Corporate Governance Report

June 3, 2026

J. FRONT RETAILING Co., Ltd.
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https://www.j-front-retailing.com/english/

The corporate governance of J. FRONT RETAILING Co., Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Company has established Corporate Governance Guidelines (the "Guidelines") that set out the role of corporate governance in the Company and its subsidiaries (the "JFR Group"). The aims of the Guidelines are to realize our best possible corporate governance practices in order to ensure the sustainable growth of the JFR Group and increase corporate value over the medium to long term.

The Company believes that ensuring sustainable growth of the JFR Group and increasing corporate value over the medium to long term is paramount to realizing the ideals of the Group Philosophy. Accordingly, the role of corporate governance must be to help enable us to realize the ideals of the Group Philosophy. The Company assumes responsibility as a holding company for ensuring managerial transparency, soundness and compliance centered on corporate governance of the JFR Group, with the aim of realizing the ideals of the Group Philosophy.

In addition, the Company has adopted the organizational structure of a company with three committees (nomination, audit and remuneration committees), and been working to further strengthen the corporate governance.

For "Basic Ideas on Corporate Governance," please refer to "Chapter 1. General Provisions" of the Guidelines.

(https://www.j-front-retailing.com/english/company/pdf/20250529_CG_Guidelines_E.pdf)

In order to achieve the Group Vision, the Company established the Group Medium-term Business Plan, a three-year plan covering the period FY2024-FY2026. For details, please refer to the following page on our website.

(https://www.j-front-retailing.com/english/ir/policy/management_plan.html)

The Company's basic vision, Group Philosophy and policy, etc. are described below.

<Corporate credo>

"Service before profit"

"Abjure all evil and practice all good"

<Basic philosophy>

We aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations. We aim at developing the Group by making a broad contribution to society as a fair and trusted business entity.

<Group Vision>

Create and Bring to Life "New Happiness"

<Sustainability Policy>

"With people, with local communities, with environment to realize a sustainable society and new happiness in life"

<Corporate Governance Guidelines>

With an aim to ensure sustainable growth of the JFR Group and increase corporate value over the medium to long term (realize the ideals of the Group Philosophy), the Company will work to ensure managerial transparency, soundness, and compliance of the entire Group.

<JFR Way> (The ideas that motivate us)

"Create the future"

"Act on courage not fear"

"Embrace new ideas"

"Think for yourself when taking action"

"Act sensibly and honestly"

<Commitments to stakeholders>

(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.
(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.

【Reasons for Non-compliance with the Principles of the Corporate Governance Code】

The Company has implemented all of the principles of the Corporate Governance Code (revised on June 11, 2021) .

[Disclosure Based on the Principles of the Corporate Governance Code] Update

【Principle 1-4】 Cross-shareholdings

[Policy on Cross-shareholdings]

In principle, the JFR Group will not newly acquire cross-shareholdings (cross-shareholdings are holdings of listed and unlisted shares other than those of subsidiaries and associates which are not held for pure investment purposes). However, this does not apply to shares where it has been recognized that they are necessary for the promotion of the JFR Group's business strategy, and that the holding of such shares will contribute to the increase of corporate value in the medium to long term through the validation of rationale for holding them.

For cross-shareholdings (listed and unlisted shares) that have been judged as not being rational in the verification result, the Group will negotiate with companies whose shares we hold, and appropriately reduce cross-shareholdings that are already held upon reaching a consensus regarding sale method, period, etc.

[Validation of Rationale]

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

As a result, the JFR Group maintained cross-shareholdings in 137 issues as of February 28, 2026 (of which 10 are listed issues).

* For details of the process and schedule for the validation of the rationale of holdings, and changes in the number of issues held, please refer to "The Company's Cross-Shareholdings," appended to this report.

[Policy on Exercising Voting Rights Regarding Cross-shareholdings]

Decisions are made from both of the following two perspectives: we consider whether cross-shareholdings contribute to improving the sustainable growth and the corporate value over the medium to long term of the company whose shares are held; we consider whether the cross-shareholdings contribute to improving the JFR Group's sustainable growth and corporate value over the medium to long term. Specifically, in regard to proposals that we consider to be of high priority with respect to strengthening corporate governance, such as proposals relating to the corporate governance system (selection of company officers), proposals relating to shareholder return (appropriation of surplus), and proposals that have an effect on shareholder value (introduction of takeover defense measures), we establish policies upon which to base judgment of our exercise of voting rights, and acting as the JFR Group as a whole, we take a response that is in line with such policies. We engage in dialogue with companies whose shares we hold if necessary when we exercise voting rights.

For shareholdings, please refer to the Annual Securities Report for the 19th fiscal year (on pages 111 to 116).

（https://www.j-front-retailing.com/_data_json/news/_upload/jfr19_r04_shihanki.pdf）

【Principle 1-7】 Related Party Transactions

For the procedure, etc. for related party transactions, please refer to "5. Related Party Transactions" in "Chapter 2. Relationship with Stakeholders" of the Guidelines.

(https://www.j-front-retailing.com/english/company/pdf/20250529_CG_Guidelines_E.pdf)

【Supplementary Principle 2-4-1】 Ensuring Diversity, Including Active Participation of Women

The Company recognizes that diversity of human resources is the source of value co-creation capability of a company, and considers that the cooperation of diverse human resources across organizational boundaries, involving people around them, enables the combination of different elements to create new value. In addition, we have set "empowering diverse human resources to shine" as one of the areas of materiality (important

issues) to be prioritized for sustainable growth of the company and realization of a sustainable society. By setting medium- to long-term goals and implementing specific measures, we aim to realize a company that respects and embraces diversity.

As its human resource development policy to ensure diversity in human resources, The Company aims to face each and every one of them and establish a human resources portfolio supporting execution of its strategies.

As its internal environment development policy, the Company will promote unified management of information on human resources and work to strengthen diversity-driven value co-creation capability by assigning a person responsible for DE&I within the Human Resources Strategy Unit, building a talent management system, and other means.

[Active Participation of Women]

As a voluntary and measurable goal, the Company has set the target ratio of women in management positions for FY2026 at 31% in the entire Group in the Medium-term Business Plan from the perspective of encouragement of active participation of women and has been striving to achieve this goal. Under the structure of the Board of Directors, the Company has appointed ten Directors including four female Directors.

To execute this goal, we conducted an employee questionnaire to clarify barriers to the active participation of women, and took steps to lower these barriers by enhancing systems and holding training programs such as the “Career Forum for Women” and “Networking for Women,” and we continue to cultivate a mindset and improve skills for promoting women’s leadership and encouraging their promotion to management positions.

For female employees in leadership positions, please refer to the following page on our website. (https://www.j-front-retailing.com/english/sustainability/diversity/diversity01.html)

[Foreign nationals]

Although we have not set targets for hiring foreign nationals in the Group, we are broadly recruiting human resources regardless of nationality to achieve our management strategy.

Number of new graduate foreign nationals hired by the Group in April 2026: 5 (total of 128 new graduates)

Total number of new graduate foreign nationals hired by the Group over the past 5 years: 9

[Mid-career employees]

The Company is actively bringing the experience and insight from outside into the Company with around half of our recruits experienced, particularly in fields such as finance, legal and IT/digital due to the sophistication of our operations. In addition, the Group as a whole is widely appointing, from outside the Company, managerial talent to secure strategy promotion speed in specific fields such as Digital Strategy and Credit Card and Finance Businesses, and human resources with advanced expertise and rich careers that we do not have in-house at present, and arranging flexibly to strengthen strategy execution.

[Disabled Persons]

Because we recognize that employment of people with disabilities is one of the social responsibilities that companies should fulfill from the perspective of sustainability management, we aim to secure a stable work environment for people with disabilities, and to create a workplace where they can be motivated to use their

abilities. “JFR Create Co., Ltd.” was established and the company was certified as a Special Subsidiary Company under the law in September 2017.

In addition, each operating company within the Group is working on its own initiatives for recruitment of people with disabilities to achieve the Group’s overall goal of an employment rate for people with disabilities of 3.0% by FY2030.

【Principle 2-6】 Roles of Corporate Pension Funds as Asset Owner

Under the corporate pension plan for Daimaru Matsuzakaya Department Stores Co. Ltd., a main operating company of the Group, it was officially announced in August 2025 that the “Asset Owner Principles” would be adopted. The plan is managed with high transparency and sustainability in accordance with the five principles. In line with the asset management objective of ensuring stable sources of future benefits, efforts are made to optimize asset allocation with a focus on risk diversification to achieve long-term investment returns. In selecting an investment management organization and a fund, the Company has established its asset investment policy and conducts reviews of management details, social assessments, investment experience and results, legal compliance system, etc., based on evaluations by reputable third-party appraisers to ensure objectivity. Additionally, the Company has joined the “Corporate Pension Funds Stewardship Initiative” and continuously monitors the outcomes of voting rights exercises and engagement activities conducted by the said organization, ensuring appropriate management. The Company carefully selects suitable personnel, and particularly when replacing Investment Management Directors, it ensures the enhancement of necessary knowledge and expertise by having them attend various seminars at the time of their appointment. These include seminars for newly appointed Investment Management Directors sponsored by the Pension Fund Association, seminars offered by financial institutions conducting operational management of pension plans, and seminars offered by investment institutions.

【Principle 3-1(i)】 Corporate Goals, Management Strategies, and Business Plans

In order to achieve the Group Vision, the Company established the Group Medium-term Business Plan, a three-year plan covering the period FY2024-FY2026. Please refer to the following pages of the Company’s website.

・Group Medium-term Business Plan
(https://www.j-front-retailing.com/english/ir/policy/management_plan.html)

【Principle 3-1(ii)】 Basic Views and Policies on Corporate Governance

For basic views on corporate governance, please refer to “Chapter 1. General Provisions,” and for basic policies on corporate governance, please refer to “Chapter 2. Relationship with Stakeholders,” “Chapter 3. Information Disclosure” and “Chapter 4. Roles and Responsibilities of the Board of Directors, etc.” of the Guidelines.

(https://www.j-front-retailing.com/english/company/pdf/20250529_CG_Guidelines_E.pdf)

【Principle 3-1(iii)】 Policy and Procedures for Determining Remuneration for Directors, and Executive Officers

The Company established and published its "Officer Remuneration Policy" in April 2017, and furthermore reviewed its officer remuneration system in accordance with its Medium-term Business Plan that took effect in May 2021. Then, the Company has revised its officer remuneration system and Officer Remuneration Policy in accordance with the Medium-term Business Plan that commenced in FY2024.

For details of the revised Officer Remuneration Policy, please refer to the following page on our website.

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

【Principle 3-1(iv)】 Policy and Procedures for Nominating, Appointing and Dismissing Candidates for Directors and Executive Officers

For the policy on nominating and appointing the Company's Directors and Executive Officers and the main operating companies' Directors and Executive Officers, please refer to "3. Directors and Executive Officers" in "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." and "4. Human Resources and Remuneration and Other Matters Involving Directors and Executive Officers, (1) Procedures for Nominating and Appointing Directors and Executive Officers, and Disclosure in That Regard" in "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." of the Guidelines.

(https://www.j-front-retailing.com/english/company/pdf/20250529_CG_Guidelines_E.pdf)

A proposal on the appointment or dismissal of Directors is discussed and determined by the Nomination Committee and then resolved at a shareholders meeting. For the appointment or dismissal, and the delegation or suspension, of duties of the Company's President and Representative Executive Officer and Executive Officers, and the appointment and dismissal of the chairperson of the Board of Directors as well as chairpersons and members of the three committees (Nomination, Remuneration, and Audit Committees), the Nomination Committee discusses them at the request of the Board of Directors and the results are submitted and resolved at Board of Directors meetings.

【Principle 3-1(v)】 Reasons for the Nominations of Candidates for Directors

For reasons for the nomination of candidates for Directors, please refer to the Notice of Convocation of Shareholders Meeting (Reference Materials for Shareholders Meeting).

Notice of Convocation of the 19th Annual Shareholders Meeting (Year Ended February 28, 2026) (on pages 14 to 23)

（https://www.j-front-retailing.com/english/ir/stock/pdf/260501_Notice_of_Convocation_E.pdf）

【Supplementary Principles 3-1-3】 Efforts for Sustainability

<Efforts for Sustainability>

The Company believes it is important, in contributing to sustainable society as a member of society and also in the sustainable growth of the JFR Group and increase of its corporate value over the medium to long

term, to address sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters.

To handle these issues, the Company has set out its fundamental approach to sustainability, focused on its corporate credo, basic philosophy and Group Vision in the form of the Sustainability Policy and has identified the five materiality issues (important issues) to prioritize for action. While clarifying opportunities and threats of risks for each materiality issue, the Company will assertively and actively confront these issues through its business activities and aim to realize both social and economic value based on trusting relationships with customers, shareholders/investors, business partners, employees and stakeholders in communities to advance sustainability management.

In addition, the Company has established the Sustainability Committee, chaired by the President and Representative Executive Officer to advance sustainability management within the JFR Group. The details of deliberations by the committee are reported to the Board of Directors.

<Five materiality issues>

- Adding excitement to life
- Enhancing community vitality
- Creating a society that coexists with the environment
- Increasing the number of value co-creation partners
- Empowering diverse human resources to shine

Please refer to the following pages of the Company's website.
(https://www.j-front-retailing.com/english/sustainability/materiality.html)

* For details on the JFR Group's efforts for sustainability, please see below. Upon disclosure, the Company refers to the GRI, SASB Standards, Guidance for Collaborative Value Creation, TCFD and TNFD as guidelines.
  - Annual Securities Report for the 19th fiscal year (on pages 16 to 37)
    (https://www.j-front-retailing.com/_data_json/news/_upload/jfr19_r04_shihanki.pdf)
  - Integrated Report 2025 (on pages 10 to 13 and pages 66 to 75)
    (https://www.j-front-retailing.com/ir/library/pdf/annual/2025/J_FRONT_2025_E.pdf)
  - ESG data book 2025
    (https://www.j-front-retailing.com/ir/library/pdf/sustainability/2025/J_FRONT_esg2025_E.pdf)
  - Website
    (https://www.j-front-retailing.com/english/sustainability/sustainability.html)

[Disclosure Based on the TCFD and TNFD Framework]

The Company expressed support for the TCFD recommendations in May 2019, and in May 2020 made disclosures in line with the TCFD recommended disclosure framework. Moreover, in November 2023, the Company expressed support for the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and participated in the TNFD Forum, which supports such activities. In May 2024, the Company made disclosures in accordance with the TNFD's disclosure framework.

The Company recognizes that risks and opportunities associated with climate change and biodiversity loss have a significant impact on its business strategies. The Company will promote companywide initiatives for achieving medium- to long-term targets and sustainable growth with the aim of achieving net zero emissions by 2050 (SBT certification acquired in February 2023) by utilizing the TCFD recommendations and TNFD recommendations as guidelines to validate the appropriateness of its response to environmental issues.

* For information disclosures based on the TCFD recommendations and TNFD recommendations, please see below.

・TCFD and TNFD Report 2025
(https://www.j-front-retailing.com/ir/library/pdf/sustainability/2025/J_FRONT_2025_E.pdf)

・Website
TCFD (https://www.j-front-retailing.com/english/sustainability/low-carbon/low-carbon06.html)
TNFD (https://www.j-front-retailing.com/english/sustainability/low-carbon/low-carbon07.html)

<Investment in Human Capital and Intellectual Property, Etc.>

The Company believes it is human resources only that can open the way to the future in a highly uncertain environment, and has positioned human resources as the most important value co-creation partners. Aiming to become a value co-creator retailer in 2030, the Group has established a shared human resource management policy of "Power to Involve Others, Mindset to Enjoy Challenges," which it will adopt as its basic approach of human resource strategy.

To strengthen and cultivate value co-creation capabilities, we will promote measures such as management reforms and DE&I promotion, and human resource exchanges between Group companies, and seek to transform our human resource portfolio and acquire specialist human resources to support the realization of our management strategy. In human resource development, we believe that assigning the right person to the right place is particularly important, and promote the growth of human resources by emphasizing the potential of each individual and realizing appropriate placement for all generations, ranging from young employees to senior employees.

With the particular importance of bringing forth management and executive candidates, the Company carries forward strategic human resource development that positions members selected from the pool of human resources at each layer as next-generation key personnel and allows them to shine in the next stage.

At the same time, we will promote the formulation and implementation of a human resources strategy that is synchronized with the management strategy towards realizing the business model and management strategy

we aim for. In this process, we will quantify the gap in each segment between our staffing requirement forecast and our medium-term business strategy, set measures and KPIs regarding the cultivation and acquisition of the human resources needed for our management strategy, and actively implement investments in human resources. The Board of Directors regularly confirms details of human resource strategies and progress of measures, taking into account the importance of human resources who support sustainability management.

【Supplementary Principle 4-1-1】 Scope of the Matters Delegated to the Management Team

For the policy on the scope of the matters delegated to the President and Representative Executive Officer and Executive Officers (the "Management Team"), please refer to "1. Approach to Allocating Authority" in "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." of the Guidelines.

(https://www.j-front-retailing.com/english/company/pdf/20250529_CG_Guidelines_E.pdf)

【Principle 4-9】 Criteria for Determining Independence of Outside Directors

For the criteria for determining independence of Outside Directors, please refer to "5. Criteria for Determining Independence of Outside Directors" in "Chapter 4. Roles and Responsibilities of the Board of Directors, etc." of the Guidelines.

The Company has registered all six Outside Directors as independent officers as stipulated by the financial instruments exchanges.

(https://www.j-front-retailing.com/english/company/pdf/20250529_CG_Guidelines_E.pdf)

【Supplementary Principle 4-11-1】 Ensuring Diversity in the Board of Directors

From the standpoint of separating supervision and execution and ensuring the effectiveness of the Board of Directors' discussions, the Board of Directors of the Company is to be composed of an appropriate number of Directors, but no more than eleven (11), as stipulated in the Articles of Incorporation (one-year terms of office), and the composition is such that at least half of the total are independent Outside Directors who are not susceptible to conflicts of interest involving the Company's shareholders. In addition, we take steps to ensure diversity including gender upon giving consideration to bringing about a balance of knowledge, experience and abilities required of the Board of Directors as a whole, and disclose a combination of skills, etc. possessed by Directors (skill matrix).

In selecting candidates for the Board of Directors, the Company selects persons with experience and knowledge necessary to appropriately oversee the promotion of sustainability management in order to allow the Board of Directors to effectively fulfill its roles and responsibilities. In selecting candidates for Outside Director, the Company selects persons from the point of view of Board diversity who have experience as managers not only in the retailing industry that forms the core of the Company's business but in manufacturing and other non-retail industries, and who have expertise in legal and other fields, a marketing perspective, and extensive experience related to finance and accounting. With regard to candidates for non-executive Inside Director, wide-ranging practical experience within the Group and knowledge in fields such as auditing are sought by the Company. 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. As for candidates for executive Director, the Company has selected the head of management, the President and Representative Executive Officer.

For the skill matrix table, please refer to the following page on our website.
（https://www.j-front-retailing.com/english/company/governance/governance02.html）

【Supplementary Principle 4-11-2】 Concurrent Holding of Positions

For concurrent holding of officers positions at other listed companies by Directors of the Company, please refer to the Notice of Convocation of Shareholders Meeting (Business Report, Reference Materials for Shareholders Meeting).

Notice of Convocation of the 19th Annual Shareholders Meeting (Year Ended February 28, 2026) (on pages 14 to 25)
(https://www.j-front-retailing.com/english/ir/stock/pdf/260501_Notice_of_Convocation_E.pdf)

【Supplementary Principle 4-11-3】 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]

There were about 40 items, including: (i) The Board of Directors' contribution to the entire Group, (ii) the Board of Directors' composition, (iii) its operational status, (iv) the content of deliberations, and (v) the effectiveness of activities of the Nomination, Remuneration and Audit Committees.

[Evaluation Methodology]

The method used was based on a questionnaire distributed beforehand, after which "individual interviews" conducted by the third-party organization, the results of which were collated and analyzed in the form of a report, which was then deliberated by the Board of Directors.

[Evaluation Results and Issues, etc.]

The Company conducted its tenth evaluation of the effectiveness of the Board of Directors between November 2025 and January 2026. 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 the issues raised in the previous fiscal year, which were "revising standards for agenda items and 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 FY2025 identified issues such as "articulating roles of the holding company and its Board of Directors," and "thorough preparation and analysis in preparation for discussions of growth strategy."

In response to this, approaches for resolving these issues were again discussed at a meeting of the Board of Directors held in March, thereby articulating concrete plan of action and promotion frameworks that have been reflected in the agenda for the Board of Directors in FY2026.

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

【Supplementary Principles 4-14-2】 Training

The Company continuously provides opportunities to Directors and Executive Officers of the Company and Directors, Audit & Supervisory Board Members and Executive Officers of the main operating companies, to acquire and update knowledge, etc. they need to fulfill their roles and responsibilities with respect to oversight, auditing, business execution and other tasks.

[Internal Directors and Executive Officers of the Company and Directors, Audit & Supervisory Board Members and Executive Officers of the Main Operating Companies]

The Company also provides useful information, etc. about corporate governance, compliance, and Group management. Furthermore, based on the result of the evaluation on managerial talent by the third-party organization, the Company sets training plans such as coaching which leads to the manifestation of achievement expected to each individual.

[Candidates for Management Personnel, Including Executive Officers]

The Company helps the top management share awareness of problems and enhances the ingenuity needed for formulating and carrying out the Medium-term Business Plan, by holding the “JFR Management Juku (tutoring school),” hosted by the President and Representative Executive Officer. To provide more than just a passive-learning course, external consultants deliver lectures to allow attendees the opportunity to consider not only the Company’s Vision for 2030, but also a vision of the Group beyond that from the management perspective, and make presentations directly to the management team including the President and Representative Executive Officer.

[Outside Directors]

We arrange briefings, when Outside Directors are appointed as well as on a continuous and regular basis, providing details on the basic philosophy, Group Vision, Group Medium-term Business Plan and Group Annual Management Plan, and also featuring content that includes details of the JFR Group operations, its performance, financial standing and operational status.

【Principle 5-1】 Policy on Constructive Dialogue with Shareholders

[IR Policy]

For the IR Policy, please refer to the following page on our website.

(https://www.j-front-retailing.com/english/ir/policy/activity_policy.html)

[Information Disclosure to Enhance Dialogues]

From financial results briefings for the year ended February 29, 2016, the Company has prepared a Fact Book to act as supplementary meeting material containing tables and graphs depicting secular trends with respect to major financial indicators and other management benchmarks, and has otherwise taken steps to further enhance communications with shareholders and other investors.

In addition, the Company released an integrated report in FY2017 that is replete with non-financial information. Included at the beginning of this report are the details of the Company's value creation process. This process is the means by which the Company aims to make effective and efficient use of its "six capitals" (financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital) to circulate the Group's business model. In so doing, it aimed to create, as a public entity of society, new values with which its various stakeholders empathize.

For the integrated report, please refer to the following page on our website.

(https://www.j-front-retailing.com/english/ir/library/annual.html)

For Fact Book, please refer to the following page on our website.

(https://www.j-front-retailing.com/_data_json/news/_upload/2602_4Q_factbook.xlsx)

[Promoting Constructive Dialogue]

If a shareholder or investor makes a request to engage in constructive dialogue with the Company, either the President or another Director (including Outside Directors), Executive Officers, or a division in charge of IR promotion will properly respond, upon taking into consideration the intent and aims of the request.

For details of constructive dialogue with shareholders and investors, please refer to "Chapter 3. Information Disclosure" of the Guidelines.

The division in charge of IR regularly compiles information on themes for dialogue with institutional investors and shareholders, as well as opinions and matters of interest, etc. Such information is shared with the Representative Executive Officer and other relevant departments within the Company, and reported at meetings of Board of Directors, etc.

Moreover, for on-demand delivery of quarterly financial results announcements and IR presentations, as well as materials and summaries of Q&A sessions, please refer to the IR Library on the Company's website.
（https://www.j-front-retailing.com/english/ir/library/library.html）

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]

Content of Disclosure	Disclosure of initiatives (update)
Availability of English Disclosure	Available
Date of Disclosure Update	May 29, 2026

Explanation for Applicable Items

For details, please refer to the following page on our website.

In Japanese (https://www.j-front-retailing.com/_data_json/news/_upload/260529_Cost_of_Capital_Management_J.pdf)

In English (https://www.j-front-retailing.com/_data_json/news/_upload/260529_Cost_of_Capital_Management_E.pdf)

2. Capital Structure

Foreign Shareholding Ratio	More than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned (Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,805,800	15.51
Custody Bank of Japan, Ltd. (Trust Account)	19,197,300	7.67
Nippon Life Insurance Company	9,828,428	3.93
JP Morgan Securities Japan Co., Ltd.	6,311,786	2.52
J. Front Retailing Kyoei Supplier Shareholding Association	6,110,342	2.44
Mizuho Securities Co., Ltd.	5,197,150	2.08
J.P.Morgan Securities plc Director Andrew J.Cox	3,802,704	1.52
JP MSE LUX RE MACQUARIE BANK LTD LONDON EQ CO	3,749,477	1.50
Custody Bank of Japan, Ltd. (Trust Account 4)	3,555,700	1.42
JP MORGAN CHASE BANK 385781	3,467,906	1.39

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

Supplementary Explanations

[1] The status above is based on the shareholder register as of February 28, 2026.

[2] The shareholding ratios of major shareholders are calculated after excluding shares of treasury stock (20,316,343 shares).

[3] As of September 1, 2014, the Company conducted a consolidation of common shares at a rate of one share for every two shares.

3. Corporate Attributes

Listed Stock Market Section	Tokyo: Prime Market; Nagoya: Premier Market
Fiscal Year-End	February
Type of Business	Retail Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with three committees (nomination, audit and remuneration committees)

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	11
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	10

[Outside Directors]

Number of Outside Directors	6
Number of Independent Outside Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)										
		a	b	c	d	e	f	g	h	i	j	k
KOIDE Hiroko	From another company											
YAMADA Yoshihito	From another company											
SAITO Kazuhiro	From another company											
SHIONO Noriko	From another company											

OMURA Emi	Attorney-at-law											
OSAWA Eiko	Certified Public Accountant						△					

*1 Categories for "Relationship with the Company"

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Committee to Belong			Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
	Nomination Committee	Remuneration Committee	Audit Committee			
KOIDE Hiroko	○	○		○		KOIDE Hiroko has extensive knowledge based on her rich experience in the fields of global management and marketing, having served as an officer at foreign companies for many years, and having been engaged in corporate management as the head of marketing at the head office of a U.S. company, as well as a wealth of knowledge gained as an Outside Director at several listed companies. In addition to actively and assertively providing advice and oversight with respect to the importance of multifaceted marketing in strategy formulation,

						risk management in investment projects, and progress management of business plans, as Chairperson of the Board of Directors, she takes the lead in improving the quality of strategic discussions by setting medium- to long-term agendas and actively facilitating discussions. In light of her track record, extensive experience and considerable insights, the Company expects her to contribute greatly to management of the Group. As such, she has been selected to continue as Outside Director.
YAMADA Yoshihito	○	○		○		YAMADA Yoshihito has demonstrated strong leadership as Representative Director, President & CEO of OMRON Corporation for many years. Since 2023, he has served as Chairman of the Board, focusing on overseeing the management of the company. He possesses extensive experience and deep insights into corporate management and appropriate operations of the Board of Directors from a medium- to long-term perspective. In addition to serving as a member of the CEO Selection Advisory Committee and the Corporate Governance Committee at the company, he holds a position as an outside director for a listed company. He possesses advanced knowledge in corporate governance and sustainability. He contributes to

						improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to business portfolio strategy, promoting growth strategies for core businesses, the role and function of the holding company, and thorough compliance management. In light of his track record, extensive experience and considerable insights, the Company expects him to contribute greatly to management of the Group. As such, he has been selected to continue as Outside Director.
SAITO Kazuhiro			○	○		SAITO Kazuhiro brings extensive management experience from his time working overseas at the Suntory Group. He also possesses wealth of experience and considerable insights in marketing, corporate planning, finance, and accounting at a beverage and food company. Over the past four years since 2019, he served as President & Chief Executive Officer of the beverage and food company, demonstrating strong leadership in group management. He has extensive experience and deep insights into group management from a medium- to long-term perspective. He contributes to improving the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to the importance of business

						and digital strategies based on customer and market analysis, and the optimization of the allocation of management resources such as group organizations and human resources. In light of his track record, extensive experience and considerable insights, the Company expects him to contribute greatly to management of the Group. As such, he has been selected to continue as Outside Director.
SHIONO Noriko	○	○		○		SHIONO Noriko has served as a representative director and president at multiple companies both in Japan and overseas, demonstrating sound judgment and leadership in complex business environments. Throughout her career, she has built up extensive knowledge in marketing and business strategy, as well as broad practical experience and deep insights into corporate management. Having been deeply involved in board discussions through her experience as an outside director at several companies, she possesses acute perception regarding the responsibilities and roles of the Board of Directors. Accordingly, we anticipate her proactive advice geared toward stakeholder-focused decision-making and enhancing governance. In light of her track record, extensive experience and deep insights, the Company expects that she will apply them to the appropriate supervision

						of management in the Group. As such, she has been selected as a new Outside Director.
OMURA Emi			○	○		In addition to her global experience in handling abundant cases in international organizations and specialized insights in labor law as an attorney, OMURA Emi has extensive experience as an outside director (audit & supervisory board member) at other listed companies (B to C business). In particular, she is well versed in the practical aspects of sustainability and ESG legal fields such as human rights due diligence. As an expert, she has provided advice on various issues that companies face, including diversity management. Within the Group, she contributes to enhancing the effectiveness of the Board of Directors by actively and assertively providing advice and oversight with respect to strategic direction that factors in social changes such as AI, risk management related to investment projects, and the redefinition and training of employee skills in the Company's human resource strategy. In light of her track record and considerable insights, the Company expects her to contribute greatly to management of the Group. As such, she has been selected to continue as Outside Director.
OSAWA Eiko			○	○	Ms. OSAWA Eiko served as a partner	OSAWA Eiko is well-versed in all aspects of corporate accounting as a

					at EY ShinNihon LLC, our accounting audit firm, until June 2021. However, during her tenure, she was not involved in the auditing services for our company. In addition, as approximately five years have passed since her departure, we have determined that she has no special interests that could create a conflict of interest with our shareholders, and therefore her independence is not considered to be affected.	certified public accountant and tax accountant. She possesses a high level of expertise in audit practices, internal controls, and financial reporting processes gained through her extensive experience as a partner at an auditing firm. In particular, she has practical knowledge and keen analytical skills applicable to responding to increasingly complex financial environments and compliance requirements. She also has extensive experience in supervisory roles, having served as a director (audit and supervisory committee member) and auditor in various industries. We expect her to ensure the appropriateness of the decision-making of the Board of Directors, provide strategic recommendations for problem-solving, and offer proactive advice that contributes to strengthening internal audit structure and building highly transparent governance. In light of her track record, extensive experience and deep insights, the Company expects that she will apply them to the appropriate supervision of management in the Group. As such, she has been selected as a new Outside Director.

[Committees]

Composition of Each Committee, and Attributes of Chairperson

	Nomination Committee	Remuneration Committee	Audit Committee
All Committee Members	4 members	4 members	4 members
Full-time Members	1	1	1
Internal Directors	1	1	1
Outside Directors	3	3	3
Chairperson	Outside Director	Outside Director	Outside Director

[Executive Officers]

Number of Executive Officers	16

Concurrent Holding of Positions

Name	Right to Represent	Concurrent Post as Director			Concurrent Post as an Employee
			Nomination Committee	Remuneration Committee	
ONO Keiichi	Hold	Hold	×	×	None
NAGAMINE Takamasa	None	Hold	×	×	None
TANAKA Tomoaki	None	None	×	×	None
SHIBATA Takeshi	None	None	×	×	None
OZAWA Toshihiro	None	None	×	×	None
KOMURO Takahiro	None	None	×	×	None
INAGAMI Hajime	None	None	×	×	None
SAITO Takeshi	None	None	×	×	None
HASHIMOTO Naoya	None	None	×	×	None
TOKUDA Wakako	None	None	×	×	None
SHIOYAMA Masato	None	None	×	×	None
YONEYAMA Yuki	None	None	×	×	None
URAKI Hiroshi	None	None	×	×	None
NOGUCHI Hideki	None	None	×	×	None
UMEBAYASHI Akira	None	None	×	×	None
IMAZU Takako	None	None	×	×	None

[Audit Structure]

Assignment of Directors and employees in charge of assistance for the Audit Committee's duties	Assigned

Matters Regarding Independent of Such Directors and Employees From Executive Officers

The Audit Committee Secretariat has been established as an organization under the direction of the Audit Committee and to support its duties, and the personnel appointments and changes for the Audit Committee Secretariat staff members, and the personnel evaluation of the head of the Secretariat requires the advance approval of the Audit Committee to ensure independence.

Cooperation among Audit Committee, Accounting Auditors and Internal Audit Departments

The Audit Committee receives explanations on the audit policy and plan, as well as explanations and reports on audit results, from the Accounting Auditor, and also regularly exchanges opinions including requests on audit items.

When the Internal Audit Division prepares its audit policy and plan, the Audit Committee requires prior consent. In addition, its audit results are regularly reported to President and Representative Executive Officer and the Audit Committee. The Audit Committee is authorized to make requests to the Internal Audit Division on the execution of additional audits, or directly conduct audits if necessary. The Internal Audit Division will respond when it receives an investigation request from the Audit Committee. In cases where the content of such a request conflicts with instructions from the President and Representative Executive Officer, the request will take precedence.

Appointments and transfers of Executive General Manager of the Internal Audit Division require advance approval by the Audit Committee, and when such persons are evaluated, the Audit Committee shall state an opinion.

[Independent Officers]

Number of Independent Officers	6

Matters relating to Independent Officers

The Company designates all Outside Directors who fulfill the qualifications of an Independent Officer as Independent Officers.

[Incentives]

Incentive Policies for Directors and Executive Officers	• In order to realize and promote sustainability management, and steadily implement the Medium-Term Business Plan, the Company has formulated a new Officer Remuneration Policy, which includes a stock-based remuneration system, with the objective of incentivizing each Director and Executive Officer to perform their duties to the very best of their abilities. • Remuneration for Executive Officers shall comprise (i) basic remuneration (monetary remuneration) in accordance with job size, (ii) bonuses (monetary remuneration) based on individual evaluations conducted each business year, and (iii) performance shares linked to the consolidated performance achievement rate, etc. provided in the Medium-term Business Plan as a stock-based remuneration system (trust-type stock-based remuneration). • With regard to the composition of remuneration for Executive Officers, the ratio of performance-linked remuneration and of stock-based remuneration is set with an

	awareness of its function as a healthy incentive to help achieve sustainable growth. • Remuneration for Directors who do not execute business (internal Directors who do not execute business and independent Outside Directors) shall consist only of fixed remuneration, which shall be (i) basic remuneration (monetary remuneration) in accordance with responsibilities and (ii) restricted stock (non-performance-linked stock-based remuneration), which is not linked to performance as a stock-based remuneration system (trust-type stock-based remuneration). • With regard to the procedures for determining remuneration, to ensure the appropriateness of the level and amount of remuneration, and the transparency of decision-making processes, decisions are made by resolution of the Remuneration Committee comprising three (3) independent Outside Directors and one (1) internal full-time Director who does not execute business, and headed by an independent Outside Director. The Remuneration Committee decides on the policy for determining the individual remuneration details for eligible officers of the Company and major subsidiaries of the Group, and on the remuneration details for individual Directors and Executive Officers of the Company. Furthermore, the committee also deliberates and determines internal regulations and other rules for remuneration of the Company's Directors and Executive Officers. The remuneration details for eligible officers of the Company and major subsidiaries of the Group are deliberated by the nomination and remuneration committees that have been established at the discretion of each company (established at the major group companies Matsuzakaya Department Stores and PARCO, and members include independent Outside Directors of the Company), and are decided by each company's Board of Directors, after being resolved by each company's Annual Shareholders Meeting if such approval is required. * For details of the Officer Remuneration Policy, please refer to the following page on our website. (https://www.j-front-retailing.com/english/company/governance/governance05.html)

Supplementary Explanation

Recipients of Stock Options	

Supplementary Explanation

[Remuneration of Directors and Executive Officers]

Disclosure of Individual Directors' Remuneration	No disclosure for any directors
Disclosure of Individual Executive Officers' Remuneration	Disclosure for selected executive officers

Supplementary Explanation

Only persons whose total consolidated remuneration, etc., is 100 million yen or more are listed.

The amount of remuneration, etc., includes remuneration, etc. received as a concurrently serving director.

Name	Total amount of consolidated remuneration, etc. (Millions of yen)	Category of Officer	Basic remuneration	Bonuses	Performance-linked stock-based remuneration	Non-performance-linked stock-based remuneration
ONO Keiichi	126	Executive Officer	43	35	48	—

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

For the policy on determining the remuneration of Directors and Executive Officers of the Company and officers of the Group's major subsidiaries (Directors, Executive Officers and Audit & Supervisory Board Members), please refer to 【Principle 3-1(ii)】 Basic Views and Policies on Corporate Governance.

[Supporting System for Outside Directors (Outside Audit & Supervisory Board Members)]

In order to ensure the effectiveness of the Board of Directors and the three committees of nomination, remuneration, and audit, the Company has established a secretariat for each committee, as well as the Board of Directors Secretariat, which provide the following support.

- Supporting to make decisions on plans of holding meetings of the Board of Directors, three committees, etc.;
- Supporting to make decisions on agenda items of the respective meeting structures and plans for annual deliberations;
- Arranging to provide briefings beforehand to the Outside Directors and providing other information; and
- Providing in-house feedback with respect to questions, opinions and other communications from the Outside Directors provided during prior briefings and other forums.

[Status of Persons Who Have Retired from a Positions Such as President and Representative Director]

Retired President and Representative Directors, etc., Holding Advisory or Any Other Positions in the Company

Name	Title/ Position	Responsibilities	Working From and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term of Office
OKADA Kunihiko	Senior Advisor	Engage in external activities such as those for another company, business community, etc.	Part-time Unpaid	May 27, 2010	Varies depending on an agreement made with another such company, community, etc.
OKUDA Tsutomu	Senior Advisor	Engage in external activities such as those for another company, business community, etc.	Part-time Unpaid	May 22, 2014	Varies depending on an agreement made with another such company, community, etc.
SAMURA Shunichi	Senior Advisor	Engage in external activities such as those for another company, business community, etc.	Part-time Unpaid	May 26, 2016	Varies depending on an agreement made with another such company, community, etc.
YAMAMOTO Ryoichi	Senior Advisor	Engage in external activities such as those for another company, business community, etc.	Part-time Unpaid	May 23, 2024	Varies depending on an agreement made with another such company, community, etc.

Total Number of Advisors, Counselors etc., Who Held a Position of President and Representative Director, etc.	4

Other Matters

- In May 2017, the Company abolished the Advisor System from a standpoint of achieving its ideal state of corporate governance and ensuring management transparency in connection with the organizational structure change to a company with three committees (nomination, audit and remuneration committees).
- In connection with the abolition of the Advisor System, the Company has reviewed its rules related to the treatment of retiring officers, and decided that if former Representative Executive Officers are serving as

an outside director of another company or participating in business community activities, they may be appointed as a Senior Advisor (with no remuneration).

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Update

(1) Overview of Corporate Governance System

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

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

1. Plans, formulates and penetrates the Group Vision, Group Medium-term Business Plan, Group Annual Management Plan and Sustainability Policy, and tracks the progress and results thereof;
2. Sets business domains of the Group;
3. Business portfolio management (Optimally allocates the JFR Group's management resources);
4. Generates synergies between businesses;
5. Establishes Group-wide risk management system;
6. Organization design and operation of the entire Group;
7. Human resource management of the entire Group;
8. Management of shareholders;
9. Establishes corporate governance practices for the entire JFR Group;
10. Makes decisions on important matters of business execution relating to management of the JFR Group; and
11. Provides advice and approval for management policy and management strategy of respective operating subsidiaries, and oversees and evaluates progress thereof.

The Company has established as management bodies of the Company, the company's strategy units and promotion divisions that are optimal for realizing more efficient and swifter strategic execution, 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 JFR Group.

(2) Board of Directors

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

- Indicating the overall direction that 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 Group management on the basis of the direction noted above and overseeing progress and results of the plans;
- Developing an environment conducive to encouraging offense-oriented management geared to achieving discontinuous growth;
- Taking steps to build and develop internal control systems of the JFR Group overall, and otherwise overseeing the operational status of such systems;
- Overseeing conflicts of interest between related parties; and
- Overseeing progress of succession planning relating to the President and Representative Executive Officer, personnel assignment plans pertaining to managerial talent and Executive Officer training, on the basis of summary reports furnished by the Nomination Committee in response to requests.

The Board of Directors of the Company is to be composed of an appropriate number of Directors, but no more than eleven (11), as stipulated in the Articles of Incorporation (one-year terms of office). From the standpoint of separating supervision and execution and ensuring the effectiveness of the Board of Directors' discussions, the composition is such that at least half of the total are independent Outside Directors who are not susceptible to conflicts of interest involving the Company's shareholders.

In addition, we take steps to ensure diversity upon giving consideration to bringing about a balance of knowledge, experience and abilities required of the Board of Directors as a whole, and disclose a combination of skills, etc. possessed by Directors (skill matrix).

* For details on the skill matrix, please refer to [Disclosure Based on the Principles of the Corporate Governance Code], 【Supplementary Principle 4-11-1】 Ensuring Diversity in the Board of Directors in this report and the following location on the Company's website.

（https://www.j-front-retailing.com/english/company/governance/governance02.html）

The meetings of the Board of Directors were held 14 times in FY2025 (March 2025 to February 2026).

<<Major Agenda Items for FY2025 (March 2025 to February 2026)>>

- 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, etc.

(3) Three Committees (Nomination, Remuneration and Audit Committees)

(Nomination Committee)

The Nomination Committee is composed of three (3) independent Outside Directors and one (1) internal full-time Director who does not execute business. The chairperson is chosen from among independent Outside Directors from the standpoint of ensuring objectivity, transparency and continuity. The Nomination Committee determines the contents of proposals on the nomination and dismissal of Directors submitted to shareholders' meetings and reports to the Board of Directors upon consultations from the Board of Directors regarding the selection and dismissal of the Representative Executive Officer and the nomination and dismissal of Executive Officers as well as the chairperson of the Board of Directors and chairpersons and members of individual statutory committees, and other matters.

The meetings of the Nomination Committee were held 11 times in FY2025 (March 2025 to February 2026).

<<Major Agenda Items for FY2025 (March 2025 to February 2026)>>

- Succession plan (2 times)
- Board of Directors framework, independent Outside Directors framework (7 times)
- Confirmation of the skill matrix
- Election of candidates for Directors (1 times)
- Nomination of candidates for Executive Officers and Representative Executive Officer to be proposed to the Board of Directors (6 times)
- 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 (2 times)

(Audit Committee)

To maintain and improve audit accuracy, the Audit Committee is composed of three (3) independent Outside Directors and one (1) internal full-time Director who does not execute business and is well informed about internal information, and the chairperson is chosen from among independent Outside Directors from the standpoint of ensuring transparency and objectivity. 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 basic philosophy of the Company 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 Audit Committee also monitors and verifies the status of work executed by the Accounting Auditor, and determines the contents of proposals on the nomination and dismissal of such Auditor and other matters submitted for discussion at shareholders meetings.

The meetings of the Audit Committee were held 24 times in FY2025 (March 2025 to February 2026).

<<Major Agenda Items for FY2025 (March 2025 to February 2026)>>

- Report of the Internal Audit Division (11 times)

- Report of the Compliance Committee (4 times)
- Audit report of audit & supervisory board members of the Group companies (April, October)
- Operating company phase management report (2 times)
- Evaluation of the Accounting Auditor (1 time)

To ensure the reliability of accounting information, the Audit Committee also monitors and verifies the status of work executed by the Accounting Auditor, and determines the contents of proposals on the nomination and dismissal of such Auditor and other matters submitted for discussion at shareholders meetings.

<<Status of Main Coordination with the Audit Committee and the Accounting Auditor>>

- FY2024 Accounting Auditor’s audit report (April)
- Evaluation feedback to the Accounting Auditor (May)
- Report on 19th fiscal year audit and mid-term review plan (June)
- Report on FY2024 management letters (June)
- Accounting Auditor’s quarterly review report (October) and audit progress report (July, January)

(Notes)

1. Throughout the fiscal year, reports are received for any revision made of the audit plan at each report
2. The appropriateness and compliance of disclosures related to KAM is also confirmed.

(Remuneration Committee)

The Remuneration Committee is composed of three (3) independent Outside Directors and one (1) internal full-time Director who does not execute business. The Chairperson is chosen from among independent Outside Directors from the standpoint of transparency and objectivity. 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.

The meetings of the Remuneration Committee were held 8 times in FY2025 (March 2025 to February 2026).

<<Major Agenda Items for FY2025 (March 2025 to February 2026)>>

- Review of officer remuneration system (3 times)
- Verification of officer remuneration levels and composition using external data
- Results of officer evaluations, amount of officer bonuses (5 times)
- The performance-linked coefficient and number of points provided for a stock-based remuneration system for officers (3 times)
- Individual officer remuneration amount (4 times)

For the status of meetings of the Board of Directors and the three statutory committees and the status of attendance by individual Directors for FY2025 (March 2025 to February 2026) as of February 28, 2025, please refer to Annual Securities Report for the 19th fiscal year (page 74).

(https://www.j-front-retailing.com/_data_json/news/_upload/jfr19_r04_shihanki.pdf)

(4) Accounting Auditor

The Company has concluded an audit agreement with Ernst & Young ShinNihon LLC. The Accounting Auditor performs accounting audits in accordance with respective legal provisions. The engagement partners of the auditor, and the number of years they have been involved in the audit, are as follows. Based on discussions with the auditor, appropriate measures are adopted to prevent engagement partners from being involved in the accounting audits of the Company for longer than certain periods.

OJIMA Koji (3 years), ONUMA Kenji (3 years) and TONE Tetsuro (2 years)

Support staff for audit operations consist of certified public accountants, part-qualified accountants and others.

To provide support for enabling effective audits performed by the Accounting Auditor, the Company develops structures for:

- In order to enable an impartial audit, the details of the audit plan proposed at the beginning of the fiscal year by the Accounting Auditor shall be complied with, and sufficient time for the audit shall be secured.
- Arranging regular discussions between the Accounting Auditor and President and Representative Executive Officer and relevant Executive Officers, based on “management letters” prepared by the Accounting Auditor. In addition, arranging explanations by the President and Representative Executive Officer to the Accounting Auditor in relation to the Company’s management strategy, as required.
- Arranging meetings between the Accounting Auditor and Audit Committee members and internal audit departments for the purpose of sharing information and exchanging views on a regular basis (about six times per year); and
- Enabling the Audit Committee to perform necessary investigations upon receiving a report from the Accounting Auditor detailing instances of material improprieties and illegal acts related to the execution of duties of Directors and Executive Officers; and enabling the Audit Committee to take necessary measures in that regard, that include reporting, furnishing advice and providing recommendations to the Board of Directors.

(5) Limited Liability Agreement

The Company concludes a limited liability agreement with each Director who does not execute business pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act so that Directors who do not execute business can adequately fulfill their expected roles. The limited liability agreement stipulates that the maximum amount of liability for damages due to negligence of duties by a Director who does not execute business shall be the higher of twelve million (12,000,000) yen or the amount fixed by laws and regulations;

however the limitation of liability is applicable only when the duties that caused the liability were executed by the Director who does not execute business in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the organizational structure of a company with three committees (nomination, audit and remuneration committees). This is for the purpose of carrying out initiatives to further strengthen corporate governance from the following perspectives:

(1) Strengthening of the management oversight function by separating oversight from execution

The Company will strengthen the oversight function for business execution of the Board of Directors by separating oversight from execution. In addition, the Company aims to promote sophistication of strategy by having the Board of Directors actively include the insights of external persons in order to hold rigorous discourse on important strategic issues relating to the Group management.

(2) Greater clarity of authority and responsibility in business execution and promotion of agile management

The Company will enable decisions of business execution to be delegated to Executive Officers (Note), clarify the authority and responsibility, and carry out speedy management decision-making. (Note) With regard to Executive Officers, although the English name is the same as Executive Officers, which were previously referred to as “shikkoyakuin” in Japanese, the Japanese name and their functions are different.

(3) Improvement of transparency and objectivity of management

The Company will improve the transparency and objectivity of management by adopting the structure of a company with three committees (nomination, audit and remuneration committees). The majority of the members of each of these committees are independent Outside Directors.

(4) Building an organizational structure compatible with global perspectives

The Company will build a governance structure that is easy to understand from global perspectives, such as those of overseas investors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	We ensure that there is adequate time for our shareholders to consider matters with respect to which they will exercise their voting rights. To that end, we post informational materials for the Shareholders Meeting on the Company's website and on the websites of financial instruments exchanges as early as practicably possible before the Electronic Provision Measures Commencement Date stipulated in the Companies Act (three weeks prior to the date on which a Shareholders Meeting is to be held or the day that the notice of convocation is sent, whichever is earlier). Informational materials for the 19th Annual Shareholders Meeting was provided to financial instruments exchanges and made available on the Company's website before delivery of the printed version and five weeks prior to the date of the Shareholders Meeting. For the Notice of Convocation of the Annual Shareholders Meeting, Reference Materials for Shareholders Meeting and attachments to the Notice of Convocation, please refer to the following page on our website. (https://www.j-front-retailing.com/english/ir/stock/pdf/260501_Notice_of_Convocation_E.pdf)
Scheduling AGMs Avoiding the Peak Day	We give consideration to ensuring time for audits in the course of setting dates on which Shareholders Meetings are to be held and schedules otherwise in relation to Shareholders Meetings.
Allowing Electronic Exercise of Voting Rights	Shareholders may exercise their voting rights by accessing the Internet voting website (https://evote.tr.mufg.jp/) operated by Mitsubishi UFJ Trust and Banking Corporation via a PC or smartphone.
Participation in Electronic Voting Platform and Other Initiatives Toward Improvement of the Environment for Exercise of Voting Rights by Institutional Investors	Participation in electronic voting platform We give consideration to ensuring that our shareholders are able to conveniently exercise their voting rights, including domestic and overseas institutional investors. To that end, we have adopted online and other means of exercising voting rights and otherwise use an electronic platform for exercising voting rights. Other initiatives toward improvement of the environment for exercise of voting rights by institutional investors We act appropriately with respect to substantively ensuring that shareholders are able to exercise their rights to make proposals and other

	minority shareholder rights. Moreover, our Articles of Incorporation stipulate that a shareholder may exercise his or her voting rights by proxy upon completing the necessary procedures when a beneficial shareholder has filed to exercise rights as a shareholder beforehand.
Providing Convocation Notice in English	We also prepare English translations of our convocation notices and make them available so that our overseas investors are able to properly exercise their voting rights.
Other	We strive to ensure that all shareholders, including those who reside in distant locations, have opportunities to participate in or listen to Shareholders Meetings through means such as live streaming of Shareholders Meetings and accepting questions in advance on the Company's website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	For the IR Policy, please refer to the following page on our website. (https://www.j-front-retailing.com/english/ir/policy/activity_policy.html)	
Regular Investor Briefings for Individual Investors	Briefings were held in July, September and February in FY2025.	None
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefings for analysts twice a year after the release of financial results (interim, year-end). In FY2025, two financial results briefing sessions, and nine small meetings (small-sized briefing sessions) were held at the initiative of President and Representative Executive Officer. In addition, after the earnings results were announced in the first quarter and the third quarter, IR personnel played a leading role in holding two teleconferences for analysts, two small meetings, and 123 individual meetings with analysts and domestic institutional investors. Furthermore, to enhance disclosures and dialogues on non-financial information, the Company held an IR Day in February in FY2025, with the independent Outside Directors also giving speeches. In July, we held a Business Strategy Briefing as an opportunity for in-depth discussions on individual businesses.	Yes
Regular Investor Briefings for Overseas Investors	To strengthen relationships with overseas investors, the Company held individual meetings with them in June and November in FY2025, and the President and Representative Executive Officer held dialogues with 21 companies. The Company also participated in conferences for overseas investors held in March, May, September, December and February in FY2025, and the President and Representative Executive Officer and others held dialogues 44 times. In addition, the IR personnel also held individual meetings with overseas investors 87 times. Using these	Yes

	opportunities, the Company held a total of 152 meetings with overseas-based investors.	
Posting of IR Materials on Website	The above briefings may be viewed on video online. The Company also publishes its quarterly financial results and materials for investor briefings, monthly consolidated business reports, timely disclosure materials and other IR information on its website (https://www.j-front-retailing.com/english/ir/).	
Establishment of Department and/or Manager in Charge of IR	Corporate Communications Division (in charge of investor relations promotion) The Company has established the Corporate Communications Division (in charge of investor relations promotion) to build stable relationships of trust with its shareholders and investors. The Company aims to enhance its constructive dialog using more highly accurate information based on financial data related to not only business performance in the short term but also the future outcomes expected as a result of carrying out the business strategies.	
Other	Promoting Constructive Dialogue Through these IR activities, the Company was chosen as No. 5 in the retail category of the Award for Excellence in Corporate Disclosure (sponsored by The Securities Analysts Association of Japan) in FY2025. We will continue to promote its IR activities to enhance management transparency and help stakeholders understand us more deeply by fairly disclosing important information about the Company in an easy-to-understand, appropriate and timely manner. A full range of tools to promote dialogue With the aim of realizing sustainability management and disclosing related information, the Company has prepared the Integrated Report and a report specifically focused on sustainability information for FY2025. Additionally, the Company received the Runner-up Grand Prize in the “5th Nikkei Integrated Report Awards” organized by Nikkei Inc.	

	We will continue to promote its IR activities to enhance management transparency and help stakeholders understand us more deeply by fairly disclosing important information about the Company in an easy-to-understand, appropriate and timely manner. Maintaining and enhancing a constructive approach to dialogue In FY2025, the business environment characterized by uncertainty continued on. Despite the circumstances, the Company published earnings forecasts that incorporate certain assumptions that could be considered reasonable by management, with the objective of promoting dialogue by providing an opening for discussions with institutional investors and analysts.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The JFR Group Philosophy defines the basic stance toward all stakeholders; “corporate credo,” “basic philosophy,” “Group Vision,” “Sustainability Policy,” “Corporate Governance Guidelines,” “JFR Way,” “commitments to stakeholders.” All officers and employees of all companies of the Group deeply understand this philosophy and act positively toward the further development of the Group. For details, please refer to the following page on our website. (https://www.j-front-retailing.com/english/company/company.html)
Implementation of Environmental Activities, CSR Activities, etc.	■JFR Group “Sustainability Policy” The Company is committed to advancing sustainability management that achieves a balance between the resolution of environmental and social issues with corporate growth, aiming to contribute to “Well-Being Life (both mentally and physically fulfilling life)” of our stakeholders including customers, business partners, and employees towards realizing a sustainable society and new happiness in people’s lives. In July 2018, we established a Sustainability Policy, and based on this policy, we have clearly defined our environmental and social policies through the Eco Vision and Social Vision respectively.

	In addition, we have identified the materiality issues that the Group should address, and we also contribute to the international goals of Sustainable Development Goals (SDGs) by actively engaging with these materiality issues through our business activities. [Materiality issues] ・ Adding excitement to life ・ Enhancing community vitality ・ Creating a society that coexists with the environment ・ Increasing the number of value co-creation partners ・ Empowering diverse human resources to shine *For the materiality issues, please refer to the following page on our website. (https://www.j-front-retailing.com/english/sustainability/sustainability.html) (URL for HP materiality issues) Please visit the following page on our website to learn more about our sustainability efforts. (https://www.j-front-retailing.com/english/ir/library/sustainability.html)
Development of Policies on Information Provision to Stakeholders	We believe that promoting constructive dialogue with our shareholders and investors helps the JFR Group achieve sustainable growth while increasing corporate value over the medium to long term. The Company is committed to timely and appropriate disclosure of information premised on constructive dialogue, and through such initiatives maintains and develops trusting relations with its stakeholders. The Company discloses important information of the JFR Group in a timely and appropriate manner, in accordance with Japan's Financial Instruments and Exchange Act and other such laws and regulations, as well as in accordance with rules for timely disclosure stipulated by financial instruments exchanges on which the Company's shares are listed. Even in cases where such laws, regulations and the timely disclosure rules do not apply, the Company recognizes information deemed useful to shareholders, investors and other stakeholders as important with respect to its corporate activities as called for by society. As such, the Company proactively discloses such information in an impartial and swift manner using appropriate means, and with the added aim of facilitating more extensive understanding regarding the JFR Group. Formulating and Disclosing the Management Strategies and Business Plans The Company draws up business model, medium- to long-term strategy story that the JFR Group pursues, as well as the Group management strategies

	and Group business plans which indicate management benchmarks and other objectives, with the aim of realizing the Group Vision. We release those documents in order to share such details with our shareholders, investors and other stakeholders. Methods of Information Disclosure Please refer to the methods stated in IR Policy under “2. IR Activities” above.
Other	JFR Principles of Action The JFR Principles of Action, which stipulate that all the JFR Group officers and employees shall recognize their own roles and responsibilities and act in a highly ethical manner in order to fulfill social responsibilities, adhere to the corporate credo, and realize the corporate vision, consists of the following five policies. • JFR Conduct Policy • Procurement Policy • Human Rights Policy • Anti-corruption Policy • Occupational Health and Safety Policy For each policy, please refer to the following page on our website. (https://www.j-front-retailing.com/english/sustainability/principles-of-action.html)

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

Basic Policy to Build Internal Control System

This is a basic policy for J. FRONT RETAILING Co., Ltd. (hereinafter, the "Company") relating to building an internal control system for legal and appropriate execution of overall business within the JFR Group (meaning the corporate group comprising the Company and its subsidiaries; the same shall apply hereinafter). By specifically promoting this policy, the JFR Group aims to contribute to ensuring the sustainable growth of the JFR Group and increasing corporate value over the medium to long term.

- The Company aims to realize corporate governance that is a structure for transparent, fair, swift and resolute decision-making with due attention to the perspectives of shareholders and also customers, employees and communities in order to ensure the sustainable growth of the JFR Group and increase corporate value over the medium to long term. The Company has therefore adopted the structure of a company with three committees (nomination, audit and remuneration committees) in order to strengthen the oversight function and decision-making function for business execution of the Board of Directors by clearly separating management oversight and execution functions.
- In order to achieve our best possible corporate governance structure, it is important that the President and Representative Executive Officer takes and hedges various risks (uncertainties) within the JFR Group to build an internal control system capable of appropriate and efficient business execution.
- The internal control system is a structure that companies should establish to control internal risks (uncertainties) with a view to realizing sustainable, stable growth. Specifically, the system comprises the following Group management system, risk management system, legal compliance system, internal audit system, and audit committee system.

I. Group Management System

(1) Board of Directors

- The Board of Directors shall perform an oversight function by monitoring the Executive Officers' and Directors' execution of business.
- The Board of Directors shall discuss and resolve matters defined in the Companies Act and/or the Articles of Incorporation, as well as the Group Vision, Sustainability Policy, Group Medium-term Business Plan, overall policy and plan for Group management, M&As, Group financing plans, and other individual important matters relating to Group management. In order to speed up business decisions and execution, the task of determining matters involving business execution other than the above shall be delegated to execution, with the exception of matters which have a material impact on the Group management.
- For monitoring action, decision-making and the like by the Board of Directors, the composition is such that at least half of the total are independent Outside Directors who are not susceptible to conflicts of interest involving the Company's shareholders, from the standpoint of separating supervision and

execution and ensuring the effectiveness of the Board of Directors' discussions.

- To ensure effectiveness of objective management oversight, in addition to the Outside Directors, non-executive Directors elected from inside the Company and who are well informed about internal information shall also be appointed.

(2) Management execution framework

- The Company shall clearly separate management oversight and execution and strengthen the Board of Directors' oversight function while delegating authority for execution to enable swift management decision-making. Meanwhile, execution shall be controlled by having the following framework.
- The execution bodies shall be the company's strategy units and promotion divisions that are optimal for realizing more efficient and swifter strategic execution, and Senior Executive General Manager shall be appointed as the head of the units.
- The Company clarifies the missions of the President and the company's strategy units and promotion divisions. Each division formulates and executes a concrete plan based on the mission, and the roles and operations set forth in the Rules for Division of Organizations and Duties.
- Execution shall formulate the major Group management policies and individual important matters, and oversee business execution of business subsidiaries. The Board of Directors shall discuss and determine (approve) the suitability of major policies and plans that execution has prepared as well as individual important matters.
- While discussing the overall policy and plan and other matters for the Group's management at the Group Management Meeting, the Group Policy Meeting, Mid-term management plan progress confirmation Meeting, etc., participants confirm the progress of management strategies and share information between management, and so forth.
- The Company shall construct systems to raise overall efficiency of the Group such as the introduction of the Group's common accounting system in principle and promotion of centralized management of Group funds.
- The Company has adopted the International Financial Reporting Standards (IFRS) voluntarily in the interest of implementing effective management based on appropriate asset evaluation, applying business management that gives emphasis to the profit of the current period, increasing convenience for overseas investors by improving the international comparability of financial information.

(3) System for promoting internal controls

- Under the direction of President and Representative Executive Officer, to strengthen internal control over execution, the departments and responsible persons in charge of internal controls shall be established, and shall manage the development and operation of the internal controls in relation to the Companies Act and the internal control system in relation to the Financial Instruments and Exchange Act at the Company and the business subsidiaries.
- The departments in charge of internal controls shall coordinate with the Audit Committee, the internal audit departments, and each company's strategy unit and promotion division and business subsidiaries to share information and remedy any deficiencies that occur in the internal controls.
- With regard to internal controls over financial reporting, the Company shall be in compliance with Japan's

Financial Instruments and Exchange Act and various associated laws and regulations, and an internal company system to ensure the credibility of financial reporting shall be constructed at the Company and business subsidiaries.

II. Risk Management

- The Company shall establish the Risk Management Committee as an advisory body to the President and Representative Executive Officer with regard to risk management. The committee is chaired by the President and Representative Executive Officer and comprises Executive Officers of the Company and Presidents of main operating subsidiaries.
- The Risk Management Committee shall discuss important matter, including risk identification and evaluation, and determination of risks to be reflected in strategies, and utilize risk management for management decision-making. The committee also reports details of its deliberations to the Board of Directors in a timely manner.
- An officer shall be put in charge of risk management in order to promote the operation of risk management. In addition, departments and responsible person shall be put in charge of risk management, and shall provide support, guidance and monitoring regarding risk management at the Company and business subsidiaries.
- Each business subsidiary shall put departments and responsible persons in charge of risk management, and shall carry out daily direction of risk management.
- For crisis events such as large-scale earthquakes, fires and accidents, crisis management shall be controlled by the "Emergency Response Headquarters" headed by the President and Representative Executive Officer.

III. Legal Compliance System

(1) System for promoting compliance

- The Company shall establish the Compliance Committee as an advisory body to the President and Representative Executive Officer regarding the operation of compliance management. The President and Representative Executive Officer shall be the chairperson, and the members of the committee shall be Executive Officers responsible for each division including management strategies, finance, HR, compliance and public relations, and corporate lawyers.
- An officer shall be put in charge of compliance in order to promote the operation of compliance management. In addition, departments and responsible person shall be put in charge of compliance, and shall supervise development and penetration activities of the compliance system and the status of operation thereof at the Company and business subsidiaries.
- At business subsidiaries, departments and responsible persons shall be put in charge of compliance, and shall carry out daily supervision and direction of business operations that are in accordance with laws and regulations and internal company rules.
- The Compliance Committee shall strengthen cooperation with the departments in charge of compliance of each business subsidiary to continuously implement development of the foundation for the compliance

system and supervision of the status of operation, and promote compliance with laws and regulations, corporate ethics, etc. In addition, in the case where any material compliance-related matter occurs, the committee shall develop measures to take, etc.

The committee also reports details of its deliberations to the Audit Committee in a timely manner.

(2) Whistle-blowing system

- The Company shall establish the "JFR Group Compliance Hotline" as the whistle-blowing system of the JFR Group that also extends beyond companies (to a corporate lawyer), which may be used by all persons working at the Company and business subsidiaries.
- The hotline's policy shall be to maintain strict confidentiality regarding notifications and reports and shall not disclose the personal information of whistleblowers to a third party without their consent; to be careful to avoid identification of the whistleblower when investigating the facts; and to ensure that whistleblowers are not subjected to disadvantageous treatment in terms of personnel affairs or any other aspect.
- For hotline reports concerning management personnel, the Company shall build a structure whereby the reports are submitted directly to the Audit Committee and subjected to directions from the Audit Committee so as to secure an independent reporting route.

IV. Internal Audit Structure

- The Company shall establish independent internal audit departments under the direction of the President and Representative Executive Officer. In accordance with internal audit rules and under the direction of the President and Representative Executive Officer, the internal audit departments shall audit the operations of the Company and business subsidiaries or ask them to properly report the results of audits of operations, examine the properness and effectiveness of the process for their operations, and provide guidance, advice and proposals to all departments at the Company and to business subsidiaries.
- The persons responsible for the internal audit departments, while providing directions, guidance and assistance to the internal audit departments of the business subsidiaries, provide a report to the President and Representative Executive Officer of the status of internal control functions through a third-party evaluation of the audit plans and audit results of the business subsidiaries.
- To further enhance corporate governance by strengthening auditing functions, the Company shall clarify links among the President and Representative Executive Officer, the Audit Committee and the internal audit departments. Specifically, the Company shall adopt a dual-reporting system where both the President and Representative Executive Officer and the Audit Committee shall receive reports. When the reports are made, the audit report and the improvement report shall be reported together to realize swift measures.
- When the Internal Audit Division prepares its audit policy and plan, the Audit Committee requires prior consent. In addition, its audit results are regularly reported to President and Representative Executive Officer and the Audit Committee. Appointments and transfers of persons responsible for the internal audit departments shall be subject to advance approval by the Audit Committee, and when such persons are evaluated, the Audit Committee states an opinion before the execution of such evaluation.

V. Structure of the Audit Committee

- The Audit Committee shall audit the legality and suitability of the execution of duties by the Executive Officers and Directors.
- The Audit Committee is composed of independent Outside Directors and full-time Directors who do not execute business, and the Chairperson is chosen from among independent Outside Directors from the standpoint of ensuring transparency and objectivity.
- The Audit Committee Secretariat has been established as an organization in charge of assistance for the Audit Committee's duties.
- Regarding personnel appointments and changes for the Audit Committee Secretariat staff members, and personnel evaluation of the responsible person for the Audit Committee Secretariat, the Audit Committee's advance approval is required to ensure independence.
- The Audit Committee shall have periodic meetings with the President and Representative Executive Officer to share information. Moreover, the Company's Executive Officers and Directors may be asked to attend Audit Committee meetings to provide reports and opinions as necessary.
- The Audit Committee shall regularly coordinate with the internal audit departments to share information. It is authorized to make requests to the Internal Audit Division on the execution of additional audits, or directly conduct audits if necessary. Moreover, the Accounting Auditor, outside experts and others may be asked to attend Audit Committee meetings to provide reports and opinions as necessary.
- The Audit Committee members shall report to the Audit Committee on the status of audits of the following matters:
  - Matters resolved by or reported to the Board of Directors
  - Matters identified by the Audit Committee as issues
  - Internal audit implementation status and results (audit report, improvement report, etc.)
- The Audit Committee members shall attend the Group Management Meeting and other meetings, inspect important documents associated with the execution of duties, such as circular approval memos, and request explanations from officers and employees of operating companies as necessary.
- Business subsidiaries shall submit the necessary audit reports and perform other duties if requested to do so by the Audit Committee.
- The Audit Committee shall have periodic meetings and the like with Audit & Supervisory Board Members of the business subsidiaries to enhance and strengthen the auditing of the entire Group.
- Personnel appointments and changes for audit & supervisory board members of business subsidiaries shall require approval from the Audit Committee, and the audit & supervisory board members of business subsidiaries concurrently serve as members in the Audit Committee Secretariat.
- The Audit Committee may request expenses deemed necessary for performing the duties from the Company, and the Company shall bear them.

VI. System for Storage and Management of Information

(1) Confidential information management

・ For documents relating to the execution of duties by Execution Officers and Directors, and minutes and related documents regarding meetings chaired by Executive Officers and Directors (all documents include electromagnetic records), in accordance with laws and regulations and the rules on confidential information management, each responsible department shall carry out document storage and management during the stipulated period and shall develop a system to enable inspections of such documents at any time.

(2) Information security management

・ General Manager of the system departments shall control information security management of the Company based on the Information Security Policy and the IT Governance Policy, and shall report periodically and whenever necessary on the status of information system management and related matters to the Board of Directors, the Audit Committee, the Management Meeting and the President and Representative Executive Officer.

2. Basic Views on Eliminating Anti-Social Forces

The Company aims to develop the Group by making a broad contribution to society as a fair and trusted business entity as defined in its Basic Philosophy of the Company and commits to ensuring CSR-oriented management. With regard to the severance of relations with antisocial forces, the JFR Conduct Policy sets out the following stipulations.

(Prohibition of Transactions with Antisocial Forces)

We maintain no relationships with antisocial forces, organizations, groups or individuals that could threaten the social order and the safety of civic life, resolutely rejecting pressure from such elements, and excluding them.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

Basic policy regarding control of the Company

[1] Contents of basic policy

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

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

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

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

[2] Frameworks contributing to realization of basic policy

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

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

Accordingly, in order to exemplify the principles of “customer-first principle” and “contribution to society,” which are in common with these philosophies and spirits, the Company has established the following basic philosophies of the JFR Group: “to aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations” and “to aim at developing the JFR Group by making a broad contribution to society as a fair and trusted business entity.” Based on these basic philosophies, the Company implements a wide range of measures with the aim of realizing the JFR Group’s vision; Create and Bring to Your Life “New Happiness,” in order to make a contribution to securing and enhancing the corporate value of the JFR Group and, by extension, the common interests of shareholders.

[3] Framework to prevent parties deemed inappropriate in light of basic policy from controlling the financial and business policy decisions of the Company

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

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

Accordingly, if this occurs, the Company will establish an independent committee composed of outside officers and experts with viewpoints that are independent from the Company’s Management Team and Internal Directors. If the Company judges that the said Large-Scale Purchaser is inappropriate in light of the aforementioned basic policy after considering advice and opinions from the committee, the Company will act to secure the JFR Group’s corporate value and, by extension, the common interests of shareholders by taking necessary and appropriate measures.

[4] Judgment of the Company's Board of Directors regarding concrete framework and reasons for such judgment

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

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

2. Other Matters Concerning to Corporate Governance System

Overview of Timely Disclosure Structure

[1] Identification and Management of Company Information

(1) System to grasp information concerning management's decision-making and business execution

Under the structure that clarifies the roles and responsibilities of each company's strategy unit and promotion division, the Company has a system in place that allows Executive Officers to grasp information on the company's strategy units and promotion divisions and Group company that they are in charge of. Proposals on matters to be addressed at the meeting of the Board of Directors (held at least once a month) in which the final decisions on important matters relating to management are made are submitted by each company's strategy unit and promotion division and Group company, and these proposals are, as a general rule, presented in advance at the Group Management Meeting. Furthermore, we operate the Group Policy Meeting, Medium-term Business Plan Progress Meeting and other meeting bodies to grasp and share information on the Company and Group companies.

(2) System to manage company information

With respect to company information, particularly significant event having an effect on investment decisions of investors, and information that is subject to timely disclosure requirements as stipulated by financial instruments exchanges, we develop structures for appropriately managing it by stipulating the Rules for Preventing Insider Trading that includes procedures for handling and managing such information, and responsible managers.

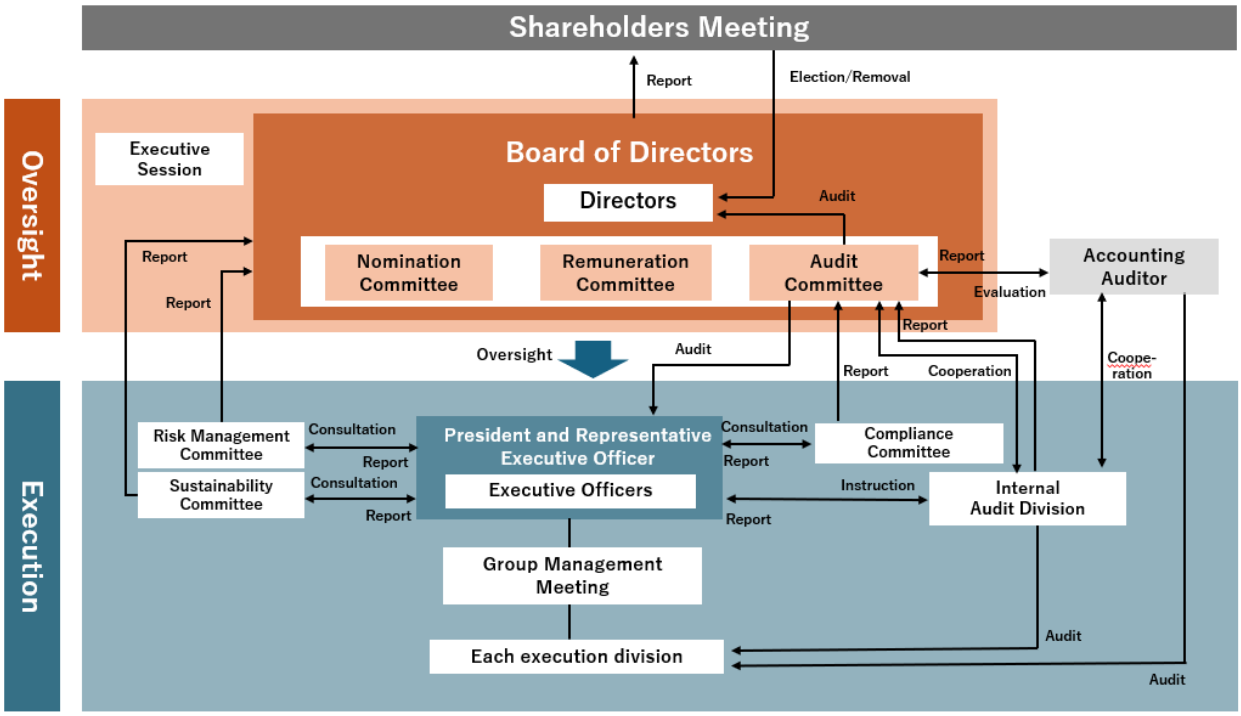
Moreover, in order to prevent the leakage of financial information and ensure fairness, the Company refrains from answering any questions concerning financial results during the quiet period from the day following the closing date of each quarter until the release of financial results. However, the Company will disclose information in a timely and appropriate manner if a significant amendment to business performance is necessary, even during the quiet period.

[2] System for Timely Disclosure of Company Information

The Company submits the matters regarding important company information for discussion to the Group Management Meeting regardless of whether or not such information is to be disclosed. Matters involving such company information are presented for discussion at a meeting of the Board of Directors depending on the level of importance thereof, and disclosed in a timely and appropriate manner upon determining its disclosure at each stage. In addition, the "Information Disclosure Review Committee" works to ensure appropriateness of disclosures, and at the same time the committee examines the necessity of disclosures in advance. Meanwhile, upon any emergence of urgent company information that would not accord with the aforementioned procedures, that information is to be promptly disclosed after passing through the requisite organizational decision.

JFR Corporate Governance Structure Chart

[Company with Three Committees (Nomination, Audit and Remuneration Committees) system]



Cross-shareholdings of the Company

The Group prescribes the policy on cross-shareholdings, and the method of validation of rationale for cross-shareholdings, etc. in the Corporate Governance Guidelines, as follows, and the Board of Directors determines the suitability of holding. (Please refer to “3. Cross-Shareholdings” in “Chapter 2. Relationship with Stakeholders” of the Guidelines)

1. Cross-shareholdings (listed and unlisted)

The Company and the Group have defined the classification of investment shares held for the purpose of pure investment and investment shares held for any purpose other than pure investment (cross-shareholdings) as follows.

[Investment shares held for the purpose of pure investment]

Shares held exclusively for the purpose of profiting through fluctuations in share prices or from the receipt of dividends

[Investment shares held for any purpose other than pure investment] (hereinafter, “Cross-shareholdings”)

Shares that have been recognized as being indispensable to the promotion of the Group’s business strategy, and contributing to increasing corporate value in the medium to long term

2. Holding policy

(i) In principle, the Group will not newly acquire or hold cross-shareholdings.
However, this does not apply to shares where it has been recognized, through the validation of rationale for cross-shareholdings, that they are necessary for the promotion of the JFR Group’s business strategy, and that the holding of such shares will contribute to the increase of corporate value in the medium to long term.

(ii) Where the results of the annual validation of rationale for cross-shareholdings that are already held judged there to be no rationale for holding, the Group will negotiate with companies whose shares we hold, and appropriately reduce listed shares that are already held upon reaching a consensus regarding sale method, period, etc.

3. Method of validation of rationale

The Company annually verifies the reasonableness of its holdings shareholdings by the Group's common verification method from the following perspectives.

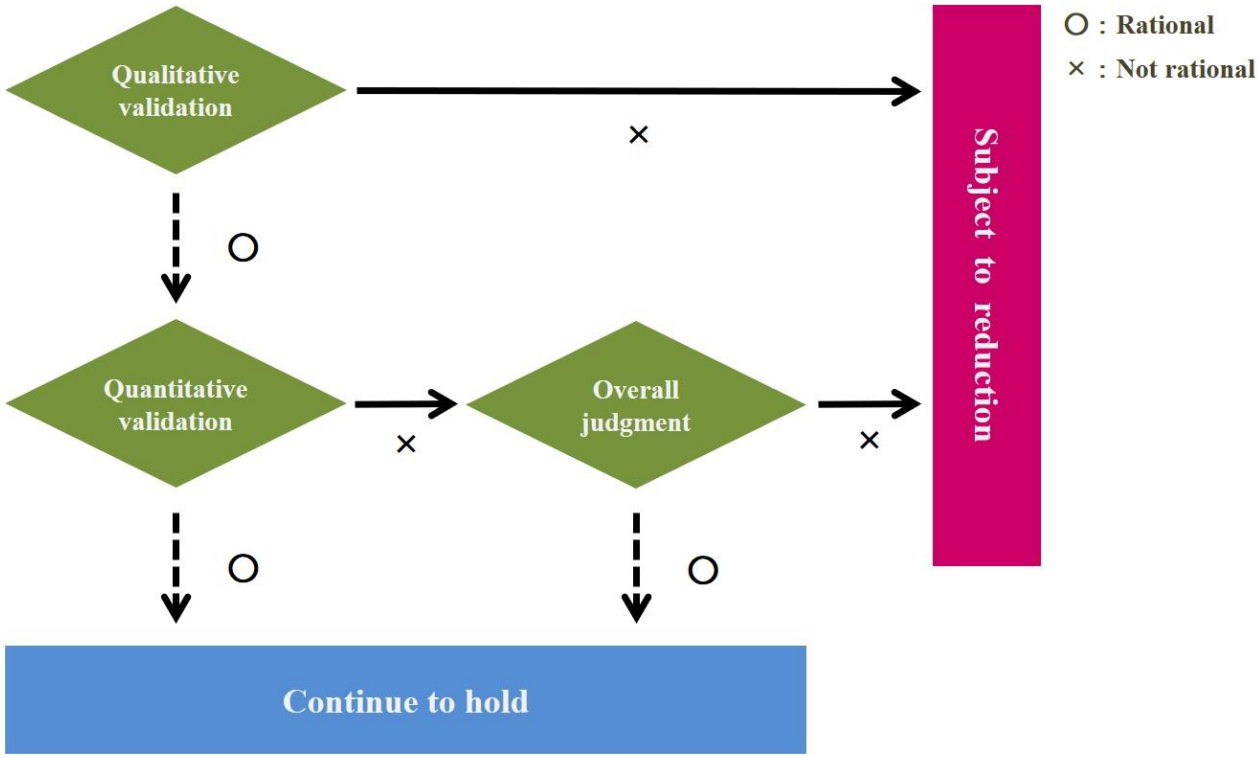
[Qualitative validation]

In light of business strategies such as maintaining harmonious and favorable business relationships with companies with which the Company makes up a community, corporate customers and business partners, and securing supply chains

[Quantitative validation]

In light of whether profitability by holding shares, including related trading profits and dividends, exceed capital costs, etc.

・Intensive validation using continuous qualitative rationality in accordance with the purposes at the time of acquisition



4. Details of the verification by the Board of Directors, etc., concerning the suitability of holding individual issues

The results of the above validation that takes place based on the holding policy, together with the judgement regarding the continuation or reduction of held shares, and reduction plan are discussed at the meeting of the Board of Directors held every August, and the Group confirms the reduction results at the meeting of the Board of Directors held the following March.

☐ **Validation of the rationale of holding, negotiation, reduction schedule**

* ○ : Year X (first year) ◔ : Year X + 1 year ● : Year X + 2 years

Implementation period / Implementation details			Year X			Year X + 1 year				Year X + 2 years			
			1st half	Aug.	2nd half	Mar.	1st half	Aug.	2nd half	Mar.	1st half	Aug.	2nd half
Operating units	Validation of the rationale of holding		○				◔				●		
	Formulation of reduction plan		○				◔				●		
	Negotiation/ reduction				⟷	⟷	⟷	⟷		⟷	⟷	⟷	←
Board of Directors	Discussion	Judgment to continue/ reduce		○				◔				●	
	Confirmation	Results of negotiation/ reduction				○		◔		◔		●	

As a result, the number of Group's cross-shareholdings (excluding deemed holdings) as of February 28, 2026 was 10, a decrease of 50 stocks in the 9 years since FY2016 (-83%).

■**Changes in the number of Cross-Shareholdings (listed companies,excluding deemed holdings)**

