## "Stand on a New Stage for the Growth of the Group"



## Expand the playing fields in the Group

We lack speed and dynamism – Currently, the environment around us is more rapidly digitalized and consumption itself is changing. Thus our business is in a transition period regardless of the presence of COVID-19. We have to greatly change our business portfolio and we aim for discontinuous growth. As our work style, we try to "create and bring to life 'new happiness'" as the Group Vision says. Now it has become more vividly clear due to the

COVID-19 crisis that this innovative idea was correct but lacked creativity.

In March, Parco became a wholly owned subsidiary of J. Front Retailing. I think the two companies have tried to join together, particularly by exchanging people, since before that. Now we have in place a system where Parco can be further dedicated to its business and conduct big businesses and investments, which are impossible for an operating company alone, within the large framework of J. Front Retailing saying what we really think without hesitation or constraints.

It is very important that our playing fields will expand in the Group. When the number of people doubles, communications will spread synergistically starting with one-toone and create much more ideas than double. By adding Parco to the department store's foundation of trust, I think interesting ideas will be added and produce great power. I would like to create a business format, which is neither a department store nor Parco and necessary for the evolution of cities, and to become a pillar of city planning.

We also need to be aware that we can just create the parts required by the world if we think only by ourselves. There are various forms of collaboration and currently we should think of various things through combination. By combining trust and a little advanced ideas, I feel the world ten years ahead has come suddenly with the COVID-19 outbreak as a starting point. I am convinced that we will be able to become a group that can make new proposals to this changed world. I think it is true that only companies that can give rise to innovations can survive.

## The "north wing" of the Daimaru Shinsaibashi store is a symbol of collaboration

Parco was formed in 1969 by changing the business format of Tokyo Marubutsu department store, which was located next to Seibu department store in Ikebukuro. Concerning the north wing of the Daimaru Shinsaibashi store, which will open this fall, our staff said, "In the past, Parco stores were next to department stores and the Parco store located next to a department store performed well because it operated very efficiently and attracted many customers. This time the two stores are connected. We will create such one and only format." It is exactly the same as the past when Parco changed Tokyo Marubutsu to a specialty store building. Currently advertisement is digitalized and has become widely efficient. At that time, however, Parco implemented a public relations campaign using posters. I think the idea for the north wing of the Shinsaibashi store is the same. With the idea that it is no use operating department stores next to similar department stores, Parco tried to "create streets" like a street in Kobe and a street in Harajuku in buildings. We will use such idea in the north wing of the Shinsaibashi store. We are thinking about what to do not just to complement the main building but to compel people to visit Shinsaibashi by synergistically combining digitalization and sustainability in a timeless way.

What I most admired about the rebuilding of the main building of the Daimaru Shinsaibashi store was to reproduce the world view of Vories beautifully by increasing the ceiling height on the first floor. I heard that young staff members of Daimaru Matsuzakaya Department Stores thought out the design to create Vories' world on the first floor though they had only some parts designed by Vories. I think it is attractiveness of the Group.

Meanwhile, concerning the north wing where Parco store will open, we proposed J. Front Retailing to create a new futuristic design for the external wall of the north wing because the main building was restored as a historic building. And they agreed. I think this project will serve as a bible to pass on these ideas. In fiscal year 2020, it is very important for the Group to tell about the future and make the north wing of the Shinsaibashi store successful.

The situation remains difficult due to the COVID-19 pandemic. However, we have to operate the north wing so that people who live in or love the Shinsaibashi area say that they are carefully considered and that it is new. They may want some of the contents on which Parco is ready to collaborate. I would like to change them every day in a timely manner and do the best we can there. We aim to create a business format which people who work in the Shinsaibashisuji arcade or love Daimaru say enhances the appeal of the area. We would like to create a Parco store that 120% revitalizes the department store next to it. As we can collaborate in Shinsaibashi better than PARCO\_ya Ueno, next time we will be able to do even better in Nagoya, and furthermore, in Tenjin and Sapporo. In fiscal year 2020, I would like to lay the groundwork for that.

## Sustainability cannot exist without human resources

Both social/environmental activities and economic activities are required to improve corporate value. Social/environmental activities monetize economic activities finally. Such world is necessary to put service before profit and we cannot do it without sustainability in mind.

When thinking of sustainability, it is very important how to make employees enjoy working. I think "job satisfaction" means that employees enjoy working and that they feel they serve society.

It is obvious that systems and work environments cannot produce "job satisfaction." Each staff should be motivated to work actively and I think its source is corporate philosophy. J. Front Retailing created a theme of discontinuous growth and a vision of "Create and Bring to Life 'New Happiness.'" Employees understand and work styles evolve. I think it is sustainability. The management team will discuss together what opportunities should be provided concerning employees' interests so that they can do what they want to do. And we will make them bigger as the Group's assets. It is the point. We will offer cases in which employees feel it is good to work for the Group. It is the very sustainability. I tell our staff that our value will decrease by half unless we contribute to the world. When working, we should not want something in return but ask ourselves what more we can do. The management team is expected to promote reforms in this direction. "Job satisfaction" will be produced only when employees and the company grow and achieve results together. I would like to reinforce such culture.