

Accelerate Synergies by Strengthening Digital Infrastructure.

A framework that supports management through IT

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

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

applications. Infrastructure integration will further expand the application domain and advance the development of our data foundation.

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

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

Guidelines for developing systems

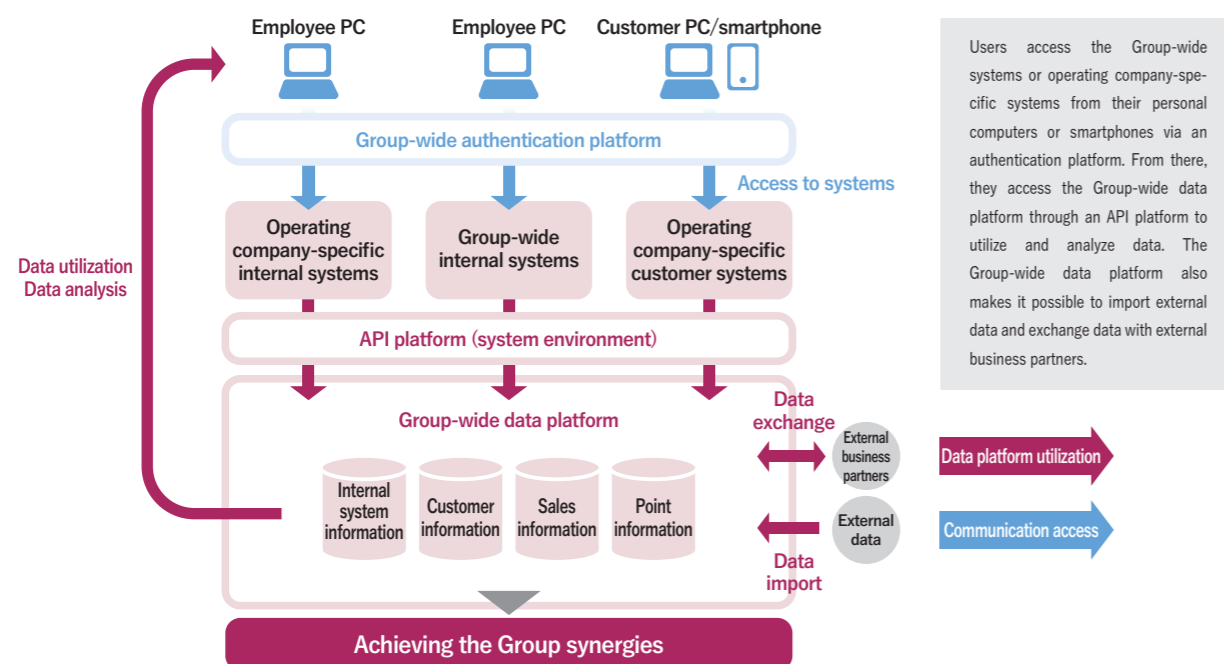
In fiscal 2024, we established the JFR System Philosophy as the fundamental guidelines for the Group's system development. The JFR System Philosophy embodies the principle: “Each business system should be standardized as much as possible on a common infrastructure. Furthermore, internal information,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

Behind this lies a number of long-standing challenges, such as the existence of multiple similar systems within the Group and difficulties in collecting data due to data being stored in multiple locations, which ultimately hinders the Group synergies and data-driven

management. To solve them, the JFR System Philosophy was established as the guidelines for creating systems across the entire Group, and this was shared with each company within the Group.

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

System concept diagram reflecting the philosophy



Strengthening information security

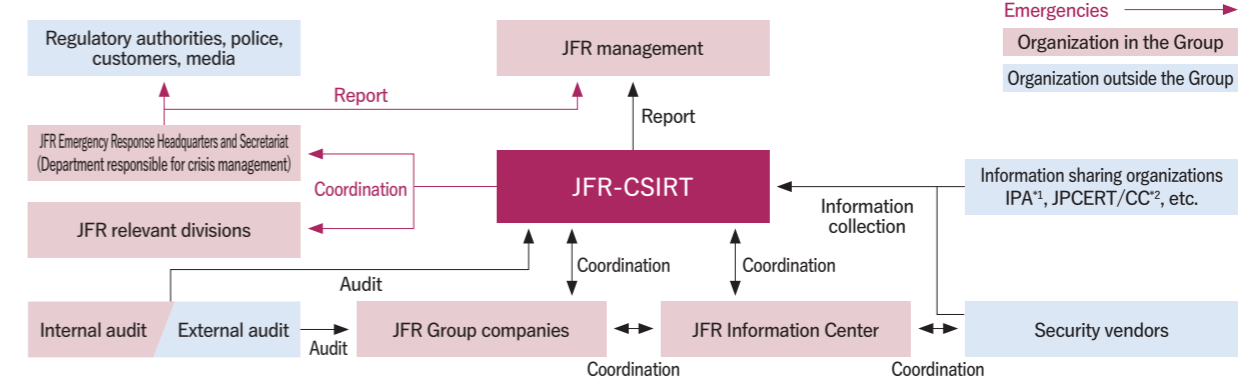
With the aim of maintaining and improving our information security level, the Group established the JFR-CSIRT (J. Front Retailing Computer Security Incident Response Team) in fiscal 2019 as an organization dedicated to preventing incidents and responding to them when they occur, and issued guidelines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

JFR-CSIRT operates in both emergencies and normal times, collaborating with JFR Information Center responsible for information security maintenance and operations, as well as the information security managers of each company in the Group. During emergencies, it works in coordination with our Emergency Response Headquarters and Secretariat, cooperating with the Group companies, relevant divisions,

external contractors, and external security-related organizations to minimize damage, facilitate rapid recovery, provide guidance on recurrence prevention, and offer operational support. During normal times, we aim to safely protect the Group's information assets and carry out activities to prevent the occurrence of threatening information security incidents, taking into consideration four perspectives: “organization,” “people,” “technology,” and “physics.”

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

JFR-CSIRT organization chart



Utilizing generative AI

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

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

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

diverse business domains.

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

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

