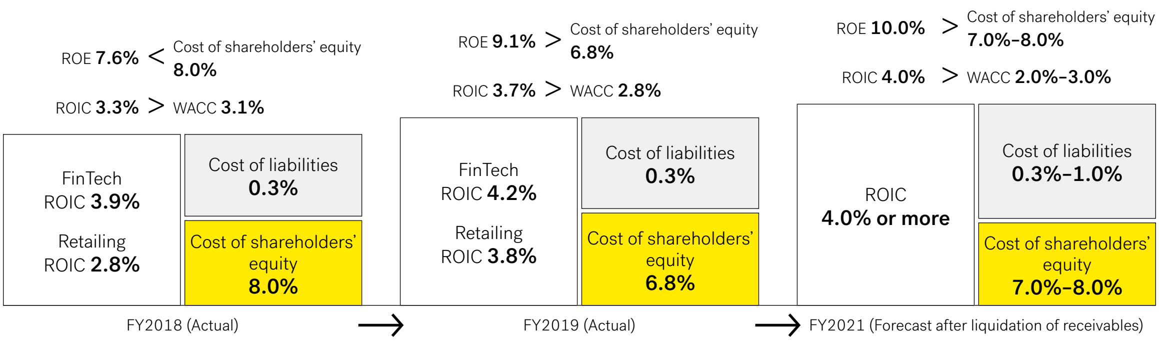
Target Balance Sheet

01 POINT Creation of Corporate Value with ROIC Exceeding WACC and ROE Exceeding Cost of Shareholders' Equity

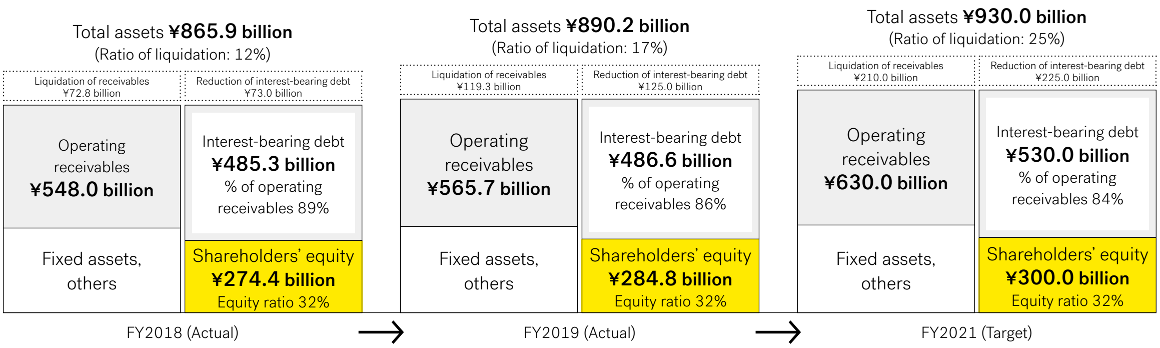
ROE exceeds cost of shareholders' equity for the first time due to improved profit and low cost of capital while ROIC stays consistently above WACC



In the fiscal year ended March 31, 2019, profit growth caused a large increase in ROE, which exceeded cost of shareholders' equity for the first time. Meanwhile, a significant increase in ROIC was achieved in the Retailing segment, resulting in overall ROIC surpassing WACC for the third consecutive year. MARUI GROUP will continue working toward businesses that can achieve high profitability without depending on the balance sheet. To this end, the Company will proactively develop businesses with high LTV to realize further improvements in capital efficiency and achieve the targets of ROE of 10.0% or more and ROIC of 4.0% or more in the fiscal year ending March 31, 2021.

02 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%
Increased fund procurement through liquidation of operating receivables to limit total assets to below ¥1.0 trillion
in the fiscal year ending March 31, 2021, and maintain an equity ratio of approximately 30%

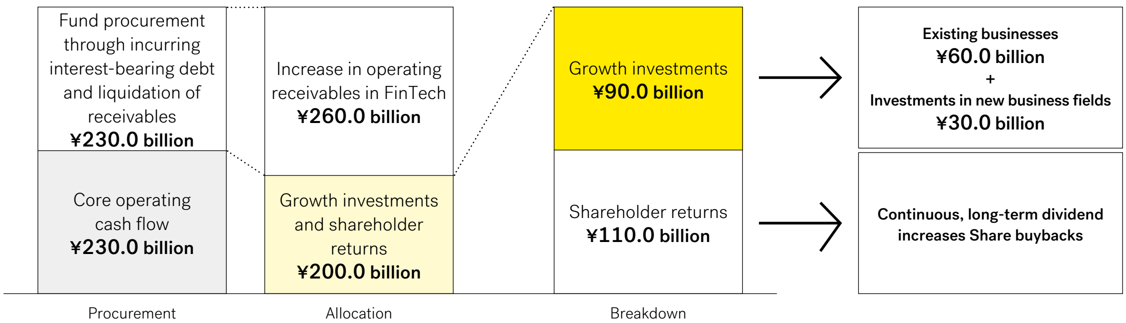


The medium-term management plan slated to conclude with the fiscal year ending March 31, 2021, defines a target balance sheet. Achieving this balance sheet will entail procuring funds through interest-bearing debt in response to increases in operating receivables, seeking a level of interest-bearing debt equivalent to roughly 90% of operating receivables, and maintaining an equity ratio of approximately 30%, deemed ideal.

Growth in the FinTech segment is resulting in levels of operating receivables that exceed initial expectations along with a consequent rise in interest-bearing debt. Faced with the forecast of the equity ratio dipping below 30%, MARUI GROUP responded through systemic fund procurement via the liquidation of operating receivables beginning in the fiscal year ended March 31, 2019. As a result, the ratio of liquidation reached 17% on March 31, 2019, and will be raised to around 25% on March 31, 2021, while net assets are kept below ¥1.0 trillion to maintain the ideal equity ratio of approximately 30%.

03 POINT Cash Flow Forecasts

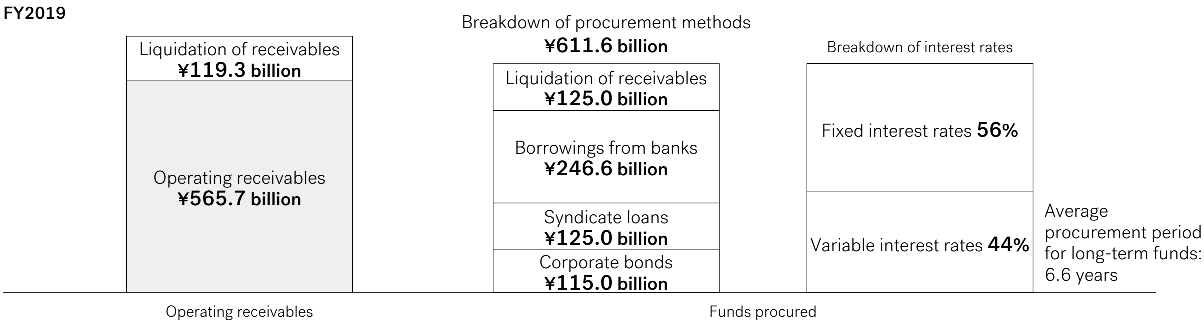
Five-year aggregate core operating cash flow of ¥230.0 billion forecast for period of medium-term management plan
(fiscal year ended March 31, 2017–fiscal year ending March 31, 2021)
Allocation of cash flows to growth investments and shareholder returns to achieve ongoing growth and improve capital efficiency



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 through continuous, long-term dividend increases and share buybacks. Investments in new business fields will be conducted steadily over the period leading up to the fiscal year ending March 31, 2023.

04 POINT Response to Fund Procurement Risks and Interest Rate Hikes

Prioritization of safety in response to volatile procurement environment by maintaining consistent repayment levels and establishing backups
Balanced combination of diverse procurement methods and measures to limit risks and procurement costs



The FinTech segment is expected to continue to grow, resulting in ongoing increases in fund procurement. Recognizing the risks presented by the volatile financial market, MARUI GROUP will respond by prioritizing safety and costs.

To this end, we will maintain consistent repayment levels while establishing backups, such as commitment lines, to hedge against the risk of not being able to replace repaid borrowings. At the same time, we will diversify the procurement methods we use through a combination of borrowings from banks, syndicate loans, corporate bonds, and liquidation of operating receivables, utilizing these procurement methods in a balanced manner. We will look to have procurement methods with fixed interest rates represent 50%–60% of total debt in order to absorb the impacts of future interest rate hikes and limit procurement costs.