



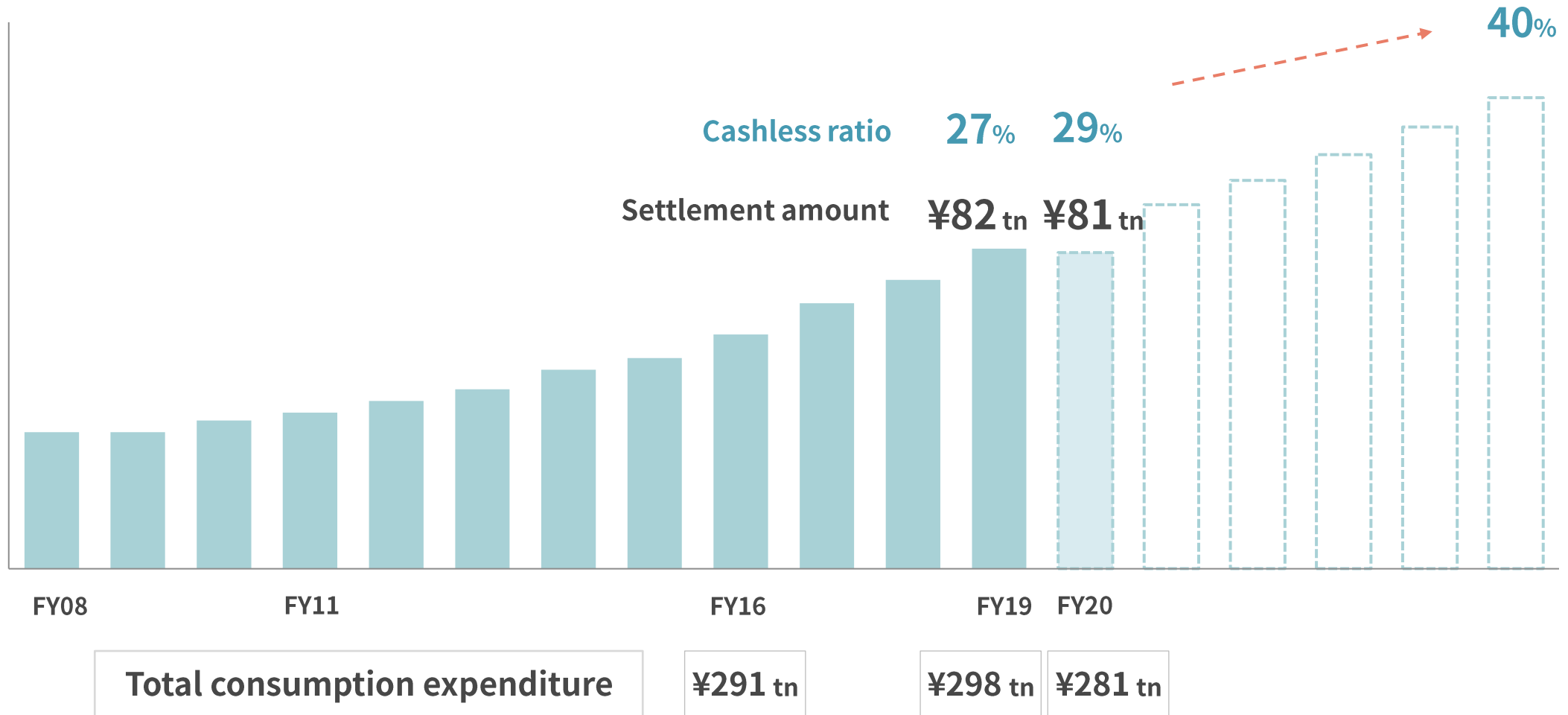
4

Business strategy of FinTech Segment

Cashless (1)

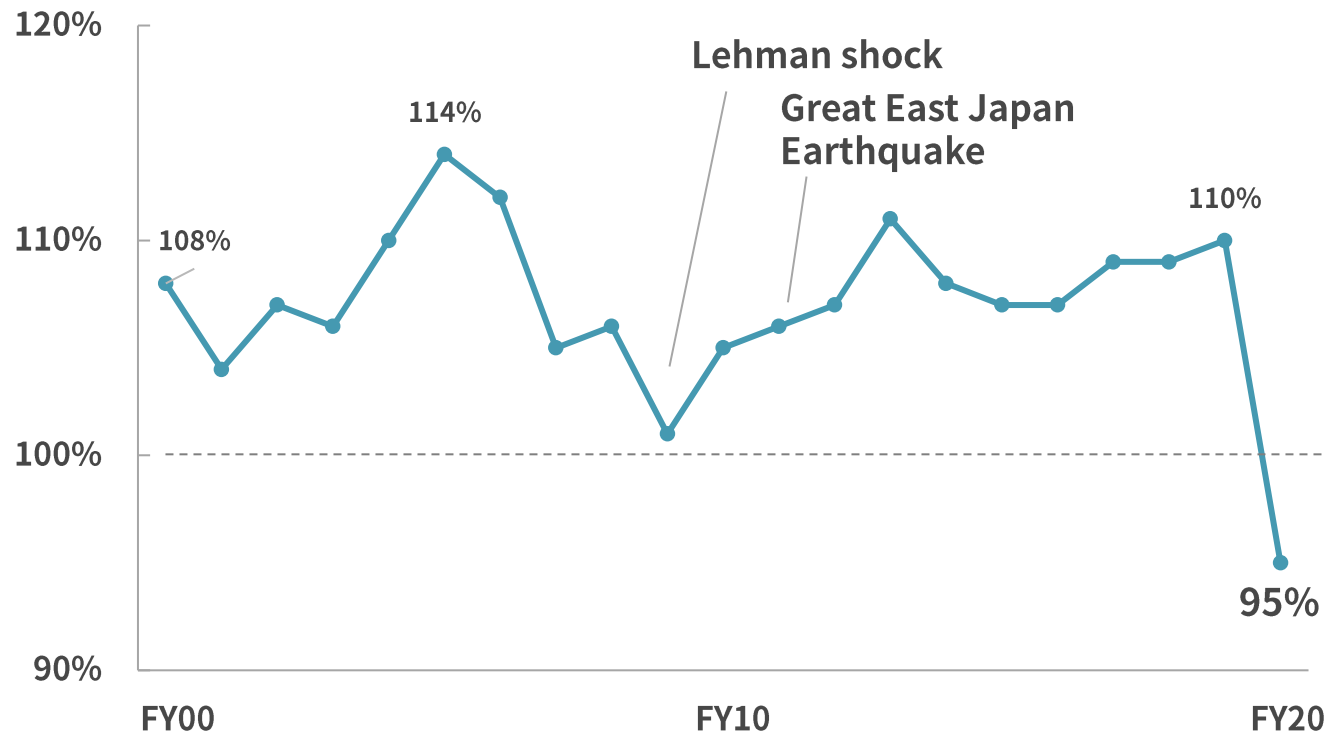
- Cashless payment amount is almost flat due to impact of COVID-19, settlement ratio is expected to be 29%

■ Trends in domestic cashless payments



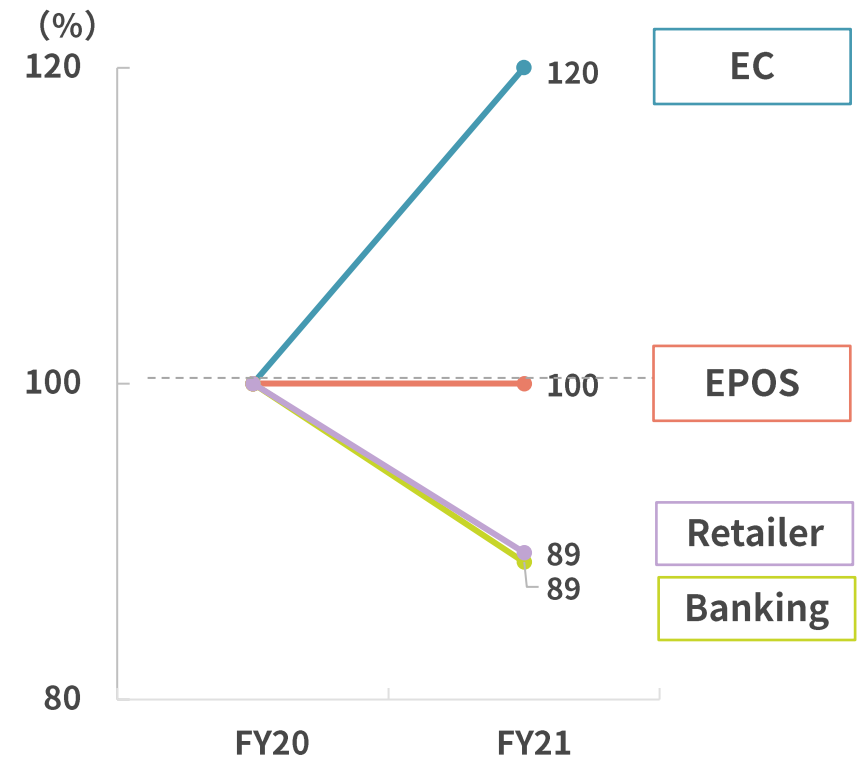
- Domestic credit card transaction volume fall below the previous year's level in 2020, transaction amount of each card company is divided into light and dark

■ Transition in domestic credit card transaction

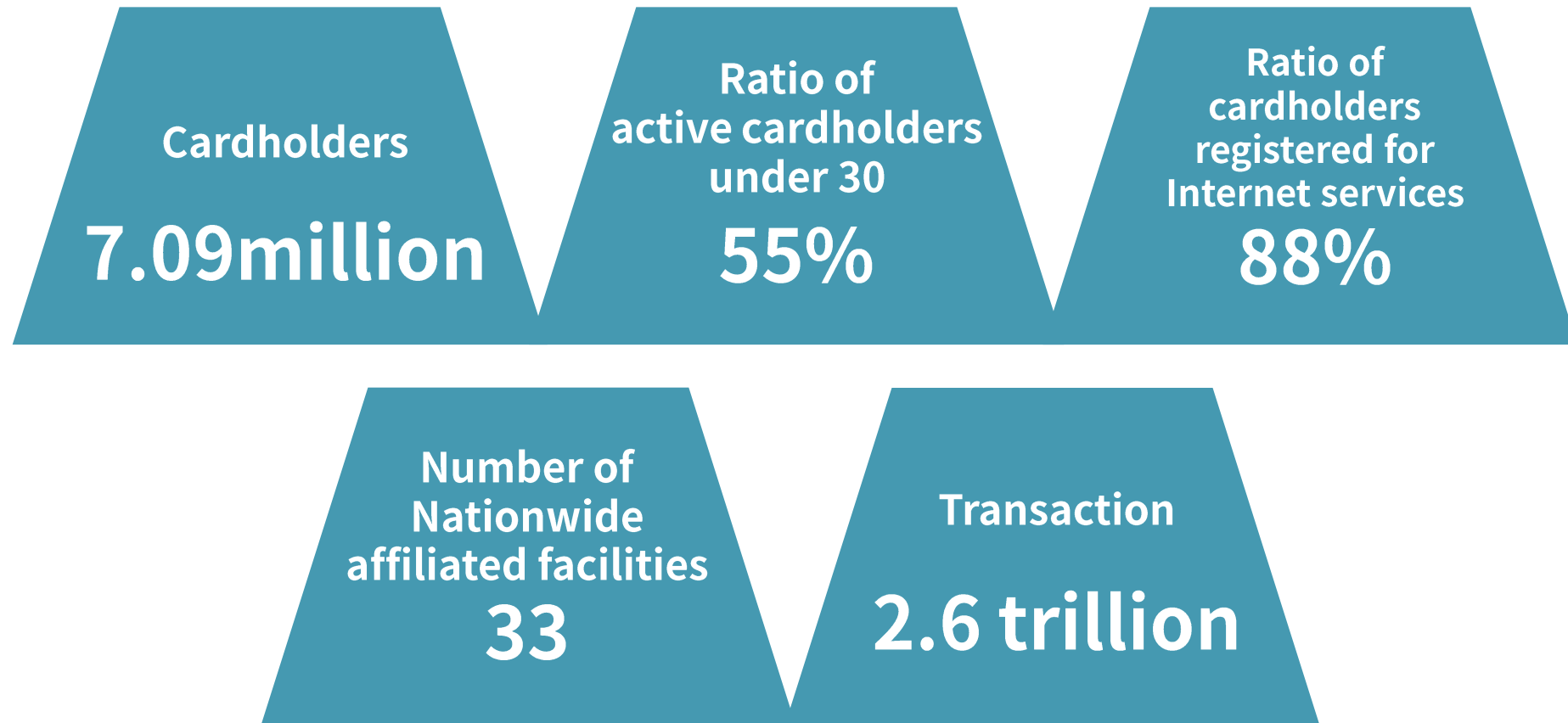


* Source: Ministry of Economy, Trade and Industry
"Specific service industry dynamic statistics survey"

■ Each card company transaction



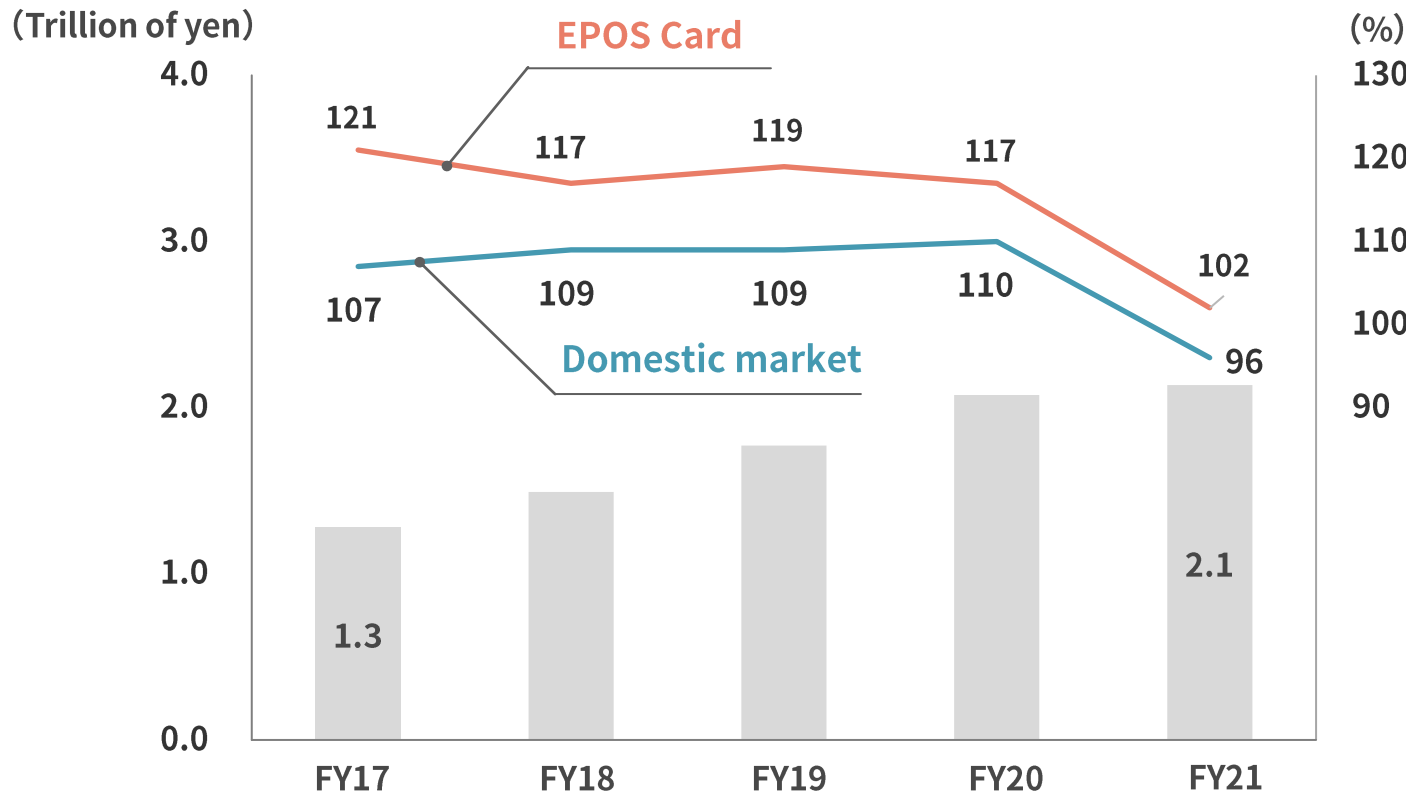
* Source: Ministry of Economy, Trade and Industry
"Specific service industry dynamic statistics survey"
and estimated from each company's financial statements



Transition in shopping transaction volume

- Shopping transaction volume grows ahead of the domestic shopping market

■ Transition in shopping transaction volume



5-year average growth rate

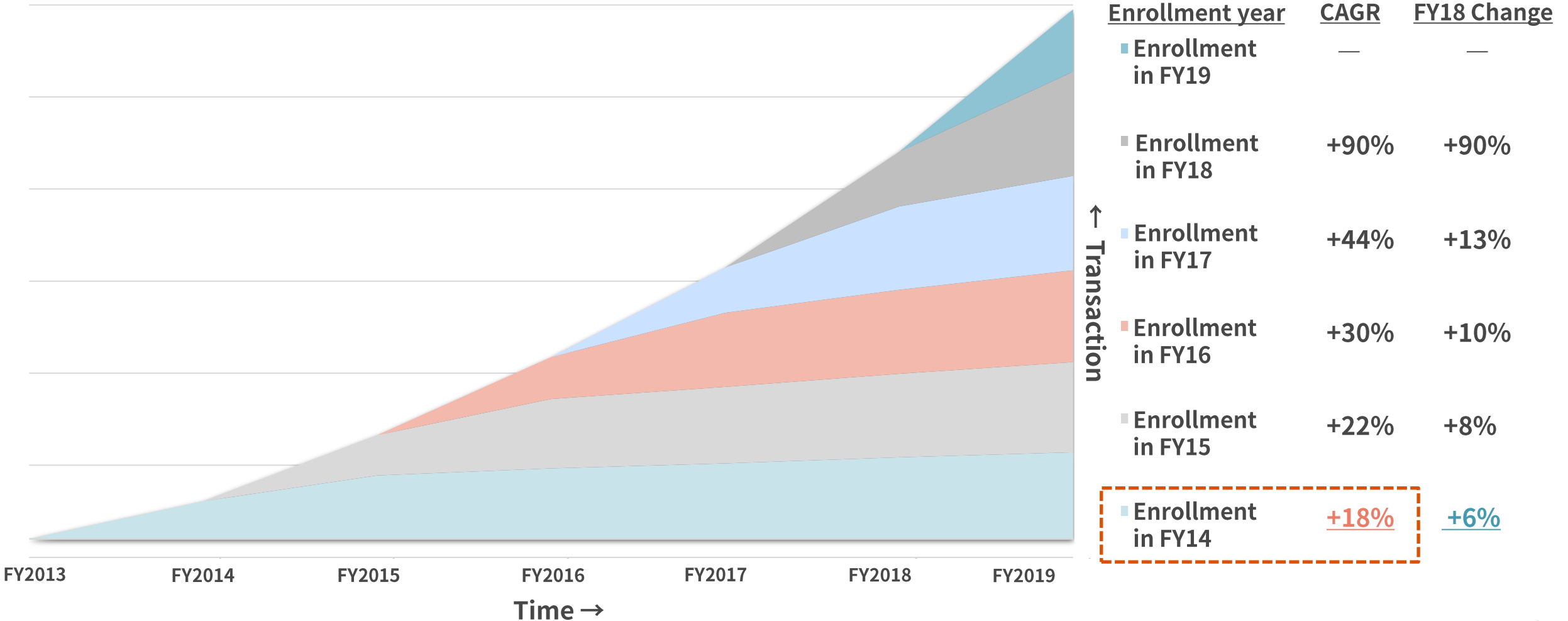
EPOS Card **Domestic market**
+ 15% > **+ 6%**

* Source: Ministry of Economy, Trade and Industry “Specific service industry dynamic statistics survey”

* Epos Card is External member store

Strength of FinTech: Change of transaction value by enrollment year

- Achieved stable profit growth due to large increase in transaction amount of past enrollment members

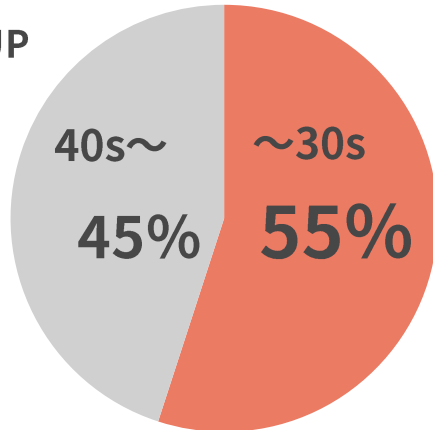


Strength of FinTech: Our Customer Profile

- Realizing high earnings through high exposure to the younger generation

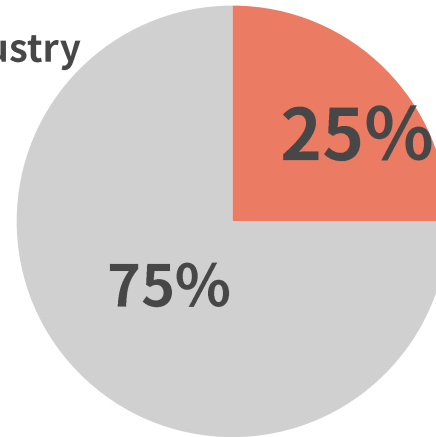
■ Distribution of cardholders by age

MARUI GROUP

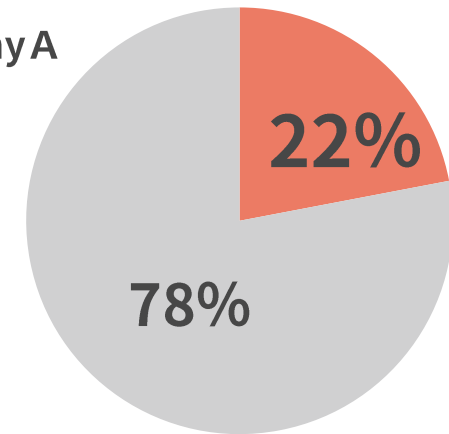


*Active cardholders

Whole industry

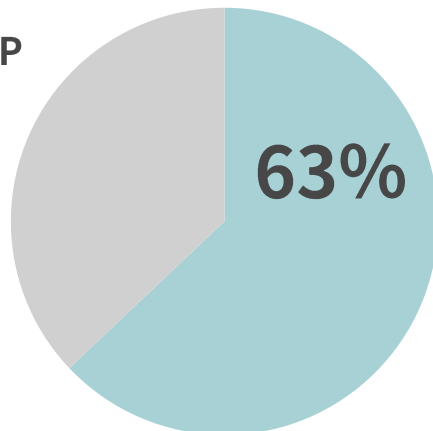


Company A

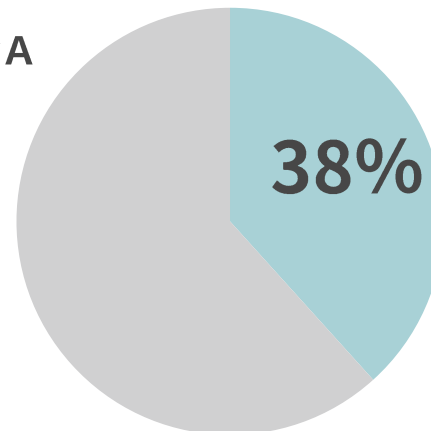


■ Ratio of revolving and installment payments attribute to installment sales account receivable (including factoring accounts receivable)

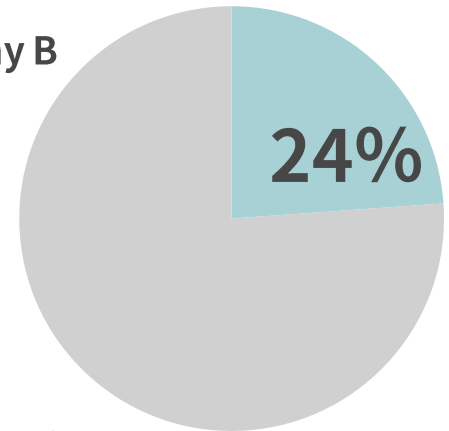
MARUI GROUP



Company A



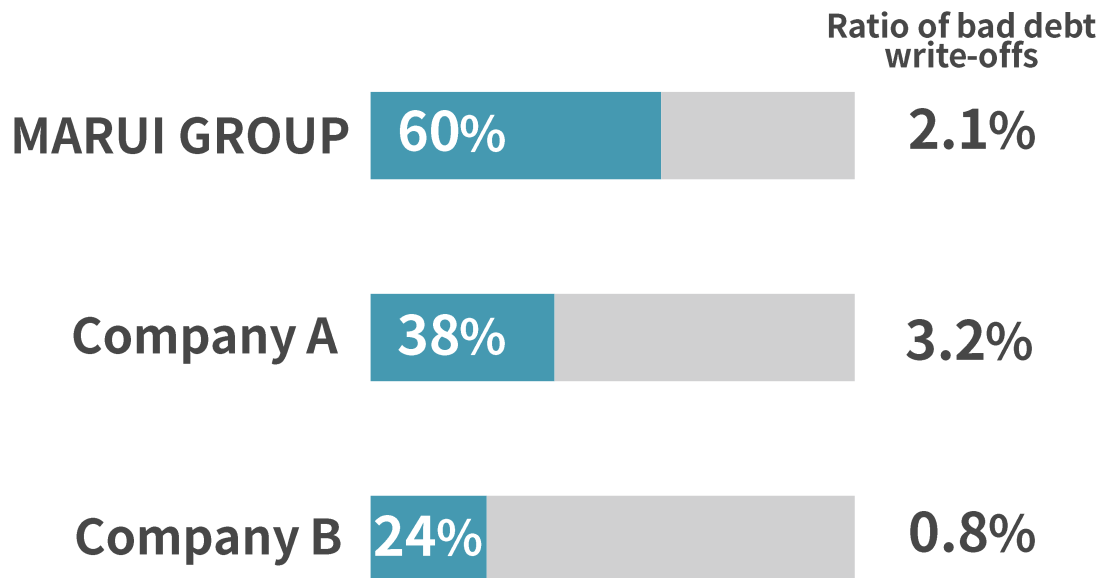
Company B



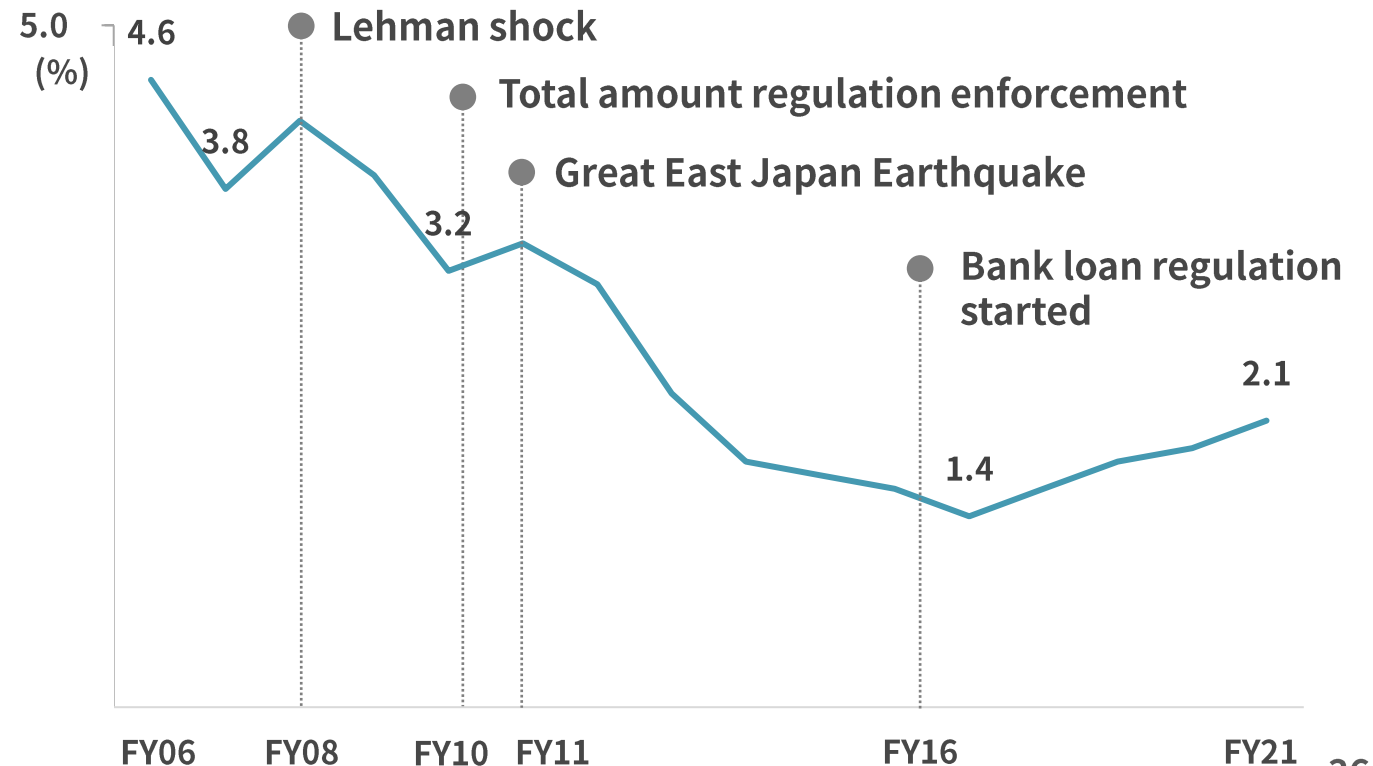
Strength of FinTech: Industry's lowest bad debt rate

- Revolving and split balances account for 60% of installment accounts receivable, but bad debt rate is 2.1%
- The credit loss rate remains at the lowest level in the industry due to the soundness of receivables even under major environmental changes.

■ Ratio of revolving and installment payments and bad debt write-offs attribute to installment sales account receivable (including factoring accounts receivable)

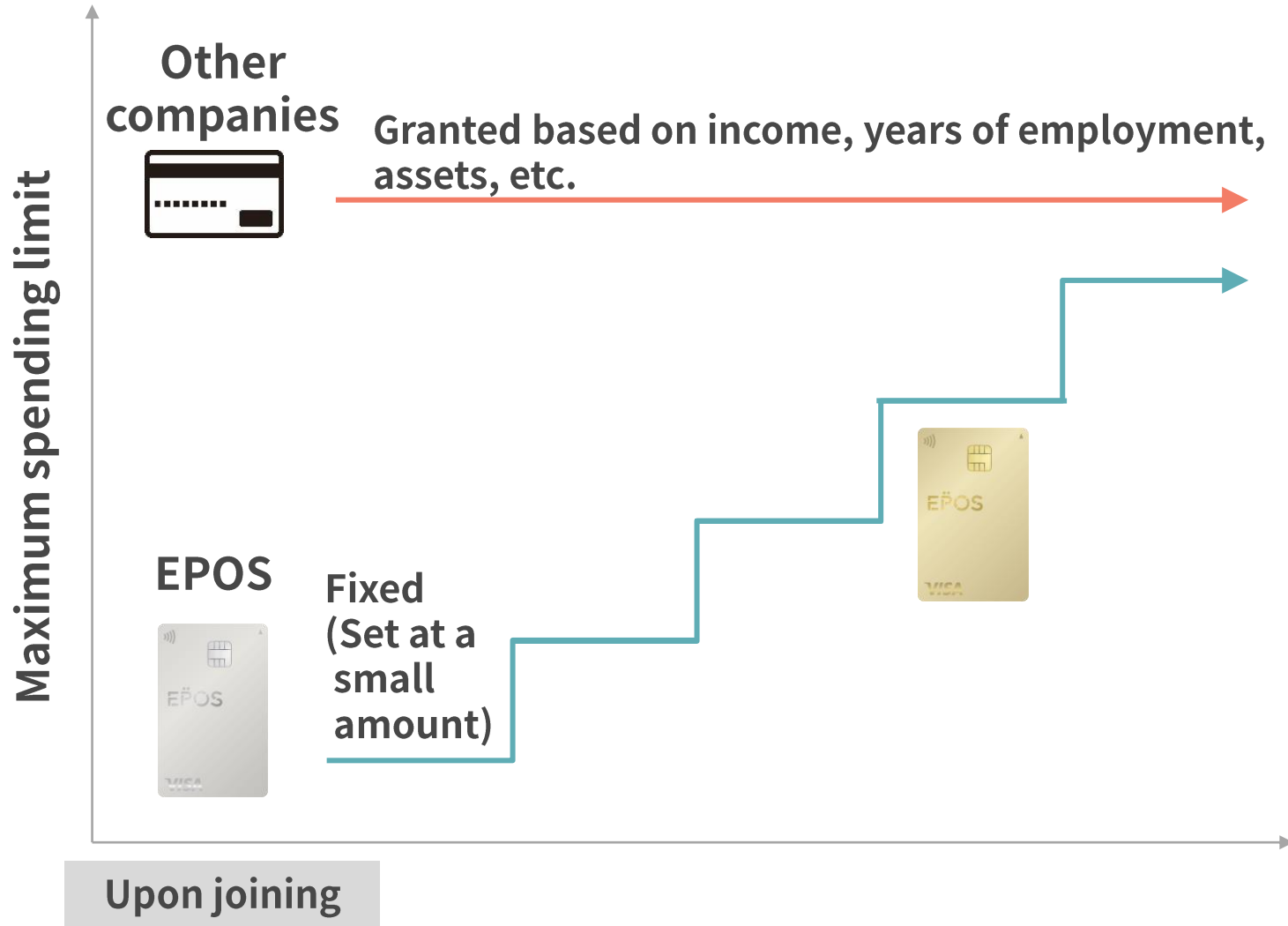


■ Transition in bad debt rate



Strength of FinTech: Unique credit know-how

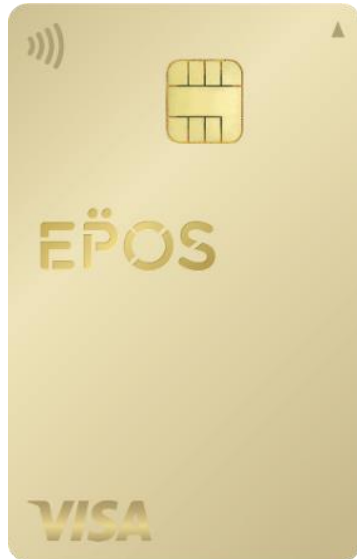
- Established unique credit system, combining know-how accumulated since foundation and our IT expertise



■ Comparison of maximum spending limit with other companies

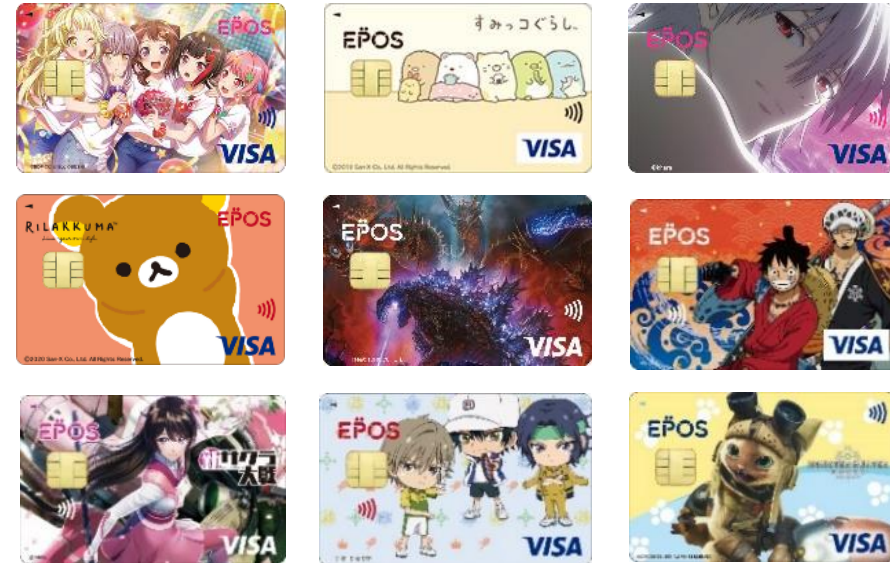
	Upon joining	Gold
EPOS	¥500,000	¥1,500,000
Company A	¥2,000,000	¥5,000,000
Company B	¥1,000,000	¥2,000,000

Gold Card



+

Cards tailored to each individual's interests (Content cards)



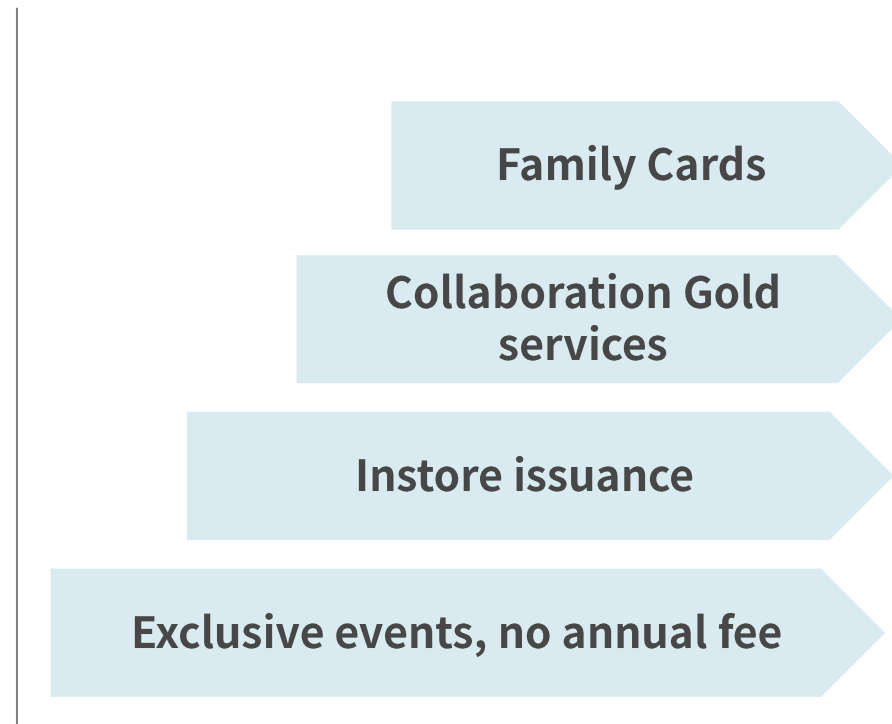
100 card designs

©BanG Dream! Project ©Craft Egg Inc. ©bushiroad All Rights Reserved.,
©2021 San-X Co., Ltd. All Rights Reserved., ©khara, Inc., TM & © TOHO CO., LTD,
©Eiichiro Oda/Shueisha Inc., Fuji Television Network, Inc., Toei Animation Co., Ltd., SEGA
©Takeshi Konomi, NAS, The New Prince of Tennis Project, ©CAPCOM CO., LTD. All Rights Reserved.

Gold Card Initiatives

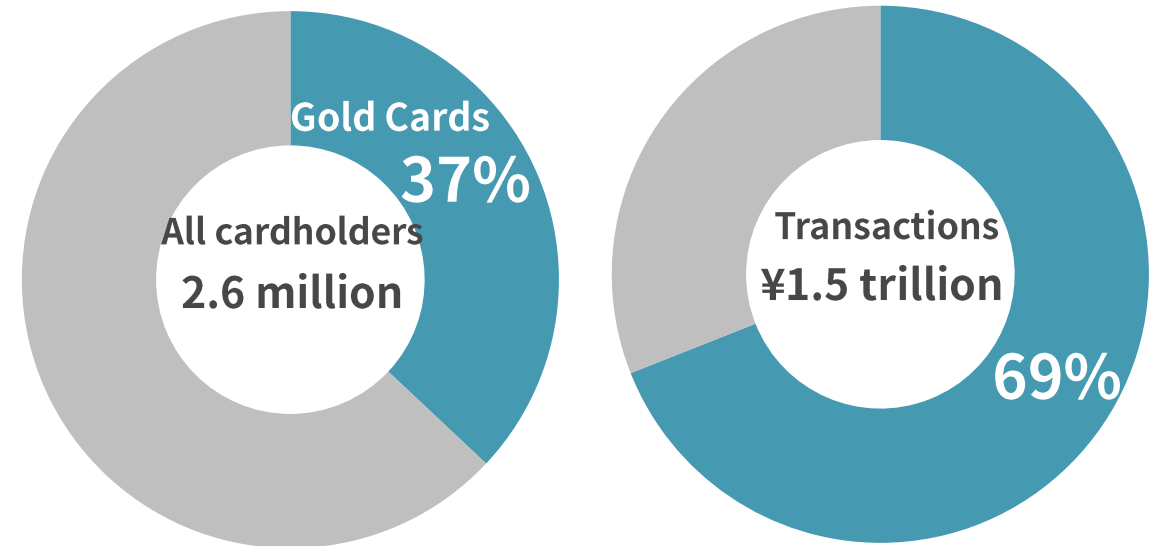
- Gold Cards drive growth of EPOS Card business, accounting for 37% of cardholders and 69% of transactions

■ Original initiatives



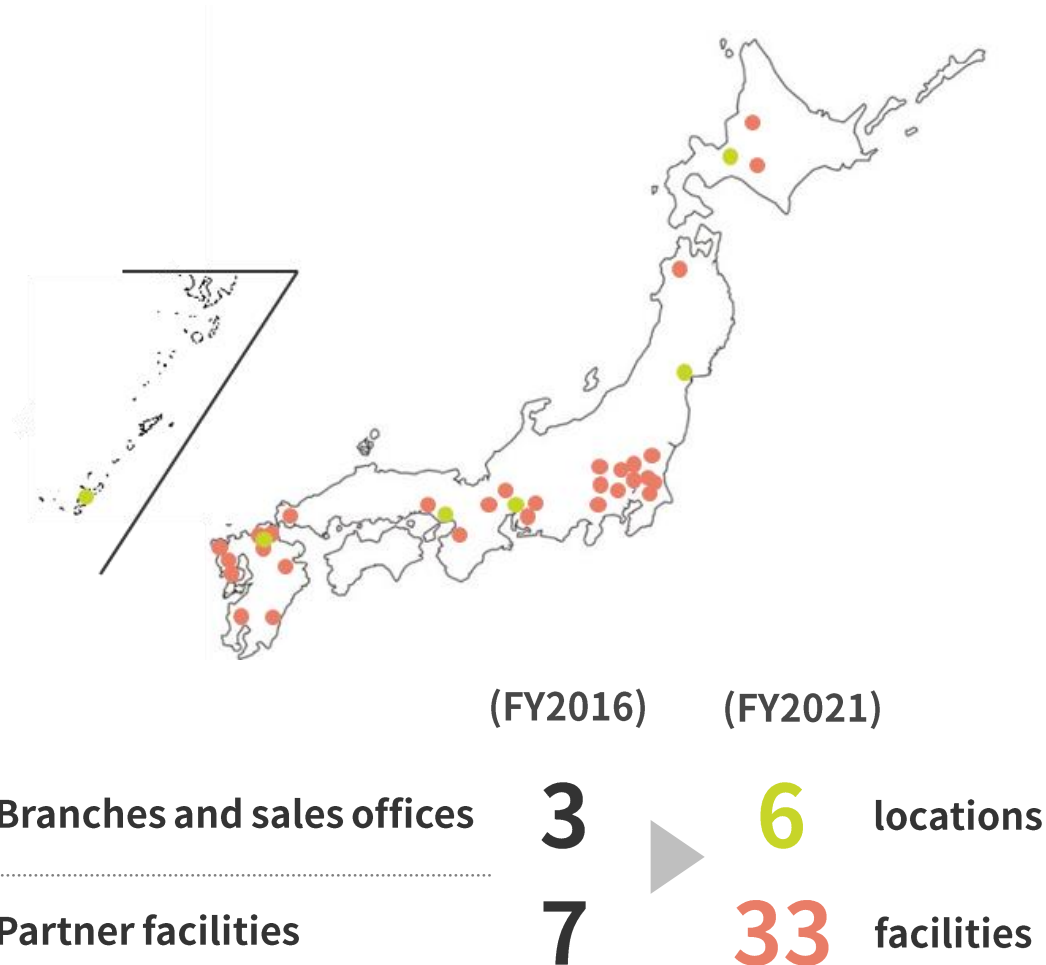
FY2009

■ Share of cardholders and transactions



Nationwide Expansion of EPOS Card

- Card holders outside trade areas increased as a result of promoting nationwide expansion



<Card holders>

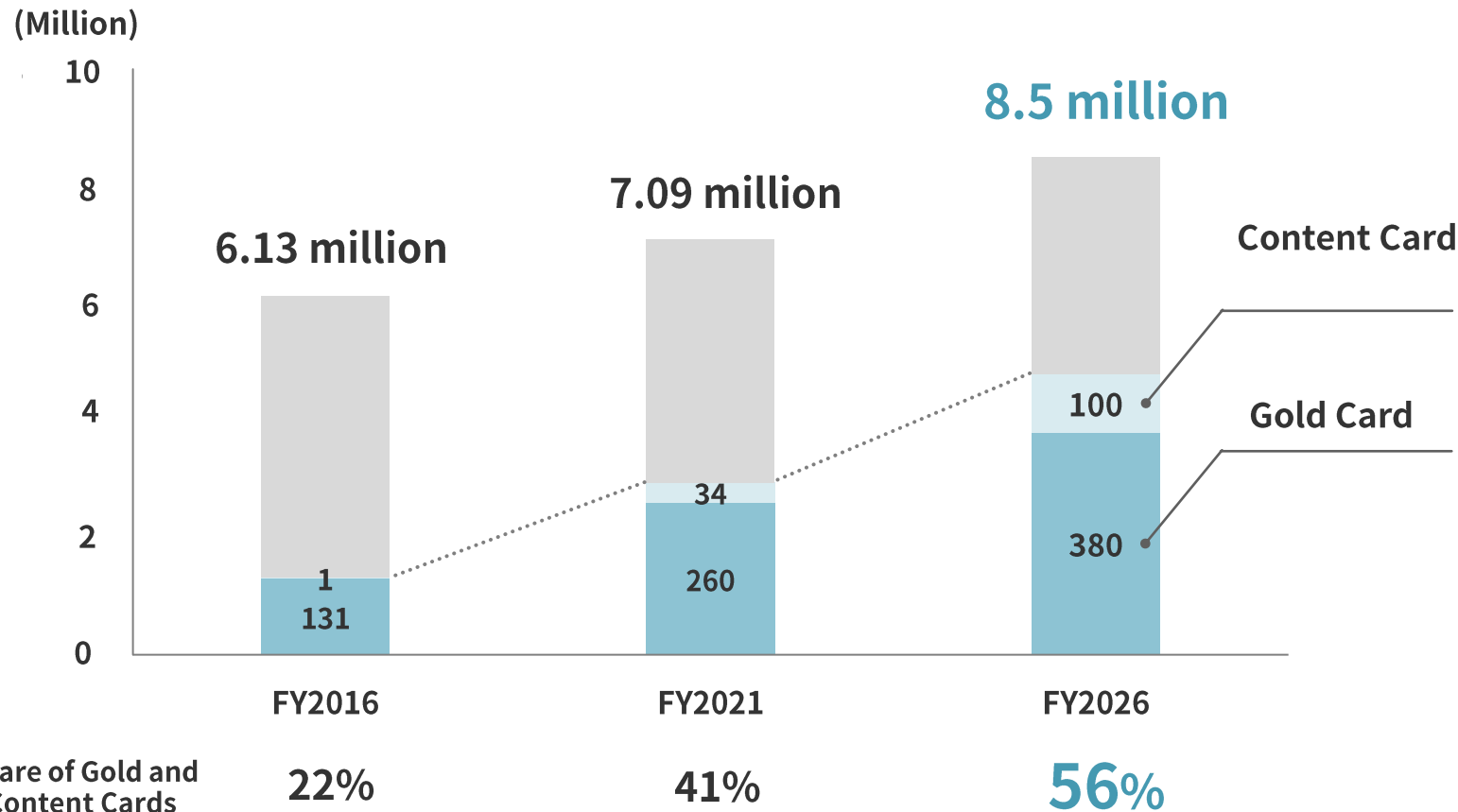
(Ten thousands of people)

		FY2016	FY2021 (16.3比)			
			FY2021	(16.3比)	% of total	share
Main Business Area	Age 39 and Below	198	187	94%	26%	23%
	Age 40 and above	187	213	114%	30%	8%
	Total	384	400	104%	56%	13%
Others	Age 39 and Below	133	160	121%	23%	7%
	Age 40 and above	95	149	156%	21%	2%
	Total	228	309	135%	44%	3%

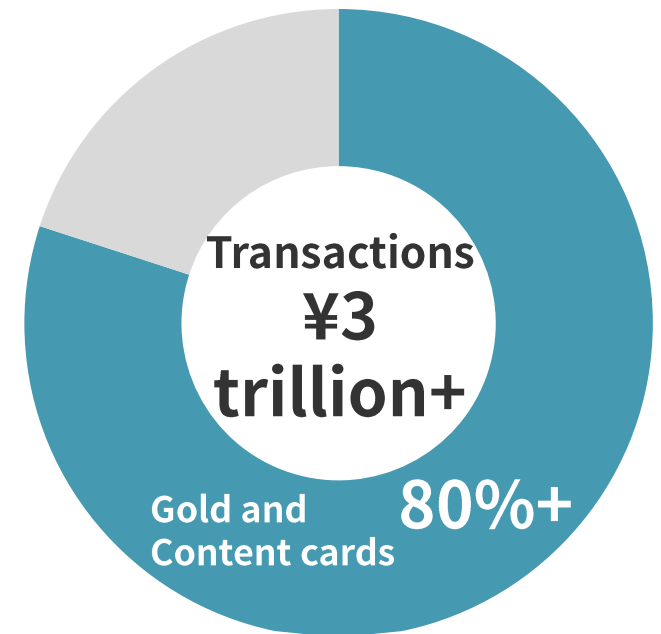
Cardholder Outlook

- Over 8.5 million cardholders in five years' time, with Gold and Content Cardholders accounting for around 60% of total

■ Cardholders



■ Transactions breakdown

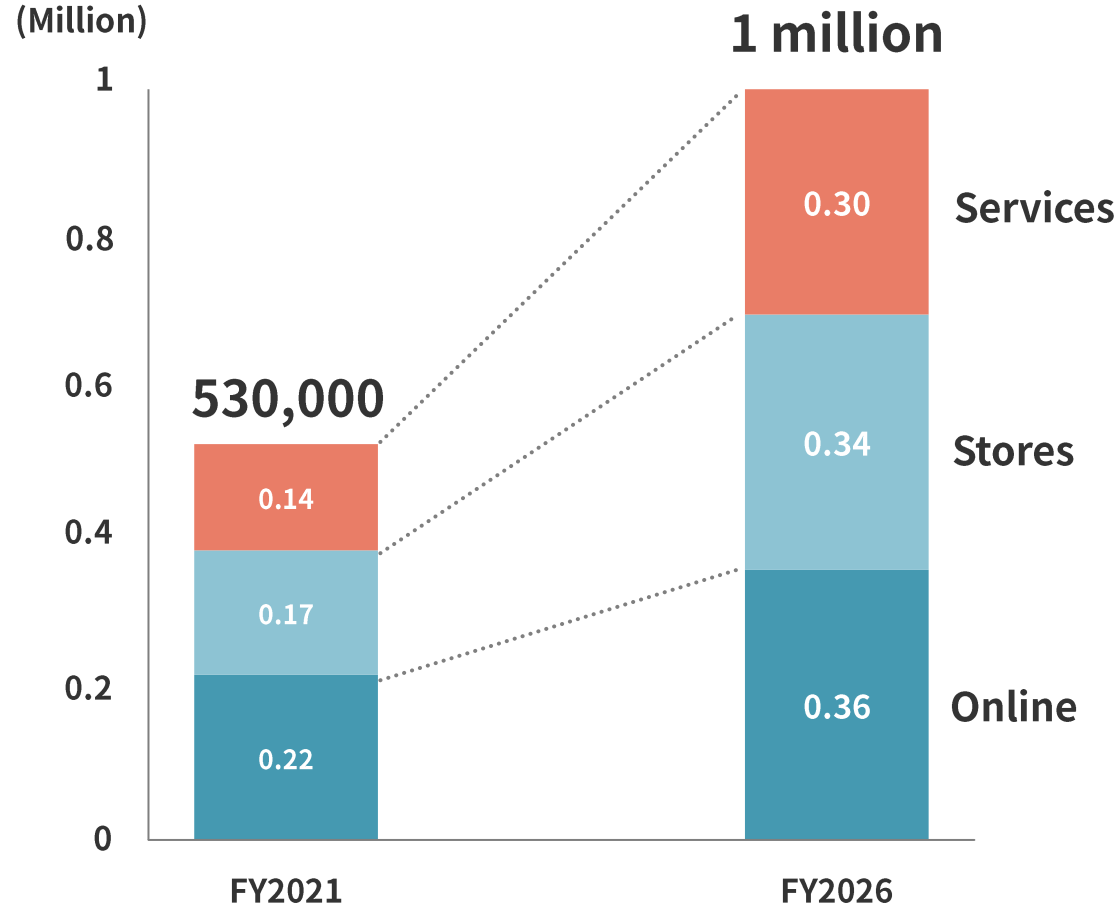


Cardholder Strategy: New Cardholder Target

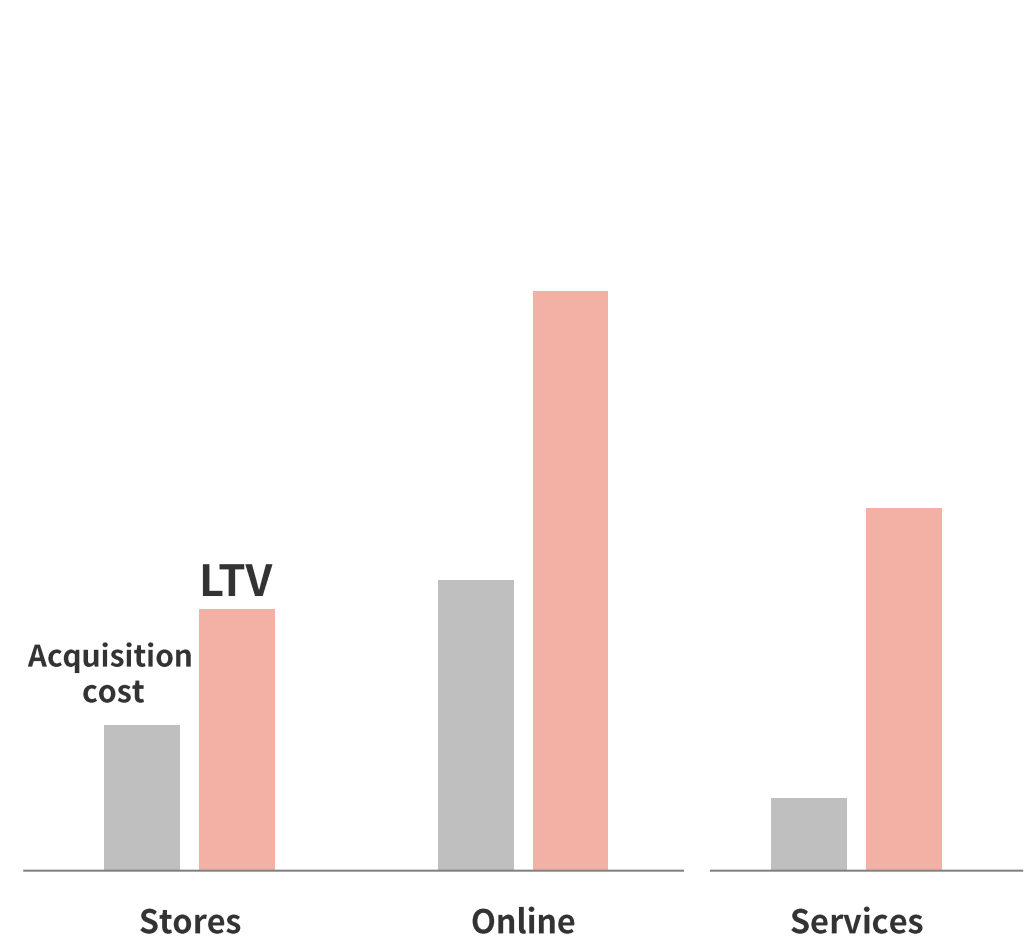
- Reorganize issuing locations in view of acquisition cost and profitability per card

■ New cardholder target

(Million)



■ Acquisition cost and LTV



Cardholder Strategy: Initiatives for Cards Tailored to Each Individual's Interests

- Foster loyal cardholder base through original initiatives like instore events and co-creation with business partners

■ Anime card initiatives



Pop-up store EVA STORE LIMITED

Instore event



©2021 San-X Co., Ltd. All Rights Reserved.,

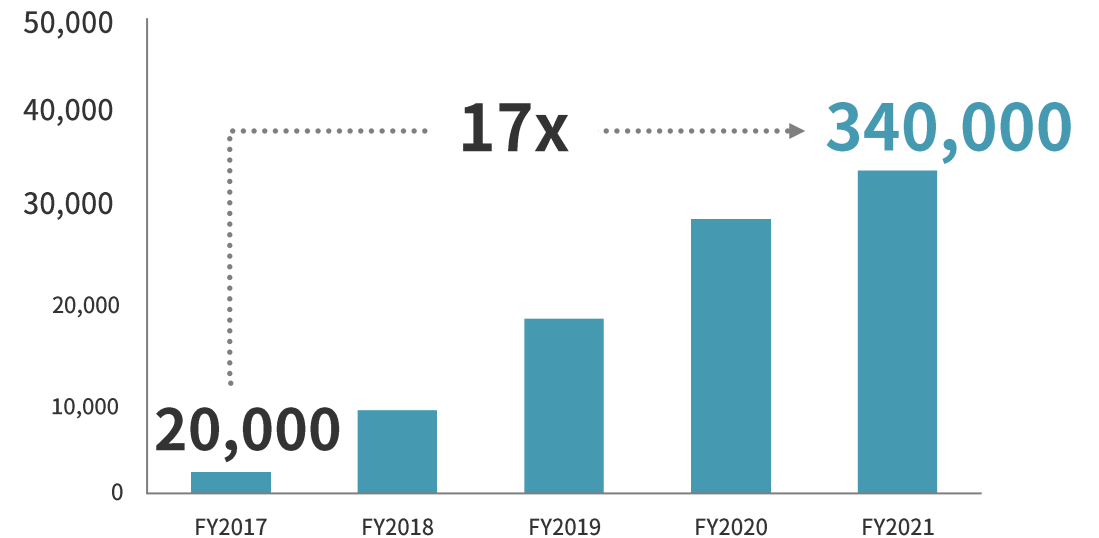
Fan club site



©khara, Inc. 『EVA-EXTRA』

Media tie-up

■ Cardholder numbers



Ratio of young cardholders: **60%** (+18pp)
LTV: **7x**

■ Future initiatives

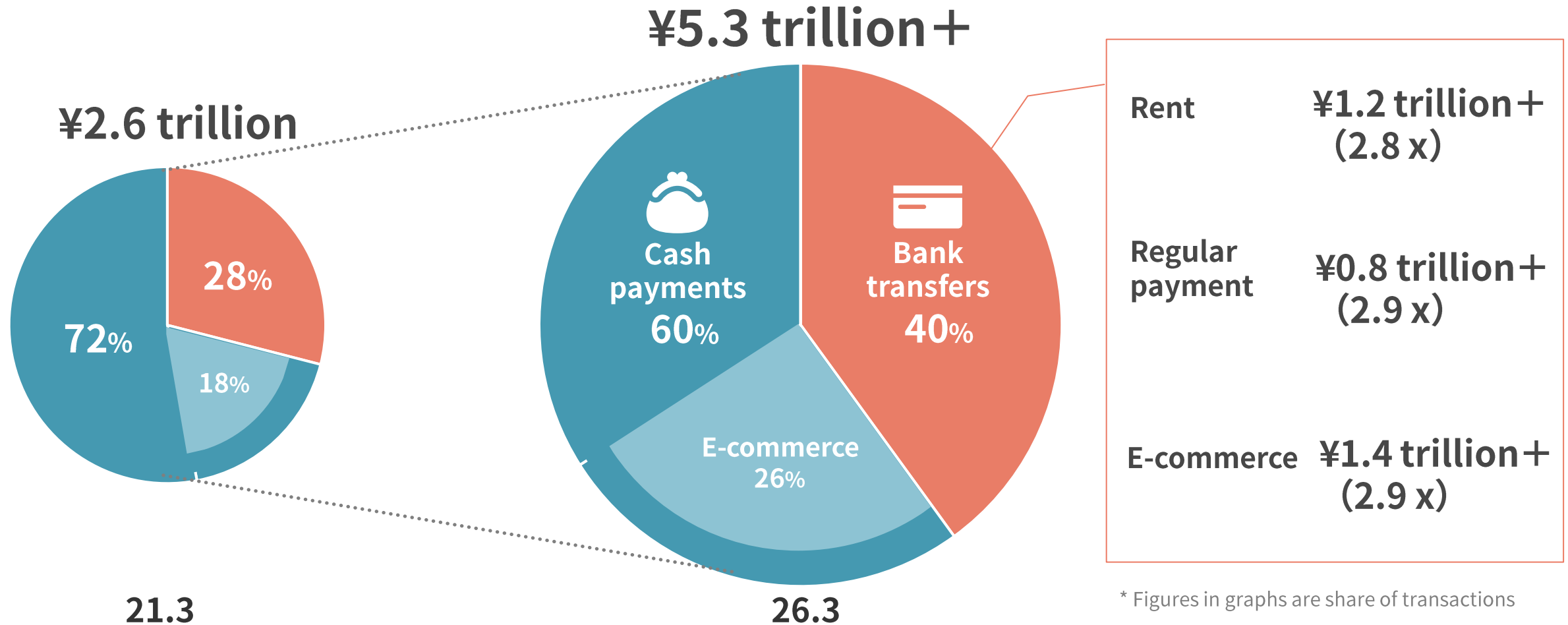
Strengthen collaboration with new businesses (bread, vegan products, Korean cosmetics, etc.)



* Comparisons are versus standard card

Strategy to maximize EPOS Card payments in household finances

- Continue strengthening rent, regular payments, and e-commerce transactions to stabilize earnings and differentiate services



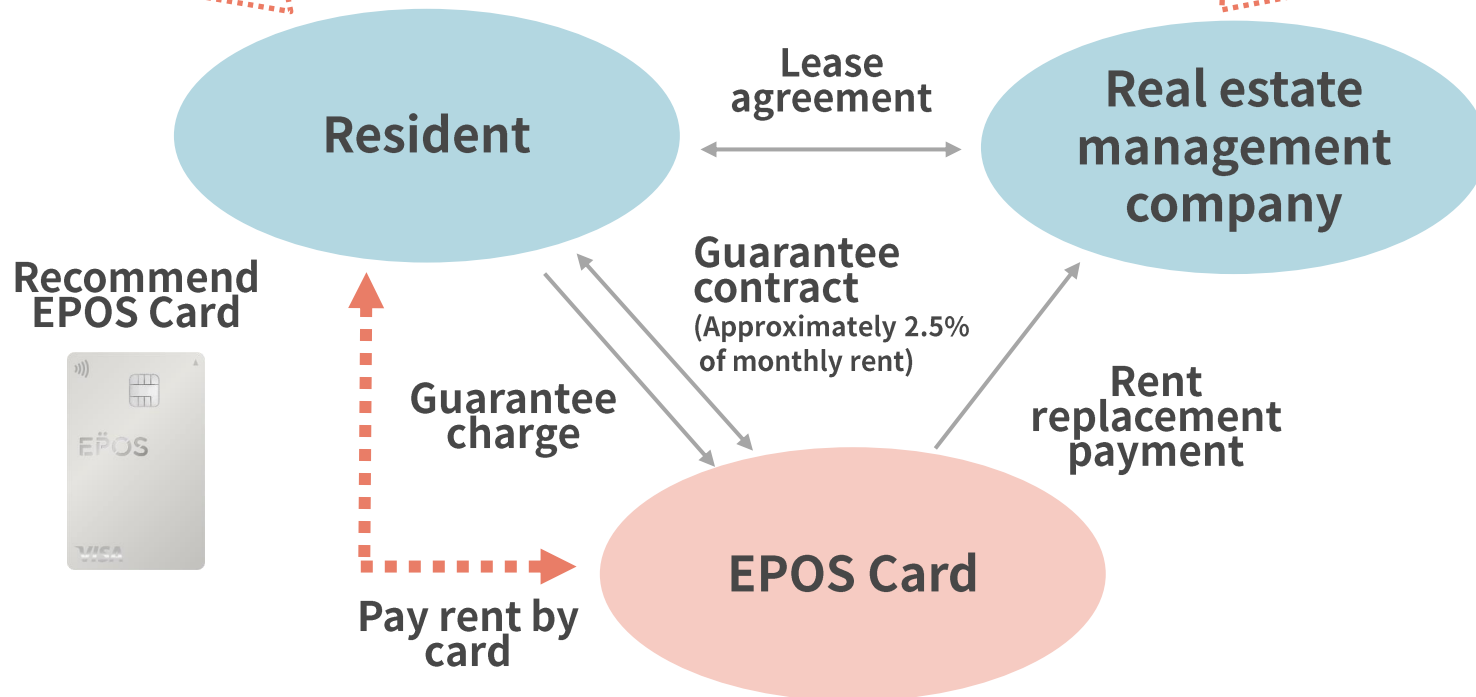
Maximize EPOS Card payments in household finances: Rent guarantee

- Service in which the Epos Card acts as a guarantor for the resident when moving into a rental property

■ Rent Guarantee business model

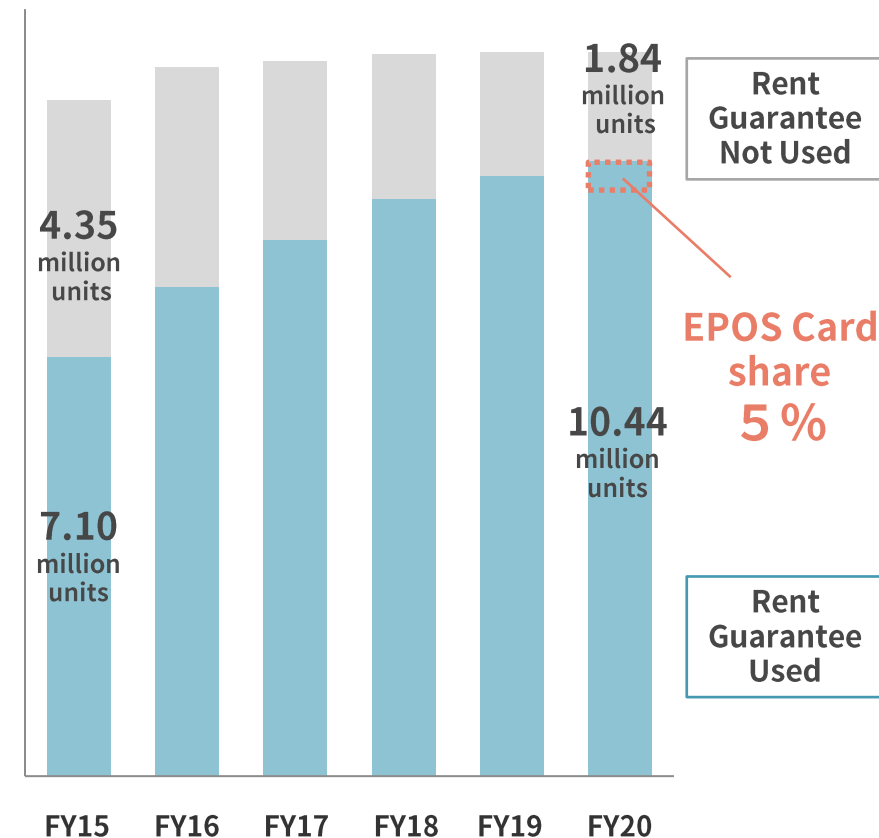
- Eliminates the hassle of finding a guarantor and checking the guarantor's income
- Can earn points by paying rent with an EPOS Card

- Outsource rent collection work
- Strengthen profits with commission income



■ Transition of rent guarantee market

EPOS Card has a 5% share of the 10.44 million households



* Due to the revision of the Civil Code in April 2020, it is necessary to present the upper limit (limit) for the guarantee of the joint guarantor, and the demand for guarantee companies as a substitute for the joint guarantor has increased significantly in the last few years.

Maximize EPOS Card payments in household finances : Rent Guarantee Strategy

- Target ¥1.2 trillion in transactions and ¥25 billion in revenue in five years' time for 10% market share

Strategies going forward

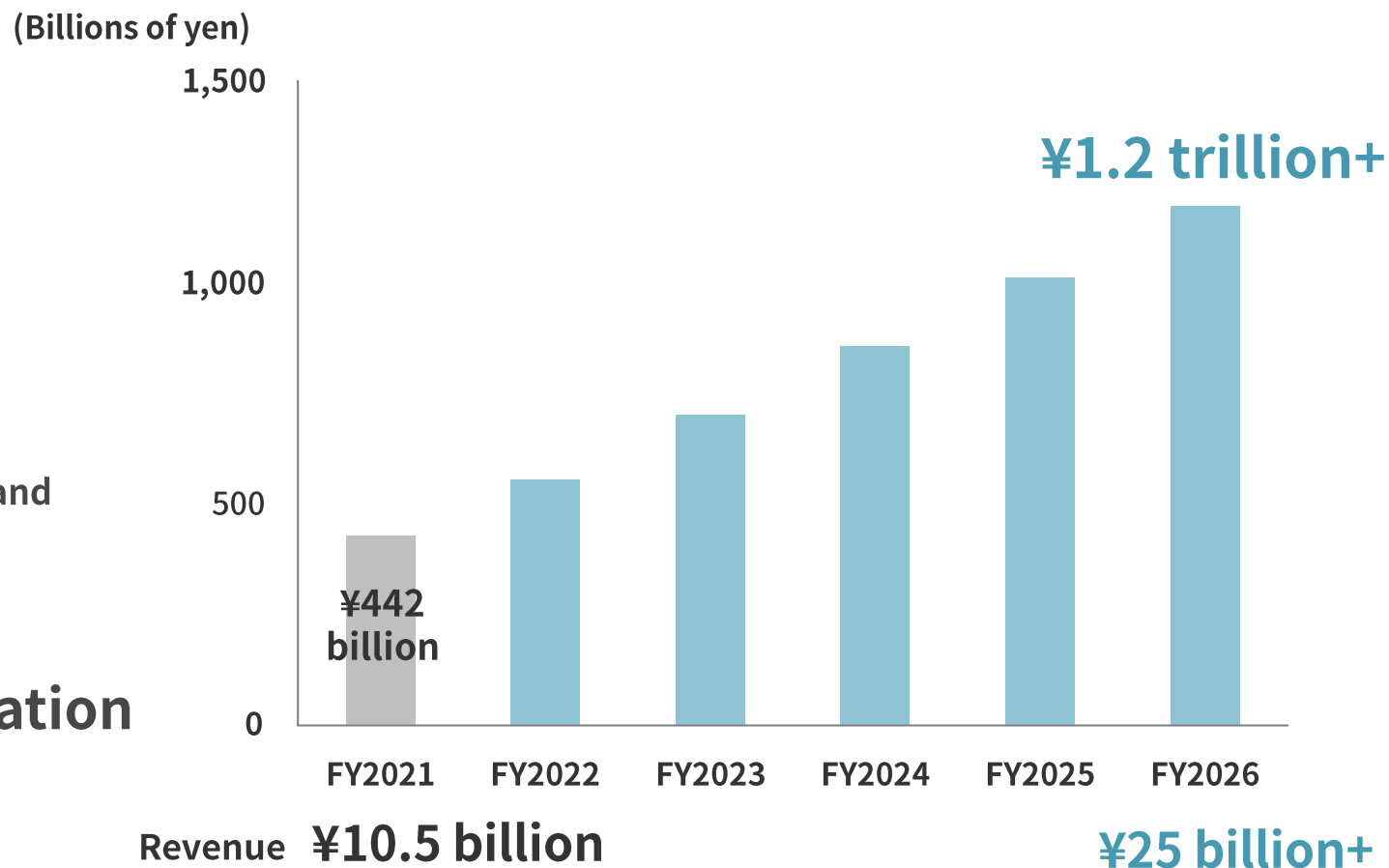
1. Cultivate major business partners

2. Expand scope of business

Rent guarantee services for retail tenants and shared offices

3. Promote digital transformation

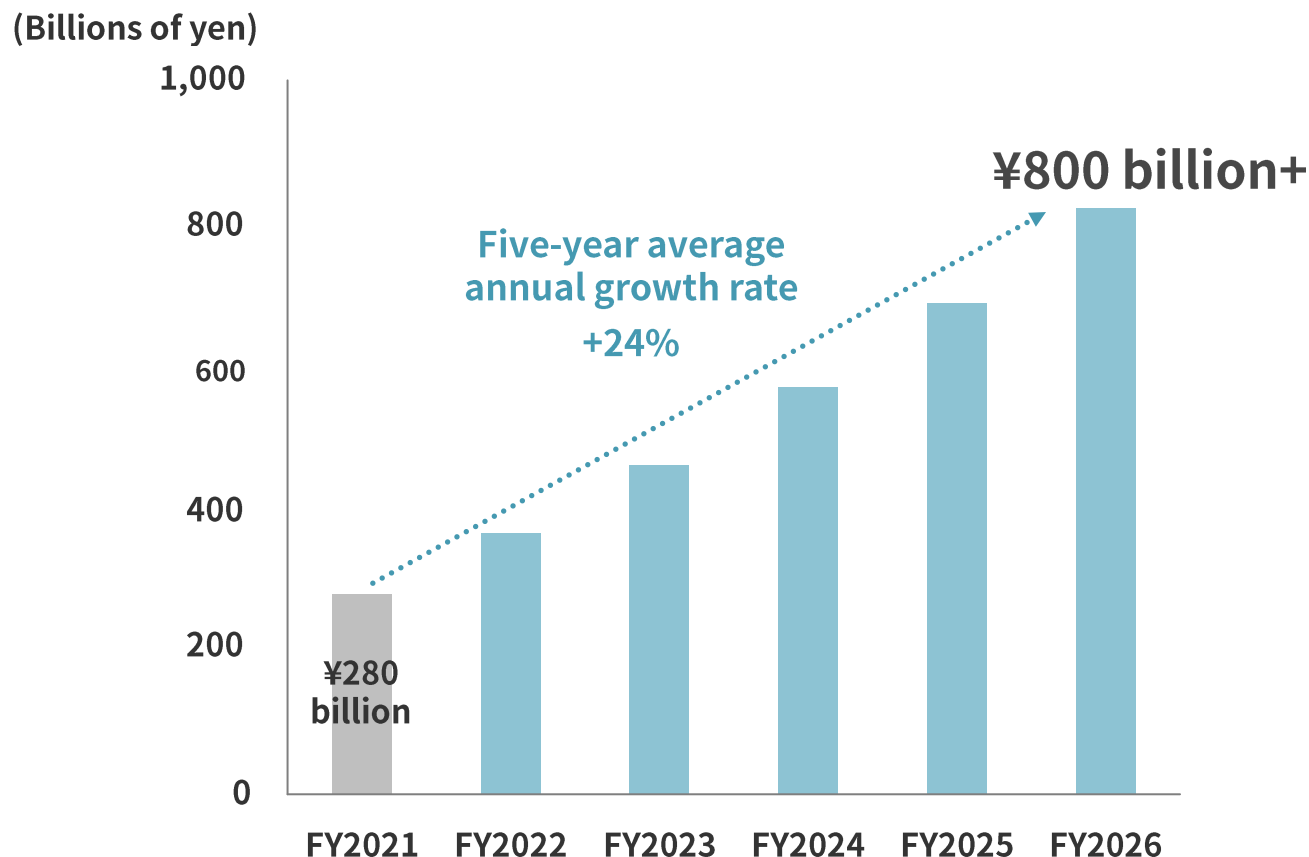
Transaction value target



Maximize EPOS Card payments in household finances: Outlook for Recurring Payments

- Seek further expansion of recurring payments thorough co-creation and digitalization

■ Recurring payment targets



■ Specific initiatives

1. Expand use for utility bill payments centered on partnership with Minna-Denryoku

みんなの電力
Minna-Denryoku

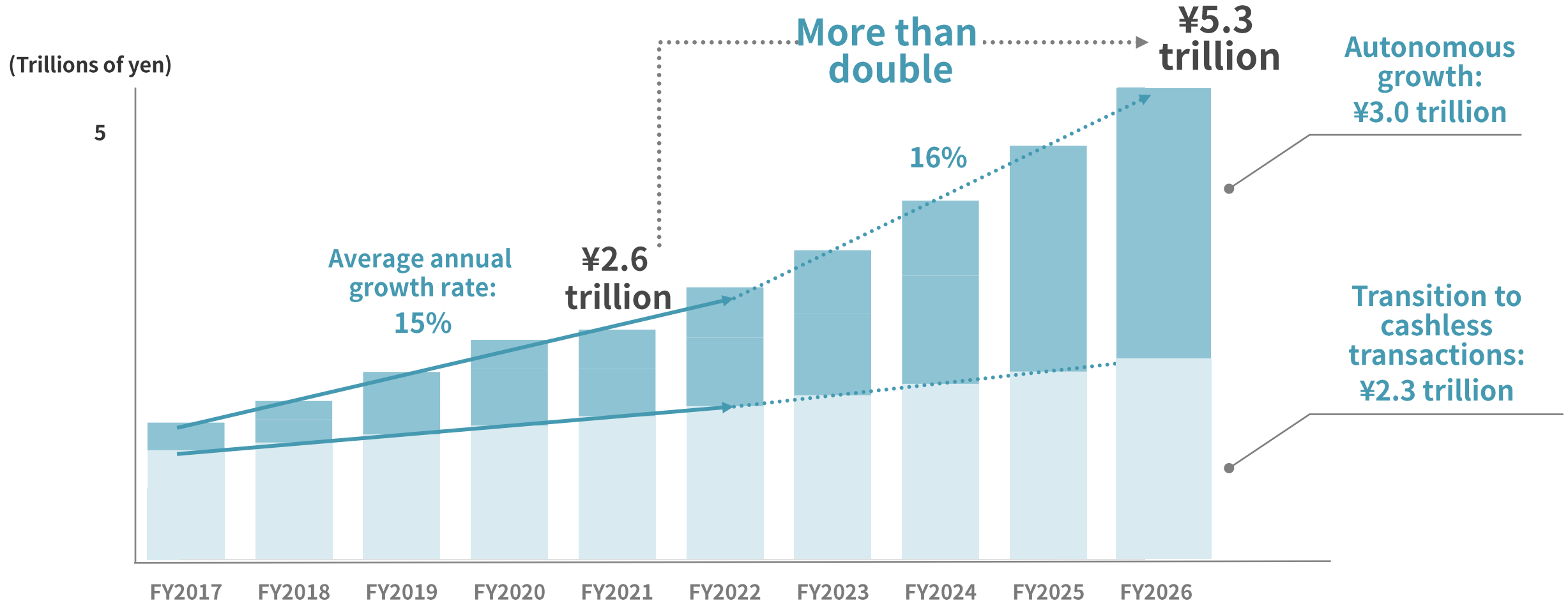
Users: **500,000**

2. System linkage and business coordination with major companies
3. Promote services using Lifestyle App

Transaction Forecast

- By developing our own strategy, transaction volume will double in 5 years

■ EPOS Card transaction value



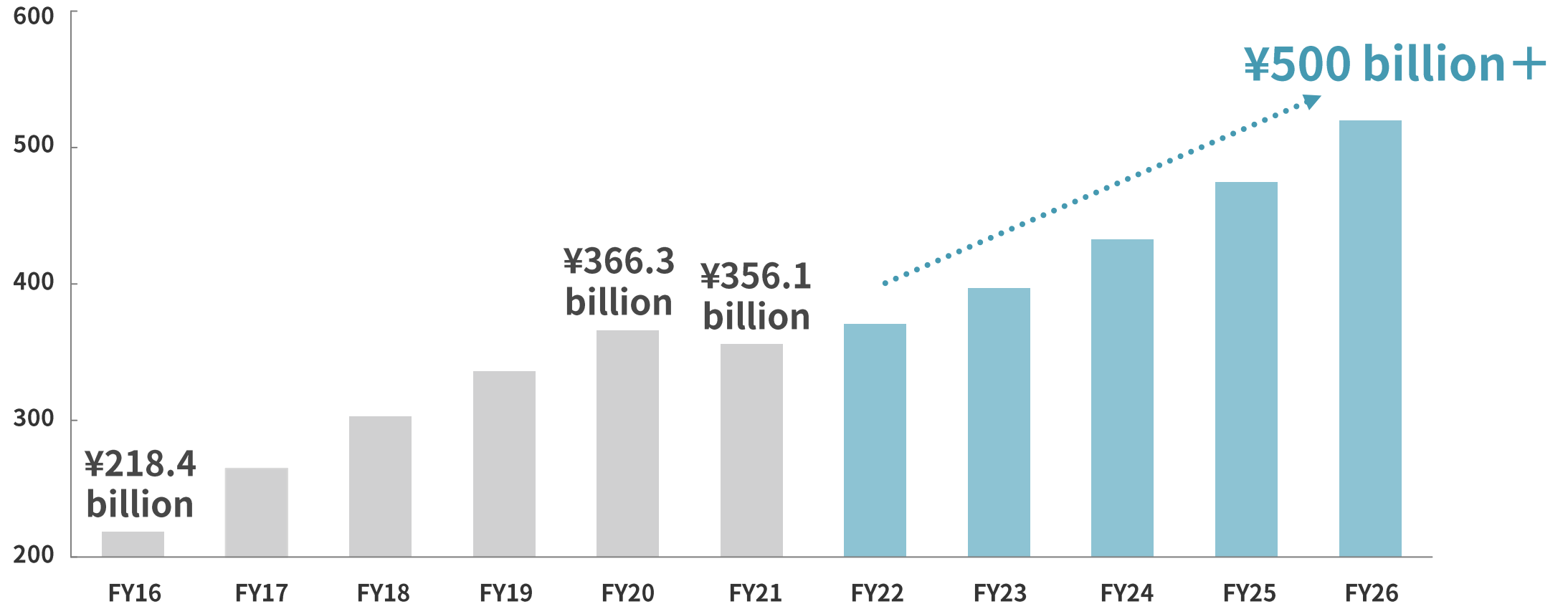
* EPOS Card transaction value = Shopping + Rent

Revolving Credit and Installment Payments

- Balance of revolving credit and installment payments to increase with shopping, forecast to exceed ¥500 billion in FY2026

■ Revolving credit and installment payments balance transition

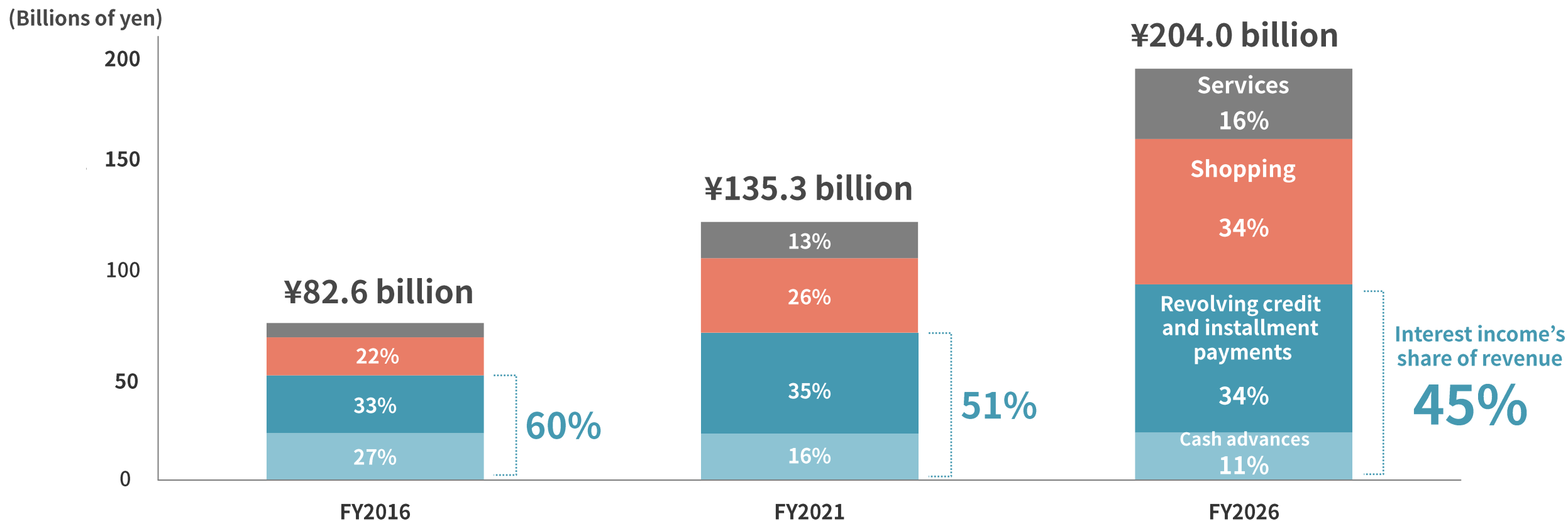
(Billions of yen)



Revenue Restructuring

- Achieve more stable earnings structure with high capital efficiency that is not dependent on interest income

■ Revenue structure trends



* Revenue includes IT, other

Interest Repayments

- The number of customers subject to interest repayments is expected to decrease significantly in the future, we expected the amount of repayments to remain flat for some time, and recorded a shortfall of ¥19.4 billion based on trial calculations in the fourth quarter.

■ Outlook for number of customers eligible for interest repayments and repayment amount

