

Digital Strategy

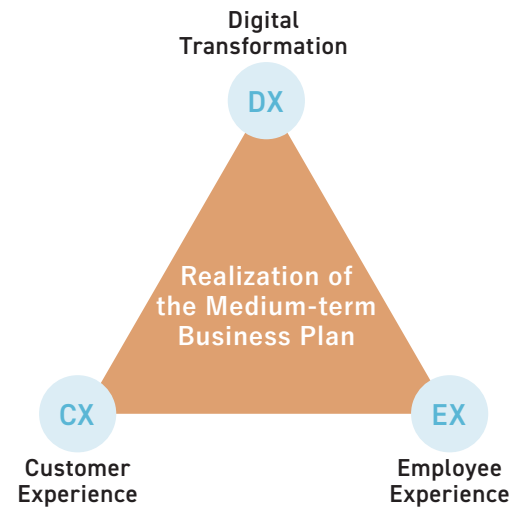
Demonstrate the Power of Digital Technologies by Linking CX and EX

Promote the Group's common infrastructure with an awareness of EX

In March 2024, the Company merged the Group Digital Unit and the Group System Unit to establish the new Digital Strategy Unit. By coordinating digital actions that have been executed "aggressively" and "defensively," we will achieve a digital transformation unique to the Group by leveraging group synergies.

First, we will work to integrate the business systems throughout the Group to deepen cooperation and communication within the Group. Specifically, we will integrate the accounting systems, payment systems, groupware, and human resources systems.

By standardizing business systems across the Group, we will be able to further increase the effectiveness of human resource exchanges within the Group. These efforts to foster EX will be the driving force behind creating CX.



Develop new content using digital technologies

We are promoting various initiatives to develop new content using digital technologies such as the metaverse (XR) and web 3.

Daimaru Matsuzakaya Department Stores began selling avatars intended for use in the metaverse in October 2023. Based on the creator network cultivated there, it is also supporting other companies in entering the metaverse.

In addition, the Kyushu Tankentai (Kyushu expedition team), which aims to revitalize the entire Kyushu region by discovering "people, things, and events" throughout the region and providing them to customers, has launched a new regional revitalization model, the Future Co-prosperity Project,

with the cooperation of Financie, Inc., in which we invested in April 2023. This project supports the dreams that producers and businesses want to achieve by helping them raise funds for new activities and build communities through token sales.

During Parco's huge sale, Grand Bazar, the Matsuken AR Parade was held at PARCO stores nationwide, in which actor MATSUDAIRA Ken, also known as Matsuken, appeared in the sky. Additionally, in urban areas where it is difficult to actually set off fireworks, we held a first-of-its-kind fireworks event, MIRAI HANABI, at Shibuya PARCO, utilizing AR technology. We are working to expand the value of stores and spaces using digital technologies.



Original 3D avatars sold by Daimaru Matsuzakaya Department Stores



AR event held at Shibuya PARCO

Promote customer-driven management with an awareness of CX

The engine of our customer-driven management is the Group's integrated database, JCDP. By accumulating and analyzing data from within the Group, including the Department Stores and Parco, we are able to provide insights that could not be found through data analysis by each operating company alone, thereby supporting the activities of these operating companies. We are working with stores to jointly consider data utilization measures in collaboration with the Daimaru Sapporo store and Sapporo PARCO, as well as to conduct customer analysis and utilize data in areas such as Nagoya (Matsuzakaya and PARCO) and Shinsaibashi (Daimaru and PARCO).

In addition to the traditional focus on luxury watches, the scope of specific initiatives is expanding to include identifying customers likely to purchase furniture and analyzing purchasing factors.

Furthermore, we have begun providing the generative AI chat service, JFR Group Gen AI, to all employees. From fiscal 2024 onward, we will actively use it to promote business efficiency and aim to apply it to value-creating work in staff departments.

Strengthen IT governance

Strengthening IT governance is important to facilitate digital transformation. We implement appropriate management of various IT resources, establish regulations, and manage medium-term IT cost control.

As part of our IT-related risk management, we have strengthened our information security organization to ensure the safe operation and robust security of our information systems. Specifically, we are introducing new management tools to ensure safe computer operation even in a telework environment, as well as switching to a Wi-Fi environment with enhanced security within the building. At the same time, we are striving to improve employee security awareness and literacy by conducting incident response training for IT staff, and continuing to provide information security e-learning and targeted e-mail attack training for all employees.

Develop core digital human resources

In order to execute these digital strategies, it is essential to develop core digital human resources. We have developed our own digital human resources development program and have begun developing "data analysts" and "digital designers," as our core human resources. As of the end of August 2024, we have achieved our initial target of developing 100 core digital human resources. We will continue our efforts to develop 1,000 people by fiscal 2030, as well as to create an environment for core human resources to work and to create group-wide actions.

At the same time, in order to raise the level of digital

skills of all employees, we launched a program for employees, held seminars and workshops nationwide, mainly in the areas where our stores are located, and opened a dedicated learning website to provide an environment where employees can learn through original videos. In fiscal 2024, we completed the program for the management level at the holding company, the Department Stores, and Parco. In the future, we will expand the scope of the program to include other Group companies, thereby contributing to the execution of our digital strategies.

