

Pursuing Locality and Sustainability.



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A year in which I felt the impact of transformation

2025, the second year of the medium-term business plan, was a year in which we were able to see tangible results from our transformation efforts, even amid significant fluctuations in the external environment, including a weak yen, rising stock prices, and geopolitical risks. In addition to deepening our retail operations, we have steadily implemented key strategies centered on “customers,” “areas,” and “content,” yielding tangible results such as increased sales.

First, under our “customer” strategy, we have enhanced both the quality and quantity of our customer touchpoints by strengthening our presence in the high-net-worth market, particularly gaisho, and by expanding our proprietary card membership base. By leveraging purchasing data and enhancing the customer experience, we are expanding our base of loyal customers, which is helping to strengthen our stable revenue base. Under our second “area” strategy, we promoted initiatives focused on enhancing the value of the entire area, rather than just the department store itself, such as improving the appeal of our stores and contributing to urban development in major areas like Sakae in Nagoya and Shinsaibashi in Osaka. Opened in June 2026, “HAERA” aims not only to serve as a commercial facility but also as a hub for culture, interaction, and experiences, with the goal of developing the Sakae area of Nagoya into a new destination that attracts people from both Japan and abroad. As part of our third “content” strategy, in October 2025, we opened PATISSERIE ANNIVEL at the Daimaru Tokyo store, a new anniversary sweets brand that blends department store quality with compelling storytelling. Additionally, we have continued to deliver value unique to department stores by expanding our lineup of original events and experiential programs in

collaboration with our business partners and the local community. I believe that our presence is growing not only as a retailer but also as a venue that offers culture and experiences.

On the other hand, it became apparent that rising costs, such as those for utilities and logistics, driven by inflation exceeded expectations, making it difficult for increased revenue to directly translate into profit growth. While we are beginning to see tangible signs of progress in our transformation efforts, I believe that to achieve sustainable growth, we must continue to implement concrete measures to address these challenges.



PATISSERIE ANNIVEL

Enhancing engagement with customers

I believe that the key to future growth lies in how effectively we can enhance customer engagement. In recent years, consumer values have changed significantly, and the role expected of department stores has expanded from being merely “a place to buy goods” to “a place to enjoy experiences.” Through events, cultural programs, and collaborative projects with the local communities, we place a strong emphasis on creating experiential value that goes beyond the simple joy of shopping.

For example, in gaisho, rather than simply focusing on increasing purchase amounts, we are strengthening our efforts to deepen relationships with customers by offering unique experiential value, such as through promotional events, special events, and the development of original content in collaboration with our business partners, that sets us apart from our competitors. In addition, strengthening our digital touchpoints is another key priority, and by leveraging our app and online content, we are working to build relationships with customers with whom we previously had limited contact. Through these initiatives, we aim to build long-term relationships with our customers and create a shopping environment where simply visiting the department store becomes a special experience.

Redefining department stores through workforce diversification

As consumption diversifies and the market environment changes, customers’ perceptions and expectations of department stores are also changing. In the past, department stores were primarily viewed as “shopping destinations” that offered high-quality products and attentive customer service, and they were operated primarily by talent developed within the company. However, organizations that rely too heavily on past successes run the risk of stifling future growth.

We have positioned workforce diversification as the starting point for transformation, and we are actively recruiting talent not only through internal exchanges within the Group but also from other industries and external companies. Rather than simply “shuffling personnel,” the addition of talent with diverse backgrounds and expertise is bringing new perspectives and ideas into the organization. By reexamining challenges from scratch, a movement is emerging to rethink the conventional wisdom of department stores. As a result, I feel that it has become easier for us to voice our opinions at management meetings and other forums, and the quality and speed of decision-making have improved significantly. It also helps foster an organizational culture in which every employee on the front lines takes the initiative to consider customer value and act accordingly. We will redefine the very nature of the department store business by having a diverse workforce collaborate while leveraging each other’s strengths. I believe that our people are a department store’s greatest asset, and that unlocking their full potential will lead to the creation of the next generation of department stores.



Limited-time display of a traditional Japanese noren curtain at the main entrance of the Daimaru Shinsaibashi store

Returning to the fundamental principle of “Service before Profit”

I believe that our vision for the future is to evolve into a department store that thoroughly pursues “locality” and “sustainability.” Due to population decline and changes in consumption patterns, there are limits to simply expanding physical store assets. Going forward, it will be crucial to expand “experiential assets” that deepen connections with customers through initiatives such as urban development, the creation of experiential value, and the discovery and promotion of local resources. For example, our collaboration with farmers in Kyoto in producing matcha tea, an initiative that contributes to the local community while creating unique value, serves as an exemplary case that embodies what makes us unique. By balancing community-based value creation with sustainable business operations, we will establish a new purpose for department stores.

At the core of our management lies the Corporate Credo of “Service before Profit.” This reflects a philosophy of prioritizing what is right for society and customers over immediate profit, with profit emerging as a result, and represents a DNA that has been passed down over many years. Even today, as the business environment grows increasingly complex and decision-making becomes more challenging, this philosophy continues to serve as the foundation for management decisions. In addition, in 2026, the Daimaru Shinsaibashi store celebrated its 300th anniversary. This milestone is the result of the trust we have built with our customers over our long history, during which we have consistently upheld the spirit of “Service before Profit.” Going forward, whenever we face a tough choice, we will return to the fundamental principle of “Service before Profit” and continue to ask ourselves what actions are most valuable to our customers and society. By doing so, we aim to further evolve and grow as a company that continues to earn trust over the long term.



Interior decoration at the Daimaru Shinsaibashi store (March 2026)