

[Translation]

To the press

October 27, 2022
J. Front Retailing Co., Ltd.

Full-Scale Entry into Esports Business by Acquiring Shares of XENOZ Co., Ltd.

J. Front Retailing Co., Ltd. (the “Company”) hereby announces that the Company has acquired 50.8% of the shares of XENOZ Co., Ltd. (“XENOZ”), which owns the esports team “SCARZ.” By making XENOZ a subsidiary of the Company, the J. Front Retailing Group (the “Group”) will make a full-scale entry into the esports business, which is expected to grow in the future and create synergies with existing businesses, such as Parco and the Department Store, to create new value.



SCARZ's esports players playing at the game venue

1. Reason for share acquisition

The Group is considering expanding its business domain to provide new value in line with the Group Vision of “Create and Bring to Life ‘New Happiness.’” As social changes accelerate, we believe it is an important mission to discover the seeds of the next generation and provide new experiences and excitement, and have recently identified esports, which is gaining momentum mainly among the younger generation, as a category to watch.

XENOZ not only has a long-established professional team “SCARZ” that has achieved many good results in major esports tournaments, but also has been leading the esports industry since its inception by planning and managing tournaments and events on its own.

Through this acquisition, the Group aims to grow and develop esports together with XENOZ, and in

order to create new experiential value that touches the heartstrings of customers, the Group will promote collaboration with XENZO and the Group companies, including Parco and the Department Store, to enhance corporate value. We will work to enhance corporate value.

2. Purpose of entering the esports business

- (1) Pillar of the future entertainment business that tugs at the heartstrings of customers
 - Esports is a market that is expected to continue to grow at a high rate in the future, and by entering the market in its infancy, we will solidify recognition as a pioneer and develop it as a future pillar of our entertainment business.
 - Esports is a competition where both players and viewers are enthusiastic. Having a team also creates a bond with “enthusiastic fans.” We will propose new value propositions, such as transmitting the heat generated by heated competitions and interaction between players and fans in both real and digital media.
- (2) Acquisition of a customer base that will support our future
 - Attracting the next generation of customers is a top priority for Parco and the Department Stores. Esports is of great interest to the younger generation, especially Generation Z and those in their teens to 30s, and we believe that entering the esports market will make it easier to approach the next generation of customers and lead to increased awareness and branding.
- (3) Powerful future content in promoting the Real x Digital Strategy
 - The Group has been working on the Real x Digital Strategy in its Medium-term Business Plan. Esports has a high affinity with businesses that utilize digital technology (metaverse, NFT, etc.), and by acquiring the content of esports teams, we expect to develop various businesses. By acquiring the content of esports teams, we expect to develop a variety of businesses. We believe that our entry into esports will accelerate the execution of our strategy by expanding our business to the digital side while ensuring that we can realize the real-world benefits of attracting customers by holding events at the Group's facilities.

3. Overview of XENZO Co., Ltd.

(1) Name	XENZO Co., Ltd.
(2) Location	701 Jugobankan Building, 15-5 Ekimae Honcho, Kawasaki-ku, Kawasaki, Kanagawa
(3) Title and name of representative	TOMORI Yoichi, Representative Director
(4) Businesses	Management of esports team (SCARZ) and events
(5) Capital	¥10.500 million
(6) Established	April 25, 2016



Rainbow Six Japan League 2022 (RJL)
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Fan meeting in esports event SoulZ

■About esports team “SCARZ”

SCARZ is a well-established professional esports team founded in 2012 and based in Kawasaki, Kanagawa. SCARZ has teams in many popular game titles such as ApexLegends and VALORANT, and has achieved many good results in major tournaments.

Under the slogan “From Kawasaki to the World,” our members are working together to build a strong team that can compete not only domestically but also internationally. In addition to participating in esports tournaments, the team is also expanding its activities by hosting SoulZ (<https://soulz.jp/>), an event that combines music and esports.



Team slogan “Keep it Real”

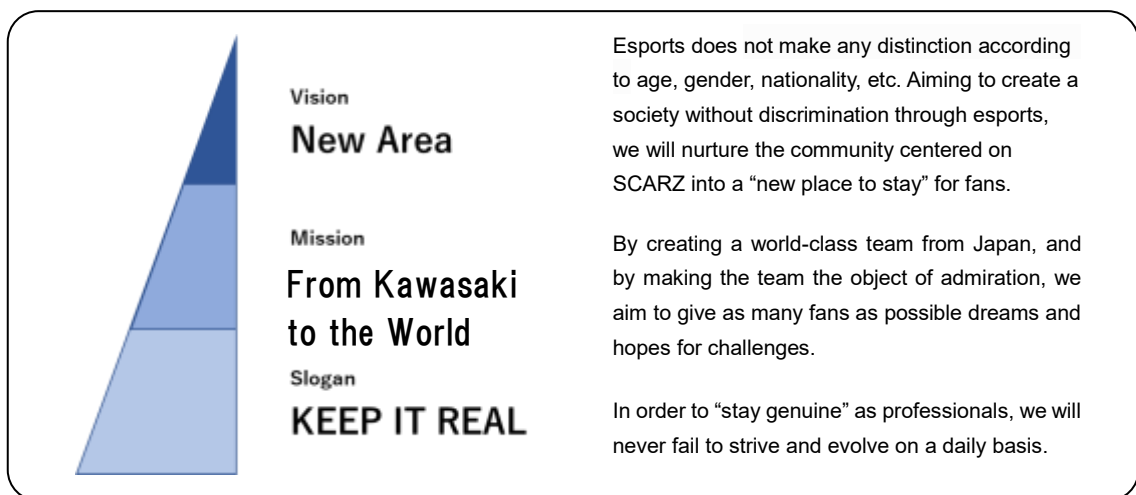


SCARZ 10th anniversary event



Identity V Division that won the championship

<SCARZ Vision>



4. Other

- Overview of share acquisition

The Company will acquire 12 preferred shares together with 50 new shares to be issued by third-party allotment.

The preferred shares will be converted into 12 common shares after the acquisition.

The number of shares held by the Company after the transfer will be 62 shares (ownership ratio of voting rights: 50.8%).

- Schedule

Date of conclusion of contract: October 26, 2022

Date of execution of share transfer: November 30, 2022 (scheduled)

End

Contact

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