

## Tracking of LTV

The completion of the transition to shopping centers and fixed-term rental contracts has granted MARUI GROUP a business structure that enables it to secure consistent earnings. Going forward, the Company will aspire to stabilize LTV while accurately communicating its business value arising from consistent earnings using the concepts of recurring revenue, contracted future recurring revenue, and total addressable market.

⇒ Please refer to "Lifetime Value Management Dramatically Transforming Earnings Structures" on Page 34 and "Co-Creation Credit Expertise" on page 40 for more information.

### Recurring Revenue

An important element of LTV, recurring revenue is revenue that is generated on a recurring basis through contracts with customers and business partners. Examples of recurring revenue include rent revenues in the Retailing segment and finance charges on revolving and installment payments and cash advances, rent guarantee revenues, and annual enrollment fees from EPOS card use in the FinTech segment. In the fiscal year ended March 31, 2019, recurring revenue was 2.1 times higher than in the fiscal year ended March 31, 2014, largely as a result of the completion of the transition to shopping centers

and fixed-term rental contracts in the Retailing segment. In addition, recurring revenue has been representing an increasingly large portion of total revenue, with the ratio of recurring to total revenue exceeding 50% in the fiscal year ended March 31, 2019, and projected to surpass 55% in the fiscal year ending March 31, 2020. Meanwhile, recurring gross profit accounted for more than 60% of total gross profit in the fiscal year ended March 31, 2019, and was 2.3 times higher than in the fiscal year ended March 31, 2014. The ratio of recurring to total gross profit is expected to climb past 65% in the fiscal year ending March 31, 2020.

### Recurring Gross Profit

	FY2014	FY2018	FY2019	% of total	vs. FY2018	vs. FY2014
Retailing (total)	¥5.9 billion	¥34.0 billion	¥41.1 billion			
Rent revenues, etc.	¥2.0 billion	¥27.1 billion	¥33.6 billion	54%	+21%	+595%
Other	¥3.9 billion	¥6.8 billion	¥7.5 billion			
FinTech (total)	¥47.0 billion	¥74.1 billion	¥81.5 billion			
Finance charges on revolving and installment payments	¥20.7 billion	¥39.0 billion	¥43.5 billion			
Affiliate commissions (Of which, recurring)	¥0.8 billion	¥1.7 billion	¥1.9 billion	69%	+10%	+73%
Finance charges on cash advances	¥21.1 billion	¥23.9 billion	¥24.5 billion			
Service revenues	¥3.6 billion	¥8.4 billion	¥10.3 billion			
Other	¥0.9 billion	¥1.2 billion	¥1.3 billion			
Total recurring revenue	¥52.9 billion	¥108.0 billion	¥122.7 billion	63%	+14%	+132%

Note: Calculated as the ratios of segment income and of a figure combining gross profit and selling, general and administrative expenses paid by business partners

### Contracted Future Recurring Revenue

Contracted future recurring revenue is an indicator of the earnings promised by contracts with customers and business partners in the given fiscal year and in subsequent fiscal years and is used to measure the stability of earnings. For rent revenues, for example, contracted future recurring revenue is calculated by assessing the future earnings projected based on the remaining number of years in rental contracts. Meanwhile, repayment periods are used for finance charges on revolving and installment payments and

cash advances, expiration dates are used for (recurring) affiliate commissions, and the number of remaining years of residency is used for rent guarantees. The completion of the transition to shopping centers and fixed-term rental contracts and the expansion of rent guarantee services in the fiscal year ended March 31, 2019, led to an increase in future anticipated revenue. As a result, the amount of contracted future recurring revenue promised in subsequent fiscal years was ¥357.2 billion, 1.4 times higher than total revenue in the fiscal year ended March 31, 2019.

### Contracted Future Recurring Revenue

	FY2019	Contracted future recurring revenue to be posted in FY2020 and beyond	vs. FY2019
Recurring revenue	¥137.0 billion	¥357.2 billion	+161%
Retailing	¥48.8 billion	¥90.4 billion	+85%
FinTech	¥88.2 billion	¥266.8 billion	+203%
Non-recurring revenue	¥118.9 billion	—	—
Consolidated revenue + Selling, general and administrative expenses paid by business partners	¥255.9 billion	¥357.2 billion	+40%