

MARUI GROUP CO., LTD

**Overview of Performance in Nine Months  
Ended December 31, 2021**



MARUI GROUP

February 3, 2022



## **Overview of Performance and Segment Income in Nine Months Ended December 31, 2021**

- Consolidated
- FinTech
- Retailing
- Co-creative investment
- Balance sheet and cash flow
- ESG

### **Full-year forecast**

- 1) Total Group transactions were a record ¥2.5084 trillion, up ¥344.7 billion year on year.
- 2) Net income was up ¥2.4 billion (+17%) year on year to ¥16.2 billion. EPS, a primary KPI, increased ¥13 year on year to ¥78.
- 3) Consolidated operating income was up ¥1.1 billion (+4%) year on year to ¥29.7 billion. Adjusted to exclude one-time factors such as “fixed costs transferred to extraordinary loss” and “rent reduction/relief”, consolidated operating income was up ¥2.6 billion.
- 4) FinTech segment operating income increased by ¥1.5 billion to ¥33.1 billion. Retailing segment operating income declined ¥600 million to ¥1.2 billion.

\*The Group began applying the new revenue recognition standard in the current fiscal year.

There are four highlight points for this term.

The Group's total transaction was ¥2,508.4 billion, a record high for the cumulative third quarter.

Next, net income was ¥16.2 billion, an increase of ¥2.4 billion from the previous fiscal year.

EPS, a key KPI, increased by ¥13 to ¥78.

Thirdly, consolidated operating income totaled ¥29.7 billion. Excluding extraordinary factors such as the transfer of fixed costs to extraordinary losses during the stores closed in the previous year and rent reductions and exemptions, the increase was ¥2.6 billion.

As for the fourth point, operating income by segment, FinTech increased by ¥1.5 billion from the previous fiscal year to ¥33.1 billion, while Retailing decreased by ¥0.6 billion from the previous fiscal year to ¥1.2 billion.

## Consolidated Performance



Revenue up for the first time in three years and operating income up for the first time in two years on growth of total Group transactions

			3Q FY2022	YOY Change (%)	Change from 3Q FY2020 (%)	YOY difference (yen)
EPS (yen)			77.5	120	85	+12.8
	3Q FY2020	3Q FY2021	3Q FY2022	YOY change	Change from 3Q FY2020	YOY difference
	Billions of yen	Billions of yen	Billions of yen	%	%	Billions of yen
Total Group transactions	2174.3	2163.7	2508.4	116	115	+344.7
Revenue	174.4	153.6	156.5	102	90	+2.9
Gross Profit	148.0	134.0	136.9	102	92	+2.9
SG&A expenses	115.3	105.4	107.2	102	93	+1.8
Operating income	32.8	28.6	29.7	104	91	+1.1
Ordinary income	31.8	28.4	28.9	102	91	+0.5
Net income	19.8	13.9	16.2	117	82	+2.4

3

Total group transaction was ¥2,508.4 billion, 16% higher than the previous year and 15% higher than the year before previous year, due to more store operating days than last year in the Retailing segment and strong card credit in the FinTech segment.

In terms of revenue, the Retailing segment saw a 2% increase in consolidated revenue to ¥156.5 billion, the first increase in three fiscal years, due in part to the positive impact of rebound from rent reductions and exemptions in the previous year.

Gross profit also increased by ¥2.9 billion to ¥136.9 billion due to the increase in revenue.

SG&A expenses increased by ¥1.8 billion to ¥107.2 billion, partly due to an increase in card rewards associated with the expansion of card credit and variable expenses such as sales administration costs.

As a result of the above, operating income increased by ¥1.1 billion to ¥29.7 billion, the first increase in two fiscal years.

Net income increased 17% to ¥16.2 billion, the first increase in two fiscal years, due in part to a significant decrease in the amount of extraordinary losses transferred.

## Segment Income (Revenue and Operating Income)

**FinTech segment recorded higher revenue and operating income; revenue up for Retailing segment, but operating income down due to “fixed costs transferred to extraordinary loss” in previous year**

	3Q FY2020	3Q FY2021	3Q FY2022	YOY change	Change from 3Q FY2020	YOY difference
	Billions of yen	Billions of yen	Billions of yen	%	%	Billions of yen
Revenue	174.4	153.6	156.5	102	90	+2.9
Retailing	76.0	53.6	56.4	105	74	+2.9
FinTech	104.7	103.9	104.8	101	100	+0.9
Eliminations /Corporate	-6.3	-3.9	-4.8	-	-	-0.9
Operating income	32.8	28.6	29.7	104	91	+1.1
Retailing	7.7	1.8	1.2	68	16	-0.6
FinTech	30.2	31.6	33.1	105	109	+1.5
Eliminations /Corporate	-5.1	-4.8	-4.6	-	-	+0.2

4

Operating income in the Retailing segment fell 32% to ¥1.2 billion.

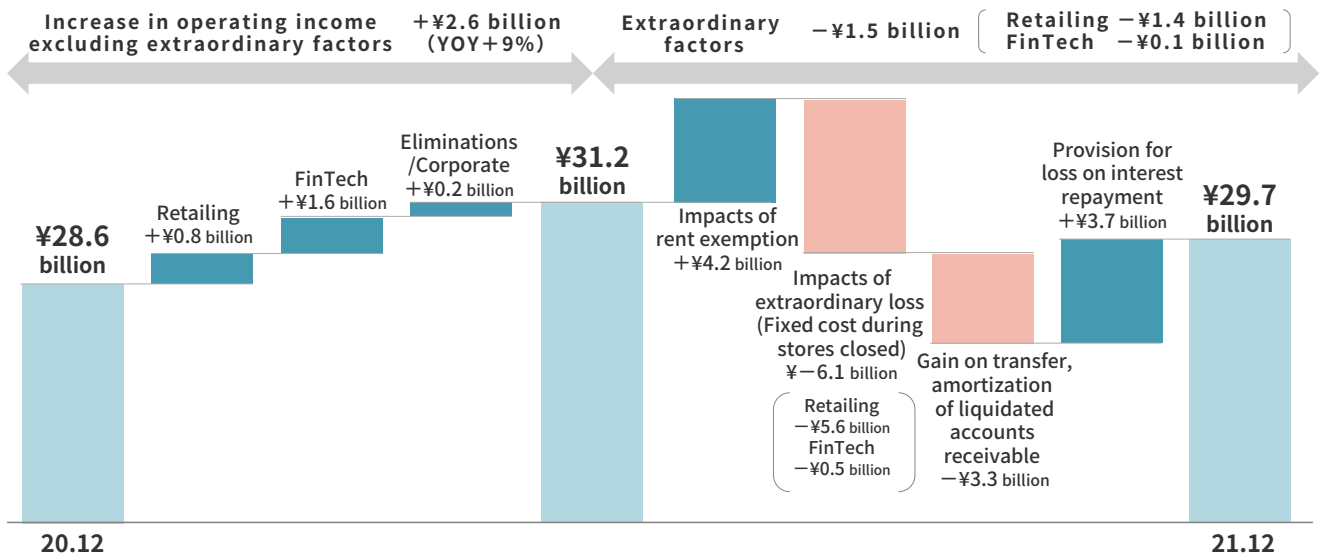
Operating income in the FinTech segment increased 5% to ¥33.1 billion.

The detailed changes in operating income will be explained later in this report.

As a result of the above, consolidated operating income rose 4% to ¥29.7 billion, the first increase in two years.

## Factors Affecting Operating Income

Consolidated operating income was up 9% (¥2.6 billion) year on year when adjusted to exclude one-time factors such as “fixed costs transferred to extraordinary loss”



I will explain the breakdown of changes in operating income.

First, look at the extraordinary factors on the right.

The increase in revenue due to a decrease in the amount of rent reduction and exemption compared to last year is ¥4.2 billion. The impact of the transfer of extraordinary losses on fixed costs during store closure was a factor in the ¥6.1 billion decrease in operating income.

If we add the impact of liquidation and amortization and the impact of the provision for loss on interest repayments incurred last year, the total amount of extraordinary factors is negative ¥1.5 billion.

Excluding these extraordinary factors, the actual increase in operating income was a positive ¥2.6 billion, up 9% from the previous year.

By segment, Retailing sales increased by ¥0.8 billion, mainly due to the effect of increased sales resulting from the increase in the number of business days compared to last year.

FinTech reported an increase of ¥1.6 billion due to an increase in fee income from the expansion of card credit transaction.

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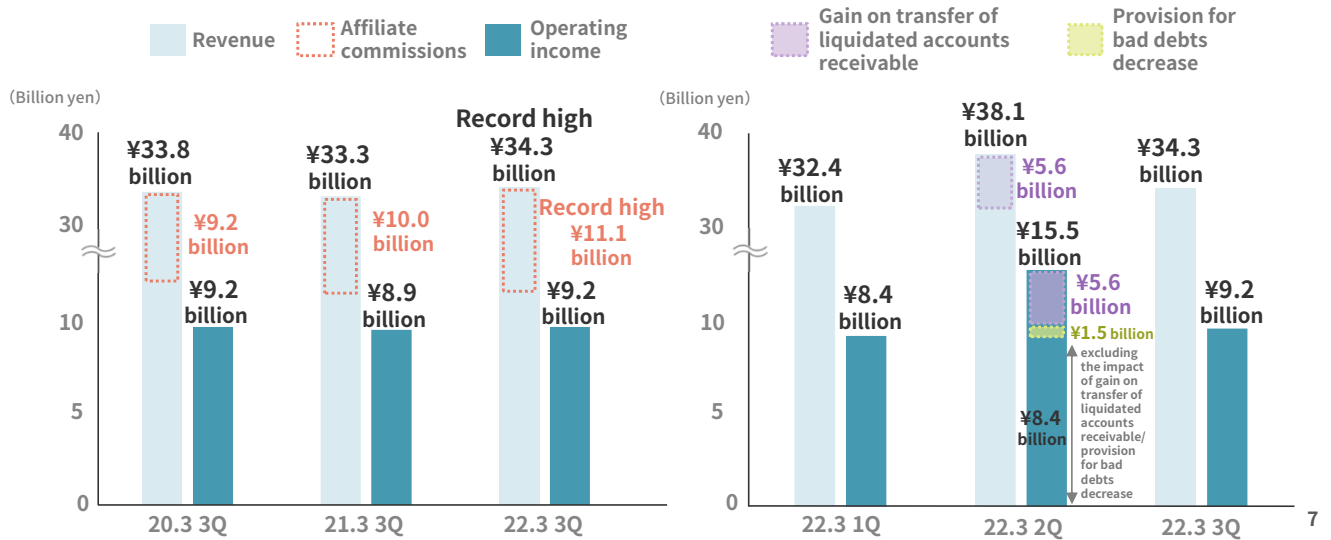
**Full-year forecast**

# FinTech Segment: Revenue and Operating Income

## Record-high third-quarter revenue

■ Last 3 years 3Q changes in achievement

■ FY2022 Quarterly changes in achievement



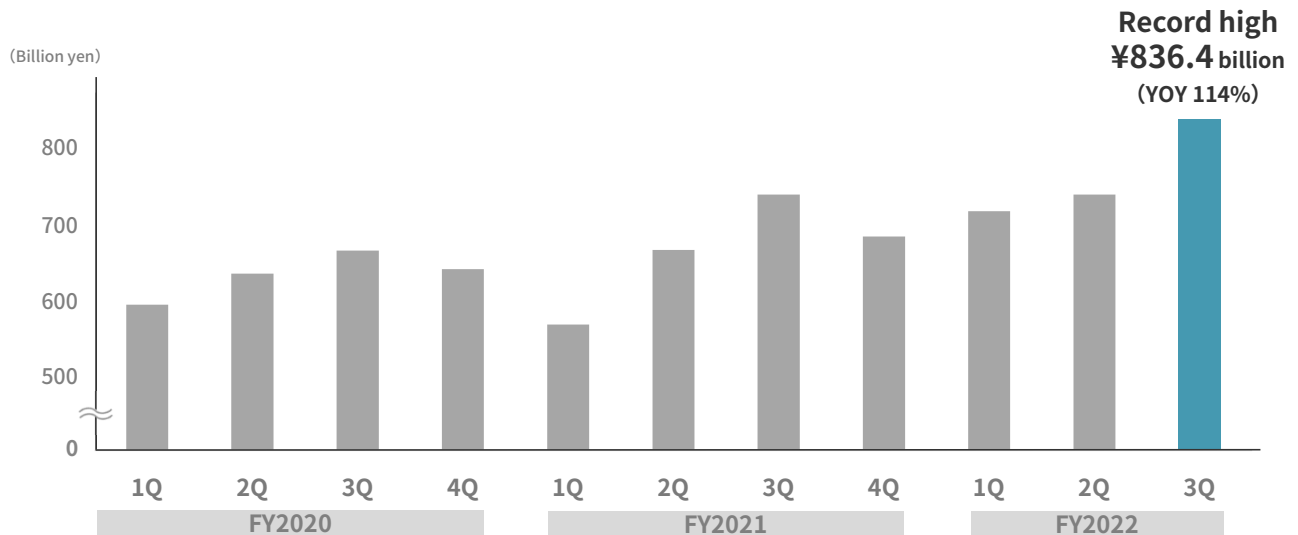
The graph on the left shows revenue and operating income for three months of the third quarter of the last three years. This quarter, affiliate commissions reached a quarterly record high, and revenue also reached a record high of ¥34.3 billion in the third quarter.

Next, the graph on the right shows the quarterly trends for the current fiscal year. Operating income for the three months ended December 31, 2021 was ¥9.2 billion. For the current fiscal year, the figures for the three months of the second quarter look remarkably high, but this is due to extraordinary factors such as gain on transfer of liquidated accounts receivable and provision for bad debts. Excluding these factors, operating income was ¥8.4 billion, almost the same as in the first quarter. In contrast, the third quarter saw a substantial increase in profits of about 10%.



## Card Credit Transaction Volume

Record-high quarterly (three-month) transaction volume in the third quarter of fiscal year ending March 31, 2022

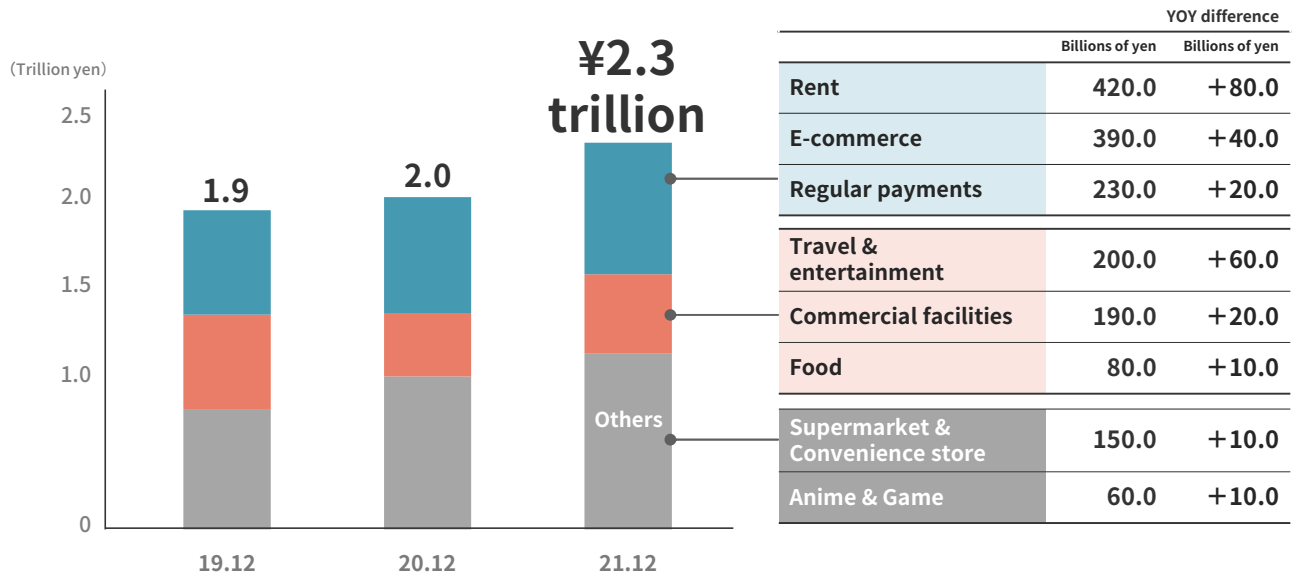


This is quarterly trend of card credit from the fiscal year ending March 31, 2020.

In the previous fiscal year, there was a temporary drop in the first quarter due to the spread of COVID-19, but it has since recovered steadily and reached a record high of ¥836.4 billion in the third quarter of this fiscal year.

## Card Credit Transaction Volume

Achieved record transaction volume of ¥2.3 trillion in third quarter due to progress with maximizing share of household finances



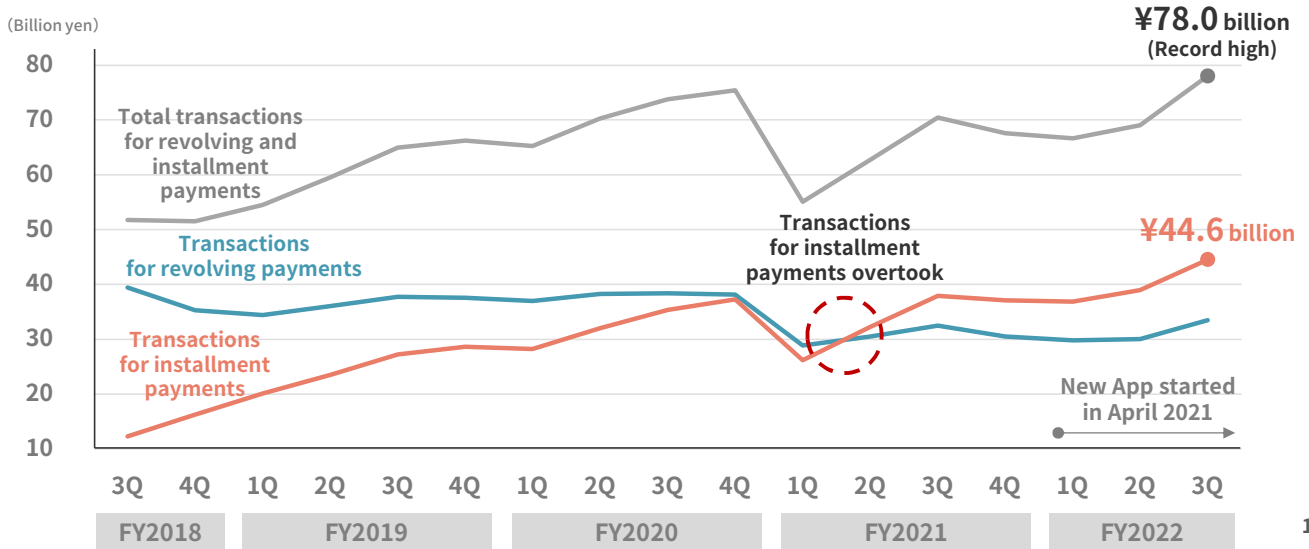
As I explained earlier about quarterly transaction, card credit transaction volume for the cumulative third quarter reached a record high of ¥2.3 trillion.

In addition to the continued strong performance of rent, e-commerce, and regular payments in the second quarter, the categories that grew in the previous fiscal year, such as supermarkets and convenience stores, further increased their transaction in the current fiscal year.

In addition, travel & entertainment, commercial facilities, and food, which struggled in the previous fiscal year, are also recovering, exceeding current performance.

## Revolving and Installment Payments

Transaction volume of installment payments, which overtook revolving payments in previous fiscal year, continued to trend upward. Transaction volume of revolving and installment payments reached a record high in the third quarter of the fiscal year ending March 31, 2022.



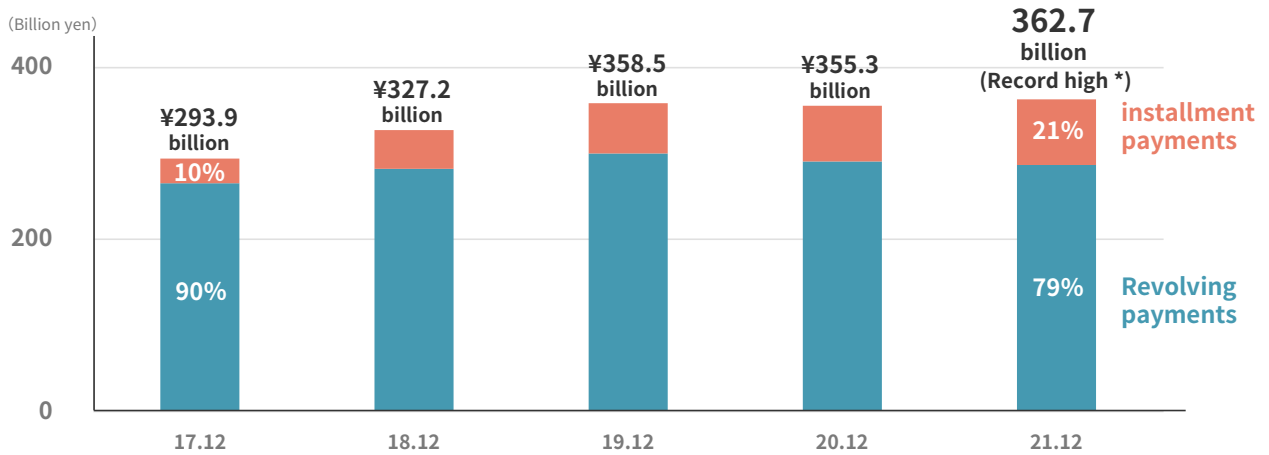
In the last fiscal year, the transaction volume of installment payments exceeded that of revolving payments for the first time, and the transaction volume of installment payments is growing further due in part to the new app that went into full-scale operation in April this year.

As a result, the total transaction volume of revolving and installment for the third quarter was ¥78 billion, a record high.

## Balance of Revolving and Installment Payments

The weighting of the balance of installment payments increased to 21% of the total.  
The balance of revolving and installment payments reached a record high\*

■ Transition of balance of revolving and installment payments  
(Including liquidated accounts receivable)



\* Since launch of EPOS Card

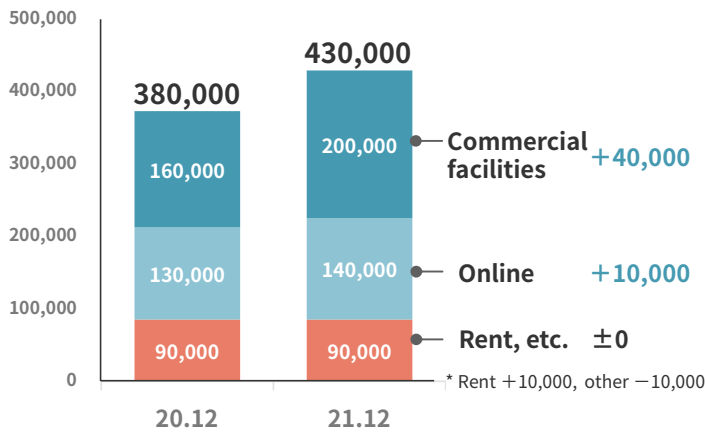
As a result, the composition of installment payments has increased to 21% of the total balance of revolving and installment payments, including liquidated accounts receivable.

The balance of revolving and installment payments was ¥362.7 billion, or 102% YoY, continuing the YoY increase seen in the second quarter.

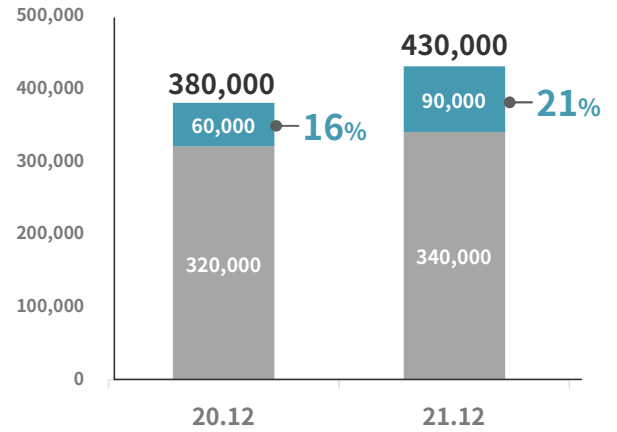
## New Cardholders

Number of credit card applications at commercial facilities recovered. New card applications up 50,000 year on year. Share of “Cards tailored to individual’s interests” increased.

■ Composition by enrollment route



■ Composition by “Cards tailored to each individual’s interests”

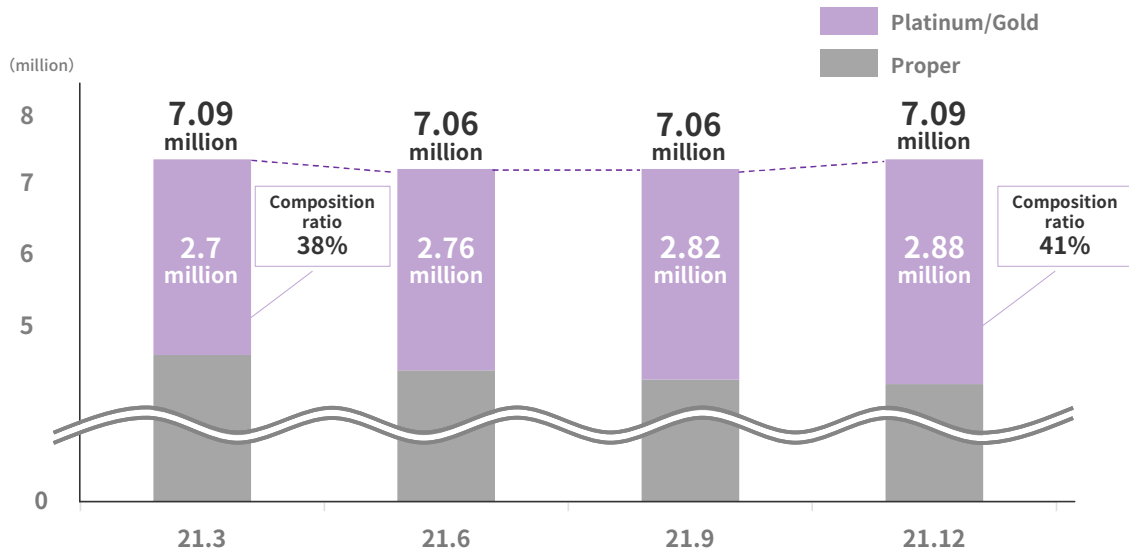


The number of new Cardholders increased by 50,000 compared to the previous year to 430,000 due to an increase in membership at commercial facilities, which had dropped significantly last year, and a recovery in membership from the online.

In addition, the composition of “cards tailored to each individual’s interests”, including content cards, a focus area of the medium-term management plan, has expanded to 21%.

## Cardholder Numbers

Cardholders totaled 7.09 million, with the share of Platinum and Gold cardholders increasing to 41% of total

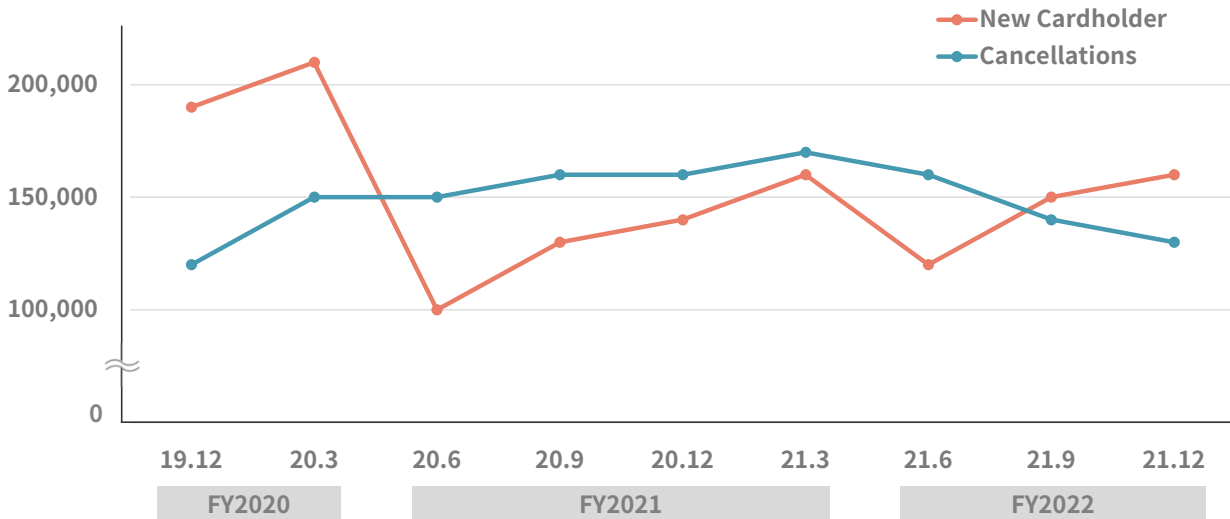


The number of cardholders decreased to 7.06 million at the end of June and remained flat at the end of September, causing concern, but the number of cardholders at the end of December turned upward, increasing by 30,000 to 7.09 million compared to the end of September.

The number of platinum cardholders and gold cardholders, a unique initiative, reached 2.88 million at the end of December, accounting for 41% of the total number of members, and royal customer strategy is steadily progressing.

## New Credit Card Applications and Credit Card Cancellations

New card applications exceeded card cancellations in the second quarter; more new card applications than card cancellations so far in fiscal year ending March 31, 2022

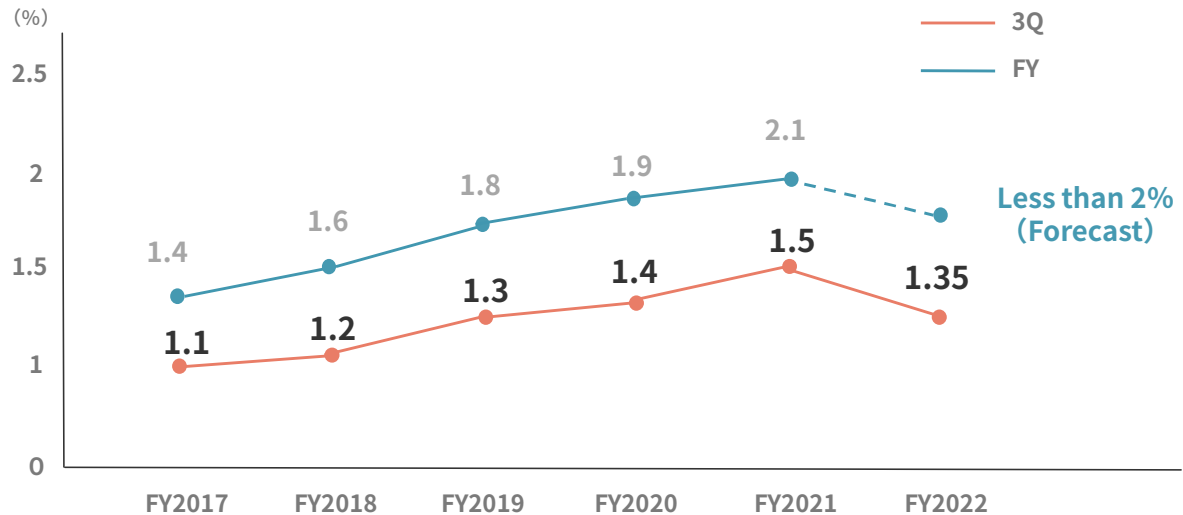


On the previous page, I explained that the number of cardholders has started to increase, and the reason for this is the reversal of the number of new cardholders and the number of card cancellations, as shown on this page.

In the fiscal year ended March 31, 2021, the level of the number of members who cancelled from the program temporarily increased and exceeded the number of members who joined, mainly due to the timing of the third renewal of the expiration date. While the number of card cancellations began to decline at the beginning of this fiscal year, the number of enrollments recovered, resulting in a reversal of the number of enrollments and cancellations in the second quarter.

## Ratio of Bad Debt Write-Offs

The ratio of bad debt write-offs trended upward through the fiscal year ended March 31, 2021, but is forecast to decrease this fiscal year.



\* Ratio of bad debt write-offs = Bad debt write-offs / Operating receivables at the end of period (including liquidated accounts receivable)

The ratio of bad debt write-offs for the 9 months ended December 31, 2021 was 1.35%, turning from an upward trend up to the previous fiscal year to a downward trend.

In addition, the year-to-date figure exceeded 2% in the previous fiscal year, due in part to a decrease in operating receivables, but is expected to fall below 2% again in the current fiscal year.



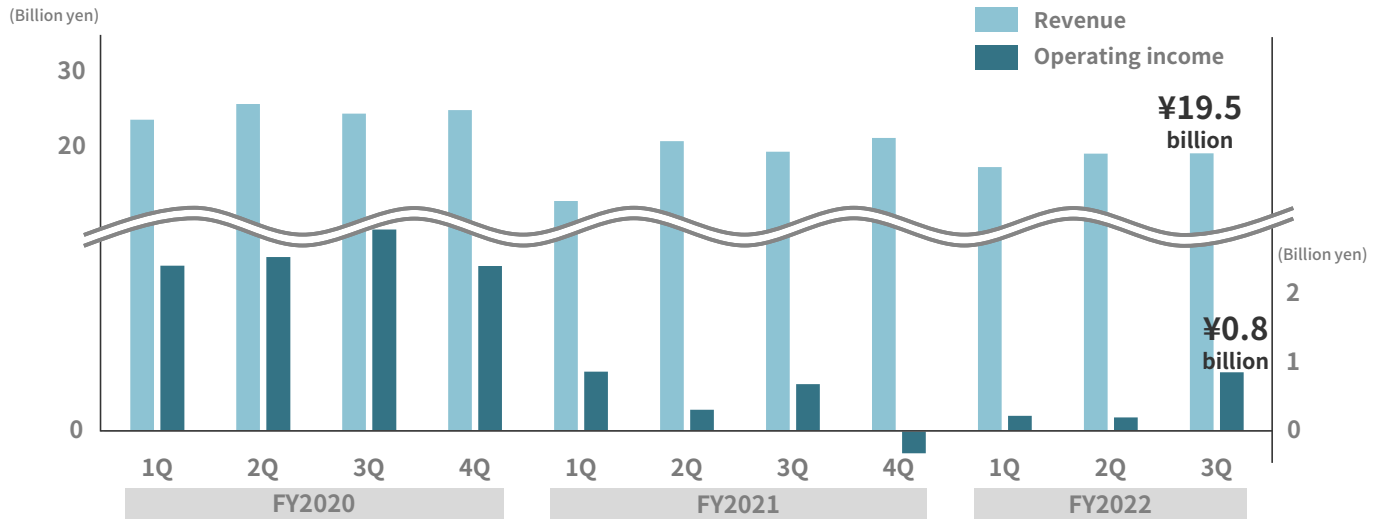
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**Full-year forecast**

## Retailing Segment: Revenue and Operating Income

Revenue was ¥19.5 billion and operating income was ¥800 million in the third quarter (three months)

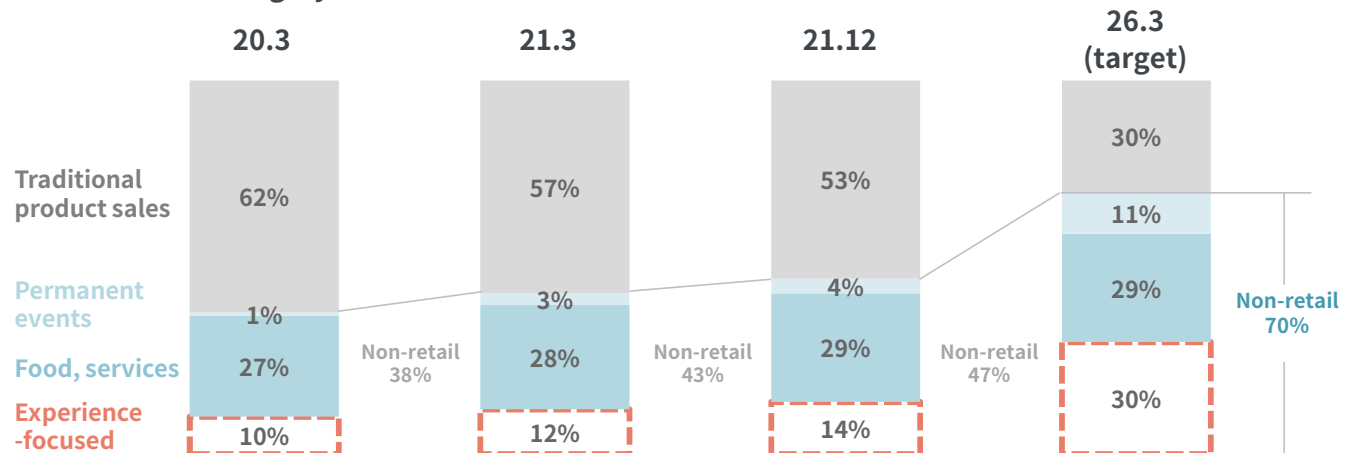


Revenue for three months of the third quarter was ¥19.5 billion, the same level as the second quarter, but operating income was ¥0.8 billion with an increase of ¥200 million from the previous year. We have recovered to the level of the first quarter of last fiscal year.

## Progress with “Stores that Don’t Sell” Strategy

Progress made with changes to tenant category weightings, with non-retail tenants accounting for 47% of sales floor area (+4% year on year) as of December 31, 2021, of which experience-focused tenants accounted for 14%

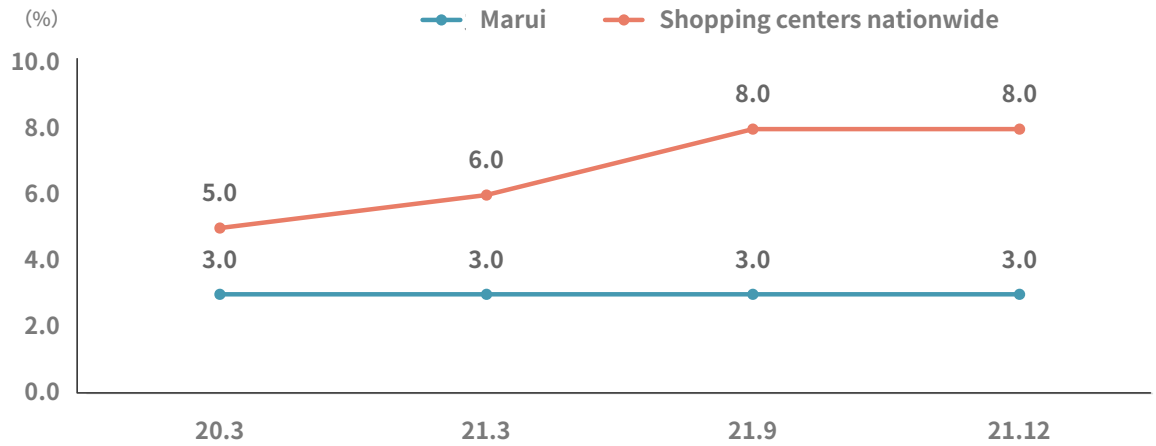
### ■ Transition of category transformation



The composition of non-retail tenants, such as experience-focused tenants, increased by 4% to 47% compared to the end of the previous fiscal year, due in part to the opening of new stores by Co-Creation Investment Partners, and the category shift is steadily progressing. We will continue to expand experience-focused tenants, food, services, events, etc, to achieve our target of 70% for the fiscal year ending March 31, 2026.

# Vacancy Rate

Vacancy rate remained at 3.0% level despite the impact of the pandemic



\* Vacancy rate: Ratio of area of closed sections to total sales floor area  
\* Calculated by Marui based on Japan Council of Shopping Centers database

The “vacancy rate”, which indicates the percentage of closed sections, is in the 8% range for commercial facilities nationwide, but we have maintained the 3% range even in COVID-19, thanks in part to these efforts to change categories toward “stores that don’t sell”.

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# Co-Creative Investment

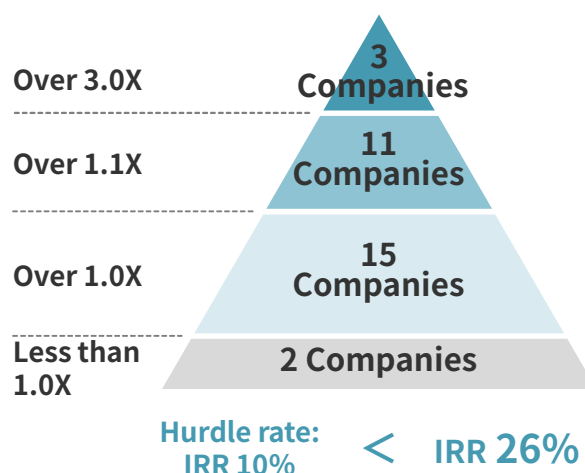
## ■ Investment in startups

	Companies	Amount
Status at the end of December 2021	4	¥0.7 billion (¥1.9 billion)*
<b>Total</b>	<b>31</b>	<b>¥13.4 billion</b> (¥20.7 billion)*

\*Amount including fund investment

## ■ Share price performance of the 31 companies

\*Share price difference between time of investment and most recent procurement



\* IRR : Calculated using most recent procurement price for unlisted shares held and share price on December 31, 2021 for listed securities held, assuming that listed shares were sold at the end of each company's fiscal year.

In the first 9 months of the fiscal year, we invested ¥0.7 billion in four startups, bringing the cumulative total of startup investments to 31 companies and ¥13.4 billion. The IRR, which we use as a guideline for investment discipline, is 26% and continues to exceed the hurdle rate of 10%.

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**Full-year forecast**

## Balance Sheet

Total assets were ¥933.6 billion (+¥32.3 billion) and operating receivables were ¥586.3 billion (+¥41.6 billion)

	Mar.31, 2021	Dec.31, 2021	YOY difference
	Billions of yen	Billions of yen	Billions of yen
Operating receivable	544.7	586.3	+41.6
(Liquidated accounts receivable : Off-balance sheet)	(182.2)	(202.0)	(+19.8)
[Ratio of liquidated accounts receivable(%) *1]	[25.1]	[25.6]	[+0.5]
installment sales accounts receivable	426.7	472.7	+46.0
operating loans outstanding	118.0	113.7	-4.4
Fixed assets	277.5	274.5	-3.1
Investment securities	42.1	38.9	-3.2
Interest-bearing debt	484.6	527.2	+42.7
[Ratio of operating receivables(%) *2]	[89.0]	[89.9]	[+0.9]
Shareholder's equity	289.6	269.0	-20.6
[Equity ratio (%)]	[32.1]	[28.8]	[-3.3]
Total assets	901.2	933.6	+32.3

\*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

Operating receivables increased by ¥41.6 billion from the end of the previous fiscal year due to the increase in card credit transaction, and interest-bearing debt increased by ¥42.7 billion accordingly. The ratio of liquidated accounts receivable was 25.6% as of the end of December. The ratio of interest-bearing debt to operating receivables is 89.9%, and the equity ratio is 28%, both of which are standard levels.

In order to optimize capital, we acquired 10.35 million share buybacks for ¥21.9 billion as of the end of the third quarter, with a progress rate of 73% against the ¥30 billion scheduled for implementation by the end of the fiscal year.

In addition, the Company cancelled the treasury stock acquired on November 30, and completed the amortization of 15 million shares, or 6.7% of the total number of shares outstanding before amortization.



## Cash Flows

### Core operating cash flow increased ¥14.6 billion year on year

	3Q FY2021	3Q FY2022	YOY change
	Billions of yen	Billions of yen	Billions of yen
Net cash provided by (used in) operating activities	19.8	4.8	-15.0
Increase(decrease) in operating receivables	4.9	-24.7	-29.6
<b>Core operating cash flow *3</b>	<b>14.9</b>	<b>29.5</b>	<b>+14.6</b>
<b>Net cash provided by (used in) investing activities</b>	<b>-15.0</b>	<b>-10.9</b>	<b>+4.1</b>
Purchase of fixed assets (tangible, intangible)	-8.8	-7.1	+1.7
Gains on sales of investment securities	-4.5	-2.9	+1.6
Deposit refund, etc.	-1.7	-0.9	+0.8
<b>Net cash provided by (used in) financial activities</b>	<b>-5.9</b>	<b>5.9</b>	<b>+11.8</b>
Increase(decrease) in interest-bearing dept	4.3	42.7	+38.4
Cash dividends paid	-10.1	-11.0	-0.9
Purchase of treasury stock, etc.	-0.1	-25.7	-25.6
Cash and cash equivalents at end of period	39.7	41.0	+1.2

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

24

Core operating cash flow, which is net cash flow provided by operating activities minus changes in operating receivables, was ¥29.5 billion, an increase of ¥14.6 billion from the previous year due to an increase in income before income taxes.

Cash flow provided by investing activities resulted in a cash outflow of ¥10.9 billion due to startup investments and the purchase of fixed assets.

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### Inclusion in DJSI World Index for fourth consecutive year

#### ■ Major third-party assessment results

- November 2021: Included in DJSI World Index for fourth consecutive year
- November 2021: Included in DJSI Asia Pacific Index for fifth consecutive year

Member of  
**Dow Jones  
Sustainability Indices**

Powered by the S&P Global CSA

※Other awards and assessment results are listed on our website:

<https://www.0101maruigroup.co.jp/ci/award/index.html>

The Company has been selected as a constituent stock of the “Dow Jones Sustainability World Index (DJSI World)”, a global socially responsible investment stock index, for four consecutive years. The Company was also selected as a constituent stock of the “Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific)” for the fifth consecutive year.

We believe that this is a recognition of the Group’s future-oriented “co-creation sustainability management”, which integrates business with environmental considerations, solutions to social issues, and governance initiatives.

We will continue to be a front-runner in sustainability management, and will actively work with our stakeholders on co-creation sustainability management, aiming to realize a sustainable society and global environment through business, and to create an inclusive and prosperous society where all people can feel happy without being left behind.

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### **Full-year forecast**

## Full-Year Forecast for FY2022



**On track to achieve initial targets of ¥36.5 billion in operating income and ¥16.5 billion in net income**

	FY2021	FY2022	YOY change	YOY difference	VS. FY2020 difference
EPS (yen)	10.6	79.6	752	+69.0	-37.4
ROE (%)	0.8	5.9	—	+5.1	-2.9
ROIC (%)	1.4	3.2	—	+1.8	-0.5
〈Reference〉					
	Billions of yen	Billions of yen	%	Billions of yen	Billions of yen
Total Group transactions	2919.2	3410.0	117	+490.8	+506.3
Revenue	206.2	212.0	103	+5.8	-19.7
Gross Profit	177.3	185.0	104	+7.7	-9.4
SG&A expenses	162.1	148.5	92	-13.6	-4.2
Operating income	15.2	36.5	240	+21.3	-5.3
Net income	2.3	16.5	728	+14.2	-8.8

\* The figures above have been determined in accordance with the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020).

28

The percentage of progress in the third quarter against the published annual plan was 81% for operating income, 84% for ordinary income, and 98% for net income.


Although the rate of progress in net income has been particularly high, the full-year plan has been left unchanged in consideration of the uncertain external environment, such as the continued rapid spread of COVID-19 since the beginning of the year and the possibility of issuing a state of emergency, as well as the risk of valuation losses on stock holdings.

This is the summary of the financial results. Thank you very much for your attention.

## 〈 Reference 〉 Segment income forecasts for FY2022

	FY2021	FY2022	YOY change	YOY difference
	Billions of yen	Billions of yen	%	Billions of yen
Retailing	1.5	2.0	135	+0.5
FinTech	20.2	41.0	203	+20.8
Eliminations/Corporate	-6.5	-6.5	-	0.0
Consolidated operating income	15.2	36.5	240	+21.3

* Planning premise	3Q FY2022 (Actual)		FY2022	
	Change from FY2021	Change from FY2020	Change from FY2021	Change from FY2020
Retailing transactions	109%	73%	109%	78%
FinTech transactions	116%	119%	117%	121%



The forward-looking statements contained in this presentation are based on information available at the time of preparation of this presentation and certain assumptions that MARUI GROUP deems to be reasonable. The forward-looking statements may differ materially from actual results due to a variety of different factors. Please direct any inquiries to the IR Department (Tel: 03-5343-0075).

