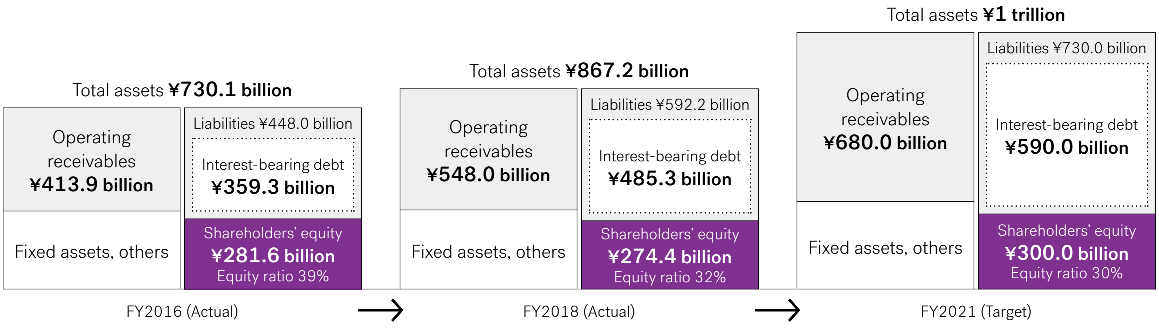
Target Balance Sheet

01 POINT Target Balance Sheet

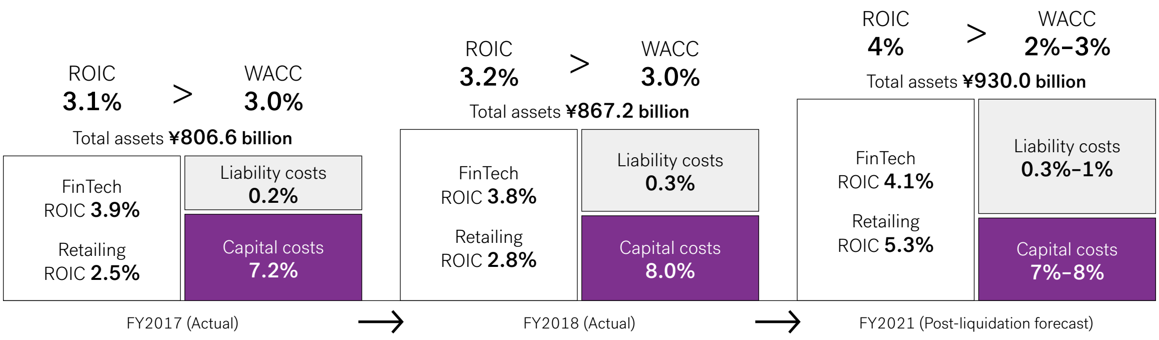
Procurement through interest-bearing debt in response to increases in operating receivables
Optimal capital structure defined as targeting an equity ratio of approximately 30%



The medium-term management plan with the fiscal year ending March 31, 2021 as its final year, defined our target balance sheet with the aim of bringing the liability portion of the balance sheet in line with our earnings structure. Based on this target, we will procure funds in the form of interest-bearing debt to address the projected rise in operating receivables with the aim of maintaining a level of interest-bearing debt that is equivalent to around 90% of operating receivables. As for the equity ratio, we will target a ratio of approximately 30%, the level we have deemed to be optimal.

02 POINT Creation of Corporate Value through ROIC Exceeding WACC

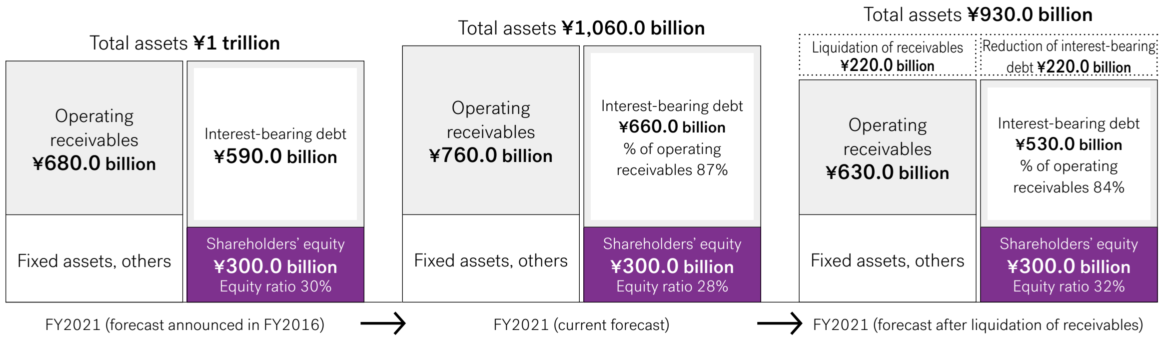
Structure in which ROIC consistently exceeds WACC to be achieved by increasing ROIC and lowering capital costs
Surplus income once again achieved in the fiscal year ended March 31, 2018, through steady advance of financial strategies



In the fiscal year ended March 31, 2018, ROIC exceeded WACC for the second consecutive year following an improvement in the ROIC of the Retailing segment. In the FinTech segment, we are targeting ROIC of 4.1% or more in the fiscal year ending March 31, 2021, by growing service revenues that require less invested capital through initiatives in the securities business and other new fields. Our ROIC target for this year in the Retailing segment is 5.3% or more. We will work toward this target through growth in e-commerce earnings and by pursuing income improvements by raising the value of the transition to shopping centers and fixed-term rental contracts after its completion. We will also develop businesses that do not require increased assets to improve the efficiency of invested capital.

03 POINT Forecasts and Issues Related to Target Balance Sheet

Equity ratio of 32% in the fiscal year ended March 31, 2018, approaching optimal level of 30%
Operating receivables to exceed initial forecast, making for total assets of ¥1 trillion in the fiscal year ending March 31, 2021

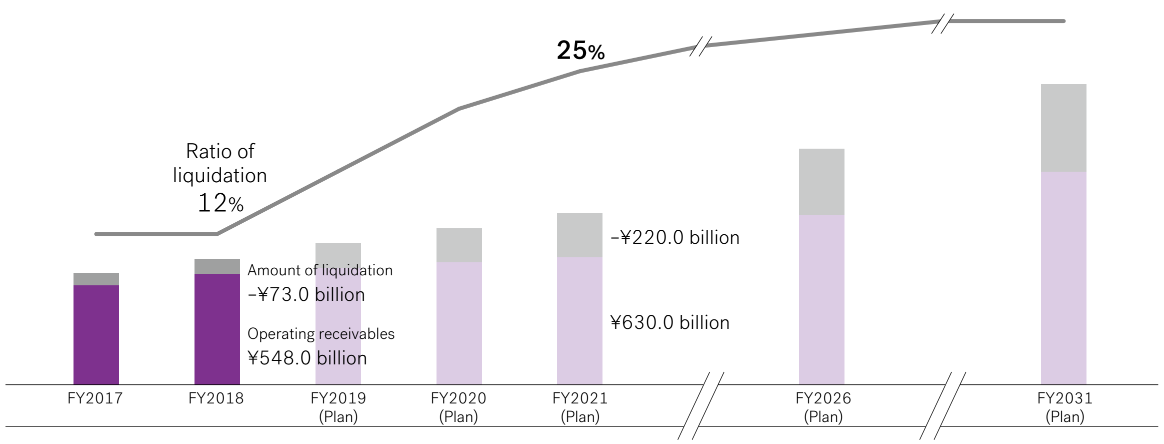


In the fiscal year ended March 31, 2018, the equity ratio reached 32%, a large step toward the optimal level of 30% from the level of 39% in the fiscal year ended March 31, 2016. However, operating receivables are expected to exceed our initial forecast for the fiscal year ending March 31, 2021, due to the growth of the FinTech segment. As we address this rise in receivables through additional interest-bearing debt, this situation is projected to cause the equity ratio to fall below 30% while total assets exceed ¥1 trillion in this year.

We will respond to this issue through a systematic increase in fund procurement through the liquidation of operating receivables beginning in the fiscal year ending March 31, 2019. By raising the ratio of liquidated operating receivables to around 25% from the level of 12% seen on March 31, 2018, we aim to keep total assets below ¥1 trillion in the fiscal year ending March 31, 2021, which enables us to maintain an equity ratio of more than 30%, moving us closer to our optimal capital structure.

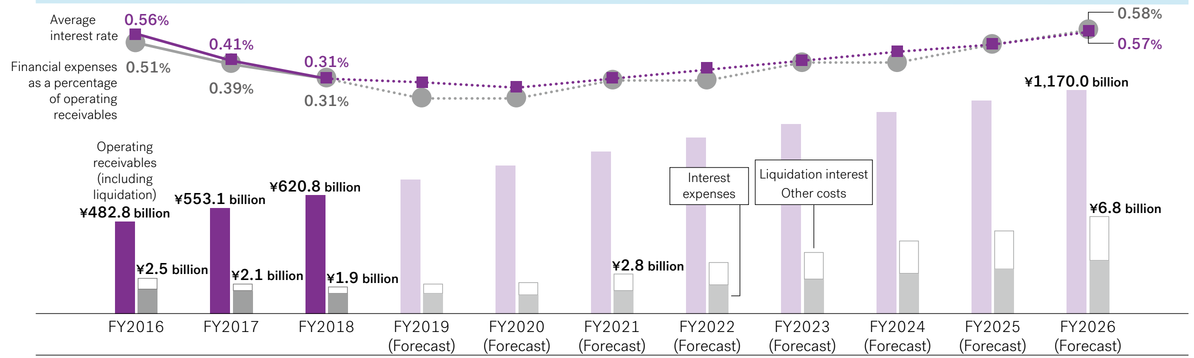
Operating Receivable Liquidation Schedule

Ratio of liquidated operating receivables to be systematically raised from 12% to 25%
Equity ratio of more than 30% to be maintained by keeping total assets below ¥1 trillion in the fiscal year ending March 31, 2021



04 POINT Interest Rate Hike Risk (Preliminary Calculation of Amount of Impact)

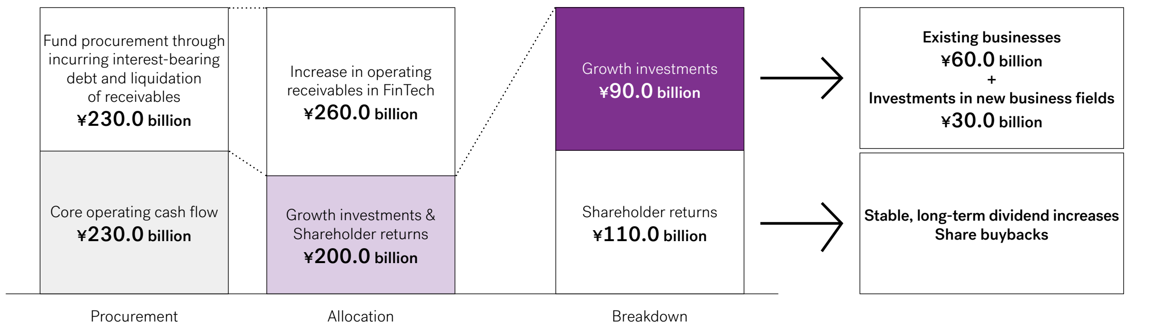
Limited impact on financial expenses anticipated from projected interest rate hike risks
Liability costs to be controlled through optimal fund procurement balance



As the FinTech segment continues to grow, it will be impossible to avoid increases in liabilities. A higher level of liabilities means that interest rate hikes will have greater impact on the Company. If long-term interest rates are increased by 0.1% every year, the average interest rate on the Company's debt is estimated to rise from 0.31% in the fiscal year ended March 31, 2018, to 0.57% in the fiscal year ending March 31, 2026. These higher interest rates will cause financial expenses to climb above ¥6.0 billion in this year. However, this amount will only represent 0.58% of operating receivables (including liquidation), a level that is not significantly larger than now. MARUI GROUP has been successful in absorbing a portion of the potential impact of interest rate hikes by procuring funds with lower interest rates, longer borrowing periods, and even fixed interest rates. Going forward, we will continue to monitor interest rate trends to limit liability costs.

05 POINT Cash Flow Forecasts

Five-year aggregate core operating cash flow of ¥230.0 billion forecast for period of medium-term management plan
Allocation of cash flows to growth investments and shareholder returns to achieve ongoing growth and improve capital efficiency



Over the period of the medium-term management plan, core operating cash flow, which excludes outflows associated with increases in operating receivables, is expected to amount to ¥230.0 billion. We will allocate ¥200.0 billion of this amount to growth investments and shareholder returns. Growth investments of ¥90.0 billion will be conducted, of which ¥30.0 billion will be used for investments in new business fields and collaborative ventures. The remaining ¥110.0 billion will go to shareholder returns.