



Expansion of Business Domain

We Will Use Strong Resources and Go Beyond the Framework of “Retail.”

The Group has customer assets of more than nine million people

The Group has good customer assets of approximately nine million people mainly in the Department Store Business and the Parco Business. However, the Group has provided value mainly through retailing activities, that is, sale of products in the past. In order to make the most of these customer assets, the Group will expand its business domain into the service field in addition to the retail field.

To be concrete, with the aim of realizing “convenient and more comfortable services that relieve daily concerns and frustrations” in line with the idea of the Vision, we will consider the “expansion of existing businesses” in which we already have resources and the “development of new businesses” including the provision of new services.

Expansion of existing businesses

As for the expansion of existing businesses, positioning the “Credit and Finance Business,” the “staffing service business” and the “design and construction business” as highly efficient businesses that are promising as markets, we will allocate our management resources heavily to them.

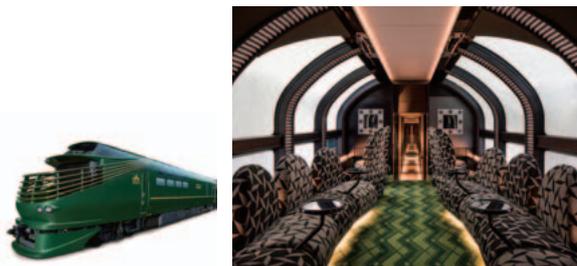
JFR Card has 1.57 million accounts of credit card holders and obtain stable earnings mainly from merchant fees, installment sale interest and annual membership fees. In the meantime, as payment functions are increasingly diversified, we see growth potential in the finance business field. Therefore, we reorganized the former Credit Business segment as the Credit and Finance Business in fiscal year 2017. We will respond to payment methods, which are changing due to evolution of new technologies, review the scheme of credit card operations and drastically increase the number of accounts to expand the business.

The staffing service business Dimples¹ has a pool of human resources using the advantages fostered in the Department Store Business such as sales service and hospitality and provides appropriate manpower in a timely manner to meet clients’ needs. The company boasts the top sales in Japan as a customer service and sales staffing company. It



has a network in major cities throughout Japan from Hokkaido to Kyushu. We will strategically exploit the Tokyo market, which has especially high needs for human resource supply, and expand the business field into information and concierge services using hospitality.

J. Front Design & Construction as the design and construction business is widely engaged in the renovation works of the Group’s department stores and the interior works of various commercial facilities, hotels, rail vehicles and vessels and strong in high quality markets. It also has distinctive production technologies such as the production of “Refex,” lightweight, unbreakable and safe film mirrors. Using these advantages, the company will consider expanding the scope of its business by extending its value chain to the upstream or the downstream and better respond to growing renovation market.



JR West Japan Railway Company Twilight Express Mizukaze

Entry into new business fields

In considering expanding into new business fields, we will make the most of our hard and soft management resources and develop businesses beyond the framework of retailing in an effort to resolve the challenges facing individual customers, including families with small children, double-income families and seniors, and meet their needs.

First, we are considering entering into the “childcare business” and the “education business.” It is said that it is essential for women to play an active role for future economic growth. As required by society in order to realize that, the number of double-income families is expected to increase further and we predict that needs for the facilities that provide long hours of childcare will increase. By providing more convenient and more comfortable early childhood education services that resolve these daily concerns and frustrations, we would like to support the living of families with small children.