



MEDIUM-TERM MANAGEMENT PLAN

(April 1, 2021–March 31, 2026)

Latest revision: July 2024 (pages 22–23)

OUR IMPACT BUSINESS STRATEGY CAPITAL POLICY

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MESSAGE FROM THE PRESIDENT

Positive Impact Targeted by the Medium-Term Management Plan

MARUI GROUP's prior five-year medium-term management plan concluded in March 2021. Looking back at the past five years, I feel confident in saying that we successfully accomplished most of the goals we laid out at the beginning of the plan. We completed the transition to fixed-term rental contracts for stores in the Retailing segment, thereby stabilizing our earnings. We spread our network of EPOS card application desks across Japan, allowing us to effectively

double our business scale. We also launched a new initiative: co-creative investments. These investments allowed us to forge ahead with the co-creation of innovation together with start-up companies. Continuing on with the momentum gained through this great degree of success, we chose to target higher pinnacles in the new medium-term management plan unveiled in May 2021. Set to conclude with the fiscal year ending March 31, 2026, this new plan

adds the element of impact to the framework comprising business strategy and capital policy used for prior plans. The idea of impact was something that was originally put forth by NPOs as a concept for expressing the social changes brought about by an organization's activities. At MARUI GROUP, we use this idea of impact to illustrate the course we should chart toward creating corporate value. In doing this, however, we do not limit ourselves to our own perspective; the impact we seek to have lies at the intersection between what stakeholders want and what we can do to respond to the needs and wants of stakeholders. This stakeholder-centric approach is at the heart of our idea of impact.

In this regard, MARUI GROUP has defined three impact targets together with six priority measures. The three impact targets are creating a future for future generations together, creating happiness for individuals, and creating platforms for co-creation (see page 09). Moreover, we did not seek to limit and focus the scope of our initiatives in the new medium-term management plan. Rather, we sought to define a framework that can evolve in an organic manner as we move forward. The more specific initiatives and targets to be emphasized in this framework will be formulated by the relevant Group companies and divisions.

Our quest for achieving our desired impact will be advanced through a business model that incorporates the new element of forward-looking investments alongside the prior pillars of retailing and fintech.

We also aim to evolve MARUI GROUP into an intellectual creation company through investment in intangible assets. MARUI GROUP's corporate philosophy calls on us to "equate the development of our people with the development of our company." Taking this philosophy to heart, we will pursue new heights of corporate value by evolving our corporate culture while stimulating the growth of our people. Our initiatives thus far had sought to update the outdated corporate culture that served as the foundation for our management. Today, however, we are embracing a new approach toward management that targets a balance between earnings growth and the creation of a positive impact. Human capital investments have also been a focus.

MARUI GROUP will be ramping up such investments going forward in order to cultivate people who can contribute to future earnings and thereby drive ongoing improvements in corporate value.

We are committed to achieving our desired impact by faithfully implementing our new medium-term management plan throughout the duration of its five-year period. I am confident that the course we have charted will lead us to the accomplishment of our targets for financial key performance indicators (KPIs). I would therefore like to ask for your ongoing support.

June 2022

Hiroshi Aoi

President and Representative Director
Representative Executive Officer, CEO

PARADIGM SHIFT

OUTLOOK FOR THE NEXT DECADE

Three Paradigm Shifts Envisioned by MARUI GROUP

Replacement of the current work-age generation with younger generations

Transition from the introduction of digital technologies to their full-scale deployment

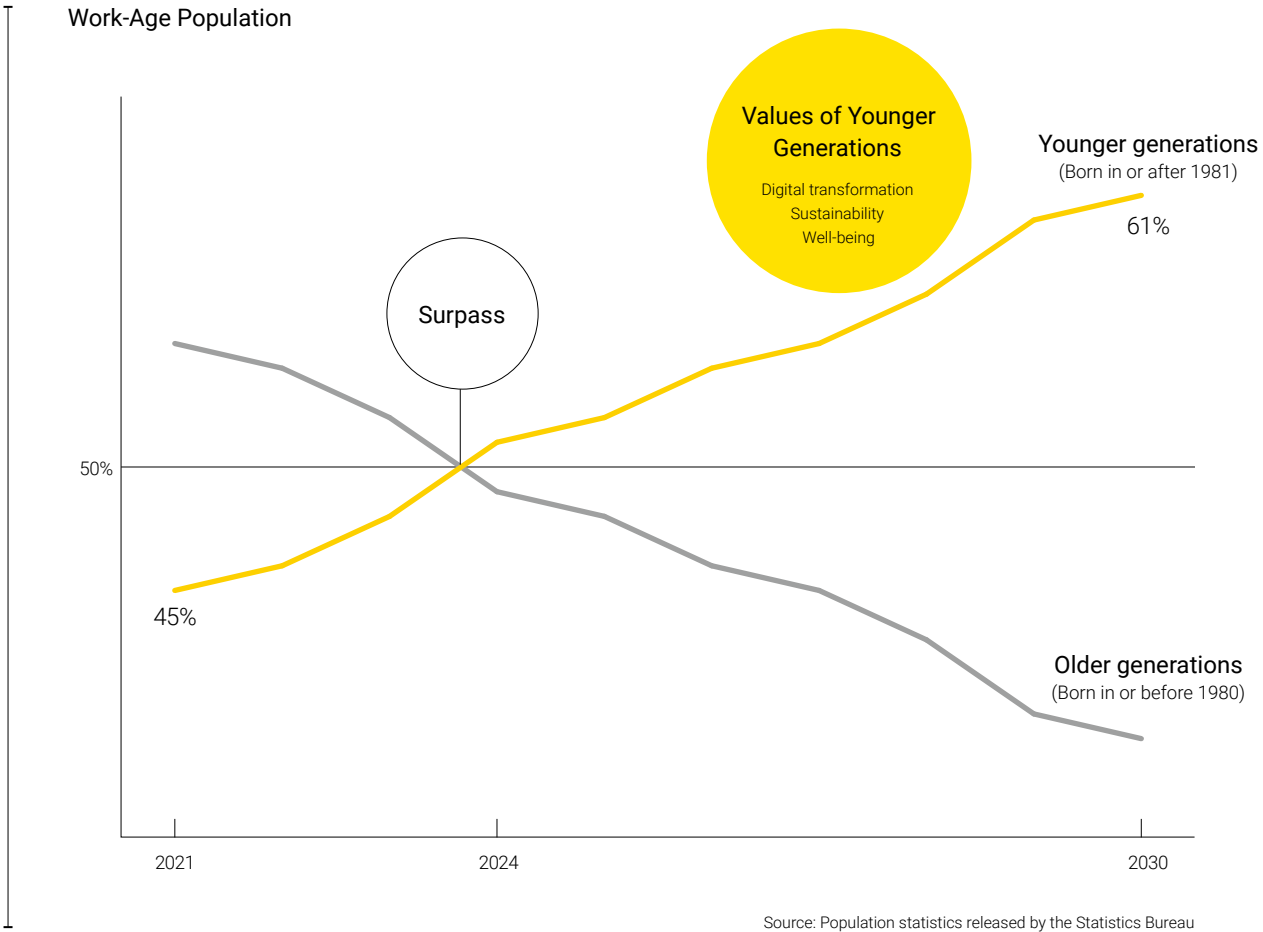
Long-term shift from tangible to intangible assets

MARUI GROUP projects that the next decade will represent a major turning point characterized by the aforementioned three paradigm shifts.
We pledge to respond to the resulting changes to the operating environment through swift action.

PARADIGM SHIFT

Future Shaped by Younger Generations

It is projected that the portion of the workforce represented by people born in or after 1981 will surpass that of people born in or before 1980 in 2024. This change in demographic means that companies unable to conform to the values of these younger generations will fail to maintain the support of consumers. MARUI GROUP is diligently contributing to the resolution of social issues by promoting digital transformation, sustainability, and well-being. At the same time, we aspire to grow the happiness and interests of our stakeholders together with members of younger generations as well as those of older generations who share our ideals.

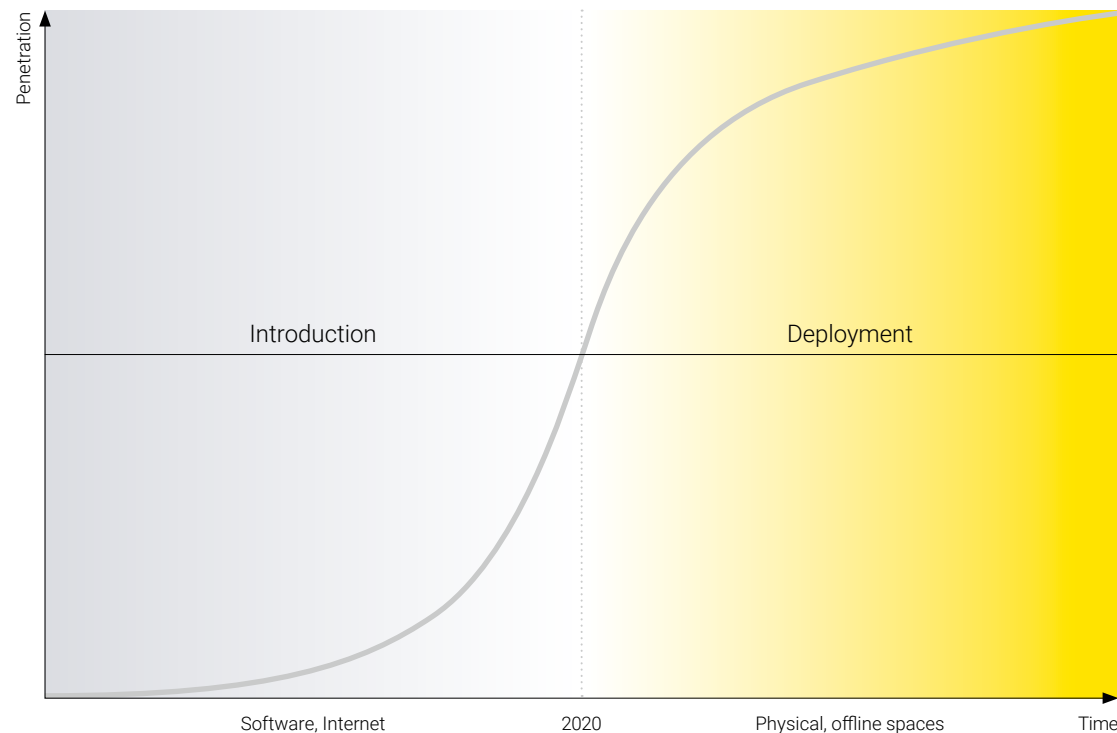


PARADIGM SHIFT

Full-Fledged Deployment of Digital Technologies

In the past, digital technologies have primarily been deployed in relation to software and the internet. Going forward, however, it can be expected that digital technologies will come to permeate our physical world, giving rise to a merger of online and offline spaces. This trend will create a need for companies to develop new digital platforms. MARUI GROUP is aggressively taking part in co-creation with start-up companies that were born on the internet in order to evolve into a platform holder that marries online and offline spaces through its retailing and fintech businesses.

Digital Technology Innovation



Source: Takaaki Umada, *Mirai wo Jisso Suru* ("Implementing the Future"), Eiji Press Inc., 2021; Carlota Perez, *Technological Revolutions and Financial Capital: The Dynamics of Bubbles and Golden Ages*, Edward Elgar Publishing, 2002

PARADIGM SHIFT

Shift Toward Investment in Intangible Assets

The recent shift in investment from tangible assets to intangible assets, such as those of major tech companies—namely, Alphabet Inc.; Amazon.com, Inc.; Meta Platforms, Inc.; Apple Inc.; and Microsoft Corporation—could be said to be the world's greatest economic trend. Japan, however, is behind when it comes to this trend, and the results of this slow progress are manifesting in the form of low corporate value when judged based on market capitalization. It is therefore probable that Japan will see a rapid shift in investment from tangible assets to intangible assets over the long term.

MARUI GROUP has been proactive in investing in intangible assets, including human resources and software as well as new businesses and co-creation. Through this approach, we aim to evolve MARUI GROUP from a labor-intensive company saddled with tangible assets to an intellectual creation company rich in intangible assets.

Market capitalization of Tokyo Stock Exchange
First Section companies

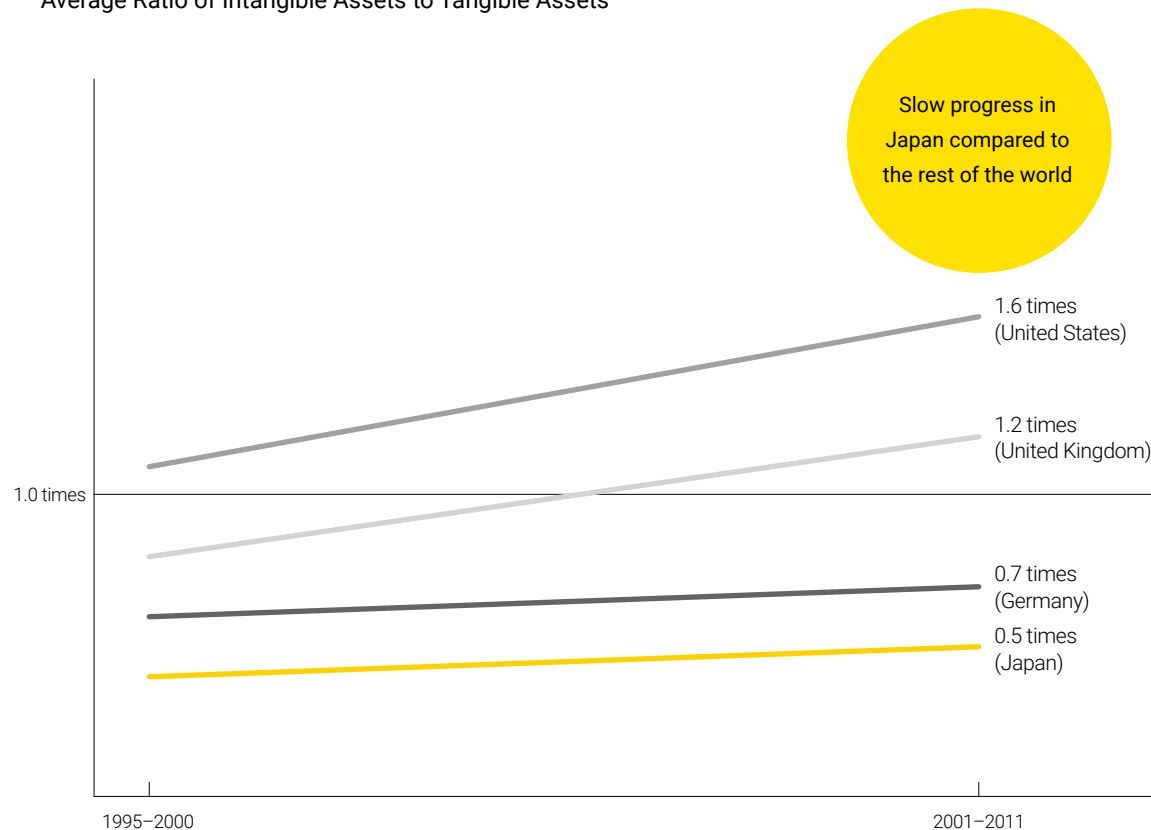
Approx. **¥720 trillion**
(2,186 companies)

March 31, 2021

Market capitalization of
major tech companies

Approx. **¥850 trillion**

Average Ratio of Intangible Assets to Tangible Assets



Source: Tsutomu Miyagawa and others, *The Role of Intangible Investment on Economic Growth in Japan*, Research Institute of Economy, Trade and Industry, 2015

MEDIUM-TERM MANAGEMENT PLAN

THREE PILLARS OF MEDIUM-TERM MANAGEMENT PLAN

OUR IMPACT

01

Impact

Our desired impact constitutes MARUI GROUP's declaration of the course it will take as a company leading up to 2050.

BUSINESS STRATEGY

02

Business Strategy

Our business strategies will be advanced through a business model merging retailing, fintech, and forward-looking investments.

CAPITAL POLICY

03

Capital Policy

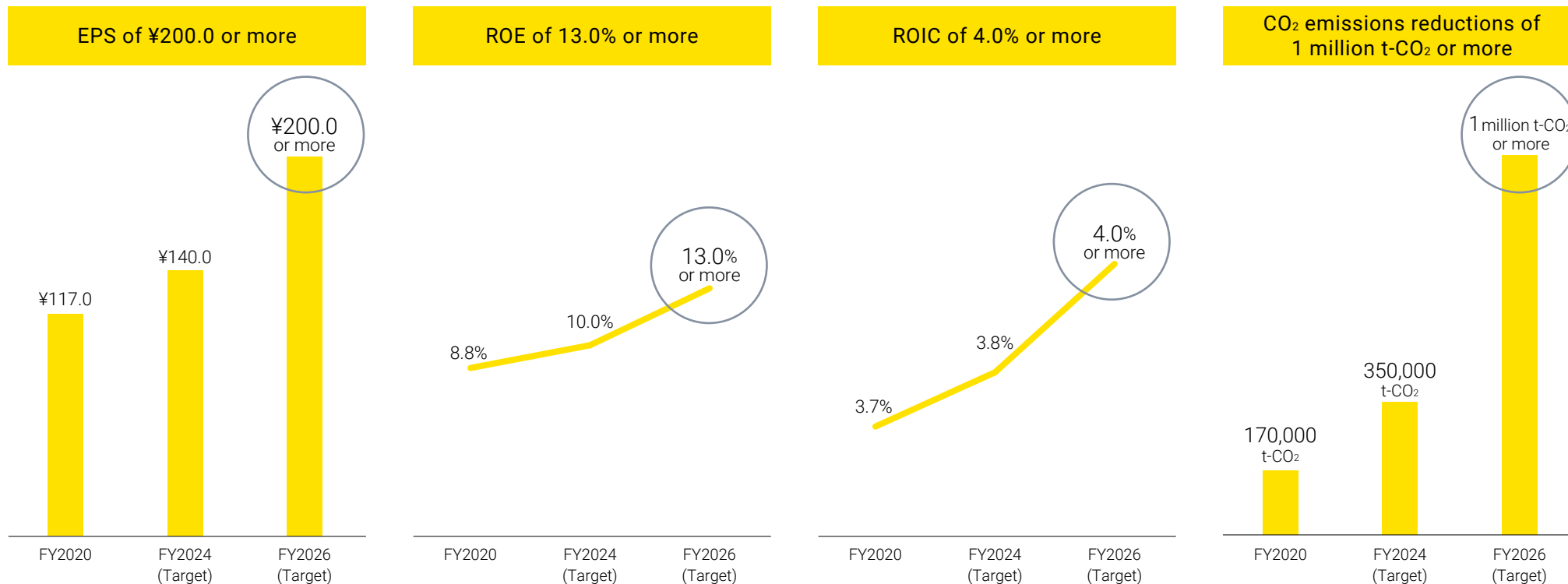
We have revised our targeted balance sheet and capital allocations to better facilitate the accomplishment of our financial and non-financial KPIs.

The medium-term management plan covering the period concluding with the fiscal year ending March 31, 2026, introduces the new element of impact alongside the prior focal points of business strategy and capital policy.

MARUI GROUP'S KEY PERFORMANCE INDICATORS

The new medium-term management plan defines the following targets for KPIs to be accomplished through the synergies of the plan's business strategies, capital policies, and impact-related initiatives.

This report will offer a look at the specific initiatives to be implemented in pursuit of these targets.



The Company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) effective April 1, 2021. Figures for the fiscal years ended March 31, 2020 and 2021, have been restated to reflect this change.

01
IMPACT

MARUI GROUP's COURSE FOR THE FUTURE

MARUI GROUP has defined its desired impact, the changes it hopes to promote in society and the effect it aims to have, which constitutes a declaration of the course it will take leading up to 2050. Specifically, we have put forth three impact targets—creating a future for future generations together, creating happiness for individuals, and creating platforms for co-creation—which have been broken down into concrete priority measures and initiatives. This desired impact complements the MARUI GROUP's previously defined mission and vision by presenting a clear course for the Company to take in the future.

Themes	Priority Measures	Initiatives
Creating a future for future generations together	Realization of a carbon-free society	Reduction of emissions from society through co-creation with customers
	Creation of a circular economy	Reduction of social waste through co-creation with business partners and customers
Creating happiness for individuals	Assistance for self-actualization	Provision of financial services founded on principle of co-creation of creditability
	Support for individual preferences	Support for next-generation companies
Creating platforms for co-creation		New business creation and co-creative investments
		Development of credit cards for which cardholders feel a strong affinity
	Provision of venues for co-creation	Utilization of stores as venues for co-creation
	Facilitation of work styles that are transparent to both internal and external stakeholders	Positioning of credit cards as venues for co-creation
		Promotion of open innovation
		Cultivation of innovation organizations

For more details on MARUI GROUP's impact targets, please refer to page 18 of *Co-Creation Management Report 2021*.

🌐 www.0101maruigroup.co.jp/en/ir/pdf/L_report/2021/L_report2021_en4.pdf

New Corporate Governance Team

MARUI GROUP invites stakeholders to participate in the Board of Directors, its core management body, as part of practicing governance with a focus on our six stakeholder groups.* In June 2021, as the first step of this process, we appointed two new external directors—Yasunori Nakagami, representative director and CEO of Misaki Capital Inc., who is meant to act as a representative for shareholders and other investors, and Peter David Pedersen, a sustainability expert and representative director of Next Leaders' Initiative for Sustainability. Also at this time, well-being specialist and company physician Reiko Kojima was appointed as an internal director. In addition, Kyoko Ozawa and Sota Watanabe, both members of younger generations, were appointed as our new external specialist advisors. This new team is anticipated to be a strong asset toward accomplishing our desired impact.

* For more details on MARUI GROUP's governance focusing on six stakeholder groups, please refer to page 88 of *Co-Creation Management Report 2021*.

🌐 www.0101maruigroup.co.jp/en/ir/pdf/i_report/2021/i_report2021_en26.pdf

NEW DIRECTORS



Yasunori Nakagami

Representative Director and CEO,
Misaki Capital Inc.



Peter David Pedersen

Representative Director,
Next Leaders' Initiative for Sustainability
Professor, Shizenkan University



Reiko Kojima

Director, Executive Officer, and CWO
(Chief Well-being Officer)
General Manager,
Wellbeing Promotion Department

NEW ADVISORS



Kyoko Ozawa

University Freshman
First Chief Future Officer, euglena Co., Ltd.



Sota Watanabe

CEO, STAKE TECHNOLOGIES PTE. LTD.
Director, Japan Blockchain Association

As of December 2021

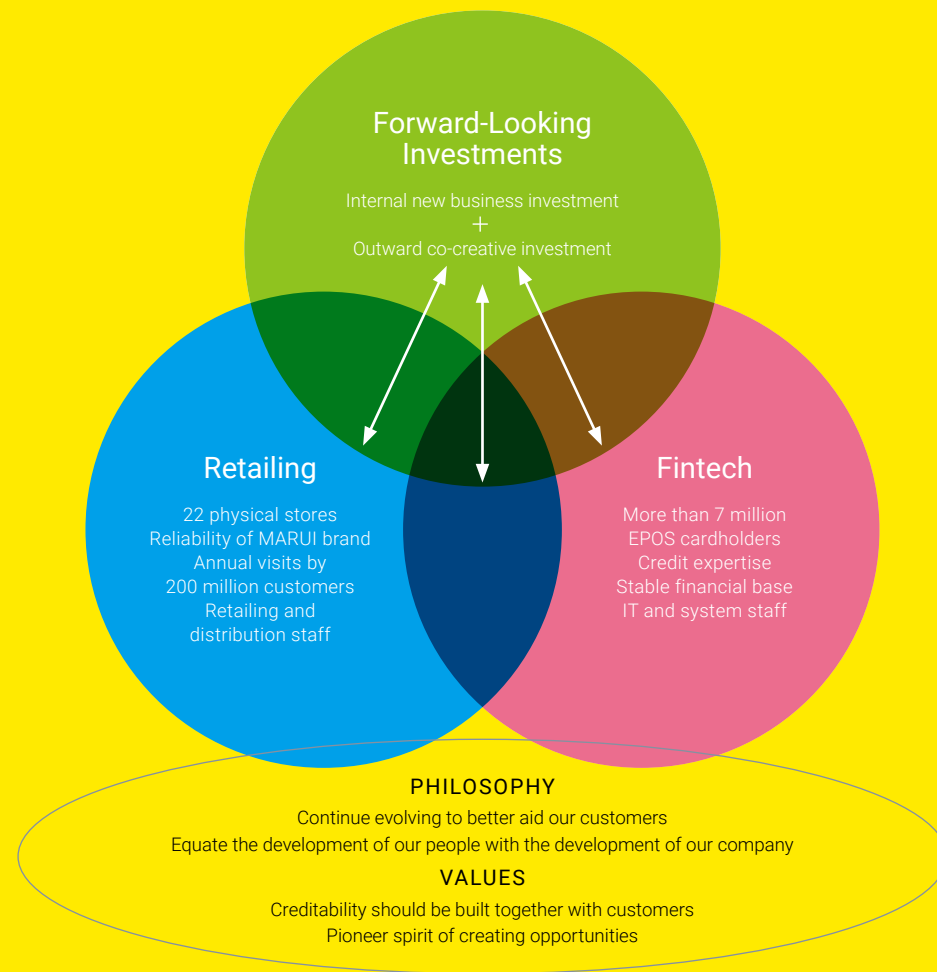
02 BUSINESS STRATEGY

BUSINESS STRATEGIES FOR ACHIEVING POSITIVE IMPACT

Business Merging Retailing, Fintech, and Forward-Looking Investments

For MARUI GROUP, corporate value entails creating harmony between the interests and happiness of all of our stakeholders and growing the intersection of these interests and happiness. We are therefore committed to improving corporate value and resolving social issues through co-creation with stakeholders in order to have a positive impact on society.

Efforts on this front going forward will be advanced under a new business model that includes the third pillar of forward-looking investments along with the prior pillars of retailing and fintech founded on our core value—the co-creation of creditability. By pursuing synergies through this business model, we aim to generate value that is greater than the sum of its constituents.

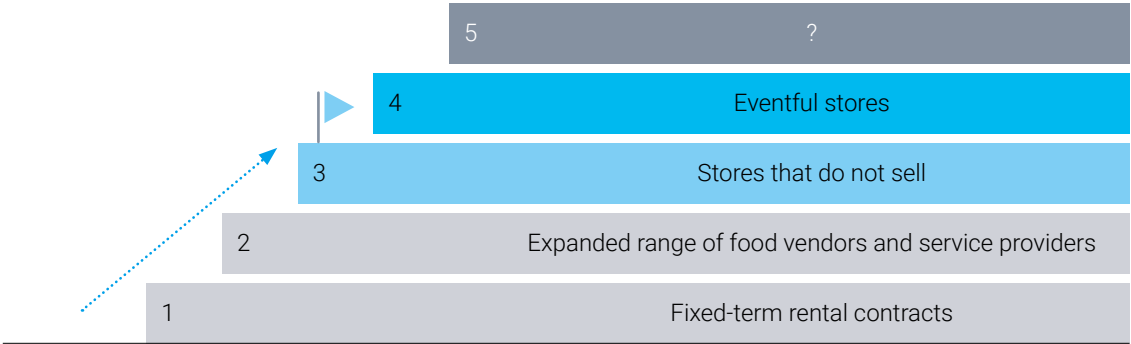


Rapid Evolution Toward Stores That Do Not Sell and Eventful Stores

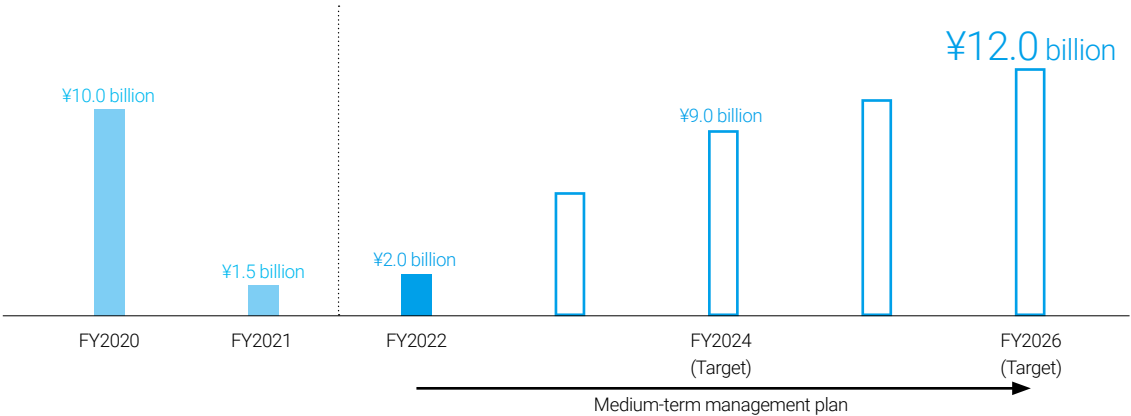
The transition to shopping centers and fixed-term rental contracts was a priority measure under the previous medium-term management plan. MARUI GROUP targeted a 100% transition rate during the period of this plan, a target we quickly met with a transition rate of 106% in the fiscal year ended March 31, 2019. However, even with this success, we failed to achieve the targeted income improvements as a result of the sluggish performance of apparel items through e-commerce channels and directly operated sales floors.

In the Retailing segment, an opaque outlook remains with regard to commercial real estate as a result of the COVID-19 pandemic. MARUI GROUP looks to overcome the adversity by fully accelerating its evolution of the department store business model. Specifically, we are promoting stores that do not sell and eventful stores. Stores that do not sell involve forward-looking store development efforts advanced through co-creation with tenants whose businesses have predominately been confined to online venues thus far. Eventful stores involve arranging an increasingly broad spectrum of events that support people pursuing their interests, such as anime. These stores also serve as avenues for improving the value of our retailing facilities through coordination with the FinTech segment. Accelerating this evolution will no doubt contribute to the growth of tenants as well as to the development of physical stores that capture the hearts of wider swaths of customers. MARUI GROUP aims to achieve ongoing earnings growth through this approach with the goal of posting operating income of ¥12.0 billion in the fiscal year ending March 31, 2026.

Evolution of Department Stores



Operating Income



RETAILING

Transition to Stores That Do Not Sell, Positioning Them as a Platform for Merging Online and Offline Spaces

In its efforts to create the stores of the future, MARUI GROUP is transitioning to stores that do not sell through means such as collaborating with tenants who started their business online and attracting tenants that provide food, services, or experiences.



Mercari Station

Mercari Station is a physical venue associated with the Mercari peer-to-peer sales app that has services appealing to first-time and heavy app users alike. Here, customers can learn how to put their items up for sale as well as get tips for greater success in sales. There are even photograph booths that can be used to take more appealing pictures of items to be sold.



SHIBUYA BASE

SHIBUYA BASE is a space at which e-commerce brands that use the BASE online shop creation service can sell their products in a physical environment over limited-time periods. This physical venue allows prospective customers to learn about brands and to actually see and touch their products before purchasing. Moreover, SHIBUYA BASE offers e-commerce brands seeking to open physical stores an opportunity to try their hand at store operation without paying the fees that would normally be necessary to open stores.



FABRIC TOKYO

FABRIC TOKYO Inc. opens physical outlets for its direct-to-consumer (D2C), made-to-order suit brand in MARUI GROUP stores. At locations in Shinjuku Marui Main Building and other facilities, customers are able to experience the entire custom-ordering process, encompassing such steps as measuring and choosing materials and fabric. Moreover, the data from measurements taken in-store can be used for subsequent purchases either at physical stores or online.

Fun Eventful Stores Offering New Discoveries for Supporting the Pursuit of One's Interests

At eventful stores, we arrange a variety of events related to content, like anime and video games, as well as to new businesses. These events are meant to draw customers to these stores, which function as outlets for supporting people in pursuing their interests.



Tokyo Revengers Event

Exhibition events commemorating the release of the *Tokyo Revengers* movie were held at Shibuya Modi, Hakata Marui, and Namba Marui. The many visitors drawn to the events were treated to exhibits related to the live action movie adaptation of this anime series along with the opportunity to purchase merchandise featuring anime artwork that was produced specifically for this event.

Ken Wakui, Kodansha Ltd., Tokyo Revengers Movie Production Committee, 2020



Gluten-Free and Vegan Confections

An event was held at a MARUI GROUP store at which we sold particularly popular offerings from among the brands provided by the vee ga boo vegan confection mail order service. This event featured a lineup of more than 150 products including exclusive items and those not available through mail order centered on confections that do not contain wheat, milk, or eggs, tracking a wide variety of customers, with and without allergies.



KOREAJU

KOREAJU is a South Korean cosmetic boutique that primarily sells its products through online venues. Regular KOREAJU events are held at MARUI GROUP stores. These events have received a lot of positive attention for the testing stations that let visitors try out South Korean cosmetic products at their leisure as well as for the opportunity to interact with members of the staff who share their love for these products. In fact, some customers have even gone as far as to state their desire for these cosmetics to become a constant fixture.

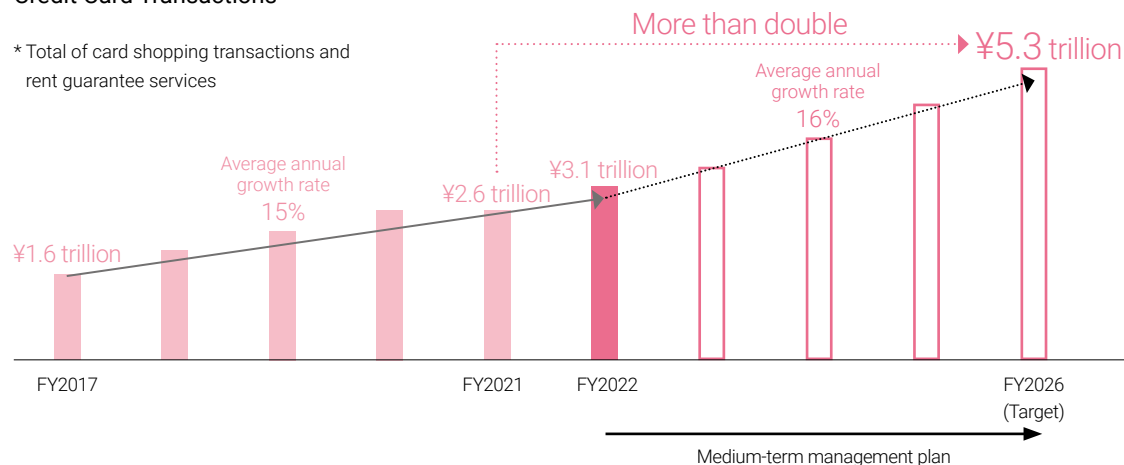
Growth Driven by Trend Toward Cashless Payments

MARUI GROUP's credit card transactions have shown an average growth rate of 15% over the five-year period beginning with the fiscal year ended March 31, 2017, surpassing the domestic market average during this period. As a result, credit card transactions amounted to ¥2.6 trillion in the fiscal year ended March 31, 2021, the final year of the previous medium-term management plan. The COVID-19 pandemic forced people to stay at home and stores to close and thus placed downward pressure on transactions related to travel, entertainment, and large-scale commercial facilities. However, we were able to compensate for these negative impacts thanks to the benefits of our ongoing efforts to encourage customers to use their EPOS cards for rent and other recurring payments as well as through strong growth in the use of credit cards for e-commerce purchases. This strategy of maximizing the share of EPOS card payments in relation to household finances with a focus on rent, other recurring payments, and e-commerce has led transaction volumes to double from the level of the fiscal year ended March 31, 2016. Transactions associated with this strategy have thus come to represent 46% of credit card transactions. One component of these transactions is rent guarantee services. The volume of transactions for these services has been growing by 26% a year on average, generating revenue of ¥10.0 billion, due to the progress of joint initiatives with a major partner.

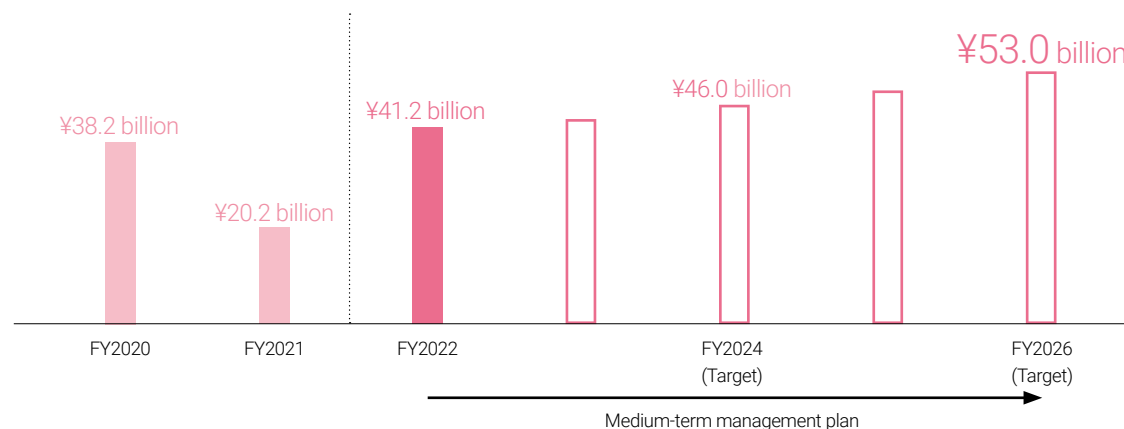
The credit card market is expected to enjoy an average annual growth rate of 8% over the coming five years, due in part to the favorable environment created by the trend toward cashless payments, and the scale of this market is thus projected to surpass ¥100 trillion in the fiscal year ending March 31, 2025. In this promising environment, MARUI GROUP looks to maintain high growth rates that outpace the market by taking advantage of the market growth while also growing through its own efforts. Accordingly, we have set the target of achieving credit card transactions of ¥5.3 trillion, more than double the level of the fiscal year ended March 31, 2021, and thereby generating operating income of ¥53.0 billion in the fiscal year ending March 31, 2026.

Credit Card Transactions*

* Total of card shopping transactions and rent guarantee services



Operating Income



FINTECH

Assistance for Self-Actualization

In April 2021, our EPOS cards were redesigned to incorporate a new non-contact payment feature using Visa Touch. We anticipate that this feature will drive growth in small-sum payments at convenience stores and other locations. Around the same time, we also launched our lifestyle app that allows users to customize their services and functions based on their lifestyle. The massive improvement to the user experience provided by this app is expected to contribute to growth in lifetime value. We also project that the new EPOS card together with the lifestyle app will drive increases in transaction volumes.



New EPOS cards



Lifestyle app



Click here to register for lifestyle app
(in Japanese only).
www.eposcard.co.jp/appli/index.html

Earnings Generated Together with Positive Impact through Renewable Energy

MARUI GROUP has teamed up with UPDATER, Inc., to encourage EPOS cardholders to switch to renewable energy with the goal of reducing CO₂ emissions, both inside and outside of the Company, by more than one million tons by the fiscal year ending March 31, 2026. Moreover, as customers use their EPOS cards to pay their monthly electricity bills, it will contribute to the advancement of our strategy of maximizing the share of EPOS card payments in relation to household finances while also potentially contributing to earnings growth as customers increasingly use their EPOS card as their main credit card. In this manner, this co-creative initiative for reducing CO₂ emissions together with customers will generate earnings with a positive impact on society.



Minna-denryoku EPOS Card, the first credit card in Japan to be made of recycled plastic

Credit Cards Offering Support for Pursuing Interests

We have received resoundingly positive response from customers for our anime, video game, and other collaboration cards that support people in pursuing their interests. For example, while such collaboration cards only accounted for around 30,000 of our 6.4 million EPOS cardholders in the fiscal year ended March 31, 2017, this number had risen to 450,000 of the 7.1 million cardholders in the fiscal year ended March 31, 2022. Cards that support people in pursuing their interests are highly compatible with expression via YouTube, social media, and other online venues, and thereby help attract passionate fans by offering an incentive to sign up that goes beyond the financial benefits. Going forward, MARUI GROUP will bolster its lineup of in-store and online events while also expanding its range of cards that support people in pursuing their interests with the goal of having these cards held by more than one million customers by the fiscal year ending March 31, 2026.



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Entry into Buy Now, Pay Later Market through Digital Transformation and Evolved User Experiences

A category of fintech services that has been showing substantial growth in recent years is the so-called "buy now, pay later" services. These services, which allow for payments to be made at a later date after a purchase, are growing together with e-commerce and digital wallet services, and are therefore expected to transform the payment service market over the next five to 10 years. Moreover, digital transformation has the potential to optimize "buy now, pay later" services and thereby grant these services an increased presence in both online and offline payment service markets. Seeking to capitalize on this opportunity, MARUI GROUP introduced a new pay later function for use with its EPOS cards. We also partnered with a start-up company founded by Generation Z individuals with the goal of promoting digital transformation and further evolving user experiences.

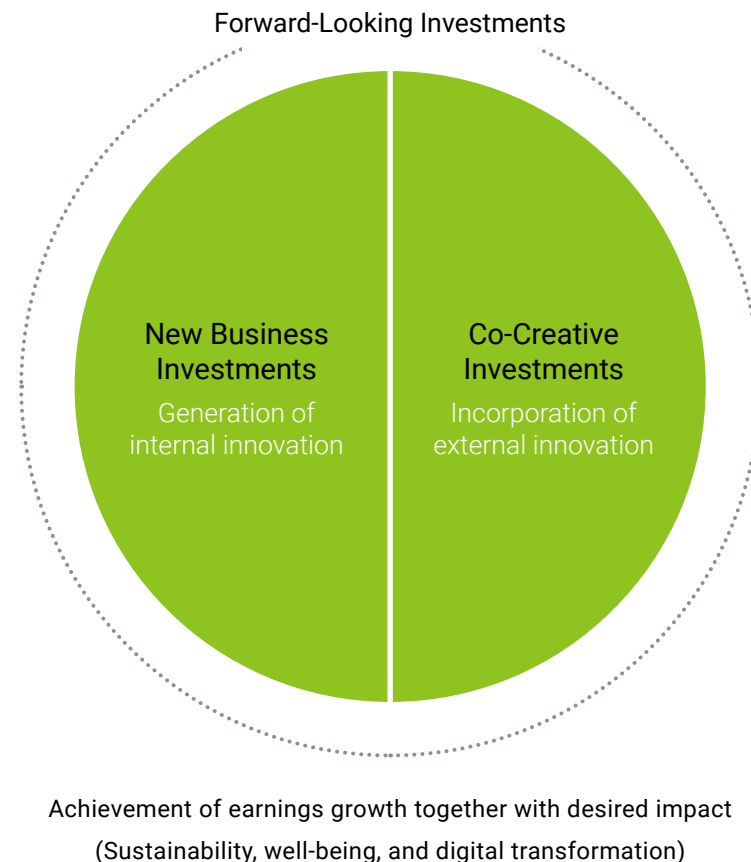
Positive Impact and Earnings Generated through Synergies with Existing Businesses

Forward-looking investments are a new element of MARUI GROUP's business model that are largely divided into two types: new business investments and co-creative investments.

Central to the model for our new businesses is e-commerce. MARUI GROUP is endeavoring to attract fans of its services through websites, social media, and owned media. At the same time, we are combining pop-up store events in MARUI GROUP stores and credit card payment services in a manner that merges the strengths of our existing retailing and fintech businesses in order to create business models with high barriers to entry.

Co-creative investments are aimed at the co-creation of value based on the co-creative philosophy that MARUI GROUP has embraced since its founding. We have, for example, identified D2C brands as an investment area warranting particular attention. D2C brands employ a new business model entailing direct connections between consumers and brands through directly operated e-commerce websites or social media. In this area, we have established D2C&Co., through which we are investing in D2C start-up companies. These co-creative investments differ from traditional M&A activities, which target quick returns, in that they are more oriented toward contributing to earnings in existing business while producing medium- to long-term financial returns.

Through these two approaches toward investment, MARUI GROUP will strive to produce innovation inside and outside of the organization and thereby generate positive impacts on society along with earnings. A total of ¥22.3 billion was invested in this manner over the period spanning the fiscal years ended March 31, 2017 to 2022, and we intend to raise the aggregate amount of investments to ¥43.0 billion leading up to the fiscal year ending March 31, 2026.

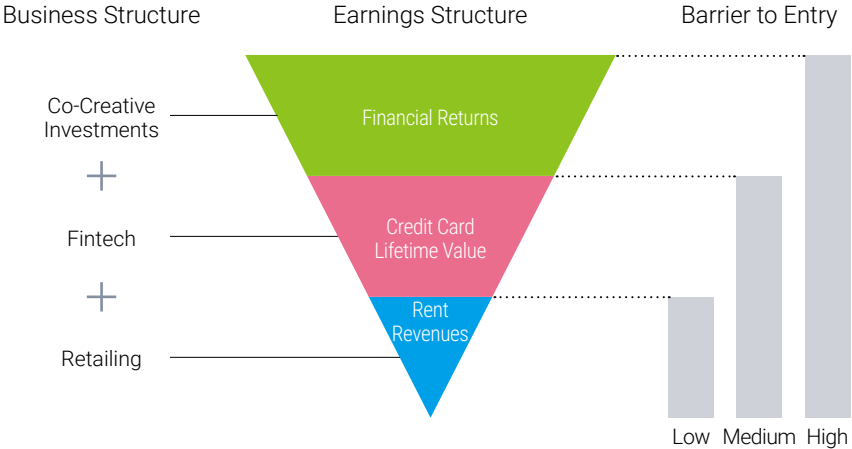


FORWARD-LOOKING INVESTMENTS

Improved Competitiveness of Stores That Do Not Sell through Co-Creative Investments

MARUI GROUP's strategy of developing stores that do not sell entails a three-layered approach comprising retailing, fintech, and co-creative investments. The revenues from this strategy are generated in the forms of rent revenues, credit card lifetime value, and financial returns, with the amount of said revenues growing larger in that order. At the lowest level, contained within the Retailing segment, this strategy may be relatively easy to imitate. However, this becomes more difficult as an additional layer is introduced into the strategy through the business model merging fintech and retailing that the Company has developed since its founding. A third layer is added to this strategy through co-creative investments, and this layer brings with it a jump in competitiveness. The resulting three-layered strategy of stores that do not sell makes for a business with an exceptionally high barrier to entry.

Three-Layered Strategy of Stores That Do Not Sell

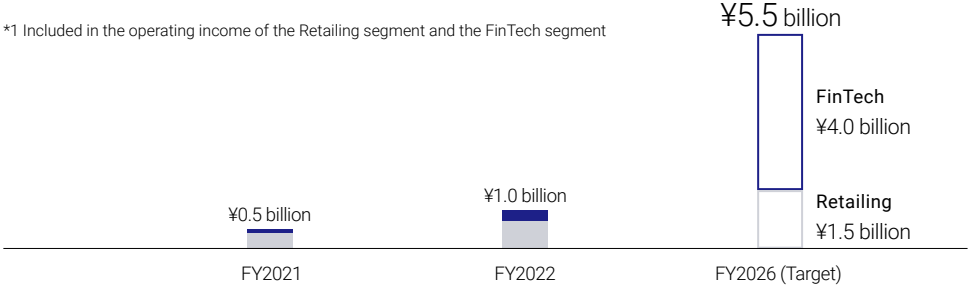


Large Earnings Contributions from Synergies with Co-Creative Investees

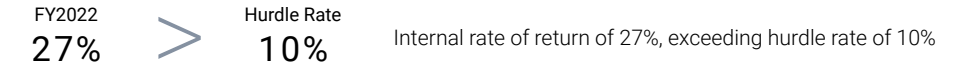
The combined earnings contributions from co-creative investments aimed at stimulating innovation outside of the Company and from the growth of store rent revenues and credit card lifetime value amounted to ¥0.7 billion in the Retailing segment and ¥0.3 billion in the FinTech segment in the fiscal year ended March 31, 2022. Future initiatives on this front will be oriented toward generating synergies. In the Retailing segment, these synergies will be pursued by encouraging co-creative investees to become tenants in our stores. In the FinTech segment, we will focus on promoting the use of EPOS cards for purchases from co-creative investees while producing collaboration cards with these partners. We thereby aim to generate total earnings contributions from the Retailing and FinTech segments of ¥5.5 billion in the fiscal year ending March 31, 2026, an increase of more than tenfold from the fiscal year ended March 31, 2021.

Earnings Contributions from Co-Creative Investments*1

*1 Included in the operating income of the Retailing segment and the FinTech segment



Internal Rate of Return*2



*2 Rate calculated using recent procurement prices for non-listed stocks and based on amounts if listed stocks were to be sold on March 31, 2022, for applicable securities

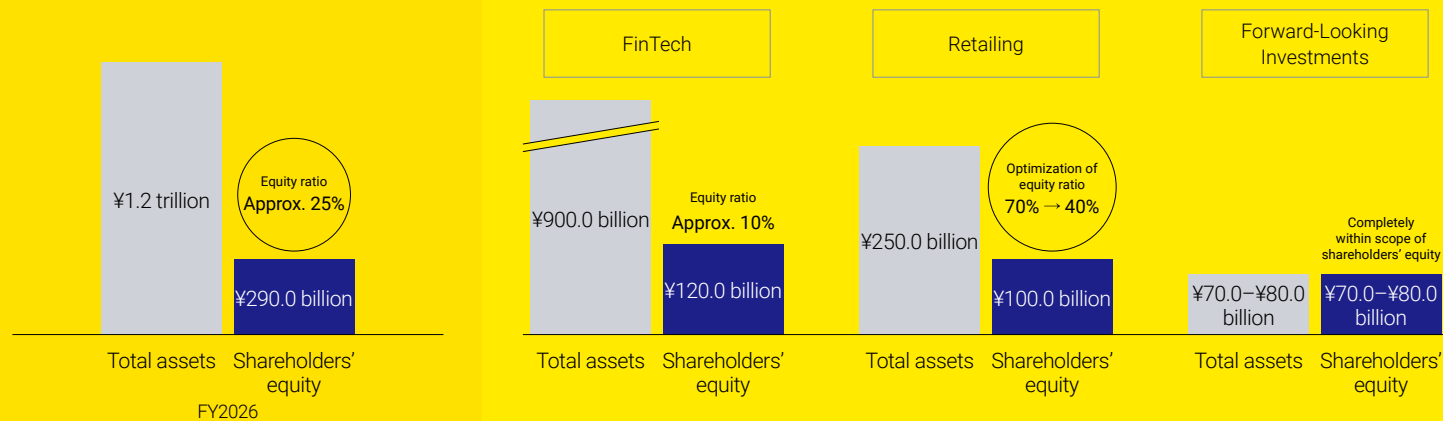
03
CAPITAL
POLICY

DEVELOPMENT OF OPTIMAL BALANCE SHEET MATCHED TO BUSINESS STRUCTURE REFORMS

At the time of formulation of the previous medium-term management plan, MARUI GROUP was supported by its credit card business, which has been consistently generating earnings since the launch of the EPOS card in 2006. This situation made for a business structure through which the Company was able to sustain steady growth. The targeted balance sheet defined in this plan was based on the transition to this business structure driven by the FinTech segment. As a result of this emphasis, we were able to build the balance sheet we targeted by optimizing the capital structure in this segment.

The balance sheet we are targeting in the fiscal year ending March 31, 2026, the final year of the new medium-term management plan, will require us to optimize the capital structure of the Retailing segment, which generates stable cash flows. Our balance sheet will also see a large shift in the ratio of capital allocations from tangible assets to intangible assets in conjunction with the creation of a new business model incorporating forward-looking investments. The forward-looking investments driving this shift, which include co-creative investments and new business investments, have the potential to produce significant returns, but also carry significant risks. For this reason, we intend to limit the amount of assets associated with forward-looking investments to the scope of shareholders' equity. With this focus, MARUI GROUP will reorient its investments toward intangible assets with the goal of improving corporate value by evolving into an intellectual creation company.

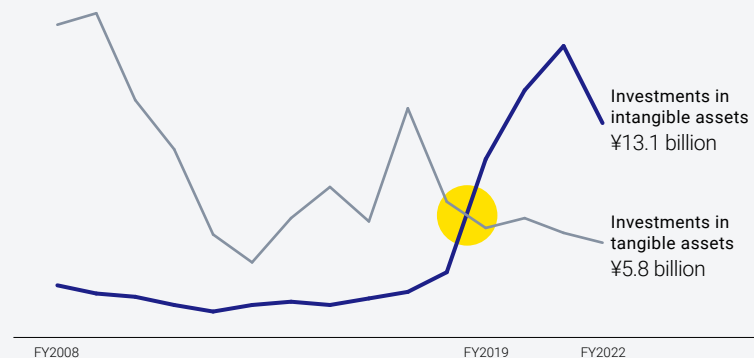
Balance Sheet Targeted under Medium-Term Management Plan



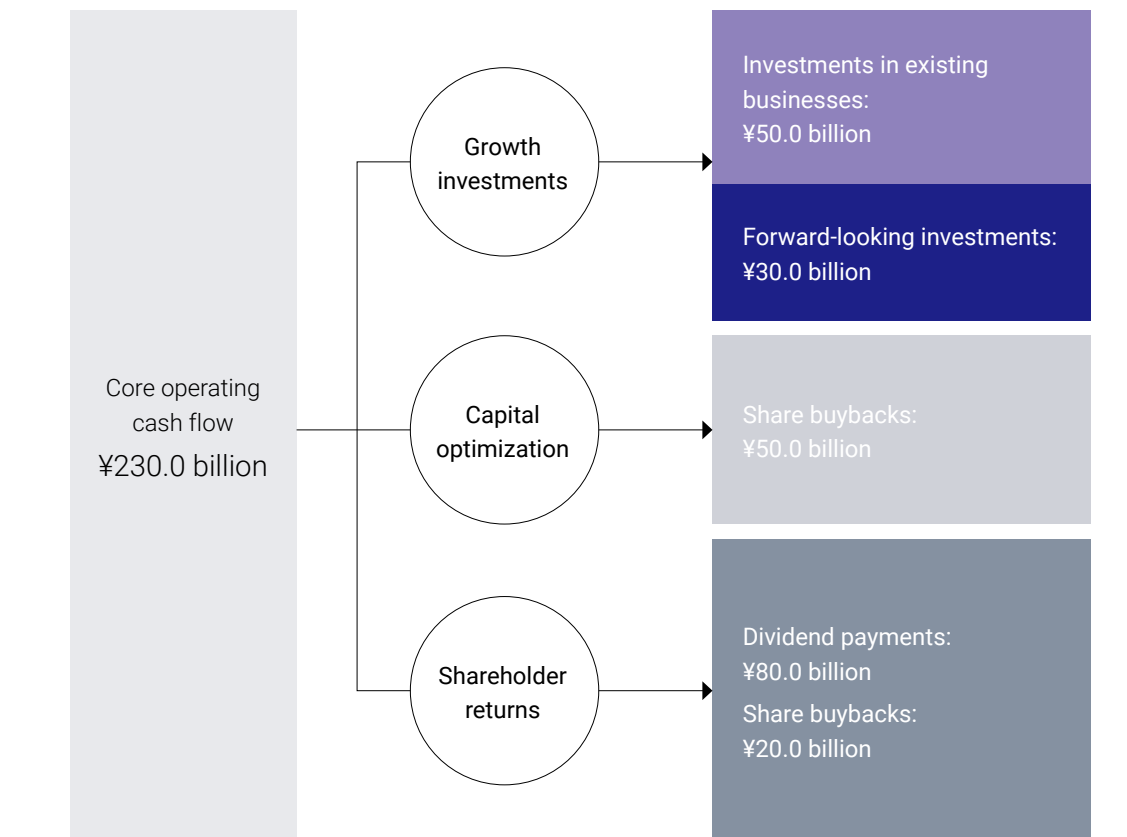
Shift Toward Investment in Intangible Assets

In the fiscal year ended March 31, 2019, the amount invested in intangible assets surpassed the amount invested in tangible assets. Moreover, investments in intangible assets in the fiscal year ended March 31, 2020, were 7.6 times higher than in the fiscal year ended March 31, 2015, and twice the amount invested in tangible assets. Our portfolio of intangible assets will be growing over the five years following the fiscal year ended March 31, 2022, as we have earmarked ¥80.0 billion of the core operating cash flow to be generated over this period for forward-looking investments and other growth investments in intangible assets. In addition, we plan to allocate ¥50.0 billion to share buybacks for the purpose of optimizing our capital structure and ¥100.0 billion to shareholder returns, which will comprise ¥80.0 billion in dividend payments and an additional ¥20.0 billion in share buybacks.

Amounts of Investment in Tangible and Intangible Assets



Capital Allocation Plan (April 1, 2021–March 31, 2026)



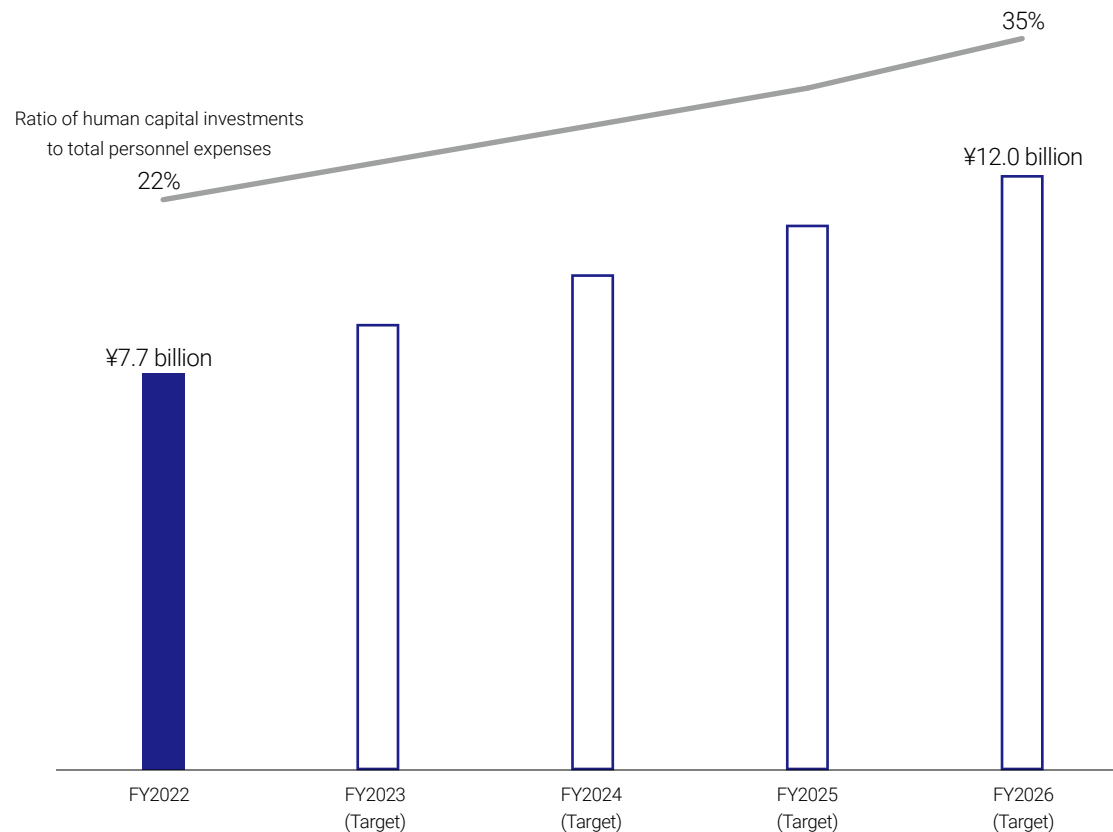
Redefinition of Human Capital Investments

Investments in human resources under the previous medium-term management plan were primarily limited to education and training purposes. However, we have since reframed these investments as human capital investments, and half of the personnel expenses for co-creative teams, for employees involved in new businesses, and for seconded employees, which were previously considered R&D expenses, will be counted as human capital investments going forward. This new definition for human capital investments also includes the personnel expenses incurred during the first year after employees have undergone intra-Group profession changes as well as investments in okos Co., Ltd., an incubation company (see figure below). The total level of human capital investments is scheduled to be raised to ¥12.0 billion in the fiscal year ending March 31, 2026. These investments are projected to account for 35% of all personnel expenses, an increase from the ratio of 22% seen in the fiscal year ended March 31, 2022. As we expand human capital investments anticipated to contribute to future earnings, we will pursue medium- to long-term improvements in corporate value, as opposed to single-year earnings.

Breakdown of Human Capital Investments (FY2022)



Human Capital Investments



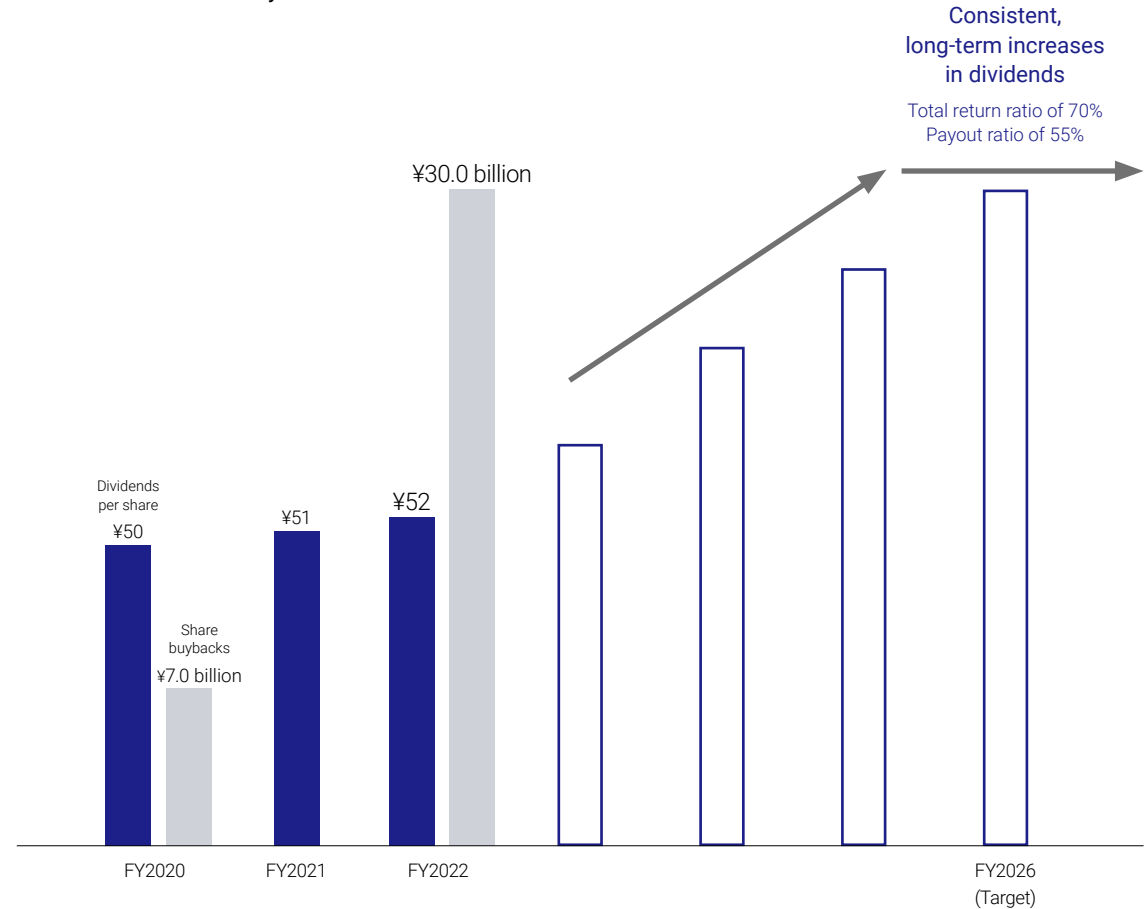
Pursuit of High Growth Coupled with High Returns

The capital policies implemented for the purpose of achieving our targeted balance sheet have enabled us to achieve an optimal capital structure in which return on equity (ROE) consistently surpasses cost of shareholders' equity, and return on invested capital (ROIC) exceeds weighted average cost of capital (WACC). Meanwhile, MARUI GROUP is targeting high growth coupled with high returns through ongoing dividend increases in conjunction with long-term growth in earnings per share (EPS). For the fiscal year ended March 31, 2022, the Company issued annual dividend payments of ¥52 per share, while share buybacks totaling ¥30.0 billion were conducted in this fiscal year. Going forward, consistent, long-term increases in dividends will be implemented with the goal of achieving a payout ratio of 55% and a total return ratio of 70% in the fiscal year ending March 31, 2026, the final year of the medium-term management plan.

Capital Efficiency Indicators

	FY2020	FY2024 (Target)	FY2026 (Target)
EPS (yen)	117.0	140.0	200.0
ROE (%)	8.8	10.0	13.0
Cost of shareholders' equity (%)	6.9	8.0	8.0
ROIC (%)	3.7	3.8	4.0
WACC (%)	3.0	3.4	3.4

Dividends and Share Buybacks



11-YEAR FINANCIAL AND NON-FINANCIAL SUMMARY

MARUI GROUP CO., LTD., and its consolidated subsidiaries

	Millions of yen										
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022*1	FY2023	FY2024
Total Group transactions*2	1,297,250	1,469,111	1,703,353	1,933,685	2,189,374	2,539,631	2,903,713	2,919,231	3,373,446	3,957,281	4,487,152
Retailing*3	—	—	341,478	326,327	328,486	337,006	320,119	229,207	245,255	272,772	298,331
FinTech*3	—	—	1,473,539	1,723,254	1,972,482	2,310,635	2,678,839	2,760,432	3,200,536	3,758,847	4,264,379
Eliminations	—	—	(111,664)	(115,896)	(111,594)	(108,010)	(95,245)	(70,409)	(72,345)	(74,338)	(75,559)
Total operating revenues*4	253,077	249,847	245,867	237,022	240,469	251,415	247,582	206,156	209,323	217,854	235,227
Revenue*4	416,460	404,947	—	—	—	—	—	—	—	—	—
Gross profit	156,642	159,448	160,035	165,964	175,875	190,502	195,666	177,326	181,073	191,742	205,619
Selling, general and administrative expenses	129,495	131,406	130,419	134,711	139,509	149,317	153,721	162,103	144,288	152,971	164,593
EBITDA*5	37,134	38,338	39,286	41,374	46,640	51,095	51,135	25,706	48,006	50,271	53,599
Operating income	27,146	28,042	29,615	31,253	36,365	41,184	41,944	15,223	36,784	38,771	41,025
Net income attributable to owners of parent	15,409	16,036	17,771	18,724	20,907	25,341	25,396	2,327	17,791	21,473	24,667
Segment income*3											
Retailing*3	—	—	10,658	7,759	8,826	11,421	10,027	1,481	1,963	3,614	6,960
FinTech*3	—	—	23,094	27,111	31,433	35,018	38,399	20,201	41,220	42,483	42,364
Retailing and Store Operation	10,562	8,074	7,856	—	—	—	—	—	—	—	—
Credit Card Services	15,634	20,126	22,186	—	—	—	—	—	—	—	—
Retailing-Related Services	4,523	3,333	3,674	—	—	—	—	—	—	—	—
Recurring gross profit*6	—	—	—	—	—	122,660	131,099	123,599	127,587	131,883	140,859
Ratio of recurring gross profit (%)*7	—	—	—	—	—	62.9	65.3	68.1	68.8	67.0	67.0
Contracted future recurring gross profit*8	—	—	—	—	—	327,726	350,020	333,955	337,647	357,511	379,453
Total assets	664,019	675,627	730,126	806,575	865,887	890,196	885,969	901,231	920,026	961,950	1,003,501
Shareholders' equity	315,446	306,795	281,610	273,883	274,434	284,752	289,792	289,579	261,614	246,145	253,250
Installment sales accounts receivable	213,466	227,121	279,763	348,191	402,030	428,180	416,250	426,668	457,624	481,442	486,166
Consumer loans outstanding	125,215	128,030	134,107	140,569	146,011	137,473	139,313	118,039	114,049	100,395	104,034
Interest-bearing debt	264,824	277,839	359,324	434,327	485,331	486,632	479,835	484,580	527,156	583,059	594,357
Net cash provided by (used in) operating activities	(9,227)	12,310	(35,310)	(45,955)	(19,329)	26,396	39,909	22,193	11,519	16,717	38,003
Core operating cash flow*9 *10	—	25,484	26,788	28,188	35,853	38,676	39,038	20,597	38,547	39,209	39,055
Net cash provided by (used in) investing activities	(6,791)	(3,867)	(4,063)	1,995	747	(9,232)	(20,315)	(16,241)	(13,760)	(22,382)	(18,266)
Net cash provided by (used in) financing activities	16,141	(7,267)	40,719	47,630	27,773	(15,880)	(25,487)	(5,600)	770	18,259	(7,879)
Cash and cash equivalents at end of period	30,053	31,229	32,575	36,245	45,437	46,720	40,827	41,179	39,708	52,421	64,560
Capital investments	11,238	9,786	12,882	15,696	10,250	9,094	10,468	10,553	8,507	9,611	15,520
Depreciation and amortization	9,988	10,296	9,670	10,121	10,274	9,911	9,191	10,482	11,221	11,499	12,574
Earnings per share (yen)	56.29	58.87	70.68	80.24	93.18	115.99	117.58	10.58	85.81	109.4	130.7
Net assets per share (yen)	1,152	1,166	1,161	1,196	1,245	1,310	1,352	1,351	1,307	1,300	1,348
Cash dividends per share (yen)	18.0	19.0	22.0	33.0	38.0	49.0	50.0	51.0	52.0	59.0	101.0
Payout ratio (%)	32.0	32.3	31.1	41.1	40.8	42.2	42.5	482.3	60.6	53.9	77.3
Total return ratio (%)	32.0	125.3	227.5	147.5	112.3	69.9	70.1	483.5	228.5	165.2	91.2
DOE (%)	—	—	—	—	—	—	—	—	—	4.6	7.9

	Millions of yen										
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022*1	FY2023	FY2024
Operating income margin (%) ^{*11}	10.7	11.2	12.0	13.2	15.1	16.4	16.9	7.4	17.6	17.8	17.4
Return on equity (%)	5.0	5.2	6.0	6.7	7.6	9.1	8.8	0.8	6.5	8.5	9.9
Return on invested capital (%)	3.0	3.3	3.3	3.1	3.3	3.7	3.7	1.4	3.3	3.5	3.6
Return on assets (%)	4.3	4.2	4.1	4.1	4.2	4.5	4.6	1.6	3.9	3.9	3.9
Equity ratio (%)	47.5	45.4	38.6	34.0	31.7	32.0	32.7	32.1	28.4	25.6	25.2
Stock price at year-end (yen)	885	1,365	1,613	1,513	2,168	2,235	1,815	2,079	2,250	2,023	2,446
Market capitalization (including treasury stock) (billions of yen)	2,820	3,804	4,495	3,535	5,066	4,999	4,059	4,650	4,695	4,221	5,103
Price earnings ratio (times)	15.7	23.2	22.8	18.9	23.3	19.3	15.4	196.6	26.2	18.5	18.7
Price book-value ratio (times)	0.8	1.2	1.4	1.3	1.7	1.7	1.3	1.5	1.7	1.6	1.8
Number of common shares issued (including treasury stock)	318,660,417	278,660,417	278,660,417	233,660,417	233,660,417	223,660,417	223,660,417	223,660,417	208,660,417	208,660,417	208,660,417
Number of shares of treasury stock	44,901,353	15,588,364	36,270,334	4,704,750	13,269,506	6,214,767	9,248,452	9,249,279	8,503,136	19,313,961	20,806,798
Total number of employees	5,966	5,918	5,899	5,732	5,548	5,326	5,130	4,855	4,654	4,435	4,290
Ratio of female employees (%)	44.5	44.6	45.5	45.1	44.4	43.9	44.8	44.1	44.7	45.3	46.5
Women in management positions (%) ^{*12}	7.5	8.7	9.1	10.0	11.2	12.6	13.3	14.5	16.5	18.1	21.1
Ratio of applicable male employees acquiring childcare leave (%) ^{*13}	10	18	59	74	84	100	100	100	100	100	100
Employee turnover rate (excluding mandatory retirement) (%)	2.3	2.0	2.1	3.2	3.1	3.6	5.7	2.6	2.9	3.0	3.6
EPOS cardholders (including Akai Card) (ten thousands of members)	542	591	613	636	657	688	720	709	714	731	759
Ratio of active cardholders (%)	—	—	—	65.3	65.9	65.9	65.5	63.0	64.6	66.9	68.3
Ratio of bad debt write-offs (%)	1.84	1.68	1.57	1.45	1.60	1.80	1.88	2.09	1.81	1.61	1.63
Total number of stores ^{*14}	27	27	28	27	26	25	24	23	22	22	22
Total sales floor area (thousand m ²)	446.5	444.0	441.8	452.1	439.8	425.6	417.5	400.6	387.9	383.6	383.6
Rate of renewable energy use (%) ^{*15}	—	—	—	0	0	1.1	23.0	52.1	60.9	68.0	70.7
GHG emissions (Scope 1) (t-CO ₂) ^{*16 *17}	13,044	12,580	14,434	14,920	13,818	15,109	13,956	11,090	10,540	10,043	8,115
GHG emissions (Scope 2) (t-CO ₂) ^{*16 *17}	106,085	98,637	89,179	103,264	99,286	96,232	67,916	37,858	29,983	25,582	22,483
GHG emissions (Scope 3) (t-CO ₂) ^{*16 *17}	550,612	530,595	509,070	489,439	412,256	399,926	352,640	256,682	258,224	255,620	241,570

*1 The Company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) effective April 1, 2021. Figures for the fiscal year ended March 31, 2021, have been restated to reflect this change.

*2 The "Eliminations" item, which is used to deduct card shopping transactions from figures for the Retailing segment, has been omitted.

*3 Beginning with the fiscal year ended March 31, 2017, the prior segments of Retailing and Store Operation, Credit Card Services, and Retailing-Related Services were reorganized into the Retailing and FinTech segments.

*4 Beginning with the fiscal year ended March 31, 2016, the display method was changed from total value display to net value display, the portion that represents income to the Company, for sales recorded through sale or return arrangements. In conjunction with this change, the previous "operating revenues" line item was replaced with the new "revenue" line item.

*5 EBITDA (earnings before interest, taxes, and depreciation and amortization) = Operating income + Depreciation and amortization

*6 Gross profit generated on a recurring basis through contracts with customers and business partners

*7 Ratio of recurring gross profit = Recurring gross profit ÷ (Gross profit + Selling, general and administrative expenses paid by business partners)

*8 Contracted future recurring gross profit represents the portion of recurring gross profit that can be expected to recur in subsequent fiscal years and is used as an indicator of revenue stability.

*9 Core operating cash flow represents net cash provided by (used in) operating activities less the increase in operating receivables.

*10 In the fiscal year ended March 31, 2020, the calculation method for core operating cash flow was changed to include gain on transfer of liquidated receivables and amortization of liquidated accounts receivable and others. The figure for the fiscal year ended March 31, 2019, has been restated to reflect this change.

*11 Operating income margin is calculated using operating revenues for the fiscal year ended March 31, 2013, and prior fiscal years and revenue for the fiscal year ended March 31, 2014, and subsequent fiscal years.

*12 Figures represent the ratio of female employees in director, executive officer, and other management positions. Figures are as of April 1 of each year.

*13 Figures are calculated based on standards for basic employment equity surveys conducted by the Ministry of Health, Labour and Welfare and use the ratio of male employees whose partner gave birth two fiscal years ago and who took childcare leave (including other leave taken for childcare purposes) in the past two fiscal years.

*14 From the fiscal year ended March 31, 2017, sites at which both a Marui store and a Modi store exist are counted as one store.

*15 Figures represent rates of renewable energy use for MARUI GROUP stores and offices.

*16 Scope 1 and Scope 2 represent greenhouse gas emissions from the Group. Scope 3 represents greenhouse gas emissions from areas including raw material procurement, transportation, and use by customers. Third-party verification has been received from the Japan Quality Assurance Organization for greenhouse gas emissions figures since the fiscal year ended March 31, 2017.

*17 In the fiscal year ended March 31, 2014, the scope of data collection was expanded to include the entire Group.

DISCLOSURE MATERIALS

For more information on the medium-term management plan and MARUI GROUP's initiatives, please refer to the following materials.

□ Management Policies

MARUI GROUP's Co-Creation Philosophy
🌐 www.0101maruigroup.co.jp/en/ci/action.html

MARUI GROUP's View on Corporate Value
🌐 www.0101maruigroup.co.jp/en/ir/management/value.html

VISION 2050
🌐 www.0101maruigroup.co.jp/en/ir/management/vision2050.html

Business Model
🌐 www.0101maruigroup.co.jp/en/ir/management/model.html

Messages from the Management Team
🌐 www.0101maruigroup.co.jp/en/ir/message/

□ Financial and ESG Information

Financial results summaries
🌐 www.0101maruigroup.co.jp/en/ir/lib/brief.html

Annual securities reports
🌐 www.0101maruigroup.co.jp/en/ir/lib/sec.html

FACT BOOKs (supplementary financial materials)
🌐 www.0101maruigroup.co.jp/en/ir/lib/fact.html

Monthly performance forecasts
🌐 www.0101maruigroup.co.jp/en/ir/lib/monthly.html

ESG DATA BOOKs
🌐 www.0101maruigroup.co.jp/en/sustainability/lib/databook.html

GRI and ISO 26000 applicability tables
🌐 www.0101maruigroup.co.jp/en/sustainability/lib/gri.html

Investors guides
🌐 www.0101maruigroup.co.jp/en/ir/lib/guide.html

Financial results briefings and videos
🌐 www.0101maruigroup.co.jp/en/ir/lib/result.html

MARUI IR DAY materials and videos
🌐 www.0101maruigroup.co.jp/en/ir/lib/irday.html

Investor Relations website
🌐 www.0101maruigroup.co.jp/en/ir/

Sustainability website
🌐 www.0101maruigroup.co.jp/en/sustainability/

Initiatives related to the TCFD
🌐 www.0101maruigroup.co.jp/en/sustainability/vision2050/3business_02.html

□ Corporate Governance

MARUI GROUP Code of Conduct and policies
🌐 www.0101maruigroup.co.jp/en/sustainability/theme04/risk.html

MARUI GROUP Corporate Governance Guidelines
🌐 www.0101maruigroup.co.jp/pdf/cgg_20210805_en.pdf

Corporate Governance Report
🌐 www.0101maruigroup.co.jp/pdf/cgr_en.pdf

Corporate officer backgrounds and reasons for appointment
🌐 www.0101maruigroup.co.jp/en/ci/officer/

Committee members
🌐 www.0101maruigroup.co.jp/pdf/committee_members_en.pdf

Shareholder return policies
🌐 www.0101maruigroup.co.jp/en/ir/stock/dividend.html

Shareholder benefits (in Japanese only)
🌐 www.0101maruigroup.co.jp/ir/stock/benefit/

Basic internal control policy (in Japanese only)
🌐 www.0101maruigroup.co.jp/ci/pdf/statement/int_control.pdf

□ Risk Management

🌐 www.0101maruigroup.co.jp/en/sustainability/theme04/risk.html

□ Awards and Recognition

🌐 www.0101maruigroup.co.jp/en/ci/award/

□ Publications

Co-creation management reports
🌐 www.0101maruigroup.co.jp/en/ir/lib/i-report.html

VISION BOOK 2050 and co-creation sustainability reports
🌐 www.0101maruigroup.co.jp/en/sustainability/lib/s-report.html

& magazine (impact co-creation magazine, in Japanese only)
🌐 www.0101maruigroup.co.jp/ir/lib/magazine.html

Co-creation wellness reports (in Japanese only)
🌐 www.0101maruigroup.co.jp/sustainability/lib/w-report.html

Convocation notices for Ordinary General Meetings of Shareholders
🌐 www.0101maruigroup.co.jp/en/ir/stock/meeting.html

Co-creation newsletters (shareholders newsletters, in Japanese only)
🌐 www.0101maruigroup.co.jp/ir/lib/report.html

□ Videos (in Japanese only)

MARUI GROUP's Vision for the Future
🌐 www.youtube.com/watch?v=WQZCdHfxno

MARUI GROUP's Impact
🌐 www.youtube.com/watch?v=5tMScyyVb-o

□ Online Media and Social Media (in Japanese only)

MARUI GROUP's community site—kono yubi to-mare
🌐 www.to-mare.com/

kono yubi to-mare Twitter account
🌐 twitter.com/maruigroup

kono yubi to-mare YouTube channel
🌐 www.youtube.com/channel/UCCHq6q2aRFTyyEwVOMxHYXA

Mailing list registration (in Japanese only)
🌐 www.0101maruigroup.co.jp/ir/infomail/reg.html

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