Greetings, I am Hirotsugu Kato, a director of MARUI GROUP CO., LTD..

Thank you very much for taking the time to attend our teleconference financial results briefing for the three months ended June 30, 2020 today.

Now, in line with the "Overview of Performance" I would like to explain the results for the three months ended June 30, 2020.

Highlights in Three Months Ended June 30, 2020

MARUI GROUP

1. EPS was ￥7.3, lower than the previous year due to COVID-19

2. Consolidated operating income increased 1% year on year to ¥8.9 billion for the 6th consecutive year of increase

3. Retailing segment operating income decreased 64% year on year
   FinTech segment operating income increased 17% year on year

4. The negative impact of COVID-19 for this first quarter was ¥1.3 billion on the Retailing segment operating income
   For FinTech segment, it was the positive impact of ¥0.3 billion

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First, please look at the page of "Highlights in Three Months Ended June 30, 2020".

We have 4 digests for this quarter.

1st, EPS was ¥7.3, much lower than the previous year due to store closure to prevent COVID-19 infections.

Second, consolidated operating income was ¥8.9 billion, up 1% year on year, for the 6th consecutive year of increase due to FinTech segment's strong growth and transfer of fixed expenses during store closure to extraordinary losses.

Third, Retailing segment operating income greatly influenced by COVID-19 decreased 64% and FinTech segment operating income increased 17%.

Fourth, The negative impact of COVID-19 for this first quarter was ¥1.3 billion in the Retailing segment. For the FinTech segment, it was the positive impact of ¥0.3 billion mainly due to decrease of card issuance costs. I'll explain the details later.

Consolidated Performance

MARUI GROUP

	Three months ended Jun. 30, 2019	Three months ended Jun. 30, 2020	YOY change(%)	YOY difference
EPS (yen)	25.7	7.3	28	−18.4
	Billions of yen	Billions of yen	%	Billions of yen
Total Group transactions	685.8	615.3	90	−70.5
Revenue	57.4	46.1	80	−11.3
Gross Profit	45.8	37.3	81	−8.5
〈Recurring gross profit〉	〈32.1〉	〈27.3〉	〈85〉	〈−4.7〉
SG&A expenses	37.0	28.4	77	−8.6
Operating income	8.8	8.9	101	+0.1
Net income	5.6	1.6	28	−4.0

*Infectious disease related costs of ¥7.5 billion are recorded to extraordinary loss (Fixed cost during stores closed, etc) 2

Now, let me explain the overview of performance. Please refer to the chart of ″Consolidated Performance″ on page 2.

EPS, the key performance indicator for the medium-term management plan, declined 72% year on year to ¥7.3 due to COVID-19.

The Group's total transaction volume fell 10% to ¥615.3 billion mainly because of store closures in the Retailing segment.

Revenue greatly declined 42% in the Retailing segment because of store closures, too. On the other hand, FinTech segment's revenue decreased 2%. As a result, consolidated revenue decreased 20% to ¥46.1 billion.

Gross profit declined ¥8.5 billion to ¥37.3 billion. Recurring gross profit share increased to 72%.

SG & A expenses decreased by ¥8.6 billion to ¥28.4 billion, mainly due to a decrease in variable expenses, card issue-linked expenses and the transfer of fixed expenses during store closures to extraordinary losses.

Operating income increased 1% to ¥8.9 billion, the 6th consecutive year of growth, thanks to recurring gross profit occupying 65% of gross profit in previous fiscal year, which includes revolving and installment payments fees, rent guarantees and various recurring payment.

As a result, net income declined 72% to ¥1.6 billion, down two years in a row, due to the recording of extraordinary losses in fixed expenses during store closures.

Segment Income

Operating income

	Three months ended Jun.30, 2019	Three months ended Jun.30, 2020	YOY change	YOY difference
	Billions of yen	Billions of yen	%	Billions of yen
Retailing	2.4	0.8	36	−1.5
FinTech	8.1	9.5	117	+1.4
Eliminations /Corporate	−1.7	−1.5	−	+0.2
Consolidated	8.8	8.9	101	+0.1

ROIC

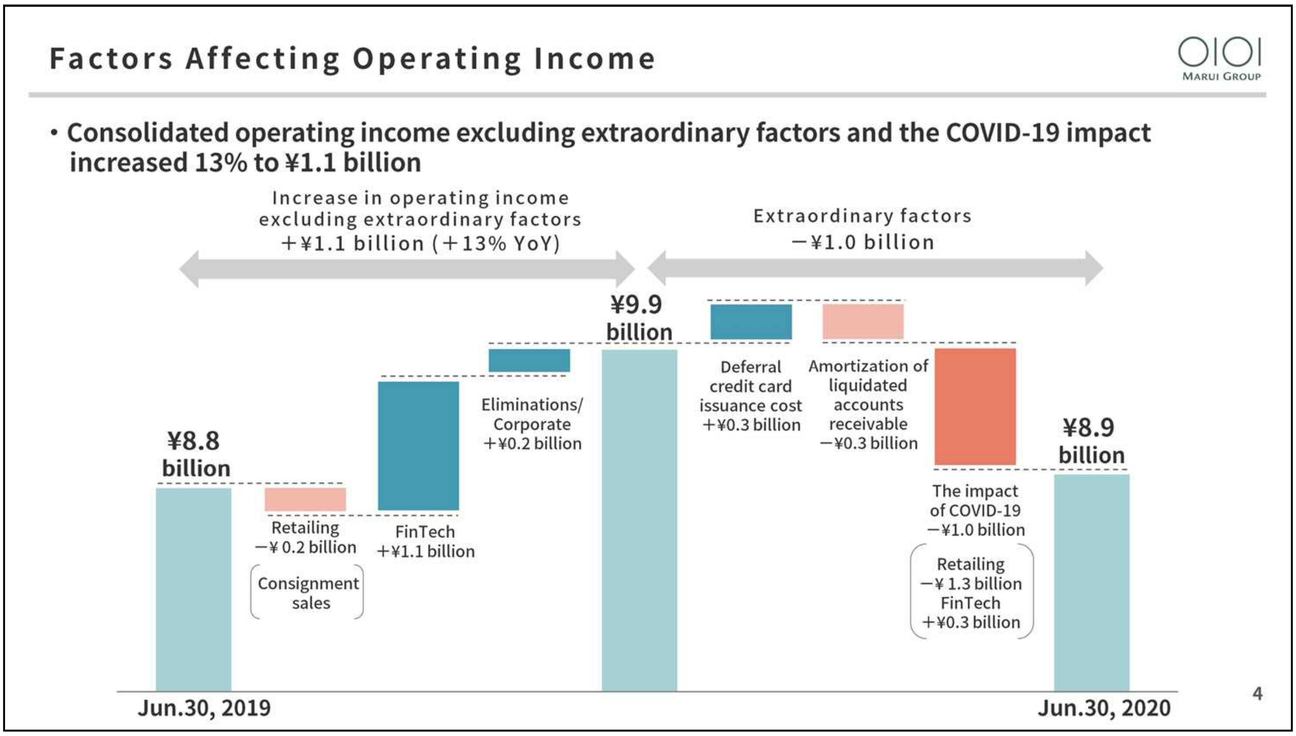
	Three months ended Jun.30, 2020	YOY change
	%	%
Retailing	0.3	−0.5
FinTech	1.2	+0.2
Eliminations /Corporate	−	−
Consolidated	0.8	+0.0

Next, please refer to page 3 ″Segment Income″.

Operating income in the Retailing segment decreased 64% to ¥0.8 billion. It was greatly influenced by the COVID-19 impact, but secured profits. FinTech segment’s operating income increased 17% to ¥9.5 billion, continuous high growth.

Elimination/Corporate decreased by ¥0.2 billion due to a reduction in administrative expenses.

As a result, consolidated operating income rose 1% to ¥8.9 billion for the 6th consecutive year of increase.



Next, I will explain about page 4 "Factors Affecting Operating Income".

An extraordinary factor behind the change in operating income was changes in accounting standards of card issuance costs from the fourth quarter of the previous fiscal year to promote LTV management, pushing up income by ¥0.3 billion. However, due to the COVID-19 effect of ¥1.0 billion and arising amortization of liquidation that has been implemented two years ago, extraordinary factors reduced profit by ¥1.0 billion.

Excluding these extraordinary factors, substantial operating income rose 13% to ¥9.9 billion.

For the breakdown of substantial operating income in segments, the Retailing segment saw a decline of ¥0.2 billion, but the FinTech segment saw an increase of ¥1.1 billion.

The reason for the decrease in substantial profit in the Retailing segment was a decrease in gross profit of consignment sales.

FinTech Segment

MARUI GROUP

	Three months ended Jun.30, 2019	Three months ended Jun.30, 2020	YOY change	YOY difference
	10 thousand	10 thousand	%	10 thousand
New cardholders	20	10	49	−10
(Outside of Marui Group stores)	(11)	(8)	(75)	(−3)
Number of cardholders	697	715	103	+18
Platinum Card, Gold Card	222	256	115	+34
	Billions of yen	Billions of yen	%	Billions of yen
FinTech transactions *	630.8	591.7	94	−39.1
Card shopping	510.8	459.9	90	−50.9
(Outside of Marui Group)	(486.1)	(449.4)	(92)	(−36.7)
Service	80.7	105.6	131	+24.9
Cash advance	37.1	24.1	65	−13.0
Operating receivables outstanding (including liquidated accounts receivable)	705.1	717.9	102	+12.8
Revolving payment, Payment by installments (Card shopping)	342.1	354.3	104	+12.2
Operating loans	152.1	142.5	94	−9.6
Ratio of bad debt write-offs (%)	0.48	0.47	−	−0.01

* Transaction trends

April	86%
May	90%
June	105%

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Next, please refer to page 5 "FinTech Segment".

As I mentioned earlier, operating income for the FinTech segment increased 17% to ¥9.5 billion, continuing to grow.

The number of new cardholders in the first quarter decreased by 100,000 from the previous year to 100,000 because of a decrease in the number of new cardholders from stores due to the suspension of business.

At the end of June, the number of cardholders increased by 180,000 from the previous year to 7.15 million. Platinum Gold membership grew 340,000 to 2.56 million, representing 4% increase to 36% of the total membership, indicating that EPOS Card is being the customer's primary card.

As for the transaction volume, although the rent guarantee business continued to expand, the transaction volume decreased 6% year on year to ¥591.7 billion, due to a decrease in the transaction volume of card shopping and cash advances accompanying the voluntary restraint on going out. Transaction volume decreased from the previous year to 86% in April and 90% in May, but recovered to 105% in June from the previous year.

Operating receivable outstanding of card shopping including liquidated accounts receivable, increased 4% to ¥354.3 billion year on year. Operating receivable outstanding of cash advances declined 6% to ¥142.5 billion, reflecting a decline in the use of cash advances.

In addition, the ratio of bad debt write-offs decreased slightly, and provision for bad debts decreased 3% year on year. No extreme impact of COVID-19 has occurred.

Consolidated Balance Sheets

MARUI GROUP

	Mar.31, 2020	Jun. 30, 2020	YoY difference
	Billions of yen	Billions of yen	Billions of yen
Operating receivables	555.6	540.4	−15.1
(Liquidated accounts receivable :Off-balance sheet)	(181.9)	(177.5)	(−4.5)
[Ratio of liquidated accounts receivable(%) *1]	[24.7]	[24.7]	[0.0]
installment sales accounts receivable	416.3	411.5	−4.7
operating loans outstanding	139.3	128.9	−10.4
Fixed assets	259.2	265.4	+6.2
Interest-bearing debt	479.8	472.8	−7.0
[Ratio of operating receivables(%) *2]	[86.4]	[87.5]	[+1.1]
Shareholder's equity	289.8	291.4	+1.7
[Equity ratio (%)]	[32.7]	[32.9]	[+0.2]
Total assets	886.0	884.6	−1.4

*1 Ratio of liquidated accounts receivable = Liquidated accounts receivable / (Operating receivables + Liquidated accounts receivable)
*2 Ratio of interest-bearing debt to operating receivables = Interest-bearing debt / Operating receivables

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Next, I will explain about page 6 "Consolidated Balance Sheets".

Operating receivables decreased ¥15.1 billion compared to March 31, 2020 with transaction decline.
In conjunction with that, interest-bearing debt decreased by ¥7.0 billion from the end of the previous fiscal year.

The ratio of liquidated accounts receivable was 24.7% as of the end of June.

The ratio of interest-bearing debt to operating receivables was 87.5% and the equity ratio was 32.9%.

Cash Flows

MARUI GROUP

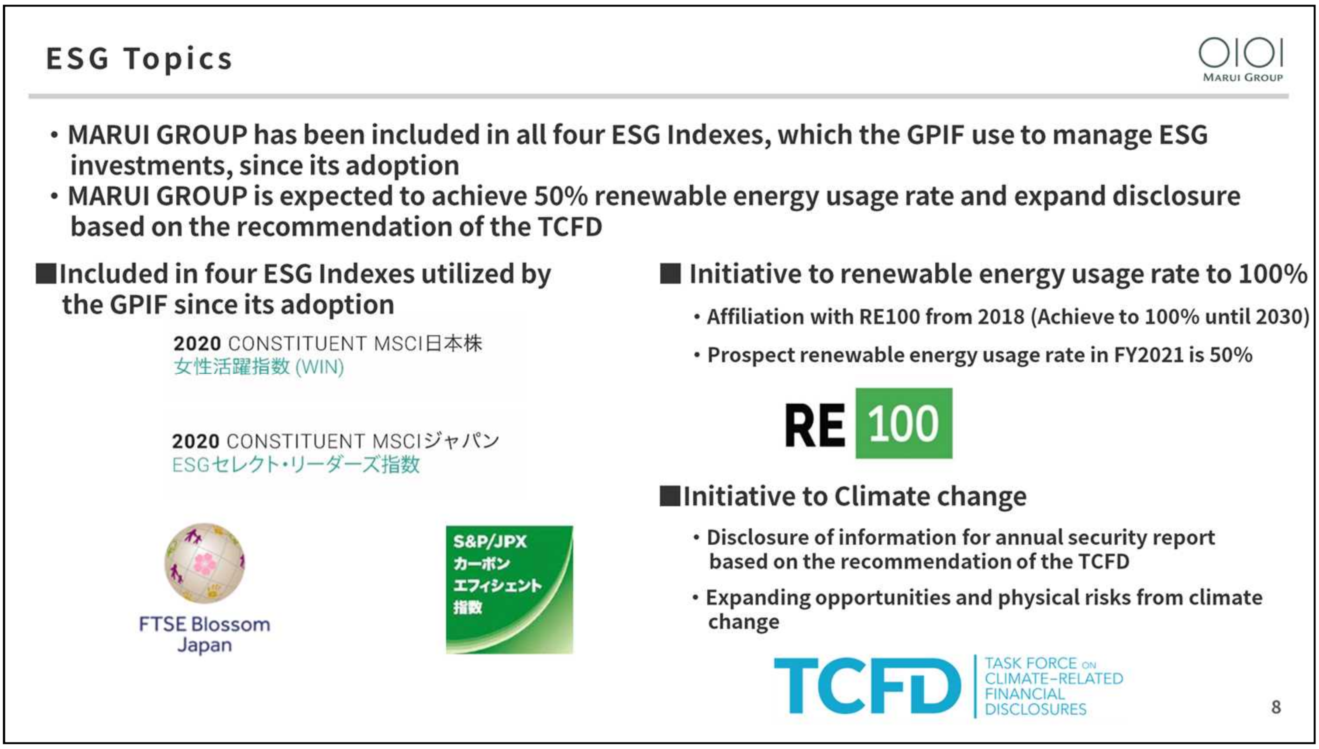
	Three months ended Jun.30, 2019	Three months ended Jun.30, 2020	YOY difference
	Billions of yen	Billions of yen	Billions of yen
Net cash provided by (used in) operating activities	−10.9	12.1	+23.1
Increase(decrease) in operating receivables	−11.2	13.2	+24.4
Core operating cash flow*3	0.3	−1.1	−1.3
Net cash provided by (used in) investing activities	−7.3	−4.7	+2.6
Purchase of fixed assets	−3.3	−2.2	+1.2
Gains on sales of investment securities	−4.2	−1.1	+3.2
Gains on sales of fixed assets, etc.	0.3	−1.5	−1.7
Net cash provided by (used in) financial activities	9.0	−11.8	−20.8
Increase(decrease) in interest-bearing dept	21.7	−8.2	−29.9
Cash dividends paid	−5.7	−4.7	+0.9
Purchase of treasury stock, etc.	−7.0	1.2	+8.2
Cash and cash equivalents at end of period	37.5	36.5	−1.0

*3 Core operating cash flow = Net cash provided by (used in) operating activities − Change in operating receivables

Now let's look at page 7 "Cash flows".

Core operating cash flow, which excludes change in operating receivables from net cash provided by (used in) operating activities, was minus ¥1.1 billion mainly due to delay in transfer of cashless point reduction and employment adjustment subsidy.

Net cash provided by investing activities was minus ¥4.7 billion, mainly due to venture investments, the acquisition of fixed assets and return of part of deposit rent to our business partners as a measure to strengthen partnership.



Next, I will explain about page 8 ″ESG Topics″.

MARUI GROUP has been included in all four ESG indexes, which the GPIF use to manage ESG investments, since its adoption. We were included in all this year as well.

We believe that our group was recognized for its future-oriented ″Co-Creation Sustainability Management″, in which environmental considerations, solutions to social issues, governance, and business are integrated.

Our company is a member of RE 100 and is working toward the goal of switching its electricity consumption to 100% renewable energy by fiscal 2030. Our subsidiary, Marui-Facilities Inc., registered with an electricity retailer and directly purchased electricity from renewable energy sources. As a result, MARUI GROUP is expected to achieve 50% renewable energy usage rate this fiscal year.

In addition, we have updated the disclosure of opportunities and physical risks based on the TCFD. Our Japanese financial results summaries and annual securities report for the fiscal year ended March 31, 2020 will contain information about the TCFD following last quarter. Please take a look at it.

Going forward, MARUI GROUP will seek to become a forerunner in ESG management through the active practice of co-creation sustainability management with its stakeholders to contribute to the development of a flourishing and inclusive society that offers happiness to all.

Impact of the COVID-19 in Three Months Ended June 30, 2020

OIOI MARUI GROUP

- In the Retailing segment, the negative impact of the COVID-19 was ¥1.3 billion due to the recording of fixed costs during stores closure as extraordinary losses and others
- In the FinTech segment, the positive impact of the COVID-19 was ¥0.3 billion due to the decrease in card issuance costs and others

■Impact on Operating Income

Segment	Operating income	Revenue	SG&A expenses
	Billions of yen	Billions of yen	Billions of yen
Retailing	−1.3	−9.4	−8.1
FinTech	+0.3	−3.5	−3.8

Amount recorded items for extraordinary loss (Fixed cost during stores closed, etc)	Billions of yen
Equipment costs	−2.8
Personnel costs	−1.6
Office costs, etc.	−2.5
Total	−6.9
Personnel costs	−0.4
Depreciation, etc.	−0.1
Total	−0.5

Next, please refer to page 9 “Impact of the COVID-19 in Three Months Ended June 2020”.

In the Retailing segment, the negative impact of COVID-19 on operating income was ¥1.3 billion due to the recording of fixed expenses during store closures as extraordinary losses and others despite the decrease in revenue due to self-refraining from going out and the return of rent to our business partners.

In the FinTech segment, as I mentioned at last financial result briefing, there is not much impact of transaction decrease by low consumption in short term. On the contrary, the decrease in card issuance costs was significant, resulting in a positive impact of ¥0.3 billion.

The breakdown of extraordinary losses for each segment is shown on the right side of the table.

Scenario of impact of the COVID-19 for the Fiscal Year Ending March 31, 2021

MARUI GROUP

- **Performance in June exceeded initial forecasts, however that in July fall below in June due to re-epidemic of the COVID-19**
- **Forecast of FY2021 remains undetermined because it is difficult to predict when the trend will recover. The scenarios at the last financial result briefing were revised.**

〈 The scenarios of the COVID-19 impact〉

◇scenario （E）
- Trend from June to July, 2020 continues to March, 2021
- Retailing transactions trend is 80%
- FinTech transactions (Outside of Marui Group stores) trend is 105%

～

◇scenario （G）
- Trend in July, 2020 continues to March, 2021 and there is store closure for 1month
- Retailing transactions trend is 75%
- FinTech transactions (Outside of Marui Group stores) trend is 105%

Segment	FY2020	YOY difference			
		Excluding the effect of the COVID-19	After reflect the effect of the COVID-19		
			Scenario（E）	～	Scenario（G）
	Billions of yen	Billions of yen			Billions of yen
Retailing	10.0	±0	−6.0	～	−8.0
FinTech	38.4	+4.0		±0	
Consolidated Operating income	41.9	+4.0	−6.0	～	−8.0
Net income	25.4	+2.0	−9.0	～	−13.0

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Finally, please refer to page 10 “COVID-19 Effects Scenario for the Fiscal Year Ending March 31, 2021”.

The scenarios from A to D that we had discussed at the last financial result briefing were revised based on the results of the first quarter. And we calculated based on three new scenarios.

Although the business performance in June after the end of store closures exceeded the initial forecast, the business performance in July was lower than that in June due to concern for the re-expansion of COVID-19 infections in July.

The each scenarios that we had discussed at the last financial result briefing were intended to gradually recover the Retailing segment trend after July. Therefore, We have assumed that the latest trend will continue throughout the fiscal year.

In the all three new scenarios of the COVID-19 effects in the fiscal year ending March 2021, the FinTech segment’s shopping credit transaction is assumed 105% year on year .

In the Retailing segment, Scenario E continued the June-July transaction trend of 80% to March, Scenario F continued the July trend of 75% to March, and Scenario G has another one-month store closure in addition to Scenario F.

In those scenarios, Retailing segment’s operating income includes COVID-19 effects would be minus ¥6.0 billion to ¥8.0 billion. FinTech segment’s operating income would be plus or minus 0 compared to the previous year. As a result, Consolidated operating income would be also minus ¥6.0 billion to ¥8.0 billion year on year.

Taking into account extraordinary losses such as expenses related to infectious diseases, we forecast that net income will decrease by ¥9.0 billion to ¥13.0 billion.

We have formulated the above three scenarios, but it is difficult to determine if the trend is within or beyond the scenario, so the forecast for the fiscal year ending March 2021 remains undetermined. We will assess the impact on our business results and announce the full-year forecast as soon as the details become clear.

That's all for the overview of financial results. Thank you for your attention.