

MANAGEMENT STRATEGY

Payment and Finance Business Strategy

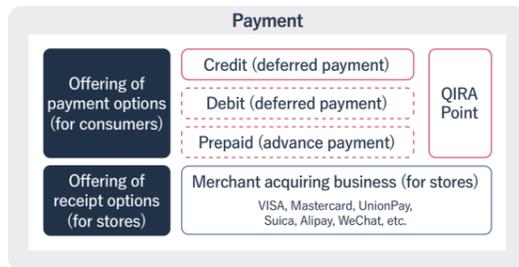
Expand Financial Service Offerings Centering on Payment

Environment around the Payment and Finance Business

The environment around the Payment and Finance Business is rapidly changing due to the COVID-19 pandemic, such as changes in consumption behavior, expansion of e-commerce, the progress of cashless payments, advanced communication through smartphones (app), and the emergence of new technology players. In this situation, in the Medium-term Business Plan, the Group aims to increase customers in local areas under the Developer Strategy, increase customer touch points under the Real×Digital Strategy, and acquire new affluent customers under the Prime Life Strategy. We believe we will be able to greatly grow the Payment and Finance Business by building relations with customers through payment and provide financial services using customer data.



Use of the strengths of <the ability to attract customers> and <transaction volume>



Timely provision of financial services



Card business (pink), Merchant acquiring business (blue), Insurance business (yellow), Finance business (orange)

Issued new cards

In January 2021, Daimaru Matsuzakaya Card was completely renewed. We introduced a new point program QIRA Point in addition to existing Daimaru and Matsuzakaya points. It allows the cardholders to earn points not only in Daimaru and Matsuzakaya stores but also through all credit card payments and to exchange earned points for various affiliated points, products, and special experiences as well as Daimaru and Matsuzakaya points. We also changed their design and adopted a portrait style for the first time in the industry. They are also equipped with Visa's touch payment function to improve customer convenience.

The share of the customers aged 49 or under whom we target increased by 3.5 points. Transaction volume per account also increased by 5.4% compared to fiscal 2019 before COVID-19 (fiscal 2021 basis). Going forward, we will strive to increase utilization rate and transaction volume by raising awareness, understanding, and value of QIRA Point.



Promotion of merchant acquiring business

JFR Card concluded license agreements with VISA and Mastercard in July 2019 and started to provide merchant acquiring services in February 2021. Currently, we are working to bring together the merchant acquiring services of the Group's facilities including Daimaru Matsuzakaya Department Stores, PARCO, and GINZA SIX. We are also actively working to acquire merchants outside the Group in the areas in which the Group's stores operate. For merchants, we will deliver value such as sales increase, the acquisition of new customers, and the transfer of the Group's customers. For customers, we will gain recognition as the provider of the "best payment and financial services in the area." By doing so, we will aim to build an economic zone that connects the Group's customers and merchants in the area.

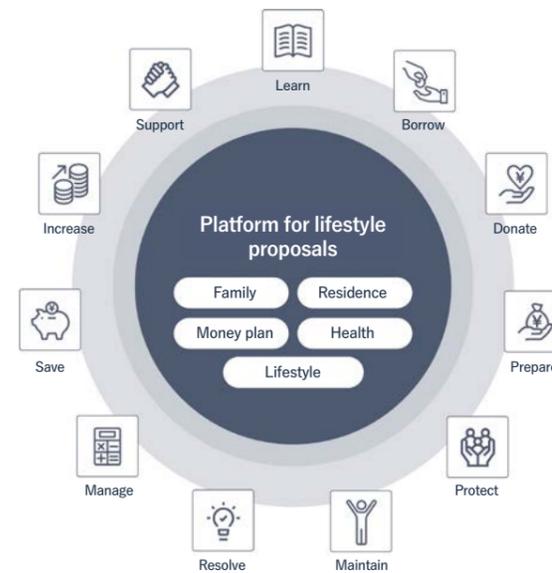


Expansion of finance business

We will provide various financial services using payment data by building relations with customers centering on payment. Particularly, we will focus on financing and insurance, which have a high affinity for the Group's customers and business models and are highly profitable.

We will meet customer needs for health and money at various life stages including school attendance, employment, marriage, child raising, and second life in the era of 100-year life and support them. In addition to improving convenience through the revolving and installment payment options of Daimaru Matsuzakaya Card, we entered into a business alliance with Orix Credit Corporation in February 2021 to launch QIRA Loan -BRIGHT LIFE-, and in August 2021, we entered into a business alliance with Famitra Inc. to serve as an agency for its family trust services. Going forward, we will work to provide new financial services that support asset building for the future.

With respect to insurance, commission income is steadily increasing due to the integration of insurance agency business in the Group. Going forward, we will aim to increase revenue by developing new corporate clients while strengthening approach to *gaisho* customers and the holders of Daimaru Matsuzakaya Card.



For medium-term growth

The Payment and Finance Business recovered operating profit to ¥1.9 billion in fiscal 2021 and sees a prospect of increasing operating profit to the level of ¥3.0 billion in the current Medium-term Business Plan. Going forward, we will build a system that

can greatly contribute to the growth and revenue of the Group by strengthening the Group's customer base, expanding our merchant network mainly in the Group's key areas, and developing and expanding financial services using data.