Translation: Please note that the following purports to be an accurately translated excerpt of the original Japanese version prepared for the convenience of investors outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Stock Exchange Code: 8252
June 2, 2022

3-2, Nakano 4-chome, Nakano-ku, Tokyo
MARUI GROUP CO., LTD.
Hiroshi Aoi
President and Representative Director

Notice of Convocation of the 86th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are hereby informed that the 86th Ordinary General Meeting of Shareholders of MARUI GROUP CO., LTD. (the "Company") will be held as follows.

You can exercise your votes in writing or via electromagnetic means. The Company respectfully requests you to view the "Reference Document Concerning the General Meeting of Shareholders" below and exercise your voting rights on or before 7:00 p.m. (JST) June 27, 2022 (Monday).

We request that you pay due consideration to the prevention of COVID-19 infections upon checking the epidemic situation and your own health condition before attending the General Meeting of Shareholders. Live streaming of the General Meeting of Shareholders will be also available.

PARTICULARS

1. Date and Time of the Meeting: Tuesday, June 28, 2022 at 10:00 a.m.
(Reception commences at 9:30 a.m.)

2. Place of the Meeting: 3rd Floor of the Head Office of MARUI GROUP CO., LTD.
at 3-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan

3. Matters to be Addressed at the Meeting:

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 86th Fiscal Year (from April 1, 2021 to March 31, 2022).

2. Report on the Results of the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.

Matters to be Resolved:

Proposal 1: Proposed Disposal of Surplus

Proposal 2: Partial Amendments to the Articles of Incorporation

Proposal 3: Election of Six (6) Directors

Proposal 4: Election of Two (2) Audit & Supervisory Board Members

Proposal 5: Election of One (1) Substitute Audit & Supervisory Board Member

Proposal 6: Revision of the Amount of Compensation for External Directors

- End -

- If there is any amendment to the contents of the Reference Document Concerning the General Meeting of Shareholders, the Business Report, the Non-Consolidated Financial Statements, the Consolidated Financial Statements, the Company will announce such amendment on the Company's homepage (https://www.0101maruigroup.co.jp).

<Notice>
The General Meeting of Shareholders will be streamed live. During capturing video, although we will exercise care concerning the privacy of shareholders in attendance, some may unavoidably appear on camera. We appreciate your understanding.

A message to all of our shareholders

Hiroshi Aoi
President and Representative Director, Representative Executive Officer, CEO

Let me begin by expressing my sincere appreciation for your ongoing patronage and support of the MARUI GROUP.

I also would like to extend my deepest sympathies to all those who have been affected by COVID-19.

Since its founding in 1931, the Group has continued to evolve its unique business model merging retailing and finance to reflect changes in the times and consumers, all the while being guided by the co-creation philosophy that “creditability should be built together with customers.”

Under our new five-year medium-term management plan, which started last year, we will promote a new business model consisting of three business pillars: retailing, FinTech and the newly added “forward-looking investments.”

Toward achieving the interests and happiness of all stakeholders, including investors, customers, business partners, employees, communities and society, and future generations, we defined targets related to sustainability and well-being as “Impact.” By achieving the three targets of “create the future for future generations together,” “create happiness for each individual together,” and “create a co-creative platform,” we will further increase our corporate value.

The MARUI GROUP will engage in communication with shareholders while aiming to build a flourishing and inclusive society that offers happiness to everyone. We sincerely ask for continued support and encouragement from our shareholders.

June 2022

Reference Document Concerning the General Meeting of Shareholders

Proposals and Reference Materials

Proposal 1: Proposed Disposal of Surplus

The Company considers that returning the profit to the shareholders is one of the important management priorities, and will implement ongoing, long-term dividend increases.

It is proposed that the year-end dividends for the fiscal year under review be 26 yen per share. Together with the interim dividends of 26 yen which have been paid, the annual payment of dividends for the fiscal year under review shall be 52 yen per share, an increase of 1 yen per share compared with the previous fiscal year, which is the increase in dividends for ten (10) consecutive fiscal years.

Matters related to the year-end dividend:

(1) Type of assets distributed: Cash

(2) Matter related to distribution of cash and total amount:
26 yen per share of common stock of the Company
Total amount: 5,224,020,048 yen

(3) Effective date for distribution of surplus: June 29, 2022

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

The revision in the Companies Act in 2019 allows for measures for electronic provision of materials for general meetings of shareholders, and requires book-entry stock-issuing companies (listed companies) to stipulate provisions in their articles of incorporation to the effect that they take measures for electronic provision of information that is the content of reference document, etc. concerning the general meeting of shareholders on and after September 1, 2022, which is the date of enforcement of the revised Companies Act pertaining to measures for electronic provision. In line with this, necessary amendments shall be made.

(1) Article 16, Paragraph 1 of the proposed amendments stipulates that information that is the content of materials for general meetings of shareholders, etc., shall be provided electronically. With this stipulation, the Company will post the materials for general meetings of shareholders on the Company's website, etc. and make them available to shareholders, beginning with a General Meeting of Shareholders to be held on and after March 1, 2023, in lieu of providing the physical documents of them to shareholders by post.
(2) Even after the introduction of measures for electronic provision, we will continue providing the physical documents of materials for general meetings of shareholders if so requested by shareholders. Article 16, Paragraph 2 of the proposed amendments stipulates that, as in the past, we shall provide electronically part of materials for general meetings of shareholders to the extent permitted by laws and regulations.
(3) With the new establishment of Article 16 of the proposed amendment, stipulations concerning "Internet Disclosure and Deemed Provision of Reference Document Concerning the General Meeting of Shareholders, Etc." (Article 16 of the current Articles of Incorporation) will no longer be necessary, these shall be therefore deleted.
(4) Supplementary provisions shall be established concerning the effective date, etc., in line with the new establishments and deletions above.

2. Contents of the amendments

The contents of the amendments are as follows.

(Underlines indicate amended sections.)

Current Articles of Incorporation	Proposed Amendments
Article 1 to Article 15 (Omitted)	Article 1 to Article 15 (Same as current)
<u>(Internet Disclosure and Deemed Provision of Reference Document Concerning the General Meeting of Shareholders, Etc.)</u> <u>Article 16 In the convocation of general meetings of shareholders, the Company may deem that it has provided to shareholders information concerning matters that must be displayed in the reference document concerning the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements via internet disclosure in conformity with definitions provided in the Ordinance of the Ministry of Justice.</u>	(Article 16: Deleted)

Current Articles of Incorporation	Proposed Amendments
(Article 16: Newly established)	(Measures for Electronic Provision, Etc.) Article 16 In the convocation of general meetings of shareholders, the Company shall provide electronically information that is the content of reference document concerning the general meeting of shareholders, etc. 2. Of the matters to which electronic provision measures apply, the Company may choose not to record all or part of matters stipulated in the Ordinance of the Ministry of Justice in the physical documents provided to shareholders who made requests for provision of physical documents by the record date for voting rights.
Article 17 to Article 36 (Omitted)	Article 17 to Article 36 (Same as current)
(Supplementary Provisions: Newly established)	Supplementary Provisions (Transitional Measures for the Electronic Provision of Materials for General Meetings of Shareholders) 1. The deletion of Article 16 (Internet Disclosure and Deemed Provision of Reference Document Concerning the General Meeting of Shareholders, Etc.) of the current Articles of Incorporation and Article 16 (Measures for Electronic Provision, Etc.) of the proposed amendments shall take effect on September 1, 2022, which is the date of enforcement of the revised stipulations stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019; the “Enforcement Date”). 2. Notwithstanding the provisions of the previous paragraph, Article 16 of the current Articles of Incorporation shall remain valid for general meetings of shareholders held on a day that is within six months of the Enforcement Date. 3. These supplementary provisions shall be deleted on the day after which six months have elapsed since the Enforcement Date or the day after which three months have elapsed since the day of the general meeting of shareholders in the previous paragraph, whichever is later.

Proposal 3: Election of Six (6) Directors

The term of office of all of the six (6) Directors will expire at the close of this General Meeting.
The Company would like to propose to elect six (6) Directors. If these six (6) candidates are reelected, the ratio of the Independent External Directors remains 50%, which will secure transparency of the Board of Directors and enable continuation of a management structure to further increase our corporate value based on the viewpoint of stakeholders.

The candidates for Directors are as follows:

Candidate Number	Name		Positions and Responsibilities at the Company	Attendance at the Meetings of the Board of Directors
1	Hiroshi Aoi	【Reappointment】	President and Representative Director Representative Executive Officer CEO	10/10 100%
2	Etsuko Okajima Female	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	10/10 100%
3	Yasunori Nakagami	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	7/8 88%
4	Peter David Pedersen	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	8/8 100%
5	Hirotsugu Kato	【Reappointment】	Director, Managing Executive Officer, and CFO In charge of IR, Finance, Sustainability, and ESG Promotion	10/10 100%
6	Reiko Kojima Female	【Reappointment】	Executive Officer CWO General Manager, Wellbeing Promotion Department	8/8 100%

(Note) The Company has entered into a directors and officers liability insurance agreement (hereinafter the "D&O insurance") with an insurance company as provided under Article 430-3, Paragraph 1 of the Companies Act. Under the agreement, any damage incurred when a Director or Audit & Supervisory Board Member has assumed liability for damages as a result of execution of duties (excluding those that fall under the grounds for exemption as stipulated in the insurance agreement) shall be compensated. However, in order to ensure that the performance of duties by insured persons is not compromised, there is a certain limit on the amount of compensation. Damages under the said limit will not be covered by the insurance policy. In addition, the insurance premiums of the D&O insurance have been fully paid by the Company. If each candidate for Director is elected as a Director and assumes office, every such Director will be insured by the D&O insurance. The Company plans to renew the agreement with the same details during their terms of office.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
1	Hiroshi Aoi (January 17, 1961) 【Reappointment】 ▸ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)	Jul. 1986 Joined the Company Apr. 1991 Director and General Manager, Sales Planning Headquarters Apr. 1995 Managing Director and Deputy General Manager, Sales Promotion Headquarters and General Manager, Sales Planning Division Jan. 2001 Managing Director and General Manager, Sales Promotion Headquarters Jun. 2004 Executive Vice President and Representative Director Apr. 2005 President and Representative Director Oct. 2006 President and Representative Director, Representative Executive Officer Apr. 2019 President and Representative Director, Representative Executive Officer, CEO (Incumbent) Reasons for nomination as a candidate for Director Mr. Hiroshi Aoi has properly operated the Board of Directors as the chairman and duly performed his supervisory functions for important management decision making and operational execution as President and Representative Director of the Company since 2005. He has ample business experience and knowledge as a corporate manager, and has controlled overall operation of the Group and performed his duties properly as Group Representative Executive Officer. Based on the above reasons, the Company believes that he can fully perform his functions for long-and medium-term improvement in corporate value of the Company. Therefore, the Company has nominated him as a candidate for a Director.	1,556,500

Note: There is no special interest between the candidate and the Company.

<table>
<tr><th></th><th>Name
(Date of Birth)</th><th>(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)</th><th>Number of Shares Held</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Etsuko Okajima
(May 16, 1966)

【Reappointment】
【Candidate for External Director】
【Candidate for Independent Director】

▸ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 8 years
▸ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)</td><td>Apr. 1989 Joined Mitsubishi Corporation
Jan. 2001 Joined McKinsey & Company
Jul. 2005 Representative and CEO, GLOBIS Management Bank
Jun. 2007 President & CEO, ProNova Inc. (Incumbent)
Jun. 2014 External Director, the Company (Incumbent)</td><td rowspan="2">0</td></tr>
<tr><td>Important Positions at Other Organizations Concurrently Assumed
President & CEO, ProNova Inc.
External Director, LANCERS, Inc.
Outside Director, Yappli, Inc.
Director, euglena Co., Ltd.
Outside Director, SEPTENI HOLDINGS CO., LTD.
External Director, Money Forward, Inc.

Reasons for nomination and overview of expected role as a candidate for External Director

Ms. Etsuko Okajima has ample experience and knowledge concerning human resource development and startups in addition to corporate management. She has performed her duties as External Director of the Company properly by raising questions and giving advice and opinions from her viewpoint and an independent, objective position. As the Company believes that she can contribute to the reinforcement of supervisory function for management of the Company, the Company has nominated her as a candidate for an External Director. The Company expects her to continue fulfilling the above roles after being elected.</td></tr>
</table>

Notes: 1. There is no special interest between the candidate and the Company.

2. Ms. Etsuko Okajima is a candidate for External Director and the Company has submitted a notification designating her as an independent director to Tokyo Stock Exchange, Inc.
3. Ms. Etsuko Okajima's name on the family register is Ms. Etsuko Mino.
4. The Company has entered into a liability limiting agreement with Ms. Etsuko Okajima under which her liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations. In the event that Ms. Etsuko Okajima is reelected as External Director, the Company plans to continue the liability limiting agreement with her.

<table>
<tr><th></th><th>Name
(Date of Birth)</th><th>(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)</th><th>Number of Shares Held</th></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Yasunori Nakagami
(March 25, 1964)
【Reappointment】
【Candidate for External Director】
【Candidate for Independent Director】
▸ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 1 year
▸ Attendance at the Meetings of the Board of Directors: 7 out of 8 (88%)</td><td>Apr. 1986 Joined Arthur Andersen & Co. (now Accenture Japan Ltd)
Jul. 1991 Joined Corporate Directions, Inc.
Mar. 2005 Representative Director, Asuka Corporate Advisory Co., Ltd.
Oct. 2013 Chief Executive Officer, Misaki Capital Inc. (Incumbent)
Jun. 2021 External Director, the Company (Incumbent)</td><td rowspan="2">0</td></tr>
<tr><td>Important Positions at Other Organizations Concurrently Assumed
Chief Executive Officer, Misaki Capital Inc.

Reasons for nomination and overview of expected role as a candidate for External Director

Mr. Yasunori Nakagami has advanced insights in corporate management with a view toward capital markets that has been developed through ample experience at management consulting companies and an investment management company. He has performed his duties as External Director of the Company properly by raising questions and giving advice and opinions from his viewpoint and an independent, objective position. As the Company believes that he can contribute to the reinforcement of supervisory function for management of the Company, the Company has nominated him as a candidate for an External Director. The Company expects him to continue fulfilling the above roles after being elected.</td></tr>
</table>

Notes: 1. There is no special interest between the candidate and the Company.

2. Mr. Yasunori Nakagami is a candidate for External Director and the Company has submitted a notification designating him as an independent director to Tokyo Stock Exchange, Inc.

3. Misaki Capital Inc., where Mr. Yasunori Nakagami serves as Chief Executive Officer, manages investment funds which hold shares of the Company such as MISAKI ENGAGEMENT MASTER FUND, a principal shareholder of the Company, but he satisfies the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company. For the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company, please see “Criteria for Independence for External Directors and Audit & Supervisory Board Members” set forth as follows hereafter.

4. The Company has entered into a liability limiting agreement with Mr. Yasunori Nakagami under which his liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations. In the event that Mr. Yasunori Nakagami is reelected as External Director, the Company plans to continue the liability limiting agreement with him.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
4	Peter David Pedersen (November 29, 1967) 【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】 ▸ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 1 year ▸ Attendance at the Meetings of the Board of Directors: 8 out of 8 (100%)	Sep. 2000 President, E-Square Inc. Jan. 2015 Representative Director, General Incorporated Association NELIS Feb. 2020 Professor, Shizenkan University Graduate School of Leadership & Innovation (Incumbent) Aug. 2020 Representative Director, Specified Nonprofit Corporation NELIS (Incumbent) Jun. 2021 External Director, the Company (Incumbent) Important Positions at Other Organizations Concurrently Assumed Professor, Shizenkan University Graduate School of Leadership & Innovation Representative Director, Specified Nonprofit Corporation NELIS Reasons for nomination and overview of expected role as a candidate for External Director Mr. Peter David Pedersen has advanced insights in sustainability management at the global level that has been developed through ample experience at environmental and CSR consulting companies. He has performed his duties as External Director of the Company properly by raising questions and giving advice and opinions from his viewpoint and an independent, objective position. As the Company believes that he can contribute to the reinforcement of supervisory function for management of the Company, the Company has nominated him as a candidate for an External Director. The Company expects him to continue fulfilling the above roles after being elected.	100

Notes: 1. Mr. Peter David Pedersen is a candidate for External Director and the Company has submitted a notification designating him as an independent director to Tokyo Stock Exchange, Inc.

2. The Company participates in activities held by Specified Nonprofit Corporation NELIS, where Mr. Peter David Pedersen serves as Representative Director. He has given opinions on sustainability management as Advisor of the Company until June 2021. The total amount of activity participation fees and advisor fees paid by the Company was 1.75 million yen for the most recent fiscal year, and he satisfies the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company. For the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company, please see “Criteria for Independence for External Directors and Audit & Supervisory Board Members” set forth as follows hereafter.

3. Mr. Peter David Pedersen’s name is stated as Pedersen Peter David for registration purposes.

4. The Company has entered into a liability limiting agreement with Mr. Peter David Pedersen under which his liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations. In the event that Mr. Peter David Pedersen is reelected as External Director, the Company plans to continue the liability limiting agreement with him.

<table>
<tr><th></th><th>Name
(Date of Birth)</th><th>(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)</th><th>Number of Shares Held</th></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Hirotsugu Kato
(July 30, 1963)
【Reappointment】

▸ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)</td><td>Mar. 1987 Joined the Company
Apr. 2013 General Manager, Corporate Planning Division
Apr. 2015 Executive Officer and General Manager, Corporate Planning Division
Oct. 2015 Executive Officer and General Manager, Corporate Planning Division and IR Department
Jun. 2016 Director and Senior Executive Officer
General Manager, Corporate Planning Division and IR Department
Oct. 2017 Director, Senior Executive Officer, and CDO
General Manager, IR Department
In charge of Corporate Planning and ESG Promotion
Apr. 2019 Director, Managing Executive Officer, and CFO
General Manager, IR Department
In charge of Finance, Investment Research, Sustainability and ESG Promotion
Apr. 2021 Director, Managing Executive Officer, and CFO
In charge of IR, Finance, Sustainability and ESG Promotion (Incumbent)</td><td rowspan="2">10,200</td></tr>
<tr><td>Reasons for nomination as a candidate for Director

Mr. Hirotsugu Kato has business experience in corporate planning, finance, IR, etc., and has performed his supervisory functions properly for important management decision making and operational execution as Director of the Company since 2016. He also has controlled finance, sustainability and ESG promotion and performed his duties properly as Managing Executive Officer of the Company. Based on the above reasons, the Company believes that he can fully perform his functions for long-and medium-term improvement in corporate value of the Company. Therefore, the Company has nominated him as a candidate for a Director.</td></tr>
</table>

Note: There is no special interest between the candidate and the Company.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
6	Reiko Kojima (September 26, 1975) 【Reappointment】 ▸ Attendance at the Meetings of the Board of Directors: 8 out of 8 (100%)	May 2000 Company Physician, Furukawa Electric Co., Ltd. Apr. 2002 Outpatient Physician, Department of Psychosomatic Medicine, Yokohama Rosai Hospital Mar. 2010 Acquisition of Doctor of Medicine Apr. 2011 Company Physician (Incumbent) Apr. 2014 General Manager, Health Management Division Apr. 2019 Executive Officer, General Manager, Health Management Division Apr. 2020 Executive Officer, General Manager, Wellness Promotion Department May 2021 Executive Officer, CWO (Chief Well-being Officer), General Manager, Wellness Promotion Department Jun. 2021 Director, Executive Officer, CWO, General Manager, Wellness Promotion Department Apr. 2022 Director, Executive Officer, CWO, General Manager, Wellbeing Promotion Department (Incumbent) Reasons for nomination as a candidate for Director Ms. Reiko Kojima has ample experience as a physician, Doctor of Medicine and company physician, and has performed her supervisory functions properly for important management decision making and operational execution as Director of the Company since 2021. She also has performed her duties properly in promoting wellbeing-oriented management to seek happiness of people, organization and society as Executive Officer and CWO. Based on the above reasons, the Company believes that she can fully perform her functions for long-and medium-term improvement in corporate value of the Company. Therefore, the Company has nominated her as a candidate for a Director.	600

Note: There is no special interest between the candidate and the Company.

Proposal 4: Election of Two (2) Audit & Supervisory Board Members

Of the four (4) incumbent Audit & Supervisory Board Members, The term of office of Mr. Nariaki Fuse will expire at the close of this General Meeting, and Mr. Takehiko Takagi will resign as Audit & Supervisory Board Member at the close of this General Meeting.
Accordingly, the Company would like to propose to elect two (2) new Audit & Supervisory Board Members. Furthermore, the Audit & Supervisory Board has consented to this proposal.

The candidates for Audit & Supervisory Board Member are as follows:

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
1	Hajime Sasaki (November 24, 1963) 【New appointment】 ‣ Attendance at the Meetings of the Board of Directors: - ‣ Attendance at the Meetings of the Audit & Supervisory Board: -	Mar. 1986 Joined the Company Oct. 2007 Director and General Manager, Card Planning Department, Epos Card Co., Ltd. Apr. 2012 Director and General Manager, Original Merchandise Department, MARUI CO., LTD. Apr. 2013 Executive Officer, the Company Director and General Manager, Sales Department 3, MARUI CO., LTD. Jun. 2014 Director, Executive Officer, the Company Managing Director and General Manager, Specialty Store Department, MARUI CO., LTD. Apr. 2015 Director and Senior Executive Officer in charge of retailing and store operation business, the Company Senior Managing Director, MARUI CO., LTD. Apr. 2016 Senior Executive Officer, the Company President and Representative Director, MARUI CO., LTD. Apr. 2019 Senior Executive Officer in charge of Architecture, the Company President and Representative Director, AIM CREATE CO., LTD.	8,600
		Reasons for nomination as a candidate for Audit & Supervisory Board Member Mr. Hajime Sasaki has ample business experience in retailing business of the Group. He also has management experience as Director of Epos Card Co., Ltd. and President of AIM CREATE CO., LTD., and is well-versed in a variety of businesses of the Group. Based on the above reasons, the Company believes that he can contribute to fair audit as Audit and Supervisory Board Member of the Company, and has nominated him as a candidate for Audit & Supervisory Board Member.	

Notes: 1. There is no special interest between the candidate and the Company.

2. The Company has entered into a directors and officers liability insurance agreement (hereinafter the "D&O insurance") with an insurance company as provided under Article 430-3, Paragraph 1 of the Companies Act. Under the agreement, any damage incurred when a Director or Audit & Supervisory Board Member has assumed liability for damages as a result of execution of duties (excluding those that fall under the grounds for exemption as stipulated in the insurance agreement) shall be compensated. However, in order to ensure that the performance of duties by insured persons is not compromised, there is a certain limit on the amount of compensation. Damages under the said limit will not be covered by the insurance policy. In addition, the insurance premiums of the D&O insurance have been fully paid by the Company. If Mr. Hajime Sasaki assumes the post of Audit & Supervisory Board Member, he will be insured by the D&O insurance. The Company plans to renew the agreement with the same details during his term of office.

	Name (Date of Birth)	(Brief History, Positions, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
2	Hiroaki Matsumoto (October 7, 1958) 【New appointment】 【Candidate for Independent Audit & Supervisory Board Member】 ▸ Attendance at the Meetings of the Board of Directors: - ▸ Attendance at the Meetings of the Audit & Supervisory Board: -	Apr. 1981 Tokyo Regional Taxation Bureau Jul. 2006 District Director, Chichibu Tax Office Jul. 2016 Chief Internal Inspector, Commissioner's Secretariat of National Tax Agency Jul. 2018 Regional Commissioner, Kumamoto Regional Taxation Bureau Sep. 2019 Registered as Certified Tax Accountant Established Hiroaki Matsumoto Certified Tax Accountant Office Important Positions at Other Organizations Concurrently Assumed Tax Accountant (Hiroaki Matsumoto Certified Tax Accountant Office) Outside Audit & Supervisory Board Member, Yazaki Corporation Outside Corporate Auditor, KAKEN PHARMACEUTICAL CO., LTD. Reasons for nomination as a candidate for External Audit & Supervisory Board Member Mr. Hiroaki Matsumoto is certified as a tax accountant and has experience and broad insight as external auditor at other companies, in addition to professional knowledge and experience in the accounting field. Based on the above reasons, the Company believes that he can contribute to fair audit as External Audit and Supervisory Board Member of the Company, and has nominated him as a candidate for External Audit & Supervisory Board Member.	0

Notes: 1. There is no special interest between the candidate and the Company.

2. Mr. Hiroaki Matsumoto is a candidate for External Audit & Supervisory Board Member of the Company. The Group plans to submit an Independent Officer Registration Statement to the Tokyo Stock Exchange, Inc. that designates him as an independent audit & supervisory board member, subject to approval of his appointment.

3. In the event that Mr. Hiroaki Matsumoto is elected as External Audit & Supervisory Board Member, the Company plans to enter into a liability limiting agreement with Mr. Hiroaki Matsumoto under which his liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations.

4. The Company has entered into a directors and officers liability insurance agreement (hereinafter the "D&O insurance") with an insurance company as provided under Article 430-3, Paragraph 1 of the Companies Act. Under the agreement, any damage incurred when a Director or Audit & Supervisory Board Member has assumed liability for damages as a result of execution of duties (excluding those that fall under the grounds for exemption as stipulated in the insurance agreement) shall be compensated. However, in order to ensure that the performance of duties by insured persons is not compromised, there is a certain limit on the amount of compensation. Damages under the said limit will not be covered by the insurance policy. In addition, the insurance premiums of the D&O insurance have been fully paid by the Company. If Mr. Hiroaki Matsumoto assumes the post of Audit & Supervisory Board Member, he will be insured by the D&O insurance. The Company plans to renew the agreement with the same details during his term of office.

(Reference)

If this proposal is approved, the Audit & Supervisory Board will consist of the following members.

	Name		Position at the Company	Term of office from the appointment as Audit & Supervisory Board Member
Non-election	Hitoshi Kawai		Audit & Supervisory Board Member (Full time)	2 years
New appointment	Hajime Sasaki		Audit & Supervisory Board Member (Full time)	-
Non-election	Yoko Suzuki	External Audit & Supervisory Board Member Independent Audit & Supervisory Board Member	External Audit & Supervisory Board Member	2 years
New appointment	Hiroaki Matsumoto	External Audit & Supervisory Board Member Independent Audit & Supervisory Board Member	External Audit & Supervisory Board Member	-

Proposal 5: Election of One (1) Substitute Audit & Supervisory Board Member

The resolution of electing Mr. Akira Nozaki as a Substitute Audit & Supervisory Board Member made at the 85th Ordinary General Meeting of Shareholders of the Company held on June 25, 2021 will be in effect until the start of this General Meeting.
For the purpose of preparing for the case in which the number of Audit & Supervisory Board Member falls below the minimum number stipulated in the laws and regulations, the Company would like to propose to elect one (1) Substitute Audit & Supervisory Board Member. Furthermore, the Audit & Supervisory Board has consented to this proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name (Date of Birth)	(Brief History and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
Akira Nozaki (November 20, 1957) 【Candidate for Substitute External Audit & Supervisory Board Member】 【Candidate for Independent Audit & Supervisory Board Member】	Apr. 1988 Registered as Attorney Jun. 2015 External Director, ICHIKAWA CO., LTD. (Incumbent) Jun. 2017 Audit & Supervisory Board Member, J-OIL MILLS, Inc. (Incumbent) Reasons for nomination as a candidate for Substitute External Audit & Supervisory Board Member The Company believes that he can carry out audit of the Company based on his ample experience and broad insight as an external Audit & Supervisory Board Member at another company, in addition to his legal knowledge and experience obtained through his long-term practice as a lawyer. Therefore, the Company has nominated him as a candidate for a Substitute External Audit & Supervisory Board Member.	0

Notes: 1. There is no special interest between the candidate and the Company.

2. Mr. Akira Nozaki is a candidate for Substitute External Audit & Supervisory Board Member of the Company. In the event that his election is approved and he assumes the post of External Audit & Supervisory Board Member, the Company plans to submit an Independent Officer Registration Statement to the Tokyo Stock Exchange, Inc. that designates him as an independent audit & supervisory board member.
3. In the event that Mr. Akira Nozaki is elected and assumes the post of External Audit & Supervisory Board Member, the Company plans to enter into a liability limiting agreement with Mr. Akira Nozaki under which his liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations.
4. The Company has entered into a directors and officers liability insurance agreement (hereinafter the “D&O insurance”) with an insurance company as provided under Article 430-3, Paragraph 1 of the Companies Act. Under the agreement, any damage incurred when a Director or Audit & Supervisory Board Member has assumed liability for damages as a result of execution of duties (excluding those that fall under the grounds for exemption as stipulated in the insurance agreement) shall be compensated. However, in order to ensure that the performance of duties by insured persons is not compromised, there is a certain limit on the amount of compensation. Damages under the said limit will not be covered by the insurance policy. In addition, the insurance premiums of the D&O insurance have been fully paid by the Company. If Mr. Akira Nozaki assumes the post of Substitute External Audit & Supervisory Board Member, he will be insured by the D&O insurance.

Criteria for Independence for External Directors and Audit & Supervisory Board Members

MARUI GROUP aims to ensure the appropriate levels of objectivity and transparency necessary for effective corporate governance. For this reason, it has established the following criteria for determining the independence of External Directors, External Audit & Supervisory Board Members, and candidates for these two positions. Individuals that meet all of these criteria are judged to be sufficiently independent from the Company.

1. The individual must not be a person involved in operation*1 of the Company, its subsidiaries, or its affiliates and must not have been a person involved in operation during the past ten (10) years.
2. The individual must not be a major supplier*2 of the Company, its subsidiaries, or its affiliates or a person involved in operation of a major supplier.
3. The individual must not be a major customer*3 of the Company, its subsidiaries, or its affiliates or a person involved in operation of a major customer.
4. The individual must not be a major shareholder of the Company possessing direct or indirect holdings equating to 10% or more of voting rights, or a person involved in operation of a major shareholder.
5. The individual must not be a person involved in operation of an entity in which the Company, its subsidiaries, or its affiliates possesses direct or indirect holdings equating to 10% or more of the total voting rights of such entity.
6. The individual must not be a consultant, a certified public accountant or other accounting specialist, or a lawyer or other legal specialist receiving large amounts of monetary payments or other financial assets*4 from the Company, its subsidiaries, or its affiliates that are separate from the compensation paid for services as a Director or Audit & Supervisory Board Member. The individual also must not belong to a company or other organization that receives such payments or assets.
7. The individual must not receive large amounts of monetary payments or other financial assets*4 as donations from the Company, its subsidiaries, or its affiliates and must not belong to a company or other organization that receives such donations.
8. The individual must not be the accounting auditor of the Company. The individual also must not belong to a company or other organization that serves as the accounting auditor of the Company.
9. The individual must not have been applicable under Items 2. to 8. during the past five (5) years.
10. The individual must not be a relative*5 of an individual that qualifies under Items 2. to 8. (only applicable to relatives of important persons involved in operation*6 for all items except Items 6. and 8.).
11. The individual must not be a person involved in operation of another company with which the Company is in interrelationship of external officers*7.

*1 A "person involved in operation" is defined as an executive director, executive officer, or employee with operational execution responsibilities of a stock company; a director of a non-company legal entity or organization; or individuals serving persons in similar positions or at similar companies, non-company legal entities, or organizations.

*2 A "major supplier" is defined as an entity that fulfills one of the following conditions:

a. A supplier group (the corporate group to which the supplier that serves as the direct transaction counterparty belongs) that provides products or services to the Company, its subsidiaries, or its affiliates and for which transactions with the Company, its subsidiaries, and its affiliates equated to 10 million yen or more and represented more than 2% of the total consolidated net sales (the total consolidated operating revenue) or transaction revenues of the supplier group in the most recently completed fiscal year.
b. A supplier group with which liabilities of the Company, its subsidiaries, or its affiliates are associated and for which the applicable liabilities equated to 10 million yen or more and represented more than 2% of the consolidated total assets of the supplier group as of the end of the most recently completed fiscal year.

*3 A “major customer” is defined as an entity that fulfills one of the following conditions:

a. A customer group (the corporate group to which the customer that serves as the direct transaction counterparty belongs) to which the Company, its subsidiaries, or its affiliates provide products or services and for which the total amount of transactions with the customer group equated to 10 million yen or more and represented more than 2% of the total consolidated operating revenue of the Company in the most recently completed fiscal year.

b. A customer group possessing liabilities that are associated with the Company, its subsidiaries, or its affiliates and that equated to 10 million yen or more and represented more than 2% of the consolidated total assets of the Company as of the end of the most recently completed fiscal year.

c. A financial group (the financial group to which the customer that serves as the direct transaction counterparty belongs) from which the Company, its subsidiaries, or its affiliates procure funds through borrowings and from which the total amount of funds borrowed represented more than 2% of the consolidated total assets of the Company as of the end of the most recently completed fiscal year.

*4 A “large amount of monetary payments or other financial assets” means monetary payments or other financial assets, the total amount of which is 10 million yen or more within the most recent fiscal year.

*5 A “relative” means a spouse of, and any family member who has relation within the second degree with, the individual.

*6 “Important persons involved in operation” refers to directors, executive officers, and employees with operational execution responsibilities ranked as division manager or higher, or individuals with similar operational execution authority.

*7 “Interrelationship of external officers” refers to a relationship whereby a person involved in operation of the Company, its subsidiaries and its affiliates serves as an external officer of another company, and a person involved in operation of the said company serves as an external officer of the Company.

End

[Reference] Officer Skill Matrix

The Group has decided that there were 14 skills[*1] comprising shared skills and unique skills required for achieving the desired impact through the advancement of its management and medium-term management plan. The table below clarifies skills held by each officer in light of their experience, knowledge and abilities, and shows overall strengths held by each officer using the CliftonStrengths®[*1] assessment developed by Gallup, Inc., of the United States.

- Shared Skills: Common skills required for the Board of Directors to appropriately fulfill its function
- Unique Skills: Unique skills necessary for implementing the medium-term management plan
  The CliftonStrengths®: 34 strengths and four domains that represent personal qualities

*1 Basis for the skills held by each officer and details on CliftonStrengths® are described on the Company's website.
https://www.0101maruigroup.co.jp/ir/pdf/general_meeting/no86_skill_matrix.pdf

Name	Shared Skills							Unique Skills							CliftonStrengths®
	Corporate management	Management strategy formulation	Human resource management	Finances	Corporate governance	Risk management	Innovation	Sustainability	Well-being	Digital transformation	Retailing	Fintech	New business development	Investments in start-up companies	Domain of Overall Strengths: Top 5 CliftonStrengths®
Hiroshi Aoi	●	●		●		●	●	●	●	●	●	●	●	●	1. Futuristic, 2. Ideation 3. Learner, 4. Belief 5. Individualization
Etsuko Okajima	●	●	●	●	●		●	●	●				●	●	1. Activator, 2. Communication 3. Maximizer, 4. Individualization 5. Achiever
Yasunori Nakagami	●	●		●	●	●	●						●		1. Strategic, 2. Activator 3. Ideation, 4. Futuristic 5. Command
Peter David Pedersen	●	●	●				●	●	●				●		1. Strategic, 2. Input 3. Futuristic, 4. Responsibility 5. Connectedness
Hirotsugu Kato	●	●		●	●	●	●	●		●			●	●	1. Harmony, 2. Analytical 3. Responsibility, 4. Consistency 5. Individualization
Reiko Kojima			●			●	●	●	●						1. Maximizer, 2. Learner 3. Arranger, 4. Achiever 5. Self- Assurance
Hitoshi Kawai		●		●	●	●									1. Ideation, 2. Responsibility 3. Deliberative, 4. Strategic 5. Arranger
Hajime Sasaki	●	●				●	●	●			●	●			1. Maximizer, 2. Strategic 3. Ideation, 4. Adaptability 5. Relator
Yoko Suzuki					●	●					●				1. Positivity, 2. Includer 3. Achiever, 4. Communication 5. Strategic
Hiroaki Matsumoto				●	●	●									1. Harmony, 2. Responsibility 3. Consistency, 4. Discipline 5. Deliberative

(English Translation)

The Company has introduced an Executive Officer System. Shared skills, unique skills and CliftonStrengths® of Executive Officers not concurrently serving as Directors are as follows:

Name	Shared Skills							Unique Skills							CliftonStrengths®
	Corporate management	Management strategy formulation	Human resource management	Finances	Corporate governance	Risk management	Innovation	Sustainability	Well-being	Digital transformation	Retailing	Fintech	New business development	Investments in start-up companies	Domain of Overall Strengths: Top 5 CliftonStrengths®
Masao Nakamura	●	●		●	●	●	●				●	●			1. Individualization, 2. Arranger 3. Maximizer, 4. Woo 5. Communication
Tomoo Ishii	●		●		●	●		●	●		●				1. Analytical, 2. Significance 3. Responsibility, 4. Restorative 5. Relator
Yoshinori Saito	●	●		●		●	●				●	●			1. Consistency, 2. Harmony 3. Analytical, 4. Significance 5. Relator
Masahiro Aono	●	●				●	●				●				1. Positivity, 2. Maximizer 3. Ideation, 4. Intellection 5. Woo
Akikazu Aida	●	●		●	●	●	●			●	●		●	●	1. Woo, 2. Achiever 3. Communication, 4. Positivity 5. Analytical
Masahisa Aoki	●					●	●	●			●		●	●	1. Positivity, 2. Maximizer 3. Harmony, 4. Individualization 5. Includer
Takeshi Ebihara	●					●				●		●			1. Harmony, 2. Responsibility 3. Positivity, 4. Includer 5. Restorative
Yuko Ito							●	●			●				1. Discipline, 2. Analytical 3. Deliberative, 4. Focus 5. Responsibility
Mayuki Igayama	●					●					●				1. Analytical, 2. Ideation 3. Achiever, 4. Arranger 5. Responsibility
Yoshiaki Kogure	●	●	●	●		●		●			●				1. Achiever, 2. Responsibility 3. Harmony, 4. Arranger 5. Consistency
Tatsuo Niitsu										●	●	●	●		1. Individualization, 2. Ideation 3. Arranger, 4. Maximizer 5. Futuristic
Miyuki Kawara								●			●	●			1. Positivity, 2. Maximizer 3. Individualization, 4. Achiever 5. Responsibility
Ayumi Hiromatsu								●	●	●		●			1. Ideation, 2. Responsibility 3. Belief, 4. Harmony 5. Consistency
Jiro Ishioka			●								●				1. Strategic, 2. Maximizer 3. Learner, 4. Achiever 5. Ideation

Proposal 6: Revision of the Amount of Compensation for External Directors

The compensation for External Directors of the Company consists solely of fixed basic compensation, in an amount approved as “up to 50 million yen per year,” which is included in the maximum amount of basic compensation for Directors of 300 million yen per year, as approved at the 80th Ordinary General Meeting of Shareholders held on June 29, 2016. Currently, the role of External Directors is expanding, including duties as members of various committees that the Company established toward achieving stakeholder-oriented management. With further projected increase in their duties, the Company proposes to increase the limit of compensation for External Directors to “up to 100 million yen per year,” an amount deemed as commensurate with their duties. The maximum amount of basic compensation for Directors of 300 million yen per year mentioned above, which was approved at the 80th Ordinary General Meeting of Shareholders, will not be changed.

The current number of Directors is six (6), including three (3) External Directors. If Proposal 3 “Election of Six (6) Directors” is approved as originally proposed, the number of Directors will again be six (6), including three (3) External Directors

(Attached Materials)

Business Report

(For the fiscal year from April 1, 2021 to March 31, 2022)

1. Information on the Status of Marui Corporate Group

(1) Development of the Businesses of the Corporate Group and Financial Results

Consolidated financial results

During the fiscal year under review, operations remained heavily affected by another issuance of the state of emergency declaration as a measure to the spread of COVID-19, which caused temporary closures of stores in the areas covered by the declaration and voluntary restraint on going out. We continued operation upon taking infection preventive measures and, when compared to the previous fiscal year in which we were forced to halt operation for about two months, operating days increased significantly. Total group transactions increased by 16% from the previous fiscal year to 3,373.4 billion yen, hitting a record high of 3 trillion yen for the first time. The result is due to a recovery in customer footfall in the retailing business, in addition to the growth in credit card transaction volume in the FinTech business which drove the overall result.

Operating income increased by 2% from the previous fiscal year to 209.3 billion yen, an increase for the first time in three fiscal years. Operating income increased by 142% from the previous fiscal year to 36.8 billion yen, and net income attributable to owners of parent increased by 685% from the previous fiscal year to 17.8 billion yen, each resulting in an increase for the first time in two fiscal years.

EPS (earnings per share) came to 85.8 yen (increased by 711%, or 75.2 yen, from the previous fiscal year), exceeding the year-earlier result due to increased income and capital measures. ROE (return on equity) came to 6.5% (increased by 5.7% from the previous fiscal year), lower than the cost of shareholders' equity of 7.7%. ROIC (return on invested capital) was 3.3% (increased by 1.9% from the previous fiscal year), lower than the weighted average cost of capital (WACC: 3.5%). Both EPS and ROE recovered to the 70 % level, and ROIC to the 90% level of those in the fiscal year ended March 31, 2020.

With a transformation in the existing business model, the Group's earning structure showed an increase in "recurring revenue," which accounts for a larger portion of sales and profits. Recurring revenue is generated on an ongoing basis in accordance with contracts with customers and business partners, such as revenue on real estate of stores and credit card processing fees.

(Consolidated financial results for the fiscal year ended March 31, 2022)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Year on Year	Increase (Decrease) from the previous fiscal year
EPS (Yen)	10.6	85.8	811%	75.2
ROE (%)	0.8	6.5	—	5.7
ROIC (%)	1.4	3.3	—	1.9
	(Billions of yen)	(Billions of yen)	(%)	(Billions of yen)
Total Group Transactions	2,919.2	3,373.4	116	454.2
Revenue	206.2	209.3	102	3.2
Gross Profit	177.3	181.1	102	3.7
Selling, General and Administrative Expenses	162.1	144.3	89	(17.8)
Operating Income	15.2	36.8	242	21.6
Ordinary Income	14.5	35.5	245	21.0
Net Income Attributable to Owners of Parent	2.3	17.8	785	15.5

Note: From the fiscal year ended March 31, 2022, the Company began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards. Results for the fiscal year ended March 31, 2021 are presented in figures after the retrospective application of the Accounting Standard, etc.

In the fiscal year under review, recurring revenue amounted to 127.6 billion yen (an increase by 3% from the previous fiscal year), and the ratio of recurring gross profit to total gross profit increased to 68.8% (an increase by 0.7 percentage points from the previous fiscal year). Future earnings (contracted future recurring gross profit concluded in prior fiscal years) for the next and subsequent fiscal years, which can be calculated based on the recurring revenue at the current fiscal year-end, were 337.6 billion yen (an increase by 1% from the previous fiscal year), and future earnings of roughly 1.8 times as high as the gross profit posted in the fiscal year under review alone can be expected.

Special factors for change in operating income

Revenue saw a decrease in the previous fiscal year due to exemptions for rent and common area charges during the closing period for business partners that opened shops in our stores. This resulted in an increase in operating income of 4.2 billion yen for the fiscal year under review.

Of selling, general and administrative expenses, fixed costs during the store closing period (1.1 billion yen) are reclassified as extraordinary loss. As the reclassified amount in the previous fiscal year was significant, selling, general and administrative expenses for the fiscal year under review increased, and operating income decreased by 6.1 billion yen. The decrease consists of 5.6 billion yen in in the retailing segment and 0.5 billion yen in the FinTech segment.

Income on transfer of receivables through the securitization of receivables (5.6 billion yen) decreased by 2.3 billion yen from the previous fiscal year, while depreciation and expenses, etc. (4.9 billion yen) increased by 1.2 billion yen, resulting in a 3.5 billion yen decrease in operating income.

In the previous fiscal year, provision for loss on interest repayment of 23.2 billion yen was recorded in order to prepare for interest repayment on cash advances, while in the fiscal year under review, no provision was required, causing income to increase.

Substantial operating income, excluding the special factors mentioned above, increased by 3.8 billion yen from the previous fiscal year, comprising a 1.9 billion yen increase in the retailing segment and a 1.8 billion yen increase in the FinTech segment.

Retailing segment

Positioning stores as a platform for marriage of online and offline aimed at creating the unique value that only physical stores can, we promoted introduction of direct-to-consumer (D2C) brands that are not focused on the sales of goods and services and experience-providing tenants such as those offering internet services, in an effort to expand stores that “do not sell.” We also held various events at stores themed on anime, games, food, cosmetics, and others, driving transformation to “eventful stores” where those events motivate customer visits. As a result, tenant area of non-product sales category expanded to account for 50% of the entire store area. As in the previous fiscal year, although the state of emergency declaration was issued in line with the spread of COVID-19 this year, the store closure period was shorter than last year, resulting in higher transaction volume.

As a result, operating income in the retailing segment increased by 33% from the previous fiscal year to 2.0 billion yen, resulting in an increase by 0.5 billion yen from the previous fiscal year and recording increased income for the first time in three years.

FinTech segment

As a result of approaches for maximization of household share, which have been strategically underway, recurring payments for rent and utilities, as well as usage in e-commerce, have grown on an ongoing basis. In addition to this, payment for travel and entertainment, commercial facilities and restaurants, which dropped significantly last year, is on a recovery track. As a result, credit card transaction volume reached a record high of 3,076.0 billion yen, an increase of 16% from the previous fiscal year.

The number of new EPOS cardholders has been recovering both through applications at commercial facilities and through online applications. In addition, applications for membership by taking the opportunity of receiving rent guarantees also remained favorable, the number of cardholders reached 610 thousand, a 16% increase from the previous fiscal year, and the number of card memberships as of the fiscal year-end totaled 7,140 thousand members, a 1% increase from the previous fiscal year. Collaboration with commercial facilities to expand the number of EPOS cardholders across Japan resulted in collaboration with 38 facilities (an increase by 5 facilities from the previous fiscal year). We will increase the value of these facilities with the use of the credit cards, in collaboration with the facilities.

In regard to credit cards that "support for individual preferences" such as our anime and other content-related cards, the entire Group engaged in highly unique initiatives such as events at stores and operation of a fan club website. As a result of such efforts, this type of credit cards boost high profitability second to Gold cards. In April 2021, we revamped the design and material of EPOS card for the first time in 15 years and started the issuance of new cards with non-contact payment functions, aiming to improve safety and convenience. In addition, the use of our new app that supports customers' lifestyle on all fronts is expanding steadily, achieving 1.45 million downloads. By delivering an incredibly high-level user experience, we aim to improve lifetime value.

As a result of these efforts, operating income in the FinTech segment for the fiscal year under review increased by 104% to 41.2 billion yen, an increase of 21.0 billion yen from the previous fiscal year.

(Segment Information) (Millions of yen)

Category	Retailing Segment	FinTech Segment	Total	Adjustments	Consolidated
Revenue					
To Outside Customers	72,940	136,383	209,323	—	209,323
Inter-Segment Revenue or Transferred Revenue	4,883	1,844	6,728	(6,728)	—
Total	77,824	138,227	216,052	(6,728)	209,323
[Year on Year (%)]	[103.4]	[101.4]	[102.1]	[−]	[101.5]
Segment Profit	1,963	41,220	43,183	(6,398)	36,784
[Year on Year (%)]	[132.5]	[204.0]	[199.2]	[−]	[241.6]
Operating Margin (%)	2.5	29.8	—	—	17.6

Note: The Company applies the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards. Year on Year changes are the comparison with the figures after the retrospective application of the Accounting Standard, etc.

(Details of Total Group Transactions)

Category	Total Transactions (Millions of yen)	Composition Ratio (%)	Year on Year (%)
Rent revenues and others	169,778	5.0	112.0
Product sales	5,939	0.2	72.9
Contracted sales	18,743	0.6	96.7
Consignment sales	30,288	0.9	100.1
Retailing-related services	20,505	0.6	103.7
Retailing segment	245,255	7.3	107.0
Credit card transaction	3,075,991	91.2	116.2
Cash advances	115,547	3.4	110.2
IT and others	8,997	0.3	103.2
FinTech segment	3,200,536	94.9	115.9
Eliminations	(72,345)	(2.1)	—
Total	3,373,446	100.0	115.6

Notes: 1. Total transactions for retailing-related services include interior design and furnishing for retail stores, publicity and advertising, distribution/logistics for fashion goods, while IT and others includes IT systems services, and the management and maintenance of buildings and rent on real estate, etc.

2. "Card shopping (external member stores and Marui/Modi)" and "Financial services" were presented separately, though, given the increase in ratio of rent fee payments in Financial services, these two categories were merged and renamed "Credit card transaction."

3. In line with changes in revenue categorization due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards, "Contracted sales," which was previously included in "Product sales," is now presented separately.

(2) Capital Investments

The capital investments of the Group were mainly for the renovation of sales floors at existing stores and investment in system infrastructure. The total expenditures on capital investments during the fiscal year under review amounted to 8,507 million yen.

(3) Fund Procurement

The Group raises funds with the highest priority given to financial safety, while making efforts to lengthen its funding period and diversifying its maturity dates as well as funding methods.

During the consolidated fiscal year under review, the Group raised funds of 76.5 billion yen in loans from financial institutions and 1.3 billion yen from the issuance of bonds in response to an increase in operating receivables in the FinTech segment and the repayment of loans, etc. Additionally, the Group increased the amount of funds raised through the securitization of receivables by 16.3 billion yen.

(4) Issues to be Addressed

■ Current initiatives

Since its founding in 1931, the Group has evolved its unique business model merging retailing and financial service, and established its strength and position not found in other companies. Recently, we newly added forward-looking investments consisting of co-creative investment and investment in new businesses. With a business model that integrates the three pillars consisting of retailing, FinTech, and forward-looking investments, we aim to further increase our corporate value.

The Group's mission is to create together with stakeholders a flourishing and inclusive society that offers happiness to everyone, guided by our management philosophy of "Continue evolving to better aid our customers" and "Equate the development of our people with the development of our company."

The Group aims to create harmony between the interests and happiness of all of our stakeholders, including customers, investors, communities and society, business partners and employees, as well as future generations, and grow the intersection of these interests and happiness. For this purpose, we will engage in stakeholder-oriented management, by which we think and act from the stakeholders' perspective so as to offer values to share, and result in higher corporate value.

■ **Changes in business environment**

In the next 10 years toward 2030, we will face three big transformations: "from current generations to future generations," "transition of digital technologies from the introduction stage to the development stage," and "from tangible assets to intangible assets," and companies which cannot respond to the sensibilities of future generations such as digitalization, sustainability, and well-being may have a risk of rapidly losing their reputation at the time of a generational change in society.

■ **Future course**

1. Through co-creation with future generations, we will achieve both social issue solutions and improvement in corporate value.
2. Through stores and FinTech, we will aim to offer a "platform that marriage of online and offline."
3. Through expansion of investments in new businesses, co-creation and other intangible assets in addition to human resources and software, we will evolve into an intellectual creation company.
4. Inviting stakeholders as board members, we will promote stakeholder-oriented management for "harmony between interests and happiness."

■ **About the medium-term management plan**

Amid the expected rapid changes in business environment, we aim to further increase our corporate value by achieving the five-year medium-term management plan that ends in the fiscal year ending March 31, 2026.

Business strategy

(Overview of the Group business)

We will create a business model that integrates the three pillars consisting of retailing, FinTech, and the newly added "forward-looking investments." Forward-looking investments includes investments in co-creation and new businesses.

(Retailing)

Amid concerns over deteriorating market conditions due to COVID-19, we will further promote the transformation in department store-type operations advanced thus far, and realize new growth. We will position stores as a platform for "marriage of online and offline," hold various events of new businesses to be developed mainly with e-commerce, and promote creation of stores where customers will be brought in by events. We will also aim to commercialize events along with FinTech with a view to developing events not only in Marui stores but in commercial facilities across Japan.

(FinTech)

With the new cards and apps that launched in April 2021, we will aim to dramatically enhance the user experience and further improve LTV. In addition, we will introduce credit cards that "support for individual preferences" such as credit cards in collaboration with anime content, which grew to become the second pillar after Gold cards.

We will review membership recruitment that largely relies on physical stores to increase the ratio of online applications for membership and reinforce approaches for maximization of household share mainly through the growing areas of e-commerce, online services, and rent fees, aiming at 5.3 trillion yen of transaction volume in the final fiscal year, which is at least double the current volume.

Furthermore, more than 500 thousand customers pay their bills for renewable energy with their EPOS card, and will we tackle both reductions in CO_2 emissions and improvement of LTV.

(Forward-looking investments)

With regard to forward-looking investments consisting of co-creative investment and investment in new businesses, we will balance the impact of sustainability, well-being, and profits.

With regard to new businesses, we will establish unique business models where media, stores, and FinTech are integrated with e-commerce at the center to create innovation within the Company.

With regard to co-creative investment, we will proceed with an approach for growing together and creating value based on the co-creative philosophy, and seek both earnings contributions and financial returns, with an aim to introduce innovation from outside the Company.

Capital measures

While profitability improved and profit stabilized in retailing along with a shift in business formats due to the transition to fixed term rental contracts of stores, the equity ratio still remains at a high level; therefore, we will review the balance sheet to maintain a consolidated equity ratio of around 25% as a target by redistributing surplus capital.

Of the 230.0 billion yen of core operating cash flow projected in five years, we will plan to allocate 80.0 billion yen for investment for growth including forward-looking investments, 50.0 billion yen for share buybacks for capital optimization, and 100.0 billion yen for shareholder returns (of which 80.0 billion yen is for dividend and 20.0 billion yen for share buybacks).

Impact

Under the Group’s 2050 Vision announced in 2019, targets related to sustainability and well-being have been defined as “Impact.” In order to achieve the three targets of “create the future for future generations together,” “create happiness for each individual together,” and “create a co-creative platform,” key items for initiatives were set as main KPIs for the medium-term management plan. Going forward, we will formulate concrete initiatives and a value creation narrative.

In addition, aiming at co-creative management which realizes interests and happiness sought by stakeholders together, we will invite stakeholders as board members to evolve the governance structure.

■ Main KPIs

As targets for the fiscal year ending March 31, 2026, we aim at achieving the 6 KPIs of Impact including “reductions in CO_2 emissions of over one million tons” and “over 150 projects of co-creative initiatives with future generations.” By achieving Impact, we aim to realize EPS of 200 yen or more, ROE of 13% or more, and ROIC of 4% or more.

The Group will continue to strive for further enhancement of corporate value through the above initiatives.

We sincerely ask for continued support and encouragement from our shareholders.

(5) Assets and Profits and Losses

Category	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Total Group transactions (Millions of yen)	2,539,631	2,903,713	2,919,231	3,373,446
Revenue (Millions of yen)	251,415	247,582	206,156	209,323
Ordinary income (Millions of yen)	39,786	40,415	14,520	35,547
Net Income attributable to owners of parent (Millions of yen)	25,341	25,396	2,267	17,791
Earnings per share (Yen)	115.99	117.58	10.58	85.81
ROE (%)	9.1	8.8	0.8	6.5
Total assets (Millions of yen)	890,196	885,969	901,231	920,026
Net assets (Millions of yen)	284,752	290,330	290,100	262,052

Note: Form the fiscal year ended March 31, 2022, “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ), Guidance No. 29, March 31, 2020), etc. has been applied. The figures for the fiscal year ended March 31, 2021 are presented in those after the retrospective application of the Accounting Standard, etc.

(6) Major Subsidiaries of the Group

i. Major Subsidiaries of the Group

Company Name	Capital Stock	Percentage of Ownership	Principal Business
	(Millions of yen)	(%)	
MARUI CO., LTD.	100	100.0	Operation of Marui/Modi Stores, Online Shopping and Mail-order, Specialty Store Business (Original Sales and Private Brand Operation and Development)
Epos Card Co., Ltd.	500	100.0	Credit Card Business, Credit Loan Business
MRI Co., Ltd.	500	100.0 [100.0]	Collection and Management of Receivables Business, Credit Check Business
AIM CREATE CO., LTD.	100	60.0	Proposal of Commercial Facilities Category, Design and Interior Decoration, Operation and Management, Planning and Making of Advertisement
MOVING CO., LTD.	100	100.0	Trucking Business, Forwarding Business
M&C SYSTEMS CO., LTD.	234	100.0	Software Development, Computer Operation
MARUI FACILITIES Co., Ltd.	100	100.0	Building Management Service Business, Security Service Business
MARUI HOME SERVICE Co., Ltd.	100	100.0	Real-Estate Rental Business

Note: The figure in square brackets "[ ]" in the Percentage of Ownership column indicates the share of indirect ownership as an included number.

ii. Status of Specified Wholly Owned Subsidiaries as of the End of the Fiscal Year under Review

Company Name	Address	Total Amount of Book Value	Total Assets of the Company
		(Millions of yen)	(Millions of yen)
MARUI CO., LTD.	3-2, Nakano 4-chome, Nakano-ku, Tokyo	222,619	826,510

(7) Lines of Business of the Group

The Group's lines of business are Retailing (rental and operational management of commercial facilities, etc. and over-the-counter and online sales of apparel, luxury and accessory goods, etc.,), and FinTech (credit card services, cash advances, and rent guarantees, etc.).

(8) Major Business Hubs

i. Head Office

Company Name	Location
MARUI GROUP CO., LTD. MARUI CO., LTD. Epos Card Co., Ltd. MRI Co., Ltd. AIM CREATE CO., LTD. M&C SYSTEMS CO., LTD. MARUI FACILITIES Co., Ltd. MARUI HOME SERVICE Co., Ltd.	Nakano-ku, Tokyo
MOVING CO., LTD.	Toda-shi, Saitama Prefecture

ii. Stores

Prefecture	Store Name
Tokyo	Shinjuku, Shibuya Marui and Modi, Kinshicho, Ueno Marui, Kitasenju Marui, Yurakucho Marui, Nakano Marui, Kichijoji, Machida Marui and Modi, Kokubunji Marui
Kanagawa	Marui City Yokohama, Marui Family Mizonokuchi, Marui Family Ebina, Totsuka Modi
Saitama	Omiya Marui, Soka Marui, Marui Family Shiki
Chiba	Kashiwa Marui and Modi
Shizuoka	Shizuoka Modi
Osaka	Namba Marui
Hyogo	Kobe Marui
Fukuoka	Hakata Marui

(9) Matters concerning Employees

Business Category	Number of Employees	Comparison with the Previous Fiscal Year End
	(Number of Person)	(Number of Person)
Retailing segment	2,736	153 (decrease)
FinTech segment	1,677	84 (increase)
Corporate (Common functions)	241	132 (decrease)
Total	4,654	201 (decrease)

Notes: 1. The number of employees shown above does not include part-time employees. Average number of part-time employees during the fiscal year (calculated based on monthly work hours) is 1,530.
2. Corporate (Common functions) refers to corporate management departments and investment departments that cannot be included in any specific segment.

(10) Main Loan Lenders

Lenders	Outstanding Balance
	(Millions of yen)
Syndicated loan	155,000
MUFG Bank, Ltd.	105,000
Sumitomo Mitsui Banking Corporation	50,000
Development Bank of Japan Inc.	18,000
Mizuho Bank, Ltd.	17,300
Sumitomo Mitsui Trust Bank, Limited	10,000

Note: Syndicated loan is co-financing whose manager is MUFG Bank, Ltd., and The Norinchukin Bank.

2. Matters concerning the Shares of the Group

(1) Total Number of Shares Authorized to be Issued: 1,400,000,000 shares

(2) Number of Shares Issued and Outstanding: 208,660,417 shares (including 7,736,569 shares of treasury stock)

(3) Number of Shareholders: 37,198 shareholders

(4) Principal Shareholders (Top 10)

Registered Name	Number of Shares Held	Percentage of Shareholding
	(thousand shares)	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	48,862	24.3
Custody Bank of Japan, Ltd. (Trust Account)	18,718	9.3
MISAKI ENGAGEMENT MASTER FUND	6,865	3.4
Aoi Real Estate Company	6,019	3.0
MUFG Bank, Ltd.	5,808	2.9
Toho Co., Ltd.	3,779	1.9
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	3,368	1.7
Aoi Scholarship Foundation	3,249	1.6
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DR HOLDERS	2,941	1.5
Tadao Aoi	2,784	1.4

Notes: 1. The Company holds 7,736 thousand shares of treasury stock which is excluded from the above principal shareholders.
2. Percentage of shareholding is calculated based on the total number of shares issued and outstanding, excluding the treasury stock of 7,736 thousand shares.
3. The calculation for the percentage of shareholding includes 766 thousand shares held by the Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

(5) Other Significant Matters concerning the Shares of the Group

i. Acquisition of treasury stock (Market purchase at Tokyo Stock Exchange)

- Treasury stock acquired pursuant to resolution at the Board of Directors held on May 12, 2021
  Type and number of shares acquired: Common stock of 14,030,900 shares
  Total amount of acquisition of shares: 29,999,819,300 yen
  The date of acquisition: From May 25, 2021 to March 18, 2022

ii. Cancellation of treasury stock

- Treasury stock cancelled pursuant to resolution at the Board of Directors held on November 11, 2021
  Type and number of shares cancelled: Common stock of 15,000,000 shares
  The date of cancellation: November 30, 2021

3. Matters concerning Officers of the Group

(1) Names of Directors and Audit & Supervisory Board Members of the Group (As of March 31, 2022)

Name	Position	Position in Charge and Important Position of Other Organizations Concurrently Assumed
Hiroshi Aoi	President and Representative Director, Representative Executive Officer, CEO	
Etsuko Okajima	Director	President & CEO, ProNova Inc. Director, euglena Co., Ltd. External Director, LANCERS, Inc. Outside Director, SEPTENI HOLDINGS CO., LTD. Outside Director, Yappli, Inc. External Director, Money Forward, Inc.
Yasunori Nakagami	Director	Chief Executive Officer, Misaki Capital Inc.
Peter David Pedersen	Director	Professor, Shizenkan University Graduate School of Leadership & Innovation Representative Director, Specified Nonprofit Corporation NELIS
Hirotsugu Kato	Director and Managing Executive Officer	CFO, In charge of IR, Finance, Sustainability, and ESG Promotion
Reiko Kojima	Director and Executive Officer	CWO (Chief Well-being Officer), General Manager, Wellness Promotion Department
Hitoshi Kawai	Audit & Supervisory Board Member (Full time)	
Nariaki Fuse	Audit & Supervisory Board Member (Full time)	
Takehiko Takagi	Audit & Supervisory Board Member	Tax Accountant
Yoko Suzuki	Audit & Supervisory Board Member	Attorney (Partner, Suzuki Sogo Law Office) Member of the Board, Bridgestone Corporation Outside Director and Audit & Supervisory Board Member, Nippon Pigment Co., Ltd.

Notes:
1. Directors Mr. Yoshitaka Taguchi, Mr. Masahiro Muroi, Mr. Masao Nakamura, Mr. Masahisa Aoki and Ms. Yuko Ito retired from their posts at the expiration of their term of office at the close of the 85th Ordinary General Meeting of Shareholders held in June 2021.
2. Directors, Ms. Etsuko Okajima, Mr. Yasunori Nakagami and Mr. Peter David Pedersen are External Directors. The Group has submitted a notification to Tokyo Stock Exchange, Inc. designating them as independent directors.
3. Audit & Supervisory Board Members, Mr. Takehiko Takagi and Ms. Yoko Suzuki are External Audit & Supervisory Board Members. The Group has submitted a notification to Tokyo Stock Exchange, Inc. designating them as independent audit & supervisory board members.
4. The Group has no special relations with entities in which Directors Ms. Etsuko Okajima and Mr. Yasunori Nakagami and Audit & Supervisory Board Members Mr. Takehiko Takagi and Ms. Yoko Suzuki concurrently assume office.

5. The Company participates in activities held by Specified Nonprofit Corporation NELIS, where Mr. Peter David Pedersen serves as Representative Director. He has given opinions on sustainability management as Advisor of the Company until June 2021. The total amount of activity participation fees and advisor fees paid by the Company was 1.75 million yen for the most recent fiscal year, and he satisfies the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company.
6. Director, Ms. Etsuko Okajima's name on the family register is Ms. Etsuko Mino.
7. Audit & Supervisory Board Member, Mr. Takehiko Takagi is a certified public tax accountant and has an appreciable extent of knowledge in finance and accounting.
8. Audit & Supervisory Board Member, Ms. Yoko Suzuki is a qualified attorney and well-versed in corporate law.
9. There were changes in Directors' positions, duties and important concurrent offices as of April 1, 2022.

Name	Previous	Present
Reiko Kojima	CWO, General Manager, Wellness Promotion Department	CWO, General Manager, Wellbeing Promotion Department

(Reference)
Executive Officers (excluding those who concurrently serve as Director) are as follows. (As of April 1, 2022)

Name	Position	Position in Charge
Masao Nakamura	Senior Managing Executive Officer	CSO In charge of Real Estate, Architecture President and Representative Director, MARUI HOME SERVICE Co., Ltd. President and Representative Director, MARUI HOME SERVICE MANAGEMENT Co., Ltd.
Tomoo Ishii	Senior Managing Executive Officer	CHRO (Chief Human Resource Officer) In charge of General Affairs, Personnel, and Wellbeing Promotion
Yoshinori Saito	Managing Executive Officer	In charge of FinTech Business President and Representative Director, Epos Card Co., Ltd.
Masahiro Aono	Senior Executive Officer	In charge of Retailing Business President and Representative Director, MARUI CO., LTD.
Akikazu Aida	Senior Executive Officer	CDO In charge of Corporate Planning, Co-Creative Investment General Manager, New Project Division
Masahisa Aoki	Executive Officer	CEO, tsumiki Co., Ltd.
Takeshi Ebihara	Executive Officer	CIO President and Representative Director, M&C SYSTEMS CO., LTD.
Yuko Ito	Executive Officer	In charge of Group Design Center President and Representative Director, AIM CREATE CO., LTD.
Mayuki Igayama	Executive Officer	President and Representative Director, MOVING CO., LTD.
Yoshiaki Kogure	Executive Officer	In charge of Audit
Tatsuo Niitsu	Executive Officer	Director and General Manager, E-Commerce Business Department, MARUI CO., LTD.
Miyuki Kawara	Executive Officer	Director and Store Manager, Kitasenju Marui, MARUI CO., LTD.
Ayumi Hiromatsu	Executive Officer	Director, M&C SYSTEMS CO., LTD. General Manager, Digital Promotion Division
Jiro Ishioka	Executive Officer	General Manager, Personnel Division

(2) Overview of Directors and Officers Liability Insurance Agreement

The Company has entered into a directors and officers liability insurance agreement (hereinafter the "D&O insurance") with an insurance company as provided under Article 430-3, Paragraph 1 of the Companies Act. Under the agreement, any damage incurred when a Director or Audit & Supervisory Board Member has assumed liability for damages as a result of execution of duties (excluding those that fall under the grounds for exemption as stipulated in the insurance agreement) shall be compensated. However, in order to ensure that the performance of duties by insured persons is not compromised, there is a certain limit on the amount of compensation. Damages under the said limit will not be covered by the insurance policy. In addition, the insurance premiums of the D&O insurance have been fully paid by the Company.

(3) Compensation, etc. to Directors and Audit & Supervisory Board Members

i. Matters Concerning Policy for Decision on Details of Compensation, etc. to Each Director

The following Company's Policy for Decision on Details of Compensation, etc. to Directors was determined by resolution of the Board of Directors on March 17, 2021:

1. Basic policy

Compensation for Directors of the Company is determined pursuant to a compensation system linked to shareholders' interests to fully function as an incentive for pursuing sustainable improvement in corporate value.

Specifically, compensation for Directors (excluding External Directors and non-residents in Japan) of the Company comprises fixed basic compensation as well as performance-linked bonuses, which are based on the performance of the Company in a given fiscal year to function as a short-term incentive, and performance-linked stock-based compensation, which is based on the medium-to-long-term performance of the Company to function as a medium-to-long-term incentive.

The compensation levels and the ratio of performance-liked compensation are checked every year by referring to survey data of officer compensation by external research institutions, and setting the compensation levels and the ratio of performance-liked compensation of other companies which are similar to the Company in size as a benchmark.

External Directors will only receive basic compensation based on their position to ensure that they maintain an independent standpoint.

2. Policy for decision on the amount of fixed compensation (basic compensation) to each Director (including the policy for decision on the timing as well as terms and conditions of payment of compensation)

Basic compensation for Directors of the Company is monthly fixed compensation and paid to Directors based on the above basic policy pursuant to terms and conditions of payment according to their positions, etc., designated by the Nomination and Compensation Committee.

3. Policy for decision on details, and calculation method of the amount or coefficient of variable compensation (bonuses and stock-based compensation) to each Director (including policy for decision on details of performance indicators, and calculation method of the amount or coefficient of the performance indicators, and policy for decision on the timing and terms and conditions of payment of compensation)

- Performance-linked bonus

  The performance-linked bonus is decided in accordance with the duties of each Director in order to boost motivation for improving performance of the Company on a single fiscal year basis. Performance-linked coefficients are set based on the degree of accomplishment of targeted performance indicators in a given fiscal year, and these coefficients are multiplied by the standard amount of compensation defined for each rank to decide performance-linked bonus amounts.

- Performance-linked stock-based compensation

  With utilization of the Officer Compensation BIP Trust, a trust fund established through contribution of money by the Company (hereinafter the "Trust") is used to issue shares of the Company to Directors.

  Specifically, in order to boost motivation to contribute to improved medium-to-long-term performance and expanding corporate value, a certain number of fiscal years are set in line with the

medium-term management plan, and a performance-linked coefficient is determined based on the Company's performance indicators such as the degree of achievement of performance targets for the final fiscal year. The coefficient so determined will then be multiplied by accumulated points awarded to Directors in every fiscal year according to each Director's rank to determine the number of shares to be issued to each Director. Each Director shall receive shares of the Company equivalent to a certain portion of the points, while the remaining shares of the Company shall be converted into cash by the Trust, and the payment of money equivalent to the conversion value shall be received by the Director. Provided, however, that a transfer restriction period of one year from the time of delivery shall be established regarding the shares delivered for the initial target period (the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021).
If a target period is extended and the Trust is continued, the target period shall correspond to the number of years subject to the medium-term management plan at the time. If a new target period is set at two years, the same transfer restriction period of one year from the time of delivery as mentioned above shall be established for the shares to be delivered regarding the said target period.

- Performance indicators
  Performance indicators of performance-linked bonus and performance-linked stock-based compensation shall be set in line with the medium-term management plan at the time of establishment of the plan, and determined at the Board of Directors according to changes in the environment as appropriate.

- The timing of payment of performance-linked bonus
  After completion of each fiscal year, a performance-linked bonus shall be paid at a certain time during the following fiscal year.

- The timing of delivery of performance-linked stock-based compensation
  Directors who satisfy the eligibility requirements shall receive delivery of the shares of the Company, etc. in accordance with the number of accumulated points calculated, in or after the month of June immediately following the final fiscal year of the target period, in principle.

4. Policy for decision on the ratio of performance-liked compensation for individual compensation
The ratio of performance-linked compensation shall be determined at the Board of Directors after deliberation by the Nomination and Compensation Committee in light of the basic policy stated in item 1 above.

5. Method determining the details of individual compensation
Individual compensation for Directors shall be determined at the Nomination and Compensation Committee as consigned by the Board of Directors for the purpose of improvement of the transparency and objectivity of the deliberation process related to compensation.
The Nomination and Compensation Committee consists of three (3) or more members, at least two (2) of which are, in principle, External Directors, and members may be elected by resolution of the Board of Directors.
The Nomination and Compensation Committee shall deliberate and determine the following matters based on a compensation system and within the maximum amount of compensation resolved at the general meeting of shareholders, considering overall factors such as the level of responsibility for the Group management and the progress of the medium-term management plan.
- Matters on individual compensation for Directors
- Matters on changes in a compensation system for Directors
- In addition to the above, matters consulted or consigned by the Board of Directors

* The Nomination and Compensation Committee consists of the following three (3) members elected by the Board of Directors for the fiscal year under review.
  Etsuko Okajima (External Director)
  Yasunori Nakagami (External Director)
  Hiroshi Aoi (Representative Director)

6. Other important matters on individual compensation
As for performance-linked stock-based compensation, in case of any serious wrongdoing or violation of laws and regulations committed by an eligible Director, the Company has established a system to enable it to have the Director forfeit the beneficiary rights for the shares expected to be delivered (malus) and demand the return of the amount of money equivalent to the shares delivered (clawback) from the Director.

[Reasons for judgment to the effect that the details of individual compensation for Directors are in accordance with the policy]
The Board of Directors has taken measures to include a majority of External Directors in the Nomination and Compensation Committee as mentioned above. For decisions on the details of individual compensation for Directors, the Committee deliberates on such matters from various aspects, based on the same perspective as the above policy for decision; therefore the Board of Directors judges the details of the compensation are in accordance with the above policy for decision.

ii. Matters Concerning Policy for Decision on Details of Compensation, etc. to Each Audit & Supervisory Board Member

Compensation for Audit & Supervisory Board Members consists only of fixed compensation and is decided through discussion among the Audit & Supervisory Board and set within the limit approved at a general meeting of shareholders.

iii. Matters Concerning Resolution on Compensation, etc. to Directors and Audit & Supervisory Board Members at the General Meeting of Shareholders

<Basic (fixed) compensation for Directors>
The maximum limit of compensation is the amount of 300 million yen per year (excluding salaries for employees paid to Directors who concurrently serve as employees of the Company), which was resolved at the General Meeting of Shareholders on June 27, 2012. The number of Directors as of the close of said General Meeting of Shareholders was seven (7) (of which, the number of External Directors was one (1)). Of this amount, the maximum limit of compensation for External Directors is the amount of 50 million yen per year, which was resolved at the General Meeting of Shareholders on June 29, 2016. The number of External Directors at the close of said General Meeting of Shareholders was two (2).

<Performance-linked bonus for Directors>
The maximum limit of compensation is the amount of 100 million yen per year (excluding bonuses for employees paid to Directors who concurrently serve as employees of the Company), which was resolved at the General Meeting of Shareholders on June 29, 2016. The number of Directors as of the close of said General Meeting of Shareholders was six (6) (of which, the number of External Directors was two (2)).

<Performance-linked stock-based compensation for Directors>
The maximum limit of compensation (the maximum limit of money to be contributed to a trust) is the amount of 200 million yen per fiscal year multiplied by the number of applicable years, and for the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024, the value was 600 million yen. The upper limit for the Company’s shares acquired by Directors from the fiscal year ended March 31, 2020 onward shall be 100,000 points per fiscal year (equivalent to 100,000 shares) multiplied by the number of years in the target period. Accordingly, the upper limit for the three-year period from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024 shall be 300,000 points. The maximum limit of compensation and the upper limit for the Company’s shares acquired by Directors were resolved at the General Meeting of Shareholders on June 20, 2019, and the number of Directors as of the close of said General Meeting of Shareholders was seven (7) (of which, the number of External Directors was three (3)).

<Compensation for Audit & Supervisory Board Members>
The maximum limit of compensation is the amount of 6 million yen per month, which was resolved at the General Meeting of Shareholders on April 28, 1987. The number of Audit & Supervisory Board Members as of the close of said General Meeting of Shareholders was three (3).

iv. Total Amount of Compensation, etc. to Directors and Audit & Supervisory Board Members, and Matters on Performance Indicators of Performance-linked Compensation, etc.

Category	Number of Persons Subject to Payment	Total Amount of Compensation by Type			Total Amount of Compensation
		Basic Compensation	Performance-linked Bonus	Performance-linked Stock-based Compensation	
	(People)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Director (External Director)	11 (5)	159 (49)	18 (−)	66 (−)	245 (49)
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	4 (2)	49 (15)	− (−)	− (−)	49 (15)
Total	15	209	18	66	294

Notes: 1. The number of Directors and Audit & Supervisory Board Members at the end of the fiscal year under review is six (6) Directors and four (4) Audit & Supervisory Board Members. However, the above amount of compensation includes the amount for five (5) Directors who retired at the conclusion of the 85th Ordinary General Meeting of Shareholders held in June 2021.
2. The amount of performance-linked bonus and performance-linked stock compensation is the amount recognized as expenses for the fiscal year under review.

Target Performance Indicators and Results of Performance-linked Bonus

	Target indicator	Target	Results
Performance-linked bonus	EPS	¥79.6	¥85.8

Target Performance Indicators and Results of Performance-linked Stock-based Compensation

	Target indicator		Target
Performance-linked stock-based compensation	Financial indicators	EPS	¥140 or more
		ROE	10.0% or more
		ROIC	3.8% or more
	Non-financial indicators	ESG indicators	Inclusion in DJSI World
		CO_2 emission reduction	350,000t *Vs. Fiscal year ended March 31, 2017

(Notes) 1. The above performance indicators are selected because they are the important management indicators under the medium-term management plan of the Company, and ROE is an indicator to measure the profitability in relation to shareholders' equity, EPS is an indicator that focuses on shareholders, and ROIC is an indicator for invested capital. DJSI (Dow Jones Sustainability World Index) is an ESG index comprising companies selected through comprehensive evaluation of economic, environmental, and social factors for the perspective of long-term improvements to shareholder value, and this index is selected because it is used as an ESG indicator based on third-party surveys to facilitate the promotion of the Company's Co-creation Sustainability Management. CO_2 emission reduction is selected because it is an indicator particularly specific and objective among the Company's own impact-related KPIs. In addition, according to the degree of achievement of targets, a variable coefficient for performance-linked compensation is set within a range of 0% through 200% for performance-linked bonus and 0% through 110% for performance-linked stock-based compensation.
2. The calculation methods for performance-linked bonus and performance-linked stock-based compensation are as stated in i. above.
3. The target period of performance-linked stock-based compensation is three fiscal years (fiscal year ended March 31, 2022 to the fiscal year ending March 31, 2024). Whereas the period of the current medium-term management plan is five years, the targets have been set as described above for the three fiscal years, for the purpose of managing the progress of the plan. The amount of performance-linked stock-based compensation will be calculated based on these targets.

(4) Information on External Officers

i. Principal Activities of External Directors

Name	Principal Activities and overview of duties performed with regard to roles expected to be fulfilled
Etsuko Okajima	Attended all 10 meetings of the Board of Directors held during the fiscal year under review. Expressed her opinions in a timely and appropriate manner as necessary from an independent, objective position based on her experience in corporate management and extensive insight into diversity and human resource development, fulfilling the responsibilities as an External Director. Supervised the Company's Future Leader Development Program. Serving also as a member of the Nomination and Compensation Committee and Strategy Committee, which are advisory bodies to the Board of Directors, made contribution to the enhancement of the Company's corporate value.
Yasunori Nakagami	Attended 7 of 8 meetings of the Board of Directors held after his appointment at the 85th Ordinary General Meeting of Shareholders. Expressed his opinions in a timely and appropriate manner as necessary from an independent, objective position based on his advanced insights in corporate management with a view toward capital markets that has been developed through ample experience at management consulting companies and an investment management company, fulfilling the responsibilities as an External Director. Serving also as a chairperson of the Strategy Committee, and a member of the Nomination and Compensation Committee, both of which are advisory bodies to the Board of Directors, made contribution to the enhancement of the Company's corporate value.
Peter David Pedersen	Attended all 8 meetings of the Board of Directors held after his appointment at the 85th Ordinary General Meeting of Shareholders. Expressed his opinions in a timely and appropriate manner as necessary from an independent, objective position based on his advanced insights in sustainability management at the global level that has been developed through ample experience at environmental and CSR consulting companies, fulfilling the responsibilities as an External Director. Serving also as a chairperson of the Sustainability Committee, an advisory body to the Board of Directors, made contribution to the enhancement of the Company's corporate value.

ii. Principal Activities of External Audit & Supervisory Board Members

Name	Principal Activities
Takehiko Takagi	Attended all 10 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Expressed his opinions in a timely and appropriate manner based mainly on his professional knowledge as a certified public tax accountant. In addition, held meetings periodically with the Representative Director; exchanged opinions regarding risks confronting the Company, major issues related to the audit of the Company, and other matters; and is working to deepen mutual understanding and trust.
Yoko Suzuki	Attended all 10 meetings of the Board of Directors and 14 of 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Expressed her opinions in a timely and appropriate manner based mainly on her professional knowledge as an attorney. In addition, held meetings periodically with the Representative Director; exchanged opinions regarding risks confronting the Company, major issues related to the audit of the Company, and other matters; and is working to deepen mutual understanding and trust.

iii. Outline of the Content of Liability Limitation Contracts

The Company has concluded contracts with each of External Directors and External Audit & Supervisory Board Members to limit their liability for damages, as provided under Article 423, Paragraph 1 of the Companies Act. Based on these contracts, his/her liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set forth by laws and regulations.

4. Matters concerning Accounting Auditor

(1) Name of Accounting Auditor of the Company PricewaterhouseCoopers Aarata LLC

(2) Compensation, etc. to the Accounting Auditor

1. Compensation paid for services rendered as accounting auditor for the fiscal year under review: 90 million yen

2. Total cash and other Compensation to be paid by the Company and its subsidiaries to the accounting auditor: 138 million yen

   Note: In the audit contract between the Company and its accounting auditor, compensation paid for audits under the Companies Act and audits under the Financial Instruments and Exchange Act are not clearly distinguished and cannot be practically separated. Therefore, the total amounts of compensation, etc. paid to the accounting auditor is stated in 1 and 2 as the amount of compensation, etc. for the fiscal year under review.

3. Reason for the Audit & Supervisory Board's consent of the compensation, etc. to the accounting auditor:
   In addition to obtaining necessary documents and receiving reports from Directors, related departments of the Company and the accounting auditor, based on the status of implementation of audit of the previous fiscal year, the Audit & Supervisory Board has considered that the compensation is appropriate to maintain and improve the quality of audit and gave consent to the compensation as a result of confirmation of time required for audit and the unit rate of the compensation specified in the audit plan submitted by the accounting auditor.

(3) Content of Non-Auditing Activities

The Company and its subsidiaries call upon the accounting auditor to conduct work related to the provision of letters of comfort in connection with corporate bond issuance.

(4) Policy Regarding the Dismissal or Non-Reappointment of the Accounting Auditor

If the Audit & Supervisory Board deems that the accounting auditor falls under any item of Article 340, Paragraph 1 of the Companies Act, it will dismiss the accounting auditor with unanimous consent of Audit & Supervisory Board Members, as necessary. In such case, an Audit & Supervisory Board Member who is delegated by the Audit & Supervisory Board will report the fact that the Audit & Supervisory Board dismissed the accounting auditor and the reason therefor at an ordinary general meeting of shareholders to be held for the first time after the dismissal of the accounting auditor.

In addition to the above case, if the Audit & Supervisory Board deems that the accounting auditor is unable to conduct proper audit due to an event that impairs qualification or independence of the accounting auditor, it will decide on details of a proposal regarding dismissal or non-reappointment of the accounting auditor.

5. Company's Systems and Status of Operation

System to Ensure That the Execution of Duties by Directors Complies with Laws and Ordinances and the Articles of Incorporation, and System to Ensure That the Business Operations of the Company, as well as of the Corporate Group Consisting of the Company and Its Subsidiaries (the Group), is Duly Executed, and Status of Operation of Those Systems.

○ **Systems**

The Group will proceed with arrangement for the internal control system from the viewpoint of carrying out the Group operation and promote efficient operation with healthy and a high level of transparency.

i. System which ensures that execution of duties by Directors comply with laws and regulations and the Articles of Incorporation

a. Directors shall discharge legally and duly duties in accordance with the Directors'/ Audit & Supervisory Board Members' Internal Regulations and the Code of Conduct of the Group.
b. The Board of Directors shall hold meetings in principle ten (10) times a year and supervise the execution of duties by Directors.
c. Audit & Supervisory Board Members shall audit independently the execution of business by Directors and Executive Officers in accordance with the Regulations of the Audit & Supervisory Boards.
d. Highly independent External Directors and External Audit & Supervisory Board Members shall be elected and the objectivity and transparency of operation shall be enhanced.
e. Following three committees shall be established as advisory bodies to the Board of Directors:
    i) The Nomination and Compensation Committee (which consists of three (3) or more members, at least two (2) of which are External Directors) intended to enhance the transparency and objectivity in appointing Directors and Executive Officers with titles and determining compensation for Directors and Executive Officers
    ii) The Sustainability Committee for the purpose of promoting Co-creation Sustainability Management
    iii) The Strategy Committee with the goal of discussing and examining the strategic issues for the entire Group and each of its businesses toward sustainable growth in corporate value

ii. System for maintaining and managing information regarding execution of business by Directors

a. The Company shall arrange the regulations for controlling documents, pursuant to which minutes of the Board of Directors and other important documents related to the execution of business by Directors shall be maintained.

iii. Regulations related to controlling risk of loss and other system

a. Through the Public Relations IR Committee, Internal Control Committee, ESG Committee, Information Security Committee, Safety Control Committee and Insider Trading Prevention Committee, the Company shall strive for improvement of the management level of high-risk areas in business operations, and through the Compliance Promotion Board providing a controlling function to each Committee, with the Representative Director as the chairperson, the Group's overall risk management shall be implemented.
b. The General Affairs Department and Audit Department shall cooperate in promoting internal control. Through documentation and the monitoring of the operation of each group company, in terms of predictable risks and countermeasures, they shall work to minimize operational risks.

iv. System to ensure that Directors can execute their duties efficiently

a. In accordance with the Group's authorization rules, the duties of Directors and Executive Officers shall be explicitly defined, and the Group's Directors and Executive Officers shall perform their duties in an efficient and swift manner.

v. System to ensure that financial reports are made properly

a. The corporate-wide policy and procedures to ensure appropriate financial reporting shall be presented and the proper arrangement and operation shall be secured.
b. A system for evaluating risks arising from inappropriate statements with respect to important items of financial report and for reducing risks shall be established.
c. A system for monitoring the internal control system with respect to financial reports shall be properly arranged to confirm the conditions and status of operation.

vi. System to ensure that subsidiaries' Directors and the Group's employees execute business in compliance with laws and regulations and the Articles of Incorporation

a. The Group's Code of Conduct shall be fully understood, to promote sound corporate activities grounded on high ethical standards for the Group.
b. In order to ensure full compliance with laws and ordinances and company rules across the entire Group, operational manuals in every category shall be prepared and internal training is encouraged.
c. The Marui Group Hot Line (Internal Reporting System) shall be set up, which allows direct contact with outside lawyers, to prevent problems from occurring and for the early detection of problems.
d. The Group shall conduct internal audits to grasp the internal control status, and improve compliance with laws, regulations and company rules.

vii. Other systems to ensure the appropriateness of business operations of the Group

a. The documentation of the internal control system of each group company shall be continuously reviewed.
b. Through the Compliance Promotion Board and the 6 Committees, the Group shall confirm the latest control status of each Group company, and maintain an appropriate system.
c. Reporting system for the important decisions of subsidiaries to the Company shall be determined in accordance with the authorization rules of the Group.
d. The cooperation of Audit & Supervisory Board Members from each group company and the Internal Control Department shall be strengthened to further promote the establishment of an audit system for ensuring proper transactions and accounting treatments.
e. The Group shall refuse any unwarranted demands and disassociate from anti-social bodies, which threaten social order and safety, and strengthen the ties with external specialists, such as the police and lawyers, to establish system to eradicate anti-social bodies.

viii. Matters relating to employees if Audit & Supervisory Board Members request their appointment as assistants, issues of independence of such employees from Directors and how to ensure the effectiveness of instructions to such employees

a. Based on the request of Audit & Supervisory Board Members, audit staff with sufficient skills and knowledge shall be assigned to conduct requested duties.
b. Audit & Supervisory Board Members shall be allowed to instruct audit staff to assist with their audit work, and no Directors shall interfere with such instruction.

ix. System to report to Audit & Supervisory Board Members from Directors or employees, system to ensure the fair treatment of reporters

a. The internal audit system shall be reinforced and supporting function for Audit & Supervisory Board Members shall be strengthened.
b. The Directors and employees of each group company shall make report to Audit & Supervisory Board Members as soon as possible when Directors and employees know any undue conduct, any fact which might infringe seriously any company in the Group or any act violating any laws, regulations or the Articles of Incorporation.
c. It shall be confirmed that no unfair treatment has been applied on the grounds of reporting to Audit & Supervisory Board Members.

x. Matters relating to the prepayment of expenses incurred through the execution of duties by Audit & Supervisory Board Members and reimbursement procedures and policies on processing expenses and liabilities incurred through the execution of duties by Audit & Supervisory Board Members

a. When Audit & Supervisory Board Members claim for expenses incurred during the execution of duties, such expenses shall be reimbursed, unless they are deemed unnecessary.

xi. Other system to ensure that efficient audit is carried out by Audit & Supervisory Board Members

a. The Board of Directors shall seriously cooperate with any request made by Audit & Supervisory Board Members in connection with discharging their duties smoothly.
b. Representative Directors and Audit & Supervisory Board Members shall have a meeting regularly and mutually confirm the status of executing business or discharging duties.
c. Audit & Supervisory Board Members may attend the Board of Directors' and other important management meetings as necessary to grasp the process under which important decision-making is processed and the status of executing business.
d. Audit & Supervisory Board Members may receive the provision of report or information from Directors and employees as necessary and inspect materials and records.
e. By appointing the Company's Audit & Supervisory Board Members as the same of its principal subsidiaries, information sharing and accurate confirmation of status can be realized.

○ **Status of Operation of the Systems**

i. Overall internal control system

a. The Group recognizes and improves the status of the Group's overall internal control system through internal audit jointly made by Audit & Supervisory Board Members and internal audit departments of each group company.
b. The Group documents business content and anticipated risks of, and measures therefor to be taken by, each group company. Also, by monitoring the status of operation of such measures through self-assessment and internal audit, the Group promotes highly effective internal control.
c. At each of the Group companies, various rules have been developed to clarify operation and rules from internal control perspective, and the rules are reviewed and revised as necessary.
d. As for internal control related to financial reporting pursuant to the Financial Instruments and Exchange Act, the Internal Control Committee develops, operates and evaluates such internal control by commission from the Board of Directors.

ii. Compliance system

a. The Group seeks to fully disseminate its Code of Conduct to its personnel and promote sound corporate activities based on high ethical standards.
b. In order to ensure compliance with laws and regulations and the Group's internal regulations, the Group develops various manuals and promotes operation of those manuals as well as provides education for its personnel. In the fiscal year under review, the Group provided training to its personnel regarding "information security", "harassment", etc., as focused subjects from the previous fiscal year, in addition to practical trainings tailored to each business area.
c. For the purpose of prevention and correction of violation of laws and regulations and misconduct, the Group has set up the Marui Group Hot Line (an internal reporting system) to allow its personnel to directly report to outside lawyers, and confirmed that the system has properly operated.

iii. Risk management system

a. The Group has the 6 Committees (Public Relations IR Committee, Internal Control Committee, ESG Committee, Information Security Committee, Safety Control Committee and Insider Trading Prevention Committee) for each area to manage high-risk areas for business operation. The Group promotes efficient control of risks through the activities of each Committee.

b. The Group holds meetings of the Compliance Promotion Board which supervises activities of the Committees, and recognizes the status of risk control of each group company. In the fiscal year under review, the Group held meetings of the Compliance Promotion Board twice.

iv. Directors' execution of their duties

a. The Group ensures that Directors execute their duties lawfully and properly in accordance with the Group's internal regulations such as the Code of Conduct of the Group and Regulations for Officers.
b. The Group appoints three (3) External Directors who have extensive experience and expertise outside the Group and have satisfied the Group's Criteria for Independence of External Directors and Audit & Supervisory Board Members to reinforce the supervisory functions of the Board of Directors and improve the transparency of management.
c. The Board of Directors conducts proper deliberations pursuant to the Group's authorization rules and engages in fulfilling discussions on individual subjects such as the Group's strategies. In the fiscal year under review, the Board of Directors held its meetings ten (10) times, and made a written resolution one (1) time.
d. The Group has set up the Management Committee that is comprised of Executive Officers appointed by the Board of Directors and seeks to accelerate operational decision-making by commissioning such committee to make important management decisions regarding execution of duties within the scope of the Group's authorization rules. In the fiscal year under review, the meetings of the Management Committee were held eighteen (18) times.

v. Audit & Supervisory Board Members' execution of their duties

a. Audit & Supervisory Board Members exchange information at any time by holding regular meetings with Representative Director and confirm the status of operational execution. In the fiscal year under review, the regular meetings were held four (4) times.
b. Audit & Supervisory Board Members attend meetings of the Board of Directors, the Management Committee, etc. and understand decision making process and the status of operational execution.
c. Audit & Supervisory Board Members exchange information and opinions with External Directors, accounting auditors and internal audit departments on a regular basis.
d. Audit & Supervisory Board Members concurrently assume office of auditors at eight (8) subsidiaries and confirm the status of operational execution of each of such subsidiaries by attending meetings of the Board of Directors of such subsidiaries and holding meeting of the Group's Audit & Supervisory Board Members Liaison Committee each month, in principle.
e. The Group has established a system where Audit & Supervisory Board Members can execute their duties smoothly by ways such as assigning two (2) employees who work for Audit & Supervisory Board Members.

* With regard to treatment of rounding numbers displayed in this report, listed amounts are rounded down to the nearest million yen unit, the number of shares are rounded down, and other is rounded to the nearest unit.

Consolidated Balance Sheet
(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**648,029**	**Current liabilities**	**266,068**
Cash and deposits	39,719	Accounts payable-trade	7,978
Notes and accounts receivable-trade	4,746	Short-term loans payable	111,156
Accounts receivable-installment	457,624	Current portion of bonds	20,000
Operating loans	114,049	Commercial papers	33,000
Merchandise	1,070	Income taxes payable	846
Other	45,677	Provision for bonuses	3,200
Allowance for doubtful accounts	(14,860)	Provision for point card certificates	27,908
		Reserve for loss from redemption of gift certificates	153
		Other	61,826
Noncurrent assets	**271,997**	**Noncurrent liabilities**	**391,905**
Property, plant and equipment	**169,273**	Bonds payable	61,300
Buildings and structures	57,306	Long-term loans payable	301,700
Land	103,276	Deferred tax liabilities	135
Construction in progress	1,272	Provision for loss on interest repayment	17,330
Other	7,417	Provision for loss on guarantees	95
Intangible assets	**8,911**	Provision for stock benefits	417
Software	6,816	Asset retirement obligations	1,649
Other	2,095	Other	9,277
		Total liabilities	**657,974**
Investments and other assets	**93,813**	**Net Assets**	
Investment securities	36,031	**Shareholders' equity**	**256,473**
Guarantee deposits	27,011	**Capital stock**	**35,920**
Deferred tax assets	20,038	**Capital surplus**	**91,752**
Other	10,731	**Retained earnings**	**147,069**
		Treasury stock	**(18,269)**
		Accumulated other comprehensive income	**5,140**
		Valuation difference on available-for-sale securities	**5,140**
		Non-controlling interests	**438**
		Total net assets	**262,052**
Total assets	**920,026**	**Total liabilities and net assets**	**920,026**

(English Translation)

MARUI GROUP

Consolidated Statement of Income
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Amount	
Revenue		**209,323**
Cost of sales		28,249
Gross profit		181,073
Selling, general and administrative expenses		144,288
Operating income		**36,784**
Non-operating income		
Dividends income	216	
Gain on forgiveness of consolidated taxes payable	334	
Employment adjustment subsidies	23	
Other	351	926
Non-operating expenses		
Interest expenses	1,274	
Other	889	2,163
Ordinary income		**35,547**
Extraordinary income		
Gain on sales of investment securities	108	
Gain on cancellation of lease contract	446	
Cooperation funds for temporary closures	149	
Employment adjustment subsidies	110	
Other	57	872
Extraordinary loss		
Loss on retirement of non-current assets	1,131	
Impairment loss	2,586	
Loss on valuation of investment securities	2,734	
Infection-related expenses	2,407	
Other	1,234	10,093
Income before income taxes		**26,326**
Income taxes-current	8,337	
Income taxes-deferred	288	8,625
Net income		**17,701**
Net loss attributable to non-controlling interests		(90)
Net income attributable to owners of parent		**17,791**

Consolidated Statement of Changes in Net Assets
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2021	**35,920**	**91,760**	**172,747**	**(19,662)**	**280,765**
Cumulative effects of changes in accounting policies			**(604)**		**(604)**
Restated balance	**35,920**	**91,760**	**172,143**	**(19,662)**	**280,161**
Changes in the fiscal year:					
Dividends			(11,017)		(11,017)
Net income attributable to owners of parent			17,791		17,791
Acquisition of treasury stock				(30,526)	(30,526)
Disposal of treasury stock		(0)		72	72
Cancellation of treasury stock		(31,847)		31,847	—
Transfer from retained earnings to capital surplus		31,847	(31,847)		—
Change in ownership interest of parent due to transactions with non-controlling interests		(8)			(8)
Changes in items other than shareholders' equity-net					
Total changes in the fiscal year	—	**(8)**	**(25,073)**	**1,393**	**(23,687)**
Balance as of March 31, 2022	**35,920**	**91,752**	**147,069**	**(18,269)**	**256,473**

(Millions of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance as of April 1, 2021	**9,417**	**0**	**9,417**	**520**	**290,704**
Cumulative effects of changes in accounting policies					**(604)**
Restated balance	**9,417**	**0**	**9,417**	**520**	**290,100**
Changes in the fiscal year:					
Dividends					(11,017)
Net income attributable to owners of parent					17,791
Acquisition of treasury stock					(30,526)
Disposal of treasury stock					72
Cancellation of treasury stock					—
Transfer from retained earnings to capital surplus					—
Change in ownership interest of parent due to transactions with non-controlling interests					(8)
Changes in items other than shareholders' equity-net	(4,277)	(0)	(4,277)	(82)	(4,360)
Total changes in the fiscal year	**(4,277)**	**(0)**	**(4,277)**	**(82)**	**(28,047)**
Balance as of March 31, 2022	**5,140**	−	**5,140**	**438**	**262,052**

Notes to Consolidated Financial Statements

1. Significant Matters on the Basis for the Preparation of the Consolidated Financial Statements

(1) Scope of consolidation

i) Number of consolidated subsidiaries: 9

Names of principal consolidated subsidiaries:

MARUI CO., LTD., Epos Card Co., Ltd., MRI Co., Ltd., AIM CREATE CO., LTD., MOVING CO., LTD., M&C SYSTEMS CO., LTD., MARUI FACILITIES Co., Ltd., MARUI HOME SERVICE Co., Ltd., MARUI HOME SERVICE MANAGEMENT Co., Ltd.

ii) Names of major non-consolidated subsidiaries:

Epos Small Amount and Short Term Insurance Co., Ltd., tsumiki Co., Ltd., D2C & Co. Inc., okos Co., Ltd., MARUI KIT CENTER CO., LTD., etc.

Reasons for excluding non-consolidated subsidiaries from the scope of consolidation

The nine non-consolidated subsidiaries above are excluded from the scope of consolidation because each of the sums of their total assets, revenue, net income (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) has no significant impact on the Company’s consolidated financial statements.

(2) Application of the equity method

The Company does not apply an equity method for the above nine non-consolidated subsidiaries and the following seven affiliates: MIZONOKUCHISHINTOSHI Co., Ltd., etc., because their respective net income (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) have no significant impact on the consolidated financial statements.

(3) Summary of significant accounting policies

i) Basis and method for valuation of significant assets

(a) Inventories

Merchandise is valued at cost using the monthly weighted average method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability).

(b) Securities

Of available-for-sale securities, those other than stocks, etc. with no market prices are valued at the quoted market price (with any unrealized gains or losses reported as a separate component of net assets at a net-of-tax amount and cost of sales determined by the moving-average method). Stocks, etc. with no market prices are mainly stated at cost using the moving-average method.

Investments in investment limited partnerships are stated at the net value of equities based on the most recent financial statement available prepared according to the financial reporting date specified in the respective partnership agreement.

ii) Method of depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (excluding lease assets)

Property, plant and equipment are depreciated using the straight-line method.

(b) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method, however, software for internal use is amortized using the straight-line method over the useful life estimated by the Company (not exceeding five years).

(c) Lease assets

Lease assets under financial lease contracts that do not transfer ownership of leased property to the lessee are depreciated using the straight-line method over the lease term with a residual value of zero.

iii) Basis for recognizing significant allowances and provisions

(a) Allowance for doubtful accounts

The estimated uncollectible amounts are determined based on the historical rate of bad-debt losses for general receivables and on the case-by-case analysis of recoverability for receivables with default possibility.

(b) Provision for bonuses

The portion of estimated bonus payments that is incurred during the current consolidated fiscal year is recognized.

(c) Provision for point card certificates

Based on the balance of points awarded to card members outstanding at the end of the current consolidated fiscal year, the amount expected to be used is recognized.

(d) Reserve for loss from redemption of gift certificates

With regard to gift and other certificates that have been recognized as revenue after passage of a certain length of time after their issuance, the amount estimated to be exchanged in the future is recognized.

(e) Provision for loss on interest repayment

The amount of consumer loan interest estimated to be repaid at the end of the current consolidated fiscal year is recognized.

(f) Provision for loss on guarantees

With regard to the guaranteed obligations relating to consumer loans extended by financial institutions, the amount of loss estimated to have been incurred is recognized.

(g) Provision for stock benefits

To prepare for provision of the Company's stock benefits to officers and employees pursuant to the stock allotment regulations, provisions are recorded based on the estimated amount of stock benefit obligations as of the end of the fiscal year under review.

iv) Basis for recognizing revenues and expenses

The Group operates, under the retailing segment, rental and operational management of commercial facilities, etc., purchasing and sale of apparel, luxury and accessory goods, space production, publicity and advertising, total logistics service for fashion goods, comprehensive building management, etc.; and in the FinTech segment, provides credit card services, cash advance services, rent guarantee services, IT systems services, and real estate rental, etc.

In the retailing segment, revenue from fixed term tenants for the service of rental and operational management of commercial facilities is recognized pursuant to "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).

For sale of goods and provision of services, revenue is mainly recognized at the time when these goods or created works are delivered to customers, deeming that control of these goods or works is transferred to customers and performance obligations are satisfied at the time of delivery. For product sales in e-commerce, revenue is recognized at the time of shipment of products. If the Company acts as an agent in the sales of products, revenue is recognized on a net basis.

In the FinTech segment, financial charges earned on installment sales and consumer loan interest income for credit card services and cash advance services are recognized on an accrual basis by the method of charging on the declining balance of loans, pursuant to the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

For the credit card services, the Company records revenue from affiliate commissions at the time when credit cards are used pursuant to contracts with customer affiliated stores, as provision of services is complete and performance obligations are satisfied at that point in time. Annual fee of EPOS card is recognized as revenue over a year in which the Company satisfies performance obligations of providing membership privilege services to customer cardholders.

v) Other significant matters for the preparation of consolidated financial statements

National and local consumption taxes are accounted for by the tax-excluded method.

(4) Additional information

(Officer Compensation BIP Trust)

The Company has an incentive plan using the "Officer Compensation Board Incentive Plan Trust ("BIP Trust")" to provide an incentive to (i) Directors and Executive Officers (excluding External Directors and non-residents in Japan) of the Company and (ii) Directors of 14 subsidiaries of the Group, such as MARUI CO., LTD. and Epos Card Co., Ltd. (excluding External Directors and non-residents in Japan; collectively, with the Directors and Executive Officers of the Company, the "Executives").

(1) Overview of the plan
The Company sets up a trust with the Executives who fulfill certain requirements as beneficiaries, by contributing funds to acquire the Company's stock. The trust acquires the Company's own stock from the stock market for the number of shares required for delivering to the Executives based on the prescribed internal rule for stock delivery. Then, in accordance with the internal rule, the Company makes a delivery or payment of its shares and cash equivalents to the amount obtained by converting a part of the shares into cash based on the rank of each Executive and degree of achievement of the performance target.
The Company applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (PITF No. 30, March 26, 2015) for the accounting treatment of the plan.

(2) The Company's shares held at the trust
The Company's shares held at the trust are carried at their book value at the trust (excluding incidental expenses) and accounted for as treasury stock under net assets. The book value of applicable treasury stock is 975 million yen and the number of shares is 491,831 shares as of March 31, 2022.

(Stock Benefit ESOP Trust)
The Company has an incentive plan using the "Stock Benefit Employee Stock Ownership Plan Trust ("ESOP Trust")" to provide an incentive to the Group's employees holding senior management positions (hereinafter the "Senior Managers"), aiming to enhance their commitment to further improve the business performance and corporate value over the medium-to-long term.

(1) Overview of the plan
The Company sets up a trust with the Senior Managers who fulfill certain requirements as beneficiaries, by contributing funds to acquire the Company's stock. The trust acquires the Company's own stock from the stock market for the number of shares required for delivering to the Senior Managers based on the prescribed internal rule for stock delivery. Then, in accordance with the internal rule, the Company makes a delivery or payment of its shares and cash equivalents to the amount obtained by converting a part of the shares into cash based on the rank of each Senior Manager and degree of achievement of the performance target.
The Company applies the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts" (PITF No. 30, March 26, 2015) for the accounting treatment of the plan.

(2) The Company's shares held at the trust
The Company's shares held at the trust are carried at their book value at the trust (excluding incidental expenses) and accounted for as treasury stock under net assets. The book value of applicable treasury stock is 503 million yen, and the number of shares is 274,736 shares as of March 31, 2022.

(The application of the consolidated taxation system)
The Company applies the consolidated taxation system from the current consolidated fiscal year.

(The application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)
The Company and some consolidated subsidiaries will transition from the consolidated taxation system to the group tax sharing system from the following consolidated fiscal year. However, for transition to the group tax sharing system established by the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and items for which revisions to the non-consolidated taxation system were made in line with the transition to the group tax sharing system, the stipulations of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) have not been applied in accordance with Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020). As a result, amounts for deferred tax assets and deferred tax liabilities are based on the stipulations of taxation laws prior to revision.
From the beginning of the next fiscal year, the Company will apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No.42, August 12, 2021), which stipulates the accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting under the group tax sharing system

(Connectivity between consolidated financial statements and non-financial information)
To increase its corporate value, the Company, as its policy, proactively discloses useful information whether it be financial (consolidated financial statements) or non-financial, if such information is deemed beneficial to a constructive dialogue with stakeholders. Our Business Report primarily discloses the following non-financial information.

(1) Sustainability- and wellbeing-related targets based on MARUI GROUP's 2050 Vision, along with main KPIs and future planned values to achieve these targets laid down under the medium-term management plan
(2) Indicators for LTV (lifetime value), such as recurring revenue and contracted future recurring profit, which the Company deems to be important for management

Although not appearing in the consolidated financial statements, abovementioned non-financial information is useful for stakeholders to evaluate increase, impairment, etc. of the Company's corporate value. In the preparation of consolidated financial statements as well, data and assumptions that serve as a basis for non-financial information may affect accounting estimates and the like, and the Company therefore places emphasis on connectivity between these two types of information.
Specifically, we use the identical basic data and assumptions for both consolidated financial statements and non-financial information in relation to the following items, thereby ensuring connectivity between them:

- Revenue
- Gross profit
- Operating income
- Deferred tax assets
- Noncurrent assets

2. Notes to Changes in Accounting Policies
(Application of Accounting Standard for Revenue Recognition, etc.)
The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current consolidated fiscal year, and recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services. In line with this, following changes have been made:

(1) Revenue recognition for contracted sales income
In contracted sales in which the Company sells goods and services on consignment, the Company previously recognized revenue at a total amount of consideration received from customers. As the role of the Company is deemed as an agent in the provision of goods or services to customers, revenue is now recognized on a net basis and recorded at an amount the Company receives from customers, less the amount to be paid to suppliers.

(2) Revenue recognition for annual fee income
Annual fee income of EPOS card was previously recognized as revenue at the time when customers obtained memberships, but revenue is now recognized as the Company satisfies its performance obligations. As a general rule, we retrospectively applies this change in the accounting policy, and as a result, the beginning balance of retained earnings for the current fiscal year decreased by 604 million yen when compared to the balance prior to the retrospective application, due to a cumulative effect reflected on the beginning balance of net assets.

(Application of Accounting Standard for Fair Value Measurement)
The Company applies the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter "Fair Value Measurement Standard"), etc. from the beginning of the current consolidated fiscal year, and applies prospectively the new accounting policies set forth by the Fair Value Measurement Standard, etc., pursuant to transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Fair Value Measurement (ASBJ Statement No. 10, July 4, 2019). The application has only a minimal impact on the consolidated financial statements for the current consolidated fiscal year.

3. Notes to Accounting Estimates

Of the amounts recorded on the consolidated financial statements for the current consolidated fiscal year that are accounting estimates, items which may pose a significant risk to the consolidated financial statements for the following consolidated fiscal year are as follows.

(1) Valuation of unlisted stocks

i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year

The amount recorded on the consolidated balance sheet for unlisted stocks excluding unconsolidated subsidiaries and investments in partnerships, etc., is 11,990 million yen for 54 issuances.

ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year

As the Group seeks to transition its business model, it has been investing in startups that have the possibility of future business cooperation. A significant majority of these investments are composed of unlisted stocks and investments in partnerships, etc. and are included in “investment securities” on the consolidated balance sheet. Additionally, unlisted stocks, etc., are stocks, etc. with no market prices under ASBJ Statement No. 10, “Accounting Standard for Financial Instruments,” and as such, the amount on the consolidated balance sheet is the acquisition cost.

When impairments are implemented for items for which the actual price based on net assets per share has decreased by over 50% from the acquisition cost owing to a deterioration in financial conditions and for items for which a decline in excess earnings power has been identified, an actual price is calculated based on the investee’s past financial information, business plans obtained and other related factors, and the difference between the actual price and acquisition cost is recorded as loss on valuation of investment securities. Additionally, if the investee is classified as an associate, impairments are implemented if adequate evidence is not provided that collectability will recover within a certain period of time.

iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year

When implementing impairments for unlisted stocks, etc., that were acquired in consideration of excess earnings power, the actual prices are calculated based on actual financial information of the investee in addition to business plans of the investee, etc., and the difference between the actual price and acquisition cost are recorded as loss on valuation of investment securities.

iv) Effect on the consolidated financial statements for the following consolidated fiscal year

Of the above, 4,723 million yen for 19 issuances have results that have failed to meet plans as of the time of acquisition, and if business results at investees fail to meet plans in the next fiscal year, a loss on valuation of investment securities or loss on valuation of shares of subsidiaries and associates maybe be recorded in the following consolidated fiscal year.

(2) Impairment of store noncurrent assets

i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year

(a) Stores that recorded impairment loss in the current consolidated fiscal year due to recognition of signs of impairment

Amount of book value of noncurrent assets after impairment: 383 million yen

Impairment loss: 841 million yen

(b) Stores that did not record impairment loss in the current consolidated fiscal year despite recognition of signs of impairment

Amount of book value of noncurrent assets: 8,269 million yen

(c) Stores with losses from operating activities during only the current consolidated fiscal year

Amount of book value of noncurrent assets: — million yen

ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year

In creating accounting estimates for impairment of noncurrent assets, the Company mainly uses stores as a basic unit of measurement, with this measurement also acting as the minimum unit that creates cash flows with respect to noncurrent asset grouping. The Company recognizes events that indicate possibility of impairment (hereinafter the "Impairment Signs") if the assets or asset groups of each store (hereinafter the "Store Noncurrent Assets") used "either have continuous losses from operating activities or are projected to have continuous losses," or "there are changes that will significantly decrease the amount of possible collectability concerning the usage scope or method," etc. Additionally, the Company considers the operating activities of each store to include not only profits and losses from retail sales, but the issuance of EPOS cards, which serves as the source for generating profits and losses in FinTech. As such, concerning profits and losses from operating activities that use Store Noncurrent Assets that are used in determining the existence of Impairment Signs, the Company uses the sum of (i) the retail operating profits and losses of each store, and (ii) as profits and losses that have an effect on FinTech through the card issuances at each store, the product of historical FinTech profits and losses generated by EPOS card issuances at each store and the proportion of EPOS cards that will no longer be used after store closing based on historical results of past store closures.

For stores that have been determined to have Impairment Signs, the book values are reduced to the collectible amounts if the total amount of estimated future cash flows before discounts for the Store Noncurrent Assets is less than the book value, and said amount of reduction is recorded as an impairment loss.

iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year

Key assumptions used in estimating the total amounts of future cash flows before discounts to be obtained from Store Noncurrent Assets at each store are future net sales from products based on sales strategies, store rental revenue, store fixed costs, number of card issuances, and card usage rates, etc., at each store, alongside the spread of COVID-19 and when the spread of infection will come under control.

Future net sales from products based on sales strategies, store rental revenue, and store fixed costs for each store are estimated based on results from past fiscal years and also take into consideration the effects of remodeling plans and renewal plans, etc., for each store. Additionally, the number of future card issuances and card usage rates, etc., are each estimated under the projection that there will be steady growth. Accounting estimates for the spread of COVID-19 and when the spread of infection will come under control are based on business plans and under the assumption that the effects of COVID-19 will linger for a certain period of time.

Additionally, if the assumptions used in the above estimates and future cash flow calculations change drastically, there is a possibility that the Company's financial condition and operating results for the following consolidated fiscal year may be significantly affected.

iv) Effect on the consolidated financial statements for the following consolidated fiscal year

For stores that have been recognized as having Impairment Signs, if the above key assumptions and future results become dissociated and profits and losses at each store deteriorate in the following consolidated fiscal year or if profits and losses from operating activities for the current consolidated fiscal year are negative, and if profits and losses from operating activities for the following consolidated fiscal year are negative, the Company will designated such stores as having Impairment Signs, and may record an impairment loss in the following consolidated fiscal year.

(3) Estimates for allowance for doubtful accounts

i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year

Allowance for doubtful accounts: 14,860 million yen

Provision of allowance for doubtful accounts (Selling, general and administrative expenses): 12,403 million yen

ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year

To prepare for losses arising from default of receivables including consumer loans outstanding operating loans and installment sales account receivable, the Company estimates the future uncollectible amounts utilizing a doubtful account ratio based on historical default rates, making necessary adjustments such as future projections. Receivables are categorized based on days in delinquency and the necessity of requiring legal counsel, etc., with doubtful account ratios calculated for each category.

iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year
As of the end of the current consolidated fiscal year, the Company has assumed that the impact of the spread of COVID-19 will continue for a certain period of time. Under this assumption, to prepare for losses arising from these effects, the Company estimates the future uncollectible amounts utilizing a doubtful account ratio calculated based on recent default rates that reflects most the bad debt expenses expected to be incurred in the future.

iv) Effect on the consolidated financial statements for the following consolidated fiscal year
As the allowance for doubtful accounts for the end of the current consolidated fiscal year is the best estimate that can be made as of this time, there are uncertainties in the assumptions used in the estimates and if credit risk of debtors changes due to changes in the economic environment etc., and there is a possibility that the amounts of allowance for doubtful accounts and provision of allowance for doubtful accounts recognized on the consolidated financial statements for the following consolidated fiscal year may be significantly affected.

(4) Estimates for provision for loss on interest repayment

i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year
Provision for loss on interest repayment: 17,330 million yen
Provision for loss on interest repayment (Selling, general and administrative expenses):
－ million yen

ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year
In the calculation of provision for loss on interest repayment, the Company refers to the examples contained in the "Auditing Solution on the Recording of Allowances for Losses due to Interest Repayment Requests of Consumer Finance Companies, etc." (Industry Committee Practical Policy No. 37) published by the Japanese Institute of Certified Public Accountants (Industry Committee).
Fundamental data used in the calculation are: (a) expected rate of occurrence for repayment requests from customers, (b) expected amount of requests, and (c) population (number of customers) for which the possibility of future repayment requests are expected to occur, and the provision for loss on interest repayment is calculated by combining these elements. For (b) and (c), the Company conducts calculations (regression formula) to estimate trends based on historic data, and for (a), the Company conducts calculations by applying certain corrections to the regression estimates to reflect expected future scenarios on the settlement timing of repayment requests that have occurred. When calculating corrections to (a), multiple expected future scenarios are created, and the amount of the provision is calculated using the average figure of the amount of interest repayments that are expected to be requested in the future in each scenario.

iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year
Key assumptions used in estimating provision for loss on interest repayment are forecasts regarding the expected settlement timing of repayment requests that have occurred, which are used to calculate the expected rate of occurrence of repayment requests from customers ((a) provided in ii) above). During the current consolidated fiscal year, the Company has assumed that said rate of occurrence will remain static for a certain period in the future before moving toward settlement of repayment request occurrences, and multiple scenarios have been prepared, including those in which said rate will remain static for a certain period. Additionally, the probability of occurrence of each scenario is presumed to reasonably have an equal chance of occurrence, and calculations for the amount to be recorded are made utilizing a simple average.

iv) Effect on the consolidated financial statements for the following consolidated fiscal year
Owing to the nature of provision for loss on interest repayment as recording the expected amount of

future repayment as a lump sum, forecasts must be made for long periods of time, which in turn introduces uncertainties to estimates. Additionally, the Company cannot deny that it is possible that estimates for future repayment amounts may increase or decrease owing to changes in the social environment stemming from COVID-19, etc. As a result, depending on the state of occurrence of interest repayments in the following fiscal year onward, there may be additional recording of provisions or the occurrence of reversals.

(5) Collectability of deferred tax assets

i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year

Deferred tax assets: 20,038 million yen

ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year

Deferred tax assets are calculated based on the "Accounting Standard for Tax Effect Accounting," etc. The Company and some consolidated subsidiaries apply the consolidated taxation system from the current consolidated fiscal year. For transition to the group tax sharing system established by the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and items for which revisions to the non-consolidated taxation system were made in line with the transition to the group tax sharing system, the stipulations of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) have not been applied in accordance with Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020). As a result, amounts for deferred tax assets and deferred tax liabilities are based on the stipulations of taxation laws prior to revision.

For deferred tax assets related to corporate taxes and municipal corporate taxes, collectability is determined as a single consolidated taxation entity, and for deferred tax assets related to resident taxes or business taxes, collectability is determined on a per-consolidated taxation company.

iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year

Regarding collectability of deferred tax assets, consideration is given to adequacy of taxable income based on business plans. Additionally, although the Company believes that the effects of the spread of COVID-19 will continue for a certain period of time, the Company assumes that future income before taxes will steadily increase.

iv) Effect on the consolidated financial statements for the following consolidated fiscal year

If a significant decline in future taxable income is projected owing to factors such as changes in the management environment, the amount of deferred tax assets will decrease as the period for which future reasonable estimates are possible will be limited to a certain period for the judgment of collectability of deferred tax assets, and the Company may record tax expenses.

4. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	212,328 million yen
(2) Guarantee liabilities	
Loan guarantees for personal loans offered by financial institutions	14,780 million yen
(3) Balance of securitized receivables	197,164 million yen
(4) Accumulated reduction entry excluded national subsidy from acquisition costs of property, plant and equipment	66 million yen

5. Notes to Consolidated Statement of Income

(1) Impairment loss

The Group recognized the amount of impairment loss on the following asset groups.

(Unit: Millions of yen)

<table>
<tr><th>Purpose</th><th>Location</th><th>Type</th><th>Amount</th></tr>
<tr><td>Stores</td><td>Former Shizuoka Marui
Shizuoka-shi, Shizuoka</td><td>Land
Building and structure
Other</td><td>234
602
4</td></tr>
<tr><td>E-commerce business</td><td>Misato Center
Misato-shi, Saitama</td><td>Building and structure
Software
Other</td><td>120
1,495
46</td></tr>
<tr><td>Rental properties</td><td>Shinjuku-higashi Building
Shinjuku-ku, Tokyo</td><td>Building and structure
Other</td><td>81
0</td></tr>
<tr><td colspan="3">Total</td><td>2,586</td></tr>
</table>

Assets are mainly grouped with stores in the Group as the basic unit representing the minimum unit responsible for generating cash flows, those in e-commerce business are grouped on the basis of business, and rental properties are grouped on the basis of properties. These carrying amounts of the asset groups above have been written down to the recoverable amount and the amount of the write-down has been reported as impairment loss under extraordinary losses.

Furthermore, the recoverable amount by asset group has been evaluated by its net sale value or value in use. For stores that continue to have a negative amount of income produced through operating activities, the value in use has been evaluated as zero because cash flow cannot be expected. For stores, etc., subject to closure or the disposal of equipment, the net sale value has been evaluated as zero.

(2) Infection-related expenses

Infection-related expenses include fixed costs such as rent as well as depreciation and amortization during store closures reclassified from selling, general and administrative expenses to extraordinary loss.

6. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and number of shares issued

Share Class	Number of Shares as of April 1, 2021	Increase in Shares in the Fiscal Year	Decrease in Shares in the Fiscal Year	Number of Shares as of March 31, 2022
Common stock	223,660,417 shares	—	15,000,000	208,660,417 shares

Note: A decrease in the number of common stock in shares issued is due to the cancellation.

(2) Dividend

i) Cash dividend paid

Resolution	Share Class	Total Amount of Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 25, 2021	Common stock	5,588	26	March 31, 2021	June 28, 2021
Board of Directors Meeting on November 11, 2021	Common stock	5,428	26	September 30, 2021	December 6, 2021

Notes: 1. Total amount of dividend resolved by the Ordinary General Meeting of Shareholders on June 25, 2021 includes 14 million yen of dividends from the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.
2. Total amount of dividend resolved by the Board of Directors Meeting on November 11, 2021 includes 19 million yen of dividends from the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

ii) Dividends for which the record date falls in the current consolidated fiscal year, but the effective date falls in the following consolidated fiscal year.

The item regarding dividend on common stock is being proposed as follows:

Resolution	Share Class	Total Amount of Dividend (Millions of yen)	Resource for Dividend	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 28, 2022	Common stock	5,224	Retained earnings	26	March 31, 2022	June 29, 2022

Note: Total amount of dividend to be resolved by the Ordinary General Meeting of Shareholders on June 28, 2022 includes 19 million yen of dividends from the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

(3) The class and the number of shares underlying subscription rights to shares (excluding subscription rights to shares of which the commencement date of their exercise period has not arrived) at the end of the current consolidated fiscal year.

Not applicable

7. Notes to Financial Instruments

(1) Matters concerning the status of financial instruments

i) Policies concerning financial instruments

- Since its founding in 1931, the Group has evolved its unique business model merging retailing and financial service, and established its strength and position not found in other companies. Recently, we newly added forward-looking investments consisting of co-creative investment and investment in new businesses. With a business model that integrates the three pillars consisting of retailing, FinTech, and forward-looking investments, we aim to further increase our corporate value. In FinTech, due to the growth of transaction volume in card transactions and stable handling of cash advances, operating receivables (accounts receivable-installment and operating loans) have increased. The Group makes efforts to maintain proper credit controls based on the belief that "creditability should be built together with customers," which has been fostered from the time of its founding.
- As FinTech grows, cash demand has been increasing and the amount of fund procurement needed has grown as well. Priority is placed on "financial security" with regard to fund procurement. As a policy, the Group utilizes derivative transactions solely for the purpose of hedging interest volatility risks in loans, etc. and not for the purpose of speculative transactions.
- Regarding growth investments, the Group builds a three-faceted business model integrating Retailing and FinTech with "forward-looking investments." The Group plans to mitigate investment risk and increase returns by realizing "co-creation" by uniting the Group's businesses and human resources with intangible assets such as investees' expertise and skills. In addition, in principle, the Group will not engage in cross-shareholdings except for cases in which such holdings are deemed necessary for maintaining or building upon collaborative or transactional relationships that are strategically critical for improving corporate value. For shares of business partners with whom sufficiently strong business relationships already exist, it was decided to undertake a phased reduction in cross-shareholdings out of consideration for asset efficiency and stock price fluctuation risks.

ii) Description of financial instruments, associated risks, and the risk management system

- The Group's main operating receivables, accounts receivable-installment and operating loans, are generated by use of EPOS card such as card transactions and cash advances. For such receivables, if a customer does not fulfill their obligations in line with the contract, there are credit risks such as payments in arrears and doubtful accounts. To deal with such risk, the Group strives to lower risk by implementing credit investigations and credit controls on a case-by-case basis, utilizing both credit information from external personal credit information bureaus and the Group's own credit system, in accordance with credit control regulations.
- Concerning fund procurement, in the case of a turmoil in the financial market, a substantial deterioration of the Group's business performance, or a rapid decline in creditworthiness, fund procurement may be constrained. There are liquidity risks where sufficient funds cannot be procured, resulting in scenarios such as insufficient funds in the Group's businesses and failure to fulfill repayments and redemptions of loans and corporate bonds, etc. on time. In addition, as fund procurement interest rates fluctuate depending on the market environment or other factors, there are interest volatility risks such as procurement costs sharply rising depending on such trends. The FinTech segment is expected to grow and risks concerning fund procurement will also rise as demand for funds continues to increase in the future. Amid this situation, the Group employs the following measures from the perspective of "security" and "cost."
- Regarding interest-bearing debt, considering the decline in security due to an increase in debts, the Group's policy is to maintain a level of interest-bearing debt of around 90% of operating receivables.
- The Group is diversifying fund procurement methods by indirectly procuring funds from financial institutions and directly procuring funds through issuance of corporate bonds and commercial paper, as well as liquidating operating receivables, while utilizing these procurement methods in a balanced manner.
- In order to cope with refinancing risk, the Group maintains consistent annual repayment and redemption levels by controlling procurement periods. A backup system has been established by executing commitment line contracts and establishing overdraft facilities with financial institutions for such amounts.

- As for interest rates for fund procurement, the Group controls a sharp increase in procurement costs due to the fluctuations in market interest rates by maintaining a certain rate for the composition of fixed interest at 50% to 60%.
- Investment securities consist mostly of shares of companies with which the Group has business relationships and shares of growth companies which are acquired through “co-creative investment” in the “forward-looking investments.” There are credit risks associated with the issuers as well as market risks due to fluctuations in market prices. Concerning “co-creative investment,” the Group makes investment decisions after checking profitability including not only financial returns but also cooperative returns to be generated from cooperation with the Group. In addition, while acquiring information on market prices and the financial status of investees on a regular basis, shareholdings for which the strategic significance has been diminished will be sold in a phased manner to reduce risks by taking into account the business relationship with the investees.

iii) Supplementary explanation on fair value, etc. of financial instruments

The fair value of financial instruments is based on market prices or reasonable calculations in the absence of market quotations. Since this calculation incorporates variable factors, the use of different assumptions may lead to variations in the fair value.

(2) Fair value, etc. of financial instruments

Carrying amount in the consolidated balance sheets, fair value and net unrealized gain/loss of financial instruments as of March 31, 2022 are shown in the table below.

Notes on “cash and deposits,” “notes and accounts receivable-trade,” “accounts payable-trade,” “short-term loans payable,” “current portion of bonds,” “commercial paper” and “income taxes payable” have been omitted as their fair value approximates their carrying amounts because they are in cash and are settled within short periods of time.

(Millions of yen)

	Consolidated Balance Sheets Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Accounts receivable-installment	457,624		
Allowance for doubtful accounts	(11,321)		
	446,303	477,980	31,676
(2) Operating loans	114,049		
Allowance for doubtful accounts	(2,811)		
	111,237	120,623	9,385
(3) Investment securities			
Other securities	19,449	19,449	—
(4) Guarantee deposits	27,347	27,269	(78)
Total assets	604,337	645,321	40,984
(1) Bonds payable	61,300	61,137	(162)
(2) Long-term loans payable	301,700	301,709	9
Total liabilities	363,000	362,847	(152)

Notes: Stocks, etc. with no market prices and investments in partnerships, etc. are not included in “(3) Investment securities.” Consolidated balance sheets carrying amount for these financial instruments are as follows.

(Millions of yen)

Category	Current consolidated fiscal year
Stocks, etc. with no market prices *1	11,522
Investments in partnerships, etc. *2	5,060
Total	16,582

Notes: 1. Stocks, etc. with no market prices include unlisted stocks. In accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), they are excluded from the scope of disclosure.

2. Investments in partnerships, etc. are primarily those in investment limited partners. In accordance with Paragraph 27 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, July 4, 2019), they are excluded from the scope of disclosure.

(3) Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 fair value: Fair value measured using inputs other than those in Level 1 that are observable, either directly or indirectly.

Level 3 fair value: Fair value measured using significant unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial assets and financial liabilities measured at fair value

Fiscal year under review (March 31, 2022)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities Other investment securities	18,140	−	1,308	19,449
Total assets	18,140	−	1,308	19,449

(2) Financial assets and financial liabilities not measured at fair value

Fiscal year under review (March 31, 2022)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable-installment	−	−	477,980	477,980
Operating loans	−	−	120,623	120,623
Guarantee deposits	−	−	27,269	27,269
Total assets	−	−	625,872	625,872
Bonds payable	−	61,137	−	61,137
Long-term loans payable	−	301,709	−	301,709
Total liabilities	−	362,847	−	362,847

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Assets

Investment securities

Listed stocks are measured at their quoted prices on the stock exchange, and classified as Level 1 fair value.

Fair value of bonds with stock acquisition rights is measured using a discounted present value of future cash flows and stock price volatility, and is classified as Level 3 fair value.

Accounts receivable-installment and Operating loans

The fair value is determined at their present value by discounting, at the risk-free rate, their future cash flows that are adjusted for their credit risks identified in the credit control process, and is classified as Level 3 fair value.

With respect to receivables with default possibility, the unrecoverable is estimated based on the present value of their estimated future cash flows. Their fair value thus approximates the amount of carrying value of the consolidated fiscal year under review less the estimated unrecoverable amount. This amount is therefore used as fair value, which is classified as Level 3 fair value.

Guarantee deposits

The fair value is determined at the present value of their future cash flows, discounted at a rate that equals the risk-free rate adjusted for credit risks, and is classified as Level 3 fair value. Guarantee deposits that are expected to be repaid within one year are included.

Liabilities

Bonds payable

The fair value is measured at the present value of the sum of the principal amount and interest payments, discounted at a rate that takes into account the remaining period of the bond and credit risks, and is classified as Level 2 fair value.

Long-term loans payable

The carrying value of long-term loans payable with variable rates are stated at its fair value as such loans reflect the market interest rate in a short period of time and their carrying amounts approximate fair value. Those with a fixed interest rate are measured by discounting the sum of the principal amount and interest payments at an interest rate assumed to be applied if the same loans were newly executed, and are classified as Level 2 fair value.

8. Notes to Real Estate for Rent and Others

(1) Matters concerning the status of real estate for rent and others

Certain subsidiaries of the Company own commercial properties (including land) for rent in Tokyo and other areas.

(2) Matters concerning the fair value of real estate for rent and others

(Millions of yen)

Consolidated Balance Sheets Carrying Amount	Fair Value
130,138	287,512

Notes: 1. The amount shown in the consolidated balance sheets equals the cost less accumulated depreciation and accumulated impairment loss.

2. Fair value at the end of the consolidated fiscal year under review is an amount based primarily on real-estate appraisals including index-based adjustments by licensed outside real estate appraisers.

9. Notes to Revenue Recognition

(1) Disaggregation of revenue

Disaggregation of revenue from contracts with customers is as follows:

(Millions of yen)

	Reporting segment		
	Retailing	FinTech	Total
Product sales	5,425	–	5,425
Commission on consignment sales (net)	5,454	–	5,454
Consignment sales (net)	5,080	–	5,080
Retailing-related services income	20,505	–	20,505
Affiliate commissions	–	39,299	39,299
Service income	–	3,343	3,343
IT and others	2,795	1,300	4,096
Revenue from contracts with customers	39,262	43,943	83,206
Other revenue (Note)	33,677	92,439	126,117
Revenue from external customers	72,940	136,383	209,323

Note: Other revenue is revenue from fixed term tenants under the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007) and installment and revolving fees and interest on credit card cash advances, etc.

under the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

(2) Useful information in understanding revenue
Major revenue from contracts with customers is as follows:

Retailing segment

Product sales

Consideration received from sales of clothing, accessories, foodstuffs, and other merchandise to customers at stores or through e-commerce by MARUI CO., LTD. is recognized as revenue. If products are sold at stores, customer obtains control of the products at the time of delivery of the products, and our performance obligations are deemed to be satisfied. Revenue is therefore recognized at the time of delivery of the products. If products are sold via e-commerce, customer obtains control of the products on the date of shipment of the products, and our performance obligations are deemed to be satisfied. Revenue is therefore recognized at the time of shipment of the products.

Commission on consignment sales (net)

In consignment sales carried out by MARUI CO., LTD. customers retain ownership of products, and the role of the Group is a provider of services for arranging for consigned products to be provided to customers. Therefore, the Group recognizes revenue as an agent transaction, thereby revenue is recognized on a net basis by deducting the cost of these products from the consideration to be received from sales of products at stores or through e-commerce, in accordance with consignment sales contracts.

Consignment sales (net)

In consignment contracts in which MARUI CO., LTD. offers to external business operators part of space in its own sales floors in Marui stores, which are originally intended to display MARUI’s private brand products, and permits such operators to display and sell merchandise, the role of the Group is to provide arrangement for the products of business partners of consignment sales to be provided to customers. Therefore, the Group recognizes revenue from these contracts as an agent transaction, thereby revenue is recognized on a net basis by deducting the cost of these products from the consideration to be received from sales of products.

Retailing-related services income

Retailing-related services refer to those other than services relating to stores and e-commerce, excluding real estate lease contracts (design and construction of commercial facilities, property management, comprehensive building management, and real estate business, etc.). Consideration for the services is recognized as revenue at the time when the provision of services is completed, or at the time when the works are delivered to customers.

FinTech segment

Affiliate commissions

In this transaction, customers are affiliates who operate facilities and services used by card members of EPOS cards, which are credit cards issued by Epos Card Co., Ltd. Commissions income to be received based on contracts with customers are recognized as revenue at the time when we provide credit card settlement service, as we deem that our performance obligations are satisfied at that time.

Service income

In this transaction, customers are card members of EPOS cards, which are credit cards issued by Epos Card Co., Ltd. Annual fee is recognized as revenue over a year in which the Company satisfies performance obligations of providing membership privilege services to customers. Service fee income other than annual fee is recognized as revenue at the time when the provision of services is completed.

(3) Information to understand the amount of revenue for the current fiscal year and next fiscal year onward
Contract balance, etc.

Beginning and ending balance of contract liabilities for the current fiscal year are as follows. Contract liabilities mainly consist of unearned balance of annual fee income at the end of the fiscal year. Contract liabilities are included in “Other” on the consolidated balance sheet.

(Millions of yen)

	Current fiscal year
Contract liabilities (beginning balance)	764
Contract liabilities (ending balance)	852

Transaction price allocated to the remaining performance obligations

Description is omitted since the Group has no significant contract with a contract period exceeding one year.

10. Notes to Per Share Information

(1) Net assets per share 1,307.04 yen
(2) Net income per share 85.81 yen

11. Notes to Significant Subsequent Events

Not applicable.

Amounts in these consolidated financial statements have been rounded down to the nearest unit. Ratio etc. are rounded off to the nearest digit.

Non-Consolidated Balance Sheet
(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**550,942**	**Current liabilities**	**233,006**
Cash and deposits	28,604	Short-term loans payable	110,700
Short-term loans receivable from subsidiaries and affiliates	509,463	Current portion of bonds	20,000
Other	12,907	Short-term loans payable to subsidiaries and affiliates	60,715
Allowance for doubtful accounts	(32)	Commercial papers	33,000
Noncurrent assets	**275,567**	Accounts payable-other	7,562
Property, plant and equipment	**1,347**	Accrued expenses	626
Buildings	13	Income taxes payable	5
Structures	1	Deposits received	159
Vehicles	6	Provision for bonuses	204
Furniture and fixtures	1,308	Other	32
Construction in progress	17	**Noncurrent liabilities**	**364,450**
Intangible assets	**69**	Bonds payable	61,300
Investments and other assets	**274,149**	Long-term loans payable	301,700
Investment securities	29,731	Deferred tax liabilities	1,126
Stocks of subsidiaries and affiliates	244,053	Provision for stock benefits	257
Investments in capital of subsidiaries and affiliates	65	Other	67
Other	299	**Total liabilities**	**597,457**
		Net Assets	
		Shareholders' equity	**223,846**
		Capital stock	**35,920**
		Capital surplus	**91,307**
		Legal capital surplus	91,307
		Retained earnings	**114,886**
		Legal retained earnings	8,980
		Other retained earnings	105,906
		Reserve for promoting open innovation	641
		Retained earnings brought forward	105,264
		Treasury stock	**(18,269)**
		Valuation and translation adjustments	**5,206**
		Valuation difference on available-for-sale securities	**5,206**
		Total net assets	**229,052**
Total assets	**826,510**	**Total liabilities and net assets**	**826,510**

(English Translation)

Non-Consolidated Statement of Income
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Amount	
Operating revenue		**18,314**
Operating expenses		6,772
Operating income		**11,541**
Non-operating income		
Interest income	2,016	
Gain on forgiveness of consolidated taxes payable	2,096	
Other	265	4,378
Non-operating expenses		
Interest expenses	1,204	
Financing expenses	188	
Other	268	1,661
Ordinary income		**14,258**
Extraordinary income		
Gain on sales of investment securities	108	
Gain on sales of shares of subsidiaries and associates	61,472	
Other	29	61,609
Extraordinary loss		
Loss on valuation of investment securities	2,734	
Loss on valuation of shares of subsidiaries and associates	499	
Other	16	3,251
Income before income taxes		**72,617**
Income taxes-current	(35)	
Income taxes-deferred	6,003	5,968
Net income		**66,649**

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Capital stock	**Legal capital surplus**	**Other capital surplus**	**Total capital surplus**	**Legal retained earnings**	**Reserve for promoting open innovation**	**Retained earnings brought forward**	**Total retained earnings**
Balance as of April 1, 2021	**35,920**	**91,307**	**—**	**91,307**	**8,980**	**520**	**81,601**	**91,102**
Changes in the fiscal year:								
Dividends							(11,017)	(11,017)
Net income							66,649	66,649
Acquisition of treasury stock								
Disposal of treasury stock								
Cancellation of treasury stock			(0)	(0)				
Transfer from retained earnings to capital surplus			(31,847)	(31,847)			(31,847)	(31,847)
Transfer to reserve for promoting open innovation from retained earnings			31,847	31,847		121	(121)	—
Change in items other than shareholders' equity-net								
Total changes in the fiscal year	**—**	**—**	**—**	**—**	**—**	**121**	**23,662**	**23,784**
Balance as of March 31, 2022	**35,920**	**91,307**	**—**	**91,307**	**8,980**	**641**	**105,264**	**114,886**

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2021	**(19,662)**	**198,668**	**9,479**	**9,479**	**208,147**
Changes in the fiscal year:					
Dividends		(11,017)			(11,017)
Net income		66,649			66,649
Acquisition of treasury stock	(30,526)	(30,526)			(30,526)
Disposal of treasury stock	72	72			72
Cancellation of treasury stock	31,847	—			—
Transfer from retained earnings to capital surplus					—
Transfer to reserve for promoting open innovation from retained earnings					—
Change in items other than shareholders' equity-net			(4,272)	(4,272)	(4,272)
Total changes in the fiscal year	**1,393**	**25,177**	**(4,272)**	**(4,272)**	**20,905**
Balance as of March 31, 2022	**(18,269)**	**223,846**	**5,206**	**5,206**	**229,052**

Notes to Non-Consolidated Financial Statements

1. Notes on Matters concerning Significant Accounting Policies

(1) Basis and method for valuation of assets

Securities

Stocks in subsidiaries and affiliates are stated at cost using the moving average method.

Of available-for-sale securities, those other than stocks, etc. with no market prices are valued at fair value (with any unrealized gains or losses reported as a separate component of net assets at a net-of-tax amount and cost of sales determined by the moving-average method). Stocks, etc. with no market prices are mainly stated at cost using the moving-average method. Investments in investment limited partnerships are stated at the net value of equities based on the most recent financial statement available prepared according to the financial reporting date specified in the respective partnership agreement.

(2) Method of depreciation and amortization of noncurrent assets

(a) Property, plant and equipment

Property, plant and equipment are depreciated using the straight-line method.

(b) Intangible assets

Intangible assets are amortized using the straight-line method. Software for internal use, however, is amortized using the straight-line method over the useful life estimated by the Company (not exceeding five years).

(3) Basis for recognizing allowances and provisions

(a) Allowance for doubtful accounts

The estimated uncollectible amounts are determined on the case-by-case analysis of recoverability for receivables with default possibility.

(b) Provision for bonuses

The portion of estimated bonus payments that is incurred during the current fiscal year is recognized.

(c) Provision for stock benefits

To prepare for provision of the Company’s stock benefits to officers and employees pursuant to the stock allotment regulations, provisions are recorded based on the estimated amount of stock benefit obligations as of the end of the fiscal year under review.

(4) Basis for recognizing revenues and expenses

Revenue of the Company is primarily business management fee received from the Group companies. Performance obligations for the business management fee is to provide the entrusted services to the Group companies according to the contracts with the Group companies, and the Company’s performance obligations are satisfied at the time when such services are rendered. Therefore, the Company recognizes revenue or expenses at that point in time.

(5) Other significant matters for the preparation of financial statements

National and local consumption taxes are accounted for by the tax-excluded method.

(6) Additional information

(Officer Compensation BIP Trust)

As the details of the Officer Compensation BIP Trust are explained in item (4) Additional information of the Notes to Consolidated Financial Statements, the note is omitted.

(Stock Benefit ESOP Trust)

As the details of the Stock Benefit ESOP Trust are explained in item (4) Additional information of the Notes to Consolidated Financial Statements, the note is omitted.

(Accounting treatment following the application of the consolidated taxation system)

As the details of the accounting treatment following the application of the consolidated taxation system are explained in item (4) Additional information of the Notes to Consolidated Financial Statements, the note is omitted.

2. Notes to Changes in Accounting Policies

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the current fiscal year, and recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The application of the said Accounting Standard has no impact on the non-consolidated financial statements for the fiscal year.

(Application of Accounting Standard for Fair Value Measurement)

The Company applies the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter "Fair Value Measurement Standard"), etc. from the beginning of the current fiscal year, and applies prospectively the new accounting policies set forth by the Fair Value Measurement Standard, etc., pursuant to transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Fair Value Measurement (ASBJ Statement No. 10, July 4, 2019).

The application of the said Accounting Standard, etc. has only a minimal impact on the non-consolidated financial statements for the current fiscal year.

3. Notes to Accounting Estimates

Valuation of unlisted stocks

(a) Amount recorded on the non-consolidated financial statements for the current fiscal year

The amount recorded on the non-consolidated balance sheet for unlisted stocks excluding unconsolidated subsidiaries and investments in partnerships, etc., is 11,890 million yen for 53 issuances.

(b) Calculation method for amounts recorded on the non-consolidated financial statements for the current fiscal year

As the details of the calculation method for amounts are explained in item 3. Notes to Accounting Estimates of the Notes to Consolidated Financial Statements, the note is omitted.

(c) Key assumptions used in calculating amounts recorded on the non-consolidated financial statements for the current fiscal year

As the details of the key assumptions used in calculating amounts are explained in item 3. Notes to Accounting Estimates of the Notes to Consolidated Financial Statements, the note is omitted.

(d) Effect on the non-consolidated financial statements for the following fiscal year

Of the above 4,723 million yen for 19 issuances have results that have failed to meet plans as of the time of acquisition, and if business results at investees fail to meet plans in the next fiscal year, a loss on valuation of investment securities or loss on valuation of shares of subsidiaries and associates maybe be recorded in the following fiscal year.

4. Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	901 million yen
(2) Guarantee liabilities	
Guarantee liabilities in respect to the amount of payables of the consolidated subsidiary, Epos Card Co., Ltd. to their business partner	18,116 million yen
(3) Receivables and payables to subsidiaries and affiliates	
Short-term receivables	513,238 million yen
Short-term payables	68,769 million yen

5. Notes to Non-Consolidated Statement of Income

Transaction with subsidiaries and affiliates

Operating transactions	
Operating revenues	18,314 million yen
Operating expenses	1,499 million yen
Non-operating transactions	4,143 million yen

6. Notes to Non-Consolidated Statement of Changes in Net Assets

Class and number of shares of treasury stock

Share Class	Number of Shares as of April 1, 2021	Increase in Shares in the Fiscal Year	Decrease in Shares in the Fiscal Year	Number of Shares as of March 31, 2022
Common stock	9,249,279 shares	14,291,613 shares	15,037,756 shares	8,503,136 shares

Notes:
1. Shares of common stock held as treasury stock increased by 14,291,613 shares due to the purchase of treasury shares of 14,030,900 shares, the acquisition of treasury shares in relation to the Officer Remuneration Board Incentive Plan Trust (“BIP Trust”) and the Stock Benefit Employee Stock Ownership Plan Trust (“ESOP Trust”) of 259,100 shares, and the purchase of shares in response to purchase demands for less than one unit of 1,613 shares.
2. Shares of common stock held as treasury stock decreased by 15,037,756 shares due to the cancellation of treasury stock of 15,000,000 shares, the provision of treasury shares in relation to the BIP Trust and the ESOP Trust of 37,717 shares, and the sale of shares to odd lot shareholders of 39 shares.
3. The number of shares of common stock as of March 31, 2022 includes 766,567 shares of the Company’s shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

7. Notes to Tax Effect Accounting

Principal components of deferred tax assets and deferred tax liabilities

(Deferred tax assets)	
Impairment loss of investment securities in subsidiaries and affiliates for restructuring	1,305 million yen
Other	3,029 million yen
Sub-total	4,334 million yen
Valuation allowance	(2,879) million yen
Total	1,455 million yen
(Deferred tax liabilities)	
Reserve for promoting open innovation	283 million yen
Valuation difference on available-for-sale securities	2,297 million yen
Other	1 million yen
Total	2,581 million yen
Net deferred tax assets	(1,126) million yen

8. Notes to Revenue Recognition

This information is as described in “Basis for recognizing revenues and expenses” in “Notes on Matters concerning Significant Accounting Policies.”

9. Notes to Transactions with Related Parties

Subsidiaries, affiliates and other related parties

Type	Name	Business Contents	Voting Rights held by the Company (%)	Relationship	
				Concurrent Posts of Directors and Audit & Supervisory Board Members	Business Relationship
Subsidiaries	MARUI CO., LTD.	Marui and Modi Store Business, Private Brand Management and Development, Mail-order Business, Outlet Business	(Ownership) Direct 100.0	2 persons	Business management
	Epos Card Co., Ltd.	Credit Card Business, Credit Loan Business	(Ownership) Direct 100.0	1 person	Business management

Type	Name	Transactions	Amount of Transactions (Millions of yen)	Account Item	Balance as of March 31, 2022 (Millions of yen)
Subsidiaries	MARUI CO., LTD.	Borrowing of funds *Note 1	48,075	Short-term loans payable to subsidiaries and affiliates	48,048
		Business management fee *Note 2	1,326	—	—
		Exemption of unpaid tax related to consolidated tax payments *Note 3	1,761	—	—
	Epos Card Co., Ltd.	Lending of funds *Note 1	332,852	Short-term loans receivable from subsidiaries and affiliates	506,593
		Business management fee *Note 2	3,224	—	—
		Receipt of interest	1,997	—	—
		Sale of subsidiary shares *Note 4	200,833	—	—

Terms of transactions and policy for deciding transaction terms

Notes:
1. These loans are intended to centralize control of the intra-Group funds by the cash management system. The interest rate is reasonably determined based on the market interest rate. The transaction amounts shown in the table above are average outstanding balances.
2. These represent fees for accounting and personnel management related services provided and are determined on a reasonable basis.
3. This exemption accrued as a result of no transfer of individually attributable amount of consolidated income taxes between consolidated taxpayer companies.
4. Amount of sale of subsidiary shares was determined based on the price calculated using a reasonable stock price calculation method, based on the amount of net assets per share of Epos Card Co., Ltd.

10. Notes to Per-Share Information

(1) Net assets per share	1,144.36 yen
(2) Net income per share	321.45 yen

11. Notes to Significant Subsequent Events

Not applicable.

Amounts in these non-consolidated financial statements have been rounded down to the nearest unit. Ratio etc. are rounded off to the nearest digit.

The Company resolved as following at a Board of Directors held after April 1, 2022. Details of the resolution are as shown below.

1. Introduction of a restricted stock grant plan for employees of the Group
*Resolved at the Board of Directors held on May 12, 2022
(1) Purpose of introduction of the plan
The Group aims to create harmony between the interests and happiness of all of our stakeholders, including customers, investors, communities and society, business partners and employees, as well as future generations, and grow the intersection of these interests and happiness. For this purpose, we will engage in stakeholder-oriented management, by which we think and act from the stakeholders' perspective so as to offer values to share, and result in higher corporate value.
Guided by our management philosophy of "Continue evolving to better aid our customers" and "Equate the development of our people with the development of our company," the Group will expand investment in human capital, by which our corporate culture and people grow together.
Positioning the introduction of the plan as investment in human capital, we will foster employees' sense of participation in management, taking the same perspective of shareholders and investors. The plan is also intended to achieve shared prosperity by sharing the economic benefit to be gained through higher price of the Company's shares over a long term. We believe aligning interests of the Company and employees will lead to further promotion of stakeholder-oriented management and sustainable growth in corporate value.

(2) Overview of the plan
In order to enable employees of the Group to exercise voting rights as shareholders, more than one unit of stock, specifically, a total of approximately 500,000 shares to 1,000,000 shares, will be granted per person. Eligible persons for the stock grant, the number of stock to be granted and other details will be announced promptly once they are determined.

*For details of the Group's stakeholder-oriented management, please see "CO-CREATION MANAGEMENT REPORT 2021" and "VISION BOOK 2050."
CO-CREATION MANAGEMENT REPORT 2021: https://www.0101maruigroup.co.jp/ir/lib/i-report.html
VISION BOOK 2050: https://www.0101maruigroup.co.jp/sustainability/lib/s-report.html

2. Acquisition of treasury stock
*Resolved at the Board of Directors held on May 12, 2022
(1) Reasons for acquisition of treasury stock
Under the five-year medium-term management plan with the fiscal year ending March 31, 2026 as the final year, the Group will aim at further enhancement of corporate value through promotion of a new business model, consisting of the three business pillars: retailing, FinTech, and the newly added "forward-looking investments." While profitability improved and profit stabilized in retailing along with a shift in business formats due to the transition to fixed term rental contracts of stores, the equity ratio still remains at a high level; therefore, with regard to capital measures, we will review the balance sheet to maintain a consolidated equity ratio of around 25% as a target by redistributing surplus capital. To that end, the Group will allocate the core operating cash flow generated over the five years to growth investment including forward-looking investments, capital optimization, and shareholder returns.
For capital optimization, the Group will acquire treasury stock of 50.0 billion yen during the medium-term management plan and acquired 30.0 billion yen during the fiscal year ended March 31, 2022. Following this acquisition, the Group will acquire treasury stock of 20.0 billion yen during this fiscal year under review.
As a measure for shareholder returns, targeting a total payout ratio of approximately 70%, the Group will additionally acquire treasury stock of 4.0 billion yen during this fiscal year under review.
The following particulars have been resolved based on the above reasons.

(2) Particulars of acquisition of treasury stock
i. Type of shares to be acquired
- Common stock

ii. Total number of shares to be acquired
- Up to 14 million shares
(6.99% of the total number of issued shares excluding treasury stock)

iii. Total amount of acquisition of shares
- Up to 24.0 billion yen

iv. Period of acquisition
- From August 1, 2022 to March 31, 2023

* At the Board of Directors held on May 12, 2022, the Group decided to introduce a restricted stock grant plan for employees of the Group. Eligible persons for the stock grant, the number of shares to be granted, and other details will be decided at a later date, with the acquisition period of the stock scheduled to start in August.

3. Establishment of Human Resource Strategy Committee
*Resolved at the Board of Directors held on April 19, 2022
(1) Purpose of establishing the Committee
To achieve sustainable growth in corporate value, we will, as an advisory body to the Board of Directors, establish a Human Resource Strategy Committee tasked with establishing human resource strategies aligned with the management strategies of the Group as a whole.

(2) Role of the Committee
The Human Resource Strategy Committee will deliberate human resource strategies of the Group as a whole, including clarification of human resources required to realize our mid- to long-term strategy, establishment of a human resource portfolio, and development of plans for recruiting and training personnel, as well as evaluation and personnel systems, along with concrete initiatives thereto, and report and make recommendations to the Board of Directors.

(3) Structure of the Committee
The Human Resource Strategy Committee will be chaired by CHRO (Chief Human Resource Officer), and consist of members elected from among Directors and Executive Officers, as well as those deemed appropriate and selected by the Board of Directors in light of the purpose of the Committee.

Major external evaluation related to ESG (From April 1, 2021 to March 31, 2022)

The MARUI GROUP was selected for inclusion in all five ESG Indexes utilized by the GPIF

*1

The MARUI GROUP was selected for inclusion in Dow Jones Sustainability World Index for the fourth consecutive year

The MARUI GROUP was selected for inclusion in "FTSE4Good Index Series*2" for the fifth consecutive year

The MARUI GROUP was awarded CDP's "Climate Change A- List"

The MARUI GROUP was selected for inclusion in the Nadeshiko Brands for the fifth consecutive year

The MARUI GROUP was included in the Health & Productivity Stock Selection for the fifth consecutive year

For details, please see the following website.www.0101maruigroup.co.jp/ci/award.html

*1 TERMS AND CONDITIONS
http://info.msci.com/l/36252/2017-06-27/kj5n9b

*2 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that MARUI GROUP CO., LTD. has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

(English Translation)