

Review of the Previous Medium-term Business Plan and the New Medium-term Business Plan

New Medium-term Business Plan (FY2024-FY2026)

Review of the Previous Medium-term Business Plan (FY2021-FY2023)

—Full recovery from the COVID-19 pandemic and building a foundation for renewed growth

- Although the impact of COVID-19 persisted longer than initially envisioned, working to steadily capture the recovery in demand in the latter half of the previous Medium-term Business Plan and beyond, we were able to recover our consolidated operating profit to pre-pandemic levels as a result of the strategies of the core Department Store and Shopping Center (“SC”) Businesses and management restructuring such as reducing fixed costs, and also broadly improve our financial position by reducing interest-bearing liabilities and other means.
- In order to achieve renewed growth by 2030, in addition to building a foundation for our core businesses, we formulated medium- to long-term plans and promoted business restructuring in our developer strategy, and from the perspective of business portfolio transformation, we made investments and established a fund to create new businesses and worked to improve management efficiency by assessing businesses.

Connection with the previous Medium-term Business Plan (FY2021-FY2023)

Major achievements and challenges of the previous Medium-term Business Plan	Connection with the new Medium-term Business Plan (FY2024-FY2026)
Real/Digital Strategy <ul style="list-style-type: none"> Department Stores worked to make its stores more attractive by emphasizing authenticity and achieved sales targets in luxury goods, watches, and art. The number of the users of app as a digital touch point significantly increased, which contributed to higher per-customer spend. SC has promoted floor layout restructuring efforts, which has led to greater operating profit than initially planned. Created new businesses such as AnotherADdress. 	<ul style="list-style-type: none"> Department Stores will continue to strengthen key categories. SC will promote floor layout reform of flagship stores. Continue to grow new businesses created in the previous Medium-term Business Plan and to take on new challenges. Develop and possess content that contributes to making retail business more attractive.
Prime Life Strategy <ul style="list-style-type: none"> Promoted expansion of services for gaisho customers and acquisition of new customers. Developed new partners and implemented initiatives to attract overseas affluent customers. Decided to consolidate card issuers within the Group. Shrinking cardholder base is a challenge. 	<ul style="list-style-type: none"> Attract quasi-gaisho and inbound customers as well as new gaisho customers by expanding customer awareness. Further strengthen online touch points. Expand customer base through the consolidation of card issuers.
Developer Strategy <ul style="list-style-type: none"> Established J. Front City Development Co., Ltd., an operating company to lead the strategy. Formulated and promoted medium- to long-term large-scale complex development projects, developed properties for various uses other than retail, and set up funds. 	<ul style="list-style-type: none"> Promote medium- to long-term large-scale complex development projects that have been formulated. Focus on initiatives in seven key cities.
Management restructuring <ul style="list-style-type: none"> Fixed cost reductions far exceeded target. Narrowed down business base by closing unprofitable stores and other means. 	<ul style="list-style-type: none"> Continue to identify challenging businesses and stores.

Management Direction Looking Ahead to 2030

We promote our corporate activities based on “sustainability management,” which addresses environmental and social issues and seeks solutions through our business activities, in order to realize the Group Vision of “Create and Bring to Life ‘New Happiness.’” Moreover, we recognize our strengths as being our excellent customer base and store real estate primarily in major cities across Japan, the connections and trust we have with our stakeholders, and the commercial production capabilities and discernment we have cultivated

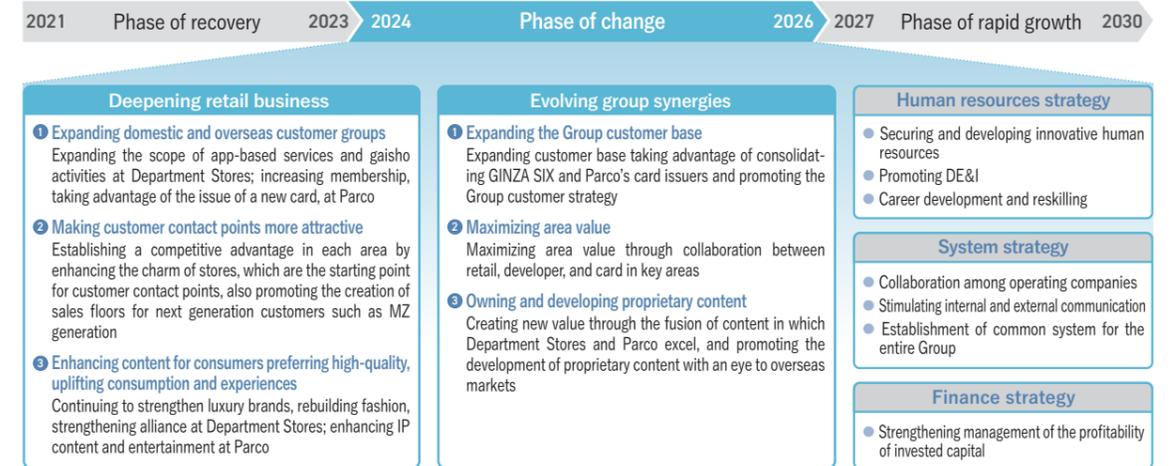
through the Department Stores, Parco, and others.

In defining our management direction for the coming years, we, after considering the aforementioned strengths that we possess, along with important changes in the business environment, have drawn up a Vision for 2030. We intend to evolve into a Value Co-creation Retailer Group that constantly provides three values centered on the retail business: Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment.

Changes in the business environment affecting us		
Consumption	Market	Society
<ul style="list-style-type: none"> Generational change in the primary purchasing group, and progress of globalization (inbound demand, etc.) Increasing desire for emotionally satisfying “connections of empathy, support, and trust” Further increase in awareness of “circulation” from the production/consumption cycle 	<ul style="list-style-type: none"> Declining population and widening income gap in Japan Progressing renewal and consolidation of urban functions and urban development Decline in the number of key players in local economies, and growing interest in unique local traditions and culture 	<ul style="list-style-type: none"> Worsening environmental problems such as climate change and emerging geopolitical risks Weakening ties with people and local communities and rise of digital communities Worsening labor shortage and more importance placed on self-fulfillment and contribution to society when choosing a job

Positioning and Overall Structure of the New Medium-term Business Plan (FY2024-FY2026)

This Medium-term Business Plan is positioned as a “phase of change” to realize our vision for 2030 and to ensure medium- to long-term growth, and while striving to generate profits mainly in our mainstay retail business (the Department Store and SC Businesses), we will expand upfront investments and growth strategy investments to realize group synergies.



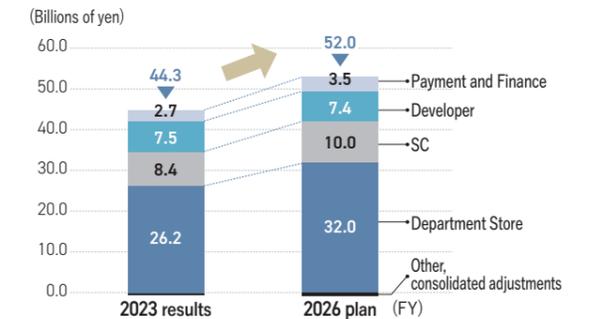
Key performance indicator targets

Key performance indicator	FY2026 target	Change vs. FY2023
Business profit	¥52.0 billion	+17.3%
ROE	8.0% or more	+0.0 pts or more
ROIC	5.0% or more	+0.0 pts or more
Interest-bearing liabilities ¹	¥285.0 billion	+¥71.1 billion
GHG emissions ²	-58%	-3 pts
Ratio of women in management positions	31.0%	+8.5 pts

¹ Interest-bearing liabilities exclude lease liabilities.
² Percentage reduction compared to FY2017 for Scope 1 and 2

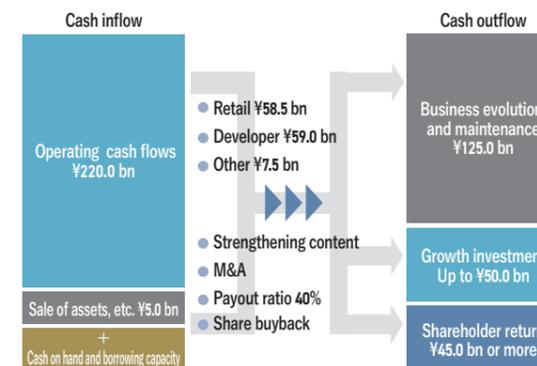
Increase ROE to 10% or more in the long term

Business profit by segment



Cash allocation

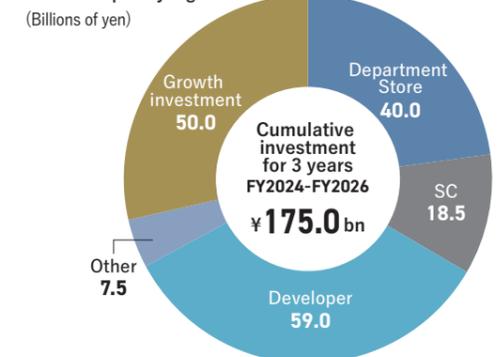
In addition to the retail business, this Medium-term Business Plan focuses on upfront investments in the Developer Business to realize group synergies, as well as growth strategy investments.



* Cumulative total for three years of the Medium-term Business Plan period (FY2024-FY2026)

In addition, we will work to optimize the level of shareholders’ equity and strengthen shareholder returns through a consolidated dividend payout ratio of 40% or more and share buybacks.

Investment plan by segment



Achieving profitable growth

We will promote ROE management on a consolidated basis and ROIC management on an individual business segment basis. While expanding growth investment that

targets 2030, we will achieve profitable growth by establishing strict management over investment based on growth and profitability.

Segment	FY2026 ROIC target	WACC
Department Store	10.5%	4-5%
SC	4.0%	3-4%
Developer	4.3%	3-4%
Payment and Finance	3.4%	2-3%
New	-	8-10%
Consolidated ROIC	5.0% or more	4.0-4.5%
FY2026 ROE target		Cost of shareholders' equity
Consolidated ROE	8.0% or more	7.0-7.5%

ROIC > WACC (Currently recognized as 4.0-4.5%)
 ROE > Cost of shareholders' equity (Currently recognized as 7.0-7.5%)

Overview of the Medium-term Business Plan

Deepening retail business

(1) Expanding domestic and overseas customer groups

- In the Department Store Business, we will work to expand the customer base, which includes such initiatives as expanding the scope of app-based services targeting loyal customers, and broadening gaisho activities. We will also promote gaisho collaboration with PARCO stores and others in the Group.
- In the SC Business, we will work with JFR Card to acquire app users and cardholders, taking advantage of the issuance of a new card.
- In both the Department Store Business and the SC Business, we will work to strengthen relations with overseas customers through not only initiatives to send inbound tourists to our stores and strengthen communication to customers, but also partnerships with overseas companies mainly in Asia concerning customer referral and mutually beneficial use of store facilities.

(2) Making customer contact points more attractive

- In the Department Store Business, we will enhance the charm of stores, which are the starting points of customer contact points, and establish competitive advantages in each area. Focusing on flagship stores, including the Matsuzakaya Nagoya store, we will not only continue to strengthen our key categories but also work on creating sales floors that appeal to the next generation of customers, such as the MZ generation, and adapt to market changes. In addition, we will strive to improve the space value, for example, by providing high-quality and comfortable store environments and environmentally friendly designs.
- To expand customer contact points using digital technology, we will work on enhancing customer communication through initiatives to renew both the department store app and the dedicated website for loyal customers.

- In the SC Business, in order to enhance Parco's unique brand value and the value of visiting its stores, we will carry out strategic renovations aimed at gaining greater popularity among the MZ generation and overseas customers, focusing on four key stores. This will include the first major renovations at Shibuya PARCO and Shinsaibashi PARCO, as well as efforts in Nagoya PARCO such as the largest assortment of entertainment and pop culture in the area and the introduction of next-generation fashion.
- We will work to make customer contact points more attractive by enhancing communication to customers through company-wide use of customer data obtained at PARCO stores and online, and introducing new services for members.

(3) Enhancing content for consumers preferring high-quality, uplifting consumption and experiences

- In the Department Store Business, in addition to continuously strengthening luxury brands and watches, which enjoy a high level of popularity among both domestic and overseas customers, we will propose new lifestyles that respond to market changes, focusing on such areas as fashion, beauty, and health.
- Furthermore, we will work on expanding new products and services through collaboration with external companies with the aim of strengthening our efforts to attract the affluent market.
- In the SC Business, through store renovations, we will develop Japan pop culture zones and introduce brands in collaboration with the Department Stores. In addition, we will enhance entertainment including theater, music, and movies, in which Parco excels, and digital events like esports.

Evolving group synergies

(1) Expanding the Group customer base

- During the period of this Medium-term Business Plan, along with expanding the membership of and linking with app, we will consolidate the issuance of proprietary cards of the Group companies, such as GINZA SIX and Parco. Also, in order to leverage the establishment of a group-wide payment infrastructure as an opportunity, we will work on expanding the Group customer base and enhancing the lifetime value (LTV) of customers.
- We will advance customer referral beyond the boundaries of businesses and stores. Aside from that, we will plan and promote a group customer strategy focused on the key areas through analysis and utilization of customer databases, among other methods.

(2) Maximizing area value

- In this Medium-term Business Plan, among the seven key areas, we will focus intensively on creating synergy in the "Sakae area in Nagoya."
- Through the opening of a commercial complex by the Developer Business (scheduled for 2026) and the expansion of external merchants of JFR Card in addition to significant renovations at the Matsuzakaya Nagoya store and Nagoya PARCO, we will promote ways for the Group's facilities to mutually encourage customers to visit other facilities in the Group and also promote the circulation of customer foot traffic throughout the area. Through these efforts, we aim to contribute to attracting new crowd to the area and enhancing its charm to maximize the value of the area.
- In addition to the opening of commercial complexes in the "Sakae area in Nagoya" and the "Shinsaibashi area in Osaka" (scheduled for 2026), we will strengthen investments in the Developer Business to promote development projects in the "Tenjin area in Fukuoka." Meanwhile, we will work on improving profitability by using underperforming assets, selling or replacing assets, and other such means.
- We plan to consolidate and reorganize the existing construction and interior design business and building management business, to steer business expansion mainly toward the creation of high-quality space value, the improvement of service quality such as in maintenance and management of facilities, and the securing and training of specialized personnel in facilities inside and outside the Group mainly in the key areas.

(3) Owning and developing proprietary content

- To achieve new growth in the retail business, we will work to collectively harness the discernment, purchasing power, networks, and other organizational competencies possessed by the Department Stores, Parco, and other Group companies to further advance efforts to develop and own proprietary content and services, etc. and also develop new businesses through collaboration with other companies, targeting such business development not only for domestic operations but also for the overseas and digital realms.
- Leveraging the strength of having a business base in major cities nationwide, we will work on discovering and nurturing unique local products and services, including food culture, that are characteristic of each area.
- In addition to attracting new content and tenants that are ahead of the times, we will consider the development, ownership, etc. of content such as games centered around subcultures.
- Alongside efforts to strengthen the subscription business, we will promote the development of new businesses that

promotes the circulation of consumption, among others, through collaboration with other companies.

- To accelerate these initiatives, we will proceed more strongly with growth strategy investments through M&A, alliances with other companies, and our business succession and CVC funds.

Strengthening the Group management foundation

(1) Human resources strategy

- We will promote a human resources strategy integrated with the management strategy. Such a strategy will include strengthening the recruitment and development of highly specialized personnel, planned nurturing of next generation talents, and promoting women's empowerment.
- We will invigorate the exchange of personnel within the Group, with the aim of achieving a fusion of "knowledge" possessed by employees and expanding opportunities to play an active role, thereby fostering a culture of challenge.
- We will create an environment and establish systems where every employee can take on challenges, drawing out employees' ideas, motivations, and abilities, and work towards realizing a human resource development company that aims for the sustainable growth of people and organizations.

(2) Finance strategy

- To improve medium- to long-term capital profitability, we will thoroughly manage investments based on growth and profitability, and enhance ROIC management, mainly by entrenching its practice throughout the Group with the cooperation of the operating companies.
- Taking into account trends in capital markets, we will strengthen our financial position by generating free cash flow, securing long-term stable funds, and controlling interest-bearing liabilities.

(3) System strategy

- We will build a common system for the entire Group together with groupware to encourage collaboration between the operating companies, and enhance internal and external communication.
- By making the common accounting system for the entire Group fully operational, we aim to enhance management control and streamline operations. Additionally, we will promote IT governance, by strengthening our response to information security and business continuity, as well as by making system investments and advancing asset management.