

First, Achieve “Full Recovery,” And Then, Alter Our Course to “Regrowth.”

The current COVID-19 pandemic, which can be said to have changed the world drastically, confronted the Group with an unprecedented crisis. The vulnerability of the business overly dependent on physical stores was exposed and concerns have arisen about the advantage of urban locations, which we considered as a strength. Thus it is urgent to address essential issues.

The business environment is changing even more rapidly than before. I feel COVID-19 has shifted the gear up by several steps. It is not too much to say that currently we are in the very situation where a delay in responding to changes and a delay in decision-making may be detrimental to corporate survival.

On the other hand, I am sure that this situation gave us an opportunity to strongly realize how important it is to have person-to-person connections and communication and face-to-face communication, and above all, how important it is to give the highest priority to the safety and security of customers and workers, and that we are with all stakeholders including customers, shareholders,

suppliers and local communities.

In this situation, the Group got the new Medium-term Business Plan started in fiscal 2021. Under the assumption that the unpredictable situation will continue, we will accelerate structural reform as our top priority, and at the same time, we will drastically change the business models of our core businesses.

The Group's strength is to have “commercial production capability,” “good customer base,” “partners including suppliers and creators” and “real estate assets in major urban areas.” Considering these strengths and medium- to long-term environmental changes, we have decided to focus our initiatives for growth on three major strategies in the new Medium-term Business Plan. The first of the three strategies is the Real × Digital Strategy, the second is the Prime Life Strategy, and the third is the Developer Strategy.

Through these initiatives, we will steadily overcome the unprecedented crisis facing us now and achieve “full recovery” to the operating profit level of fiscal 2019 over the three-year period. Amid

ever more rapid changes, waiting will not recover anything. That is to say, based on the assumption that the situation will not return to what it was, I think now is the time to drive change boldly.

No change, no full recovery. There will be no future for the Group unless we can turn this crisis into an opportunity for change. I think the full recovery we will achieve under this medium-term plan is absolutely corporate transformation to survive in the future.

Since its foundation, the Group has overcome a number of corporate crises by basing its management on the Corporate Credo “Service before Profit,” which means that those who give priority to service over profit will prosper. The current COVID-19 pandemic is a more formidable enemy than imagined. However, we would like to get back to the starting point and put heads together all the more during tough times to definitely overcome this difficulty.

It is evident that the current changes triggered by COVID-19 cannot be resolved only with experience. “Readiness for change” on a level different from the past is

required to respond to ever more rapid changes in society and values.

First of all, we will steadily achieve full recovery over the three-year period, and then, alter our course to regrowth. In fiscal 2030, ten years from now, we would like to develop into a highly efficient corporate group with consolidated operating profit of ¥80 billion and ROE of 10% or more, which is expected on a global level. At the same time, the Group will squarely face social issues and environmental issues, which are happening globally, and carry out its responsibilities to solve them.

Through these initiatives, we will contribute to creating a sustainable society while achieving both social value and economic value to realize the Group Vision “Create and Bring to Life ‘New Happiness.’”

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