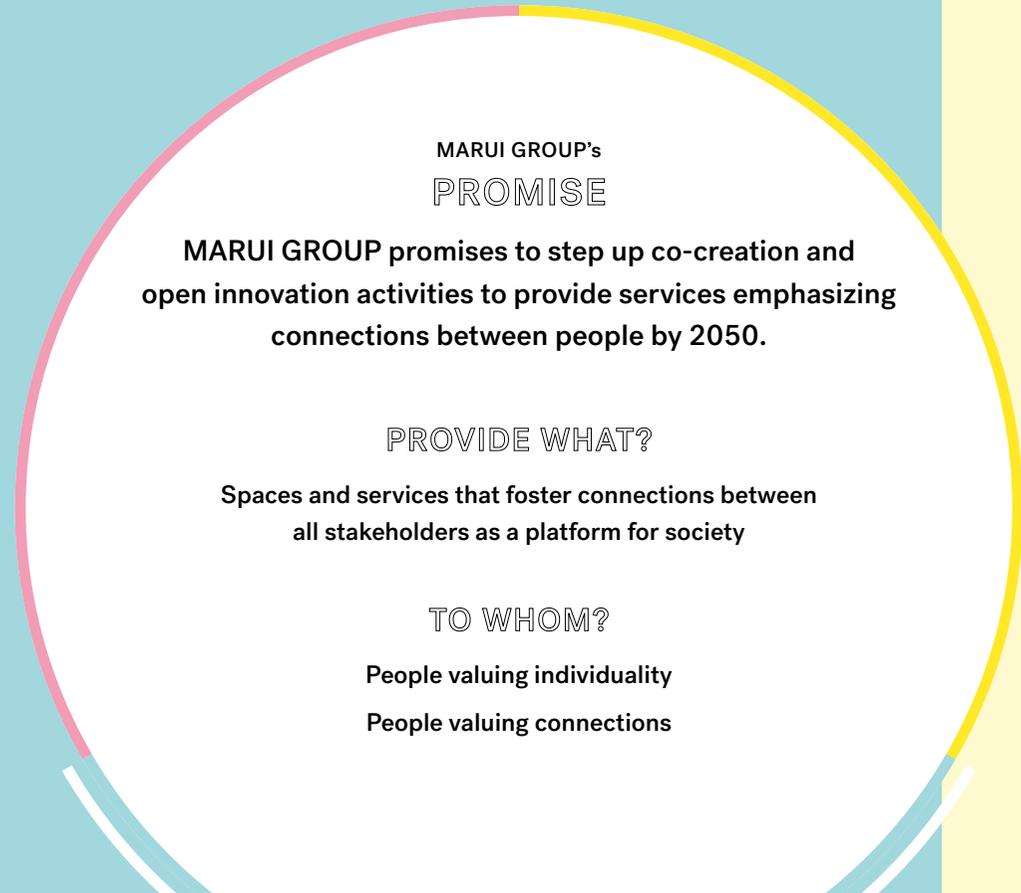


Co-Creative Businesses

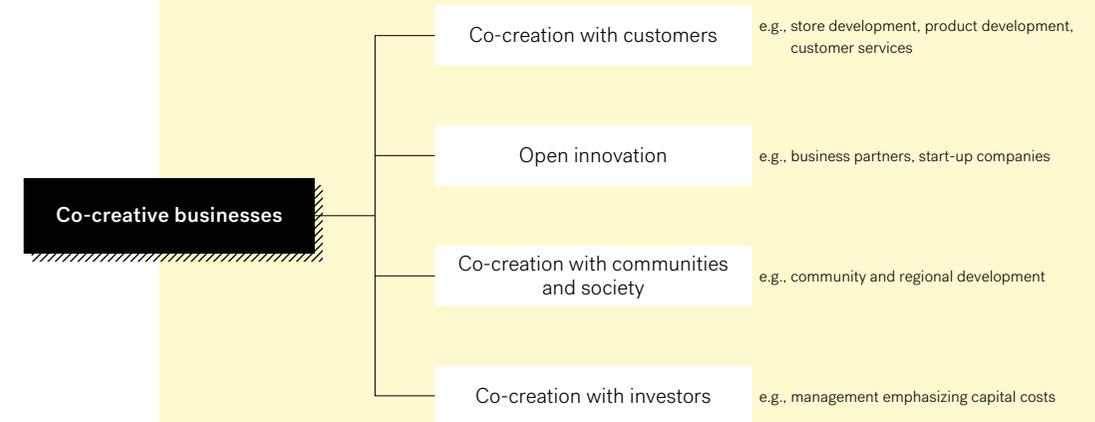
MARUI GROUP's co-creative businesses are geared toward transcending dichotomies that cause division, such as those separating senior citizens, LGBT individuals, and non-Japanese individuals from others; those dividing races; the dichotomy between current and future generations; and that between short-term profits and environmental destruction. Our goal in these businesses is to include previously excluded people through products and services as well as through co-creation to contribute to the interests of all parties. By exercising its core value—the co-creation of creditability—MARUI GROUP will provide options emphasizing balance between individuality and connections through its co-creative businesses.



Options Emphasizing Balance between Individuality and Connections

Co-creative businesses provide options for members of mature societies that emphasize individuality while also valuing connections. In these businesses, a capacity for empathy—the ability of employees to adopt the viewpoints of various stakeholders to understand their thinking and their pain—is of utmost importance. MARUI GROUP seeks to expand the intersection between the interests (happiness) of six groups of stakeholders, including future generations, and co-creation activities with

stakeholders are a vital part of this process. Among the long-term targets defined below are those pertaining to co-creation activities that contribute to improved corporate value. These targets are emblematic of our commitment to expanding options as part of MARUI GROUP's daily co-creation activities, embodiments of the credit philosophy that "creditability should be built together with customers," as options for stakeholders.



Long-Term Targets		
Medium-Term Targets (5 years in the future)	Long-Term Targets (10 years in the future)	Ultralong-Term Targets (30 years in the future)
• Co-creation with aggregate total of 100,000 or more customers*	• Co-creation with aggregate total of 500,000 or more customers*	• Co-creation with aggregate total of 1,000,000 or more customers*
• Open innovation with 100 or more companies	• Open innovation with 500 or more companies	• Open innovation with 1,000 or more companies
• Engagement with 50 or more communities	• Engagement with 100 or more communities	• Engagement with 200 or more communities
• 50 or more cases of engagement leading to increased corporate value	• 100 or more cases of engagement leading to increased corporate value	• 300 or more cases of engagement leading to increased corporate value

* The number of customers that take part in MARUI GROUP's business process through planning meetings or other venues



Origin of Inclusion—Co-Creation with Customers

The origin of co-creation can be found in the act of valuing both individuality and connections with others, a sentiment that has been part of MARUI GROUP's operations since its founding. Regardless, there was a chapter of our history during which we were too bound by past successes and too focused on the perspectives and thinking of industry and of the Company itself. To overcome this management crisis, we chose to return to the point of origin of co-creation. Forming the new philosophy of "continue evolving to better aid our customers," we completely revamped our prior, Company-centric store development, product creation, and credit card operation practices. This undertaking gave rise to planning meetings with customers, which are forums for incorporating customers into all business processes and practicing co-creation with them. Rakuchin Kirei series shoes and EPOS cards were both products of this co-creation.

A prominent example of co-creation with customers can be seen at Hakata Marui, which was opened in 2016. Prior to opening this store, we held more than 600 planning meetings with customers, involving an aggregate total of over 15,000 people in the process. Input from customers led to a store development process that overturned prior conventions through innovations such as the introduction of food vendors on entry levels. The view of co-creation born out of collaboration with customers is the origin of MARUI GROUP's co-creative businesses.

Evolution of Co-Creation Store Development Approach

MARUI GROUP reframed the expertise and capacity for empathy it cultivated at the sites of co-creation pertaining to store development, product creation, and customer service from the perspectives of its wide-ranging stakeholders, including senior citizens, LGBT individuals, and non-Japanese. This reframing expanded our focus from the happiness of customers to the happiness of all stakeholders. We then incorporated social issues into our conventional co-creation activities from the perspective of inclusion, making it possible to broaden the reach of our main business. Increases in co-creation with customers effectively enable us to include previously excluded individuals, thereby expanding the interests (happiness) of stakeholders.

Meanwhile, the transition to shopping centers and fixed-term rental contracts transformed MARUI GROUP's stores into real estate-model businesses that rent space, which is expected to make co-creation with tenants even more significant than co-creation with customers.



Co-creation evolved to incorporate tenants at Marui Family Mizonokuchi. At this store, tenants are provided with explanations on MARUI GROUP's approach to co-creation and the goals of Marui Family Mizonokuchi when it is first decided that they will join the store. Moreover, tenants are invited to planning meetings with customers to take part in discussions so that they can reflect the needs of customers in their merchandising, services, and sales floor development.



Rakuchin Kirei series shoes are developed to provide a perfect fit based on input from customers that have felt discomfort with shoes or are unable to find the perfect size. With a focus on the balance between comfort, design, and affordability, we offer sizes ranging from 19.5 cm to 27.0 cm, covering 100% of foot sizes, all developed based on customer input.



Discussions were held with customers for the purpose of promoting usage among EPOS Gold cardholders, during which many wondered why we did not offer a family card. This was the inspiration for the EPOS Family Gold card, a card forged through repeated hypothesizing and verification via co-creation with customers to offer a unique service that values both individual independence and family bonds.

Co-Creation with Start-up Companies through Open Innovation

Valuing both individuality and connections with others requires expertise related to IT, AI, and other cutting-edge technologies, areas in which start-up companies excel. MARUI GROUP seconds its employees to such start-up companies to nurture perspectives that may lead to the creation of new, forward-looking businesses and to have them experience various opportunities to make decisions at their own discretion. Employees that have had this experience will help us combine different expertise to develop unprecedented co-creative businesses.

Co-Creation with Communities and Society

Co-creation with communities and society is made possible by infusing co-creation with customers with the perspective of inclusion. We have therefore been participating in RAINBOW PRIDE LGBT pride events, promoting regional development through collaborative events between popular anime works and local shopping districts, and engaging in other such activities. Furthermore, the AI and IT technologies developed through EPOS card operations have been used to produce the EPOS Pay QR code payment service. With this service, we are enhancing co-creative businesses that link customer convenience to community prosperity by expanding the range of stores at which this cashless payment service can be used.

Co-Creation with Long-Term Investors

Expanding the happiness of stakeholders requires the endorsement of long-term investors. ESG investment and other approaches toward investing in sustainability are investments in sustainability and thereby provide the option to move away from focusing on short-term profit to pursue sustainable growth over the medium-to-long term. Given the emphasis currently being placed on ESG investment, MARUI GROUP aims to facilitate the long-term expansion of stakeholder interests (happiness) through constructive dialogue with long-term investors that understand such principles.



As part of its collaboration with BASE, Inc., operator of the BASE smartphone shopping application, MARUI GROUP helped open SHIBUYA BASE, this company's first full-time physical venue, in Shibuya Marui. Leveraging MARUI GROUP's physical spaces for connecting with customers and its sales floor operation and sales know-how, SHIBUYA BASE provides a venue for customers to discover new brands and products offering fresh value.



The EPOS Pay QR code payment service was introduced following the conclusion of affiliate agreements with shopping districts and restaurants surrounding Nakano Marui, expanding the range of stores at which small-sum payments can be made, many of which did not previously accept EPOS cards. By creating regional economic spheres centered on customers, we aim to develop communities that link regions and customers.

Message from a Co-Creative Business Representative



Hajime Sasaki
Senior Executive Officer
President and
Representative Director,
MARUI CO., LTD.

New Value Created by Generating Happiness through Co-Creative Businesses

Everyone knows the importance of valuing both their individuality while coexisting with and valuing the happiness of others. In practice, however, we are often forced to compromise one of these values or to choose between them. At MARUI GROUP, we first faced this issue in our business a decade ago when we began developing shoes through co-creation with customers. These efforts led us to develop a wide range of shoe sizes to accommodate all customers, an undertaking that had previously been avoided due to its adverse impact on corporate earnings. After that, we expanded our co-creation activities to include product creation, store development, and other areas of operations, engaging with countless individuals on various issues through these activities. This process made me realize that co-creative businesses accommodating all customers brought happiness to large numbers of people by addressing previously neglected social issues while simultaneously creating unprecedented value. Looking ahead, I hope to expand the scope of our co-creation activities with customers, business partners, communities, society, and other stakeholders to create even greater value for the future.