

Medium-term Business Plan (FY2024-FY2026)

Review of the Previous Medium-term Business Plan (FY2021-FY2023)

—Full recovery from the COVID-19 pandemic and building a foundation for renewed growth

- Although the impact of COVID-19 persisted longer than initially envisioned, working to steadily capture the recovery in demand in the latter half of the previous Medium-term Business Plan, we were able to recover our consolidated operating profit to pre-pandemic levels as a result of the strategies of the core Department Store and Shopping Center (“SC”) Businesses and management restructuring such as reducing fixed costs, and also broadly improve our financial position by reducing interest-bearing liabilities and other means.

● In order to achieve renewed growth by 2030, in addition to building a foundation for our core businesses, we formulated medium- to long-term plans and promoted business restructuring in our developer strategy, and from the perspective of business portfolio transformation, we made investments and established a fund to create new businesses and worked to improve management efficiency by assessing businesses.

Connection with the previous Medium-term Business Plan (FY2021-FY2023)

Major achievements and challenges of the previous Medium-term Business Plan		Connection with the current Medium-term Business Plan (FY2024-FY2026)	
Real/Digital Strategy	<ul style="list-style-type: none">Department Store worked to make its stores more attractive by emphasizing authenticity and achieved sales targets in luxury goods, watches, and art.The number of the users of app as a digital touch point significantly increased, which contributed to higher per-customer spend.SC has promoted floor layout restructuring efforts, which has led to greater operating profit than initially planned.Created new businesses such as AnotherADdress.		<ul style="list-style-type: none">Department Store will continue to strengthen key categories.SC will promote floor layout reform of core stores.Continue to grow new businesses created in the previous Medium-term Business Plan and to take on new challenges.Develop and possess content that contributes to making retail business more attractive.
Prime Life Strategy	<ul style="list-style-type: none">Promoted expansion of services for gaisho customers and acquisition of new customers.Developed new partners and implemented initiatives to attract overseas affluent customers.Decided to centralize card issuers within the Group. Shrinking cardholder base is a challenge.		<ul style="list-style-type: none">Attract quasi-gaisho customers and inbound tourists as well as new gaisho customers by expanding customer recognition.Further strengthen online touch points.Expand customer base through the centralization of card issuers.
Developer Strategy	<ul style="list-style-type: none">Established J. Front City Development Co., Ltd., an operating company to lead the strategy.Formulated and promoted medium- to long-term large-scale complex development projects, developed properties for various uses other than retail, and set up funds.		<ul style="list-style-type: none">Promote medium- to long-term large-scale complex development projects that have been formulated.Focus on initiatives in seven key cities.
Management restructuring	<ul style="list-style-type: none">Fixed cost reductions far exceeded target.Narrowed down business base by closing unprofitable stores and other means.		<ul style="list-style-type: none">Continue to identify challenging businesses and stores.

Management Direction Looking Ahead to 2030

We promote our corporate activities based on “sustainability management,” which addresses environmental and social issues and seeks solutions through our business activities, in order to realize the Group Vision of “Create and Bring to Life ‘New Happiness.’” Moreover, we recognize our strengths as being our excellent customer base and store real estate primarily in major cities across Japan, the connections and trust we have with our stakeholders, and the commercial production capabilities and discernment we have cultivated through the Department Store,

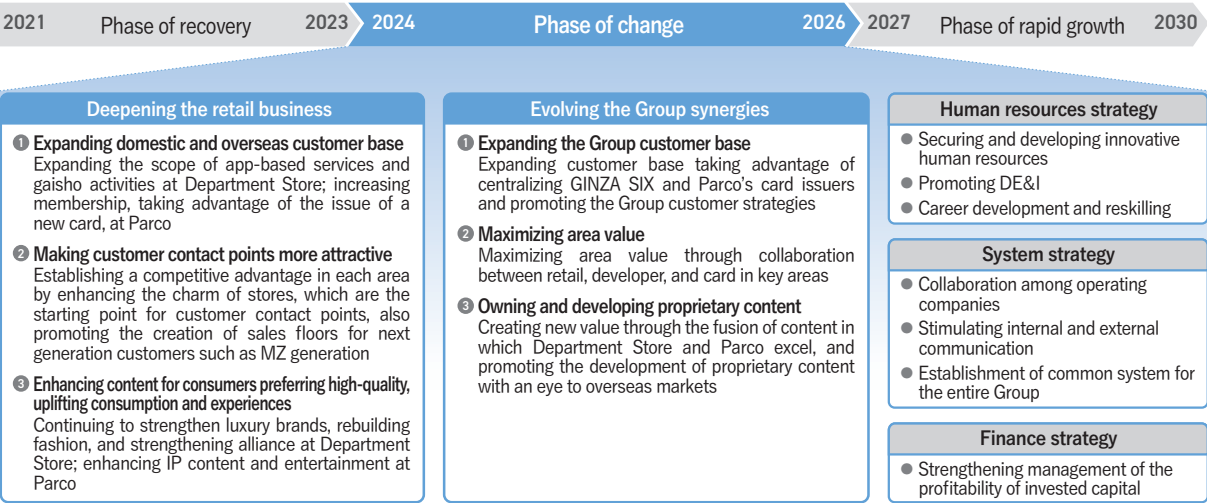
Parco, and others.

In defining our management direction for the coming years, we, after considering the aforementioned strengths that we possess, along with changes in the business environment that are considered important, have drawn up a Vision for 2030. We intend to evolve into a Value Co-creation Retailer Group that constantly provides three values centered on the retail business: Co-creation of Excitement, Co-prosperity with Communities, and Co-existence with the Environment.

Changes in the business environment affecting us		
Consumption	Market	Society
<ul style="list-style-type: none">Generational change in the primary purchasing group, and progress of globalization (inbound demand, etc.)Increasing desire for emotionally satisfying “connections of empathy, support, and trust”Further increase in awareness of “circulation” rather than the cycle of production and consumption	<ul style="list-style-type: none">Declining population and widening income gap in JapanProgressing renewal and consolidation of urban functions and urban developmentDecline in the number of key players in local economies, and growing interest in unique local traditions and culture	<ul style="list-style-type: none">Worsening environmental problems such as climate change and emerging geopolitical risksWeakening ties with people and local communities and rise of digital communitiesWorsening labor shortage and more importance placed on self-fulfillment and contribution to society when choosing a job

Positioning and Overall Structure of the Medium-term Business Plan (FY2024-FY2026)

This Medium-term Business Plan is positioned as a “phase of change” to realize our vision for 2030 and to ensure medium- to long-term growth, and while striving to generate profits mainly in our mainstay retail business (the Department Store and SC Businesses), we will expand upfront investments and growth strategy investments to realize the Group synergies.



Overview of the Medium-term Business Plan

Deepening the retail business

(1) Expanding domestic and overseas customer base

- In the Department Store Business, we will work to expand the customer base, which includes such initiatives as expanding the scope of app-based services targeting loyal customers, and broadening gaisho activities. We will also promote gaisho collaboration with PARCO stores and others in the Group.
- In the SC Business, we will work with JFR Card to acquire app users and cardholders, taking advantage of the issuance of a new card.
- In both the Department Store Business and the SC Business, we will work to strengthen relations with overseas customers through not only initiatives to send inbound tourists to our stores and strengthen communication to customers, but also partnerships with overseas companies mainly in Asia concerning customer referral and mutually beneficial use of store facilities.

(2) Making customer contact points more attractive

- In the Department Store Business, we will enhance the charm of stores, which are the starting points of customer contact points, and establish competitive advantages in each area. Focusing on core stores, including the Matsuzakaya Nagoya store, we will not only continue to strengthen our key categories but also work on creating sales floors that appeal to the next generation of customers, such as the MZ generation, and adapt to market changes. In addition, we will strive to improve the space value, for example, by providing high-quality and comfortable store environments and environmentally friendly designs.
- To expand customer contact points using digital technology, we will work on enhancing customer communication through initiatives to renew both the department store app and the dedicated website for loyal customers.
- In the SC Business, in order to enhance Parco's unique brand value and the value of visiting its stores, we will carry out strategic renovations aimed at gaining greater popularity among the MZ generation and overseas customers, focusing on four key stores. This will include the first major renovations at Shibuya PARCO and Shinsaibashi PARCO, as well as efforts in Nagoya PARCO such as the largest assortment of entertainment and pop culture in the area and the introduction of next-generation fashion.
- We will work to make customer contact points more attractive by enhancing communication to customers through company-wide use of customer data obtained at PARCO stores and online, and introducing new services for members.

(3) Enhancing content for consumers preferring high-quality, uplifting consumption and experiences

- In the Department Store Business, in addition to continuously strengthening luxury brands and watches, which enjoy a high level of popularity among both domestic and overseas customers, we will propose new lifestyles that respond to market changes, focusing on such areas as fashion, beauty, and health.
- Furthermore, we will work on expanding new products and services through collaboration with external companies with the aim of strengthening our efforts to attract the affluent market.
- In the SC Business, through store renovations, we will develop Japan pop culture zones and introduce brands in collaboration with the Department Store. In addition, we will enhance entertainment including theater, music, and movies, in which Parco excels, and digital events like esports.

Evolving the Group synergies

(1) Expanding the Group customer base

- During the period of this Medium-term Business Plan, along with expanding the membership of and linking with app, we will consolidate the issuance of proprietary cards of the Group companies, such as GINZA SIX and Parco. Also, in order to leverage the establishment of a group-wide payment infrastructure as an opportunity, we will work on expanding the Group customer base and enhancing the lifetime value (LTV) of customers.
- We will advance customer referral beyond the boundaries of businesses and stores. Aside from that, we will plan and promote a Group customer strategy focused on the key areas through analysis and utilization of customer databases, among other methods.

(2) Maximizing area value

- In this Medium-term Business Plan, among the seven key cities, we will focus intensively on creating synergy in the "Sakae area in Nagoya."
- Through significant renovations at the Matsuzakaya Nagoya store and Nagoya PARCO, in conjunction with the opening of a commercial complex by the Developer Business (scheduled for 2026), and the expansion of external merchants of JFR Card, we will promote ways for the Group's facilities to mutually encourage customers to visit other facilities in the Group and also promote the circulation of customer foot traffic throughout the area. Through these efforts, we aim to contribute to attracting new crowd to the area and enhancing its charm to maximize the value of the area.
- In addition to the opening of commercial complexes in the "Sakae area in Nagoya" and the "Shinsaibashi area in Osaka" (scheduled for 2026), we will strengthen investments in the Developer Business to promote development projects in the "Tenjin area in Fukuoka." Meanwhile, we will work on improving profitability by using underperforming assets, selling or replacing assets, and other such means.
- We plan to consolidate and reorganize the existing construction and interior design business and building management business, to steer business expansion mainly toward the creation of high-quality space value, the improvement of service quality such as in maintenance and management of facilities, and the securing and training of specialized personnel in facilities inside and outside the Group mainly in the key areas.

(3) Owning and developing proprietary content

- To achieve new growth in the retail business, we will work to collectively harness the discernment, purchasing power, networks, and other organizational competencies possessed by the Department Store, Parco, and other Group companies to further advance efforts to develop and own proprietary content and services, etc. and also develop new businesses through collaboration with other companies, targeting such business development not only for domestic operations but also for the overseas and digital realms.
- Leveraging the strength of having a business base in major cities nationwide, we will work on discovering and nurturing unique local products and services, including food culture, that are characteristic of each area.
- In addition to attracting new content and tenants that are ahead of the times, we will consider the development, ownership, etc. of content such as games centered around subcultures.
- Alongside efforts to strengthen the subscription business, we will promote the development of new businesses that promotes the circulation of consumption, among others, through collaboration with other companies.
- To accelerate these initiatives, we will proceed more strongly with growth strategy investments through M&A, alliances with other companies, and our business succession and CVC funds.

Strengthening the Group management foundation

(1) Human resources strategy

- We will promote a human resources strategy integrated with the management strategy. Such a strategy will include strengthening the recruitment and development of highly specialized personnel, planned nurturing of next generation talents, and promoting women's empowerment.
- We will invigorate the internal exchange of personnel within the Group, with the aim of achieving a fusion of "knowledge" possessed by employees and expanding opportunities to play an active role, thereby fostering a culture of challenge.
- We will create an environment and establish systems where every employee can take on challenges, drawing out employees' intentions, motivations, and abilities, and work towards realizing a human resource development company that aims for the sustainable growth of people and organizations.

(2) Finance strategy

- To improve medium- to long-term capital profitability, we will thoroughly manage investments based on growth and profitability, and enhance ROIC management, mainly by entrenching its practice throughout the Group with the cooperation of the operating companies.
- Taking into account trends in capital markets, we will strengthen our financial position by generating free cash flow, securing long-term stable funds, and controlling interest-bearing liabilities.

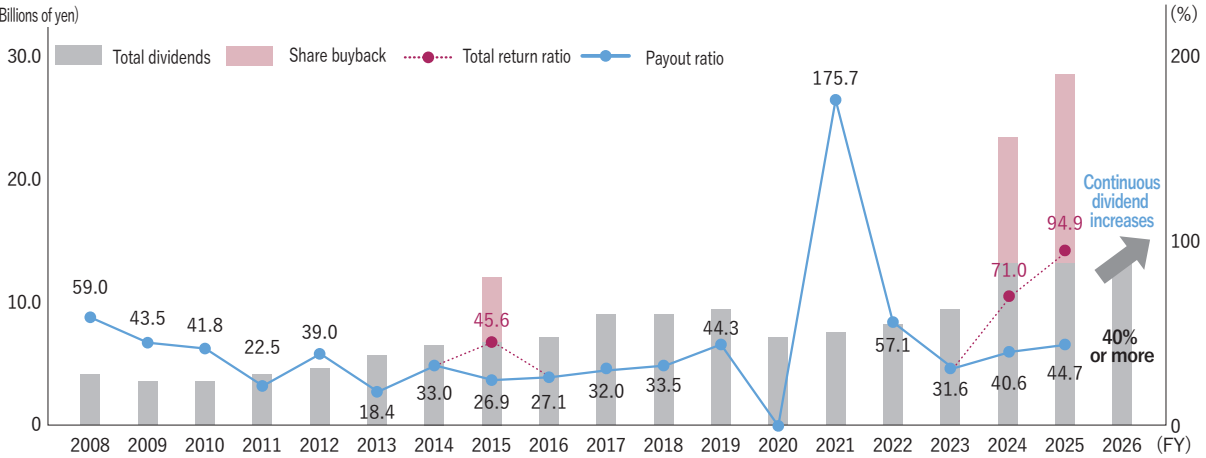
(3) System strategy

- We will build a common system for the entire Group together with groupware to encourage collaboration between the operating companies, and enhance internal and external communication.
- By making the common accounting system for the entire Group fully operational, we aim to enhance management control and streamline operations. Additionally, we will promote IT governance, by strengthening our response to information security and business continuity, as well as by implementing system investments and advancing asset management.

Shareholder Returns

Under the current Medium-term Business Plan, we have raised our dividend payout ratio from 30% or more to 40% or more, and for fiscal 2024 we have set a dividend of 52 yen per share, the highest level ever. Going forward, we aim to achieve stable and continuous increases in dividends by achieving sustainable profit growth. Furthermore, in accordance with our

policy of flexible and agile share buybacks, we carried out a share buyback of 10.0 billion yen in fiscal 2024 for the first time since fiscal 2015 to optimize the amount of equity. In fiscal 2025, we will also carry out a share buyback of 15.0 billion yen, thereby strengthening shareholder returns.



FY	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dividend per share (Yen)	8	7	7	8	9	11	25	27	28	35	35	36	27	29	31	36	52	54

FY2014: Amount adjusted after reverse stock split (2 shares → 1 share) FY2017: Includes commemorative dividend of ¥2 per share.
FY2024: Dividend payout ratio and total return ratio exclude special factors.
FY2025: Figures announced in April 2025. Total return ratio is adjusted for share buybacks. FY2026: To be determined