Spearhead the Group's **Innovative Movement**

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Parco's DNA is "innovation"

When we opened Shibuya PARCO, we invited Nintendo TOKYO as a physical shop. It is the first shop directly managed by Nintendo in Japan. This was realized because our staff enthusiastically communicated to Nintendo the meaning of opening this shop. Parco's ideas obtained deep support, which led to product development in collaboration with tenants in Shibuya PARCO.

Also with regard to a collaboration event held in Shibuya PARCO in



built upon a series of innovations because the thoughts of the employees who have Parco's DNA are consistent. I would like them to win the hearts of our business partners using Parco's DNA while they work for Parco. I would like to work with all at Parco to pursue the results that create genuine articles with stories.

Digital technologies to keep the real world alive

Parco holds a digital art contest NEW VIEW as one of the uses of digital

technologies. People who won excellence prizes there have grown so that their works are sold at amazingly high prices. I think Parco's uniqueness in digital terms is in focusing on the incubation of artists and creators. In Shibuya PARCO, which is our image core, a cross-border order for the only product of its kind available only there is becoming commonplace. The use of digital technologies not to activate EC but to deliver products to people who should experience them here and now or crave for them is progressing.

A bigger point than that is that our primary focus in our digital strategy is to create factors to inevitably entice customers to visit physical stores. For example, we are creating a new business scheme that pop-up boutiques of luxury brands operate using digital technologies while we affiliate with them through EC sales. We are also working to make Shibuya PARCO a so-called "sacred place" as a location business.

I think the Real×Digital Strategy to be addressed by the J. Front Retailing Group is how we will use physical stores from the perspective of going beyond time and space rather than how we will promote EC business.

Furthermore, more and more people will enjoy being served. I think not a few people realized how much fulfilling talking with others, wavering, and selecting a product are. They must have thought anew that they wanted to buy from that person or that they wanted to talk with that person. Going forward, couple consumption will emerge. I call it "human consumption." I think digital technologies to activate "human consumption" are most integral to the Real×Digital Strategy.

To become a unique developer

In September 2020, we took over the real estate business from Daimaru Matsuzakaya Department Stores and we have worked with the members from the Department Store to give a concrete shape to the Shinsaibashi project (tentative name) and the

Nagoya Nishiki 3-chome District 25 project (tentative name). For both, leasing is going well. And the exterior design of the buildings, the establishment of good relationships with respective local communities, and negotiations with the government are progressing at an accelerated pace. The J. Front Retailing Group has mainly operated department stores and shopping centers. I am excited about what commercial facilities will be created inspired by the combination of the specialty shop business and the department store business. We anticipate complexes will dominate in the future and I would like to strongly demonstrate that we will be able to apply the sense and design of the operator of commercial buildings to the entire complex building.

We also entered a residence business. I think we will be able to create something a little different from the past. For example, for the project in Nagoya, Parco's design team oversees the common space of the residence. Co-working space and a lounge will also be created. Parco's employees who live away from home or live in condominiums think co-working space will be useful when they are with their families in this era because they can work away from their families in the same building. We suggested this idea to our business partners and they accepted it.

At present our development projects are smooth sailing and our ideas are increasingly expanding. As a developer, the Group can do something other companies cannot do. The time is coming to specifically demonstrate it. So I do hope you will look forward to it.

Value creation leading to Well-Being Life

Though our story has changed a little due to prolonged COVID-19, my current awareness is that Parco's achievement of the medium-term plan is coming in sight unless the status of COVID-19 gets worse.

Parco's role in following the Group



Vision "Create and Bring to Life 'New Happiness'" is to spearhead the Group, to give rise to movements including trials, which lead to it, and to become a source of new culture so that the next generation will enjoy and feel enriched by creating new culture. I think it is an important factor that leads to the Group's sustainability management.

Parco exudes an image of entertainment as well as shopping center. Their common point is production capabilities. Parco's strength is incubation. In the entertainment business, we grow minor artists to major ones, and in the shopping center business, we corporatize individuals and support them until they become major companies. Such incubation is Parco's strength. As we can provide stages in which employees pursue job satisfaction, we will create a team to develop them so that they can implement their own innovative value creation there.

As Parco has valued staying close to art, rare works can be distributed to the Department Store through Parco. We would like to newly deal in NFTs in addition to conventional works. They are not special for the Generation Z. Therefore, I would like to learn from our young employees to do this.

It can be said that the current phase provides a great opportunity for Parco. Parco is expected to provide not the conveniences of life but something that "enriches people's lives." In the current era, I think spiritual richness, that is to say, Well-Being Life is the greatest happiness. I believe Parco's creation of culture and incubation of various people through entertainment will lead to Well-Being.