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, 2021

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

Notice of Convocation of the 85th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are hereby informed that the 85th Ordinary General Meeting of Shareholders of MARUI GROUP CO., LTD. (the "Company") will be held as follows.

You can exercise your votes in writing or via electromagnetic means. The Company respectfully requests you to view the "Reference Document Concerning the General Meeting of Shareholders" below and exercise your voting rights on or before 7:00 p.m. (JST) June 24, 2021 (Thursday).

In order to prevent the spread of COVID-19, we request that you refrain from attending the General Meeting of Shareholders.

PARTICULARS

1. **Date and Time of the Meeting:** Friday, June 25, 2021 at 10:00 a.m.
(Reception commences at 9:30 a.m.)

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

3. **Matters to be Addressed at the Meeting:**

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 85th Fiscal Year (from April 1, 2020 to March 31, 2021).

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: Election of Six (6) Directors

Proposal 3: Election of One (1) Substitute Audit & Supervisory Board Member

- End -

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

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

A message to all of our shareholders

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

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

I also would like to extend my deepest sympathies to all those who have been affected by COVID-19, as well as my sincere appreciation for health care professionals and all those who have been working to prevent the spread of the virus.

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

Under our new five-year medium-term management plan, which starts from the fiscal year ending March 31, 2022, we will promote a new business model consisting of three business pillars: retailing, FinTech and the newly added "future investment," and aim to increase our corporate value by harmonizing the interests and happiness of all stakeholders, including shareholders, investors, customers, business partners, employees, communities and society, and future generations.

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

June 2021

Reference Document Concerning the General Meeting of Shareholders

Proposals and Reference Materials

Proposal 1: Proposed Disposal of Surplus

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

It is proposed that the year-end dividends for the fiscal year under review be 26 yen per share. Together with the interim dividends of 25 yen which have been paid, the annual payment of dividends for the fiscal year under review shall be 51 yen per share, an increase of 1 yen per share compared with the previous fiscal year, which is the increase in dividends for nine (9) consecutive fiscal years.

Matters related to the year-end dividend:

(1) Type of assets distributed: Cash

(2) Matter related to distribution of cash and total amount:
26 yen per share of common stock of the Company
Total amount: 5,588,864,372 yen

(3) Effective date for distribution of surplus: June 28, 2021

Proposal 2: Election of Six (6) Directors

The term of office of all of the eight (8) Directors will expire at the close of this General Meeting.
Directors Mr. Yoshitaka Taguchi, Mr. Masahiro Muroi, Mr. Masao Nakamura, Mr. Masahisa Aoki and Ms. Yuko Ito will retire from their offices at the close of this General Meeting.
The Company would like to propose to reduce the number of Directors from eight (8) to six (6), and elect six (6) Directors including three (3) new candidates for Directors. If these six (6) candidates are elected, the ratio of the Independent External Directors becomes 50%, which will increase transparency of the Board of Directors and enable realization of a management structure with new professional members 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	9/9 100%
2	Etsuko Okajima Female	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	9/9 100%
3	Yasunori Nakagami	【New appointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	—
4	Peter David Pedersen	【New appointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	—
5	Hirotsugu Kato	【Reappointment】	Director, Managing Executive Officer, and CFO In charge of IR, Finance, Sustainability, and ESG Promotion	9/9 100%
6	Reiko Kojima Female	【New appointment】	Executive Officer CWO General Manager, Well-being Promotion Department	—

(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. In addition, the insurance premiums of the D&O insurance have been fully paid by the Company. If each candidate for Director is elected as a Director and assumes office, every such Director will be insured by the D&O insurance. The Company plans to renew the agreement with the same details during their terms of office.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
1	Hiroshi Aoi (January 17, 1961) 【Reappointment】 ‣ Attendance at the Meetings of the Board of Directors: 9 out of 9 (100%)	Jul. 1986 Joined the Company Apr. 1991 Director and General Manager, Sales Planning Headquarters Apr. 1995 Managing Director and Deputy General Manager, Sales Promotion Headquarters and General Manager, Sales Planning Division Jan. 2001 Managing Director and General Manager, Sales Promotion Headquarters Jun. 2004 Executive Vice President and Representative Director Apr. 2005 President and Representative Director Oct. 2006 President and Representative Director, Representative Executive Officer Apr. 2019 President and Representative Director, Representative Executive Officer, CEO (Incumbent) Reasons for nomination as a candidate for Director Mr. Hiroshi Aoi has properly operated the Board of Directors as the chairman and duly performed his supervisory functions for important management decision making and operational execution as President and Representative Director of the Company since 2005. He has ample business experience and knowledge as a corporate manager, and has controlled overall operation of the Group and performed his duties properly as Group Representative Executive Officer. Based on the above reasons, the Company believes that he can fully perform his functions for long-and medium-term improvement in corporate value of the Company. Therefore, the Company has nominated him as a candidate for a Director.	1,554,700

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
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: 7 years ▸ Attendance at the Meetings of the Board of Directors: 9 out of 9 (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) Dec. 2020 Director, euglena Co., Ltd. (Incumbent) Reasons for nomination and overview of expected role as a candidate for External Director Ms. Etsuko Okajima has ample experience and knowledge concerning diversity and development of next-generation leaders 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. There is no special interest between the candidate and the Company.
2. Ms. Etsuko Okajima is a candidate for External Director and the Company has submitted a notification designating her as an independent director to Tokyo Stock Exchange, Inc.
3. Ms. Etsuko Okajima's name on the family register is Ms. Etsuko Mino.
4. The Company has entered into a liability limiting agreement with Ms. Etsuko Okajima under which her liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations. In the event that Ms. Etsuko Okajima is reelected as External Director, the Company plans to continue the liability limiting agreement with her.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
3	Yasunori Nakagami (March 25, 1964) 【New appointment】 【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: - ▸ Attendance at the Meetings of the Board of Directors: −	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) 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. As the Company believes that he can contribute to supervisory functions for overall management from an independent, objective position as External Director of the Company, the Company has nominated him as a candidate for an External Director. The Company expects him to fulfill the above roles after being elected.	0

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

2. Mr. Yasunori Nakagami is a candidate for External Director and the Company plans to submit a notification designating him as an independent director to Tokyo Stock Exchange, Inc., subject to approval of his appointment.

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

4. In the event that Mr. Yasunori Nakagami is elected as External Director, the Company plans to enter into a liability limiting agreement with him 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.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)		Number of Shares Held
4	Peter David Pedersen (November 29, 1967) 【New appointment】 【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: - ▸ Attendance at the Meetings of the Board of Directors: -	Sep. 2000	President, E-Square Inc.	0
		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)	
		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. As the Company believes that he can contribute to supervisory functions for overall management from an independent, objective position as External Director of the Company, the Company has nominated him as a candidate for an External Director. The Company expects him to fulfill the above roles after being elected.		

Notes: 1. Mr. Peter David Pedersen is a candidate for External Director and the Company plans to submit a notification designating him as an independent director to Tokyo Stock Exchange, Inc., subject to approval of his appointment.

2. Mr. Peter David Pedersen has given opinions on sustainability management as Advisor of the Company from January 2019. The Company also participates in activities held by General Incorporated Association NELIS and Specified Nonprofit Corporation NELIS, where he serves as Representative Director. The total amount of advisor fees and activity participation fees paid by the Company was 4 million yen for the most recent fiscal year, and he satisfies the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company. For the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company, please see "Criteria for Independence for External Directors and Audit & Supervisory Board Members" set forth as follows hereafter.

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

4. In the event that Mr. Peter David Pedersen is elected as External Director, the Company plans to enter into a liability limiting agreement with him 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.

<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: 9 out of 9 (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">9,400</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.

<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">6</td><td rowspan="2">Reiko Kojima
(September 26, 1975)
【New appointment】
▸ Attendance at the Meetings of the Board of Directors: -</td><td>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, Wellbeing Promotion Department
May 2021 Executive Officer, CWO (Chief Wellbeing Officer), General Manager, Wellbeing Promotion Department (Incumbent)</td><td rowspan="2">200</td></tr>
<tr><td>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 controlled well-being departments of the overall Group as Executive Officer. 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.</td></tr>
</table>

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

Proposal 3: 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 84th Ordinary General Meeting of Shareholders of the Company held on June 29, 2020 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 Jun. 2015 Jun. 2017	Registered as Attorney External Director, ICHIKAWA CO., LTD. (Incumbent) Audit & Supervisory Board Member, J-OIL MILLS, Inc. (Incumbent)	0
	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.		

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. 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. The Company plans to renew the agreement with the same details during his term of office.

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

(Attached Materials)

Business Report

(For the fiscal year from April 1, 2020 to March 31, 2021)

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, while transactions in the retailing segment decreased due to nearly two months of store closures to address the spread of COVID-19 and changes in consumer activities, transactions in the FinTech segment remained strong mainly owing to rent guarantees and recurring revenue. As a result, total group transactions increased by 1% from the previous fiscal year to 2,919.2 billion yen.

Operating income decreased for the first time in 12 fiscal years to 15.3 billion yen, a decrease by 63% from the previous fiscal year due to factors including additional provision for loss on interest repayment of 19.4 billion yen accounted for in the fourth quarter.

In addition, net income attributable to owners of parent decreased by 91% from the previous fiscal year to 2.3 billion yen due to factors including the recording of 7.7 billion yen of “infection-related expenses” for expenses such as the above fixed costs for store closures in extraordinary loss despite 0.6 billion yen of employment adjustment subsidies in non-operating income and 0.9 billion yen in extraordinary income, resulting in a decrease in net income attributable to owners of parent for the first time in 10 fiscal years.

Although the medium-term management plan, in which the fiscal year ended March 31, 2021 was the final year, steadily progressed until the previous fiscal year, as a result of the above, the targets for the plan could not be achieved in all of the Group’s KPIs, namely EPS (earnings per share), ROE (return on equity) and ROIC (return on invested capital).

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 accounted for a larger portion of sales and profits.

(Consolidated financial results for the fiscal year ended March 31, 2021)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Year on Year	Increase (Decrease) from the previous fiscal year
EPS (Yen)	117.6	10.9	9%	(106.7)
ROE (%)	8.8	0.8	−	(8.0)
ROIC (%)	3.7	1.4	−	(2.3)
	(Billions of yen)	(Billions of yen)	(%)	(Billions of yen)
Total Group Transactions	2,903.7	2,919.2	101	15.5
Revenue	247.6	220.8	89	(26.7)
Gross Profit	195.7	178.3	91	(17.3)
Selling, General and Administrative Expenses	153.7	163.0	106	9.3
Operating Income	41.9	15.3	37	(26.6)
Ordinary Income	40.4	14.6	36	(25.8)
Net Income Attributable to Owners of Parent	25.4	2.3	9	(23.1)

As this recurring revenue is generated on an ongoing basis in accordance with contracts with customers and business partners, future earnings to be generated in future fiscal years can be recognized as “contracted future recurring profit,” and the recurring gross profit can be used as an index to measure revenue stability. It is a crucial element of the Group’s management that focuses on LTV (lifetime value) from a long-term perspective.

In the fiscal year under review, recurring gross profit amounted to 123.6 billion yen (a decrease by 6% from the previous fiscal year), and the ratio of recurring gross profit to total gross profit increased to 67.7% (an increase by 2.4 percentage points from the previous fiscal year).

Contracted future recurring gross profit concluded in prior fiscal years was 334.0 billion yen (a decrease by 5% from the previous fiscal year), and future earnings of roughly 1.8 times as high as the gross profit posted in the fiscal year under review alone can be expected.

Impact of and response to the spread of COVID-19, and special factors for change in operating income

In response to the spread of COVID-19, in order to prevent the spread of infections by placing top priority on the health and safety of our customers, business partners and employees, all Marui and Modi stores were closed except for food corners and certain tenants during the state of emergency declaration period from April to May 2020.

In order to overcome this unprecedented crisis together with business partners that have opened shops in our stores, measures such as exemptions for rent and common area charges during the closing period were implemented. As a result, revenue decreased by 4.2 billion yen. Fixed costs during the store closing period, consisting of 6.7 billion yen in the retailing segment and 0.5 billion yen in the FinTech segment, are reclassified as extraordinary loss.

In addition to the above, in the retailing segment, due to a decrease in variable revenues from fixed-term rental contracts and in the gross profit of the products, operating income is estimated to have decreased by roughly 7.3 billion yen. In the FinTech segment, due to a decrease of transaction volumes in cash advances, etc., operating income decreased by roughly 2.6 billion yen.

In addition, in order to prepare for the repayment of interest on cash advances, provision for loss on interest repayment increased by 18.7 billion yen from the previous fiscal year to 23.2 billion yen, causing operating income to decrease by 18.7 billion yen.

Retailing segment

As a new strategy following the transition to shopping centers (SC), which brought improved revenue and stable profits, the Company is now transitioning from stores that sell goods to stores that provide experience value.

Bringing in more tenants such as direct-to-consumer (D2C) brands, content providers, and subscription service providers, we are currently aiming to create stores that “do not sell” and are designed to provide value unique to physical stores in a post-digital world, such as venues for providing experience and engaging with customers.

During the period of April and May, due to store closures, voluntary restraint on going out, etc., in response to the spread of COVID-19, transaction volume decreased significantly. Subsequently, although a recovery trend was seen mainly in suburban stores, annual accumulated revenue in transaction volume decreased. Accordingly, operating income in the retailing segment decreased by 85% from the previous fiscal year to 1.5 billion yen, resulting in a decrease by 8.5 billion yen from the previous fiscal year.

FinTech segment
In the FinTech segment, in order to increase EPOS card memberships, the Company has been holding promotional activities for cardholder recruitment at Marui and Modi stores and in the area of online services, rolling out credit cards in collaboration with anime contents and credit cards in collaboration with commercial facilities across Japan, resulting in collaboration with 33 facilities (an increase by 3 facilities from the previous fiscal year). In order to achieve further growth of usage rates and the amount of usage, the Company seeks to maximize the share in household finances through rent guarantee services, recurring payments, etc.

Although the number of card memberships totaled 7,090 thousand members, a 2% decrease from the previous fiscal year, the number of Platinum/Gold card memberships grew to 2,700 thousand members, an 8% increase from the previous fiscal year, due to tireless efforts to increase regular customers.

Transaction volume in card shopping recovered to the level of the previous fiscal year to 2,186.0 billion yen, a 1% increase from the previous fiscal year. Usage in e-commerce grew with a 33% increase from the previous fiscal year, while usage in travel and entertainment saw a significant decrease of 46% from the previous fiscal year. Service transaction volume such as rent guarantee continued to grow to 460.9 billion yen, a sharp increase by 30% from the previous fiscal year.

Meanwhile, partly due to provision for loss on interest repayment, operating income in the FinTech segment for the fiscal year under review decreased by 47% to 20.3 billion yen, a decrease in income for the first time in nine fiscal years.

(Segment Information) (Millions of yen)

Category	Retailing Segment	FinTech Segment	Total	Adjustments	Consolidated
Revenue					
To Outside Customers	85,505	135,326	220,832	−	220,832
Inter-Segment Revenue or Transferred Revenue	3,419	2,016	5,436	(5,436)	−
Total	88,925	137,343	226,268	(5,436)	220,832
[Year on Year (%)]	[76.5]	[98.4]	[88.4]	[−]	[89.2]
Segment Profit	1,481	20,288	21,769	(6,459)	15,310
[Year on Year (%)]	[14.8]	[52.8]	[45.0]	[−]	[36.5]
Operating Margin (%)	1.7	14.8	−	−	6.9

(Details of Total Group Transactions)

Category	Total Transactions (Millions of yen)	Composition Ratio (%)	Year on Year (%)
Rent revenues and others	151,634	5.2	69.4
Product sales	27,541	0.9	76.1
Consignment sales	30,266	1.0	74.9
Retailing-related services	19,765	0.7	79.3
Retailing segment	229,207	7.8	71.6
Card shopping	2,185,997	74.9	100.7
Financial services	460,873	15.8	130.2
Cash advances	104,846	3.6	72.2
IT and others	8,714	0.3	99.9
FinTech segment	2,760,432	94.6	103.0
Eliminations	(70,409)	(2.4)	−
Total	2,919,231	100.0	100.5

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 existing stores and investment in system infrastructure. The total expenditures on capital investments during the fiscal year under review amounted to 10,553 million yen.

(3) Fund Procurement

The Group raises funds with the highest priority given to ensuring financial stability, 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 49.7 billion yen in loans from financial institutions and 20.0 billion yen from the issuance of bonds in response to the repayment of loans, etc. Additionally, the Group increased the amount of funds raised through the securitization of receivables by 5.0 billion yen.

(4) Issues to be Addressed

■ Current initiatives

Since its founding, the Group has innovated and evolved its unique business model merging retailing and FinTech to reflect changes in the times and customers. Regarding the previous medium-term management plan, as mentioned before, the three main KPIs (EPS, ROE and ROIC) fell significantly short of the targets for the plan.

Meanwhile, the Group has promoted management that focuses on LTV (lifetime value) from a long-term perspective, and is on the cusp of achieving a transformation into an earnings structure that enables ongoing business structure innovation as well as highly profitable growth through transition to FinTech-led growth and introduction of fixed-term rental contracts in the retailing segment. As a result of steady progress in capital measures toward the Group's "target balance sheet," the creation of corporate value was realized through both improved profitability and reduced cost of capital, and the Group has nearly completed the development of a structure in which ROIC exceeds the weighted average cost of capital (WACC) and ROE surpasses the cost of shareholders' equity.

In 2019, the Group formulated its long-term vision for 2050, and promoted "co-creation sustainability management" that aims at the "interests" and "happiness" of stakeholders in the six groups, newly including "future generations" for the realization of a sustainable society and global environment through its business, and subsequently received high praise such as being ranked as the world's top company in the retailing industry by DJSI World.

(Retailing)

We have completed the transition from a conventional department store-type operation to a SC-type operation that primarily generates income in the form of rent revenues. In order to evolve into stores that "do not sell," we have introduced direct-to-consumer (D2C) brands and tenants that provide food and beverages as well as services to work on the creation of stores for the future.

Meanwhile, targets for profit improvement in specialty stores under direct management and e-commerce were not achieved.

(FinTech)

With the reinforcement of cardholder recruitment at commercial facilities across Japan and in the area of online and services, the number of card memberships as of March 31, 2021 totaled 7,090 thousand members, an increase by 960 thousand members in 5 years.

In addition to expansion in card shopping transactions that significantly exceeded the industry average, service transactions mainly in rent guarantee services also increased measurably, and the total transaction volume of EPOS cards increased by 1.9 times in 5 years.

(Optimal capital structure)

Aiming for the establishment of a "target balance sheet" suited to the Group business structure, the Group achieved an optimal capital structure where net assets are kept below 1.0 trillion yen and the equity ratio is approximately 30% by implementing capital measures such as procuring funds through interest-bearing debt in response to increases in operating receivables and systematically liquidating operating receivables.

■ 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 connects 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 co-creation management for "harmony between interests and happiness."

■ **Establishment of the new medium-term management plan**

Amid the expected rapid changes in business environment, we have established a new five-year medium-term management plan that ends in the fiscal year ending March 31, 2026, to achieve the targets of the previous medium-term management plan at an early stage and to further increase our corporate value.

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 "future investment." Future investment 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 "integration 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, we will aim to dramatically enhance the user experience and further improve LTV. In addition, we will introduce credit cards that "support the 'likes' of each customer" 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 five years, which is 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.

(Future investment)

With regard to future investment, we will create innovation for balancing the impact of sustainability, well-being, and profits. We will aim at creating innovation within the Company through investment in new businesses and introducing innovation from outside the Company through co-creative investment.

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

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.

Capital measures

While retailing has been stable along with the transition to fixed term rental contracts, the equity ratio still remains at a high level; therefore, we will review the balance sheet to maintain an equity ratio of around 25% as a target by redistributing surplus capital.

Of the 230.0 billion yen of core operating cash flow, we will plan to allocate 80.0 billion yen for investment for growth including future investment, 50.0 billion yen for share buybacks for capital optimization, and 100.0 billion yen for shareholder returns in five years.

Impact

Under the Group's 2050 Vision announced in 2019, targets related to sustainability and well-being have been defined as "Impact." In order to achieve the three targets of "create the future for future generations together," "create happiness for each individual together," and "create a co-creative platform," key items for initiatives are set as main KPIs under the new medium-term management plan.

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 will realize EPS of over 200 yen, 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, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Total Group transactions (Millions of yen)	2,189,374	2,539,631	2,903,713	2,919,231
Revenue *1 (Millions of yen)	240,469	251,415	247,582	220,832
Ordinary income (Millions of yen)	35,145	39,786	40,415	14,607
Net Income attributable to owners of parent (Millions of yen)	20,907	25,341	25,396	2,327
Earnings per share (Yen)	93.18	115.99	117.58	10.86
ROE (%)	7.6	9.1	8.8	0.8
Total assets *2 (Millions of yen)	865,887	890,196	885,969	901,070
Net assets (Millions of yen)	274,900	284,752	290,330	290,704

* From the fiscal year ended March 31, 2019, gain on bad debts recovered, which has previously been recorded under "non-operating income", is recorded under "revenue" (*1). Also, "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ), Guidance No. 28, February 16, 2018), etc. has been applied (*2). In line with these changes, the figures for the fiscal year ended March 31, 2018 are those retroactively reflected the change of such accounting policy.

(6) Major Subsidiaries of the Group

i. Major Subsidiaries of the Group

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

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

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

Company Name	Address	Total Amount of Book Value	Total Assets of the Company
		(Millions of yen)	(Millions of yen)
MARUI CO., LTD.	3-2, Nakano 4-chome, Nakano-ku, Tokyo	222,619	751,539

(7) Lines of Business of the Group

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

(8) Major Business Hubs

i. Head Office

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

ii. Stores

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

(9) Matters concerning Employees

Business Category	Number of Employees	Comparison with the Previous Fiscal Year End
	(Number of Person)	(Number of Person)
Retailing segment	2,889	278 (decrease)
FinTech segment	1,593	3 (decrease)
Corporate (Common functions)	373	6 (increase)
Total	4,855	275 (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 1,487.
2. Corporate (Common functions) refers to corporate management departments and others that cannot be included in any specific segment.

(10) Main Loan Lenders

Lenders	Outstanding Balance
	(Millions of yen)
Syndicated loan	135,000
MUFG Bank, Ltd.	95,000
Sumitomo Mitsui Banking Corporation	50,000
Development Bank of Japan Inc.	22,000
Mizuho Bank, Ltd.	17,300
Sumitomo Mitsui Trust Bank, Limited	10,000

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

2. Matters concerning the Shares of the Group

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

(2) Number of Shares Issued and Outstanding: 223,660,417 shares (including 8,704,095 shares of treasury stock)

(3) Number of Shareholders: 34,450 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)	35,329	16.4
Custody Bank of Japan, Ltd. (Trust Account)	17,443	8.1
MISAKI ENGAGEMENT MASTER FUND	6,911	3.2
Aoi Real Estate Company	6,019	2.8
MUFG Bank, Ltd.	5,808	2.7
Custody Bank of Japan, Ltd. (Trust Account 7)	4,955	2.3
Toho Co., Ltd.	3,779	1.8
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	3,404	1.6
Aoi Scholarship Foundation	3,247	1.5
JPMorgan Chase Bank 385781	3,095	1.4

Notes: 1. The Company holds 8,704 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 8,704 thousand shares.
3. The calculation for the percentage of shareholding includes 545 thousand shares held by the Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

3. Matters concerning Officers of the Group

(1) Names of Directors and Audit & Supervisory Board Members of the Group (As of March 31, 2021)

Name	Position	Position in Charge and Important Position of Other Organizations Concurrently Assumed
Hiroshi Aoi	President and Representative Director, Representative Executive Officer, CEO	
Etsuko Okajima	Director	President & CEO, ProNova Inc. Director, euglena Co., Ltd.
Yoshitaka Taguchi	Director	President and Chief Operating Officer, Seino Holdings Co., Ltd.
Masahiro Muroi	Director	External Director, Ryoden Corporation Audit & Supervisory Board Member, The Norinchukin Bank
Masao Nakamura	Director and Senior Managing Executive Officer	In charge of Retailing Business, Corporate Planning, and Customer Success
Hirotsugu Kato	Director and Managing Executive Officer	CFO, General Manager, IR Department In charge of Finance, Sustainability and ESG Promotion
Masahisa Aoki	Director and Senior Executive Officer	General Manager, Co-Creative Investment Department
Yuko Ito	Director and Executive Officer	General Manager, Group Design Center and Construction Department Managing Director, AIM CREATE CO., LTD.
Hitoshi Kawai	Audit & Supervisory Board Member (Full time)	
Nariaki Fuse	Audit & Supervisory Board Member (Full time)	
Takehiko Takagi	Audit & Supervisory Board Member	Tax Accountant
Yoko Suzuki	Audit & Supervisory Board Member	Attorney Partner, Suzuki Sogo Law Office Auditor, Research Institute of Economy, Trade and Industry Member of the Board, Bridgestone Corporation Outside Director and Audit & Supervisory Board Member, Nippon Pigment Co.,Ltd. Auditor, Hitotsubashi University Collaboration Center

Notes:
1. Audit & Supervisory Board Member, Mr. Tadashi Ooe retired from his post at the expiration of his term of office at the close of the 84th Ordinary General Meeting of Shareholders held in June 2020.
2. Audit & Supervisory Board Member, Mr. Hideaki Fujizuka retired from his post due to resignation at the close of the 84th Ordinary General Meeting of Shareholders held in June 2020.
3. Directors, Ms. Etsuko Okajima, Mr. Yoshitaka Taguchi and Mr. Masahiro Muroi are External Directors. The Group has submitted a notification to Tokyo Stock Exchange, Inc. designating them as independent directors.

4. Audit & Supervisory Board Members, Mr. Takehiko Takagi and Ms. Yoko Suzuki are External Audit & Supervisory Board Members. The Group has submitted a notification to Tokyo Stock Exchange, Inc. designating them as independent audit & supervisory board members.
5. The Group has no special relations with entities in which Directors Ms. Etsuko Okajima and Mr. Masahiro Muroi and Audit & Supervisory Board Members Mr. Takehiko Takagi and Ms. Yoko Suzuki concurrently assume office.
6. Mr. Yoshitaka Taguchi concurrently serves as Representative Director of Seino Holdings Co., Ltd. A subsidiary of the Company recorded 22 million yen of commission fee for instore delivery services, etc., received from two subsidiaries of the said company (Seino Transportation Co., Ltd. and another company) for the most recent fiscal year. The amount accounted for 0.01% of the total consolidated operating revenue of the Company, and therefore he satisfies the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company.
7. Director, Ms. Etsuko Okajima's name on the family register is Ms. Etsuko Mino.
8. Audit & Supervisory Board Member, Mr. Takehiko Takagi is a certified public tax accountant and has an appreciable extent of knowledge in finance and accounting.
9. Audit & Supervisory Board Member, Ms. Yoko Suzuki is a qualified attorney and well-versed in corporate law.
10. Director, Ms. Etsuko Okajima retired from her post as Outside Director of euglena Co., Ltd. as of December 18, 2020 and assumed office as Director of euglena Co., Ltd. on the same day.
11. Audit & Supervisory Board Member, Mr. Takehiko Takagi retired from his post as External Audit & Supervisory Board Member of KAWADA TECHNOLOGIES, Inc. as of June 26, 2020.
12. Director, Masahisa Aoki resigned from his post as President and Representative Director of MARUI CO., LTD. on July 1, 2020.
13. There were changes in Directors' positions, duties and important concurrent offices as of April 1, 2021.

Name	Previous	Present
Masao Nakamura	Director and Senior Managing Executive Officer In charge of Retailing Business In charge of Corporate Planning and Customer Success	Director and Senior Managing Executive Officer CSO In charge of Corporate Planning and Real Estate Business President and Representative Director, MARUI HOME SERVICE Co., Ltd. President and Representative Director, MARUI HOME SERVICE MANAGEMENT Co., Ltd.
Hirotsugu Kato	Director and Managing Executive Officer CFO General Manager, IR Department In charge of Finance, Sustainability, and ESG Promotion	Director and Managing Executive Officer CFO In charge of IR, Finance, Sustainability, and ESG Promotion

(Reference)
Executive Officers (excluding those who concurrently serve as Director) are as follows. (As of April 1, 2021)

Name	Position	Position in Charge
Motohiko Sato	Vice-President, Executive Officer	Director, M&C SYSTEMS CO., LTD.
Tomoo Ishii	Senior Managing Executive Officer	CHO In charge of General Affairs, Personnel and Wellness Promotion
Yoshinori Saito	Managing Executive Officer	In charge of FinTech Business President and Representative Director, Epos Card Co., Ltd.
Masahiro Aono	Senior Executive Officer	In charge of Retailing Business President and Representative Director, MARUI CO., LTD.
Hajime Sasaki	Senior Executive Officer	In charge of Architecture President and Representative Director, AIM CREATE Co., Ltd.
Akikazu Aida	Executive Officer	CDO General Manager, Corporate Planning Division and Customer Success Department
Yoshiaki Kogure	Executive Officer	In charge of Audit
Mayuki Igayama	Executive Officer	President and Representative Director, MOVING CO., LTD.
Junko Tsuda	Executive Officer	Director and General Manager, Sales Promotion Department, Epos Card Co., Ltd.
Miyuki Kawara	Executive Officer	Director and Store Manager, Kitasenju Marui, MARUI CO., LTD.
Tatsuo Niitsu	Executive Officer	Director and General Manager, E-Commerce Business Department, MARUI CO., LTD.
Takeshi Ebihara	Executive Officer	CIO President and Representative Director, M&C SYSTEMS CO., LTD.
Reiko Kojima	Executive Officer	General Manager, Wellness Promotion Division

(Note) There were some changes in position in charge as of May 12, 2021.

Tomoo Ishii: CHRO (Chief Human Resource Officer), In charge of General Affairs, Personnel and Wellness Promotion

Reiko Kojima: CWO (Chief Well-being Officer), General Manager, Wellness Promotion Division

(2) 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, 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)
    Yoshitaka Taguchi (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

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

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

<Performance-linked stock-based compensation for Directors>
The maximum limit of compensation (the maximum limit of money to be contributed to a trust) is the amount of 200 million yen per fiscal year multiplied by the number of applicable years, and for the two fiscal years of the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021, the value was 400 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 two-year period encompassing the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021 shall be 200,000 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.

<table>
<tr><th rowspan="2">Category</th><th rowspan="2">Number of Persons Subject to Payment</th><th colspan="3">Total Amount of Compensation by Type</th><th rowspan="2">Total Amount of Compensation</th></tr>
<tr><th>Basic Compensation</th><th>Performance-linked Bonus</th><th>Performance-linked Stock-based Compensation</th></tr>
<tr><td></td><td>(People)</td><td>(Millions of yen)</td><td>(Millions of yen)</td><td>(Millions of yen)</td><td>(Millions of yen)</td></tr>
<tr><td>Director
(External Director)</td><td>8
(3)</td><td>178
(37)</td><td>0
(−)</td><td>7
(−)</td><td>186
(37)</td></tr>
<tr><td>Audit & Supervisory Board Member
(External Audit & Supervisory Board Member)</td><td>6
(3)</td><td>51
(16)</td><td>−
(−)</td><td>−
(−)</td><td>51
(16)</td></tr>
<tr><td>Total</td><td>14</td><td>230</td><td>0</td><td>7</td><td>237</td></tr>
</table>

Notes: 1. The number of Directors and Audit & Supervisory Board Members at the end of the fiscal year under review is eight (8) 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 84th Ordinary General Meeting of Shareholders held in June 2020.

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 Compensation

<table>
<tr><th></th><th colspan="2">Target indicator</th><th>Target</th><th>Results</th></tr>
<tr><td>Performance-linked bonus</td><td colspan="2">EPS</td><td>¥130.00</td><td>¥10.86</td></tr>
<tr><td rowspan="4">Performance-linked stock-based compensation</td><td rowspan="3">Financial indicators</td><td>EPS</td><td>¥130 or more</td><td>¥10.86</td></tr>
<tr><td>ROE</td><td>10.0% or more</td><td>0.8%</td></tr>
<tr><td>ROIC</td><td>4.0% or more</td><td>1.4%</td></tr>
<tr><td>Non-financial indicators</td><td>ESG indicators</td><td>Inclusion in DJSI World</td><td>Selected</td></tr>
</table>

(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. 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) Information on External Officers

i. Principal Activities of External Directors

Name	Principal Activities of External Directors
Etsuko Okajima	Attended all 9 meetings of the Board of Directors held during the fiscal year under review. Raised questions and gave advice from an independent, objective position based on her experience in corporate management and extensive insight, and, as necessary, expressed her opinions in a timely and appropriate manner. With deep knowledge concerning diversity and development of next-generation leaders, participated in the Company's initiatives for development of the next generation of leaders.
Yoshitaka Taguchi	Attended all 9 meetings of the Board of Directors held during the fiscal year under review. Raised questions and gave advice from an independent, objective position based on his ample experience in longstanding corporate management and extensive insight, and, as necessary, expressed his opinions in a timely and appropriate manner.
Masahiro Muroi	Attended all 9 meetings of the Board of Directors held during the fiscal year under review. Raised questions and gave advice from an independent, objective position based on his experience in leading reform of corporate governance as corporate manager as well as ample knowledge of advanced technologies and digital fields, and, as necessary, expressed his opinions in a timely and appropriate manner.

ii. Principal Activities of External Audit & Supervisory Board Members

Name	Principal Activities of External Audit & Supervisory Board Members
Takehiko Takagi	Attended all 9 meetings of the Board of Directors and all 16 meetings of the Audit & Supervisory Board held during the fiscal year under review. Expressed his opinions in a timely and appropriate manner based mainly on his professional knowledge as a certified public tax accountant. In addition, held meetings periodically with the Representative Director; exchanged opinions regarding risks confronting the Company, major issues related to the audit of the Company, and other matters; and is working to deepen mutual understanding and trust.
Yoko Suzuki	Attended 7 of 8 meetings of the Board of Directors and 11 of 12 meetings of the Audit & Supervisory Board held after her appointment at the 84th Ordinary General Meeting of Shareholders. Expressed her opinions in a timely and appropriate manner based mainly on her professional knowledge as an attorney. In addition, held meetings periodically with the Representative Director; exchanged opinions regarding risks confronting the Company, major issues related to the audit of the Company, and other matters; and is working to deepen mutual understanding and trust.

iii. Outline of the Content of Liability Limitation Contracts

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

4. Matters concerning Accounting Auditor

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

(2) Compensation, etc. to the Accounting Auditor

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

2. Total cash and other Compensation to be paid by the Company and its subsidiaries to the accounting auditor: 139 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. The Nomination and Compensation Committee which consists of three (3) or more members, at least two (2) of which are, in principle, External Directors, shall be established to enhance the transparency and objectivity in appointing Directors and Executive Officers with titles and determining compensation for Directors and Executive Officers.
f. The Sustainability Committee shall be established as an advisory body to the Board of Directors for the purpose of promoting Co-creation Sustainability Management.

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 Environmental CSR Promotion Subcommittee as well as the Public Relations IR Committee, Internal Control 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 Sustainability Committee (supervision of the Environment CSR Promotion Subcommittee) and the Compliance Promotion Board (supervision of 5 Committees), 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 Sustainability Committee, the Compliance Promotion Board, the 1 Subcommittee and the 5 Committees, the Group shall confirm the latest control status of each Group company, and maintain an appropriate system.
c. Reporting system for the important decisions of subsidiaries to the Company shall be determined in accordance with the authorization rules of the Group.
d. The cooperation of Audit & Supervisory Board Members from each group company and the Internal Control Department shall be strengthened to further promote the establishment of an audit system for ensuring proper transactions and accounting treatments.
e. The Group shall refuse any unwarranted demands and disassociate from anti-social bodies, which threaten social order and safety, and strengthen the ties with external specialists, such as the police and lawyers, to establish system to eradicate anti-social bodies.

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

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

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

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

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

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

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

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

○ **Status of Operation of the Systems**

i. Overall internal control system

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

ii. Compliance system

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

iii. Risk management system

a. The Group has the Subcommittee and Committees for each area to manage high-risk areas for business operation. The Group promotes efficient control of risks through the 1 Subcommittee (the Environment CSR Promotion Subcommittee) and the 5 Committees (Public Relations IR Committee, Internal Control

Committee, Information Security Committee, Safety Control Committee and Insider Trading Prevention Committee).

b. The Group holds meetings of the Sustainability Committee which supervises activities of the Environment CSR Promotion Subcommittee and the Compliance Promotion Board which supervises activities of the 5 Committees, and recognizes the status of risk control of each group company. In the fiscal year under review, the Group held meetings of the Sustainability Committee and the Compliance Promotion Board twice respectively.

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 nine (9) 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 21 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, 2021)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**623,787**	**Current liabilities**	**220,860**
Cash and deposits	41,190	Accounts payable-trade	8,105
Notes and accounts receivable-trade	4,903	Short-term loans payable	99,380
Accounts receivable-installment	426,668	Current portion of bonds	30,000
Operating loans	118,039	Income taxes payable	6,310
Merchandise	3,111	Provision for bonuses	3,333
Other	46,296	Provision for point card certificates	23,577
Allowance for doubtful accounts	(16,423)	Provision for stock benefits	84
		Reserve for loss from redemption of gift certificates	152
Noncurrent assets	**277,283**	Other	49,918
Property, plant and equipment	**172,950**	**Noncurrent liabilities**	**389,505**
Buildings and structures	60,540	Bonds payable	80,000
Land	103,542	Long-term loans payable	275,200
Construction in progress	486	Deferred tax liabilities	135
Other	8,380	Provision for loss on interest repayment	22,810
		Provision for loss on guarantees	128
Intangible assets	**10,149**	Asset retirement obligations	1,101
Software	7,796	Other	10,129
Other	2,352	**Total liabilities**	**610,366**
		Net Assets	
Investments and other assets	**94,183**	**Shareholders' equity**	**280,765**
Investment securities	42,144	**Capital stock**	**35,920**
Guarantee deposits	27,583	**Capital surplus**	**91,760**
Deferred tax assets	18,176	**Retained earnings**	**172,747**
Other	6,278	**Treasury stock**	**(19,662)**
		Accumulated other comprehensive income	**9,417**
		Valuation difference on available-for-sale securities	**9,417**
		Deferred gains or losses on hedges	**0**
		Non-controlling interests	**520**
		Total net assets	**290,704**
Total assets	**901,070**	**Total liabilities and net assets**	**901,070**

(English Translation)

Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Item	Amount	
Revenue		**220,832**
Cost of sales		42,499
Gross profit		178,332
Selling, general and administrative expenses		163,022
Operating income		**15,310**
Non-operating income		
Dividends income	265	
Employment adjustment subsidies	615	
Other	374	1,255
Non-operating expenses		
Interest expenses	1,243	
Other	714	1,958
Ordinary income		**14,607**
Extraordinary income		
Gain on sales of investment securities	2,539	
Employment adjustment subsidies	878	3,418
Extraordinary loss		
Loss on retirement of non-current assets	1,574	
Impairment loss	233	
Loss on valuation of investment securities	3,110	
Infection-related expenses	7,746	
Other	260	12,924
Income before income taxes		**5,101**
Income taxes-current	12,527	
Income taxes-deferred	(9,684)	2,843
Net income		**2,257**
Net loss attributable to non-controlling interests		(69)
Net income attributable to owners of parent		**2,327**

Consolidated Statement of Changes in Net Assets
(From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2020	**35,920**	**91,824**	**180,522**	**(19,661)**	**288,606**
Changes in the fiscal year:					
Dividends			(10,102)		(10,102)
Net income attributable to owners of parent			2,327		2,327
Acquisition of treasury stock				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests		(63)			(63)
Changes in items other than shareholders' equity-net					
Total changes in the fiscal year	–	**(63)**	**(7,775)**	**(1)**	**(7,840)**
Balance as of March 31, 2021	**35,920**	**91,760**	**172,747**	**(19,662)**	**280,765**

(Millions of yen)

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance as of April 1, 2020	**1,185**	**(0)**	**1,185**	**538**	**290,330**
Changes in the fiscal year:					
Dividends				(11)	(10,114)
Net income attributable to owners of parent					2,327
Acquisition of treasury stock					(1)
Change in ownership interest of parent due to transactions with non-controlling interests					(63)
Changes in items other than shareholders' equity-net	8,232	0	8,232	(5)	8,226
Total changes in the fiscal year	**8,232**	**0**	**8,232**	**(17)**	**374**
Balance as of March 31, 2021	**9,417**	**0**	**9,417**	**520**	**290,704**

Notes to Consolidated Financial Statements

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

(1) Scope of consolidation

i) Number of consolidated subsidiaries: 9

Names of principal consolidated subsidiaries:

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

ii) Names of major non-consolidated subsidiaries:

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

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

The eight 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 eight non-consolidated subsidiaries and the following six 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

Available-for-sale securities for which fair values are available are valued at the quoted market price prevailing at the end of each consolidated fiscal year (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). Available-for-sale securities for which fair values are not available are mainly stated at cost using the moving-average method.

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

ii) Method of depreciation and amortization of significant depreciable assets

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

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

(b) Intangible assets (excluding lease assets)

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

(c) Lease assets

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

iii) Basis for recognizing significant allowances and provisions

(a) Allowance for doubtful accounts

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

(b) Provision for bonuses

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

(c) Provision for point card certificates

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

(d) Reserve for loss from redemption of gift certificates

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

(e) Provision for loss on interest repayment

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

(f) Provision for loss on guarantees

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

(g) Provision for stock benefits

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

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

(a) Basis for recognizing revenues and expenses

Financial charges earned on installment sales and consumer loan interest income are recognized on an accrual basis by the method of charging on the declining balance of loans.

(b) Accounting treatment of consumption taxes

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 11 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 683 million yen and the number of shares is 347,750 shares as of March 31, 2021.

(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 345 million yen, and the number of shares is 197,434 shares as of March 31, 2021.

(Accounting treatment following the application of the consolidated taxation system)
During the current consolidated fiscal year, the Company and some consolidated subsidiaries made an application to adopt the consolidated taxation system, and will apply the consolidated taxation system from the following consolidated fiscal year. Accordingly, from the current consolidated fiscal year, accounting treatments were introduced assuming the application of the consolidated taxation system, based on "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)" (PITF No. 5, January 16, 2015) and "Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)" (PITF No. 7, January 16, 2015).
Additionally, for transition to the group tax sharing system established by the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8 of 2020) and items for which revisions to the non-consolidated taxation system were made in line with the transition to the group tax sharing system, the stipulations of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) have not been applied in accordance with Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020). As a result, amounts for deferred tax assets and deferred tax liabilities are based on the stipulations of taxation laws prior to revision.

2. Notes to Changes in Representation Methods
(Application of "Accounting Standard for Disclosure of Accounting Estimates")
"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the consolidated financial statements for the end of the current consolidated fiscal year, and Notes to Accounting Estimates are included in turn.

3. Notes to Accounting Estimates
Of the amounts recorded on the consolidated financial statements for the current consolidated fiscal year that are accounting estimates, items which may pose a significant risk to the consolidated financial statements for the following consolidated fiscal year are as follows.
Additionally, the Group believes that possible effects that the spread of COVID-19 may have on the Group may primarily include temporary closures and reduced operating hours at Marui and Modi stores owing to declarations of states of emergency, declines in store profitability owing to restrained consumer outings and consumer confidence, and delays in recovery in card shopping transactions. The Group assumes that these effects and a recovery to previous business results foundations will continue for a certain amount of time when making accounting estimates.

(1) Valuation of unlisted stocks

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

The amount recorded on the consolidated balance sheet for unlisted stocks excluding unconsolidated subsidiaries and investments in limited liability companies, etc., is 13,219 million yen for 52 issuances.

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

As the Group seeks to transition its business model, it has been investing in startups that have the possibility of future business cooperation. A significant majority of these investments are composed of unlisted stocks and investments in limited liability companies (hereinafter the “Unlisted Stocks, etc.”) and are included in “investment securities” on the consolidated balance sheet. Additionally, Unlisted Stocks, etc., are securities for which the market values are considered extremely difficult to determine under ASBJ Statement No. 10, “Accounting Standard for Financial Instruments,” and as such, the amount on the consolidated balance sheet is the acquisition cost.

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 owing to factors including failure to meet results forecasts that were set at the time of acquisition for longer than a certain period of time with respect to unlisted stocks, etc., that were acquired in consideration of excess earnings power. 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.

When impairments are implemented, the difference between the actual price and acquisition cost are recorded as loss on valuation of investment securities.

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 historical growth rates in net sales and operating profit margins 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, 5,131 million yen for 20 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:	1,342 million yen
Impairment loss:	233 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:	4,263 million yen

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

Amount of book value of noncurrent assets:	755 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 uses each store as a basic unit of measurement, with this measurement also acting as the minimum unit that creates cash flows with respect to noncurrent asset grouping. The Company recognizes events that indicate possibility of impairment (hereinafter the “Impairment Signs”) if the assets or asset groups of each store (hereinafter the "Store Noncurrent Assets") used "either have continuous losses from operating activities or are projected to have continuous losses," or "there are changes that will significantly decrease the amount of possible collectability concerning the usage scope or method," etc. Additionally, the Company considers the operating activities of each store to include not only profits and losses from retail sales, but the issuance of EPOS cards, which serves as the source for generating profits and losses in FinTech. As such, concerning profits and losses from operating activities that use Store Noncurrent Assets that are used in determining the existence of Impairment Signs, the Company uses the sum of (i) the retail operating profits and losses of each store, and (ii) as profits and losses that have an effect on FinTech through the card issuances at each store, the product of historical FinTech profits and losses generated by EPOS card issuances at each store and the proportion of EPOS cards that will no longer be used after store closing based on historical results of past store closures.

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

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

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

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

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

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

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

(3) Estimates for allowance for doubtful accounts

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

Allowance for doubtful accounts: 16,423 million yen

Provision of allowance for doubtful accounts (Selling, general and administrative expenses): 15,590 million yen

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

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

iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year
As of the end of the current consolidated fiscal year, the Company has assumed that the spread of COVID-19 and the effects of sluggish economic activity in its wake will continue for a certain period of time. Under this assumption, to prepare for losses arising from these effects, the Company estimates the future uncollectible amounts utilizing a doubtful account ratio calculated based on recent default rates that can be estimated to have credit risks that are extremely similar.

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: 22,810 million yen
Provision for loss on interest repayment (Selling, general and administrative expenses):
23,170 million yen

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

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

iv) Effect on the consolidated financial statements for the following consolidated fiscal year
Owing to the nature of provision for loss on interest repayment as recording the expected amount of future repayment as a lump sum, forecasts must be made for long periods of time, which in turn introduces uncertainties to estimates. Additionally, the Company cannot deny that it is possible that estimates for future repayment amounts may increase or decrease owing to changes in the social environment stemming from COVID-19, etc. As a result, depending on the state of occurrence of

interest repayments in the following fiscal year onward, there may be additional recording of provisions or the occurrence of reversals.

(5) Collectability of deferred tax assets

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

Deferred tax assets: 18,176 million yen

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

Deferred tax assets are calculated based on the “Accounting Standard for Tax Effect Accounting,” etc. Additionally, the Company and some consolidated subsidiaries made an application to adopt the consolidated taxation system, and the consolidated taxation system will be applied from the following consolidated fiscal year. Accordingly, from the current consolidated fiscal year, accounting treatments were introduced assuming the application of the consolidated taxation system, based on “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (PITF No. 5, January 16, 2015) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (PITF No. 7, January 16, 2015).

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

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

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

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

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

4. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	216,172 million yen
(2) Guarantee liabilities	
Loan guarantees for personal loans offered by financial institutions	16,742 million yen
(3) Balance of securitized receivables	182,202 million yen
(4) Accumulated reduction entry excluded national subsidy from acquisition costs of property, plant and equipment	66 million yen

5. Notes to Consolidated Statement of Income

(1) Impairment loss

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

(Unit: Millions of yen)

Purpose	Location	Type	Amount
Stores	Shizuoka Marui Shizuoka-shi, Shizuoka	Building and structure Other	228 4
Total			233

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

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

(2) Infection-related expenses

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

6. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and number of shares issued

Share Class	Number of Shares as of April 1, 2020	Increase in Shares in the Fiscal Year	Decrease in Shares in the Fiscal Year	Number of Shares as of March 31, 2021
Common stock	223,660,417 shares	–	–	223,660,417 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 29, 2020	Common stock	4,729	22	March 31, 2020	June 30, 2020
Board of Directors Meeting on November 12, 2020	Common stock	5,373	25	September 30, 2020	December 4, 2020

Notes: 1. Total amount of dividend resolved by the Ordinary General Meeting of Shareholders on June 29, 2020 includes 11 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 12, 2020 includes 13 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 25, 2021	Common stock	5,588	Retained earnings	26	March 31, 2021	June 28, 2021

Note: Total amount of dividend to be resolved by the Ordinary General Meeting of Shareholders on June 25, 2021 includes 14 million yen of dividends from the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

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

Not applicable

7. Notes to Financial Instruments

(1) Matters concerning the status of financial instruments

i) Policies concerning financial instruments

- The Group is a corporate group that provides diverse life cycles for customers in a wide range of age groups through its integrated operation of retailing and FinTech. In FinTech, due to the growth of transaction volume in card shopping 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 aims to build a new business model integrating Retailing and FinTech with "Co-Creative Investment." 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 shopping transactions and cash advances. For such receivables, if a customer does not fulfill their obligations in line with the contract, there are credit risks such as payments in arrears and doubtful accounts. To deal with such risk, the Group strives to lower risk by implementing credit investigations and credit controls on a case-by-case basis, utilizing both credit information from external personal credit information bureaus and the Group's own credit system, in accordance with credit control regulations.
- Concerning fund procurement, in the case of a turmoil in the financial market, a substantial deterioration of the Group's business performance, or a rapid decline in creditworthiness, fund procurement may be constrained. There are liquidity risks where sufficient funds cannot be procured, resulting in scenarios such as insufficient funds in the Group's businesses and failure to fulfill repayments and redemptions of loans and corporate bonds, etc. on time. In addition, as fund procurement interest rates fluctuate depending on the market environment or other factors, there are interest volatility risks such as procurement costs sharply rising depending on such trends.
  The FinTech segment is expected to grow and risks concerning fund procurement will also rise as demand for funds continues to increase in the future. Amid this situation, the Group employs the following measures from the perspective of "security" and "cost."
- Regarding interest-bearing debt, considering the decline in security due to an increase in debts, the Group's policy is to maintain a level of interest-bearing debt of around 90% of operating receivables.
- The Group is diversifying fund procurement methods by indirectly procuring funds from financial institutions and directly procuring funds through issuance of corporate bonds and commercial paper, as well as liquidating operating receivables, while utilizing these procurement methods in a balanced manner.
- In order to cope with refinancing risk, the Group maintains consistent annual repayment and redemption levels by controlling procurement periods. A backup system has been established by executing commitment line contracts and establishing overdraft facilities with financial institutions for such amounts.
- As for interest rates for fund procurement, the Group controls a sharp increase in procurement costs due to the fluctuations in market interest rates by maintaining a certain rate for the composition of fixed interest at 50% to 60%.
- Investment securities consist mostly of shares of companies with which the Group has business

relationships and shares of growth companies which are acquired through "co-creative investment." There are credit risks associated with the issuers as well as market risks due to fluctuations in market prices. Concerning "co-creative investment," the Group makes investment decisions after checking profitability including not only financial returns but also cooperative returns to be generated from cooperation with the Group. In addition, while acquiring information on market prices and the financial status of investees on a regular basis, shareholdings for which the strategic significance has been diminished will be sold in a phased manner to reduce risks by taking into account the business relationship with the investees.

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

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

(2) Fair value, etc. of financial instruments

Carrying amount in the consolidated balance sheets, fair value and net unrealized gain/loss of financial instruments as of March 31, 2021 are shown in the table below.

(Millions of yen)

	Consolidated Balance Sheets Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Cash and deposits	41,190	41,190	—
(2) Notes and accounts receivable-trade	4,903	4,903	—
(3) Accounts receivable-installment	426,668		
Allowance for doubtful accounts	(12,054)		
	414,614	449,844	35,229
(4) Operating loans	118,039		
Allowance for doubtful accounts	(3,277)		
	114,762	123,849	9,087
(5) Investment securities			
Other securities	24,832	24,832	—
(6) Guarantee deposits	3,294	3,316	21
Total assets	603,598	647,937	44,339
(1) Accounts payable-trade	8,105	8,105	—
(2) Short-term loans payable	99,380	99,380	—
(3) Current portion of bonds	30,000	30,000	—
(4) Income taxes payable	6,310	6,310	—
(5) Bonds payable	80,000	79,762	(237)
(6) Long-term loans payable	275,200	275,513	313
Total liabilities	498,995	499,071	75

Notes: 1. Method of determining the fair value of financial instruments, and matters concerning securities.

Assets

(1) Cash and deposits and (2) Notes and accounts receivable-trade

For those items that are settled within short periods of time, the carrying amount is used as fair value because their fair value approximates their carrying amounts.

(3) Accounts receivable-installment and (4) Operating loans

Fair value of these items 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. With respect to receivables with default possibility, the unrecoverable amount is estimated based on the present value of their estimated future cash flows. Their fair value thus is very close to the balance sheets amount at the end of the consolidated fiscal year under review less the estimated unrecoverable amount. This amount is therefore used as the fair value.

(5) Investment securities

Investment securities are measured at their quoted prices on the stock exchange.

(6) Guarantee deposits

Fair value of guarantee deposits is determined at the present value of their future cash flows, discounted at a rate that equals the risk free rate, adjusted for credit risks.

Guarantee deposits that are expected to be repaid within one year are included.

Liabilities

(1) Accounts payable-trade, (2) Short-term loans payable, (3) Current portion of bonds, and (4) Income taxes payable

These items are stated at their carrying amounts as they are settled within a short period of time and their fair values approximate their carrying amounts.

(5) Bonds payable

Each bond 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.

(6) Long-term loans payable

Long-term loans payable with variable rates are stated at their carrying amounts 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.

2. As it is extremely difficult to determine the fair value of non-publicly traded stocks (in the amount of 12,670 million yen on the consolidated balance sheets), investments in capital of limited liability companies (in the amount of 274 million yen on the consolidated balance sheets), investments in capital of investment limited partners (in the amount of 3,266 million yen on the consolidated balance sheet) and non-publicly traded bonds (in the amount of 1,099 million yen on the consolidated balance sheets) for which no market prices are available and the future cash flows cannot be estimated, they are not included in item (5) Investment securities above.

   As it is also extremely difficult to determine the fair value of part of the lease deposits (in the amount of 26,274 million yen on the consolidated balance sheets) for which no market prices are available and the future cash flows cannot be estimated, they are not included in item (6) Guarantee deposits.

8. Notes to Real Estate for Rent and Others

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

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

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

(Millions of yen)

Consolidated Balance Sheets Carrying Amount	Fair Value
132,202	291,765

Notes:
1. The amount shown in the consolidated balance sheets equals the cost less accumulated depreciation and accumulated impairment loss.
2. Fair value at the end of the consolidated fiscal year under review is an amount based primarily on real-estate appraisals including index-based adjustments by licensed outside real estate appraisers.

9. Notes to Per Share Information

(1) Net assets per share	1,353.40 yen
(2) Net income per share	10.86 yen

10. 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, 2021)

(Millions of yen)

Item	Amount	Item	Amount
Assets		**Liabilities**	
Current assets	**327,515**	**Current liabilities**	**188,125**
Cash and deposits	26,176	Short-term loans payable	97,700
Short-term loans receivable from subsidiaries and affiliates	298,077	Current portion of bonds	30,000
Other	3,294	Short-term loans payable to subsidiaries and affiliates	58,665
Allowance for doubtful accounts	(32)	Accounts payable-other	461
		Accrued expenses	468
Noncurrent assets	**424,024**	Income taxes payable	238
Property, plant and equipment	**1,369**	Deposits received	190
Buildings	14	Provision for bonuses	309
Structures	1	Provision for stock benefits	54
Vehicles	13	Other	37
Furniture and fixtures	1,325	**Noncurrent liabilities**	**355,267**
Construction in progress	14	Bonds payable	80,000
Intangible assets	**62**	Long-term loans payable	275,200
		Other	67
Investments and other assets	**422,591**	**Total liabilities**	**543,392**
Investment securities	36,837	**Net Assets**	
Stocks of subsidiaries and affiliates	382,414	**Shareholders' equity**	**198,668**
Investments in capital of subsidiaries and affiliates	65	**Capital stock**	**35,920**
Deferred tax assets	2,994	**Capital surplus**	**91,307**
Other	279	Legal capital surplus	91,307
		Retained earnings	**91,102**
		Legal retained earnings	8,980
		Other retained earnings	82,122
		Reserve for promoting open innovation	520
		Retained earnings brought forward	81,601
		Treasury stock	**(19,662)**
		Valuation and translation adjustments	**9,479**
		Valuation difference on available-for-sale securities	**9,479**
		Total net assets	**208,147**
Total assets	**751,539**	**Total liabilities and net assets**	**751,539**

(English Translation)

Non-Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Item	Amount	
Operating revenue		**21,202**
Operating expenses		7,105
Operating income		**14,097**
Non-operating income		
Interest income	1,963	
Dividend income	255	
Other	151	2,371
Non-operating expenses		
Interest expenses	1,176	
Loss on investments in investment partnerships	167	
Other	319	1,662
Ordinary income		**14,805**
Extraordinary income		
Gain on sales of investment securities	1,912	1,912
Extraordinary loss		
Loss on valuation of investment securities	3,110	
Other	68	3,179
Income before income taxes		**13,538**
Income taxes-current	1,009	
Income taxes-deferred	208	1,217
Net income		**12,321**

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Reserve for promoting open innovation	Other retained earnings: Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2020	**35,920**	**91,307**	–	**91,307**	**8,980**	–	**79,903**	**88,883**
Changes in the fiscal year:								
Dividends							(10,102)	(10,102)
Net income							12,321	12,321
Acquisition of treasury stock								
Transfer to reserve for promoting open innovation from retained earnings						520	(520)	–
Change in items other than shareholders' equity-net								
Total changes in the fiscal year	–	–	–	–	–	**520**	**1,698**	**2,218**
Balance as of March 31, 2021	**35,920**	**91,307**	–	**91,307**	**8,980**	**520**	**81,601**	**91,102**

(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, 2020	**(19,661)**	**196,451**	**948**	**948**	**197,399**
Changes in the fiscal year:					
Dividends		(10,102)			(10,102)
Net income		12,321			12,321
Acquisition of treasury stock	(1)	(1)			(1)
Transfer to reserve for promoting open innovation from retained earnings		–			–
Change in items other than shareholders' equity-net			8,530	8,530	8,530
Total changes in the fiscal year	**(1)**	**2,217**	**8,530**	**8,530**	**10,748**
Balance as of March 31, 2021	**(19,662)**	**198,668**	**9,479**	**9,479**	**208,147**

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.

Available-for-sale securities for which fair values are available are valued at the quoted market price prevailing at the end of each fiscal year (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). Available-for-sale securities for which fair values are not available are mainly stated at cost using the moving-average method. Investments in investment limited partnerships are stated at the net value of equities based on the most recent financial statement available prepared according to the financial reporting date specified in the respective partnership agreement.

(2) Method of depreciation and amortization of noncurrent assets

(a) Property, plant and equipment

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

(b) Intangible assets

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

(3) Basis for recognizing allowances and provisions

(a) Allowance for doubtful accounts

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

(b) Provision for bonuses

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

(c) Provision for stock benefits

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

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

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

(5) Additional information

(Officer Compensation BIP Trust)

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

(Stock Benefit ESOP Trust)

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

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

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

2. Notes to Changes in Representation Methods

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

"Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied from the non-consolidated financial statements for the end of the current fiscal year, and Notes to Accounting Estimates are included in turn.

3. Notes to Accounting Estimates

Valuation of unlisted stocks

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

The amount recorded on the non-consolidated balance sheet for unlisted stocks excluding unconsolidated subsidiaries and investments in limited liability companies, etc., is 13,119 million yen for 51 issuances.

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

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

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

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

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

Of the above, 5,131 million yen for 20 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	881 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	17,191 million yen
(3) Receivables and payables to subsidiaries and affiliates	
Short-term receivables	299,138 million yen
Short-term payables	58,869 million yen

5. Notes to Non-Consolidated Statement of Income

Transaction with subsidiaries and affiliates

Operating transactions	
Operating revenues	21,202 million yen
Operating expenses	1,080 million yen
Non-operating transactions	1,994 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, 2020	Increase in Shares in the Fiscal Year	Decrease in Shares in the Fiscal Year	Number of Shares as of March 31, 2021
Common stock	9,248,452 shares	827 shares	— shares	9,249,279 shares

Notes:
1. Shares of common stock held as treasury stock increased by 827 shares due to the purchase of shares in response to purchase demands for less than one unit.
2. The number of shares of common stock as of March 31, 2021 includes 545,184 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	7,238 million yen
Other	4,067 million yen
Sub-total	11,305 million yen
Valuation allowance	(3,902) million yen
Total	7,403 million yen
(Deferred tax liabilities)	
Reserve for promoting open innovation	229 million yen
Valuation difference on available-for-sale securities	4,180 million yen
Total	4,409 million yen
Net deferred tax assets	2,994 million yen

(English Translation)

8. Notes to Transactions with Related Parties

Subsidiaries, affiliates and other related parties

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

Type	Name	Transactions	Amount of Transactions (Millions of yen)	Account Item	Balance as of March 31, 2021 (Millions of yen)
Subsidiaries	MARUI CO., LTD.	Borrowing of funds *Note1	50,478	Short-term loans payable to subsidiaries and affiliates	45,282
		Business management fee *Note 2	1,721	–	–
	Epos Card Co., Ltd.	Lending of funds *Note1	324,293	Short-term loans receivable from subsidiaries and affiliates	295,407
		Business management fee *Note 2	3,939	–	–
		Receipt of interest	1,945	–	–

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.

9. Notes to Per-Share Information

(1) Net assets per share 970.79 yen

(2) Net income per share 57.47 yen

10. 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.

(Reference)

Notification of Resolution to Acquire Treasury Stock
(Acquisition of treasury stock pursuant to the Articles of Incorporation in accordance with the provisions of Article 165, Paragraph 2 of the Companies Act)

The Company resolved to acquire treasury stock pursuant to Article 156 of the Companies Act as applied mutatis mutandis in accordance with Article 165, Paragraph 3 of the Companies Act at the Board of Directors held on May 12, 2021.

1. Reasons for acquisition of treasury stock

Under the five-year medium-term management plan with the fiscal year ending March 31, 2026 as the final year, the Group will aim at further enhancement of corporate value through promotion of a new business model, consisting of the three business pillars: retailing, FinTech, and the newly added “future investment.” With regard to capital measures, while retailing has been stable along with the transition to fixed term rental contracts, the equity ratio still remains at a high level, and therefore the Group will review its balance sheet to maintain an equity ratio of around 25% as a target by redistributing surplus capital. The Group will also effectively utilize core operating cash flow generated over the five years, which will be allocated to growth investment including future investment, capital optimization, and shareholder returns. As part of initiatives for capital optimization, the Group will acquire treasury stock of 50.0 billion yen during the medium-term management plan and 30.0 billion yen during the fiscal year ending March 31, 2022. The following particulars have been resolved based on the above reasons.

2. Particulars of acquisition of treasury stock

(1) Type of shares to be acquired

- Common stock

(2) Total number of shares to be acquired

- Up to 18.00 million shares
  (8.40% of the total number of issued shares excluding treasury stock)

(3) Total amount of acquisition of shares

- Up to 30.0 billion yen

(4) Period of acquisition

- From May 13, 2021 to March 31, 2022

Major external evaluation related to ESG (From April 1, 2020 to March 31, 2021)

Being ranked as the World's top company in retailing, the MARUI GROUP was selected for inclusion in World Index for the third consecutive year

The MARUI GROUP was selected for inclusion in Three ESG Indexes utilized by the GPIF for the fourth consecutive year

The MARUI GROUP was awarded Gold Class of The Sustainability Yearbook 2021

The MARUI GROUP was selected for inclusion in the "S&P/JPX Carbon Efficient Index"

The MARUI GROUP was awarded CDP's "Climate Change A List" for the third consecutive year

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

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

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

(English Translation)