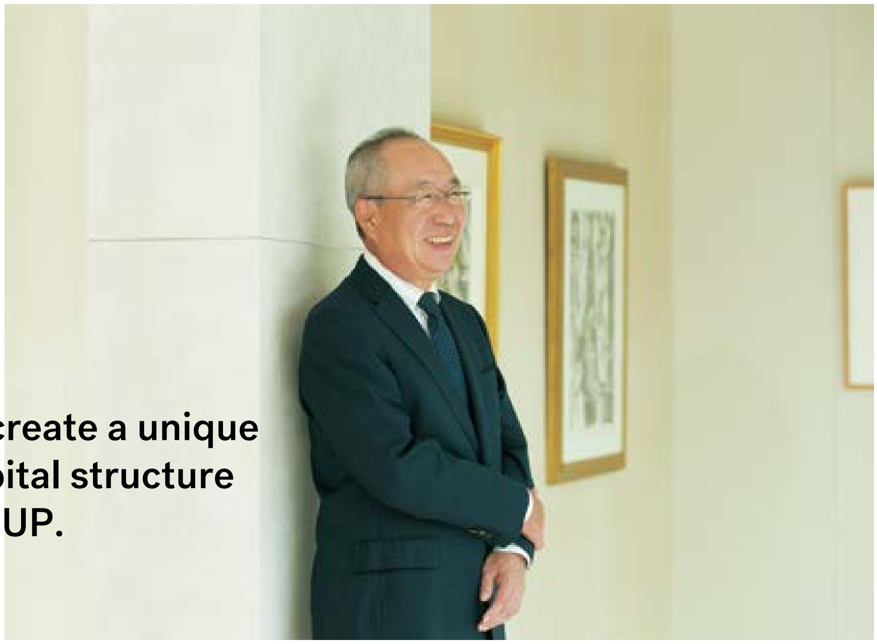

It is my goal to create a unique and optimal capital structure for MARUI GROUP.

Motohiko Sato
Senior Managing Executive Officer and CFO

Beginning in the fiscal year ending March 31, 2017, MARUI GROUP will adopt three key performance indicators (KPIs) for gauging Groupwide performance. These KPIs will include return on equity (ROE) and earnings per share (EPS), which are both indicators that have been selected based on our emphasis on improvements to medium-to-long-term corporate value. The last KPI is return on invested capital (ROIC), which is an indicator of the profitability of our main business.

It is, of course, important to steadily generate earnings over the medium-to-long term. However, it is at the same time crucial to set KPIs from a balanced perspective given the fact that improvements in ROIC, an indicator of business profitability, are linked to returns to shareholders as indicated by ROE. Each Group company and operating division has set its own KPIs based on the characteristics of its business, and the aggregates of these KPIs are the management indicators of the Group as a whole. With this recent establishment of Groupwide KPIs, I feel that we have made it clear the role that Group companies and operating divisions should play in accomplishing our overall goals.

In addition, we are working to transform our balance sheet to more ideally match the business and earnings structures that the Group will utilize going forward in consideration of the changes to our business model that have been implemented thus far. Following the 2006 switch from an in-house credit card to a multipurpose credit card, the portion of our balance sheet accounted for by credit card operating receivables increased. However, our capital structure remained relatively unchanged from when our focus was retailing. To help rectify this situation, we established a vision for our ideal balance sheet in the fiscal year ending March 31, 2021. This vision was formulated using average balance sheets for both the retailing and credit card industry as a benchmark and then simulating the growth of the Group’s Retailing and FinTech businesses over the next five years.

However, as long as we continue to operate under business models for which there is no precedent at other companies, we will always have to be thinking of what equally unique capital structure will be optimal for MARUI GROUP. The next round of growth strategies will be formulated based on the growth we are able to accomplish over the next five years and the initiatives we intend to implement thereafter. When we find the next pillar of growth, it goes without saying that our ideal capital structure will also change.