

# Taking Advantage of the Issuance of New Cards, We Are Moving to a New Stage of Growth.

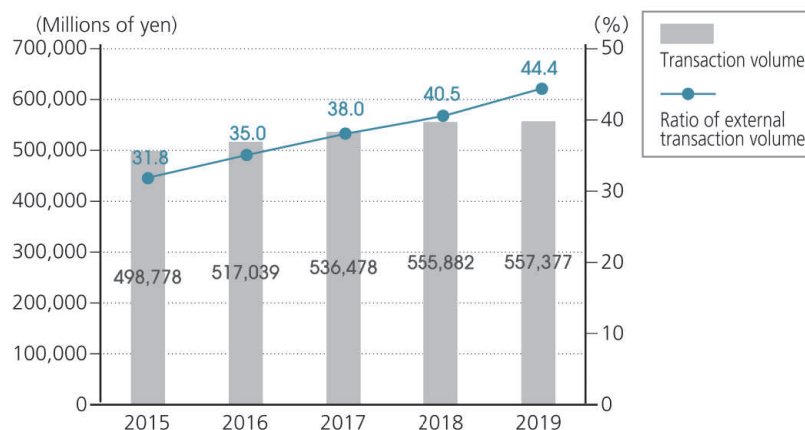


## Important role in portfolio transformation

The payment and financial environment surrounding us is undergoing major changes. Amid changes in the social environment, such as the spread of sharing economy and smartphones due to the rapid evolution of technology, laws in the payment and finance industries, such as the Payment Services Act and Installment Sales Act, have been revised at an unprecedented speed. In addition, with the positive impact of the cashless campaign, consumer needs are changing dramatically, and new payment players are beginning to emerge.

Against this backdrop, we have positioned the Credit and Finance Business as a core business with significant growth potential, and are implementing a growth strategy centered on payments. Leveraging our strengths, such as “large-scale stores in central Tokyo that are able to attract customers,” “transaction volume exceeding ¥1 trillion,” and “excellent membership exceeding 6 million accounts,” we will work to expand our financial business through relationships with customers that can be obtained through the provision of payment services. Further enhancement of expertise is essential for the steady promotion of such initiatives. For this reason, we are actively recruiting outside

## ▶ Transaction volume of cards



experts from the credit card industry, and are considering bold alliances to deal with shortages of resources. We aim to achieve operating profit of ¥5 billion as soon as possible in order to achieve our goal of reforming our business portfolio.

### Issue new cards in fiscal 2020

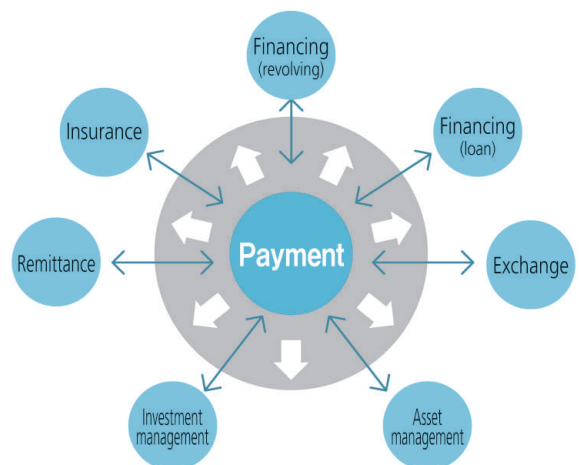
We will completely renew the Daimaru Matsuzakaya Card with a new point program that more appeals to customers. In addition to the Daimaru Matsuzakaya points given when using the current Daimaru Matsuzakaya Card, we will introduce a new point program. The new point program will be a scheme that allows points to be given with all credit payments and exchanged into highly versatile points that can be used to shop economically not only at our department stores but also in the area centered on our stores in conjunction with the Urban Dominant strategy. We are also considering supplementary incentive services so that the cardholders enjoy “eating” and “becoming beautiful,” which enriches their lives. By making these cards more attractive, we intend to further promote the use of cards by existing customers and to attract new customers including the younger generation.

In 2019, we acquired licenses for VISA and MasterCard, creating a structure that enables us to engage in acquiring merchants. By expanding the number of merchants so that our credit card holders can use their cards economically even outside Daimaru Matsuzakaya Department Stores, we aim to increase the number of visitors to the Urban Dominant areas and to mutually refer customers to each other. In fiscal 2020, we plan to begin acquiring services for the Group companies, primarily Daimaru Matsuzakaya Department Stores. We are currently examining a scheme for acquiring merchants outside the Group.

By accumulating data that can be obtained by expanding the means of payment, the means of receipt, and merchant acquiring services, we will expand our financial service business.

### Provide financial services centered on payment

We will develop a variety of financial services utilizing payment data by building relationships with customers centered on payment. First, we will focus on financing and insurance, which are highly compatible with the Group’s customers and business models and profitable. Through the renewal of the Daimaru Matsuzakaya Card, we will work to increase the number of revolving users by approaching customers whom we have not been able to reach up to the present time, and to strengthen our credit provision capabilities to expand our business. Regarding insurance, we are currently focusing on direct marketing with insurance companies and affiliated insurance agencies to our card holders. However, we will work to expand the scope of our insurance business by developing new insurance products and selling them to visitors to the Urban Dominant areas and many of the Group’s business partners.



### Toward the shift to digital

In fiscal 2020, we will introduce the JFR Card application in order to improve customer convenience and enhance communication with customers. In addition to existing card counters, we will leverage the digital touchpoints of apps and website to strengthen our methods of cultivating new customers regardless of place and time. In addition to distributing valuable information to card customers in a timely manner through apps and other means, we will work to provide new financial services through alliances.

On the other hand, our Group’s strengths lie in having brick-and-mortar touchpoints, and the Credit and Finance Business we are aiming at is to integrate digital with the real business, which provides value, centered on brick-and-mortar stores operated by and customer service provided by the Group. Through the “digital × real combined model,” we will work to achieve steady growth and reform our business portfolio.

### ► 5 pillars of strategic actions

