

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

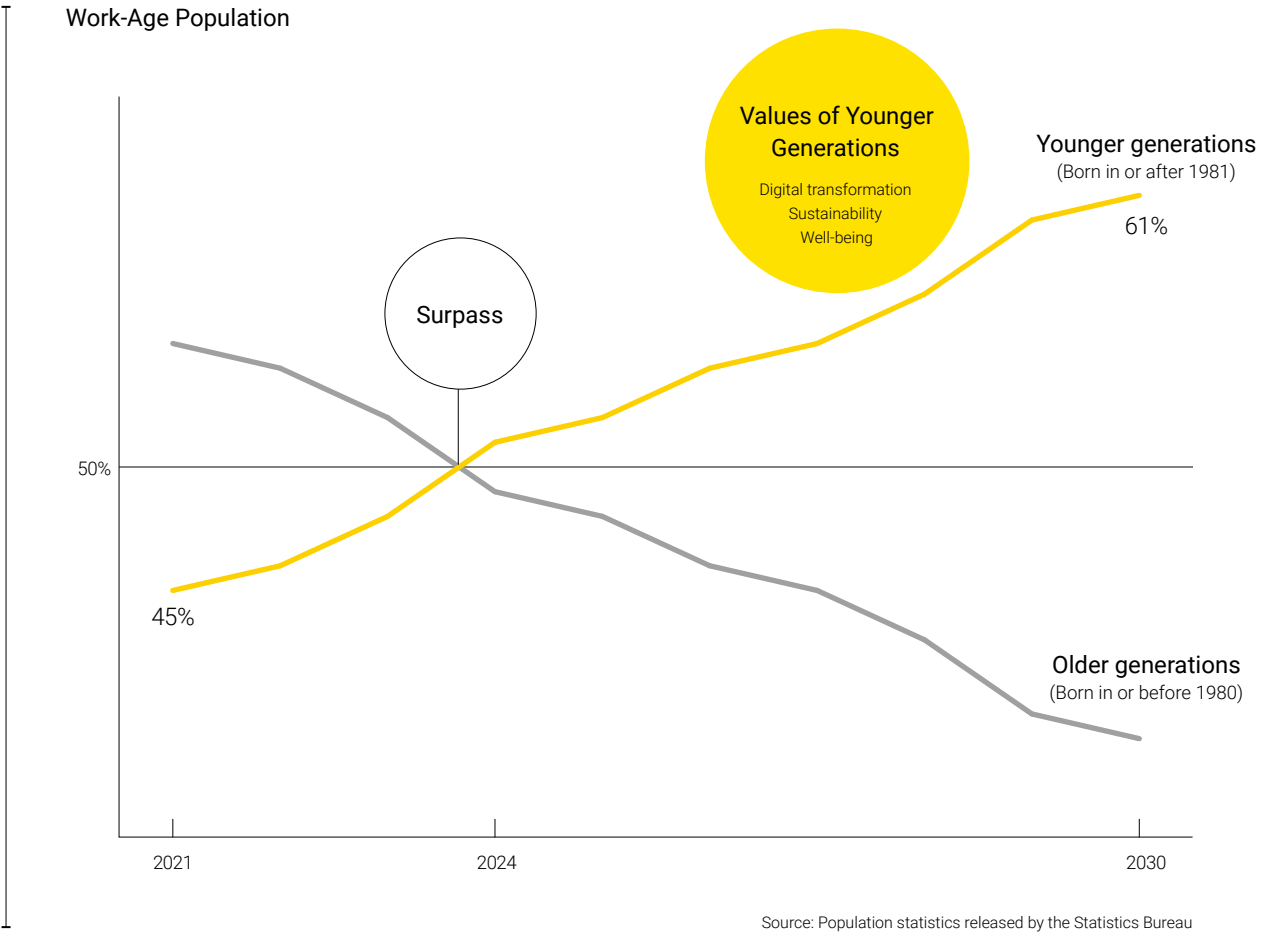
Long-term shift from tangible to intangible assets

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.

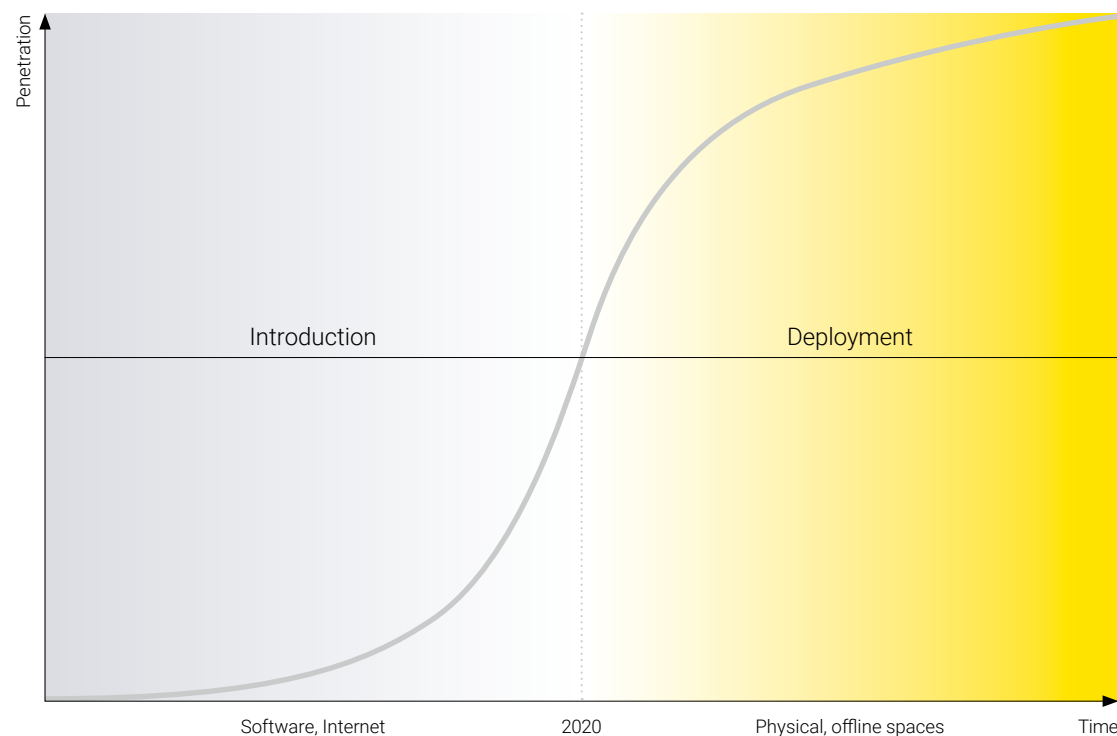


PARADIGM SHIFT

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

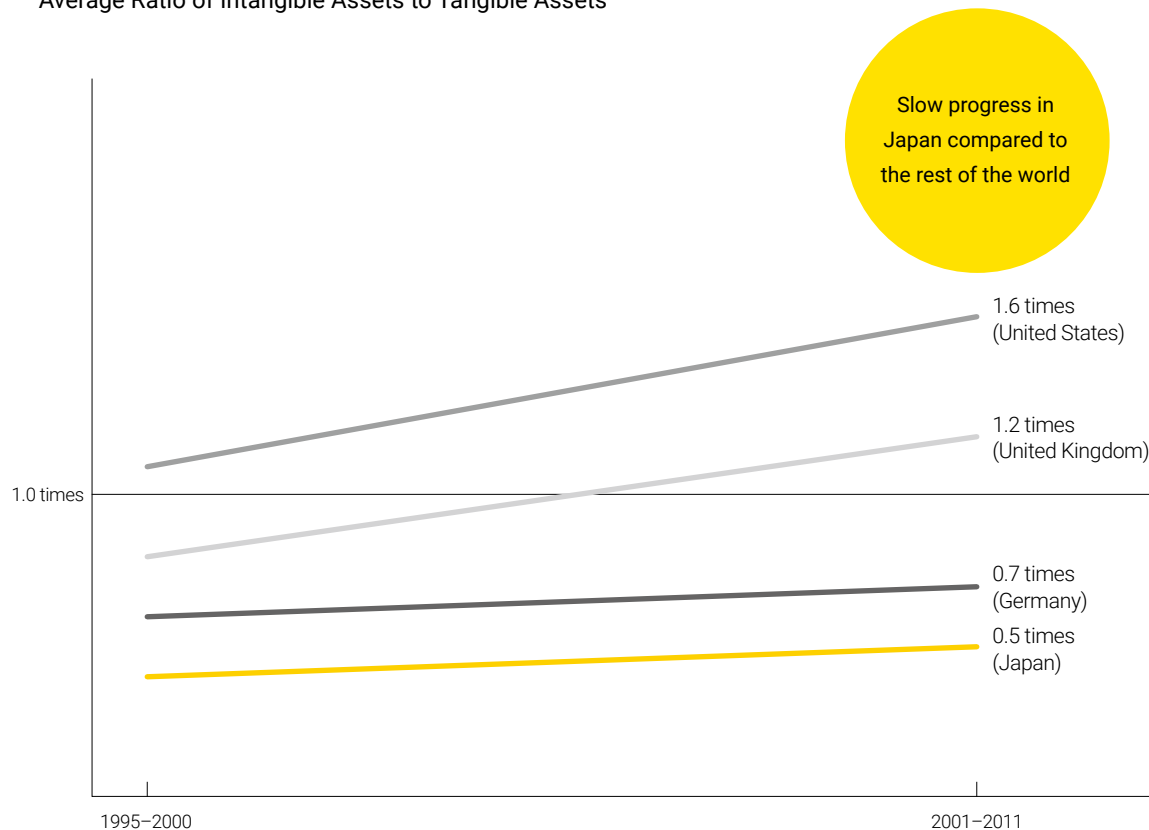
Approx. **¥720 trillion**
(2,186 companies)

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