

Payment and Finance Business

Promote Consolidation of Cards to Promote the Group Customer Strategy

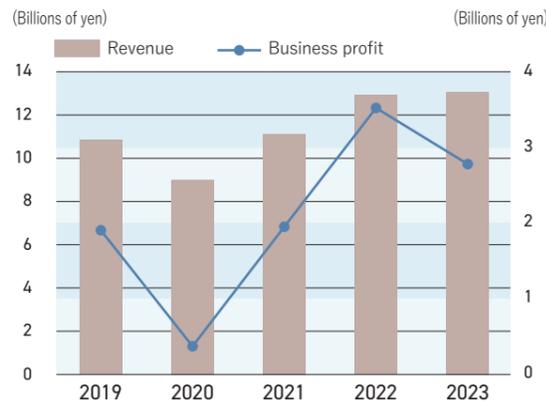


Upfront investment phase for card consolidation

In the Payment and Finance Business, under the previous Medium-term Business Plan, we completely renewed the Daimaru Matsuzakaya Card in January 2021 and introduced a unique point program to improve customer convenience while also working to improve our revenue structure, including annual membership fees. We have also decided to consolidate the card issuance operations of PARCO, GINZA SIX, and Hakata Daimaru, which are commercial facilities within the Group but had different issuers due to historical reasons, into the Group, and have them issued by JFR Card in turn.

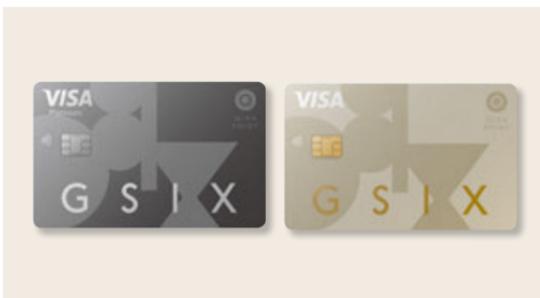
Therefore, the first half of the current Medium-term Business Plan will be an upfront investment phase for card consolidation, but we expect to see an increase in profits in the final year. Through these efforts, we will advance the Group customer strategy and strengthen the profitability of the Payment and Finance Business.

JFR Card earnings trends



Issued new GINZA SIX Card in April this year

As the first step in consolidating cards within the Group, a new GINZA SIX Card was issued in April 2024. With "The same GINZA, but farther ahead" as the value provided, in addition to existing services, the card offers new types of points that can be earned at GINZA SIX, as well as benefits and services that will change experiences in the Ginza area. Through the issuance of the GINZA SIX Card, we will also work to provide customers with valuable experiences and create services and systems that will enhance the appeal of the Ginza area over the medium to long term.

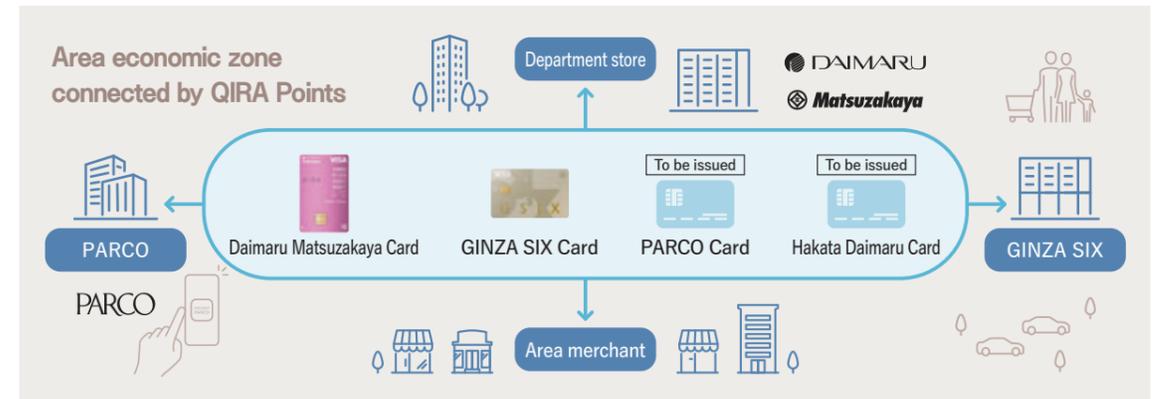


Establishment of area economic zone

JFR Card has signed license agreements with VISA and Mastercard, and is working to acquire merchants in the seven key areas on which we focus in the Medium-Term Business Plan. Using our unique point program, QIRA Points, we will encourage mutual customer referrals between the Group's facilities and customer circulation within the area.

For example, in the development of the Sakae area, Nagoya,

which is prioritized in the Group's Medium-term Business Plan, we aim to establish an area economic zone where customers can shop around the department store, PARCO, and The Landmark Nagoya Sakae, which will be newly opened in summer 2026, and buy products and use services at area merchants around them, which will allow customers to earn QIRA Points and save money, and also benefit the merchants.



Improve customer experience value

JFR Card offers "special experiences" as one of the QIRA Point redemption options, while promoting point redemption in the Group.

In 2024, we held events such as renting out the Kyoto City KYOCERA Museum of Art for an evening to view the exhibition "Takashi Murakami Mononoke Kyoto," playing a round of golf with professional golfers in a professional-amateur tournament, and viewing the Yamahoko float procession at the Gion Festival, one of Japan's three major festivals, from the FUKUJUEN Kyoto Flagship Store.

In the future, we will utilize the Group's assets to provide special experience opportunities where customers can "encounter 'new excitement' they have never seen before" using QIRA Points, thereby communicating the appeal of the area, maximizing the value of the area, and improving the value of the customer experience.



Toward a medium- to long-term growth stage

We believe that "rebuilding and strengthening the business foundation" is essential for further business growth in the Payment and Finance Business. Under the current Medium-term Business Plan, we will focus on "increasing the number of cardholders" through card consolidation and product enhancement, and "promoting card usage" by increasing the number of merchants around the Group stores.

In particular, we believe that the card consolidation will lead to diversification in the age composition and financial needs of cardholders as younger customers who use PARCO become cardholders, and we aim to grow our business by "expanding our financial domain" to meet customer needs over the medium to long term. In addition, by positioning the cards as the Group's payment infrastructure and aligning them with the "area value improvement" and "the Group customer strategy"

in the Group's Medium-term Business Plan, we will further accelerate the expansion of the number of cardholders and the promotion of card usage.

Through the above efforts, we aim to achieve business profit of 3.5 billion yen in fiscal 2026 and strive for further profit growth toward 2030.

