



CO-CREATIVE TEAMS INSPIRING INDUSTRY

DIALOGUE 06 — ETSUKO OKAJIMA — AYAMI TORIHATA
— NOZOMU ABE — MIZUKI TAKENOBU

Potential for Co-Creative Teams to Inspire Industry Transformation

MARUI GROUP conducts forward-looking investments comprising co-creative investments aimed at incorporating external innovation and new business investments for fostering innovation within the Company. We have assembled 24 co-creative teams, consisting of a total of 212 members, to help guide the course of such forward-looking investments. These teams are focused predominantly on co-creation with start-ups. Led by executive officer-level employees, these teams are membered by individuals from across MARUI GROUP who function as the vanguard for achieving our impact target of creating platforms for co-creation. These co-creative teams will march forward, claiming small victories with the goal of eventually inspiring industry transformation. With high expectations, External Director Etsuko Okajima explores this potential from multiple angles together with members of co-creative teams.

Vanguard for Creating Platforms for Co-Creation

Okajima: There are two facets of MARUI GROUP's impact target of creating platforms for co-creation. One is building forums for co-creation using the assets of existing businesses. The other is developing work styles that are open to those both inside and outside of the Company through means such as open innovation. Co-creative teams embody both of these facets. Today, I would like to hear about the experiences each of you has had as a member of co-creative teams. Let us begin with introducing ourselves.

Torihata: I am a member of the TSUKURUBA Business Department at okos, where I am involved in creating new businesses together with investee TSUKURUBA Inc. The TSUKURUBA Business Department used to be a co-creative team, but it was reorganized into a full-fledged business department in April 2021. TSUKURUBA is a company that offers a secondhand real estate renovation platform known as cowcamo. Real estate can be sold, purchased, or rented. In its co-creation with TSUKURUBA, MARUI GROUP is mainly focused on rental, a field in which we are also involved. My role in this undertaking is developing user experiences that better accommodate the perspective of users and promoting digital transformation as it relates to real estate.

Abe: I work at M & C SYSTEMS. I am also a member of the co-creative team that works with a start-up called WED, Inc. Led by Representative Director Soto Yamauchi, WED is an innovative company that is breaking down previous norms. This company is developing an app that uses optical character recognition technologies, which convert text contained in image data into text data, to photograph receipts and change them into money. My co-creative team has aided in this endeavor by helping develop billing and sales reporting systems for tenants.

Takenobu: I am not a MARUI GROUP employee. Rather, I was seconded to

MARUI GROUP from COUNTERWORKS Inc., a start-up that is looking to digitize commercial real estate. I have been working at the Tenant Success Office of MARUI CO., LTD., which is involved in the operation of Marui and Modi stores, three days a week since April 2021. MARUI is in the process of creating stores that do not sell while pursuing impact targets for offering support for individual preferences. Together with this company, I am formulating and implementing governance plans that fundamentally transform the services offered to tenants. These efforts include the development of online stores and the revision of contract conditions to make it easier for tenants to open stores.

Okajima: Thank you. Some call me the "Godmother of Venture Companies," and I view it as my personal mission to increase the number of management professionals across Japan. I have been an external director at MARUI GROUP since 2014. In this capacity, I have helped out with the Co-Creation Management Academy future leader development program as well as with other measures for stimulating the personal growth of employees and the growth of the organization. MARUI GROUP's strength comes from its co-creation platform, and, as members of co-creative teams, you are all the vanguard of the creation of this platform.

Small Start-Ups Within MARUI GROUP

Torihata: My participation in co-creative teams has made me aware of the wide

range of things one can accomplish even with the limited discretion available to one in my position. Previously, at meetings it has been rare for me to be able to assert my own judgment. Now, however, I enjoy a much wider range of authority. The majority of members of the TSUKURUBA Business Department are without knowledge of real estate. Nevertheless, we are able to come up with ideas from a perspective that differs from real estate based on our experience with EPOS cards and new business development. In fact, I would say that this is a strength.

Okajima: MARUI GROUP has continued to encourage employees to acquire a diverse range of experience through initiatives such as intra-Group profession changes. It has thereby installed frameworks conducive to the acquisition of new experiences and the melding of strengths. These frameworks are what helped the TSUKURUBA Business Department be such an effective bridge between TSUKURUBA and MARUI GROUP.

Abe: Speaking from my experience with WED, apparently they primarily dealt with systems companies before starting co-creation with MARUI GROUP. Now, they are able to incorporate our varied perspectives, related to considerations such as well-being, sustainability, and fintech, into their approach, which they say has greatly widened the scope of their thinking. Moreover, WED has that sense of momentum we tend to associate with start-ups as well as an elite team of individuals boasting a level of

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a single, unique individual.

Ayami Torihata
TSUKURUBA Business Department,
okos Co., Ltd.
(Joined MARUI GROUP CO., LTD., in 2016)



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strength similar to that of a certain pirate squad from a popular manga. As a member of a co-creative team, I thus feel like I can apply the might of a large company to various small actions, effectively capitalizing on all the benefits of start-ups. I would even go as far as to say that co-creative teams feel like small start-ups that exist within MARUI GROUP.

Okajima: Sota Yamauchi, who founded WED in his teens, has a unique perspective that is not confined by existing frameworks. If MARUI GROUP is going to provide a platform for co-creation, it will be important for it to respect such otherworldly talents. Mr. Takenobu, from your perspective as an outsider at MARUI GROUP, what do you see as the value of co-creation with the Company.

Takenobu: A major advantage of working with MARUI GROUP is the ability to utilize its assets to create greater value for society. As a start-up, COUNTERWORKS is able to exercise its ingenuity targeting a limited scope of customers and market segments. MARUI GROUP, meanwhile, has a well-entrenched practice of looking at matters such as how shopping centers will be affected or how EPOS cards will be used to generate profits. My involvement with MARUI GROUP has made me aware of the importance of adopting a multi-faceted perspective to pursue an overall

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Mizuki Takenobu
Seconded to Tenant Success Office
of MARUI CO., LTD.,
from COUNTERWORKS Inc.



balanced approach. MARUI GROUP is incredibly proficient at achieving such a balance when it comes to expanding potential demand.

Small Starts for the Peripheries
Leading to Small Victories

Takenobu: Together with MARUI GROUP, I am looking into ways of transforming shopping center operation, leasing, and other existing business frameworks. How are all of you approaching the process of transforming existing businesses within your respective co-creative teams?

Torihata: When it comes to providing services for lease properties in the real estate industry, it is common to focus on the owners of the properties, and to forget about the users. This type of approach seems outdated, and I think it is time for a change. TSUKURUBA is working to guide the market in the right direction by starting new businesses

small and gradually building a greater impact. It is currently in the process of laying the groundwork for this approach.

Abe: With its optical character recognition technologies for reading receipts via a smartphone, WED looks to reduce the amount of time used for all tenant processes by 110,000 hours while cutting annual delivery center processes by 20,000 hours. In the past, we have seen only limited scope applicability for such systems. However, co-creation with WED has opened the door to the possibility of transforming existing businesses with these systems. Proposals that go beyond the boundaries of companies, such as initiatives for improving productivity or reforming work styles, can create an opportunity. This recognition has enabled me to think about tenant success from a broader perspective.

Okajima: I think that co-creative teams have the potential to inspire the transformation of the industries in which they

are involved. The union of start-ups and MARUI GROUP, both of which are unable to sufficiently promote change by themselves, will allow for the creation of small success models for use in pursuing small victories. These efforts will eventually snowball to transform industry structures themselves. We have already seen this happen with the retailing industry. Co-creative teams are one venue for inspiring such transformation. It is like we are all working together in a process of trial and error aimed at creating a recipe for success.

Takenobu: The amount of access MARUI GROUP grants to its existing businesses is amazing to someone like me, who is viewing this as an outsider. COUNTERWORKS is currently developing a store opening support service called OMEMIE. This service is offered as a short-term event, and we thus have to be really frank in our efforts to commercialize this service. To facilitate frank discussion, MARUI GROUP lets us view its internal data, and we do the same. We have sufficient access to MARUI GROUP's existing businesses through this open relationship, and we are able to change our existing frameworks to match. This has had an impressive influence within COUNTERWORKS.

Okajima: When a large company collaborates with a start-up, the collaborative initiatives tend to be isolated from the rest of the company's operations. This causes a disconnect with the rest of the company, meaning that, for better or

for worse, the impact on the company as a whole is limited. What is unique about MARUI GROUP's co-creative teams is that they function more as peripheries to the central entity that is the Company. The center can be seen from the peripheries and vice versa. The peripheries advance a variety of initiatives to achieve small victories, and the victories of the co-creative teams then drive the transformation of the Company itself.

Takenobu: The co-creative team I am on is focused on speed, looking to generate a positive impact as quickly as possible. We started developing the OMEMIE store opening support service in April 2021, and it was launched only a month later. A large company like MARUI GROUP has a lot of organizations, which means it can take longer to kick off a new initiative. With co-creative teams, however, when the decision to do something is made, everyone springs into action. This approach of beginning with small starts in the peripheries is part of the genius of MARUI GROUP.

Exercise of the Corporate Philosophy
Through Co-Creative Teams

Takenobu: Does everyone here enjoy participating in co-creative teams? Is it helping with our well-being?

Torihata: I really enjoy it. It makes it feel like I have my own special job that is only for me. I am motivated by a strong sense of commitment to fulfill my mission as a single, unique individual. My

first goal is to create a positive impact within my co-creative team. I want to get off to a strong start to generate results and show everyone the excitement of the wide range options made possible by partnering with MARUI GROUP.

Abe: The systems development work I have been involved in previously has been focused purely on resolving the issues faced by the Company. Getting involved in new business development, meanwhile, has greatly expanded the scope and degree of my contributions. I can make a contribution to the overall industry, to all of Japan, or even to the entire world. These contributions can be measured on timetables of 30 or even 50 years. This greater capacity to contribute is a massive source of motivation. When you belong to a small organization like a co-creative team, you get the sense that nothing will happen if you don't do it yourself. This feeling is very empowering.

Takenobu: Co-creation with MARUI GROUP allows me to escape the confines of my own thinking to engage in wider ranging discussions on topics like new approaches that could be taken. This is especially beneficial given the COVID-19 pandemic. For a start-up, the ability to receive support from colleagues committed to the same goals is something that is greatly appreciated.

Okajima: I am really fond of MARUI GROUP's corporate philosophy of "equate the development of our people with the development of our company." However, I am also looking at how industry structures can be transformed in the future to place more emphasis on well-being. Hearing from you all today has made me realize that the approach of co-creative teams is an initiative for transforming industries while at the same time being a measure for developing human resources. Whether we are talking about the development of people or the development of the Company, it is a truly innovative undertaking.

Co-creative teams are effectively capitalizing on
all the benefits of start-ups. Co-creation
has opened the door to the possibility
of transforming existing businesses.

Nozomu Abe
WED Co-Creative Team
R&D Center, Digital Transformation Department
M & C SYSTEMS CO., LTD.
(Joined MARUI GROUP CO., LTD., in 2017)



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Etoko Okajima
External Director, MARUI GROUP CO., LTD.
President & CEO, ProNova Inc.

