

J. Front Retailing Group's Value Creation Process

Under the Group Mission Statement consisting of the "basic mission statement," the "business operation policy," the "commitments to stakeholders" and the "principles of action," J. Front Retailing is committed to creating with its stakeholders affluent lifestyles, which are of high quality, fresh and highly hospitable and meet the changing times.

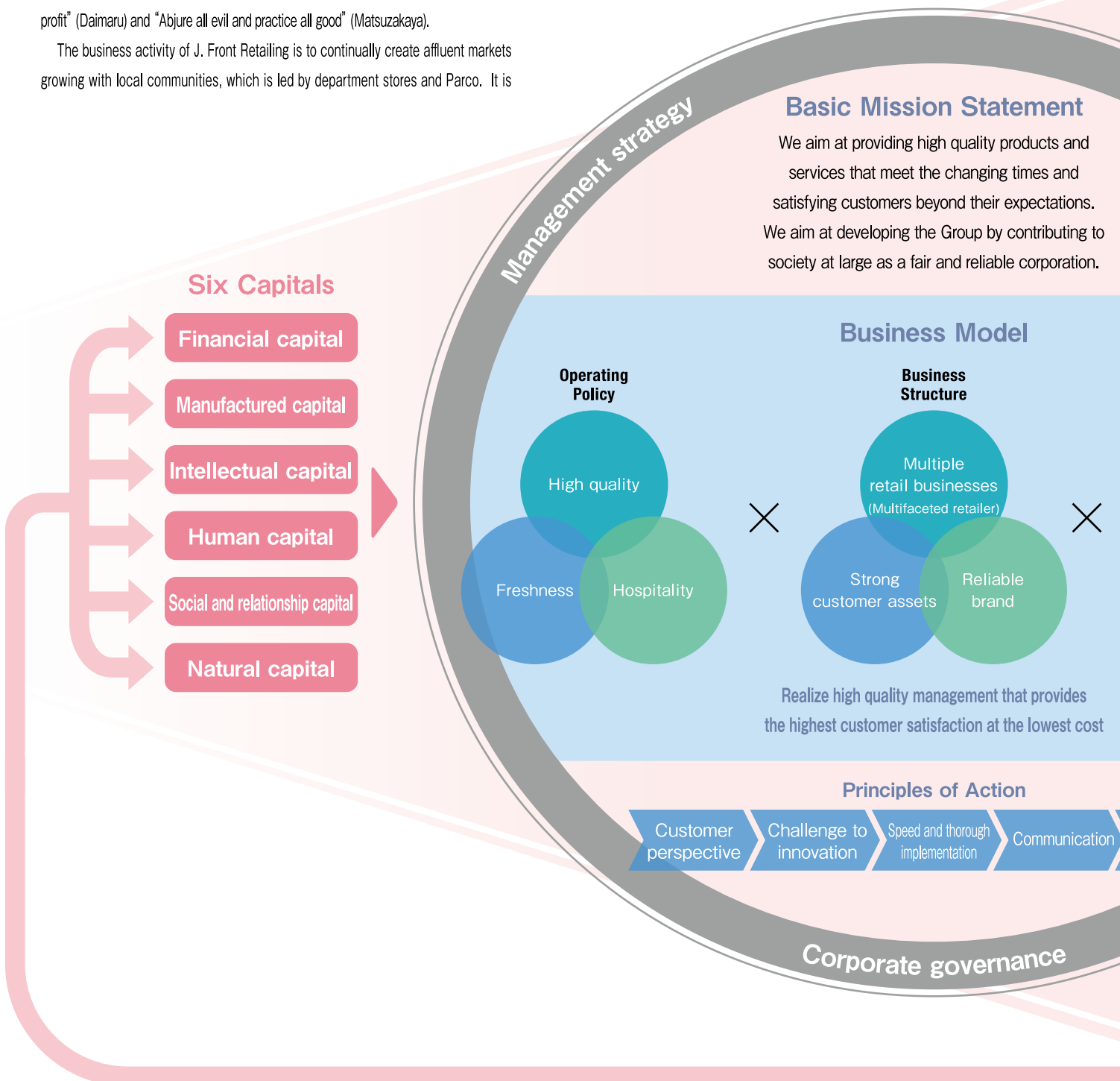
The "basic mission statement," which forms the basis of the Group Mission Statement, represents the elements of the "customer-first principle" and the "contribution to society" that are common to the corporate mission statements and traditional spirit of Daimaru and Matsuzakaya, which are the predecessor companies of J. Front Retailing: "Service before profit" (Daimaru) and "Abjure all evil and practice all good" (Matsuzakaya).

The business activity of J. Front Retailing is to continually create affluent markets growing with local communities, which is led by department stores and Parco. It is

nothing less than to create, as a public entity of society, new values with which its various stakeholders empathize.

Circulating the Group's business model and creating new values using the six capitals of J. Front Retailing effectively and efficiently are the process to create the brand value of J. Front Retailing, which will result in the creation of new values with which society empathizes.

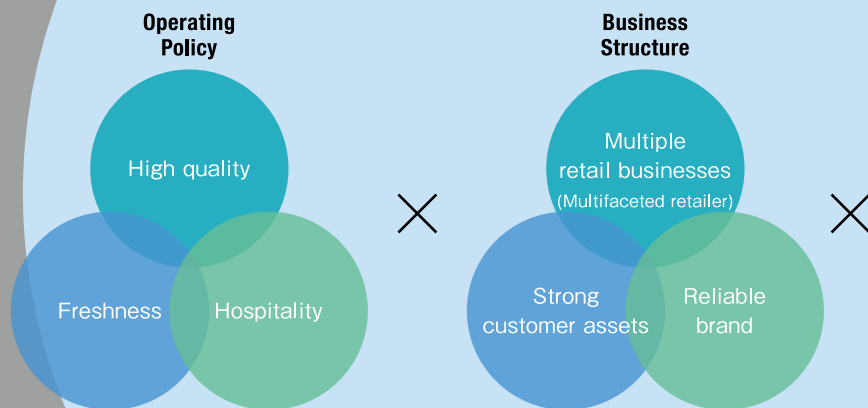
Through this initiative, we aim to establish ourselves as a leading Japanese retail company both in terms of quality and quantity.



Basic Mission Statement

We aim at providing high quality products and services that meet the changing times and satisfying customers beyond their expectations. We aim at developing the Group by contributing to society at large as a fair and reliable corporation.

Business Model



Realize high quality management that provides the highest customer satisfaction at the lowest cost

Principles of Action



Corporate governance

Human resource management

Core Competence

Urban store operation
store development

Product range / services that meet market changes

Low-cost operation

Respect for diverse individuality

Outcome

Financial capital

(Improvement of finance / shareholder value)

Creation of cash flow
Sustainable growth of ROE
Building of sound financial base

Manufactured capital

(Creation of sales infrastructure)

Fresher and larger store space
Enhancement of real-estate value of stores
Expansion of EC business

Intellectual capital

(Improvement of business operation value)

Sophistication of sales floor configuration / curation know-how
Improvement of sales service capabilities / tenant management
Improvement of ability to design commercial space

Human capital

(Improvement of human value)

Optimization of HR allocation by introducing system
Sophistication of HR development / securing of HRs
Promotion of diversity / external recruitment

Social and relationship capital

(Empathy, trust and confidence from customers)

Co-creation with communities / urban development
Promotion of dialogue with stakeholders
Promotion of social contribution with participation of customers

Natural capital

(Environment-friendly operation of facilities)

Promotion of energy conservation
Reduction of packaging materials
Reduction of waste

Commitments to Stakeholders

Customers

Provide genuine satisfaction
captivating customers
by offering new values.

Shareholders

Increase corporate value over
the long term through highly profitable
and highly efficient practice.

Business partners

Build the relations of trust
by working hard together
and aim to grow together.

Employees

Realize workplaces in which employees' performance
and contribution are fairly evaluated and they can realize
their exhibition of ability and growth and have job satisfaction.

Communities

Contribute to community development and
promote environment-friendly business activities
as a good corporate citizen.