

# A Phase of Change, Creating Value beyond It.

Positioning the period covered by the current Medium-term Business Plan, from fiscal year 2024 through fiscal year 2026, as a “phase of change” aimed at realizing its future vision for 2030: a “Value Co-creation Retailer Group,” the Group is boldly working on “deepening the retail business,” “evolving Group synergies,” and exploratory initiatives for the future.



## MESSAGE

### TANAKA Tomoaki

Managing Executive Officer, Senior Executive General Manager, Management Strategy Unit, Senior General Manager, Fukuoka Tenjin Area Development Promotion Division, and Risk Management Manager, J. Front Retailing Co., Ltd. Director, Daimaru Matsuzakaya Department Stores Co. Ltd. Director, Parco Co., Ltd.

### The current state of “change”

Looking back on fiscal year 2025, in the Department Store Business, we achieved some success with initiatives aimed at improving the lifetime value (LTV) of domestic customers and attracting the next generation of customers. In addition, regarding the operation of the EXPO 2025 (Osaka Kansai Expo) official store, we worked from the ground up on store layout, product development, and procurement, and have seen very positive results. In the SC Business, strategic renovations centered on Shibuya PARCO have helped expand its fan base, while in the Payment and Finance Business, we were able to consolidate the Group's card issuance operations within the company.

While we are making steady progress on the initiatives outlined in the current Medium-term Business Plan, it is undeniable that the pace of execution is slow when it comes to advancing our strategic theme of evolving Group synergies, particularly with regard to expanding our customer base. Our challenge for fiscal year 2026 is to drive this transformation forward at the pace we envision.

I served as an Executive Officer at Daimaru Matsuzakaya Department Stores and assumed my current position in March 2026. Hashimoto, Executive Officer, with whom I am currently working, previously served as President of JFR Card, and Tokuda, Executive Officer, has extensive external experience. The three of us are now driving transformation at the Company by sharing our respective insights and expertise.

### Potential for improving LTV

The foundation of the Group's growth lies with our end users, or our “customers.” Much of the assets we hold consist

of real estate, where we conduct our commercial operations. By deepening our understanding of customers and identifying the kind of world they envision, specifically, high-quality and emotionally enriching products, services, and experiences, we not only increase revenue at individual stores, but also provide content that enhances the appeal of the entire area, rather than just the stores themselves. As such, the Group's area strategy offers room to grow profitability.

For content that drives corporate growth, we focus on three key themes: emotion, community, and the environment. I recognize that the Group's role as a retailer is to curate initiatives rooted in local products, traditions, and co-existence with the environment, transform them into new value, and offer them to the world. This differs in scale from conventional private-label products or event-based content.

### Becoming the player needed in the area

The next Medium-term Business Plan marks a stage in which we will demonstrate the results of our past efforts and take them to a higher level. It all depends on how much new value we can demonstrate in the “seven key cities” identified by the Group.

To that end, we will first ensure the success of “HAERA,” which opened in June 2026, as a prominent commercial facility in the Sakae area in Nagoya. We will then work to regain recognition from the local community as a corporate group capable of developing unique commercial facilities. That will be our milestone for fiscal year 2026 and our starting point for fiscal year 2027 and beyond. With an eye toward future developments, we will work together both within the Group and alongside our business partners to achieve this.

## Key Strategy 01

## Deepening the Retail Business

For “deepening the retail business,” one of our key strategies, we are working to “expand our domestic and overseas customer bases,” “enhance the appeal of our customer touchpoints,” and “enhance our content offerings for premium and inspiring consumer segment.” In particular, we are prioritizing the expansion of our overseas customer base, strengthening our response to the domestic high-net-worth market, and expanding our content offerings for premium and inspiring consumer segment.

### Expanding overseas customer base

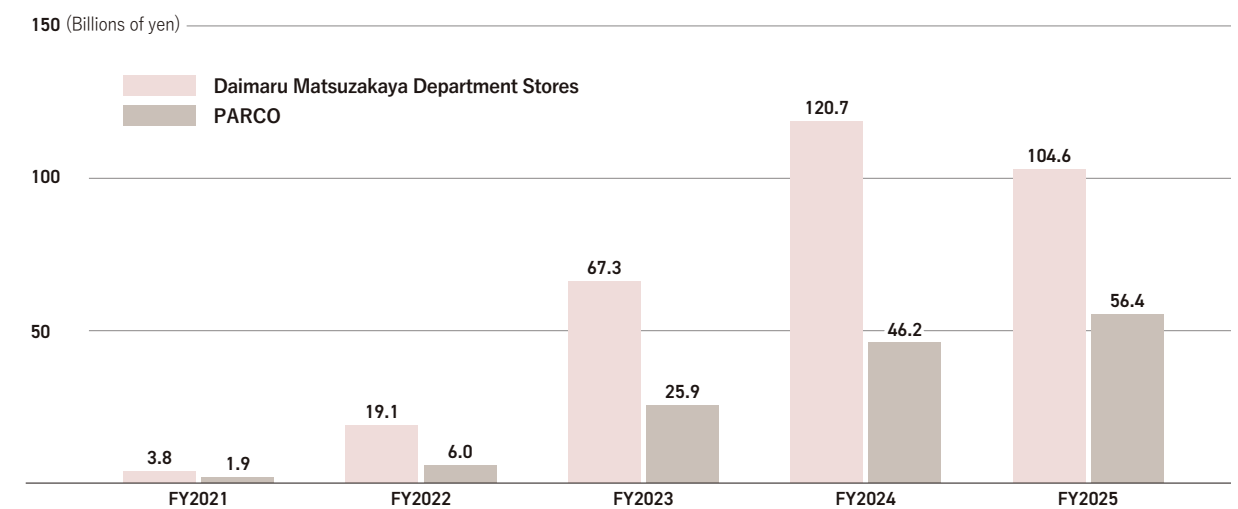
Daimaru Matsuzakaya Department Stores, which operates the Department Store Business, is working to strengthen its communication with and sales proposals for international customers, primarily tourists visiting Japan from Asia. Specifically, starting at the end of fiscal year 2024, we launched an initiative at our tax refund counters to encourage high-net-worth individuals from overseas to sign up for membership. We use appropriate communication tools, such as social media and email, to provide information tailored to their needs, thereby encouraging repeat visits and purchases. As of the end of February 2026, the number of members registered at the tax refund counters reached 2,000. Together with the approximately 160,000 Daimaru Matsuzakaya app members living abroad (as of the end of February 2026)\*, our base of overseas customers whom “we know personally” is steadily expanding.

The SC Business is further strengthening its offerings of experiential value, such as pop culture. For example, at Shibuya PARCO, the first major renovation since 2019, which introduced world-first and Japan-first shops featuring major IP content as well as luxury brands, led to growth in transaction volume from inbound tourists. At Shinsaibashi PARCO, aided by the impact of the Osaka Kansai Expo, the floor dedicated to IP content was bustling, resulting in total transaction volume from inbound tourists reaching a record high.

In addition, Daimaru Matsuzakaya Department Stores entered into a business partnership agreement with Central Pattana Public Company Limited, a subsidiary of Central Group in Thailand, in November 2023, and since then, the two companies have been implementing a mutual customer referral program that offers special benefits to each other's VIP customers.

\*Customer identification counts include customers registered with multiple tools.

### Trends in sales to (transaction volume from) inbound tourists at Daimaru Matsuzakaya Department Stores and PARCO





### Strengthening the approach to the domestic high-net-worth market

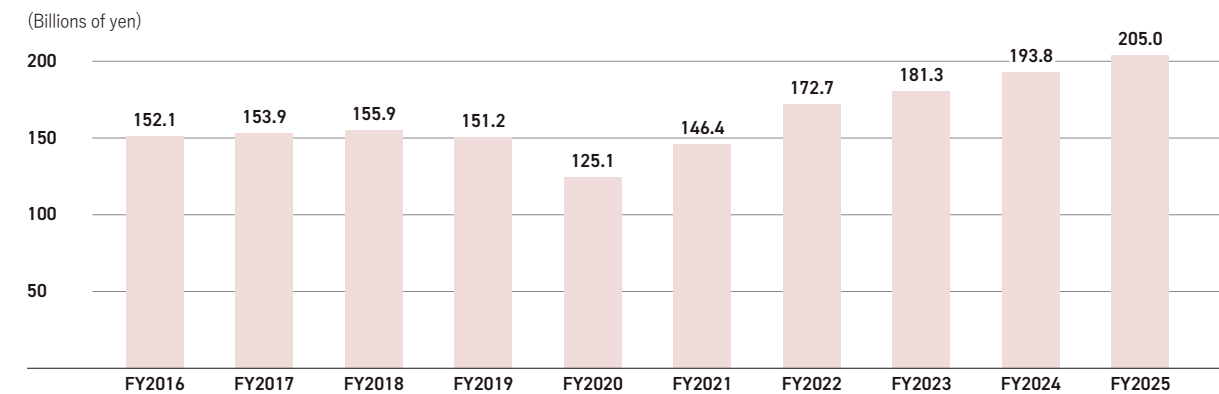
“Gaisho” is a sales approach unique to Japanese department stores, in which products are presented and sold to loyal customers, typically affluent individuals, who are the main clientele of department stores, at locations such as the store or the customer’s home. Daimaru Matsuzakaya Department Stores has approximately 300,000\* gaisho customers, and while their spending accounts for about 25% of the company’s total sales, it continues to grow year by year. As part of our efforts to better serve this robust high-net-worth market, we are working to enhance the appeal of our stores, which serve as the starting point of customer touchpoints, and expand our gaisho activities to broader regions.

For example, at the Matsuzakaya Nagoya store in the Department Store Business, we carried out a major renovation aimed at deepening relationships with existing customers and attracting the next generation of customers, completing the renovation of its main building at the end of August 2025 and that of its north wing at the end of February 2026. As a result of this large-scale renovation, which covers approximately 30% of the total floor area, the retail space dedicated to luxury brands has increased 1.4 times and the space for art has expanded approximately 2.5 times compared to before the renovation, while the women’s apparel space has been reduced by 60%. We also worked to create a high-quality, comfortable store environment and enhance the value of the space. In addition, part of the store’s south wing will be renovated and operated by Parco. Construction on the relevant floors has been underway in phases since February 2026, and it is scheduled to open as a new commercial facility in the spring of 2027.

With regard to expanding our gaisho activities to broader regions, we are focusing on efforts such as strengthening customer acquisition efforts targeting residents in areas where department stores and luxury brands have withdrawn.

\* The number of gaisho customers is based on the number of dedicated cards issued.

### Daimaru Matsuzakaya Department Stores gaisho sales



### Enhancing content offerings for premium and inspiring consumer segment

The Group is committed to proposing new lifestyles to all consumers who seek high-quality and emotionally enriching consumption and experiences that satisfy their personal preferences and values, that is, the premium and inspiring consumer segment.”

In the SC Business, we are currently promoting renovations at each PARCO store that involve a fundamental review of floor layouts and other aspects in response to changes in the market. In fiscal year 2025, through strategic renovations centered on core stores in Shibuya, Hiroshima, Nagoya, Sendai, and other locations, we expanded our offerings in areas particularly popular with domestic and international customers, such as Japan Mode, character-themed zones, anime and other IP content, and restaurants. For instance, Shibuya PARCO underwent a major renovation from spring to fall in 2025, adopting the key concept of “the world’s most unique and entertaining commercial facility,” and transformed it into a global niche store. As a result, in fiscal year 2025, the transaction volume in the renovated areas increased by approximately 80% compared to the previous fiscal year. In fiscal year 2026, we are beginning major renovations at the PARCO locations in Shinsaibashi, Ikebukuro, Nagoya, and Sendai. While we expect a temporary decline in revenue due to the renovations, we anticipate an increase in customer traffic following the renovations.

In addition, Daimaru Matsuzakaya Department Stores operated an official store at the Osaka Kansai Expo, held from April to October 2025. The store’s unique spatial design, which allowed visitors to experience Japanese aesthetics, and its original merchandise were well received, resulting in sales significantly exceeding the initial sales target.

Although values are becoming increasingly diverse, the Group remains committed to staying close to its customers in those moments that touch their hearts.

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Key Strategy  
02

## Evolving Group Synergies

Under “evolving Group synergies,” another key strategy, we are working to “expand the Group’s customer base,” “own and develop proprietary content,” and “maximize area value.” We are moving forward with shaping the future of the retailer group by leveraging the Group’s strengths: “expertise in producing commercial businesses and spaces,” “a strong customer base,” “real estate assets in major cities across Japan,” and “business partners, creators, and other partners.”

### Expanding the Group’s customer base

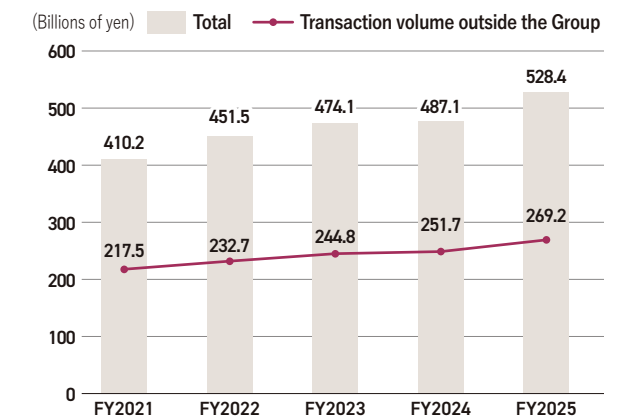
For the Group, which positions the retail business at the core of its operations, the data derived from its strong customer base is an invaluable asset that helps it enhance its product lineup and services. The Group is working to expand its customer base by encouraging both general and gaisho customers to become members through tools such as cards, apps, and web media.

JFR Card, which operates the Payment and Finance Business, has consolidated the Group’s card issuance operations by launching the GINZA SIX Card in April 2024, the PARCO Card in February 2025, and the Hakata Daimaru Kujaku Card in March of the same year, in addition to the existing Daimaru Matsuzakaya Card. At the same time, we are working to acquire merchants in the vicinity of the Group’s stores and establish economic zones in these areas. In fiscal year 2025, the credit transaction volume was roughly evenly split between intra-Group and external transactions, totaling approximately 528.0 billion yen, an 8.5% increase from the previous year. The integration and mutual use of points issued by Group-branded cards are expected to begin around 2030.

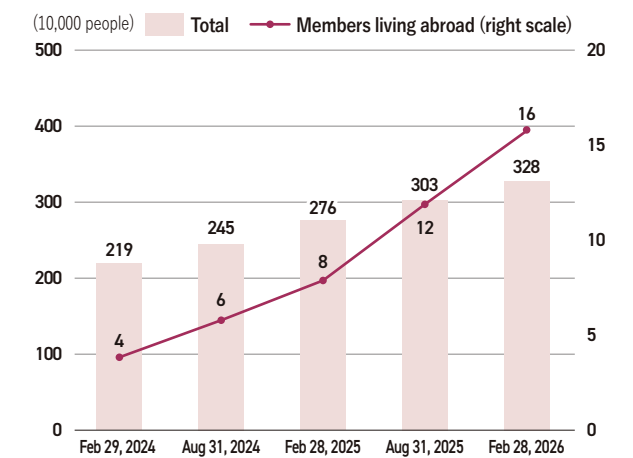
The number of members for the Daimaru Matsuzakaya Department Stores app reached 3.13 million as of the end of fiscal year 2025. A comparison of the average purchase value between app members and non-app members among Daimaru Matsuzakaya Department Stores cardholders reveals a twofold difference, demonstrating that the company is successfully fostering high-quality communication through its proprietary app. In addition, “connaissligne,” a website exclusively for our gaisho customers, has been well-received for offering members access to special merchandise.

Moving forward, we will further focus on analyzing and utilizing customer database to improve our customers’ LTV.

### Credit transaction volume for cards issued by JFR Card



### Number of Daimaru Matsuzakaya app members



## Owning and developing proprietary content

To drive new growth in its retail business, the Group is leveraging its strengths, such as its discerning eye, sourcing capabilities, and networks, to advance the ownership and development of proprietary content and the creation of new businesses. We are strengthening our growth strategy investments through M&A, partnerships with other companies, and our business succession and CVC funds, with the goal of developing our proprietary content into a major pillar of revenue.

### Examples

- Co-developed sweets with other companies
- Offered menus and limited-edition merchandise at restaurants collaborating with popular characters
- Made a full-scale entry into the game publishing business
- Entered the reuse business through a joint venture **p. 55**



PARCO has made a full-scale entry into the game publishing business, specializing in the indie game sector, and has launched a new label, "PARCO GAMES."



The new brand "Mont Blanc The Hakuzen" was developed through a joint business partnership between Daimaru Matsuzakaya Department Stores and Grapestone Co., Ltd.



"Chikawa Restaurant," developed by Parco with the rights holder's permission, features collaboration menu items and original merchandise based on the popular series "Chikawa." Following the Ikebukuro PARCO location, the second branch has opened at Okinawa PARCO CITY. © nagano



"Shiawase Milk Sablé," jointly developed by Daimaru Matsuzakaya Department Stores and Kochi Daimaru with the Kochi-based confectionery manufacturer Sweets Co., Ltd.



"PATISserie ANNIVEL" is the sweets brand of ANNIVEL Co., Ltd., a joint venture established through a joint investment by Daimaru Matsuzakaya Department Stores and MON-CREVE Co., Ltd. to sell original sweets and operate the business.

## Maximizing area value

Under the current Medium-term Business Plan, the Group is focusing its efforts on establishing a leading position in the "Sakae area in Nagoya," one of its seven key cities (Sapporo, Tokyo, Nagoya, Osaka, Kyoto, Kobe, and Fukuoka).

In fiscal year 2025, we moved forward with preparations for the opening of "HAERA," a luxury mall developed by the Department Store, SC, and Developer Businesses, and worked to revitalize the local community by hosting community-oriented events. Since its grand opening in June 2026, the mall has been bustling with many customers. **p. 20** In addition, in the Developer Business, we merged J. Front Design & Construction Co., Ltd. and Parco Space Systems Co., Ltd., and reorganized them in March 2026 into J. Front Prime Space Co., Ltd., which operates interior design and facilities businesses.

Through this merger, the company aims to expand its order intake for high-end and high-grade interior construction, electrical installation work, and facility management services both within and outside the Group.

In addition, plans are underway to renovate part of the south wing of the Matsuzakaya Nagoya store into a new facility operated by Parco, which is scheduled to be completed in the spring of 2027. The next areas targeted for strengthening are the Shinsaibashi area in Osaka and the Tenjin area in Fukuoka. Leveraging its strength of having multiple locations in major cities across Japan, the Group will work in collaboration with local communities and Group companies throughout the term of the next Medium-term Business Plan to maximize value on an "area"-wide basis.

## SHINSAIBASHI



Shinsaibashi PARCO, Daimaru Shinsaibashi

QUARTZ SHINSAIBASHI



PARCO Card



Daimaru Matsuzakaya Card

### Business structure

Department Store  
SC  
Developer  
Payment and Finance

### Strengths

Commercial production capability  
Strong customer base  
Real estate assets in urban locations  
Business partners, creators, and other partners

## HAKATA



Hakata Daimaru Fukuoka Tenjin



Hakata Daimaru Kujaku Card

| Real estate development and major renovation pipeline by area |                                            |                                                                                 | Current Medium-term Business Plan |                       |                                     |                                                               |                                               |                                       |                               |      |      |      |      |
|---------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------|-----------------------|-------------------------------------|---------------------------------------------------------------|-----------------------------------------------|---------------------------------------|-------------------------------|------|------|------|------|
|                                                               |                                            |                                                                                 | 2022                              | 2023                  | 2024                                | 2025                                                          | 2026                                          | 2027                                  | 2028                          | 2029 | 2030 | 2031 | 2032 |
| Nagoya                                                        | *1<br>DS                                   | Main Matsuzakaya Nagoya                                                         |                                   |                       | Major renovation                    | Completed in Aug 2025                                         |                                               |                                       |                               |      |      |      |      |
|                                                               |                                            | North                                                                           |                                   |                       | Major renovation                    | Completed in Feb 2026                                         |                                               |                                       |                               |      |      |      |      |
|                                                               | DS SC                                      | South                                                                           |                                   |                       |                                     | Major renovation                                              | New facility scheduled to open in spring 2027 |                                       |                               |      |      |      |      |
|                                                               | SC                                         | East                                                                            |                                   |                       |                                     | Major renovation                                              | Scheduled to be completed in spring 2027      |                                       |                               |      |      |      |      |
|                                                               |                                            | Nagoya PARCO West                                                               |                                   |                       |                                     | Major renovation                                              | Scheduled to be completed in spring 2027      |                                       |                               |      |      |      |      |
|                                                               |                                            | South                                                                           |                                   |                       |                                     |                                                               | ● Scheduled to close in Feb 28, 2027          |                                       |                               |      |      |      |      |
| DS SC D                                                       | The Landmark Nagoya Sakae (HAERA)          | New development                                                                 |                                   |                       |                                     | Opened in Jun 2026                                            |                                               |                                       |                               |      |      |      |      |
| Osaka                                                         | DS                                         | Daimaru Umeda                                                                   |                                   |                       |                                     | Major renovation                                              |                                               | Scheduled for grand reopening in 2029 |                               |      |      |      |      |
|                                                               | DS                                         | Main Daimaru Shinsaibashi                                                       |                                   |                       | Major renovation                    | Completed in Feb 2025                                         |                                               |                                       |                               |      |      |      |      |
|                                                               |                                            | South                                                                           |                                   |                       |                                     |                                                               |                                               |                                       |                               |      |      |      |      |
|                                                               | SC                                         | Shinsaibashi PARCO                                                              |                                   |                       |                                     | Major renovation                                              | Scheduled to be completed in Oct 2026         |                                       |                               |      |      |      |      |
|                                                               | D                                          | QUARTZ SHINSAIBASHI (Tentative name: Shinsaibashi Project)                      | New development                   |                       |                                     |                                                               | Opening in stages starting in Apr 2026        |                                       |                               |      |      |      |      |
| D                                                             | Tentative name: Shinsaibashi Mirai Project |                                                                                 |                                   |                       | New development                     |                                                               | Scheduled to open in 2028                     |                                       |                               |      |      |      |      |
| Fukuoka                                                       | D                                          | Tentative name: Tenjin 2-chome South Block Station-Front East-West Area Project | Redevelopment                     |                       |                                     |                                                               |                                               |                                       | Scheduled to open around 2030 |      |      |      |      |
|                                                               | SC                                         | Fukuoka PARCO                                                                   |                                   |                       |                                     |                                                               | ● Scheduled to close in Feb 28, 2027          |                                       |                               |      |      |      |      |
|                                                               | DS                                         | Hakata Daimaru                                                                  |                                   |                       |                                     | Food renovation                                               | Scheduled to be completed in fall 2026        |                                       |                               |      |      |      |      |
| Tokyo                                                         | DS                                         | Daimaru Tokyo                                                                   |                                   |                       | Luxury/food renovation              | Completed in Apr 2026                                         |                                               |                                       |                               |      |      |      |      |
|                                                               | DS                                         | Matsuzakaya Ueno                                                                |                                   |                       |                                     |                                                               |                                               |                                       |                               |      |      |      |      |
|                                                               | SC                                         | Shibuya PARCO                                                                   |                                   |                       |                                     | Major renovation                                              | Scheduled to be completed in Nov 2026         |                                       |                               |      |      |      |      |
|                                                               | SC                                         | Ikebukuro PARCO                                                                 |                                   |                       |                                     | Major renovation                                              | Scheduled to be completed in Oct 2026         |                                       |                               |      |      |      |      |
|                                                               | DS                                         | GINZA SIX                                                                       |                                   |                       |                                     | (Conducted pursuant to a fixed-term building lease agreement) |                                               |                                       |                               |      |      |      |      |
|                                                               | D                                          | Hulic Minatomirai                                                               |                                   |                       |                                     | Invested and undertook commercial advisory services in 2026   |                                               |                                       |                               |      |      |      |      |
| Sapporo                                                       | DS                                         | Daimaru Sapporo                                                                 | Luxury renovation                 |                       | Major renovation                    |                                                               |                                               |                                       |                               |      |      |      |      |
|                                                               | SC                                         | Sapporo PARCO                                                                   |                                   |                       |                                     |                                                               |                                               |                                       |                               |      |      |      |      |
| Kyoto                                                         | DS                                         | Daimaru Kyoto                                                                   | Luxury renovation                 | Restaurant renovation | Women's apparel/luxury*2 renovation | Scheduled to be completed in Aug 2026                         |                                               |                                       |                               |      |      |      |      |
|                                                               |                                            | Surrounding tenants                                                             |                                   |                       |                                     |                                                               |                                               |                                       |                               |      |      |      |      |
| Kobe                                                          | DS                                         | Daimaru Kobe                                                                    |                                   | Luxury renovation     | Luxury renovation                   | Scheduled to be completed in 2027                             |                                               |                                       |                               |      |      |      |      |
|                                                               |                                            | Surrounding tenants                                                             | Major renovation                  |                       |                                     | Scheduled to be completed in 2027                             |                                               |                                       |                               |      |      |      |      |
|                                                               | D                                          | Kobe Former Foreign Settlement Building No. 25                                  |                                   |                       |                                     | Invested and undertook asset management services              |                                               |                                       |                               |      |      |      |      |

\*1 DS (Department Store Business), SC (SC Business), and D (Developer Business) refer to segments expected to contribute to revenue following development or renovation, respectively.

\*2 Due to the reconstruction of surrounding tenant buildings, some brands have relocated to the Daimaru Kyoto store.

\*3 The information above is current as of the date of publication of this integrated report.