

Co-Creative Investment Philosophy

Over the four-year period beginning with 2016, MARUI GROUP conducted a wide variety of growth investments. These included investments for launching our anime and securities businesses, developing new businesses for accommodating sharing economies, and financing sustainability and financial inclusion companies to further us toward our long-term vision. Among these investments, we at last successfully commenced co-creative investments for financing and collaborating with venture companies after a rigorous process of investment for the purposes of acquiring investment expertise, fostering necessary human resources, and laying other foundations.

In January 2020, we established D2C & Co. Inc. to facilitate full-fledged co-creative investments. This company is coordinating with MARUI GROUP's Co-Creative Investment Department to advance the development of a co-creation ecosystem. The goal of co-creative investment goes beyond simple investment returns to target the generation of synergies with partners in co-creating a happier future. Investment candidates are selected based on criteria including vision feasibility, growth potential, and potential synergies.

Over the past four years, we have invested a total of ¥15.7 billion in new business domains. Of this, ¥7.1 billion was directed toward investments in 20 venture companies. Calculated based on recent market prices, the internal rate of return (IRR)*1 from these investments comes to 34%, despite the global COVID-19 pandemic, exceeding our internal hurdle rate of 10%.

*1 Rate calculated using recent procurement prices for applicable marketable securities and based on amounts if listed stocks were to be sold at the end of the respective fiscal year

New Business Field Investments

Fiscal Year Ended March 31, 2020

tsumiki Co., Ltd. D2C & Co. Inc.	¥1.9 billion ¥1.6 billion
Venture companies	¥7.1 billion
Funds	¥5.1 billion

Total ¥15.7 billion

20 Investees

Note: Figures represent rate of growth from stock prices at time of acquisition and at recent procurement timing.

More than 1.1 times

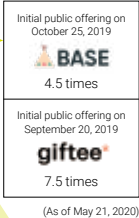
4 companies

More than 1.0 times

14 companies

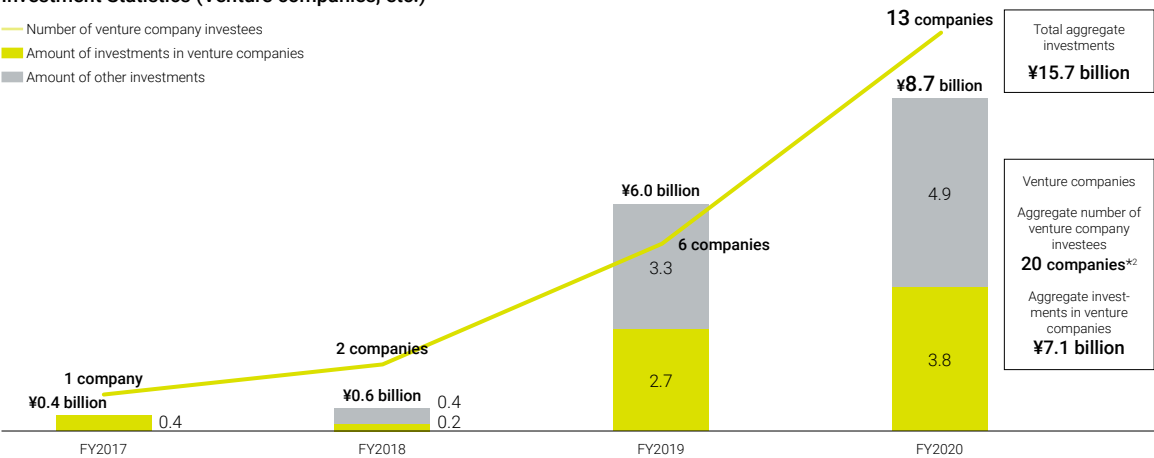
Less than 1.0 times

IRR 34%



Investment Statistics (Venture companies, etc.)

— Number of venture company investees
— Amount of investments in venture companies
— Amount of other investments



Retailing

Creation of New Businesses Aimed at Future Generations Together with D2C Brands

It is commonly thought that the retailing industry is currently facing an exceptionally challenging environment due to factors such as population decline and sluggish consumption. However, I do not agree. I cannot deny that demand for mass production and consumption of goods and services will decline and conventional retailing business models will cease to be effective. Regardless, demand for personalized offerings that allow individuals to express themselves is growing at an accelerated rate among younger people. I therefore feel that retailers can enjoy an incredibly prosperous future if they can develop business models that respond to this demand for living a fulfilling and happy life. A key ally in developing such a business model will be D2C brands. When negotiating store openings with Western D2C brands, I was struck by how perfectly they matched the sustainable worldview that future generations are projected to embrace. Conversely, these brands lacked experience in operating physical stores and offering customer service as they primarily operate online. MARUI is equipped to help compensate for this deficiency. I am confident that this partnership will be effective for creating new businesses for serving future generations.



Masahiro Aono

Senior Executive Officer
President and Representative Director, MARUI CO., LTD.
Director, AIM CREATE CO., LTD.

Co-Creative Investment

Start of Co-Creative Investment for Collaborating with Start-Up Companies and D2C Brands

The co-creation ecosystem we target will not be developed by MARUI GROUP alone. Rather, we will build an ecosystem that extends across society together with future generations to help ensure the happiness of all stakeholders. Our business model merging retailing, fintech, and co-creative investment will be integral to the realization of this ecosystem. Co-creative investment in start-up companies and D2C brands is a new pillar in this model alongside retailing and fintech. This form of investment employs a model in which we pursue synergies in our main business through collaboration with investees to grow as partners. We have set the goal of investing ¥30.0 billion in new business areas over the seven-year period leading up to the fiscal year ending March 31, 2023. Smooth progress is being made toward this goal with total investments currently at ¥15.7 billion. Venture capital investments by other companies are generally aimed purely at financial returns. MARUI GROUP's co-creative investments, meanwhile, are quite different in that they emphasize the extent to which we share the same vision and the feasibility of realizing this vision. We invite all those interested to join hands with us in growing and evolving while coordinating with MARUI GROUP's retailing and fintech operations.



Masahisa Aoki

Director and Senior Executive Officer
General Manager, Co-Creative Investment Department
Director, D2C & Co. Inc.

FinTech

Collaboration with Co-Creative Investees to Resolve Social Issues and Grow Business

In collaboration with co-creative investees, we believe it is important to focus on the growth of not only EPOS cards but also new fintech businesses. We recognize that we are collaborating with companies engaged in cutting-edge initiatives based on projected future trends. Even if the value gained through this collaboration seems small at first, we anticipate that it will grow and blossom in the future. Through our collaboration with Minna-denryoku, for example, we made application for renewable energy, something shown to be in high demand by EPOS cardholder surveys, much easier by allowing customers to register their card data for this purpose. By effectively promoting this service, we aim to help facilitate movements for drawing attention to environmental issues across Japan. These initiatives are not just aimed at contributing to society; we also expect massive returns in terms of profit as customers increasingly use their EPOS cards to make various payments. We will continue to develop services that are highly convenient for customers going forward from the perspective of resolving social issues while growing our business.



Yoshinori Saito

Managing Executive Officer
In charge of FinTech Business
President and Representative Director,
Epos Card Co., Ltd.
Director, MRI Co., Ltd.