
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

May 29, 2019

3-2, Nakano 4-chome, Nakano-ku, Tokyo

MARUI GROUP CO., LTD.

Hiroshi Aoi

President and Representative Director

Notice of Convocation of the 83rd Ordinary General Meeting of Shareholders

Dear Shareholders:

You are cordially invited to attend the 83rd Ordinary General Meeting of Shareholders of MARUI GROUP CO., LTD. (the “Company”).

If you are unable to attend the aforesaid meeting, you can exercise your votes through either of the methods stated below. 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 19, 2019 (Wednesday).

GUIDANCE ON THE WAY TO EXERCISE THE VOTING RIGHTS:

[For those attending the General Meeting of Shareholders]

Please submit the Voting Rights Exercise Form enclosed herewith to the reception at the venue of the meeting. Furthermore, please be advised that persons other than the shareholders such as proxy who is not a shareholder and persons accompanying you shall not be able to enter the place of meeting.

[For those exercising voting rights by mail]

Please indicate on the Voting Rights Exercise Form enclosed herewith your consent or dissent to the proposals on the agenda, and return the form to the Company by mail on or before the deadline stated above.

[For those exercising voting rights via the Internet]

Please scan the QR code printed on the enclosed Voting Rights Exercise Form or access the website for the exercise of voting rights (<https://evote.tr.mufg.jp/>), and indicate whether you approve or disapprove the items on the agenda by following the instructions on the screen by the deadline stated above.

With respect to exercising voting rights via the Internet, the Company takes liberty to ask shareholders to confirm the Guidelines for the Exercise of Voting Rights via the Internet. *(Note: This paragraph intentionally omitted as the Internet voting service is only available in Japan in the Japanese language.)*

PARTICULARS

1. **Date and Time of the Meeting:** Thursday, June 20, 2019 at 10:00 a.m.
(Reception commences at 9:00 a.m.)
2. **Place of the Meeting:** 3rd Floor of the Head Office of MARUI GROUP CO., LTD.
at 3-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan
3. **Matters to be Addressed at the Meeting:**

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 83rd Fiscal Year (from April 1, 2018 to March 31, 2019).
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 Eight (8) Directors

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

Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

Proposal 5: Revision of Performance-Linked Stock Compensation Plan for Directors

Proposal 6: Election of Accounting Auditor

Guidance for Exercising Voting Rights:

- (1) In the event that a shareholder exercises voting rights both via return mail (Voting Rights Exercise Form) and the Internet, the Company will consider the exercise of voting rights via the Internet to be valid.
- (2) In the event that a shareholder exercises voting rights via the Internet more than once, the Company will consider the last exercise of voting rights to be valid.

- End -

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- 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 (<http://www.0101maruigroup.co.jp/>).

A message to all of our shareholders

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

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

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 “credibility should be built together with customers.”

Our corporate philosophy is to “continue evolving to better aid our customers” and we “equate the development of our people with the development of our company.” Based on this philosophy, we practice “Co-creation Sustainability Management” to co-create “happiness” of all of our stakeholders.

The Group’s “Co-creation Sustainability Management” aims to achieve harmony between, and expand “happiness” of, the six rings of stakeholders including customers, investors, business partners, communities and society, employees and future generations to build a sustainable society and global environment through our businesses.

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.

May 2019

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. The Company will endeavor to continuously increase the level of dividends according to long term growth in EPS (Earnings per share) to realize high growth coupled with high returns. The Company will gradually raise its target for the consolidated payout ratio from 40% with the aim for a consolidated payout ratio of approximately 55% by the fiscal year ending March 31, 2024 and implement ongoing, long-term dividend increases.

Based on the above basic policy, 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 23 yen per share which have been paid, the annual payment of dividends for the fiscal year under review shall be 49 yen per share, an increase of 11 yen per share compared with the previous fiscal year, which is the increase in dividends for seven (7) 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: 5,666,646,700 yen

- (3) Effective date for distribution of surplus: June 21, 2019

Proposal 2: Election of Eight (8) Directors

The term of office of all of the seven (7) Directors will resign from his office expire at the close of this General Meeting.

Director, Mr. Tomoo Ishii will resign from his office at the close of this General Meeting.

In order to further strengthen the management structure, the Company would like to propose to elect Eight (8) Directors, including two (2) new candidates for Directors.

The candidates for Directors are as follows:

Candidate Number	Name		Positions and Responsibilities at the Company	Attendance to the Meetings of the Board of Directors
1	Hiroshi Aoi	【Reappointment】	President and Representative Director, Group Representative Executive Officer, and CEO	10/10 100%
2	Etsuko Okajima	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	9/10 90%
3	Yoshitaka Taguchi	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	*8/8 100%
4	Masahiro Muroi	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	10/10 100%
5	Masao Nakamura	【Reappointment】	Director and Senior Managing Executive Officer Responsible for FinTech Business In charge of Corporate Planning, Real Estate Business and Customer Success	10/10 100%
6	Hirotsugu Kato	【Reappointment】	Director and Managing Executive Officer, CFO General Manager, IR Division In charge of Finance, Investment Research, Sustainability and ESG Promotion	10/10 100%
7	Masahisa Aoki	【New appointment】	Senior Executive Officer In charge of Anime Business	-
8	Yuko Ito	【New appointment】	Executive Officer General Manager, Group Design Center and Architecture Division	-

*Attendance to the Meetings of the Board of Directors for Mr. Yoshitaka Taguchi indicates the status after his assumption of office as Director on June 25, 2018.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
1	<p>Hiroshi Aoi (January 17, 1961) 【Reappointment】</p> <p>▶ Attendance to the Meetings of the Board of Directors: 10 out of 10 (100%)</p>	<p>Jul. 1986 Joined the Company</p> <p>Apr. 1991 Director, and General Manager, Sales Planning Headquarters</p> <p>Apr. 1995 Managing Director, Deputy General Manager, Sales Promotion Headquarters, and General Manager, Sales Planning Division</p> <p>Jan. 2001 Managing Director, and General Manager, Sales Promotion Headquarters</p> <p>Jun. 2004 Executive Vice President and Representative Director</p> <p>Apr. 2005 President and Representative Director</p> <p>Oct. 2006 President and Representative Director, and Group Representative Executive Officer</p> <p>Apr. 2019 President and Representative Director, Group Representative Executive Officer and CEO (Incumbent)</p> <hr/> <p>Reasons for nomination as a candidate for Director</p> <p>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.</p>	1,538,300

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	<p>Etsuko Okajima (May 16, 1966)</p> <p>【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】</p> <p>▶ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 5 years ▶ Attendance to the Meetings of the Board of Directors: 9 out of 10 (90%)</p>	<p>Apr. 1989 Joined Mitsubishi Corporation Jan. 2001 Joined McKinsey & Company Jul. 2005 Representative and CEO, GLOBIS Management Bank Jun. 2007 Representative and CEO, ProNova Inc. (Incumbent) Jun. 2014 External Director, the Company (Incumbent) Mar. 2016 External Director, Link and Motivation Inc. (Incumbent) Dec. 2018 Outside Director, euglena Co., Ltd. (Incumbent)</p> <p>Reasons for nomination as a candidate for External Director</p> <p>Ms. Etsuko Okajima has experience and extensive knowledge of corporate management and is well versed in diversity. She has currently performed her duties as External Director of the Company properly from an independent, objective position. As the Company believes that she can continue to contribute to the reinforcement of supervisory function for management of the Company, the Company has nominated her as a candidate for an External Director.</p>	0

- Notes: 1. There is no special interest between the candidate and the Company.
2. Ms. Etsuko Okajima is candidate for External Directors 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 elected 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	<p>Yoshitaka Taguchi (April 20, 1961) 【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】</p> <p>▶ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 1 year ▶ Attendance to the Meetings of the Board of Directors: 8 out of 8 (100%)</p>	<p>Mar. 1985 Joined Seino Transportation Co., Ltd. (current Seino Holdings Co., Ltd.)</p> <p>Jul. 1989 Director, Seino Transportation Co., Ltd. (current Seino Holdings Co., Ltd.)</p> <p>Jul. 1991 Managing Director, Seino Transportation Co., Ltd. (current Seino Holdings Co., Ltd.)</p> <p>Jun. 1996 Senior Managing Director, Seino Transportation Co., Ltd. (current Seino Holdings Co., Ltd.)</p> <p>Oct. 1998 Representative Director and Vice President, Seino Transportation Co., Ltd. (current Seino Holdings Co., Ltd.)</p> <p>Jun. 2003 President and Chief Operating Officer, Seino Transportation Co., Ltd. (current Seino Holdings Co., Ltd.) (Incumbent)</p> <p>Jun. 2018 External Director, the Company (Incumbent)</p> <p>Reasons for nomination as a candidate for External Director</p> <p>Mr. Yoshitaka Taguchi has ample experience and extensive knowledge with many years of active participation in corporate management. As the Company believes that he can continue to contribute to the reinforcement of supervisory function for management of the Company from an independent and objective position as External Director of the Company, the Company has nominated him as a candidate for an External Director.</p>	400

- Notes: 1. Mr. Yoshitaka Taguchi is candidate for External Directors and the Company has submitted a notification designating him as an independent director to Tokyo Stock Exchange, Inc.
2. Mr. Yoshitaka Taguchi concurrently serves as Representative Director of Seino Holdings Co., Ltd. A subsidiary of the Company recorded 24 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. 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. The Company has entered into a liability limiting agreement with Mr. Yoshitaka Taguchi under which his liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations. In the event that Mr. Yoshitaka Taguchi is elected as External Director, the Company plans to continue the liability limiting agreement with him.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
4	<p>Masahiro Muroi (July 13, 1955) 【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】</p> <ul style="list-style-type: none"> ▶ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 2 years ▶ Attendance to the Meetings of the Board of Directors: 10 out of 10 (100%) 	<p>Apr. 1978 Joined Nomura Computer System Co., Ltd. (current Nomura Research Institute, Ltd.)</p> <p>Jun. 2000 Member of the Board, Nomura Research Institute, Ltd.</p> <p>Apr. 2009 Representative and Senior Executive Managing Director, Member of the Board, Nomura Research Institute, Ltd.</p> <p>Apr. 2013 Representative and Vice President, Member of the Board, Nomura Research Institute, Ltd.</p> <p>Apr. 2015 Vice chairman, Member of the Board, Nomura Research Institute, Ltd.</p> <p>Jun. 2016 External Director, Ryoden Corporation (Incumbent)</p> <p>Jun. 2017 External Director, the Company (Incumbent)</p> <p>Jun. 2018 Audit & Supervisory Board Member, The Norinchukin Bank (Incumbent)</p> <hr/> <p>Reasons for nomination as a candidate for External Director</p> <p>Mr. Masahiro Muroi has experience in taking the initiative in corporate governance reforms as a corporate manager and deep knowledge of leading-edge technology and the digital field. As the Company believes that he can contribute to the reinforcement of supervisory function for management of the Company when developing a growth strategy by digital innovation which the Company will promote, the Company has nominated him as a candidate for an External Director.</p>	0

- Notes: 1. There is no special interest between the candidate and the Company.
2. Mr. Masahiro Muroi is candidate for External Directors and the Company has submitted a notification designating her as an independent director to Tokyo Stock Exchange, Inc.
3. The Company has entered into a liability limiting agreement with Mr. Masahiro Muroi under which his liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations. In the event that Mr. Masahiro Muroi is elected as External Director, the Company plans to continue the liability limiting agreement with him.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
5	<p>Masao Nakamura (June 11, 1960) 【Reappointment】</p> <p>▶ Attendance to the Meetings of the Board of Directors: 10 out of 10 (100%)</p>	<p>Apr. 1983 Joined the Company</p> <p>May 2003 General Manager, Store Planning Division, Sales Promotion Headquarters</p> <p>Apr. 2007 Executive Officer, and General Manager, Group Business Promotion Division</p> <p>Jun. 2008 Director and Executive Officer, and General Manager, Corporate Planning Division and Business Development Division</p> <p>Apr. 2011 Managing Director and Managing Executive Officer President and Representative Director, MARUI Co., Ltd.</p> <p>Apr. 2015 Director and Managing Executive Officer Responsible for Retailing and Store Operations Business</p> <p>May 2016 Director and Managing Executive Officer, the Company Responsible for Retailing Business</p> <p>Oct. 2017 Director and Managing Executive Officer Responsible for FinTech Business</p> <p>Apr. 2019 Director and Senior Managing Executive Officer Responsible for FinTech Business In charge of Corporate Planning, Real Estate Business and Customer Success (Incumbent)</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Masao Nakamura has business experience in corporate planning, business development, store planning, etc. and has performed his supervisory functions properly for important management decision making and operational execution as Director of the Company since 2008. He has controlled fintech business, corporate planning, real estate business and customer success departments 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.</p>	22,000

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

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
6	<p>Hirotsugu Kato (July 30, 1963) 【Reappointment】</p> <p>▶ Attendance to the Meetings of the Board of Directors: 10 out of 10 (100%)</p>	<p>Mar. 1987 Joined the Company</p> <p>Apr. 2013 General Manager, Corporate Planning Division</p> <p>Apr. 2015 Executive Officer, and General Manager, Corporate Planning Division</p> <p>Oct. 2015 Executive Officer, and General Manager, Corporate Planning Division and IR Division</p> <p>Jun. 2016 Director and Senior Executive Officer General Manager, Corporate Planning Division and IR Division</p> <p>Oct. 2016 Director and Senior Executive Officer General Manager, Corporate Planning Division and IR Division In charge of ESG Promotion</p> <p>Apr. 2017 Director and Senior Executive Officer General Manager, IR Division In charge of Corporate Planning Division and ESG Promotion</p> <p>Oct. 2017 Director and Senior Executive Officer CDO General Manager, IR Division In charge of Corporate Planning and ESG Promotion</p> <p>Apr. 2019 Director and Managing Executive Officer, CFO General Manager, IR Division In charge of Finance, Investment Research, Sustainability and ESG Promotion (Incumbent)</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Hirotsugu Kato has business experience in Corporate Planning, Finance and IR Divisions, 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, investment research, sustainability and ESG promotion and performed his duties properly as Senior 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.</p>	5,800

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
7	<p>Masahisa Aoki (July 16, 1969) 【New appointment】</p> <p>▶ Attendance to the Meetings of the Board of Directors: -</p>	<p>Apr. 1992 Joined MOVING CO., LTD.</p> <p>Apr. 2015 Store Manager, Shinjuku Marui Annex, MARUI CO., LTD.</p> <p>Apr. 2016 General Manager, Anime Business Department, the Company</p> <p>Apr. 2017 Executive Officer, and General Manager, Anime Business Department</p> <p>Apr. 2018 Executive Officer, and General Manager, New Business Development Department In charge of Anime Business</p> <p>Apr. 2019 Senior Executive Officer President and Representative Director, MARUI Co., Ltd. In charge of Anime Business (Incumbent)</p> <p>Reasons for nomination as a candidate for Director</p> <p>Mr. Masahisa Aoki has business experience in the planning division for logistics, store operation, and direct marketing, and as a store manager of a Marui store. He also has controlled store operation and direct marketing, and anime business and performed his duties properly as Senior 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.</p>	4,300

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
8	Yuko Ito (June 2, 1962) 【New appointment】 ▶ Attendance to the Meetings of the Board of Directors: -	<p>Mar. 1986 Joined the Company</p> <p>Oct. 2007 General Manager, Architecture Department</p> <p>Apr. 2012 Director, AIM CREATE CO., LTD.</p> <p>Apr. 2014 Executive Officer, and General Manager, Architecture Department, the Company</p> <p>Apr. 2018 Executive Officer, and General Manager, Group Design Center and Architecture Department (Incumbent)</p> <p>Apr. 2019 Managing Director, AIM CREATE CO., LTD. (Incumbent)</p> <hr/> <p>Reasons for nomination as a candidate for Director</p> <p>Ms. Yuko Ito has business experience in the planning and construction control division for architecture and interiors. She also has controlled groupwide design strategy and the architecture division and performed her duties properly as Executive Officer of the Company. 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.</p>	7,700

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

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

The term of office of Audit & Supervisory Board Member Mr. Hideaki Fujizuka, one (1) of current four (4) Members, will expire at the close of this General Meeting.

Accordingly, the Company would like to propose to elect one (1) 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, Positions, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
<p>Hideaki Fujizuka (September 1, 1955) 【Reappointment】</p> <ul style="list-style-type: none"> ▶ Attendance to the Meetings of the Board of Directors: 10 out of 10 (100%) ▶ Attendance to the Meetings of the Audit & Supervisory Board: 17 out of 17 (100%) 	<p>Apr. 1980 Joined The Mitsubishi Bank Ltd. (current MUFG Bank, Ltd.)</p> <p>Jun. 2007 Executive Officer and General Manager, General Affairs Dept., The Bank of Tokyo Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.)</p> <p>Jun. 2010 President and Director, Chitose Kosan, Co., Ltd.</p> <p>Apr. 2012 Director, Senior Executive Managing Officer and Group President of Corporate Center, Olympus Corp.</p> <p>Jun. 2015 Audit & Supervisory Board Member, the Company (Incumbent)</p> <hr/> <p>Reasons for nomination as a candidate for Audit & Supervisory Board Member</p> <p>Mr. Hideaki Fujizuka has held important posts at The Bank of Tokyo Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.) and Olympus Corp, etc., and has excellent insights in finance, accounting, and risk management, etc., obtained based on his abundant experience. As the Company believes that he can continue to contribute to fair audit as Audit & Supervisory Board Member of the Company based on his excellent insight, the Company has nominated him as a candidate for Audit & Supervisory Board Member.</p>	1,200

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

Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

The resolution of electing Mr. Akira Nozaki as a Substitute Audit & Supervisory Board Member made at the 82nd Ordinary General Meeting of Shareholders of the Company held on June 25, 2018 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】	<table border="0"> <tr> <td data-bbox="469 763 619 797">Apr. 1988</td> <td data-bbox="619 763 1220 797">Registered as Attorney</td> </tr> <tr> <td data-bbox="469 797 619 831">Jun. 2015</td> <td data-bbox="619 797 1220 831">External Director, ICHIKAWA CO., LTD. (Incumbent)</td> </tr> <tr> <td data-bbox="469 831 619 864">Jun. 2017</td> <td data-bbox="619 831 1220 864">Audit & Supervisory Board Member, J-OIL MILLS, Inc. (Incumbent)</td> </tr> <tr> <td colspan="2" data-bbox="469 898 1220 965">Reasons for nomination as a candidate for Substitute External Audit & Supervisory Board Member</td> </tr> <tr> <td colspan="2" data-bbox="469 965 1220 1099">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.</td> </tr> </table>	Apr. 1988	Registered as Attorney	Jun. 2015	External Director, ICHIKAWA CO., LTD. (Incumbent)	Jun. 2017	Audit & Supervisory Board Member, J-OIL MILLS, Inc. (Incumbent)	Reasons for nomination as a candidate for Substitute External Audit & Supervisory Board Member		The Company believes that he can carry out audit of the Company based on his legal knowledge and experience obtained through his long-term practice as a lawyer. Therefore, the Company has nominated him as a candidate for a Substitute External Audit & Supervisory Board Member.		0
Apr. 1988	Registered as Attorney											
Jun. 2015	External Director, ICHIKAWA CO., LTD. (Incumbent)											
Jun. 2017	Audit & Supervisory Board Member, J-OIL MILLS, Inc. (Incumbent)											
Reasons for nomination as a candidate for Substitute External Audit & Supervisory Board Member												
The Company believes that he can carry out audit of the Company based on his legal knowledge and experience obtained through his long-term practice as a lawyer. Therefore, the Company has nominated him as a candidate for a Substitute External Audit & Supervisory Board Member.												

- 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.

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

Proposal 5: Revision of Performance-Linked Stock Compensation Plan for Directors

1. Reason for the Proposal and Reason Why the Revised Compensation is Reasonable

The Company's compensation plan for Directors (excluding External Directors and non-residents; hereinafter the same shall apply in this proposal) was approved in "Revision of Compensation Plan for Directors" at the 80th Ordinary General Meeting of Shareholders held on June 29, 2016, and that is composed of fixed basic compensation (up to 300 million yen per year), performance-linked bonus based on performance of the Company for each fiscal year as a short term incentive (up to 100 million yen per year), and performance-linked stock compensation plan based on medium- to- long term performance of the Company as a long- and medium-term incentive (amount contributed by the Company shall be 300 million yen in total for three (3) fiscal years (equivalent to 100 million yen per fiscal year.))

For the performance-linked stock compensation plan, in order to promote Co-creation Sustainability Management, the Company proposes to revise the maximum amount to be contributed and the maximum number of shares of the Company to be delivered with an increase in the ratio of medium- to long term incentives (stock compensation), providing the possibility to introduce an ESG rating, as follows (hereinafter the revised plan shall be referred to as the "Plan").

The purpose of the Plan is to clarify the connection between compensation for Directors and the stock value of the Company, further enhance the sharing of value with shareholders, and further raise Directors' consciousness of contributing to long- and medium-term improvements in performance and corporate value, and the Company believes these revisions to be appropriate.

Compensation for External Directors will continue to consist only of fixed "basic compensation."

The number of Directors who will be eligible for the Plan will be five (5) if Proposal 2 "Election of Eight (8) Directors" is approved as originally proposed.

2. Amount and Details of Compensation, etc. Under the Revised Plan, etc.

(1) Outline of the Plan

This Plan is a performance-linked stock compensation under which a delivery and payment ("Delivery, etc.") of shares of the Company and an amount of cash equivalent to the conversion value of the shares of the Company into cash will be made through a trust (the "Trust") established with cash contributed by the Company. The revision of the Plan will change the target period, which was a period of three (3) years from the fiscal year ending March 31, 2017 through the fiscal year ending March 31, 2019 under the previous Plan, to a period of two (2) fiscal years from the fiscal year ending March 31, 2020 through the fiscal year ending March 31, 2021 covered by the current medium-term management plan, by amending the trust agreement and contributing additional trust funds.

Upon expiry of a trust period of the Trust, the Company may continue the Trust by amending the trust agreement and contributing additional trust fund. In such case, the Company shall set a new target period of between two (2) and five (5) years, corresponding to the medium-term management plan at that time and other medium-term plans for Co-creation Sustainability Management (collectively with the initial period of two (2) fiscal years mentioned above, referred to as the "Target Period), and extend the trust period of the Trust for such period, and make additional contributions for each extended trust period to continue the provision of points to Directors and Delivery, etc. of the Shares of the Company, etc. (More detailed information is provided from item (2) onward.)

(a) Eligible persons who are entitled to receive Delivery, etc. of the Shares of the Company, etc. under this proposal	Directors of the Company (excluding External Directors and non-residents)
(b) Effect of the shares of the Company delivered under this proposal on the aggregate number of issued shares of the Company	
Maximum amount contributed by the Company	<ul style="list-style-type: none"> • 200 million yen per fiscal year multiplied by the number of years in the Target Period, with a maximum of 400 million yen for the two (2) fiscal years in the initial Target Period (The initial Target Period is the two (2) fiscal years from the fiscal year ending March 31, 2020 through the fiscal year ending March 31, 2021.)
Maximum number of the Shares of the Company, etc. acquired by Directors and the method of acquisition of the shares of the Company	<ul style="list-style-type: none"> • 100,000 shares multiplied by the number of years in the Target Period, with a total maximum of 200,000 shares to be delivered and paid to Directors for the two (2) fiscal years of the initial Target Period • The above maximum number of shares to be delivered of 200,000 shares accounts for approximately 0.09% of the aggregate number of issued shares of the Company (excluding treasury stock as of March 31, 2019). • The shares of the Company will be acquired from the stock market or the Company (disposition of treasury stock) (for the initial Target Period, the shares will be acquired from the stock market).
(c) Details of conditions of performance achievement	<ul style="list-style-type: none"> • The number of shares to be delivered will be determined in the range from 0 to 110% based on the performance indicators including the level of achievement against the target value of corporate performance indicators in the final fiscal year of the Target Period. • For the initial Target Period, ROE, EPS, and ROIC, as well as an ESG rating, etc., based on research by a third-party institution, etc., to promote the Company's Co-creation Sustainability Management, will be used as performance indicators.
(d) Timing of Delivery, etc. of the Shares of the Company, etc. to Directors	<ul style="list-style-type: none"> • From June immediately following the final fiscal year of the Target Period (for the initial Target Period, from June 2021 after the conclusion of the current medium-term management plan) • However, a transfer restriction period of one (1) year from the time of delivery shall be established for shares delivered for the initial Target Period (a period in which the transfer, creation of security interests, or other disposal shall not be permitted).

(2) Maximum amount contributed by the Company

The period subject to the Plan shall be fiscal years covered by the current medium-term management plan and other medium-term plan for Co-creation Sustainability Management of the Company.

Furthermore, the initial Target Period shall be the two (2) fiscal years from the fiscal year ending March 31, 2020 through the fiscal year ending March 31, 2021. If the Target Period is extended as set forth in (1) above, the new Target Period shall be a period of between two (2) and five (5) years, corresponding to the medium-term plan for the Company's management at that time, and the trust period of the Trust shall be extended by the same period as the new Target Period.

The maximum amount of cash to be contributed by the Company to the Trust as compensation for Directors shall be an amount equivalent to 200 million yen per fiscal year multiplied by the number of years in the Target Period (400 million yen for the initial Target Period of two (2) fiscal years, and between 400 million yen and 1,000 million yen for the extended Target Period of between two (2) and five (5) years.) The Trust will acquire shares of the Company from the stock market or the Company (disposition of treasury stock), with a total maximum of 100,000 shares per fiscal year multiplied by the number of years in the Target Period (200,000 shares for the initial Target Period of two (2) fiscal years, and between 200,000 shares and 500,000 shares for the extended Target Period of between two (2) and five (5) years), for each Target Period by using funds trusted in accordance with directions of the administrator of the Trust.

The Company will contribute trust fund for acquisition of shares of the Company to be delivered separately to executive officers, and for acquisition of shares of the Company to be delivered to directors of each subsidiary of the Company that has made contributions (the "Target Subsidiaries"). The Trust will collectively hold the shares of the Company to be delivered and paid to Directors of the Company and the shares of the Company to be delivered and paid to executive officers and directors of each Target Subsidiary (the "Executive Officers, etc.") as compensation and manage them in separate accounts. If the Company continues the Trust, any shares, etc. remaining in the assets of the Trust on the last day of the trust period to be extended (the "Remaining Shares, etc.") shall be succeeded to by the extended Trust. In such case, the total amount of the Remaining Shares, etc. and the amount of trust fund to be additionally contributed shall be within the maximum amount approved at this General Meeting of Shareholders (amount equivalent to 200 million yen per fiscal year multiplied by the number of years in Target Period.) In this case, the Company additionally contribute the amount as compensation for Executive Officers, etc. for the trust period separately extended.

(3) Method of calculation of number of the Shares of the Company, etc. acquired by Directors and the maximum number thereof

The maximum number of points to be granted to Directors of the Company shall be 100,000 points (equivalent to 100,000 shares) multiplied by the number of years in the Target Period. In addition, the maximum total number of Shares of the Company, etc. to be delivered and paid to Directors by the Trust shall be 100,000 points multiplied by the number of years in the Target Period, and the maximum number of points for the initial Target Period (two (2) years) shall be 200,000 points. If the trust period is extended, the maximum number of points shall be 100,000 points multiplied by the number of years in the extended trust period. The maximum number of the shares to be delivered is established based on the aforementioned maximum amount of the trust fund as well as in consideration of the most recent share price.

The number of the Shares of the Company, etc. to be delivered and paid to Directors will be calculated by multiplying the accumulated number of points granted to Directors based on their position during the Target Period by the performance-linked coefficient, at a certain time each year. The performance-linked coefficient will be determined in the range from 0 to 110% based on the performance indicators including the level of achievement against the target value of corporate performance indicators in the final fiscal year of the Target Period (for the initial Target Period, ROE, EPS, and ROIC, as well as an ESG rating, etc., based on research by a third-party institution, etc., to promote the Company's Co-creation Sustainability Management, will be used.)

Furthermore, one share of common stock of the Company will be delivered for one (1) point, but in the case where an event that is deemed fair to adjust the number of points due to stock split and stock consolidation occurs during a trust period, the number of points will be adjusted in accordance with the split ratio, consolidation ratio, etc.

(4) Delivery, etc. of Shares of the Company, etc. to Directors

Directors who satisfy the eligibility requirements will receive Delivery, etc. of the shares of the Company, etc. in accordance with the number of points calculated after the June immediately following the final fiscal year of the Target Period. In this case, such Directors will receive shares of the Company equivalent to a certain amount of points, and receive the remaining shares as the amount of cash equivalent to the conversion value of the shares of the Company into cash after converted in the Trust. However, a transfer restriction period of one (1) year from the time of delivery shall be established for shares delivered after the conclusion of the current medium-term management plan (a period in which the transfer, creation of security interests, or other disposal shall not be permitted). If the Target Period is extended and the Trust will be continued with the new Target Period of two (2) years, corresponding to the medium-term plan for the Company's management at that time, the same transfer restriction period of one (1) year from the time of delivery as mentioned above shall be established for shares delivered for such Target Period.

(5) Clawback system, etc.

If serious wrongdoing or violation of laws and regulations occurs by the eligible Directors, the Company shall establish a system to enable it to have said persons forfeit beneficiary rights for undelivered shares (malus) and demand the return of the amount equivalent to the delivered shares (clawback) under the Plan for such eligible Directors.

(6) Treatment of dividends from shares of the Company in the Trust

Dividends from shares of the Company in the Trust will be received by the Trust and appropriated to trust fees and the cost of the Trust.

(7) Other matters

To secure the neutrality of management, no voting rights shall be exercised for the shares of the Company in the Trust during a trust period.

Other matters regarding the Plan will be determined by the Board of Directors each time when the Trust is set up, a trust agreement is amended, and additional contribution is made to the Trust.

(Reference)

For details of this stock compensation plan, please refer to the press release for May 14, 2019, "Notice on renewal and partial revision to the performance-linked stock compensation plan for Directors."

Proposal 6: Election of Accounting Auditor

The term of office of the Company’s Accounting Auditor, KPMG AZSA LLC, will expire at the conclusion of this Ordinary General Meeting of Shareholders.

Accordingly, based on the resolution of the Audit & Supervisory Board, the Company requests approval to appoint PricewaterhouseCoopers Aarata LLC as the Accounting Auditor.

1. The reasons of the Audit & Supervisory Board to nominate PricewaterhouseCoopers Aarata LLC as a candidate for the Accounting Auditor

The current Accounting Auditor established a system aimed at ensuring that accounting audits will be carried out appropriately and reasonably, however, the Company determined that it was appropriate to review the Accounting Auditor at this time as the duration of service by current Accounting Auditor has been an extended period. Accordingly, after comprehensively taking into account the fact that PricewaterhouseCoopers Aarata LLC has the expertise, independence, and quality control systems required for an Accounting Auditor and an understanding of our unique business models with integrated retailing and FinTech, after comparison with and review of other several auditing firms, the Audit & Supervisory Board has determined that PricewaterhouseCoopers Aarata LLC is qualified to be the Company’s Accounting Auditor and appointed it as a candidate for the Accounting Auditor.

2. Summary of the Accounting Auditor

Name	PricewaterhouseCoopers Aarata LLC	
Main Offices	Otemachi Park Building, 1-1 Otemachi 1-chome, Chiyoda-ku, Tokyo	
History	June 2006	Establishment of Aarata Kansa Hojin (as a member firm in Japan of PricewaterhouseCoopers (PwC))
	July 2006	Commencement of operations
	July 2015	Changed its corporate name to “PwC Aarata Kansa Hojin”
	July 2016	Converted to a “limited liability audit corporation”, and changed its corporate name to “PwC Aarata Yugen Sekinin Kansa Hojin”(English name : PricewaterhouseCoopers Aarata LLC)
Profile	Capital:	1 billion yen
	Partners	145
	CPAs	931
	Staffing:	Junior certified public accountant and those who have passed all subjects
	USCPAs and other professionals	908
	Clerks	612
Total	3,162	
		(as of June 30, 2018)

(Attached Materials)

Business Report

(For the fiscal year from April 1, 2018 to March 31, 2019)

1. Information on the Status of Marui Corporate Group

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

Total group transactions for the fiscal year under review increased by 16% and 350.3 billion yen from the previous fiscal year to 2,539.6 billion yen, thanks to the strong growth of card shopping transactions in the FinTech segment. Revenue increased by 5% from the previous fiscal year to 251.4 billion yen, and operating income increased by 13% from the previous fiscal year to 41.2 billion yen, which is an increase in operating income for ten (10) consecutive fiscal years.

In addition, net income attributable to owners of parent increased by 21% from the previous fiscal year to 25.3 billion yen, which is an increase in net income attributable to owners of parent for eight (8) consecutive fiscal years. The Group recorded increases both in revenue and income for two (2) consecutive fiscal years.

With regard to KPI, which the Group emphasized, EPS (earnings per share) for the fiscal year under review increased by 24% and 22.8 yen from the previous fiscal year to 116.0 yen, and ROE (return on equity) increased by 1.5 % from the previous fiscal year to 9.1%, which was the highest record in the past 28 years since 1991, and ROIC (return on invested capital) increased by 0.4% from the previous fiscal year to 3.7%.

(Consolidated financial results for the fiscal year ended March 31, 2019)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Year on Year	Increase (Decrease) from the previous fiscal year
EPS (Yen)	93.2	116.0	124%	22.8
ROE (%)	7.6	9.1	-	1.5
ROIC (%)*	3.3	3.7	-	0.4
	(Billions of yen)	(Billions of yen)	(%)	(Billions of yen)
Total Group Transactions	2,189.4	2,539.6	116	350.3
Revenue*	240.5	251.4	105	10.9
Gross Profit	175.9	190.5	108	14.6
Selling, General and Administrative Expenses*	139.5	149.3	107	9.8
Operating Income*	36.4	41.2	113	4.8
Ordinary Income	35.1	39.8	113	4.6
Net Income Attributable to Owners of Parent	20.9	25.3	121	4.4

* The amount deposited by customers after write-offs of operating receivables (installment sales accounts receivable and consumer loans outstanding) in the FinTech segment was previously recorded as gain on bad debts recovered under non-operating income after deducting the cost of recovery, however, the Company has changed the method from the fiscal year under the review to record such deposited amounts as revenue and such cost of recovery as selling, general and administrative expenses. In line with this change, the figures for the fiscal year ended March 31, 2018 are those retroactively reflected the change of such accounting policy.

Retailing segment

In the retail segment, as consumer needs are changing from consumption of goods to consumption of experiences, and from the fiscal year ended March 31, 2015, the Company has been transitioning stores from the traditional business model of department stores, which entails procuring and selling goods, to shopping center-types of commercial facilities, which earn rent revenue from fixed-term rental contracts (SC-type stores under fixed-term lease contracts), to stabilize revenue. As scheduled, the Company achieved 100% in the fixed-term lease contract conversion ratio in the fiscal year under review, which is the fifth year, and also promoted expansion of area leased under fixed-term lease contracts by changing back spaces to retail spaces.

A shift in the composition of store categories from the present focus on apparel to lifestyle categories focused on restaurants, services and sundries, leading to an increase in the number of visitors. The number of visiting customers in this fiscal year under the review reached a record of 210 million people.

Moreover, in the EC (e-commerce) business, the Company promoted omni-channel retailing, including promotion of receiving products at Marui stores, to improve profitability.

As a result, operating income in the retailing segment increased by 29% and 2.6 billion yen from the previous fiscal year to 11.4 billion yen, which is an increase for two (2) consecutive fiscal years.

FinTech segment

In the FinTech segment, in order to increase EPOS card membership, the Company has been holding promotional activities at Marui stores and on the internet, rolling out collaboration with commercial facilities, resulting in collaboration with 25 facilities including 8 facilities which newly started collaboration in the fiscal year under the review. Also, the Company has been pursuing business alliances in high-growth fields, such as EC, service contents-related areas.

The number of card memberships totaled 6,880 thousand members, a 5% increase from the previous fiscal year. The number of Platinum/Gold card memberships grew significantly to 2,150 thousand members, a

17% increase from the previous fiscal year, due to tireless efforts to increase regular customers.

Transaction volume in card shopping continued to grow significantly to 1,877.0 billion yen, a 17% increase from the previous fiscal year, and service transaction volume such as rent guarantee steadily increased to 281.2 billion yen, a 25% increase from the previous fiscal year.

As a result, operating income in the FinTech segment for the fiscal year under review increased by 11% to 35.0 billion yen, an increase both in revenue and income for seven (7) consecutive fiscal years.

(Information on the status of the FinTech segment for the fiscal year ended March 31, 2019)

	Fiscal year ended March 31, 2018 (10Thousands of persons)	Fiscal year ended March 31, 2019 (10Thousands of persons)	Year on Year (%)	Increase (Decrease) from the previous fiscal year (10Thousands of persons)
Number of New Card Memberships	75	81	108	6
[Of which, from outside the Group]	[19]	[22]	[113]	[2]
Number of Card Memberships	657	688	105	31
Platinum / Gold	184	215	117	31
	(Billions of yen)	(Billions of yen)	Year on Year (%)	(Billions of yen)
FinTech Transactions	1,972.5	2,310.6	117	338.2
Card Shopping	1,600.9	1,877.0	117	276.1
[Outside the Group]	[1,489.3]	[1,768.9]	[119]	[279.6]
Financial Services	225.1	281.2	125	56.1
Card Advance	138.0	143.3	104	5.3

(Segment Information)

(Millions of yen)

Category	Retailing Segment	FinTech Segment	Total	Adjustments	Consolidated
Revenue					
To Outside Customers	125,410	126,005	251,415	—	251,415
Inter-Segment Revenue or Transferred Revenue	6,270	2,296	8,567	(8,567)	—
Total	131,681	128,301	259,982	(8,567)	251,415
[Year on Year (%)]	[95.4]	[116.2]	[104.6]	[—]	[104.6]
Segment Profit	11,421	35,018	46,439	(5,255)	41,184
[Year on Year (%)]	[129.4]	[111.4]	[115.3]	[—]	[113.2]
Operating Margin (%)	8.7	27.3	—	—	16.4

(Details of Total Group Transactions)

Category	Total Transactions (Millions of yen)	Composition Ratio (%)	Year on Year (%)
Product sales	49,618	2.0	84.3
Consignment sales	54,133	2.1	63.2
Rent revenues and others	208,659	8.2	130.5
Retailing-related services	24,594	1.0	102.2
Retailing segment	337,006	13.3	102.6
Card shopping	1,876,951	73.9	117.2
Financial services	281,173	11.1	124.9
Cash advances	143,312	5.6	103.8
IT and others	9,198	0.4	108.2
FinTech segment	2,310,635	91.0	117.1
Eliminations	(108,010)	(4.3)	—
Total	2,539,631	100.0	116.0

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 9,094 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 37.0 billion yen in loans from financial institutions and 20.0 billion yen from the issuance of bonds in response to an increase in operating receivables of the FinTech segment and the repayment of loans. Additionally, the Group increased the amount of funds raised through the securitization of receivables by 55.0 billion yen.

(4) Issues to be Addressed

In the consumption environment, a shift in consumption from “goods” to “experiences” has further progressed and there is continued growth seen in the EC market in the retail sector. However, there is a potential risk of a future decline in business models that rely on real stores focused on merchandise sales.

In the credit market, while infrastructure development has progressed in preparation of the 2020 Olympics and Paralympic Games and markets are expected to grow, there will be a possibility that markets will drastically change due to innovation in financial services driven by new technology.

In order to respond to these business environment changes, the Group has been evolving its unique business models where retailing and FinTech are integrated to enhance corporate value.

Our corporate philosophy is to “continue evolving to better aid our customers” and we “equate the development of our people with the development of our company.” Based on this philosophy, our mission is to contribute to co-creation of a flourishing and inclusive society with stakeholders that offers happiness to everyone.

The Group aims to increase profit for all stakeholders including customers, investors, communities and society, business partners, employees and future generations. In order to achieve this aim, we

endeavor to create value that we can share with stakeholders by thinking and taking an action on all matters from stakeholders' perspectives. As a result, we are promoting "Co-creation Sustainability Management" to improve corporate value.

The Group aims to further improve corporate value generated as its outcome, and under the five-year medium-term management plan with the fiscal year ending March 31, 2021 as the final year, we will strive to achieve targets of 130 yen or more in EPS (earnings per share), 10% or higher in ROE (return on equity), and 4% or higher in ROIC (return on invested capital) for the final year.

■ Initiatives targeting achievement of the medium-term management plan
(Retailing segment)

With regard to store business, we will improve capital productivity by completing transition of its business structure from a department store-type business by pursuing the conversion to SC-type stores under fixed-term lease contracts, and deploying next-generation lifestyle-oriented shopping centers.

With regard to omni-channel retailing, we will develop businesses focused on Internet sales while expanding the scope of business that combine Group expertise and other unique business models.

With regard to facility management and distribution, we will utilize store renovation, distribution, building management, and other retailing expertise in an integrated manner and advance business-to-business operations.

(FinTech segment)

With regard to credit card business, we will increase number of EPOS card fans across Japan and reinforce collaboration with commercial facilities and companies while maintaining high profit margins and simultaneously expanding business scale.

With regard to financial services business, we will expand revenues from rent guarantee, insurance, and other services utilizing credit know-how to improve ROIC through business requiring minimal invested capital.

With regard to IT business, we will support expansion of Group business scope by utilizing new technologies to improve customer convenience.

(Optimal capital structure/Growth investments/Productivity improvement)

We create structure in which ROIC consistently exceeds capital costs by improving ROIC through income growth and establishing optimal capital structure suited to Group business structure.

We develop commercial facilities utilizing shopping center and fixed-term rental know-how, invest in venture companies to acquire new technologies, and execute other growth investments for improving corporate value.

We utilize human resources as necessitated by business portfolio as a united MARUI GROUP to further improve Group productivity.

With these initiatives, we are aiming to achieve a five-year medium-term management plan with the fiscal year ending March 31, 2021, as its final year. We sincerely ask for continued support and encouragement from our shareholders.

(5) Assets and Profits and Losses

Category	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Total Group transactions (Millions of yen)	1,703,353	1,933,685	2,189,374	2,539,631
Revenue *1 (Millions of yen)	245,867	237,022	240,469	251,415
Ordinary income (Millions of yen)	29,163	31,139	35,145	39,786
Profit attributable to owners of parent (Millions of yen)	17,771	18,724	20,907	25,341
Earnings per share (Yen)	70.68	80.24	93.18	115.99
ROE (%)	6.0	6.7	7.6	9.1
Total assets *2 (Millions of yen)	730,126	806,575	865,887	890,196
Net assets (Millions of yen)	282,101	274,339	274,900	284,752

* From the fiscal year under the review, 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 this change, 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 (Millions of yen)	Percentage of Ownership (%)	Principal Business
MARUI Co., Ltd.	100	100.0	Marui Store Business Operation, Original Sales and Private Brand Operation and Development, Online Shopping and Mail-order, Outside Specialty Store Business
Epos Card Co., Ltd.	500	100.0	Credit Card Business, Credit Loan Business
MRI SERVICER Co., Ltd.	500	100.0 [100.0]	Collection and Management of Receivables Business, Credit Check Business
AIM CREATE CO., LTD.	100	100.0	Proposal of Commercial Facilities Category, Design and Interior Decoration, Operation and Management, Operation of Modi stores, 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

- Notes: 1. The figure in square brackets “[]” in the Percentage of Ownership column indicates the share of indirect ownership as an included number.
2. Percentage of Ownership to M&C SYSTEMS CO., LTD. became 100% (95.0% at the end of the previous fiscal year) as a result of acquisition of shares held by other companies.
3. As of April 1, 2019, Modi business division of AIM CREATE CO., LTD. has been succeeded by MARUI Co., Ltd. through the company split.

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 (Millions of yen)	Total Assets of the Company (Millions of yen)
MARUI Co., Ltd.	3-2, Nakano 4-chome, Nakano-ku, Tokyo	222,529	772,534

(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, consumer loans, 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 SERVICER 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, Kawagoe Modi
Chiba	Kashiwa Marui and Modi
Shizuoka	Shizuoka Marui and Modi
Osaka	Namba Marui
Kyoto	Kyoto 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	3,479	427 (decrease)
FinTech segment	1,525	160 (increase)
Corporate (Common functions)	322	45 (increase)
Total	5,326	222 (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 1,520.
 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	125,000
MUFG Bank, Ltd.	112,000
Sumitomo Mitsui Banking Corporation	50,000
Development Bank of Japan Inc.	22,000
Mizuho Bank, Ltd.	17,300
Sumitomo Mitsui Trust Bank, Limited	9,500

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

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 5,712,467 shares of treasury stock)

(3) Number of Shareholders: 27,369 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)	34,194	15.7
Japan Trustee Services Bank, Ltd. (Trust Account)	17,825	8.2
Aoi Real Estate Company	6,019	2.8
MUFG Bank, Ltd.	5,808	2.7
Trust & Custody Services Bank, Ltd.(Securities Investment Trust Account)	4,284	2.0
Toho Co., Ltd.	3,779	1.7
Japan Trustee Services Bank, Ltd. (Trust Account 7)	3,699	1.7
Japan Trustee Services Bank, Ltd. (Trust Account 5)	3,274	1.5
Aoi scholarship Foundation	3,237	1.5
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,992	1.4

- Notes: 1. The Company holds 5,712 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 5,712 thousand shares.
 3. The calculation for the percentage of shareholding includes 502 thousand shares held by the Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

(5) Other Significant Matters concerning Equity

1. Acquisition of treasury stock (purchased through Tokyo Stock Exchange)
 - Treasury stock acquired as authorized at the Board of Directors' Meeting held on May 10, 2018:
 Type and total number of shares acquired: 2,944,300 shares of common stock
 Total cost of acquisition: 6,999,876,000 yen
 Period of acquisition: From May 22, 2018 to November 30, 2018
2. Cancellation of treasury stock
 - Treasury stock cancelled as authorized at the Board of Directors' Meeting held on May 10, 2018:
 Type and total number of shares cancelled: 10,000,000 shares of common stock
 Date of cancellation: May 31, 2018

3. Matters concerning Officers of the Group

(1) Names of Directors and Audit & Supervisory Board Members of the Group

Name	Position	Position in Charge and Important Position of Other Organizations Concurrently Assumed
Hiroshi Aoi	President and Representative Director, and Group Representative Executive Officer	
Etsuko Okajima	Director	Representative and CEO, ProNova Inc. External Director, Link and Motivation Inc. Outside 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
Tomoo Ishii	Director and Senior Managing Executive Officer	CSO, CHO In charge of Audit, General Affairs, Personnel and Healthcare Promotion President and Representative Director, MOVING CO., LTD.
Masao Nakamura	Director and Managing Executive Officer	Responsible for FinTech Business President and Representative Director, AIM CREATE CO., LTD.
Hirotsugu Kato	Director and Senior Executive Officer	CDO and General Manager, IR Division In charge of Corporate Planning and ESG Promotion
Hideaki Fujizuka	Audit & Supervisory Board Member (Full time)	
Nariaki Fuse	Audit & Supervisory Board Member (Full time)	
Tadashi Ooe	Audit & Supervisory Board Member	Attorney External Director, Jeco Co., Ltd. Outside Director, NISSAN CHEMICAL INDUSTRIES. LTD.
Takehiko Takagi	Audit & Supervisory Board Member	Tax Accountant External Audit & Supervisory Board Member, KAWADA technologies, Inc.

- Notes:
1. Director, Mr. Koichiro Horiuchi retired from his post at the expiration of his term of office at the close of the 82nd Ordinary General Meeting of Shareholders held on June 2018.
 2. Audit & Supervisory Board Member, Mr. Tetsuji Sunami retired from his post at the expiration of his term of office at the close of the 82nd Ordinary General Meeting of Shareholders held on June 2018.
 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 an independent director.
 4. Audit & Supervisory Board Members, Mr. Tadashi Ooe and Mr. Takehiko Takagi 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. Tadashi Ooe and Mr. Takehiko Takagi concurrently assume office.

6. Mr. Yoshitaka Taguchi concurrently serves as Representative Director of Seino Holdings Co., Ltd. A subsidiary of the Company recorded 24 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. Tadashi Ooe is a qualified attorney and well-versed in corporate law.
9. Audit & Supervisory Board Member, Mr. Takehiko Takagi is a certified public tax accountant and has an appreciable extent of knowledge in finance and accounting.
10. There were changes in directors’ positions, duties and important concurrent offices as of April 1, 2019.

Name	Previous	Present
Hiroshi Aoi	President and Representative Director Group Representative Executive Officer	President and Representative Director Group Representative Executive Officer, and CEO
Tomoo Ishii	Director and Senior Managing Executive Officer CSO CHO In charge of Audit, General Affairs, Personnel and Healthcare Promotion President and Representative Director, MOVING CO., LTD.	Director and Senior Managing Executive Officer CHO In charge of Audit, General Affairs, Personnel and Healthcare Promotion
Masao Nakamura	Director and Managing Executive Officer Responsible for FinTech Business President and Representative Director, AIM CREATE CO., LTD.	Director and Senior Managing Executive Officer Responsible for FinTech Business In charge of Corporate Planning, Real Estate Business and Customer Success
Hirotsugu Kato	Director and Senior Executive Officer CDO General Manager, IR Division In charge of Corporate Planning and ESG Promotion	Director and Managing Executive Officer, CFO General Manager, IR Division In charge of Finance, Investment Research, Sustainability and ESG Promotion

(Reference)
Executive Officers (excluding those who concurrently serve as Director) are as follows. (As of April 1, 2019)

Name	Position	Position in Charge
Motohiko Sato	Vice-President, Executive Officer	CSO
Toshikazu Takimoto	Managing Executive Officer	CIO Responsible for Retailing Business President and Representative Director, M&C SYSTEMS CO., LTD.
Yoshinori Saito	Managing Executive Officer	President and Representative Director, Epos Card Co., Ltd.
Hajime Sasaki	Senior Executive Officer	President and Representative Director, AIM CREATE Co., Ltd. In charge of Architecture Division of the Company
Masahisa Aoki	Senior Executive Officer	President and Representative Director, MARUI Co., Ltd. In charge of Anime Business of the Company
Masahiro Aono	Senior Executive Officer	Senior Managing Director, MARUI Co., Ltd.
Yoshiaki Kogure	Executive Officer	President and Representative Director, MARUI FACILITIES Co., Ltd.
Yuko Ito	Executive Officer	General Manager, Group Design Center and Architecture Division Managing Director, AIM CREATE CO., LTD.
Mayuki Igayama	Executive Officer	President and Representative Director, MOVING CO., LTD.
Junko Tsuda	Executive Officer	Director, Epos Card Co., Ltd. General Manager, Members Services Division
Miyuki Kawara	Executive Officer	Director and Store Manager, Marui Family Mizonokuchi, MARUI Co., Ltd.
Tatsuo Niitsu	Executive Officer	Director and General Manager, Business Planning Division, MARUI Co., Ltd.
Takeshi Ebihara	Executive Officer	CDO Director and General Manager, Digital Transformation Promotion Department, M&C SYSTEMS CO., LTD.,
Reiko Kojima	Executive Officer	General Manager, Health Management Division

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

Category	Number of Persons subject to Payment	Total Amount of Compensation by Type			Total Amount of Compensation
		Basic Compensation	Performance-linked Bonus	Performance-linked stock compensation	
	(People)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Director (External Director)	8 (4)	190 (33)	17 (-)	17 (-)	225 (33)
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	5 (2)	50 (15)	- (-)	- (-)	50 (15)
Total	13	241	17	17	276

- Notes:
1. The number of Directors and Audit & Supervisory Board Members at the end of the fiscal year under the review is seven (7) Directors and four (4) Audit & Supervisory Board Members. However, the above amount of compensation includes the amount for one (1) Director and one (1) Audit & Supervisory Board Member who retired due to the expiration of terms of office at the conclusion of the 82nd Ordinary General Meeting of Shareholders held on June 2018.
 2. Basic compensation for Directors with the resolution at the General Meeting of Shareholders has a maximum limit of 300 million yen per year (compensation for Directors does not include salary portion payable to Directors who concurrently serve as employees of the Company.) (Resolution Date of the General Meeting of Shareholders: June 27, 2012) Of those amount, basic compensation for Outside Directors has a maximum limit of 50 million yen per year (Resolution Date of the General Meeting of Shareholders: June 29, 2016.) In addition, separate from the aforementioned maximum limit, compensation for Directors (other than External Directors) from the performance-linked bonus has a maximum limit of 100 million yen per year (compensation for Directors does not include bonus portions payable to Directors who concurrently serve as employees of the Company), and compensation for Directors (other than External Directors) by performance-linked stock compensation has a maximum limit of 300 million yen for the three fiscal years from the fiscal year ended March 31, 2017 to the fiscal year ending March 31, 2019 and each three fiscal years thereafter. (Resolution Date of the General Meeting of Shareholders: June 29, 2016)
 3. Basic compensation for Audit & Supervisory Board Member with the resolution at the General Meeting of Shareholders has the ceiling amount of 6 million yen per month. (Resolution Date of the General Meeting of Shareholders: April 28, 1987)
 4. The amount of performance-linked bonus and performance-linked stock compensation are the estimated amounts and the amount of expenses posted respectively.

(3) Policy Regarding Decision on Compensation of Directors and Audit & Supervisory Board

Members

- The amount of compensation paid to individual Directors is decided by the Nomination and Compensation Committee and set within the limit approved at general meeting of shareholders.
- The Nomination and Compensation Committee consists of three (3) or more members, two (2) of which are, in principle, External Directors, and has been set to improve the transparency and objectivity of deliberation process related to compensation plans for Directors.
- Compensation for Directors has been set at a level that will serve as an adequate motivation for Directors to properly perform their duties of making management decisions and providing supervisory functions.
- Compensation for Directors includes fixed compensation as well as performance-linked compensation. The portion of compensation linked to performance is meant to provide incentive for pursuing sustainable growth for the Company. However, external directors will only receive fixed compensation based on their position to ensure that they maintain an independent standpoint.
- 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.

(4) Information on External Officers

i. Principal Activities of External Officers

Position	Name	Principal Activities of External Officers
Directors	Etsuko Okajima	Attended 9 of the 10 meetings of the Board of Directors held during the fiscal year under review. Raised questions and made comments, mainly from the perspective of an experienced manager, and, as necessary, expressed her opinions in a timely and appropriate manner.
	Yoshitaka Taguchi	Attended all 8 meetings of the Board of Directors held after his appointment at the 82nd Ordinary General Meeting of Shareholders. Raised questions and made comments, mainly from the perspective of an experienced manager, and, as necessary, expressed his opinions in a timely and appropriate manner.
	Masahiro Muroi	Attended all 10 meetings of the Board of Directors held during the fiscal year under review. Raised questions and made comments, mainly from the perspective of an experienced manager, and, as necessary, expressed his opinions in a timely and appropriate manner.
Audit & Supervisory Board Members	Tadashi Ooe	Attended all 10 meetings of the Board of Directors and all 17 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 an attorney. In addition, held meetings periodically with the Representative Director; exchanged opinions regarding risks confronting the Company, major issues related to audit of the Company, and other matters; and is working to deepen mutual understanding and trust.
	Takehiko Takagi	Attended all 10 meetings of the Board of Directors and 16 of the 17 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 auditing of the Company, and other matters; and is working to deepen mutual understanding and trust.

ii. Outline of the Content of Liability Limitation Contracts

The Company concludes 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 higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations.

4. Matters concerning Accounting Auditor

(1) Name of Accounting Auditor of the Company KPMG AZSA LLC

(2) Compensation, etc. to the Accounting Auditor during the Fiscal Year under Review

1. Compensation paid for services rendered as accounting auditor for the fiscal year under review: 100 million yen
2. Total cash and other Compensation to be paid by the Company and its subsidiaries to the accounting auditor: 148 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.

- 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. Though the 6 Committees established to control high-risk areas in business operations (Public Relations IR Committee, Internal Control Committee, Environment CSR Promotion Committee, Information Security Committee, Safety Control Committee and Insider Trading Prevention Committee), the Company shall strive for speedy operational improvement and the prevention of accidents. As a coordinating function of all committees, the Compliance Promotion Board, with the Representative Director as the chairperson, is set up for the Group's risk management.
 - b. The General Affairs Department and Audit Department shall cooperate in promoting internal control. Through documentation and the monitoring of the operation of each group company, in terms of predictable risks and countermeasures, they shall work to minimize operational risks.

- iv. System to ensure that Directors can execute their duties efficiently
 - a. In accordance with the Group's authorization rules, the duties of Directors and Executive Officers shall be explicitly defined, and the Group's Directors and Executive Officers shall perform their duties in an efficient and swift manner.

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

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

- vii. Other systems to ensure the appropriateness of business operations of the Group
 - a. The documentation of the internal control system of each group company shall be continuously reviewed.
 - b. Through the Compliance Promotion Board and the 6 Committees, the Group shall confirm the latest control status of each Group company, and maintain an appropriate system.
 - c. Reporting system for the important decisions of subsidiaries to the Company shall be determined in accordance with the authorization rules of the Group.
 - d. The cooperation of Audit & Supervisory Board Members from each group company and the Internal Control Department shall be strengthened to further promote the establishment of an audit system for ensuring proper transactions and accounting treatments.
 - e. The Group shall refuse any unwarranted demands and disassociate from anti-social bodies, which threaten social order and safety, and strengthen the ties with external specialists, such as the police and lawyers, to establish system to eradicate anti-social bodies.
- viii. Matters relating to employees if Audit & Supervisory Board Members request their appointment as assistants, issues of independence of such employees from Directors and how to ensure the effectiveness of instructions to such employees
 - a. Based on the request of Audit & Supervisory Board Members, audit staff with sufficient skills and knowledge shall be assigned to conduct requested duties.
 - b. Audit & Supervisory Board Members shall be allowed to instruct audit staff to assist with their audit work, and no Directors shall interfere with such instruction.
- ix. System to report to Audit & Supervisory Board Members from Directors or employees, system to ensure the fair treatment of reporters
 - a. The internal audit system shall be reinforced and supporting function for Audit & Supervisory Board Members shall be strengthened.
 - b. The Directors and employees of each group company shall make report to Audit & Supervisory Board Members as soon as possible when Directors and employees know any undue conduct, any fact which might infringe seriously any company in the Group or any act violating any laws, regulations or the Articles of Incorporation.
 - c. It shall be confirmed that no unfair treatment has been applied on the grounds of reporting to Audit & Supervisory Board Members.
- x. Matters relating to the prepayment of expenses incurred through the execution of duties by Audit & Supervisory Board Members and reimbursement procedures and policies on processing expenses and liabilities incurred through the execution of duties by Audit & Supervisory Board Members
 - a. When Audit & Supervisory Board Members claim for expenses incurred during the execution of duties, such expenses shall be reimbursed, unless they are deemed unnecessary.
- xi. Other system to ensure that efficient audit is carried out by Audit & Supervisory Board Members
 - a. The Board of Directors shall seriously cooperate with any request made by Audit & Supervisory Board Members in connection with discharging their duties smoothly.
 - b. Representative Directors and Audit & Supervisory Board Members shall have a meeting regularly and mutually confirm the status of executing business or discharging duties.
 - c. Audit & Supervisory Board Members may attend the Board of Directors' and other important management meetings as necessary to grasp the process under which important decision-making is processed and the status of executing business.
 - d. Audit & Supervisory Board Members may receive the provision of report or information from Directors and employees as necessary and inspect materials and records.
 - e. By appointing the Company's Audit & Supervisory Board Members as the same of its principal subsidiaries, information sharing and accurate confirmation of status can be realized.

○ **Status of Operation of the Systems**

i. Overall internal control system

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

ii. Compliance system

- a. The Group seeks to fully disseminate its Code of Conduct to its personnel and promote sound corporate activities based on high ethical standards. In the fiscal year under review, as a governance risk countermeasure, the Group formulated MARUI GROUP Information Security Policy and MARUI GROUP Tax Policy, and set forth the reinforcement of groupwide information security and compliance of taxation rules, etc.
- 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" and "harassment" as focused subjects, 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 promotes efficient control of risks through the 6 Committees of Public Relations IR Committee, Internal Control Committee, Environment CSR Promotion Committee, Information Security Committee, Safety Control Committee and Insider Trading Prevention Committee, which were set up to manage high-risk areas for business operation. Since Personal Information Protection Promotion Committee has been covering information security of the entire group, it has been renamed as the Information Security Committee to be in line with the actual activities.
- b. The Group holds meetings of the Compliance Promotion Board which supervises activities of the committees and recognizes the status of risk control of each group company. In the fiscal year under review the Group held meetings of the Compliance Promotion Board twice.

iv. Directors' execution of their duties

- a. The Group ensures that Directors execute their duties lawfully and properly in accordance with the Group's internal regulations such as the Code of Conduct of the Group and Regulations for Officers.
- b. The Group appoints three (3) External Directors who have extensive experience and expertise outside the Group and have satisfied the Group's Criteria for Independence of External Directors and Audit & Supervisory Board Members to reinforce the supervisory functions of the Board of Directors and improve the transparency of management.
- c. The Board of Directors conducts proper deliberations pursuant to the Group's authorization rules and engages in fulfilling discussions on individual subjects such as the Group's strategies. In the fiscal year under review, the Board of Directors held its meetings ten (10) times.
- 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 25 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.
 - 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.

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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, 2019)

(Millions of yen)

| Item                                 | Amount         | Item                                                         | Amount          |
|--------------------------------------|----------------|--------------------------------------------------------------|-----------------|
| <b><u>Assets</u></b>                 |                | <b><u>Liabilities</u></b>                                    |                 |
| <b>Current assets</b>                | <b>640,379</b> | <b>Current liabilities</b>                                   | <b>196,376</b>  |
| Cash and deposits                    | 46,731         | Accounts payable-trade                                       | 10,231          |
| Notes and accounts receivable-trade  | 6,138          | Short-term loans payable                                     | 71,632          |
| Accounts receivable-installment      | 428,180        | Current portion of bonds                                     | 30,000          |
| Operating loans                      | 137,473        | Income taxes payable                                         | 8,211           |
| Merchandise                          | 5,196          | Provision for bonuses                                        | 3,516           |
| Other                                | 30,476         | Provision for point card certificates                        | 14,181          |
| Allowance for doubtful accounts      | (13,818)       | Provision for stock benefits                                 | 673             |
|                                      |                | Reserve for loss from redemption of gift certificates        | 165             |
|                                      |                | Other                                                        | 57,765          |
| <b>Noncurrent assets</b>             | <b>249,817</b> | <b>Noncurrent liabilities</b>                                | <b>409,067</b>  |
| <b>Property, plant and equipment</b> | <b>175,071</b> | Bonds payable                                                | 85,000          |
| Buildings and structures             | 63,285         | Long-term loans payable                                      | 300,000         |
| Land                                 | 103,044        | Deferred tax liabilities                                     | 3,470           |
| Construction in progress             | 551            | Provision for loss on interest repayment                     | 4,957           |
| Other                                | 8,189          | Provision for loss on guarantees                             | 190             |
|                                      |                | Asset retirement obligations                                 | 2,777           |
| <b>Intangible assets</b>             | <b>6,849</b>   | Other                                                        | 12,672          |
| Software                             | 4,737          |                                                              |                 |
| Other                                | 2,112          | <b>Total liabilities</b>                                     | <b>605,443</b>  |
|                                      |                | <b><u>Net Assets</u></b>                                     |                 |
| <b>Investments and other assets</b>  | <b>67,896</b>  | <b>Shareholders' equity</b>                                  | <b>281,774</b>  |
| Investment securities                | 22,172         | <b>Capital stock</b>                                         | <b>35,920</b>   |
| Guarantee deposits                   | 31,895         | <b>Capital surplus</b>                                       | <b>91,323</b>   |
| Deferred tax assets                  | 10,589         | <b>Retained earnings</b>                                     | <b>166,858</b>  |
| Other                                | 3,238          | <b>Treasury stock</b>                                        | <b>(12,327)</b> |
|                                      |                | <b>Accumulated other comprehensive income</b>                | <b>2,977</b>    |
|                                      |                | <b>Valuation difference on available-for-sale securities</b> | <b>2,977</b>    |
|                                      |                | <b>Deferred gains or losses on hedges</b>                    | <b>0</b>        |
|                                      |                | <b>Total net assets</b>                                      | <b>284,752</b>  |
| <b>Total assets</b>                  | <b>890,196</b> | <b>Total liabilities and net assets</b>                      | <b>890,196</b>  |

**Consolidated Statement of Income**  
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

| Item                                                 | Amount |                |
|------------------------------------------------------|--------|----------------|
| <b>Revenue</b>                                       |        | <b>251,415</b> |
| Cost of sales                                        |        | 60,913         |
| Gross profit                                         |        | 190,502        |
| Selling, general and administrative expenses         |        | 149,317        |
| <b>Operating income</b>                              |        | <b>41,184</b>  |
| <b>Non-operating income</b>                          |        |                |
| Dividends income                                     | 229    |                |
| Gain on donation of non-current assets               | 67     |                |
| Other                                                | 244    | 540            |
| <b>Non-operating expenses</b>                        |        |                |
| Interest expenses                                    | 1,465  |                |
| Financing expenses                                   | 153    |                |
| Other                                                | 318    | 1,938          |
| <b>Ordinary income</b>                               |        | <b>39,786</b>  |
| <b>Extraordinary income</b>                          |        |                |
| Gain on sales of noncurrent assets                   | 1,754  |                |
| Gain on sales of investment securities               | 4      | 1,758          |
| <b>Extraordinary loss</b>                            |        |                |
| Loss on retirement of noncurrent assets              | 1,337  |                |
| Loss on closing of stores                            | 2,000  |                |
| Impairment loss                                      | 4      |                |
| Loss on sales of investment securities               | 253    |                |
| Loss on valuation of investment securities           | 435    |                |
| Other                                                | 81     | 4,112          |
| <b>Income before income taxes</b>                    |        | <b>37,433</b>  |
| Income taxes-current                                 | 12,301 |                |
| Income taxes-deferred                                | (228)  | 12,072         |
| <b>Net income</b>                                    |        | <b>25,360</b>  |
| Net income attributable to non-controlling interests |        | 18             |
| <b>Net income attributable to owners of parent</b>   |        | <b>25,341</b>  |

**Consolidated Statement of Changes in Net Assets**  
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

|                                                                                           | Shareholders' equity |                 |                   |                |                            |
|-------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                                                           | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| <b>Balance as of April 1, 2018</b>                                                        | 35,920               | 91,307          | 168,034           | (22,389)       | 272,872                    |
| <b>Changes in the fiscal year:</b>                                                        |                      |                 |                   |                |                            |
| Dividends                                                                                 |                      |                 | (9,452)           |                | (9,452)                    |
| Net income attributable to owners of parent                                               |                      |                 | 25,341            |                | 25,341                     |
| Acquisition of treasury stock                                                             |                      |                 |                   | (7,002)        | (7,002)                    |
| Disposition of treasury stock                                                             |                      | 0               |                   | 0              | 0                          |
| Cancellation of treasury stock                                                            |                      | (17,064)        |                   | 17,064         | —                          |
| Transfer to capital surplus from retained earnings                                        |                      | 17,064          | (17,064)          |                | —                          |
| Change in ownership interest of parent due to transactions with non-controlling interests |                      | 15              |                   |                | 15                         |
| Changes in items other than shareholders' equity-net                                      |                      |                 |                   |                |                            |
| <b>Total changes in the fiscal year</b>                                                   | —                    | 15              | (1,175)           | 10,062         | 8,902                      |
| <b>Balance as of March 31, 2019</b>                                                       | 35,920               | 91,323          | 166,858           | (12,327)       | 281,774                    |

(Millions of yen)

|                                                                                           | Accumulated other comprehensive income                |                                    |                                              | Subscription rights to shares | Non-controlling interests | Total net assets |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|----------------------------------------------|-------------------------------|---------------------------|------------------|
|                                                                                           | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total accumulated other comprehensive income |                               |                           |                  |
| <b>Balance as of April 1, 2018</b>                                                        | 1,563                                                 | (1)                                | 1,561                                        | —                             | 466                       | 274,900          |
| <b>Changes in the fiscal year:</b>                                                        |                                                       |                                    |                                              |                               |                           |                  |
| Dividends                                                                                 |                                                       |                                    |                                              |                               |                           | (9,452)          |
| Net income attributable to owners of parent                                               |                                                       |                                    |                                              |                               |                           | 25,341           |
| Acquisition of treasury stock                                                             |                                                       |                                    |                                              |                               |                           | (7,002)          |
| Disposition of treasury stock                                                             |                                                       |                                    |                                              |                               |                           | 0                |
| Cancellation of treasury stock                                                            |                                                       |                                    |                                              |                               |                           | —                |
| Transfer to capital surplus from retained earnings                                        |                                                       |                                    |                                              |                               |                           | —                |
| Change in ownership interest of parent due to transactions with non-controlling interests |                                                       |                                    |                                              |                               |                           | 15               |
| Changes in items other than shareholders' equity-net                                      | 1,414                                                 | 1                                  | 1,416                                        | —                             | (466)                     | 949              |
| <b>Total changes in the fiscal year</b>                                                   | 1,414                                                 | 1                                  | 1,416                                        | —                             | (466)                     | 9,852            |
| <b>Balance as of March 31, 2019</b>                                                       | 2,977                                                 | 0                                  | 2,977                                        | —                             | —                         | 284,752          |

## 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 SERVICER 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 Securities Co., Ltd, MARUI KIT CENTER CO., LTD, etc.

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

The seven 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 seven 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.

## 2. Notes to Changes in Accounting Policies

### Changes in accounting process of gain on bad debts recovered

The amount deposited by customers after write-offs of operating receivables (installment sales accounts receivable and consumer loans outstanding) in the FinTech segment was previously recorded as gain on bad debts recovered under non-operating income after deducting the cost of recovery, however, the Company changed the method from the fiscal year under the review to record such deposited amounts as revenue and such costs of recovery as selling, general and administrative expenses. The reasoning is that revenue in the FinTech segment increased to the same level as the retailing segment and FinTech is becoming increasingly important for operating activities with the change of business structure, and the Company reviewed the range of revenue from groupwide operating activities and strives to appropriately present operating results.

## 3. Notes to Changes in Representation Methods

“Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Statement No. 28 issued on February 16, 2018) has been applied from the beginning of the consolidated fiscal year ended March 31, 2019, and deferred tax assets are presented in investments and other assets while deferred tax liabilities are presented in noncurrent liabilities.

## 4. Notes to Consolidated Balance Sheet

|                                                                                                           |                     |
|-----------------------------------------------------------------------------------------------------------|---------------------|
| (1) Accumulated depreciation of property, plant and equipment                                             | 209,421 million yen |
| (2) Guarantee liabilities                                                                                 |                     |
| Loan guarantees for personal loans offered by financial institutions                                      | 22,217 million yen  |
| (3) Balance of securitized receivables                                                                    | 119,264 million yen |
| (4) Accumulated reduction entry excluded national subsidy from acquisition costs of tangible fixed assets | 66 million yen      |

## 5. Notes to Consolidated Statement of Income

### Impairment loss

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

(Unit: Millions of yen)

| Purpose | Location                        | Type     | Amount |
|---------|---------------------------------|----------|--------|
| Stores  | Kyoto Marui<br>Kyoto-shi, Kyoto | Building | 4      |
| Total   |                                 |          | 4      |

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.

## 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, 2018 | Increase in Shares in the Fiscal Year | Decrease in Shares in the Fiscal Year | Number of Shares as of March 31, 2019 |
|--------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Common stock | 233,660,417 shares                   | -                                     | 10,000,000 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 25, 2018 | Common stock | 4,417                                      | 20                       | March 31, 2018     | June 26, 2018    |
| Board of Directors Meeting on November 8, 2018            | Common stock | 5,034                                      | 23                       | September 30, 2018 | December 4, 2018 |

Note: 1. Total amount of dividend resolved by the Ordinary General Meeting of Shareholders on June 25, 2018 includes 10 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 8, 2018 includes 11 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 20, 2019 | Common stock | 5,666                                      | Retained earnings     | 26                       | March 31, 2019 | June 21, 2019  |

Note: Total amount of dividend to be resolved by the Ordinary General Meeting of Shareholders on June 20, 2019 includes 13 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

The Group raises funds primarily through loans from financial institutions and bond issuance. Temporary surplus funds are held in highly safe cash and bank deposits.

We strive to lower the customer credit risks relating to installment sales receivables and operating loans in accordance with our rules on extending credit. The investment securities are mainly stocks, and the fair values of listed stocks are checked on a quarterly basis. Guarantee money deposited is mainly in connection with lease agreements for stores.

Loans are used as working capital. Interest rate swap transactions are used for a part of long-term loans payable in order to reduce interest volatility risks. According to the Company's policy, we utilize derivative transactions solely for the purpose described above and not for speculative purposes.

### (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, 2019 are shown in the table below.

(Millions of yen)

|                                         | Consolidated Balance Sheets<br>Carrying Amount | Fair Value     | Unrealized Gain/Loss |
|-----------------------------------------|------------------------------------------------|----------------|----------------------|
| (1) Cash and deposits                   | 46,731                                         | 46,731         | -                    |
| (2) Notes and accounts receivable-trade | 6,138                                          | 6,138          | -                    |
| (3) Accounts receivable-installment     | 428,180                                        |                |                      |
| Allowance for doubtful accounts         | (9,565)                                        |                |                      |
|                                         | 418,615                                        | 469,541        | 50,925               |
| (4) Operating loans                     | 137,473                                        |                |                      |
| Allowance for doubtful accounts         | (3,058)                                        |                |                      |
|                                         | 134,414                                        | 152,121        | 17,706               |
| (5) Investment securities               |                                                |                |                      |
| Other securities                        | 14,630                                         | 14,630         | —                    |
| (6) Guarantee deposits                  | 5,334                                          | 5,388          | 54                   |
| <b>Total assets</b>                     | <b>625,865</b>                                 | <b>694,552</b> | <b>68,686</b>        |
| (1) Accounts payable-trade              | 10,231                                         | 10,231         | —                    |
| (2) Short-term loans payable            | 71,632                                         | 71,632         | —                    |
| (3) Current portion of bonds            | 30,000                                         | 30,000         | —                    |
| (4) Income taxes payable                | 8,211                                          | 8,211          | —                    |
| (5) Bonds payable                       | 85,000                                         | 85,230         | 230                  |
| (6) Long-term loans payable             | 300,000                                        | 299,745        | (254)                |
| <b>Total liabilities</b>                | <b>505,075</b>                                 | <b>505,051</b> | <b>(24)</b>          |

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

#### 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. Some of these loans are subject to the special treatment for interest rate swaps (See “Derivative transactions” below). The sum of the principal amount and interest payments that is treated in combination with such an interest rate swap is discounted at a reasonably estimated interest rate that would be applicable to other similar loans.

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.

Derivative transactions

The interest rate swaps that are subject to the special treatment are treated in combination with long-term loans payable that are designated as the hedged items. Their fair value is thus presented as part of the long-term loans payable (See “(6) Long-term loans payable” above).

2. As it is extremely difficult to determine the fair value of non-publicly traded stocks (in the amount of 5,805 million yen on the consolidated balance sheets) and investments in capital to invest limited partners (in the amount of 1,735 million yen on the consolidated balance sheet) 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 27,263 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 |
|---------------------------------------------|------------|
| 116,134                                     | 251,003    |

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 1,309.53 yen

(2) Net income per share 115.99 yen

## 10. Notes to Significant Subsequent Events

Not applicable.

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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, 2019)

(Millions of yen)

Item	Amount	Item	Amount
<u>Assets</u>		<u>Liabilities</u>	
Current assets	365,521	Current liabilities	185,469
Cash and deposits	32,012	Short-term loans payable	71,500
Short-term loans receivable from subsidiaries and affiliates	330,824	Current portion of bonds	30,000
Other	2,718	Short-term loans payable to subsidiaries and affiliates	81,352
Allowance for doubtful accounts	(33)	Accounts payable-other	769
		Accrued expenses	527
Noncurrent assets	407,013	Income taxes payable	109
Property, plant and equipment	1,400	Deposits received	207
Buildings	16	Provision for bonuses	279
Structures	1	Provision for stock benefits	240
Vehicles	26	Other	483
Furniture and fixtures	1,355	Noncurrent liabilities	385,067
		Bonds payable	85,000
Intangible assets	51	Long-term loans payable	300,000
		Other	67
Investments and other assets	405,562	Total liabilities	570,536
Investment securities	17,418		
Stocks of subsidiaries and affiliates	381,529	<u>Net Assets</u>	
Investments in capital of subsidiaries and affiliates	132	Shareholders' equity	199,270
Deferred tax assets	6,222	Capital stock	35,920
Other	260	Capital surplus	91,307
		Legal capital surplus	91,307
		Retained earnings	84,368
		Legal retained earnings	8,980
		Other retained earnings	75,388
		Retained earnings brought forward	75,388
		Treasury stock	(12,327)
		Valuation and translation adjustments	2,728
		Valuation difference on available-for-sale securities	2,728
		Total net assets	201,998
Total assets	772,534	Total liabilities and net assets	772,534

Non-Consolidated Statement of Income
(From April 1, 2018 to March 31, 2019)

(Millions of yen)

Item	Amount	
Operating revenue		17,345
Operating expenses		6,835
Operating income		10,510
Non-operating income		
Interest income	2,302	
Other	286	2,588
Non-operating expenses		
Interest expenses	1,404	
Other	335	1,739
Ordinary income		11,359
Extraordinary income		
Gain on sales of investment securities	4	
Gain on sales of noncurrent assets	0	4
Extraordinary loss		
Loss on sales of investment securities	253	
Loss on valuation of investment securities	435	689
Income before income taxes		10,675
Income taxes-current	272	
Income taxes-deferred	(33)	239
Net income		10,436

Non-Consolidated Statement of Changes in Net Assets
(From April 1, 2018 to March 31, 2019)

(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	Total retained earnings
					Retained earnings brought forward		
Balance as of April 1, 2018	35,920	91,307	—	91,307	8,980	91,470	100,450
Changes in the fiscal year:							
Dividends						(9,452)	(9,452)
Net income						10,436	10,436
Acquisition of treasury stock							
Disposition of treasury stock			0	0			
Cancellation of treasury stock			(17,064)	(17,064)			
Transfer to capital surplus from retained earnings			17,064	17,064		(17,064)	(17,064)
Change in items other than shareholders' equity-net							
Total changes in the fiscal year	—	—	—	—	—	(16,081)	(16,081)
Balance as of March 31, 2019	35,920	91,307	—	91,307	8,980	75,388	84,368

(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, 2018	(22,389)	205,288	1,449	1,449	206,738
Changes in the fiscal year:					
Dividends		(9,452)			(9,452)
Net income		10,436			10,436
Acquisition of treasury stock	(7,002)	(7,002)			(7,002)
Disposition of treasury stock	0	0			0
Cancellation of treasury stock	17,064	—			—
Transfer to capital surplus from retained earnings		—			—
Change in items other than shareholders' equity-net			1,278	1,278	1,278
Total changes in the fiscal year	10,062	(6,018)	1,278	1,278	(4,740)
Balance as of March 31, 2019	(12,327)	199,270	2,728	2,728	201,998

Amounts in these consolidated statements have been rounded down to the nearest unit.

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.

2. Notes to Changes in Representation Methods

“Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.” (ASBJ Statement No. 28 issued on February 16, 2018) has been applied from the beginning of the consolidated fiscal year ended March 31, 2019, and deferred tax assets are presented in investments and other assets while deferred tax liabilities are presented in noncurrent liabilities.

3. Notes to Non-Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	839 million yen
(2) Guarantee liabilities	
Guarantee liabilities in respect to the amount of payables of the consolidated subsidiary, Epos Card Co., Ltd. to their business partner	18,872 million yen
(3) Receivables and payables to subsidiaries and affiliates	
Short-term receivables	331,048 million yen
Short-term payables	81,590 million yen

4. Notes to Non-Consolidated Statement of Income

Transaction with subsidiaries and affiliates	
Operating transactions	
Operating revenues	17,338 million yen
Operating expenses	1,029 million yen
Non-operating transactions	2,338 million yen

5. 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, 2018	Increase in Shares in the Fiscal Year	Decrease in Shares in the Fiscal Year	Number of Shares as of March 31, 2019
Common stock	13,269,506 shares	2,945,262 shares	10,000,001 shares	6,214,767 shares

- Notes:
- Shares of common stock held as treasury stock increased by 2,945,262 shares due to the purchase of treasury stock (2,944,300 shares), and the purchase of shares in response to purchase demands for less than one unit (962 shares).
 - Shares of common stock held as treasury stock decreased by 10,000,001 shares due to the cancellation of treasury stock (10,000,000 shares), and the sale of fractional shares (1 share).
 - The number of shares of common stock as of March 31, 2019 includes 502,300 shares of the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

6. 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	<u>2,859 million yen</u>
Sub-total	10,097 million yen
Valuation allowance	<u>(2,671) million yen</u>
Total	<u>7,426 million yen</u>

(Deferred tax liabilities)

Valuation difference on available-for-sale securities	1,204 million yen
Total	<u>1,204 million yen</u>
Net deferred tax assets	<u>6,222 million yen</u>

7. 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 Store Business, Private Brand Management and Development, Mail-order Business, Outlet Business	(Ownership) Direct 100.0	1 person	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, 2019 (Millions of yen)
Subsidiaries	MARUI Co., Ltd.	Borrowing of funds *Note1	58,299	Short-term loans payable to subsidiaries and affiliates	66,441
		Business management fee *Note2	1,601	-	-
	Epos Card Co., Ltd.	Lending of funds *Note1	381,403	Short-term loans receivable from subsidiaries and affiliates	328,205
		Business management fee *Note2	3,527	-	-
		Receipt of interests	2,288	-	-

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.

8. Notes to Per-Share Information

(1) Net assets per share	928.96 yen
(2) Net income per share	47.76 yen

9. 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]

The Company passed a resolution on the following matters at the Board of Directors meeting held on May 14, 2019. The details of the resolution are as follows:

1. Matters concerning treasury stock

(1) Reasons for acquisition of treasury stock

Under the five-year medium-term management plan with the fiscal year ending March 31, 2021 as the final year, the Group will strive for innovation and integrated management of the Group's businesses for profit growth. Under these financial strategies, with an aim of achieving optimal capital composition suitable to the Group's business structure, the Company will effectively utilize basic operational cash flows generated over the five years to increase investment for growth and enhance shareholder returns. As part of this initiative, the Company will promote acquisition of treasury stock to target EPS of 130 yen or more, ROE of 10% or higher, and ROIC of 4% or higher, to increase corporate value. The following particulars are resolved based on the above approaches.

(2) Particulars of acquisition of treasury stock

- | | |
|---|--|
| 1) Type of shares to be acquired: | Common stock |
| 2) Total number of shares to be acquired: | No more than 3.9 million shares
(1.79% of the total number of issued shares excluding treasury stock) |
| 3) Total amount of acquisition: | No more than 7,000 million yen |
| 4) Period of acquisition: | From May 15, 2019 to March 31, 2020 |

2. Establishment of Sustainability Committee

(1) Purpose of establishment of Committee

The Sustainability Committee is established as an advisory body to the Board of Directors for the purpose of promoting Co-creation Sustainability Management.

(2) Role of Committee

- 1) The Sustainability Committee will review the sustainability strategy and initiatives throughout the Group and report and provide advice to the Board of Directors.
- 2) The Environmental CSR Promotion Subcommittee will be established within Sustainability Committee as a body to carry out relevant risk management and activities designated by the committee.

* The Sustainability Committee will reflect advice and proposals from the Sustainability Advisory Board in sustainability initiatives.

- For details on the Sustainability Advisory Board, please see the following website.
(http://www.0101maruigroup.co.jp/pdf/settlement/18_1221/18_1221_1.pdf)

(3) Composition of Committee

The Sustainability Committee is composed of the President as chairman, members appointed by the Board of Directors from among Executive Officers, and members appointed by the Board of Directors as it deems appropriate in the light of its purpose.

- * Corporate Governance Guidelines has been revised following establishment of the Sustainability Committee. For details, please see the following website.
(<http://www.0101maruigroup.co.jp/ci/governance.html>)

Major external evaluation related to ESG (From April 1, 2018 to March 31, 2019)



MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

The MARUI GROUP was selected for inclusion in World Index for the first time
The MARUI GROUP was selected for inclusion in Asia Pacific Index for the second consecutive year



FTSE Blossom Japan
2018 Constituent
MSCI 日本株
女性活躍指数 (WIN)

MSCI 2018 Constituent
MSCI ジャパンESG
セレクト・リーダーズ指数

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



CDP
DISCLOSURE INNOVATION ACTION
A LIST
2018
CLIMATE CHANGE

The MARUI GROUP was awarded CDP's "Climate Change A List" for the first time in the retail industry in Japan



S&P/JPX
Carbon Efficient Index

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



2019
健康経営銘柄
Health and Productivity

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



DIVERSITY MANAGEMENT
2.0 PRIME

The MARUI GROUP was included in the New Diversity Management Selection 100 for the first time



NADE SHI BRAND KO
2019

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

For details, please see the following website.
(<http://www.0101maruigroup.co.jp/en/ci/award.html>)