MARUI GROUP CO., LTD

Overview of Performance in Three Months Ended June 30, 2022

MARUI GROUP

August 5, 2022

Schedule for today's presentation

1 Overview of Performance and Segment Income in Three Months Ended June 30, 2022

2 Assessment of Human Capital Investment

1

Overview of Performance and Segment Income in Three Months Ended June 30, 2022

First, a summary of the financial results for first quarter of the fiscal year ending March 31, 2023, and a description of each of our businesses.

Overview of Performance and Segment Income in Three Months Ended June 30, 2022

- **Consolidated**
- Retailing
- FinTech
- Co-creative investment
- Balance sheet/Capital Allocation
- E S G

Full-Year Forecast for Fiscal Year Ending March 31,2023

Today’s timely disclosures

First are our consolidated results.

Highlights in the Three Months Ended June 30, 2022

MARUI GROUP

1. **Total group transactions were up 19% year on year to ¥935.7 billion (+¥151.1 billion YOY), marking a record high quarterly result**
2. **Operating income was up ¥500 million (+7%) year on year to ¥7.5 billion; revenue and operating income growth for the first time in four years since the three months ended June 30, 2019)**
3. **Net income was up ¥500 million (+15%) year on year to ¥3.8 billion for the second consecutive year of revenue and profit growth. EPS (a KPI) up 23% year on year to ¥19**
4. **FinTech segment posted operating income of ¥8.5 billion. Retailing segment achieved ¥900 million, up ¥600 million from the previous year, which is approximately 40% of the three months ended June 30, 2020 level**

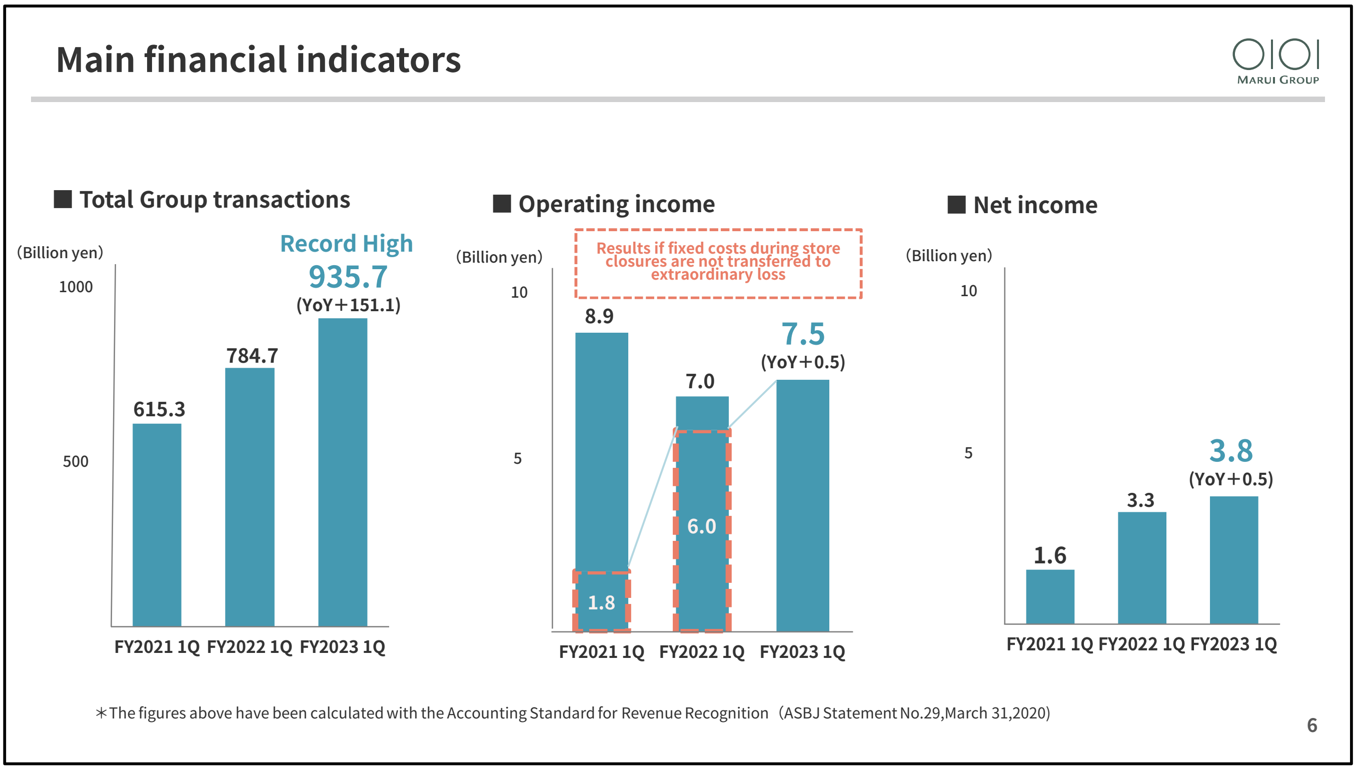
We have four digest points this term.

The first point is that total transaction volume reached ¥935.7 billion, a record high for any quarter.

The second is that operating income increased 7% to ¥7.5 billion, the first increase in sales and this income in four fiscal years.

Thirdly, net income increased 15% to ¥3.8 billion, marking the second consecutive year of growth in both sales and income. As a result, EPS, which is a key KPI, increased 23% to ¥19.

The fourth point is that operating income by segment was up in both segments, with FinTech at ¥8.5 billion, up ¥0.2 billion from the previous year, and Retailing at ¥0.9 billion, up ¥0.6 billion on year.



Next, I will explain the main financial indicators.

Total Group transaction volume totaled ￥935.7 billion, well above the pre-COIVD-19 pandemic level, and as explained in the digest, reached a record high for any quarter.

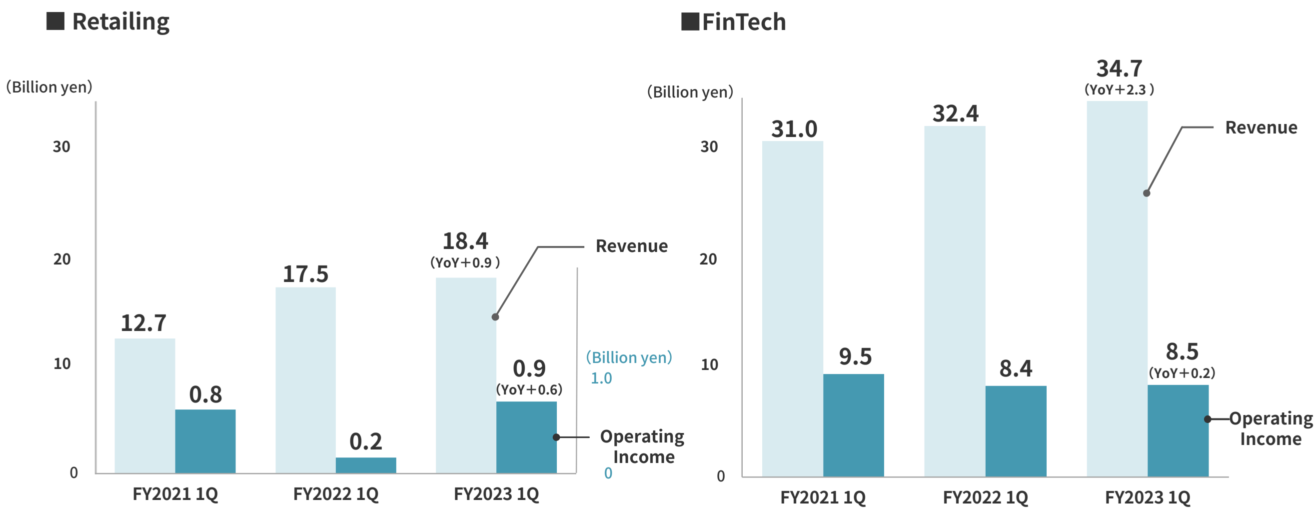
This was largely due to an increase in FinTech transaction volume.

Operating income was ¥7.5 billion, up ¥0.5 billion from the previous year.

Although not yet at pre-COVID-19 levels, the recovery trend continues.

Net income was ¥3.8 billion, up ¥0.5 billion from the previous year.

Segment Income（Revenue and Operating Income）

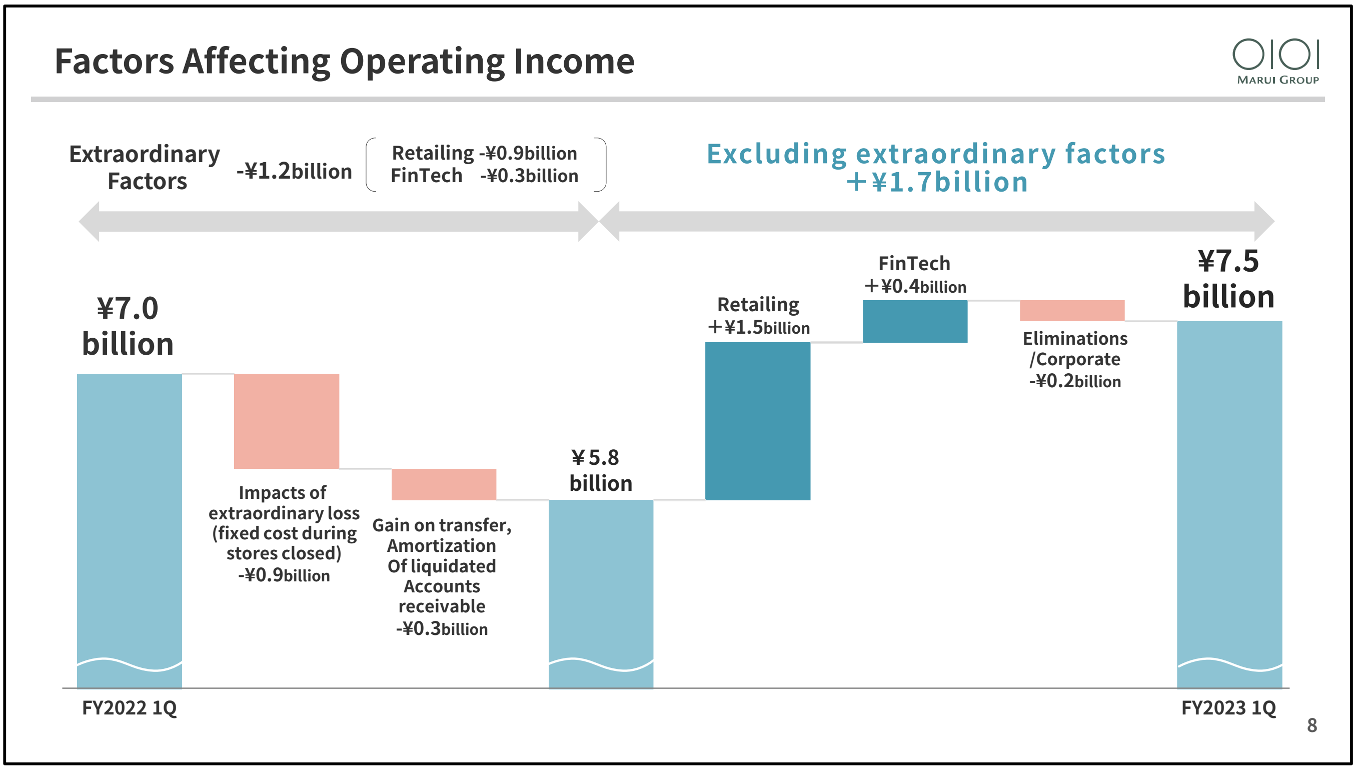


＊The figures above have been calculated with the Accounting Standard for Revenue Recognition（ASBJ Statement No.29,March 31,2020)

Next are revenues and operating income by segment.

In the Retailing segment, both sales and operating income were in a recovery trend, with sales revenue increasing ¥900 million from the previous year to ¥18.4 billion and operating income increasing ¥600 million to ¥900 million.

In FinTech, sales revenue grew steadily to ¥34.7 billion, up ¥2.3 billion from the previous year. Operating income, on the other hand, increased ¥200 million from the previous year, mainly due to an increase in transaction volume and expenses associated with the issuance of new cards.



Next, I will explain the breakdown of change in operating income.

Operating income for the first quarter of the fiscal year ending March 31, 2023 increased by ¥500 million. But special factors reduced profit here, including ¥900 million due to the impact of transfer of extraordinary loss of fixed costs occurred during the period of closure, and ¥300 million that was due to the impact of amortization of liquidated accounts receivable. Excluding these special factors, the real increase in operating income was ¥1.7 billion, with income gains of ¥1.5 billion in retail and ¥400 million in FinTech.

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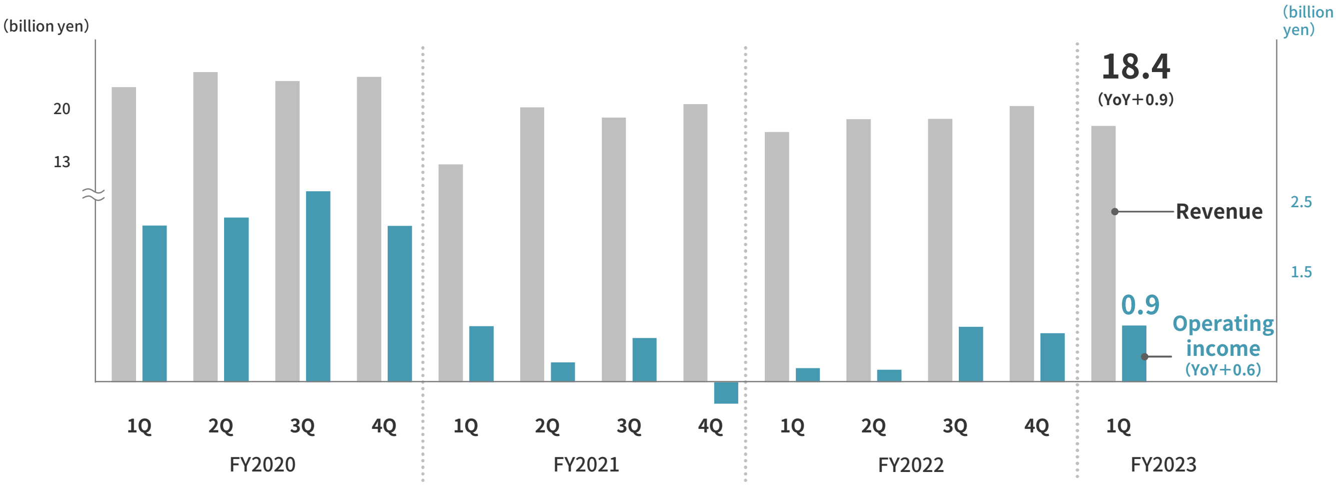
Next, I will explain the situation in the Retailing segment.

Revenue and Operating income（quarterly)

Operating profit increased from 3Q FY2022, but is still only 40% of pre-COVID levels

■ Revenue and Operating income trends



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

Here are the quarterly sales revenue and operating income trends.

Sales revenue increased ¥900 million from the previous year to ¥18.4 billion for a second consecutive year of growth.

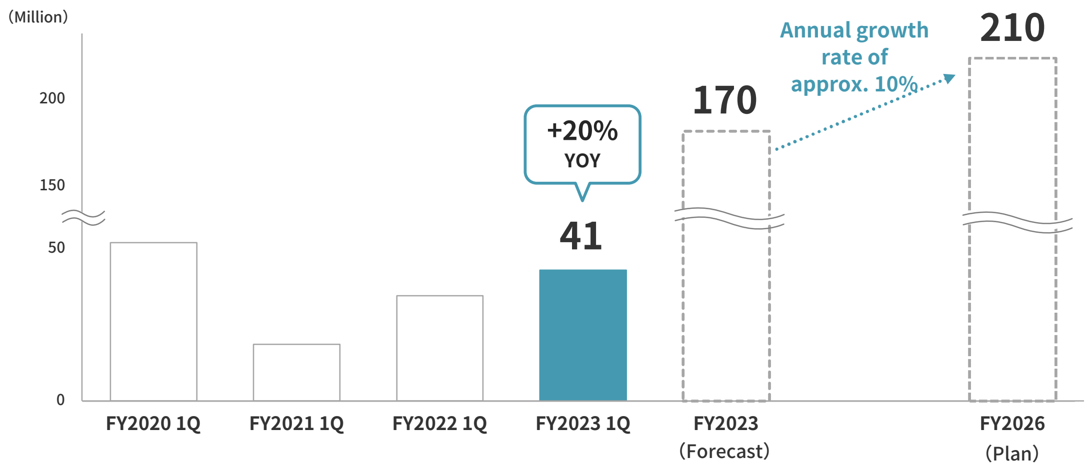
Operating income was ¥900 million, up ¥600 million from the previous year, the first increase in the first quarter in four fiscal years.

Profit levels have been in an upward trend since three quarter of the previous fiscal year but compared to the first quarter of the fiscal year ended March 31, 2020, before the COVID-19 pandemic, this level is only about 40%.

Trend in Number of Customers Coming to Stores（Existing Stores）

Number of customers coming to stores was up 20% year on year to 41 million. Aiming to increase this to 170 million in the fiscal year ending March 31, 2023 by increasing the ratio of non-retail tenants that attract a large number of customers

■ Number of customers coming to stores (same-store basis)



I will now explain the status of key strategic KPIs for the Retailing segment in the mid-term management plan.

First is the number of customers entering stores.

The number of customers coming to stores was 1.2 times that of the previous year.

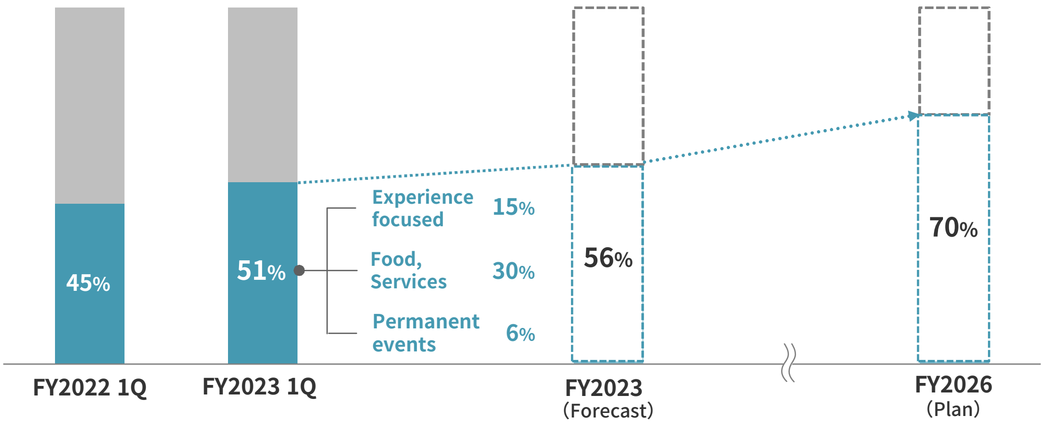
By further pursuing the transformation of department stores, as set forth in the Medium-Term Management Plan, we plan to reach ￥170 million customers in the current fiscal year.

Progress in Stores that Don’t Sell (by Category)

MARUI GROUP

As of June 30, 2022, non-retail tenants occupied 51% of floor area (+6% YOY), exceeding the share of floor area occupied by retail tenants. Aiming to increase non-retail tenants’ share of floor area to 56% in the fiscal year ending March 31, 2023.

■Non-retail tenants composition



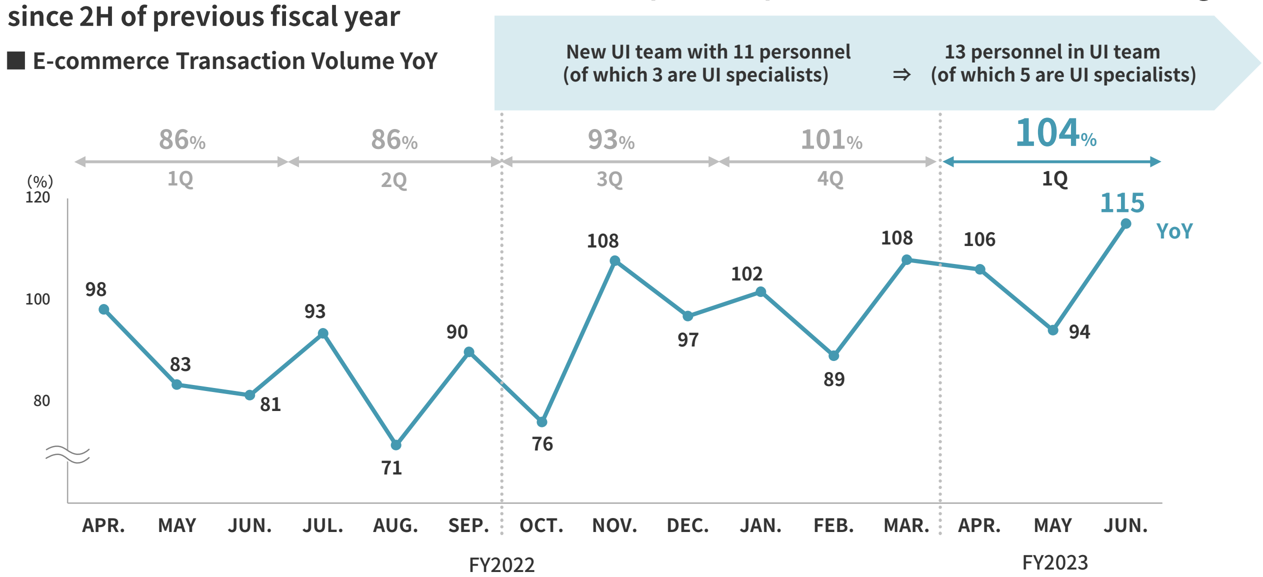
I will explain the progress at Stores that don’t sell.

In the period under review, non-retail tenants accounted for 51% of the total floor space, surpassing that of conventional retail tenants for the first time.

By the end of the fiscal year ending March 31, 2023, we will increase the composition of non-retail tenants to 56%.

E-Commerce Transaction Volume: Year-on-Year Trends (Monthly)

Established new dedicated UI team that includes specialist personnel: transactions recovering since 2H of previous fiscal year



Next shows e-commerce transaction volume.

In October of last fiscal year, we established a new dedicated UI manager for the e-commerce site, and this fiscal year we have hired two additional specialized personnel to improve the UI/UX.

As a result, transaction volume has continued to recover since the second half of the previous fiscal year, with a 4% increase in the first quarter.

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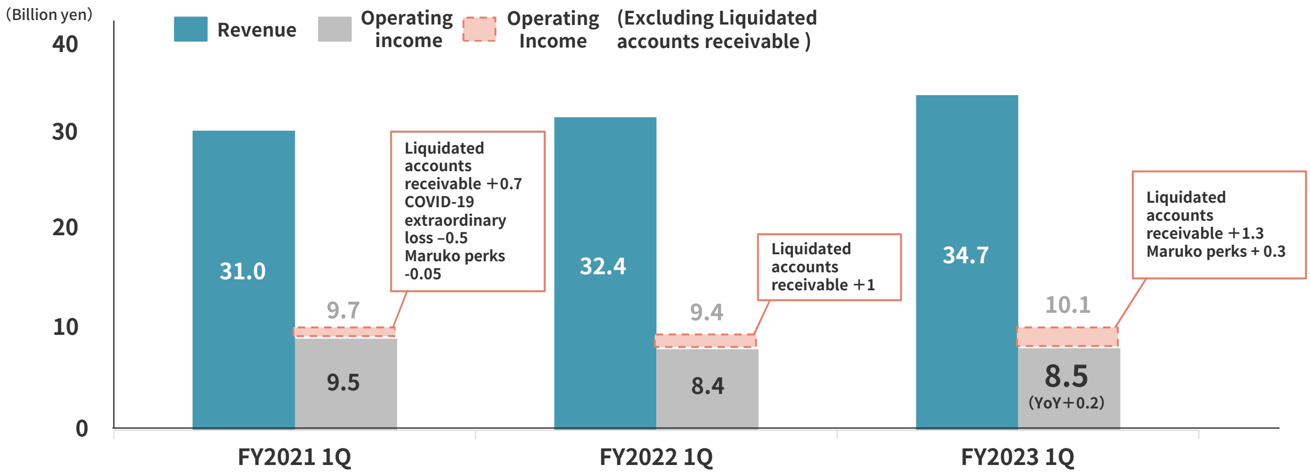
Next, I will explain the status of the FinTech segment.

Revenue and Operating Income

Steady increase in revenue; operating income up year on year adjusted for liquidated accounts receivable, also increased incomparison to FY2021

■ Revenue and Operating Income



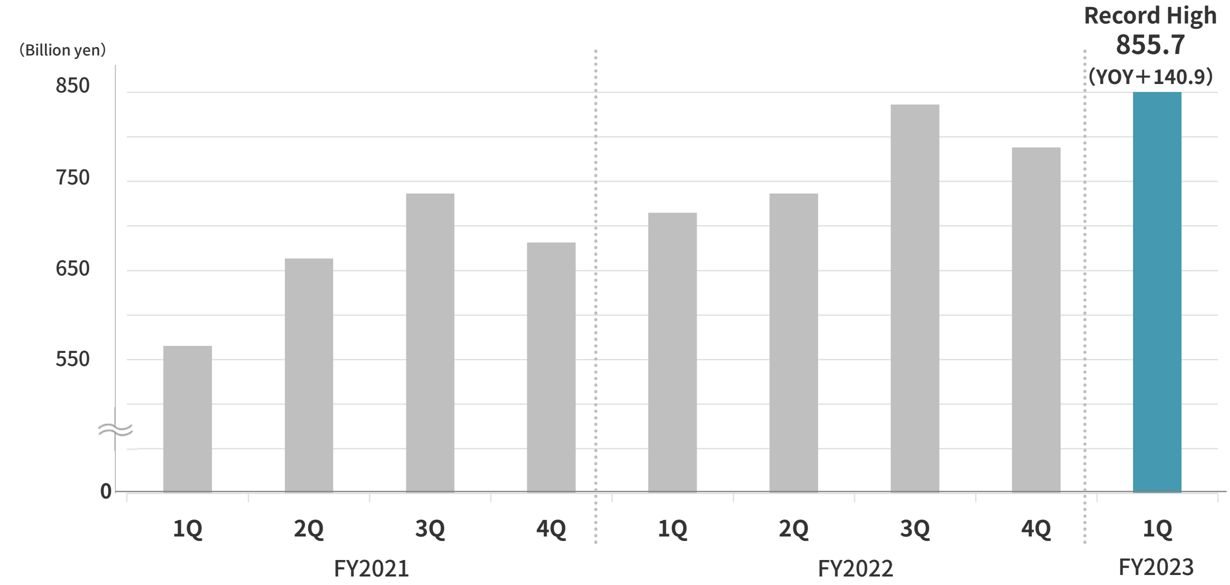
＊The figures above have been calculated with the Accounting Standard for Revenue Recognition (ASBJ Statement No.29,March 31,2020)

First one shows change in revenue and operating income.

The FinTech segment posted its first increase in sales and profit in three fiscal years. Operating income increased ¥200 million from the previous year, but excluding inherent effects such as liquidated accounts receivables, operating income was ¥10.1 billion, an increase also compared to the first quarter of the fiscal year that ended March 31, 2021.

Card Credit Transaction Volume（Quarterly）

Transaction volume in 1Q FY2023 was a brisk ¥855.7 billion (+20% YOY), a record quarterly result



Next, we see change in card credit transaction volume.

Transaction volume for this quarter was up 20% from first quarter of the previous fiscal year.

As you can see from the graph, card credit transaction volume is subject to seasonal fluctuations, with three quarter having the highest transaction volume of the year, but this quarter also exceeded three quarter of the previous year, reaching a record high for any quarter of ¥855.7 billion. It is performing well.

Card Credit Transaction Volume

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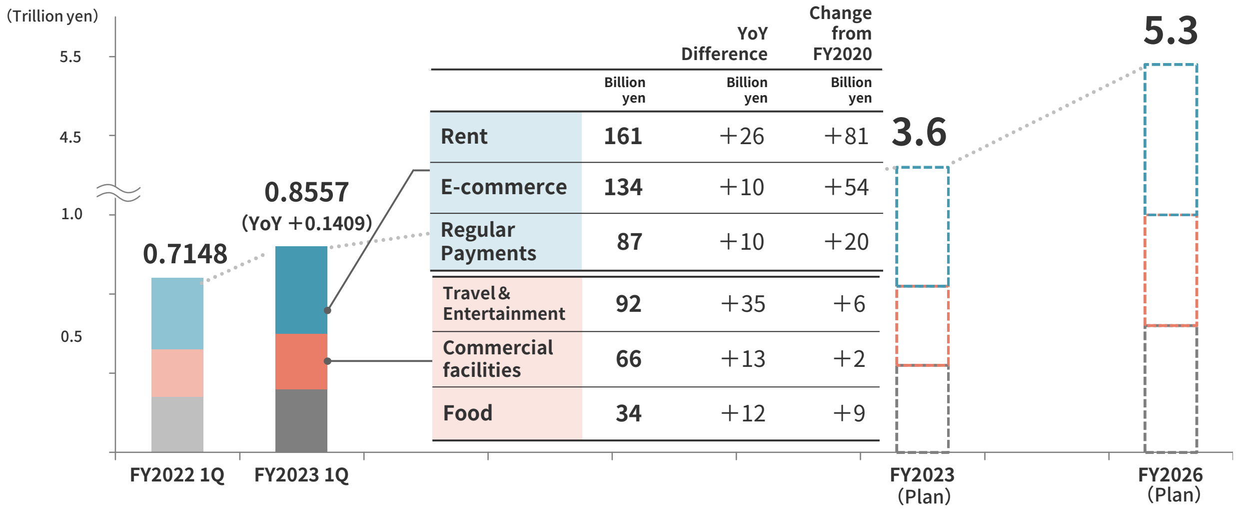
Rent payments and travel & entertainment were strong. Targeting ¥3.6 trillion for the fiscal year ending March 31, 2023

■ Card Credit Transaction Volume



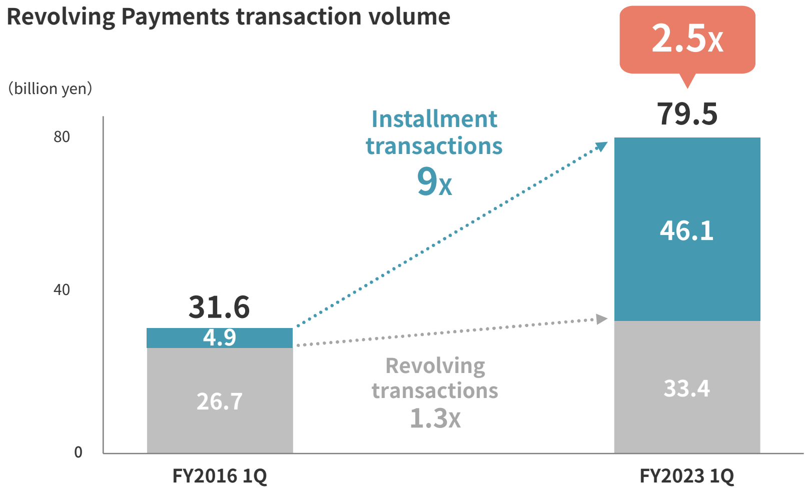
	Billion yen	YoY Difference Billion yen	Change from FY2020 Billion yen
Rent	161	+26	+81
E-commerce	134	+10	+54
Regular Payments	87	+10	+20
Travel & Entertainment	92	+35	+6
Commercial facilities	66	+13	+2
Food	34	+12	+9

Next, we provide a breakdown of the high growth in card credit transaction volume. Rent, e-commerce, and regular payments, which have been strategically strengthened to maximize the share of household finances, continued to perform well, while travel and entertainment, commercial facilities, and, which had fallen sharply due to the COVID-19 pandemic and had been slow to recover, also recovered, all surpassing pre-COVID-19 figures.

Installment and Revolving payments

Transaction volume of installment payments grew approximately 800% compared to 1Q FY2016, and the total for installment and revolving payments grew 2.5x due to initiatives to promote installment payments

■ Installment and Revolving Payments transaction volume

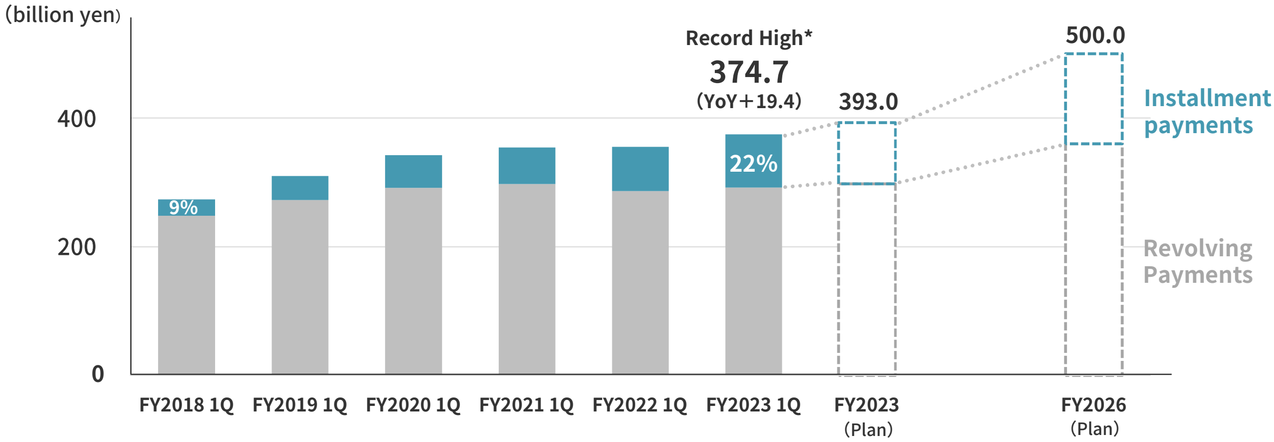


Next, we show changes in installment and revolving payments transaction volume. By making it easier for customers to select installment payments that meet their latent needs, installment transaction volume increased approximately nine times compared to the fiscal year ended March 31, 2016, and overall installment and revolving credit transaction volume increased 2.5 times.

Installment and Revolving Payments

Balance of installment payments increased to 22% of total to a record high* as a result of a change in breakdown between installment and revolving payments

■ Installment and Revolving payments Trend （Including Liquidated accounts receivable ）

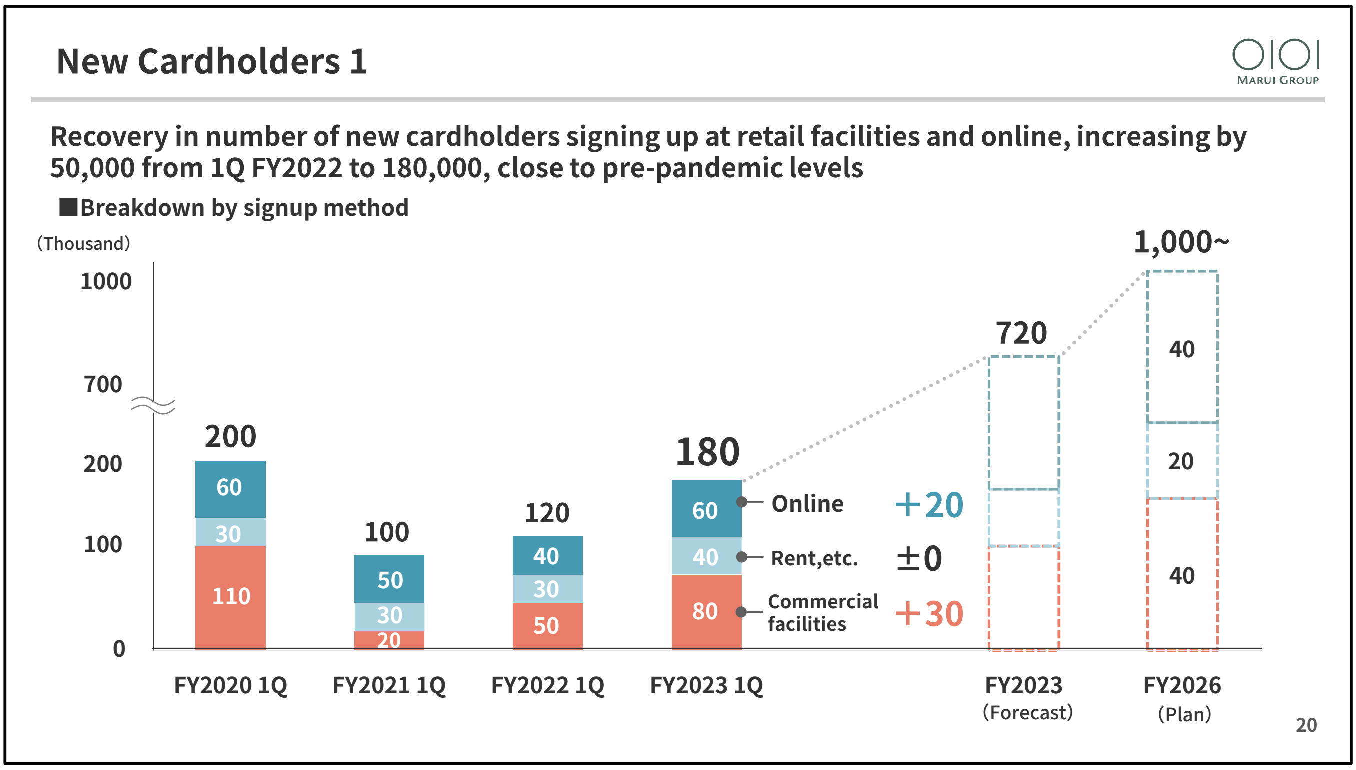


＊Since the launch of EPOS Cards

Next, we show changes in installment and revolving payments credit balances.

Due to the expansion of installment payments transaction volume explained on the previous page, the composition of installment payments as a percentage of total installment and revolving credit balances, including liquidated accounts receivable, expanded to 22%.

In addition, installment and revolving payment credit balances totaled ¥374.7 billion, a ¥19.4 billion increase from the previous year and a record high.



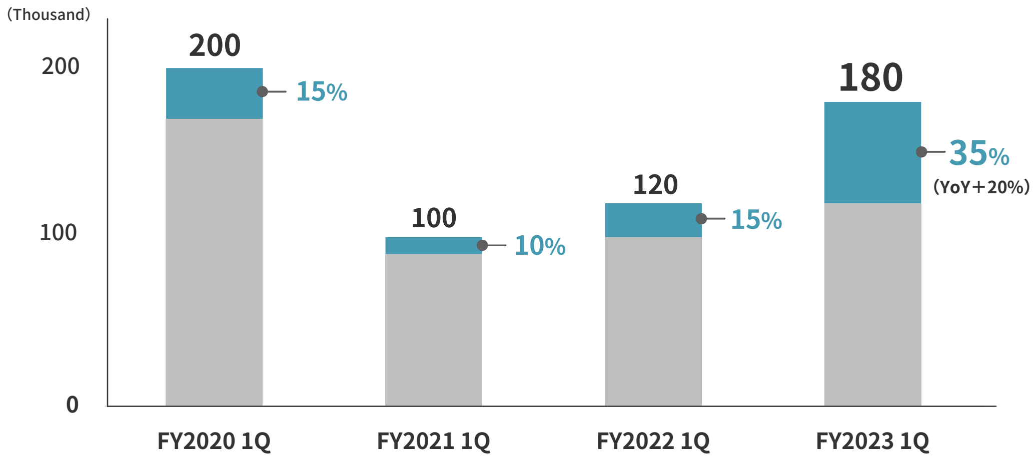
Next is the status of new cardholders.

The number of cardholders increased by 50,000 from the previous year to 180,000, approaching the pre-COVID-19 level, due to an increase in enrollment at commercial facilities, which dropped significantly after COVID-19 emerged, and an increase in online enrollment for cards that support interests.

New Cardholders 2

Card tailored to each individual's interests accounted for 35% of new cards issued, increasing 20% from 1Q FY2021

■ "Card tailored to each individual's interests" ratio



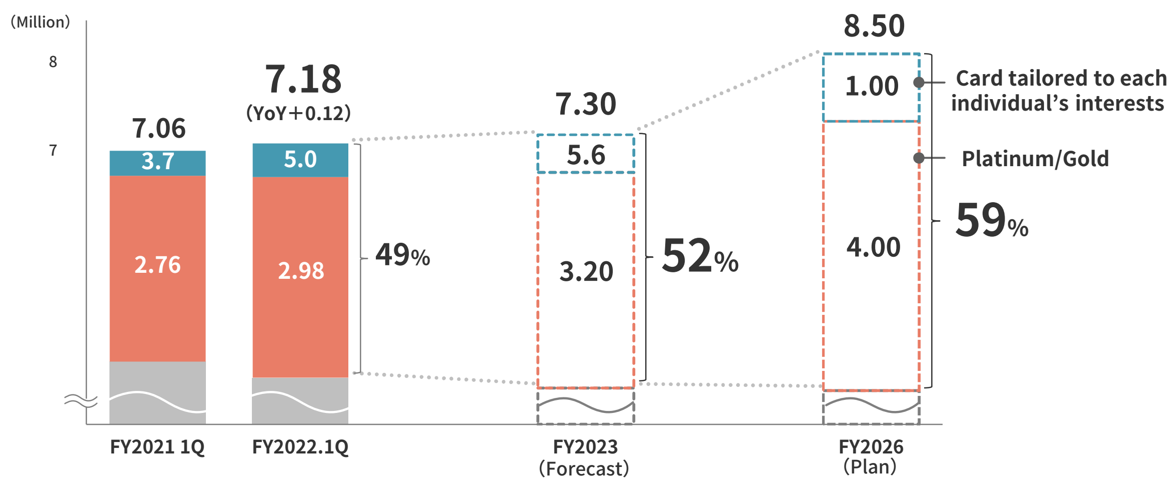
Next is the enrollment status of cards that support interests.

Enrollment in Card tailored to each individual's interests, such as the Contents Card, has been steadily increasing, with the enrollment composition expanding to 35%, up 20% from the previous year.

Cardholder Numbers

Cardholders totaled 7.18 million on June 30, 2022; expand share of users with high usage rate to 52% of the total in the year ending March 31, 2023

■ Cardholder Numbers



Next shows change in the number of cardholders.

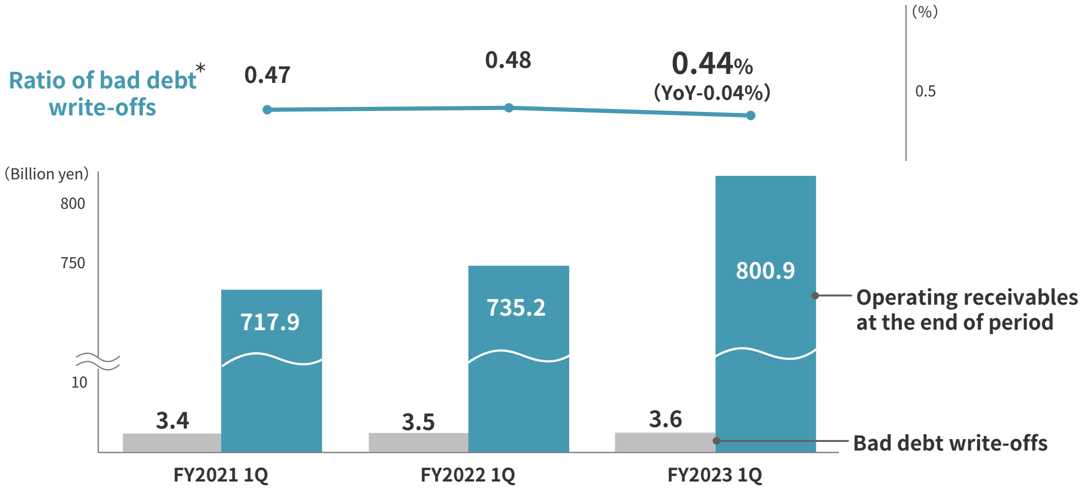
The number of cardholders at the end of June 2022 was 7.18 million, up 120,000 from the previous year, mainly due to steady growth in the number of new cardholders.

The number of cardholders is planned to be 7.3 million at the end of March 2023, and the composition of cardholders with high usage rates, such as Platinum or Gold and cards that support interests, is expected to expand to 52%, with prospects for conversion to main cards.

Bad debt

Ratio of bad debt write-offs improved 0.04% YOY to 0.44% due to an increase in operating receivables at the end of the period

■ Trends of Ration of bad debt write-offs



*Ratio of bad debt write-offs=Bad debt write-offs/Operating receivables at the end of period

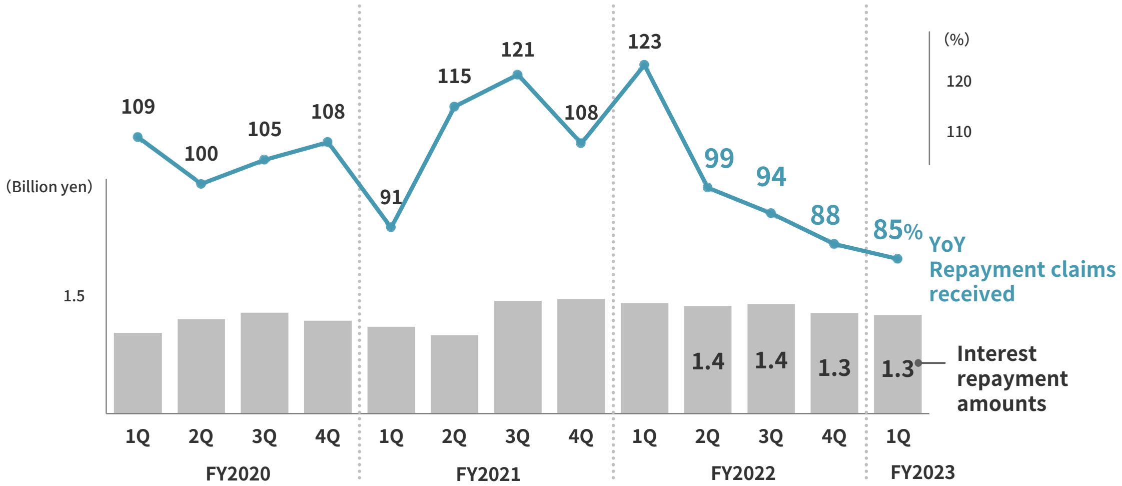
Next shows the state of bad debt.

Although the balance of loans outstanding at the end of the period increased, the bad debt ratio was 0.44%, an improvement of 0.04% from the previous year, as write-offs of bad debts were almost on the same level as last year.

Interest repayment

Amount of interest repayment claims received (a leading indicator) is trending down

■ Year on year trends of interest repayment amounts and repayment claims received



At the end of the FinTech section is the status of interest repayments.

The volume of repayment claims received, which is a leading indicator, has been below the previous year's level since second quarter of the previous fiscal year, and we will continue to monitor this trend closely.

Overview of Performance and Segment Income in Three Months Ended June 30, 2022

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- **Co-creative investment**
- Balance sheet/Capital Allocation
- ＥＳＧ

Full-Year Forecast for Fiscal Year Ending March 31,2023

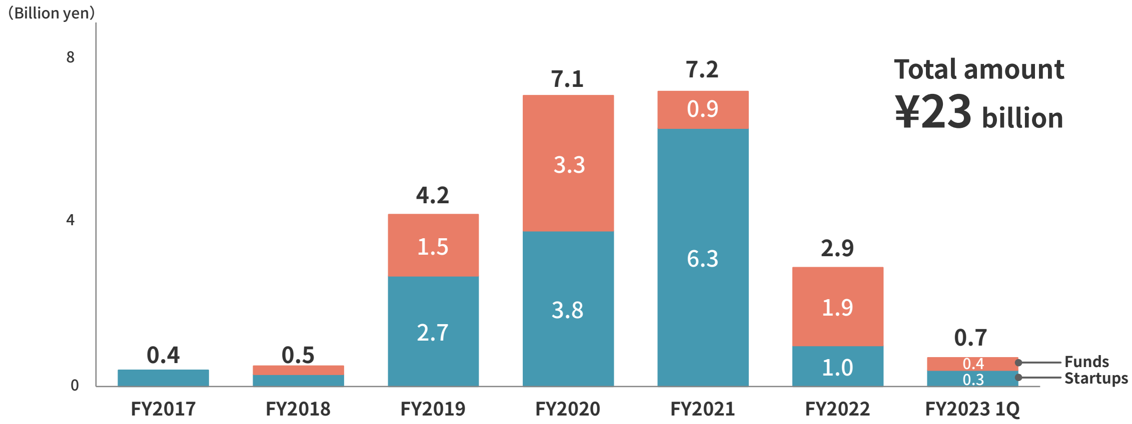
Today’s timely disclosures

Next, I will explain the status of co-creative investments.

Co-creative investment

Co-creative investments totaled ¥23.0 billion as of June 2022; total for 1Q FY2023 was ¥700 million

■ Investment in startups and funds



＊includes investment from D2C&CO.Inc.

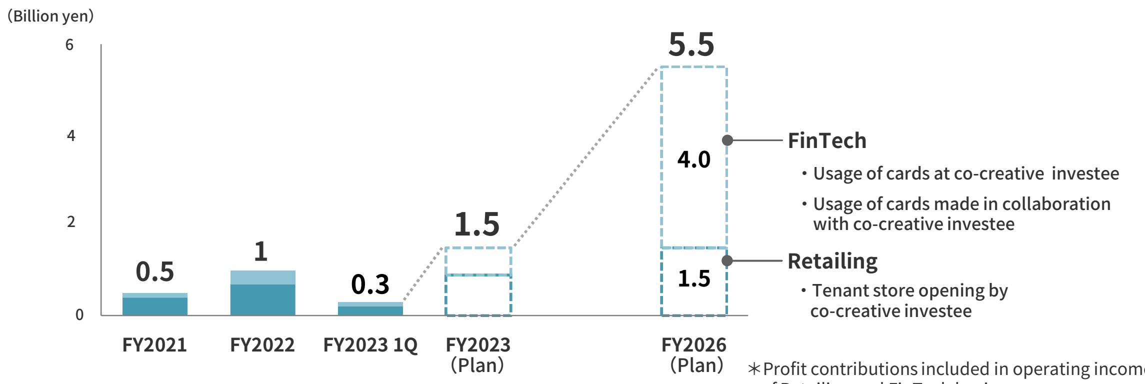
Co-Creative investments totaled ¥700 million in the first quarter.

This brings cumulative investment from March 2017 to date to ¥23 billion.

Profit Contributions from Co-Creative Investment

Profit contribution from synergies with co-creation partners in 1Q was ¥300 million; target for fiscal year ending March 31, 2023 is ¥1.5 billion

■ **Profit contribution**



*Profit contributions included in operating income of Retailing and FinTech businesses

■ **IRR**

FY2023 1Q		Hurdle rate
17%	>	**10%**

Next, The profit contribution to the main business from Co-Creative investment is ¥300 million, which is in line with our plan.

We plan ¥1.5 billion for the current fiscal year. The IRR of 17% continues to exceed the hurdle rate of 10%.

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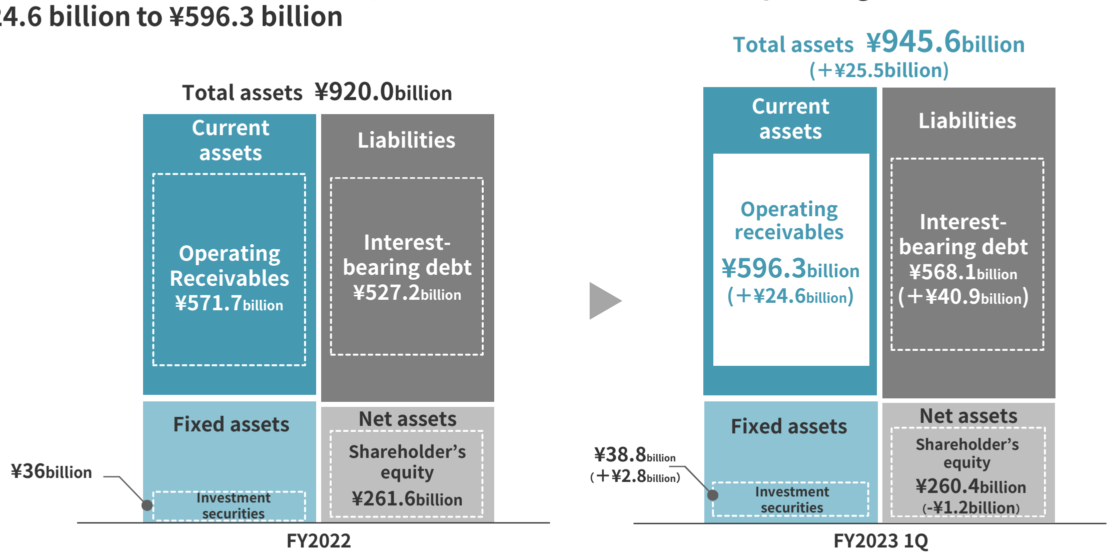
Full-Year Forecast for Fiscal Year Ending March 31,2023

Today’s timely disclosures

Let’s continue to the balance sheet and the state of capital allocation.

Balance sheet

Total assets were ¥945.6 billion, an increase of ¥25.5 billion. Operating receivables increased by ¥24.6 billion to ¥596.3 billion



First is the balance sheet.

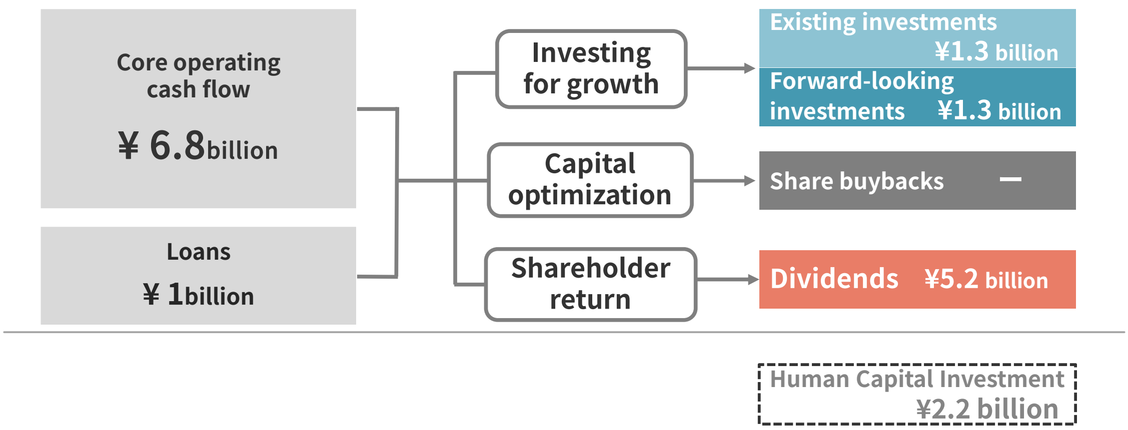
Total assets increased by ¥25.5 billion to ¥945.6 billion, mainly due to a ¥24.6 billion increase in operating receivables compared with the year ended March 31, 2022.

Capital allocation

OIOI MARUI GROUP

Allocate ¥2.6 billion to investing for growth and ¥5.2 billion to shareholder returns

■ Capital allocation（FY2023 1Q）



Next is capital allocation.

Of the ¥6.8 billion in basic operating cash flow, ¥2.6 billion was allocated for investment in growth and ¥5.2 billion for dividends, and a portion was used for borrowings. Human capital investment, including items recorded as expense items, totaled ¥2.2 billion.

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Next, let’s look at ESG.

ESG

<External assessments>

■Included in all five ESG indices adopted by GPIF

Included in five indices	FTSE Blossom Japan Index FTSE Blossom Japan Sector Relative Index MSCI Japan ESG Select Leaders Index MSCI Japan Empowering Women Index S&P/JPX Carbon Efficient Index

■ Included in FTSE4 Good Index Series (a representative global responsible investment index) for six years running

This slides shows the status of key external evaluations of ESG.

The company continued to be selected this year by the GPIF for inclusion in all five ESG indices of Japanese equities used by the GPIF to manage its investments.

For six consecutive years the company has also been included in the FTSE4 Good Index Series, a leading global index of responsible investment.

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Full-Year Forecast for Fiscal Year Ending March 31,2023

Today’s timely disclosures

Next is the Full-Year Forecast.

Full-Year Forecast for Fiscal Year Ending March 31,2023

Forecasting 11% increase in operating income year on year to ¥41.0 billion and 21% increase in net income to ¥21.5 billion

	FY2022	FY2023	YoY change	YoY difference
EPS (Yen)	85.8	109.2	127	+23.4
ROE (%)	6.5	8.4	-	+1.9
ROIC (%)	3.3	3.5	-	+0.2
Reduction of CO_2 (thousand tons)	320	340	106	+20
< Reference >				
	Billion yen	Billion yen	%	Billion yen
Total Group transactions	3373.4	3910.0	116	+536.6
Revenue	209.3	222.0	106	+12.7
Gross Profit	181.1	194.0	107	+12.9
SG&A expenses	144.3	153.0	106	+8.7
Operating income	36.8	41.0	111	+4.2
Net income	17.8	21.5	121	+3.7

We have not made any changes to our forecast, partly because both Retailing and FinTech are generally performing as expected in terms of the first quarter transaction volume.

<Reference>Segment Income Forecasts for Fiscal Year Ending March 31,2023

	FY2022	FY2023	YoY change	YoY difference
	Billion yen	Billion yen	%	Billion yen
Retailing	2.0	3.5	117.8	+1.5
FinTech	41.2	44.0	110.7	+2.8
Eliminations /corporate	-6.4	-6.5	-	-0.1
Consolidated	36.8	41.0	111.1	+4.2

＊Assumptions	Fiscal year ending March 31, 2023	
	1Q (result)	Full year
Retailing transactions (existing stores and Web)	83% versus fiscal year ended March 31, 2020	89% versus fiscal year ended March 31, 2020
FinTech transactions (Card credit transactions)	120% (YOY)	117% (YOY)

Next is breakdown of the Retailing and FinTech businesses.

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Full-Year Forecast for Fiscal Year Ending March 31,2023

Today's timely disclosures

Next, I would like to explain the information disclosed along with today's financial results.

Change in Purchase Amount of Treasury Stock accompanying Issuance of Shares to Employees

MARUI GROUP

Issued shares to employees in February 2023 to promote stakeholder management. Retired approximately 700,000 treasury stock and issued shares with transfer restrictions to employees.

Issue of shares with transfer restrictions to employees	Issue of shares <u>in advance</u>	Minimum share unit issued per person <u>(150 shares)</u>	Transfer restriction period: Five years

- Shares issued: Approximately 700,000
- Issue amount: Approximately ¥1.7 billion

<u>Purchase amount of treasury stock up to ¥26.0 billion in FY2023, including replacement for retired shares</u>

	Before change	After change	Breakdown
Purchase amount	Up to ¥24.0 billion	Up to ¥26.0 billion	Capital optimization ¥20 billion Shareholder returns ¥4 billion Share issue ¥2 billion

We announced in this May's main financial statement for the fiscal year ending March 31, 2022, the issuance of shares to general employees for the purpose of advancing stakeholder management, and the specific details of that have been decided, as shown in the slide.

Accordingly, the originally announced planned share buyback amount of ¥24 billion for the current fiscal year has been revised to a maximum of ¥26 billion. The breakdown is as shown.

Special Dividend to Replace End of Shareholder Benefits

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Shareholder benefits will be ended, and thereafter profit distribution will be in the form of dividends, with the record date of September 30, 2022, as the last date of benefit provision. Accordingly, a special dividend of ¥1 per share is scheduled in the fiscal year ending March 31, 2023.

■Reason for ending shareholder benefits: To ensure a fairer distribution of profit to all shareholders

【Revised dividend forecast】

	Annual dividend		
	Interim	Year-end	Total
Previous forecast (Announced May 12, 2022)	¥29	¥29	¥58
Revised forecast	¥29	¥30 Ordinary dividend: ¥29 Special dividend: ¥1	¥59 Ordinary dividend: ¥58 Special dividend: ¥1
FY2022 (Year ended March 31, 2022)	¥26	¥26	¥52

We discuss the implementation of a special dividend following the end of the shareholder benefits.

We have decided to discontinue the shareholder special benefit program in order to realize a fairer return of profits to all shareholders.

Accordingly, the Company plans to pay a special dividend of ¥1 per share at the end of the fiscal year. As a result, the annual dividend for the fiscal year ending March 31, 2023 is expected to be ¥59 per share.

Dividend and Treasury Stock Purchase Forecast

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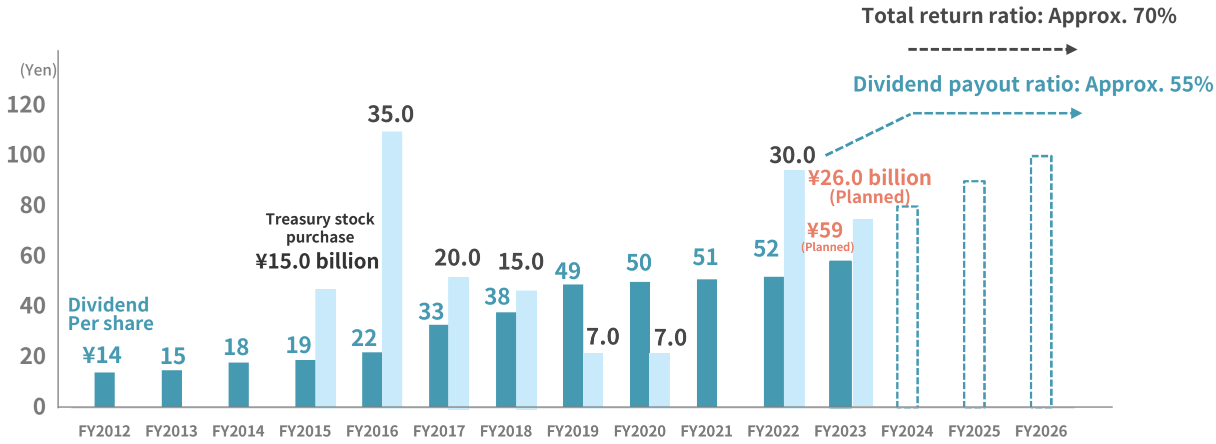
Dividend increase of ¥7 per share to ¥59 per share and treasury stock purchase of ¥26.0 billion forecastedfor fiscal year ending March 31, 2023

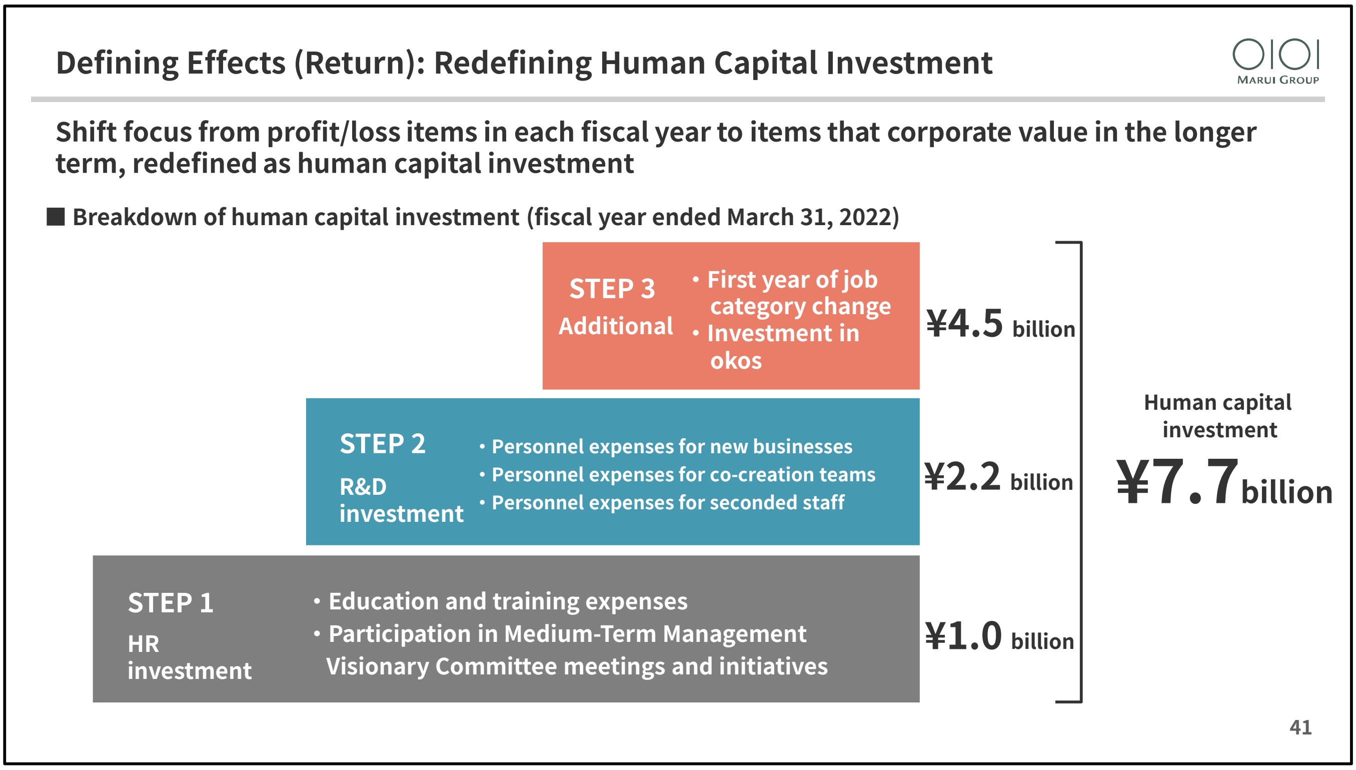


The above shows the amount of dividends and treasury stock purchase forecast.

We will continue to aim for long-term continuous dividend increases, targeting a dividend payout ratio of around 55% and a total return ratio of around 70% for the fiscal year ending March 31, 2024 and beyond.

That concludes the summary of the financial results.

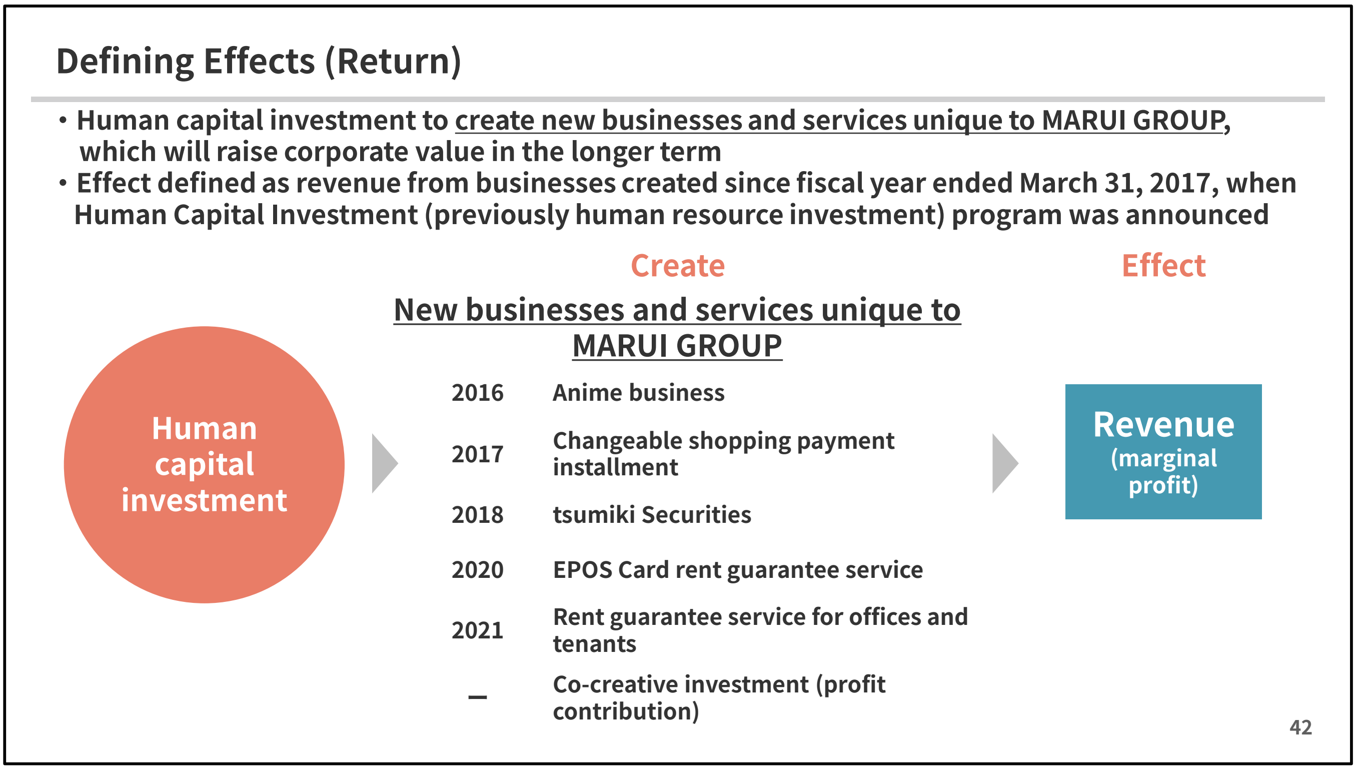
Next, I will explain the evaluation of human capital investment, which we have received a lot of feedback about from our shareholders and investors.



Our redefinition of human capital investment, which we explained in the financial statement materials in May.

The total of human capital investment is the sum of the additional investment in human resources, research and development expenses, personnel expenses for the first year after an employee is changed job category, and the amount invested in a new business incubation company.

It amounted to ¥7.7 billion last fiscal year. We will explain the concept of return on these human capital investments on the following pages.



We first discuss the concept of what to return.

We believe that human capital investment will create new businesses and new services unique to our company that will raise corporate value in the long term through the creation of an organizational climate conducive to innovation.

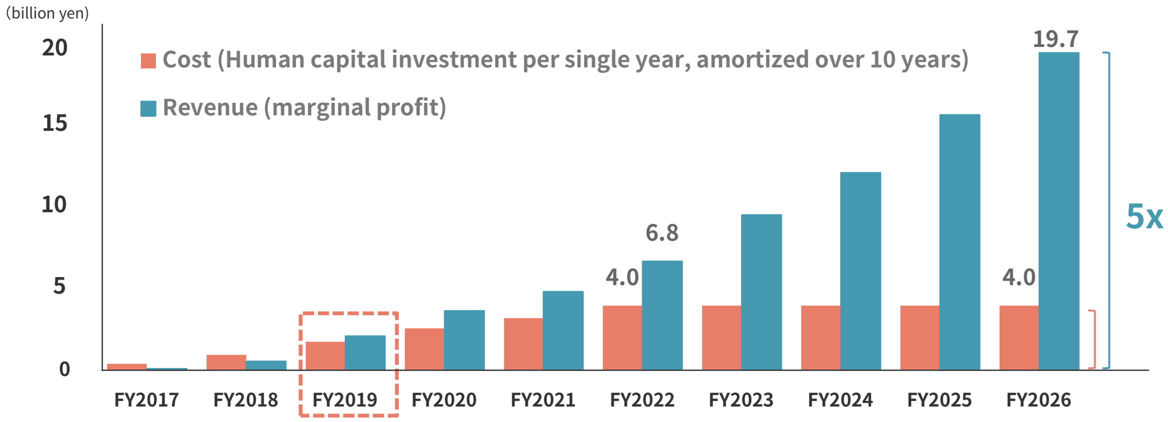
Since the start of the aggregation of human capital investment, we have created new businesses and services unique to our company, including the anime business and the changeable shopping payment installment.

The revenues and marginal profits generated from these businesses and services are considered return, and the two models are used to calculate the efficiency of invested capital.

Measurement model 1: Single year comparison

Forecast revenue (marginal profit) of 5x cost (amortization of human capital investment) in fiscal year ending March 31, 2026
⇒ **Demonstrate effectiveness of investment by producing marginal profit greater than amortization**

■ **Image of revenue and cost**



*Amortization period set at 10 years, referencing venture capital investment period (investment recovery)

This is the first of the models.

We compare the effectiveness of the amortization of human capital investments to the income invested from new businesses and services on a per year basis.

Amortization of human capital investment is estimated assuming an amortization period of 10 years.

Estimates show that in the third year, to for the fiscal year ended March 31, 2019, revenues would have exceeded costs for the first time, indicating that the return on investment is effective.

In the fiscal year ending March 31, 2026, the final year of the current Medium-Term Management plan, revenues are expected to be five times higher than costs.

Measurement model 2: IRR

- Assumptions for effects (return) same as model 1 (However, marginal profit recalculated to after-tax value to calculate IRR)
- Investment period set at five years (previous Medium-Term Management Plan period) and investment recovery period at 10 years (ending in final year of current Medium-Term Management Plan)

  ⇒ Human capital investment IRR is 11.7%, expected to exceed cost of shareholder capital

Investment period
(April 2016–March 2021)
-¥32.0 billion

Recovery period
(April 2016–March 2026)
¥53.0 billion

FY2017 FY2021 FY2026

(Billion yen)

	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Investment	4.1	5.4	8.1	8.5	6.3	-	-	-	-	-
Revenue	0.1	0.4	1.5	2.6	3.4	4.7	6.8	8.6	11.1	13.8

IRR 11.7 %

The second model is the IRR-based return concept.

If the investment period is considered to be the five-year period of the entire Medium-Term Management plan, and the investment payback period is defined as the period through the fiscal year ending March 31, 2026, the final year of the current Medium-Term Management plan, IRR is expected to be 11.7%, exceeding capital costs, if revenues from new businesses and new services continue as planned.

That is our approach to the evaluation of human capital investment.

By continuing to verify the results based on these evaluation methods, we will further promote human capital investment that leads to increased corporate value.

That's all from me. Thank you for your attention.