

MARUI GROUP CO., LTD

Overview of Performance in Three Months Ended June 30, 2022



August 5, 2022



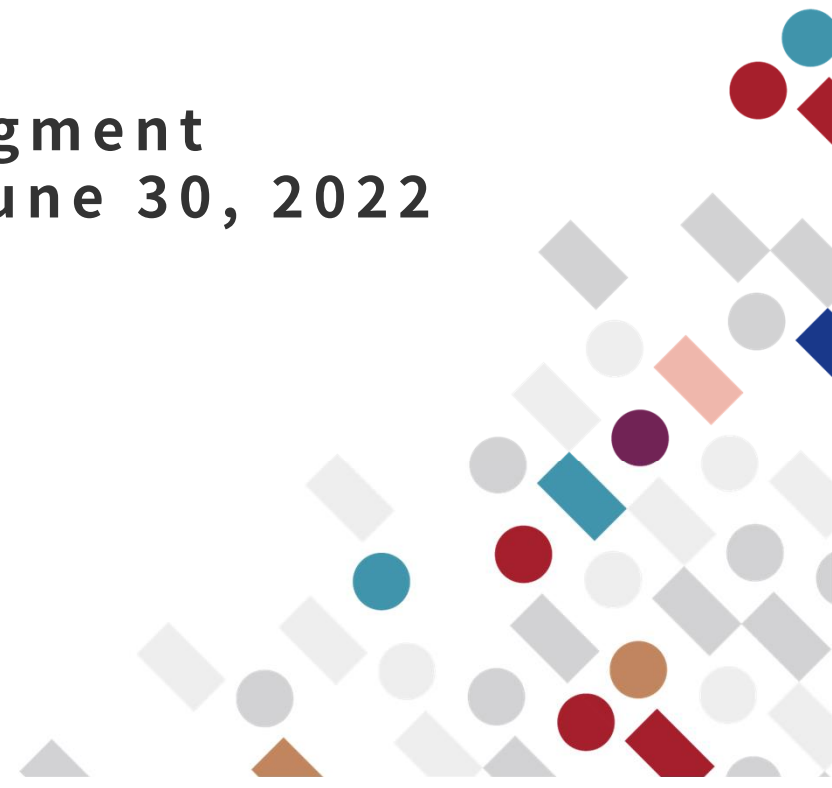
Schedule for today's presentation

- 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



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

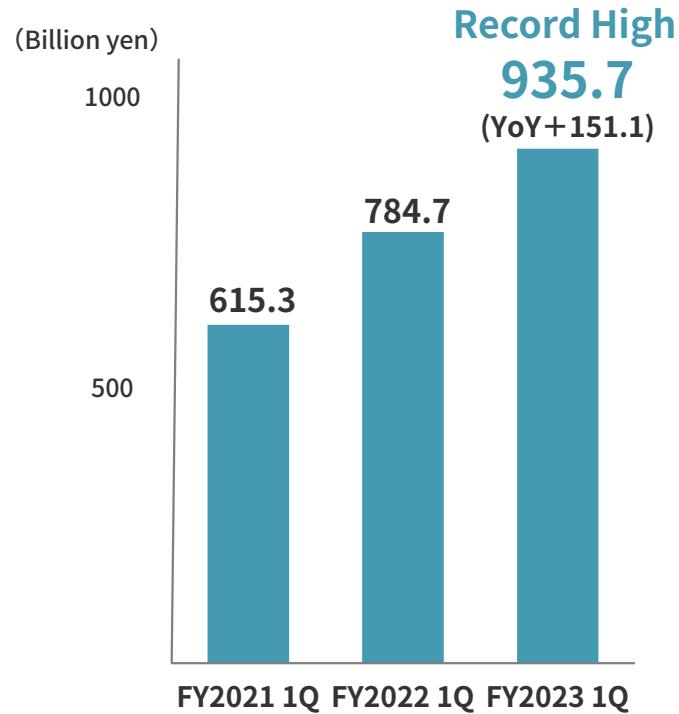
Full-Year Forecast for Fiscal Year Ending March 31,2023

Today's timely disclosures

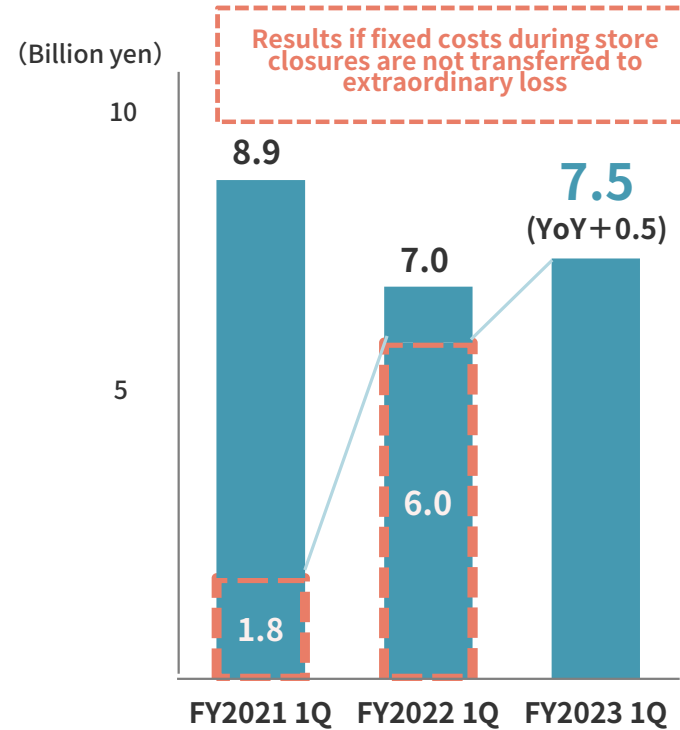
- 1. Total group transactions were up 19% year on year to ¥935.7 billion (+¥151.1 billion YOY), marking a record high quarterly result**
- 2. Operating income was up ¥500 million (+7%) year on year to ¥7.5 billion; revenue and operating income growth for the first time in four years since the three months 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**

Main financial indicators

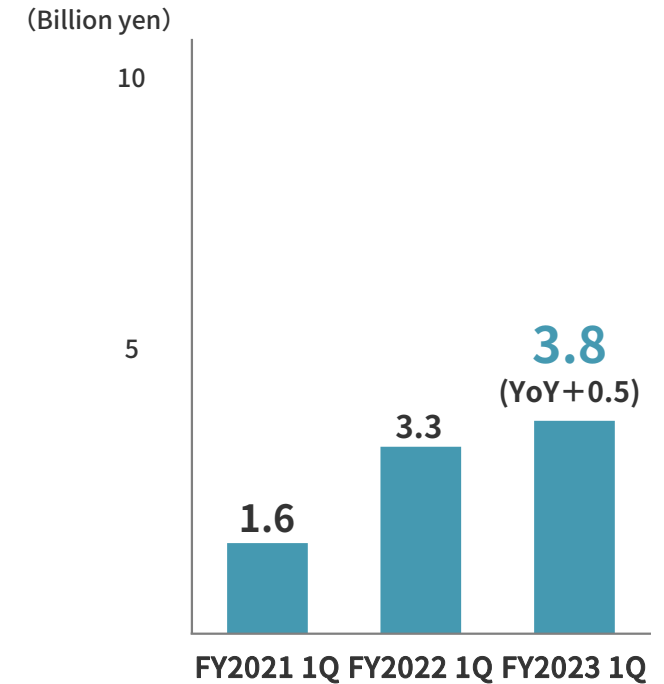
■ Total Group transactions



■ Operating income



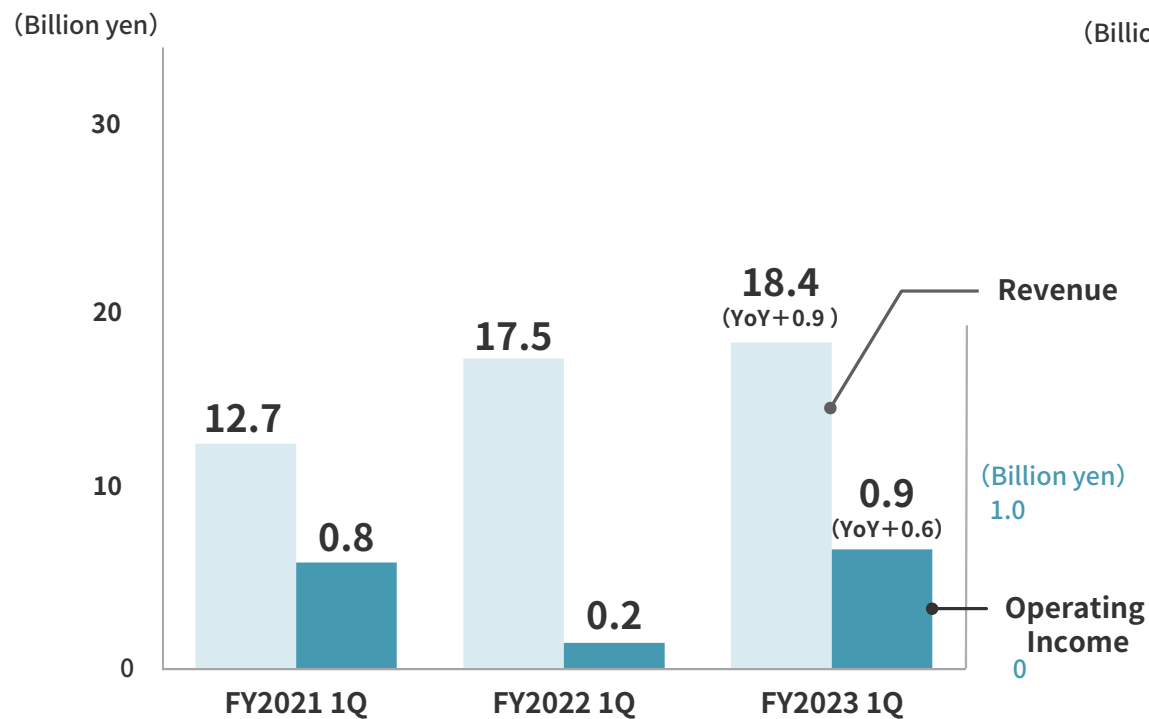
■ Net income



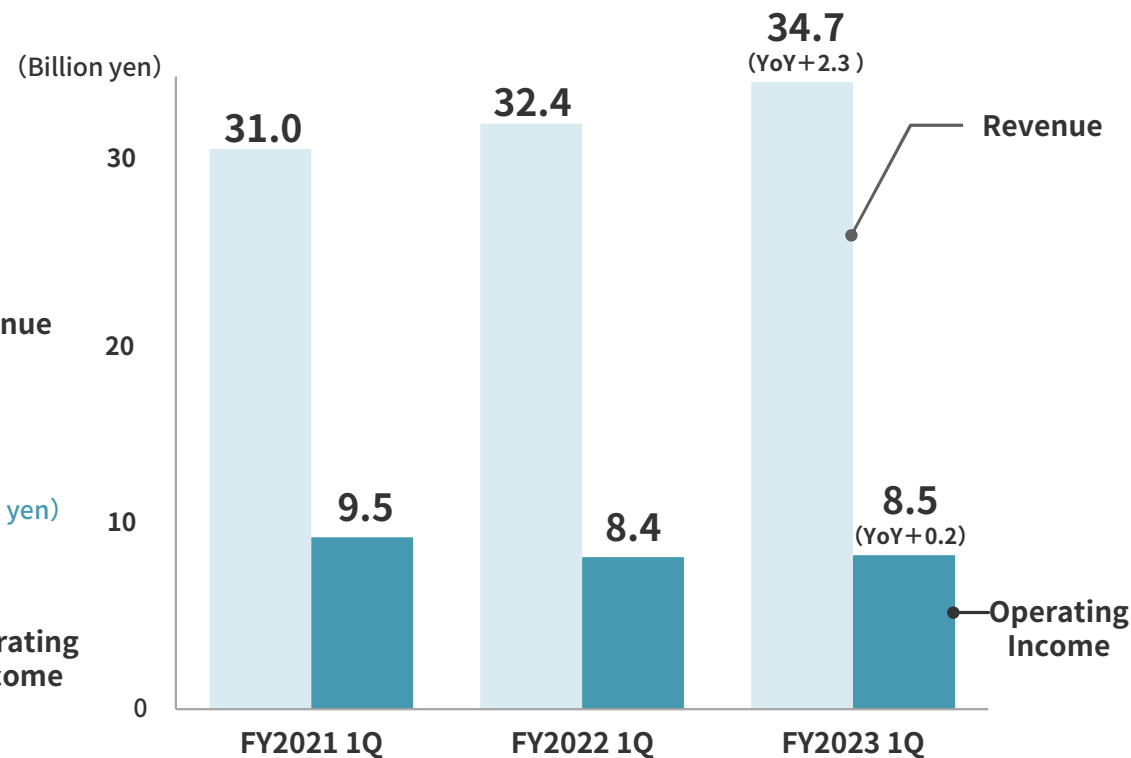
*The figures above have been calculated with the Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020)

Segment Income (Revenue and Operating Income)

■ Retailing

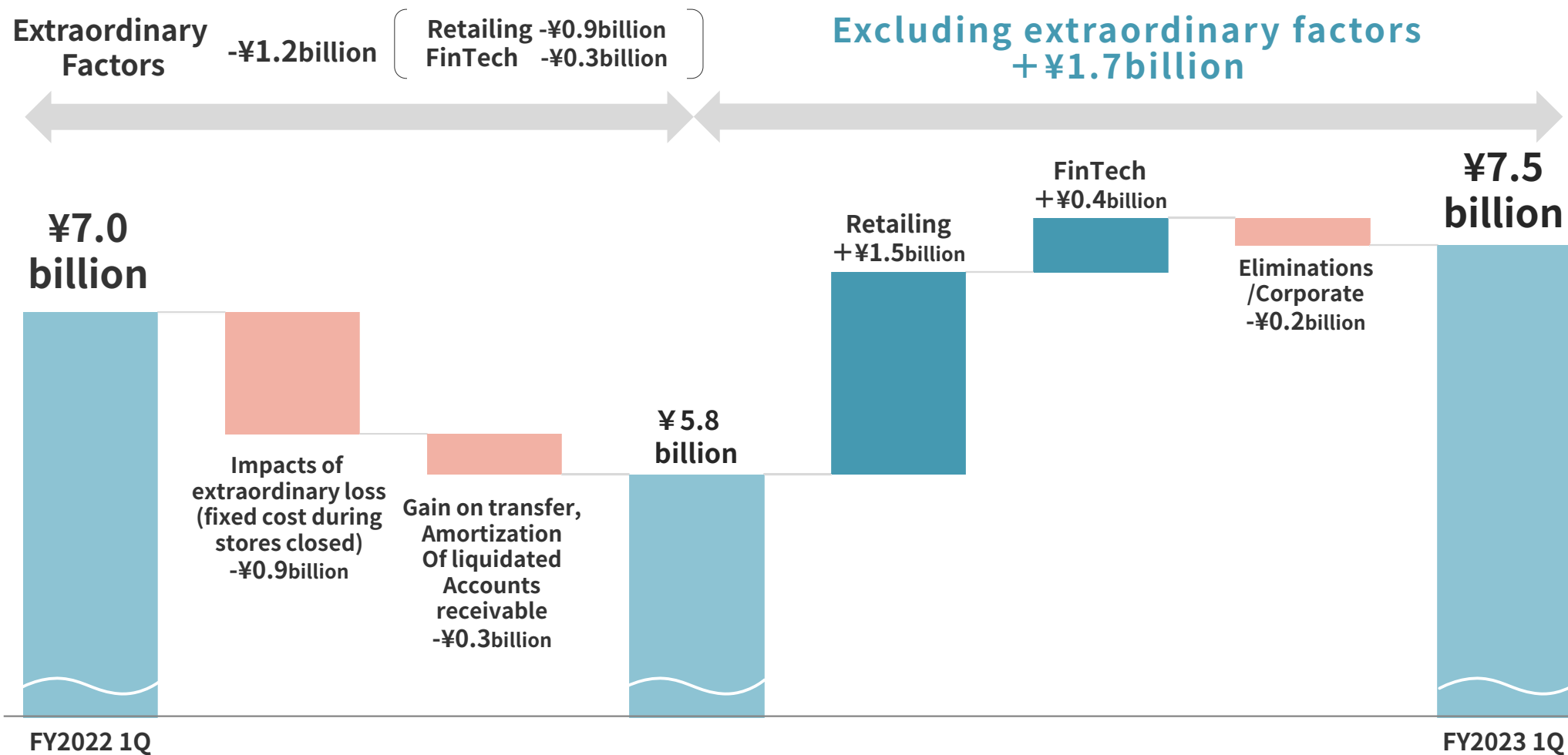


■ FinTech



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Factors Affecting Operating Income



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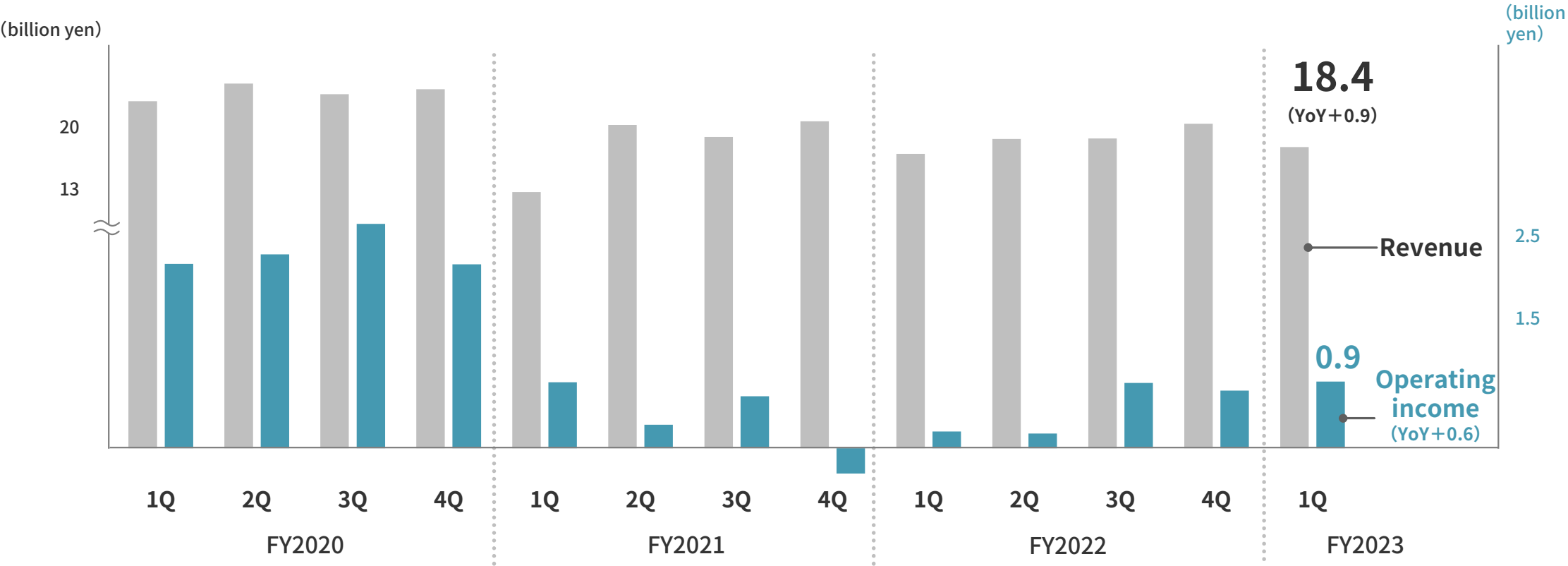
Full-Year Forecast for Fiscal Year Ending March 31,2023

Today's timely disclosures

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

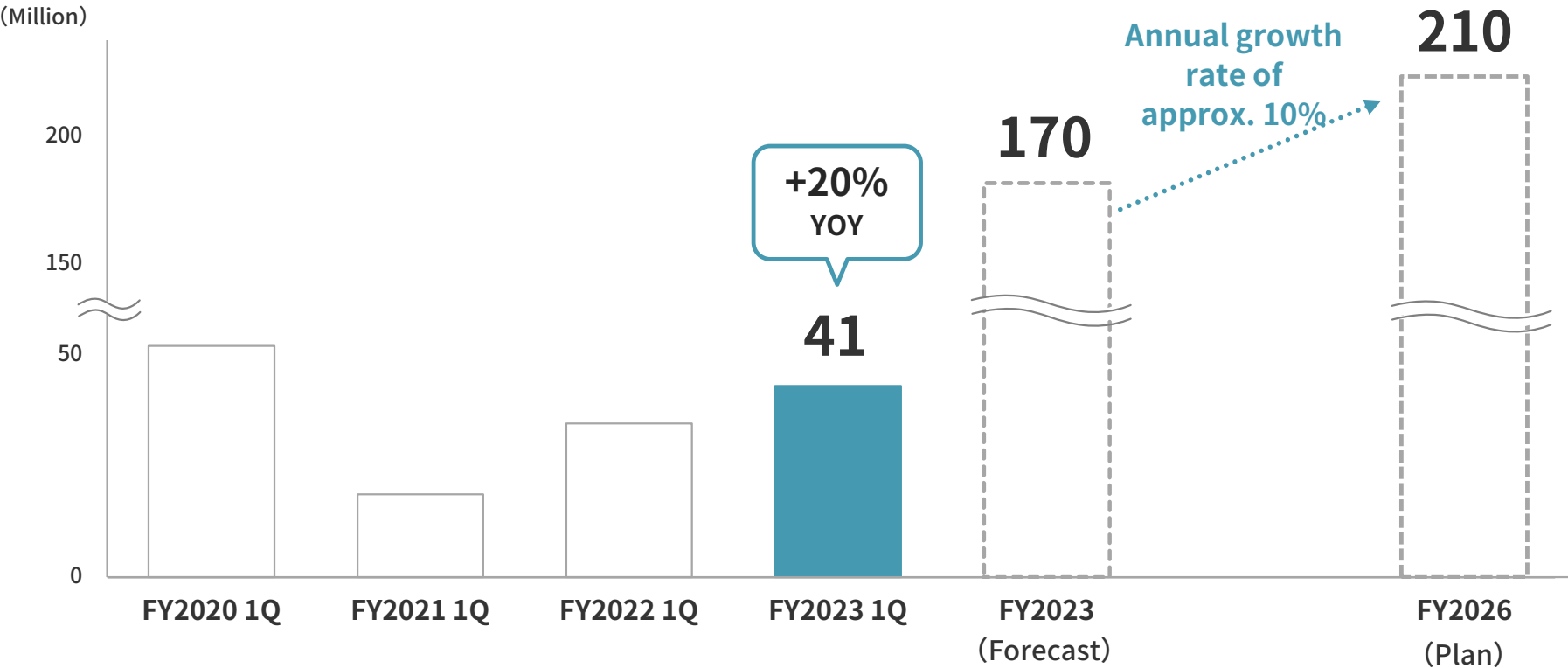


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Trend in Number of Customers Coming to Stores (Existing Stores)

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

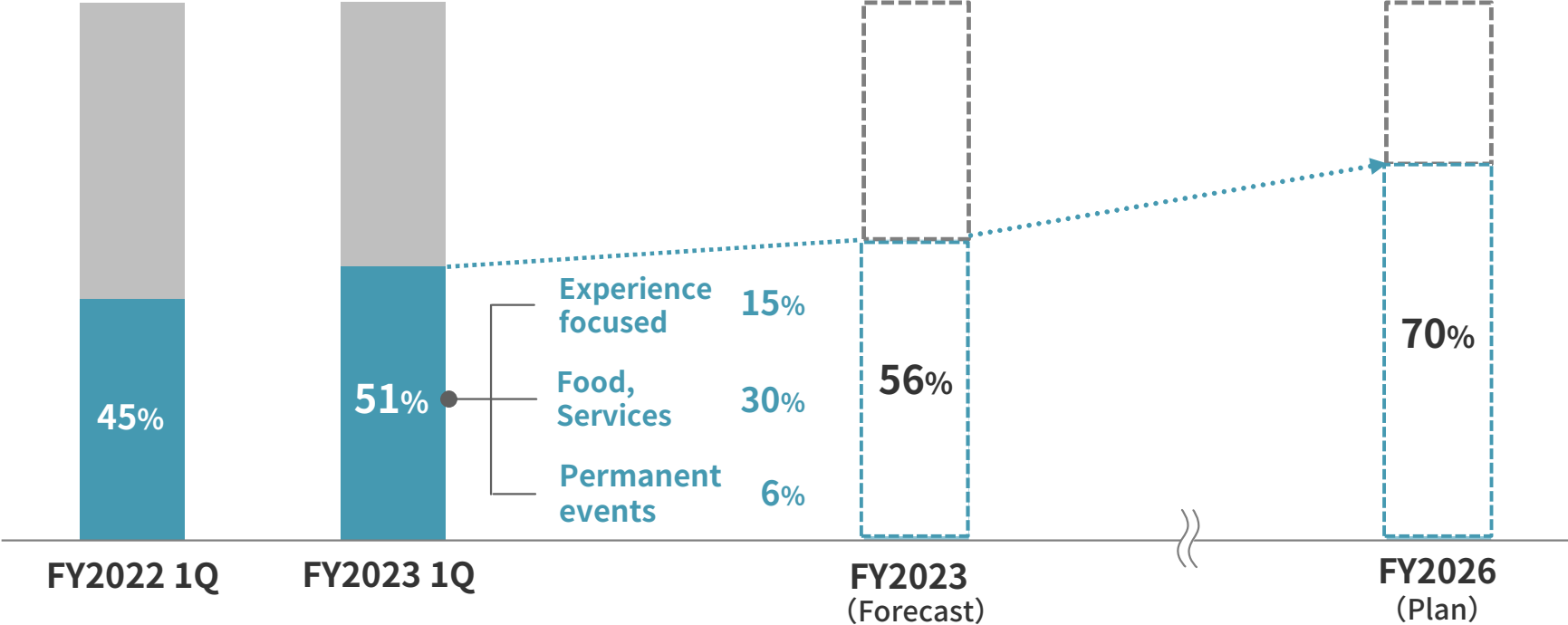
■ Number of customers coming to stores (same-store basis)



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

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

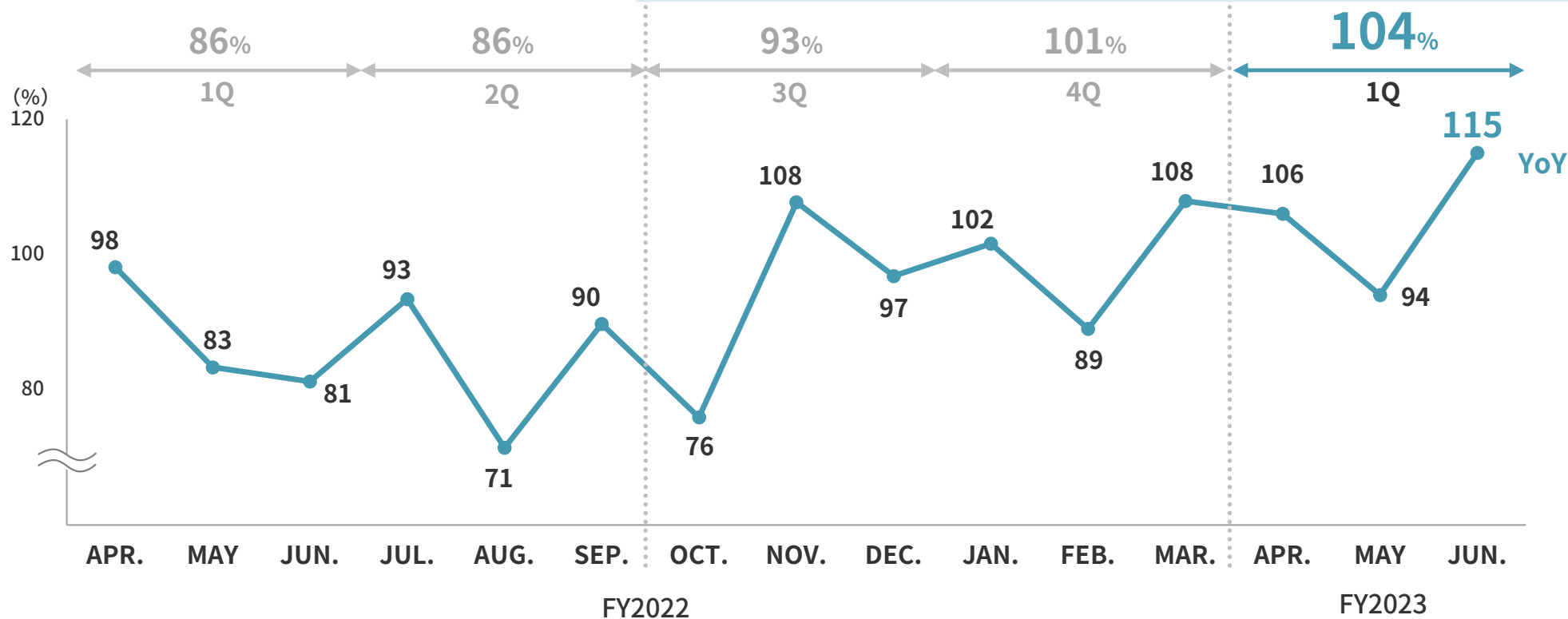


E-Commerce Transaction Volume: Year-on-Year Trends (Monthly)

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

■ E-commerce Transaction Volume YoY

New UI team with 11 personnel (of which 3 are UI specialists) ⇒ 13 personnel in UI team (of which 5 are UI specialists)



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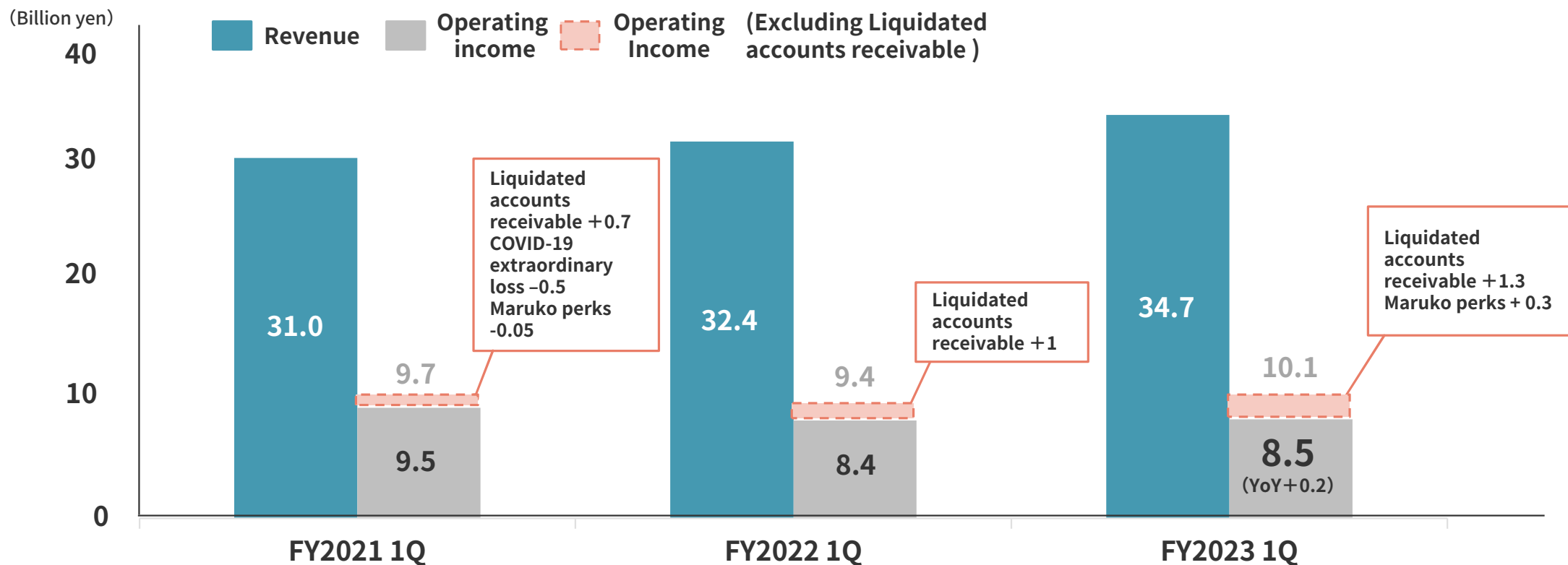
Full-Year Forecast for Fiscal Year Ending March 31,2023

Today's timely disclosures

Revenue and Operating Income

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

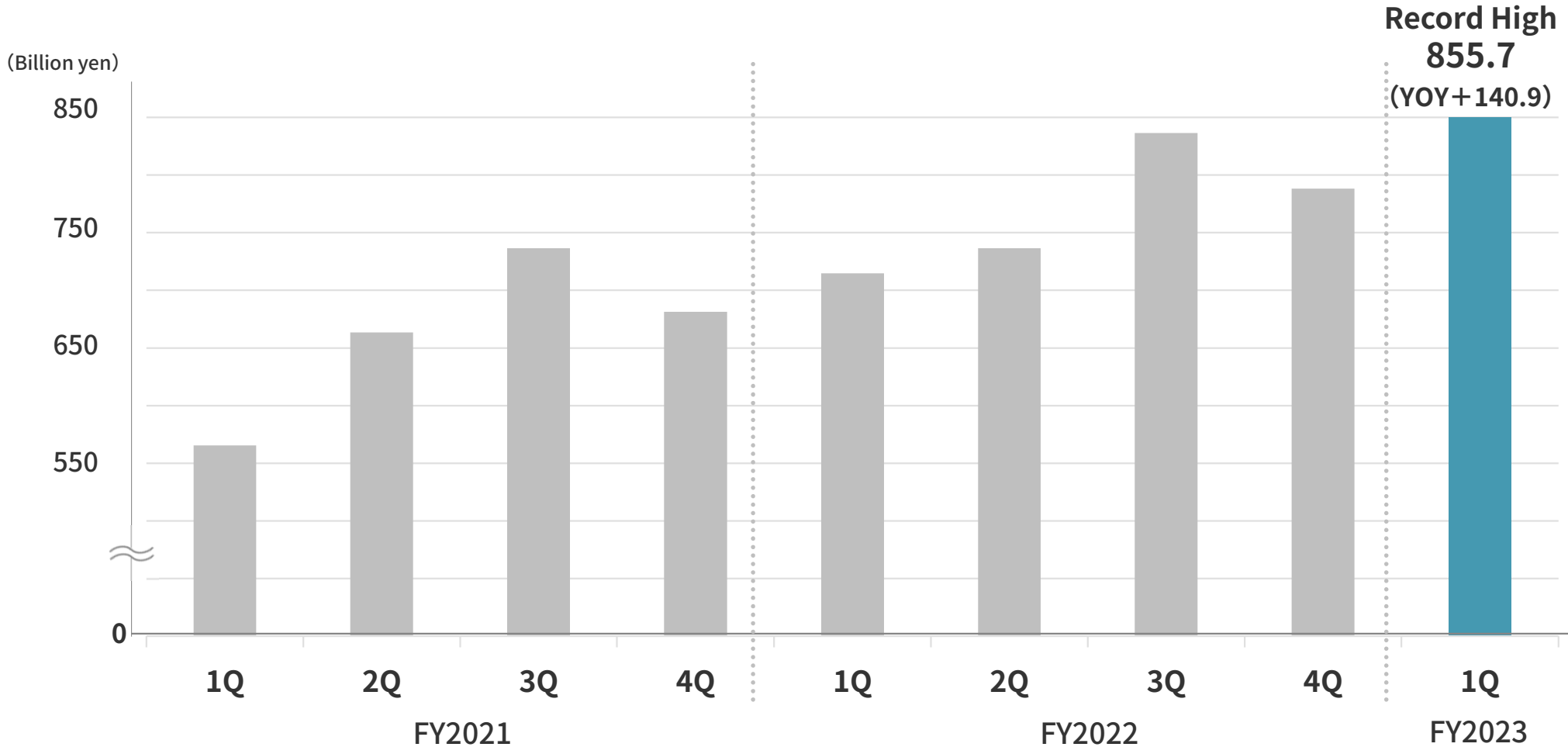
■ Revenue and Operating Income



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Card Credit Transaction Volume (Quarterly)

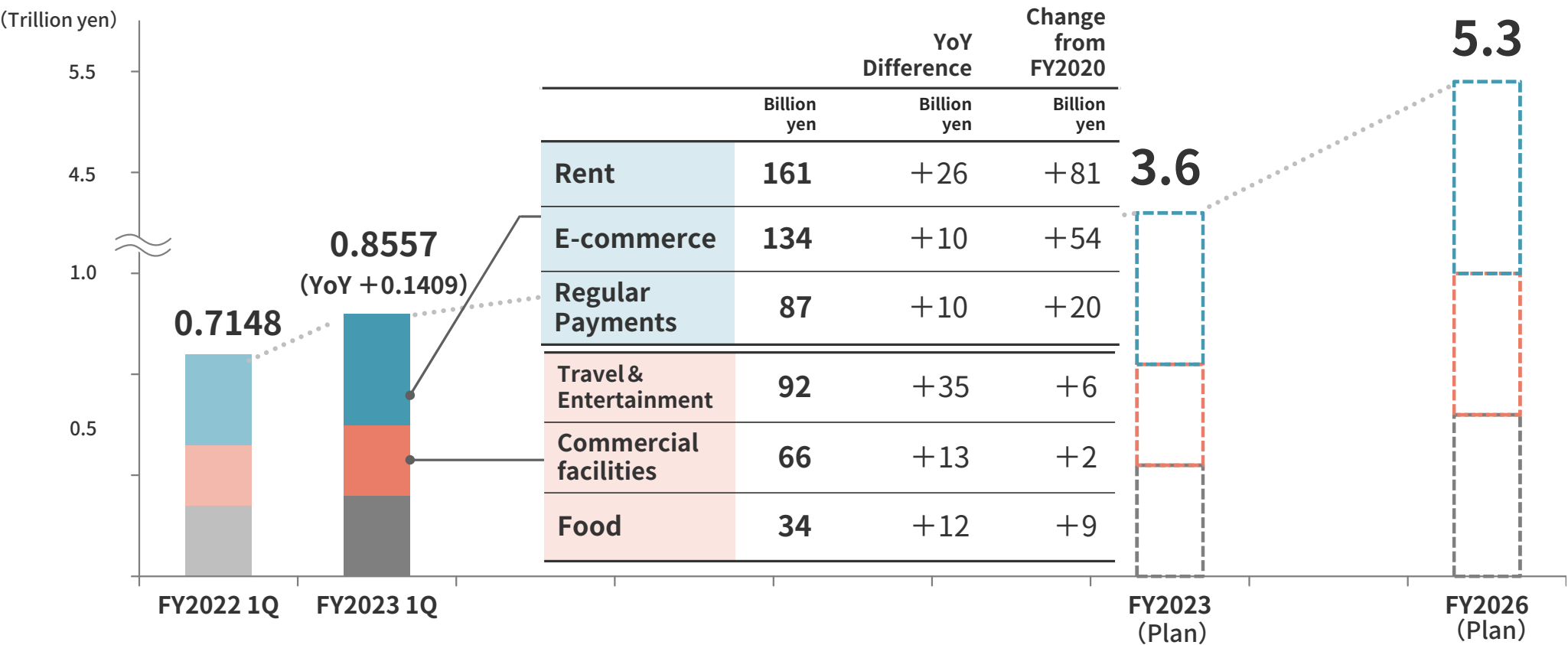
Transaction volume in 1Q FY2023 was a brisk ¥855.7 billion (+20% YOY), a record quarterly result



Card Credit Transaction Volume

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

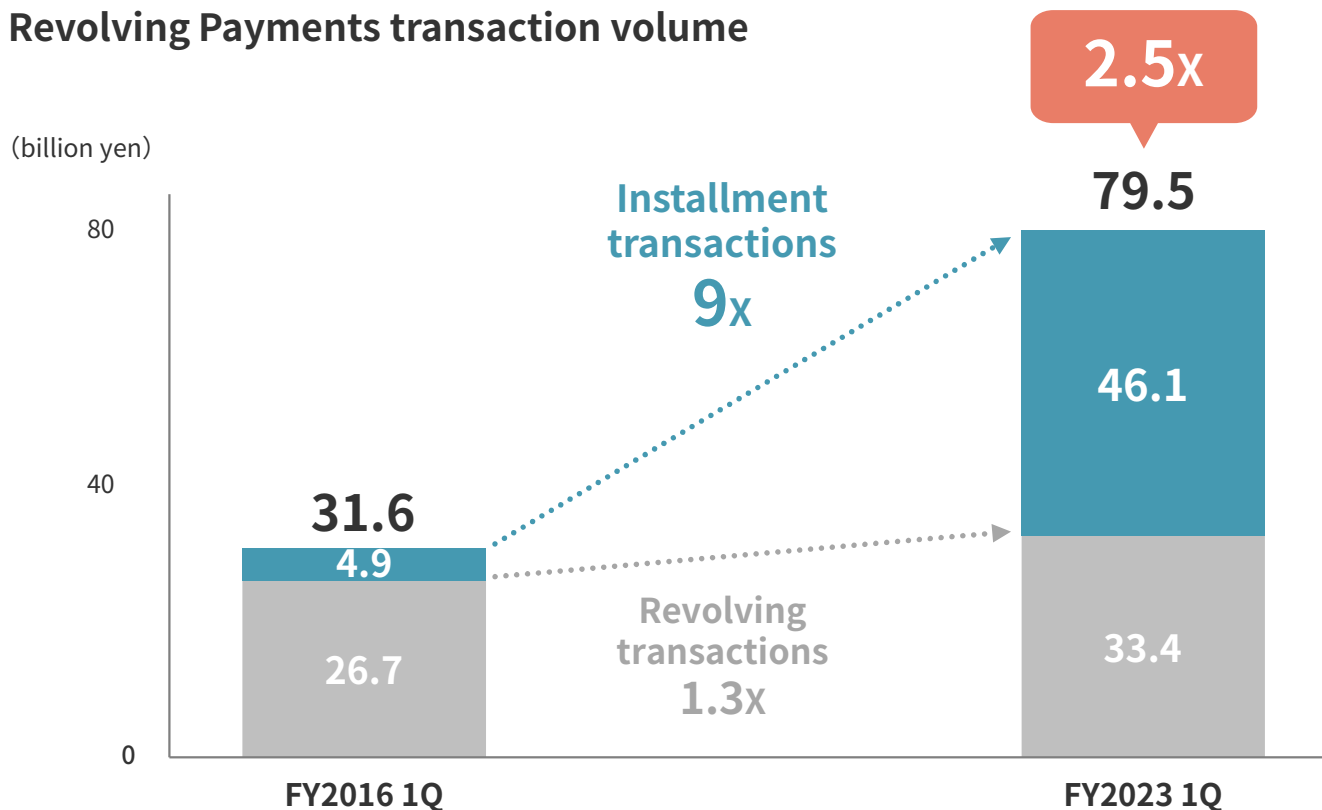
■ Card Credit Transaction Volume



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

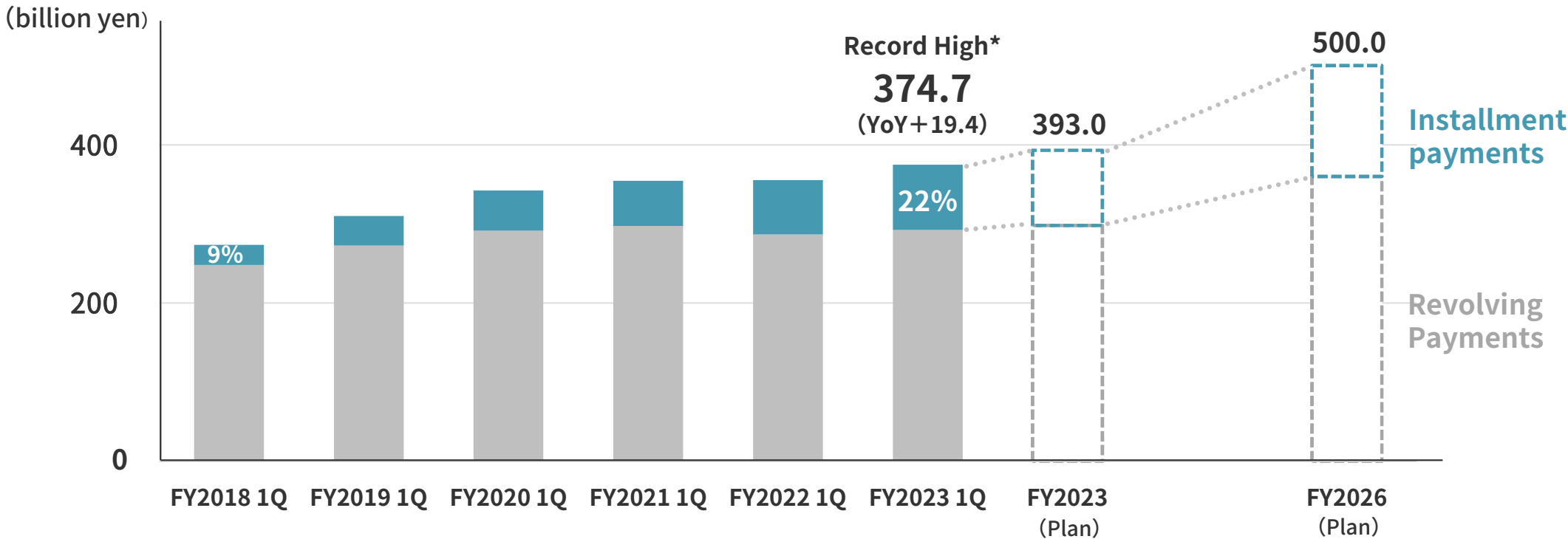
■ Installment and Revolving Payments transaction volume



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)

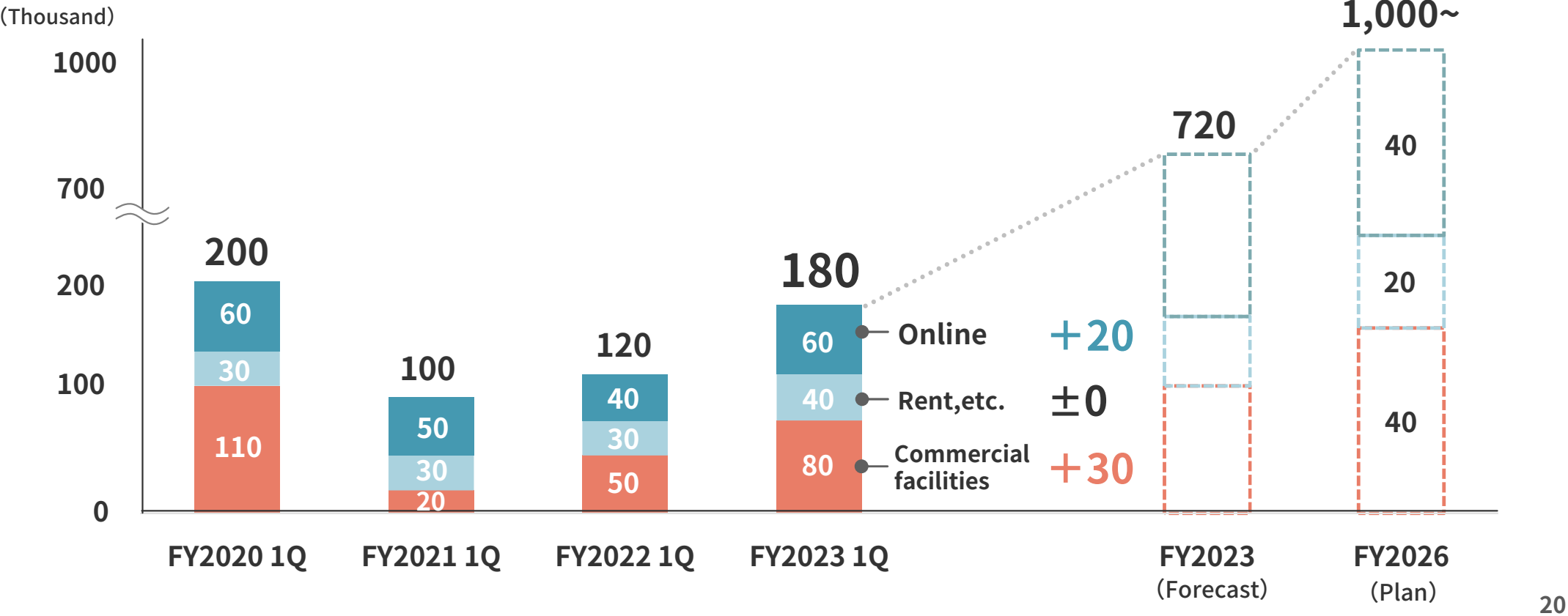


*Since the launch of EPOS Cards

New Cardholders 1

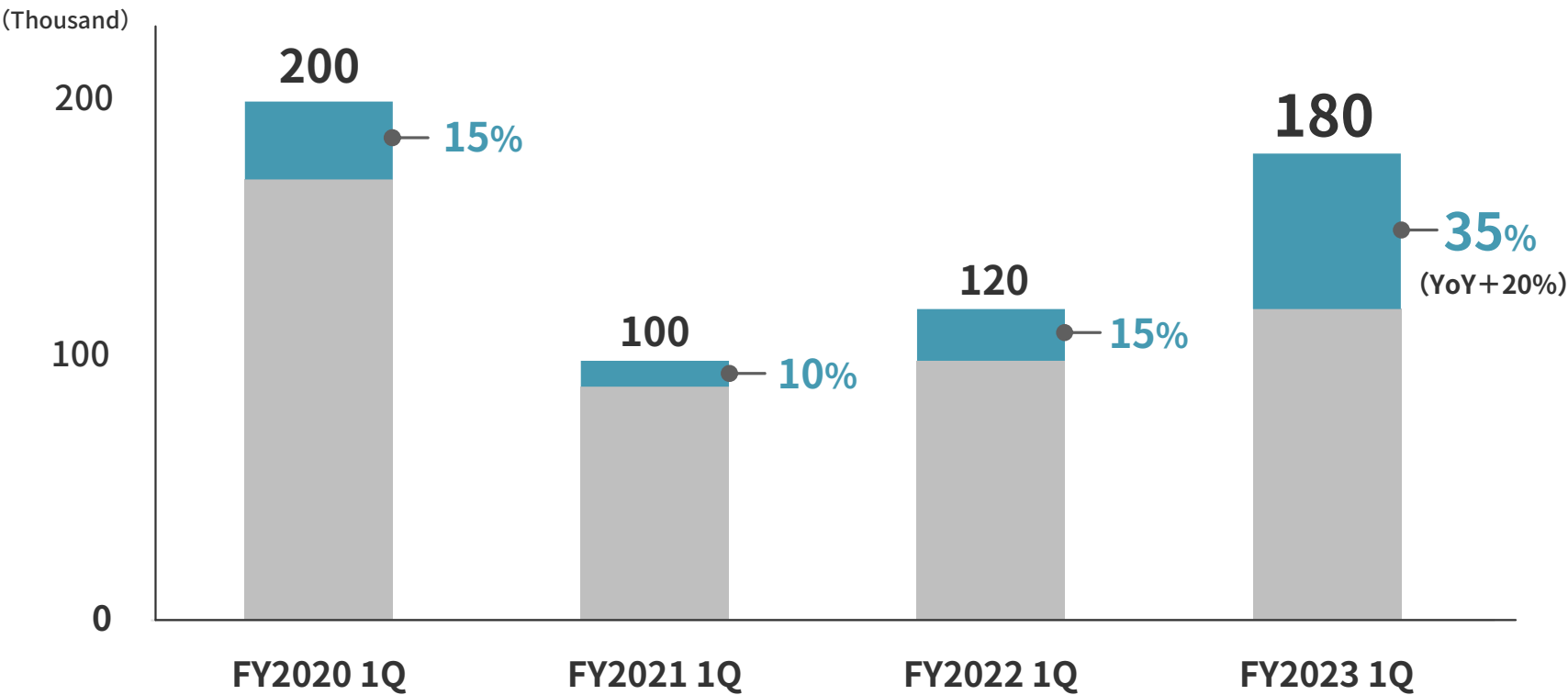
Recovery in number of new cardholders signing up at retail facilities and online, increasing by 50,000 from 1Q FY2022 to 180,000, close to pre-pandemic levels

■ Breakdown by signup method



Fan Cards accounted for 35% of new cards issued, increasing 20pt from 1Q FY2021

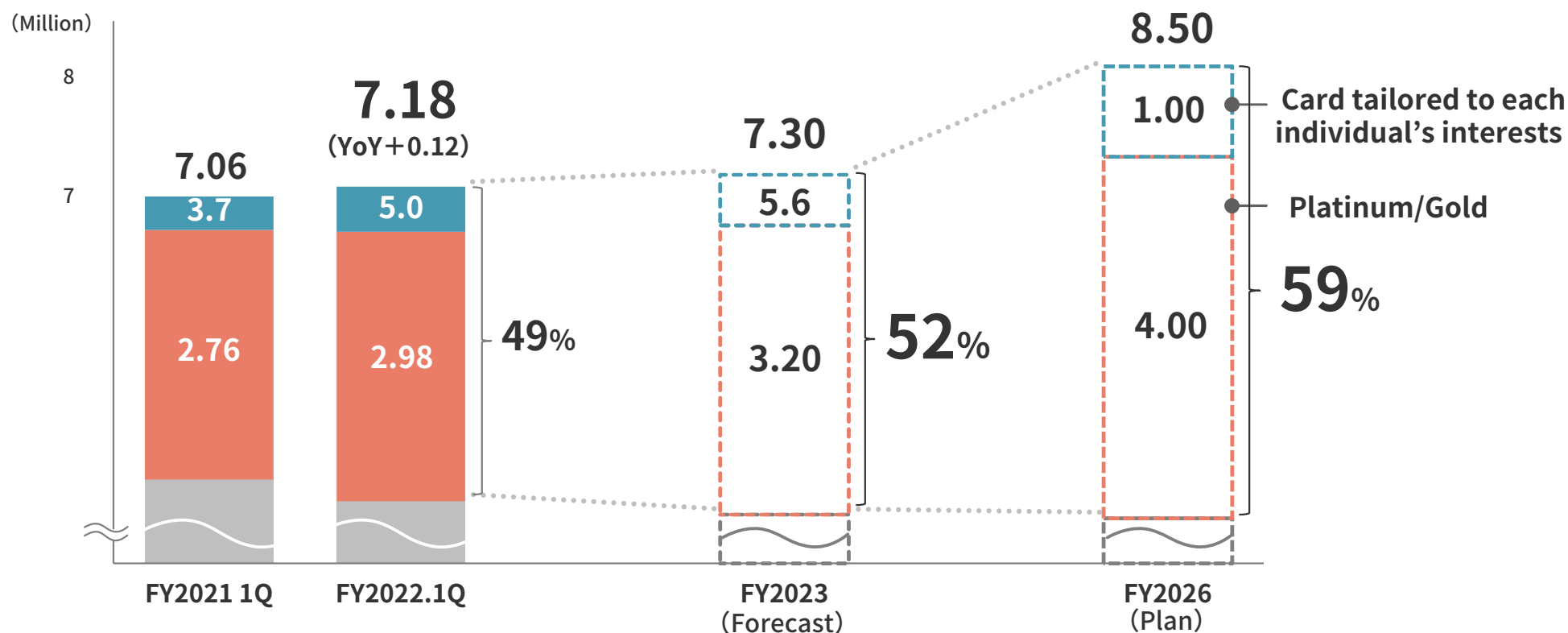
■ “Card tailored to each individual’s interests” ratio



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

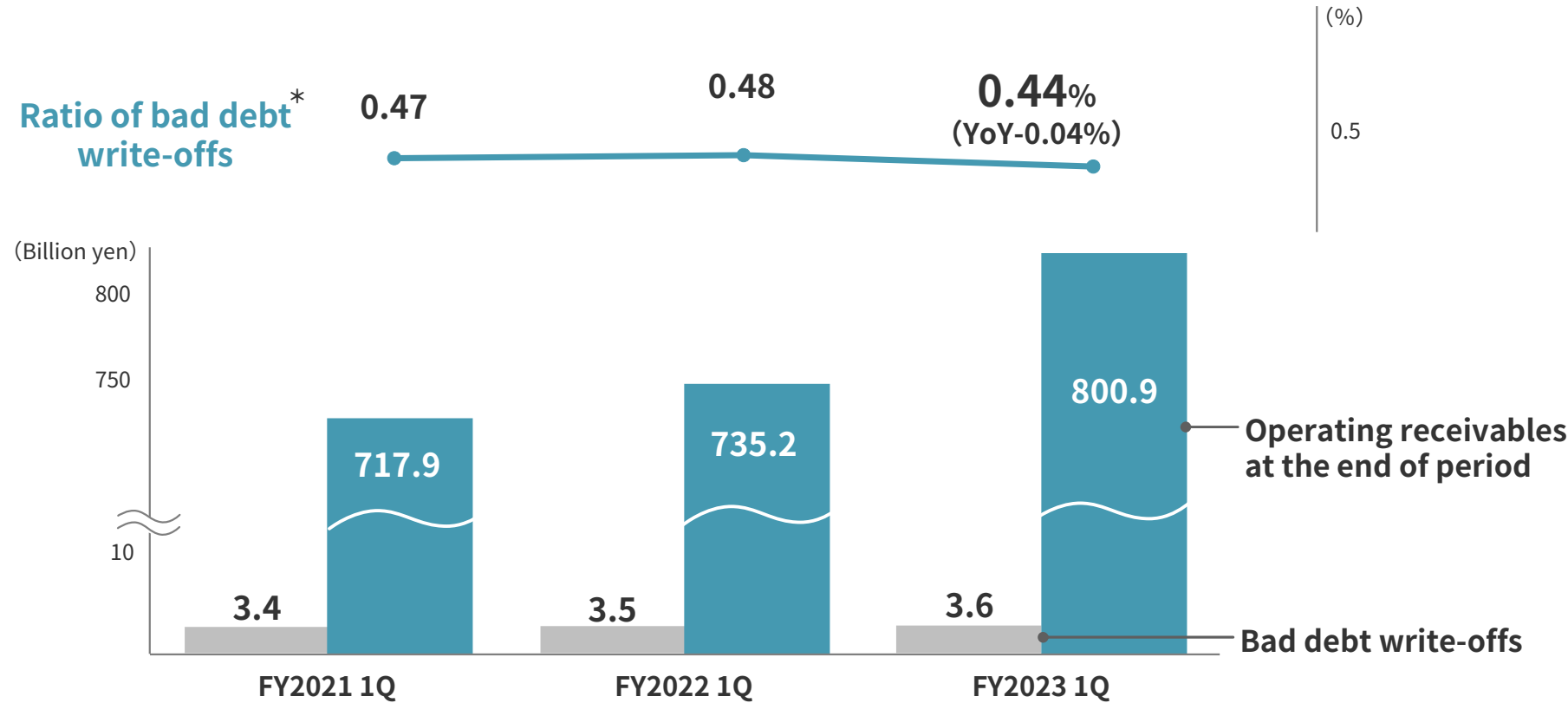
■ Cardholder Numbers



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

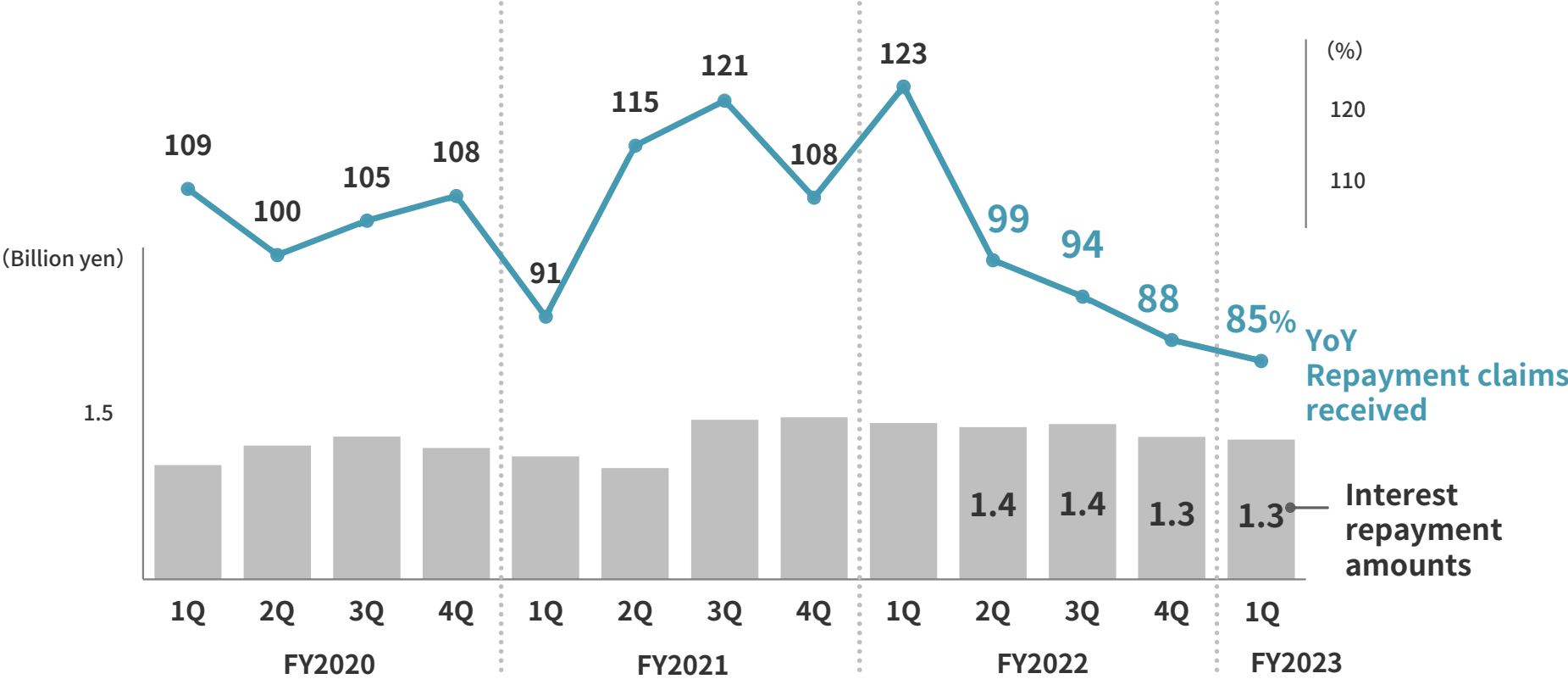
■ Trends of Ration of bad debt write-offs



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

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

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



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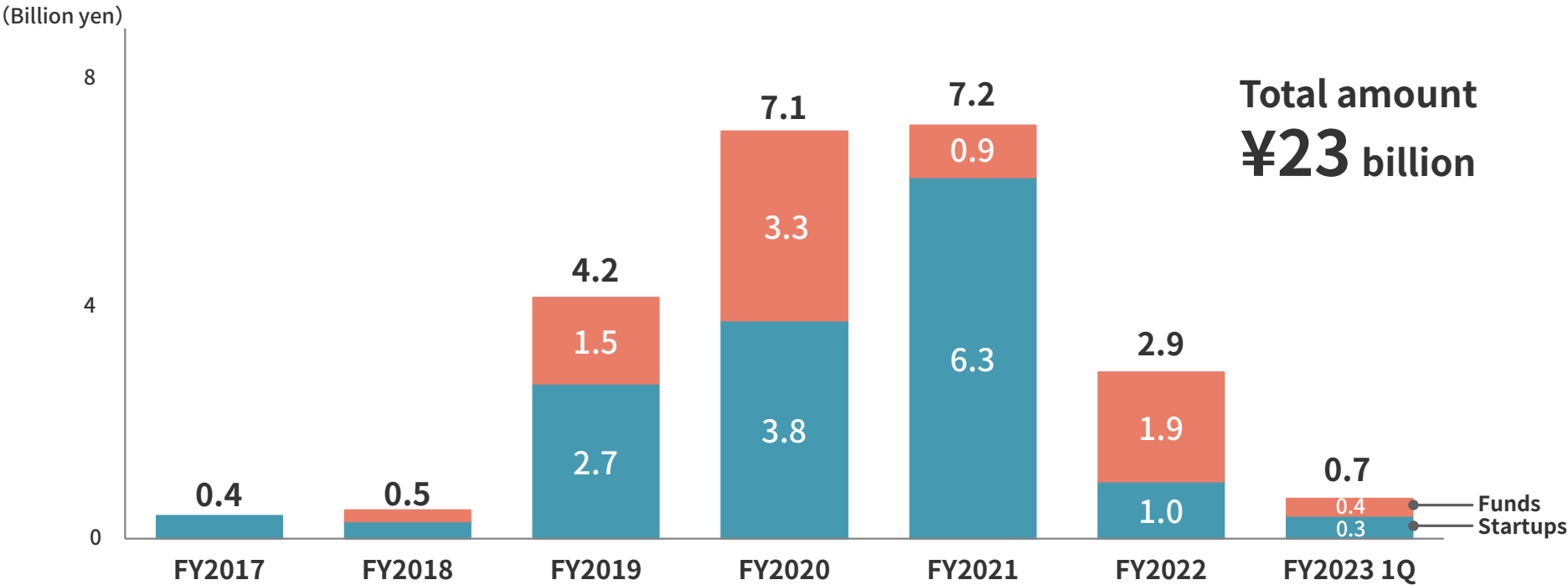
Full-Year Forecast for Fiscal Year Ending March 31,2023

Today's timely disclosures

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

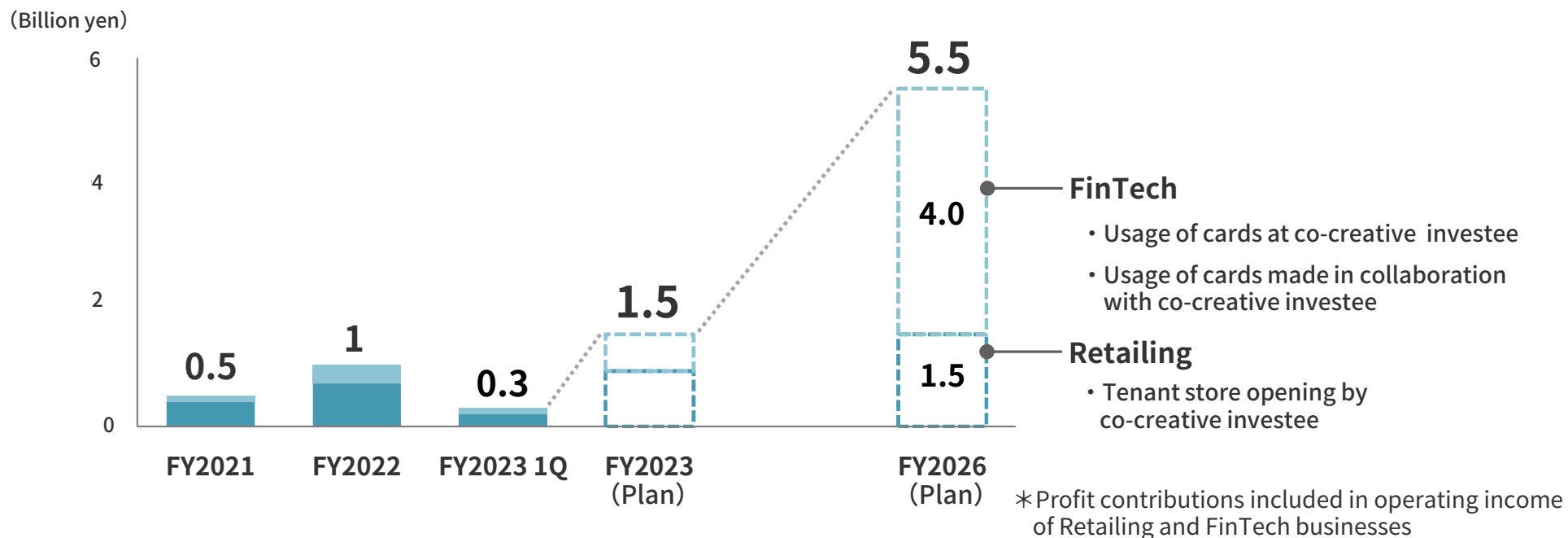


*includes investment from D2C&CO.Inc.

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



■ IRR

FY2023 1Q
17%

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Hurdle rate
10%

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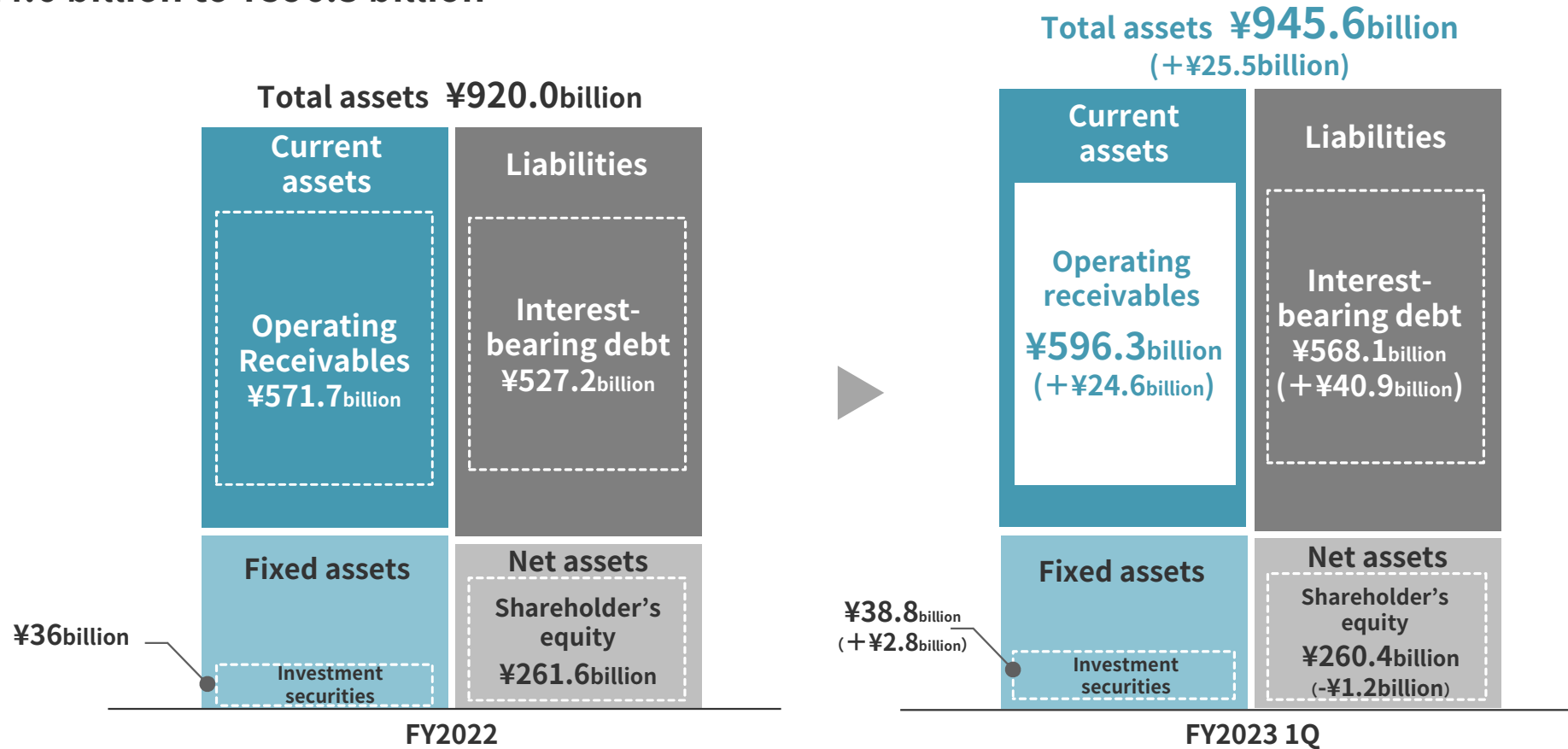
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Balance sheet

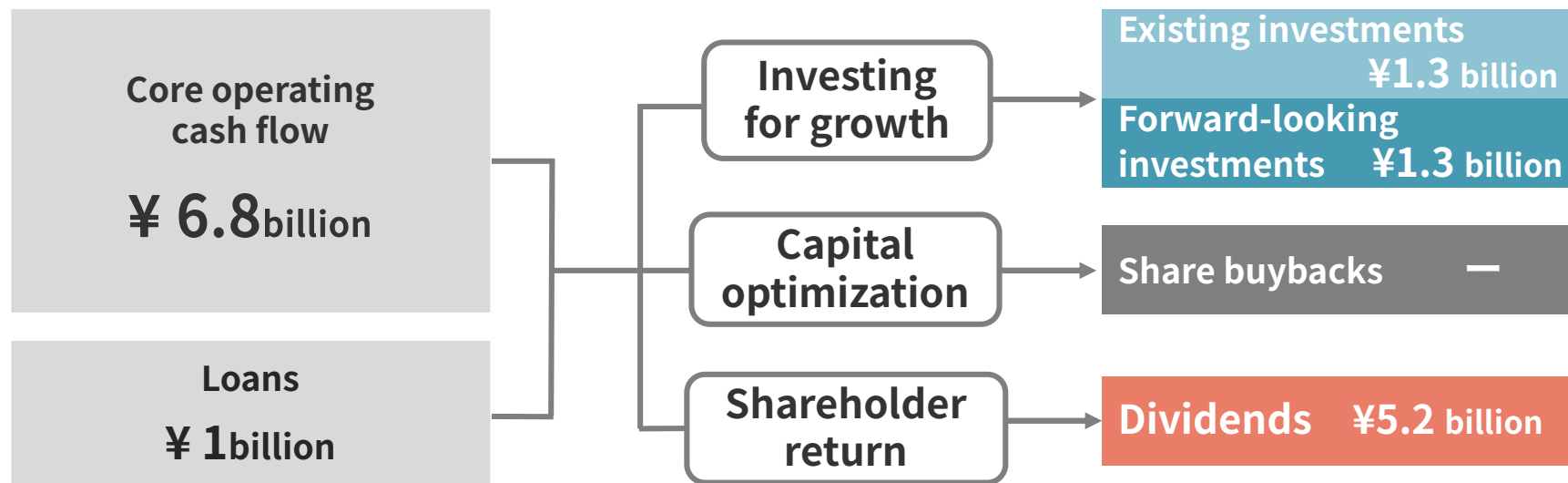
Total assets were ¥945.6 billion, an increase of ¥25.5 billion. Operating receivables increased by ¥24.6 billion to ¥596.3 billion



Capital allocation

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

■ Capital allocation (FY2023 1Q)



Human Capital Investment
¥2.2 billion

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

Today's timely disclosures

<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

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

Today's timely disclosures

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 CO2 (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

<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)

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

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

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 in
advance

Minimum share unit
issued per person
(150 shares)

Transfer restriction
period: Five years

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

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

	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

Special Dividend to Replace End of Shareholder Benefits

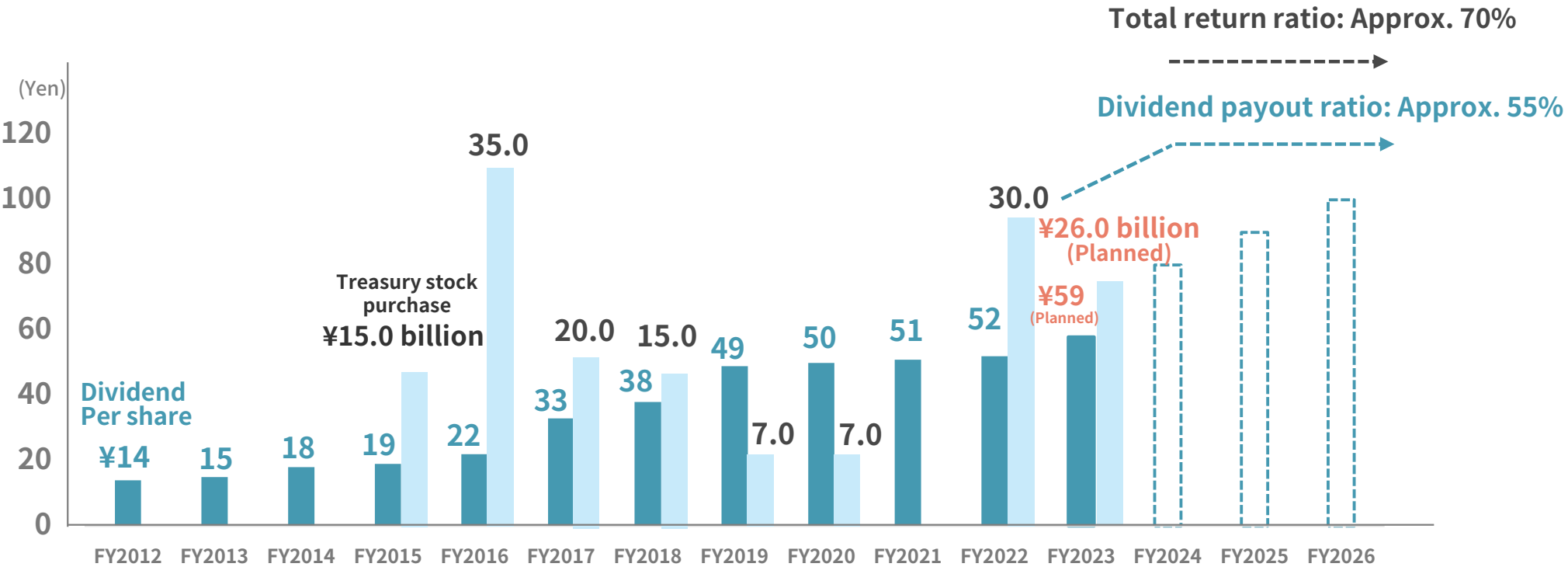
Shareholder benefits will be ended, and thereafter profit distribution will be in the form of dividends, with the record date of September 30, 2022, as the last date of benefit provision. Accordingly, a special dividend of ¥1 per share is scheduled in the fiscal year ending March 31, 2023.

- 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

Dividend and Treasury Stock Purchase Forecast

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



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Evaluation of Human Capital Investment

Based on Dialogue with Shareholders and Investors



Defining Effects (Return): Redefining Human Capital Investment

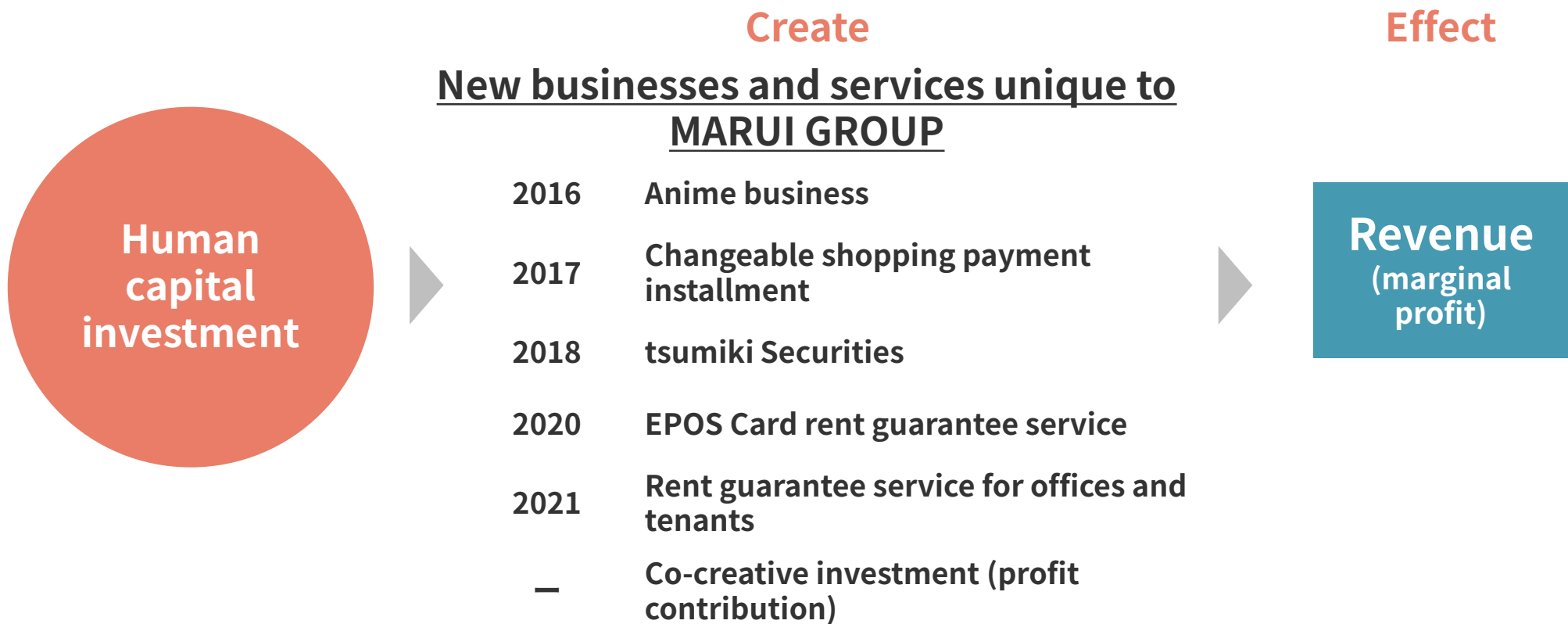
Shift focus from profit/loss items in each fiscal year to items that corporate value in the longer term, redefined as human capital investment

■ Breakdown of human capital investment (fiscal year ended March 31, 2022)



Defining Effects (Return)

- Human capital investment to create new businesses and services unique to MARUI GROUP, which will raise corporate value in the longer term
- Effect defined as revenue from businesses created since fiscal year ended March 31, 2017, when Human Capital Investment (previously human resource investment) program was announced

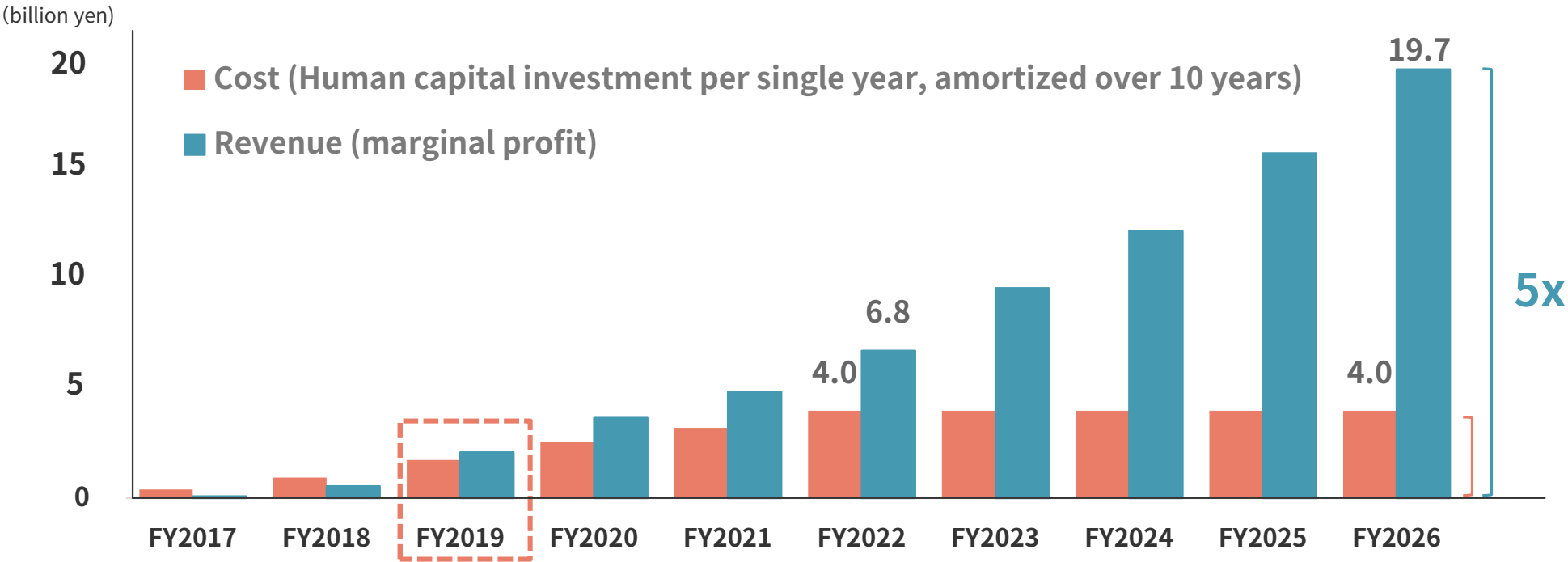


Measurement model 1: Single year comparison

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

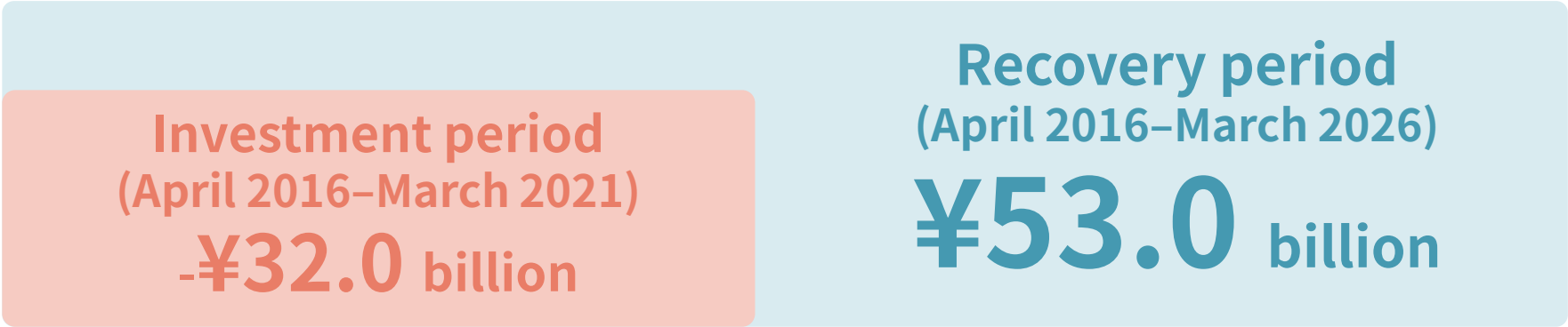
■ Image of revenue and cost




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

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



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	-	-	-	-	-	▶ IRR 11.7 %	
Revenue	0.1	0.4	1.5	2.6	3.4	4.7	6.8	8.6	11.1	13.8		



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 (E-mail: marui-ir@0101.co.jp).