

To Realize Well-Being Life for Customers

The Group thinks of Well-Being Life as “both mentally and physically fulfilling life” that realizes spiritual and physical wealth and social and environmental wealth as well as material and economic wealth. The Group is working with suppliers to create new customer experience and develop attractive stores and communities that coexist with local areas using its commercial production capability and real estate assets.

Provision of Excitement to Daily Life and Creation of New Customer Experience

The Group would like to provide excitement and exciting new customer experience to customers' lives making best use of its unique characteristics (beauty, health, high quality, culture, trust, etc.) and strength (ability to connect makers and users).

Asumise, Creating the Cycle of Encounters

In the current situation in which people are expected to keep their distance from others and their lifestyles are changing, Daimaru Matsuzakaya Department Stores opened a showrooming space for D2C brands* “asumise” in the Daimaru Tokyo store in October 2021 using the strength of the Department Store that has physical stores. Customers scan a QR code placed in the space to buy a product from the brand's e-commerce site instead of buying it in the store. The space does not undergo a large-scale renovation work as in the past, and instead, existing furniture and

fixtures and reusable containers and furniture are used to create environmentally friendly space. The ambassadors who have experience in serving customers in department stores mutually communicate the thoughts of makers and the voices of customers, acting as a link between makers and customers.

Under the concept of a place where new possibilities are created through the “cycle of encounters,” we replace brands every three months to provide new encounters.

*Brands that sell their products directly to consumers through their own e-commerce sites



Voice

IKEZAWA Hiroki, Ambassador, asumise, Daimaru Tokyo Store

The role of the asumise ambassadors is not to sell products at the department store but rather to communicate the background behind the launch of the brand and its values, including social issues, that are not posted on its website. When we told customers what social issues the brand is trying to solve, we received comments: “I was looking for a sustainable product.” and “I have been interested in products that would help solve social issues.” For this reason, we focus our efforts on holding study sessions to hear from the founders of the brands. We feel it is the mission of

ambassadors to learn the brand story and share it with our customers.

I have recently seen an increase in the number of young customers who come to the space saying, “I saw it on Instagram.” They are highly interested in solving social issues and sustainable lifestyles. From this perspective, they have found and visited asumise. We as ambassadors hope to continue to build bridges between the brands and our customers and bring our customers new encounters with new products.



→ **To Realize Well-Being Life for Customers** Resilient Supply Chain Created with Suppliers Empowerment of Diverse Human Resources

Welpa, a Place to Take Care of Yourself

In November 2021, Parco opened a new medical mall Welpa, which provides medical care, products, and services under new concept, in Shinsaibashi PARCO. To make customers' daily lives a little more comfortable, the mall, as a "place to take care of yourself" to make your daily life a little more comfortable, offers a wide range of products and services from medical care to food products that are useful for daily self-care.

Welpa has a lounge that can be used before or after a clinic visit. Visitors can relax on the sofas while sipping a drink. The lounge has a book shelf with a collection of wellness-themed books that are useful for mental and physical health.

Women in their 20's to 40's who are Parco's main customers tend to put themselves on the back burner

in order to take care of their daily work and families and face many health challenges, such as a lack of access to information about health checkups and health care. As Welpa is located in an easily accessible commercial facility, we will support women so that they can make it a habit to take care of themselves while having fun.



Welpa Shinsaibashi

Parco Entertainment Department

Parco has actively provided new culture since its inception. It has produced a variety of attractive content in theater, music, movies, publishing, and art. Even in a world where freedom of action is restricted, we have also begun new initiatives, such as streaming to provide cultural and mentally fulfilling lifestyles. Furthermore, we have added the collaborative projects that transcend genres to provide entertainment that brings excitement and discovery.



PARCO Theater

Department Store's First Permanent Aquarium

The Matsuzakaya Shizuoka store opened SMART AQUARIUM SHIZUOKA, the first permanent urban aquarium in a department store in Japan, when it reopened in April 2022 after renovation. The aquarium exhibits about 100 species of fish and provides a relaxing environment for visitors. With consumption shifting from tangible goods to intangible goods, it redefines the value of space and creates new experience for customers.



Voice

EJIRI Yuko, Content Development Department, Parco



Since its opening, Welpa has been featured in many media, mainly in Osaka, and we feel that there is a lot of attention and expectation for our new approach in the field of wellness. We have also received a lot of positive feedback from our customers such as, "The lounge is my favorite place to relax and spend time." and "I would like to use a clinic and a pharmacy here again in the future." We are pleased that our customers are gradually appreciating the value that Welpa wants to deliver.

Going forward, we would like to not only serve as a convenient and comfortable medical mall but also provide opportunities for customers to face their mind and bodies through Welpa's various content to help customers resolve problems and troubles that they have overlooked and taken for granted, and to help them reach the physically, mentally, and socially fulfilled state (Well-Being) while having fun.

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Collaboration with Local Communities and Creation of Bustling Communities

The Group is working to create bustling communities and make local areas more attractive by developing local areas and promoting local production for local consumption (*chisan-chisho*) in collaboration with local communities and partners.

Parco Crowdfunding BOOSTER

Parco has evolved its initiatives for local revitalization using crowdfunding BOOSTER, which is jointly operated by Parco and Campfire, Inc.

BOOSTER also collaborates with Daimaru Matsuzakaya Department Stores and launched crowdfunding-based projects to improve the attractiveness of the areas in which its stores are located.

Shizuoka MIRUI Project

This is a crowdfunding-based project launched in January 2020 to “help businesses in Shizuoka try something new and solve problems.”

"MIRUI" used in the project name means "young and immature" in the Shizuoka dialect, and with the hope of leading MIRUI to MIRAI (future in Japanese), BOOSTER, Shizuoka PARCO, the Matsuzakaya Shizuoka store, Shizuoka Shimbun, and Shizuoka Broadcasting act as one to support these businesses.



Mikke! kyoto

In July 2021, it was launched as a crowdfunding-based project that contributes to improving the attractiveness of Kyoto with the hope that people will find how fascinating Kyoto is.

The Kyoto Shinkin Bank, which is working daily to build bonds in the community, and the Daimaru Kyoto store, which was founded in Fushimi, Kyoto about 300 years ago and has operated supported by local people, collaborate to communicate the appeal of Kyoto and support businesses in Kyoto.



Local Revitalization through Industry-Academia Partnership

Tre-Share is Parco's SDGs local revitalization project through industry-academia partnership. With “vitalizing local economy” and “SDGs” as its themes, university students in Tokyo take the lead in searching for attractive local products and services (Treasure) together with local junior and senior high school students and sharing them with a nationwide audience from a student's point of view.

In April 2022, we created with the students of Niigata Prefectural Tsubame Junior High School an opportunity for more people to learn about the charms of the region by selling products in the warehouses of companies in the Tsubame-Sanjo area of Niigata Prefecture through crowdfunding with the theme of how to utilize products that have lost sales opportunities due to replacement with new products.



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Daimaru Matsuzakaya Department Stores Project for Coexistence with Local Communities Think LOCAL

Think LOCAL is a project to think about and support local issues. We operate the Nippon wo Otoriyose Chisan Ichiba (the best of Japan delivered to your door from local food mart), which introduces and sells delicious specialties and recommended products online, mainly from the areas where our stores are located. In August 2022, Think LOCAL launched “Think LOCAL Web Magazine,” which introduces the appeal of people and activities in each area. While strengthening online sales, we will continue to promote initiatives with local residents at each of our stores.



まちのためにひとのために想いをつなぐ場所になる

Bussanten (local products fair) that Communicates the Appeal of Hokkaido

Hokkaido Bussanten is the most popular event in the Department Store. At the Hokkaido Bussanten, buyers and planners strive to convey to customers the charms of the region based on their connections with the region and its people by traveling around Hokkaido.

Voice

HONDA Daisuke, Food Buyer, Merchandising Content Development Division II, Sales and Marketing Headquarters, Daimaru Matsuzakaya Department Stores (left)

HARA Amita, Event Planning and Development, Store Planning Promotion Division, Sales and Marketing Headquarters, Daimaru Matsuzakaya Department Stores (right)



Do you feel the climate crisis or other environmental changes?

Honda The primary industry has changed dramatically in the 19 years I have been in charge of it. The rise in air and sea temperatures is said to be one of the reasons for this change, such as changes in the types of fish caught in nearby waters.

On the other hand, there are also some new standard items that have become available that were not caught in the past. We need to sense the changes in the environment and find new standard items.

How conscious are you of connecting with the community and people when planning events?

Honda Local food, food processing, and tourism are not made possible without people. My job is to put the charms of the region even local people are unaware of out into the world and add value to them. I am working to create new value from it and thinking about what I can do to increase value by creating connections and relationships with all kinds of people.

Hara After being transferred to Sapporo in fall 2019, I realized that Hokkaido has more to offer than just food. Hokkaido has a lot of people, especially immigrants, who know they have enough and create things in a free style. Accordingly, we have decided to organize an event “Hokkaido ni Miserareta Hitotachi (people attracted to Hokkaido)” to propose such a slow lifestyle in Hokkaido.

What is the most important message you want to convey to Ms. Hara?

Honda “Never to give up” and “to have a story to tell.” I tell her to have a sense of responsibility and continue to work on it until we are satisfied so that she can tell customers a story of what we are thinking about the event through various media before it begins.

Hara I learned from Honda and became interested in information transmission, sales promotion, and store planning. I am also sending out information through blog and social media before the event begins to captivate more people and make it possible for those who may not feel comfortable visiting the store because of the COVID-19 pandemic to enjoy it.

Hakata Daimaru Kyushu Tankentai (Kyushu expedition team)

Under the Kyushu Tankentai project, the department store employees visit cities in Kyushu and Okinawa and cooperate with the governments in collecting information on, finding, and introducing attractive people, tangible goods, intangible goods, culture, and others, which are not yet widely known, to revitalize Kyushu as a whole. The Kyushu Tankentai visited all 119 cities by August 2022 and was certified as an information communication ambassador by 91 cities.

The Kyushu Tankentai won the Grand Prix at the JFR Creation Award 2021, an annual competition held by the Group for business ideas conceived by employees.



Certification ceremony with Naha City

📄 → JFR Creation Award

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Grow with Local Communities by Creating New Value

The Developer Business in the Group consists of the real estate rental business that develops properties and the design and construction contracting business that undertakes interior construction work in commercial facilities, hotels, etc. It is promoting a business strategy in domestic real estate development with the aim of being an “urban lifestyle developer” that delivers diverse proposals for urban living and helps create highly attractive urban districts.

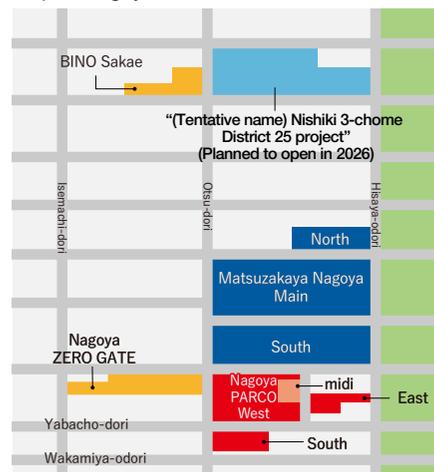
Specifically, the Developer Business will promote large-scale complex development in the prime locations in which the Group’s stores are located and also develop diverse applications including non-commercial ones such as residence, hotels, and offices for the future growth of the Group.

Began the Construction of “(Tentative Name) Nishiki 3-chome District 25 Project” with Opening Scheduled for 2026

Parco, together with co-developers, is promoting the “(tentative name) Nishiki 3-chome District 25 project” in Nagoya City. With the concept of “a domestic and overseas center for creating cultural and exchange value as a new landmark of Nagoya,” it aims to strengthen the multitiered urban function of the Sakae area. We will aim to improve the attractiveness of the Sakae area by creating synergy with the Group’s existing facilities, such as the Matsuzakaya Nagoya store and Nagoya PARCO. The facility is scheduled to open around summer 2026.

The plan also includes environmental considerations such as the use of natural energy, energy saving, and the securing of at least 20% green space on the planned site. We will also strive to improve disaster preparedness, such as by building an emergency stockpile warehouse and accepting people who have difficulty returning home in the event of a disaster.

Map of Nagoya Sakae area



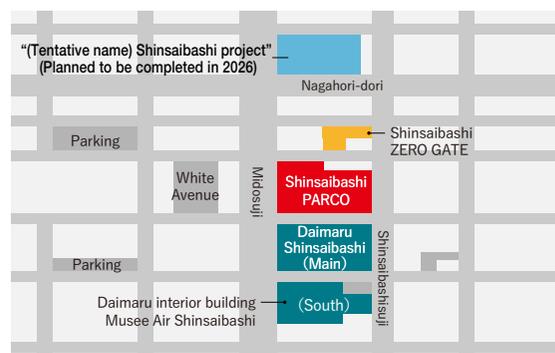
Provided by Mitsubishi Estate Co., Ltd.

Announced “(Tentative Name) Shinsaibashi Project” with Completion Scheduled for 2026

Parco, together with co-developers, is promoting the “(tentative name) Shinsaibashi project” in the Shinsaibashi area. The planned site is located in a highly visible place at the intersection of Midosuji, which is the main street of Osaka, and Nagahoridori in “Shinsaibashi.”

We are planning to invite luxury brands to open (two- to three-floor) duplex boutiques on its lower floors facing the streets of Midosuji and Nagahori-dori. By merging diverse applications including stores, a hotel, and offices, we aim to attract more crowds to and further revitalize its surrounding area.

Map of Osaka Shinsaibashi area



Entry into the Residence Business

In April 2022, Parco announced its entry into the residence business as the development of real estate applications not limited to commercial ones. We are planning to develop condominiums for lease and sale in Nagoya, Yokohama, Kyoto, and other cities.



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Realization of Customers' Health, Safety, and Security

Customers' awareness of health, safety, and security is increasing as the SDGs become more widespread and they live their lives in the COVID-19 pandemic. In response to such changes in customer values and consumption, Daimaru Matsuzakaya Department Stores is working to handle ethical products and create a store environment that customers can feel safe to visit.

Certified Product Offerings

The Group is strengthening offerings of environmentally and socially friendly products that have acquired third-party certifications to provide our customers with healthy, safe, and secure lives.

Daimaru Matsuzakaya Department Stores surveyed the status of offerings of certified products such as "organic JAS" certified products and products with "international fair trade certification labels" in the grocery and fresh fish sections on the food floor of each store.

Going forward, we will further expand the range of products that satisfy our customers and promote efforts to make our customers aware of our certified product offerings.

Daimaru Matsuzakaya Department Stores results of the survey of certified product offerings (conducted in June 2022)

Name of certification label	Store	Daimaru											Matsuzakaya			
	Sapporo	Tokyo	Kyoto	Umeda	Shinsabashi	Ashiya	Kobe	Suma	Kochi	Shimonoseki	Hakata	Ueno	Shizuoka	Nagoya	Takatsuki	
Organic JAS	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	
International fair trade certification label	●	●	●	●	●			●	●			●	●	●	●	
Rain Forest Alliance	●		●			●	●	●	●	●	●	●		●		
World Fair Trade Organization (WFTO) Mark			●		●			●								
Good Agricultural Practice (GAP) certification	●		●							●						
Marine Eco-Label (MEL) certification															●	
Roundtable on Sustainable Palm Oil (RSPO) certification										●						

*We also surveyed about the Marine Stewardship Council (MSC) certified products and the Aquaculture Stewardship Council (ASC) certified products and found no offerings of such products.

Creation of Store Environment that Is Strong in Disaster and Epidemic Prevention and Reassures Customers

The Group is working in an organized way to thoroughly prevent infection by verifying the measures we have taken so far and compiling the JFR New Infectious Disease Response Manual in preparation for

a new pandemic in the future.

The stores of Daimaru Matsuzakaya Department Stores and Parco periodically provide disaster training and BCP training and take safety and security

measures for customers and employees, such as creating a store environment to prevent infectious diseases such as COVID-19.

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Contactless Communication Using Digital Technologies

Virtual Market

Daimaru Matsuzakaya Department Stores opened a next generation store Virtual Daimaru Matsuzakaya in the Virtual Market 2021, the world's largest VR event organized by HIKKY Co., Ltd. In the virtual market in the metaverse, 3D items such as avatars and real goods (clothes, PCs, food and beverages, etc.) can be bought and sold.

During the event, a "metaverse banquet" was held and staff from Daimaru Matsuzakaya Department Stores as avatars served customers and introduced recommended gourmet products. Customers were able to hold a 3D model of a food product in their hands to check the shape of the product before

buying it. More than 100 customers visited the event.

We are working on new communication with customers, shopping experience, and service experience that cannot be experienced in physical stores.



Virtual Daimaru Matsuzakaya

Digitization of Customer Touch Points through App

The recent COVID-19 pandemic has most clearly revealed how real store-based businesses are limited by "time and place."

Daimaru Matsuzakaya Department Stores and Parco use "app" as digital touch points with customers. The app allows us to connect with our customers 24 hours a day. By providing the most relevant information for each occasion such as before visiting the store, in the store, and after leaving the store, our communication with customers has evolved. Through app, we strive to provide better services and improve CRM*.

*CRM stands for Customer Relationship Management, which means building and maintaining good relationships with customers by responding appropriately to customers.

Parco NFT* Demonstration Test

In December 2021, Parco concluded a business alliance agreement with HARTi Inc., and is considering using NFT technology in commercial facilities. We collaborated with ANREALAGE, which has a shop in Shibuya PARCO, to produce an NFT of ANREALAGE's logo design and distributed it at the shop in Shibuya PARCO on a first-come, first-served basis. This is one of the projects of CYCLE, a whole building event held at Shibuya PARCO with the theme of "sustainable." It also serves as a demonstration test of a new approach to circular creation that does not overproduce things using NFT. We aim to provide fun and new experience to our customers, both real and virtual.

*NFT stands for Non-Fungible Token, which uses blockchain technology.

Voice

TANAKA Naoki, Gift Planning and Operation, Food, Merchandising Content Development Division II, Sales and Marketing Headquarters, Daimaru Matsuzakaya Department Stores



We opened a store in the virtual market for the first time at the end of 2020. At that time, store sales significantly decreased due to the COVID-19 pandemic and I was looking for a contactless way to sell. And as a person in charge of gift products, I was concerned that continuing to produce paper catalogs for summer and year-end gifts is not a good idea from the perspective of sustainability and considering producing digital catalogs.

The strength of metaverse is that people can connect with each other in that space. Thankfully, people who have

experienced the Virtual Daimaru Matsuzakaya said on social media, "The Virtual Daimaru Matsuzakaya is fun to play with." I feel that the virtual space is attracting the interest of people who were not familiar with real department stores before.

We are working to make people who live in the metaverse aware of what department stores are like and enjoy them.



Employee avatars