

Remaining True to the Parco Identity and Taking on the Challenge of Shaping the Future.



KAWASE Kenji
Representative Director, President and Executive Officer
Parco Co., Ltd.

What we need to do right now is take on a challenge

Business profit for fiscal year 2025 reached 14.0 billion yen, marking a record high for the second consecutive year. I deeply believe this is the result of the cumulative efforts of all our employees. As part of the structural evolution of our store operations, we are promoting “floor layout reforms,” which are progressing well. In addition, Shibuya PARCO underwent a major renovation in 2025 and, by embodying a global niche as a one-of-a-kind commercial facility, has attracted many visitors from over 100 countries around the world, creating a vibrant atmosphere.

While these are very welcome developments, I am not unreservedly pleased with this situation. It is precisely when business is going well that there are things we must do. That is taking on new challenges. Whether it is an existing business or a new venture, taking risks requires a certain amount of time before results become apparent. I believe we must nurture the seeds of new ventures now, while our stores are performing well. With an eye on the next five years, we have already begun taking action. While the current medium-term business plan is progressing smoothly and we are seeing tangible results, there is no end to the challenges we face.

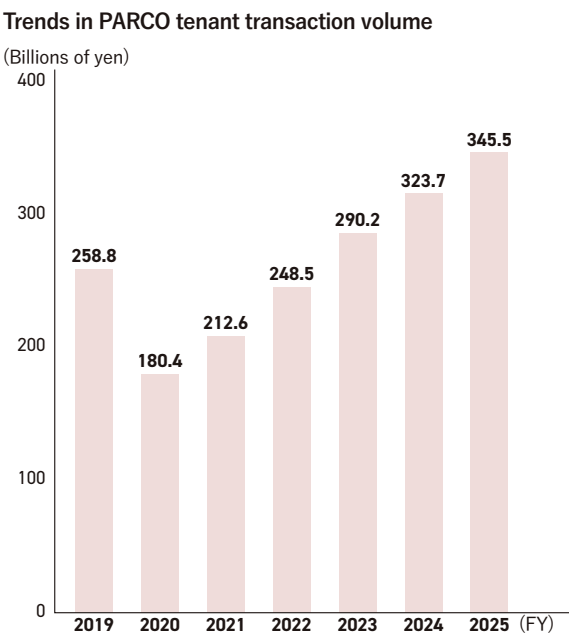
Enhancing commercial facilities and portability

As part of our new commercial facility development efforts, we opened HAERA in Sakae, Nagoya, this past June. This is a commercial facility that combines the strengths of a

department store with those of PARCO, neither a department store nor a PARCO. Originally, Nagoya’s Sakae area already had the Matsuzakaya Nagoya store and Nagoya PARCO, each offering distinct personalities, which I think is one of its attractions. Furthermore, next spring, a section operated by Parco will be added to the south wing of the Matsuzakaya Nagoya store, and by combining their respective strengths, it will further invigorate the Sakae area.

Shinsaibashi PARCO, which is adjacent to the Daimaru Shinsaibashi store, has been open for five years, and many customers visit both stores. Shinsaibashi PARCO is currently undergoing its first major renovation since opening. Moving forward, we aim to continue creating buildings and commercial facilities that only the J. Front Retailing Group can bring to life. In this context, what is expected of Parco is to “stay true to itself.” In pooling the Group’s strengths, Parco will leverage its unique value.

In the wake of the COVID-19 pandemic, people have come to appreciate once again the value and joy of in-person experiences. On the other hand, I feel that a certain template has emerged regarding what is expected of commercial facilities today. While these are necessary elements, they feel somewhat formulaic and diverge from the direction Parco is aiming for. We want to be a company that continually exceeds expectations in a positive way. We believe that what matters most in experiential value is not “how” customers experience something, but “what” customers experience. Parco focuses on that.



HAERA



Shinsaibashi PARCO

As for new business ventures, we plan to expand our operations from the perspective of a content holder. They are still just seeds at this point and we are in the process of building up our expertise. To grow them into businesses of significant scale, we must further strengthen the infrastructure that supports them. There are still many challenges that need to be addressed. However, in genres such as games and manga, things are gradually taking shape one by one. I feel this is a significant achievement.

We see significant potential for sowing these seeds not only within domestic PARCO locations but also overseas. Last year, we conducted business in Hong Kong and New York. I saw even greater potential than I had anticipated, while also recognizing the challenges involved and gaining a great deal of experience. I see tremendous potential in overseas markets. As a content holder, we intend to continue taking on new challenges to enhance our portability.

Deviation from common sense and correct answers

Parco’s roots lie in culture: fashion, theater, film, publishing, music, and art. I view culture as a deviation from common sense and correct answers. Starting with the opening of Ikebukuro PARCO in 1969, we subsequently expanded our store network nationwide in tandem with the progress of urbanization across Japan. It can be said that this was an era when a movement that began in Tokyo, primarily among young people, spread to regional cities, giving rise to shared values and laying the groundwork for PARCO to be embraced nationwide. I believe that Parco has business opportunities in cities that possess this kind of cultural tolerance, or, to put it another way, a culture that allows for deviations from the norm. If we look abroad, there are many cities where we can offer alternative value by leveraging our portability. At the same time, I have come to realize once again that a city’s economic scale and growth potential alone are not enough to define what makes Parco unique.

Furthermore, technology and science continue to change human perceptions over time. In the 1970s and 1980s, when there was no Internet, window shopping and shopping itself were forms of entertainment, but nowadays, we are a little hesitant to call shopping entertainment outright. Similarly, with

the spread of the Internet, information has effectively become free, and we have moved from an era of purchasing information in print to an era of searching for free information online. I think these changes will likely continue in the future. However, what is interesting is that print media is making a comeback in some areas.

Since AI is also excellent at quickly and accurately identifying knowledge and correct answers and then repeating that process, I think it is extremely useful and should be utilized to the fullest. In terms of civilization and culture, AI is a tool of civilization. Therefore, I believe there is still a gap between AI and us, as we pursue a VISION of “Exciting, Designing, and Creating” through culture. However, the day may come when AI takes the lead in these fields as well. However, by that time, people’s sensibilities and values will likely have changed, and we will probably be doing something different. Amid these changes, Parco aims to remain true to itself and continue to offer alternative choices.

I love Parco

So, why is Parco able to remain true to itself? Parco is a company with approximately 700 employees. The other day, I sent a one-hour video message to all employees. I spoke about Parco’s history from its founding to the present, as well as our future goals and the challenges we will take on, and I believe this provided each employee with an opportunity to gain a deeper understanding of what Parco is all about. The post-viewing survey made me realize that many employees love Parco, which was very reassuring. While each person’s interpretation of Parco differs slightly, they all love the version of Parco that resonates with them personally. And I believe that the talents and sensibilities they already possess are being further honed and inspired within the framework of Parco. “I love Parco.” I believe that sentiment is precisely the driving force behind the Parco identity, and it is something we should continue to pass on.