

# Tackle the Circular Economy.

Until now, society has developed around a linear economy, a so-called linear economic system based on mass production, mass consumption, and disposal. On the other hand, it is also true that the results of such activities have led to various environmental issues at the global level, such as resource shortages, global warming, and waste disposal, posing a major risk to the

sustainability of society.

It is undeniable that the Group has also achieved long-term growth by providing value to its customers and society under such an economic environment. It is clear that we cannot avoid revising this system in order to realize a sustainable society. We are required to change the business model itself, as well as our

mindset and behavior.

One of the main characteristics of the Group, which has a retail business at its core, is its role as a link between its customers and suppliers. For example, we collaborate with suppliers who share our awareness of issues, or encourage our customers to change their behavior. We believe that there are not a few things

we can do because we are located in the middle of the supply chain.

We will actively practice the 3Rs (Reduce, Reuse, and Recycle), which will lead to the reduction of risks related to environmental issues such as waste recycling, and contribute to the creation of a sustainable society together with our stakeholders.

## Environment-conscious subscription business

AnotherADdress, a fashion subscription business launched in March 2021, is a service that aims to shift to a business model with high sustainability for society and the environment by emphasizing the intrinsic value of fashion and sustainable initiatives based on the belief that clothes are not disposable. We hope to create the experience of subscribing to fashion with a sophisticated lineup of brands and the freedom to choose what customers want to wear now, and to build a new market that does not exist in existing businesses.

While fulfilling the role of passing on the precious resources of fashion, we aim to provide a service for the future that sends each and every “dress” for dressing in the “address” with love



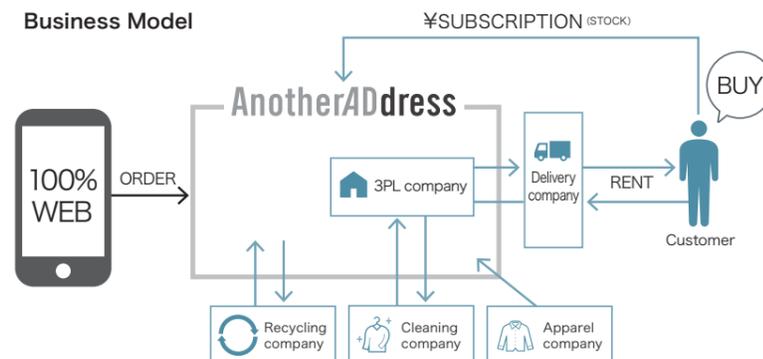
from here. We believe that fashion has the “power to make people happy and cheerful.” In Japan, however, since the bursting of the bubble economy, opportunities to feel this power seem to be decreasing. The Group has developed together with the fashion industry by introducing to its customers the fashion of the times. In this era

when the awareness of ownership and consumption is changing, we believe that the Group should work to reiterate the empowerment of creative clothing to more people.

At AnotherADdress, we take orders from our customers as the business owner and partner with a 3PL company, a delivery company, a cleaning company, and a recycling company that are promoting their own sustainable initiatives, and we are always looking for environmentally friendly ways to deliver clothing.

In addition, by making it a 100% online ordering and subscription-based stock business, we will also take on the challenge of diversifying our business model from traditional department stores’ dependence on physical stores and flow business.

### Business Model



## AnotherADdress

### Think GREEN - ECOFF, an initiative we work on with our customers

Daimaru Matsuzakaya Department Stores’ Think GREEN program proposes sustainable products and lifestyles. As part of this initiative, ECOFF is a sustainable initiative to collect unwanted clothing, shoes, bags, etc. from customers at each store and promote recycling and reuse to prevent disposal.



This initiative started in fiscal 2016 and has grown every year due to the growing environmental awareness and active participation of our customers, making it a pioneering sustainability event. In fiscal 2022, the amount collected was approximately 367 tons (the cumulative amount collected since fiscal 2016 was approximately 1,468 tons), and the number of participants reached a record high. In conjunction with ECOFF, we also open pop-up

shops and hold other events, focusing on environmentally friendly products. Through the activities of ECOFF, we have gained support from many of our customers for our environmental initiatives, which have led to a reduction in our environmental impact.

The entire Group will further pursue a circular economy that only we can realize, and we will work on the creation of economic value, in other words, CSV (Creating Shared Value) through the resolution of social issues.

### Scrap materials sublimated into art

J. Front Design & Construction, one of the Group companies involved in the interior design of hotels and offices, inevitably generates scrap materials in the manufacturing process of interior construction materials and other products at its factories. We are always thinking about whether there is really no use for such “scrap materials that have to be thrown away.”

As part of such trial-and-error activities, J. Front Design & Construction teamed up with Osaka University of Arts to implement a sustainable project. By making the most of the rich imagination and flexible design skills of the students of Osaka University of Arts, we have given new life to scrap materials that would otherwise be thrown away, creating new value that no one has ever seen before.

For the project, we decided not to set categories such as “objects” or “furniture” to call for entries, but to leave the work to the students’ free ideas. This is partly because we wanted to attract interest and entries from students of all faculties of Osaka University of Arts. The participants created their works happily and seriously with free ideas and concepts, facing the interesting irregularity of scrap materials, mainly scraps of wood, scraps of Reflex mirror, and unusable film. This was a perfect match between the Group’s commitment to sustainability and the students’ passion for craftsmanship.

The connection between the company and local university students overflowing with passion for creating works of art. This project for the future, which could only be created through collaboration because we shared the same thoughts in the same area, will continue in the future.

