

J. FRONT RETAILING

Integrated Report 2026

Time for a Change

The Power to Break Through

Create and Bring to Life "New Happiness."



J. FRONT RETAILING



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.” “First and foremost, we should be honest and full of compassion.” “No matter how talented they may be, people who lack integrity are of no use.” Thus, at Daimaru, its employees have been told to keep a humble attitude to serve customers. At Matsuzakaya, the spirit of “Abjure All Evil and Practice All Good” has been valued. In modern terms, they translate to “customer-first philosophy” and “contribution to society,” meaning that thoroughly considering and acting on behalf of all stakeholders ultimately leads to business growth.

While lifestyles and ways of enjoying life are becoming increasingly diverse, providing our customers with high-quality value that keeps pace with changing times remains our social role, both in the past and present.

More convenient, more comfortable.

More fun, more exciting.

We believe “Creating Shared Value (CSV)” to solve social issues through business activities is nothing less than practicing the Corporate Credo of the J. Front Retailing Group (“the Group” or “the JFR Group”) 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 respond promptly to 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)

▶ 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.

Introduction

- 1 Our Values
- 4 History

1

Create and Bring to Life “New Happiness.”

- 8 Top Message
- 14 Sustainability Management
- 18 Value Creation Process

2

Business Strategies for Discontinuous Growth

- 20 Special Report: SAKAE as a PLATFORM
- 26 Medium-term Business Plan
- 28 Financial Strategy
- 32 Human Resources Strategy
- 36 System Strategy
- 38 Key Strategy
- 44 COLUMN: Reaching the Premium and Inspiring Consumer Segment

3

Business Portfolio

- 46 At a Glance
- 48 Department Store Business
- 50 SC Business
- 52 Developer Business
- 54 Payment and Finance Business
- 55 New Business and Group Companies

4

Foundation for Value Creation

- 56 Sustainability
- 68 Corporate Governance
- 82 Directors and Executive Officers

5

Data Section

- 84 10-Year Data (Financial/Non-financial)
- 86 10-Year Data (Sustainability)
- 88 Stores
- 90 Share Information and Corporate Information

On the Publication of the Integrated Report 2026



INAGAMI Hajime

Executive Officer
Senior General Manager
Corporate Communications Division
J. Front Retailing Co., Ltd.

We would like to express our sincere gratitude for your continued understanding and support of the Group's business activities.

This integrated report is published with the aim of explaining, from both financial and non-financial perspectives, how we intend to transform into a “Value Co-creation Retailer Group” based on our sustainability management, which seeks to balance the realization of a sustainable society with the enhancement of corporate value.

Amid a highly uncertain business environment, in order to fully leverage our diverse customer base built up over the years, our distinctive network of stores tailored to regional characteristics, and our connections with local communities and business partners, we are uniting as a group more than ever before and steadily advancing initiatives to create three co-creation values (Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment), while investing in our businesses and people, enhancing governance, and implementing responsible environmental and social initiatives.

In this report, we have made every effort to disclose information, including our medium- to long-term value creation stories, our approach to risks and key challenges, progress on the Medium-term Business Plan, and our future outlook, in as clear and understandable a manner as possible. We will incorporate the insights gained through constructive dialogue with our stakeholders into our management practices to become a corporate group that meets the trust and expectations of our many stakeholders, including shareholders and investors.

We would appreciate your candid feedback.

Survey on the integrated report

<https://forms.office.com/r/ZsbqzUpyrF>



About the cover

To ensure that the Group remains a valued part of society, we must prioritize three co-creation values (Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment), three synergies (areas, customers, and content), and the Group's unity as one. The design of this issue's cover expresses the Group's aspiration to evolve into a Value Co-creation Retailer Group through this “3-3-1” framework.

Editorial policy

This integrated report is published to provide a deeper understanding of the initiatives the J. Front Retailing Group is undertaking to change its business portfolio for sustainable growth of corporate value. The report explains the values, vision, value creation process, and business model of J. Front Retailing (“the Company” or “JFR”), 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. In preparing this report, we have referred to the IFRS Foundation's “Integrated Reporting Framework” and the “Guidance for Collaborative Value Creation” advocated by the Ministry of Economy, Trade and Industry.



Reporting period

This report primarily covers fiscal year 2025 (March 1, 2025–February 28, 2026), but also includes the latest available information as of the date of publication, to the extent possible.

Scope of organizations

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

Cautionary statement regarding forward-looking statements

The performance forecasts and forward-looking statements contained in this integrated report are based on the Company's judgment using information currently available and involve inherent risks, uncertainties, and other factors. Therefore, please be aware that actual results may differ significantly from these forecasts due to changes in various factors.

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.

Their long journey spanning 300 or 400 years was by no means smooth.

They converted to department store operators 100 years ago after overcoming a number of crises and expanding their stores.

By maintaining unchanging values while continuously adapting to changing times, they truly embody “sustainability.”



1717

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

1700-

1726

Opened Osaka store “Matsuya” in Shinsaibashisuji, Osaka, and began cash-only, fixed-price sales (current location of Shinsaibashi store).

1728

Opened Nagoya store in Honmachi 4-chome, Nagoya, and it was the first to be called “Daimaruya” (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 Funayacho, Higashinotoin, Kyoto.

1743

Opened Edo store in Odenmacho 3-chome, Edo (closed in 1910).

1757

Built the Kiba Villa on the banks of the Han'ei Bridge in Kiba 4-chome, Fukagawa, Edo, and enshrined the Han'ei Inari Shrine on the premises (still standing in the Core Building).

1787

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



1611

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

1600-

1659

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

1700-

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.



1800-

1837

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

1900-

1907

Established Kabushiki Goshi Kaisha Daimaru Gofukuten with a capital of ¥500,000.

1908

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

1912

Opened new three-story reinforced wooden Kyoto store on Shijo-dori (current location) as a department store.

1913

Revised and registered the trademark.

1920

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

1922

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

1927

Opened the department store's first Dyeing and Hygiene Testing Laboratory (now Consumer End-Use Research Institute) in Osaka store (now Shinsaibashi store).

1928

Changed the company name to Kabushiki Kaisha Daimaru.

1953

Signed an exclusive contract with Christian Dior, marking the first partnership with a foreign designer in Japan.

1959

Launched private label men's clothing “Trojan.”

1961

Achieved the highest sales in Japan's retail industry (consecutively from H2 of 1960 to H2 of 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 reopening.

1999

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

2000-

2003

Sapporo store opened.

2007

Merged with Matsuzakaya Holdings Co., Ltd. and established a holding company J. Front Retailing Co., Ltd.

1800-

1805

Opened a cotton wholesale store Kamedana in Odenmachi, 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.

1900-

1907

Reorganized Ueno store into Goshi Kaisha Matsuzakaya Ito Gofukuten.

1910

Established Kabushiki Kaisha Ito Gofukuten (capital: ¥500,000) and opened a department store in Sakaemachi, Nagoya.

1917

Completed the new main building of Ueno store.

1923

Osaka store (Nipponbashisuji) reopened (relocated to Tenmabashi in 1966, closed in 2004).

1924

Ginza store opened.

1957

Designated cattleya as a symbol flower.

1972

Added the north wing to Nagoya store.

1991

Added the south wing to Nagoya store and opened “Matsuzakaya Museum.”

2000-

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

Merged 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 1990s and there was an urgent need for industry reorganization.

Against this backdrop, Daimaru and Matsuzakaya Holdings carried out management integration to expand both companies' strengths and achieve renewed growth.

Furthermore, to expand its retail operations, the Company made Parco a consolidated subsidiary in 2012 and made it a wholly owned subsidiary in 2020.

A genuine fusion of diverse cultures is taking place right now.

Phase of Business Integration and Reorganization

2007▶2013

2007

Daimaru Tokyo store relocated and expanded in Phase I.

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.

Opened the north wing of Daimaru Shinsaibashi store.

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

2010

The Daimaru, Inc. and Matsuzakaya Co., Ltd. merged to form 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. was spun off to establish Daimaru Matsuzakaya Sales Associates Co. Ltd.

Daimaru Tokyo store expanded in Phase II.

2013

Sold all shares of Peacock Store Ltd., a supermarket operator, to Aeon Co., Ltd.

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

Phase of Building Foundations

2014▶2016

2014

FY2014–FY2016 Medium-term Business Plan started.

Became affiliated with Rakuten R-Point Card service.

Opened the new building of Fukuoka PARCO.

Invested in Cool Japan Fund.

2015

Increased floor space of the main building of Fukuoka PARCO.

Opened Nagoya PARCO midi.

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

Opened Shanghai New World Daimaru Department Store.

Decided to rebuild the main building of Daimaru Shinsaibashi store.

Invested in Scrum Ventures.

2016

Decided to rebuild Shibuya PARCO.

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

Opened Sendai PARCO 2.

Opened Daimaru Kyoto store Gion Machiya.



2007

The Daimaru, Inc. and
Matsuzakaya Holdings Co., Ltd. merged to
form J. Front Retailing Co., Ltd.



J. FRONT RETAILING



Phase of Changing the Business Structure

Phase of Promoting the Portfolio Transformation

Phase of Change

2017 ▶ 2020

2017

FY2017–FY2021 Medium-term Business Plan started.
Voluntarily adopted the International Financial
Reporting Standards (IFRS).
Transferred the business of JFR Online Co. Ltd.
Opened GINZA SIX.
Transitioned to a Company with Three Committees
(Nomination, Audit, and Remuneration Committees).
Transferred shares of Forest Co., Ltd.
Opened Ueno Frontier Tower and PARCO_ya Ueno.
JFR PLAZA Inc. was dissolved and liquidated.

2018

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

2019

Opened Kinshicho PARCO.
Opened SAN-A Urasoe West Coast PARCO CITY.
Opened the new main building of Daimaru
Shinsaibashi store.
Opened new Shibuya PARCO.
Commenced TOB to convert Parco Co., Ltd.
into a wholly owned subsidiary.

2020

Daimaru Matsuzakaya Department Stores Co.
Ltd. absorbed The Shimonoseki Daimaru, Inc.
and converted it into a directly managed store.
Converted Parco Co., Ltd. into a wholly owned
subsidiary.
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.
Opened Shinsaibashi PARCO in the north wing
of Shinsaibashi store.

2021 ▶ 2023

2021

Transferred all shares of J. Front Foods Co.,
Ltd.
FY2021–FY2023 Medium-term Business
Plan started.
Transferred all shares of Neuve A Co., Ltd.
Daimaru Matsuzakaya Department Stores
Co. Ltd. absorbed Daimaru Matsuzakaya
Sales Associates Co. Ltd.

2022

Partially transferred shares of Dimples' Co.,
Ltd.
Established JFR MIRAI CREATORS Fund, a
CVC fund, jointly with Ignition Point Venture
Partners Inc.
Acquired a 50.8% stake in XENZO Co., Ltd.
and converted it into a subsidiary.

2023

Established J. Front City Development Co.,
Ltd.
Invested in Financie, Inc.
Daimaru Matsuzakaya Department Stores
Co. Ltd. signed business partnership
agreement with Central Pattana Public
Company Limited of Central Group in
Thailand.
Excluded StylingLife Holdings Inc. from the
scope of equity method associates.

2024 ▶ 2026

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)
Entered into a comprehensive business
partnership with WealthPark Co., Ltd. (Apr)
Daimaru Matsuzakaya Department Stores Co.
Ltd. acquired shares of Shinsaibashi Kyodo
Center Building K.K., which owns the south
wing of Daimaru Shinsaibashi store, and
converted 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 acquiring
Shinsaibashi Building. (Jan)
Established JFR & KOMEHYO PARTNERS Co.,
Ltd. with Komehyo Co., Ltd. to enter the reuse
business. (Mar)

Terminated business partnership with Shanghai Xin
Wan Commercial Operation Co., Ltd. (Dec)

2026

J. Front City Development Co., Ltd. decided to acquire
Kobe Former Foreign Settlement Building No. 25. (Jan)
J. Front Design & Construction Co., Ltd. and
Parco Space Systems Co., Ltd. merged to form
J. Front Prime Space Co., Ltd. (Mar)
J. Front City Development Co., Ltd. invested
in a special purpose company acquiring Hulic
Minatomirai. (Mar)
Opening QUARTZ SHINSAIBASHI. (Apr to fall)
Opened The Landmark Nagoya Sakae and HAERA. (Jun)



To Achieve Sustainable Growth, We Will Continue to Drive Transformation That Paves the Way for a New Era.

小野 圭一

ONO Keiichi
Director, President and Representative Executive Officer



A Look Back at Our Progress and Retail Growth

A look back at fiscal year 2025

Looking back on the Company's performance in fiscal year 2025, sales to domestic customers in the Department Store Business remained resilient despite rising inflation, thanks to the continued improvement in the employment and income environment and the wealth effect driven by rising stock prices. In addition, while duty-free sales to foreign visitors to Japan declined, partly due to a pullback following the significant growth seen in the previous year, the total sales volume exceeded 110.0 billion yen, which is still significantly higher than pre-pandemic levels. I anticipate continued market growth driven by consumption by domestic high-net-worth individuals, particularly the customers of gaisho (Japanese department store's traditional personal shopping service), and by foreign visitors to Japan. Next, the Shopping Center (SC) Business, centered on Parco, has garnered strong support from customers both in Japan and overseas, thanks in part to the store renovations we have been implementing. Parco's tenant transaction volume exceeded the previous year's figures at all 15 stores. In particular, Shibuya PARCO, which underwent a major renovation, has transformed into a space that embodies the “global niche” concept, and since the renovation was completed, it has posted remarkable results, and I look forward to its future growth. Although the Developer Business saw a decline in revenue due to the reaction against the previous year's results, it was able to steadily advance its operations, including real estate development and interior construction work. In March 2026, “J. Front Prime Space” was launched as an integrated new company handling both interior design and facilities businesses, and further business expansion is anticipated. The Payment and Finance Business faced challenging results as upfront costs were incurred to acquire cardholders following the launch of new cards. However, I believe they are now fully prepared to turn the tide.

As a result, the Group's gross sales for fiscal year 2025 rose by 1.7% to 1,290.4 billion yen, while business profit declined by 5.4% to 50.5 billion yen. In the current environment, where upward pressure on costs is intensifying due to factors such as inflation, achieving profit growth requires generating top-line growth that outpaces the rise in costs. For this reason, I believe this is a critical phase in which

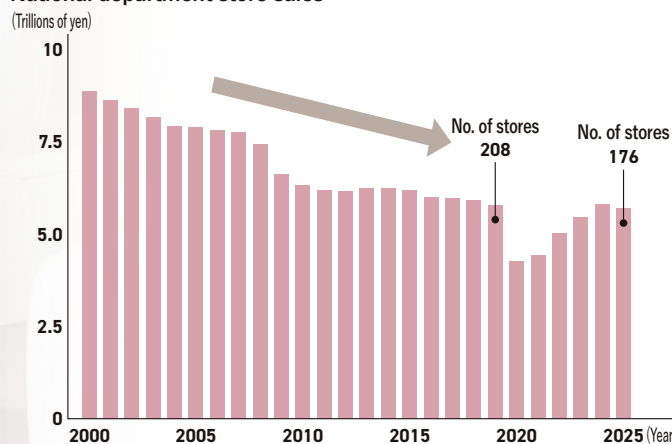
we must steadily make the investments necessary for future growth and significantly increase sales. For fiscal year 2026, the final year of the current Medium-term Business Plan, we will treat it as a transitional year toward rapid growth and will work diligently to both lay the groundwork for future growth and achieve this fiscal year's performance targets.

Pride as a retailer

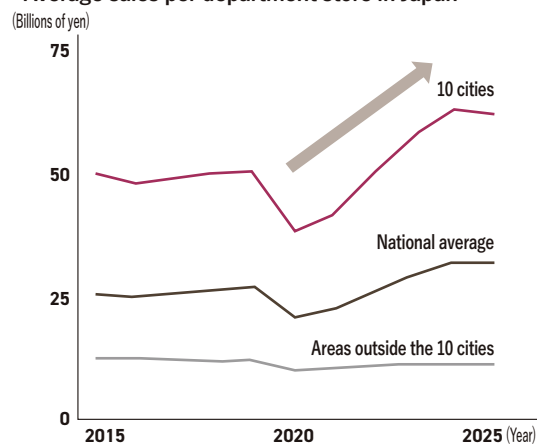
Having achieved a full recovery from the COVID-19 pandemic in fiscal year 2023, we launched the current Medium-term Business Plan, positioning the period starting in fiscal year 2024 as a “phase of change” designed to pave the way for rapid growth in the future. During this period, consolidated business profit exceeded 50.0 billion yen for the second consecutive year, lifting our profit level to a new, higher stage. The primary driver of this was growth in the retail business. The combined business profit from the Department Store and SC Businesses grew significantly from 34.6 billion yen in fiscal year 2023 to 44.9 billion yen in fiscal year 2025. I believe this is a tangible result of the positive challenges each and every one of us has taken on over the years. At the same time, it helped us regain the pride and confidence as retailers, which we had gradually lost over the lost 30 years.

For many years prior to the COVID-19 pandemic, the department store industry as a whole had been experiencing a prolonged period of declining sales. I think there were aspects where we had no choice but to adopt a risk-averse approach in order to maintain our business performance amid declining sales. However, in the wake of the COVID-19 pandemic, the department store industry has been gaining momentum by capturing demand from domestic customers and inbound tourists, particularly at stores in urban areas. I view this as a prime opportunity to take risks and boost our top line, and we must continue to take on proactive challenges. To achieve this, we must also change our mindset. Instead of fearing failure based on the traditional “success or failure” way of thinking, we must shift to a mindset that recognizes “success lies at the end of a series of failures.” This is one of the key themes of the transformation I have in mind. We will solidify our pride as a retailer and achieve our transformation into a Value Co-creation Retailer.

National department store sales



Average sales per department store in Japan





Three Positive Developments and Identified Challenges in the Medium-term Business Plan

Potential of stores and areas

Regarding the strategies we are advancing under the current Medium-term Business Plan, there are three major areas where we are seeing positive results. The first point is expanding the potential of stores and areas. To enhance the appeal of our stores and strengthen their profitability, we have steadily moved forward with major renovations at our flagship stores, such as the Matsuzakaya Nagoya store and Shibuya PARCO. As a result, the Matsuzakaya Nagoya store is driving our business performance, with gaisho sales accounting for more than 50% of total sales, thanks to strong support from wealthy customers. Since the completion of its renovation, Shibuya PARCO has seen tenant transaction volume grow by more than 20% as a one-of-a-kind commercial complex. In addition, the Daimaru Umeda store has decided to undergo a major renovation in 2024 and began the project in fiscal year 2025. Since the renovation will be carried out in phases, the grand reopening is scheduled for 2029. While the negative impact caused by the temporary closure of sales floors will continue for the time being, once the renovation is complete, the store will be reborn as a new, more attractive and profitable location.

With a view to enhancing our presence in key areas, we opened a new commercial complex called “HAERA” in the Sakae area of Nagoya in June this year. By combining the Group’s collective strength, a new luxury mall, neither a department store nor a PARCO, has been created. Following GINZA SIX, HAERA’s creation has enabled us to demonstrate the reproducibility of developing commercial facilities that radiate new appeal and value. Armed with the diversity of the retail sector in the broadest sense and a mindset that refuses to rest on our laurels and instead continually strives to create new value, we aim to expand our potential, focusing primarily on our seven key cities.

In the Sakae area of Nagoya, centered around commercial facilities with distinct charms, such as Matsuzakaya, PARCO, and HAERA, we will further energize the entire area while deepening our collaboration with local partners who have already begun initiatives in the area. We will first increase the transaction volume of the Group’s commercial facilities in the Sakae area to over 200.0 billion yen. I believe that taking a look at the Sakae area will heighten your expectations for the Group’s growth.

We are also moving forward with development plans for the Shinsaibashi area of Osaka and the Hakata Tenjin area of Fukuoka. In April, we opened QUARTZ SHINSAIBASHI in the Shinsaibashi area of Osaka. We also plan to develop the Shinsaibashi Building in 2028. Furthermore, while details remain to be determined, we are also considering the development of the south wing of the Daimaru Shinsaibashi store (Shinsaibashi Kyodo Center Building). Shinsaibashi PARCO, which is currently undergoing a major renovation, will further enhance its appeal this fall, so we want to establish the Group’s overwhelming presence in the Shinsaibashi area as well.

In the Hakata Tenjin area of Fukuoka, Fukuoka PARCO is scheduled to close in February 2027, after which a large-scale redevelopment project integrating the site with the surrounding area will begin. We also expect this project to be completed in the 2030s, and the entire Group will work together to move it forward. In addition, in January 2026, we announced the acquisition of a new property in the Kobe area. With the Daimaru Kobe store as our anchor, we aim to further strengthen our presence in the Former Foreign Settlement area. As such, the Group’s growth potential at the store and regional levels is increasing even further, and we will chart a new growth trajectory.

The Group's customer base

The second point is expanding the Group's customer base. It has been about a year since we completed the consolidation of the Group-branded credit cards, such as the PARCO Card, GINZA SIX Card, and Hakata Daimaru Kujaku Card. During this period, the issuance of new cards has definitely broadened our customer base. In particular, the fact that we have expanded our reach among younger customers in their 20s and 30s is an extremely positive factor for our growth. We will move full steam ahead with initiatives to fully leverage the Group's assets and maximize the lifetime value (LTV) of each and every customer. In addition to continuing to increase our identified domestic customer base, we have launched initiatives to increase the number of identified overseas customers as part of our CRM program targeting inbound tourists. The number of identified overseas customers enrolled in our CRM program targeting inbound tourists is growing faster than initially anticipated. And we expect this to help stabilize the inbound tourism market, which is susceptible to external factors.

Sowing the seeds for new businesses

The third point is the promotion of new businesses. The growth of the existing businesses of Daimaru Matsuzakaya Department Stores and Parco is inevitably constrained by store floor space. So, we are taking on the challenge of building a business model in which we own “content (products for sale),” either through in-house development or external investments, and generate external revenue by selling it outside our own stores. Over the past two years, we have successfully secured content across all three areas we had prioritized from the outset: “products,” “IP,” and “services.” We intend to continue expanding the range of our content and, in the future, grow it to a scale that will have a significant impact on the Group's overall performance.

We have also launched a value-enhancement project for commercial facilities. First, we invested in Hulic Minatomirai, located in Sakuragicho, Yokohama, and were commissioned to provide commercial advisory services. In response to changes in the macroeconomic environment, such as soaring construction costs and

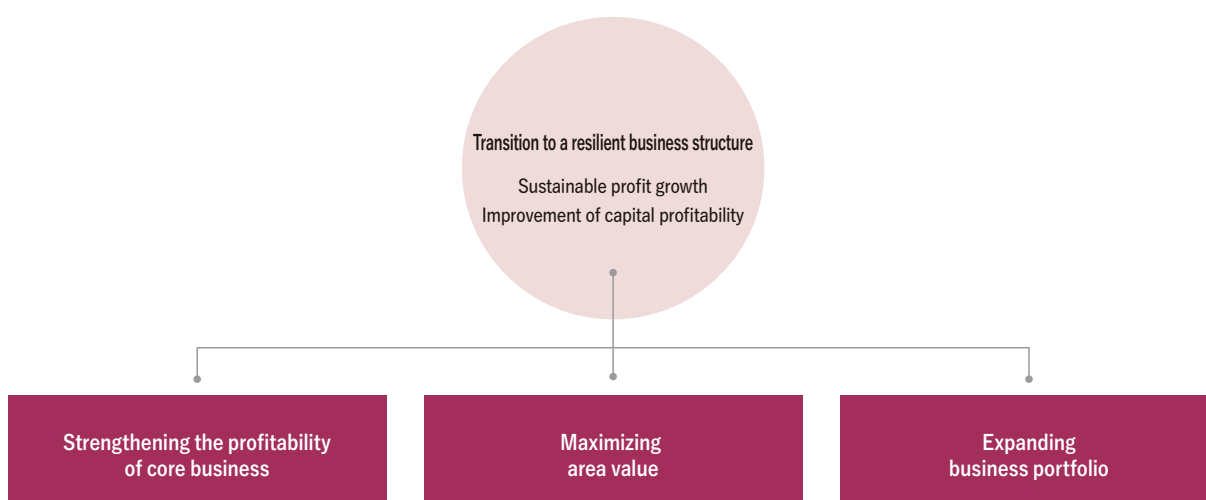
rising interest rates, I believe our real estate business needs to shift its strategy from simply acquiring new land for redevelopment to a business model that leverages the strengths we have cultivated in the commercial sector to generate management fees by enhancing the value of facilities.

Transition to a resilient business structure

While we are seeing these positive results, there are still challenges to be addressed. Above all, the earnings forecasts for fiscal year 2026, including consolidated business profit and ROE, announced in April fall short of the targets set in the current Medium-term Business Plan. Following the achievement of the initial final-year targets in fiscal year 2024, the plan's first year, the targets for the current Medium-term Business Plan were revised upward at the beginning of fiscal year 2025. Subsequently, due to a decline in sales to inbound tourists in the Department Store Business caused by changes in the international situation and other factors, the outlook has become increasingly uncertain.

Given the current environment, in which external conditions are changing dramatically over short periods of time, I recognize that it is essential to build a more resilient business structure in order to achieve sustainable profit growth and improve return on capital. This includes ensuring stable growth in business performance through the expansion of our business portfolio, further streamlining operations in our existing businesses through the use of AI, and enhancing our human resources and organizational capabilities to support future growth. To enhance our ability to adapt to change, both management and frontline staff need to operate at an even faster pace, and we must continue to foster the necessary mindset and implement the necessary systems to achieve this. While we are certainly making progress on these initiatives to strengthen resilience, I believe we have not yet reached a sufficient level.

While continuing our efforts to maximize area value, expand our customer base, and implement new businesses, we will steadily move forward with our transition to a more resilient business structure.



Strengthening the Group's Management Foundation That Supports Our Business

Transformation of the management foundation

We are also driving transformation in the management foundation that underpins our business. I believe that the Group has not yet fully realized its potential, and I see our room for growth precisely in these foundational areas, such as our human resources and organizational structure. I want to create a group where people can freely exchange opinions without being constrained by organizational boundaries or being overly conscious of their roles or positions. I envision an environment where individuals pursue their passions, not in a self-centered way, but by involving others, and where they actively engage with and find excitement in the ideas of others. I want this kind of dynamic to become the norm. While the situation is gradually changing due to the expansion of mid-career hiring and intra-group personnel exchanges, it will likely still take some time. Furthermore, starting in March 2026, the organization will be restructured so that the heads of the holding company's "human resources," "finance," and "IT and digital" units also concurrently serve in corresponding roles at Daimaru Matsuzakaya Department Stores and Parco. This move aims to further strengthen collaboration and accelerate operations. This triple-role arrangement is also intended to foster specialized talent within each of these areas.

Human resources strategy

We are advancing our human resources strategy by focusing on both changing individual mindsets and reviewing our structures and systems. To put it simply, our goal boils down to one of our five materiality issues: "Empowering diverse human resources to shine." Starting in fiscal year 2025, we have held executive workshops attended by all officers from J. Front Retailing and Daimaru Matsuzakaya Department Stores, with the aim of fostering a shift in management mindset. Similarly, we also hold workshops for division heads, which are designed to further develop their leadership skills, focusing on three themes: "making decisions," "engaging," and "articulating a vision." In other words, they make the decisions that fall within their authorities and responsibilities. They engage with their subordinates and their organizations head-on. They articulate the vision they want to achieve with the organizations they lead. This may be basic, but I will keep plugging away at it. We will also reexamine our performance evaluation system and compensation structure to ensure they are appropriate. I believe the areas in which each person can best utilize their abilities will also change, so we must review our hiring and staffing practices. We aim to continue evolving into an organization that fully rewards each individual's challenges and growth.

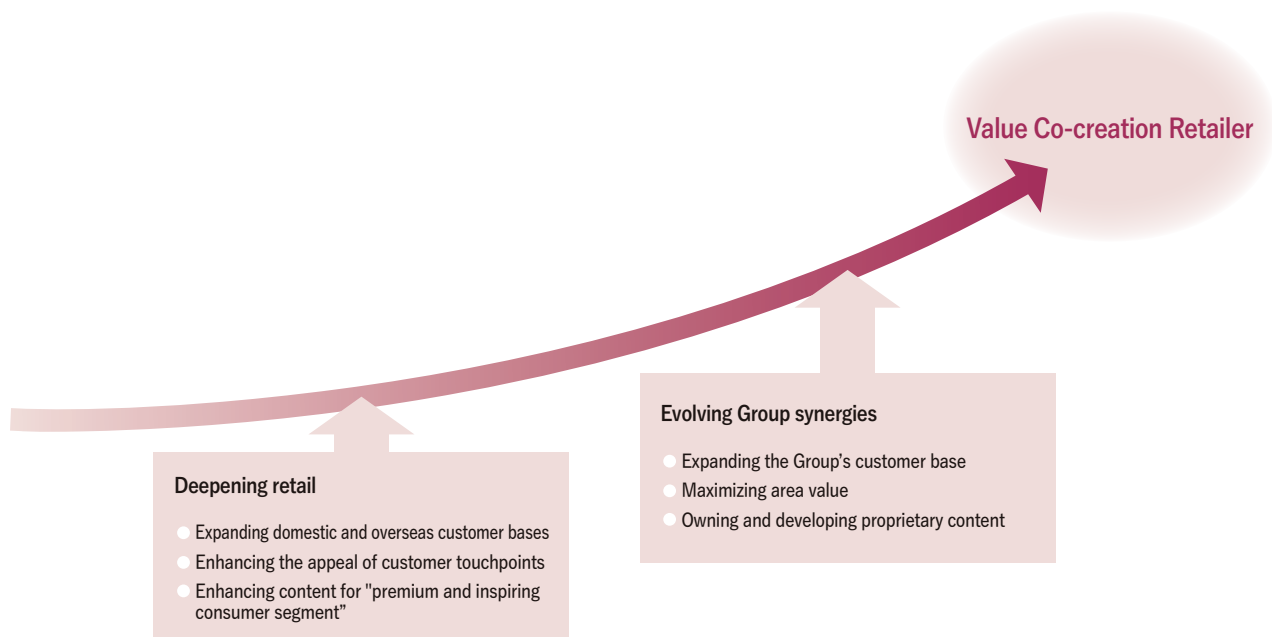
IT and digital

It has become clear that the IT and digital sectors are gradually catching up. While there is still much work to be done to address current issues, such as the aging of our core systems, the arrival of new top-level leadership has kicked off a process of rebuilding our infrastructure with an eye toward the future. As we approach a situation where AI is routinely implemented in external services, we will work to systematically improve our organizational proficiency in utilizing it. Rather than making the use of AI an end in itself, we want to differentiate ourselves by carefully considering the specific purposes for which we will utilize AI. This is an area where I have high expectations for ideas from our employees.

Governance

We are a Company with Three Committees (Nomination, Audit, and Remuneration Committees). I take pride in the fact that the Board of Directors is well-organized in terms of form, with Outside Directors constituting a majority and women making up 30% of the Board. However, I do not believe this is sufficient. While recent discussions on governance are moving from form to substance, I believe that precisely because the Company has been at the forefront of improving our governance framework, we should pause for a moment to identify what we need to make this transition from form to substance. I always keep in mind that I will pass the baton on to the next person, and then to the one after that, as I think about what I need to do right now. With a view to enhancing corporate value over the medium to long term, we are entering a phase in which we will explore the next steps for our corporate governance.





Initiatives for Achieving Sustainable Growth

Creating Shared Value (CSV)

As a Value Co-creation Retailer, the Group is committed to three co-creation values: "Co-creation of Excitement," "Co-prosperity with Communities," and "Co-existence with the Environment." To realize a sustainable society and bring to life new happiness, we are committed to promoting sustainability management that balances the resolution of environmental and social challenges with corporate growth, and we aim to contribute to the Well-Being Life (fulfilling life for both body and mind) for all our stakeholders, including customers, business partners, and employees. Otherwise, our business would not be viable, and our very reason for existence would be undermined. We will continue to move forward as a member of society to ensure that the Group remains an indispensable part of it. We have continued our business operations throughout our long history spanning 300 to 400 years. The Group's Corporate Credo is "Service before Profit" and "Abjure All Evil and Practice All Good." This is the very essence of sustainability management, and I believe it is precisely because it has been embraced by all stakeholders, including local communities and society at large, that we have been able to build such a long history. This core principle, which serves as our foundation, will never waver.

As an example of our specific initiatives, we held a briefing session for our business partners in November 2025, which was attended by more than 230 companies. We shared the Group's approach to value co-creation and our environmental initiatives, and I feel that we received a great deal of support. Our goal goes beyond simply contributing to society. We aim at Creating Shared Value (CSV) by enhancing both social and economic value through our business activities.

Enhancement of corporate value

I believe that we can enhance corporate value by maximizing cash flow and curbing the cost of capital, or by ensuring a return on capital that exceeds the cost of capital. Of course, we must improve our current ROE as soon as possible. Beyond that, I believe that sustainable growth is what we should aim for to enhance corporate value, and that what the capital markets expect from us is to present a plausible growth story and execute it steadily. What are we investing in? Does the investment offer return commensurate with the risk? How significant are those returns? And what kind of value will the Company ultimately provide in the future as a result? It is essential to clearly articulate these points. I want to tell stories that excite investors and bring them to life, one by one. To ensure that our medium- to long-term growth story remains compelling, we do not neglect our performance in any given fiscal year. I understand that delivering results and building a track record of achievements are essential to meeting the expectations of all our stakeholders.

Fiscal year 2026 marks the final year of the current Medium-term Business Plan, which we have positioned as a phase of change. To prepare for the next phase of rapid growth, we will fully execute our key strategies: "deepening the retail business" and "evolving Group synergies." At the same time, I believe that to achieve sustainable growth, there is no end to change. To pioneer a new era, we will take on challenges without fear of failure and continue to change ourselves.

J. Front Retailing Group's Approach to Sustainability Management

The Group has encountered numerous crises over its 300- to 400-year history. Each time, we returned to our Corporate Credo, "Service before Profit" and "Abjure All Evil and Practice All Good," conducting our business activities honestly while quickly responding to the changing needs of our customers and society. This forms the foundation of our Group's current management. Companies cannot develop unless they coexist with society. Today, it is essential for management to take an even longer-term perspective and envision what the company should be for the future, a company with enduring social

relevance and purpose. 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 challenges, into our corporate and business strategies, we believe we can establish a sustainable management framework for future growth. Guided by 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.



Materiality Centered on Co-Creation

The Company maintains numerous points of contact with our customers, including our retail stores. These places bring together people from diverse backgrounds and create opportunities for connection and interaction. To ensure that these spaces remain vibrant, the local communities, where our people are rooted, play an essential role. We also believe that, for these communities to remain vibrant and enduring hubs of engagement, it is vital that the irreplaceable global environment on which all life and economic activity depend be passed on intact to future generations.

Guided by this belief, we formulated our Sustainability Policy in 2018: “With people, with local communities, with the environment to realize a sustainable society and new happiness in life.”

From 2018 to 2023, under this policy, we strengthened the foundations of our sustainability management by establishing governance structures and formulating key policies. We also identified our material issues and enhanced initiatives to address environmental and social challenges. In addition, from a CSV (Creating Shared Value) perspective, we advanced efforts to strengthen existing businesses and develop new business opportunities.

Through the steady implementation of initiatives within our business activities, we came to recognize the limitations of acting alone. Sustainability issues are shared by many people and organizations. As a result, we concluded that meaningful solutions and greater social impact can be achieved through “co-creation,” which means working together with stakeholders to create value, rather than through “competition.”

Accordingly, under our current medium-term business plan launched in 2024, we reassessed our materiality with co-creation at its core. By advancing materiality initiatives in tandem with our business strategy, we will work alongside our employees, customers, business partners, and local communities to deliver three core values to society: Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment.

Through sustainability management that balances social and economic value, we will continue to create new business opportunities, achieve sustainable growth, and enhance our corporate value.



Materiality	Commitment (Our Vision)
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 have identified 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. Since 2018, we have reviewed them each time we formulate a new Medium-term Business Plan. In

formulating the medium-term business plan that began in FY2024, we conducted a review based on the JFR Group’s key risks and changes in the social and business environment, with the aim of integrating our materiality initiatives into our business strategy so that they not only address challenges but also contribute to corporate growth. As a result, we identified five themes.

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 coexists 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	Promotion of diversity & inclusion	Empowering diverse human resources to shine
Realization of work-life balance	Realization of work-life integration	
Identified five materialities	Added two materialities and updated three materialities	Reorganized into five themes
- Questionnaire survey of stakeholders (4,250 people) - Interview with management - Discussion topics in the Management Meeting and the Board of Directors - Important risks of JFR Group - Materiality map preparations	- Discussion topics in the Management Meeting and the Board of Directors - Changes in the external landscape surrounding environmental challenges - Changes in society and people's attitudes due to impact of COVID-19 pandemic - Important risks of JFR Group - Enhancing initiatives in light of social changes - Communications with stakeholders	- Reorganization toward realization of the 2030 Future Vision (Co-creation of Excitement, Co-prosperity with Communities, Co-existence with the Environment) - Discussion topics in the Management Meeting and the Board of Directors - Important risks of the JFR Group - Integration of sustainability and business strategy - Wording to encourage employee action - Communications with stakeholders

Materialities and targets

Materiality	Output	Metrics		Results		Target	
				FY2024	FY2025	FY2026	FY2030
Adding excitement to life	- High-quality products and services - Engaging and inspiring content	Number of Group member customers (vs. FY2023)		15.7% increase	32.5% increase	25% increase	*1
		Customer survey (Excitement/emotional engagement)		Baseline survey	70.5%	—	75%
Enhancing community vitality	- Vibrant city life - Revitalization of local communities	Customer traffic (vs. FY2023)		5.4% increase	8.8% increase	10% increase	*1
		Customer survey (Contribution to the community)		Baseline survey	92.9%	—	80%
Creating a society that co-exists with the environment	- Reduction of GHG emissions - Circular business models	Reduction of GHG (vs. FY2017)	Scope 1 & 2	-65.4%	-69.5%	-70%	-73%
			Scope 3	-23.2%	-23.8%	—	-40%
		Percent of energy used in business activities from renewable electricity		67.2%	75.2%	72%	75%
		Food recycling rate		88.3%	92.9%	80%	85%
		Percentage of newly developed properties with environmental certification		No matching properties	No matching properties	—	100%
		Customer survey (Customer commitment to the environment)		Baseline survey	63.8%	—	55%
Increasing the number of value co-creation partners	- Broad cross-sector partnerships - Sustainable supply chains	Number of stakeholder co-creations		351	371	over 400	over 500
		Human rights assessment results		Dialogue based on FY2023 Results (112 companies) Web seminar held (63 companies participated)	Business partner information briefing (233companies/ 336 participants)	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%	68.3%*2	70%	Set based on achievement status in FY2026
			Work recommendation level	59.9%	62.0%	60%	
		Ratio of women in management positions		26.2%	27.7%	31%	40%
		Gender wage gap	All employees	66.5%	65.1%	Narrowing of difference*3	Set based on achievement status in FY2026
			Regular employees	75.0%	74.0%		
			Non-regular employees	75.5%	69.2%		
		Paternity leave usage rate		132.5%	95.5%	95%	

*1 To realize our materiality, we will consider metrics and targets that can be more closely linked to our business strategy.

*2 Beginning in FY2025, following the introduction of a new employee survey, employee satisfaction is measured with the question item “Satisfaction (Sense of Achievement Derived from Work).”

*3 The gender pay gap for FY2023 was as follows: 65.3% for all employees, 74.4% for regular employees, and 72.7% for non-regular employees.

J. Front Retailing Value Creation Process

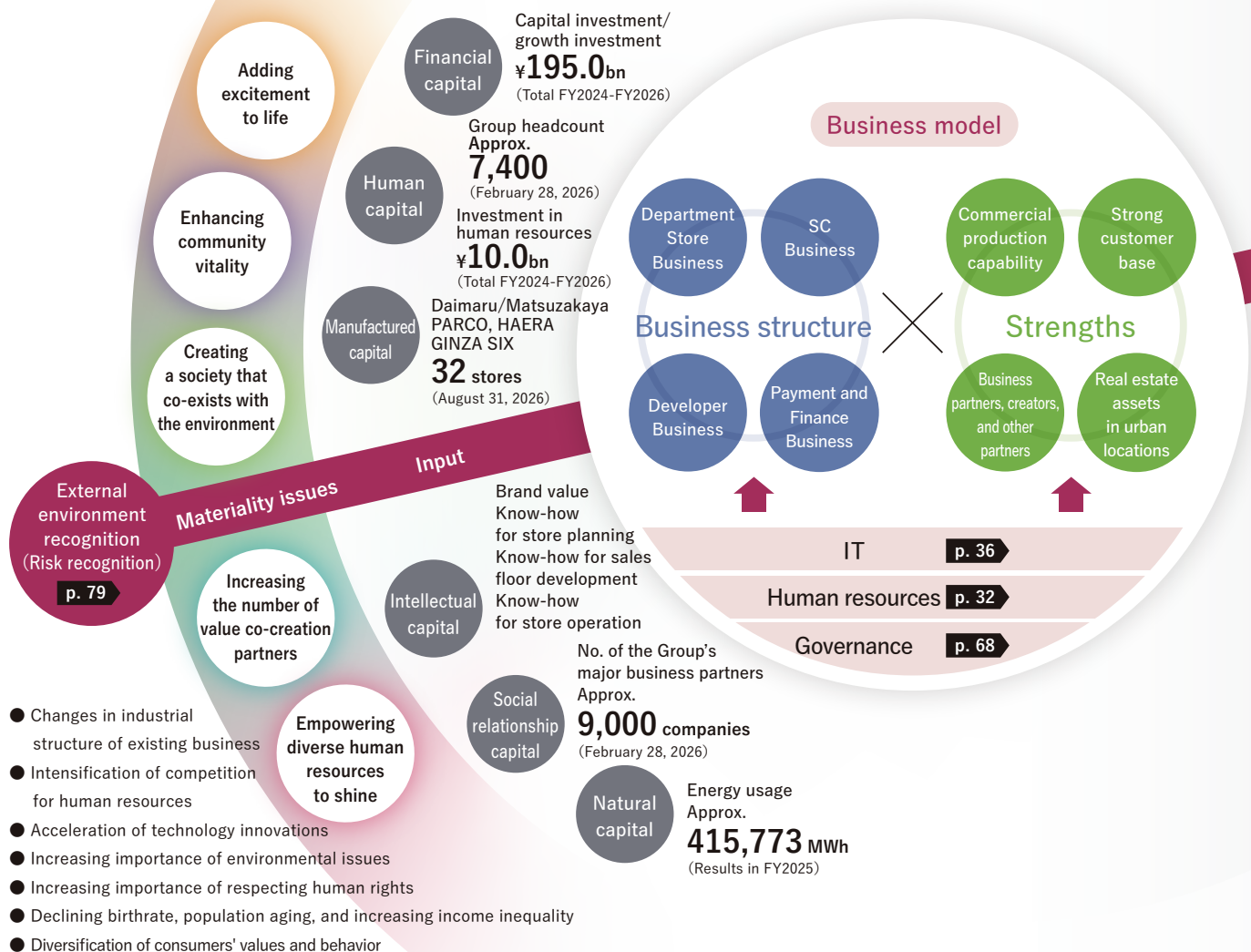
Under the Basic Mission Statement and the Group Vision, we, together with stakeholders, are committed to creating high-quality, fresh, hospitable, and fulfilling lifestyles adapted to the changing times.

Our business activity is to constantly seek to create rich markets that grow with local communities, which is led by the Department Stores 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 our six capitals 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 are committed to contributing to the creation of a society where people can feel connected to each other and society by delivering inspiration to customers and proposing a fulfilling lifestyle.

**Shareholders/
Investors**

We are committed to increasing corporate value over the long term by practicing highly profitable and highly efficient management.

**Business
partners**

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

Employees

We are committed to ensuring rewarding workplace by creating an environment in which each individual can demonstrate their own abilities and individuality and feel a sense of growth.

Well-Being Life**Vision**

**Create and
Bring to Life
“New Happiness.”**

Outcome**Communities**

We are committed to contributing to the sustainable development of local communities by promoting business activities that enhance the liveliness of communities and the attractiveness of the region.

**Global
environment**

We are committed to passing on a better global environment to future generations through environmentally-friendly business activities.



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.

Co-creation of Excitement

Co-prosperity with Communities

Co-existence with the Environment

High-quality
products
and services

Exciting content

Vibrant city life

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

Female
management
ratio
40%
(2030)

Deepening
retail
p. 38

Strategies and long-term KPIs

Output

Evolving
synergies
p. 38

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

Revitalization of
local communities

Circular
business

Reduction of
GHG emissions

The Area Evolves through

PARCO



Angel
Park



ZERO
GATE



Under the Medium-term Business Plan for fiscal years 2024–2026, the Group has designated Sakae, Nagoya, as its top priority area and has been advancing the development of a model for Co-prosperity with Communities.

This area is home to three Matsuzakaya locations, four PARCO locations, ZERO GATE, and BINO Sakae. Then, in June 2026, the new commercial complex “HAERA” was added, bringing the Group’s total number of commercial facilities to 10.

However, our goal extends beyond merely establishing a dominant market presence. Leveraging the strength of this scale, we look beyond the confines of our own facilities to view the entire area as a single field of activity. By coordinating both hardware and software, designing the flow of people, creating a chain of experiences, and expanding value—the Group is taking on the challenge of building a commercial platform that evolves the community itself, rather than simply operating commercial facilities.

With the opening of HAERA, this vision has taken a major step forward. Now that we have reached the final year of the Medium-term Business Plan, the vision of Co-prosperity with Communities is steadily taking shape in Sakae, Nagoya.



■ J. Front Retailing Group's commercial facilities

“Connections.”

Matsuzakaya



HAERA

BINO
Sakae

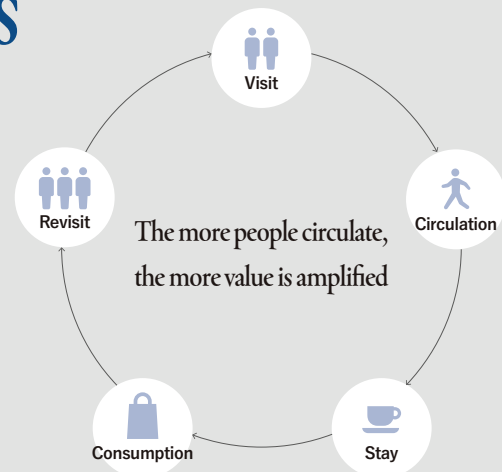
200.0 billion yen across 10 facilities The Concept of “Area Sales”

In Sakae, Nagoya, we aim to generate annual sales (transaction volume) exceeding 200.0 billion yen through the operation of our 10-facility network.

This is not merely an expansion in scale.

Value is amplified as customers circulate through the area, stay, and have multiple experiences. Within that cycle, the Group's sales also grow—

This is the “J. Front Retailing Group's model for Co-prosperity with Communities,” redesigned with customer lifetime value (LTV) as the starting point.



JFR Group's Strengths in Achieving Co-prosperity with Communities

Initiatives for Co-prosperity with Communities underway in Sakae, Nagoya. Underpinning these efforts are our relationships of trust with the community, our DNA for urban development, our ability to create the one and only, and the synergies generated by our diverse assets. We analyze the competitive advantages unique to the Group.

Its Global Appeal Is Drawing New Crowds to Sakae.

—HAERA Opened on June 11, 2026

HAERA is a new commercial facility spanning from the second basement level to the fourth floor of “The Landmark Nagoya Sakae,” which was developed by J. Front City Development in partnership with co-developers. It was created as a symbol of the Group's strategy to enhance the value of the Sakae area.

HAERA opening press release (Japanese)

▶ https://www.j-front-retailing.com/_data_json/news/_upload/20260317_HAERA_open.pdf

The Landmark Nagoya Sakae opening press release (Japanese)

▶ https://www.j-front-retailing.com/_data_json/news/_upload/20260317_Landmark_NAGOYASAKAE.pdf

Its most distinctive feature is the concentration of the world's leading luxury maisons, including Cartier, Chanel, Hermès, and Louis Vuitton, all under one roof, each occupying a multi-level boutique spanning two to four floors. With its overwhelming presence and sophisticated aesthetic, it creates a luxury space that is unparalleled not only in Japan but also around the world.

This was made possible by the strengths in the luxury sector that Daimaru Matsuzakaya Department Stores has cultivated over the years. From the conceptual stage of HAERA, we envisioned urban development centered around premier luxury maisons and actively worked to attract them to the area. The lush, green environment facing Hisaya Odori Park resonated with the values of the premier maisons, which place great importance on location and its relationship with the surrounding neighborhood, leading to the creation of a space unique to Sakae.

HAERA is more than just a high-end commercial complex. By leveraging Parco's curatorial expertise to successfully blends luxury brands with shops and services that complement them, it creates a circulation space where visitors with different purposes naturally interact.

Furthermore, a luxury hotel occupies the upper floors of The Landmark Nagoya Sakae, and combined with HAERA's luxurious atmosphere, this creates a virtuous cycle that attracts brands sharing the same vision.

Even one month after opening, its much-talked-about dessert shops continue to draw constant lines of customers. Thanks in part to the spillover effect from the multiplex cinema located on the 5th through 9th floors, it has got off to a strong start, with both customer numbers and sales far exceeding projections.

HAERA is expected to serve as a new focal point that will transform the Sakae area into a “destination” attracting visitors from

both Japan and abroad. HAERA is not only a symbol of the strategy to enhance the value of the Sakae area, but also a new hub that connects the Group's diverse assets. The Group aims to maximize the value of the Sakae area by channeling this flow of people into district-wide circulation and increased spending.

The Power to Create the “One and Only” Opens Up the Future of the Area.

The Group has created one-of-a-kind commercial facilities such as GINZA SIX, Shibuya PARCO, and HAERA. Through this process, we have cultivated a spirit of challenge that pursues an unparalleled level of excellence—something “never seen before” and “found nowhere else,” the ability to transform ourselves by breaking free from past successes and preconceived notions while actively incorporating new ideas and insights to achieve our goals, and the tenacity to see every project through to completion. These capabilities have been developed through countless challenges and a process of trial and error. The ability to create the one and only is an organizational capability that the Group has cultivated over many years, and it serves as the source of our competitive advantage.

The Value of the Time Spent alongside Communities

The Daimaru Shinsaibashi store for 300 years, the Matsuzakaya Ueno store for 258 years, the Daimaru Kyoto store for 114 years, the Matsuzakaya Nagoya store for 101 years, the Daimaru Kobe store for 99 years, Ikebukuro PARCO for 57 years, and Shibuya PARCO for 53 years... These figures represent the number of years each store has been in business at its current location.

The Group has a long history of operating stores and growing alongside the communities we serve. We have consistently addressed local challenges from the perspective of being directly involved, continually taking on new challenges for the community's future. Through these sustained efforts, we have built relationships of trust with local residents, government bodies, and other businesses, thereby forming relational assets that cannot be developed overnight.

Leveraging that relationship of trust as a strength, we established the new roles of “Nagoya Area Co-prosperity Manager” in 2025 and the “Shinsaibashi Area Co-prosperity Manager” in 2026 to strengthen our collaborative framework with local stakeholders and vigorously advance our area vision and strategies. Our history of long-term commitment to communities and our current organizational structure. The foundation for the Group to achieve Co-prosperity with Communities is being steadily built.

“The DNA of Urban Development” Supports Co-prosperity with Communities.

The Group has a DNA that views the entire neighborhood as a single arena, with its own stores as the starting point, and works to enhance its appeal across the entire “area.”

Since 1987, Daimaru has been working to enhance the value of the area by integrating its store with the neighborhood in the Former Foreign Settlement in Kobe. Guided by its founder MASUDA Tsuji’s philosophy that “the urban landscape is a medium,” Parco has promoted the creation of urban appeal in numerous areas, such as by producing the area itself as a “theater space” when Shibuya PARCO opened in 1973. Matsuzakaya also has a tagline it has used since 1948: “Matsuzakaya as a Bridge between Daily Life and Culture.” They have consistently upheld the philosophy not merely of making their stores more appealing, but of creating spaces where people gather and culture flourishes, to this day. This DNA of urban development has been passed down to all Group companies, including J. Front City Development, which operates in the Developer Business. Co-prosperity with Communities is not a new initiative. It is a natural extension of our DNA, which has long been rooted in creating value together with our communities.

Department Stores and PARCO. Two Strengths Converge.

A major characteristic of the Group is that it combines two businesses with distinct identities: department stores and PARCO. Through collaboration between the Daimaru Shinsaibashi store and Shinsaibashi PARCO, the two facilities have succeeded in expanding their customer base and encouraging foot traffic between them. In the Sakae area, the Matsuzakaya Nagoya store and Nagoya PARCO are located side by side. While each attracts a different customer base, they contribute to enhancing the value of the entire area.

The Matsuzakaya Nagoya store boasts one of Japan’s largest gaisho customer bases and enjoys strong support from customers who value high-quality products, experiences, and services. Its large-scale renovation conducted between 2024 and 2026 focused on enhancing luxury offerings, establishing art spaces, and developing hubs for promoting sake culture, thereby expanding content that would make the area a destination for visitors.

Meanwhile, Nagoya PARCO is creating touchpoints with young people and the next generation of customers through fashion, entertainment, and IP content. Even after its major renovation in 2024, it has continued to undergo ongoing renovations, strengthening its fashion offerings while also working to create one of the largest entertainment zones in Japan. By constantly creating new reasons for visitors to come, it is enhancing its presence as the premier fashion and culture hub in the Tokai region.

Active investment in both facilities further strengthens the roles they play and contributes to generating vibrancy in the Sakae area. Furthermore, in the spring of 2027, a portion of the south wing of the Matsuzakaya Nagoya store is scheduled to be transformed into a commercial facility operated by PARCO. By serving as a “bridge” connecting Matsuzakaya and PARCO, it is expected to generate new customer experiences and encourage foot traffic by combining the strengths of both locations. In the Sakae area, the synergy between the department store and PARCO is poised to evolve to the next level.

A Platform for the Regional Economic Ecosystem that Encourages Customer Circulation

JFR Card plays a role in encouraging customers to explore the area through QIRA Points. The company is encouraging card usage by expanding the network of “QIRA Point Plus eligible merchants,” where customers earn more points than usual. Accumulated points can be exchanged for various other types of points or gift vouchers that can also be used outside of the Group’s commercial facilities.

Currently, there are approximately 130 QIRA Point Plus eligible merchants in the Sakae area, including the Chunichi Building. By enabling customers to earn and redeem points, the company expands the scope of their consumption activities and create new spending opportunities, contributing to the vibrancy of the entire area. JFR Card serves as a platform for the regional economic ecosystem that supports Co-prosperity with Communities.

Area Hub for Creating a Walkable Town

“Walkability” is the Sakae area’s greatest appeal and a major strength in setting it apart from the Nagoya Station area. In Nagoya, a city heavily reliant on cars, it is essential to create an environment where people can drive to Sakae and then enjoy exploring the area on foot.

As a public parking facility established under an urban planning initiative, Angel Park has, since its founding in 1965, been guided by the philosophies of “Co-prosperity with Communities” and “Growing Together with the Community.” It is strengthening its role not merely as a parking facility, but as a community hub that promotes “PARK & WALK.” The number of partner stores has now expanded to approximately 70, and by connecting visitors to nearby facilities, the company is helping to encourage foot traffic throughout the entire area. Leveraging the exceptional customer service that comes from being part of a department store group and its highly convenient network of partners, Angel Park serves as urban infrastructure that supports the enhancement of the Sakae area’s value.

A Value Cycle Model That Links Assets to Consumption

MEGRÜS is a specialty store that purchases luxury goods operated by a joint venture between the Company and Komehyo. With locations at the Matsuzakaya Nagoya store and Nagoya PARCO in the Sakae area, the business is steadily building a strong track record, supported by the customer base of the Matsuzakaya Nagoya store, which aims to become Japan’s top retailer in gaisho sales. Driven by proactive sales efforts by gaisho sales representatives, including on-site purchasing services, and the trust placed in Komehyo, a Nagoya-based company marking its 80th anniversary next year, the service is gaining popularity even among customers who have never used purchasing services before. There are instances where gaisho customers have made high-value purchases following the completion of high-value purchase transactions with them, making this a significant initiative in terms of demonstrating the synergy between our new business (MEGRÜS) and our existing business (Department Store). When customers sell their assets and that value is reinvested in consumption, new value circulates within the area. MEGRÜS functions as a mechanism for this circulation of value, supporting Co-prosperity with Communities.

Human Passion and the Power of Connection Drive the Community Forward.

The value of communities cannot be created by the Group alone. By combining the insights and strengths that each of diverse players possesses, and by having them work together toward a common goal and take on new challenges, we can create new appeal and vibrancy.

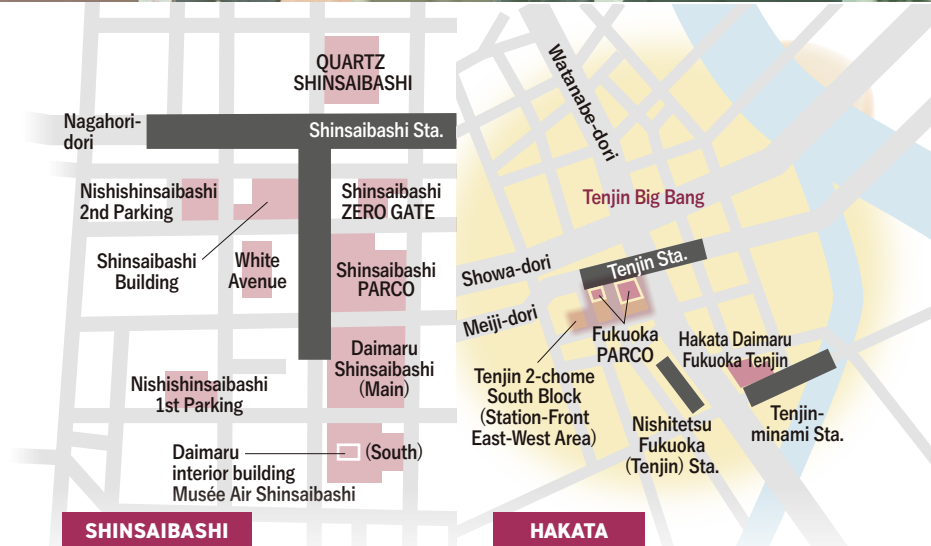
The possibilities that emerge when people, companies, and communities come together. The challenges we tackle as ONE TEAM will help create a richer future for communities.

Through the Group-owned media platform “J. FRONT PLUS,” which showcases the stories of those at the forefront of challenges, we have covered various initiatives in “Sakae, Nagoya,” our top priority area in the current Medium-term Business Plan, from multiple perspectives. We envision the future of the community and take on the challenge of creating new value together with our colleagues and partners. The aspirations and passion of each and every one of us are the driving force behind achieving Co-prosperity with Communities.



NEXT

This Model Doesn't End in Nagoya.



*You can view each article (Japanese) by visiting the URL or scanning the QR code with your smartphone.

**The main building of the Matsuzakaya Nagoya store undergoes its first major renovation in 20 years.
Creating the store where people shine, with the space itself as the starting point**



Professionals from diverse fields of spatial design took on the challenge not of a mere renovation, but of embodying “Matsuzakaya as a Bridge between Daily Life and Culture.” A space where people gather and are moved— We delved into the sentiments behind it.

▶ <https://www.plus.j-front-retailing.com/frontline/detail/cd/000146/>



**Fostering diverse encounters and forging new “connections.”
A department store hub for promoting “sake culture,” created through ONE TEAM**



The goal was to create “the premier sake department in the Tokai region.” Daimaru Matsuzakaya Department Stores and Daimaru Kogyo pooled their expertise to create a space that fosters new encounters with sake and offers discoveries and experiences through it. We explored the source of their dedication.

▶ <https://www.plus.j-front-retailing.com/frontline/detail/cd/000147/>



**Accelerating the establishment of regional economic ecosystem through synergies with merchant partners.
What is the vision of “Co-prosperity with Communities” that JFR Card aims to realize?**



JFR Card is focusing its efforts on initiatives to revitalize local areas through its rewards program. By encouraging customers to earn and use points, the company is exploring ways to encourage people to explore the entire area. Underlying this was the principle of “Co-prosperity with Communities.”

▶ <https://www.plus.j-front-retailing.com/frontline/detail/cd/000148/>



**Creating the Tokai region’s premier hub for fashion and culture.
Nagoya PARCO’s challenge and evolution to “transform the community”**



“We want to make Sakae a ‘district people want to visit’”—that was the wish that sparked the large-scale renovation of Nagoya PARCO. We traced their journey that has teamed up with unconventional fashion brands and IP holders to take on the challenge of fostering a new culture.

▶ <https://www.plus.j-front-retailing.com/frontline/detail/cd/000154/>



**A “Value Co-creation” model demonstrated through one team.
Exploring the potential of Sakae, Nagoya, through a social experiment**



J. Front City Development, Mitsubishi Estate, and Takenaka Corporation have joined forces across industry boundaries. They continue to explore ways to connect the park with the surrounding community, actively involving local businesses and government bodies. We delved into the “power of co-creation” that drives their team members forward.

▶ <https://www.plus.j-front-retailing.com/frontline/detail/cd/000150/>



This model for Co-prosperity with Communities, which we are developing in Sakae, Nagoya, serves as a “test bed” for the Group’s growth strategy.

By leveraging and combining the Group’s diverse assets, including the department store, PARCO, gaisho, credit cards, real estate, and a parking facility, we drive foot traffic, encourage visitors to explore the area, and stimulate spending. Through this series of initiatives, the Group has refined a new business model aimed at enhancing the area’s value.

What has been cultivated in Sakae, Nagoya, was not the competitiveness of individual facilities. The essence of this model for Co-prosperity with Communities lies in the philosophy and practical knowledge of viewing the community as a single entity and fostering sustainable growth by enhancing the appeal of the entire area.

We will expand the insights, talent, and network gained through this initiative to key areas such as Shinsaibashi in Osaka and Tenjin in Fukuoka. However, they will not simply be copy-and-paste versions of Sakae, Nagoya. While taking into account the unique history, culture, population dynamics, and character of each area, we will foster mechanisms for Co-prosperity with Communities that are best suited to each area.

What we demonstrated in Nagoya was not just a single success story, but a methodology for growing together with the local community.

The Group will continue to take on the challenge of creating new value in each area while expanding our practical knowledge to these areas.

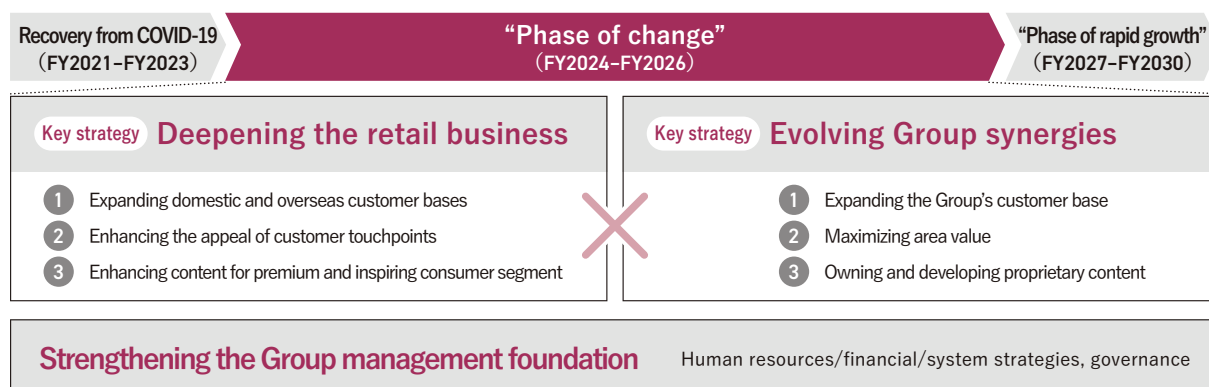
Medium-term Business Plan (FY2024-FY2026)

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

Full recovery from the COVID-19 pandemic and building a foundation for regrowth

- Although the impact of the COVID-19 pandemic persisted longer than initially envisioned, working to steadily capture the recovery in demand from the latter half of the previous Medium-term Business Plan onwards, we were able to recover our consolidated operating profit to pre-pandemic levels as a result of the strategies for the core Department Store and SC Businesses and management structural reforms such as reducing fixed costs, and also broadly improve our financial position by reducing interest-bearing liabilities and other means.
- With 2030 as our regrowth milestone, in our strategy for the Developer Business, as well as the core businesses, we formulated medium- to long-term plans and promoted business restructuring, and from the perspective of business portfolio transformation, we worked to improve management efficiency through such efforts as making investments and establishing a fund for the creation of new businesses and assessing businesses.

Medium-term Business Plan (FY2024-FY2026)



The current 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 Group synergies.

Aiming to improve capital return over the medium to long term, we will take measures to “realize profitable growth” and “optimize the level of shareholders’ equity and strengthen shareholder returns.”

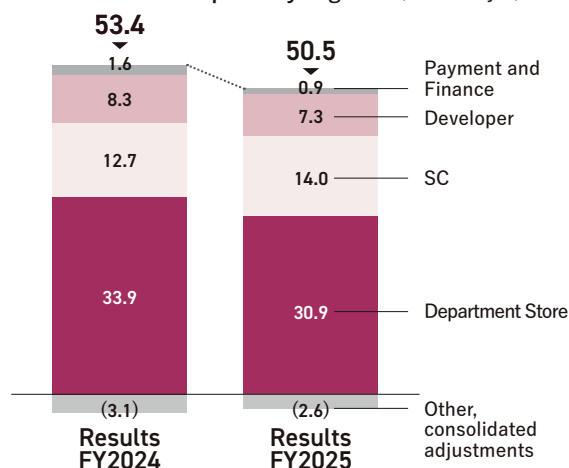
Key performance indicator targets

Key performance indicator	Initial target	Revised target
Consolidated business profit	¥52.0 billion	¥56.0 billion
Consolidated ROE	8.0% or higher	8.0% or higher
Consolidated ROIC	5.0% or higher	6.0% or higher
Interest-bearing liabilities ^{*1}	¥285.0 billion	¥270.0 billion
GHG emissions ^{*2}	58.0% reduction	70.0% reduction
Female management ratio	31.0%	31.0%

^{*1} Interest-bearing liabilities exclude lease liabilities.

^{*2} Reduction rate for Scope 1 and 2 compared to FY2017

Trends in business profit by segment (Billions of yen)



Since we achieved the business profit target for the final year of the current Medium-term Business Plan in fiscal year 2024, we revised our key performance indicator targets upward at the start of fiscal year 2025.

1) Deepening the retail business

(1) Expanding domestic and overseas customer bases

- In the Department Store Business, we will work to expand the customer base through such initiatives as expanding the scope of app-based services targeting loyal customers and broadening gaisho activities.
- In the SC Business, we will work with JFR Card to acquire cardholders, taking advantage of the issuance of new cards, as well as app users.
- 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 foreign tourists visiting Japan to our stores and strengthen communication to customers, but also partnerships with overseas companies mainly in Asia.

(2) Enhancing the appeal of customer touchpoints

- In the Department Store Business, we will enhance the charm of stores, which are the starting points of customer touchpoints, and establish competitive advantages in each area.
- 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.
- We will work to make customer touchpoints 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 premium and inspiring consumer segment

- 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.
- 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, introduce brands in collaboration with the Department Stores, and enhance entertainment, in which Parco excels.

2) Evolving Group synergies

(1) Expanding the Group's customer base

- We will consolidate the issuance of proprietary cards of GINZA SIX, Parco, and other companies within the Group. Also, we will work on expanding the Group's customer base and enhancing the lifetime value (LTV) of customers.
- We will plan and promote the Group customer strategies through customer referral beyond the boundaries of businesses and stores, and analysis and utilization of customer databases, among other methods.

(2) Maximizing area value

- In the current 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 (in 2026), and the expansion of external merchants by JFR Card, we will promote cross-referrals between the Group's facilities and encourage customer circulation within the area.
- In addition to the opening of commercial complexes in the “Sakae area in Nagoya” and the “Shinsaibashi area in Osaka” (in 2026), we will strengthen investments in the Developer Business to promote the development project in the “Tenjin area in Fukuoka.”

- We consolidated and reorganized the interior design and construction 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.

(3) Owning and developing proprietary content

- To achieve new growth in the retail business, we will develop and own proprietary content and services, etc. and also develop new businesses through collaboration with other companies, targeting such business expansion not only in Japan but also overseas and in the digital sector.
- Leveraging the strength of having a business presence in major cities throughout Japan, we will work on discovering and nurturing unique products that are characteristic of each area.
- 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 through collaboration with other companies.
- We will proceed more strongly with growth strategy investments through M&A, alliances with other companies, and our business succession and CVC funds.

3) Strengthening the Group management foundation

(1) Human resources strategy

- We will promote a human resources strategy integrated with the management strategy, including the strengthening of the recruitment and development of highly specialized personnel, planned nurturing of next generation talents, and the promotion of women's empowerment.
- We will invigorate the internal exchange of personnel within the Group to achieve a fusion of “knowledge” possessed by employees, as well as expand opportunities to play an active role, thereby fostering a challenging mindset.
- We will create an environment and establish systems where every employee can take on challenges, drawing out employees' ideas, motivations, and abilities, and work towards realizing a human resource development company that aims for the sustainable growth of people and organizations.

(2) Financial 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 Company with the cooperation of the operating companies.
- Considering trends in capital markets, we will strengthen our financial position through such efforts as generating free cash flow, securing long-term stable funds, and controlling interest-bearing liabilities.

(3) System strategy

- We will build a common system and groupware for the entire Group 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.

(4) Corporate governance

- Under the new management structure launched in fiscal year 2024, we strive to accelerate management decision-making and execution, while also enhancing governance through such efforts as strengthening the supervisory function of the Board of Directors, to achieve medium- to long-term growth and sustainably enhance corporate value.

Enhance the Group's Overall Earning Power to Drive Sustainable Growth in Corporate Value.

NAGAMINE Takamasa

Director and Managing Executive Officer

Senior Executive General Manager, Financial Strategy Unit and CRE Strategy Unit

J. Front Retailing Co., Ltd.

Managing Executive Officer and Senior Executive General Manager, Finance Headquarters

Daimaru Matsuzakaya Department Stores Co. Ltd.

Managing Executive Officer for Corporate Headquarters, Head of Financial Policy Department, Parco Co., Ltd.



ROE > Cost of shareholders' equity

There are two principles I consistently keep in mind in financial management. The first is to stay true to the basics and steadily build upon orthodox practices, rather than relying on unconventional tactics. The second is to carefully observe market changes and respond proactively.

The external environment surrounding us is currently undergoing significant changes. To summarize the impact on our business, while the recent rise in stock prices and the weakening of the yen are making a significant positive contribution to our revenue, driven by factors like the wealth effect and increased sales from inbound tourism, rising interest rates and inflation are driving up our operating costs. Looking back at our financial performance for fiscal year 2025, while consolidated gross sales increased by 1.7%, consolidated business profit decreased by 5.4%. The increase in operating costs outpaced the growth in sales, resulting in higher revenue but lower profit.

To achieve sustainable growth in this environment, we must

rigorously control costs amidst inflation, boost our top line by delivering added value to customers, thereby enhancing the earnings power of our business assets, which are shown in the "asset section" of the balance sheet. Furthermore, I believe that to enhance corporate value, it is of the utmost importance to raise the level of ROE by improving our earning power and to establish a situation where ROE consistently exceeds the cost of shareholders' equity.

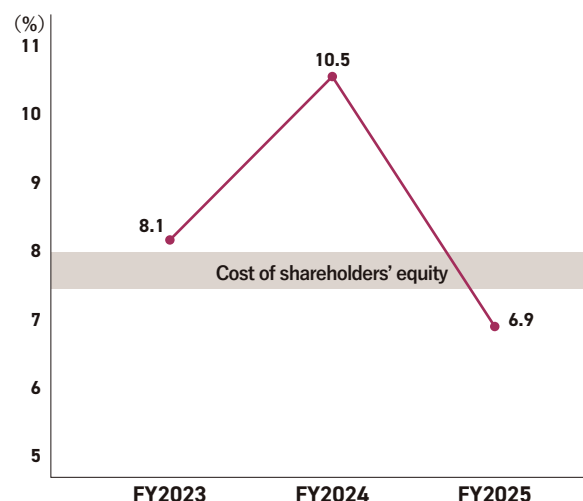
Improving earning power

What should we do to improve our earning power? While I cannot make a blanket statement because the priority initiatives vary by segment, it is essential for the Group as a whole to enhance strategic alignment across segments more than ever before.

We are a group with retail at its core, operating large-scale commercial facilities such as Daimaru, Matsuzakaya, PARCO, and GINZA SIX throughout Japan. In addition, we operate the Developer Business and the Payment and Finance Business, among others. By effectively leveraging the tangible and intangible assets of each of these businesses across the entire Group, I believe there are still ample opportunities to generate revenue not only from our store-centered retail business but also from related areas. In other words, this comes down to maximizing Group synergies, and one of the key concepts for achieving this is "area." We must concentrate our management resources on areas where we can leverage our competitive advantage and ensure that we generate solid cash flow in each of those areas.

At the same time, as the economy shifts from deflation to inflation, I feel that we, too, need to make a fundamental shift in our way of thinking. How can we boost our top line? I believe we have reached a point where we must squarely address the need to grow our top line, even if it means incurring costs. We intend to steadily pursue the business investments and portfolio

ROE trends



management required for that purpose, thereby achieving medium- to long-term growth.

Reducing finance costs

It goes without saying that enhancing the core business's earning power is of the utmost importance, but as a financial officer, I also pay close attention to finance costs and tax costs in order to increase ROE. In particular, finance costs have become even more significant due to the shift from a prolonged era of low interest rates to a “world with interest rates.”

Given our asset mix and business characteristics, it has generally been desirable to raise interest-bearing liabilities primarily through long-term, fixed-rate financing. Since this approach has been particularly effective in the low-interest-rate environment to date, the vast majority of our financing has indeed been raised through long-term, fixed-rate arrangements. As a result, even during a period of rising interest rates, we are able to limit a sharp increase in finance costs on the current statement of profit or loss because it still has funds raised at low interest rates. On the other hand, we will need to factor in future interest rate increases associated with refinancing, and from the perspective of reducing finance costs, we intend to diversify our funding methods and terms.

Recognition of the cost of capital

Currently, we estimate our cost of shareholders' equity to be in the range of 7.5% to 8.0% based on CAPM. However, given the current situation in which the Japanese economy is growing increasingly robust, I understand that profitability and efficiency relative to the balance sheet are being evaluated at a higher standard. Therefore, some may argue that 8.0% is too low. We intend to listen sincerely to such feedback and take it to heart. To deliver value to our stakeholders through medium- to long-term, sustainable growth, we will pursue a debt-to-equity structure that enables us to balance growth and efficiency without being unduly influenced by short-term fluctuations in the cost of capital, while closely monitoring trends in the highly volatile financial and capital markets, aiming to establish a stable capital policy that supports our growth.

In addition, the retail business is susceptible to external factors such as economic trends, and its performance tends to be highly volatile. However, I believe that by operating multiple businesses centered on retail, and by ensuring that each business grows to a certain scale, we can mitigate the volatility of the Group's overall performance to some extent.

In fiscal year 2025, the Department Store Business faced headwinds and fell short of the profit forecast revised in the second half of the year. However, thanks to strong performance in the SC Business and the Developer Business, consolidated business profit exceeded the Company's forecast. I view these facts as evidence that the Group's business portfolio is steadily fulfilling its supporting function.

Balance sheet and shareholder returns

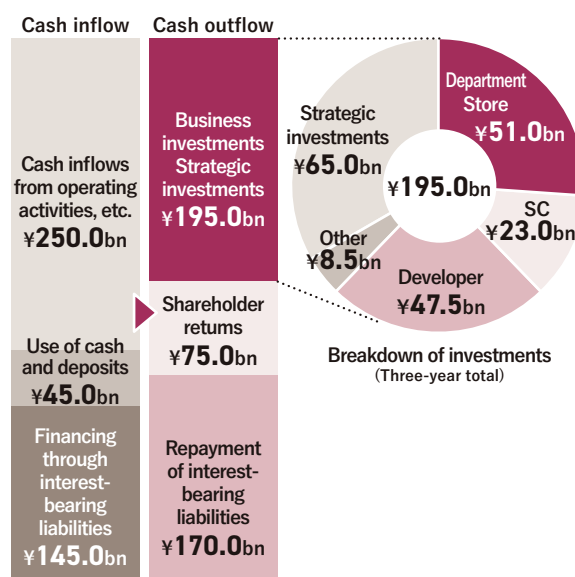
As of the end of February 2026, total assets stood at 1.14 trillion yen, total liabilities at 710.0 billion yen, and total equity at 430.0 billion yen. I believe that our financial soundness is being

adequately maintained and that we are in a position to retain our current credit rating. In addition, we have secured a sufficient amount of debt capacity, making the liabilities and equity section of the balance sheet well-structured. Under the current Medium-term Business Plan, we have allocated 195.0 billion yen for investment, comprising 130.0 billion yen for business investments and 65.0 billion yen for strategic investments. While we are currently in a phase of aggressive investment amidst a phase of change, we have firmly established the financial foundation to support these efforts. I believe my role as a financial officer is to drive efforts to effectively utilize our 1.14 trillion yen in assets, that is, the business assets in the asset section of the balance sheet, and to generate both “profits (cash)” and “opportunities for growth.” To this end, I tell our finance team members not to limit themselves to purely administrative functions, but to approach their work as partners to the business, with an “understanding of the business” and a “consolidated mindset.”

With regard to shareholder returns, we strive to provide stable dividends in accordance with our policy of maintaining a dividend payout ratio of 40% or higher. For fiscal year 2024, we paid a dividend of 52 yen per share, a level significantly higher than the 36 yen per share paid in fiscal year 2019, before the COVID-19 pandemic. For fiscal year 2025, we also increased the dividend by 2 yen per share. Furthermore, we have been conducting share buybacks for three consecutive years, from fiscal year 2024 through fiscal year 2026, with the aim of optimizing our equity in each of those years.

In an era of increasing uncertainty about the future, and at a time when our business requires a major transformation, our financial management demands both defensive discipline and proactive decision-making. As I stated at the beginning, by staying true to the basics and adapting to market changes, we will steadily implement sound financial management to support the growth of our business. And we will continue to devote our full efforts to enhancing the Group's overall earning power and sustainably increasing corporate value.

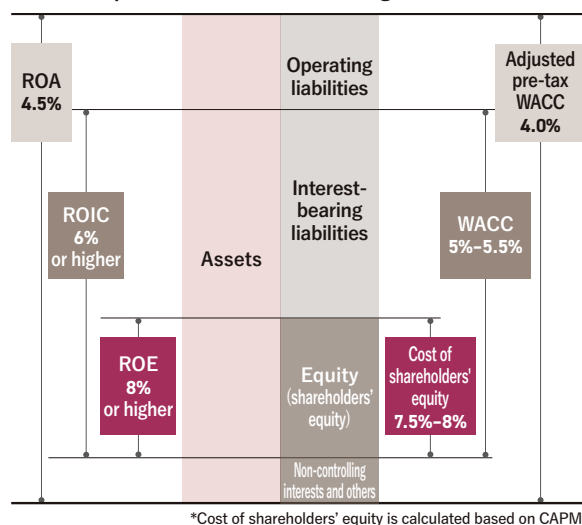
Cash allocation (Three-year total for FY2024–FY2026)



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. Under the current Medium-term Business Plan, we aim to improve profit levels by advancing two key strategies, while appropriately controlling invested capital and equity through the implementation of our financial strategy, with the goal of ensuring a strong return on capital and achieving profitable growth. With regard to ROE, we aim to achieve a stable and sustainable level of 8% or higher, and 10% or higher in the medium to long term, by increasing business profit, which reflects earnings from our core business. To improve ROE, the operating companies are working to maximize ROA by enhancing their earning power and thereby improving ROIC, while the holding company is focusing on optimizing tax costs, reducing finance costs, and controlling financial leverage. Each entity is moving forward with these initiatives by clearly defining its respective roles.

Relationship between ROIC and ROE targets and hurdle rates



Roles of operating companies and the holding company

	ROE	Holding company Financial strategy	Operating companies ROA	Holding company Financial strategy
		$\frac{\text{Profit}}{\text{Operating profit}} \times \frac{\text{Operating profit}}{\text{Net sales}} \times \frac{\text{Net sales}}{\text{Total assets}} \times \frac{\text{Total assets}}{\text{Equity}}$		
		Tax cost optimization	Operating profit margin Total asset turnover	Financial leverage
FY2024 results	10.5%	0.71x	5.1%	2.88x
FY2025 results	6.9%	0.58x	4.3%	2.79x

ROIC Management

To transform our business portfolio and achieve profitable growth, we use ROIC as our medium- to long-term key performance indicator. We define the optimal balance sheet for

each segment based on its specific business characteristics and risks, and aim to improve ROIC by advancing our key strategies and rigorously managing our investments.

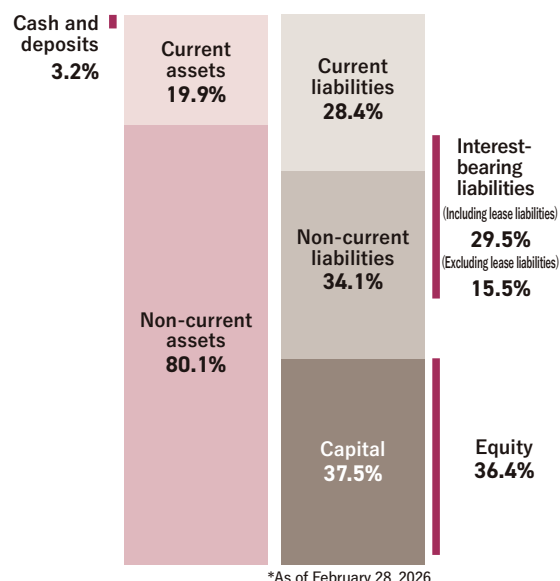
	Segment	FY2024	FY2025	WACC*	Medium-to-long-term target	Key strategy
Consolidated FY2024 6.2% FY2025 5.9% (WACC 5.0-5.5%)	Department Store	10.7%	9.3%	4-5%	6-7%	Expanding and deepening the highly engaged customer segment
	SC	5.1%	5.8%	3-4%	5-6%	Major renovations of key stores driven by a focus on IP content and luxury offerings
	Developer	6.5%	5.7%	3-4%	4-5%	Fleshing out the pipelines in seven key cities
	Payment and Finance	1.8%	1.0%	2-3%	3-5%	Customer integration through card consolidation

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

Balance Sheet Management

In managing our balance sheet, we maintain a sound financial foundation from a safety perspective and control our equity ratio and debt-to-equity (D/E) ratio at levels that allow us to maintain our current credit ratings. In the medium to long term, we believe that a consolidated equity ratio of approximately 30–35% and a D/E ratio (excluding lease liabilities) of 1.0x or less are appropriate levels. Meanwhile, to effectively utilize interest-bearing liabilities from the perspective of capital efficiency and manage equity within an appropriate range, we will implement shareholder returns during the current Medium-term Business Plan period, including dividends based on a dividend payout ratio of 40% or higher, as well as share buybacks as appropriate.

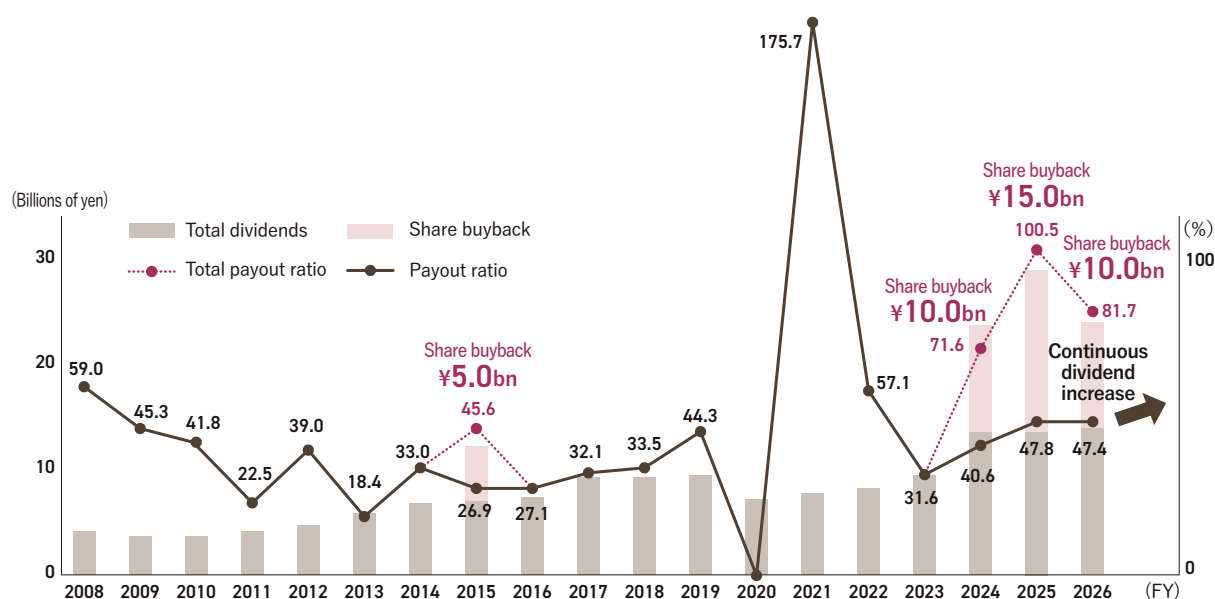
With regard to assets, we are promoting the efficient use of Group funds through intra-Group financing utilizing our cash management system, and we maintain cash and deposits at the minimum level necessary for working capital and other purposes through our cash management practices. In addition, our business assets consist primarily of tangible fixed assets such as stores, and we strive to maximize operating cash flow by utilizing them efficiently.



Shareholder Returns

Under the current Medium-term Business Plan, we have raised the dividend payout ratio from the previous level of 30% or more to 40% or more. For the fiscal year 2025 dividend, we increased the payout by 2 yen from the previous fiscal year, which had reached a record high, to 54 yen per share. Moving forward, we aim to achieve stable and continuous dividend increases by achieving sustainable profit growth. Furthermore, in

accordance with our policy of conducting share buybacks in a flexible and agile manner, we carried out a 10.0 billion yen share buyback in fiscal year 2024, which was the first share buyback since fiscal year 2015, with the aim of optimizing our equity. Similarly, we repurchased 15.0 billion yen worth of our own shares in fiscal year 2025 and 10.0 billion yen worth in fiscal year 2026 to strengthen shareholder returns.



FY	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dividend per share (yen)	8	7	7	8	9	11	25	27	28	35	35	36	27	29	31	36	52	54	56

FY2014: Amount adjusted after reverse stock split (2 shares → 1 share) FY2017: Includes commemorative dividend of ¥2 per share FY2024: Payout ratio and total payout ratio exclude special factors.
FY2026: Figures published in April 2026; total payout ratio adjusted for share buybacks

INTERVIEW

What Can We Do Now for the Next Generation? We Will Build People and Organizations That Lead to Sustainable Growth.

SHIBATA Takeshi

Managing Executive Officer and Senior Executive General Manager, Human Resources Strategy Unit
J. Front Retailing Co., Ltd.

Managing Executive Officer and Senior Executive General Manager, Human Resources Headquarters
Daimaru Matsuzakaya Department Stores Co. Ltd.

Managing Executive Officer for Corporate Headquarters, Head of HR Department
Parco Co., Ltd.



Unlocking the potential of people, organizations, and culture

We boast an unparalleled history and tradition spanning more than 400 years, dating back to 1611, when Matsuzakaya was founded, during which we have sincerely engaged with our customers and helped bring their aspirations to life. I take pride in the fact that, even today, we have many employees who put into practice on the front lines the philosophy inherited from our predecessors, as exemplified by the corporate credos of Daimaru and Matsuzakaya: “Service before Profit” and “Abjure All Evil and Practice All Good,” and I consider this to be the strongest foundation of our human capital. Furthermore, the full integration with Parco, which has continued to inspire Japanese contemporary culture in recent years, has served as a catalyst for an increase in the number of employees brimming with originality and creativity, which is another major strength.

At the same time, the environment surrounding us continues to undergo dramatic changes, driven by factors such as the declining birthrate and aging population, the diversification of people’s values, and the rapid evolution of AI. To prevail amidst fierce competition and continue to earn the support of our customers and diverse stakeholders in the future, I believe it is essential not to rest on our laurels, but to maximize the inherent potential of our people and organizations, actively acquire new talent and insights, and continuously hone the strengths of our people, organizations, and culture that continue to take on new challenges.

Making talent management a top priority

As things stand, the average age of the Group’s employees is approaching 50. While having experienced employees in key positions is a source of our current strength, securing the next generation of talent and continuing to make strategic efforts and proactive investments for future growth are essential for our sustainable growth.

With regard to hiring, we continue to recruit a set number of new graduates each year. At the same time, we are strengthening our efforts to attract outstanding talent from outside, particularly in areas such as stores, gaisho, content,

and digital, to adapt to changes in our business. Last fiscal year, the Group as a whole welcomed 276 mid-career hires. We are also promoting strategic cross-group personnel assignments, such as having Parco employees serve as department store managers and department store employees serve as Parco store managers. While recruiting and assigning such talent is meaningful in itself, I recognize that it also has the significant effect of updating the knowledge and expertise of existing personnel and the organization, thereby accelerating transformation across the entire organization. We are also compiling a list of in-house talent and investing in development programs to strengthen our talent pipeline, ensuring a continuous supply of professionals to fill key roles. We have established a system in which top management takes the lead in making decisions and taking action regarding the recruitment and strategic placement and development of such talent, treating these as top priorities in our management strategy.

Enhancing diversity and engagement

To achieve sustainable growth, it is essential to transform diverse values and individualities into organizational strength.

We remain committed to promoting diversity, including women’s empowerment, an area where we have a competitive advantage, while continuing to foster an environment where every employee can fully utilize their abilities in a way that is true to themselves. We aim to go beyond simply achieving numerical targets and create an environment where a diverse workforce can thrive.

Furthermore, to ensure that employees take a proactive approach to their work and continue to take on new challenges, it is important to improve work engagement, which reflects employees’ active involvement and passion for the organization and their work. I believe that creating an environment where employees can fully unleash their inherent potential, enjoy taking on challenges with a healthy sense of commitment, and feel a sense of growth, through a multifaceted approach encompassing organizational operations, management, and institutional frameworks, is essential to becoming a Value Co-creation Retailer.

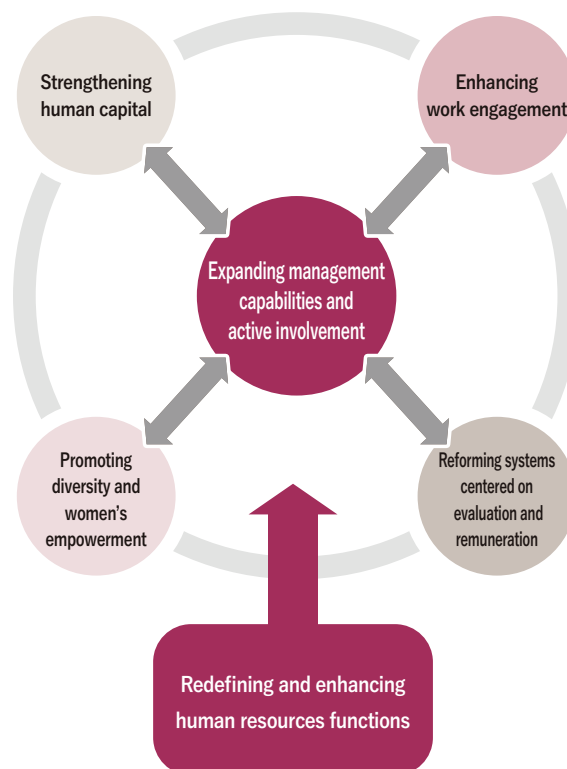
Management is the key player in transformation

It goes without saying that business innovation is the sum of the transformations taking place on the ground. The role of management—communicating the direction of change within each workplace, fostering talent while boosting motivation, and achieving goals through creativity and ingenuity—has become more important than ever before. From this perspective, starting with Daimaru Matsuzakaya Department Stores, we launched the “workshop for officers and division heads,” a series of sessions where officers and division heads from each organization engage in direct dialogue with the presidents of their respective companies to discuss initiatives aimed at organizational innovation. At the workshops, everyone is passionately discussing the importance of “engaging with each employee individually, making courageous decisions, and articulating their visions.” Although this is a steady, step-by-step effort, we plan to continue holding these sessions on an ongoing basis and expand the scope to include more companies.

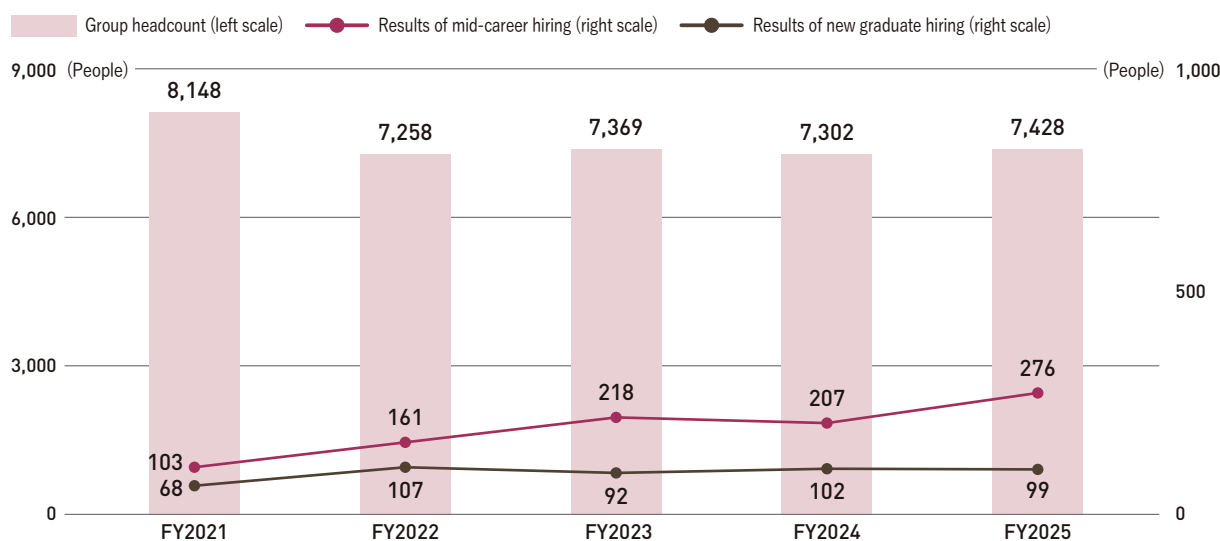
Human resources as a business driver

Until now, the human resources division has placed a strong emphasis on honoring tradition, following rules, and maintaining fairness. These principles will remain important going forward. However, to bring about a major transformation in the business, it is sometimes necessary to look beyond precedent and devise the optimal solution based on the ultimate objective. This requires evolving into a strategic division that drives not only the business itself but also its people, organization, and ultimately, its corporate culture. To drive this transformation as a unified group, starting in fiscal year 2026, we have adopted a structure in which an officer responsible for human resources, as well as finance and IT officers, holds concurrent roles at the holding company and major operating companies. I am seeing tangible results, with information becoming more up-to-date and enabling faster, integrated decision-making. The human resources division will also assume the role of a driving force that supports the challenges undertaken by the business and its people, contributing to the realization of value co-creation across the Group.

Power to Involve Others, Mindset to Enjoy Challenges



Trends in Group headcount and results of new graduate and mid-career hiring



*The Group headcount reflects the figures as of the end of each fiscal year.

Key Priorities in Human Resources Strategy

We have identified four key priorities: “strengthening human capital,” “promoting diversity and women’s empowerment,” “enhancing work engagement,” and “reforming systems centered on evaluation and remuneration.” Furthermore, recognizing that management plays a central role in enhancing the effectiveness of these initiatives, we are also focusing on “strengthening management capabilities and promoting their active involvement.”

Strengthening Human Capital

In addition to recruiting new graduates and young talent, we are actively hiring highly specialized personnel, particularly in areas such as store operations, gaisho, content, and digital, to adapt to changes in the business environment. In addition, we support employee retention by improving the workplace environment and strengthening our onboarding process, and we are also working to enhance our training and development programs so that each employee can fully realize their potential.

■ JFR Selective School

Since 2017, we have run the “JFR Selective School,” a focused program designed to develop candidates for future executive leadership roles.

This program consists of three tiers: the “JFR Business Management School” (for future executive candidates), the “JFR Management School” (for future division head candidates), and the “JFR Leader School” (for future manager candidates). It fosters a management perspective, shares the top management’s perspective on key issues, and provides strategy development training. Through systematic and strategic personnel assignments, the program promotes the early development of the next generation of core talent.

Number of training participants (FY2025)

New employee training	98
JFR three-year training school for new employees with college degrees	724
Career development training	2,294
Management training	220
New manager training	428
JFR Group open recruitment training	107
JFR College	1,142

*The number of participants represents the total count (including repeat participants).

Training record (FY2025)

Average training hours per employee	8.26 hours
Average training cost per employee	58,813 yen

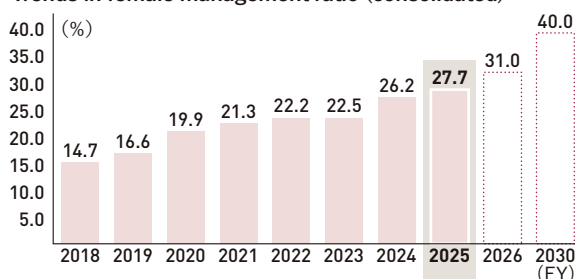
Promoting Diversity and Women’s Empowerment

We believe that to achieve sustainable growth into the future, it is essential to harness the diversity of our employees’ individualities and transform them into organizational strength. To that end, we will create an environment where every individual can thrive in their own way, from promoting young talent to revitalizing middle-aged and older employees.

Particularly, women, who make up over half of the entire Group’s employees, must play an indispensable role. To date, we have implemented initiatives such as improving the

workplace environment and reforming work styles with a focus on ease of work and job satisfaction, the “Career Forum for Women” where participants learn about career assessment and management, and unconscious bias training for managers. As a result, the female management ratio across the entire Group stood at 27.7% as of the end of fiscal year 2025. In May 2026, we introduced an internal mentorship program in which female officers and division heads from diverse backgrounds and with varied experiences serve as mentors to support the medium- to long-term career development of junior employees.

Trends in female management ratio (consolidated)



Female ratio by position level in 2025 (consolidated)

	Total	of which Female	Female ratio
Division head	263 people	33 people	12.5%
Section chief	548 people	192 people	35.0%
Total	811 people	225 people	27.7%

*As of the end of February 2026

■ Unconscious bias training

In fiscal year 2025, we conducted a training program for all officers and managers across the Group to deepen their understanding of how unconscious biases and stereotypes influence decision-making, management, and day-to-day communication (approximately 1,000 participants). In particular, for the training session aimed at section chiefs, we incorporated AI-based exercises and designed the program to be more practical by simulating scenarios that could occur in real-world workplaces.

■ Internal networking group “PERCH LABO”

In 2025, we launched an internal networking group composed of graduates of the Career Forum for Women. We liken the networking group, where female employees across the Group can connect beyond the boundaries of divisions and operating companies, to a “perch” where birds rest their wings.

In addition to facilitating the exchange of information, it provides opportunities to acquire skills applicable to their work, support proactive career development, and promote the development of the next generation of leaders. (A total of 140 participants in fiscal year 2025)



PERCH LABO meeting

Enhancing Work Engagement

We define work engagement as the degree to which employees are actively involved in and passionate about their organization and their work. We believe that employees cannot begin to take on new challenges without increased work engagement, and we will therefore work to review and improve every aspect of the employee experience, including work tasks, roles, management involvement, and internal systems, from the perspective of work engagement.

■ Employee engagement survey

In the fiscal year 2025 survey, we revised the questionnaire items in an effort to gain a more accurate understanding of the current situation. Across the entire Group, in addition to the KPIs of “employee satisfaction” (68.3%) and “likelihood to recommend as a place to work” (62.0%), high scores were also recorded for “intention to continue employment,” “cooperation in the workplace,” “trust in supervisors,” and “pride in contributing to society.” On the other hand, the results indicate that there is room for improvement in creating “job satisfaction” and “work experiences that exceed expectations,” and we recognize the need for initiatives to boost work engagement. We will use the insights gained through this survey to inform initiatives across the entire Group, foster dialogue within each company and division, and drive the organization’s growth.

Reforming Systems Centered on Evaluation and Remuneration

Compensation based on fair evaluations is one of the key factors in motivating employees to take on new challenges. To ensure that we can accurately evaluate each employee’s role, performance, and individual differences and provide appropriate feedback, we are proceeding with a review of our existing evaluation system and training to enhance operational capabilities, starting with senior management. At the same time, we aim to establish remuneration levels that better reflect our commitment to strengthening our competitive edge in recruitment and improving employee retention.

In April 2026, we introduced a share granting plan for executive-level employees within the Group, with the aim of further strengthening the sense of unity across the Group, encouraging a commitment to sound business practices, and improving work engagement.

Expanding Management Capabilities and Active Involvement

The management team plays a central role in each initiative outlined in our human resources strategy and serves as the link between senior management and the front lines. We are focusing our efforts on improving the environment and transforming mindsets to enable our management team, centered on division heads, to perform to the best of their abilities. Specifically, we are reviewing the number of subordinates each manager oversees, developing support measures to revitalize the organization, and revising the performance evaluation system to encourage taking on new challenges. At the same time, we are continuously conducting workshops for officers and division heads to promote behavioral change among management.



Workshop for officers and division heads

Redefining and Enhancing Human Resources Functions

To ensure the steady implementation of each initiative, the role of the human resources division will become more important than ever. To respond swiftly and appropriately to on-the-ground challenges such as recruitment, placement, training, and performance evaluation, we are working to enhance the expertise of the human resources division while also reforming our operational processes so that employees can feel a sense of growth through their work. We will also work to establish a structure that allows them to contribute as business partners to senior management and business unit leaders.

INTERVIEW

We are currently undergoing a phase of change aimed at achieving sustainable growth in the future. In this environment, I believe that the role of management in leading the organization has a significant impact on the organization’s overall strength and value creation.

Since it is difficult to forge a new future simply by following past practices and successful experiences as they are, our management team, including officers, has engaged in extensive deliberations on what actions we should take now. Following discussions at the workshops for officers, they have established the following three actions.

- Engaging (providing appropriate feedback through dialogue to support growth)
- Making decisions (thinking independently and make decisions without being bound by precedent)
- Articulating a vision (envisioning the organization’s future and sharing its direction with subordinates)

Currently, each division head, including officers, is articulating these concepts in their own words and refining them through practice while engaging in ongoing dialogue with their subordinates. The human resources division conducts workshops for division heads at Daimaru Matsuzakaya Department Stores to support their practical efforts.

I joined the Company in 2025 as an organizational development specialist, and I believe there are many high-potential employees here. By bringing out the best in each of them and enhancing the value of our human capital, I hope to contribute to improving our organization’s competitiveness.



KOMUKAI Hiroshi

Expert Manager, Group Human Resources Development Division
Human Resources Strategy Unit
J. Front Retailing Co., Ltd.

Next-Generation IT Organizations Lead the Group's Transformation

OZAWA Toshihiro

Managing Executive Officer and Senior Executive General Manager, IT Digital Unit
J. Front Retailing Co., Ltd.

Managing Executive Officer and Senior Executive General Manager, IT Digital Headquarters
Daimaru Matsuzakaya Department Stores Co. Ltd.

Managing Executive Officer for Corporate Headquarters, Head of IT Department
Parco Co., Ltd.



Introduction

—The Group's IT and digital challenges

As a CIO, I have been responsible for transforming the IT organizations of various companies, and in March of this year, I assumed the position of Senior Executive General Manager of IT Digital Unit at J. Front Retailing. While the Group owns the long-established department stores Daimaru and Matsuzakaya, it also possesses significant appeal and strengths not found among our competitors, such as Parco's ability to attract younger customers and the unique presence of GINZA SIX.

However, based on my many years of experience, when I look at the Group's IT environment, I see a variety of challenges. For example, there are multiple similar service infrastructures within the Group, and many systems, including core systems, are becoming outdated. As a result, instead of increasing IT investments for new challenges like strategic investments, we are forced to allocate resources to maintaining and continuing existing business operations.

Our vision

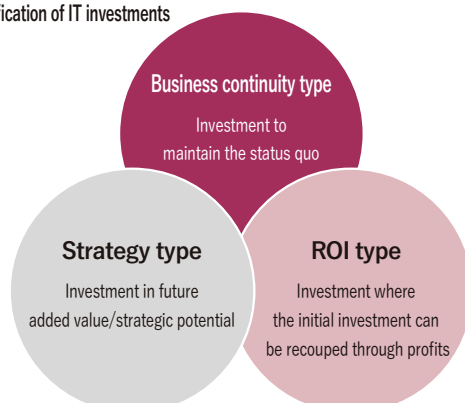
—Transformation into a next-generation operating company IT model

We plan to incorporate our response to these challenges and our vision for the Group's IT functions into the next medium-term IT plan, which will begin in fiscal year 2027. In my view, the ideal IT organization within an operating company is by no means merely a systems maintenance and operations team; rather, it is an entity that works side by side with the business side to drive the business itself forward. To achieve this "transformation into a next-generation operating company IT model," we intend to drive our strategy under the following pillars in the upcoming medium-term plan.

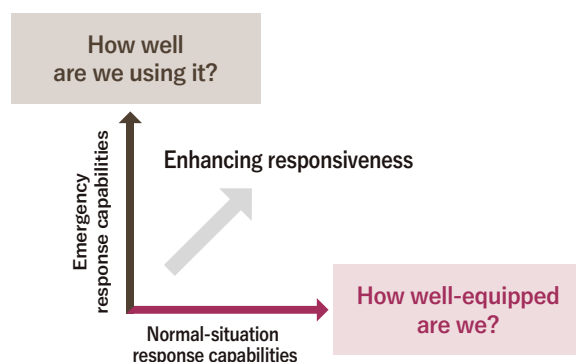
(1) Strengthening the Group's IT governance

To ensure optimal IT investment across the entire Group, it is important to review the Group's IT investment projects from the perspective of their alignment with management policies and strategies, manage these projects as a portfolio, and allocate IT resources optimally. For this reason, we have introduced a Group IT review system and established Group regulations that define the

Classification of IT investments



Policy for assessing the cybersecurity situation



basic principles and criteria for IT investment, and we will make investment decisions based on uniform criteria within the IT review committee.

Furthermore, strengthening cybersecurity is also a key aspect of IT governance. Recently, the threat of cyberattacks, including those utilizing AI, has been increasing, making it crucial to strengthen response capabilities not only during normal times but also during emergencies. The Group intends to further enhance its cybersecurity capabilities by using benchmarks such as the “CIS Controls,” a set of cybersecurity best practices published by the U.S. non-profit organization, Center for Internet Security (CSI), and the “NIST Cybersecurity Framework (NIST CSF)” published by the U.S. National Institute of Standards and Technology (NIST).

(2) Development of Business IT Architect (BITA) and new insourcing initiative

The “BITA” is the key role in “working side by side with the business side to drive the business forward.” BITA combines technology in one hand and business in the other, taking on the role of comprehensively overseeing internal operations from start to finish to build optimal processes and systems. While these tasks are precisely the kind of work that should be handled by the talent in a next-generation operating company IT organization, the current IT division has been overwhelmed by its traditional responsibilities, such as system development, maintenance, and operations, and taking on BITA-related tasks in addition to these would place an excessive burden on the team.

Therefore, as part of our efforts to reduce maintenance and operational workloads, which is our top priority, we will promote a “new insourcing” initiative. This approach involves not maintaining IT assets such as servers in-house but fully leveraging cloud services, and shifting from traditional system integration, which centered on developing proprietary in-house systems, to service integration that combines multiple SaaS (Software as a Service) solutions. The basic policy is to “avoid development” as much as possible. Even when development is necessary, it is based on no-code development or AI-driven development. By implementing these approaches in-house as much as possible, without relying on partners, we can significantly reduce maintenance and operational workloads as well as

outsourcing costs, thereby maximizing the speed of business delivery. These are the objectives of the new insourcing initiative, and they represent the responsibilities that BITA, as an IT talent within an operating company, should undertake.

(3) Development of Digital Shared Knowledge (DSK)

“DSK” refers to digitized organizational knowledge. This involves transforming the know-how stored in individuals’ minds into a systematic framework. DSK’s value lies in digitizing individual expertise so that it can be easily reused throughout the organization as explicit knowledge.

For example, if we can digitize decision-making criteria, such as moving on to the next action when a set of numerical values exceeds a certain threshold, we can eliminate human inconsistencies and dramatically improve business reproducibility and quality. By gaining experience within this framework, a foundation is established that allows anyone to easily achieve a score of 80. Building upon this, individual efforts to further hone skills lead to an increase in employees capable of achieving a score of 120. Promoting the development of DSK makes this kind of organizational management possible.

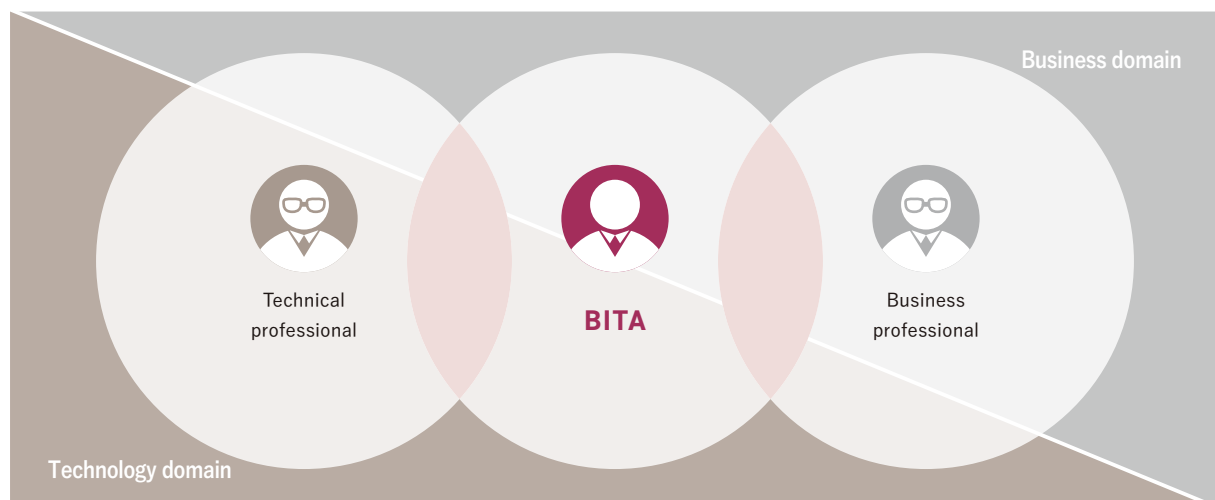
Furthermore, in the future, it will become possible to use AI to replace decision-making processes that require advanced judgment. This will ensure business continuity while also improving efficiency and advancing operations, particularly in the Department Store Business, where a significant number of experienced senior employees are expected to retire.

To advance the development of DSK, it is essential to improve employees’ digital literacy. We will further strengthen our education and training programs to significantly enhance the Group’s overall digital capabilities.

Leading the Group’s Transformation

The transformation of the JFR Group has only just begun. My mission is clear: to transform the IT organization into a BITA organization capable of serving as the next-generation operating company IT function. I hope to transform the future of this long-established company by having BITA talent play a dynamic role as one of the pillars of our business.

What is BITA?



A Phase of Change, Creating Value beyond It.

Positioning the period covered by the current Medium-term Business Plan, from fiscal year 2024 through fiscal year 2026, as a “phase of change” aimed at realizing its future vision for 2030: a “Value Co-creation Retailer Group,” the Group is boldly working on “deepening the retail business,” “evolving Group synergies,” and exploratory initiatives for the future.



MESSAGE

TANAKA Tomoaki

Managing Executive Officer, Senior Executive General Manager, Management Strategy Unit, Senior General Manager, Fukuoka Tenjin Area Development Promotion Division, and Risk Management Manager, J. Front Retailing Co., Ltd. Director, Daimaru Matsuzakaya Department Stores Co. Ltd. Director, Parco Co., Ltd.

The current state of “change”

Looking back on fiscal year 2025, in the Department Store Business, we achieved some success with initiatives aimed at improving the lifetime value (LTV) of domestic customers and attracting the next generation of customers. In addition, regarding the operation of the EXPO 2025 (Osaka Kansai Expo) official store, we worked from the ground up on store layout, product development, and procurement, and have seen very positive results. In the SC Business, strategic renovations centered on Shibuya PARCO have helped expand its fan base, while in the Payment and Finance Business, we were able to consolidate the Group’s card issuance operations within the company.

While we are making steady progress on the initiatives outlined in the current Medium-term Business Plan, it is undeniable that the pace of execution is slow when it comes to advancing our strategic theme of evolving Group synergies, particularly with regard to expanding our customer base. Our challenge for fiscal year 2026 is to drive this transformation forward at the pace we envision.

I served as an Executive Officer at Daimaru Matsuzakaya Department Stores and assumed my current position in March 2026. Hashimoto, Executive Officer, with whom I am currently working, previously served as President of JFR Card, and Tokuda, Executive Officer, has extensive external experience. The three of us are now driving transformation at the Company by sharing our respective insights and expertise.

Potential for improving LTV

The foundation of the Group’s growth lies with our end users, or our “customers.” Much of the assets we hold consist

of real estate, where we conduct our commercial operations. By deepening our understanding of customers and identifying the kind of world they envision, specifically, high-quality and emotionally enriching products, services, and experiences, we not only increase revenue at individual stores, but also provide content that enhances the appeal of the entire area, rather than just the stores themselves. As such, the Group’s area strategy offers room to grow profitability.

For content that drives corporate growth, we focus on three key themes: emotion, community, and the environment. I recognize that the Group’s role as a retailer is to curate initiatives rooted in local products, traditions, and co-existence with the environment, transform them into new value, and offer them to the world. This differs in scale from conventional private-label products or event-based content.

Becoming the player needed in the area

The next Medium-term Business Plan marks a stage in which we will demonstrate the results of our past efforts and take them to a higher level. It all depends on how much new value we can demonstrate in the “seven key cities” identified by the Group.

To that end, we will first ensure the success of “HAERA,” which opened in June 2026, as a prominent commercial facility in the Sakae area in Nagoya. We will then work to regain recognition from the local community as a corporate group capable of developing unique commercial facilities. That will be our milestone for fiscal year 2026 and our starting point for fiscal year 2027 and beyond. With an eye toward future developments, we will work together both within the Group and alongside our business partners to achieve this.

Key Strategy
01

Deepening the Retail Business

For “deepening the retail business,” one of our key strategies, we are working to “expand our domestic and overseas customer bases,” “enhance the appeal of our customer touchpoints,” and “enhance our content offerings for premium and inspiring consumer segment.” In particular, we are prioritizing the expansion of our overseas customer base, strengthening our response to the domestic high-net-worth market, and expanding our content offerings for premium and inspiring consumer segment.

Expanding overseas customer base

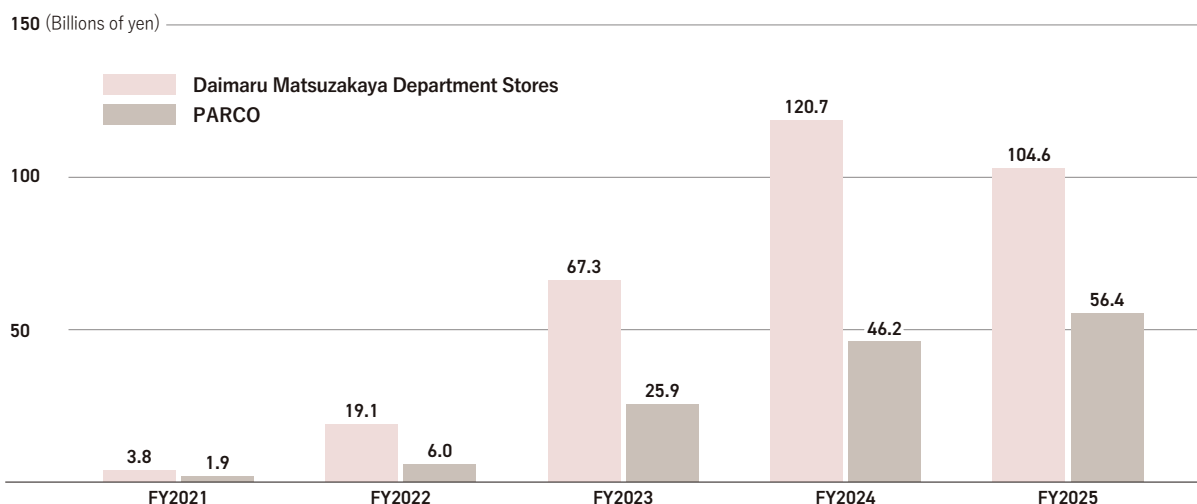
Daimaru Matsuzakaya Department Stores, which operates the Department Store Business, is working to strengthen its communication with and sales proposals for international customers, primarily tourists visiting Japan from Asia. Specifically, starting at the end of fiscal year 2024, we launched an initiative at our tax refund counters to encourage high-net-worth individuals from overseas to sign up for membership. We use appropriate communication tools, such as social media and email, to provide information tailored to their needs, thereby encouraging repeat visits and purchases. As of the end of February 2026, the number of members registered at the tax refund counters reached 2,000. Together with the approximately 160,000 Daimaru Matsuzakaya app members living abroad (as of the end of February 2026)*, our base of overseas customers whom “we know personally” is steadily expanding.

The SC Business is further strengthening its offerings of experiential value, such as pop culture. For example, at Shibuya PARCO, the first major renovation since 2019, which introduced world-first and Japan-first shops featuring major IP content as well as luxury brands, led to growth in transaction volume from inbound tourists. At Shinsaibashi PARCO, aided by the impact of the Osaka Kansai Expo, the floor dedicated to IP content was bustling, resulting in total transaction volume from inbound tourists reaching a record high.

In addition, Daimaru Matsuzakaya Department Stores entered into a business partnership agreement with Central Pattana Public Company Limited, a subsidiary of Central Group in Thailand, in November 2023, and since then, the two companies have been implementing a mutual customer referral program that offers special benefits to each other's VIP customers.

*Customer identification counts include customers registered with multiple tools.

Trends in sales to (transaction volume from) inbound tourists at Daimaru Matsuzakaya Department Stores and PARCO





Strengthening the approach to the domestic high-net-worth market

“Gaisho” is a sales approach unique to Japanese department stores, in which products are presented and sold to loyal customers, typically affluent individuals, who are the main clientele of department stores, at locations such as the store or the customer’s home. Daimaru Matsuzakaya Department Stores has approximately 300,000* gaisho customers, and while their spending accounts for about 25% of the company’s total sales, it continues to grow year by year. As part of our efforts to better serve this robust high-net-worth market, we are working to enhance the appeal of our stores, which serve as the starting point of customer touchpoints, and expand our gaisho activities to broader regions.

For example, at the Matsuzakaya Nagoya store in the Department Store Business, we carried out a major renovation aimed at deepening relationships with existing customers and attracting the next generation of customers, completing the renovation of its main building at the end of August 2025 and that of its north wing at the end of February 2026. As a result of this large-scale renovation, which covers approximately 30% of the total floor area, the retail space dedicated to luxury brands has increased 1.4 times and the space for art has expanded approximately 2.5 times compared to before the renovation, while the women’s apparel space has been reduced by 60%. We also worked to create a high-quality, comfortable store environment and enhance the value of the space. In addition, part of the store’s south wing will be renovated and operated by Parco. Construction on the relevant floors has been underway in phases since February 2026, and it is scheduled to open as a new commercial facility in the spring of 2027.

With regard to expanding our gaisho activities to broader regions, we are focusing on efforts such as strengthening customer acquisition efforts targeting residents in areas where department stores and luxury brands have withdrawn.

* The number of gaisho customers is based on the number of dedicated cards issued.

Enhancing content offerings for premium and inspiring consumer segment

The Group is committed to proposing new lifestyles to all consumers who seek high-quality and emotionally enriching consumption and experiences that satisfy their personal preferences and values, that is, the premium and inspiring consumer segment.”

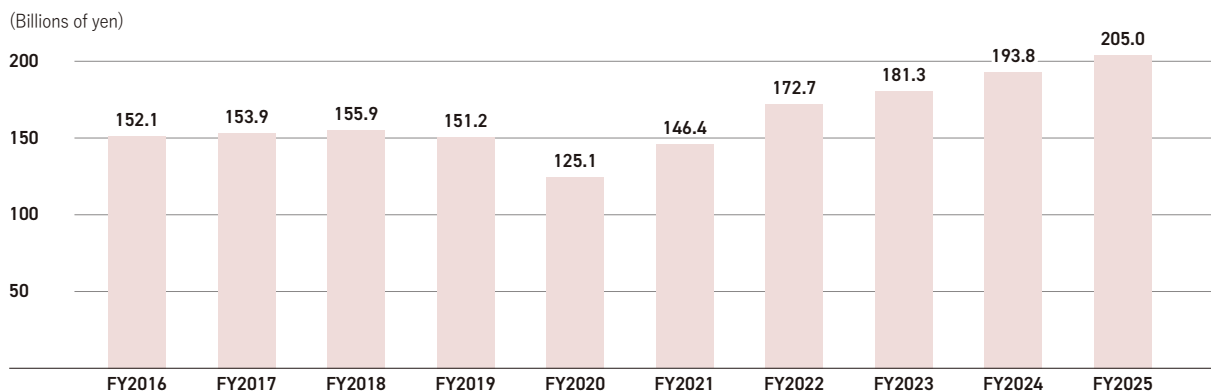
In the SC Business, we are currently promoting renovations at each PARCO store that involve a fundamental review of floor layouts and other aspects in response to changes in the market. In fiscal year 2025, through strategic renovations centered on core stores in Shibuya, Hiroshima, Nagoya, Sendai, and other locations, we expanded our offerings in areas particularly popular with domestic and international customers, such as Japan Mode, character-themed zones, anime and other IP content, and restaurants. For instance, Shibuya PARCO underwent a major renovation from spring to fall in 2025, adopting the key concept of “the world’s most unique and entertaining commercial facility,” and transformed it into a global niche store. As a result, in fiscal year 2025, the transaction volume in the renovated areas increased by approximately 80% compared to the previous fiscal year. In fiscal year 2026, we are beginning major renovations at the PARCO locations in Shinsaibashi, Ikebukuro, Nagoya, and Sendai. While we expect a temporary decline in revenue due to the renovations, we anticipate an increase in customer traffic following the renovations.

In addition, Daimaru Matsuzakaya Department Stores operated an official store at the Osaka Kansai Expo, held from April to October 2025. The store’s unique spatial design, which allowed visitors to experience Japanese aesthetics, and its original merchandise were well received, resulting in sales significantly exceeding the initial sales target.

Although values are becoming increasingly diverse, the Group remains committed to staying close to its customers in those moments that touch their hearts.

p. 44

Daimaru Matsuzakaya Department Stores gaisho sales



Key Strategy
02

Evolving Group Synergies

Under “evolving Group synergies,” another key strategy, we are working to “expand the Group’s customer base,” “own and develop proprietary content,” and “maximize area value.” We are moving forward with shaping the future of the retailer group by leveraging the Group’s strengths: “expertise in producing commercial businesses and spaces,” “a strong customer base,” “real estate assets in major cities across Japan,” and “business partners, creators, and other partners.”

Expanding the Group’s customer base

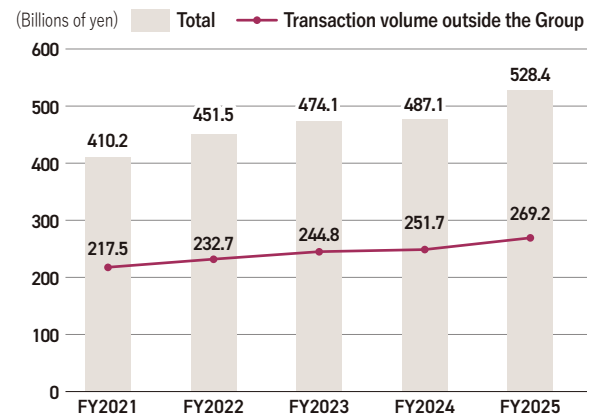
For the Group, which positions the retail business at the core of its operations, the data derived from its strong customer base is an invaluable asset that helps it enhance its product lineup and services. The Group is working to expand its customer base by encouraging both general and gaisho customers to become members through tools such as cards, apps, and web media.

JFR Card, which operates the Payment and Finance Business, has consolidated the Group’s card issuance operations by launching the GINZA SIX Card in April 2024, the PARCO Card in February 2025, and the Hakata Daimaru Kujaku Card in March of the same year, in addition to the existing Daimaru Matsuzakaya Card. At the same time, we are working to acquire merchants in the vicinity of the Group’s stores and establish economic zones in these areas. In fiscal year 2025, the credit transaction volume was roughly evenly split between intra-Group and external transactions, totaling approximately 528.0 billion yen, an 8.5% increase from the previous year. The integration and mutual use of points issued by Group-branded cards are expected to begin around 2030.

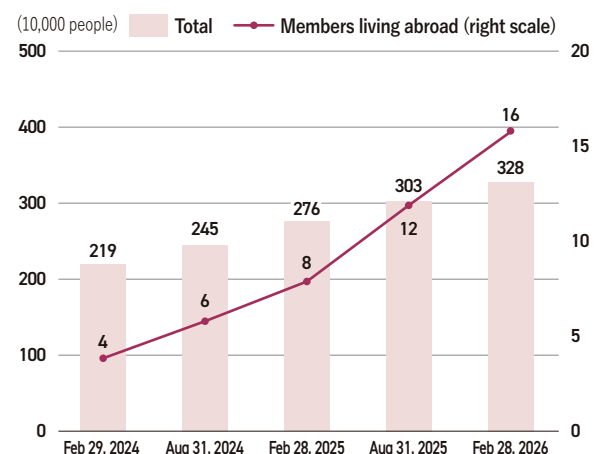
The number of members for the Daimaru Matsuzakaya Department Stores app reached 3.13 million as of the end of fiscal year 2025. A comparison of the average purchase value between app members and non-app members among Daimaru Matsuzakaya Department Stores cardholders reveals a twofold difference, demonstrating that the company is successfully fostering high-quality communication through its proprietary app. In addition, “connaissligne,” a website exclusively for our gaisho customers, has been well-received for offering members access to special merchandise.

Moving forward, we will further focus on analyzing and utilizing customer database to improve our customers’ LTV.

Credit transaction volume for cards issued by JFR Card



Number of Daimaru Matsuzakaya app members



Owning and developing proprietary content

To drive new growth in its retail business, the Group is leveraging its strengths, such as its discerning eye, sourcing capabilities, and networks, to advance the ownership and development of proprietary content and the creation of new businesses. We are strengthening our growth strategy investments through M&A, partnerships with other companies, and our business succession and CVC funds, with the goal of developing our proprietary content into a major pillar of revenue.

Examples

- Co-developed sweets with other companies
- Offered menus and limited-edition merchandise at restaurants collaborating with popular characters
- Made a full-scale entry into the game publishing business
- Entered the reuse business through a joint venture **p. 55**



PARCO has made a full-scale entry into the game publishing business, specializing in the indie game sector, and has launched a new label, "PARCO GAMES."



The new brand "Mont Blanc The Hakuzan" was developed through a joint business partnership between Daimaru Matsuzakaya Department Stores and Grapestone Co., Ltd.



"Chiikawa Restaurant," developed by Parco with the rights holder's permission, features collaboration menu items and original merchandise based on the popular series "Chiikawa." Following the Ikebukuro PARCO location, the second branch has opened at Okinawa PARCO CITY. © nagano



"Shiawase Milk Sablé," jointly developed by Daimaru Matsuzakaya Department Stores and Kochi Daimaru with the Kochi-based confectionery manufacturer Sweets Co., Ltd.



"PATISSERIE ANNIVEL" is the sweets brand of ANNIVEL Co., Ltd., a joint venture established through a joint investment by Daimaru Matsuzakaya Department Stores and MON-CREVE Co., Ltd. to sell original sweets and operate the business.

Maximizing area value

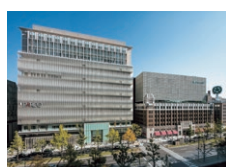
Under the current Medium-term Business Plan, the Group is focusing its efforts on establishing a leading position in the "Sakae area in Nagoya," one of its seven key cities (Sapporo, Tokyo, Nagoya, Osaka, Kyoto, Kobe, and Fukuoka).

In fiscal year 2025, we moved forward with preparations for the opening of "HAERA," a luxury mall developed by the Department Store, SC, and Developer Businesses, and worked to revitalize the local community by hosting community-oriented events. Since its grand opening in June 2026, the mall has been bustling with many customers. **p. 20** In addition, in the Developer Business, we merged J. Front Design & Construction Co., Ltd. and Parco Space Systems Co., Ltd., and reorganized them in March 2026 into J. Front Prime Space Co., Ltd., which operates interior design and facilities businesses.

Through this merger, the company aims to expand its order intake for high-end and high-grade interior construction, electrical installation work, and facility management services both within and outside the Group.

In addition, plans are underway to renovate part of the south wing of the Matsuzakaya Nagoya store into a new facility operated by Parco, which is scheduled to be completed in the spring of 2027. The next areas targeted for strengthening are the Shinsaibashi area in Osaka and the Tenjin area in Fukuoka. Leveraging its strength of having multiple locations in major cities across Japan, the Group will work in collaboration with local communities and Group companies throughout the term of the next Medium-term Business Plan to maximize value on an "area"-wide basis.

SHINSAIBASHI



Shinsaibashi PARCO, Daimaru Shinsaibashi



QUARTZ SHINSAIBASHI



PARCO Card



Daimaru Matsuzakaya Card

Business structure

Department Store
SC
Developer
Payment and Finance

Strengths

Commercial production capability
Strong customer base
Real estate assets in urban locations
Business partners, creators, and other partners

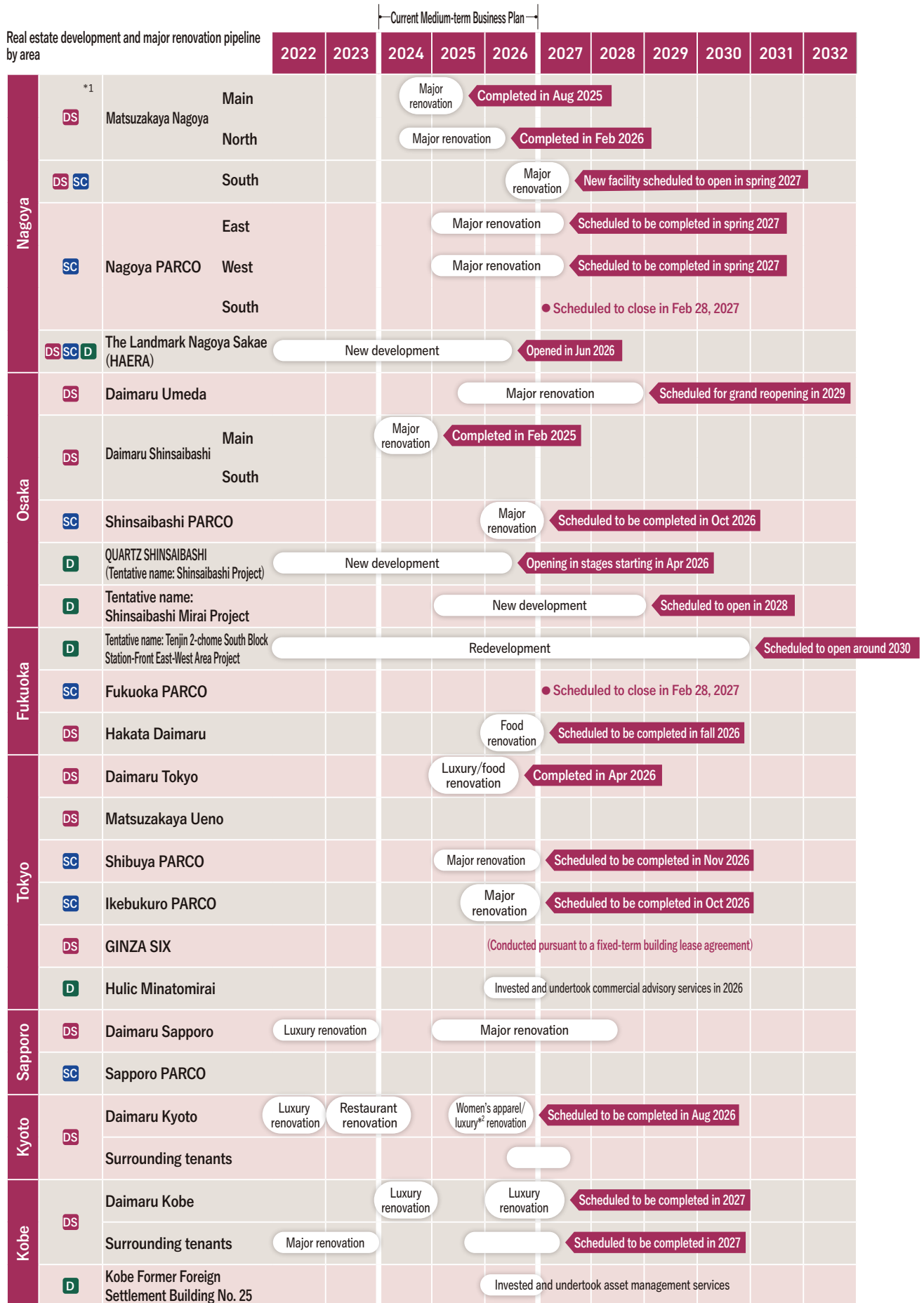
HAKATA



Hakata Daimaru Fukuoka Tenjin



Hakata Daimaru Kujaku Card



*1 DS (Department Store Business), SC (SC Business), and D (Developer Business) refer to segments expected to contribute to revenue following development or renovation, respectively.

*2 Due to the reconstruction of surrounding tenant buildings, some brands have relocated to the Daimaru Kyoto store.

*3 The information above is current as of the date of publication of this integrated report.

Reaching the Premium and Inspiring Consumer Segment

Experiences that Resonate with Personal Values Help Relationships Evolve

The J. Front Retailing Group defines its “premium and inspiring consumer segment” as individuals who cherish their own values and personal preferences, and who favor consumption that offers high-quality and emotionally enriching experiences and stories. We explore the initiatives aimed at creating corporate value by building relationships with this consumer segment.

“Roji,” meaning “alley” in Japanese, in the VIP lounge created as part of the expansion and renovation in the fall of 2025. It creates a sense of transition within the space. (GINZA SIX)



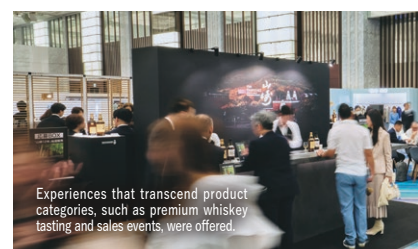
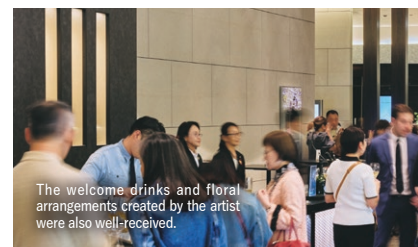
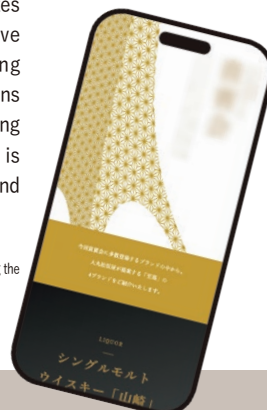
01 Deepening “Relationships”

A space and time just for you, created by gaisho

Gaisho, which has long been the backbone of the Department Store Business and accounts for approximately 30% of its total sales, will continue to play a key role in our future growth strategy. Based on deep relationships of trust with our customers, gaisho has consistently made proposals tailored to their values and preferences. Now, our efforts to build relationships with customers are entering a new phase.

At events exclusively for gaisho customers, we curate a selection of carefully chosen products in a sophisticated, extraordinary setting, weaving in experiences created through collaborations with leading figures in various fields, including luxury brands and artists, to create moments that truly lift the spirit. Through opportunities to engage with the philosophy behind the brands and products, as well as through a unique hospitality experience found nowhere else, customers discover value that resonates with their own sensibilities. Thanks to these efforts, the events have continued to set new sales records, and in addition to deepening relationships with existing customers, it has also helped forge connections with new ones. The relationship between gaisho and customers is evolving in a space and time that go beyond shopping, from one where gaisho is simply “the one chosen” to one where gaisho and its customers “share and create value together.”

Great care is also taken in designing the communication strategy, such as showcasing the product's story on a dedicated website featuring high-quality design.



02 Unlocking the “Essence”

A one-of-a-kind experience created by GINZA SIX

GINZA SIX, one of the largest mixed-use commercial complexes in the Ginza area, satisfies visitors' intellectual curiosity and sensibilities through its world-class lineup and unique experiences found nowhere else.

One of them is the members-only program held in the VIP lounge. Covering a wide range of themes, including art, traditional culture, cuisine, and crafts, the program offers special experiences with leading creators, fostering new sensibilities and aesthetic perspectives through high-quality learning and interaction. The VIP lounge underwent an expansion and renovation in September 2025, and continues to pursue even more refined and interactive experiences.

Inside the facility, we host art projects in collaboration with leading creators, including large-scale art installations in the iconic atrium. With the project “A Tree,” we go beyond simply displaying a finished work; we also present the creative process itself, showing how the materials, which serve as the starting point, transform and unfold within the space. When visitors unexpectedly encounter art or high-quality products, it sparks new insights and broadens their sensibilities.

GINZA SIX continues to evolve as a shopping destination that embodies the concept of “Life At Its Best” and attracts visitors from around the world.



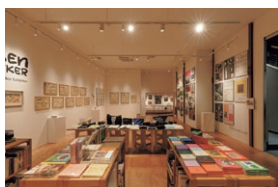
A corner within the VIP lounge designed for guests to enjoy interaction and conversation.



“A Tree” is an art project that has been underway for about three years since the spring of 2025. Chairs designed based on inspiration drawn from the forests in Yoshino and the forestry sites adorn the interior of the building.



© Hirohiko Araki & LUCKY LAND COMMUNICATIONS / Shueisha
© Hirohiko Araki & LUCKY LAND COMMUNICATIONS / Shueisha, JoJo's Bizarre Adventure THE ANIMATION PROJECT



03 Spreading “Resonance”

The global niche embodied by Shibuya PARCO

Shibuya PARCO underwent a large-scale renovation spanning approximately 80 sections through the fall of 2025. By reinterpreting the words of Parco's founder, MASUDA Tsuji, “Under (De)Construction,” we are working to create new value while adapting to the changing times.

We curate the floor layout to present luxury and up-and-coming fashion brands as a cohesive narrative, creating a world that deeply resonates with visitors' sensibilities. Furthermore, by developing floors dedicated to IP content, including games and anime originating in Japan, we offer unique experiences that can only be found here. As a “place where visitors can take home memorable experiences,” it attracts fans from both Japan and abroad and creates a strong sense of purpose.

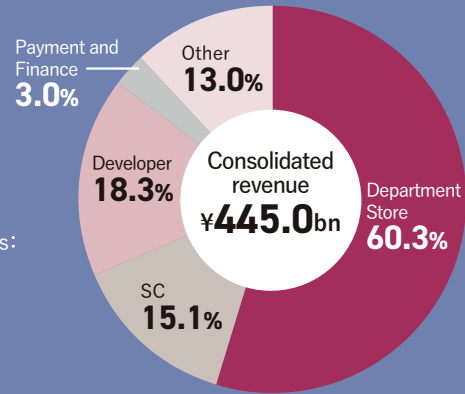
As an exemplar of “global niche,” Shibuya PARCO offers visitors more than just shopping experiences; they encounter and connect with cultures that resonate with their personal values and interests, sharing these experiences with others. Shibuya PARCO is increasingly establishing itself as a destination that draws people seeking the stories and experiential value it offers.

Viewing Shibuya PARCO as “part of the entire community,” we have created a world where diverse elements resonate with one another.
From top: THE★JOJO WORLD, COMME des GARÇONS, BRAIN DEAD STUDIOS SHIBUYA, NONLECTURE books/arts



At a Glance (FY2025)

The J. Front Retailing Group is committed to achieving sustainable growth and enhancing corporate value, centered on its four core businesses: the Department Store Business, the SC Business, the Developer Business, and the Payment and Finance Business.



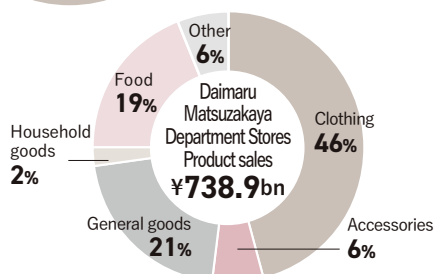
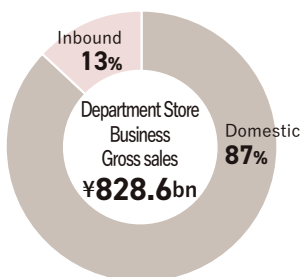
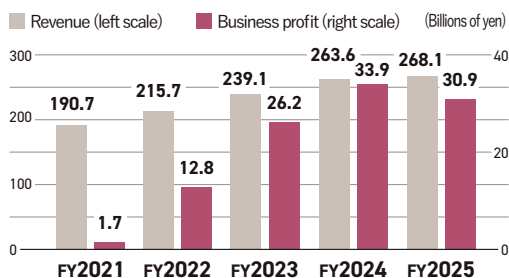
Department Store Business

Business overview

In addition to operating 15 department stores under the Daimaru and Matsuzakaya brands in major cities across Japan, this segment also operates the luxury mall GINZA SIX in Ginza, Tokyo.

Financial highlights for FY2025

Although sales to domestic customers remained steady, business profit declined despite an increase in revenue, primarily due to a decrease in sales to inbound tourists, which had grown more than initially anticipated in the previous fiscal year.



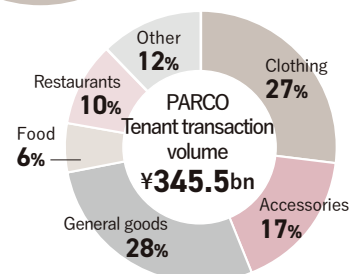
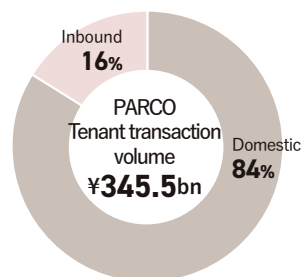
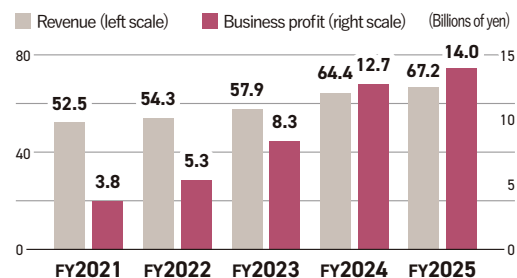
SC Business

Business overview

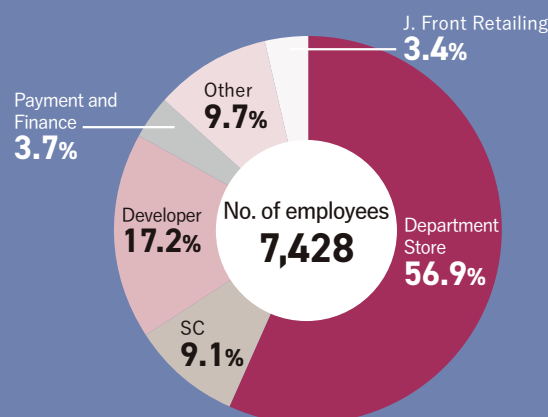
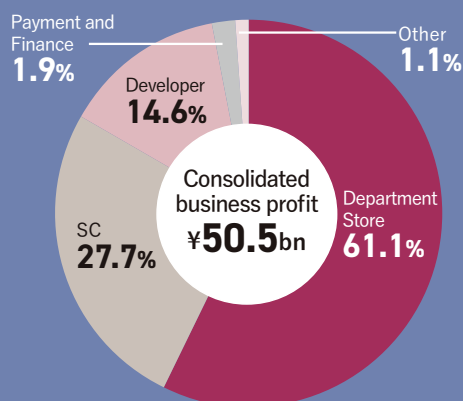
This segment operates 15 PARCO shopping centers in major cities across Japan. It also runs an entertainment business that produces movies, theatrical performances, and more.

Financial highlights for FY2025

Both revenue and business profit increased, driven by factors such as higher store leasing revenue and payment fee income resulting from continued strong transaction volume from both domestic customers and inbound tourists.



Note 1: Gross sales are calculated by replacing sales from purchase transactions recorded at the time of sale in the Department Store Business with gross amount and replacing the net transactions in the SC Business with tenant transaction volume (on a gross basis).
 Note 2: Business profit is calculated by subtracting cost of sales and selling, general, and administrative expenses from revenue.
 Note 3: The percentage composition of consolidated revenue and consolidated business profit in pie charts excludes consolidated adjustments.



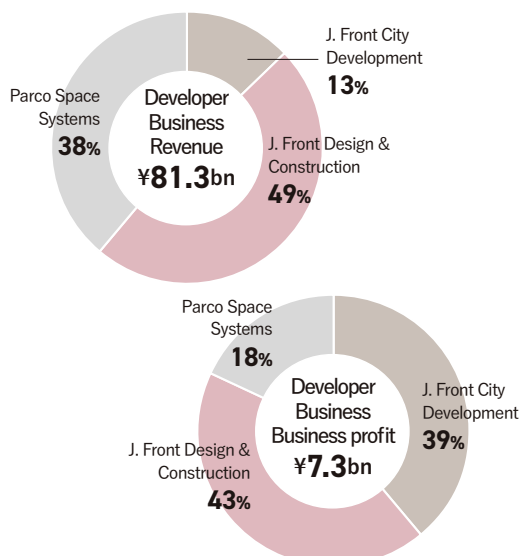
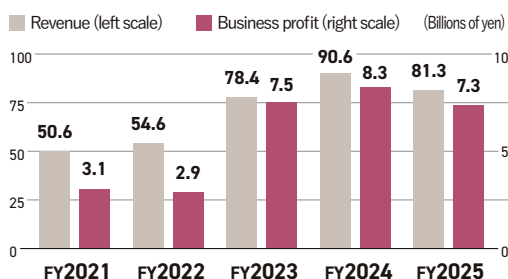
Developer Business

Business overview

This segment comprises J. Front City Development, which is engaged in real estate development, and J. Front Prime Space, which operates in the interior design, construction, and facilities business (formed through the management integration of former J. Front Design & Construction and former Parco Space Systems).

Financial highlights for FY2025

Both revenue and business profit declined, primarily due to the absence of gains from the sale of properties held and large-scale construction orders in the interior design and construction business in the previous year.



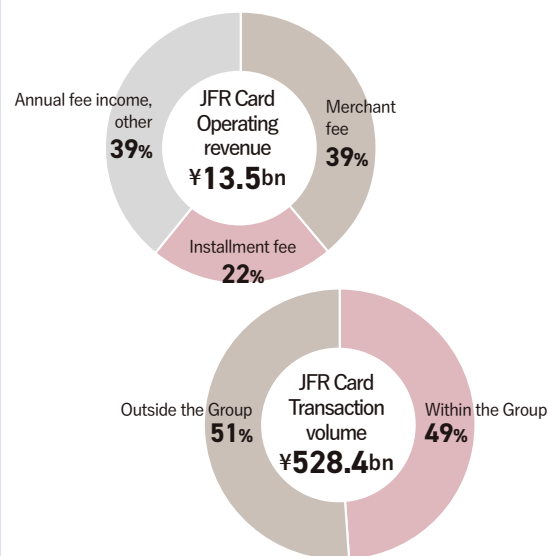
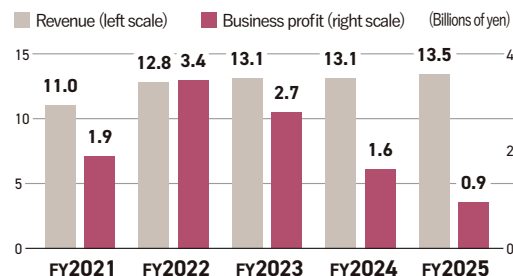
Payment and Finance Business

Business overview

JFR Card operates in three business areas: credit card issuance, merchant services, and insurance and financial services. The company issues cards such as Daimaru Matsuzakaya Card, GINZA SIX Card, PARCO Card, and Hakata Daimaru Kujaku Card.

Financial highlights for FY2025

While revenue increased due to factors such as growth in card transaction volume and merchant business transaction volume, business profit declined due to factors such as increased member acquisition costs associated with the issuance of new cards.



Pursuing Locality and Sustainability.



MUNEMORI Koji

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

A year in which I felt the impact of transformation

2025, the second year of the medium-term business plan, was a year in which we were able to see tangible results from our transformation efforts, even amid significant fluctuations in the external environment, including a weak yen, rising stock prices, and geopolitical risks. In addition to deepening our retail operations, we have steadily implemented key strategies centered on “customers,” “areas,” and “content,” yielding tangible results such as increased sales.

First, under our “customer” strategy, we have enhanced both the quality and quantity of our customer touchpoints by strengthening our presence in the high-net-worth market, particularly gaisho, and by expanding our proprietary card membership base. By leveraging purchasing data and enhancing the customer experience, we are expanding our base of loyal customers, which is helping to strengthen our stable revenue base. Under our second “area” strategy, we promoted initiatives focused on enhancing the value of the entire area, rather than just the department store itself, such as improving the appeal of our stores and contributing to urban development in major areas like Sakae in Nagoya and Shinsaibashi in Osaka. Opened in June 2026, “HAERA” aims not only to serve as a commercial facility but also as a hub for culture, interaction, and experiences, with the goal of developing the Sakae area of Nagoya into a new destination that attracts people from both Japan and abroad. As part of our third “content” strategy, in October 2025, we opened PATISSERIE ANNIVEL at the Daimaru Tokyo store, a new anniversary sweets brand that blends department store quality with compelling storytelling. Additionally, we have continued to deliver value unique to department stores by expanding our lineup of original events and experiential programs in

collaboration with our business partners and the local community. I believe that our presence is growing not only as a retailer but also as a venue that offers culture and experiences.

On the other hand, it became apparent that rising costs, such as those for utilities and logistics, driven by inflation exceeded expectations, making it difficult for increased revenue to directly translate into profit growth. While we are beginning to see tangible signs of progress in our transformation efforts, I believe that to achieve sustainable growth, we must continue to implement concrete measures to address these challenges.



PATISSERIE ANNIVEL

Enhancing engagement with customers

I believe that the key to future growth lies in how effectively we can enhance customer engagement. In recent years, consumer values have changed significantly, and the role expected of department stores has expanded from being merely “a place to buy goods” to “a place to enjoy experiences.” Through events, cultural programs, and collaborative projects with the local communities, we place a strong emphasis on creating experiential value that goes beyond the simple joy of shopping.

For example, in gaisho, rather than simply focusing on increasing purchase amounts, we are strengthening our efforts to deepen relationships with customers by offering unique experiential value, such as through promotional events, special events, and the development of original content in collaboration with our business partners, that sets us apart from our competitors. In addition, strengthening our digital touchpoints is another key priority, and by leveraging our app and online content, we are working to build relationships with customers with whom we previously had limited contact. Through these initiatives, we aim to build long-term relationships with our customers and create a shopping environment where simply visiting the department store becomes a special experience.

Redefining department stores through workforce diversification

As consumption diversifies and the market environment changes, customers' perceptions and expectations of department stores are also changing. In the past, department stores were primarily viewed as “shopping destinations” that offered high-quality products and attentive customer service, and they were operated primarily by talent developed within the company. However, organizations that rely too heavily on past successes run the risk of stifling future growth.

We have positioned workforce diversification as the starting point for transformation, and we are actively recruiting talent not only through internal exchanges within the Group but also from other industries and external companies. Rather than simply “shuffling personnel,” the addition of talent with diverse backgrounds and expertise is bringing new perspectives and ideas into the organization. By reexamining challenges from scratch, a movement is emerging to rethink the conventional wisdom of department stores. As a result, I feel that it has become easier for us to voice our opinions at management meetings and other forums, and the quality and speed of decision-making have improved significantly. It also helps foster an organizational culture in which every employee on the front lines takes the initiative to consider customer value and act accordingly. We will redefine the very nature of the department store business by having a diverse workforce collaborate while leveraging each other's strengths. I believe that our people are a department store's greatest asset, and that unlocking their full potential will lead to the creation of the next generation of department stores.

ずっと、あきない。



大丸 大阪心斎橋店 三百周年
DAIMARU OSAKA SHINSAIBASHI 300th

Daimaru Shinsaibashi store's 300th anniversary logo



Limited-time display of a traditional Japanese noren curtain at the main entrance of the Daimaru Shinsaibashi store

Returning to the fundamental principle of “Service before Profit”

I believe that our vision for the future is to evolve into a department store that thoroughly pursues “locality” and “sustainability.” Due to population decline and changes in consumption patterns, there are limits to simply expanding physical store assets. Going forward, it will be crucial to expand “experiential assets” that deepen connections with customers through initiatives such as urban development, the creation of experiential value, and the discovery and promotion of local resources. For example, our collaboration with farmers in Kyoto in producing matcha tea, an initiative that contributes to the local community while creating unique value, serves as an exemplary case that embodies what makes us unique. By balancing community-based value creation with sustainable business operations, we will establish a new purpose for department stores.

At the core of our management lies the Corporate Credo of “Service before Profit.” This reflects a philosophy of prioritizing what is right for society and customers over immediate profit, with profit emerging as a result, and represents a DNA that has been passed down over many years. Even today, as the business environment grows increasingly complex and decision-making becomes more challenging, this philosophy continues to serve as the foundation for management decisions. In addition, in 2026, the Daimaru Shinsaibashi store celebrated its 300th anniversary. This milestone is the result of the trust we have built with our customers over our long history, during which we have consistently upheld the spirit of “Service before Profit.” Going forward, whenever we face a tough choice, we will return to the fundamental principle of “Service before Profit” and continue to ask ourselves what actions are most valuable to our customers and society. By doing so, we aim to further evolve and grow as a company that continues to earn trust over the long term.



Interior decoration at the Daimaru Shinsaibashi store (March 2026)

Remaining True to the Parco Identity and Taking on the Challenge of Shaping the Future.



KAWASE Kenji

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

What we need to do right now is take on a challenge

Business profit for fiscal year 2025 reached 14.0 billion yen, marking a record high for the second consecutive year. I deeply believe this is the result of the cumulative efforts of all our employees. As part of the structural evolution of our store operations, we are promoting “floor layout reforms,” which are progressing well. In addition, Shibuya PARCO underwent a major renovation in 2025 and, by embodying a global niche as a one-of-a-kind commercial facility, has attracted many visitors from over 100 countries around the world, creating a vibrant atmosphere.

While these are very welcome developments, I am not unreservedly pleased with this situation. It is precisely when business is going well that there are things we must do. That is taking on new challenges. Whether it is an existing business or a new venture, taking risks requires a certain amount of time before results become apparent. I believe we must nurture the seeds of new ventures now, while our stores are performing well. With an eye on the next five years, we have already begun taking action. While the current medium-term business plan is progressing smoothly and we are seeing tangible results, there is no end to the challenges we face.

Enhancing commercial facilities and portability

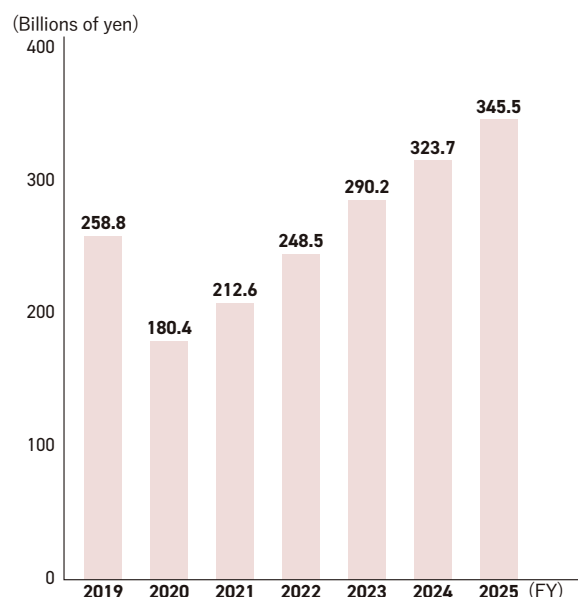
As part of our new commercial facility development efforts, we opened HAERA in Sakae, Nagoya, this past June. This is a commercial facility that combines the strengths of a

department store with those of PARCO, neither a department store nor a PARCO. Originally, Nagoya’s Sakae area already had the Matsuzakaya Nagoya store and Nagoya PARCO, each offering distinct personalities, which I think is one of its attractions. Furthermore, next spring, a section operated by Parco will be added to the south wing of the Matsuzakaya Nagoya store, and by combining their respective strengths, it will further invigorate the Sakae area.

Shinsaibashi PARCO, which is adjacent to the Daimaru Shinsaibashi store, has been open for five years, and many customers visit both stores. Shinsaibashi PARCO is currently undergoing its first major renovation since opening. Moving forward, we aim to continue creating buildings and commercial facilities that only the J. Front Retailing Group can bring to life. In this context, what is expected of Parco is to “stay true to itself.” In pooling the Group’s strengths, Parco will leverage its unique value.

In the wake of the COVID-19 pandemic, people have come to appreciate once again the value and joy of in-person experiences. On the other hand, I feel that a certain template has emerged regarding what is expected of commercial facilities today. While these are necessary elements, they feel somewhat formulaic and diverge from the direction Parco is aiming for. We want to be a company that continually exceeds expectations in a positive way. We believe that what matters most in experiential value is not “how” customers experience something, but “what” customers experience. Parco focuses on that.

Trends in PARCO tenant transaction volume





HAERA



Shinsaibashi PARCO

As for new business ventures, we plan to expand our operations from the perspective of a content holder. They are still just seeds at this point and we are in the process of building up our expertise. To grow them into businesses of significant scale, we must further strengthen the infrastructure that supports them. There are still many challenges that need to be addressed. However, in genres such as games and manga, things are gradually taking shape one by one. I feel this is a significant achievement.

We see significant potential for sowing these seeds not only within domestic PARCO locations but also overseas. Last year, we conducted business in Hong Kong and New York. I saw even greater potential than I had anticipated, while also recognizing the challenges involved and gaining a great deal of experience. I see tremendous potential in overseas markets. As a content holder, we intend to continue taking on new challenges to enhance our portability.

Deviation from common sense and correct answers

Parco's roots lie in culture: fashion, theater, film, publishing, music, and art. I view culture as a deviation from common sense and correct answers. Starting with the opening of Ikebukuro PARCO in 1969, we subsequently expanded our store network nationwide in tandem with the progress of urbanization across Japan. It can be said that this was an era when a movement that began in Tokyo, primarily among young people, spread to regional cities, giving rise to shared values and laying the groundwork for PARCO to be embraced nationwide. I believe that Parco has business opportunities in cities that possess this kind of cultural tolerance, or, to put it another way, a culture that allows for deviations from the norm. If we look abroad, there are many cities where we can offer alternative value by leveraging our portability. At the same time, I have come to realize once again that a city's economic scale and growth potential alone are not enough to define what makes Parco unique.

Furthermore, technology and science continue to change human perceptions over time. In the 1970s and 1980s, when there was no Internet, window shopping and shopping itself were forms of entertainment, but nowadays, we are a little hesitant to call shopping entertainment outright. Similarly, with

the spread of the Internet, information has effectively become free, and we have moved from an era of purchasing information in print to an era of searching for free information online. I think these changes will likely continue in the future. However, what is interesting is that print media is making a comeback in some areas.

Since AI is also excellent at quickly and accurately identifying knowledge and correct answers and then repeating that process, I think it is extremely useful and should be utilized to the fullest. In terms of civilization and culture, AI is a tool of civilization. Therefore, I believe there is still a gap between AI and us, as we pursue a VISION of “Exciting, Designing, and Creating” through culture. However, the day may come when AI takes the lead in these fields as well. However, by that time, people's sensibilities and values will likely have changed, and we will probably be doing something different. Amid these changes, Parco aims to remain true to itself and continue to offer alternative choices.

I love Parco

So, why is Parco able to remain true to itself? Parco is a company with approximately 700 employees. The other day, I sent a one-hour video message to all employees. I spoke about Parco's history from its founding to the present, as well as our future goals and the challenges we will take on, and I believe this provided each employee with an opportunity to gain a deeper understanding of what Parco is all about. The post-viewing survey made me realize that many employees love Parco, which was very reassuring. While each person's interpretation of Parco differs slightly, they all love the version of Parco that resonates with them personally. And I believe that the talents and sensibilities they already possess are being further honed and inspired within the framework of Parco. “I love Parco.” I believe that sentiment is precisely the driving force behind the Parco identity, and it is something we should continue to pass on.

We Adapt to Changes in Market Conditions and Contribute to the Creation of Attractive Facilities and Communities.



HIRAI Yuji

President and Representative Director
J. Front City Development Co., Ltd.

Progress and achievements on the medium-term business plan

As the real estate arm of the J. Front Retailing Group, which has retail as its core business, we aim to offer diverse urban lifestyle proposals and create attractive communities, with a focus on key areas.

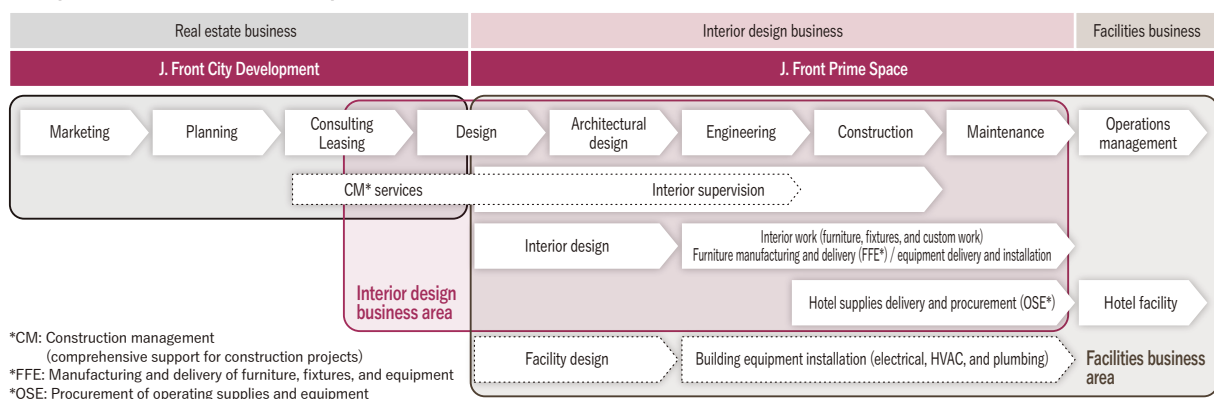
As part of our progress on the medium-term business plan, we have been systematically advancing development plans in key areas, investing in and participating in joint projects, and simultaneously divesting non-core assets. I recognize three major achievements. The first is implementing the CRE strategy. In the Sakae area of Nagoya, one of our key areas, “HAERA” has finally opened its doors. In addition, “QUARTZ SHINSAIBASHI” has been completed in the Shinsaibashi area of Osaka. Furthermore, regarding the redevelopment plan for the Tenjin area of Fukuoka, we aim to submit an application for project approval within this fiscal year. They are

large-scale projects that embody Group synergies, and we are able to proceed with them according to plan even amid changing market conditions. The second is strengthening our organizational capabilities and execution capabilities. These development projects are joint ventures not only with companies within the Group but also companies outside the Group. I believe that the negotiation skills, consensus-building abilities, networks, and expertise gained through co-creation with companies outside the Group will be a valuable asset for the future. The third is participation in external real estate and development projects, mainly in key areas. In the Shinsaibashi area, we moved forward with investments in external real estate, including a development project adjacent to the department store and PARCO; in the Kobe area, we established and acquired a proprietary fund designed to create synergies with the department store.

Adapting to market changes

We intend to continue strengthening our business and organizational capabilities, including through these area development initiatives. At the same time, however, while rents continue to rise, particularly in prime locations, the environment surrounding the real estate market is undergoing significant changes, with a series of revisions to development plans taking place across various regions. Although the Group does not specialize exclusively in real estate, we are required to respond to market changes, such as by strengthening our asset management infrastructure and collaborating with external partners, with a focus on maximizing the value of our real estate holdings. We have recently invested in a mixed-use property in the Minatomirai district of Yokohama. This initiative is part of a new effort to enhance value as a unified group, leveraging not only our strengths in commercial development and tenant recruitment but also the ripple effects (the creation of business opportunities) for Group companies. We aim to contribute to further enhancing the appeal of the area while achieving both profitability and business growth.

Group value chain for the Developer Business



Leveraging This Merger, We Will Create Value That Exceeds Imagination and Expectations.



Regarding the progress of the medium-term business plan, for fiscal year 2025, the second year of the plan, revenue increased by approximately 19% and business profit grew 1.5 times compared to the previous medium-term plan (fiscal year 2023). The key priorities under the current medium-term plan include not only the growth of each business segment but also the reorganization and integration of the interior design and facilities businesses to further enhance Group synergies.

Full-scale operations as a new company

Our company's history dates back to before the merger of Daimaru and Matsuzakaya in 2007. Following a series of reorganizations and integrations amidst the Group's restructuring efforts over the years, “J. Front Prime Space” was established this spring. Although the merger has made us the third-largest company in the industry, we can say that we are the most diverse company within the Group, bringing together talent from a wide variety of backgrounds. To realize the new company's Mission: “Bringing Passions to Life.

Together Toward the Future,” we will not only foster unity within our organization and among our employees but also work with our many stakeholders to bring diverse ideas to life, thereby creating value that exceeds imagination and expectations. And for our company, which has no assets, the source of new value is our “human resources.” For this reason, in order to foster organizational and interpersonal integration within the new company, we held regular opportunities for interaction, such as subcommittee meetings and in-house events, from an early stage. I believe we have gotten off to a generally smooth start.

Leveraging a “niche top strategy” and “one-stop service” as strengths

Our business is built on two pillars: the “interior design business” and the “facilities business.” The basic policy of our growth strategy is a niche top strategy. Building on the strengths we have cultivated in both businesses, we are “a one-of-a-kind company that creates high-quality spaces and provides one-stop services from planning to operation.”

While construction investment remains steady, the business environment is characterized by a high degree of uncertainty due to factors such as a worsening labor shortage and soaring material costs. While there is a growing understanding of cost pass-through, there are also signs of caution regarding new construction projects.

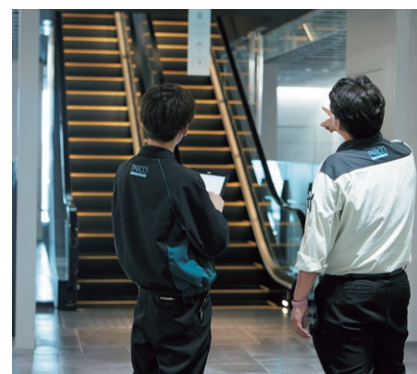
On the other hand, I believe that going forward, the value of companies capable of offering a one-stop solution that integrates a broader range of services, including not only interior design but also facilities business, will increase. Looking at the interior design business, it is no longer easy for general contractors to manage interior design by breaking it down into smaller tasks as they did in the past, and there is a growing trend toward entrusting the entire project to companies like ours. In the facilities business as well, services range widely, from cleaning and security to maintenance, but there are not many providers capable of handling all of them comprehensively. Capturing these needs can lead to significant differentiation. It is crucial to deepen collaboration across the Group, including J. Front City Development, with a view to comprehensively enhancing the value of buildings and facilities both within and outside the Group. As a new company delivering high ROIC, we aim to leverage the benefits of this integration.



Real estate business



Interior design business *Photo: Nacasa & Partners



Facilities business

We Will Go beyond the Scope of a Credit Card Company to Enhance the Value of Customer Experience.



OHKI Atsushi

President and Representative Director
JFR Card Co., Ltd.

JFR Card's strengths and growth potential

After joining Parco and spending a long time involved in store operations, I assumed the position of President of JFR Card in March 2026. I used to believe that the company's strength lay in providing payment functions across the Group, but after actually joining the company, I feel that our true strength lies in "having diverse touchpoints with a wide variety of customers."

The Group comprises multiple retail business companies, each with its own customer base. Furthermore, as a credit card company in the retail sector, we have diverse customer touchpoints, including in-store and online transactions at commercial facilities within the Group, and various events, which allows us to identify business opportunities by taking a variety of approaches. On the other hand, I believe one challenge is that, because each operating company is managed independently, it is difficult for customers to experience individual transactions across Group companies as part of a cohesive value journey.

Challenges in the final year of the current medium-term business plan

In 2025, we newly issued PARCO Card and Hakata Daimaru Kujaku Card, thereby completing the consolidation of card issuance operations within the Group in accordance with the medium-term business plan. In fiscal year 2025, although business profit fell below 1.0 billion yen due to increased costs associated with the issuance of these new cards, we were able to steadily strengthen our revenue base. Our top priority for the final year of the current medium-term business plan is, first and foremost, to achieve our business profit target of 2.0 billion yen. Given the external competitive environment and rising costs, this is by no means an easy hurdle to clear, but we are determined to achieve it no matter what. The key is to increase

our transaction volume while responding to customer feedback. The Group's retail business is seeing steady sales growth, and we expect card usage to increase. We also aim to further expand usage outside the Group, which accounts for over 50% of our transaction volume and offers high profitability. Since the outstanding balance of finance receivables continues to trend upward, there is also room for growth in finance fee income.

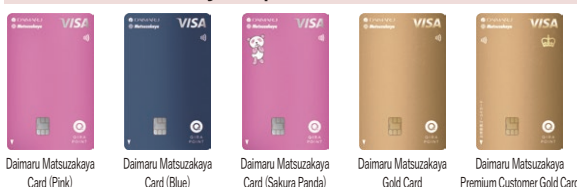
Formulating strategies to achieve sustainable growth in preparation for the next medium-term business plan is also a key priority for fiscal year 2026. The key phrase is "enhancing the value of the customer experience." Until now, we have been a company that provides payment infrastructure, but going forward, we aim to become a company that provides customer touchpoints. I believe that by treating the customer touchpoints scattered across the Group's physical and digital channels not as isolated interactions, but by linking them together, for example, through loyalty point integration, and designing them as a seamless, cohesive experience, we can further enhance the value of the customer experience. Furthermore, there must be even more value we can provide to our customers, not only to shoppers who visit our stores, but also to business partners, such as tenants that operate in our stores and credit card merchants.

Creating new ideas and value

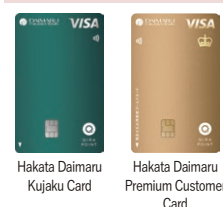
I was the first person from Parco to join JFR Card. While the company employs many professionals with backgrounds at banks and other credit card companies, I believe that by promoting talent exchanges across the Group and enabling a more diverse workforce to engage in discussions as one team toward our goals, we can generate innovative ideas unlike any seen before.

"JFR Card does not merely provide 'funds' as the term 'finance' literally suggests, but also provides 'value.'" By leveraging the Group's extensive resources, we aim to create new value that goes beyond the scope of a credit card company.

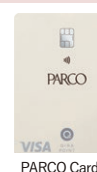
Daimaru Matsuzakaya Department Stores



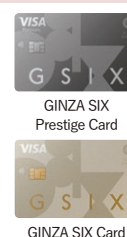
Hakata Daimaru



PARCO



GINZA SIX



New Business

Reuse Business

Toward a Future where “Excitement” Continues to Flow and Circulate Luxury Goods Purchasing Store “MEGRÜS”

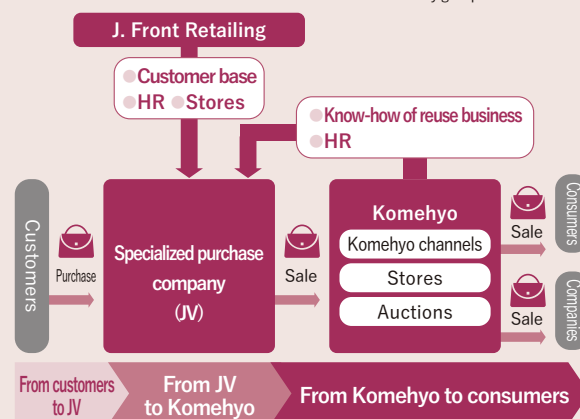
J. Front Retailing recognizes that contributing to the circular economy is a key priority in its efforts to promote sustainable management. As one of these specific initiatives, we entered the reuse business (purchasing) in fiscal year 2024 and established a joint venture (JV) named JFR & KOMEHYO PARTNERS Co., Ltd. with Komehyo Co., Ltd. in March 2025. Believing that passing on valuable items from person to person and establishing this practice as “culture” contribute to creating a fulfilling lifestyle and realizing a sustainable society, both companies are working toward this goal through this joint venture.

The name of the store, which serves as a new point of contact with customers, is MEGRÜS. We purchase luxury goods from customers and wholesale all of them to Komehyo. In fiscal year 2025, we opened eight stores within Daimaru, Matsuzakaya, and PARCO stores, starting with the Matsuzakaya Nagoya store in August. With the number of purchases made with department store gaisho staff and the average purchase amount per customer exceeding targets, the total purchase amount for the first year is progressing as originally planned, and we are seeing positive results. In fiscal year 2026, we are focusing on strengthening collaboration with gaisho staff and opening pop-up stores at locations within the Group where MEGRÜS does not currently have a presence.

What we circulate at the company is not only resources but also “excitement.” We don’t just buy items; we provide services that allow our customers to feel excitement and enjoy themselves while naturally participating in the circular economy.



MEGRÜS Daimaru Tokyo

MEGRÜS Daimaru Fukuoka Tenjin
Photo by glarephoto Takatoshi Yokoyama

Our Approach to Net Zero and Nature Positive

Our daily lives and business activities are supported by the benefits derived from ecosystems where organisms interact—such as food, water, and climate stability. However, due to the impact of climate change driven by global warming and the degradation of the natural environment, animal and plant diversity is being lost at an unprecedented rate. We are facing a crisis that could deprive both current and future generations of the benefits of ecosystem services. Recognizing that climate change and biodiversity loss are inextricably linked issues that will significantly affect our business over the medium to long term, the Company has established “Creating a Society that Coexists with the Environment” as our materiality.

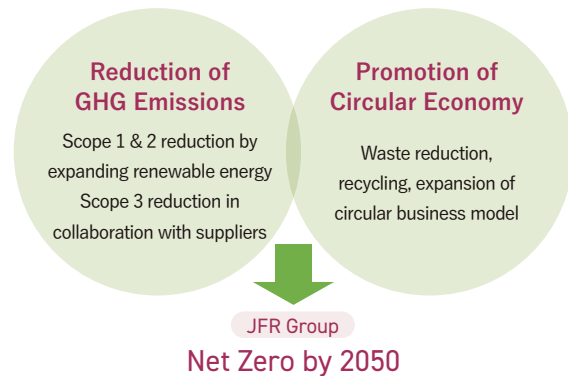
Net Zero: Thoroughly reducing GHG emissions and, for any remaining emissions, offsetting them with removals realized through forest absorption, CCS (carbon capture and storage), and other means to achieve net-zero emissions.

Nature Positive: Refers to the concept of halting and reversing biodiversity loss to put nature on a path to recovery, which is also reflected in the 2030 and 2050 targets of the Kunming-Montreal Global Biodiversity Framework adopted in 2022.

Direction of Initiatives

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 robust energy conservation at our stores and the expanded transition to renewable energy (hereinafter “renewable energy”), among other measures. In addition, we will collaborate with our suppliers and customers to reduce Scope 3 GHG emissions (hereinafter referred to as “Scope 3 emissions”) while also promoting resource circulation by strengthening the 3Rs* and expanding circular business models.

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



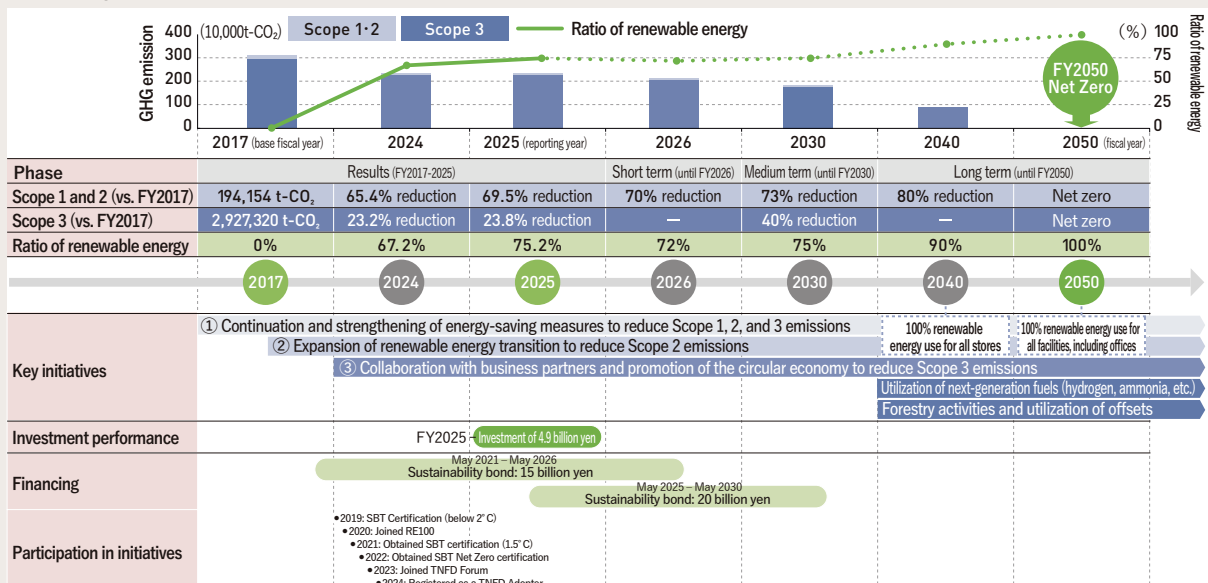
Establishment of Targets

We believe that setting ambitious medium- and long-term reduction targets and developing a roadmap to achieve them is necessary to promote climate change countermeasures across the Group. Pursuant to this approach, we obtained certification through the Science Based Targets (SBT) initiative* in 2019 for our Scope 1, 2, and 3 GHG emission reduction targets. In 2021, we raised our 2030 Scope 1 and 2 emissions reduction target from 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.

*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



*The transition plan is based on the status as of the end of May 2026 and may be revised in the future depending on changes in business strategy.

Major Environmental Initiatives

Scope 1, 2, 3 GHG Emission and Renewable Energy Results

The Company has been calculating its total Group emissions since FY2017. In FY2025, Scope 1 and 2 emissions totaled 59,241 t-CO₂ (69.5% reduction vs. FY2017) and Scope 3 emissions were 2,230,492 t-CO₂ (23.8% reduction vs. FY2017). The renewable energy ratio reached 75.2%. Furthermore, our Scope 1, 2, and 3 emissions and renewable electricity consumption for FY2025 have been verified by a third party.

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

		FY2017	FY2024	FY2025	
		Actual ^{*1}	Actual ^{*1}	Actual ^{*1}	Compared with FY2017 (base year)
Scope 1 emissions		16,052	14,430	13,635	-15.1 %
Scope 2 emissions	(market-based)	178,102	52,695	45,606	-74.4 %
	(location-based)	184,047	136,692	133,887	-27.3 %
Scope 1 and 2 emissions total ^{*2}		194,154	67,125	59,241	-69.5 %
Scope 3 emissions ^{*3}		2,927,320	2,247,051	2,230,492	-23.8 %
Total Scope 1, 2, and 3 emissions ^{*2}		3,121,474	2,314,176	2,289,733	-26.6 %
Renewable energy ratio (%)		-	67.2	75.2	-

*1. Obtained third-party assurance from LRQA Limited.

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

*3. Calculated based on the “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.8” (Ministry of the Environment and Ministry of Economy, Trade and Industry, March 2026), the “Emission Factor Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain Ver. 3.6” (March 2026), and IDEA v3.5

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

Transition to Renewable Energy

Within the Group, most Scope 1 and 2 emissions are generated by operations at Daimaru Matsuzakaya Department Stores and PARCO, with electricity consumption accounting for a particularly high proportion of these emissions. Accordingly, we are pursuing energy conservation and energy efficiency improvements in our stores, while also leveraging our internal carbon pricing (ICO) framework to accelerate the transition to renewable energy. As of the end of FY2025, 10 of 15 Daimaru Matsuzakaya Department Stores locations and 12 of 15 PARCO locations are operated using renewable energy.

Stakeholder Engagement for Scope 3 Reductions

Since Category 1 (Purchased Goods and Services) accounts for approximately 90% of the Company's Scope 3 emissions, it is difficult to reduce them through our own efforts alone; rather, collaborative reduction efforts across the entire value chain are necessary. At Daimaru Matsuzakaya Department Stores, we have been engaging in dialogue with our business partners, tailored to their specific circumstances, regarding such requests as calculating emissions, setting reduction targets, and providing primary emissions data (Scope 1, 2, and upstream Scope 3). In 2025, we also held a briefing session for major business partners to explain the Group's environmental initiatives and encourage them to calculate their greenhouse gas emissions (attendance: 233 companies / 336 participants). Through these efforts, we calculated Category 1 emissions for FY2025 using primary data from 50 companies (compared to 41 companies in FY2024). As a result, Scope 3 emissions decreased by 23.8% compared to FY2017.

Other Initiatives and Investment Results for FY2025

		FY2025 initiatives	Investment amount
① Energy conservation	Expansion of in-store LED lighting	• Number of LED units installed: Approx. 740 units (Cumulative total: 205,310 units, 82.0% of total)	170 million yen
	Electrifying the corporate fleet	• Number of EVs purchased: Cumulative total 174, 47.4% of fleet	102 million yen
	Upgrading to high-efficiency equipment	• Renovation of elevators and escalators	853 million yen
② Expansion of renewable energy	Expanding the shift of stores and offices to renewable energy	• Amount of renewable energy used: 215,897 MWh (Share of renewable energy in total electricity consumption: 75.2%)	3,795 million yen
③-1 Promotion of circular economy	Expansion of circular business such as sharing and up-cycling	• Promotion of fashion upcycling through the “roop” clothing circulation project • Launch of the “MEGRÜS” reuse business (8 stores as of the end of FY2025)	
③-2 Waste reduction	Reduction of waste generation and improvement of recycling rate	• Food recycling rate: 92.9% • Recycling of waste cooking oil into domestically produced SAF: Implemented at 11 stores	
③-3 Scope 3 reduction	Conducting dialogues and seminars with suppliers to obtain GHG emission data	• Briefing session held for suppliers: 233 companies/336 participants • Calculation of Scope 3 emissions using primary data	

Addressing Climate and Nature-Related Issues

—TCFD/TNFD Integrated Disclosure—

By leveraging our connections with a wide range of business partners, customers, local communities, and other stakeholders, we are comprehensively addressing environmental challenges through initiatives such as the procurement of environmentally responsible products, the promotion of lifestyles that support coexistence with nature, and the development of stores with high environmental performance. When assessing dependencies, impacts, risks, and opportunities, we will consider the trade-offs between climate change and biodiversity, comprehensively examine scenarios and countermeasures related to environmental issues, and disclose environmental information in an integrated manner.

Governance

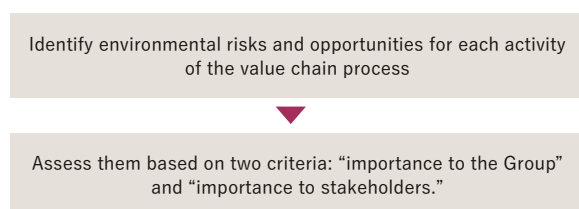
* For information on governance, please refer to **p. 66**

Risk Management

Details of the Process for Identifying and Assessing Climate and Nature-Related Risks and Opportunities

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.

Based on the same understanding, we identify and evaluate both the positive and negative aspects of environmental risks and opportunities.



Details of the Process for Managing Key Climate and Nature-related Risks and Opportunities

The Company conducts more detailed reviews of environmental risks and opportunities through the Sustainability Committee and shares the results with each operating company. Based on these discussions, each operating company incorporates environmental initiatives into its action plans and monitors progress through meetings chaired by the president of each operating company. Progress on these initiatives is monitored at the Group Management Meeting, the Risk Management Committee, and the Sustainability Committee, and is ultimately reported to the Board of Directors. There have been no changes to the management process since the previous fiscal year.

JFR Group management process for risks and opportunities



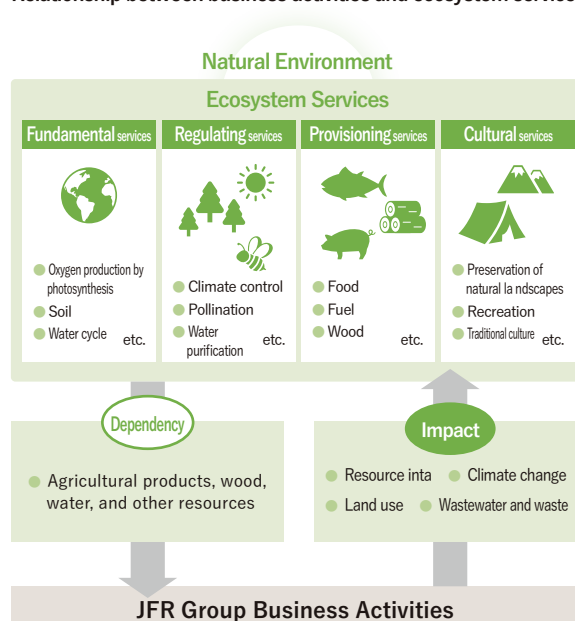
* For details of the process for identifying and assessing environmental risks and opportunities, as well as the status of their integration into the company-wide risk management framework, please refer to **p. 66**

Strategy

Dependencies and Impacts on Nature

The Group's business relies on a wide range of nature's benefits (ecosystem services), including agricultural products, livestock, marine products, natural resources such as wood and water, and natural assets including soil, forests, and seasonal weather. That said, our business activities also impact the natural environment in various ways, including 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 from the dual perspectives of dependencies and impacts, and of talking prompt action to address the material issues identified through this assessment.

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 identifying and assessing nature-related issues, including contact points with nature, dependencies and impacts, and 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

Outward Appearance of Dependencies and Impacts

We created a heatmap 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	Landfill stabilization and erosion control
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
		Livestock products	VH	VH	VH	VL	H	M	M	L	M	M	M	L
		Marine products	VH	M	VL		VL	H	H	M	H	M	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	GHG emissions
Department store operation	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
		Agricultural products	VH	VH			H	H		VH
		Livestock products	VH				M	M		VH
		Marine products		VH	H		H	H		
		Paper products				M	H	H		VH
		Store development	VH			M	M	M	H	H

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

The heatmap analysis identified a high level of dependency on water resources (provisioning services) in the upstream value chains of apparel and agricultural, livestock, and marine products, as well as in flood control and land stabilization (regulating services). In terms of impact, the analysis showed that water usage and the utilization of terrestrial and freshwater ecosystems represent areas of significant impact.

*For details on identified areas, please refer to the information below.
https://www.j-front-retailing.com/ir/library/pdf/sustainability/2026/J_FRONT_2026_E.pdf

Details of Short-, Medium-, and Long-term Risks and Opportunities

The Company considers it important to evaluate environmental-related risks and opportunities against appropriate milestones, as they may impact our business activities over the long term. Accordingly, the Company defines the period through FY2026, which corresponds to the implementation period of its medium-term business plan, as the short term; the period through FY2030, the target year for the near-term goals under the Science Based Targets (SBT), as the medium term; and the period through FY2050, the target year for achieving net zero under the SBT framework, as the long term.

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

Nature and Extent of Impact of Risks/Opportunities on Business, Strategy, and Financial Planning

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

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

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

(Existing scenarios referenced)

*1 Transition: "Net Zero Emissions by 2050 Scenario (NZE)" (IEA, 2025)

Physical: "Representative Concentration Pathways (RCP2.6)" (IPCC, 2014)

*2 Transition: "Stated Policies Scenario (STEPS)" (IEA, 2025)

Physical: "Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

Based on these scenarios, we identified climate and nature-related risks and opportunities across each activity in the value chain and business processes of our core businesses, namely the Retail Business (department stores and shopping centers) and the Developer Business, by examining each activity within the value chain and business processes, in accordance with the TCFD and TNFD recommendations.

Risks, Opportunities, and Financial Impacts Under Relevant Scenarios, and Related Strategies and Resilience Measures

The Company identified environmental risks and opportunities and assessed their importance based on two criteria, the “importance to the Company (impact x urgency)” and the “importance to stakeholders.” For items assessed as particularly significant, we evaluated their financial impact from both quantitative and qualitative perspectives and formulated corresponding countermeasures.

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

Type	Category	Time Horizon		Theme	Description	Financial Impact		Current measures	Target business			
		Short-term	Medium-term			Long-term	1. 5°C/ 2°C scenario		4°C scenario	Retail	Developer	
Climate and nature-related risks and financial impact of particular importance to the JFR Group												
Transition risks	Policy & Regulations	Climate				Carbon pricing	•Increased costs associated with introduction of carbon taxes and emissions trading schemes	➡	➡	•Reduction of GHG emissions through proactive energy conservation measures at stores and expansion of the shift to renewable energy •Medium- to long-term cost reductions through the introduction of high environmental performance equipment •Financing through Green Bonds	○	○
	Technology	Climate	○	○		Energy savings	•Increased investment for introduction of high-efficiency equipment	➡	➡	•Consideration of cost-efficient and strategic investments	○	
	Market	Climate	○	○	○	Renewable energy	•Higher procurement costs due to increased demand for renewable energy-sourced electricity	➡	➡	•Use of internal carbon pricing •Reduction of procurement risks and reductions of medium- to long-term costs through an appropriate mix of renewable energy procurement methods	○	○
	Climate & Nature			○	○	Trade-offs	•Reputational damage resulting from the inability to balance the procurement of low-carbon energy with consideration for local ecosystems	➡	➡	•Certification as a Nature-Friendly Site •Implementation of supplier survey regarding biodiversity initiatives	○	○
	Reputation	Nature	○	○		Waste	•Reputational damage due to increased waste generation or improper waste management	➡	➡	•Selection of appropriate waste management contractors, management guidance and training for store staff •Plastic recycling •Reduction of food waste through employee-led community composting initiatives	○	○
	Climate		○	○		Logistics	•Increased transportation costs due to delays in adopting new technologies for resource-efficient and effective logistics and packaging	➡	➡	•Reduction in delivery frequency, modal shift, and joint deliveries •Elimination of cardboard usage by adopting reusable garment bags and boxes (AnotherADdress)	○	
Physical risks	Acute	Climate & Nature	○	○		Natural disasters	•Decline in revenue due to store closures caused by extreme weather and increasingly severe natural disasters •Loss of sales opportunities for products and services due to disruptions in procurement and logistic channels •Increased costs for restoring damaged buildings	⬆	⬆	•Increased resilience of stores and business sites through BCP preparation •Improvement of disaster prevention performance at stores	○	○
	Chronic	Climate & Nature			○	○	Temperature and precipitation patterns	•Decrease in revenue resulting from rising energy costs due to higher temperatures, adverse health impacts on people, and a reduction in the range of agricultural and marine products available •Decline in revenue and disruptions to procurement and logistic channels due to a shift toward a two-season climate and changes in rainfall patterns •Decline in sales due to construction delays caused by an increase in extremely hot days	➡	➡	•Review of product demand composition and sales promotion plans •Regular review of BCPs and implementation of BCP training	○
Climate and Nature-Related Opportunities and Financial Impacts of Particular Importance to the JFR Group												
Resource efficiency	Nature		○	○		Water	•Cost reductions through efficient water usage	➡	➡	•Use of water-saving equipment •Use of rainwater and greywater	○	○
Energy sources	Climate		○	○	○	Energy conservation	•Reduction of energy procurement costs through the transition to high-efficiency equipment	➡	➡	•Upgrading to high-efficiency equipment, including transition to refrigerants with low global warming potential	○	
Products and services	Climate & Nature		○	○	○	Eco-friendly products (business partners)	•Revenue growth through business opportunities gained by providing eco-friendly products and services and promoting decarbonization across the entire value chain	⬆	⬆	•Requests to business partners to expand handling of eco-friendly products and services •Recycling of waste cooking oil into SAF (Sustainable Aviation Fuel) •Implementation of briefings for business partners on decarbonization initiatives (2022, 2025)	○	
Market	Climate & Nature		○	○	○	Eco-friendly products (customers)	•Revenue growth through increased assortment of eco-friendly products •Revenue growth through acquisition of new customers by proposing sustainable lifestyles	⬆	—	•Conducting customer awareness surveys on sustainability •Upgrading to eco-friendly packaging materials such as FSC-certified •Implementation of customer-participation recycling programs •Recycling of seasonal gift campaign catalogs •Use of upcycled materials in products and in-store decorations	○	
	Climate & Nature		○	○	○	Circular business	•Expansion of new growth opportunities through entry into circular businesses	➡	—	•Expansion of circular businesses such as the fashion subscription service "AnotherADdress" •Expansion of store locations for the reuse business "MEGRUS"	○	
	Climate & Nature		○	○	○	Creation of stores and communities with high environmental value	•Revenue growth through acquisition of new tenants by transforming stores into high environmental value facilities •Increase in visitors through promotion of green infrastructure that considers biodiversity and landscape across entire areas	➡	—	•Acquisition of environmental certifications for new development projects (ZEB, CASBEE, etc.) •Stabilization of funding through the use of green bonds •Promotion of renewable energy use in stores •Rooftop urban beekeeping and rooftop greening •SHINSAIBASHI Green Project	○	○
Resilience	Nature		○	○		Adaption	•Stable procurement through improved traceability of raw materials	➡	➡	•Supplier surveys on biodiversity to understand production conditions	○	○
	Climate & Nature		○	○		Energy	•Improved energy resilience through diversification of renewable energy procurement methods	⬆	⬆	•Development of a renewable energy procurement portfolio from medium- and long-term perspectives	○	○

Estimated financial impact for 2030

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

(Basis for calculating the quantitative financial impact)

*¹ Estimated by multiplying the JFR Group's Scope 1 and Scope 2 emissions as of FY2030 by the carbon price per t-CO₂.

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

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

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

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

Major parameters

Major parameters			
Parameters			Source
Carbon tax	2030	1.5°C	157\$/t-CO ₂ *
		4°C	87\$/t-CO ₂
	2050	1.5°C	250\$/t-CO ₂
		4°C	87\$/t-CO ₂
High electricity prices due to renewable energy			"Japan's Energy 2020" (Ministry of Economy, Trade and Industry / Agency for Natural Resources and Energy, 2021)
Frequency of future flood occurrence			"Representative Concentration Pathways (RCP8.5)" (IPCC, 2014)

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

Summary of Resilience

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

Regarding increased costs due to the introduction of carbon taxes and the impact of natural disasters on revenues, we will systematically and steadily implement measures to mitigate the associated financial

risks, including expanding the adoption of renewable energy by the use of sustainability bonds and similar instruments. Additionally, we will leverage our unique strengths in sharing, upcycling, and reuse businesses to promote circular economy initiatives that contribute to the growth of our group and the realization of a decarbonized society.

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

Metrics & Targets

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

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

*For information about our officer remuneration system, please see the link below.
<https://www.j-front-retailing.com/english/company/governance/governance05.html>

*For more information, please refer to the TCFD/TNFD Report.
https://www.j-front-retailing.com/ir/library/pdf/sustainability/2026/J_FRONT_2026_E.pdf

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

Metrics	Target year	Description of target
GHG emissions	2050	Achieve net-zero GHG emissions across Scope 1, 2, and 3* ¹
	2030	Reduce Scope 1 and 2 emissions by 73% (vs. FY2017) * ² Reduce Scope 3 emissions by 40% (vs. FY17) * ³
Ratio of renewable energy in the electricity used for business operations	2050	100%* ⁴
	2040	90%
	2030	75%
Food recycling rate	2030	Achieve a food recycling rate of 85%
Development of eco-friendly products	2030	Expand the sales volume of eco-friendly products, including certified products
Environmental Certification Rate for Newly Developed Properties	2030	Achieve a 100% environmental certification rate for newly developed properties

*¹ Obtained SBT certification in FY2022 for Net Zero targets

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

*³ Obtained SBT certification in FY2021 for "1.5°C target"

*⁴ Joined RE100 in 2020.

Human Rights

In recent years, there has been growing concern over human rights issues such as discrimination and forced labor occurring within global supply chains. Companies are expected to conduct business activities in a manner that respects 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. By continuously engaging in human rights due diligence, we are committed to realize business practices that respect human rights in collaboration with our employees and business partners, thereby enhancing our corporate value.

Governance

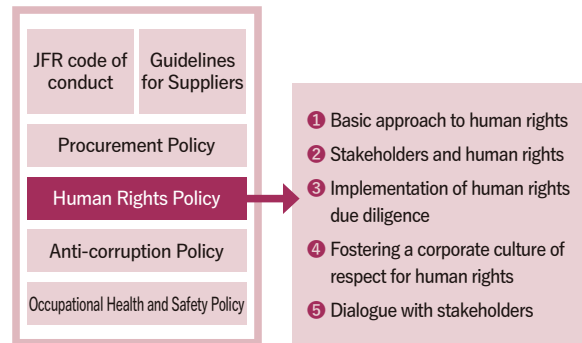
Human Rights Policy

In 2019, the Company established the "JFR Principles of Action" and the "JFR Principles of Action for Supplier", which incorporate our Human Rights Policy. Based on internationally recognized human rights standards*, this policy sets out the Company's approach to ensuring respect for human rights in its business activities and to building a responsible supply chain. The policy applies to all directors, officers, and employees, and the Company also encourages its business partners to understand and comply with its principles.

* "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"

* For more information on our human rights policy, please click the link below.
https://www.j-front-retailing.com/english/sustainability/pdf/diversity04/Human_rights_policy_e.pdf

JFR Principles of Action / JFR Principles of Action for Suppliers



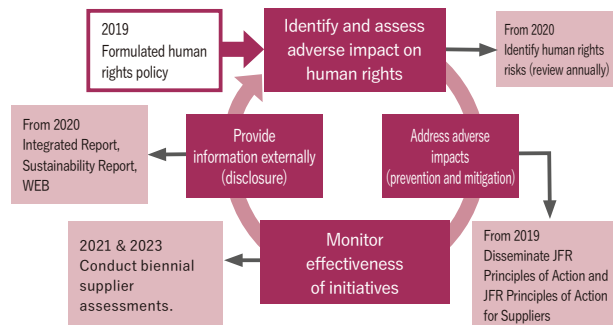
Promotion System

*For details regarding sustainability governance, please refer to **p. 66**

Human Rights Due Diligence

We continuously conduct human rights due diligence based on our Human Rights Policy. This includes identifying and assessing adverse human rights impacts across our supply chain, taking measures to prevent or mitigate such impacts, and conducting regularly assessments of our business partners, engaging in dialogue with them as necessary.

Overview of Human Rights Due Diligence



Risk Management

Process for identifying, evaluating, and reporting human rights risks

Regarding human rights risks (potential adverse impacts on human rights) faced by stakeholders who may be negatively affected by our business activities, we have mapped the value chain across our entire operations and comprehensively identified key issues that may arise in each area of our operations. These risks were then evaluated based on their severity (scale, scope, and difficulty of remediation) through repeated deliberations. Based on this, the findings were discussed in the Sustainability Committee, which serves as an advisory body to the President and Representative Executive Officer, to identify the salient human rights risks, and confirmed measures to prevent and mitigate those risks.

The results of the discussions in the Sustainability Committee are reported to the Board of Directors.

Strategy

The Company has identified "Increasing the number of value co-creation partners" as a materiality issue. Together with our various partners, including business partners, employees, and local communities, we will make respect for human rights the foundation of our business activities, thereby contributing to the realization of a sustainable society and our own sustainable growth.

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

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

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

► Penetration of the JFR Principles of Action for Suppliers

Through briefings, assessments, and other engagement activities, we encourage our business partners, including their own suppliers, to understand and comply with the JFR Principles of Action for Suppliers, which incorporate our Human Rights Policy.

(Status of Implementation of the Principles of Action)

2023: 78.1% (60.9% in 2021)

*Percentage of companies reporting in the assessment that they understand and comply with the Principles of Action for Suppliers.

● JFR Principles of Action for Suppliers

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

► 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 2023, the second assessment was conducted, with a focus on respect for human rights

*The third assessment is scheduled for implementation in 2026.

(2023 Assessment Results)

- Number of responding companies: 1,652; response rate: 50.4% (up 9.8 percentage points from 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.

*Evaluates the status of initiatives to respect human rights on a four-tier scale from A to D, based on our company's standards.

(Actions taken based on the result)

- In 2024, we engaged in dialogue with a total of 112 business partners across the Group through direct meetings and email communications, sharing recognition of the importance of business and human rights initiatives in corporate activities
- In response to requests for support in building knowledge on business and human rights, we held a webinar led by external experts for our business partners to promote understanding of the importance of respecting human rights and provide fundamental knowledge on the subject (January 2025; 63 participating companies).
- We held a briefing session for the major business partners of Daimaru Matsuzakaya Department Stores to explain the JFR Group's approach to value co-creation and showcase our environmental and human rights initiatives (November 2025; 233 companies / 336 attendees).

► 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, we offer annual e-learning courses to ensure that all employees across the Group make respect for human rights a personal issue. E-learning participation rate in FY2025: 90%

► Harassment Consultation Desk and Internal Reporting System

● Harassment Consultation Desk

To eradicate and prevent harassment, the Company has established Harassment Prevention Committees and a Harassment Consultation Desk at each Group company. These mechanisms enable quick responses to any issues that arise and prevent their recurrence.

*Number of consultations in FY2025: 61 cases

● Whistleblowing System

For details, please see [p. 80](#)

Metrics & Targets

The Company is using dialogue with our business partners via the assessments to reduce human rights risks throughout the supply chain by increasing the proportion of business partners whose initiatives are aligned with the Guiding Principles on Business and Human Rights.

Metric	Target	
	2026	2030年
Human rights assessment results (% of B ratings or higher)	35%	40%

A rating of B or higher indicates that initiatives are being implemented in line with the UN Guiding Principles on Business and Human Rights.

Stakeholder Engagement

With stores in major cities throughout Japan, the Company has built a long history through encounters and connections with diverse local stakeholders, including customers and business partners. These relationships form the foundation of our business, reflecting our longstanding commitment to creating value together while remaining closely attuned to local cultures and lifestyles. In addition to co-creation through our business activities, we seek to understand our stakeholders' opinions and expectations through various communication opportunities, including dialogue and surveys, and incorporate these insights into our management and business operations. By deepening this two-way engagement, we aim to contribute to the realization of a better society and quality of life, while enhancing sustainable corporate value.

Customers

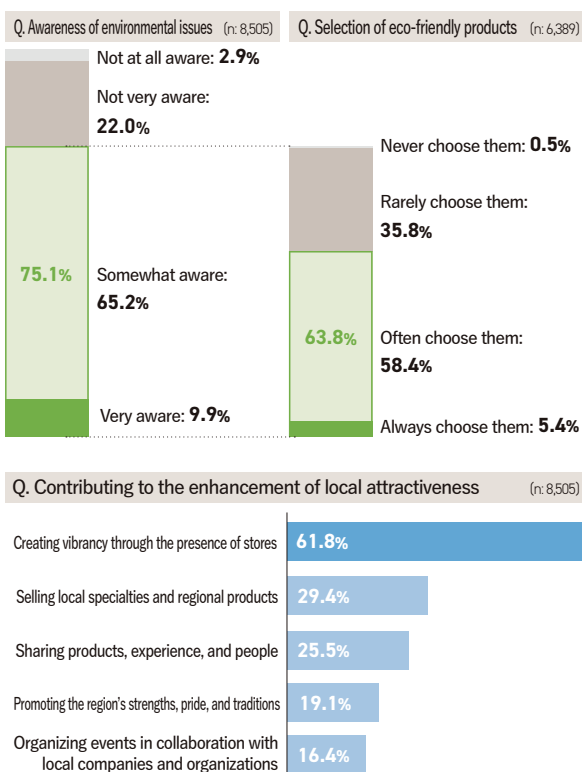
Since 2024, the Company has conducted an annual survey to gather opinions on sustainability-related initiatives, including customers' awareness of environmental issues and the extent to which the Daimaru, Matsuzakaya, and PARCO stores contribute to their local communities.

* Survey Overview Period: June 12 to 30, 2025 (19 days), Number of respondents: 8,505
Method: Web-based survey (distributed through the Daimaru Matsuzakaya and PARCO email newsletters)

(Survey Results)

The FY2025 survey revealed that more than 70% of respondents consider environmental issues when shopping, and of those, just over 60% purchase or use eco-friendly products and services. Furthermore, regarding contributions to local communities, the highest valued aspect was the presence of our stores and their contribution to the vibrancy within their surrounding areas. In addition, we received nearly 3,000 valuable comments, including opinions and requests regarding the Group.

The Company will continue to conduct these surveys on an ongoing basis, factor in our customers' expectations and concerns regarding the environment and use the findings to further enhance its business activities and initiatives.



Business Partners

In November 2025, Daimaru Matsuzakaya Department Stores held a briefing session for business partners. This was the third such event, following those in 2019 and 2022. During the session, we explained the JFR Group's approach to value co-creation, presented specific examples of co-creation, and outlined our efforts regarding the environment and human rights.

The event also provided a valuable opportunity for dialogue, with participating business partners sharing their views on topics such as approaches for collaborating with local communities and labor-related issues. (Attendance: 233 companies / 336 participants)



Business partner briefing session by Daimaru Matsuzakaya Department Stores



MOTHERHOUSE Ltd.
Executive Vice President

Yamazaki Daisuke

What impressed me most at the briefing session was hearing the management team speak directly, in their own words, about their vision. I felt their message resonated with what we experience on the front lines every day, creating a meaningful connection to our story. The event went beyond merely sharing information, allowing us to deepen our understanding and exchange perspectives.

Our company focuses on initiatives that reflect the unique characteristics of the local communities where our stores operate. In response to questions about regional collaboration, we saw firsthand the Group's sincere commitment to sharing values and working together to address challenges. This experience greatly strengthened our trust in the JFR Group as a co-creation partner.

As consumer behavior continues to evolve and diversify, we aspire to be a company that helps to transform the retail landscape in Japan. We are confident we can take on exciting and distinctive challenges together with the JFR Group, and we have high expectations for creating new value in the years ahead.

Local Community

Kyushu Tankentai

Launched in 2018, Kyushu Tankentai is a regional co-creation initiative by Hakata Daimaru in partnership with local governments, businesses, and producers across Kyushu and Okinawa. The project uncovers and promotes the region's lesser-known treasures, including cuisine, crafts, and cultural traditions.

One example is our collaboration with Tsushima City in Nagasaki Prefecture. The project addresses the growing problem of marine plastic waste by partnering with local residents and organizations to run awareness-raising initiatives, such as creating Christmas trees from washed-up debris, that deepen public understanding of environmental challenges.

Another example is Kurume Kasuri, a traditional textile passed down for generations, primarily in Kurume City, Fukuoka Prefecture. Designated an Important Intangible Cultural Property of Japan, Kurume Kasuri is a valuable cultural asset, and we are committed to preserving it for future generations. By working closely with local producers, we support efforts to sustain and pass on traditional craftsmanship. Approximately 20 businesses participate in the Kurume Kasuri Grand Exhibition, held once a year at Hakata Daimaru, creating new opportunities for connections and expanding sales opportunities. Through the Kyushu Tankentai team, we highlight the unique appeal of Kyushu and Okinawa and work together with local communities to create a sustainable future for the region.



Kurume Kasuri Grand Exhibition at Hakata Daimaru, Fukuoka Tenjin Store



Hakata Daimaru Co., Ltd,
Kyushu Tankentai

Ito Keiichiro

As a department store, how do we listen to the voices of local communities, address their challenges, and create new value together? The Kyushu Tankentai pursues this question every day.

To date, we have visited 119 municipalities across Kyushu and Okinawa. Together with local governments and business operators who support our activities, we have undertaken a wide range of initiatives. We visit communities in person, listen to local voices, understand their aspirations, and work side by side with them. By leveraging the strengths of a department store, including its venue, expertise, and connections, we take on the challenge of addressing regional issues. This commitment to being rooted in the community is the foundation of who we are.

Going forward, we will continue our journey to enrich Kyushu's future by serving as a bridge among producers, customers, and local communities, while creating opportunities for co-creation that bring happiness to all.

Ueno and Okachimachi

Since Matsuzakaya Ueno was founded in 1768, we have enriched the daily lives of the people in this community while cherishing our connections with local merchants' associations, tourism organizations, local businesses, and business partners.

At Okachimachi Panda Plaza, adjacent to the store, we host events throughout the year in collaboration with local businesses and government agencies, contributing to the revitalization of the wider community. We also undertake a variety of community-based initiatives, including the Shitamachi Cultural Festival, organized in collaboration with a local university, and in-store decorative displays based on designs created through the *Musubi no Hata (Flags of Connection) Project*, which brings together elementary school students from Ofunato City in Iwate Prefecture and Taito City. The project was launched in the wake of the Great East Japan Earthquake.

* A workshop program jointly conducted by Daimaru Matsuzakaya Department Stores and Tokyo University of the Arts since 2014, with the aim of supporting communities affected by the Great East Japan Earthquake through artistic activities.



Advertising banner designed by the “Flags of Connection Project,” Matsuzakaya Ueno Store



Store Manager, Matsuzakaya Ueno
Yamazaki Shinji

Store Manager, PARCO_ya Ueno
Matsui Ryoko

The Ueno and Okachimachi area is a neighborhood where transportation, culture, education, and commerce have intersected since the Edo period to the present, creating a place where people's daily lives and diverse cultures have converged. As a retailer deeply rooted in this community, we are committed to creating new value and enhancing the neighborhood's appeal while addressing the expectations and challenges of our stakeholders. Going forward, building on the trust we have cultivated over many years, we will leverage the respective strengths of Matsuzakaya Ueno and PARCO_ya Ueno. Together with the local community, we will further enhance the unique value of Ueno and Okachimachi and help weave a new chapter in the area's history that will carry forward into the next generation.



Stability Governance and Risk Management

At the Company, the President and Representative Executive Officer bears ultimate responsibility for management decisions related to sustainability, and we have established a governance framework to enhance the effectiveness of our sustainability management. Furthermore, we define risk as “uncertainty that affects the achievement of corporate management goals and has both positive and negative aspects.” Risk management is positioned as “activities to enhance corporate value by managing risk in a rational and optimal manner from a company-wide perspective.” The Company aims to achieve sustainable corporate growth by appropriately addressing both the positive and negative aspects of risk

Governance

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

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

Board of Directors Skill Matrix

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

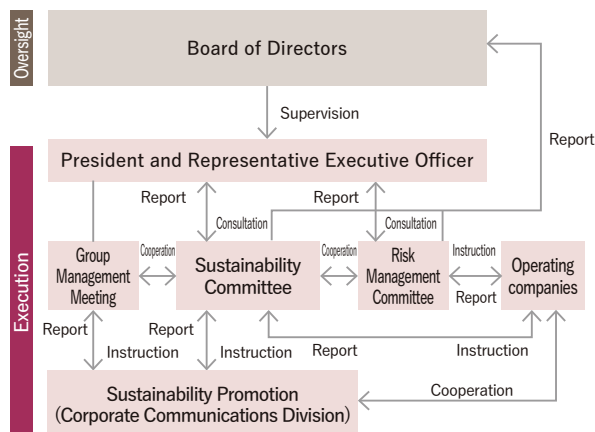
For details regarding the Skill Matrix, please refer to **p. 71**

Incorporating non-financial indicators into the officer remuneration system

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

For details regarding the Officer Remuneration, please refer to **p. 73-74**

JFR Group’s sustainability management system



Main agenda items of the Sustainability Committee

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

Risk Management

The Company has established a Risk Management Committee to comprehensively manage all sustainability-related risks, including those associated with environmental and human rights issues, across the company based on the recognition that risk management is extremely important for business operations. The Committee deliberates on important matters, including the identification and assessment of risks and the determination of which risks should be reflected in our strategies. As risk is positioned as the starting point for strategy, we seek to link risk and strategy in order that risk management enhances corporate value. The deliberations of this committee are shared with the Sustainability Committee.

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

For details regarding the Risk Management System, please refer to **p. 78-79**

Sustainability Bond Reporting (11th unsecured bond)

To contribute to solving both environmental and social issues through its business activities, the Company issued a 20 billion yen Sustainability Bond in May 2025, its second issuance since May 2021.

Business Category	Output	Outcome	Impact	Use and amount of funds
Creating a society that co-exists with the environment				
Green buildings	Building overview The Landmark Nagoya Sakae Construction Costs	- Status of building certifications/verification (Certification, Type, Rank, and Date Obtained) - Achieved Nagoya City Building Environmental Planning System (CASBEE Nagoya) S-Rank Certification (FY2022). *As the building opened in June 2026, reductions in electricity consumption and Scope 1 & 2 GHG emissions will be reported beginning with FY2026 results.	Co-existence with the Environment (realization of a decarbonized society).	Total allocation: ¥1,832 million.
Renewable energy	Amount of electricity purchased from renewable energy sources: 215,887 MWh	Share of electricity derived from renewable energy sources in total electricity consumption: 75.2% (up 8.0 ppt YoY)		Total allocation: ¥3,830 million.
Clean transportation	No. of leased EVs: Declined by 10 units in FY2025 ※Based on parking facility renovations (174 in total, 47.4% of fleet).	Reduction in CO₂ emissions by electrifying corporate fleet: approx. 383 t-CO₂ per year (Calculated by comparison with the emissions of gasoline vehicles in the same category.)		Total allocation: ¥102 million.
Enhancing community vitality				
Regional revitalization	Number of stores operated in the area of the Former Foreign Settlement of Kobe around Daimaru Kobe 50 stores as of FY2025 year-end	- Community Revitalization Initiatives - Continued to hold regular events in the local Hyogo and Kobe areas, including the “Kobe Western Confectionery Festival,” “Kobeichi,” and “Old Settlement Valentine’s Day” - Hosted “Hyogo-no-Kuni,” an initiative to promote globally the excellence of craftsmanship and manufacturing traditions from Hyogo Prefecture’s five historic regions (Settsu, Harima, Tajima, Tamba, and Awaji). - Held the “Hyogo Prefectural Kobe Commercial High School Sales Training Event for Student-designed Products.” Students sold original products made with ingredients from Hyogo Prefecture in collaboration with local confectionery shops as part of practical sales training. - Customer traffic to Daimaru Kobe: 10,067,000 people in FY2025.	Sustainable urban development that leverages local assets centered around retail facilities.	Total allocation: ¥1,306 million.
Start-up and business succession support	- Investments and financing provided by JFR MIRAI CREATORS Fund to 17 startup companies. - Investment and financing provided by Pride Fund to one regional SME facing business succession challenges	- JFR MIRAI CREATORS Fund portfolio company: NearMe, Inc. - Operates an AI-powered on-demand shared mobility service that enables efficient ride-sharing transportation. - Pride Fund portfolio company: Shoeido Co., Ltd. - Founded in 1901 (Meiji 34) in Miyakonojo, Miyazaki Prefecture, as a traditional Japanese confectionery shop. Engaged in the manufacturing and sales of confectionery products.	Contribution to regional economies through innovative business models and the creation and preservation of jobs by sustaining local industries.	Total allocation: ¥1,750 million.
Status of asset allocation: Amount of issue: ¥20,000 million. Amount allocated: ¥8,820 million. Unallocated balance: ¥11,180 million.				Total amount allocated: ¥8,820 million.

External Assessment

Selected for the Dow Jones Best-in-Class (DJ BIC) Asia Pacific Index (DJBIC Asia /Pacific) for the fourth straight year.	Selected as a constituent of MSCI Select Leaders Index MSCI ESG RATINGS AAA 2026 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX	Selected as a constituent of MSCI Japan Empowering Women Index (WIN) 2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	Selected as a constituent of FTSE JPX Blossom Japan Index FTSE JPX Blossom Japan Index
Selected as a constituent of FTSE JPX Blossom Japan Sector Relative Index FTSE JPX Blossom Japan Sector Relative Index	Selected as a constituent of FTSE4 Good Index Series FTSE4Good	Selected as a constituent of S&P / JPX Carbon Efficient Index S&P/JPX Carbon Efficient Index	Selected as a constituent of Morningstar Japan ex-REIT Gender Diversity Tilt Index MORNINGSTAR GenDi J Japan ex-REIT Gender Diversity Tilt Index TOP CONSTITUENT 2025
Selected as an A-list Company for sixth straight year in CDP Climate Change Survey 2025 CDP A List 2025	Recognized as an ECO-First Company by the Ministry of the Environment ECO FIRST	Selected as an Environmentally Sustainable Company at the 7th ESG Finance Awards Japan 2026 ESG FINANCE AWARDS JAPAN	Received “Gold” rating in the PRIDE Index for the 5th consecutive year. work with Pride Gold 2025

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Corporate Governance

As the holding company, J. Front Retailing positions the strengthening of corporate governance as one of its top management priorities, serving as the central hub for the Group's unified governance to ensure compliance, transparency, objectivity, and soundness in the management of the entire Group. As part of this initiative, in fiscal year 2017, the Company transitioned its organizational structure from a Company with an Audit & Supervisory Board to a Company with Three Committees (Nomination, Audit, and Remuneration Committees), and in fiscal year 2022, it established a Board of Directors structure in which independent Outside Directors constitute a majority. Furthermore, in addition to the chairpersons of the three statutory committees, the Company has selected an independent Outside Director as the Chairperson of Board of Directors, since fiscal year 2024.

Furthermore, to achieve optimal corporate governance, we

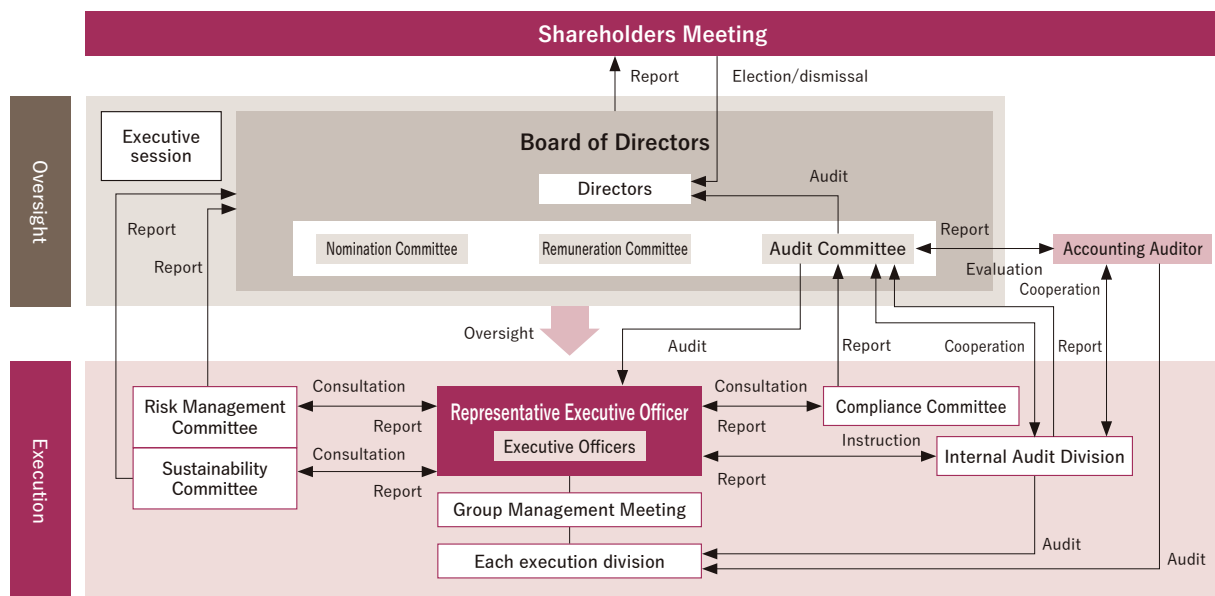
continuously review the Corporate Governance Guidelines and make it widely available to the public.

Through our business activities, we strive to build relationships of trust with our stakeholders, including shareholders, who are the cornerstone of governance, as well as customers, business partners, employees, and local communities.

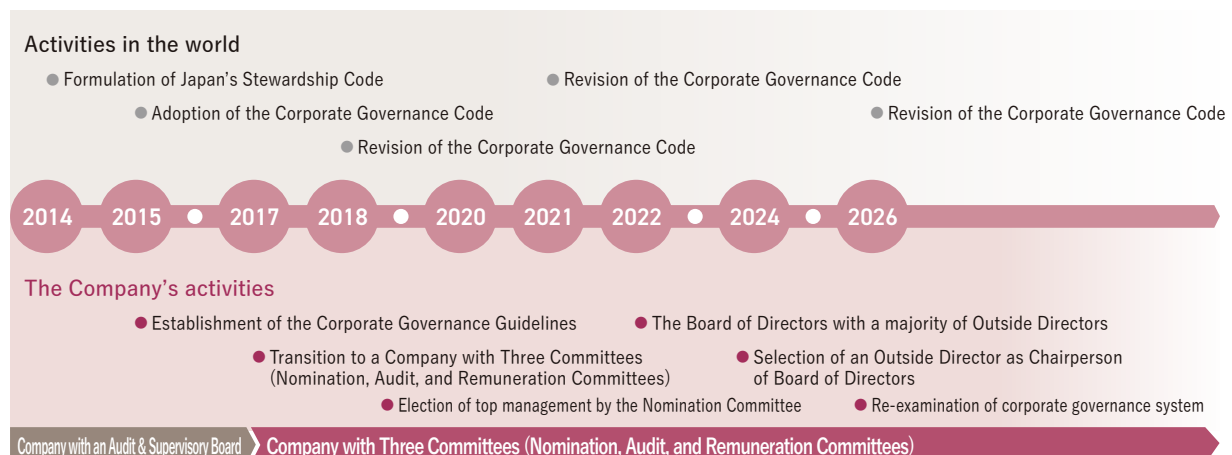
Under the management structure that launched in fiscal year 2024, we aim to achieve sustainable growth for the Group and improve its corporate value over the medium to long term by accelerating management decision-making and execution, as well as by enhancing governance, including strengthening the oversight function of the Board of Directors.

Furthermore, regarding the revision of the Corporate Governance Code scheduled for fiscal year 2026, we will review our governance practices in light of its content and respond appropriately.

Corporate governance system chart



History of the Company's corporate governance



Overview of corporate governance system

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

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

- Planning, formulating, and penetrating the Group Vision, Group Medium-term Business Plan, Group Annual Management Plan, and Sustainability Policy, and tracking the progress and results thereof;
- Setting business domains of the Group;
- Business portfolio management (optimal allocation of management resources);
- Generating synergies between businesses;
- Establishing Group-wide risk management system;
- Organization design and operation of the entire Group;
- Human resource management of the entire Group;
- Management of shareholders;
- Establishing corporate governance practices for the entire Group;
- Making decisions on important matters of business execution relating to the management of the Group; and
- Providing advice and approval for management policy and management strategy of respective operating subsidiaries, and overseeing and evaluating the progress thereof.

The Company has established supervisory units and a promotion division (Management Strategy Unit, Financial Strategy Unit, Human Resources Strategy Unit, CRE Strategy Unit, IT Digital Unit, and Business Promotion Division) as management bodies of the Company, and is working to clarify each unit's roles, responsibilities, and authorities, thereby reinforcing the supervisory function and improving the internal control systems of the entire Group.

Board of Directors and three statutory committees

(1) Roles and responsibilities of the Board of Directors

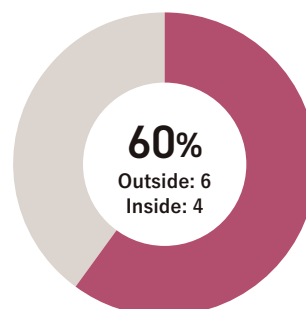
Directors elected by the shareholders and entrusted with management of the Company shall fulfill the following roles and responsibilities at the Board of Directors in light of their fiduciary responsibility and accountability to shareholders, and with the aim of realizing the Group Vision, etc.

- Indicating the overall direction that the Group management is to take, by engaging in constructive discussions with respect to the Group Vision, Sustainability Policy, Group Medium-term Business Plan, Group Annual Management Plan, and other fundamental management policies, and carrying out multifaceted and objective deliberations that include evaluation of risks with respect to the aforementioned;
- Appropriately making decisions in terms of overall policy and plans pertaining to the Group management on the basis of the direction noted above and overseeing the progress and results of the plans;
- Developing an environment conducive to encouraging offensive-oriented management geared to achieving discontinuous growth;
- Taking steps to build and develop an internal control system for the entire Group, and otherwise overseeing the operational status of such system;
- Overseeing conflicts of interest between related parties; and

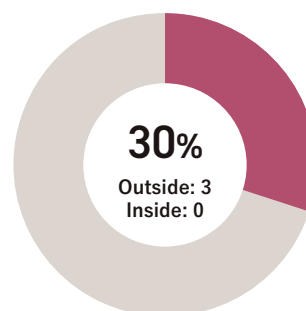
- Overseeing the progress of succession planning relating to the President and Representative Executive Officer, personnel assignment plans pertaining to managerial talent, and Executive Officer training, all of which have been referred to the Nomination Committee, on the basis of summary reports furnished by the Nomination Committee.

(2) Composition of the Board of Directors

*As of May 28, 2026



Ratio of independent Outside Directors (out of 10)



Ratio of female Directors (out of 10)

In electing Director candidates comprising the Board of Directors, the Company elects 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 electing candidates for Outside Director, the Company seeks, with board diversity in mind, individuals 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 Inside Director who does not execute business, the Company seeks individuals with wide-ranging practical experience within the Group and knowledge in fields such as auditing. For Director candidates who also serve as Executive Officers, in addition to the President and Representative Executive Officer who serves as the head of management, the Company elects the head of the finance division who possesses the advanced expertise required to implement the strategic financial policies sought by shareholders and investors. 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 Executive Officers, as well as the selection and removal of the Chairperson of Board of Directors and the chairpersons and members of each statutory committee and other matters.

(4) Roles and responsibilities of the Audit Committee

The Audit Committee effectively audits whether Executive Officers and Directors execute their duties in compliance with the laws and the Articles of Incorporation and efficiently in accordance with the Company's Basic Mission Statement and the Group Vision, and makes necessary indications and recommendations. It also conducts audits on the construction and operation of internal control, and prepares audit reports. To ensure the reliability of accounting information, the committee also monitors and verifies the status of work executed by the Accounting Auditor, and determines the content of proposals on the election and dismissal of the Accounting Auditor to be submitted for discussion at the Shareholders Meetings.

(5) Roles and responsibilities of the Remuneration Committee

The Remuneration Committee decides on the policy for determining the individual remuneration details for Directors and Executive Officers of the Company and eligible officers of major subsidiaries of the Group, and on the remuneration details for individual Directors and Executive Officers of the Company.

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. At the request of Outside Directors, the President and Representative Executive Officer also participates in discussions.

Number of meetings held by the Board of Directors and the three statutory committees and major agenda items in FY2025 (March 2025 to February 2026)

	Number of meetings	Attendance rate	Major agenda items	Average duration per meeting	[Reference]Number of members *As of May 28, 2026
Board of Directors	14	100%	- Group human resources strategy - Group long-term strategy - Status of progress on the Medium-term Business Plan - Report on effectiveness of the Board of Directors - JFR Group FY2026 plan	2 hours 10 minutes	
Nomination Committee	11	100%	- Succession plan - Board of Directors framework, independent Outside Directors framework - Confirmation of the skill matrix - Election of candidates for Directors - Nomination of candidates for Executive Officers and Representative Executive Officer to be proposed to the Board of Directors - Nomination of candidates for the Chairperson of Board of Directors and the chairpersons and members of individual committees to be proposed to the Board of Directors	1 hour 8 minutes	
Audit Committee	24	99.1%	- Reports of the Internal Audit Division - Reports of the Compliance Committee - Audit reports of audit & supervisory board members of Group companies - Evaluation of the Accounting Auditor	1 hour 30 minutes	
Remuneration Committee	8	100%	- Review of officer remuneration system - Verification of officer remuneration levels and composition using external data - Results of officer evaluations, amount of officer bonuses - The performance-linked coefficient and number of points provided for a stock-based remuneration system for officers - Individual officer remuneration amounts	1 hour	

**Skill matrix
(Skills expected of Directors)**

*As of May 28, 2026

		Committee (The double circle indicates the 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	○		○	○					○
	YAMADA Yoshihito	◎		○	Non-executive Independent Outside	○		○	○					○
	SAITO Kazuhiro		◎		Non-executive Independent Outside	○	○	○				○		○
	New SHIONO Noriko	○		◎	Non-executive Independent Outside	○		○					○	○
	OMURA Emi		○		Non-executive Independent Outside					○	○		○	○
	New OSAWA Eiko		○		Non-executive Independent Outside		○			○			○	○
	YOSHIMOTO Tatsuya	○		○	Non-executive	○		○				○		○
	New YOSHIKAWA Kiyoshi		○		Non-executive		○						○	○
	ONO Keiichi				Executive	○		○				○		○
	New NAGAMINE Takamasa				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 conduct corporate management in a lawful and proper manner as the foundation for sustainable enhancement of corporate value

IT & digital	Knowledge and experience for overseeing ICT support and new business development from the customer's perspective and with a good grasp of the latest IT trends, with aim to promote digital transformation of existing businesses
E: Environment	Knowledge and experience in appropriately overseeing business activities conscious of solving environmental issues and the JFR Group's efforts toward "Co-existence with the Environment," 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 as the foundation for sustainable enhancement of corporate value

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 50 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, Audit, and Remuneration Committees

[Evaluation methodology]

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

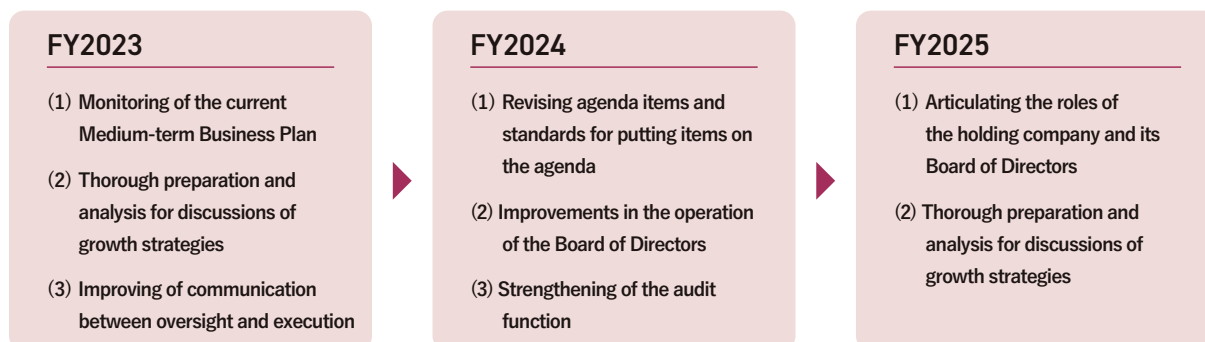
The method used was based on the results of which were collated and analyzed in the form of a report, which was then deliberated by the Board of Directors.

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

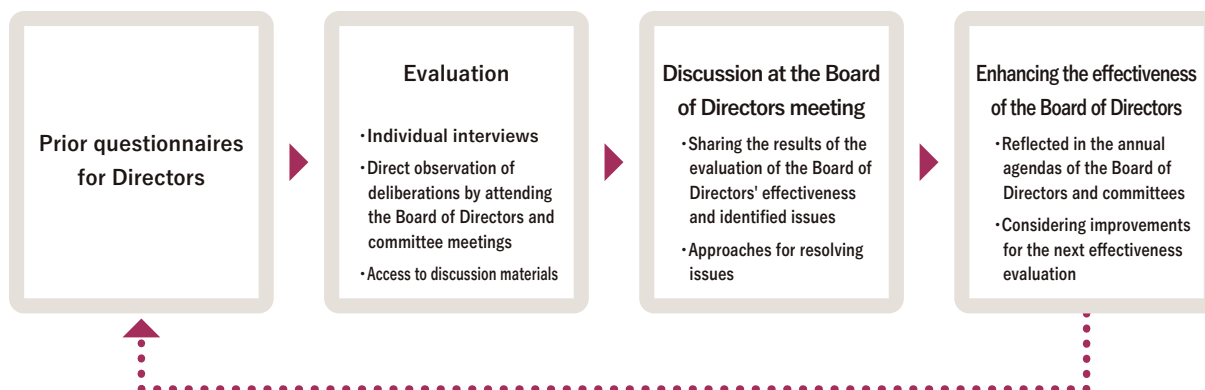
As a result of the evaluation of effectiveness, it was confirmed that, of the issues raised in the previous fiscal year, "revising agenda items and standards for putting items on the agenda," "improvements in the operation of the Board of Directors," and "strengthening of the audit function" had been resolved to a reasonable extent. On the other hand, the evaluation for fiscal year 2025 identified issues such as "articulating the roles of the holding company and its Board of Directors" and "thorough preparation and analysis for discussions of growth strategies."

In response to this, approaches for resolving these issues were again discussed at a meeting of the Board of Directors held in March, thereby articulating concrete plan of action and promotion frameworks that have been reflected in the agenda for the Board of Directors in fiscal year 2026.

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



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.

Based on proposals received from the Nomination Committee, and with a view to realizing the Basic Mission Statement and Group Vision, the Board of Directors selects the President and Representative Executive Officer, thereby fulfilling its supervisory role.

[Removal of the President and Representative Executive Officer]

A proposal for removal 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 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 formulated and announced 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 year 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 for officer remuneration

The Company’s Officer Remuneration System follows the basic approach below, aiming to achieve the objectives of realizing and promoting sustainability management (pay for purpose). The same basic policy has been established for the Directors and Executive Officers of the Group’s major subsidiaries, including Daimaru Matsuzakaya Department Stores and Parco, as well as for the Representative Directors of J. Front City Development, JFR Card, and J. Front Prime Space (hereinafter called “eligible officers of major subsidiaries of the Group”).

- The Officer Remuneration System shall contribute to the Group’s sustainable growth and enhancement of corporate value over the medium to long term and also be compatible with its corporate culture.
- The Officer Remuneration System shall facilitate the achievement of duties (mission) based on management strategies of professional corporate managers.
- Remuneration levels shall be able to secure and retain human resources who have the “desirable managerial talent qualities” required by the Company.
- The Officer Remuneration System shall increase shared awareness of profits with shareholders and awareness of shareholder-focused management.
- The remuneration determining process shall be highly transparent and objective.

(2) Remuneration determining process

To ensure the appropriateness of the level and amount of remuneration and the transparency of the decision-making process, decisions on the specific amount of remuneration to be paid are made by deliberation and resolution of the Remuneration Committee, whose four members comprise three independent Outside Directors and one non-executive Inside Director, and which is chaired by an independent Outside Director. Since the members of the Company’s Remuneration Committee and its Nomination Committee are the same, they can use a common evaluation sheet for both committees to coordinate together in activities related to the areas of nomination and remuneration of management, including eligible officers of major subsidiaries of the Group. If unforeseen contingencies or changes in the external environment occur that could not have been anticipated at the time of formulating the Medium-term Business Plan, the remuneration level, as well as evaluation methods for bonuses and performance shares (performance-linked stock-based remuneration), will be reviewed based on the decision of the Remuneration Committee.

[Forfeiture of remuneration, etc.] (malus and clawback)

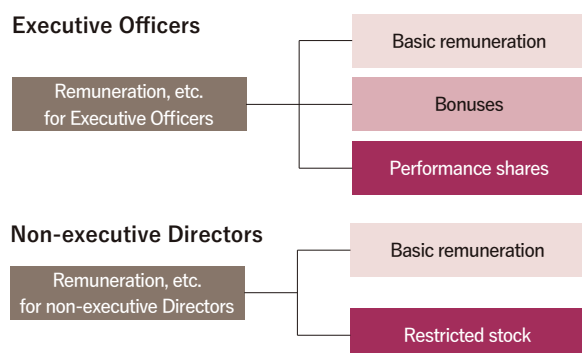
With regard to bonuses and stock-based remuneration, in cases where the Board of Directors has resolved that serious accounting errors or fraudulent adjustments after the settlement of accounts have occurred, or in cases where serious infringements of the delegation

agreement, etc. between the Company and an officer have taken place, or in cases where a person has resigned for their own reasons during their tenure against the wishes of the Company, the right to be paid/ issued remuneration may be forfeited, and the Company may demand the repayment of remuneration already paid or issued.

(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)” linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan (trust-type stock-based remuneration).

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),” which is not linked to performance as a stock-based remuneration system (trust-type stock-based remuneration).



(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 the responsibility borne by each officer. Non-executive Directors’ basic remuneration is positioned as fixed remuneration, and the pay scale is determined based on the size (weight) of the responsibility borne by each officer.

(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 evaluations, and the “fiscal year’s non-financial indicators,” which include qualitative evaluations. Starting in fiscal year 2026, the evaluation criteria for the Representative Executive Officer will consist entirely of quantitative evaluations.

(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 granting the Company’s shares in a way that is not linked to performance, with the objective of involving Directors who do not execute business in management with a medium- to long-term view in order that they should strengthen offensive and defensive governance of the Company from a standpoint different from that of the executives as representatives of stakeholders. The shares are issued upon their retirement from office.

Breakdown of remuneration for Executive Officers by type [President and Representative Executive Officer]

Basic remuneration	Bonuses	Performance shares
33.3%	33.3%	33.3%

[Executive Officers excluding the Representative Executive Officer]

One of the following applies, depending on job responsibilities

Basic remuneration	Bonuses	Performance shares
38.5%	30.8%	30.8%

Basic remuneration	Bonuses	Performance shares
45.4%	27.3%	27.3%

Note: The figure above shows a model based on a standard rank for bonuses and a 100% performance achievement rate for stock-based remuneration.

Note: For eligible officers of major subsidiaries of the Group, the same remuneration composition as above is to apply, based on job size.

Performance-linked stock-based remuneration targets

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

Medium to long term	KPI		Target figures	Weight
	Financial	(1) ROE	8% or more (FY2026)	40%
		(2) Consolidated ROIC	6% or more (FY2026)	20%
	Stock price	(3) r-TSR (compared to TOPIX growth rate inclusive of dividends)	TOPIX growth rate inclusive of dividends	20%
	Non-financial	(4) GHG reductions (Scope 1 & 2 emissions)	70% reduction (compared with FY2017)	10%
		(5) Female management ratio	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.

Toward Further Enhancing the Effectiveness of the Board of Directors

Redefining Governance and Evolving the Board of Directors to Support Medium- to Long-Term Growth

KOIDE Hiroko

Independent Outside Director, Chairperson of Board of Directors



Fiscal year 2025, my second year as Chairperson of Board of Directors, was a year in which we worked to lay the groundwork for further enhancing the effectiveness of the Board of Directors. The results of the Board of Directors' effectiveness evaluation have once again brought to light issues that had been recognized but not yet sufficiently addressed, and I feel that the evolution of our governance is, in fact, only just beginning.

We are redefining our governance in terms of "quality" rather than "form." It is the shared understanding of all Directors that we have finally reached the stage where we can address this. On the other hand, there are differing views and opinions regarding the appropriate form of governance for the Company, and as of the end of fiscal year 2025, we have not yet reached a consensus.

In particular, we cannot avoid clarifying the roles of the holding company and the operating companies with an eye toward the Group's future vision. Should the holding company's Board of Directors focus on high-level discussions regarding the business portfolio and capital allocation, or should it also exercise a certain degree of oversight over important matters at the operating companies? I view defining the ideal role of the holding company's Board of Directors as our top priority for fiscal year 2026.

That said, from the perspective of an Outside Director, while I believe the Board of Directors has improved compared to a few years ago, I still feel that there is a lack of substantive discussion regarding growth strategies and the medium- to long-term outlook.

The Board of Directors has discussed the next

Medium-term Business Plan from fiscal year 2025 to 2026, and this plan must incorporate an integrated human resources strategy and IT and digital strategy to bolster its driving force. I view the recruitment of external professionals in these fields, which has begun to lay the groundwork for discussion, as a significant first step.

In the past, I had the impression that discussions often focused solely on explaining measures without adequately analyzing the issues at hand, but now that data-driven analysis of the current situation has progressed, we are able to discuss the identification of issues, action plans, and timelines. Therefore, I recognize that the role of the Chairperson of Board of Directors is to regularly place these items on the Board's agenda and ensure that progress is monitored in alignment with business strategies and the Medium-term Business Plan.

Among these, we conducted intensive discussions on the human resources strategy in fiscal year 2025 as a key topic that would determine future growth. The differences in human resource systems, workforce composition, and actual performance evaluation practices across the operating companies were visualized, revealing the Group's challenges that had previously gone unnoticed. I recognize the need to view recruitment, placement, training, and evaluation as an integrated whole and to gain an understanding of the progress being made in developing a Group-wide career development program that includes the cultivation of the next generation of managerial talent and the promotion of women's empowerment.

To reiterate, all of these must be discussed in conjunction with the growth strategy. Based on reports regarding our IR and SR activities, I feel

that our future growth story is not sufficiently visible to the capital markets. What is the business portfolio we aim to build? In which markets will we compete, against whom, and what strengths will we leverage to succeed? The Board of Directors will clarify these points and then discuss and oversee the establishment of optimal KPIs and capital allocation for the next Medium-term Business Plan, as well as strategies for bridging the gap between our current status and our targets. The key is not to simply stack up the things we want to do, but rather to work backward from our desired vision or target level to determine the necessary measures, including structural reforms.

For fiscal year 2026, approximately half of the Board of Directors' members were replaced. To enhance the quality of discussions under these circumstances, it is essential to intentionally increase opportunities for open dialogue, such as executive sessions, off-site meetings, and on-site inspections. It is also important to strengthen the functions of the Board of Directors secretariat, enhance the strategic mindset and debate skills of executive Directors, and establish career development pathways that allow future management candidates to gain experience in the Board operations through the secretariat.

We aim to contribute to the sustainable enhancement of corporate value by advancing governance not only in terms of "form" but also in terms of "quality," and by ensuring that the Board of Directors thoroughly discusses and oversees growth strategies from a medium- to long-term perspective.

Comments from the Chairpersons of the Three Statutory Committees

**YAMADA Yoshihito**Independent Outside Director
Chairperson of Nomination Committee

In May of this year, I was appointed Chairperson of Nomination Committee. To fulfill my duties in this capacity, I intend to focus on the following areas.

The Nomination Committee utilizes assessment data from third-party organizations, in addition to internal evaluations, when deliberating on how to achieve a highly effective board composition and when electing or dismissing Directors and Executive Officers. We also strive to enhance objectivity, transparency, and rationality by providing opportunities, such as interviews with candidates, to gain a better understanding of their character and mindset, as necessary.

The committee continues to address succession planning for managerial talent as its core agenda item. Regarding succession for the Representative Executive Officer, we will clarify the overall framework and establish concrete development processes, starting with the selection of a successor in an emergency and the development of next-generation executive candidates, to ensure planned appointments and retention. We will also deepen discussions regarding Outside Directors from a medium- to long-term perspective and work to enhance governance by appointing diverse talent suited to the Company and strengthening our supervisory functions.

The Nomination Committee will continue to spare no effort this fiscal year as well, with the aim of securing the managerial talent essential to the Company's sustainable growth and ensuring elections that enable the optimal allocation of such talent.

**SAITO Kazuhiro**Independent Outside Director
Chairperson of Audit Committee

I have served as Chairperson of Audit Committee since May of this year. Under the previous Chairperson, the Group has not only conducted audits in accordance with the audit plan but also worked to enhance audit effectiveness through dialogue with Executive Officers and major Group companies, business site inspection, and collaboration with the Internal Audit Division, Accounting Auditor, and the audit & supervisory board members of Group companies. I will further enhance these efforts and strengthen the role of the Audit Committee in supporting the sustainable growth of the Group.

At the Board of Directors meetings, we receive reports on the operational status of internal control systems, compliance frameworks, and preparations against cyber risks, and engage in necessary discussions. The Audit Committee believes that it is important not only to conduct formal reviews but also to verify the transparency of the decision-making process and the effectiveness of risk management, and to support an environment in which the executive team takes risks soundly, quickly turn failures into lessons, and use them as steppingstones to future challenges.

Going forward, we will continue to engage in constructive dialogue with the executive team from a fair and impartial standpoint, while enhancing the effectiveness of our organizational audit system and contributing to the establishment of a high-quality corporate governance framework that supports the growth of the Group and meets the expectations for social trust.

**SHIONO Noriko**Independent Outside Director
Chairperson of Remuneration Committee

I have served as Chairperson of Remuneration Committee since May of this year.

Based on the Officer Remuneration Policy formulated in April 2017 and revised, the Remuneration Committee will continue to strive to maintain and enhance an objective and optimal remuneration structure by using peer group comparisons to evaluate the overall level of officer remuneration and the composition of performance-linked remuneration and stock-based remuneration.

In addition, we will continue to review the Officer Remuneration System in light of the Medium-term Business Plan and changes in the business environment. And using surveys conducted by third-party organizations and the insights of external experts, we will conduct a multifaceted assessment of whether the remuneration system is functioning as a driving force for enhancing corporate value over the medium to long term.

Based on the results of this assessment, we will continue to refine the system to ensure that each officer maintains a high level of motivation and delivers results that meet shareholder expectations. Also, for bonuses, we will ensure transparency and fairness in the decision-making process and will implement procedures to ensure that decisions are made objectively and reasonably.

To ensure that each officer can fully leverage their diverse experience, expertise, and sense of responsibility as professional managers, we will maintain an appropriate remuneration system and level commensurate with their contributions. Through these efforts, we will continue to strive for the sustainable enhancement of corporate value and the maximization of shareholder returns.

Approach and system for risk management

Risk management

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

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

Risk management system

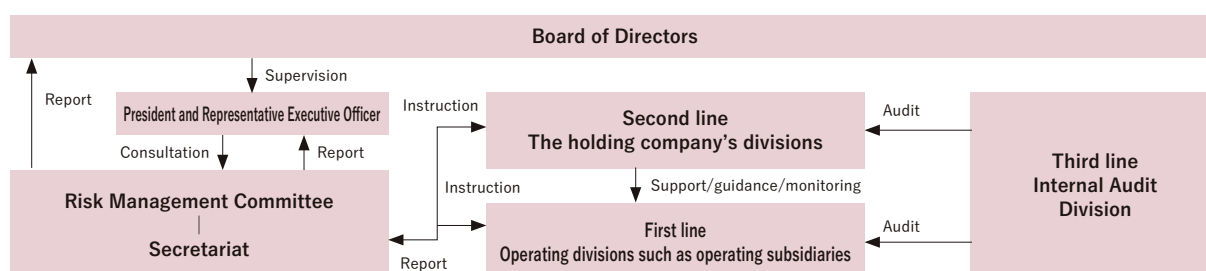
The Company has established the Risk Management Committee, which is chaired by the President and Representative Executive Officer and comprises Executive Officers of the Company and the presidents of major operating companies, as an advisory body to the President and Representative Executive Officer.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

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

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

- **First line (Operating divisions such as operating subsidiaries):**
These divisions identify risks and take the necessary measures on their own.
- **Second line (The holding company's divisions):**
Each division provides support, guidance, and monitoring regarding risk management from a perspective that is independent of the operating divisions.
- **Third line (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 oversight from the third line allow the first line (operating divisions) to independently execute risk response through proper procedures and without delay.

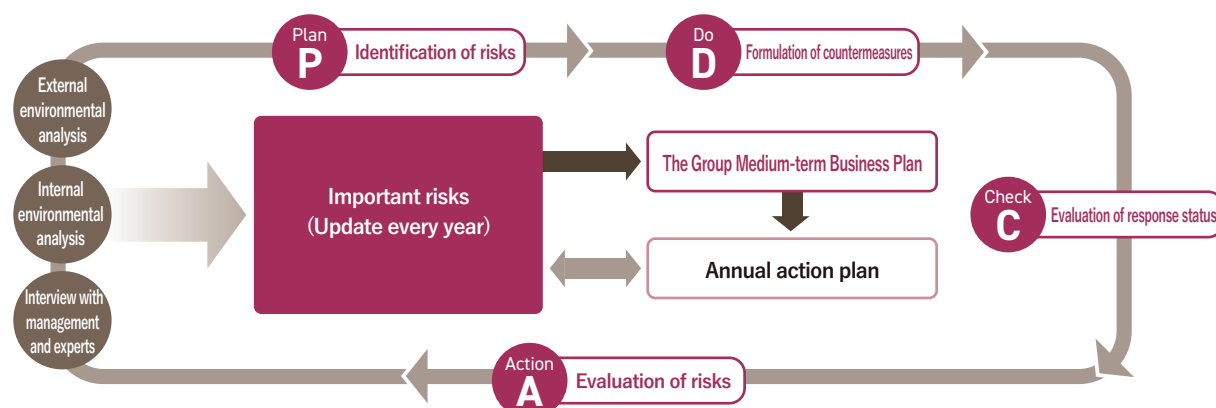


Risk identification method and PDCA cycle

With regard to risk identification, we are striving to ensure that risks of high importance to the Group are not overlooked under the external and internal environmental analysis and are based on the recognition of the management team, external experts, and practical operation divisions. Among these, those risks deemed to be of the highest importance to the Group's management over the medium term are classified as “important risks for the JFR Group,” and we

are implementing countermeasures in order of priority, using them as the starting point for the “Group Medium-term Business Plan.”

For “important risks for the JFR Group,” changes in the environment surrounding risks and the progress of countermeasures are monitored, and the Risk Management Committee discusses the matters and then reports their content to the Board of Directors.



Overview of important risks for the Group

	Internal environment (Business environment)	External environment (Macro environment)
Strategy risk	*Changes in industrial structure of existing businesses *Intensification of competition for human resources - Diversification of consumers' values and behavior - Increased presence of non-Japanese consumers - Increasing inequality between cities	*Acceleration of technology innovations *Increasing complexity of sustainability issues - Declining birthrate, population aging, and increasing income inequality Risks marked with an asterisk (*) have an extremely significant impact and are being addressed with the highest priority.
Finance risk		Changes in consumer behavior and cost structures due to fluctuations in economic trends
Hazard risk		- Emergence of geopolitical and geoeconomic crises - Natural disasters and epidemics - Increase in information security threats
Operation risk	Growing importance of compliance	

List of important risks for the JFR Group

Category	Item	Impact	Outlook for the future	Negative side	Positive side	Countermeasures
Strategy	Changes in industrial structure of existing businesses	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&A and CVC based on our vision
	Intensification of competition for human resources	Very severe	↑	- Loss of competitiveness in attracting human resources, outflow of talented human resources - Decrease in employee motivation	- Promotion of business strategy, creation of innovation - Increase in employee engagement and organizational capability	- Recruiting professional human resources, Group personnel exchange and development - Realizing Well-Being Life of employees through investment in human resources
	Acceleration of technology innovations	Very severe	↑	- Sluggish growth of the entire Group - Declining competitiveness due to delay in use of technology	- Transformation of business model through the use of technology - Operation streamlining	- Operation streamlining through the use of AI - Group-wide initiatives for Business Process Reengineering (BPR) - Developing digital/IT human resources
	Increasing complexity of sustainability issues	Very severe	↗	- Decline in sales and revenue due to the increasing severity of natural disasters and the impact of climate change - 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 - Expanding circular businesses such as sharing and upcycling - Implementing human rights due diligence - Strengthening engagement with customers, business partners, local communities, and others
	Declining birthrate, population aging, and increasing income inequality	Severe	↗	- Shrinkage of domestic market scale - Contraction of high-volume sector of the existing target	Expansion of new markets through target accommodation	- Approaching consumers who favor premium and inspiring consumption and experiences that fulfill their own preferences and values - Expanding customer/business base to reach the aforementioned target
	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 premium and inspiring consumption and experiences that fulfill their own preferences and values (e.g. subscription business, entertainment, pop culture)
	Increased presence of non-Japanese consumers	Severe	↗	- Delay in incorporating inbound tourism - Sudden decrease in inbound tourism	Increase in sales to inbound tourists	- Continuously strengthening categories of products that are highly popular with Japanese and non-Japanese customers - Converting non-Japanese customers into members - Ongoing efforts to expand the Japanese customer base
	Increasing inequality between cities	Severe	↗	Shrinking consumption pie in regional areas	Business development through contribution to urban needs and urban development	Participating in community-building in collaboration with local governments and other organizations in the Group's key locations (e.g. commercial facilities, office space, hotel accommodations, residences)
Finance	Changes in consumer behavior and cost structures due to fluctuations in economic trends	Severe	↗	- Loss of opportunities for revenue - Increased cost of fund procurement	- Promotion of growth strategies and business portfolio transformation - Lowered cost of fund procurement	- Long-term funding at fixed interest rates - Selecting appropriate financing measures during the new funding phase - Continuously monitoring fluctuations and reviewing plans and policies as needed
Hazard	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 - Periodically reviewing business continuity plans - Strengthening preparation for new pandemics
	Emergence of geopolitical and geo-economic risk	Severe	↗	Danger and difficulties in life for employees stationed overseas (or on business trips)	Stable overseas business operations	- Establishing and promoting an overseas risk management system in line with the risk environments and circumstances at employees' overseas postings and business trip destinations - Closely monitoring the impact on the Company's business (especially overseas business)
	Increase in information security threats	Severe	↗	- Occurrence of personal information leaks, lawsuits, and liability for damages, loss of social trust - Delay/stagnation of operations	- Stable running of operations and systems - Operation streamlining and promotion of remote work	- Developing and upgrading the Group's common system infrastructure - Preventing information leaks and incidents by strengthening monitoring systems and expanding the scope of vulnerability management - Reviewing the Group security guidelines and improving employee security awareness and understanding through training
Operation	Growing importance of compliance	Severe	→	- Threat to business continuity - Loss of social credibility - Defection of stakeholders and decline in corporate value	- Enhancing corporate value - Enhancing employee engagement and transforming corporate culture within the Group	- Initiatives to continuously promote awareness and adherence to the JFR Principles of Action - Implementing initiatives to foster awareness among the management of Group companies - Establishing a whistleblowing system

 : Risks that have an extremely heavy impact and are given the highest priority
 When a risk spans multiple categories, it is listed in the category with the highest impact on or relevance to the Group's strategy.

↑: Escalating greatly ↗: Escalating →: Remaining important

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 considering the severity of their impact on the Group

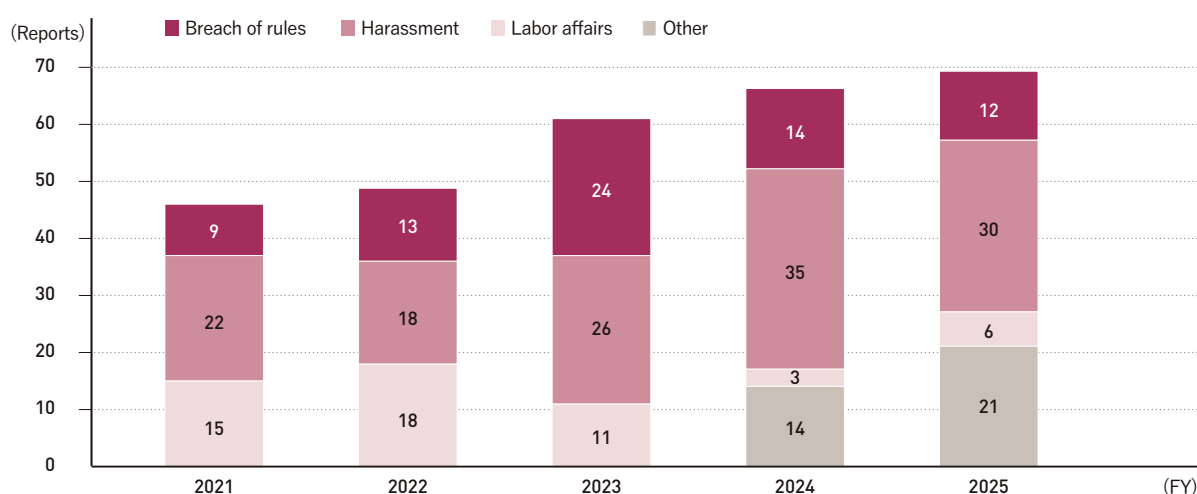
Compliance

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 allows all the Group's officers and employees as well as anyone working for the Group (including part-timers and temporary staff seconded from business partners) to notify the JFR Group Compliance Hotline Office established at the Company with respect to compliance-related issues, and request 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 stipulate protecting the confidentiality of whistleblowers and prohibiting any prejudicial treatment of whistleblowers.

Types of reports



Strengthening information security

The Group positions information security as one of its key management priorities and is working to establish and strengthen its information security management framework in order to appropriately protect its information assets from various threats.

In recent years, information security risks have intensified due to the increasing sophistication and complexity of cyberattacks, as well as the expanded use of cloud services and mobile devices. Furthermore, as the Group holds critical information assets, including customer information and personal information, we consider the proper protection of these assets to be a vital responsibility.

In light of these circumstances, in March 2026, we revised our information security management framework and separated the functions responsible for formulating and managing information security policies and regulations from those responsible for implementing and operating measures based on them. Through this, we are working to strengthen information security governance and establish a framework that enhances the effectiveness of checks and balances.

In addition, we have established J. FRONT RETAILING

Computer Security Incident Response Team (JFR-CSIRT) to respond promptly and appropriately to information security incidents such as cyberattacks and information leaks. When an incident occurs, the team coordinates with relevant divisions within the JFR Group, external contractors, and external security agencies to oversee response efforts aimed at minimizing damage, ensuring rapid recovery, and preventing recurrence.

In normal times, the division in charge of information security takes the lead in managing information security risks by monitoring and analyzing the latest threat trends and conducting education and training. We are also working to enhance information security measures from "physical," "technical," "organizational," and "human" perspectives, striving to maintain and improve security standards across the entire Group while reducing risks.

Disclosure and investor relations (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.

We ensure that the opinions and requests we receive from shareholders and investors through our communications and meetings are widely shared by the President and Representative Executive Officer or the IR division with the Board of Directors and the management of both the Company and Group companies via feedback sessions. We use this information as a reference for corporate management aimed at enhancing corporate value.

External recognition for IR activities (FY2025)

- Semi-Grand Prize at the 5th NIKKEI Integrated Report Award hosted by Nikkei Inc.

Content of IR Day program

- Outside Director's perspective on the Company's current state and issues
- Growth strategy through the integration of interior design and facilities businesses
- Value co-creation through talent exchange
- Revitalization of Shibuya PARCO

Venue for store tour for institutional investors

- Daimaru Shinsaibashi store

Investor engagement activities in FY2025

Dialogue opportunity	No. of times	Person in charge			
		Outside Director	President of the holding company	Officer, etc.*	IR staff
Financial result presentation	4		○	○	
Small meeting	11		○	○	
IR Day (including the presentation by Outside Director)	2	○		○	
Overseas IR	21		○	○	
Conference for overseas investors hosted by securities companies	44		○	○	
Meetings for analysts and institutional investors	210			○	○
Store tour for institutional investors	1				○
Presentation for individual investors	3			○	

*Officer, etc. includes the presidents of Group companies.



Saito, Outside Director, at IR Day on February 17, 2026



Yoshimura, President, J. Front Prime Space, at IR Day on February 17, 2026



Kobayashi, Department Head, GINZA SIX Retail Management, at IR Day on February 17, 2026
*Job titles are as of February 17, 2026.

Directors

KOIDE Hiroko

Independent Outside

- Number of the Company's shares held: 4,076
- Number of other shares as stock-based remuneration not yet granted: 10,986

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

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

YAMADA Yoshihito

Independent Outside

- Number of the Company's shares held: 392

Chairperson of Nomination Committee / Remuneration Committee Member

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

SAITO Kazuhiro

Independent Outside

- Number of the Company's shares held: 392

Chairperson of Audit Committee

Apr 1979 Joined Suntory Limited
 Jan 1999 Senior General Manager, Beverage & Food Division
 Sep 2005 Deputy Division Chief Operating Officer, Beverage & Food Division
 Apr 2009 Executive Officer, Suntory Holdings Limited, and Managing Director, Suntory Beverage & Food Limited
 Jan 2011 Executive Vice President and Chief Operating Officer, Chinese Beverage & Food Division, Suntory (China) Holding Co., Ltd., and Chair and President, Suntory (Shanghai) Food Trading Co., Ltd.
 Apr 2014 President and Chief Operating Officer, Chinese Beer and Huangjiu Division, Suntory (China) Holding Co., Ltd.
 Apr 2015 Managing Executive Officer and in charge of Corporate Planning Division, Chief Operating Officer, Finance & Accounting Division, Suntory Beverage & Food Limited
 Apr 2016 Full-time Advisor, Suntory Beverage & Food Limited, and Chief Executive Officer, Suntory Beverage & Food Asia Pte. Ltd.
 Apr 2019 Representative Director, President & Chief Executive Officer, Suntory Beverage & Food Limited
 Apr 2023 Chair, ad-comm Co., Ltd.
 May 2025 Outside Director, J. Front Retailing Co., Ltd. (present)
 Jun 2025 Outside Director, Marusan Securities Co., Ltd. (present)
 Mar 2026 Independent Outside Director (Member of the Audit Committee), Kokuyo Co., Ltd. (present)

SHIONO Noriko

New

Independent Outside

- Number of the Company's shares held: 0

Chairperson of Remuneration Committee / Nomination Committee Member

Aug 1983 Joined Japan New Media Co., Ltd.
 Jan 1999 General Manager, Marketing Department, Federal Express Corporation
 Mar 2001 Joined The Walt Disney Company (Japan) Ltd.
 Oct 2002 Vice President of Marketing and Sales
 Feb 2006 Vice President of Corporate Marketing
 Apr 2008 General Manager, Marketing Division, SSP Co., Ltd.
 Mar 2010 President
 Jan 2012 Director and Vice President, Konami Sports & Life Co., Ltd. (now Konami Sports Co., Ltd.)
 Jan 2014 Representative Director and President
 May 2016 Director and Chairman
 Oct 2017 Representative Director and President, Widex Co., Ltd.
 Jun 2020 Non-executive Director, Kirin Holdings Company, Limited (present)
 Jan 2024 Advisor, Widex Co., Ltd.
 Jun 2024 Outside Director, Japan Post Holdings Co., Ltd. (present)
 Outside Director, Bengo4.com, Inc. (present)
 May 2026 Outside Director, J. Front Retailing Co., Ltd. (present)

OMURA Emi

Independent Outside

- Number of the Company's shares held: 534
- Number of other shares as stock-based remuneration not yet granted: 2,073

Audit Committee Member

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

OSAWA Eiko

New

Independent Outside

- Number of the Company's shares held: 1,000

Audit Committee Member

Oct 1989 Joined Asahi Shinwa & Co. (now KPMG AZSA LLC)
 Jun 1993 Joined Showa Ota & Co. (now Ernst & Young ShinNihon LLC)
 Aug 1993 Registered as Certified Public Accountant
 Aug 2005 Seconded to Accounting Standards Board of Japan as Project Manager
 Oct 2006 Seconded to the International Accounting Standards Board as Visiting Fellow
 Jul 2008 Partner, Ernst & Young ShinNihon LLC (retired in Jun 2021)
 Jul 2021 Representative, Osawa Certified Public Accountant Office (present)
 Sep 2021 Registered as a tax accountant
 Nov 2021 Supervisory Director, Mitsui Fudosan Logistics Park Inc. (present)
 Jun 2023 Outside Statutory Auditor, Exeo Group, Inc. (present)
 Jun 2024 Outside Director (Audit and Supervisory Committee Member), Nintendo Co., Ltd. (present)
 May 2026 Outside Director, J. Front Retailing Co., Ltd. (present)

(As of May 28, 2026)

The Directors' shareholdings in the Company are as of February 28, 2026.

YOSHIMOTO Tatsuya

- Number of the Company's shares held: 159,213
- Number of other shares as stock-based remuneration not yet granted: 10,768

Nomination Committee Member / Remuneration Committee Member

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

ONO Keiichi

- Number of the Company's shares held: 33,289

President and Representative Executive Officer

Apr 1998	Joined The Daimaru, Inc. (now Daimaru Matsuzakaya Department Stores Co. Ltd.)
Apr 2007	Planning Office for New Umeda Store, Department Store Business Division, Head Office
Sep 2010	In charge of Sales Promotion and Advertising, Business Promotion Division, Daimaru Umeda Store, Daimaru Matsuzakaya Department Stores Co. Ltd.
Nov 2012	Store Planning Department, Head Office, Parco Co., Ltd.
Nov 2013	In charge of Inbound Business, Sales Planning Unit, Sales & Marketing Headquarters, Head Office, Daimaru Matsuzakaya Department Stores Co. Ltd.
Sep 2015	General Manager of Inbound Business, Merchandising and Channel Development Division, Head Office
Sep 2016	General Manager, Business Promotion Division, Daimaru Kyoto Store
Mar 2018	Executive Officer, J. Front Retailing Co., Ltd.
	President and Representative Director, Dimples' Co., Ltd.
Oct 2020	Senior General Manager, Structural Reform Promotion Division, Financial Strategy Unit, J. Front Retailing Co., Ltd.
Mar 2022	Managing Executive Officer, Senior Executive General Manager, Management Strategy Unit, and in charge of Risk Management
May 2022	Director, Parco Co., Ltd.
Mar 2024	President and Representative Executive Officer (present) and Senior Executive General Manager, CRE Strategy Unit, J. Front Retailing Co., Ltd.
May 2024	Director (present)

Executive Officers

ONO Keiichi

Director, President and Representative Executive Officer

NAGAMINE Takamasa

Director and Managing Executive Officer

Senior Executive General Manager, Financial Strategy Unit and CRE Strategy Unit

Managing Executive Officer and Senior Executive General Manager, Finance Headquarters, Daimaru Matsuzakaya Department Stores Co. Ltd.

Managing Executive Officer for Corporate Headquarters, Head of Financial Policy Department, Parco Co., Ltd.

TANAKA Tomoaki

Managing Executive Officer

Senior Executive General Manager, Management Strategy Unit, Senior General Manager,

Fukuoka Tenjin Area Development Promotion Division, and Risk Management Manager

Director, Daimaru Matsuzakaya Department Stores Co. Ltd.

Director, Parco Co., Ltd.

SHIBATA Takeshi

Managing Executive Officer

Senior Executive General Manager, Human Resources Strategy Unit

Managing Executive Officer and Senior Executive General Manager, Human Resources Headquarters,

Daimaru Matsuzakaya Department Stores Co. Ltd.

Managing Executive Officer for Corporate Headquarters, Head of HR Department, Parco Co., Ltd.

OZAWA Toshihiro

Managing Executive Officer

Senior Executive General Manager, IT Digital Unit

Managing Executive Officer and Senior Executive General Manager, IT Digital Headquarters, Daimaru Matsuzakaya Department Stores Co. Ltd.

Managing Executive Officer for Corporate Headquarters, Head of IT Department, Parco Co., Ltd.

KOMURO Takahiro

Executive Officer

Senior General Manager, Board of Directors Office

INAGAMI Hajime

Executive Officer

Senior General Manager, Corporate Communications Division

SAITO Takeshi

Executive Officer

Senior Executive General Manager, Business Promotion Division, and Compliance Manager

YOSHIKAWA Kiyoshi

New

- Number of the Company's shares held: 1,642

Audit Committee Member

Apr 1988	Joined Matsuzakaya Co., Ltd. (now Daimaru Matsuzakaya Department Stores Co. Ltd.)
Mar 2006	Senior Executive Manager in charge of Accounting, Cash Management and Credit and Accounts Receivable Management, Accounting Section, Finance and Accounting Division
Jun 2006	In charge of Financial Policy, Financial Policy Office
Nov 2007	Finance staff, J. Front Retailing Co., Ltd.
Mar 2010	In charge of Financial Policy and Strategy, Finance Division, Administration Unit
Mar 2016	In charge of Finance and Accounting, Financial Strategy Unit
Mar 2017	In charge of Group Accounting and Management Support, Financial Strategy Unit
Mar 2018	Manager in charge of Group Accounting and Management Support, Financial Strategy Unit
Mar 2019	In charge of Board of Directors Secretariat
Mar 2020	In charge of Audit Committee Secretariat
May 2020	Head of Audit Committee Secretariat
May 2023	Audit & Supervisory Board Member, Daimaru Matsuzakaya Department Stores Co. Ltd.
May 2026	Director, J. Front Retailing Co., Ltd. (present)

NAGAMINE Takamasa

New

- Number of the Company's shares held: 1,292

Managing Executive Officer

Apr 1998	Joined Sumitomo Corporation
Jun 2005	Sumitomo Corporation (China) Holding Ltd.
Oct 2021	Vice President, Financial Department, Sumitomo Corporation of Americas
Jun 2022	Vice President & Treasurer
Oct 2023	Joined Raysum Co., Ltd., Operating Officer and Executive General Manager, President Office
Oct 2024	Joined J. Front Retailing Co., Ltd., Dedicated Senior General Manager, Financing and Finance Policy Division, Financial Strategy Unit
Mar 2025	Executive Officer and Senior Executive General Manager, Financial Strategy Unit
May 2025	Director, Daimaru Matsuzakaya Department Stores Co. Ltd.
Sep 2025	Senior Executive General Manager, Financial Strategy Unit and CRE Strategy Unit, J. Front Retailing Co., Ltd. (present)
Mar 2026	Managing Executive Officer (present)
Mar 2026	Managing Executive Officer and Senior Executive General Manager, Finance Headquarters, Daimaru Matsuzakaya Department Stores Co. Ltd. (present)
	Managing Executive Officer for Corporate Headquarters, Head of Financial Policy Department, Parco Co., Ltd. (present)
May 2026	Director, J. Front Retailing Co., Ltd. (present)

HASHIMOTO Naoya

Executive Officer

Senior General Manager, Group Management Planning Division, Management Strategy Unit

Director, Daimaru Matsuzakaya Department Stores Co. Ltd.

Director, Parco Co., Ltd.

TOKUDA Wakako

Executive Officer

Senior General Manager, Group Business Development Division, Management Strategy Unit

SHIOYAMA Masato

Executive Officer

Nagoya Area Co-prosperity Manager, Management Strategy Unit

Executive Officer and Executive Store Manager, Matsuzakaya Nagoya, Daimaru Matsuzakaya Department Stores Co. Ltd.

YONEYAMA Yuki

Executive Officer

Shinsaibashi Area Co-prosperity Manager, Management Strategy Unit

Executive Officer and Executive Store Manager, Daimaru Osaka Shinsaibashi, Daimaru Matsuzakaya Department Stores Co. Ltd.

URAKI Hiroshi

Executive Officer

Senior General Manager, Group Financing and Finance Policy Division, Financial Strategy Unit

NOGUCHI Hideki

Executive Officer

Senior General Manager, Group Accounting and Tax Affairs Division, Financial Strategy Unit

President and Representative Director, J. Front One Partner Co., Ltd.

UMEBAYASHI Akira

Executive Officer

Senior General Manager, Group Human Resources Policy Division, Human Resources Strategy Unit

Executive Officer and Deputy Senior Executive General Manager, Human Resources Headquarters,

Daimaru Matsuzakaya Department Stores Co. Ltd.

IMAZU Takako

Executive Officer

Senior General Manager, Group Human Resources Development Division, Human Resources Strategy Unit

Executive Officer and Deputy Senior Executive General Manager, Human Resources Headquarters,

Daimaru Matsuzakaya Department Stores Co. Ltd.

10-Year Data (Financial/Non-financial)

— JGAAP —

	FY2016	FY2016	FY2017	
Consolidated P&L				
Gross sales	1,108,512	1,134,342	1,138,981	
Revenue	—	452,505	469,915	
Gross profit	234,785	212,567	212,935	
Selling, general and administrative expenses (SGA)	190,205	167,668	166,688	
Business profit	—	44,898	46,842	
Operating profit (loss)	44,580	41,727	49,546	
Profit (loss) / Profit (loss) attributable to owners of parent	26,950	27,052	28,486	
(Business profit by segment)				
Department Store Business	—	24,592	26,453	
SC Business	—	—	—	
Parco Business	—	12,520	10,284	
Developer Business	—	—	—	
Real Estate Business	—	—	3,251	
Payment and Finance Business	—	2,844	2,803	
Other Business	—	4,410	4,490	
Adjustments	—	211	(440)	
(Operating profit by segment) *Operating profit for years prior to 2016 is based on JGAAP.				
Department Store Business	24,592	—	26,659	
SC Business	—	—	—	
Parco Business	12,520	—	11,752	
Developer Business	—	—	—	
Real Estate Business	—	—	4,131	
Payment and Finance Business	2,844	—	2,742	
Other Business	4,410	—	4,744	
Adjustments	211	—	(483)	
(SGA)				
Personnel expenses	67,879	—	62,989	
Advertising expenses	26,544	—	10,534	
Packing and transportation costs	6,456	—	4,992	
Rent expenses	28,637	—	24,372	
Depreciation	14,843	—	10,944	
Labor costs	15,621	—	8,148	
Other	30,222	—	44,705	
(Capital expenditures / depreciation)				
Capital expenditures	44,999	—	27,021	
Right-of-use assets	—	—	—	
Total investment	—	—	—	
Depreciation (including the amount included in cost)	17,189	—	18,683	
Consolidated BS				
Total assets	1,050,109	1,005,069	1,022,348	
Shareholders' equity / Equity attributable to owners of parent	406,336	368,571	395,519	
Interest-bearing liabilities	187,799	205,952	184,202	
Consolidated CF				
Cash flows from operating activities	36,239	33,764	57,079	
Cash flows from investing activities	(30,353)	(27,952)	(19,030)	
Cash flows from financing activities	(2,189)	(2,097)	(31,048)	
Per share information				
Basic earnings (loss) per share (yen)	103.04	103.43	108.92	
Equity attributable to owners of parent per share (yen)	1,553.60	1,409.20	1,511.91	
Dividend per share (yen)	28.00	28.00	35.00	
Dividend payout ratio (%)	27.2	27.1	32.1	
Financial indicators (%)				
Return on equity (ROE)	6.8	7.6	7.5	
Return on total assets (ROA)	4.3	4.2	4.9	
Return on invested capital (ROIC)	—	—	—	
Return on investment (ROI)	7.7	7.6	8.4	
Interest-bearing liabilities to equity attributable to owners of parent ratio (times)	0.46	0.56	0.47	
Non-financial information related to operating companies				
Daimaru Matsuzakaya Department Stores sales floor area (m ²)	498,460	—	495,331	
Parco business area (m ²)	409,000	—	389,000	
Daimaru Matsuzakaya Department Stores foot traffic (1,000 people)	197,250	—	200,966	
Daimaru Matsuzakaya Department Stores average spend per customer (yen)	4,420	—	4,676	
Number of cards issued by JFR Card (1,000 cards)	1,897	—	1,923	

1. The Company has adopted the International Financial Reporting Standards (IFRS) since FY2017. Figures for fiscal years prior to FY2016 are based on Japanese Generally Accepted Accounting Principles (JGAAP).
2. 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.
3. Business profit is calculated by subtracting cost of sales and SGA from revenue, and roughly corresponds to "operating profit" under JGAAP.

Millions of yen (except where otherwise indicated)

IFRS

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
	1,125,153	1,133,654	766,297	865,919	998,755	1,151,972	1,268,322	1,290,489
	459,840	480,621	319,079	331,484	359,679	407,006	441,877	445,094
	212,396	206,953	134,368	147,842	169,536	195,516	212,596	215,412
	166,882	161,590	132,001	136,123	144,682	151,185	159,106	164,814
	45,514	45,363	2,366	11,718	24,854	44,330	53,490	50,597
	40,891	40,286	(24,265)	9,380	19,059	43,048	58,199	49,015
	27,358	21,251	(26,193)	4,321	14,237	29,913	41,424	28,282
	25,154	26,461	(4,899)	1,798	12,834	26,265	33,982	30,900
	—	—	—	3,844	5,382	8,379	12,745	14,007
	8,723	8,582	2,062	—	—	—	—	—
	—	—	—	3,134	2,947	7,546	8,360	7,386
	5,062	4,364	2,637	—	—	—	—	—
	2,338	1,901	396	1,906	3,486	2,777	1,637	962
	3,605	4,926	3,204	1,252	924	965	832	539
	629	(873)	(1,035)	(217)	(722)	(1,602)	(4,069)	(3,200)
	24,194	17,625	(22,199)	(4,594)	7,529	23,587	29,677	29,856
	—	—	—	2,055	3,733	9,414	12,850	13,669
	5,445	10,823	(6,895)	—	—	—	—	—
	—	—	—	4,711	3,695	7,437	8,189	7,023
	4,664	6,725	1,986	—	—	—	—	—
	2,360	1,908	421	1,970	3,485	2,583	1,460	920
	3,507	4,700	2,852	1,199	899	1,370	797	435
	717	(1,496)	(430)	4,039	(283)	(1,343)	5,224	(2,890)
	62,692	56,880	48,627	49,944	47,284	50,067	54,840	55,903
	10,364	11,729	7,996	9,189	10,489	10,639	10,802	12,182
	3,837	3,664	2,985	2,849	2,872	2,626	2,662	2,898
	23,418	2,389	2,105	997	542	—	—	—
	11,580	30,601	25,135	25,971	26,915	25,053	24,961	24,320
	8,296	9,296	6,117	6,677	9,581	11,274	11,050	12,227
	46,692	47,029	39,033	40,494	46,996	51,523	54,789	57,282
	39,873	37,912	22,922	12,616	15,014	14,734	19,698	23,076
	—	10,723	7,073	8,467	8,400	1,460	4,157	3,395
	—	48,636	29,996	21,083	23,415	16,194	23,855	26,471
	19,907	50,953	50,361	49,629	49,107	46,492	45,593	44,290
	1,029,573	1,240,308	1,263,722	1,192,907	1,120,953	1,114,726	1,164,147	1,141,567
	412,700	387,188	352,171	350,368	359,385	381,898	409,646	415,586
	174,378	478,773	562,815	502,109	413,949	364,398	363,578	336,675
	34,870	73,358	56,471	49,866	65,480	90,692	85,812	66,992
	(26,836)	(49,559)	(20,870)	(5,289)	(13,371)	13,429	(28,308)	(15,154)
	(21,274)	(14,829)	58,727	(80,392)	(105,694)	(72,746)	(74,001)	(70,782)
	104.55	81.19	(100.03)	16.50	54.32	114.06	160.35	112.93
	1,576.68	1,479.07	1,344.91	1,337.29	1,370.43	1,453.71	1,597.24	1,671.35
	35.00	36.00	27.00	29.00	31.00	36.00	52.00	54.00
	33.5	44.3	—	175.7	57.1	31.6	32.4	47.8
	6.8	5.4	(7.1)	1.2	4.0	8.1	10.5	6.9
	4.0	3.2	(1.9)	0.8	1.6	3.9	5.1	4.3
	—	—	—	—	—	5.1	6.2	5.9
	7.2	4.5	(3.2)	1.2	2.7	—	—	—
	0.42	1.24	1.60	1.43	1.15	0.95	0.89	0.81
	495,331	489,023	512,935	494,715	494,715	494,715	494,715	494,715
	401,000	435,800	461,000	462,000	462,000	439,000	422,000	400,000
	202,066	194,879	101,336	119,883	149,974	176,297	183,009	188,203
	4,841	4,979	4,737	5,003	5,560	6,343	7,141	7,067
	1,929	1,893	1,703	1,530	1,419	1,328	1,272	1,332

10-Year Data (Sustainability)

		範囲	単位	FY2016	FY2017
Society					
Number of employees		Consolidated	People	10,732	10,429
Regular employees		Consolidated	People	6,871	6,723
Dedicated employees		Consolidated	People	—	1,573
Fixed-term employees		Consolidated	People	3,861	2,133
Ratio of female employees		Consolidated	%	—	57.2
Ratio of women in management positions**1		Consolidated	%	12.2	14.3
Number of new graduate hires		Consolidated	People	58	79
Men		Consolidated	People	24	36
Women		Consolidated	People	34	43
Ratio of female new graduate hires		Consolidated	%	58.6	54.4
Employment rate of disabled people**2		Consolidated	%	—	—
Number of foreign employees		Consolidated	People	—	—
Ratio of foreign employees		Consolidated	%	—	—
Employee turnover rate*3		Consolidated	%	—	3.6
Involuntary turnover rate		Consolidated	%	0	0
Number of employees taking childcare leave*		Consolidated*4	People	—	175
Female return rate after childcare leave*		Consolidated*5	%	—	93.0
Ratio of male employees taking childcare leave*		Consolidated	%	—	—
Wage differences between men and women*6 (all workers)		Consolidated*9	%	—	—
Regular workers*7		Consolidated*9	%	—	—
Non-regular workers*8		Consolidated*9	%	—	—
Employee engagement (employee satisfaction)*10		Consolidated	%	—	—
(work recommendation)		Consolidated	%	—	—
Number of employees taking family care leave		Consolidated*5	People	2	2
Number of employees taking family care time off		Consolidated*5	People	20	31
Number of employees working shorter hours for family care		Daimaru Matsuzakaya Department Stores	People	1	0
Percentage of employees earning minimum wage by region*9		Daimaru Matsuzakaya Department Stores	%	0	0
Health examination participation rate		Daimaru Matsuzakaya Department Stores	%	99.7	99.7
Stress check response rate		Daimaru Matsuzakaya Department Stores	%	94.0	95.9
Number of labor accidents (work accidents)		Consolidated*12	—	31	40
Number of labor accidents (commutation accidents)		Consolidated*12	—	25	26
Lost time injury frequency rate (employees)*11		Consolidated	—	—	—
Number of work-related fatalities (employees)*		Consolidated	People	—	—
Number of harassment consultations		Consolidated	—	16	14
Number of usages of JFR Group Compliance Hotline		Consolidated	—	22	28
Data security: number of data breaches*14		Consolidated	—	0	0
Amount donated to communities		Consolidated	Millions of yen	—	43
Political contribution expenses		Consolidated	Millions of yen	—	2.2
Penalty for corruption		Consolidated	Millions of yen	—	0
Punishment/dismissal for anti-corruption violations		Consolidated	People	—	0
Environment					
Energy*	Electricity	Usage	Consolidated	MWh	—
	City gas	Usage	Consolidated	MWh	333,514
	Liquefied Petroleum Gas (LPG)	Usage	Consolidated	MWh	70,353
	Light oil	Usage	Consolidated	MWh	—
	A type heavy oil	Usage	Consolidated	MWh	—
	Kerosene	Usage	Consolidated	MWh	70
	Gasoline	Usage	Consolidated	MWh	—
	Natural gas	Usage	Consolidated	MWh	6,805
	Steam / cold water / hot water	Usage	Consolidated	MWh	13
	Total	Usage	Consolidated	MWh	64,758
Renewable energy*		Usage	Consolidated	MWh	475,513
	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	14,548
	Scope 1	Emissions	Consolidated	t-CO ₂	1,504
Scope 2 GHG*	CO ₂	Emissions (market base)	Consolidated	t-CO ₂	—
		Emissions (location base)	Consolidated	t-CO ₂	178,102
Scope 1 and 2 GHG*		Emissions	Consolidated	t-CO ₂	184,047
	vs. SBT base year (FY2017)		Consolidated	%	194,154
Scope 3 GHG*		Emissions	Consolidated	t-CO ₂	—
	vs. SBT base year (FY2017)		Consolidated	%	2,927,320
Scope 1 and 2 GHG emissions intensity*	Per consolidated sales		Consolidated	t-CO ₂ /¥Million	—
Water*	Tap water	Usage	Consolidated*16	m ³	0.17
	Groundwater	Usage	Consolidated*16	m ³	—
	Gray water	Usage	Consolidated*16	m ³	—
	Total	Usage	Consolidated*16	m ³	—
		Emissions*13	Consolidated*16	m ³	—
Waste (including food waste)*15		Emissions	Consolidated*16	t	—
	Amount recycled		Consolidated*16	t	19,885
	Final disposal amount		Consolidated*16	t	11,644
	Recycling ratio		Consolidated*16	%	8,241
Food waste**16		Emissions	Consolidated*5	t	58.6
	Amount recycled		Consolidated*5	t	4,540
	Final disposal amount		Consolidated*5	t	2,716
	Recycling ratio		Consolidated*5	%	1,824
Specified hazardous waste*16		Emissions	Consolidated	t	59.8
Packaging materials usage*17		Usage	Daimaru Matsuzakaya Department Stores	t	—
					2,409
					2,370

* Have received third-party assurance from LRQA Limited. (The same assurance has been received 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 Scope of special provisions for affiliated companies as of June each year

*3 Number of retired employees during the fiscal year / Number of employees at the beginning of the fiscal year (excludes employees whose reason for leaving was mandatory retirement, transfer to another company/entity, or appointment as officers.)

*4 Boundaries for the years up to FY2020 are Daimaru Matsuzakaya Department Stores (numbers of employees taking childcare leave continuously after the year of childbirth); from FY2021 onward: Consolidated figures (number of employees who took childcare leave in the year of childbirth).

*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)

*7 Regular employees (including employees seconded outside the company)

*8 Dedicated employees, partner employees, contract employees, and retirees who are rehired on a contract basis after reaching mandatory retirement age.

	FY2018	FY019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
	10,276	9,844	9,635	8,148	7,258	7,369	7,302	7,428
	6,695	6,579	6,528	5,589	5,115	5,277	5,343	5,584
	1,697	1,739	1,688	1,444	1,195	1,170	1,131	1,062
	1,884	1,526	1,419	1,115	948	922	828	782
	56.8	57.0	56.3	55.6	52.9	53.45	53.8	54.0
	14.7	16.6	19.9	21.3	22.2	22.5	26.2	27.7
	94	76	94	68	107	92	102	99
	44	38	41	33	38	34	39	38
	50	38	53	35	69	58	63	61
	53.2	50.0	56.4	51.5	64.5	63.0	61.8	61.6
	2.21	2.21	2.21	2.66	2.93	2.89	3.09	3.01
	15	14	40	42	50	50	27	57
	0.1	0.1	0.4	0.5	0.7	0.7	0.4	0.8
	3.3	3.9	1.9	10.5	5.3	5.4	4.6	3.9
	0	0	0	0	0	0	0	0
	203	161	139	88	75	81	86	98
	97.4	89.5	94.4	95.3	93.4	94.0	92.5	93.4
	—	—	18.8	43.6	68.0	87.5	132.5	95.5
	—	—	—	—	59.8	65.3	66.5	65.1
	—	—	—	—	71.3	74.4	75.0	74.0
	—	—	—	—	70.9	72.7	75.5	69.2
	—	—	—	—	—	67.7	68.9	68.3
	—	—	—	—	—	57.7	59.9	62.0
	10	3	2	12	8	10	17	10
	42	30	30	23	58	80	88	128
	1	0	0	1	4	18	24	25
	0	0	0	0	0	0	0	0
	99.9	99.6	100	99.8	100	100	100	100
	96.4	96.5	97.4	97.1	96.3	97.2	95.2	95.7
	38	68	81	51	40	50	8	50
	17	23	38	31	31	30	17	46
	2.17	1.86	1.74	1.85	0.88	0.79	0.55	1.87
	0	0	0	0	0	0	0	0
	22	50	40	37	47	41	49	61
	24	36	24	46	49	61	66	69
	0	0	0	0	1	0	0	0
	71	67	62	75	87	36	57	63
	0.2	0.3	0.07	0.04	0.17	0.17	0.06	0.03
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	328,900	327,851	288,691	305,752	305,287	297,828	294,269	286,965
	67,118	64,095	58,064	64,632	63,516	61,488	66,599	61,681
	—	—	—	—	—	—	—	61
	—	88	88	105	101	28	5	6
	70	70	65	49	65	52	64	87
	—	—	—	—	—	0.1	0.05	0.02
	6,295	5,368	2,929	3,011	2,126	1,916	1,793	1,693
	14	11	1	0	0	0	0	0
	65,969	68,730	54,133	54,500	59,344	60,848	63,785	65,280
	468,366	466,214	403,973	428,049	430,439	422,160	426,515	415,773
	—	13,046	29,647	62,156	102,676	157,454	197,746	215,897
	—	4.0	10.3	20.3	33.6	52.9	67.2	75.2
	13,824	13,074	11,170	12,368	11,958	11,459	11,551	10,736
	2,137	2,140	813	1,636	1,756	2,562	2,879	2,899
	—	—	—	—	—	14,021	14,430	13,635
	166,605	147,294	120,123	108,808	96,071	68,736	52,695	45,606
	177,987	174,094	147,820	149,690	146,810	142,935	136,692	133,887
	182,566	162,508	132,106	122,812	109,785	82,757	67,125	59,241
	(6.0)	(16.3)	(32.0)	(36.7)	(43.5)	(57.4)	(65.4)	△69.5
	3,123,238	3,782,555	2,470,411	2,420,492	2,761,669	2,898,436	2,247,051	2,230,492
	—	—	—	(17.3)	(5.7)	(1.0)	(23.2)	△23.8
	0.16	0.14	0.17	0.14	0.11	0.07	0.05	0.05
	1,317,230	1,260,594	1,407,531	1,719,788	1,796,295	1,880,316	1,904,299	1,884,414
	480,731	452,702	459,054	570,760	613,303	625,066	598,766	565,123
	136,804	125,989	198,882	158,848	151,017	140,709	153,350	160,188
	1,934,765	1,839,285	2,065,467	2,449,396	2,560,615	2,646,091	2,656,415	2,609,725
	1,934,765	1,839,285	2,065,467	2,449,396	2,560,615	2,646,091	2,656,415	2,609,725
	17,202	17,597	21,694	26,637	29,855	29,814	48,201	37,643
	9,938	10,453	12,479	12,845	15,421	16,176	18,759	18,408
	7,264	7,144	9,216	13,792	14,434	13,638	29,443	19,235
	57.8	59.4	57.5	48.2	51.7	54.3	38.9	48.9
	4,312	4,379	2,886	4,394	4,753	4,943	4,587	4,309
	2,477	2,610	1,857	3,027	3,598	3,934	4,051	4,004
	1,835	1,769	1,029	1,367	1,155	1,009	536	305
	57.4	59.6	64.3	68.9	75.7	79.6	88.3	92.9
	—	—	—	6	0.2	0	0.01	0
	2,236	2,030	1,075	1,129	1,200	1,221	1,139	1,147

*9 Boundary for FY2022 is Daimaru Matsuzakaya Department Stores

*10 Starting in FY2025, this will be measured using the new survey question “Satisfaction (sense of accomplishment derived from work).”

*11 Grade 1 and 2 dedicated employees are paid according to a wage table by region

*12 Boundaries for the years up to FY2018 are Daimaru Matsuzakaya Department Stores

*13 Lost time injury frequency rate: The frequency of lost time injuries occurring in a workplace per one million hours worked

*14 Confidential information breaches and personal data breaches

*15 Water usage and emissions are the same volume.

*16 Boundaries for the years up to FY2019 are Daimaru Matsuzakaya Department Stores

*17 Waste includes general waste, industrial waste, and food waste.

*18 (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

*19 Weight of wrapping paper, shopping bags, paper bags, plastic bags for food products, etc.

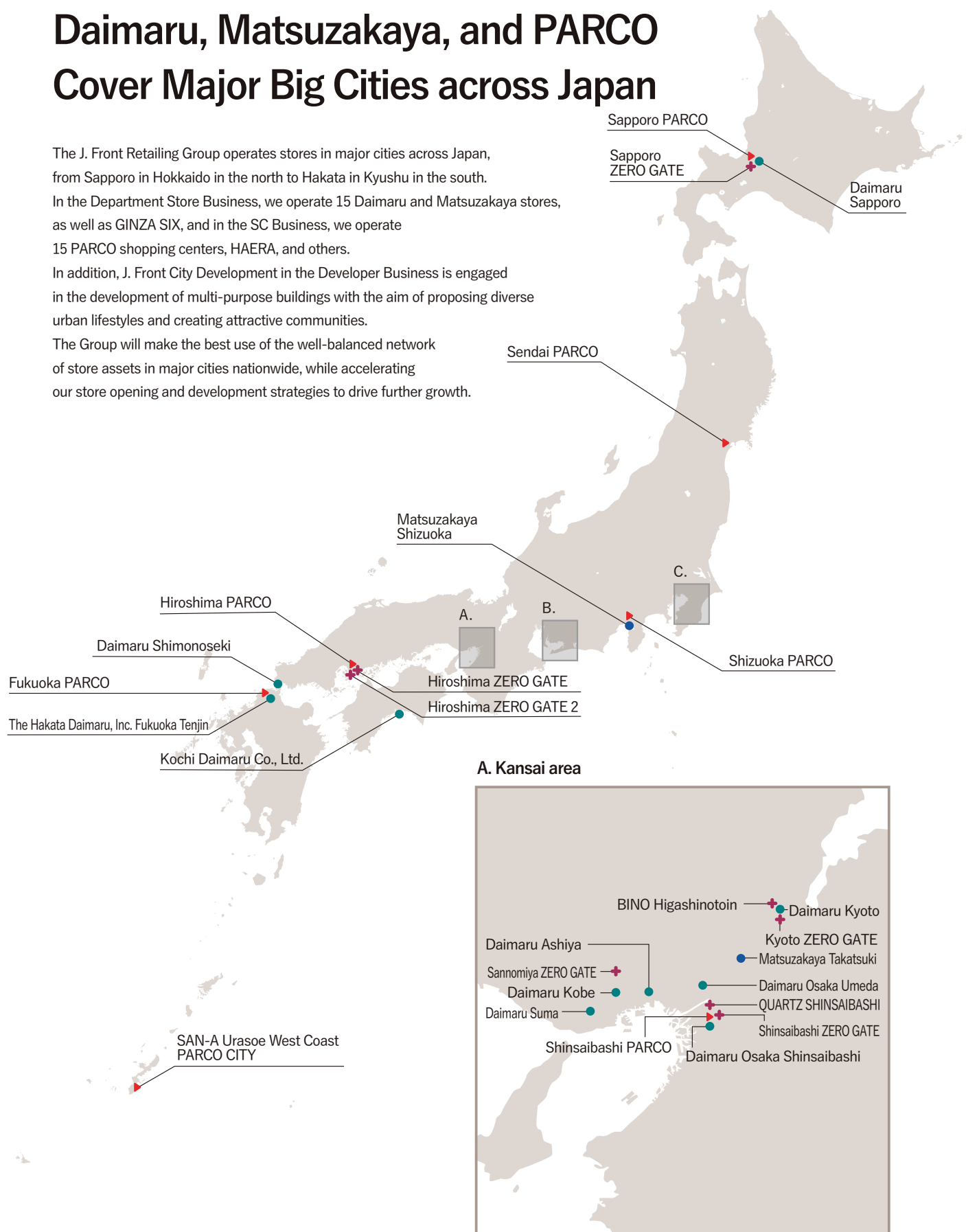
Daimaru, Matsuzakaya, and PARCO Cover Major Big Cities across Japan

The J. Front Retailing Group operates stores in major cities across Japan, from Sapporo in Hokkaido in the north to Hakata in Kyushu in the south.

In the Department Store Business, we operate 15 Daimaru and Matsuzakaya stores, as well as GINZA SIX, and in the SC Business, we operate 15 PARCO shopping centers, HAERA, and others.

In addition, J. Front City Development in the Developer Business is engaged in the development of multi-purpose buildings with the aim of proposing diverse urban lifestyles and creating attractive communities.

The Group will make the best use of the well-balanced network of store assets in major cities nationwide, while accelerating our store opening and development strategies to drive further growth.



(As of June 30, 2026)

Daimaru/Matsuzakaya stores

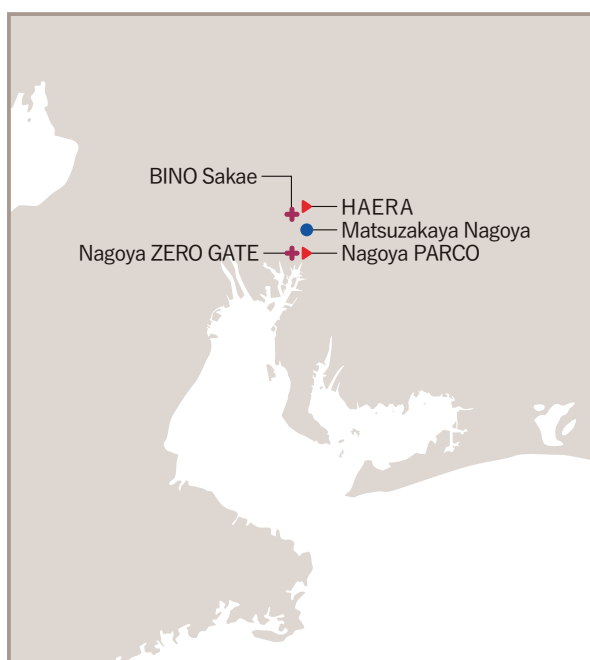
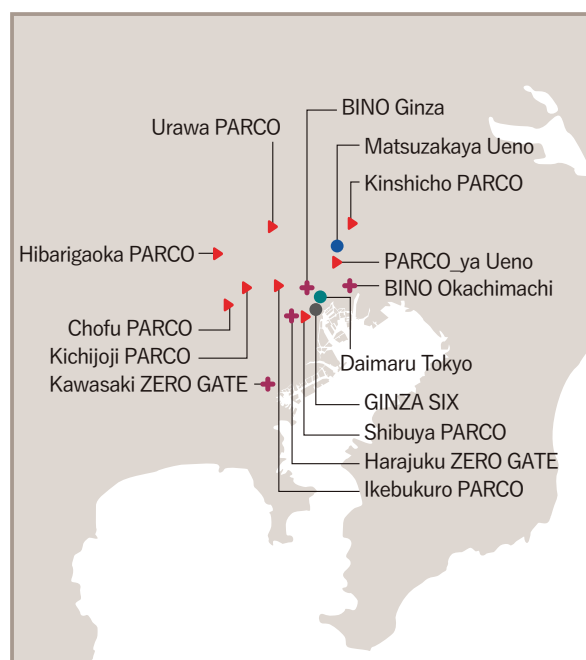
- Daimaru Osaka Shinsaibashi
- Daimaru Osaka Umeda
- Daimaru Kyoto
- Daimaru Kobe
- Daimaru Tokyo
- Daimaru Sapporo
- Daimaru Suma
- Daimaru Ashiya
- Daimaru Shimonoseki
- [Scheduled to close at the end of August 2027]
- Kochi Daimaru Co., Ltd.
- The Hakata Daimaru, Inc.
- Fukuoka Tenjin
- Matsuzakaya Nagoya
- Matsuzakaya Ueno
- Matsuzakaya Shizuoka
- Matsuzakaya Takatsuki
- GINZA SIX

PARCO stores

- ▶ Sapporo PARCO
- ▶ Sendai PARCO
- ▶ Urawa PARCO
- ▶ Hibarigaoka PARCO
- ▶ Ikebukuro PARCO
- ▶ PARCO_ya Ueno
- ▶ Kichijoji PARCO
- ▶ Shibuya PARCO
- ▶ Kinshicho PARCO
- ▶ Chofu PARCO
- ▶ Shizuoka PARCO
- [Scheduled to close at the end of January 2027]
- ▶ Nagoya PARCO
- [The south wing is scheduled to close at the end of February 2027]
- ▶ Shinsaibashi PARCO
- ▶ Hiroshima PARCO
- ▶ Fukuoka PARCO
- [Scheduled to close at the end of February 2027]
- ▶ HAERA and others

Stores of J. Front City Development

- ✦ Sapporo ZERO GATE
- ✦ Harajuku ZERO GATE
- ✦ Kawasaki ZERO GATE
- ✦ Nagoya ZERO GATE
- ✦ Kyoto ZERO GATE
- ✦ Shinsaibashi ZERO GATE
- ✦ Hiroshima ZERO GATE
- ✦ Hiroshima ZERO GATE 2
- ✦ Sannomiya ZERO GATE
- ✦ BINO Ginza
- ✦ BINO Okachimachi
- ✦ BINO Sakae
- ✦ BINO Higashinotoin
- ✦ QUARTZ SHINSAIBASHI and others

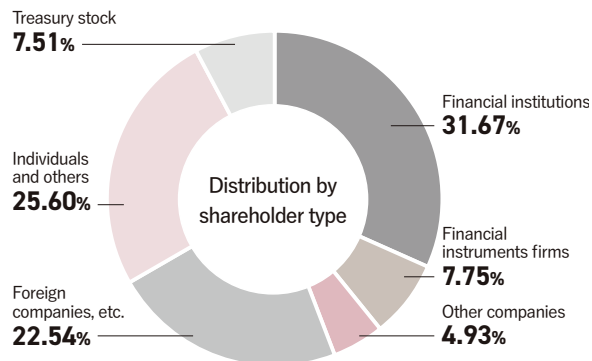
B. Chubu area**C. Kanto area**

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	172,994

Name of shareholder	Number of shares held (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,805	15.51
Custody Bank of Japan, Ltd. (Trust Account)	19,197	7.67
Nippon Life Insurance Company	9,828	3.93
JP Morgan Securities Japan Co., Ltd.	6,311	2.52
J. Front Retailing Kyoei Supplier Shareholding Association	6,110	2.44
Mizuho Securities Co., Ltd.	5,197	2.08
J.P. Morgan Securities plc	3,802	1.52
JP JPMSE LUX RE MACQUARIE BANK LTD LONDON EQ CO	3,749	1.50
Custody Bank of Japan, Ltd. (Trust Account 4)	3,555	1.42
JP MORGAN CHASE BANK 385781	3,467	1.39

*Shareholding ratio is calculated by deducting treasury stock (20,316,000 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	36	85,684	31.67
Financial instruments firms	37	20,980	7.75
Other companies	1,057	13,348	4.93
Foreign companies, etc.	566	60,972	22.54
Individuals and others	171,297	69,262	25.60
Treasury stock	1	20,316	7.51

*Unit shareholders

Company Profile

Company name	J. FRONT RETAILING Co., Ltd.
Main store location	6-10-1 Ginza, Chuo-ku, Tokyo
Office location	Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo
Established	September 3, 2007
Capital	¥31,974 million
Business description	Department Store Business (the core business), SC Business, Developer Business, Payment and Finance Business, wholesale, outsourced administrative processing services, parking management, and leasing, among others
Number of employees (consolidated)	5,584 (as of February 28, 2026) Note: In addition to the above, there are 1,844 dedicated employees and fixed-term employees.
URL	https://www.j-front-retailing.com/english/

Create and Bring to Life
"New Happiness."



J. FRONT RETAILING



Printed with vegetable oil ink on FSC®-certified paper.