

Three Values We Pursue

The Group Evolves into a New Era.

Looking ahead to 2030, we have been thinking about what we need to value in order for the Group to remain relevant to society. And we have come to the conclusion that the answer lies in the pursuit of three values, three synergies, and reuniting the Group as one.

Through these efforts, we will evolve into a Value Co-creation Retailer Group that continues to provide the three values by gaining overwhelming support from the consumers who prefer high-quality, uplifting consumption and experiences that satisfy their own preferences and values in Japan and overseas.

3 Values



Co-creation of Excitement

Japan has entered a society with a declining population. The maturation of society also means the end of mass production and mass consumption. Our lives have become richer as a result of the abundance of information and goods and their continuous updating. On the other hand, the diversification of values, tastes, and lifestyles has led to a marked segmentation of the market. One of the characteristics of this trend is the emergence of “*oshi* (the object that someone enthusiastically supports, such as idols, fictional characters, and athletes)” in various genres as a driving force for consumption. What is important is to create a system that allows us to connect more with our customers, share processes and experiences with them, and raise their emotional temperature, in other words, create excitement. We aim to be a company that creates and shares excitement with our customers and employees.



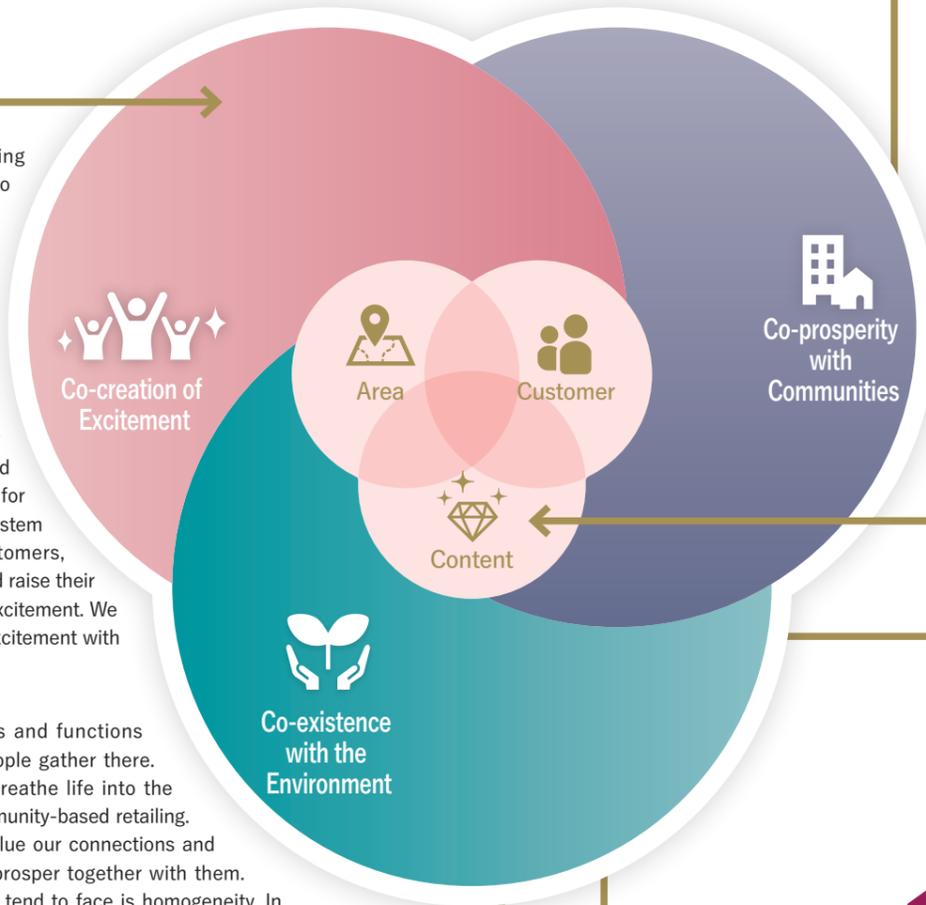
Co-prosperity with Communities

A community is an ecosystem. Businesses and functions expand in layers throughout the area, and people gather there. They influence and stimulate each other to breathe life into the community. Our core business is rooted in community-based retailing. It is the foundation of our business that we value our connections and networks with local communities and aim to prosper together with them. On the other hand, the challenge that retailers tend to face is homogeneity. In other words, locality may become one of the keywords to create strength in the future. We are particularly paying attention to the areas we have positioned as seven key cities. It is safe to say that there is nothing but potential there. We aim to be an indispensable company for the community.



Co-existence with the Environment

Abnormal weather occurs not only in Japan but all over the world almost every year. What was previously dismissed as “abnormal occurrences” is now becoming “everyday matters.” Given that retail is the core of our business, there may be only so much we can do in addressing environmental issues. But we are also unique in that we have connections with more customers and suppliers in our supply chain. There are likely many cases where we can take advantage of these connections to work on or work together. Climate change is an issue that all members of society must take seriously as “their own problem.” We aim to be a company that engages in businesses that are directly linked to environmental issues.



3 Synergies



Area

One of the Group's unique characteristics and strengths is its well-balanced network of department stores, Daimaru and Matsuzakaya, and shopping centers, PARCO, in major cities throughout Japan. In particular, in the seven key cities of Sapporo, Tokyo, Nagoya, Kyoto, Osaka, Kobe, and Fukuoka, in addition to operating our stores, we also own assets that can be developed around the stores. In the Medium-term Business Plan starting this fiscal year, we will first realize the Group synergies in the Sakae area of Nagoya, and having seven such areas with great potential and operating diverse retail businesses is our strength and a unique way to compete that our peers do not have.



Customer

Department stores Daimaru and Matsuzakaya excel at offering prime products and services, while PARCO is unique in its ability to reach younger customers through the discovery of new entertainment and culture. In the Shinsaibashi area, the two stores, each with a heterogeneous configuration, help stimulate customer circulation and create new value for the local area. In the future, in addition to deepening this good customer base, we will also strengthen our connections with new customers, such as overseas customers and the MZ generation. We aim to connect with our customers across our stores, operating companies, and areas, and to remain their lifelong partner of choice.



Content

We believe it is essential to implement a new business model in the retail business in order to achieve sustainable growth for the Group. The Group has the discerning and procurement capabilities cultivated by Daimaru, Matsuzakaya, and PARCO, as well as connections in each area and a network with suppliers and creators. We will fully integrate them as a group and promote the development and ownership of content. The Group itself will own content, including through M&A using its growth investment quota to realize “new growth businesses that are not restricted by the floor space of physical stores.”

As 1

In order to bring out the full potential of the Group, we will be aware of reuniting the Group as one and will actually work as one. In particular, in order to maximize synergies, it is extremely important to integrate the Group's human resources. We will also actively invest in human resources. Employees are our most important value co-creation partners. We will create a cycle in which employees with strong will use the company's resources to realize what they want to do, which will lead to the company's growth.

We will also work to standardize and unify the systems that form the foundation of the Group. One example of this is the integration of cards. We have decided to unify PARCO Card, GINZA SIX Card, and Hakata Daimaru Card, which had been issued by multiple issuers in each Group

company, to be issued by a single issuer JFR Card, and are proceeding with this step by step. The other is the integration of business systems throughout the Group. By standardizing the accounting system, payment system, groupware, and human resource system across the Group, we will promote collaboration between operating companies as well as invigorate internal and external communication.

Operating companies and individuals will be united as one by each leveraging diversity, honing personality, and sharing the same perspective while sometimes crossing boundaries. As one team with strong personalities, we will always face the ever-changing times and create and bring to life “new happiness” as an indispensable presence in society.