

PROFILE

MARUI GROUP is a conglomerate that provides fulfilling lifestyles to customers of all ages through its unique business model comprising its Retailing and FinTech segments. Since its founding in 1931, MARUI has employed a business model merging retailing and credit card operations, and it has thereby established unique strengths and an undisputed position in the Japanese retail industry.

Today, the Group has grown to include 29 retail venues in Japan staffed by approximately 6,000 employees. In recent years, our FinTech business, which is supported by more than 6 million cardholders, has been growing as a consistent driver behind the Group's performance.

MARUI GROUP is practicing co-creation management based on customer perspectives as it forges ahead with various business model reforms to advance to the next growth stage.

About Front Cover Design
The three overlapping circles on the front cover of this report represent respectively our customers, society, and MARUI GROUP itself. The Group's co-creation management is aimed at the co-creation of customer happiness realized by forming intrinsic links between customers, society, and the Group. The front cover design is a representation of this goal.

The photograph is of a mother and daughter leaving Hakata Marui on Saturday, May 14, 2016, laughing and with smiles on their faces. We spoke with them on their way to Hakata Station, preserving their beaming smiles in this photograph. In addition to these two, this report will feature many other customers that have visited Hakata Marui.

COVER STORY



of Customer Happiness

MARUI GROUP's co-creation management entails incorporating the customer's perspective into all business processes and thereby working to co-create customer happiness with our partners. This approach permeates our store development and product creation efforts in the Retailing business and our advancement of credit card services in the FinTech business, and will remain a central and ongoing part of our operations into the future.

Co-Creation of Customer Happiness

MARUI GROUP and its *Customers*

We strive to work with our customers in co-creating their happiness. By holding planning meetings on various themes and for numerous projects together with our customers, we are able to engage in ongoing discussion with them. These meetings thus enable us to develop a thorough understanding of customer needs and desires as we collaborate to seek out the ideal form for our stores, products, and services. The value of our co-creation efforts is found in the intersections of interests born out of these ongoing discussions.

➡ P42 MARUI GROUP and its Customers, in the Hakata Marui Co-Creation Story

Customers enjoying shopping at the Marui Shoes store on the third floor of Hakata Marui on Thursday, April 28, 2016



Co-Creation of Customer Happiness

MARUI GROUP and its *Business partners*

Our business partners are important allies in co-creating customer happiness. For this reason, we sought to further evolve our co-creation business by inviting business partners to participate together with customers in planning meetings related to the establishment of Hakata Marui. This was the first time such partners had been invited to these meetings. The process of developing this store by collaborating with both customers and business partners was an opportunity that led to new discoveries.

➡ P46 MARUI GROUP and its Business Partners, in the Hakata Marui Co-Creation Story

Staff of Dashidokoro Hyoshiro on the first floor and REC COFFEE on the sixth floor of Hakata Marui, both partners that participated in planning meetings



Co-Creation of Customer Happiness

MARUI GROUP and its *Employees*

The foundations for our co-creation business are supported by our highly diverse employees. We benefit greatly from the strength these employees exhibit in responding quickly to changes in society and in the times, all while sharing our retailing mindset that emphasizes the customer's perspective. MARUI GROUP's corporate philosophy calls for us to "equate the development of our people with the development of our company." With this philosophy at heart, our employees will continue to treasure their connections with customers.

➡ P38 Documentary of Hakata Marui's Grand Opening

➡ P66 Employees Helping to Co-Create Customer Happiness

Sales staff displaying calm, joyous, and impassioned expressions despite the frenetic atmosphere on Thursday, April 28, 2016, one week after the opening of Hakata Marui



Co-Creation of Customer Happiness

MARUI GROUP and its *Investors*

The point of origin for our co-creation management is our desire to contribute to the happiness of our customers, and we are confident that accomplishing this goal will fuel the long-term improvement of MARUI GROUP's corporate value. Contrary to common belief, the interests of customers and shareholders and other investors are not in opposition, but rather share a common intersection. By increasing this intersection, we aim to make greater contributions to the interests of all of our stakeholders.

➡ P28 Discussion of Co-Creation between Long-Term Investor and the President

➡ P32 Conversation between ESG Specialist and MARUI GROUP




Interactions with shareholders and other investors,
opportunities to build stronger management



Co-Creation of Customer Happiness

MARUI GROUP and *Communities and Society*

MARUI GROUP is connected to communities and the greater society through its customers. We recognize that the contributions our business activities make to the development of communities, regions, and society as a whole are also contributions to the happiness of our customers. One reason we develop stores that are considerate of the needs of small children and senior citizens as well as those of people with disabilities, non-Japanese people, and members of the LGBT community is that we believe such stores will help us resolve social issues through our business.

- ➡  P48 MARUI GROUP and Communities and Society, in the Hakata Marui Co-Creation Story
- ➡  P50 MARUI GROUP Co-Creation Story
- ➡  P58 Corporate Culture of Co-Creation Management

Customer sitting with her child next to the second floor escalator of Hakata Marui, a store that is unique in the large number of customers that visit with small children, on Thursday, April 28, 2016





Co-Creation
of Customer Happiness

MARUI GROUP's co-creation management—its quest to co-create customer happiness through its business activities—has only just begun. We will continue to forge ahead on this path as we tackle an increasingly wider range of challenges going forward, committed to steadily producing results.





CO-CREATION

Co-Creation Management Report 2016



For the fiscal year ended March 31, 2015, MARUI GROUP published *Co-Creation Management Report 2015*, its first integrated report for shareholders, investors, and other stakeholders, which was followed up with the release of *Co-Creation CSR Report 2015*, a digest report. "Co-creation management" refers to the type of management for co-creating customer happiness to which MARUI GROUP aspires. *Co-Creation Management Report 2015* placed more emphasis on management strategies while *Co-Creation CSR Report 2015* focused primarily on the Company's connection with communities and the greater society.

www.0101maruigroup.co.jp/ir/i-report-2015.html
www.0101maruigroup.co.jp/csr/report.html



Section 01

16 MARUI GROUP's View on Corporate Value

18 Message from the President

26 Co-Creation Management and Corporate Value

28 Dialogue 01
Discussion of Co-Creation between Long-Term Investor and the President

32 Dialogue 02
Conversation between ESG Specialist and MARUI GROUP

Editorial Policy
Co-Creation Management Report 2016 was created with the aim of helping our shareholders, investors, and various other stakeholders develop a better understanding of MARUI GROUP. This report contains performance, business, and financial information centered on the Group's corporate philosophy and business strategies. As an integrated report, it also includes non-financial information related to the activities that support the Group's sustainable growth. The International Integrated Reporting Framework released by the International Integrated Reporting Council in December 2013 was referenced in the development of this report.

Cautionary Notice regarding Forward-Looking Statements
Performance forecasts and other forward-looking statements contained in this report represent the Group's best judgments based on information available at the time of this report's publication and therefore contain a degree of uncertainty. It is possible that actual performance could differ materially from these forecasts due to a variety of factors. Economic conditions, foreign exchange rates, and stock price movements are among the factors that could have a major impact on performance.



Section 02

36 MARUI GROUP's Co-Creation Management

38 Documentary of Hakata Marui's Grand Opening

42 Hakata Marui Co-Creation Story
42 MARUI GROUP and its Customers
46 MARUI GROUP and its Business Partners
48 MARUI GROUP and Communities and Society

50 MARUI GROUP Co-Creation Story
50 Creation of Marui Fans in Kyushu prior to Store Opening
52 Evolving Customer Referral Model
54 Marui-Style Omni-Channel Retailing

56 Development of Co-Creation Private Brands Together with Customers

58 Corporate Culture of Co-Creation Management

64 Dialogue 03
New Meaning of "Healthcare" for the Eye of the Company Physician

66 Employees Helping to Co-Create Customer Happiness

68 Overview of Performance and Business (Fiscal Year Ended March 31, 2016)

70 New Medium-Term Management Plan

74 Business Strategies (Retailing and FinTech)

82 Message from the CFO

83 Target Balance Sheet



Section 03

88 Management Systems / Corporate Information

90 Team Supporting Co-Creation Management

92 Dialogue 04
Co-Creation Management and DNA of Innovation as Seen by External Directors

96 Directors, Audit & Supervisory Board Members, and Executive Officers

101 Corporate Governance

104 MARUI GROUP's Business

108 MARUI GROUP Store Network

110 Financial and Non-Financial Summary

112 Consolidated Balance Sheets

113 Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

114 Consolidated Statements of Changes in Net Assets

115 Consolidated Statements of Cash Flows

116 Notes to Consolidated Financial Statements

139 Independent Auditor's Report

140 Overview of MARUI GROUP

143 From the Chief Editor