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 1, 2023
(Start date of measures for electronic provision: May 23, 2023)

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

Notice of Convocation of the 87th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are hereby informed that the 87th Ordinary General Meeting of Shareholders of MARUI GROUP CO., LTD. (the "Company") will be held as follows.

In convening this Ordinary General Meeting of Shareholders, the Company takes measures for electronic provision and posts the matters subject to measures for electronic provision on the following websites on the Internet. Please access either of the websites to review the information.

■The Company's website

https://www.0101maruigroup.co.jp/en/ir/stock/meeting.html

■Tokyo Stock Exchange's website

https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show

Please access the website above, enter "Marui Group" in "Issue name (company name)" or the Company's Stock Exchange Code "8252" in "Code" to search for the relevant entry, select "Basic information" and then "Documents for public inspection/PR information," and check "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" under "Filed information available for public inspection."

■*Net de Shoshu* (online notice of convocation, available in Japanese)

https://s.srdb.jp/8252/

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 26, 2023 (Monday).

PARTICULARS

1. Date and Time of the Meeting: Tuesday, June 27, 2023 at 10:00 a.m.
(Reception commences at 9:00 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 87th Fiscal Year (from April 1, 2022 to March 31, 2023).

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 One (1) Substitute Audit & Supervisory Board Member

- End -

<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.

Notice

- The following items are not included in the documents to be delivered to shareholders who have requested the delivery of the paper copy in accordance with laws and regulations and Article 16 of the Company's Articles of Incorporation. Therefore, these documents are part of the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing audit reports.
  (i) The Consolidated Statement of Changes in Net Assets and the Notes to Consolidated Financial Statements of the Consolidated Financial Statements
  (ii) The Non-Consolidated Statement of Changes in Net Assets and the Notes to Non-Consolidated Financial Statements of the Non-Consolidated Financial Statements
- If there is any amendment to the matters subject to measures for electronic provision, the Company will post such amendment on the websites listed above.

[Electronic provision system and request for the delivery of the paper copy of materials for general meetings of shareholders (notice of convocation)]
Pursuant to the revision of the Companies Act, materials for the general meetings of shareholders (notice of convocation), which were previously sent in a written form, shall be, in principle, provided on the website.

Shareholders who have not made a request for the delivery of the paper copy of materials of the general meetings of shareholders (notice of convocation) stipulated in the Companies Act by the record date (March 31) of the Company's ordinary general meeting of shareholders and wish to receive the same material in the paper copy can do so only on this occasion by making a request on the website below.

Request period: 12:00 p.m., June 1, 2023 (Thursday) to 6:00 p.m., June 13, 2023 (Tuesday)
Request website: https://web.0101.co.jp/form2/pub/irmail/soukai87

Shareholders who wish to receive the paper copy of materials for the next general meeting of shareholders as before are required to follow the procedures for requesting the delivery of the paper copy. Regarding the procedures, please contact the Company's shareholder register administrator, Mitsubishi UFJ Trust and Banking Corporation, as stated below or the securities company at which you have an account.

For inquiry:
Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division
Dedicated number for measures for electronic provision: 0120-696-505 (operating hours: 9:00 a.m. to 5:00 p.m. excluding Saturday, Sunday, and holidays)
https://www.tr.mufg.jp/daikou/denshi.html

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.

Since its founding, the Group has established unrivaled advantages and positions with its unique business model merging retailing and finance.

Recently, we are aiming to evolve into an intellectual creation company by promoting investments in intangible assets, evolving our efforts through a new business model consisting of three business pillars: conventional retailing and FinTech and the newly added "forward-looking investments."

Based on the philosophy of "equate the development of our people with the development of our company," we have worked for transformation of the company culture and human development to date.

Through this effort, we are transferring into new management that realizes both the solution of social issues and profits.

Going forward, we will further increase human capital investment to develop human resources who will bring innovation and make efforts to further enhance corporate value toward realizing the mission of "contributing to co-creating an inclusive society that offers happiness to everyone." We sincerely ask for continued support and encouragement from our shareholders.

June 2023

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 30 yen per share, including a special dividend of 1 yen with the abolition of shareholder benefits. Together with the interim dividends of 29 yen which have been paid, the annual payment of dividends for the fiscal year under review shall be 59 yen per share, an increase of 7 yen per share compared with the previous fiscal year, which is the increase in dividends for eleven (11) 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:
30 yen per share of common stock of the Company
Total amount: 5,703,390,690 yen

(3) Effective date for distribution of surplus: June 28, 2023

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendments

(1) The Company has defined corporate value as an overlapped portion of interests and happiness of all stakeholders, including future generations, and has carried out business activities toward realizing the mission of "contributing to co-creating an inclusive society that offers happiness to everyone."

We declare that these, "Our Aspirations," are unshakeable into the future and clarify that all business activities shall be carried out under our corporate philosophy. For this purpose, the Company shall add "Practice of the Corporate Philosophy" to Article 2 of the current Articles of Incorporation, and the following article numbers will be shifted down as a result.

(2) Given the Company's present business, we intend to delete part of the items in the purpose and change the related wording.

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 (Omitted)	Article 1 (Same as current)
(Newly established)	(Practice of the Corporate Philosophy) Article 2 The Company's mission is to "contribute to co-creating an inclusive society that offers happiness to everyone" guided by the management philosophy of "Continue evolving to better aid our customers" and "Equate the development of our people with the development of our company." That is, the Company shall offer "happiness" as not only economic affluence but spiritual affluence through merging finance and retailing and aim to realize a society where all people, not just some people, can become "happy." However, it is difficult to realize such a great mission through the power of the Company alone. Accordingly, we shall work to realize the mission through co-creation with customers, shareholders and investors, communities and society, business partners, and future generations bearing the future. The Company shall practice co-creation management with its stakeholders to create harmony between the "interests" and "happiness" of all stakeholders, aiming to achieve both the solution of social issues and profits through its business.

Current Articles of Incorporation	Proposed Amendments
(Purposes) Article 2 The Purpose of the Company shall be: to control and manage the business activities of the corporations that conduct the following businesses by owning shares in such corporations. (1) Department store and retail businesses as well as production, processing, and wholesale of the products related to those businesses (2) Sales of alcohol, food, and beverages as well as operation of restaurants (3) Sales and purchases of used goods, sales of monopoly goods and scales, and sales and repair of hunting guns, air guns, etc. (4) to (20) (Omitted) 2. The Company may operate businesses listed in each item of the preceding paragraph and any and all incidental businesses. Article 3 to Article 36 (Omitted)	(Purposes) Article 3 The Purpose of the Company shall be: to control and manage the business activities of the corporations that conduct the following businesses by owning shares in such corporations (1) Department store and retail businesses as well as production, processing, and wholesale of the products related to those businesses (2) Sales of alcohol, food, and beverages as well as operation of restaurants (3) Sales and purchases of used goods and sales of monopoly goods and scales (4) to (20) (Same as current) 2. The Company may operate businesses listed in each item of the preceding paragraph and any and all incidental businesses. Article 4 to Article 37 (Same as current)

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	10/10 100%
4	Peter David Pedersen	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	10/10 100%
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】	Director, Senior Executive Officer, and CWO General Manager, Wellbeing Promotion Department	10/10 100%

(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, and Responsibilities)	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) Oct. 2022 Director, Aoi Scholarship Foundation (Incumbent) Important Positions at Other Organizations Concurrently Assumed Director, Aoi Scholarship Foundation 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: The Company provides the Aoi Scholarship Foundation for which Mr. Hiroshi Aoi serves as Director with business support through secondment of the Company's employees as well as donations.

	Name (Date of Birth)	(Brief History, Positions, and Responsibilities)	Number of Shares Held
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: 9 years ▸ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)	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) 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.	0

Notes:
1. 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.
2. Ms. Etsuko Okajima is a Director of euglena Co., Ltd. with which the Company has formed a business and capital alliance and the Company has approximately 1.8% of the total number of issued shares of the same company as of March 31, 2023. In addition, the Company purchases biofuel and other products from the same company. However, the purchase amount was 3.25 million yen for the most recent fiscal year, and she therefore satisfies the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company. Please see page 17 for the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company.
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.

	Name (Date of Birth)	(Brief History, Positions, and Responsibilities)	Number of Shares Held
3	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: 2 years ▸ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)	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) 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.	0

Notes: 1. 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.

2. 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 voting rights of the Company's shares that the same company holds are less than 10% of the standard stipulated in the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company and therefore, he satisfies the criteria. Please see page 17 for the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company.

3. 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, and Responsibilities)	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: 2 years ▸ Attendance at the Meetings of the Board of Directors: 10 out of 10 (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 Independent Outside Member of the Board, Meiji Holdings Co., Ltd. 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.	300

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 had given opinions on sustainability management as Advisor of the Company until June 2021. The amount of Specified Nonprofit Corporation NELIS activity participation fees paid by the Company was 1.00 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. Please see page 17 for the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company.

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">10,300</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: 10 out of 10 (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 Apr. 2023 Director, Senior Executive Officer, CWO, General Manager, Wellbeing Promotion Department (Incumbent)	700
		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 Senior 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.	

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

Proposal 4: 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 86th Ordinary General Meeting of Shareholders of the Company held on June 28, 2022 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 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/no87_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
Takeshi Ebihara	●					●				●		●			1. Harmony, 2. Responsibility 3. Positivity, 4. Includer 5. Restorative
Masahisa Aoki	●					●	●	●			●	●	●	●	1. Positivity, 2. Maximizer 3. Harmony, 4. Individualization 5. Includer
Yuko Ito	●						●	●			●				1. Discipline, 2. Analytical 3. Deliberative, 4. Focus 5. Responsibility
Mayuki Igayama	●					●					●				1. Analytical, 2. Ideation 3. Achiever, 4. Arranger 5. Responsibility
Tatsuo Niitsu										●	●	●	●		1. Individualization, 2. Ideation 3. Arranger, 4. Maximizer 5. Futuristic
Ayumi Hiromatsu								●	●	●		●			1. Ideation, 2. Responsibility 3. Belief, 4. Harmony 5. Consistency
Jiro Ishioka			●								●				1. Strategic, 2. Maximizer 3. Learner, 4. Achiever 5. Ideation
Takahiro Matsumoto					●	●									1. Harmony, 2. Achiever 3. Deliberative, 4. Analytical 5. Responsibility
Yuko Shiota								●			●		●		1. Learner, 2. Intellection 3. Achiever, 4. Significance 5. Context
Atsushi Nagasao		●		●	●										1. Harmony, 2. Analytical 3. Maximizer, 4. Relator 5. Positivity
Takeaki Yamane											●	●			1. Analytical, 2. Deliberative 3. Relator, 4. Individualization 5. Competition

(Attached Materials)

Business Report

(For the fiscal year from April 1, 2022 to March 31, 2023)

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, total group transactions increased by 17% or 583.8 billion yen from the previous fiscal year to 3,957.3 billion yen, hitting a record high. The result is due to the growth in credit card transaction volume in the FinTech business which drove the overall result.

Revenue increased by 4% from the previous fiscal year to 217.9 billion yen. Operating income increased by 5% from the previous fiscal year to 38.8 billion yen, and net income attributable to owners of parent increased by 21% from the previous fiscal year to 21.5 billion yen, resulting in increased revenue and income for two consecutive years.

EPS (earnings per share) came to 109.4 yen (increased by 27%, or 23.6 yen, from the previous fiscal year), exceeding the year-earlier result due to increased income and capital measures. ROE (return on equity) came to 8.5% (increased by 2.0% from the previous fiscal year), more than the cost of shareholders' equity of 8.1%. ROIC (return on invested capital) was 3.5% (increased by 0.2% from the previous fiscal year), roughly in line with the weighted average cost of capital (WACC: 3.5%).

(Consolidated financial results for the fiscal year ended March 31, 2023)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year on Year	Increase (Decrease) from the previous fiscal year
EPS (Yen)	85.8	109.4	127	23.6
ROE (%)	6.5	8.5	—	2.0
ROIC (%)	3.3	3.5	—	0.2
	(Billions of yen)	(Billions of yen)	(%)	(Billions of yen)
Total Group Transactions	3,373.4	3,957.3	117	583.8
Revenue	209.3	217.9	104	8.5
Gross Profit	181.1	191.7	106	10.7
Selling, General and Administrative Expenses	144.3	153.0	106	8.7
Operating Income	36.8	38.8	105	2.0
Ordinary Income	35.5	36.4	102	0.8
Net Income Attributable to Owners of Parent	17.8	21.5	121	3.7

Special factors for change in operating income
Of selling, general and administrative expenses, fixed costs during the store closing period, etc. following the issuance of the state of emergency declaration as a measure against the spread of COVID-19 were reclassified as extraordinary loss in the previous fiscal year. However, fixed costs are not reclassified as extraordinary loss in the fiscal year under review as there is no store closing period, etc., and consequently, selling, general and administrative expenses increased, causing operating income to decrease (1.1 billion yen).

Income on transfer of receivables through the liquidation of receivables (6.4 billion yen) increased by 0.8 billion yen from the previous fiscal year, while depreciation and expenses, etc. (6.0 billion yen) increased by 1.1 billion yen, resulting in a 0.3 billion yen decrease in operating income.

Substantial operating income, excluding the special factors mentioned above, increased by 3.4 billion yen from the previous fiscal year, comprising a 2.7 billion yen increase in the retailing segment and a 1.6 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 56% of the entire store area, an increase by 6% from the previous fiscal year.

For e-commerce, in addition to expanding event-type e-commerce collaboration with stores, we increased web-related professionals to improve the user interface and user experience of our e-commerce sites. As a result, the number of visitors and transaction volume of the e-commerce sites improved year on year for five consecutive quarters from the fourth quarter of the previous fiscal year and the transaction volume of the e-commerce site amounted to 20.6 billion yen, an increase by 11% from the previous fiscal year.

Furthermore, as there were no store closures as measures to prevent the spread of COVID-19 this year and restrictions of movement were relaxed, customer footfall has significantly exceeded that of the previous fiscal year, resulting in higher transaction volume.

As a result, operating income in the retailing segment increased by 84% from the previous fiscal year to 3.6 billion yen, resulting in an increase by 1.6 billion yen from the previous fiscal year and recording increased income for two consecutive years.

FinTech segment

In the fiscal year under review, since restrictions of movement due to COVID-19 were relaxed, strong growth was seen in travel and entertainment. In addition, through approaches for maximization of household share, which have been strategically underway, recurring payments such as for rent and utilities have remained steady. As a result, credit card transaction volume reached a record high of 3,623.0 billion yen, an increase of 18% from the previous fiscal year.

In addition, transaction volume of installment and revolving payments increased to 341.1 billion yen, a 17% increase from the previous fiscal year and balance of installment and revolving payment including liquidated receivables reached a record high of 399.1 billion yen, an 8% increase 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 740 thousand, an increase by 130 thousand from the previous fiscal year, and the number of card memberships as of the fiscal year-end reached a record high of 7,310 thousand members, an increase by 170 thousand from the previous fiscal year. Collaboration with commercial facilities to expand the number of EPOS cardholders across Japan resulted in collaboration with 41 facilities (an increase by 3 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 and has strengthened such efforts with Gold cards which have driven business growth to date. Young people make up a higher percentage of holders of the credit cards that offer “support for individual preferences” than general credit cards, leading to higher LTV (lifetime value). The number of new holders of credit cards that offer “support for individual preferences” reached 270 thousand, an increase by 130 thousand from the previous fiscal year and expanded to 37% of all new memberships, an increase by 16 percentage points from the previous fiscal year.

As a result of these efforts, operating income in the FinTech segment for the fiscal year under review increased by 3% to 42.5 billion yen, an increase of 1.3 billion yen from the previous fiscal year.

Indicator showing LTV stability

With a transformation in the existing business model, the Group’s earning structure showed an increase in recurring revenue such as revenue on real estate of stores and credit card processing fees, which accounts for a larger portion of sales and profits.

From recurring revenue generated on an ongoing basis in accordance with contracts with customers and business partners, future earnings for the next and subsequent fiscal years may be deemed as contracted future recurring profit, which can be used as an indicator measuring the stability of profits. We consider this indicator as an important element for the Company’s management with a priority on LTV from a long-term view.

In the fiscal year under review, recurring revenue amounted to 131.9 billion yen (an increase by 3% from the previous fiscal year), and the ratio of recurring gross profit to total gross profit was 67.0% (a decrease by 1.8% from the previous fiscal year). In addition, contracted future recurring profit as of the end of the fiscal year under review amounted to 357.5 billion yen (an increase by 6% 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 can be expected.

(Segment Information) (Millions of yen)

Category	Retailing Segment	FinTech Segment	Total	Adjustments	Consolidated
Revenue					
To Outside Customers	69,260	148,593	217,854	—	217,854
Inter-Segment Revenue or Transferred Revenue	6,562	2,039	8,601	(8,601)	—
Total	75,823	150,633	226,456	(8,601)	217,854
[Year on Year (%)]	[97.4]	[109.0]	[104.8]	[—]	[104.1]
Segment Profit	3,614	42,483	46,098	(7,327)	38,771
[Year on Year (%)]	[184.1]	[103.1]	[106.8]	[—]	[105.4]
Operating Margin (%)	4.8	28.2	—	—	17.8

(Details of Total Group Transactions)

Category	Total Transactions (Millions of yen)	Composition Ratio (%)	Year on Year (%)
Rent revenues and others	200,659	5.1	118.2
Product sales	2,855	0.1	48.1
Contracted sales	21,520	0.5	114.8
Consignment sales	28,426	0.7	93.9
Retailing-related services	19,309	0.5	94.2
Retailing segment	272,772	6.9	111.2
Credit card transaction	3,623,004	91.6	117.8
Cash advances	126,851	3.2	109.8
IT and others	8,991	0.2	99.9
FinTech segment	3,758,847	95.0	117.4
Eliminations	(74,338)	(1.9)	—
Total	3,957,281	100.0	117.3

Note: 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) Capital Investments

The capital investments of the Group were mainly for the renovation of sales floors at stores and investment in system infrastructure. The total expenditures on capital investments during the fiscal year under review amounted to 9,611 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 89.5 billion yen in loans from financial institutions and 40.2 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 liquidation of receivables by 76.8 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 an 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).
* Share buybacks for capital optimization completed in the fiscal year ended March 31, 2023. Measures for shareholder returns have changed from the fiscal year ending March 31, 2024.

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 ecosystem," 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, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Total Group transactions (Millions of yen)	2,903,713	2,919,231	3,373,446	3,957,281
Revenue (Millions of yen)	247,582	206,156	209,323	217,854
Ordinary income (Millions of yen)	40,415	14,520	35,547	36,364
Net Income attributable to owners of parent (Millions of yen)	25,396	2,267	17,791	21,473
Earnings per share (Yen)	117.58	10.58	85.81	109.37
ROE (%)	8.8	0.8	6.5	8.5
Total assets (Millions of yen)	885,969	901,231	920,026	961,950
Net assets (Millions of yen)	290,330	290,100	262,052	246,562

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,
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.	100	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
tsumiki Co., Ltd.	100	100.0	Sales of Tsumitate NISA applicable investment trusts

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	844,688

(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. tsumiki Co., Ltd.	Nakano-ku, Tokyo
MOVING CO., LTD.	Toda-shi, Saitama Prefecture

ii. Stores

Prefecture	Store Name
Tokyo	Shinjuku Marui Main Building, Shinjuku Marui Annex, Shinjuku Marui Men, Shibuya 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

Note: 1. Shibuya Maui is temporarily closed due to rebuilding from August 28, 2022.
2. The store names of Kinshicho and Kichijoji were changed to Kinshicho Marui and Kichijoji Marui, respectively, on April 1, 2023.

(9) Matters concerning Employees

Business Category	Number of Employees	Comparison with the Previous Fiscal Year End
	(Number of Person)	(Number of Person)
Retailing segment	2,409	327 (decrease)
FinTech segment	1,772	95 (increase)
Corporate (Common functions)	254	13 (increase)
Total	4,435	219 (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 1,447.
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	173,000
MUFG Bank, Ltd.	102,500
Sumitomo Mitsui Banking Corporation	62,000
Development Bank of Japan Inc.	18,000
Mizuho Bank, Ltd.	17,300
Sumitomo Mitsui Trust Bank, Limited	14,000

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 18,547,394 shares of treasury stock)

(3) Number of Shareholders: 34,407 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)	45,423	23.9
Custody Bank of Japan, Ltd. (Trust Account)	22,866	12.0
MISAKI ENGAGEMENT MASTER FUND	6,490	3.4
Aoi Real Estate Company	6,019	3.2
MUFG Bank, Ltd.	4,356	2.3
Toho Co., Ltd.	3,779	2.0
Aoi Scholarship Foundation	3,249	1.7
THE BANK OF NEW YORK MELLON 140042	2,794	1.5
Tadao Aoi	2,784	1.5
Karasuyama Co., Ltd.	2,454	1.3

Notes: 1. The Company holds 18,547 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 18,547 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, 2022 and resolution on a partial change at the Board of Directors held on August 5, 2022

  Type and number of shares acquired: Common stock of 11,479,600 shares
  Total amount of acquisition of shares: 25,999,932,900 yen
  The date of acquisition: From August 26, 2022 to March 15, 2023

ii. Disposal of treasury stock (disposal of treasury stock as restricted stock to employees of the Company)

- Treasury stock disposed of pursuant to resolution at the Board of Directors held on August 5, 2022

  Type and number of shares disposed: 669,600 shares of the Company’s common stock
  Disposal price: 2,414 yen per share
  Total disposal amount: 1,616,414,400 yen
  Allottees and number thereof: 4,464 employees of the Company
  Date of disposal: February 28, 2023

3. Matters concerning Officers of the Group

(1) Names of Directors and Audit & Supervisory Board Members of the Group (As of March 31, 2023)

Name	Position	Position in Charge and Important Position of Other Organizations Concurrently Assumed
Hiroshi Aoi	President and Representative Director, Representative Executive Officer, CEO	Director, Aoi Scholarship Foundation
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 Independent Outside Member of the Board, Meiji Holdings Co., Ltd.
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, Wellbeing Promotion Department
Hitoshi Kawai	Audit & Supervisory Board Member (Full time)	
Hajime Sasaki	Audit & Supervisory Board Member (Full time)	
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. Outside Director of the Board, Japan Pulp & Paper Co., Ltd.
Hiroaki Matsumoto	Audit & Supervisory Board Member	Tax Accountant (Hiroaki Matsumoto Certified Tax Accountant Office) Outside Audit & Supervisory Board Member, Yazaki Corporation Outside Corporate Auditor, KAKEN PHARMACEUTICAL CO., LTD.

Notes:
1. Full-time Audit & Supervisory Board Member Mr. Nariaki Fuse retired from his post at the expiration of his term of office at the close of the 86th Ordinary General Meeting of Shareholders held in June 2022.
2. Audit & Supervisory Board Member Mr. Takehiko Takagi resigned from his post at the close of the 86th Ordinary General Meeting of Shareholders held in June 2022.
3. 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.
4. Audit & Supervisory Board Members, Ms. Yoko Suzuki and Mr. Hiroaki Matsumoto 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.

5. The Group has no special relations with entities in which Audit & Supervisory Board Members Ms. Yoko Suzuki and Mr. Hiroaki Matsumoto concurrently assume office.
6. Ms. Etsuko Okajima is a Director of euglena Co., Ltd. with which the Company has formed a business and capital alliance and the Company has approximately 1.8% of the total number of issued shares of the same company as of March 31, 2023. In addition, the Company purchases biofuel and other products from the same company. However, the purchase amount was 3.25 million yen for the most recent fiscal year, and she therefore satisfies the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company.
7. 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 voting rights of the Company's shares that the same company holds are less than 10% of the standard stipulated in the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company and therefore, he satisfies the criteria.
8. The Company participates in activities held by Specified Nonprofit Corporation NELIS, where Mr. Peter David Pedersen serves as Representative Director. He had given opinions on sustainability management as Advisor of the Company until June 2021. The amount of Specified Nonprofit Corporation NELIS activity participation fees paid by the Company was 1.00 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.
9. Director, Ms. Etsuko Okajima's name on the family register is Ms. Etsuko Mino.
10. Audit & Supervisory Board Member, Ms. Yoko Suzuki is a qualified attorney and well-versed in corporate law.
11. Audit & Supervisory Board Member, Mr. Hiroaki Matsumoto is a certified public tax accountant and has an appreciable extent of knowledge in finance and accounting.
12. Director, Mr. Peter David Pedersen assumed office as Independent Outside Member of the Board of Meiji Holdings Co., Ltd. as of June 29, 2022.
13. Audit & Supervisory Board Member, Ms. Yoko Suzuki assumed office as Outside Director of the Board of Japan Pulp & Paper Co., Ltd. as of June 27, 2022.
14. There was a change in Director's position, duty, and important concurrent office as of April 1, 2023.

Name	Previous	Present
Reiko Kojima	Director, Executive Officer, CWO, General Manager, Wellbeing Promotion Department	Director, Senior Executive Officer, CWO, General Manager, Wellbeing Promotion Department

(Reference)
Executive Officers (excluding those who concurrently serve as Director) are as follows. (As of April 1, 2023)

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, Audit, and Wellbeing Promotion
Yoshinori Saito	Managing Executive Officer	In charge of FinTech Business President and Representative Director, Epos Card Co., Ltd.
Masahiro Aono	Managing Executive Officer	In charge of Retailing Business President and Representative Director, MARUI CO., LTD.
Akikazu Aida	Managing Executive Officer	CDO In charge of Corporate Planning, Co-Creative Investment General Manager, Digital Transformation Office
Takeshi Ebihara	Senior Executive Officer	CIO President and Representative Director, M&C SYSTEMS CO., LTD.
Masahisa Aoki	Executive Officer	Representative Director and CEO, tsumiki 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.
Tatsuo Niitsu	Executive Officer	Director and General Manager, E-Commerce Business Department, MARUI CO., LTD.
Ayumi Hiromatsu	Executive Officer	Director, M&C SYSTEMS CO., LTD. General Manager, Digital Promotion Division
Jiro Ishioka	Executive Officer	General Manager, Sales Planning Division, MARUI CO., LTD.
Takahiro Matsumoto	Executive Officer	General Manager, General Affairs Division
Yuko Shiota	Executive Officer	General Manager, Sustainability Department General Manager, ESG Promotion Department
Atsushi Nagasao	Executive Officer	General Manager, Corporate Planning Division
Takeaki Yamane	Executive Officer	Director and General Manager, FinTech Business Department, Epos Card Co., Ltd.

(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 100 million yen per year, which was resolved at the General Meeting of Shareholders on June 28, 2022. The number of External Directors at the close of said General Meeting of Shareholders was three (3).

<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)	6 (3)	156 (55)	20 (—)	63 (—)	240 (55)
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	6 (3)	52 (16)	— (—)	— (—)	52 (16)
Total	12	209	20	63	292

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 two (2) Audit & Supervisory Board Members who retired at the conclusion of the 86th Ordinary General Meeting of Shareholders held in June 2022.
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	¥109.1	¥109.4

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 human resource development and startups, fulfilling the responsibilities as an External Director. Supervised the Company's Future Leader Development Program. Serving newly as a member of the Human Resource Strategy Committee, in addition to 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 all 10 meetings of the Board of Directors held during the fiscal year under review. 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 10 meetings of the Board of Directors held during the fiscal year under review. 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
Yoko Suzuki	Attended all 10 meetings of the Board of Directors and all 16 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.
Hiroaki Matsumoto	Attended 7 of 8 meetings of the Board of Directors and 10 of 11 meetings of the Audit & Supervisory Board held after his appointment at the 86th Ordinary General Meeting of Shareholders. 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.

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: 115 million yen

2. Total cash and other Compensation to be paid by the Company and its subsidiaries to the accounting auditor: 173 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 four 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
   iv) The Human Resource Strategy Committee with the goal of discussing and examining the issues of human resource strategies of the entire Group 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 each Committee, 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, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**675,909**	**Current liabilities**	**258,426**
Cash and deposits	52,432	Accounts payable-trade	7,160
Notes and accounts receivable-trade	4,827	Short-term loans payable	103,919
Accounts receivable-installment	481,442	Current portion of bonds	20,240
Operating loans	100,395	Commercial papers	25,000
Merchandise	640	Income taxes payable	6,167
Other	52,617	Provision for bonuses	3,093
Allowance for doubtful accounts	(16,445)	Provision for point card certificates	32,477
		Reserve for loss from redemption of gift certificates	139
Noncurrent assets	**286,040**	Other	60,228
Property, plant and equipment	**167,711**	**Noncurrent liabilities**	**456,961**
Buildings and structures	55,854	Bonds payable	81,300
Land	103,395	Long-term loans payable	352,600
Construction in progress	1,911	Deferred tax liabilities	135
Other	6,549	Provision for loss on interest repayment	12,500
		Provision for loss on guarantees	71
Intangible assets	**9,661**	Provision for stock benefits	817
Software	6,671	Asset retirement obligations	1,694
Other	2,989	Other	7,841
		Total liabilities	**715,388**
Investments and other assets	**108,668**	**Net Assets**	
Investment securities	38,516	**Shareholders' equity**	**240,229**
Guarantee deposits	26,441	**Capital stock**	**35,920**
Deferred tax assets	20,087	**Capital surplus**	**91,952**
Other	23,622	**Retained earnings**	**155,130**
		Treasury stock	**(42,774)**
		Accumulated other comprehensive income	**5,915**
		Valuation difference on available-for-sale securities	**5,915**
		Non-controlling interests	**417**
		Total net assets	**246,562**
Total assets	**961,950**	**Total liabilities and net assets**	**961,950**

(English Translation)

Consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Revenue		**217,854**
Cost of sales		26,111
Gross profit		191,742
Selling, general and administrative expenses		152,971
Operating income		**38,771**
Non-operating income		
Dividends income	272	
Gain on investments in investment partnerships	183	
Gain on deposit settlement	109	
Other	303	869
Non-operating expenses		
Interest expenses	1,454	
Provision of allowance for doubtful accounts	689	
Other	1,132	3,275
Ordinary income		**36,364**
Extraordinary income		
Gain on sales of investment securities	10	10
Extraordinary loss		
Loss on retirement of non-current assets	923	
Impairment loss	432	
Loss on valuation of investment securities	2,471	
Other	65	3,893
Income before income taxes		**32,482**
Income taxes-current	11,293	
Income taxes-deferred	(344)	10,949
Net income		21,532
Net income attributable to non-controlling interests		59
Net income attributable to owners of parent		**21,473**

Consolidated Statement of Changes in Net Assets
(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2022	**35,920**	**91,752**	**147,069**	**(18,269)**	**256,473**
Changes in the fiscal year:					
Dividends			(11,005)		(11,005)
Net income attributable to owners of parent			21,473		21,473
Acquisition of treasury stock				(26,001)	(26,001)
Disposal of treasury stock		119		1,496	1,616
Change in scope of consolidation			(2,407)		(2,407)
Change in ownership interest of parent due to transactions with non-controlling interests		80			80
Changes in items other than shareholders' equity-net					
Total changes in the fiscal year	－	**199**	**8,060**	**(24,505)**	**(16,244)**
Balance as of March 31, 2023	**35,920**	**91,952**	**155,130**	**(42,774)**	**240,229**

(Millions of yen)

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance as of April 1, 2022	**5,140**	**5,140**	**438**	**262,052**
Changes in the fiscal year:				
Dividends				(11,005)
Net income attributable to owners of parent				21,473
Acquisition of treasury stock				(26,001)
Disposal of treasury stock				1,616
Change in scope of consolidation				(2,407)
Change in ownership interest of parent due to transactions with non-controlling interests				80
Changes in items other than shareholders' equity-net	775	775	(21)	754
Total changes in the fiscal year	**775**	**775**	**(21)**	**(15,490)**
Balance as of March 31, 2023	**5,915**	**5,915**	**417**	**246,562**

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: 10

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., tsumiki Co., Ltd.

tsumiki Co., Ltd. is included in the scope of consolidation due to increased importance from the fiscal year under review.

ii) Names of major non-consolidated subsidiaries:

Epos Small Amount and Short Term Insurance 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 eleven 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 eleven 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

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 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 partnerships, etc. 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, 2023.

(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, 2023.

(The application of the group tax sharing system)
The Company and some consolidated subsidiaries have applied the group tax sharing system since the beginning of the current consolidated fiscal year. In accordance with this application, the Company follows the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021), for accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting.

(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 non-financial information including indicators for LTV (lifetime value), such as recurring revenue and contracted future recurring profit, which the Company deems to be important for management.

Such 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, related 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 of the following items for both consolidated financial statements and related non-financial information, thereby ensuring connectivity between consolidated financial statements and non-financial information:

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

2. Notes to Changes in Accounting Policies

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)
The Company applies the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter "Fair Value Measurement Standard Implementation Guidance"), 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 Implementation Guidance, pursuant to transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance. The application has only a minimal impact on the consolidated financial statements for the current consolidated fiscal year.

3. Notes to Changes in Representation Methods

(Consolidated Statement of Income)
Gain on deposit settlement, which was included in "other" under "non-operating income" in the current consolidated fiscal year, is separately stated from the fiscal year under review since its monetary importance has increased.

4. 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 subsidiaries is 6,673 million yen for 49 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. Of these investments, unlisted stocks are included in "investment securities" on the consolidated balance sheet. Additionally, unlisted stocks 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, 4,261 million yen for 16 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: – million yen
Impairment loss: – 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: 5,537 million yen

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

Amount of book value of noncurrent assets: 4,904 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, number of card issuances, and card usage rates, etc., at each store.

Accounting estimates for future net sales from products based on sales strategies and store rental revenue for each store are based on results from past fiscal years and the remodeling and renewal plans, etc., for each store, assuming a scenario in which the impact on the number of visiting customers will recover in the fiscal year ending March 31, 2025 toward normalization from the COVID-19 pandemic under the assumption that the effects of COVID-19 will linger for a certain period of time. Additionally, the number of future card issuances and card usage rates, etc., are each estimated under the projection that there will be steady growth.

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 related to operating loans and accounts receivable-installment

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

Allowance for doubtful accounts: 15,623 million yen

Provision of allowance for doubtful accounts (Selling, general and administrative expenses): 14,700 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 a trend of historical bad debt for each category of receivables for a certain period of time in the past will continue in the future. 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: 12,500 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 (a)(b)(c), the Company analyzes historical data and makes forecasts for the future under certain assumptions.

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 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 continue to gradually decrease in the future, as repayment requests will move toward settlement from the following consolidated fiscal year.

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 and therefore, 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. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	211,351 million yen
(2) Guarantee liabilities	
Loan guarantees for personal loans offered by financial institutions	13,479 million yen
(3) Balance of liquidated receivables	272,798 million yen
(4) Accumulated reduction entry excluded national subsidy from acquisition costs of property, plant and equipment	66 million yen

6. Notes to Consolidated Statement of Income

Impairment loss

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

(Unit: Millions of yen)

Purpose	Location	Type	Amount
E-commerce business	Head office, etc. (Nakano-ku, Tokyo and elsewhere)	Software Furniture and fixtures	254 178
Total			432

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.

7. 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, 2022	Increase in Shares in the Fiscal Year	Decrease in Shares in the Fiscal Year	Number of Shares as of March 31, 2023
Common stock	208,660,417 shares	—	—	208,660,417 shares

(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 28, 2022	Common stock	5,224	26	March 31, 2022	June 29, 2022
Board of Directors Meeting on November 11, 2022	Common stock	5,781	29	September 30, 2022	December 5, 2022

Notes: 1. Total amount of dividend 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.

2. Total amount of dividend resolved by the Board of Directors Meeting on November 11, 2022 includes 22 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 27, 2023	Common stock	5,703	Retained earnings	30	March 31, 2023	June 28, 2023

Note: Total amount of dividend to be resolved by the Ordinary General Meeting of Shareholders on June 27, 2023 includes 22 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

8. 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.
- 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.
- 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.

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

Since calculation of the fair value of financial instruments 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, 2023 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	481,442		
Allowance for doubtful accounts	(12,287)		
	469,155	504,456	35,301
(2) Operating loans	100,395		
Allowance for doubtful accounts	(2,881)		
	97,513	106,112	8,598
(3) Investment securities			
Other securities	22,883	22,883	—
(4) Guarantee deposits	26,603	26,545	(58)
Total assets	616,156	659,997	43,841
(1) Bonds payable	81,300	81,223	(76)
(2) Long-term loans payable	352,600	352,243	(356)
Total liabilities	433,900	433,466	(433)

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	8,925
Investments in partnerships, etc. *2	6,707
Total	15,633

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, March 31, 2020), they are excluded from the scope of disclosure.

2. Investments in partnerships, etc. are primarily those in investment limited partners. In accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), 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.

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

Fiscal year under review (March 31, 2023)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities Other investment securities	20,590	1,842	449	22,883
Total assets	20,590	1,842	449	22,883

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

Fiscal year under review (March 31, 2023)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable-installment	–	–	504,456	504,456
Operating loans	–	–	106,112	106,112
Guarantee deposits	–	26,545	–	26,545
Total assets	–	26,545	610,569	637,114
Bonds payable	–	81,223	–	81,223
Long-term loans payable	–	352,243	–	352,243
Total liabilities	–	433,466	–	433,466

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

<u>Assets</u>

Investment securities

Listed stocks are measured at their quoted prices on the stock exchange, and classified as Level 1 fair value. Fair value of unlisted investment trusts is based on publicly disclosed net asset value, etc. and classified as Level 2 fair value. For privately placed bonds for which no quoted market prices are available, the fair value is measured by the present value of the total amount of principal and interest discounted at interest rates reflecting a remaining period and credit risk of said bonds and classified as Level 2. 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 the risk-free rate, and is classified as Level 2 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.

9. 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
130,323	287,541

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.

10. 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	2,359	–	2,359
Commission on consignment sales (net)	6,207	–	6,207
Consignment sales (net)	4,811	–	4,811
Retailing-related services income	19,309	–	19,309
Affiliate commissions	–	46,655	46,655
Service income	–	3,757	3,757
IT and others	3,942	1,233	5,176
Revenue from contracts with customers	36,631	51,646	88,277
Other revenue (Note)	32,629	96,946	129,576
Revenue from external customers	69,260	148,593	217,854

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 rent spaces, etc. in Marui stores 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)	852
Contract liabilities (ending balance)	993

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.

11. Notes to Per Share Information

(1) Net assets per share	1,299.97 yen
(2) Net income per share	109.37 yen

12. 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, 2023)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**565,392**	**Current liabilities**	**207,107**
Cash and deposits	37,468	Short-term loans payable	103,800
Short-term loans receivable from subsidiaries and affiliates	525,436	Current portion of bonds	20,240
Other	3,209	Short-term loans payable to subsidiaries and affiliates	56,495
Allowance for doubtful accounts	(721)	Commercial papers	25,000
Noncurrent assets	**279,295**	Accounts payable-other	252
Property, plant and equipment	**1,310**	Accrued expenses	591
Buildings	13	Income taxes payable	140
Structures	1	Deposits received	174
Vehicles	0	Provision for bonuses	211
Furniture and fixtures	1,296	Other	201
		Noncurrent liabilities	**435,834**
Intangible assets	**61**	Bonds payable	81,300
Investments and other assets	**277,923**	Long-term loans payable	352,600
Investment securities	33,131	Deferred tax liabilities	1,366
Stocks of subsidiaries and affiliates	242,206	Provision for stock benefits	501
Investments in other securities of subsidiaries and associates	650	Other	67
		Total liabilities	**642,942**
Investments in capital of subsidiaries and affiliates	65	**Net Assets**	
Other	1,869	**Shareholders' equity**	**195,809**
		Capital stock	**35,920**
		Capital surplus	**91,427**
		Legal capital surplus	91,307
		Other capital surplus	119
		Retained earnings	**111,235**
		Legal retained earnings	8,980
		Other retained earnings	102,255
		Reserve for promoting open innovation	728
		Retained earnings brought forward	101,526
		Treasury stock	**(42,774)**
		Valuation and translation adjustments	**5,936**
		Valuation difference on available-for-sale securities	**5,936**
		Total net assets	**201,745**
Total assets	**844,688**	**Total liabilities and net assets**	**844,688**

Non-Consolidated Statement of Income

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

Item	Amount	
Operating revenue		**19,796**
Operating expenses		7,652
Operating income		**12,144**
Non-operating income		
Interest income	2,356	
Gain on investments in investment partnerships	183	
Other	349	2,889
Non-operating expenses		
Interest expenses	1,384	
Provision of allowance for doubtful accounts	689	
Other	718	2,792
Ordinary income		**12,241**
Extraordinary income		
Gain on sales of investment securities	10	
Other	0	11
Extraordinary loss		
Loss on valuation of investment securities	2,371	
Loss on valuation of shares of subsidiaries and associates	2,407	
Other	0	4,778
Income before income taxes		**7,473**
Income taxes-current	199	
Income taxes-deferred	(80)	119
Net income		**7,354**

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2022 to March 31, 2023)

(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, 2022	**35,920**	**91,307**	**—**	**91,307**	**8,980**	**641**	**105,264**	**114,886**
Changes in the fiscal year:								
Dividends							(11,005)	(11,005)
Net income							7,354	7,354
Acquisition of treasury stock								
Disposal of treasury stock			119	119				
Transfer to reserve for promoting open innovation from retained earnings						86	(86)	—
Change in items other than shareholders' equity-net								
Total changes in the fiscal year	**—**	**—**	**119**	**119**	**—**	**86**	**(3,737)**	**(3,651)**
Balance as of March 31, 2023	**35,920**	**91,307**	**119**	**91,427**	**8,980**	**728**	**101,526**	**111,235**

(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, 2022	**(18,269)**	**223,846**	**5,206**	**5,206**	**229,052**
Changes in the fiscal year:					
Dividends		(11,005)			(11,005)
Net income		7,354			7,354
Acquisition of treasury stock	(26,001)	(26,001)			(26,001)
Disposal of treasury stock	1,496	1,616			1,616
Transfer to reserve for promoting open innovation from retained earnings					—
Change in items other than shareholders' equity-net			729	729	729
Total changes in the fiscal year	**(24,505)**	**(28,036)**	**729**	**729**	**(27,307)**
Balance as of March 31, 2023	**(42,774)**	**195,809**	**5,936**	**5,936**	**201,745**

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 partnerships, etc. 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 dividend income and business management fee received from the Group companies. The Company recognizes revenue from dividend income on the effective date of dividends. 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.

(Application of the group tax sharing system)

As the details of the accounting treatment following the application of the group tax sharing 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 Implementation Guidance on Accounting Standard for Fair Value Measurement)
The Company applies the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter “Fair Value Measurement Standard Implementation Guidance”), etc. from the beginning of the current fiscal year, and applies prospectively the new accounting policies set forth by the Fair Value Measurement Standard Implementation Guidance, pursuant to transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance. The application 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 subsidiaries is 6,673 million yen for 48 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 4. 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 4. 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 4,261 million yen for 16 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	915 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	20,328 million yen
(3) Receivables and payables to subsidiaries and affiliates	
Short-term receivables	525,623 million yen
Short-term payables	57,331 million yen
Long-term receivables	1,452 million yen

5. Notes to Non-Consolidated Statement of Income

Transaction with subsidiaries and affiliates

Operating transactions	
Operating revenues	19,795 million yen
Operating expenses	1,945 million yen
Non-operating transactions	3,075 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, 2022	Increase in Shares in the Fiscal Year	Decrease in Shares in the Fiscal Year	Number of Shares as of March 31, 2023
Common stock	8,503,136 shares	11,480,425 shares	669,600 shares	19,313,961 shares

Notes:
1. Shares of common stock held as treasury stock increased by 11,480,425 shares due to the purchase of treasury shares of 1,479,600 shares and the purchase of shares in response to purchase demands for less than one unit of 825 shares.
2. Shares of common stock held as treasury stock decreased by 669,600 shares due to the introduction of a restricted stock grant plan for employees of the Group.
3. The number of shares of common stock as of March 31, 2023 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	4,820 million yen
Sub-total	6,125 million yen
Valuation allowance	(4,553) million yen
Total	1,572 million yen
(Deferred tax liabilities)	
Reserve for promoting open innovation	321 million yen
Valuation difference on available-for-sale securities	2,617 million yen
Total	2,938 million yen
Net deferred tax assets	(1,366) 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, Mail-order 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
	M&C SYSTEMS CO., LTD.	Software Development, Computer Operation	(Ownership) Direct 100.0	1 person	Commission of system maintenance and operation

Type	Name	Transactions	Amount of Transactions (Millions of yen)	Account Item	Balance as of March 31, 2023 (Millions of yen)
Subsidiaries	MARUI CO., LTD.	Borrowing of funds *Note 1	47,795	Short-term loans payable to subsidiaries and affiliates	45,757
		Business management fee *Note 2	1,487	—	—
	Epos Card Co., Ltd.	Lending of funds *Note 1	585,332	Short-term loans receivable from subsidiaries and affiliates	519,936
		Business management fee *Note 2	3,876	—	—
		Receipt of interest	2,341	—	—
	M&C SYSTEMS CO., LTD.	Outsourcing expenses *Note 3	886	Accrued expenses	67

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. These represent commission fees for maintenance and operation of systems and are determined based on the general terms and conditions.

10. Notes to Per-Share Information

(1) Net assets per share 1,065.48 yen
(2) Net income per share 37.46 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.

Supplementary Schedules

Schedule of Property, Plant and Equipment and Intangible Assets

(Millions of yen)

Category	Asset type	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period	Accumulated depreciation or amortization at end of period	Amortization during period	Net book value at end of period
Property, plant and equipment	Buildings	124	—	—	124	110	0	13
	Structures	21	—	—	21	20	0	1
	Vehicles	34	—	—	34	34	6	0
	Furniture and fixtures	2,051	0	6	2,045	749	13	1,296
	Construction in progress	17	81	99	—	—	—	—
	Total	2,249	82	105	2,225	915	20	1,310
Intangible assets	Other	217	6	—	223	162	14	61
	Total	217	6	—	223	162	14	61

Schedule of Allowance and Provisions

(Millions of yen)

Category	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	32	689	0	721
Provision for bonuses	204	211	204	211
Provision for stock benefits	257	244	—	501

Schedule of Operating Expenses

(Millions of yen)

Item		Amount	Remarks
1.	Salaries and allowances	2,096	
2.	Provision for bonuses	211	
3.	Welfare expenses	478	
4.	Officer compensation	292	
5.	Travel and transportation expenses	87	
6.	Communication expenses	14	
7.	Entertainment expenses	184	
8.	Print expenses	11	
9.	Outsourcing expenses	1,950	
10.	Commission expenses	926	
11.	Rent expenses on land and buildings	313	
12.	Taxes and dues	329	
13.	Repair expenses	4	
14.	Utilities expenses	28	
15.	Depreciation and amortization	36	
16.	Supplies expenses	27	
17.	Other	659	
Total		7,652	

Amounts in these supplementary schedules have been rounded down to the nearest unit.

The Company resolved as following at a Board of Directors held after April 1, 2023. Details of the resolution are as shown below.

1. Matters on changes in capital policy
*Resolved at the Board of Directors held on May 9, 2023
(1) Reason for the changes
The Group has promoted capital optimization to date in line with the business structure transformation. First, in responding to transformation to a business structure centered on FinTech, the Group acquired treasury stock worth approximately 100.0 billion yen under a policy of reducing the equity ratio of the FinTech segment to approximately 10% in line with the average in the industry and achieved this target in the fiscal year ended March 31, 2021. Next, in the current five-year medium-term management plan that ends in the fiscal year ending March 31, 2026, the Group acquired treasury stock worth 50.0 billion yen by the fiscal year ended March 31, 2023 to redistribute surplus capital in the retailing segment. Through this acquisition, the equity ratio which had remained high lowered to approximately 25%, our target level. The Group has achieved a target for the balance sheet and, for dividends, decided to use a dividend on equity ratio (DOE) as a new indicator, aiming to realize more stable, longer-term dividend increases moving forward. The Group will change the method for acquiring treasury stock and will flexibly conduct this process, comprehensively considering a range of factors including the financial conditions and share price, etc. instead of the existing plan-based method.

(2) Details of the change
Before the change:
- The Company will endeavor to continuously increase the level of dividends according to the long-term growth in EPS to realize high growth coupled with high returns.
- The Company will gradually raise its target for the consolidated payout ratio from 40% with the aim for a consolidated payout ratio of approximately 55% by the fiscal year ending March 31, 2024 and implement ongoing, long-term dividend increases.
- Acquisition of treasury stock is conducted at an appropriate time after comprehensively considering a range of factors including cash flows, targeting total shareholder returns of approximately 70% on a consolidated basis for improving capital efficiency and enhancing shareholder interest.

After the change:
- The Company will endeavor to continuously increase the level of dividends based on the long-term growth in EPS to realize high growth coupled with high returns.
- The Company will aim to realize ongoing, long-term dividend increases, targeting a dividend on equity ratio (DOE) of approximately 8%.
- Acquisition of treasury stock is flexibly conducted after comprehensively considering a range of factors including the financial conditions and share price, etc., for improving capital efficiency and enhancing shareholder interest.

(3) Timing of application
Applied from the fiscal year ending March 31, 2024.

(4) Dividend forecast for the fiscal year ending March 2024

	Dividend per share (yen)			DOE
	The end of second quarter	Year-end	Total	
Fiscal year ending March 2024 Forecast	50.00	51.00	101.00	8.0%
Fiscal year ended March 2023	29.00	30.00	59.00	4.6%

2. Matters on the limit of acquisition of treasury stock
*Resolved at the Board of Directors held on May 9, 2023
(1) Reason for share acquisition

The Group has promoted capital optimization to date in line with the business structure transformation. First, in responding to transformation to a business structure centered on FinTech, the Group acquired treasury stock worth approximately 100.0 billion yen under a policy of reducing the equity ratio of the FinTech segment to approximately 10% in line with the average in the industry and achieved this target in the fiscal year ended March 31, 2021. Next, in the current five-year medium-term management plan that ends in the fiscal year ending March 31, 2026, the Group acquired treasury stock worth 50.0 billion yen by the fiscal year ended March 31, 2023 to redistribute surplus capital in the retailing segment. Through this acquisition, the equity ratio which had remained high lowered to approximately 25%, our target level. The Group has achieved a target for the balance sheet and decided to change capital policy from this fiscal year under review, under which the Group will flexibly acquire treasury stock, comprehensively considering a range of factors including the financial conditions and share price, etc., instead of the existing plan-based method. For this fiscal year under review, the limit for acquisition of treasury stock is set at 40.0 billion yen to respond to a case where future profitability is not fully incorporated in the share price.

(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 22.0 million shares
  (11.62% of the total number of issued shares excluding treasury stock)

iii. Total amount of acquisition of shares
- Up to 40.0 billion yen

iv. Period of acquisition
- From June 1, 2023 to March 31, 2024

(Reference) Ownership status of treasury stock as of April 30, 2023

Total number of issued shares excluding treasury stock: 189,346,456 shares
Number of treasury stock: 19,313,961 shares
Note: Treasury stock includes 766,567 shares held by the Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

Major external evaluation related to ESG (From April 1, 2022 to March 31, 2023)

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

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

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

The MARUI GROUP was included in the Health & Productivity Stock Selection for the sixth 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)