

Co-creation Is Also a Challenge for the Future.

When we look at our core retail business, we can clearly see that we are positioned between our suppliers and creators and our customers. In other words, we play a role in creating added value by connecting content and customers. Developing and discovering content and redefining it in the context of the times is an important factor in updating our customers' lives and society, and it is also a process that reaffirms the significance of our existence.

Our network of suppliers and creators, which utilizes our connoisseurship, and our strong ties rooted in local communities are truly a treasure trove of possibilities. It is also essential to try to acquire new strengths through alliances and M&A. Co-creation leading to the future has begun one after another toward the creation of three values: Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment.

Kyoto tradition and Italian aesthetics are beautifully fused together. Exclusive value is created based on co-existence with the local community.

MATSUZAKI Riku, a Kyoto indigo dyer, and Milan-based bag brand Valextra co-created an art-like piece clad in the beautiful ancient Japanese blue. The fusion of Kyoto tradition and Italian aesthetics creates truly exclusive value.

MATSUOKA Riku is working hard every day to revive Kyoto indigo, which died out about 100 years ago, in its original production area, and to pass on the existence and value of Kyoto indigo to the next generation. He has unraveled the history of indigo dyeing, which is popularly known as Japan Blue, and does everything by hand by himself, from growing the plants to dyeing, following the traditional technique handed down

from the Muromachi period. Respect for tradition is a uniquely Japanese identity—it is this very idea that he embodies as he takes on challenges that transcend time and national borders.

This project started when a staff member at the Daimaru Kyoto store, who is connected to MATSUZAKI Riku, introduced Valextra to the wonders of Kyoto indigo dyeing. The Valextra design team from Italy visited Mr. Matsuzaki's workshop in April 2023. After about a year of trial and error, the product finally took shape. This bag will be sold exclusively at CASA VALEXTRA in Kyoto, but we expect that this story has the potential to expand as a suggestion for the future.

Desire to use with care for a long time. It is transformed into art through outstanding craftsmanship.

Kintsugi is a traditional Japanese technique of gluing broken ceramics or lacquerware with lacquer and decorating the joints beautifully with gold or other metal powders. While it is highly regarded in Japan as a technique for repairing pottery, it is also gaining recognition overseas as an art form, as seen in the recent release of works inspired by *kintsugi* by luxury brands.

Against this backdrop, the Daimaru Kyoto store opened the Daimaru Kintsugi Salon in March 2024, offering *kintsugi* services.

We cannot fulfill our responsibility simply by selling products as a retailer. *Kintsugi* also has great potential in terms of how to connect the items we sell to the future and upcycle them.

Each item that is important to our customers has its own story that has been woven over time. We not only sell products, but also create the future beyond with our customers. We connect beloved things to the future. *Kintsugi* reflects the value of "using things carefully until the end," which has been handed down from generation to generation by the people of Kyoto, and is also attractive as a story.

We believe that there is great significance in our efforts to breathe new life into the traditional culture while passing it on, taking advantage of the strengths that the Department Stores has cultivated over the years, such as the trust, customer service skills, and connoisseurship.

Subscribe to fashion.

A sustainable model that connects valuable resources.

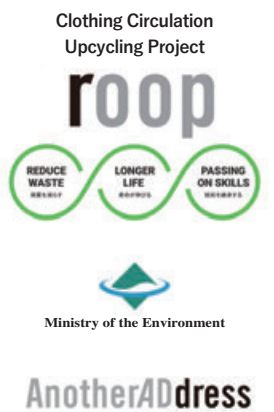
AnotherADdress, a fashion subscription business we operate, is a service that aims to shift to a business model with high sustainability for society and the environment by emphasizing the intrinsic value of fashion and sustainable initiatives based on the belief that clothes are not disposable.

In 2024, the project was selected by the Ministry of the Environment to receive subsidies for projects to promote the spread of environmentally conscious behavior and for projects to reduce carbon dioxide emissions, which are named "Decokatsu (National Movement for New and Prosperous Lifestyles toward Decarbonization)."

The "roop" is a clothing circulation upcycling

project promoted by AnotherADdress, in which valued clothing collected from customers is reborn as "reADdress" (upcycled items). They are produced by fashion students and designers who will lead the future of fashion. The items that have been given new life will be available for rent at AnotherADdress beginning in the spring of 2025.

Believing in the life-changing power of fashion, we hope to create a new form of clothing circulation by encouraging consumers to change their behavior under the themes of "reducing clothing waste," "extending the life of clothing," and "passing on the skills and will for clothing."



Reaching the MZ generation.

Esports, which has a high affinity with digital technologies, co-creates excitement.

We believe that one of our important missions is to unearth the seeds of the next generation and provide new experiences and excitement. Esports, which is gaining popularity especially among the younger generation, is one of the categories to watch.

Therefore, we acquired a 50.8% stake in XENOX Co., Ltd., which owns the esports team SCARZ, and made it a subsidiary. By making a full-scale entry into the esports business, we are working to create new value through synergies with existing businesses such as Parco and the Department Stores.

XENOX has been a leader in the esports industry since its inception, not only with its

long-established professional team SCARZ, which has achieved many good results in major esports tournaments, but also by running its own tournaments. We entered the esports industry from its early days and will develop it into a future pillar of our entertainment business.

Esports is characterized by a high level of interest among the younger generation, including the Z generation. By reaching out to these next-generation customers, we will improve awareness and brand value.

In addition, since esports has a high affinity with businesses that utilize digital technologies such as the metaverse and NFTs, we would like to expand our business into the digital domain.

Connect content loved by local people to the future.

Established the Pride Fund, a business succession fund.

There are many companies in Japan that provide excellent products loved by local communities. On the other hand, the closure of businesses due to lack of successors, funds, and management know-how has had a significant impact on local economies.

In light of this, we have established the Pride Fund, a business succession fund, in collaboration with the Development Bank of Japan Inc. and Ignition Point Venture Partners Inc. By leveraging the strengths of each of the three companies to support business succession, we will pass on content to future generations and contribute to local communities.

This country has a culture that has been cultivated over a long history and has been passed down to the

present day. There are craftsmen who continue to do their work with care, using their ingrained skills and refined sensibilities. By bringing innovation to tradition, we will continue to connect and deliver that value for the next 100 years.

We believe that preserving the culture that has been carefully nurtured over time means protecting not only the pride of the creators, but also the pride of communities and Japan. We will not only help with business succession, but also support business growth and take on challenges together with local companies, such as developing new products and brands that can be expanded overseas.

