without holding excess cash and deposits.

In addition to promoting key strategies, we also manage our balance sheet in accordance with the characteristics and risks of our businesses. For new investment projects involving the acquisition of assets of a certain scale, we convene an Investment Plan Review Committee to ensure that profits are commensurate with the investment amount and quantitatively verify the appropriateness of recognized risks, with the aim of achieving the ROIC target for each segment.

Consolidated



ROIC target
Medium to long term 6.0% or more

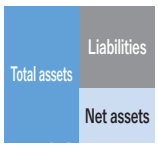
Key strategies in this Medium-term Business Plan

- Deepen retail and evolve the Group synergies
- Optimize the amount of equity and strengthen shareholder returns

Plan for the end of FY2026
Control equity and interest-bearing liabilities, targeting an equity ratio of around 30-35% and a D/E ratio (excluding lease liabilities) of 1 time or less

Medium- to long-term target
Equity ratio of around 30-35%, interest-bearing liabilities (excluding lease liabilities) of ¥270.0 bn or less, D/E ratio (excluding lease liabilities) of 0.70 times or less

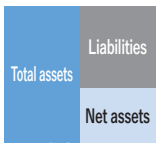
Department Store



ROIC target
Medium to long term 6-7%

- Expand and deepen highly engaged customer base

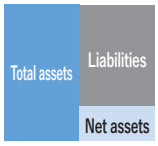
SC



ROIC target
Medium to long term 5-6%

- Large-scale renovation of key stores by strengthening IP content and luxury brands

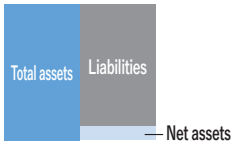
Developer



ROIC target
Medium to long term 4-5%

- Embody pipelines in 7 key cities

Payment and Finance



ROIC target
Medium to long term 3-5%

- Integrate customers by unifying cards

Consolidated

FY2026 target
ROIC
6.0% or more
ROE
8.0% or mote

Segment	FY2024 ROIC results	FY2026 ROIC target	WACC
Department Store	10.7%	10.8%	4-5%
SC	5.1%	5.4%	3-4%
Developer	6.5%	5.7%	3-4%
Payment and Finance	1.8%	3.3%	2-3%

*In principle, WACC by segment is reviewed for each Medium-term Business Plan period.

Proactively Respond to Changes

NAGAMINE Takamasa
Executive Officer
Senior General Manager, Financial Strategy Unit
J. Front Retailing Co., Ltd.



The Japanese economy is currently experiencing steady growth, and as we enter what is being called a "world with interest rates," Japan's financial markets are gradually returning to their normal state. Even in this environment, we realize that finance strategies are becoming increasingly important as a stable foundation for supporting our business.

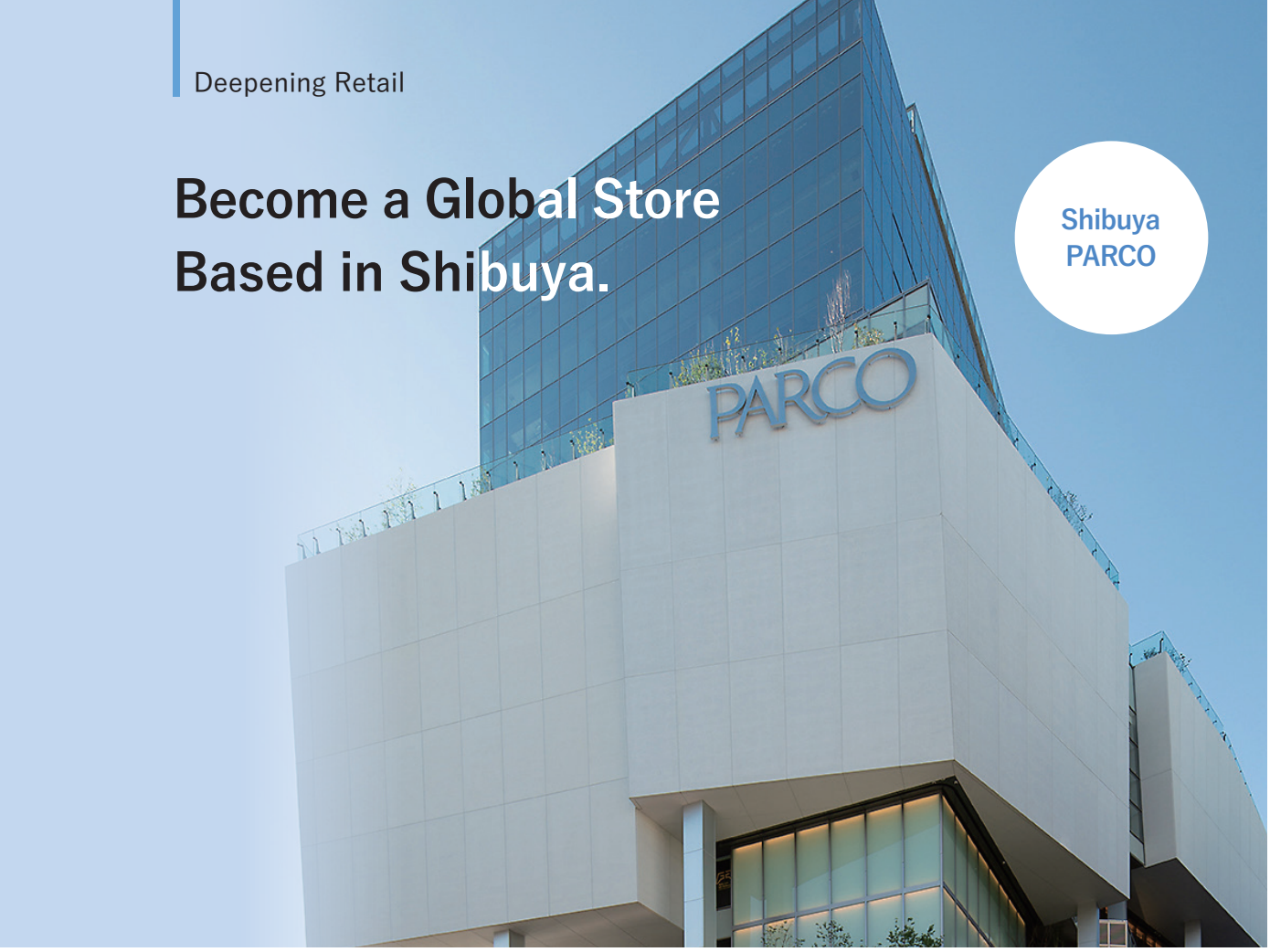
Based on the principle that it is essential to respond more proactively than ever before to changes in international situations and financial markets and to control our liquidity and interest income, in May of this year we issued our first straight corporate bonds (including sustainability bonds) since the COVID-19 pandemic. This funding is being utilized as part of growth capital for future business and capital investments. Anticipating the arrival of a rising interest rate environment, a market shift we had not experienced for a long time, it enabled us to secure stable, low-cost funding from a long-term perspective.

To continuously secure the necessary investment funds under more favorable terms, we engage appropriately with financial markets while also pursuing an optimal capital structure that balances both robustness and efficiency on our balance sheet. We also diligently manage adequate liquidity on hand. Our critical mission is to build a financial foundation that maintains an adequate risk buffer at all times and remains largely unaffected by changes in the business environment through these activities, even in the event of sudden changes in the business landscape.

The Group has adopted ROIC as a metric for measuring business efficiency since 2021. By utilizing it as a common yardstick for expanding consolidated earnings in a manner consistent with our approach, while considering the industry characteristics of the operating companies belonging to different sectors in the Group, we aim to build a balance sheet that enables both growth investments and profit growth for the future and that enhances growth potential. We will continuously refine our "earning power" to ensure that our shareholders and other stakeholders can benefit from the fruits of our growth as a result of these efforts.

We aim to maximize the corporate value of the Group by appropriately linking the pursuit of ideal capital and financial policies, which are shown on the "right" or "defensive" side of the balance sheet, with business activities, centered on investment, which are shown on the "left" or "offensive" side.

Become a Global Store Based in Shibuya.



Shibuya PARCO

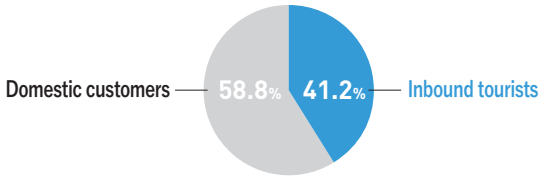
Shibuya PARCO evolves further

Five years have passed since Shibuya PARCO reopened after reconstruction in November 2019, and it has a unique and overwhelming presence. Shibuya PARCO is about a 10-minute walk from Shibuya Station. While it is not an ideal location for attracting customers, Shibuya PARCO has become a destination for customers, providing unique value.

In particular, in recent years, Shibuya PARCO has achieved rapid growth, attracting not only Japan's discerning younger generation but also many international visitors drawn specifically to its unique offerings. Without resting on this success, we undertook a large-scale renovation spanning 1,800 tsubo (approximately 5,940 square meters) from spring to fall this year, driving further evolution.

Shibuya PARCO will evolve into a store space that embodies a global niche throughout the entire building, further enriching its offerings of luxury fashion houses, unique and innovative fashion items, as well as Japan's culture and IP content that attract attention from overseas.

Shibuya PARCO
Ratio of transaction volume with inbound tourists



*FY2024 results

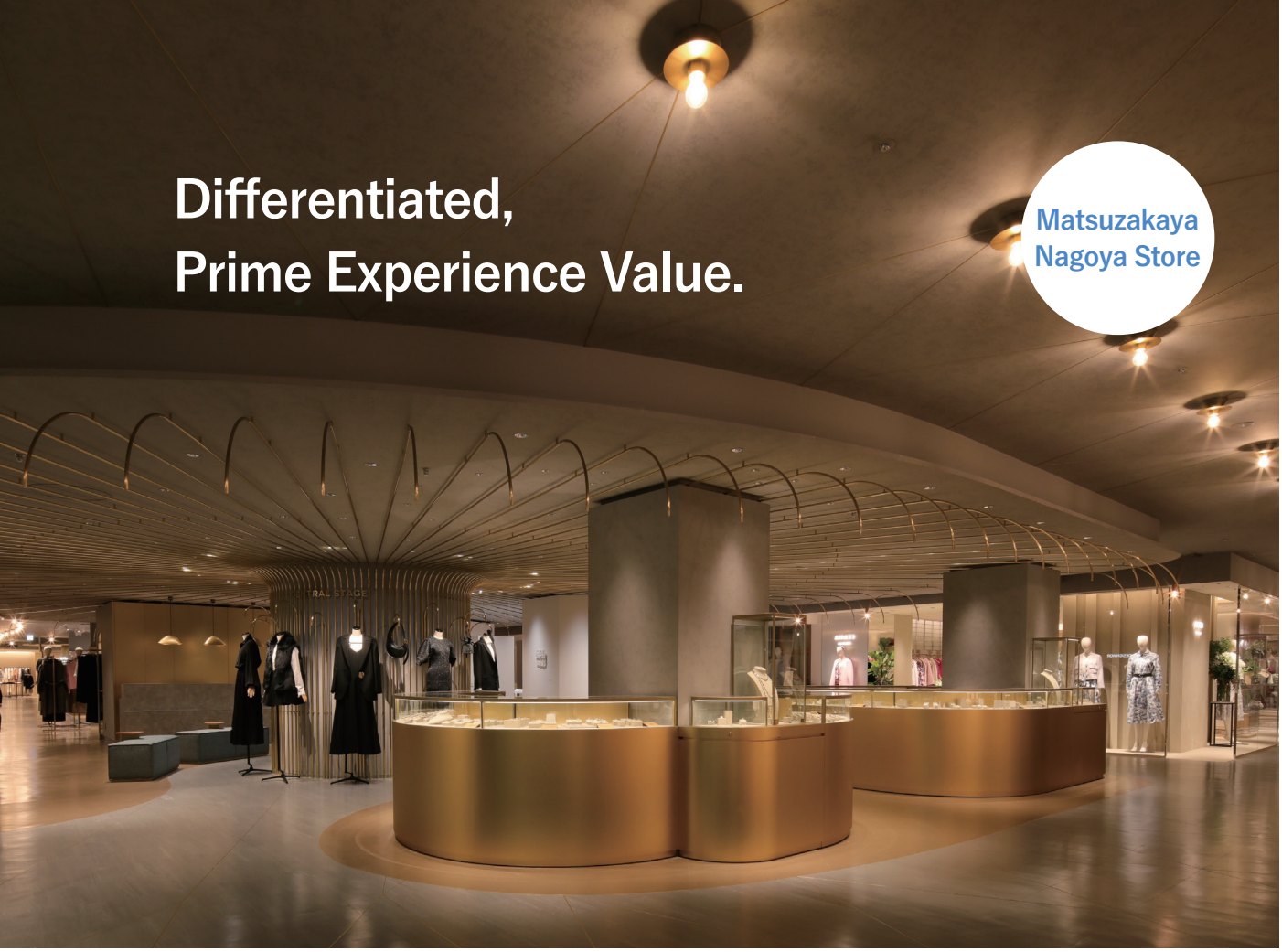
Renovations mainly at 4 key stores

Parco operates its shopping centers PARCO nationwide, from Sapporo in Hokkaido to Fukuoka in Kyushu, with distinct store concepts tailored to the market where each shopping center is located.

In the current medium-term business plan, we have positioned Shibuya PARCO, Nagoya PARCO, Ikebukuro PARCO, and Shinsaibashi PARCO as four key stores, and are prioritizing the allocation of resources to these four stores. Following the renovation of Nagoya PARCO last fiscal year, we will be renovating Shibuya PARCO this fiscal year, and next year we plan to carry out large-scale renovations of Shinsaibashi PARCO and Ikebukuro PARCO. We aim to further improve profitability by promoting comprehensive renovations and strengthening IP content.



Nagoya PARCO



Differentiated, Prime Experience Value.

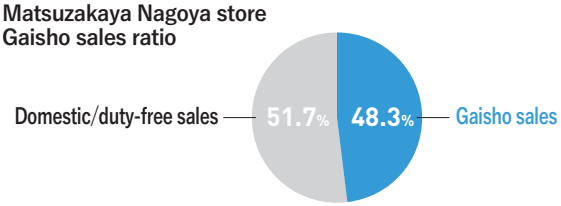
Matsuzakaya Nagoya Store

Major renovation of 8 floors

The Matsuzakaya Nagoya store underwent a major renovation lasting over one year, with the first phase starting in November 2024 and the second phase starting in March 2025, revamping a total of eight floors in the main building and north wing. In the first phase, we mainly took on the challenge of rebuilding the women's fashion floor, a fundamental issue for department stores. We reduced the existing apparel space by 60% while gathering the largest number of designer luxury brands in the area, and created a lineup that targeted young, wealthy customers as a new demographic. The second phase involved rebuilding the lifestyle zone, featuring a children's clothing section themed around art and learning, along with diverse shops, including popular local stores, that offer well-being ideas. Going forward, we also plan to establish a new beauty salon featuring luxury cosmetics brands.

The Matsuzakaya Nagoya store's gaisho sales account for approximately half of the total, making it the store with the highest gaisho sales ratio among our department stores. We will further increase the satisfaction of these loyal customers, and also take on the challenge of cultivating new customer segments, thereby honing the overwhelming strengths that are unique to the Matsuzakaya Nagoya store.

Matsuzakaya Nagoya store Gaisho sales ratio



*FY2024 results

Emphasis on store environment

For the renovation of the Matsuzakaya Nagoya store, we appointed Yuko Nagayama & Associates as our spatial planning and design partner to provide a special experience value. The design was inspired by the history of Matsuzakaya, and we have created a space full of originality that blends the future and the past.

For department stores that primarily operate physical locations, the key challenge lies in how to provide truly special spaces. We aim to be the department store of choice for customers by not only creating exclusive store spaces like the Nagoya store, but also by offering unique value to customers through initiatives such as lounge services available to special customers, tailored to each store's identity.



Special Report 1

Explore Content with IP and MD.

Chiikawa Ramen Buta

Of the five areas that Parco will be focusing on in building its IP business model, the key factor in IP retail is to utilize Parco's discerning eye to develop IPs and co-create with other companies.





©nagano

Chiikawa Ramen Buta is a restaurant inspired by the "trending ramen shop" featured in the popular work "Chiikawa" by illustrator Nagano, opening in March 2024. As of August 2025, it operates four locations: Ikebukuro PARCO, Nagoya PARCO, Shinsaibashi PARCO, and Hiroshima PARCO.

"Chiikawa" has gained many fans overseas, so it opened in Hong Kong for a limited time in August. We established an overseas location so fans can experience it without having to travel all the way to Japan.

Parco plans and operates collaboration cafes featuring various artists and anime characters. This food and beverage business provides spaces where visitors can experience the worlds of these works and characters firsthand. We develop menus and offer limited-edition goods specifically designed to delight each fan base.

PARCO GAMES

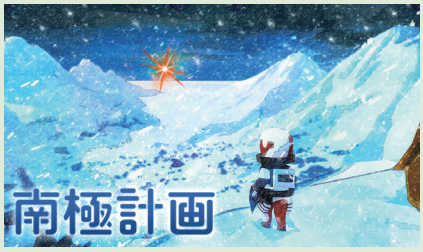
PARCO GAMES is a new game label launched by Parco's Gaming Business Development Department, which was established in September 2023. Under the name of PARCO GAMES, Parco has continued to disseminate various cultural activities, including theater, since its founding, and will now enter the game market, a communication ground that connects the world, in order to expand into new areas of its cultural creation business.

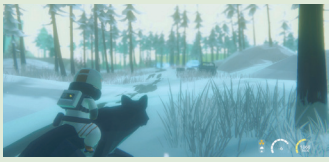
The business is broken down into areas that will benefit IP holders, such as "publishing," which involves distributing and selling game titles as well as providing development support and advertising, and "game IP development," which aims to create in-house IPs. In addition, with a view to utilizing IPs and content offline, the business will also be involved in "events" and "media utilization" through synergies with PARCO stores and other cultural creation businesses, thereby spreading the appeal of game IPs both online and offline.

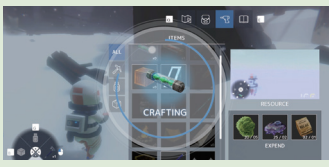
Antarctic Project is the first digital indie game title announced for launch by PARCO GAMES in August 2025. The IP is jointly owned by game developer RexLabo and PARCO GAMES, and is scheduled to be released on the global game sales platform Steam in winter 2025.

PARCO GAMES will vigorously continue activities that convey the worldviews and appeal of the various game IPs handled by the label. Furthermore, to further broaden this appeal, we will enhance our uniqueness within the game market through distinctive initiatives utilizing Parco's assets. We also aim to establish a unique position by expanding initiatives characteristic of PARCO GAMES not only domestically but also in overseas markets.

With these activities at the core, we envision that game IPs and PARCO GAMES will co-exist, enhancing the appeal and value of each, and firmly establishing GAME as one of Parco's new branding pillars.







PARCO GAMES 南極計画 Antarctic Project

©PARCO/©RexLabo



YAMANAKA Ayako
Gaming Business Development Department, Parco Co., Ltd.

Antarctic Project is a survival adventure game set in a devastated Antarctic 900 years in the future, where the protagonist, a child, goes on an adventure.

Every day, watching the child venture alone into uncharted territory, I see PARCO GAMES taking on new business frontiers and find courage in that.

RexLabo, the developer of this title, has decided to launch its years-in-the-making Antarctic Project in partnership with PARCO GAMES. We will dedicate ourselves fully to advancing this project, striving to meet the expectations of RexLabo and all supporters of PARCO GAMES.

We are promoting the ownership and development of content through the lens of intellectual property (IP) and merchandising (MD). Parco's IP business model has been divided into five areas, encompassing both its own IP business and the use of other companies' IPs. Daimaru Matsuzakaya Department Stores is also collaborating with brands and artists, and even developing original products by establishing joint ventures (JVs). These are examples of co-creation that leverage the discerning eye and networks that Parco and Daimaru Matsuzakaya Department Stores each possess. These are essential challenges for the future of retail, and we are steadily seeing results.

Opened an official store for the Osaka Kansai Expo

Daimaru Matsuzakaya Department Stores operated an official store within the venue of the Osaka Kansai Expo, held for approximately six months starting in April 2025. Leveraging its long-cultivated department store expertise, it offered a unique spatial design evoking Japanese aesthetics and a wide range of products, including approximately 200 original items. With a focus on conveying the best of Japan, we have curated a lineup of products symbolizing Japanese virtues, not limited to traditional crafts and art, but also goods made in collaboration with creators favored by fashion-forward audiences, brands popular among young people, and department store basement food brands, and beloved classic confections, transcending conventional categories.

The crafts and artworks were left to the free imagination of each creator and artist, and wonderful products with the Expo's official character Myaku-Myaku that shine with individuality were completed. In addition, the apparel products were made in unique collaboration with the brand's fan base in mind, while respecting each brand's identity.

In recent years, department stores have seen a decline in purchase on a no return basis. However, we believe it holds significant meaning that we were able to challenge ourselves to create original products by moving slightly upstream, leveraging the opportunity to open an official store for the Osaka Kansai Expo. We are confident that co-creation, utilizing our strength in external networks, still holds untapped potential to generate value that exceeds customer expectations.



"A Radiant Life Cobra Twist" by NAKAMURA Hiromine
© MATSUMOTO Kazuo © Expo 2025



HIRUMA Sutezo
Event Planning and Content Development Manager
Marketing Strategy Promotion, Store Planning Promotion Division
Daimaru Matsuzakaya Department Stores Co. Ltd.

We started from scratch, feeling our way through everything from bestsellers to product lineup. Precisely because of that, I believe we were able to take bold challenges without being constrained by conventions. Through numerous collaborative projects conveying Japan's appeal centered on fashion and artistry, we achieved a cohesive store layout featuring a highly distinctive product lineup. Furthermore, as our "color," or unique identity, became clearer, I truly felt our team's passion grew stronger and stronger. Leveraging the invaluable experience gained from this project, I will continue to strive to create value that exceeds our customers' expectations through emotionally compelling products and experiences.

Co-created original sweets by establishing a JV

Daimaru Matsuzakaya Department Stores and Mon Creve Co., Ltd. have established a JV called Annivel Co., Ltd. to sell original sweets and operate its stores, on July 28, 2025. This is one of our new initiatives to further deepen our retail business by owning and developing our own content.

Mon Creve has the strength to accurately grasp market trends and excel in planning the creation of new sweets that no other company can offer, having previously developed original sweets such as Noix. Meanwhile, Daimaru Matsuzakaya Department Stores operates its core stores in major cities nationwide and maintains a high level of customer attraction. Through this collaboration, we will combine the strengths of both companies, and aiming to think outside the box and create new flavors, textures, appearances, and experiences, we will promote the development of highly original sweets.

The new sweets shop is named "PATISSERIE ANNIVEL," with a concept centered on providing a special experience that conveys customers' various "sentiments" through story-driven sweets for life's important milestones and commemorative occasions. The first store is scheduled to open in late October. While opening stores within the Group's commercial facilities, we will also pursue expansion beyond the Group, working to co-create and expand new value.

PATISSERIE
ANNIVEL



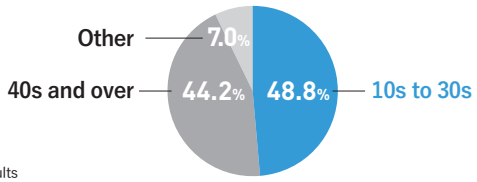
Establish a new retail model

GINZA SIX, a luxury mall with a one-of-a-kind presence, opened in April 2017 through the integrated development of two blocks, including the site of the former Matsuzakaya Ginza store. In the globally renowned Ginza area, the mall deliberately chose “not to operate as a department store,” and instead brought together the diverse expertise of four companies (at the time of its opening) to create what is now positioned as an example of “retail innovation.” The luxury brands’ duplex boutiques that constitute the facade form the overwhelming image of GINZA SIX, consciously designed to meet global standards.

In 2021, four years after its opening, and right in the midst of the COVID-19 pandemic, it underwent a major renovation. While adapting to the changing times, we have further improved its freshness and succeeded in developing a new customer base. It is also notable for its high recognition not only among wealthy domestic customers but also among overseas customers.

The implementation of ever renewal in an exquisite cycle is a key factor essential for sustainable value creation. GINZA SIX will soon reach the milestone of 10 years since its opening, and is about to enter a new phase in which it will take even greater strides.

GINZA SIX
Age-based customer composition as a percentage of total transaction volume



*FY2024 results

High popularity among young people

A major feature of GINZA SIX is that it is extremely popular among young people. In particular, people in their 20s and 30s account for nearly half of total transaction volume. In recent years, a young, wealthy demographic has been on the rise at department stores, but GINZA SIX stands out. We believe this is truly the embodiment of innovation and demonstrates the future potential of retail.



《BIG CAT BANG》 by YANOBE Kenji in the central atrium (Photo by Yasuyuki Takaki)



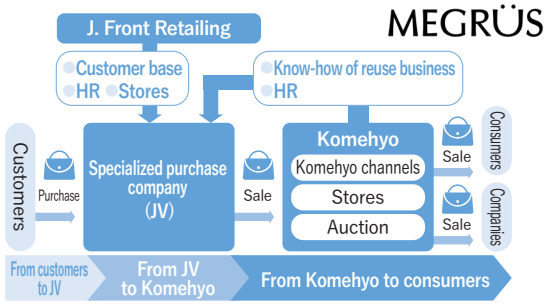
Reuse Business

MEGRÜS

We promote sustainability management that balances social and economic value through our business activities, guided by the Group Vision: Create and Bring to Life “New Happiness.” We recognize contributing to the circular economy as a key theme. As one concrete initiative, we have established a JV with Komehyo Co., Ltd. to enter the reuse business (purchasing) starting in fiscal 2024.

Both companies believe that valuable items passed down from person to person, becoming established as “culture,” contribute to creating affluent lifestyles and realizing a sustainable society. Through participation in the reuse business (purchasing), we will establish new points of contact with customers and provide new value. Leveraging the trust both companies have cultivated, the Company and Komehyo will contribute to the growth of the anticipated expanding reuse market by fostering industry-wide security, reliability, and approachability.

The name of the store, which will be the point of contact with customers, is “MEGRÜS.” The name was chosen with the intention of “circulating tomorrow (a sustainable circular economy)” and “connecting the stages of life with the value of goods (encounters).” Starting with the first store, which opened in the Matsuzakaya Nagoya store in August this year, seven more stores are scheduled to open this year, including one in the Daimaru Tokyo store.





Subscription Business

The fashion subscription business AnotherADdress is based on the philosophy that clothes should not be disposable, and aims to establish a sustainable business model that is considerate of society and the environment, emphasizing the intrinsic value of fashion and sustainable initiatives.

Since its launch in 2021, it has offered personalized services allowing customers to choose from various designer brands. In 2025, it introduced the corporate service AnotherADdress.biz, expanding its business scope to provide solutions addressing fashion-related challenges across industries.

The target market segments are based not on traditional gender or age, but on “lifestyles” and “preferences,” driving the development of new customer bases. The corporate business is positioned as one of the core drivers of growth, with projections for it to account for approximately 10% of total sales in the fiscal year ending February 28, 2026, ultimately aiming to reach 30% of total sales.

Going forward, we will continue to expand our services by addressing various occasion-based needs, while also expanding the needs of corporations as well as the business for individuals. In the medium to long term, positioning AnotherADdress as a circular, next-generation growth area and business model for the Group, we will work to strengthen our sustainable business foundation.

Special Report 2

Pave the Way for the Future of Retail.



SHIMOGAKI Noritaka
President and Representative Director
JFR & Komehyo Partners Co., Ltd.

TABATA Ryuya
General Manager, DX Promotion Division
Head of AnotherADdress Business
Daimaru Matsuzakaya Department Stores Co. Ltd.

The mavericks are taking action

Tabata: After joining the Company and establishing an open innovation organization, I was stationed in San Francisco. The local business community, especially in California, is very environmentally conscious, and when I was asked, “What kind of business are you in?” and replied, “Department stores,” I was often told, “That is a business that sells a lot of goods, encourage disposable consumption, and is not good for the environment.” What if we seriously pursued a business model that is good for the environment while leveraging the assets we have built up until now? This was the perspective from which I created AnotherADdress, a subscription-based business model under the concept of Fashion New Life.

Shimogaki: As I experienced life during the COVID-19 pandemic, I keenly felt how people’s views on life and death had changed, with their values undergoing significant shifts. This created a strong demand for people to organize their belongings, leading to substantial growth in the reuse market. If our customers also had such growing needs, I thought there might be a reuse business tailored to those customers that would be unique to the Company. Thus, I launched JFR & Komehyo Partners through a joint venture with Komehyo.

I decided on a joint venture scheme because, from the moment I launched CVC, I felt that we needed to move away from excessive self-reliance. My basic thinking was that the lowest-risk, fastest, and most reliable approach would be to borrow the expertise of those who could do what we couldn’t do ourselves.

Tabata: While e-commerce made its debut in the late 20th century, there was a kind of preconceived notion that what people purchase in department stores isn’t something they buy online, resulting in a situation where department stores missed the boat. So, looking at the medium to long term from the perspective of what will come next in e-commerce, I predict that there will be a growing tendency to make choices when consuming, such as whether to buy something or share it with others.

I want to take on the challenge from the very beginning and create a situation where we can diversify our portfolio in preparation for the next major shift in consumption. I want to create a business that combines the essence of fashion with growing environmental awareness. These are my main ideas.

The essence of Creating Shared Value (CSV)

Tabata: When I was stationed in San Francisco, I frequently had the opportunity to communicate with venture entrepreneurs at the forefront of their fields. Their fast pace and risk-taking approach to work felt like my ideal way of developing a business. I was surprised at the huge gap between that and the pace of the new business the Company was trying to launch.

After returning to Japan, I became even more determined to launch a new business, and felt that I needed to organize my approach, whether it be through M&A, CVC, or a venture. For the venture model, I decided to clarify the domain and operate as an independent organization with its own funding and systems. I believe that the Company's full support for this approach led to a smooth launch.

Shimogaki: At the holding company, you were involved in launching open innovation, and I am a founding member of CVC. Listening to you, I realized once again that we share a common experience of the faster-paced world outside, including how management decisions are made, through our contact with external venture companies.

Tabata: It could be said that having seen the outside world makes it easier for us to break out of our shells. People in the venture world are all working at a faster pace under much greater stress, which really makes me wonder, “Is this really okay for us?” I think the experience of being in that environment is very significant.



When I first joined the Company and worked in the Management Planning Division, only executives or higher could attend management meetings. Back then, what staff in the Management Planning Division did could be summed up as printing meeting materials and then deciding whether to fold them into two or three sheets, whether to staple them vertically or diagonally—these kinds of trivial details were actually valued. Of course, that is no longer the case now. I think we have developed much more open management where younger voices can be heard.

Shimogaki: You and I share a common approach to environmental issues from a CSV perspective, but I think what is even more important is that we both start from the market. Sustainable CSV ultimately requires establishing economic value before we can address social value.

Our newly launched reuse business is based on the idea that it is not resources that should be recycled, but excitement. Customers themselves enjoy the benefits, and as a result, they naturally become members of a recycling-oriented society. I believe that such a world is important.

Tabata: I agree with this, and assuming that consumers will act solely because something is good for the environment is not accurate. What is needed now is doing something beneficial for them, something that brings them joy, only to discover afterward that it also happens to be good for the environment. Economic value emerges from this customer satisfaction first, then environmental benefits follow. Only by addressing this sequence can business sustainability be improved. The crucial point is ensuring CSV operates as a viable business model, and I think this is an absolute non-negotiable aspect we must never compromise on.

A new axis for retail

Tabata: I believe that retailers should not simply sell products. They should focus on how to change people's lives and feelings through the products.

The serious challenge I am currently pursuing is creating a worldview that distinguishes between "buying" and "renting." In other words, AnotherADdress is not only good for the environment, but also significantly increases the value of the experience.

Shimogaki: Following a similar line of thought to yours, I think that buying with resale in mind will probably become more common. If that happens, the concept of ownership will change, and how we think about the value of goods could change a lot too. I think we will start to value better goods more.

At that time, the Group should have a function to recycle goods, and in order to accommodate the spread of such lifestyles, I believe we need to properly establish a reuse business framework now.

Tabata: As the secondary distribution market grows and matures, I believe that all goods will shift from consumer goods to investment goods. When that happens, everyone will start thinking about the difference between the purchase price and the resale price. People who have that mindset will see the market differently from those who don't, including how they view department stores and other retailers today. That is not a bad thing. It means that consumers will have more choices, which will increase their experience value and allow them to try new things, which is good for them.



Shimogaki: Japan's population is set to decline rapidly in the future, and the market is sure to shrink. However, what I have felt in the post-COVID era is how irreplaceable the value of the real world, which could be said to be the polar opposite of online convenience, is. I believe that there will always be places where people's emotions intersect. It is important to see how much we can amplify those emotions on such occasions.

Tabata: Department stores may be inefficient places to buy goods, but I believe that their true value lies in the symbolic nature of the experiences they offer. In other words, we should not think of our retail business as simply selling goods. We should reiterate its essence, who is conscious of what, or the symbolism it possesses. I believe that is where universal value lies.

Break through barriers as one team

Shimogaki: Since the start of the current medium-term plan, the Company has been sending the message that the entire Group is one team, and I really agree with that. You and I are both aware that we are mavericks, and we see each other as fellow pioneers who are taking on new challenges. I am thinking about how we can work together in our respective businesses. In order for the Group to become a more innovative corporate group, it would be ideal if we could share the good news generated from our challenges and use it as a catalyst for behavioral change within the Group. By continuing to do so, I believe that the corporate culture will become more relaxed and interesting things will continue to emerge.

Tabata: With 31 stores in major cities across Japan, including Daimaru, Matsuzakaya, PARCO, and GINZA SIX, attracting approximately 300 million customers annually, the Group has a wealth of diverse human resources and many dream-like assets. I believe that if we can unite as one team, we will be able to achieve great things. However, there may be various barriers that no one talks about. It is our job to break through those barriers. It is true that there are many challenges, but I believe that what we want to do and what we should do is to show them in a positive light.

Shimogaki: The strength of the Group lies in the diverse means and points of contact we have for making people happy. Although each company in the Group, including the Department Store and Parco, operates in different markets, they all share at their core a desire to want to stir people's emotions and create "new happiness." If we break down barriers and connect with each other more closely, I believe there will be unlimited business opportunities.



Expand Our Loyal Customer Base both Domestically and Internationally.

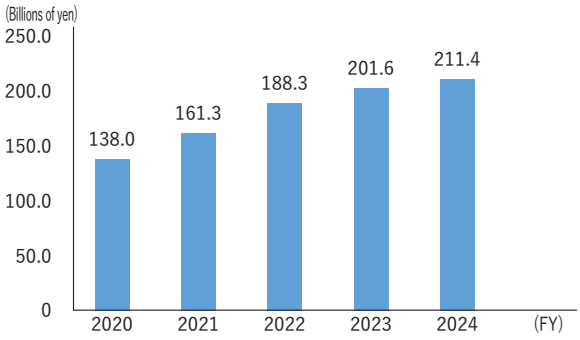
Gaisho continues to grow

The term “gaisho” refers to Japanese department stores’ exclusive personal shopping service for loyal customers, primarily affluent individuals. Recently, we hear it has become increasingly common for overseas investors and international brands to recognize this term as well. This shows how much attention gaisho is receiving both domestically and internationally.

Our strength lies in having core stores in key areas from Sapporo to Hakata, along with gaisho organizations in each area that connect with affluent customers. Gaisho sales in the Department Store Business exceeded 200.0 billion yen for the first time in fiscal 2023 and have continued to grow at around 5% annually thereafter.

In fiscal 2024, gaisho sales accounted for approximately 26% of department store sales. Recent trends indicate that rising average customer spend is driving growth, with purchases by higher-tier customers expanding. We also see positive effects from increased personal financial assets due to active individual investment, as well as rising household income fueled by the rise of power couples, particularly noticeable in urban areas. The large-scale event for gaisho customers held this past May achieved record-high sales.

Gaisho sales trends in the Department Store Business



Evolution of communication tools

Daimaru Matsuzakaya Department Stores operates a closed-access website called “connaissligne” exclusively for its gaisho customers. This platform introduces special merchandise available only through gaisho and provides various information.

In fiscal 2024, new member acquisitions progressed, bringing its membership total to over 120,000. This means approximately 40% of our gaisho customers now have digital touchpoints. By linking with the Daimaru Matsuzakaya app, we will actively guide customers whose purchases exceed a certain level to become connaissligne members, while also advancing efforts to create an environment where we can provide existing gaisho services.

Furthermore, by identifying potential buyers through data analysis of gaisho customers, we achieved sales of 3.7 billion yen in fiscal 2024 through targeted outreach to prospects based on data analysis. Adding app browsing history to purchase history has steadily improved model accuracy. Going forward, we will continue to enhance customer information and leverage AI to uncover latent needs, enabling us to deliver even higher-quality services.

We have approximately 300,000 gaisho customers. In fiscal 2025, we will advance gaisho sales reforms to strengthen our customer base and expand our customer reach. By skillfully combining human and digital touchpoints to stay close to our customers, we will address a wide range of needs and wants to further increase our customers’ LTV.



Strengthen outreach to top app users

The number of Daimaru Matsuzakaya Department Stores app members continues to increase every year, reaching 2.64 million by the end of fiscal 2024.

Among our customers who use the app, a significant number spend a lot of money, and we would like to build strong relationships with these customers by providing them with added value, such as inviting them to events for our gaisho customers, and further deepen our customer base to ensure growth.



Partnership to attract wealthy overseas customers

Daimaru Matsuzakaya Department Stores entered into a business partnership agreement with Central Pattana Public Company Limited, a member of Central Group, in Thailand in November 2023. Currently, the two companies are implementing a mutual customer referral program offering preferential treatment to each other's VIP customers at the Daimaru Shinsaibashi, Sapporo, Tokyo, and Kobe stores, as well as Central World and Central Phuket. This fiscal year has seen a significant increase in visitors from Thailand compared to last year, indicating the program is gaining momentum.

We believe that various approaches are necessary to attract wealthy overseas customers, and partnerships with such business partners have become an important initiative.



Daimaru Shinsaibashi store
(Chuo-ku, Osaka)

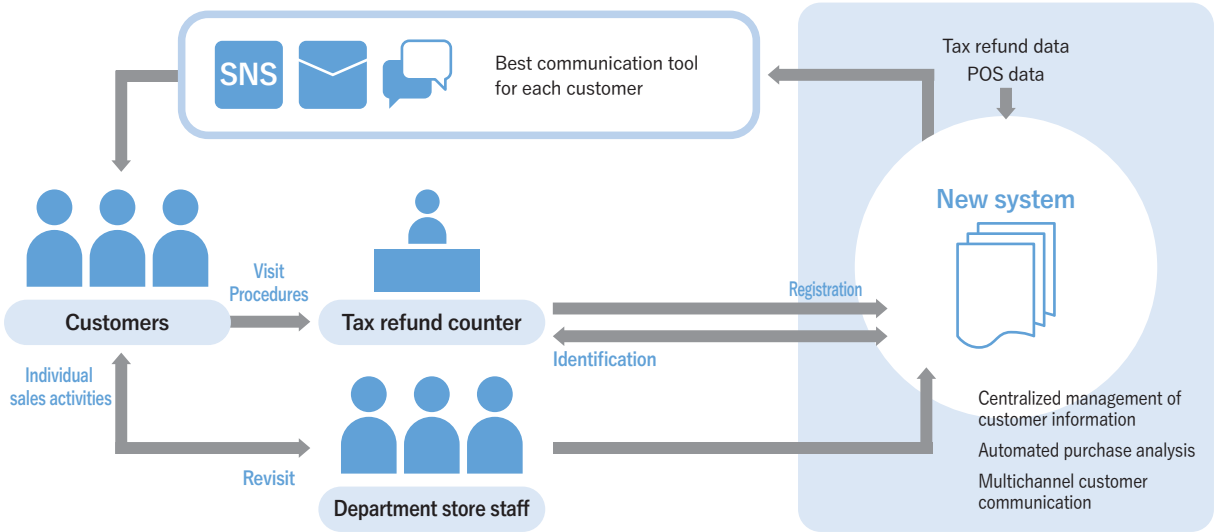


Central World
(Bangkok, Thailand)

Launched CRM for inbound tourists

In customer strategy, the challenge lies in how to retain high-value overseas customers. Daimaru Matsuzakaya Department Stores utilizes an app with multilingual capabilities to build a system enabling continuous communication with international customers. As of the end of February 2025, the number of overseas members of the Daimaru Matsuzakaya app exceeded 80,000. We will continue to provide information to enhance their motivation to visit our stores.

What is more fundamentally necessary is to develop a CRM system for inbound tourists as well. By introducing a new system, rather than simply distributing information through the app, we will link customer management with customer communication tools, driving both foot traffic and purchases based on the understanding of customers. This initiative is an important measure that will also lead to strengthening relationships with top-tier customers from abroad. It has already started at the Daimaru Shinsaibashi store in February 2025, with plans to gradually expand to other stores in the future.



Special Report 3

Pipeline that Increases the Probability of Growth.

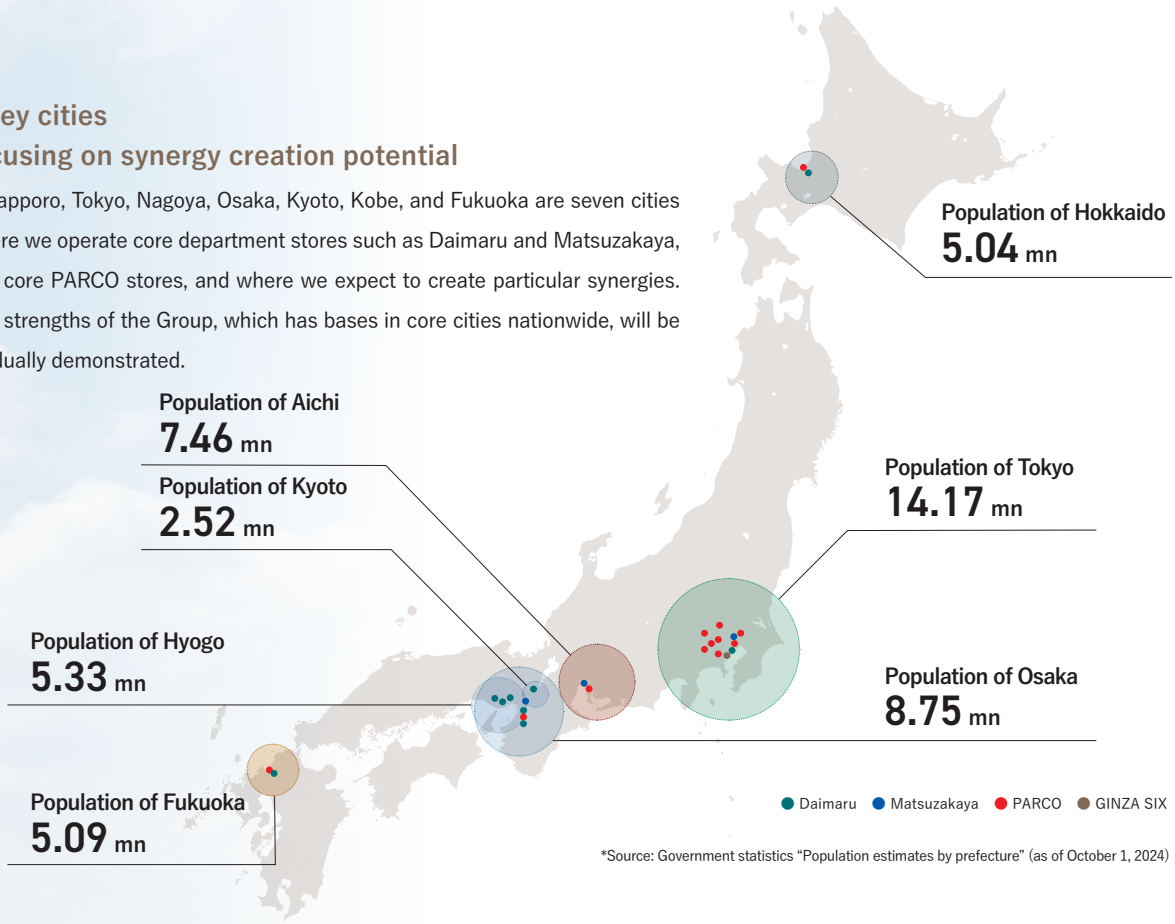
One of our strengths and defining features is our balanced presence in major cities nationwide, operating department stores like Daimaru and Matsuzakaya as well as shopping centers like PARCO. Particularly in our seven key cities (Sapporo, Tokyo, Nagoya, Osaka, Kyoto, Kobe, and Fukuoka), we believe we can create synergies by strengthening existing stores and combining them with area development potential, in other words, maximize value through co-creation between the Group and the area.

Japan's potential is not limited to the Tokyo metropolitan area. The Group has a proven growth story to demonstrate this. The first chapter of this story is about to begin in Nagoya.



7 key cities
focusing on synergy creation potential

Sapporo, Tokyo, Nagoya, Osaka, Kyoto, Kobe, and Fukuoka are seven cities where we operate core department stores such as Daimaru and Matsuzakaya, and core PARCO stores, and where we expect to create particular synergies. The strengths of the Group, which has bases in core cities nationwide, will be gradually demonstrated.



*Source: Government statistics "Population estimates by prefecture" (as of October 1, 2024)

Pipeline by area

		2024	2025	2026	2027	2028	2029	2030	2031	2032
Nagoya	Matsuzakaya Nagoya	Major renovation								
	Nagoya PARCO	Major renovation								
	The Landmark Nagoya Sakae	New development			Scheduled to open in summer 2026					
Osaka	Main bldg. of Daimaru Shinsaibashi									
	Daimaru Umeda			Major renovation			Scheduled to open in 2029			
	Shinsaibashi PARCO			Major renovation						
	Shinsaibashi Project (tentative)	New development			Scheduled to open in 2026					
	Shinsaibashi Building		New development			Scheduled to open in 2028				
	South wing of Daimaru Shinsaibashi			→ Plans will be implemented step by step						
Tokyo	Daimaru Tokyo		Renovation of luxury brand boutiques							
	Shibuya PARCO		Major renovation							
	Ikebukuro PARCO			Major renovation						
	GINZA SIX			→ Plans will be implemented step by step						
	Matsuzakaya Ueno									
	Surrounding tenants									
Fukuoka	Tenjin 2-chome South Block Station-Front East-West Area Project (tentative)			New development					Scheduled to open in 2030	
	Fukuoka PARCO			→ Plans will be implemented step by step						
	Hakata Daimaru									
Sapporo	Daimaru Sapporo			→ Plans will be implemented step by step						
	Sapporo PARCO									
Kyoto	Daimaru Kyoto			→ Plans will be implemented step by step						
	Surrounding tenants									
Kobe	Daimaru Kobe			→ Plans will be implemented step by step						
	Surrounding tenants									

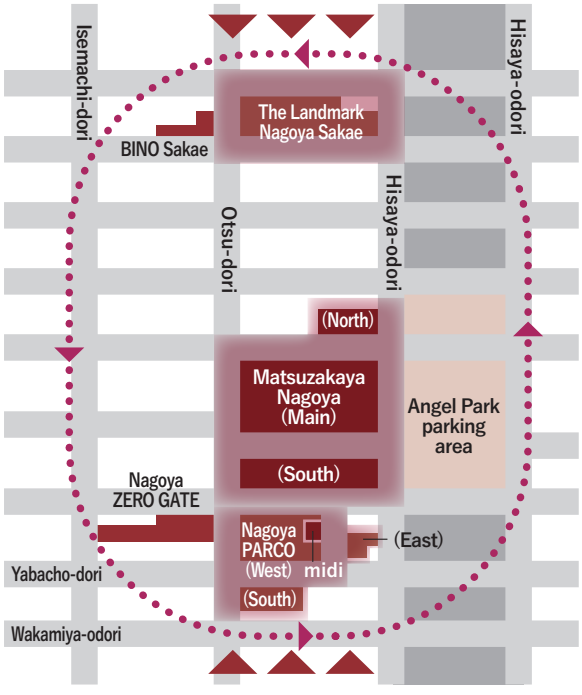
Realize Synergy in Areas.

Establish dominance in the Sakae area of Nagoya

"Evolving the Group synergies," one of the key strategies outlined in the Medium-term Business Plan, is finally taking shape in the Sakae area of Nagoya. With nine facilities operated by the Group, including three Matsuzakaya department stores, four PARCO buildings, Nagoya ZERO GATE, and BINO Sakae, already present in the Sakae area of Nagoya, we maintain an overwhelming advantage in physical store presence. This enables us to hold a high market share. Next year, The Landmark Nagoya Sakae, a commercial facility that will newly open, will be added. While each building will naturally offer its own unique value, we believe that by further leveraging the Group synergies to elevate the area's vibrancy to the next level, we can build an even stronger business foundation.

The Landmark Nagoya Sakae, opening next year, is a large-scale complex building with 41 above-ground floors, four basement floors, and a height of approximately 211 meters. The Group will operate the 2nd basement to the 4th above-ground floors as a high-quality commercial facility. The upper floors will consist of a cinema complex, offices, and a luxury hotel, making it a new landmark in both name and reality. To enable broad utilization tailored to each customer's needs, the Group has gathered a diverse range of commercial facilities.

Collaboration with local community and government





Linking card data

Linkage between hardware and software

To realize the Group synergies in the Sakae area of Nagoya, efforts on the soft side are just as important as the development and enhancement of hard aspects. Therefore, in March 2025, a new position of Nagoya Area Co-prosperity was established within the holding company's organization. The store managers of Matsuzakaya Nagoya and Nagoya PARCO will play a central role in strengthening collaboration with local stakeholders, including the government, and promoting the area vision and strategy for the Sakae area of Nagoya, with the aim of maximizing value co-creation in the area.

The Group not only operates commercial facilities, but also issues credit cards through JFR Card. Providing convenient payment options within the area, it also has great potential as a powerful tool for communication with customers from the perspective of the Group synergies. In addition to the existing Daimaru Matsuzakaya Card, we launched the new PARCO Card in February 2025, making it even more important for evolving the Group synergies on the soft side, involving entities outside the Group.

The Group synergies demonstrated in this Sakae area of Nagoya is, so to speak, a litmus test for the Group's future growth. If we can maximize the Group synergies here, we believe that by extending their essence to other areas, the Group's potential will be further enhanced.

TOPICS

Part 3: "PARK?" My Place / Our Park

~A Social Experiment Connecting and Expanding Sakae through Art and Music~

The Executive Committee of Hisaya-odori Park South Area Vitalization (comprising J. Front City Development Co., Ltd., Mitsubishi Estate Co., Ltd., and Takenaka Corporation) and the City of Nagoya jointly conducted a social experiment from November 2 to November 11, 2024. This experiment tested ideas for future uses and ways to spend time in the Hisaya-odori (South Area), aiming to realize the City of Nagoya's vision for the redevelopment direction of the Hisaya-odori (South Area) "A Core of a Walkable Town Where New Creativity Emerges —A Stimulating and Comfortable Place Attracting Diverse People."



【POP IS YOU SAKAE】

~Sakae Culture to Play and Explore~

The Matsuzakaya Nagoya store and Nagoya PARCO collaborated with the Nagoya City Art Museum, Chunichi Building, the World Cosplay Summit Executive Committee, Chubu Electric Power Co., Inc., and the Electricity Museum, going beyond the boundaries of their respective facilities, to hold a campaign from July 23 to August 17, 2025, to create a lively atmosphere in the Sakae area of Nagoya through entertainment content across the facilities.



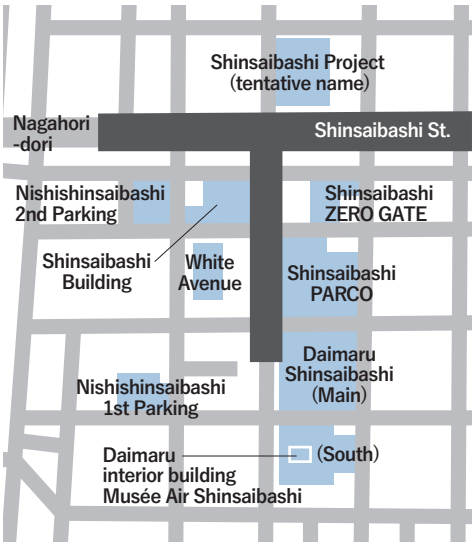
© POP IS YOU SAKAE

Shinsaibashi Area of Osaka

J. Front City Development Co., Ltd. will work with its partners to develop a complex consisting of retail space, a hotel, and offices as one of the largest properties in the area in the Shinsaibashi Project (tentative name). We participate in this project through a special purpose company established by jointly investing with L Catterton Real Estate (a real estate development and investment firm of the LVMH Group). The company will work to create a new landmark by attracting luxury brands and other initiatives.

In addition, Daimaru Matsuzakaya Department Stores Co. Ltd. acquired 42.6% (42,600 shares) of issued common shares of Shinsaibashi Kyodo Center Building K.K., which had been the Company's associate accounted for using equity method, and made it a consolidated subsidiary of the Company.

By advancing development in the Shinsaibashi area centered around the Daimaru Shinsaibashi store and Shinsaibashi PARCO, we will contribute to expanding retail business, creating a vibrant atmosphere, and enhancing the area's appeal, thereby further strengthening the Group's presence in this area.

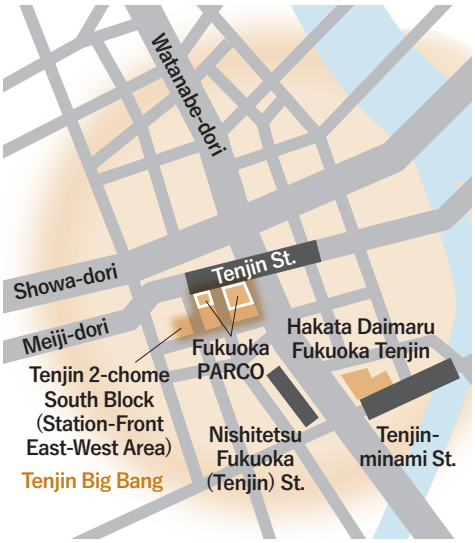


Tenjin Area of Fukuoka

The Tenjin 2-chome South Block Station-Front East-West Area Urban Planning Promotion Council, which consists of six rights holders including Parco Co., Ltd. and J. Front City Development Co., Ltd., submitted an urban planning proposal to Fukuoka City in February 2024 and the plan was approved in January 2025. Specific studies are underway to create an attractive, high-quality area that will become an important hub for creating a bustling atmosphere in the Tenjin area.

In July 2024, the Fukuoka Tenjin Area Development Promotion Division was established in the holding company to strengthen its structure for promoting the project. In Kyushu, the opening of the Kyushu Shinkansen and the development of transportation networks, including roads traversing the region both vertically and horizontally, have expanded Fukuoka's commercial sphere to encompass all of Kyushu. With diverse and abundant tourism resources and excellent access as the gateway to Asia, this area is expected to become increasingly vibrant in the future.

The project is scheduled to open around fiscal 2030, and by bringing together the Group's expertise, we aim to create a complex that represents Kyushu and Asia.

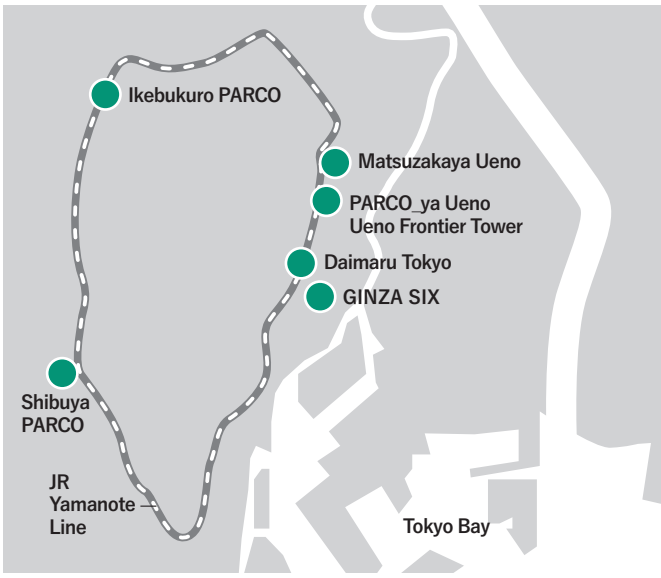


Tokyo area

In the Tokyo area, we operate a variety of unique commercial facilities, including the Daimaru Tokyo store, which attracts over 30 million visitors annually, Shibuya PARCO, which is rapidly gaining popularity globally, and GINZA SIX, Japan's leading luxury mall. In 2025, Shibuya PARCO underwent its first major renovation since opening in 2019, further evolving its content. Furthermore, GINZA SIX, which will soon celebrate its 10th anniversary, is also scheduled to undergo further upgrades.

In recent years, we have also seen a gradual increase in the effect of directing our department store's gaisho customers to locations like PARCO and GINZA SIX, for example. With the recent integration of the issuers of PARCO Card and GINZA SIX Card into JFR Card, we anticipate further synergy in future collaborations facilitated through these cards. Furthermore, we own several properties near the Matsuzakaya Ueno store, and we see considerable growth potential in initiatives that leverage the area's customer attraction capabilities.

By leveraging both software and hardware approaches and pooling the Group's collective strength, we believe the Tokyo area still has untapped potential to be realized.



Develop the Group-level Customer Strategies.



Maximize the potential of customer assets

The strong customer base built over many years by Daimaru Matsuzakaya Department Stores and Parco represents a valuable asset that cannot be acquired overnight for the Group, which centers its operations on the retail business. Under the current Medium-term Business Plan, we are refining the Group customer strategies to maximize the Group synergies. Each company in the Group will expand its identified customer base, including card members and app members, by reaching a broad age range, including the MZ generation, through touchpoints at physical stores and digital channels. For those who become identified customers, the Group will provide not only financial benefits like points but also enhances overall experience value across the entire Group, aiming to transform them into loyal customers and increase their lifetime value (LTV). To date, the Group has accumulated customer data on the JFR Group Data Platform and conducted various data analyses, including logistic regression analysis of customer purchasing behavior. Going forward, in addition to analyzing such purchase data, we will advance the development of customer strategies that leverage the Group's comprehensive strength, such as unified IDs and point integration across the entire Group, and promote initiatives to connect with customers beyond individual stores, operating companies, and regions.

Further pursue synergy realization

For example, the main building of the Daimaru Shinsaibashi store and Shinsaibashi PARCO are connected from the 2nd to the 10th floors, forming an integrated complex that allows customers to move seamlessly between the two buildings. One effect of this is that the Daimaru Shinsaibashi store has a notably higher sales share from customers in their 20s to 40s compared to other stores, demonstrating that they are utilizing both the Daimaru and PARCO stores. This demonstrates that department stores can appeal to younger customers and expand their customer base, depending on their approach, which can help solve their long-standing challenge of an aging customer base. However, this case benefits significantly from the physical, tangible advantage of the stores being directly connected. The Group customer strategies will take a soft approach to further strengthen these effects and expand them to other areas. First, we aim to create synergies in the Sakae area of Nagoya, including Matsuzakaya, PARCO, and a new commercial facility due to open next year.

Card consolidation within the Group

We consolidated the card issuance operations of the Group companies under JFR Card, launching the new GINZA SIX Card in April 2024, the new PARCO Card in February 2025, and the new Hakata Daimaru Card in March. In addition to the existing Daimaru Matsuzakaya Card, we now offer a diverse lineup. Furthermore, we aim to expand our customer base even further by providing card members not only with usage at each store but also with various benefits and opportunities for special experiences.

Cards issued by JFR Card

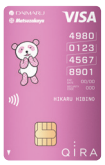
Daimaru Matsuzakaya Department Stores



Daimaru Matsuzakaya Card (Pink)



Daimaru Matsuzakaya Card (Blue)



Daimaru Matsuzakaya Card (Sakura Panda)



Daimaru Matsuzakaya Gold Card

Hakata Daimaru



Hakata Daimaru Kujaku Card



Hakata Daimaru Otokuisama Card

PARCO



PARCO Card

GINZA SIX



GINZA SIX Card



GINZA SIX Prestige Card



Through Business Restructuring, Amplify Synergy Creation Capabilities

Project example (J. Front Design & Construction): Namba Oriental Hotel

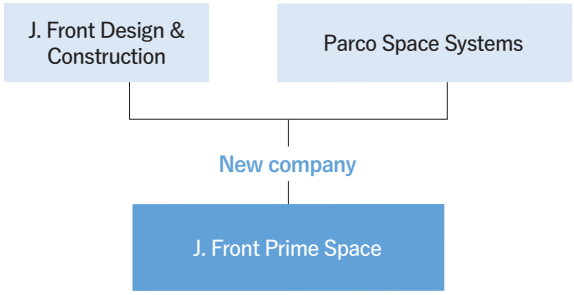
Integration of interior design and building management businesses

As part of "evolving the Group synergies," the Group's interior design and building management businesses will be reorganized and consolidated in March 2026.

Currently, in the interior design business, J. Front Design & Construction excels in high-quality interior work for hotels and luxury brand stores, while Parco Space Systems (PSS) specializes in electrical equipment installation and commercial facility interior construction. By integrating the expertise and skills of both companies and enhancing management resources, the two companies aim to further expand their high-end/high-grade interior construction and electrical equipment installation services while delivering superior spatial value.

Meanwhile, in the building management business, J. Front One Partner (formerly JFR Service) primarily handled facility operations and management for department store locations, while PSS managed facilities for PARCO locations. In September 2024, the Group centralized its building management functions within PSS. This move aims to enhance operational quality and productivity in managing the facilities in the Group while also targeting increased orders from outside, such as for hotel facility management, which is expected to be an expanding market.

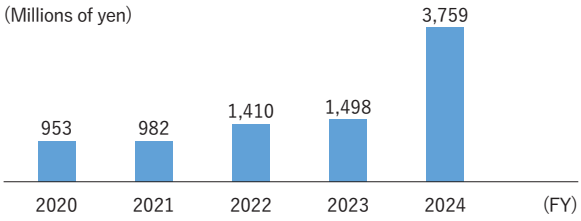
While there are concerns about a labor shortage across the interior design and building management industry, this business reorganization will enable us to establish a favorable position in the recruitment and development of specialized human resources, thereby realizing solid growth and the evolution of the Group synergies. Supported by a favorable market environment, we were able to steadily improve our performance last fiscal year. With this reorganization, we will continue to aim for growth in this business through high technical capabilities and the expansion of our business domain.



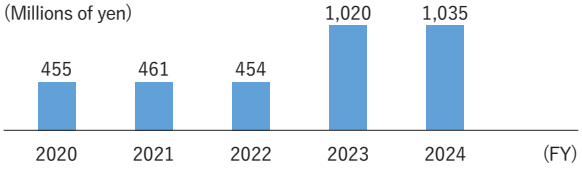
Aim for a highly profitable business

Furthermore, while the Group positions this business as a Developer Business, it is an asset-light business model distinct from those holding significant tangible fixed assets, resulting in a higher ROIC compared to other businesses in the Group. By strengthening both of these businesses, we will enhance the Group's overall return on capital and transform its business portfolio.

J. Front Design & Construction business profit



PSS business profit





Project example (Parco Space Systems): A foreign-owned biomedical company's office

Accelerate Synergies by Strengthening Digital Infrastructure.

A framework that supports management through IT

In 2024, our digital division and system division were integrated, and in March 2025, an organizational restructuring led to the creation of the DX Promotion Division. Going forward, we will integrate the digital promotion, strategy and governance, and system planning functions previously handled separately by the digital and system divisions. Working as one, we aim to build a “framework that supports management through IT.”

To align management strategy with digital strategy, we established the JFR System Philosophy in fiscal 2024. This enables management and the DX Promotion Division to evaluate IT initiatives using the same criteria, fostering shared values across the IT divisions. The Group is currently advancing renewal and integration starting from the infrastructure domain under this philosophy. Simultaneously, we are standardizing applications. Infrastructure integration will further expand the application domain and advance the development of our data foundation.

Furthermore, we have established a Group-wide information security framework and are working to develop regulations and operational procedures within the IT governance domain. Additionally, by providing an AI-powered data utilization and analysis environment across the entire Group, we aim to achieve data-driven management.

We will continue to implement strategic IT initiatives aligned with our management strategy, aiming to enhance productivity across the entire Group and contribute to business operations such as customer and store policies.

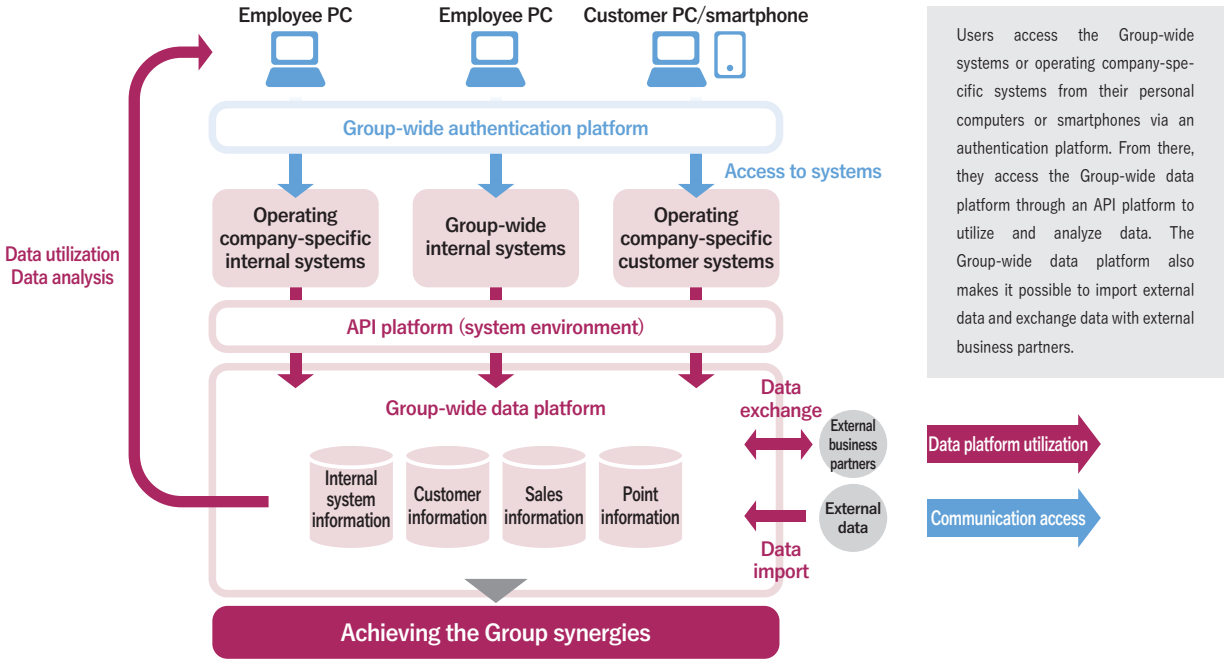
Guidelines for developing systems

In fiscal 2024, we established the JFR System Philosophy as the fundamental guidelines for the Group’s system development. The JFR System Philosophy embodies the principle: “Each business system should be standardized as much as possible on a common infrastructure. Furthermore, internal information, including customer data managed by IDs, is stored in a data platform and utilized across the entire Group.”

Behind this lies a number of long-standing challenges, such as the existence of multiple similar systems within the Group and difficulties in collecting data due to data being stored in multiple locations, which ultimately hinders the Group synergies and data-driven management. To solve them, the JFR System Philosophy was established as the guidelines for creating systems across the entire Group, and this was shared with each company within the Group.

Going forward, each company in the Group will develop systems with an awareness of the system philosophy, and while strengthening IT governance, will create a system environment (system architecture) based on the system philosophy. This will promote the standardization of systems within the Group, and by storing a variety of data in the data platform, we aim to maximize the Group synergies in the system infrastructure.

System concept diagram reflecting the philosophy



Users access the Group-wide systems or operating company-specific systems from their personal computers or smartphones via an authentication platform. From there, they access the Group-wide data platform through an API platform to utilize and analyze data. The Group-wide data platform also makes it possible to import external data and exchange data with external business partners.

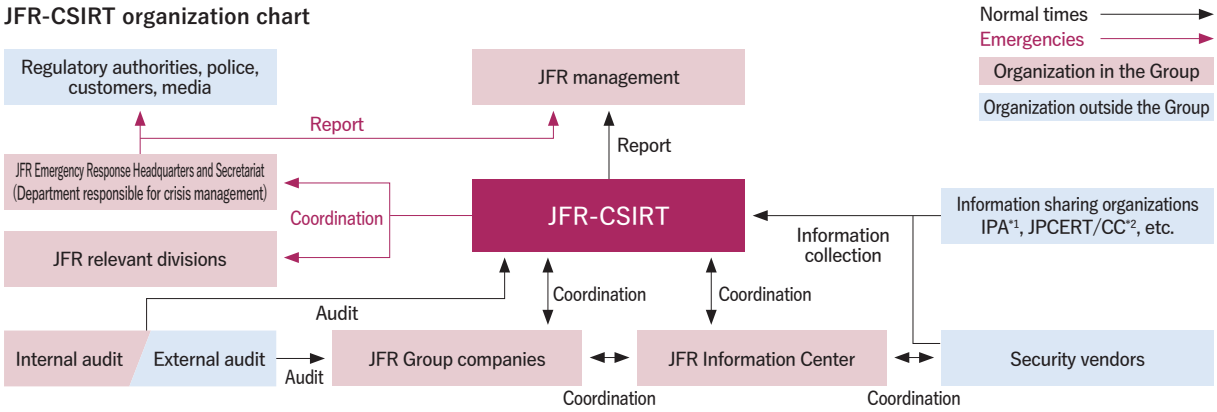
Strengthening information security

With the aim of maintaining and improving our information security level, the Group established the JFR-CSIRT (J. Front Retailing Computer Security Incident Response Team) in fiscal 2019 as an organization dedicated to preventing incidents and responding to them when they occur, and issued guidelines in March 2025.

JFR-CSIRT operates in both emergencies and normal times, collaborating with JFR Information Center responsible for information security maintenance and operations, as well as the information security managers of each company in the Group. During emergencies, it works in coordination with our Emergency Response Headquarters and Secretariat, cooperating with the Group companies, relevant divisions, external contractors, and external security-related organizations to minimize damage, facilitate rapid recovery, provide guidance on recurrence prevention, and offer operational support. During normal times, we aim to safely protect the Group's information assets and carry out activities to prevent the occurrence of threatening information security incidents, taking into consideration four perspectives: "organization," "people," "technology," and "physics."

In response to information security threats that increase daily, JFR-CSIRT will take the lead in taking appropriate actions and responses in both emergencies and normal times, thereby working to further strengthen information security.

JFR-CSIRT organization chart



*1 IPA: Information-technology Promotion Agency, Japan
*2 JPCERT/CC: Japan Computer Emergency Response Team Coordination Center

Utilizing generative AI

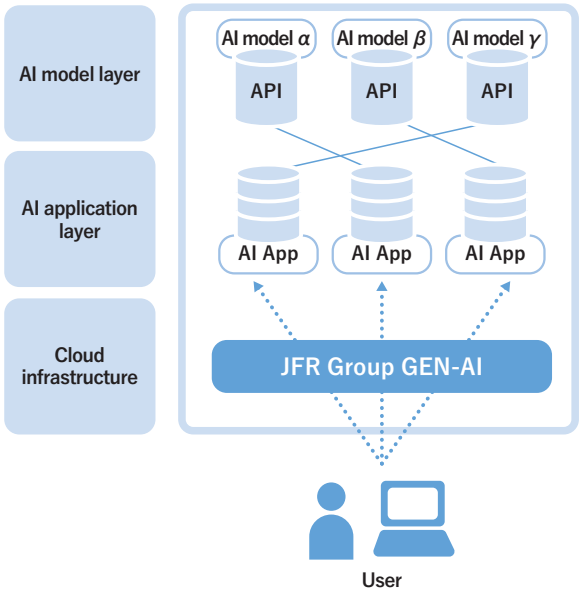
Recognizing that generative AI holds the potential to significantly transform business models while also carrying unique risks, we established the Group-wide "Generative AI Usage Guidelines" in September 2023 as a framework for its safe utilization. Furthermore, in February 2024, we built the private generative AI usage environment JFR Group GEN-AI, creating an environment where all employees can safely and securely utilize generative AI for business purposes. As part of efforts to promote utilization, we are working to increase utilization rates by holding study sessions and workshops on generative AI at multiple operating companies and divisions. We are currently evolving the learning format from basic lectures to practical workshops, and are also planning to launch a community to support participants.

For practical applications of AI in business, Daimaru Matsuzakaya Department Stores is utilizing optical character recognition (OCR) technology to identify ingredients from images of food product labels and has introduced AI tools that enable efficient digital advertising creation. Consumer Product End-Use Research Institute conducted a proof-of-concept study with an external vendor to evaluate the effectiveness of AI implementation in proofreading tasks.

Furthermore, to keep pace with the evolution of generative AI, we are gradually expanding the AI models accessible through JFR Group GEN-AI starting March 2025, enabling users to select the most suitable AI model for each application. This initiative is part of broader efforts to expand AI utilization across diverse business domains.

We aim to leverage generative AI not merely as a means to improve operational efficiency, but to enhance customer experiences and create new business models. We will continue to closely monitor the evolution of generative AI technology and actively incorporate it to contribute to the growth of the entire Group.

Building a system that enables the selection of the optimal AI model based on the intended use

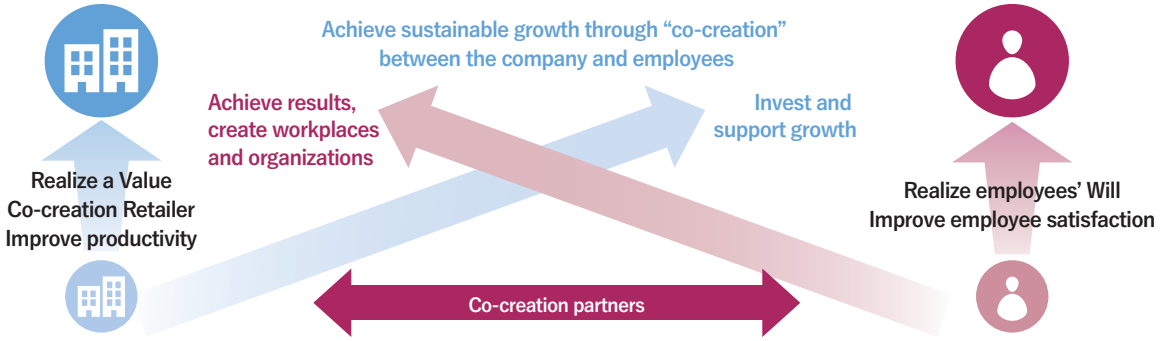


Support Each Employee's Will and Enhance the Ability to Co-create Value.

Approach to human capital

We are committed to evolving into a Value Co-creation Retailer Group by 2030, centered on our retail business and continuously providing three values: Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment. The power to create this future and realize our vision lies in every single employee of the Group. We consider our employees as our most important value co-creation partners and strive to support each person's Will (intention and motivation and intrinsic motivation) while fostering mutual support and contribution between the company and employees, thereby achieving growth together.

Concept of value co-creation by the company and employees



Overview of human resources strategy

In the current Medium-term Business Plan, which we have positioned as a phase of change, we will actively invest in human resources to shift to a new growth model and lay the foundation for future growth.

Specifically, we will move away from our past success where profit growth was achieved through company-wide streamlining measures, and instead focus on leveraging the comprehensive strengths of the Group's diverse businesses. To achieve this, we will shift our human resources strategy from "human resource management" to "human resource development," from "operation-oriented" to "market-oriented," and from "company-specific optimization" to "the Group-wide optimization."

To become a Value Co-creation Retailer, we have established a "human resource management policy" as the basic approach for human resources across the Group, and will work to shift to a human resource portfolio that aligns with management strategy. Furthermore, we will implement effective measures across the human resource domain and aim to improve employee engagement and productivity per employee as key outcomes of our human resources strategy.

Human resource management policy

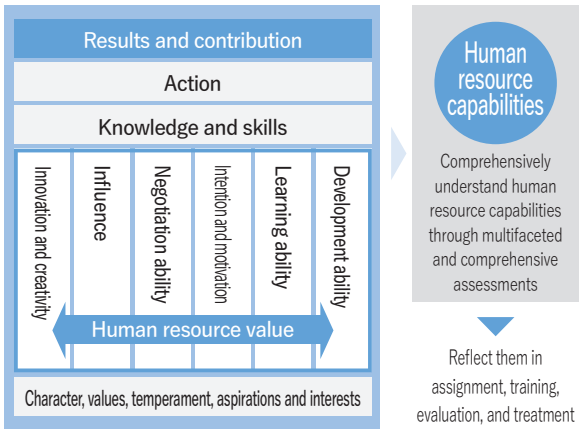
To foster the behavior and mindset changes necessary for value co-creation, we have established a Group-wide human resource management policy "Power to Involve Others, Mindset to Enjoy Challenges." This policy will guide our efforts in recruitment, development, placement, and evaluation of "human resources who are driven by their own Will," human resources who transcend and link organizations," and "human resources who enjoy their work."

Personnel management based on the "philosophy of human resource capabilities"

Since fiscal 2019, we have been implementing a human resource system based on our unique "philosophy of human resource capabilities," which aims to visualize the intangible strengths (human capital value, personality, values, temperament, and aspirations and interests) inherent in our employees. As we pursue human resource management based on this philosophy of human resource capabilities, we will foster value co-creation across the entire Group by evaluating and surveying performance outcomes, action, and mindset based on knowledge and skills, which can be observed through work performance.

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

Definition of human resource capabilities



JFR Selective School

Recognizing the need for early talent discovery and development, we have implemented a focused training program through the JFR Selective School since 2017 to cultivate next-generation executive candidates. The JFR Selective School consists of three stages: the JFR Business Management School (for next-generation executive candidates), the JFR Management School (for next-generation general manager candidates), and the JFR Leader School (for next-generation manager candidates), establishing a system for producing management talent over the medium to long term. Beyond planned and strategic placements, the program aims to accelerate the development of next-generation core talent by fostering a management perspective, sharing the awareness of key issues among top executives, and providing training in strategy formulation.

(1) Governance

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

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

(2) Risk management

In the future, if competition for human resources intensifies due to worker shortages caused by a declining working population and the increased mobility of human resources, we may face challenges in retaining talent and attracting top candidates. This situation could not only affect our business performance but also hinder our evolution into the Value Co-creation Retailer that we aspire to become by 2030.

Our human resources strategy focuses on developing change leaders, supporting self-directed learning among employees, and promoting diversity, equity, and inclusion (DE&I). By doing so, we aim to create a work environment where all employees can experience growth and job satisfaction. We are committed to fostering a comfortable work environment while providing support to every employee, ensuring they can work with vitality in good physical and mental well-being.

(3) Strategy

To enhance the collective Group strength, we will maximize the potential of every employee and leverage their strengths in accordance with our human resource management policy. Concurrently, we will transform our human resource portfolio by strengthening and reallocating human resources in alignment with our management strategy, with the aim of becoming a Value Co-creation Retailer.

(a) Strengthening our capabilities to co-create value

In today's uncertain business environment, we believe that the entire Group must enhance its "value co-creation capabilities" to achieve significant growth and progress.

We define "value co-creation capabilities" as not only the ability to deliver results based on skills and knowledge, which have been our primary evaluation criteria thus far, but also action and mindset that are necessary to collaborate with diverse stakeholders and co-create new value. We will continue to develop more specific requirements for abilities, competencies, evaluation methods, and other related frameworks in alignment with our human resource management policy "Power to Involve Others, Mindset to Enjoy Challenges."

For example, we will expand initiatives such as external training-type secondments through our CVC fund, the development of digital core talent, and the corporate culture project RED. By promoting the creation of value co-creation cases during this transition period, we will establish a foundation to ensure future growth.

External training-type secondment

To connect with diverse talent and cultivate varied perspectives, as well as to gain experience in business creation and learn the speed of decision-making, we are sending employees on secondment to startups through our CVC, JFR MIRAI CREATORS Fund. As of the end of February 2025, we have dispatched two employees. At their secondment destinations, they are responsible for tasks such as planning and promoting collaboration with the Group.

Digital talent program

To execute our digital strategy, we have independently developed the Group-wide digital talent program. We categorize digital talent into three groups: "core talent," "all employees," and "management," providing tailored programs for each to acquire the necessary skills, knowledge, and mindset. The number of core talent developed, comprising "data analysts" and "digital designers," reached 154 by the end of May 2025, with a target of 1,000 by 2030. Core talent activities include using optical character recognition (OCR) to correct mislabeled food allergens, and leveraging shopping data from both department store and PARCO customers to inform planning and negotiations for new tenant acquisitions.

RED

RED is a platform for realizing Will, where employees share ideas that spark their passion, such as "exciting projects" or "activities that contribute to the Group's growth," and collaborate with like-minded colleagues and management to bring them to life. It was named "RED" by combining the color red, which symbolizes a space for those with fiery passion, stronger than a spark, and a place to realize those burning dreams, with the initials of "Realize Energetic Dream." Since its launch in 2023, approximately 500 employees have participated. Those selected through internal screening and presentations are now working on projects to realize their own Will.



Catch Ball Meeting

To enhance employee engagement, we have been holding Catch Ball Meetings since fiscal 2021, where the Company's President and the presidents of other companies in the Group engage in direct dialogue with employees. In the first half of fiscal 2025, we expanded the program to include more companies in the Group, holding a total of eight sessions with 1,325 employees participating. The meetings followed a format where the Company's President explained the progress of the current Medium-term Business Plan in the first half, and in the second half, the Company's President and the presidents of other companies in the Group answered questions from employees. This led to passionate, interactive discussions between management and employees.



(b) Management transformation

We will change mindset and enhance evolution and feedback skills while continuing traditional hierarchical training. We will also review the necessary scope of management for effective leadership and implement necessary corrections.

(c) Group personnel exchanges

Leveraging the unique characteristics of diverse companies in the Group, including the Department Store, SC, Developer, and Payment and Finance Businesses, we actively promote internal transfers, including the Group-wide recruitment. Going forward, we will establish systems and rules to promote transfers among the Group companies with different business models and corporate cultures, thereby fostering the integration of human networks and expertise, and enabling the Group-wide optimization and synergies.

Group-wide open recruitment system

To realize employee growth and career development while co-creating value through diverse talent exchanges within the Group, we conduct the Group-wide open recruitment twice a year. Approximately 35 to 60 employees per year utilize this system to transfer across the Group, including within their own companies. Our goal is to increase the ratio of talent exchanges, including the Group-wide open recruitment, to 20% by fiscal 2030.

(d) Improvement of internal environment

■ Diversity, equity, and inclusion (DE&I)

We believe that incorporating a diverse range of individual strengths and turning them into organizational strengths will lead to sustainable growth. To this end, we will create an environment where all employees, from young talent to mid-career and senior employees, can thrive by using their unique strengths. In particular, as women make up a majority of the Group's employees, it is essential to further "promote their empowerment." Thanks to our proactive hiring efforts, based on our efforts to improve the workplace environment and reform working styles, the ratio of women in management positions increased from 22.5% in fiscal 2023 to 26.2% in fiscal 2024. In fiscal 2025, we will conduct an "employee survey" targeting all employees and gathered their opinions on work values and career aspirations to foster the Group-wide change in awareness. Based on the results, we will explore and implement initiatives such as internal and external networking events, mentoring programs, and unconscious bias training.

Career Forum for Women

To promote women's empowerment, the JFR Women's School was launched in 2018, primarily targeting the employees who work reduced hours to balance work and childcare. It has since expanded its scope and is now conducted as the Career Forum for Women. Now in its fifth iteration in the first half of 2025, this training program helps participants recognize their strengths and characteristics through career reviews and learn management techniques to develop their unique leadership style. Some employees who complete this training subsequently become managers, making it a catalyst for expanding the potential of women within the Group.

■ Securing human resources and focus on strengthening areas

To become a Value Co-creation Retailer Group, it is essential to secure and expand our human resources capable of creating three values: Co-creation of Excitement, Co-prosperity with Communities, Co-existence with the Environment. To this end, the Group will strengthen its human resource system and broaden recruitment channels to enhance recruitment capabilities. Additionally, we will prioritize the allocation of human resources to strategic areas, including high-productivity businesses and new businesses.

Specifically, we will target not only new graduates and young talent but also focus on the recruitment and allocation of individuals with advanced expertise in real estate, banking, and finance. We are particularly interested in hiring retail professionals who understand customer needs and can create new content and services, as well as digital talent who can spearhead our digital transformation.

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

JFR three-year training school for new employees

The Group provides new employee training immediately upon joining, followed by ongoing training over the first three years to support early career development. During the first year, we implement a year-long training program starting with fostering awareness as a member of the Group, with the goal of developing self-directed individuals capable of independently executing the PDCA cycle to perform duties and achieve their goals. The second year of employment is dedicated to applying the knowledge gained in the first year to practical work. In the third year, a one-year training program is conducted to develop future leaders. During this training, new employees tackle challenging topics such as strategy, organization, and leadership while aiming to become future management talent. Simultaneously, they deepen bonds as peers across company boundaries.



Career Development Training by Age Group

As part of the Group-wide initiative, we conduct career development training sessions targeting employees at milestone ages throughout their career. Specifically, we hold training sessions at our corporate training center in a hybrid format combining in-person and online sessions for employees aged 27, 35, 43, 48, 53, and 58. Participants reflect on their life and career journey to reaffirm their strengths and values while learning self-management and motivation skills. They then concretely map out their desired future self and career vision.

JFR College

In order to meet employees' desire to learn and to raise the level of our human resource capabilities, we have created the JFR College, a self-development platform aimed at the acquisition of versatile, highly applicable skills and knowledge that are not limited to any particular business field. Its website provides a one-stop access point to diverse information, including publicly offered training programs and self-development curricula rolled out across the entire Group, as well as learning opportunities provided by each company in the Group. This enables each employee to pursue learning tailored to their individual goals.

■ Promotion of physical and mental health

Physical and mental health are prerequisites for employees to stay energetic and tackle challenges. We foster employee creativity and productivity by conducting periodic surveys, sharing the findings with management, divisions, and employees, and carefully implementing the PDCA cycle to plan and execute actions that lead to improvements.

■ Strengthening the human resource system

The human resources division is now more crucial than ever in maximizing the potential of every employee. We are enhancing the expertise of the human resources division and promoting operational efficiency to help them respond quickly and appropriately to on-site challenges such as hiring, placement, training, and evaluation. Additionally, we are also striving to create a system that allows the human resources division to act as a business partner for management and business unit managers.

(4) Metrics and targets

Metrics		FY2024 results	FY2026 targets
Ratio of women in management positions		26.2%	31%
Gender wage gap	All employees	66.5%	Reduce the gap by strengthening initiatives such as career development programs and training for women and management positions to prevent career loss
	Regular employees	75.0%	
	Non-regular employees	75.5%	
Paternity leave usage rate		132.5%	95%
Engagement survey Employee satisfaction		68.9%	70%
Engagement survey Work recommendation		59.9%	60%

*1 Ratio of women in management positions and gender wage gap were calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).
*2 The Group totals, unless otherwise indicated.
*3 Gender wage gap shows the wages of female employees as a percentage of the wage of male employees.
*4 Metrics and targets as of May 2025, subject to addition or revision to align with future human resources strategy.

Realize employees' own Will beyond organizational boundaries

IMAZU Takako
Executive Officer
Senior General Manager, Group Human Resources Development Division
J. Front Retailing Co., Ltd.

In fiscal 2024, we established the Group-wide human resource management policy: "Power to Involve Others, Mindset to Enjoy Challenges." There are two main reasons for defining this policy. First, to break away from our previous efficiency-focused human resources strategy and achieve true value co-creation by genuinely aligning our management strategy, which aims for change, with our human resources strategy. The second reason is that, having significantly shifted from the previous department store-centric structure of the Group to one with diverse operating companies, we wanted to establish a core policy to promote the Group-wide standardization in terms of human resources while leveraging each company's strengths.

The "Power to Involve Others" is the ability to connect with others both within and outside the Group, shaping ideas by aligning each employee's own aspirations with those of others. The "Mindset to Enjoy Challenges" is an attitude that empathizes with the feelings of those around each employee, working together with enthusiasm. These two keywords emerged during a retreat last year that brought together management from all the Group companies to discuss "sustainable growth leveraging the strengths of the JFR Group." We believe that when each employee embodies both of these qualities and realizes their own Will beyond organizational boundaries, the Group's overall strength is maximized. To cultivate value co-creation talent who will support our change into a Value Co-creation Retailer Group, we will implement various initiatives based on our human resource management policy.



Special Report 4

Make Women's Empowerment the Norm.

We have set "Empowering diverse human resources to shine" as one of our materialities and are working to ensure that each employee, who is the source of value creation, can thrive. Women comprise 53.8%* of the JFR Group employees. Ensuring that this majority can demonstrate their abilities and thrive with both ease and fulfillment is also an essential management strategy for our sustainable growth. This time, we held a discussion on women's empowerment within the Group, featuring the Company's Outside Director and frontline managers.



UEDA Miyuki
Manager, Design Department II
J. Front Design & Construction Co., Ltd.

KOMURO Takahiro
Executive Officer
Executive Store Manager, Daimaru Shinsaibashi
Daimaru Matsuzakaya Department Stores Co. Ltd.

OMURA Emi
Independent Outside Director
J. Front Retailing Co., Ltd.

HAMA Kaori
Sustainability Promotion Manager
Group Management Planning Division
J. Front Retiling Co., Ltd.

OKOCHI Satoko
General Manager for IT Department
Parco Co., Ltd.

Current location of the JFR Group

Omura: Because men and women have different experiences within society, they approach management challenges and perceive risks differently. For this reason, I believe it is extremely important for the female perspective to be included in the Board of Directors, the place where decisions are made. As the term "critical mass" suggests, if there is only one woman, her opinion is unlikely to be fully reflected, but once that number reaches around 30%, they can finally have influence in decision-making, so I think it is a good thing that the Company has a 30% female director ratio. However, only one of our three female Directors is from within the Company, so I would like to see more of that.

Hama: Incidentally, two of our 13 Executive Officers are women. The ratio of women in management positions varies between operating companies due to differences in business, but across the Group, the percentage is 15.5%* of general managers and 31.5%* of managers.

Omura: There seems to be plenty of room for growth. I hope that increasing the number of women in decision-making positions will accelerate the growth of the Group. Of course, I believe that the insights of employees of diverse genders, not just men and women, will contribute to the Group's business.

Okochi: Parco has put in place internal systems in response to changes in the times and laws, and understanding from those around us has also increased, so I think we have achieved an "easy-to-work environment." On the other hand, when it comes to "job satisfaction," women tend to suppress themselves due to gender role consciousness, and because work styles tend to be greatly influenced by changes in life stages, they inevitably have a tendency to be passive about their careers. I believe it is necessary for the company to encourage this, and as someone who has built a career while raising children, I would like to support them as a senior employee and manager.

Ueda: J. Front Design & Construction is in the construction industry, so you might think it is a male-dominated place, but I have never been conscious of my gender, and I have never suffered any disadvantages just because I am a woman. Looking at the construction industry as a whole, I believe there have been three distinct phases of change from the past to the present. Around the year 2000, when I joined the company as a new graduate, it was still an era where I was told things like, "How dare a woman..." Then, after a while, there was a period



OMURA Emi
Independent Outside Director, J. Front Retailing Co., Ltd.

Registered as attorney at law in 2002, and as attorney at law of New York State in 2007. Became Partner of CLS Hibiya Tokyo Law Office in 2022 (current position) after working for International Labour Standards Department of International Labour Organization (ILO) and Athena Law Office and serving as Director of Office of International Affairs of Japan Federation of Bar Associations. Became Auditor of Japan Association for Women's Education (current position) in 2023. Serves as Outside Director at J. Front Retailing Co., Ltd. since 2024.

where the opposite was true, a time when a female perspective and more delicate sensibilities were expected and sought after. Clients would even request female designers by name. Now, however, it is an era where individuality is valued more than being female. Since the focus is on the strength of the individual, I believe women must also respond by demonstrating their true capabilities.

Hama: Like Ueda-san, I have worked without being conscious of my gender, and I have even been transferred away from home with my children, thinking that I could be transferred if necessary as a way to gain work experience for my own growth. However, after joining the Company, the times changed and women's empowerment gained greater attention. When I became the first female general manager in the holding company, I suddenly became conscious of being a woman. I felt anxious and uneasy, wondering if I was expected to bring a uniquely female perspective or role. Coupled with the fact that I am a career changer, I was conscious of being in the minority.

Omura: I imagine you were confused when "women's empowerment" became a formal slogan. Has there been any change in your mindset or in the Company since then?

Hama: While more women have become managers now, what has changed even more is the diversity of management types, including those from different backgrounds, with their unique personalities. This has made women just one of many distinct individuals, shifting attitudes accordingly. I deeply feel the changes within the holding company, and I hope these changes will spread throughout the entire Group.

Komuro: I am the store manager of Daimaru Shinsaibashi. While I have regular opportunities to speak with general managers, I schedule annual meetings with managers and submanagers. During these meetings, I often hear comments like, "Why am I a manager?" or "The stress of being a manager is unbearable." Many of those who express these concerns are women. This tendency becomes even more pronounced among submanagers. There are a certain number of women who don't want management positions. The underlying reason is that some women struggle with self-affirmation, perhaps because society and their careers have led them to feel this way. That is why I am determined to help break through this barrier.

System-based support

Komuro: At Daimaru Matsuzakaya Department Stores, over 60% of employees are women, including many who are raising children. Since department store operations involve rotating early and late shifts, choosing reduced working hours after returning from childcare leave can limit available divisions and make it difficult to maintain job motivation. When speaking with them, a significant number express a desire for more responsible roles. I would like to provide such individuals with opportunities whenever possible, fostering their early development into productive contributors and boosting their motivation. To achieve this, we must enhance the accuracy of confirming their intentions and establish systems to support their aspirations.

Omura: I believe that fostering peer connections among those raising children and providing company support are crucial for enabling them to continue their careers without isolation. Are there any systems in place within the organization?

Komuro: The other day, at a management meeting at the Shinsaibashi store, a proposal was made to create a community for women raising children. The idea was to provide a place where they could share their worries and difficulties, and study to bridge gaps in their careers. The person who planned and proposed this initiative was an employee from the human resources division who is also working reduced hours and raising children.

Hama: Some people naturally build these lateral networks, while others find it difficult to take action unless a system is put in place. The holding company's human resources division is also working to foster networks for female employees both within and outside the company in the Group.

Okochi: Currently, there are three men in my department who are working from home after taking childcare leave. If it becomes natural for men to build their careers while raising children, I think there will be more role models, regardless of gender. I feel that if childcare is limited to women, there will be some areas that cannot be overcome.

Omura: Since childcare is not limited to women, I think it would be good to create a place where both men and women can work together. I also think it is necessary to provide support to people who are working while caring for the elderly.

Management in my own style

Ueda: When I became a manager, I decided not to take it too seriously. Coming from a technical role, I worried that shifting abruptly from being a player to management would mean I couldn't enjoy the fun of playing anymore. But perhaps the breakthrough came from deciding not to worry too much about the conventional image of what a manager should be. Of course, I manage, but I also believe it is important for those around me to see me enjoying my work. As I found my own way of managing while still doing what I love, I stopped disliking being a manager.

Komuro: What do you think is important for more women to view management roles positively?

Ueda: If the reason people don't want to become managers lies in the traditional image of management, then perhaps we need



HAMA Kaori
Sustainability Promotion Manager, Group Management Planning Division
J. Front Retiling Co., Ltd.

Joined The Asahi Shimbun Company in 2001. Gained experience in legal affairs, human resources, and employee welfare in the administrative departments. Joined Daimaru Matsuzakaya Department Stores Co. Ltd. in in 2018. Assumed her current position in 2021 after working in Board of Directors Office and serving as Senior General Manager of ESG Promotion Division at J. Front Retailing Co., Ltd.

more diversity in management roles. For example, J. Front Design & Construction currently has no managers working reduced hours. But when we think about what management fundamentally entails, it seems like it could be done without requiring full-time commitment. By creating such systems going forward, I believe we can foster a wider variety of work styles.

Komuro: Daimaru Matsuzakaya Department Stores has managers working reduced hours, but are there any challenges specific to the industry at J. Front Design & Construction?

Ueda: Construction sites operate around the clock, making it difficult to leave early with reduced hours. While site management roles were almost exclusively male in the past, more women have entered the field recently. I am sure some are struggling with work arrangements. This ties back to the earlier discussion about creating systems. We should start exploring now how to enable women to work on-site even with shorter hours. In each job, there are constraints, including time limitations and physical demands, but we must create new ways of working that are different from the past. I believe it is crucial for our generation to develop these new approaches, not as charity but as practices that also benefit the company, as we pass the torch to the next generation.

Hama: Listening to Ueda-san, I get the feeling that if we can create a work style that is easy for women to work in and allows them to thrive in their own way, the company will also become an easy place to work for men.

Okochi: Frankly speaking, what I have noticed since becoming a manager is that people within the company are more willing to listen to what I have to say than before. Therefore, I want to make a point of gathering as much feedback from frontline workers as possible and conveying it to the appropriate parties.

Omura: When you become a manager, the amount and quality of information you receive changes significantly. I believe passing on those benefits to the next generation is also part of a manager's role.

Okochi: Earlier, Komuro-san mentioned women who are reluctant to become managers. I think this stems from having the "must" aspects of the role and the "can" skills they have built up, but lacking the developed "will." I want to help nurture that will. I try to be a sounding board for my subordinates when they ask themselves, "What do I want to do?" and "What can I do?" That said, when I suggest to women that they become managers, the response is often, "I'm not sure about that," so I know there is still work to be done.

Omura: When we hear the phrase "women's empowerment," we tend to think of women as always being energetic and radiant. I hope that by knowing that we all here today are role models all around our female employees, they naturally want to be like us.

Hama: I used to have this fixed image of management as strong leaders who could handle work better than average and manage teams. But now that I am actually in that role, I find myself making mistakes, feeling down, and struggling through while questioning myself. So, showing that real side is important too.

Okochi: When various people experience management positions, their perspectives naturally grow higher too. I want everyone to actively take on challenges, and I believe they should develop their own unique management style.

The presence of "people who well understand"

Hama: I also believe it is important to have "people who well understand" you around you. Earlier I mentioned working away from home, but I didn't manage it effortlessly on my own. Rather than restricting how I worked, my superiors, colleagues, and juniors thought together with me about how to make it work, fully utilizing company systems to support me. That was hugely significant. It was precisely because I gained that experience that I could seize the opportunity and become a manager in my previous role. Therefore, I myself want to be a mentor who thinks alongside not only my direct reports but also the women who follow, helping them gain the necessary experience at the right time to build their careers.

Komuro: At the Shinsaibashi store, there are women working on single-person assignments while their families remain back home. Since these individuals have made a conscious decision to take on this challenge, the company must fully support their resolve and ensure they can thrive and build their careers.



KOMURO Takahiro
Executive Officer and Executive Store Manager of Daimaru Shinsaibashi
Daimaru Matsuzakaya Department Stores Co. Ltd.

Joined The Daimaru, Inc. in 1987. Assumed his current position in 2021 after working in Business Planning Division of the Shinsaibashi store, Department Store Operation Division at The Daimaru, Inc. and serving as Manager of Business Promotion Division of the Matsuzakaya Ginza store at Daimaru Matsuzakaya Department Stores Co. Ltd., Senior General Manager of Board of Directors Office and ESG Promotion Division at J. Front Retailing Co., Ltd., and Executive Store Manager of Matsuzakaya Shizuoka at Daimaru Matsuzakaya Department Stores Co. Ltd.



UEDA Miyuki
Manager, Design Department II, J. Front Design & Construction Co., Ltd.

Joined The Daimaru, Inc. in 1998, and assigned to Design and Engineering Division. Worked for J. Front Design & Construction Co., Ltd., established through spin-off and merger, since 2008. Working as a designer in Osaka since joining the company. Assumed her current position in 2024 after serving as Manager of West Japan Design Department and Manager of Design Office.

Since I became store manager, I appointed Daimaru Matsuzakaya's first female administration general manager, and our gaisho team, traditionally dominated by male managers, now includes three successful female managers. Of course, certain skills and timing are required, but when we encourage women and provide them with opportunities, they consistently demonstrate their capabilities. It is not that she is succeeding simply because she is a woman, but I believe it is because she has the drive, and those around her supported her. I hope our company can be one that finds and promotes such capable individuals. I also constantly strive to be that kind of manager myself.

Omura: Like Komuro-san, actively communicating with subordinates allows them to open up about themselves, and enables managers to identify those willing to take on challenges and promote them. I believe managers must develop the ability to discern, through communication with subordinates, how they wish to work and what difficulties they face in balancing work and life.

For the next generation

Okochi: What I expect from the next generation is that they will achieve what they want to do within Parco or the Group. Everyone has the opportunity to grow, so I think it is important for us managers to look at not only ourselves but also the various role models around us and think about the kind of career we want to develop for each person.

Ueda: I certainly don't want to be disliked by my subordinates, but lately I have been trying to speak up when I need to. I have experienced situations where holding back out of consideration for them, or avoiding comments for fear of hurting their feelings, led to negative outcomes I regretted. While I always follow up afterward, I make a point of saying what needs to be said, even if it is a bit harsh, right then and there when necessary. I believe that being not just kind, but also providing appropriate feedback and helping them course-correct, ultimately leaves a positive impression on subordinates as the image of a manager they remember.

Hama: The next generation may feel uneasy about the company endlessly discussing women's empowerment. However, as long as tangible results haven't yet materialized, and given that everyone possesses unconscious biases based on gender, I believe our generation discussing women's empowerment now is a necessary step for our company to genuinely pursue DE&I. By first ensuring the steady empowerment of women, we aim to build an organization where it is natural for each individual's uniqueness to be respected.

Omura: Although women make up over half of the Group's workforce, I believe the 26.2%* ratio of women in management positions is still too low. This is partly what contributes to the gender wage gap. We should not be satisfied with a 30%* ratio of women on the Board of Directors.

The placement of men and women in various roles and positions, not just management roles, is a crucial part of each Group company's management strategy. Even when promoting women's empowerment, management must recognize the urgency of the situation when results fail to show in the numbers.

From a human rights perspective, it is important that men and women are equally involved in decision-making in society. It cannot be said that equality between men and women has been fully achieved in Japanese society today. I believe that correcting structural discrimination in society is the mission of Japanese companies like the Group that can make an impact on society.

I would like to tell all employees, especially young people, that when their boss or colleagues offer them an opportunity, I would like them not to hesitate to take it and have the courage to give it a try. It is important to embrace who they are and the path they have taken so far, while also being interested in what is happening outside the company and social issues, and to have the spirit of inquiry to learn more. I also expect that employees who respect diverse personalities and practice an accepting attitude every day are the ones who will truly support an organization where each and every employee can work with enthusiasm.

*All figures are FY2024 results.



OKOCHI Satoko
General Manager for IT Department, Parco Co., Ltd.

Joined Parco Co., Ltd. in 2001. Gained experience in store operations, headquarters advertising, and headquarters public relations. Took two maternity and childcare leaves during this period. Transferred to Group ICT Strategy Office in 2017. Assumed her current position in 2024 after serving as Operations Manager for Group IT Department.

Aiming for Net Zero by 2050

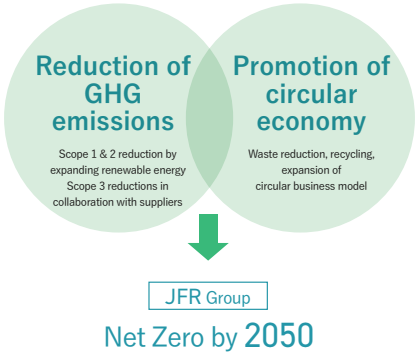
In recent years, climate change has progressed to an extremely serious level, endangering not only future generations but all people, including all of us alive today. We recognize that climate change will have a significant impact on the sustainability and future growth of our business.

For the Company, addressing climate change is a key issue in our sustainability management. We are taking measures to achieve net-zero*1 greenhouse gas emissions across our entire value chain by 2050, while identifying and addressing associated risks and opportunities.

Direction of Initiatives Toward Net Zero

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

Specifically, we will reduce Scope 1 and 2 GHG emissions (hereinafter referred to as "Scope 1 and 2 emissions") through rigorous energy conservation and expanded use of renewable energy in our stores, and the reduction of Scope 3 GHG emissions (hereinafter referred to as "Scope 3 emissions") through collaboration with our suppliers and customers, while also promoting resource recycling through initiatives such as strengthening the 3Rs*2 and expanding circular business models.



Early Achievement of 2030 Targets and Establishment of New Goals

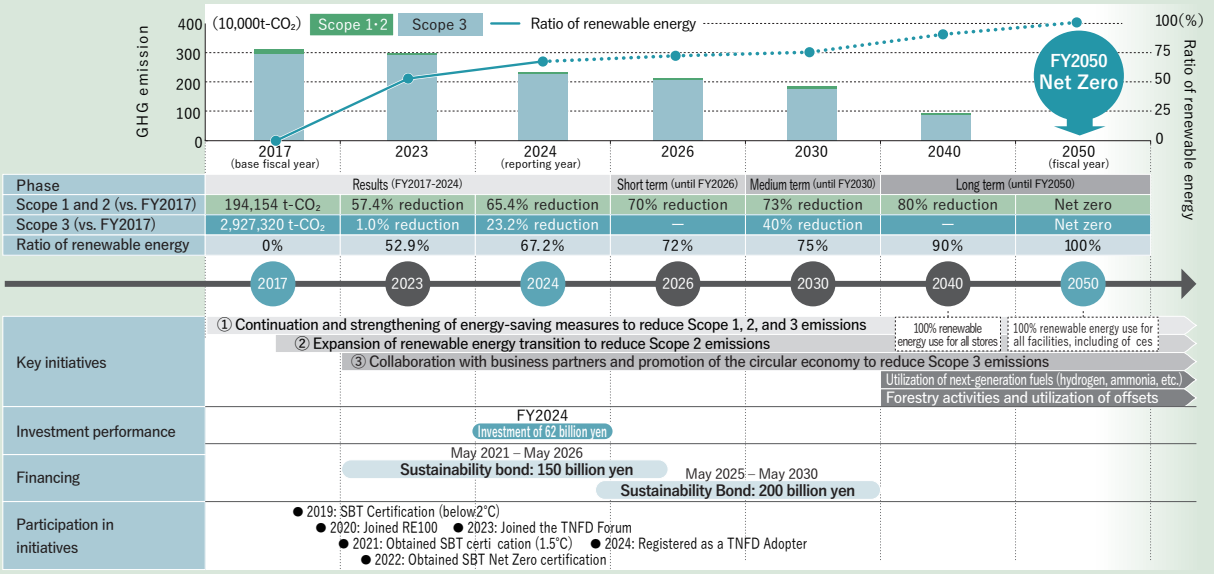
We believe that setting ambitious medium and long-term reduction targets and developing a roadmap to achieve them is necessary to promote climate change countermeasures across the Group. Based on this approach, we obtained certification through the Science Based Targets (SBT) initiative*3 in 2019 for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

Target year	Targets with SBT certification	
2050	•Scope 1, 2, and 3 GHG emissions reach net zero	
2030	•60% reduction of Scope 1 and 2 GHG emissions (vs. FY2017) → 73% reduction •40% reduction of Scope 3 GHG emissions (vs. FY2017)	New higher target

Furthermore, by the end of February 2025, we had already achieved our 2030 target of a 60% reduction in Scope 1 and 2 emissions ahead of schedule, reaching a 65.4% reduction. As a result, we have raised our 2030 reduction target to 73% and will continue to advance our initiatives going forward.

*1. Achieving net zero means thoroughly reducing greenhouse gas emissions and offsetting the remaining emissions by deducting removals such as forest absorption or CCS (carbon capture and storage).
*2. 3Rs stand for Reduce, Reuse, and Recycle.
*3. The Science Based Targets initiative was established jointly in 2014 by CDP, the UN Global Compact, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) to enable companies to set ambitious emission reduction targets in line with the latest climate science.

JFR Group's FY2050 Net Zero Transition Plan



As of May 2025. This plan is subject to revision based on future business strategies.

Major Environmental Initiatives

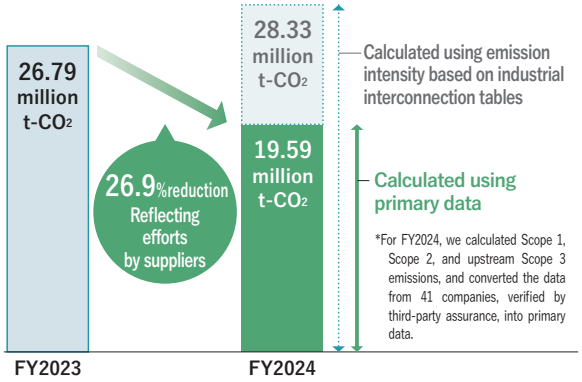
Supply Chain Engagement for Scope 3 Reductions

More than 87% of our Scope 3 emissions fall under Category 1 (Purchased Goods and Services), making it challenging to reduce them through our efforts alone. Therefore, collaborative reduction measures across the entire value chain are necessary.

At our core operating company, Daimaru Matsuzakaya Department Stores, we have engaged in dialogue with suppliers based on their circumstances, including initiatives such as “calculating emissions,” “setting reduction targets,” and “requesting the provision of primary data related to emissions (Scope 1, 2, and upstream Scope 3).” In FY2024, we incorporated data from 41 companies as primary data for our calculations, resulting in a 26.9% reduction in Category 1 emissions compared with FY2023.

To further enhance the efficiency and pace of these efforts, we switched to a new environmental data calculation system in March 2025. By leveraging this system and strengthening collaboration with our business partners, we will further advance our initiatives for Scope 3 emission reductions.

Trend in the Reduction of Scope 3 Category 1 Emissions

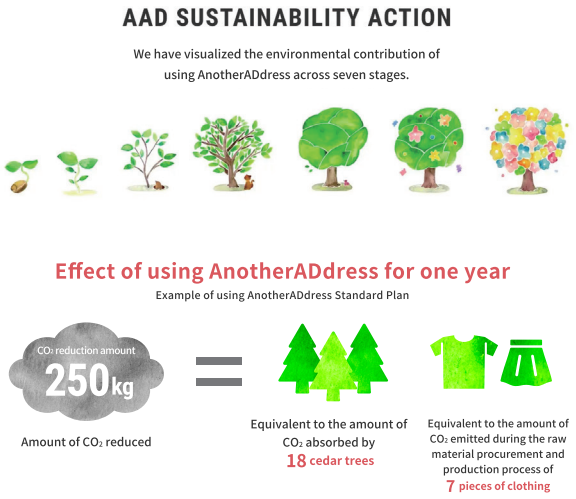


Visualizing environmental contributions through carbon footprints

Daimaru Matsuzakaya Department Store's fashion subscription service, “AnotherADdress,” has collaborated with BiSUS Co., Ltd. to quantify GHG emissions associated with renting a single clothing item once. Through the use of AnotherADdress, customers can naturally accumulate action points while enjoying fashion. These points allow customers to understand their individual contributions to reducing greenhouse gas emissions at different stages via the initiative called “AAD Sustainability Action.”

Special website

▶ https://www.anotheraddress.jp/
(In Japanese only)



Other initiatives and investment results for FY2024

	FY2024 initiatives		Investment amount
① Energy conservation	Expansion of switching to LED for in-store lighting	•Number of LED units installed: Approx. 13,200 units (Cumulative total: 202,900 units, 82.5% of total)	121 million yen
	Electrifying the corporate fleet	•Number of EVs purchased: 7 units (Cumulative total: 184 units, 49.6% of fleet)	106 million yen
	Introduction of energy-saving, highly efficient equipment	•Renovation of elevators and escalators	2,174 million yen
② Expansion of renewable energy	Expanding the shift of stores and offices to renewable energy	•Amount of renewable energy purchased: 197,734 MWh	3,819 million yen
③-1 Promotion of circular economy	Expansion of circular business such as sharing and up-cycling	•Clothing circulation project “roop” selected for the Ministry of the Environment's FY2024 Deco-Katsu Program •Launch of "MEGRUS" reuse business (March 2025)	
③-2 Waste reduction	Reducing the amount of waste disposal and improvement of recycling rate	•Food recycling rate: 88.3% for FY2024 •Recycling of waste cooking oil into domestically produced SAF: Implemented in 9 stores (as of the end of FY2024) (approx. 74.4% of the total waste oil generated by Daimaru Matsuzakaya Department Stores)	
③-3 Scope 3 reduction	Conducting dialogues and seminars with suppliers to obtain GHG emission data	•Number of visits to suppliers: 121 •Agreement on primary data collection: cumulative total 72 companies •Start of calculations using FY2024 primary data	

Information Disclosure Based on TCFD/TNFD Recommendations

In May 2019, the Company endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Furthermore, in November 2023, we endorsed the principles of the Taskforce on Nature-related Financial Disclosures (TNFD), joined the TNFD Forum, and registered as a TNFD Adopter in October 2024. Based on the frameworks for both recommendations, the Company discloses information in line with the four categories of "governance, risk management, strategy, and metrics and targets." Additionally, we will continue to work toward comprehensive solutions, recognizing that climate change and biodiversity loss are inseparable issues.

Governance TCFD TNFD

We promote sustainability management across the entire Group by reflecting in our business strategy our response to significant environment-related issues (including climate and nature-related risks and opportunities) that are highly relevant to our business, as well as initiatives that contribute to resolving these issues. These issues are deliberated and approved by the Group Management Meeting, the highest decision-making body for business execution. Furthermore, the Sustainability Committee, which meets at least twice a year, shares the policies on environmental issues deliberated and approved by the Group Management Meeting, formulates action plans to address issues within the Group, and monitors the progress.

The President and Representative Executive Officer chairs the Group Management Meeting as well as the Risk Management Committee and the Sustainability Committee, which are both advisory panels under his direct control. The President thus bears final responsibility for management decisions related to environmental issues, including environmental issues.

The Board of Directors (meets monthly) receives reports on the activities of the Sustainability Committee and matters deliberated and approved by the Group Management Meeting, then supervises target setting, policies, and action plans.

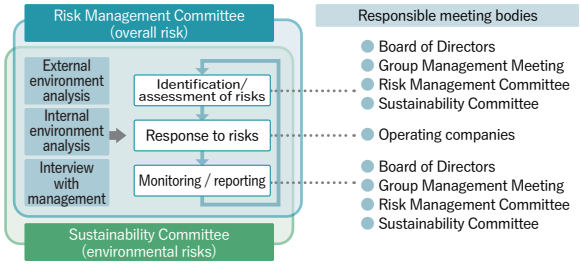
In selecting candidates for the Board of Directors, the Company uses a skills matrix to clarify the expertise and experience expected of directors. One skill category is “Environment.” By appointing directors who can appropriately supervise specific action plans, conduct regular reviews, and monitor the progress of initiatives for continual improvement of environmental plans, including the setting of medium- to long-term targets, we are enhancing the effectiveness of our efforts to address environmental issues.

Risk Management TCFD TNFD

The Group positions risk to be the starting point of our strategy and defines it as “uncertainty that affects the achievement of corporate management goals and has both positive and negative aspects.” We believe that when appropriately addressed, risk will lead to sustainable growth. Recognizing that risk management is critically important to corporate management, we have established a Risk Management Committee (meets three times a year) to manage all risks, including environmental risks, in an integrated company-wide manner.

The Company discusses environmental risks and opportunities in greater detail within the Sustainability Committee and shares the outcomes with each operating company. They then incorporate environmental initiatives into their action plans, which are deliberated in meetings chaired by the respective company presidents to monitor progress.

JFR Group management process for risks and opportunities



Strategy TCFD

The Company considers it important to examine climate-related risks and opportunities at the appropriate milestone occasions because of the potential impact on our business activities over the long term. Accordingly, the Company has positioned the implementation period of the Medium-term Business Plan up to FY2026 as the short term; the period up to FY2030, which is the short-term target year set by SBTi, as the medium term; and the period to FY2050, which is the SBTi net zero target year, as the long term.

The Company conducts scenario analysis on an annual basis to understand the risks and opportunities that climate change poses to our Group, assess their impact, and examine the resilience of our strategies under the assumed conditions of FY2030. This also enables us to consider whether additional measures are necessary to strengthen our response.

For the analysis, we referenced multiple existing scenarios announced by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), and then considered the two scenarios shown in the table below.

Explanation of the scenarios used in the analysis for FY2025

Existing scenarios referenced		Assumed global scenario	Target business
Estimated temperature rise: Below 1.5°C/2°C			Retail, Developer
Transition	“Net-Zero Emissions by 2050 Scenario (NZE)” (IEA, 2024)	Climate-related policies and regulations are being strengthened, with the world aiming to achieve the Paris Agreement’s goal of “keeping the global average temperature rise well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C.” • Introduction of a carbon tax • Promotion and expansion of renewable energy • Increased interest in environmentally friendly products	
Physical	“Representative Concentration Pathways (RCP8.5)” (IPCC、2014)		
Estimated temperature rise: Below 4°C			
Transition	“Stated Policy Scenario (STEPS)” (IEA、2024)	No new climate-related policies or regulations are introduced, and greenhouse gas emissions continue at the current pace, leading to climate change (average temperature rise to 2.6°C to 4.8°C). • Increase in severe nature disasters • Rise in sea levels • Loss of biodiversity	
Physical	“Representative Concentration Pathways (RCP2.6)” (IPCC, 2014)		

The Company assessed the significance of the identified climate-related risks and opportunities based on two criteria: "importance to the Group (degree of impact × urgency)" and "importance to stakeholders." For items evaluated to be of particular high importance, we assessed the financial impact of two scenarios, a 1.5°C/less than 2°C scenario and a 4°C scenario, from both quantitative and qualitative perspectives for FY2030, and developed countermeasures for each scenario. For risks and opportunities where it was difficult to obtain the information necessary for quantitative assessment, we conducted a qualitative evaluation and expressed the results in three levels using directional arrows to indicate the magnitude of impact.

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

⬆ : Impact on JFR Group's business and finances expected to be very large
↗ : Impact on JFR Group's business and finances expected to be somewhat large
➡ : Impact on JFR Group's business and finances expected to be negligible

Types of climate-related risks and opportunities		Time of emergence: Short-term	Time of emergence: Medium-term	Time of emergence: Long-term	Climate-related risks and opportunities of particular importance to the JFR Group	Financial impact in 2030: Below 1.5°C/2°C scenario	Financial impact in 2030: 4°C scenario	Measures
Risks	Transition risks	●	●		•Increase in costs associated with introduction of carbon tax, etc.	Approx. ¥1,100 million*1	Approx. ¥1,000 million*1	•Reduction of GHG emissions through aggressive energy conservation in stores and expansion of renewable energy switching to achieve the 2050 net zero target
		●	●	●	•Increase in costs associated with the development of properties with high environmental performance and the installation of equipment	⬆	⬆	•Financing through Green Bonds, etc. •Introduction of cost-effective equipment
		●	●	●	•Increase in investment for introduction of high-efficiency, energy-saving equipment	↗	↗	•Use of internal carbon pricing •Review of cost-effective facilities and planned investment
		●	●		•Increase in renewable energy procurement costs due to increased demand for electricity derived from renewable energy	Approx. ¥800 million*2	Approx. ¥400 million*2	•Use of internal carbon pricing •Reduction of procurement risks and mid- to long-term costs through diversification of renewable energy procurement methods •Improvement of energy self-sufficiency through installation of renewable energy equipment in the company's facilities, etc.
	Physical risks	●	●		•Decrease in revenue due to store closures caused by natural disasters	Approx. ¥5,200 million*3	Approx. ¥10,300 million*3	•Increased resilience of stores and business sites through BCP preparation •Improvement of disaster prevention performance of stores
Opportunities	Energy sources	●	●	●	•Decrease in energy procurement costs due to introduction of high-efficiency, energy-saving equipment	Approx. ¥500 million※4		•Timely upgrades to high-efficiency, energy-saving equipment
	Products and services	●	●		•Expansion of revenue through decarbonization of the entire value chain and acquisition of business opportunities by providing environmentally friendly products and services in collaboration with business partners, including new value co-creation partners	⬆	↗	•Expansion of environmentally friendly products and services handled •Recycling of waste cooking oil as domestically produced SAF •Hosting supplier briefings •Calculating GHG emissions, setting reduction targets, requesting primary data on emissions, and other collaborative efforts with suppliers toward decarbonization
	Market	●	●	●	•Expansion of new growth opportunities through new entry into the circular business •Expansion of profits through acquisition of new customers by proposing sustainable lifestyles	⬆	↗	•Expansion of circular businesses such as sharing, upcycling, and reuse, including the fashion subscription service "AnotherADdress" •Launch of "MEGRÜS" reuse business
		●	●	●	•Expansion of profits due to increased opportunities to acquire new tenants through conversion to stores with high environmental value	Approx. ¥1,100 million※5	—	•Acquisition of environmental certification for newly developed properties (ZEB, CASBEE, etc.) •Promotion of energy conservation in stores toward realization of RE100

(**Calculation basis for the quantitative financial impact projected for FY2030**)
*1. Calculated by multiplying JFR Group's projected Scope 1 and 2 GHG emissions in FY2030 by the carbon price per t- CO_2.
*2. Calculated by multiplying the JFR Group's electricity consumption in FY2030 by the price per kWh of electricity derived from renewable energy compared to the regular electricity rate.
*3. Calculated by multiplying the amount of lost sales due to store closures caused by past natural disasters by the projected frequency of future flooding.
*4. Calculated by multiplying energy procurement costs by the projected amount of energy savings by the JFR Group in FY2030.
*5. Calculated by multiplying the JFR Group's projected real estate revenues in FY2030 by the projected rate of change in new contract conclusion fees for buildings with environmental certification.

Summary of Resilience

Based on the assumed scenarios, we have analyzed the impact of climate change and examined our countermeasures, confirming that the measures the Group has already implemented and planned are effective and flexible enough to reduce risks and contribute to the realization of opportunities under any of the scenarios. We will continue to work to enhance the resilience of our management.

We will systematically and steadily implement measures to mitigate financial risks associated with increased costs due to the introduction of carbon taxes and other policies, as well as the impact of natural disasters on revenues. Additionally, we will leverage our Group's unique strengths in sharing, upcycling, and reuse businesses to promote circular economy initiatives that contribute to the growth of our group and the realization of a decarbonized society. By addressing risks and opportunities, we aim to enhance the resilience of our management.

Metrics & Targets TCFD

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

* Please see Page 71 for the targets.

JFR Group's Scope 1, 2, and 3 GHG emission results

(Unit: t -CO_2)

		FY2017 Actual*1	FY2023 Actual*1	FY2024 Actual*1	FY2024 Compared with FY2017 (base year)
Scope 1 emissions		16,052	14,021	14,430	-10.1 %
Scope 2 emissions	(market-based)	178,102	68,736	52,695	-70.4 %
	(location-based)	184,047	142,935	136,692	-25.7 %
Scope 1 and 2 emissions total*2		194,154	82,757	67,125	-65.4 %
Scope 3 emissions		2,927,320	2,898,436	2,247,051	-23.2 %
Scope 1, 2 and 3 emissions total*2		3,121,474	2,981,193	2,314,176	-25.9 %
Renewable energy ratio (%)		–	52.9	67.2	–

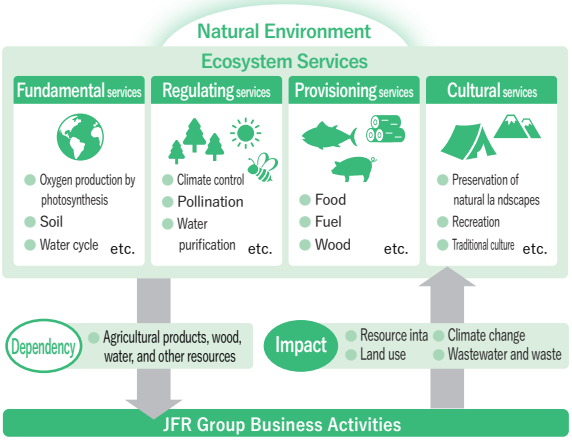
*1. Obtained third-party assurance from LRQA Limited.
*2. Scope 2 emissions used in the total are calculated with market-based data.

Strategy TNFD

As a retailer with its main business in department stores and shopping centers, the JFR Group is in contact with a wide range of stakeholders, including suppliers, customers, and local communities. We will leverage these connections to promote nature-positive initiatives through our business, such as procuring environmentally friendly products, proposing lifestyles that are conscious of coexistence with nature, and developing highly environmentally efficient retail spaces.

The Group's business is dependent on the many blessings of nature (ecosystem services), including agricultural products, livestock, marine products, wood, and water in addition to soil, forests, and seasonal weather. That said, our business activities also impact the natural environment in various ways, such as GHG emissions, waste emissions, and wastewater. We recognize the importance of understanding and responding to the relationship between our business activities and the natural environment—specifically their dependencies and impacts on each other.

Relationship between business activities and ecosystem services



Evaluating Nature-related Issues based on the LEAP* Approach

The LEAP Approach is an TNFD recommended, integrated process for assessing nature-related issues, including contact points with nature, evaluating dependencies and impacts, and assessing risks and opportunities.

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

※*1. LEAP: stands for Locate, Evaluate, Assess, Prepare

① Outward appearance of dependencies and impacts

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

Dependency Heatmap

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

Impact Heatmap

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

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

② Identification of stores to access for risks and opportunities

We used several tools, including the Risk Filter Suite (a WWF tool for analyzing risk in ecosystems and water) and Aqueduct (a WRI water risk analysis tool), to assess the state of ecosystems surrounding our stores. Additionally, we conducted a materiality evaluation using our own standards such as ownership of land and buildings, and scale of sales. As a result, we identified the Daimaru Shinsaibashi store as of particularly importance for biodiversity preservation.

③ Sorting out factors behind dependencies and impacts on nature

We sorted out factors related to the business activities of the Daimaru Shinsaibashi store, focusing on store development, clothing and food products, and packaging materials, which involve major dependencies and impacts on ecosystem services in the value chain.

④ Assessment of risks and opportunities, preparation of countermeasures

Based on the review of dependencies and impacts on ecosystem services at the Daimaru Shinsaibashi store sorted out in steps ① to ③, we identified and assessed nature-related risks and opportunities that impact our business activities and considered actions to address them.

We also qualitatively assessed impacts on business activities based on two criteria—importance to the Company and importance to stakeholders—and rated the impact on a three-point scale (major, moderate, minor).

Item			Description of risk/opportunity	Impact	Description of activities
Risk	Physical	Acute	•Decrease in profits due to store closures caused by increasingly frequent extreme weather events and natural disasters	Major	•Increased resilience of stores and business sites through BCP preparation •Improvement of disaster prevention performance of stores
		Chronic	•Increase in energy costs associated with global warming	Moderate	•Timely replacement of existing equipment with highefficiency energy-saving equipment
			•Instability of profits due to decrease in the number of agricultural and marine products offered caused by crop failures, poor quality, and lower yields •Decrease in store traffic and changes in sales items due to global warming and changes in rainfall patterns	Moderate	•Discussion and strategy development for procurement risks of important food ingredients
	Transition	Policy and regulation	•Increase in costs due to stronger regulations on GHG emissions	Moderate	•Reduction of GHG emissions through aggressive energy conservation measures in stores and expansion of renewable energy switching
		Market	•Difficulty in store development (including exteriors, interiors, additions, and reconstruction) and an increase in constructionrelated costs due to shortages of construction material	Minor	•Expanded use of wood from forest thinning in Japan
			•Decrease in profits due to inability to meet rising consumer demand for sustainable products	Major	•Expanded handling of certified products and other environmentally friendly products •Transition to FSC-certified and other environmentally friendly packaging materials •Promotion of smart wrapping and simplified packaging
		Reputation	•Loss of reputation due to insufficient procurement of products manufactured using sustainable methods	Moderate	•Expanded handling of certified products •Smart delivery (reduce the number of deliveries)
			•Reputation damage due to an increase in waste or improper disposal of waste	Moderate	•Introduction of AI demand forecasting service to reduce food waste •Compost community activities by employees to reduce food waste •Proper response to the Plastic Resource Circulation Act
Opportunity		Resource efficiency	•Decrease in costs associated with more efficient water use	Minor	•Use of rainwater, gray water •Use of water-saving equipment
		Products and services	•Increase in property value of buildings due to real estate development based on sustainable material procurement and reduced energy consumption	Major	•Promotion of procurement rules and acquisition of certifications (e.g. CASBEE, ZEB), and broad promotion of accomplishments
			•Increase in profits associated with increase in handling of certified products/ products manufactured using sustainable methods	Major	•Expanded handling of certified products •Raising awareness and educating customers about certified products
		Market	•Sustaining/maintaining store operations through mitigation of violent storms, typhoons, etc.	Major	•Environmental improvement to enjoy ecosystem services (e.g. creating rules after ascertaining location, vegetation, climatology)
			•Increase in customer traffic due to real estate development and store operation (land use) focused on biodiversity and landscape	Moderate	•Rooftop greening, rooftop urban beekeeping
			•Growth of profits through acquisition of new customers by promoting a sustainable lifestyle that emphasizes resource circulation	Moderate	•Expansion of circular businesses such as sharing and upcycling, including the fashion subscription service “AnotherADdress” •Launch of "MEGRUS" reuse business
		Capital flow and financing	•Increase in financing ability due to higher environmental value of buildings	Major	•Acquisition of environmental certifications for newly developed properties •Financing through Green Bonds, etc.
		Reputation	•Improvement in reputation by providing rooftop gardens and other rest areas	Moderate	•Rooftop greening, rooftop urban beekeeping
			•Improvement in reputation by promoting a circular business model	Moderate	•Establishment of partnerships with other companies to recycle waste plastic and food waste (e.g. POOL Project, Made-in-Japan SAF Project)
		Ecosystem preservation, restoration, and regeneration	•Decrease in compliance costs by improving traceability of products (especially risk commodities)	Minor	•Strengthening engagement with suppliers, for example through assessments
		Sustainable use of natural resources	•Improvement of store brand value associated with decrease in paper product usage and increase in alternative material usage	Minor	•Switchover to FSC-certified and other environmentally friendly packaging materials •Going paperless

Metrics & Targets TNFD

The Company recognizes that climate change and the loss of biodiversity are inseparable issues. To achieve comprehensive solutions to both, we have established metrics and targets to efficiently circulate resources and advance our initiatives accordingly.

Going forward, we will review the priorities of our initiatives and expand their scope. At the same time, we will engage in active communication, such as conducting biodiversity assessments targeting key suppliers, to enhance the effectiveness of our efforts toward a nature-positive approach. We will also strive to expand the range of the environmentally friendly products we handle so that our customers can contribute to the environment by purchasing our products and services.

Metrics and targets used by the JFR Group to manage nature-related risks and opportunities

Metrics	Target year	Target
GHG emissions	2050	Scope 1, 2, 3 Net zero GHG emissions*1
	2030	73% reduction of Scope 1, 2 GHG emissions (vs. FY2017)※2 Aim for 40% reduction of Scope 3 GHG emissions (vs. FY2017)※3
Ratio of renewable energy used	2050	100%※4
	2040	90%※4
	2030	75%※4
Food recycling rate	2030	85%※4
Development of environmentally friendly products	2030	Expand transaction volume of environmentally friendly products, including certified products
Percentage of newly developed properties with environmental certification	2030	100%

*1. Obtained SBT certification in FY2022 for net zero targets
*2. Obtained SBT certification in FY2021 for the “1.5°C target” (60% reduction vs. FY2017 before the target was revised)
*3. Obtained SBT certification in FY2021 for “1.5°C target”
*4. Joined RE100 in 2020

*Details are disclosed in the TCFD/TNFD Report. ▶ https://www.j-front-retailing.com/english/ir/library/sustainability.html

Human Rights

In recent years, there has been growing concern over human rights issues such as forced labor and discrimination occurring within global supply chains. Companies are expected to conduct business activities that respect human rights. In line with the 'UN Guiding Principles on Business and Human Rights,' our company places respect for human rights as the foundation of all our business activities. We are committed to continuously engaging in human rights due diligence and aim to realize business practices that respect human rights in collaboration with our suppliers.

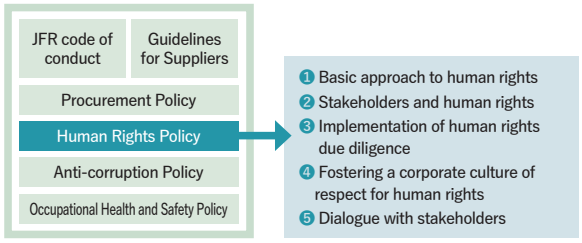
Governance

Human Rights Policy

In 2019, the Company established the "JFR Principles of Action" and the "JFR Principles of Action for Suppliers" as compliance guidelines to fulfill our social responsibilities together with our employees and suppliers. We have defined our "Human Rights Policy" within these guidelines. The policy is based on international human rights frameworks* and outlines our commitment to respecting human rights in our business activities, with the aim of building a responsible supply chain.

*"International Bill of Human Rights," "Guiding Principles on Business and Human Rights," "The ILO Declaration on Fundamental Principles and Rights at Work," "The Ten Principles of the UN Global Compact"

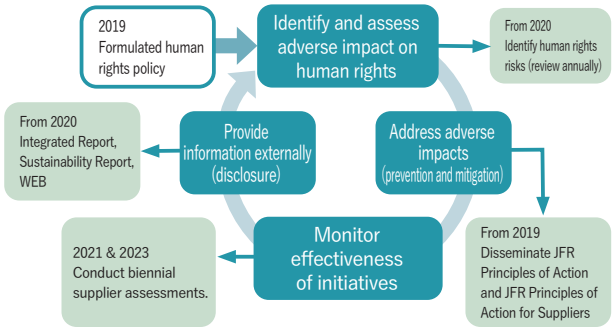
JFR Principles of Action / JFR Principles of Action for Suppliers



Human Rights Due Diligence

We conduct ongoing human rights due diligence based on our Human Rights Policy. Since 2020, we have been identifying and assessing adverse human rights impacts within our supply chain and taking measures to prevent or mitigate those impacts. Additionally, since 2021, we have been conducting assessments of our business partners and engaging in dialogue with them as necessary.

Overview of Human Rights Due Diligence



Risk Management

Identification and Assessment of Risk

Regarding human rights risks (potential adverse impacts on human rights) faced by stakeholders who may be negatively affected by our business activities, we have comprehensively identified key risks by first mapping the entire value chain of our operations and examining the specific nature of each business activity. These risks were then evaluated based on their severity (scale, scope, and difficulty of remediation) and likelihood of occurrence. We strive to ensure a more substantive identification and assessment of human rights risks by conducting repeated reviews with the participation of relevant departments within our operating companies as well as external experts, including legal professionals.

Organizing the entire business value chain and exhaustively identifying the human rights issues that can be anticipated for each business line

Evaluating the identified human rights issues in terms of severity (scale, scope, and difficulty of remediation) and likelihood of occurrence, and identifying human rights risks that are of high importance to the Group

Significant Human Rights Risks

Value chain	Upstream (Procurement)	JFR Group business activities	Downstream (Use of goods and services)
Stakeholder	Employees of supplier companies, store operators, cooperating companies of business partners	Employees of the JFR Group (including parttime workers in stores and temporary workers dispatched by suppliers)	Customers and local residents
Details	Manufacturing, wholesales, provision of services, construction	Commercial facilities, store operations (including remodeling, advertising, facility management, sales promotion, etc.), sales (including e-commerce), planning and construction	Use of goods and services
Significant human rights risks related to the Group's business	•Forced labor •Child labor •Foreign labor conditions •Long working hours •Low wages •Right to access remedies •Discrimination (gender, LGBTQ, etc.)	•Harassment •Long working hours •Discrimination (gender, LGBTQ, etc.)	•Violation of customer privacy (personal information and right of publicity) •Expressions of discrimination through advertisements •Health and safety

Strategy

In pursuit of our Group Vision of “Create and Bring to Life ‘New Happiness,’” we are committed to sustainability management that addresses environmental and social issues through our business activities. By 2030, we aim to become a “Value Co-creation Retailer” that continues to provide three types of co-creation value (Co-creation of Excitement, Co-prosperity with Communities, Co-existence with the Environment) with a focus on our retail business.

To achieve this vision, we believe that fulfilling our social responsibilities across the supply chain, including respect for human rights, in collaboration with various stakeholders (such as suppliers, employees, and local communities) is essential for realizing a sustainable society and the sustainable growth of our company. Therefore, we have identified “Increasing the number of value co-creation partners” as an important issue. As for respect for human rights, we will continue to engage in human rights due diligence and work toward enhancing its effectiveness.

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

Efforts to Prevent and Mitigate Human Rights Risks

● Promotion of the JFR Principles of Action for Suppliers

In 2019, we established the JFR Principles of Action for Suppliers, which includes our human rights policy. Through briefings and assessments, we are working to ensure that our business partners, including our suppliers, understand and comply with this code.

Status of penetration

2023	78.1%
2021	60.9%

*Percentage of companies reporting in the assessment that they understand and comply with the principles of conduct.

***JFR Principles of Action for Suppliers**

▶ https://www.j-front-retailing.com/english/sustainability/supply-chain/supply-chain02.html

● Employee Training on Human Rights

In 2020, the Company adopted a Declaration on the Elimination of Harassment, viewing it as one of the human rights risks. The company is committed to eliminating and preventing harassment. We conduct an annual harassment survey of all employees, including part-time and temporary workers, and implement human rights training for managers based on the results. Additionally, to deepen each employee’s knowledge of respect for human rights respect and make it a personal issue in their lives, we have been implementing e-learning programs for all group employees since 2023.

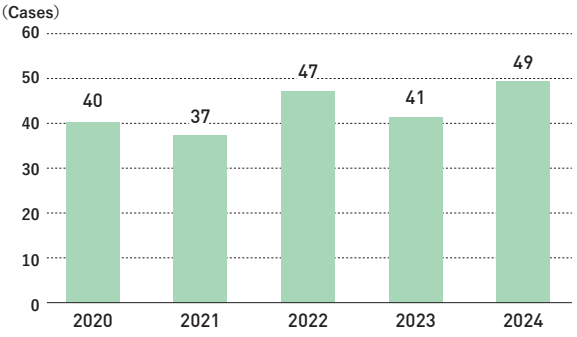
*E-learning participation rate in FY2024: 83.6%

● Harassment Consultation Desk and Internal Reporting system

• Harassment Consultation Desk

Each group company has established a Harassment Prevention Committee and a Harassment Consultation Desk to respond quickly to any issues that arise and prevent their recurrence.

Number of Consultations



• Whistleblowing System (JFR Group Compliance Hotline)

The Company’s Whistleblowing System enables all directors, officers, employees, and all individuas working for the JFR Group (including part-time employees and temporary staff from suppliers) to directly notify the Compliance Committee of compliance-related issues, including human rights violations and corrupt practices within the company, and request corrective action. In addition to internal reporting, we have also established an external reporting system (with the assistance of our legal advisors). In accordance with the Whistleblower Protection Act, the Group’s internal regulations stipulate protecting the confidentiality of whistleblowers and prohibit any prejudicial treatment of whistleblowers.

*Number of reported cases in 2024: 66

Implementation of Human Rights Assessment

Since 2021, the Company has been conducting supplier assessments to confirm the status of our business partners in areas where initiatives are required throughout the supply chain (in principle, assessments are conducted every other year). The second assessment was conducted in 2023, with a focus on respect for human rights.

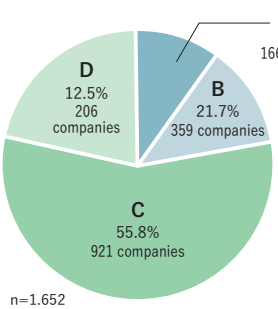
〔Summary〕

Implementing company	10 operating companies including Daimaru Matsuzakaya Department Stores, PARCO, J. Front City Development
Target	Primary suppliers (1st tier) 3,281 *Narrowed down from multiple perspectives such as human rights risk, sales size, etc.
Period	10/2023 to 12/2023
Questions	Comprised of Five topics*, mainly related to human rights. Total of 27 questions. *Human rights policy, Human rights DD initiatives, Identification of human rights issues in business operations, Initiatives to address human rights issues, Challenges in promoting initiatives, and Implementation status of JFR Principles of Action

〔Assessment Results〕

Responses were received from 1,652 companies, for a response rate of 50.4% (+9.8 points from the previous survey). Of the total, 31.7% of the companies were rated A or B, 55.8% (the largest share) were rated C, and 12.5% (206 companies) were rated D, making them a candidate for dialogue.

	No. of companies surveyed	No. of responses	Response rate
2023	3,281	1,652	50.4%
2021	7,415	3,012	40.6%

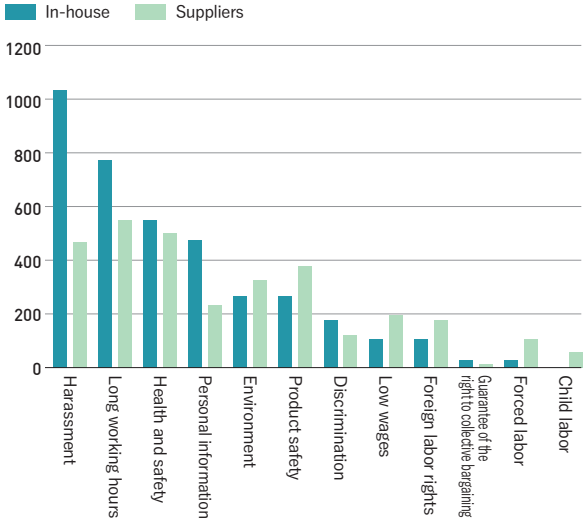


n=1.652

Evaluation	Score	How to interpret
A	41～50 points	Efforts are being made in line with the Guiding Principles on Business and Human Rights
B	31～40 points	
C	16～30 points	A certain level of effort is being made
D	0～15 points	Candidate for dialogue

*Full score: 50 points

Identification of Human Rights Issues



Metrics & Targets

	2026	2030
Human rights assessment results (% of B ratings or higher)	35%	45%

*Actual results for FY2023: 31.7%

Main Initiatives for FY2024

Implementation of Dialogues with Business Partners

Based on the assessment results for FY2023, we conducted dialogues (including direct dialogues and email exchanges) with a total of 112 companies across the Group to foster a shared understanding of the importance of business and human rights initiatives in our Group activities.

Implementation of Web Seminars for Suppliers

In the 2023 assessment, many comments said, “We do not understand the basic framework for business and human rights” and “We would like support in terms of information and knowledge on what to do specifically.” In response, we conducted our first-ever web seminar in January 2025, led by external experts to promote understanding of the importance of respecting human rights and basic knowledge (63 companies participated)

Implementation of third-party reviews

We underwent a review from external experts to gain an objective perspective on our approach to human rights due diligence, including the scope and questions covered in the 2023 assessment, as well as our responses following its implementation.

***Sustainability Report 2024 Page 42**
▶ https://www.j-front-retailing.com/ir/library/pdf/sustainability/2024/J_FRONT_2024_E_35-50.pdf

Basic Policy on Customer Harassments

Daimaru Matsuzakaya Department Stores established a Customer Harassment Response Policy in December 2024. Prior to this, training had been conducted at each store based on our internal Customer Harassment Response Guide (established in 2022). These efforts were aimed at building a system to protect employees, including part-time staff and dispatched workers from business partners, from customer harassment, as well as to raise awareness of specific response measures. This approach has now been formalized as an official policy.

***For more details, please click the link below.**
▶ https://www.daimaru-matsuzakaya.com/customer-harassment.html
(In Japanese only)

Sustainability Bond Reporting (9th unsecured bond)

In May 2021, the Company issued sustainability bonds of ¥15.0 billion to contribute to resolving both environmental and social issues through business activities.

Project category	Output	Outcome	Impact	Use and amount of funds
Realization of decarbonized society				
Green buildings	● Overview of eligible projects •Construction of main building of Daimaru Shinsaibashi (FY2019) •Construction of Shibuya PARCO (FY2019)	● Status of building certification/confirmation (timing/certification level) •Main building of Daimaru Shinsaibashi: Osaka City; Osaka City Building Environmental Planning System Earned A ranking (FY2019) •Shibuya PARCO: Tokyo Metropolitan Building Environmental Planning System Earned Grade 3 ranking (FY2021) ● Electricity reduction •Daimaru Shinsaibashi Main Building: 2,691MWh increase (vs. FY2014*) •Shibuya PARCO: 2,403MWh reduction (vs. FY2014*) ● Scope 1 and 2 GHG reductions •Daimaru Shinsaibashi Main Building: 7,611t-CO_2 reduction (vs. FY2014*) •Shibuya PARCO: 263t-CO_2 reduction (vs. FY2014*) *Estimated for 2014, the last full year before reconstruction (due to reconstruction, the building structure is not identical)	Leading a decarbonized society and creating a global environment for future generations	Total allocation: ¥6,000 million
Renewable energy	● Purchase of renewable energy-sourced electricity:197,734MWh	● Share of electricity derived from renewable energy sources in total electricity consumption: 67.2% (up 14.3 ppt YoY)		Total allocation: ¥3,040 million
Green procurement	● No. of leased EVs: 7 in FY2024(184 in total, 49.6%)	● Reduction in CO_2 emissions by electrifying corporate fleet: approx. 405t-CO_2 per year (Calculated by comparison with the emissions of gasoline vehicles in the same category.)		Total allocation: ¥261 million
Energy efficiency	● No. of LEDs installed for replacement: Approx. 13,200 in FY2024 (202,900 in total)	● Reduction in CO_2 emissions by switching to LED lighting: approx. 10,145t-CO_2 per year		Total allocation: ¥1,230 million
Coexistence with local communities				
Socioeconomic improvement and empowerment (community)	● No. of tenants operating near Daimaru Kobe in the Former Foreign Settlement in Kobe: 50 at end of FY2024	● Initiatives to revitalize communities •Continuing to hold regular events in the local Hyogo and Kobe areas, including the "Kobe Western Confectionery Festival," "Kobeichi," "Kobe Handmade Souvenirs Close-Up," and "Old Settlement Valentine's Day. •Held the "Kobe Motomachi Shopping Street 150th Anniversary" event. Collaborated with Kobe Motomachi Shopping Street to showcase the shopping street's brands and lucky bags. •Held the "Hyogo Prefectural Kobe Commercial High School Sales Training Event for Student-designed Products." Students used ingredients produced in Hyogo Prefecture and collaborated with local sweets shops near the high school to create original products, which they then sold as part of their practical training. ● Customer traffic to Daimaru Kobe store: 10,117,000 people in FY2024	Working together with local people to realize community development that creates a prosperous future, with stores as hubs where people gather	Total allocation: ¥4,440 million
Promotion of diversity and inclusion				
Socioeconomic improvement and empowerment (Women/people with a disability)	● No. of times JFR Women's School was held (8 times in FY2024)	● Status of female managerial appointments (consolidated) Share of women in management positions in FY2024: 26.2% ● No. of participants in JFR Women's School (annual): 212 in FY2024	Realizing a highly diverse society in which everyone recognizes each other's diversity and flexibly expresses his/her individuality	Total allocation: ¥29 million
<Status of asset allocation:> Amount of issue: ¥15,000 million; amount already allocated: ¥15,000 million; unallocated balance: ¥0				Total allocation: ¥15,000 million

External Assessment

Selected as a constituent of Dow Jones Sustainability Asia/Pacific Index for second consecutive year

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

Selected as a constituent of MSCI Select Leaders Index* GPIF Adopted Index

2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

Selected as a constituent of MSCI Japan Empowering Women Index (WIN) GPIF Adopted Index

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Selected as a constituent of FTSE Blossom Japan Index GPIF Adopted Index

FTSE Blossom Japan Index

Selected as a constituent of FTSE Blossom Japan Sector Relative Index GPIF Adopted Index

FTSE Blossom Japan Sector Relative Index

Selected as a constituent of FTSE4Good Index Series

FTSE4Good

Selected as a constituent of S&P/JPX Carbon Efficient Index GPIF Adopted Index

S&P/JPX Carbon Efficient Index

Selected as a constituent of Morningstar Japan ex-REIT Gender Diversity Tilt Index GPIF Adopted Index

MORNINGSTAR GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2024

Selected as an A-list Company for fifth straight year in CDP Climate Change Survey 2024

Climate CDP A List 2024

Recognized as an ECO-First Company by the Ministry of the Environment

ECO FIRST

Selected as an Environmentally Sustainable Company at the Sixth ESG Finance Awards Japan

2025 ESG FINANCE AWARDS JAPAN SUSTAINABLE

Received "Gold" rating in the PRIDE Index for fourth consecutive year

work with Pride Gold 2024

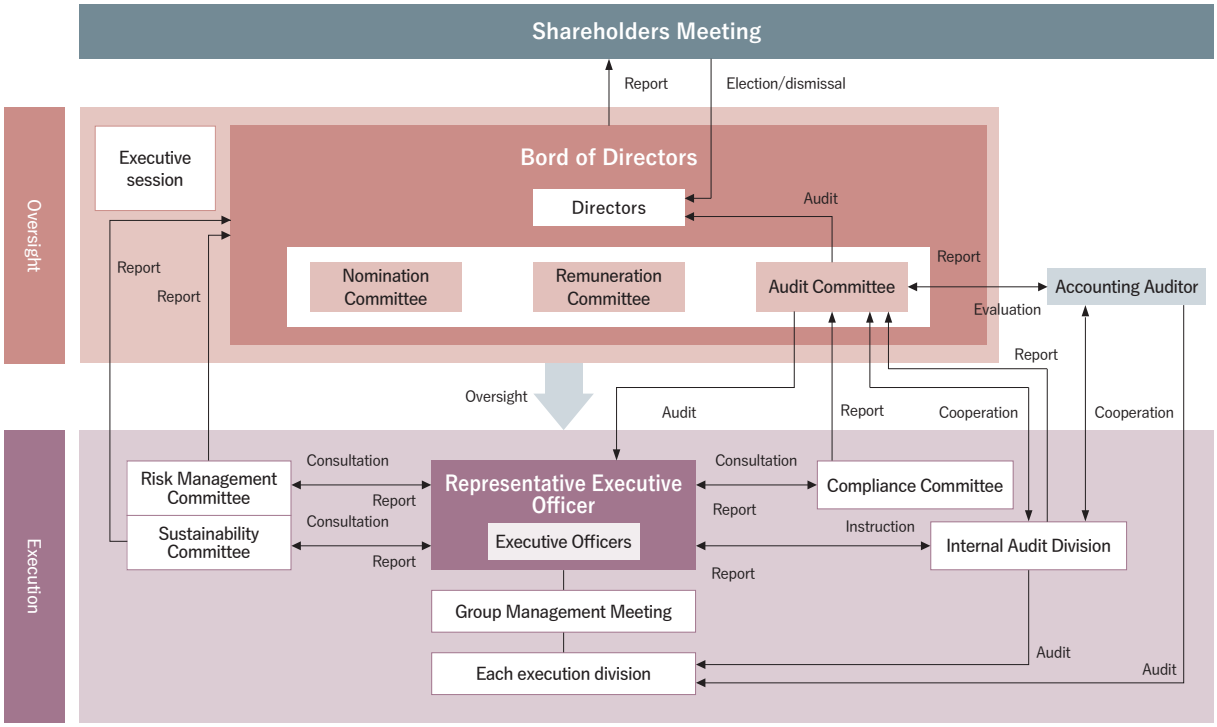
*The inclusion of J. Front Retailing Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, or index names herein do not constitute a sponsorship, endorsement, or promotion of J. Front Retailing Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Corporate Governance

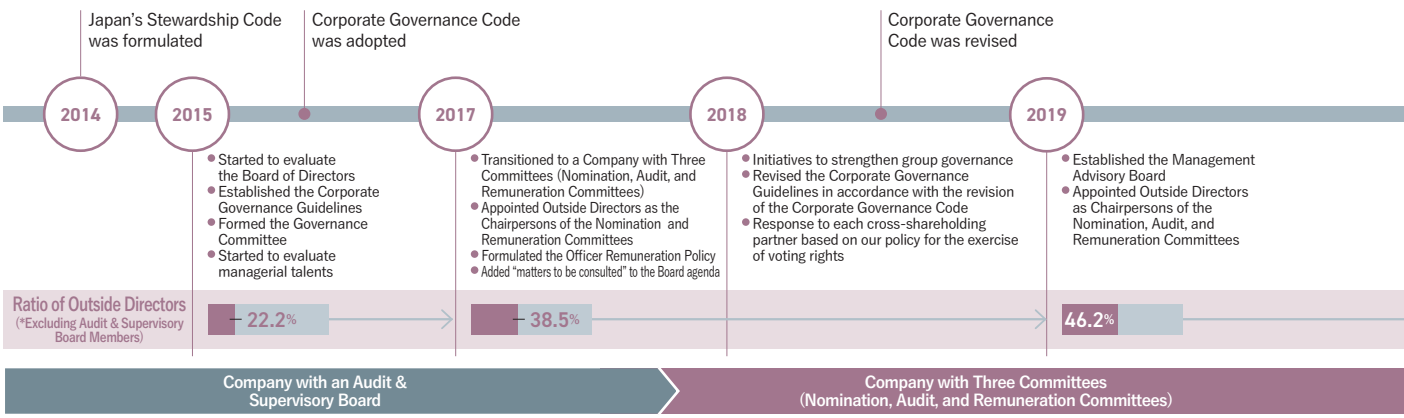
J. Front Retailing, which is a holding company, is responsible for ensuring the transparency, soundness, and legal compliance of the management of the entire Group, acting as the central focus of corporate governance for the Group, to realize the Group Mission Statement. We strive to build trust relationships with stakeholders by means including strengthening of information disclosure. And indicating the overall direction that the Group management is to take and building and developing internal control systems, and strengthening corporate governance by overseeing the operational status of such systems are placed at the top of the management agenda.

We have adopted a Company with Three Committees (Nomination, Audit, and Remuneration Committees) system to further strengthen corporate governance by: (i) strengthening the management oversight function by separating oversight from execution; (ii) clarifying authorities and responsibilities in business execution and promoting flexible management; (iii) improving the transparency and objectivity of management; and (iv) building a globally applicable governance system. Under the new management structure that launched in fiscal 2024, we aim to achieve sustainable growth for the Group and improve its corporate value over the medium to long term by accelerating management decision-making and execution, as well as by enhancing governance, including strengthening the oversight function of the Board of Directors.

Corporate governance structure chart



History of the Company's corporate governance



Overview of corporate governance system

We are a holding company, and in order to speed up management decisions and clarify management responsibilities, the authority for execution of business operations of operating subsidiaries is delegated to respective operating subsidiaries except for matters that affect the Group's management.

Our roles and responsibilities as a holding company are as follows:

- To plan, formulate, and penetrate the Group Vision, the Group Medium-term Business Plan, and the Group Management Plan for the fiscal year, and the Sustainability Policy and to track the progress and results thereof;
- To set the business domains of the Group;
- Business portfolio management (optimal allocation of management resources);
- To generate synergies between businesses;
- To establish the risk management system for the entire Group;
- Organization design and operation of the entire Group;
- Human resource management of the entire Group;
- Management of shareholders;
- To establish corporate governance practices for the entire Group;
- To make decisions on important matters of business execution relating to the management of the Group; and
- To provide advice and approval for management policy and management strategy of respective operating subsidiaries and to oversee and evaluate the progress thereof.

We have also established supervisory units and promotion divisions (Management Strategy Unit, Financial Strategy Unit, Human Resources Strategy Unit, CRE Strategy Unit, DX Promotion Division, and Business Promotion Division) as our management organizations. We clarify the roles, responsibilities, and authorities of each organization to strengthen oversight function and enhance the internal control system of the Group as a whole.

Board of Directors and three statutory committees

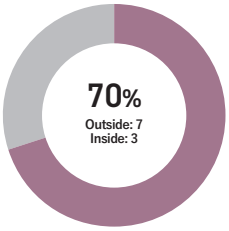
(1) Roles and responsibilities of the Board of Directors

Directors appointed and entrusted with the management of the Company by shareholders fulfill the following roles and responsibilities at the Board of Directors in order to realize the Group Vision, etc. based on their fiduciary responsibility and accountability to shareholders.

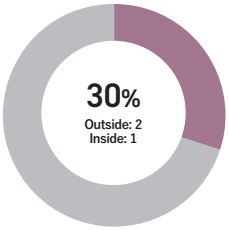
- To indicate the overall direction that the Group management is to take, by engaging in constructive discussions with respect to the Group Vision, the Sustainability Policy, the Group Medium-term Business Plan, the Group Management Plan for the fiscal year, and other basic management policies and carrying out multifaceted and objective deliberations that include the evaluation of risks with respect to the aforementioned;
- To appropriately make decisions in terms of overall policy and plans pertaining to the Group management based on the direction noted above and to oversee the progress and results of the plans;
- To develop an environment conducive to encouraging offensive management geared to achieving discontinuous growth;
- To take steps to build and develop internal control systems of the Group overall and to oversee the operational status of such systems;
- To oversee conflicts of interest between related parties; and
- Based on summary reports furnished by the Nomination Committee, to oversee the progress of the President and Representative Executive Officer succession planning, personnel assignment plans pertaining to managerial talent, and Executive Officer training, about which the Nomination Committee was consulted.

(2) Composition of the Board of Directors

Ratio of independent Outside Directors (out of 10)

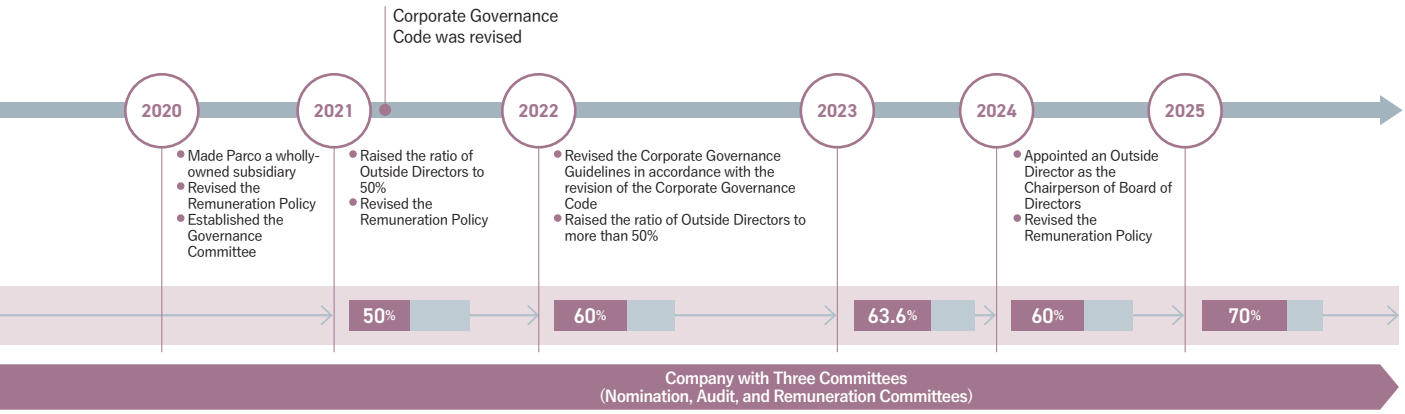


Ratio of female Directors (out of 10)



*As of May 29, 2025

In selecting candidates for the Board of Directors, the Company selects persons with experience and knowledge necessary to appropriately oversee the promotion of sustainability management in order to allow the Board of Directors to effectively fulfill its roles and responsibilities. In selecting candidates for Outside Director, the Company selects persons from the point of view of board diversity who have experience as managers not only in the retail industry that forms



the core of the Group's business but in manufacturing and other non-retail industries, and who have expertise in legal and other fields, a marketing perspective, and extensive experience related to finance and accounting. With regard to candidates for non-executive Inside Director, wide-ranging practical experience within the Group and knowledge in fields such as auditing are sought by the Company. For Director candidates who also serve as Executive Officers, we appoint the President and Representative Executive Officer as the top management leader. Furthermore, since the "expected skills" required to align with our strategy change with each Medium-term Business Plan, we review the skill matrix to align with the strategy at the start of each Medium-term Business Plan. Subsequently, we conduct an annual "confirmation" and make "revisions" as necessary.

(3) Roles and responsibilities of the Nomination Committee

The Nomination Committee determines the content of proposals on the election and dismissal of Directors to be submitted to the Shareholders Meeting and reports to the Board of Directors upon consultations from the Board of Directors regarding the election and dismissal of Representative Officers, Executive Officers, Chairperson of Board of Directors, as well as the chairpersons and members of individual statutory committees and other matters.

(4) Roles and responsibilities of the Audit Committee

The Audit Committee effectively audits whether the execution of duties by Executive Officers and Directors is in compliance with laws, regulations, and the Articles of Incorporation of the Company and whether they are performing their duties efficiently in accordance with the Company's Basic Mission Statement and the Group Vision. The committee also audits the development and operation of internal control systems and prepares audit reports. In addition, the committee monitors and verifies the execution of duties by the Accounting Auditor to ensure the reliability of financial information, and determines the content of proposals regarding the election and dismissal of the Accounting Auditor to be submitted to the Shareholders Meeting.

(5) Roles and responsibilities of the Remuneration Committee

The Remuneration Committee determines the policy on deciding the content of individual remuneration for Directors and Executive Officers of the Company and eligible officers of major subsidiaries of the Group and determines the content of individual remuneration for Directors and Executive Officers of the Company.

Number of the Board of Directors and statutory committee meetings and main agenda items in FY2024 (March 2024 to February 2025)

	Number of meetings	Attendance rate	Main agenda items	Average duration per meeting	【Reference】Number of members *As of May 29, 2025
Board of Directors	15	100%	● Growth strategy for interior design business and BM/FM business ● Business updates and future measures for operating subsidiaries ● Evaluation from the capital market and challenges following Q1 financial results ● JFR Group's human resources strategy toward FY2030 ● Progress on the Medium-term Business Plan ● Report on the evaluation of effectiveness of the Board of Directors, etc.	2 hours 12 minutes	7 Outside Directors out of 10 Outside / Chair / Inside
Nomination Committee	14	100%	● Succession plan ● Director structure, independent Outside Director structure ● Confirmation of the skill matrix ● Election of candidates for Directors ● Candidates for Executive Officers and Representative Executive Officers to be proposed to the Board of Directors ● Candidates for Chairperson of Board of Directors and committee chairpersons and members to be proposed to the Board of Directors	1 hour 7 minutes	3 Outside Directors out of 4 Outside / Inside / Chair
Audit Committee	24	100%	● Reports from the Internal Audit Division ● Reports from the Compliance Committee ● Audit reports from corporate auditors of the Group companies ● Reports on the operating company phase management ● Evaluation of Accounting Auditor	1 hour 5 minutes	4 Outside Directors out of 5 Outside / Inside / Chair
Remuneration Committee	10	100%	● Review of officer remuneration system ● Revision of the officer remuneration policy ● Verification of officer remuneration levels and composition using external data ● Officers evaluation results, bonuses for officers ● Performance-linked factors and awarded points for stock-based remuneration for officers ● Extension of trust period due to continuation of stock-based remuneration plan for officers, additional contribution to the share distribution trust, and revision of share granting rules ● Individual officer remuneration amounts	43 minutes	3 Outside Directors out of 4 Outside / Inside / Chair

Skill matrix (Skills expected of Directors)

*As of May 29, 2025

	Committee (◎ indicates chairperson)			Attribute	Corporate management	Finance & accounting	Marketing	Human resource & organization development	Legal affairs & compliance	IT & digital	E: Environment	S: Society	G: Governance
	Nomination	Audit	Remuneration										
 KOIDE Hiroko Chairperson of Board of Directors	○		○	Non-executive Independent Outside	○		○	○					○
 YAGO Natsunosuke	◎		◎	Non-executive Independent Outside	○						○		○
 HAKODA Junya		◎		Non-executive Independent Outside	○	○							○
 SEKI Tadayuki		○		Non-executive Independent Outside		○			○			○	○
 OMURA Emi		○		Non-executive Independent Outside					○	○		○	○
 New YAMADA Yoshihito	○		○	Non-executive Independent Outside	○		○	○					○
 New SAITO Kazuhiro		○		Non-executive Independent Outside	○	○	○				○		○
 YOSHIMOTO Tatsuya	○		○	Non-executive	○		○				○		○
 HAMADA Kazuko		○		Non-executive				○				○	○
 ONO Keiichi				Executive	○		○				○		○

*Non-executive: Director who does not concurrently serve as Executive Officer, Executive: Director who concurrently serves as Executive Officer, Independent: Independent officer whose status as such is registered with the stock exchange, Outside: Outside Director

Skill list

Corporate Management	Management experience as well as knowledge and experience related to corporate management, such as strategy planning toward enhancement of corporate value, and method for identifying issues for formulating the Medium-term Business Plan
Finance & accounting	A wide range of knowledge and experience related to finance and accounting, such as enhancement of corporate value through establishment of a solid financial base and financial strategy planning that factors in the cost of capital
Marketing	Knowledge and experience in activities that bring about customer satisfaction and continuous enhancement of corporate value through identifying customers' problems and creating products and services to solve them, communicating effectively, and providing added value
Human resource & organization development	Knowledge and experience in human capital management that brings out individuality and abilities of diverse employees and induces new value creation
Legal affairs & compliance	Advanced and specialized knowledge of corporate legal affairs and knowledge and experience in promoting compliance management, in order to ensure lawful and appropriate corporate management, which is the foundation for sustainable enhancement of corporate value
IT & digital	Knowledge and experience for overseeing ICT utilization support and new business development from the customer's perspective and with a good grasp of the latest IT trends, with aim to promote digital transformation of existing businesses
E: Environment	Knowledge and experience in appropriately overseeing business activities conscious of solving environmental issues and the JFR Group's "environmental co-existence" efforts, such as environmental plans including setting of the medium- to long-term targets
S: Society	Knowledge and experience in appropriately overseeing the JFR Group's efforts toward "co-prosperity with communities" and realization of a sustainable society
G: Governance	Knowledge and experience in corporate governance for improving the effectiveness of the oversight function of the Board of Directors, in order to establish an appropriate governance system, which is the foundation for sustainable enhancement of corporate value

Executive session

Executive sessions are exclusive meetings of independent Outside Directors for free exchange of opinions and sharing of information. Participants debate on matters that need to be watched from a position of oversight, such as issues in the Board of Directors or problems to be addressed in order to improve the effectiveness of the Board of Directors. (The lead director is independent Outside Director SEKI Tadayuki.) At the request of the lead director, the President and Representative Executive Officer also participates in discussions.

Evaluation of the effectiveness of the Board of Directors

The Company's evaluation of the effectiveness of the Board of Directors by a third-party organization has been conducted annually since 2015.

[Items evaluated]

About 40 items, including the Board of Directors' contribution to the entire Group, the Board of Directors' composition, its operational status, the content of deliberations, and the effectiveness of activities of the Nomination, Remuneration, and Audit Committees

[Evaluation methodology]

- Preliminary questionnaire for Directors
- "Individual interviews" conducted by the third-party organization based on the preliminary questionnaire
- Direct observation of deliberations by attending the Board of Directors and committee meetings
- Access to discussion materials of the Board of Directors meetings, etc.

The method used was based on the results of which were collated and analyzed in the form of a report, which was then deliberated by the Board of Directors.

The Company conducted its tenth evaluation of the effectiveness of the Board of Directors between September and October 2024. Based on the results of the prior questionnaires given to all Directors, a third-party organization conducted individual interviews, and those details were discussed at a meeting of the Board of Directors held in November.

As a result of the evaluation of effectiveness, it was confirmed that, of the issues raised in the previous fiscal year, "thorough preparation and analysis in preparation for discussions of growth strategy" and "improvements in communication between oversight and business execution" had been resolved to a reasonable extent. On the other hand, the evaluation for fiscal 2024 led to the raising of further issues to enhance the effectiveness of the Board of Directors, which were "review of agenda items and standards for putting items on the agenda," "improvements in the operation of the Board of Directors," and "strengthening of the audit function."

In response to this, approaches for resolving these issues were again discussed at a meeting of the Board of Directors held in December, which led to a concrete plan of action that has also been reflected in the annual agenda for the Board of Directors in fiscal 2025.

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

Changes over time in issues identified in the evaluation of the effectiveness of the Board of Directors

FY2022

(1) Monitoring of the current Medium-term Business Plan

(2) Thorough discussion on robust growth strategy

(3) Further enhancement of the effectiveness of the three statutory committees

FY2023

(1) Monitoring of the current Medium-term Business Plan

(2) Thorough preparation and analysis for discussion on growth strategies

(3) Improving of communication between oversight and execution

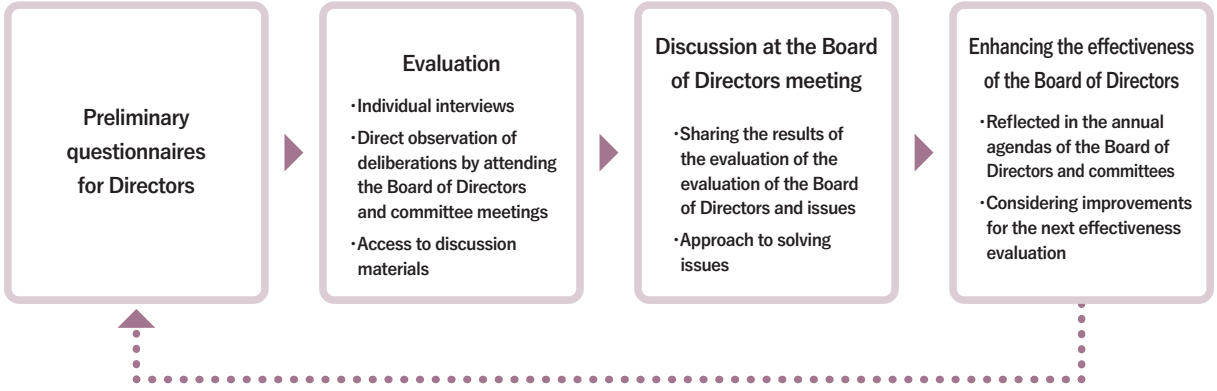
FY2024

(1) Review of agenda items and standards for putting items on the agenda

(2) Improvements in the operation of the Board of Directors

(3) Strengthening of the audit function

Cycle of the evaluation of the effectiveness of the Board of Directors



Succession planning

[Selection of the President and Representative Executive Officer]

Selection of the President and Representative Executive Officer is a critical aspect of strategic decision-making, and accordingly the Company regards drawing up and implementation of succession plans as matters of particular importance in terms of management strategy.

The Company clarifies the selection process and ensures transparency and objectivity through repeated deliberations conducted by the Nomination Committee, which consists of three independent Outside Directors and one non-executive Inside Director.

The Board of Directors focuses on realizing the Basic Mission Statement and the Group Vision, selects the President and Representative Executive Officer, and plays a supervisory role based on proposals received from the Nomination Committee.

[Dismissal of the President and Representative Executive Officer]

A proposal for dismissal of the President and Representative Executive Officer is discussed and determined by the Board of Directors after being discussed and resolved by the Nomination Committee based on the goals set, expected and actual results (e.g., annual performance and strategy execution status), and the status of performance of duties achieved by successor candidates who are selected under the succession plan resolved by the Nomination Committee.

[Qualities required of successors]

For the President and Representative Executive Officer of the Company and people who assume the management of the Group, the Company clearly defines the necessary values, capabilities, and behavioral traits in the form of qualities required of an officer under the "Desirable qualities required of the JFR Group managerial talent" and the "Discernible capabilities required of JFR's President and Representative Executive Officer" in accordance with the Basic Mission Statement and the Group Vision.

The Nomination Committee has discussions on succession planning in a planned and consistent manner in view of changes in environments and situations surrounding the Company, the progress of strategies formulated, etc. Election and dismissal of Executive Officers are deliberated by the Nomination Committee and its proposals are deliberated and determined by the Board of Directors, as in the case of the President and Representative Executive Officer.

Following this process, a new President and Representative Executive Officer was appointed in March 2024.

Desirable qualities required of the JFR Group managerial talent	
Strategic mindset	Reform-oriented leadership
Tenacity for achieving results	Organization development strengths
Human resource development strengths	

Discernible capabilities required of JFR's President and Representative Executive Officer	
Capacity to conceive a business vision	Capacity to communicate a vision
Persistence and capacity to achieve results	Moral character and charisma

Officer remuneration system

In April 2017, the Company announced the formulation of an officer remuneration policy, and it then revised the officer remuneration system in May 2021, to match the Medium-term Business Plan. The officer remuneration system and the officer remuneration policy were subsequently amended in fiscal 2024, to coincide with the start of the new Medium-term Business Plan. The Company also designed the officer remuneration to function as incentive for achieving and promoting sustainability management.

(1) Basic policy on officer remuneration

Our officer remuneration system is based on the following basic policy, aiming to realize and promote sustainability management (pay for purpose). Furthermore, the same basic policy shall apply to the officers of the Group's major subsidiaries: the Directors and Executive Officers of Daimaru Matsuzakaya Department Stores and Parco and the Representative Directors of J. Front City Development, JFR Card, and J. Front Design & Construction (hereinafter called "eligible officers of major subsidiaries of the Group").

- To contribute to the sustainable growth of the Group and medium- to long-term enhancement of corporate value, and to stay consistent with its corporate culture;
- To establish a remuneration system that facilitates the achievement of duties (mission) based on management strategies of professional corporate managers;
- Remuneration levels that can secure and retain human resources who have the "desirable managerial talent qualities" required by the Company;
- To increase shared awareness of profits with shareholders and awareness of shareholder-focused management; and
- Enhanced transparency and objectivity in the remuneration determining process

(2) Process for determining remuneration

In order to ensure the appropriateness of the level and amount of remuneration and the transparency of the decision-making process, the specific remuneration amount is decided by resolution of the Remuneration Committee, which consists of four members, including three independent Outside Directors and one non-executive Inside Director, and is chaired by an independent Outside Director. The Company seeks to ensure comprehensive coordination in activities related to the areas of nomination and remuneration of management, including the eligible officers of major subsidiaries of the Group, by having the same members serve on both the Remuneration Committee and the Nomination Committee, and using the same evaluation sheet for both committees. In the event of contingencies, changes arising in the external environment, or other such developments unforeseen at the time of formulating the Medium-term Business Plan, the Company shall conduct a review of remuneration levels, and of evaluation methods for bonuses and performance shares (performance-linked stock-based remuneration).

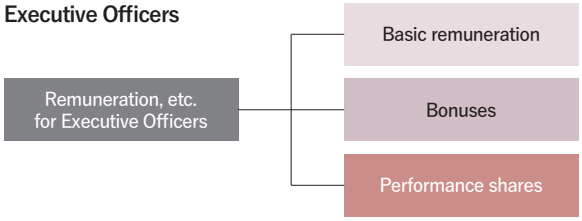
[Forfeiture of remuneration] (clawback and malus)

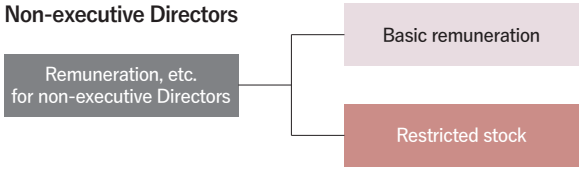
Regarding Executive Officers' bonuses and stock-based remuneration, the right to payment of bonuses and granting of stock-based remuneration may be forfeit or the Company may request the return of remuneration that has already been paid or granted in cases such as where the Board of Directors has resolved 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 his/her own reasons during his/her term of office against the will of the Company.

(3) Remuneration composition for Executive Officers and non-executive Directors

Remuneration for Executive Officers shall comprise (a) "basic remuneration" (monetary remuneration) in accordance with job size, (b) "bonuses" (monetary remuneration) based on individual evaluations conducted each fiscal year, and (c) "performance shares (performance-linked stock-based remuneration)" (trust-type stock-based remuneration) linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan.

Non-executive Directors' remuneration shall consist only of fixed remuneration, which shall be (a) "basic remuneration" (monetary remuneration) in accordance with responsibilities and (d) "restricted stock (non-performance-linked stock-based remuneration)" (trust-type stock-based remuneration), which is not linked to performance, as part of the stock-based remuneration system.





(a) Basic remuneration (monetary remuneration)

Executive Officers' basic remuneration is positioned as fixed remuneration and is decided for each job size based on the size (weight) of each officer's responsibility. Non-executive Directors' basic remuneration is positioned as fixed remuneration and is decided based on a table according to the size (weight) of each officer's responsibility.

(b) Bonuses (monetary remuneration)

Bonuses are paid to Executive Officers as performance-linked remuneration to facilitate the achievement of goals set for each fiscal year as milestones for the Medium-term Business Plan, and evaluation for the bonuses is carried out using the "fiscal year's financial indicators," serving as quantitative evaluation, and the "fiscal year's non-financial indicators," which include qualitative evaluation.

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

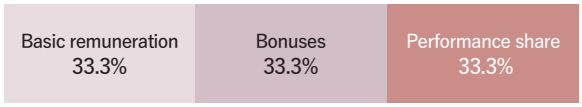
As performance share, the Company issues its shares to Executive Officers linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan to help the Group achieve sustainable growth and increase corporate value over the medium to long term. Under this system, 40% (short term) of the entire amount of performance-linked stock-based remuneration is to be issued in shares each year in order to promote management from the shareholders' perspective, and the remaining 60% (medium to long term) is to be issued in shares in a single issuance at the end of the Medium-term Business Plan.

(d) Restricted stock (non-performance-linked stock-based remuneration)

Restricted stock is a system for issuing the Company's shares in a way that is not linked to performance, with the objective of involving non-executive Directors in management with a medium- to long-term view in order that they should strengthen offensive and defensive governance of the Company from a different standpoint to the executives as representatives of stakeholders. The shares are issued upon their retirement from office.

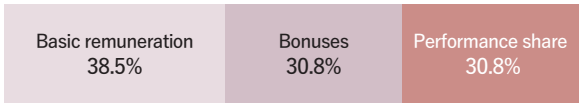
Proportion of remuneration by type for Executive Officers

[President and Representative Executive Officer]



[Executive Officers excluding the Representative Executive Officer]

One of the following applies in accordance with responsibilities





Note: The above figure represents the case of a bonus for a standard ranking where the performance achievement rate for stock-based remuneration was 100%.
Note: The same remuneration composition as above is also to apply in accordance with job size with regard to eligible officers of major subsidiaries of the Group.

Target figures for performance-linked stock-based remuneration

	KPI			Target figures	Weight
Short term	Financial		Consolidated business profit	¥56.0 billion (FY2026)	100%

	KPI			Target figures	Weight
Medium to long term	Financial	(i)	ROE	8% or more (FY2026)	40%
		(ii)	Consolidated ROIC	6% or more (FY2026)	20%
	Stock price	(iii)	r-TSR (compared to dividend-inclusive TOPIX growth rate)	Dividend-inclusive TOPIX growth rate	20%
	Non-financial	(iv)	GHG reductions (Scope 1 & 2 emissions)	70% decrease (vs. FY2017)	10%
		(v)	Ratio of women in management positions	31% (FY2026)	10%

Note: The fluctuation range for remuneration in accordance with the performance achievement rate is between 0% and 200%. For each key performance indicator, a performance-linked coefficient is established based on the degree of goal achievement.

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, in consideration of the business environment and measures for addressing risks, the Company promotes a capital policy that takes a balanced approach to "undertaking strategic investment," "enhancing shareholder returns," and "increasing shareholders' equity."

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. To achieve this, we will focus our management resources on strengthening our core businesses, expanding our business domains, and actively developing new businesses. The key financial indicators for the achievement of the Medium-term Business Plan are ROE for capital efficiency, consolidated business profit and ROIC for business profitability, free cash flows for profitability and safety, and ratio of equity attributable to owners of parent to total assets (equity ratio) for financial soundness.

Shareholder Return Policy

The Company's basic policy is to appropriately return profits. Hence, while maintaining and enhancing its sound financial standing, the Company strives to provide stable dividends and purchase treasury shares flexibly, taking profit levels, future capital investment, free cash flow trends, and other such factors into consideration.

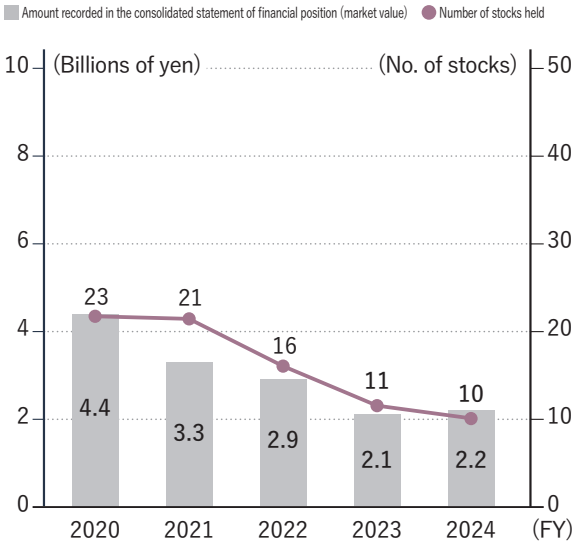
In accordance with this policy, the Company will strive to optimize shareholders' equity by providing dividends with a targeted consolidated dividend payout ratio of 40% or more and purchasing treasury shares during the period of its current Medium-term Business Plan (FY2024 to FY2026).

Cross-shareholdings

(1) Holding policy

In principle, we will not newly acquire cross-shareholdings (cross-shareholdings are holdings of listed and unlisted shares other than those of subsidiaries and associates which are not held for pure investment purposes). However, this does not apply to shares where it has been recognized that they are necessary for the promotion of the Group's business strategy, and that the holding of such shares will contribute to the increase of corporate value in the medium to long term through the validation of rationale for holding them. For such shares already held (listed/unlisted) that have been judged as not being rational in the validation result, we negotiate with companies whose shares we hold, and appropriately reduce them upon reaching a consensus regarding sale method, period, etc.

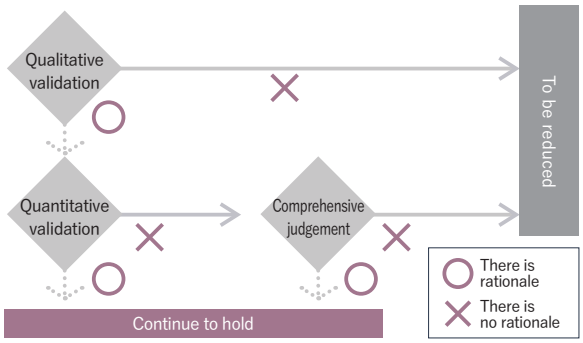
Changes in the number of cross-shareholdings (listed shares excluding deemed holdings)



(2) Validation of rationale for holding

Every year, the Board of Directors validates the rationale of holding individual issues from both quantitative and qualitative perspectives. The qualitative perspective relates to business strategies such as maintaining harmonious and favorable business relationships with companies with which the Company makes up a community, corporate customers, and business partners, and securing supply chains. The quantitative perspective relates to whether profitability by holding shares, including related trading profits and dividends, exceed capital costs, etc.

Validation of rationale for holding



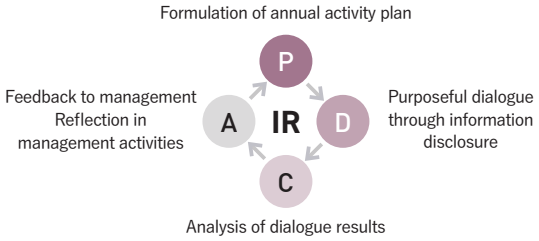
(3) Policy on exercising voting rights

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

Disclosure and IR activities

Based on the Basic Mission Statement that we aim at developing the Group by contributing to society at large as a fair and reliable corporation, 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.

IR activity cycle contributing to enhancing corporate value



The Company discloses important company information to which the timely disclosure rules apply through the Timely Disclosure Network (TDnet) system provided by the Tokyo Stock Exchange, while posting the same information on the Company's website, etc. as quickly as possible. With respect to any information that is deemed to help stakeholders better understand the Company, even where the timely disclosure rules do not apply to it, the Company works to publicize such information on its website as well as by publishing Integrated Reports and other means. The Company releases information in a timely and appropriate manner by making use of the TDnet and EDINET platforms, Sustainability Reports, the Company's website, and other means according to the attributes of the information to be disclosed. Moreover, to ensure that we disclose information in an impartial manner, we prepare and make available English translations of our Notices of Convocation of Shareholders Meeting, Integrated Reports, Annual Securities Reports, timely disclosure information, financial information, Sustainability Reports, and website.

We disclose on our website as soon as possible presentation videos, materials, and summary texts of Q&A sessions for financial results presentations, IR Day, etc. and summary texts of Q&A sessions for earnings calls, both in Japanese and English. In addition to the provision of information through timely disclosure, our website, and others, we organize a range of briefings and meetings and respond to inquiries from shareholders and investors on a daily basis, seeking to enhance communication with them.

Opinions and requests from shareholders and investors are shared widely at the Company and relevant companies in the Group through feedback opportunities from the IR division and other means, and we use them for reference in corporate management toward increasing corporate value.



Interim results presentation for the six months ended August 31, 2024, held on October 8, 2024



IR Day held on December 10, 2024

External recognition for IR activities

Through its IR activities, the Company was ranked third in the retail category of the Award for Excellence in Corporate Disclosure (sponsored by the Securities Analysts Association of Japan) for fiscal 2024, following fiscal 2023.

Dialogue activities with investors in FY2024

Dialogue opportunity	No. of times	Remarks
Financial results presentation (Q2, Q4)	2	Held in person, online, and by phone. Videos are available in both Japanese and English on demand on the Company's website. The summaries of their Q&A sessions are also available in both Japanese and English.
Earnings call (Q1, Q3)	2	Held by phone. The summaries of their Q&A sessions are also available in both Japanese and English.
Small meeting	10	Mostly held in person, online, and by phone.
IR Day (including the presentation by Outside Director)	1	Held in person and online. Videos are available in both Japanese and English on demand on the Company's website. The summaries of their Q&A sessions are also available in both Japanese and English.
Overseas IR	21	Held in person.
Conference for overseas investors hosted by securities companies	31	Held in person, hosted by 5 securities companies.
Individual IR meeting	211	Some held in person, but mainly online and by phone.
Individual SR meeting	12	Some held in person, but mainly online.
Store tour	3	Held at Daimaru Shinsaibashi store, Shinsaibashi PARCO, and GINZA SIX.
Presentation for individual investors	3	Held in person.

Risk management

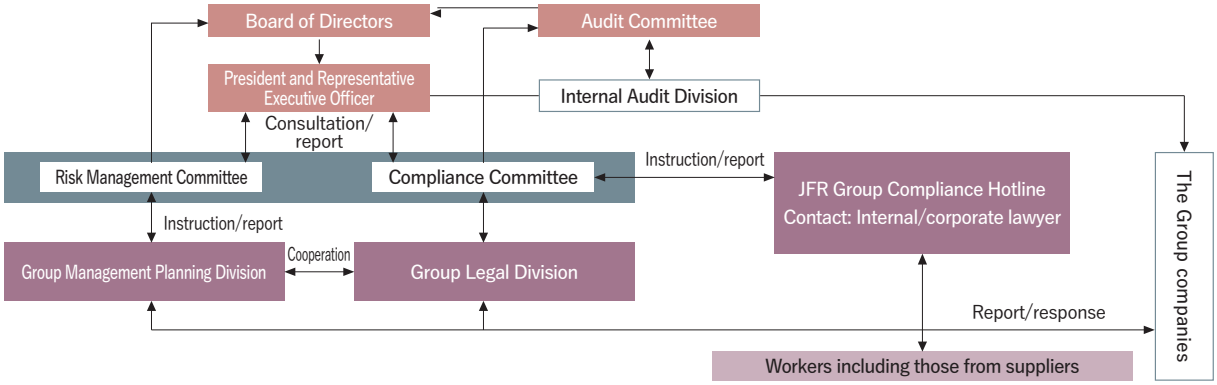
The Company defines risk as "uncertainties that have both potential positive and negative sides that could have an impact on the achievement of business management goals." The Company has positioned risk management as "activity that increases corporate value by managing risks by reasonable and optimal methods from a company-wide perspective" to achieve sustainable corporate growth by addressing the positive side and the negative side of risk properly. The Company has established the Risk Management Committee as an advisory body to the President and Representative Executive Officer. The committee discusses important matters, including risk identification and evaluation, and determination of risks to be reflected in strategies, and utilizes risk management for management decision-making. The committee also reports details of its deliberations to the Board of Directors in a timely manner.

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

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

While identifying "important risks for the JFR Group" (see page 31), which serve as the starting point for the FY2024 to FY2026 Group Medium-term Business Plan, we have broken down and detailed them into "the JFR Group risks for the fiscal year," and implement measures to deal with them according to priority.

Risk management and compliance structure chart



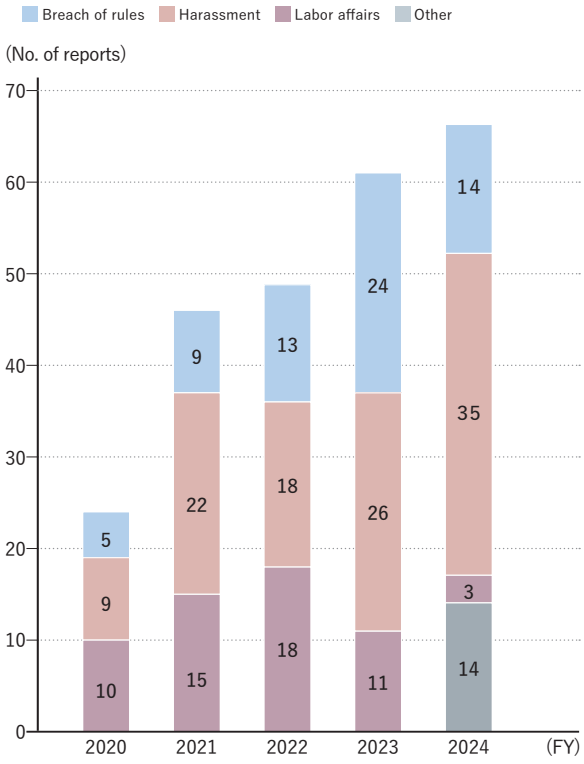
Compliance

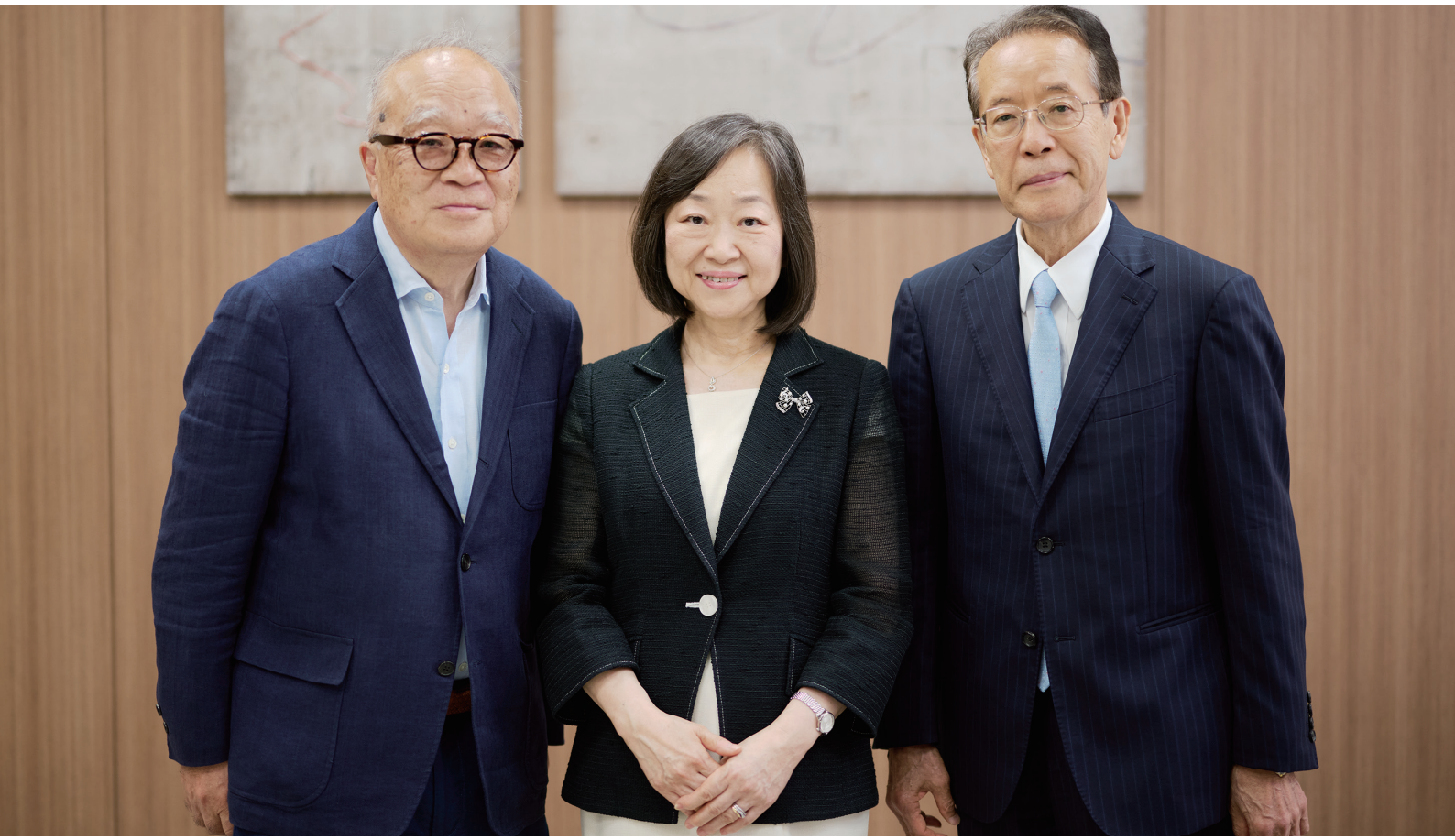
The Company has established the Compliance Committee, whose membership includes a corporate lawyer, for the purpose of properly addressing issues of the Group's compliance management. The committee is chaired by the President and Representative Executive Officer and continuously oversees development of the foundations of compliance system and the status of implementation through enhanced collaboration with the divisions responsible for promoting compliance of each Group company, and promotes compliance with laws and regulations, corporate ethics, and other such standards. It also draws up a policy for addressing matters involving serious compliance-related violations. The committee also reports details of its deliberations to the Audit Committee regularly and in a timely manner.

JFR Group Compliance Hotline

The Company has established a whistleblowing system that enables all the Group's officers and employees as well as all individuals working at the Group (including part-timers and workers seconded from suppliers) to notify the JFR Group Compliance Hotline Office established at the Company with respect to compliance-related issues, and to seek corrective action. The Company has set up points of contact for whistleblowers both internally and outside the Company (a corporate lawyer). The Group's internal rules rigorously provide for the whistleblowing system in terms of protecting the confidentiality of whistleblowers and prohibiting disadvantageous treatment thereof.

Types of reports





Look Forward to the Challenges of Executives with a Medium- to Long-term Perspective.

YAGO Natsunosuke
Independent Outside Director
Chairperson of Nomination Committee
Chairperson of Remuneration Committee

KOIDE Hiroko
Independent Outside Director
Chairperson of Board of Directors

HAKODA Junya
Independent Outside Director
Chairperson of Audit Committee

New structure of execution and supervision

Yago: A new President has been leading the Company since last fiscal year, but in my opinion, it takes five to ten years for the seeds sown and cultivated by the President to blossom. In this context, it is important to understand how the current President intends to change the Company and whether he has demonstrated his commitment to doing so. In this regard, we can clearly see his intention to reform the portfolio with an eye to the future and to add new elements if necessary. Therefore, I believe that the intentions of the Nomination Committee are being realized smoothly at this point. On the other hand, although we have achieved the key numerical targets of the current Medium-term Business Plan two years ahead of schedule, this is largely due to external factors, and I believe it is too early to discuss numerical evaluations.

Koide: I think the President has many things he wants to do, but ultimately, the most important thing is how to form the executive team and management team. In that sense, I have the impression that the team is “still being formed.” I think it is good to actively recruit people from outside the Company. Bringing in new perspectives is important in order to break with conventional practices. We are now entering a phase where we can realize what we want to achieve, so I hope to see some new talent join us.

At the same time, it is said that a president’s first job is to think about the next succession, so I would like him to seriously consider how to nurture the next generation.

Hakoda: Along with this new execution structure, the role division between management execution and supervision became clearer with the appointment of an independent Outside Director as Chairperson of Board of Directors for the first time. The President understands this well and seems eager to accelerate the pace of management. In that sense, I think the future will be even more exciting.

Yago: In May last year, an Outside Director became Chairperson for the first time in the Company's history, and my first impression is that it has enabled us to conduct meetings without the constraints from the past. When the chairperson is from within the company, it is inevitable that opinions based on his or her own experiences will come up. In that regard, I think the current Board of Directors meetings are becoming more fair and objective in its proceedings.

Koide: The previous Chairperson was originally the President and Representative Executive Officer of the holding company, so I feel that the executive team unconsciously interpreted his remarks as messages from the President. Of course, I am not bound by such constraints, and even when it comes to something as simple as how to prepare board meeting materials, I am in a position where I can easily say, "Let's stop doing this." I believe I have been able to contribute significantly to creating opportunities to change long-standing customs.

Evaluation of the effectiveness of the Board of Directors

Koide: I believe that the essence of the matter is that the Board of Directors must engage in more thorough discussions on medium- to long-term strategies rather than minor improvements. We have reorganized the agenda and revised the criteria for submitting matters to the Board of Directors, so that matters are no longer submitted regardless of their level of detail. The issue is quality, that is, whether we can have truly in-depth discussions on strategic topics, including the Medium-term Business Plan. For example, the Medium-term Business Plans are often set at three-year intervals, but in this era of rapid change, it is important to dig deeper into discussions such as how the Company should change in the next 10 years. The current situation is not necessarily adequate in this regard. First of all, if the executive team is not discussing the issue, then naturally it will not be brought up for discussion at the Board of Directors meeting. Within the executive team, are they allocating the appropriate time to such discussion and deploying the necessary talent? Simply adding it to the agenda of the Board of Directors is not enough to resolve the issue, so I think the challenge this year is whether we can have substantive discussions.

Hakoda: It is essential to continue with board reform. In that sense, I believe that evaluating the effectiveness of the Board of Directors serves as a mechanism for implementing the PDCA cycle of reform. I believe the evaluation itself was carried out properly, with each Director expressing their candid and unbiased opinions. The effectiveness evaluation for fiscal 2024 was reported at the board meeting in November last year, and at the board meeting in December, the approach to resolving the issues was already on the agenda and discussed. After the new year began, we discussed specific approaches from January to March, and I believe that we were able to take concrete action before the start of the new fiscal year.

Yago: The evaluation of the effectiveness of the Board of Directors provides a good opportunity for all Directors to reflect on their activities during the year, learn from their mistakes, and make improvements. However, there are certainly challenges with the way the effectiveness evaluation is conducted. Repeating the same standard questions does not necessarily allow us to get to the root of the problem. I think the important thing is how broadly and deeply the executive team discusses the efficiency and growth potential of the business before the Board of Directors is asked to make a decision.

Progress of the Medium-term Business Plan

Koide: Last fiscal year, which was the first year of the Medium-term Business Plan,



First of all, the executive team must deepen discussions about medium- to long-term strategies.

we achieved the plan's target figures for important indicators such as business profit and ROE two years ahead of schedule in terms of numerical values, but I believe that essentially, no real change has taken place yet. Although the tailwind effect of inbound tourism was significant, it is good that the Company generated more profits and cash than expected. However, it is not necessarily clear how to utilize that cash or where to invest it. The slow pace of action on the executive side is recognized as an issue within the Board of Directors. When the Company has the capacity to invest but is unable to decide on an investment destination, we cannot help but feel that its commitment to growth is insufficient. I think that is where we should feel the greatest sense of urgency. While considering M&A is certainly one option, there are also countless other ideas for investments aimed at growth, such as investing in human capital. Postponing investment is nothing less than postponing growth opportunities.

Yago: When considering the Company's future in five or ten years, we must review our overall portfolio. First, we must organize and streamline our portfolio, while at the same time making investments that will trigger growth. Although the Company does have the potential for so-called organic growth, I believe it will be difficult given its current business structure.

So, if we are aiming for inorganic growth, I would like to see the Company take on the challenge of making bold investments. Investment always involves risk, but I think it is time for the Company to make investments with a clear understanding of those risks. We must avoid making only small investments and consolidating the entire company into a small one.

As its prerequisite, it is essential to clearly distinguish between necessary and unnecessary businesses and make decisions at the appropriate time. The President must also firmly decide on the criteria for making this distinction. In this way, it is important to organize our portfolio and then add new things, thereby achieving a constant renewal.

Koide: I think creativity is also necessary. Even if there are various dots scattered around now, if the dots are connected in a different way, it may become a new business category. We may create a new business model by redefining what we already have. The President needs to have both logical thinking and creativity. I would like him to bring everything together and organize it, plus incorporate new ideas to change definitions.

Hakoda: When it comes to investments that translate our future vision into concrete figures, the 65.0 billion yen growth investment budget set out in the current Medium-term Business Plan is too small, and I believe we have reached a point where we need to think about something like our previous acquisition of Parco, or even something even bigger. To achieve this, we must also work to further strengthen our management capabilities. For example, while I believe that ROIC is becoming more widely understood at each level, it is undeniable that it is still being managed primarily by people in finance. First of all, it is essential to firmly establish this concept throughout the organization. Once we are able to do this properly, I think we will have a management structure that is capable of taking the risks necessary to make large-scale investments. In that sense, there is no doubt that large-scale investments are necessary for the Company's continued growth, but it is also essential that we further improve our investment management capabilities.

Yago: Achieving inorganic growth can also be said to be possible by acquiring the human resources capable of realizing it. In other words, M&A is not simply about buying a business, but also about absorbing the human resources that drive that business. I believe it is important to be aware that this can lead to inorganic growth.

It is essential that we further improve our investment management capabilities.



Develop and utilize diverse human resources

Koide: Human resources strategy is not so much about the system itself as it is about a long-term process that begins with recruitment, continues with training and retention, and ends with those people advancing to positions where they support the company. The biggest obstacle in our efforts to date has been that each Group company has been pursuing its own separate human resources strategies. I believe it is essential to first establish a unified system to address this issue. In the midst of today's fierce talent acquisition competition, it is very important to send a clear message both internally and externally. How does the Company think about and develop human resources? We must clearly communicate our stance on this issue.

Yago: In terms of overall human resources strategy, it is important to raise the overall level of human resources through the process of finding and nurturing candidates for the next President. Ultimately, this means selecting a President, but it also means building a team to support the President.

Koide: Considering the nature of the retail business, it must be said that women's empowerment is still lagging behind. In many other industries, such as manufacturing, it is difficult to find women at the recruitment stage, and they struggle to nurture and promote them. On the other hand, although nearly half of our recruits are women, the ratio of women in management positions is less than 30%. I hear that the systems are reasonably well-developed, so perhaps that is not the problem. If half the employees are women at the start, then it would not be strange for them to be half at every level. Unless we dig deeper into why this is happening, I don't think it will lead to any reforms.

Yago: Considering the reality that women's perspectives are not sufficiently incorporated into retail businesses such as ours, where more than half of our customers are women, it may be that there is no concept of utilizing such perspectives in management. This may be common in many companies, but I feel that there is a certain amount of so-called "male jealousy" that limits the opportunities for women to demonstrate their abilities. However, fortunately, about half our new hires are women, so we simply need to focus on promoting women fairly and



If we avoid challenges themselves, we will not be able to move forward at all.

equitably. I believe that increasing the percentage of female managers at each level will bring about significant changes in the way the company operates.

Raise awareness of improving corporate value

Hakoda: The phrase “enhancing corporate value” is used in various situations within the Company, and I think it is important to be aware of this. Currently, the Company has a market capitalization in the 500.0 billion yen range with a PBR of around 1.0 times, but I believe there are ways to more effectively utilize our assets. We need to clearly outline specific medium-to-long-term pathways to achieve this. Basically, stock prices reflect the future prospects of the issuer, so I believe that a rise in stock prices is an increase in corporate value that is recognized by society. To achieve this, one measure is to show a specific path for how to recognize capital costs by business segment and how to improve ROIC.

Yago: In order to increase market capitalization, it is naturally necessary to raise stock prices. The prerequisite for achieving this is nothing more than being able to reasonably explain the process of generating profits and steadily accumulating them in the future. For the Company, the two basic points to explain are taking on new businesses and reorganizing existing businesses. Our strength lies in owning stores and land in prime locations, but given the maturity of our main business, we need to take bold challenges that will lead to medium- to long-term profit growth. I would like the President to take the lead in promoting this.

Koide: The Company may not be able to fully assess which areas have room for growth. Only with such an assessment can we multiply our operational capabilities. At present, we have not even reached the stage of such operations, and I feel that we have not yet determined where we can generate new profits. It is unclear whether we are able to multiply our capabilities or not. That is what I want to see.

Yago: You mentioned multiplication, which is a basic concept in business. However, it is natural to wonder which field to enter at first, and there is no way to know until you try. There is an old saying, “stop and go,” and by repeating this process many times, we will eventually see which direction is right for us. Therefore, if we avoid such challenges themselves, we will not be able to move forward at all.

Hakoda: What I found interesting at the recent board meeting was that the management planning team members mentioned several specific company names, saying, “This is just a fantasy,” and talked about “wanting to acquire these companies.” When I asked them about it, they explained their reasoning logically, citing the synergies that could be created with the Company and the direction of the portfolio transformation necessary to achieve this. So, even if it is just a fantasy at first, I want them to discuss it within the Company and, as a result, decide to buy some company or enter some industry.

Yago: In short, we can’t let it end as just a fantasy. We have to take a step forward and boldly challenge the possibilities. That is the kind of attitude I believe the Company needs to adopt.

The Board of Directors meetings are not a place to say “no” to proposals made by the executive team, but rather a place to discuss what is lacking in order to realize the proposals, how to think about it, and what measures to take. In other words, the basic role is to give a push. Also, if, after getting started, it turns out that the business is not viable from a rational perspective, it is important to let them cut their losses. I think the Board of Directors meetings are a place to fulfill that basic function. I look forward to seeing challenging dreams that will become reality.





YAMADA Yoshihito

Independent Outside Director

Member of Nomination Committee
Member of Remuneration Committee

I joined Omron in 1984 and dedicated my career solely to the healthcare business. After becoming President of Omron Healthcare in 2008, I assumed the position of President & CEO of Omron Group in 2011, serving as the group's top executive for twelve years. Since 2023, I have served as Chairman of the Board of Omron Group, a position I hold to this day.

Role of Directors

As a Company with Three Committees (Nomination, Audit, and Remuneration Committees), the Company grants significant authority to executives. This allows our executive team to move forward with business initiatives at a fast pace within their defined responsibilities and authority. To expand and grow a business, we need to take appropriate risks. I believe that the biggest responsibility of supervisors is to create a system that allows executives to take appropriate risks. It is important for the Board of Directors to take a bird's-eye view and see whether the executives are taking the right risks in their management, or whether there are any risks that they have been overlooked. In other words, execution and supervision are not like the accelerator and brakes. The Board's main role is to create a system that allows executives to run at full speed and to be prepared for that.

In our current Medium-term Business Plan, we have set aside a growth investment budget of 65.0 billion yen, separate from business investments, and it is important that our executive team thoroughly discuss how to use this money.

For instance, at Omron where I serve as Chairman, we not only monitor overall market share but also track customer-specific capture rates and in-store market share. This is to understand our growth potential and expansion opportunities. I believe the same applies to the share of affluent customers in the retail industry. How well are we capturing our target customers? How can we increase our capture rate? Are the customers we have captured actually purchasing at the stores of J. Front Retailing Group? When viewed in this light, we may discover new investment needs.

This is a growth investment budget to achieve ambitious goals, so depending on how it is done, it could be used not only for investment in new businesses, but also for investment in further expanding our core business.

In times of rapid change like today, continuing to do things the same way is the biggest risk. This is because inflation will inevitably cause costs to rise, so it is obvious that profits will decline if we continue to do the same things. Therefore, executives must seriously consider "what needs to be done now." I would like to take a bird's-eye view of whether such discussions are being held in a healthy manner within the executive team.

In addition, J. Front Retailing Group has several different businesses, and it has adopted ROIC management. The essence of ROIC is to "break down ROIC into on-site level indicators and set improvement drivers that are easy for on-site staff to implement" and to "execute portfolio management of businesses."

Coming from a manufacturing background with extensive experience in ROIC management practice, I may be able to provide some insightful case examples. I am excited to work with President Ono and the executive team led by him to take on the challenge of "implementing ROIC management in the retail business."

What is needed in chaotic times

We live in an era of rapid change. That is precisely why creating a long-term vision is meaningful. Even if we cannot predict how times will change, our strengths, roots, and DNA will remain unchanged. It is important to formulate business plans based on these factors. In addition, in order to build on our strengths and continue to grow, we need to attract talented people. A vision of "what we want to do" and "what kind of society we want to create" for the future is a major driving force that brings together talented people and wisdom. I believe it is extremely important to clearly communicate our aspirations to society and connect them to value co-creation.

Conclusion

Having worked globally for a manufacturer, I asked myself many times whether I could contribute to J. Front Retailing Group, which focuses on the domestic market, and how I should contribute. I came to the conclusion that it is precisely because the business model and structure are completely different that it is interesting, and that it is precisely because they are completely different that I can make suggestions. This process will also be a great learning experience for me. I look forward to contributing to the enhancement of corporate value through in-depth discussions with young and open-minded executives including President Ono as a leader, as well as with Directors.

SAITO Kazuhiro

Independent Outside Director

Member of Audit Committee



In my previous job, I started by turning around a small loss-making business, and then experienced its growth and internationalization. What I learned from that experience was that the most important thing is how to learn from failure and make use of it. I believe that humans learn overwhelmingly more from failure, and that only those who have experienced hardship can achieve success. In other words, companies that are harsh on people who have failed cannot succeed.

Expectations for the challenges of executives

In Silicon Valley, where innovative companies emerge constantly, people often say, “Fail fast and often.” While marketing used to focus primarily on concepts like positioning and capabilities, I now feel trial-and-error has become the dominant approach. You simply can’t know until you try. Recently, demand forecasting has become significantly more difficult, and psychological behavior forecasting is even more challenging. Therefore, we must endure a series of trial and error. In order to endure, it is necessary to build a value chain that can withstand failure, that is, a reform that allows us to stop immediately when we hit the brakes to minimize losses, and then quickly and accurately reinvest. The Company may also find opportunities to apply these ideas, and more importantly, creating a culture that encourages challenge will be crucial.

I basically view management as an inverted triangle model. In other words, CEO is at the bottom, and frontline people are at the top. The idea is to send as many people and resources as possible to the top, delegate authority, and create a system where frontline people can make decisions and quickly anticipate market changes. However, this management style is not possible if the decision-making process is lengthy and lacks transparency. To increase transparency, it is necessary to keep the layers thin. Perhaps an inverted triangle, with a long top side, or market interface, and shallow depth, would be appropriate. In order to make it a reality, I worked hard to connect the disparate organizations of the acquired companies horizontally until smooth interpersonal exchanges became possible, while preserving the original cultures. The co-existence of diverse ways of thinking and perspectives can become an overwhelming strength in this era. However, when two sayings emerge, organizational management requires particular caution. The first is: “I am doing my job properly” or “My department is doing its job properly.” The second is: "What is the upper management saying?" When these sayings appear, the organization is typically in dangerous territory. As someone in a supervisory role, I want to pay special attention to these situations.

The Company has great potential

I believe that the Company is currently in an extremely attractive position. The composition of the Company has become complex due to the gathering of companies from various backgrounds. This complexity and diversity greatly increase our chances of survival and growth in the future. Darwin’s famous saying, “Only those who can change will survive,” rings true based on my own experience. Integration and diversity can co-exist harmoniously.

I also want the Company to be a customer-oriented company that provides a lot of information and offers a lot of proposals. Providing a lot of information means, for example, that the accumulated memories of brands such as Daimaru, Matsuzakaya, and Parco are constantly being updated. Brands do not actually exist on the sender’s side, but rather exist as a collection of positive memories in the minds of customers. Brands do not become outdated. If they do, it is because we, the people behind them, have become outdated. Long-established companies have survived for so long only because they continue to innovate relentlessly. I believe that the Company’s history is a testament to this.

To innovate repeatedly, internal discussions must be significantly stimulated. To achieve this, and I have said this before, we need to create an organizational culture where ideas are not easily rejected, and people are encouraged to just give them a try. I hope that this culture will spread widely through further horizontal interaction among the Group companies.

Conclusion

I want the board meetings to be vibrant. It is dangerous when they become monocultural, with no dissenting opinions. In my previous job, I made thorough preparations to ensure outside directors would ask many fresh questions. The executive side wants outside opinions. I think it is the fate of organizations to become entrenched in their own ways. I want the board meetings to be a place where we can discuss and consult freely, rather than a place where we interrogate frontline people. I would also like to play a role in supporting the growth of the Company from the bottom up.

Directors

As of May 29, 2025 *The numbers of the Company's shares held by Directors are as of February 28, 2025.

KOIDE Hiroko Independent Outside Director



- Number of the Company's shares held: 3,524
- Number of other shares as stock-based remuneration not yet granted: 8,913

- Chairperson of Board of Directors
- Nomination Committee Member
- Remuneration Committee Member

Sep 1986 Joined J. Walter Thompson Japan K.K. (present VML Japan)
May 1993 Joined Nippon Lever K.K. (present Unilever Japan K.K.)
Apr 2001 Director of the same company
Apr 2006 General Manager of Marketing Management Division of Masterfoods Ltd. (present Mars Japan Limited)
Apr 2008 Chief Operating Officer of the same company
Nov 2010 President and Representative Director of Parfums Christian Dior Japon K.K.
Jan 2013 Outside Director of Kirin Co., Ltd.
Apr 2013 Senior Vice President of Global Marketing of Newell Rubbermaid Incorporated (U.S.) (present Newell Brands Incorporated)
Jun 2016 Outside Director of Mitsubishi Electric Corporation
Apr 2018 Director of Vicela Japan Co., Ltd.
Jun 2019 Outside Director of Honda Motor Co., Ltd.
Outside Director of J-Oil Mills, Inc.
May 2021 Outside Director of J. Front Retailing Co., Ltd. (present)
May 2024 Chairperson of Board of Directors of the same company (present)
Jun 2024 External Member of the Board of Taisei Corporation (present)

YAGO Natsunosuke Independent Outside Director



- Number of the Company's shares held: 9,829
- Number of other shares as stock-based remuneration not yet granted: 10,846

- Chairperson of Nomination Committee
- Chairperson of Remuneration Committee

Apr 1977 Joined Ebara Corporation
Jun 2002 Executive Officer of the same company
Apr 2004 Senior Executive Officer and Group Executive of Precision Machinery Group of the same company, 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.
Jun 2004 Director of Ebara Corporation
Apr 2005 Director of the same company and Chairman of Ebara Precision Machinery Taiwan Inc.
Jun 2005 Director of Ebara Corporation, President of Precision Machinery Company, and General Manager of Fujisawa Operation
Apr 2006 Director and Managing Executive Officer of Ebara Corporation and President of Precision Machinery Company
Apr 2007 President and Representative Director of Ebara Corporation
May 2007 President and Representative Director and General Manager of Internal Control Promotion Department of the same company
Jul 2009 President and Representative Director and General Manager of Internal Control Department of the same company
Apr 2013 Chairman and Director of the same company
Oct 2017 Representative Director of The Ebara Hatakeyama Memorial Foundation (present)
Mar 2019 Retired from the office of Chairman and Director of Ebara Corporation
Jun 2019 Outside Director of Subaru Corporation
May 2020 Outside Director of J. Front Retailing Co., Ltd. (present)
May 2021 Director of Parco Co., Ltd.

HAKODA Junya Independent Outside Director



- Number of the Company's shares held: 3,526
- Number of other shares as stock-based remuneration not yet granted: 8,913

- Chairperson of Audit Committee

Apr 1974 Joined Mitsubishi Rayon Co., Ltd. (present Mitsubishi Chemical Corporation)
Nov 1980 Joined Pricewaterhouse CPA Office (Reorganized as Aoyama Audit Corporation in June 1983)
Apr 1984 Registered as certified public accountant
Apr 2000 Partner of ChuoAoyama Audit Corporation / PricewaterhouseCoopers
Aug 2006 Representative of Arata Audit Corporation (present PricewaterhouseCoopers Japan LLC) / Partner of PricewaterhouseCoopers
Apr 2008 Eminent Professor of Graduate School of Keio University (internal audit theory)
Sep 2009 Member of the Agreement Monitoring Committee of the Japan External Trade Organization
Sep 2010 Director of Japan Internal Control Research Association (present Japan Governance Research Association)
Dec 2014 Outside Corporate Auditor of Schroder Investment Management (Japan) Limited (present)
Mar 2015 Director of Institute of Corporate Governance, Japan
Jun 2015 Outside Corporate Auditor of Yamaha Corporation
Outside Director of Aeon Financial Service Co., Ltd.
Jun 2017 Outside Director and Chairperson of the Audit Committee of Yamaha Corporation
Sep 2019 Member of the Ethics Committee of the Japanese Institute of Certified Public Accountants
May 2021 Outside Director of J. Front Retailing Co., Ltd. (present)
Aug 2021 Chairperson of the Committee on Training and Research for Outside Officers, Japanese Institute of Certified Public Accountants

SEKI Tadayuki Independent Outside Director



- Number of the Company's shares held: 4,798
- Number of other shares as stock-based remuneration not yet granted: 10,846

- Audit Committee Member

Apr 1973 Joined Itochu Corporation
Jun 1998 General Manager of Finance Division of Itochu International Inc. (Stationed in New York)
Jun 2004 Executive Officer and CFO of Food Company of Itochu Corporation
Apr 2007 Managing Executive Officer and General Manager of Finance Division of the same company
Jun 2009 Representative Director, Managing Director, Chief Officer for Finance, Accounting, Risk Management, and CFO of the same company
Apr 2010 Representative Director and Senior Managing Executive Officer of the same company
May 2011 Representative Director, Senior Managing Executive Officer, and CFO of the same company
Apr 2013 Representative Director, Executive Vice President, and CFO of the same company
Apr 2014 Representative Director, Executive Vice President, Executive Advisory Officer, CFO, and CAO of the same company
Apr 2015 Adviser of the same company
May 2016 External Director of Parco Co., Ltd.
Jun 2016 Outside Director of Nippon Valqua Industries, Ltd. (present Valqua, Ltd.)
Apr 2017 Advisory Member of Itochu Corporation (present)
Jun 2017 Outside Director of JSR Corporation
Jul 2017 Outside Statutory Auditor of Asahi Mutual Life Insurance Company (present)
May 2020 Outside Director of J. Front Retailing Co., Ltd. (present) and Director of Parco Co., Ltd.
May 2022 Director of Daimaru Matsuzakaya Department Stores Co. Ltd. (present)

OMURA Emi Independent Outside Director



- Number of the Company's shares held: 258

- Audit Committee Member

Oct 2002 Registered as attorney at law and joined Minerva Law Office
Mar 2007 Registered as attorney at law of New York State, U.S.A.
Jul 2008 Partner of Athena Law Office
Sep 2010 Associate Expert, International Labour Standards Department, International Labour Organization in Geneva, Switzerland
Sep 2013 Partner of Athena Law Office
Jan 2014 Director, Office of International Affairs, Japan Federation of Bar Associations
Sep 2014 Outside Director of Digital Garage, Inc.
Jun 2019 Counsel of Kamiyacho International Law Office
Apr 2021 Counsel of CLS Hibiya Tokyo Law Office
Nov 2021 Outside Director, Audit and Supervisory Committee Member of Valuence Holdings Inc. (present)
Jan 2022 Partner of CLS Hibiya Tokyo Law Office (present)
Dec 2022 External Director (Audit & Supervisory Committee Member) of Food & Life Companies Ltd. (present)
Jun 2023 Auditor of Japan Association for Women's Education (present)
May 2024 Outside Director of J. Front Retailing Co., Ltd. (present)
May 2025 Director of Parco Co., Ltd. (present)

YAMADA Yoshihito Independent Outside Director



- Nomination Committee Member
- Remuneration Committee Member

Apr 1984 Joined Tateishi Electric Corporation (present Omron Corporation)
Jun 2008 Executive Officer of Omron Corporation and President and CEO of Omron Healthcare Co., Ltd.
Mar 2010 Senior General Manager of Corporate Strategic Planning H.Q. of Omron Corporation
Jun 2010 Managing Executive Officer of the same company
Jun 2011 Representative Director and President of the same company
Jun 2013 Representative Director, President & CEO of the same company
Jun 2023 Chairman of the Board of the same company (present)
Outside Director of NEC Corporation (present)
May 2025 Outside Director of J. Front Retailing Co., Ltd. (present)

SAITO Kazuhiro Independent Outside Director



- Audit Committee Member

Apr 1979 Joined Suntory Limited
Jan 1999 Senior General Manager of Beverage & Food Division of the same company
Sep 2005 Deputy Division Chief Operating Officer of Beverage & Food Division of the same company
Apr 2009 Executive Officer of Suntory Holdings Limited and Managing Director of Suntory Beverage & Food Limited
Jan 2011 Executive Vice President and Chief Operating Officer of Chinese Beverage & Food Division of Suntory (China) Holding Co., Ltd. and Chair and President of Suntory (Shanghai) Food Trading Co., Ltd.
Apr 2014 President and Chief Operating Officer of Chinese Beer and Huangjiu Division of Suntory (China) Holding Co., Ltd.
Apr 2015 Managing Executive Officer in charge of Corporate Planning Division and Chief Operating Officer of Finance & Accounting Division of Suntory Beverage & Food Limited
Apr 2016 Full-time Advisor of Suntory Beverage & Food Limited and Chief Executive Officer of Suntory Beverage & Food Asia Pte. Ltd.
Apr 2019 Representative Director, President & Chief Executive Officer of Suntory Beverage & Food Limited
Apr 2022 Chair of ad-comm Co., Ltd.
May 2025 Outside Director of J. Front Retailing Co., Ltd. (present)

YOSHIMOTO Tatusya



- Number of the Company's shares held: 158,662

- Nomination Committee Member
- Remuneration Committee Member

Apr 1979 Joined The Daimaru, Inc.
Mar 2000 Senior Manager of Preparatory Office for Opening Sapporo Store of Planning Office for Sapporo Store of Head Office of the same company
Jan 2008 General Manager of Tokyo Store of the same company
May 2008 Corporate Officer and General Manager of Tokyo Store of the same company
Jan 2010 Corporate Officer, General Manager of Sales Planning Promotion Division, and General Manager of Marketing Planning Promotion Division of Department Stores Coordination Division of J. Front Retailing Co., Ltd.
Mar 2010 Corporate Officer and Senior General Manager of Management Planning Division of Daimaru Matsuzakaya Department Stores Co. Ltd.
May 2012 Director and Corporate Officer of the same company
Apr 2013 President and Representative Director of the same company and President and Representative Director of Daimaru Matsuzakaya Sales Associates Co. Ltd.
May 2013 Director of J. Front Retailing Co., Ltd. (present)
May 2017 Representative Managing Executive Officer of the same company
May 2020 President and Representative Executive Officer of the same company
Mar 2023 President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit of the same company
Mar 2024 Executive Officer of the same company

HAMADA Kazuko



- Number of the Company's shares held: 3,081
- Number of other shares as stock-based remuneration not yet granted: 23,142

- Audit Committee Member

Apr 1985 Joined Parco Co., Ltd.
Sep 2000 General Manager of Marketing Department of Sales Management Division of the same company
Mar 2002 Deputy General Manager of Kichijoji PARCO of the same company
Mar 2005 General Manager of Kichijoji PARCO of the same company
Mar 2007 General Manager of Shintokorozawa PARCO of the same company
Mar 2010 Executive Officer (Personnel) of the same company
Mar 2013 Executive Officer (Administration and Personnel) of the same company
Mar 2015 Executive Officer (Group Audit Office) of the same company
May 2020 Auditor of the same company
May 2021 Director of J. Front Retailing Co., Ltd. (present)

ONO Keiichi



- Number of the Company's shares held: 25,723

- President and Representative Executive Officer

Apr 1998 Joined The Daimaru, Inc.
Apr 2007 Planning Office for New Umeda Store of Department Store Business Division of Head Office of the same company
Sep 2010 In charge of Sales Promotion and Advertising of Business Promotion Division of Daimaru Umeda Store of Daimaru Matsuzakaya Department Stores Co. Ltd.
Nov 2012 Store Planning Department of Head Office of Parco Co., Ltd.
Nov 2013 In charge of Inbound Business of Sales Planning Unit of Sales & Marketing Headquarters of Head Office of Daimaru Matsuzakaya Department Stores Co. Ltd.
Sep 2015 General Manager of Inbound Business, Merchandising and Channel Development Division of Head Office of the same company
Sep 2016 General Manager of Business Promotion Division of Daimaru Kyoto Store of the same company
Mar 2018 Executive Officer of J. Front Retailing Co., Ltd. and President and Representative Director of Dimples' Co., Ltd.
Oct 2020 Senior General Manager of Structural Reform Promotion Division of Financial Strategy Unit of J. Front Retailing Co., Ltd.
Mar 2022 Managing Executive Officer and Senior Executive General Manager of Management Strategy Unit and in charge of Risk Management of the same company
May 2022 Director of Parco Co., Ltd.
Mar 2024 President and Representative Executive Officer and Senior Executive General Manager of CRE Strategy Unit of J. Front Retailing Co., Ltd. (present)
May 2025 Director of J. Front Retailing Co., Ltd. (present)

Executive Officers

As of May 29, 2025

ONO Keiichi
President and Representative Executive Officer
Senior Executive General Manager of CRE Strategy Unit

HAYASHI Kenichi
Managing Executive Officer
Senior Executive General Manager of Management Strategy Unit, Senior General Manager of Fukuoka Tenjin Area Development Promotion Division, Risk Management Manager, and Director of Parco Co., Ltd.

SHIBATA Takeshi
Managing Executive Officer
Senior Executive General Manager of Human Resources Strategy Unit, Director of Daimaru Matsuzakaya Department Stores Co. Ltd., and Director of Parco Co., Ltd.

INAGAMI Hajime
Executive Officer
Senior General Manager of Board of Directors Office and Corporate Communications Division

NAGAMINE Takamasa
Executive Officer
Senior Executive General Manager of Financial Strategy Unit and Director of Daimaru Matsuzakaya Department Stores Co. Ltd.

NOMURA Taiichi
Executive Officer
Senior General Manager of DX Promotion Division

UMEBAYASHI Akira
Executive Officer
Senior Executive General Manager of Business Promotion Division, Compliance Manager, and Senior General Manager of Group Human Resources Policy Division

YOSHIDA Maki
Executive Officer
Senior General Manager of Group Management Planning Division

MORITA Kosuke
Executive Officer
Senior General Manager of Group Business Planning Division

SAITO Takeshi
Executive Officer
Nagoya Area Co-prosperity Manager and Executive Officer and Executive Store Manager of Matsuzakaya Nagoya of Daimaru Matsuzakaya Department Stores Co. Ltd.

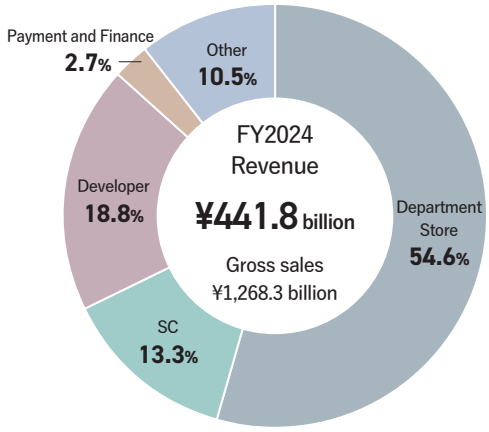
URAKI Hiroshi
Executive Officer
Senior General Manager of Group Financing and Finance Policy Division

NOGUCHI Hideki
Executive Officer
Senior General Manager of Group Accounting and Tax Affairs Division

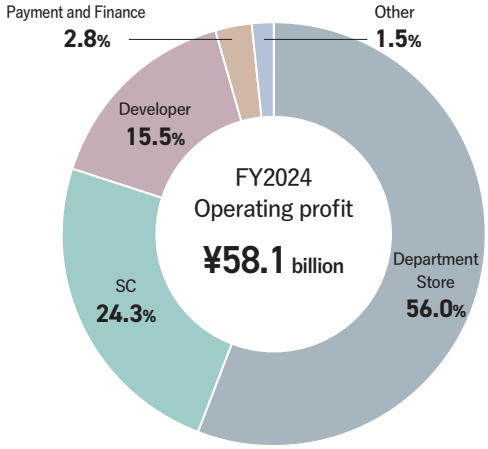
IMAZU Takako
Executive Officer
Senior General Manager of Group Human Resources Development Division

At a Glance

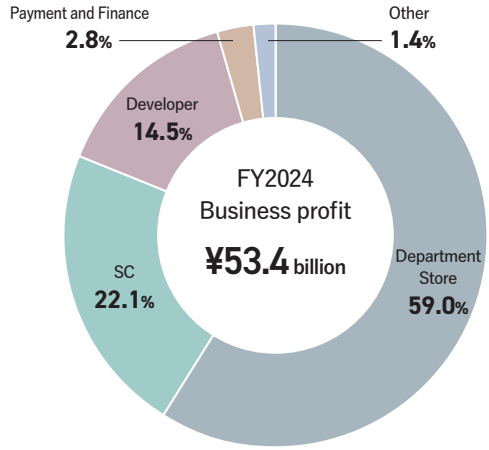
Revenue



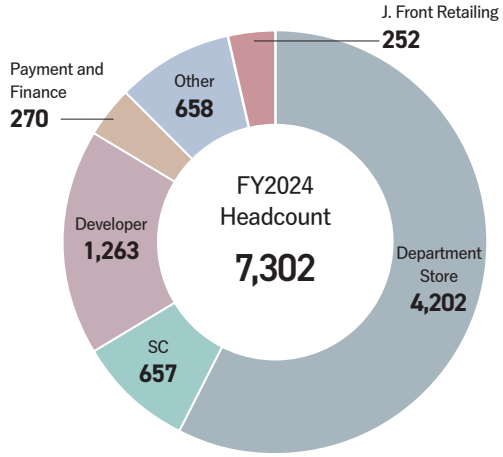
Operating Profit



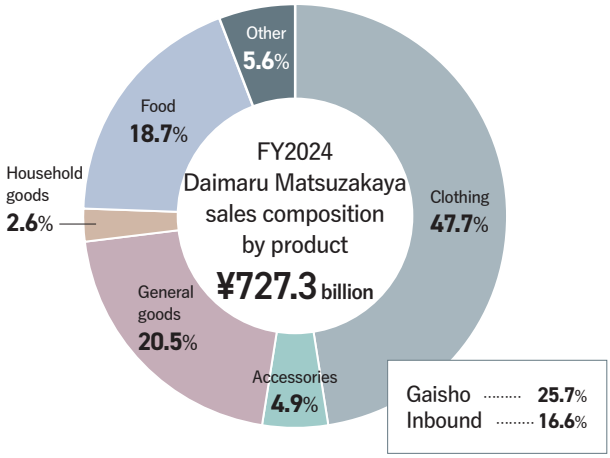
Business Profit

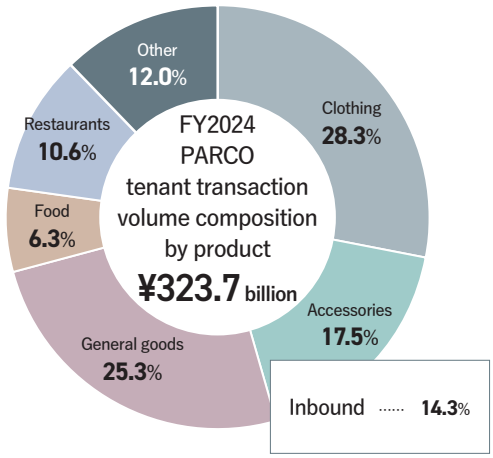


Headcount



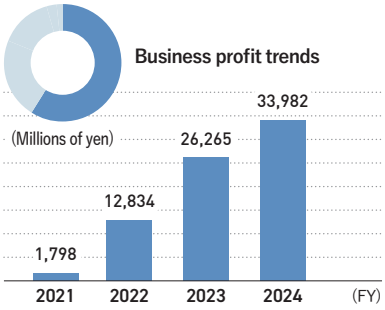
Sales/Transaction Volume Composition (by product/gaisho/inbound)





Results by segment

Department Store Business



From Sapporo in Hokkaido to Tokyo, Nagoya, Kyoto, Osaka, Kobe, and Hakata in Kyushu, we operate 15 department stores under the Daimaru and Matsuzakaya brands in major cities nationwide, along with the luxury mall GINZA SIX.

In fiscal 2024, net sales increased significantly due mainly to the impact of renovations aimed at enhancing content for the consumers preferring high-quality, uplifting consumption and experiences, and growth in sales to overseas visitors to Japan.

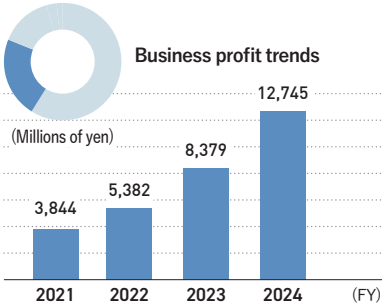
By store, strong performance of major stores drove the overall performance, including, in addition to the Daimaru Shinsaibashi and Kyoto stores where sales to inbound tourists were brisk, the Daimaru Kobe and Sapporo stores, which carried out strategic renovations, and the Daimaru Tokyo store, which is located at a terminal site.

We have been promoting a major renovation at the Matsuzakaya Nagoya store, and reopened it gradually starting in November last year. This renovation aims to "enhance experience value" unique to a physical store, and to "win next-generation customers." In addition to expanding luxury brand offerings, we enhanced content that captures next-generation market needs, such as fashion, art, alcoholic beverages, beauty, and wellness. We made a joint announcement with other companies regarding major renovation plans for the South Gate Building, where the Daimaru Umeda store is located.

Moreover, we revamped the Daimaru Matsuzakaya app to enhance its media function in order to build strong relationships with customers.

As a result of various measures including those mentioned above, revenue was 263,643 million yen, up 10.3% year on year. Business profit was 33,982 million yen, up 30.2% year on year, demonstrating a large increase in profit.

SC Business



We operate 15 PARCO shopping centers in major cities across Japan, from Sapporo in Hokkaido to Sendai, Tokyo, Nagoya, Osaka, and Hakata in Kyushu. We also operate an entertainment business that produces films and theaters.

In fiscal 2024, in order to deepen the retail business, we strived to increase the distinctive brand value of Parco and the value of visiting our stores through strategic renovations, setting our sights on extending support from the MZ generation and overseas customers.

We renovated Nagoya PARCO based on the theme of providing the Tokai area's most sophisticated fashion and diverse entertainment, while at Sendai PARCO we strengthened fashion and entertainment, and at Hiroshima PARCO we conducted strategic renovation with the aim of attracting one-of-a-kind shops in the area.

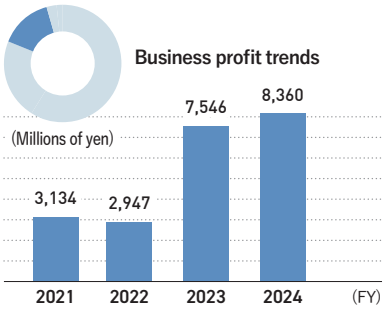
We also worked to enhance the dissemination of information to foreign tourists visiting Japan and to strengthen relationships, such as by partnering with overseas companies, mainly in Asia. At Shibuya PARCO and Shinsaibashi PARCO, a significant increase in transaction volume with inbound tourists became a driver for performance.

In the culture business, theaters recovered and in music, Shibuya Club Quattro turned in a strong performance. At our collaboration cafes, we had success in business development through the licensing of popular manga.

Moreover, in April, we signed a basic agreement on a strategic alliance with Hyundai, a major department store chain in South Korea, and we also staged popup events at Shibuya PARCO in order to win new customers, primarily in the MZ generation.

As a result of various measures including those mentioned above, revenue was 64,418 million yen, up 9.7% year on year. Business profit was 12,745 million yen, up 51.3% year on year, demonstrating a large increase in profit.

Developer Business



We engage in the development and construction of real estate rental properties, as well as interior design services. Large-scale development projects are underway in areas such as the Sakae area of Nagoya, the Shinsaibashi area of Osaka, and the Hakata area of Fukuoka.

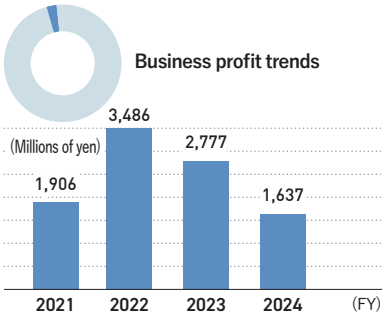
In fiscal 2024, factors such as recording a gain on the sale of properties held by J. Front City Development Co., Ltd., and an increase in orders for the hotel interior finishing and construction at J. front Design & Construction Co., Ltd. led to higher revenue and profit.

In terms of key strategies, in the development in seven key cities, we have steadily promoted The Landmark Nagoya Sakae and the Shinsaibashi Project (tentative name), both of which are scheduled for completion and opening in fiscal 2026. We also took the decision to invest in a special purpose company to acquire the Shinsaibashi Building. In the Tenjin 2-chome South Block Station-Front East-West Area Project (tentative name), we are moving forward with plans across the Group, based on the finalization of city planning by the district planning and urban redevelopment project.

In addition, to reorganize and strengthen the building management business of the Group, in September, the building management business of J. Front One Partner Co., Ltd. (formerly JFR Service Co. Ltd.) was transferred to Parco Space Systems Co., Ltd.

As a result of various measures including those mentioned above, revenue was 90,658 million yen, up 11.5% year on year, and business profit was 8,360 million yen, up 7.4% year on year.

Payment and Finance Business



We have begun issuing new cards including the GINZA SIX Card, PARCO Card, and Hakata Daimaru Card, in addition to the Daimaru Matsuzakaya Card and Daimaru Matsuzakaya Otokuisama Gold Card. In recent years, we have also been expanding into financial products such as insurance.

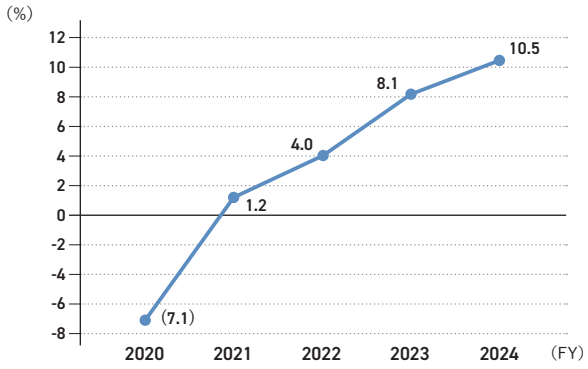
In fiscal 2024, as part of efforts to implement key strategies, we worked to expand the number of card members and promote usage through collaboration with the Department Store Business. To pave the way for the expansion of our base of new customers, we also started issuing the new GINZA SIX Card and the new PARCO Card as an initiative to consolidate the Group's cards. In the merchant business, we developed external merchants centered on the key areas, and worked on the expansion of acquiring operations at the Group's commercial facilities.

Also, to reinforce the effort to combat the unauthorized use of credit cards plaguing the industry, we introduced such measures as multi-factor authentication and one-time passwords for online services.

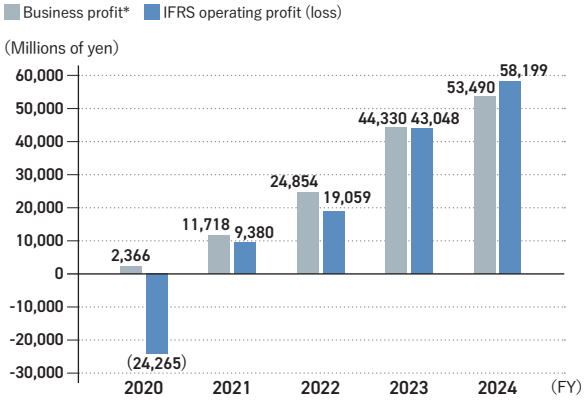
As a result of various measures including those mentioned above, revenue was 13,135 million yen, up 0.1% year on year, due mostly to higher merchant commission driven by increased transaction volume, while also reflecting higher point costs. Business profit was 1,637 million yen, down 41.0% year on year, as selling, general, and administrative expenses rose as a result of an increase in investments for the consolidation of the Group's cards and in personnel expenses.

Financial/Non-financial Highlights

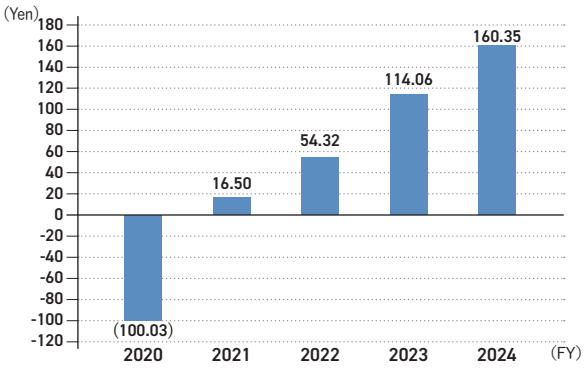
ROE



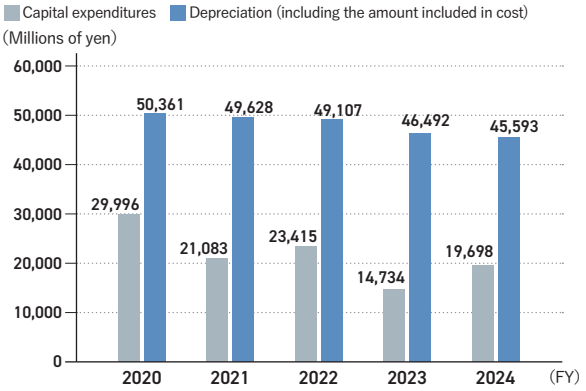
Consolidated business profit/ IFRS operating profit (loss)



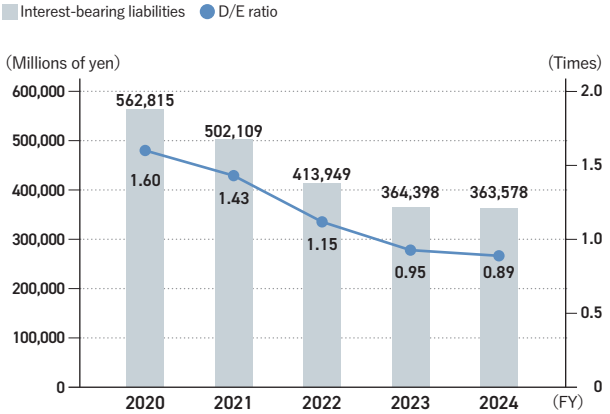
EPS



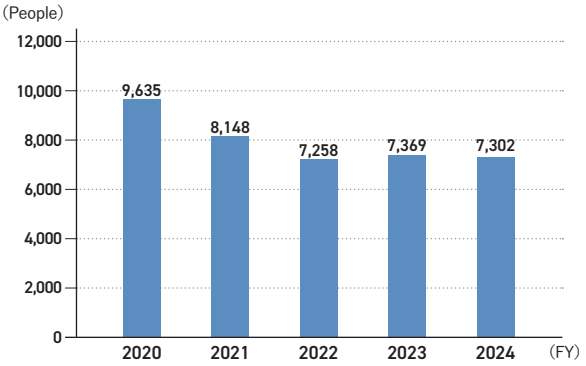
Capital expenditures/Depreciation (including the amount included in cost)



Interest-bearing liabilities and D/E ratio

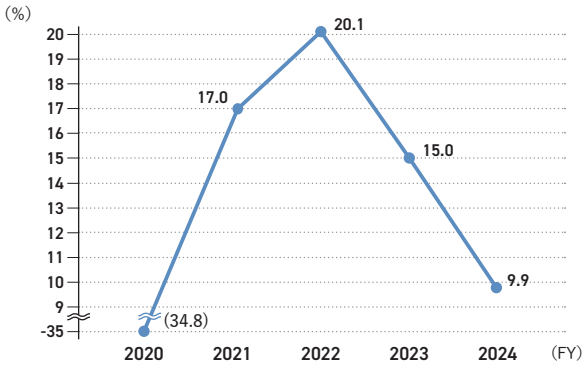


Consolidated headcount

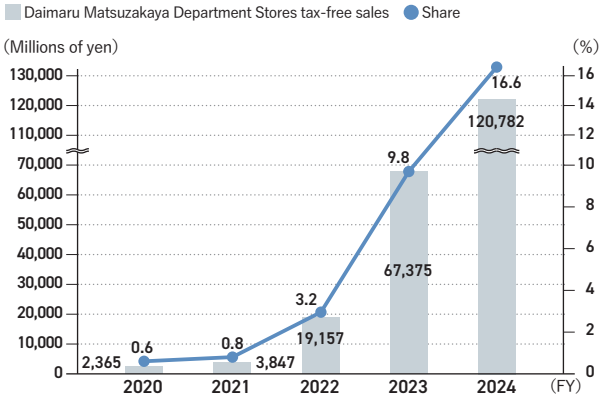


*The Company has adopted the International Financial Reporting Standards (IFRS) since FY2017.
*The Company has adopted IFRS 16 since FY2019. Accordingly, operating leases are recognized as right-of-use assets and lease liabilities, which caused significant changes in capital expenditures, depreciation, interest-bearing liabilities, etc.

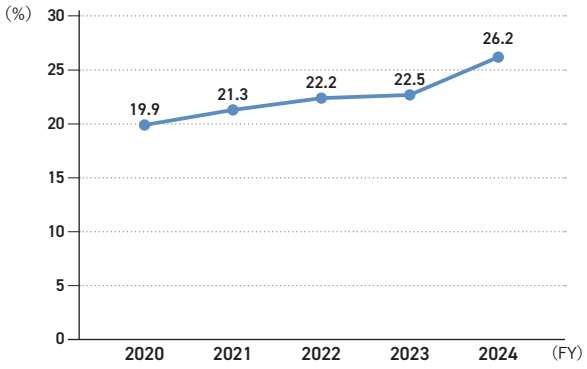
Daimaru Matsuzakaya Department Stores comparable store sales (YoY %)



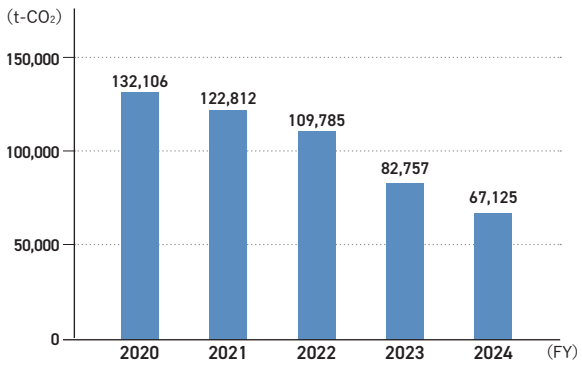
Daimaru Matsuzakaya Department Stores tax-free sales and share



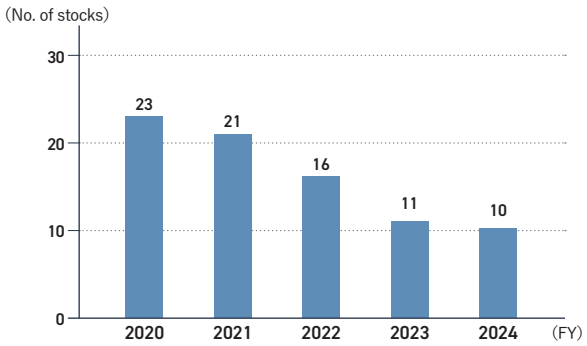
Ratio of women in management positions (consolidated)



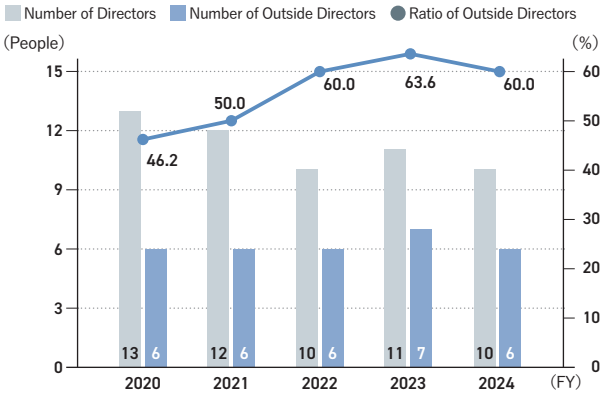
Scope 1 and 2 GHG emissions (consolidated)



Year-end number of stocks of cross-shareholdings



Number of Directors and Outside Directors and ratio of Outside Directors



*The Yamashina store closed on March 31, 2019.
*The Shimonoseki store was placed under the direct management of Daimaru Matsuzakaya Department Stores Co. Ltd. in March 2020.
(The Shimonoseki Daimaru, Inc. was merged into Daimaru Matsuzakaya Department Stores Co. Ltd.)
*The Toyota store closed on September 30, 2021.

10-Year Data (Financial/Non-financial)

	JGAAP		
	FY2015	FY2016	FY2016
Consolidated PL			
Gross sales	1,163,564	1,108,512	1,134,342
Revenue	—	—	452,505
Gross profit	245,532	234,785	212,567
Selling, general and administrative expenses (SGA)	197,494	190,205	167,668
Business profit	—	—	44,898
Operating profit (loss)	48,038	44,580	41,727
Profit (loss) / Profit (loss) attributable to owners of parent	26,313	26,950	27,052
(Business profit by segment)			
Department Store Business	—	—	24,592
SC Business	—	—	—
Parco Business	—	—	12,520
Developer Business	—	—	—
Real Estate Business	—	—	—
Payment and Finance Business	—	—	2,844
Other Business	—	—	4,410
Adjustments	—	—	211
(Operating profit by segment) *Operating profit for years prior to 2016 is based on JGAAP.			
Department Store Business	28,786	24,592	—
SC Business	—	—	—
Parco Business	12,582	12,520	—
Developer Business	—	—	—
Real Estate Business	—	—	—
Payment and Finance Business	2,703	2,844	—
Other Business	4,122	4,410	—
Adjustments	(156)	211	—
(SGA)			
Personnel expenses	69,470	67,879	—
Advertising expenses	27,733	26,544	—
Packing and transportation costs	7,053	6,456	—
Rent expenses	28,682	28,637	—
Depreciation	16,194	14,843	—
Operational costs	16,338	15,621	—
Other	32,020	30,222	—
(Capital expenditures / depreciation)			
Capital expenditures	37,110	44,999	—
Right-of-use assets	—	—	—
Total investment	—	—	—
Depreciation (including the amount included in cost)	18,345	17,189	—
Consolidated BS			
Total assets	1,019,146	1,050,109	1,005,069
Shareholders' equity / Equity attributable to owners of parent	383,699	406,336	368,571
Interest-bearing liabilities	180,922	187,799	205,952
Consolidated CF			
Cash flows from operating activities	36,799	36,239	33,764
Cash flows from investing activities	(39,741)	(30,353)	(27,952)
Cash flows from financing activities	(1,041)	(2,189)	(2,097)
Per share information			
Basic earnings (loss) per share (Yen)	100.42	103.04	103.43
Equity attributable to owners of parent per share (Yen)	1,467.05	1,553.60	1,409.20
Dividend per share (Yen)	27.00	28.00	28.00
Dividend payout ratio (%)	26.9	27.2	27.1
Financial indicators (%)			
Ratio of profit to equity attributable to owners of parent (ROE)	6.9	6.8	7.6
Return on total assets (ROA)	4.7	4.3	4.2
Return on invested capital (ROIC)	—	—	—
Return on investment (ROI)	8.6	7.7	7.6
Interest-bearing liabilities to equity attributable to owners of parent ratio (Times)	0.47	0.46	0.56
Non-financial information related to operating companies			
Daimaru Matsuzakaya Department Stores sales floor area (㎡)	498,460	498,460	—
Parco business area (㎡)	456,000	409,000	—
Daimaru Matsuzakaya Department Stores customer traffic (1,000 people)	207,512	197,250	—
Daimaru Matsuzakaya Department Stores average spend per customer (Yen)	4,414	4,420	—
Number of cards issued by JFR Card (1,000 cards)	1,866	1,897	—

1. The inventory valuation method was changed to the specific identification method in FY2015.
2. The Company has adopted the International Financial Reporting Standards (IFRS) since FY2017. Figures for fiscal years prior to FY2016 are based on JGAAP.

IFRS

FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
1,138,981	1,125,153	1,133,654	766,297	865,919	998,755	1,151,972	1,268,322
469,915	459,840	480,621	319,079	331,484	359,679	407,006	441,877
212,935	212,396	206,953	134,368	147,842	169,536	195,516	212,596
166,688	166,882	161,590	132,001	136,123	144,682	151,185	159,106
46,842	45,514	45,363	2,366	11,718	24,854	44,330	53,490
49,546	40,891	40,286	(24,265)	9,380	19,059	43,048	58,199
28,486	27,358	21,251	(26,193)	4,321	14,237	29,913	41,424
26,453	25,154	26,461	(4,899)	1,798	12,834	26,265	33,982
—	—	—	—	3,844	5,382	8,379	12,745
10,284	8,723	8,582	2,062	—	—	—	—
—	—	—	—	3,134	2,947	7,546	8,360
3,251	5,062	4,364	2,637	—	—	—	—
2,803	2,338	1,901	396	1,906	3,486	2,777	1,637
4,490	3,605	4,926	3,204	1,252	924	965	832
(440)	629	(873)	(1,035)	(217)	(722)	(1,602)	(4,069)
26,659	24,194	17,625	(22,199)	(4,594)	7,529	23,587	29,677
—	—	—	—	2,055	3,733	9,414	12,850
11,752	5,445	10,823	(6,895)	—	—	—	—
—	—	—	—	4,711	3,695	7,437	8,189
4,131	4,664	6,725	1,986	—	—	—	—
2,742	2,360	1,908	421	1,970	3,485	2,583	1,460
4,744	3,507	4,700	2,852	1,199	899	1,370	797
(483)	717	(1,496)	(430)	4,039	(283)	(1,343)	5,224
62,989	62,692	56,880	48,627	49,944	47,284	50,067	54,840
10,534	10,364	11,729	7,996	9,189	10,489	10,639	10,802
4,992	3,837	3,664	2,985	2,849	2,872	2,626	2,662
24,372	23,418	2,389	2,105	997	542	—	—
10,944	11,580	30,601	25,135	25,971	26,915	25,053	24,961
8,148	8,296	9,296	6,117	6,677	9,581	11,274	11,050
44,705	46,692	47,029	39,033	40,494	46,996	51,523	54,789
27,021	39,873	37,912	22,922	12,616	15,014	14,734	19,698
—	—	10,723	7,073	8,467	8,400	1,460	4,157
—	—	48,636	29,996	21,083	23,415	16,194	23,855
18,683	19,907	50,953	50,361	49,629	49,107	46,492	45,593
1,022,348	1,029,573	1,240,308	1,263,722	1,192,907	1,120,953	1,114,726	1,164,147
395,519	412,700	387,188	352,171	350,368	359,385	381,898	409,646
184,202	174,378	478,773	562,815	502,109	413,949	364,398	363,578
57,079	34,870	73,358	56,471	49,866	65,480	90,692	85,812
(19,030)	(26,836)	(49,559)	(20,870)	(5,289)	(13,371)	13,429	(28,308)
(31,048)	(21,274)	(14,829)	58,727	(80,392)	(105,694)	(72,746)	(74,001)
108.92	104.55	81.19	(100.03)	16.50	54.32	114.06	160,35
1,511.91	1,576.68	1,479.07	1,344.91	1,337.29	1,370.43	1,453.71	1,597,24
35.00	35.00	36.00	27.00	29.00	31.00	36.00	52.00
32.1	33.5	44.3	—	175.7	57.1	31.6	32.4
7.5	6.8	5.4	(7.1)	1.2	4.0	8.1	10.5
4.9	4.0	3.2	(1.9)	0.8	1.6	3.9	5.1
—	—	—	—	—	—	5.1	6.2
8.4	7.2	4.5	(3.2)	1.2	2.7	—	—
0.47	0.42	1.24	1.60	1.43	1.15	0.95	0.89
495,331	495,331	489,023	512,935	494,715	494,715	494,715	494,715
389,000	401,000	435,800	461,000	462,000	462,000	439,000	422,000
200,966	202,066	194,879	101,336	119,883	149,974	176,297	183,009
4,676	4,841	4,979	4,737	5,003	5,560	6,343	7,141
1,923	1,929	1,893	1,703	1,530	1,419	1,328	1,272

3. Gross sales are calculated by converting sales from purchase recorded at the time of sale (*shoka shiire*) of the Department Store Business and Other (Daimaru Kogyo), which are recognized as revenue under IFRS, into gross amount and converting the net amount of sales of the SC Business (Parco SC) into tenant transaction volume (gross amount basis). As for Other (Daimaru Kogyo), sales from *shoka shiire* have not been converted into gross amount since FY2022.
4. Business profit is calculated by subtracting cost of sales and SGA from revenue, and roughly corresponds to “operating profit” under JGAAP.

10-Year Data (Sustainability)

			Boundary	Unit	FY2015	FY2016
Society						
Number of employees			Consolidated	People	11,023	10,732
Regular employees			Consolidated	People	7,038	6,871
Dedicated employees			Consolidated	People	—	—
Fixed-term employees			Consolidated	People	3,985	3,861
Ratio of female employees			Consolidated	%	—	—
Ratio of women in management positions∗*1			Consolidated	%	10.4	12.2
Number of new graduate hires			Consolidated	People	69	58
Men			Consolidated	People	32	24
Women			Consolidated	People	37	34
Ratio of female new graduate hires			Consolidated	%	53.6	58.6
Employment rate of disabled people∗*2			Consolidated	%	—	—
Number of foreign employees			Consolidated	People	—	—
Ratio of foreign employees			Consolidated	%	—	—
Employee turnover rate*3			Consolidated	%	—	—
Involuntary turnover rate			Consolidated	%	0	0
Number of employees taking childcare leave∗			Consolidated*4	People	—	—
Female return rate after childcare leave∗			Consolidated*5	%	—	—
Ratio of male employees taking childcare leave∗			Consolidated	%	—	—
Wage differences between men and women*6 (all workers)			Consolidated	%	—	—
Regular workers*7			Consolidated	%	—	—
Non-regular workers*8			Consolidated	%	—	—
Employee engagement (employee satisfaction)			Consolidated	%	—	—
(work recommendation)			Consolidated	%	—	—
Number of employees taking family care leave			Daimaru Matsuzakaya Department Stores	People	4	2
Number of employees taking family care time off			Daimaru Matsuzakaya Department Stores	People	16	20
Number of employees working shorter hours for family care			Daimaru Matsuzakaya Department Stores	People	0	1
Percentage of employees earning minimum wage by region*9			Daimaru Matsuzakaya Department Stores	%	0	0
Health examination participation rate			Daimaru Matsuzakaya Department Stores	%	99.5	99.7
Stress check response rate			Daimaru Matsuzakaya Department Stores	%	85.3	94.0
Number of labor accidents (work accidents)			Consolidated*10	—	36	31
Number of labor accidents (commutation accidents)			Consolidated*10	—	16	25
Lost time injury frequency rate (employees)∗*11			Consolidated	—	—	—
Number of work-related fatalities (employees)∗			Consolidated	People	—	—
Number of harassment consultations			Consolidated	—	14	16
Number of usages of JFR Group Compliance Hotline			Consolidated	—	24	22
Data security: number of data breaches*12			Consolidated	—	0	0
Amount donated to communities			Consolidated	Millions of yen	—	—
Political contribution expenses			Consolidated	Millions of yen	—	—
Penalty for corruption			Consolidated	Millions of yen	—	—
Punishment/dismissal for anti-corruption violations			Consolidated	People	—	—
Environment						
Energy∗	Electricity	Usage	Consolidated	MWh	—	—
	City gas	Usage	Consolidated	MWh	—	—
	Light oil	Usage	Consolidated	MWh	—	—
	A type heavy oil	Usage	Consolidated	MWh	—	—
	Kerosene	Usage	Consolidated	MWh	—	—
	Gasoline	Usage	Consolidated	MWh	—	—
	Natural gas	Usage	Consolidated	MWh	—	—
	Steam / cold water / hot water	Usage	Consolidated	MWh	—	—
	Total	Usage	Consolidated	MWh	—	—
Renewable energy∗		Usage	Consolidated	MWh	—	—
	Renewable energy ratio to total electricity usage		Consolidated	%	—	—
Scope 1 greenhouse gas (GHG)∗	Carbon dioxide (CO_2)	Emissions	Consolidated	t-CO_2	—	—
	Hydrofluorocarbon (HFC)	Emissions	Consolidated	t-CO_2	—	—
	Scope 1	Emissions	Consolidated	t-CO_2	—	—
Scope 2 GHG∗	CO_2	Emissions (market base)	Consolidated	t-CO_2	—	—
		Emissions (location base)	Consolidated	t-CO_2		
Scope 1 and 2 GHG∗		Emissions	Consolidated	t-CO_2	—	—
	vs. SBT base year (FY2017)		Consolidated	%	—	—
Scope 3 GHG∗		Emissions	Consolidated	t-CO_2	—	—
	vs. SBT base year (FY2017)		Consolidated	%	—	—
Scope 1 and 2 GHG emissions intensity∗	Per consolidated sales		Consolidated	t-CO_2/¥Million	—	—
Water∗	Tap water	Usage	Consolidated*14	m³	—	—
	Groundwater	Usage	Consolidated*14	m³	—	—
	Gray water	Usage	Consolidated*14	m³	—	—
	Total	Usage	Consolidated*14	m³	—	—
		Emissions*13	Consolidated*14	m³	—	—
Waste (including food waste)∗*15		Emissions	Consolidated*14	t	—	19,885
		Amount recycled	Consolidated*14	t	—	11,644
		Final disposal amount	Consolidated*14	t	—	8,241
		Recycling ratio	Consolidated*14	%	—	58.6
Food waste∗*16		Emissions	Consolidated*5	t	—	4,540
		Amount recycled	Consolidated*5	t	—	2,716
		Final disposal amount	Consolidated*5	t	—	1,824
		Recycling ratio	Consolidated*5	%	—	59.8
Specified hazardous waste*16		Emissions	Consolidated	t	—	—
Packaging materials usage*17		Usage	Daimaru Matsuzakaya Department Stores	t	—	2,409

∗Have received third-party assurance from LRQA Limited. (Have received the same assurance for water and waste since FY2020, for social data, energy, renewable energy, and food waste since FY2021, and for lost time injury frequency rate since FY2024.)
*1 Manager level or above
*2 Special scope of associates as of June each year
*3 Number of retired employees during the fiscal year / Number of employees at the beginning of the fiscal year (The number of retired employees above excludes employees who retired because of retirement age, transfer, and becoming officers.)
*4 Boundaries for the years up to FY2020 are Daimaru Matsuzakaya Department Stores (the numbers of employees taking childcare leave continuously after the year of birth). Boundaries for FY2021 and beyond are consolidated (the numbers of employees who started childcare leave in the year of birth).
*5 Boundaries for the years up to FY2020 are Daimaru Matsuzakaya Department Stores.
*6 Wage differences between men and women = Average annual wage for women / Average annual wage for men × 100 % (excluding commuting allowance)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
	10,429	10,276	9,844	9,635	8,148	7,258	7,369	7,302
	6,723	6,695	6,579	6,528	5,589	5,115	5,277	5,343
	1,573	1,697	1,739	1,688	1,444	1,195	1,170	1,131
	2,133	1,884	1,526	1,419	1,115	948	922	828
	57.2	56.8	57.0	56.3	55.6	52.9	53.45	53.8
	14.3	14.7	16.6	19.9	21.3	22.2	22.5	26.2
	79	94	76	94	68	107	92	102
	36	44	38	41	33	38	34	39
	43	50	38	53	35	69	58	63
	54.4	53.2	50.0	56.4	51.5	64.5	63.0	61.8
	—	2.21	2.21	2.21	2.66	2.93	2.89	3.09
	—	15	14	40	42	50	50	27
	—	0.1	0.1	0.4	0.5	0.7	0.7	0.4
	3.6	3.3	3.9	1.9	10.5	5.3	5.4	4.6
	0	0	0	0	0	0	0	0
	175	203	161	139	88	75	81	86
	93.0	97.4	89.5	94.4	95.3	93.4	94.0	92.5
	—	—	—	18.8	43.6	68.0	87.5	132.5
	—	—	—	—	—	59.8	65.3	66.5
	—	—	—	—	—	71.3	74.4	75.0
	—	—	—	—	—	70.9	72.7	75.5
	—	—	—	—	—	—	67.7	68.9
	—	—	—	—	—	—	57.7	59.9
	2	10	3	2	5	8	8	12
	31	42	30	30	4	40	52	61
	0	1	0	0	1	4	18	24
	0	0	0	0	0	0	0	0
	99.7	99.9	99.6	100	99.8	100	100	100
	95.9	96.4	96.5	97.4	97.1	96.3	97.2	95.2
	40	38	68	81	51	40	50	8
	26	17	23	38	31	31	30	17
	—	2.17	1.86	1.74	1.85	0.88	0.79	0.55
	—	0	0	0	0	0	0	0
	14	22	50	40	37	47	41	49
	28	24	36	24	46	49	61	66
	0	0	0	0	0	1	0	0
	43	71	67	62	75	87	36	57
	2.2	0.2	0.3	0.07	0.04	0.17	0.17	0.06
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	333,514	328,900	327,851	288,691	305,752	305,287	297,828	294,269
	70,353	67,118	64,095	58,064	64,632	63,516	61,488	66,599
	—	—	88	88	105	101	28	5
	70	70	70	65	49	65	52	64
	—	—	—	—	—	—	0.1	0.05
	6,805	6,295	5,368	2,929	3,011	2,126	1,916	1,793
	13	14	11	1	0	0	0	0
	64,758	65,969	68,730	54,133	54,500	59,344	60,848	63,785
	475,513	468,366	466,214	403,973	428,049	430,439	422,160	426,515
	—	—	13,046	29,647	62,156	102,676	157,454	197,746
	—	—	4.0	10.3	20.3	33.6	52.9	67.2
	14,548	13,824	13,074	11,170	12,368	11,958	11,459	11,551
	1,504	2,137	2,140	813	1,636	1,756	2,562	2,879
	—	—	—	—	—	—	14,021	14,430
	178,102	166,605	147,294	120,123	108,808	96,071	68,736	52,695
	184,047	177,987	174,094	147,820	149,690	146,810	142,935	136,692
	194,154	182,566	162,508	132,106	122,812	109,785	82,757	67,125
	—	(6.0)	(16.3)	(32.0)	(36.7)	(43.5)	(57.4)	(65.4)
	2,927,320	3,123,238	3,782,555	2,470,411	2,420,492	2,761,669	2,898,436	2,247,051
	—	—	—	—	(17.3)	(5.7)	(1.0)	(23.2)
	0.17	0.16	0.14	0.17	0.14	0.11	0.07	0.05
	—	1,317,230	1,260,594	1,407,531	1,719,788	1,796,295	1,880,316	1,904,299
	—	480,731	452,702	459,054	570,760	613,303	625,066	598,766
	—	136,804	125,989	198,882	158,848	151,017	140,709	153,350
	—	1,934,765	1,839,285	2,065,467	2,449,396	2,560,615	2,646,091	2,656,415
	—	1,934,765	1,839,285	2,065,467	2,449,396	2,560,615	2,646,091	2,656,415
	18,532	17,202	17,597	21,694	26,637	29,855	29,814	48,201
	10,863	9,938	10,453	12,479	12,845	15,421	16,176	18,759
	7,669	7,264	7,144	9,216	13,792	14,434	13,638	29,443
	58.6	57.8	59.4	57.5	48.2	51.7	54.3	38.9
	4,497	4,312	4,379	2,886	4,394	4,753	4,943	4,587
	2,416	2,477	2,610	1,857	3,027	3,598	3,934	4,051
	2,081	1,835	1,769	1,029	1,367	1,155	1,009	536
	53.7	57.4	59.6	64.3	68.9	75.7	79.6	88.3
	—	—	—	—	6	0.2	0	0.01
	2,370	2,236	2,030	1,075	1,129	1,200	1,221	1,139

*7 Regular employees (including employees seconded outside the company)
*8 Dedicated employees, fixed-term employees, contract employees, retirees rehired on a contract basis
*9 Grade 1 and 2 dedicated employees paid according to a wage table by region
*10 Boundaries for the years up to FY2018 are Daimaru Matsuzakaya Department Stores.
*11 Lost time injury frequency rate: The frequency of lost time injuries occurring in a workplace per one million hours worked
*12 Confidential information breaches and personal data breaches
*13 Water usage and emissions are the same volume.
*14 Boundaries for the years up to FY2019 are Daimaru Matsuzakaya Department Stores.
*15 Waste includes general waste, industrial waste, and food waste.
*16 (i) Waste PCB, etc.; (ii) PCB contaminated materials; (iii) PCB processed materials; (iv) waste mercury, etc.; (v) waste mercury and other processed materials; (vi) specified sewage sludge; (vii) waste asbestos; and (viii) burnt residue, sludge, slag, dust, waste acid, waste alkali, etc. exceeding the limits
*17 Weight of wrapping paper, shopping bags, paper bags, plastic bags for food products, etc.

Consolidated Statement of Financial Position

J. Front Retailing Co., Ltd. and its consolidated subsidiaries

As of February 28, 2023, February 29, 2024, and February 28, 2025

(Millions of yen)

	FY2022	FY2023	FY2024
Assets			
Current assets			
Cash and cash equivalents	39,874	71,342	54,975
Trade and other receivables	129,121	143,321	156,663
Other financial assets	10,836	11,439	8,690
Inventories	16,932	15,193	12,662
Other current assets	5,094	5,203	6,421
Subtotal	201,860	246,501	239,414
Assets held for sale	—	—	1,631
Total current assets	201,860	246,501	241,045
Non-current assets			
Property, plant and equipment	469,401	458,623	469,417
Right-of-use assets	119,501	107,623	136,389
Goodwill	995	560	6,799
Investment property	187,247	181,985	177,176
Intangible assets	7,797	7,886	8,350
Investments accounted for using equity method	41,402	23,531	27,840
Other financial assets	79,711	72,034	81,535
Deferred tax assets	3,137	3,636	3,190
Other non-current assets	9,897	12,343	12,402
Total non-current assets	919,092	868,225	923,101
Total assets	1,120,953	1,114,726	1,164,147
Liabilities and equity			
Liabilities			
Current liabilities			
Bonds and borrowings	63,530	57,330	53,330
Trade and other payables	133,835	151,230	162,810
Lease liabilities	28,411	27,222	25,294
Other financial liabilities	29,975	28,362	28,262
Income taxes payable	1,527	7,183	11,576
Provisions	2,397	2,487	785
Other current liabilities	58,276	57,445	59,280
Total current liabilities	317,953	331,261	341,341
Non-current liabilities			
Bonds and borrowings	185,593	156,618	136,728
Lease liabilities	136,414	123,228	148,225
Other financial liabilities	35,290	34,798	33,368
Retirement benefit liability	16,754	15,980	15,369
Provisions	8,699	6,746	5,905
Deferred tax liabilities	48,366	51,439	59,519
Other non-current liabilities	469	419	453
Total non-current liabilities	431,589	389,232	399,570
Total liabilities	749,542	720,494	740,911
Equity			
Share capital	31,974	31,974	31,974
Capital surplus	189,068	189,172	188,081
Treasury shares	(14,466)	(14,231)	(23,940)
Other components of equity	10,654	7,383	14,219
Retained earnings	142,153	167,600	199,311
Total equity attributable to owners of parent	359,385	381,898	409,646
Non-controlling interests	12,025	12,333	13,588
Total equity	371,410	394,232	423,235
Total liabilities and equity	1,120,953	1,114,726	1,164,147

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

J. Front Retailing Co., Ltd. and its consolidated subsidiaries

Consolidated financial years ended February 29, 2024 and February 28, 2025

(Millions of yen)

Consolidated Statement of Profit or Loss	FY2023	FY2024
Revenue	407,006	441,877
Cost of sales	(211,490)	(229,281)
Gross profit	195,516	212,596
Selling, general and administrative expenses	(151,185)	(159,106)
Other operating income	3,673	11,831
Other operating expenses	(4,955)	(7,122)
Operating profit	43,048	58,199
Finance income	1,609	781
Finance costs	(4,847)	(4,270)
Share of profit (loss) of investments accounted for using equity method	1,532	1,074
Profit before tax	41,343	55,785
Income tax expenses	(11,096)	(14,273)
Profit	30,247	41,512
Profit attributable to:		
Owners of parent	29,913	41,424
Non-controlling interests	333	87
Profit	30,247	41,512
Earnings per share		
Basic earnings per share (Yen)	114.06	160.35
Diluted earnings per share (Yen)	114.06	160.15

Consolidated Statement of Comprehensive Income	FY2023	FY2024
Profit	30,247	41,512
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,638)	6,717
Remeasurements of defined benefit plans	2,276	1,135
Share of other comprehensive income of investments accounted for using equity method	(75)	0
Total of items that will not be reclassified to profit or loss	562	7,852
Items that may be reclassified to profit or loss		
Cash flow hedges	20	(46)
Exchange differences on translation of foreign operations	103	213
Share of other comprehensive income of investments accounted for using equity method	1	(2)
Total of items that may be reclassified to profit or loss	126	164
Other comprehensive income, net of tax	688	8,017
Comprehensive income	30,935	49,529
Comprehensive income attributable to:		
Owners of parent	30,561	49,426
Non-controlling interests	373	102
Comprehensive income	30,935	49,529

Consolidated Statement of Changes in Equity

J. Front Retailing Co., Ltd. and its consolidated subsidiaries

Consolidated financial years ended February 29, 2024 and February 28, 2025

(Millions of yen)

	Equity attributable to owners of parent					
				Other components of equity		
	Share capital	Capital surplus	Treasury shares	Exchange differences on translation of foreign operations	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance at March 1, 2023	31,974	189,068	(14,466)	209	(2)	10,448
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	105	20	(1,647)
Total comprehensive income	—	—	—	105	20	(1,647)
Purchase of treasury shares	—	—	(7)	—	—	—
Disposal of treasury shares	—	(0)	0	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	104	240	—	—	—
Changes due to capital increase of consolidated subsidiaries	—	—	—	—	—	—
Changes in ownership interests in subsidiaries	—	0	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(1,749)
Total transactions with owners	—	103	234	—	—	(1,749)
Balance at February 29, 2024	31,974	189,172	(14,231)	314	17	7,050
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	211	(46)	6,716
Total comprehensive income	—	—	—	211	(46)	6,716
Purchase of treasury shares	—	(117)	(11,458)	—	—	—
Dividends	—	—	—	—	—	—
Share-based payment transactions	—	(973)	1,749	—	—	—
Changes due to capital increase of consolidated subsidiaries	—	—	—	—	—	—
Changes arising from obtaining of control of subsidiaries	—	—	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—	(45)
Total transactions with owners	—	(1,090)	(9,708)	—	—	(45)
Balance at February 28, 2025	31,974	188,081	(23,940)	525	(29)	13,722

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity		Retained earnings	Total		
	Remeasurements of defined benefit plans	Total				
Balance at March 1, 2023	—	10,654	142,153	359,385	12,025	371,410
Profit	—	—	29,913	29,913	333	30,247
Other comprehensive income	2,169	648	—	648	40	688
Total comprehensive income	2,169	648	29,913	30,561	373	30,935
Purchase of treasury shares	—	—	—	(7)	—	(7)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	(8,386)	(8,386)	(64)	(8,450)
Share-based payment transactions	—	—	—	344	—	344
Changes due to capital increase of consolidated subsidiaries	—	—	—	—	6	6
Changes in ownership interests in subsidiaries	—	—	—	0	(7)	(6)
Transfer from other components of equity to retained earnings	(2,169)	(3,919)	3,919	—	—	—
Total transactions with owners	(2,169)	(3,919)	(4,466)	(8,048)	(65)	(8,113)
Balance at February 29, 2024	—	7,383	167,600	381,898	12,333	394,232
Profit	—	—	41,424	41,424	87	41,512
Other comprehensive income	1,120	8,002	—	8,002	15	8,017
Total comprehensive income	1,120	8,002	41,424	49,426	102	49,529
Purchase of treasury shares	—	—	—	(11,575)	—	(11,575)
Dividends	—	—	(10,879)	(10,879)	(64)	(10,943)
Share-based payment transactions	—	—	—	776	—	776
Changes due to capital increase of consolidated subsidiaries	—	—	—	—	5	5
Changes arising from obtaining of control of subsidiaries	—	—	—	—	1,210	1,210
Transfer from other components of equity to retained earnings	(1,120)	(1,166)	1,166	—	—	—
Total transactions with owners	(1,120)	(1,166)	(9,712)	(21,678)	1,151	(20,526)
Balance at February 28, 2025	—	14,219	199,311	409,646	13,588	423,235

Consolidated Statement of Cash Flows

J. Front Retailing Co., Ltd. and its consolidated subsidiaries

Consolidated financial years ended February 29, 2024 and February 28, 2025

(Millions of yen)

	FY2023	FY2024
Cash flows from (used in) operating activities		
Profit before tax	41,343	55,785
Depreciation and amortization expense	46,492	45,593
Impairment loss	2,310	2,689
Finance income	(1,609)	(781)
Finance costs	4,847	4,270
Share of loss (profit) of investments accounted for using equity method	(1,532)	(1,074)
Loss (gain) on sales of non-current assets	(757)	(140)
Loss on disposals of non-current assets	1,302	2,699
Loss (gain) on step acquisitions	—	(8,525)
Decrease (increase) in inventories	3,748	2,530
Decrease (increase) in trade and other receivables	(13,010)	(16,567)
Increase (decrease) in trade and other payables	18,001	11,157
Increase (decrease) in retirement benefit liabilities	(773)	(616)
Decrease (increase) in retirement benefit assets	(2,306)	(787)
Other, net	(812)	181
Subtotal	97,245	96,415
Interest received	150	186
Dividends received	899	129
Interest paid	(4,803)	(4,223)
Income taxes paid	(4,679)	(10,390)
Income taxes refund	1,880	3,695
Net cash flows from (used in) operating activities	90,692	85,812
Cash flows from (used in) investing activities		
Purchase of property, plant and equipment	(7,030)	(14,412)
Proceed from sales of property, plant and equipment	241	182
Purchase of investment property	(1,594)	(1,216)
Proceeds from sales of investment property	4,014	—
Purchase of intangible assets	(2,863)	(2,574)
Purchase of investment securities	(1,885)	(6,641)
Proceeds from sales of investment securities	22,179	1,699
Proceeds from refund of guarantee deposits	2,422	3,645
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(6,220)
Other, net	(2,054)	(2,771)
Net cash flows from (used in) investing activities	13,429	(28,308)
Cash flows from (used in) financing activities		
Net increase (decrease) in current borrowings	(9,100)	—
Proceeds from non-current borrowings	3,400	8,500
Repayments of non-current borrowings	(29,530)	(12,430)
Redemption of bonds	—	(20,000)
Repayments of lease liabilities	(29,088)	(27,590)
Purchase of treasury shares	(8)	(11,575)
Dividends paid	(8,362)	(10,847)
Dividends paid to non-controlling interests	(64)	(64)
Other, net	6	5
Net cash flows from (used in) financing activities	(72,746)	(74,001)
Net increase (decrease) in cash and cash equivalents	31,375	(16,498)
Cash and cash equivalents at beginning of period	39,874	71,342
Effect of exchange rate changes on cash and cash equivalents	92	130
Cash and cash equivalents at end of period	71,342	54,975

Group Companies (as of September 1, 2025)

Department Store Business

Daimaru Matsuzakaya Department Stores Co. Ltd.

Location: 18-11, Kiba 2-chome, Koto-ku, Tokyo 135-0042
Capital: ¥10 billion Investment ratio: 100%
https://www.daimaru-matsuzakaya.com

Daimaru Osaka Shinsaibashi Store
Location: 7-1, Shinsaibashisuji 1-chome, Chuo-ku, Osaka 542-8501
Opened (present location): November 1726

Daimaru Osaka Umeda Store
Location: 1-1, Umeda 3-chome, Kita-ku, Osaka 530-8202
Opened: April 1983

Daimaru Tokyo Store
Location: 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-6701
Opened: October 1954

Daimaru Kyoto Store
Location: 79, Tachiuri Nishimachi, Shijo-dori Takakura Nishi-iru, Shimogyo-ku, Kyoto 600-8511
Opened (present location): October 1912

Daimaru Kobe Store
Location: 40, Akashimachi, Chuo-ku, Kobe, Hyogo 650-0037
Opened (present location): April 1927

Daimaru Sapporo Store
Location: 7, Nishi 4-chome, Kita 5-jo, Chuo-ku, Sapporo, Hokkaido 060-0005
Opened: March 2003

Matsuzakaya Nagoya Store
Location: 16-1, Sakae 3-chome, Naka-ku, Nagoya, Aichi 460-8430
Opened: March 1910

Matsuzakaya Ueno Store
Location: 29-5, Ueno 3-chome, Taito-ku, Tokyo 110-8503
Opened: April 1768

Daimaru Suma Store
Location: 2-4, Nakaochiai 2-chome, Suma-ku, Kobe, Hyogo 654-0154
Opened: March 1980

Daimaru Ashiya Store
Location: 1-31, Funato-cho, Ashiya, Hyogo 659-0093
Opened: October 1980

Daimaru Shimonoseki Store
Location: 4-10, Takezaki-cho 4-chome, Shimonoseki, Yamaguchi 750-0025
*The Shimonoseki Daimaru, Inc. was merged into Daimaru Matsuzakaya Department Stores Co. Ltd. and renamed Daimaru Shimonoseki Store on March 1, 2020.

Matsuzakaya Shizuoka Store
Location: 10-2, Miyuki-cho, Aoi-ku, Shizuoka 420-8560
Opened: November 1932

Matsuzakaya Takatsuki Store
Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Opened: November 1979

Corporate Sales Division
Location: 6th Fl., Kuromon Annex, Matsuzakaya Ueno Store, 18-6, Ueno 3-chome, Taito-ku, Tokyo 110-0005

The Hakata Daimaru, Inc.

Location: 4-1, Tenjin 1-chome, Chuo-ku, Fukuoka 810-8717
Capital: ¥3,037 million Investment ratio: 69.9%
https://www.daimaru.co.jp/fukuoka/index.html

Shinsaibashi Kyodo Center Building K.K.

Location: 6-27, Shinsaibashisuji 1-chome, Chuo-ku, Osaka 542-0085
Capital: ¥50 million Investment ratio: 100%

Kochi Daimaru Co., Ltd.

Location: 6-1, Obiyamachi 1-chome, Kochi 780-8566
Capital: ¥300 million Investment ratio: 100%
https://www.kochi-daimaru.co.jp/

SC Business

Parco Co., Ltd. (Shopping center business)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Capital: ¥34,367 million Investment ratio: 100%
https://www.parco.co.jp/

Parco Digital Marketing Co., Ltd. (Internet-related business)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Capital: ¥10 million Investment ratio: 100%
https://www.parco-digital.co.jp/

Parco (Singapore) Pte Ltd (Shopping center business)

Location: 1 Wallich Street, #14-01 GUOCO Tower Singapore 078881
Capital: S$4.5 million Investment ratio: 100%

Developer Business

J. Front City Development Co., Ltd. (Developer business)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Capital: ¥110 million Investment ratio: 100%
https://jfcd.co.jp/

Parco Space Systems Co., Ltd. (Space engineering and management business)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Capital: ¥100 million Investment ratio: 100%
https://www.parco-space.co.jp/

J. Front Design & Construction Co., Ltd.
(Construction contracting, furniture manufacturing and sales)

Location: 16th & 17th Fls., Harumi Island Triton Square Office Tower W, 8-8, Harumi 1-chome, Chuo-ku, Tokyo 104-0053
Location: 2nd Fl., Nomura Fudosan Osaka Bldg. 8-15, Azuchimachi 1-chome, Chuo-ku, Osaka 541-0052
Capital: ¥100 million Investment ratio: 100%
https://www.jfdc.co.jp/

Payment and Finance Business

JFR Card Co., Ltd. (Payment and finance business)

Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Location: 9th Fl., Nihon Seimei Nihonbashi Bldg., 13-12, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-0027
Capital: ¥100 million Investment ratio: 100%
https://www.jfr-card.co.jp/

Other

Daimaru Kogyo, Ltd. (Wholesale business)

Location: Yushutsu Seni Kaikan, 4-9, Bingomachi 3-chome, Chuo-ku, Osaka 541-0051
Capital: ¥1.8 billion Investment ratio: 100%
https://www.daimarukogyo.co.jp/

Daimaru Kogyo International Trading (Shanghai) Co., Ltd. (Wholesale business)

Location: 6th Fl., Heng Seng Bank Tower, 1000 Lujiazui Ring Rd., Pudong New Area, Shanghai, China
Capital: US$2 million Investment ratio: 100%

Daimaru Kogyo (Thailand) Co., Ltd. (Wholesale business)

Location: Unit 1902, 19th Fl., Sathorn Square Office Building, 98 North Sathorn, Kwaeng Silom, Khet Bangrak, Bangkok 10500, Thailand
Capital: THB202 million Investment ratio: 99.9%

Consumer Product End-Use Research Institute Co., Ltd.
(Merchandise test and quality control)

Location: 20th & 21st Fls., Edobori Center Bldg., 1-1, Edobori 2-chome, Nishi-ku, Osaka 550-0002
Location: 2nd Fl., Kuromon Annex, Matsuzakaya Ueno Store, 18-6, Ueno 3-chome, Taito-ku, Tokyo 110-0005
Location: 10th Fl., Matsuzakaya Park Place, 2-36, Sakae 5-chome, Naka-ku, Nagoya, Aichi 460-0008
Capital: ¥100 million Investment ratio: 100%
https://www.shoukaken.co.jp/

JFR & Komehyo Partners Co., Ltd. (Reuse business)

Location: 24-4, Kanda Suda-cho 1-chome, Chiyoda-ku, Tokyo 101-0041
Capital: ¥300 million Investment ratio: 51%
https://jfkp.co.jp/

Angel Park Co., Ltd. (Parking)

Location: 16-10, Sakae 3-chome, Naka-ku, Nagoya, Aichi 460-0008
Capital: ¥400 million Investment ratio: 50.2%
http://www.angelpark.co.jp/

J. Front One Partner Co. Ltd.
(Commissioned back-office service and leasing)

Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Capital: ¥100 million Investment ratio: 100%

JFR Information Center Co., Ltd. (Information service)

Location: 3-24, Osaka 1-chome, Tennoji-ku, Osaka 543-0062
Capital: ¥10 million Investment ratio: 100%
https://www.jfr-ic.jp/

Daimaru Matsuzakaya Tomonokai Co., Ltd.
(Specified prepaid transaction service)

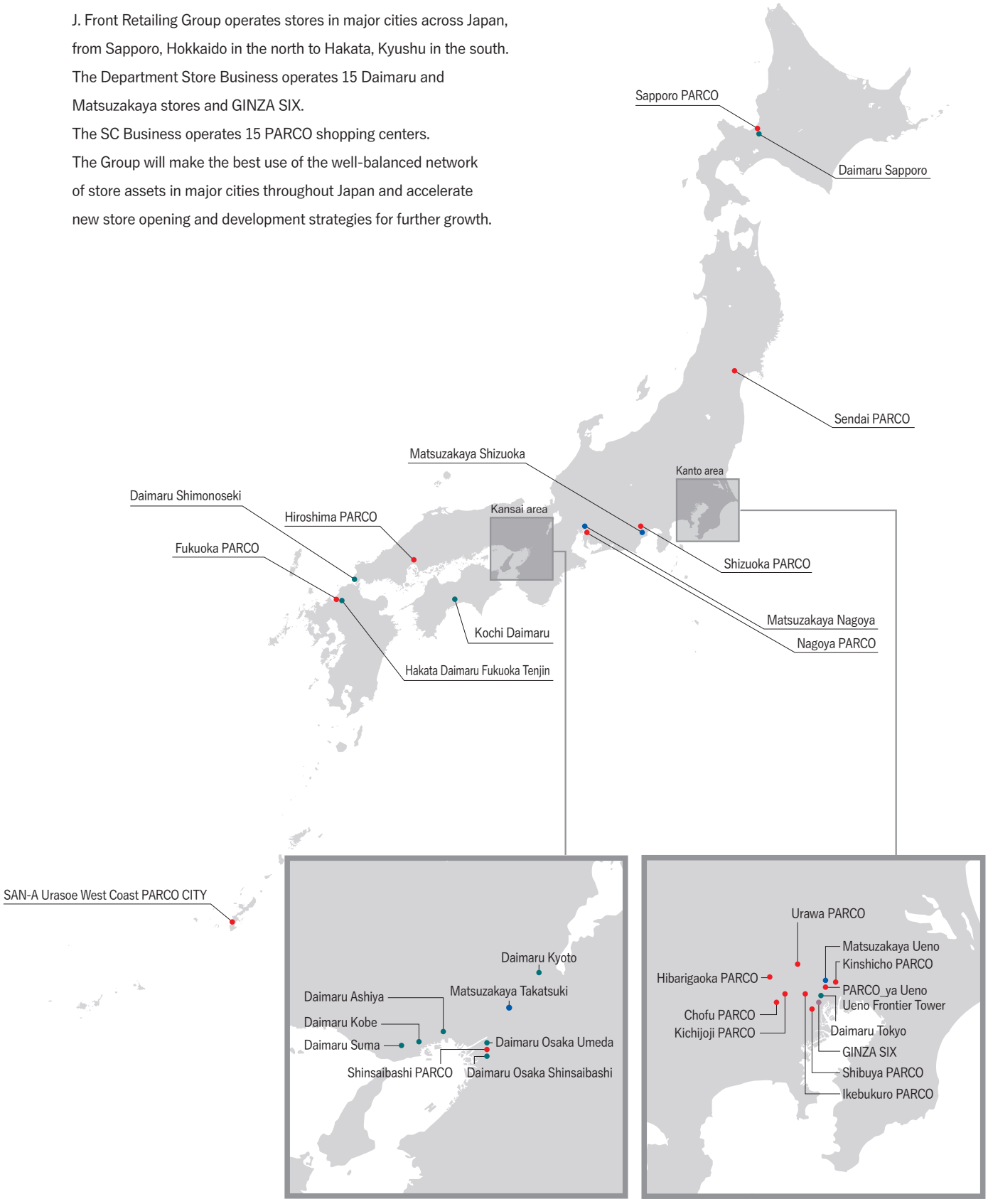
Location: 2-1, Konyamachi, Takatsuki, Osaka 569-8522
Capital: ¥100 million Investment ratio: 100%
http://www.dmtomonokai.co.jp/

XENOZ Co., Ltd.
(Esports team management and event management)

Location: Shibuya First Place Bldg., 8-16, Shinsen-cho, Shibuya-ku, Tokyo 150-0045
Capital: ¥100 million Investment ratio: 51.6%
https://xenoz.co.jp/

Daimaru, Matsuzakaya, and PARCO Cover Major Big Cities across Japan

J. Front Retailing Group operates stores in major cities across Japan, from Sapporo, Hokkaido in the north to Hakata, Kyushu in the south. The Department Store Business operates 15 Daimaru and Matsuzakaya stores and GINZA SIX. The SC Business operates 15 PARCO shopping centers. The Group will make the best use of the well-balanced network of store assets in major cities throughout Japan and accelerate new store opening and development strategies for further growth.



Daimaru and Matsuzakaya Stores (as of June 30, 2025)



Daimaru Osaka Shinsaibashi
(Floor space: 46,490 ㎡)



Daimaru Kyoto
(Floor space: 50,830 ㎡)



Daimaru Osaka Umeda
(Floor space: 64,000 ㎡)



Daimaru Kobe
(Floor space: 50,656 ㎡)



Daimaru Tokyo
(Floor space: 46,000 ㎡)



Daimaru Sapporo
(Floor space: 45,000 ㎡)



Daimaru Suma
(Floor space: 13,076 ㎡)



Daimaru Shimonoseki
(Floor space: 23,912 ㎡)



Daimaru Ashiya
(Floor space: 3,395 ㎡)



Kochi Daimaru
(Floor space: 15,376 ㎡)



Hakata Daimaru Fukuoka Tenjin
(Floor space: 44,192 ㎡)



Matsuzakaya Nagoya
(Floor space: 86,758 ㎡)



Matsuzakaya Takatsuki
(Floor space: 17,387 ㎡)



Matsuzakaya Ueno
(Floor space: 21,759 ㎡)



Matsuzakaya Shizuoka
(Floor space: 25,452 ㎡)



GINZA SIX
(Floor space: 47,000 ㎡)

PARCO Stores (as of June 30, 2025)



Sapporo PARCO
3-3, Minami 1-jo Nishi, Chuo-ku, Sapporo, Hokkaido
B2F-8F
Opened: August 24, 1975



Sendai PARCO
1-2-3, Chuo, Aoba-ku, Sendai, Miyagi
Main Building: B1F-9F
Opened: August 23, 2008
Sendai PARCO 2: 1F-9F
3-7-5, Chuo, Aoba-ku, Sendai, Miyagi
Opened: July 1, 2016



Urawa PARCO
11-1, Higashitakasago-cho, Urawa-ku, Saitama
B1F-7F
Opened: October 10, 2007



Hibarigaoka PARCO
1-1-1, Hibarigaoka, Nishitokyo, Tokyo
B1F-5F
Opened: October 8, 1993



Ikebukuro PARCO
1-28-2, Minami-Ikebukuro, Toshima-ku, Tokyo
Main Building: B2F-8F
Opened: November 23, 1969
P'PARCO: B2F-8F
Opened: March 10, 1994



PARCO_ya Ueno
3-24-6, Ueno, Taito-ku, Tokyo
B1F-6F
Opened: November 4, 2017
Toho Cinemas: 7F-10F



Kichijoji PARCO
1-5-1, Kichijojihoncho, Musashino,Tokyo
B2F-8F
Opened: September 21, 1980



Shibuya PARCO
15-1, Udagawa-cho, Shibuya-ku, Tokyo
B1F-10F
Opened: August 8, 1973
Reopened: November 22, 2019



Kinshicho PARCO
4-27-14, Kotobashi, Sumida-ku, Tokyo
B1F-7F
Opened: March 16, 2019



Chofu PARCO
1-38-1, Kojima-cho, Chofu, Tokyo
B1F-10F
Opened: May 25, 1989



Shizuoka PARCO
6-7, Koyamachi, Aoi-ku, Shizuoka
B1F-8F
Opened: March 15, 2007



Nagoya PARCO
3-29-1, Sakae, Naka-ku, Nagoya, Aichi
West Building: B1F-11F
East Building: B1F-8F
Opened: June 29, 1989
South Building: B1F-10F
Opened: November 6, 1998
PARCO midi: 1F-3F
Opened: March 27, 2015



Shinsaibashi PARCO
1-8-3, Shinsaibashisuji, Chuo-ku, Osaka
B2F-14F
Opened: November 20, 2020



Hiroshima PARCO
10-1, Hondori, Naka-ku, Hiroshima
Main Building: B1F-10F
Opened: April 9, 1994
New Building: B1F-9F
Opened: September 21, 2001



Fukuoka PARCO
2-11-1, Tenjin, Chuo-ku, Fukuoka
Main Building: B1F-8F
Opened: March 19, 2010
New Building: B2F-6F
Opened: November 13, 2014

Overseas Office and Company

Paris Representative Office

- 21 rue Auber, 75009 Paris, France
- Phone : +33-1-4574-2151

Daimaru Matsuzakaya Department Stores (Shanghai) Consulting Co., Ltd.

- Huaxin Haixin Building 13F Rm-15A1, 666 Fuzhou Rd, Shanghai 200001, China
- Phone : +86-21-6248-1538

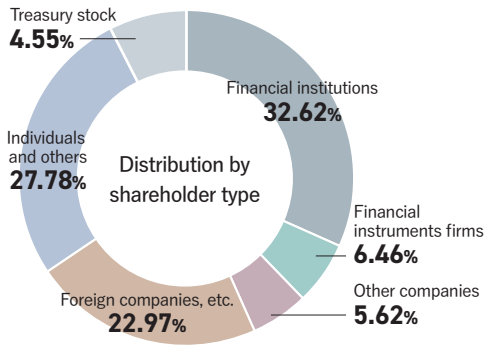
Share Information and Corporate Information (as of February 28, 2025)

Status of Shares

Number of shares authorized : 1,000,000,000 shares
Number of shares issued : 270,565,764 shares
Stock code : 3086
Stock exchange listings : Tokyo and Nagoya
Transfer agent : Mitsubishi UFJ Trust and Banking Corporation
Number of shareholders : 180,670 people

Name of shareholder	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,036	14.34
Custody Bank of Japan, Ltd. (Trust Account)	19,927	7.72
STATE STREET BANK AND TRUST COMPANY 505018	11,706	4.53
Nippon Life Insurance Company	9,828	3.81
JP Morgan Securities Japan Co., Ltd.	6,439	2.49
J. Front Retailing Kyoei Supplier Shareholding Association	6,212	2.41
SMBC Nikko Securities Inc.	4,934	1.91
Custody Bank of Japan, Ltd. (Trust Account 4)	3,830	1.48
The Dai-ichi Mutual Life Insurance Company	3,439	1.33
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	3,311	1.28

*Shareholding ratio is calculated by deducting treasury stock (12,323,000 shares). The said treasury stock does not include the Company's shares held by the BIP Trust.



Distribution by shareholder type	Number of shareholders (People)	Number of shares (1,000 shares)	Ratio (%)
Government and local public entities	—	—	—
Financial institutions	52	88,242	32.62
Financial instruments firms	40	17,489	6.46
Other companies	1,071	15,196	5.62
Foreign companies, etc.	629	62,158	22.97
Individuals and others	178,877	75,155	27.78
Treasury stock	1	12,323	4.55

*Unit shareholders

Company Profile

Company name : J. Front Retailing Co., Ltd.
Main store : 10-1, Ginza 6-chome, Chuo-ku, Tokyo
Office : Shinagawa Season Terrace, 2-70, Konan 1-chome, Minato-ku, Tokyo (Relocated on August 29, 2022)
Established : September 3, 2007
Capital : ¥31,974 million
The Group's business lines : Department store operation; retail; restaurants; wholesale; import and export; design, supervision, and contracting of construction works; direct marketing; credit cards; merchandise inspection and consulting; and others
Number of employees (consolidated) : 5,343 people (as of February 28, 2025)
Note: In addition to the above, there are 1,959 dedicated employees and fixed-term employees.
URL : https://www.j-front-retailing.com/english/

3

Values

3

Synergies

1

As

Create and Bring to Life
"New Happiness."

J. FRONT RETAILING

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