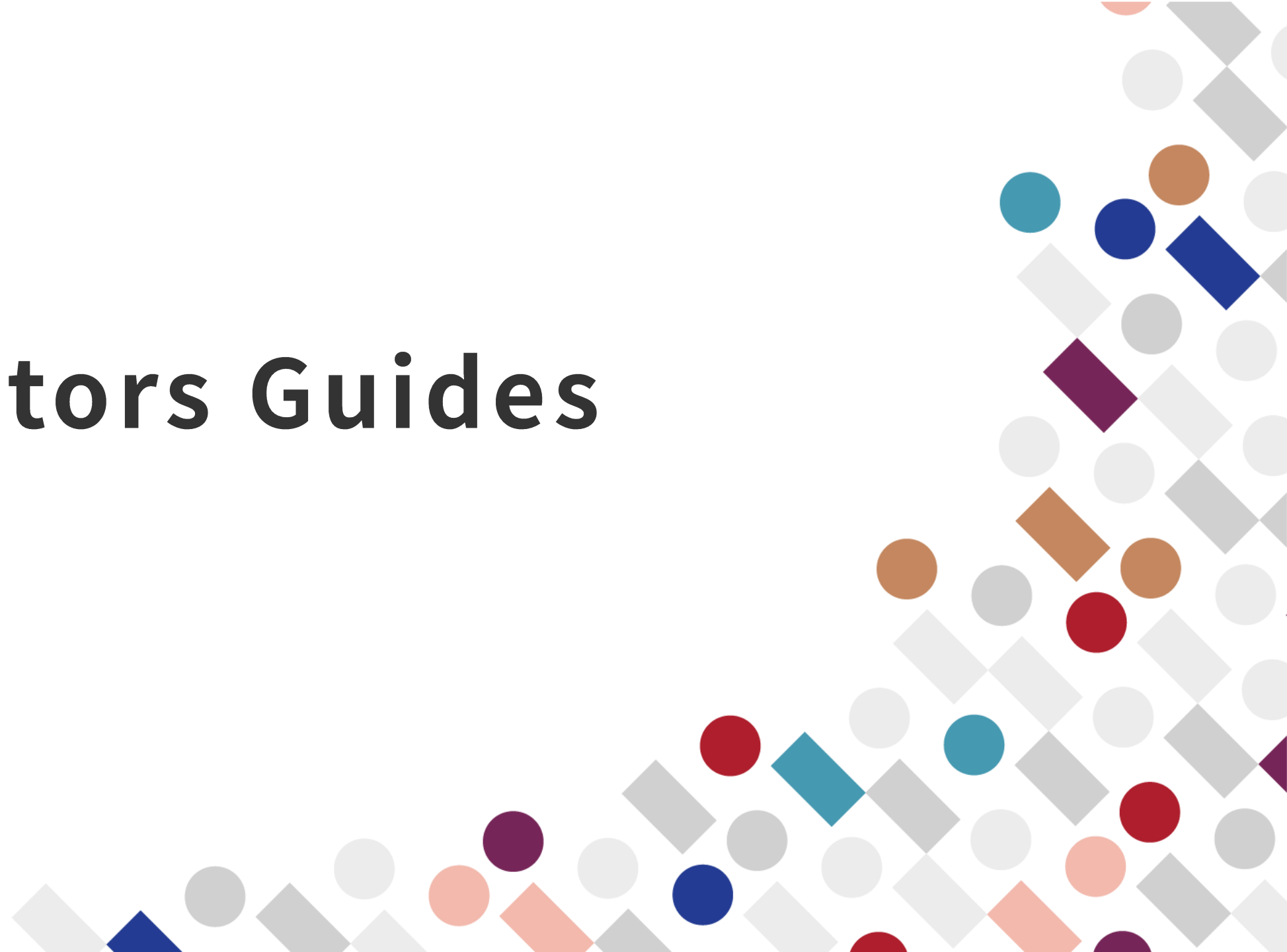


# Investors Guides



July, 2021



<b>1. Overview of MARUI GROUP</b>	<b>.....P2</b>
<b>2. Medium-Term Management Plan</b>	<b>.....P10</b>
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# 1

## Overview of MARUI GROUP

**Founded: 1931 (Initially sold furniture through monthly installment payments)**

**Business activities: Retailing, FinTech** \* Unique business model merging retailing and finance

**Retailing**

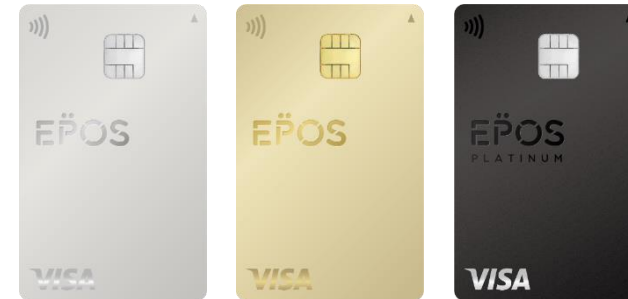
**Marui**



- 23 stores primarily in Kanto but also in Tokai, Kansai, and Kyushu
- Transactions: ¥320.1 billion
- 210 million customers visit our stores

**FinTech**

**EPOS Card**



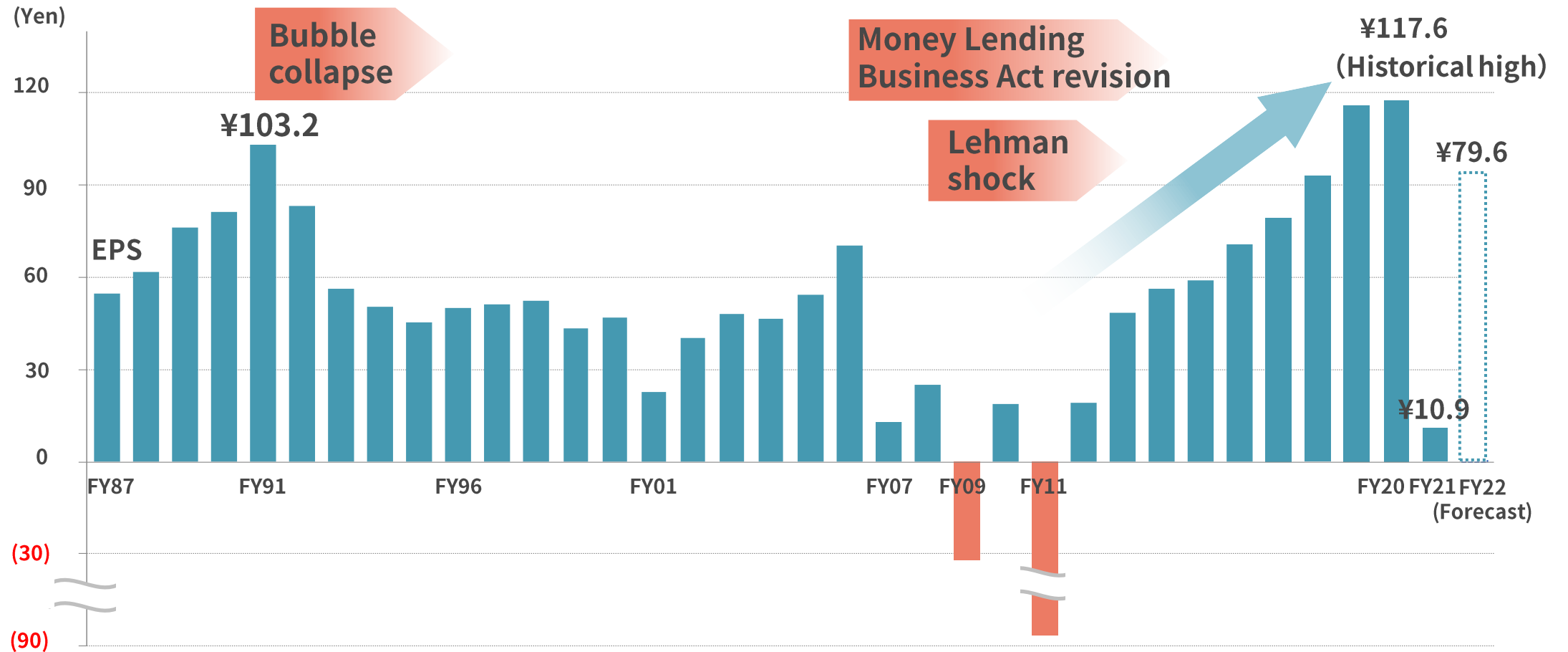
- 7.2 million Cardholders
- Transactions: ¥2,678.8 billion



# Performance Trends

- Historical high EPS of ¥117.6 in FY2020, overcoming two years of losses to expect

## ■ EPS actual and Forecast








**Creditability should be built together with customers,  
rather than assigned to them.**

**“Co-Creation of Creditability”**

**(Founder: Chuji Aoi)**

# Evolution of the Business Model

- MARUI GROUP has continued to evolve merging retailing and finance since its founding
- Since the issuance of the EPOS card, the relationship has changed to that of “Retailing supports credit card growth”

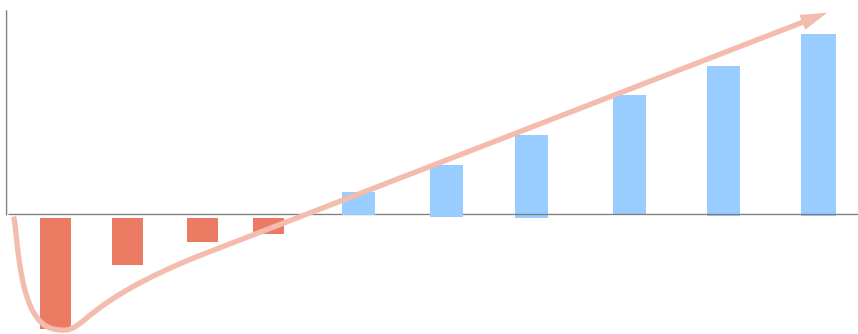
	From 1931 (establishment)	1981 ~	2006 ~ 2020
Card	 <p>Issued first credit card in Japan</p>	 <p>Red Card (In-house card)</p>	 <p>EPOS Card (Multipurpose)</p>
Business Model	<p>Retailing</p> <hr/> <p>Credit card</p>	<p>Retailing</p> <hr/> <p>Credit card + Cash advance</p>	<p>Credit card</p> <hr/> <p>Retailing</p>
B/S Image	<p>Operating receivables</p> <p>30%</p> <p>Fixed Assets, etc. (Land and buildings)</p> <p>70%</p>	<p>40%</p> <p>60%</p>	<p>60%</p> <p>Operating receivables</p> <p>40%</p> <p>Fixed Assets, etc. (Land and buildings)</p>

# Earnings Structure based on Distinctive Business Model

- Establishing a distinctive earnings structure that combines the high growth potential of the card business and stable fixed-term rental contacts revenue

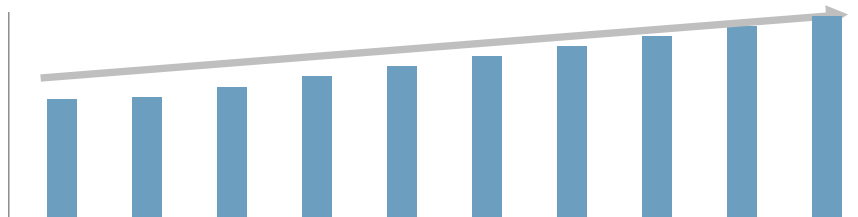
## Earnings structure of card business

○ High profit growth      × Deficit for several years



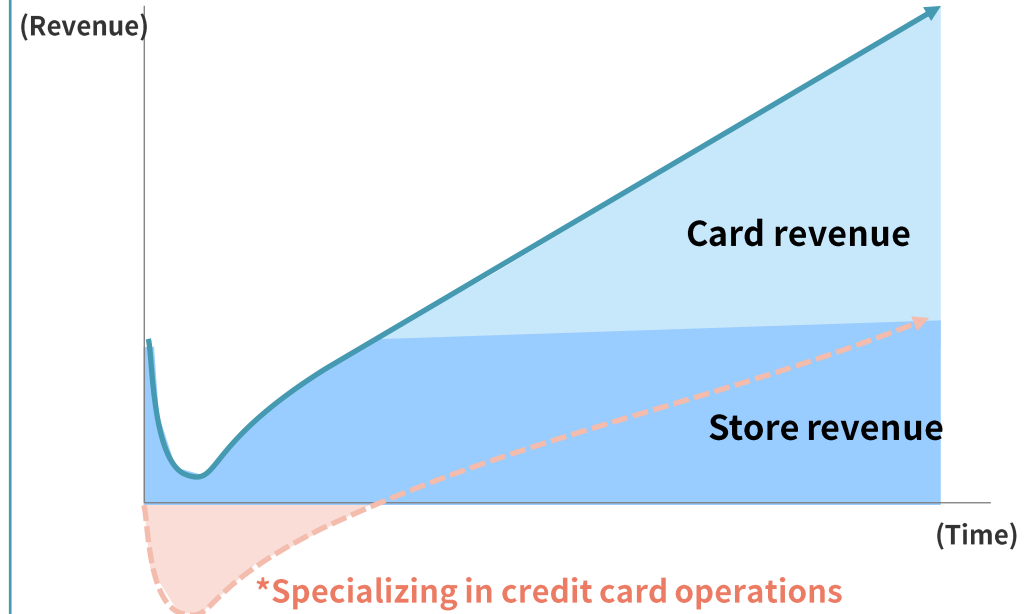
## Earnings structure of stores (fixed-term rental contracts)

○ Stable      × Low profit growth



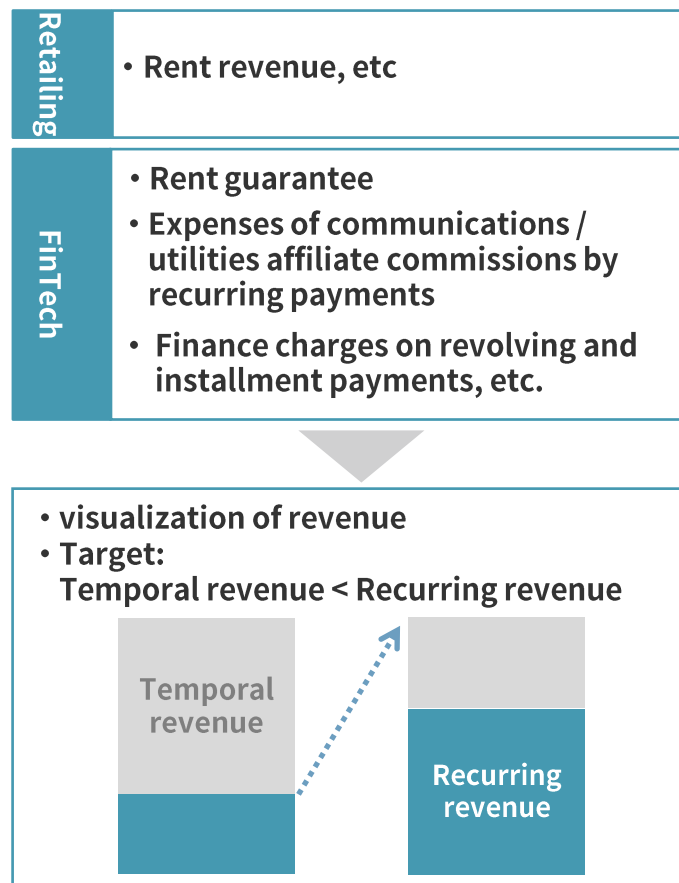
## MARUI GROUP 's revenue structure

○ High growth potential (Card revenue)  
○ Stable (Store revenue)



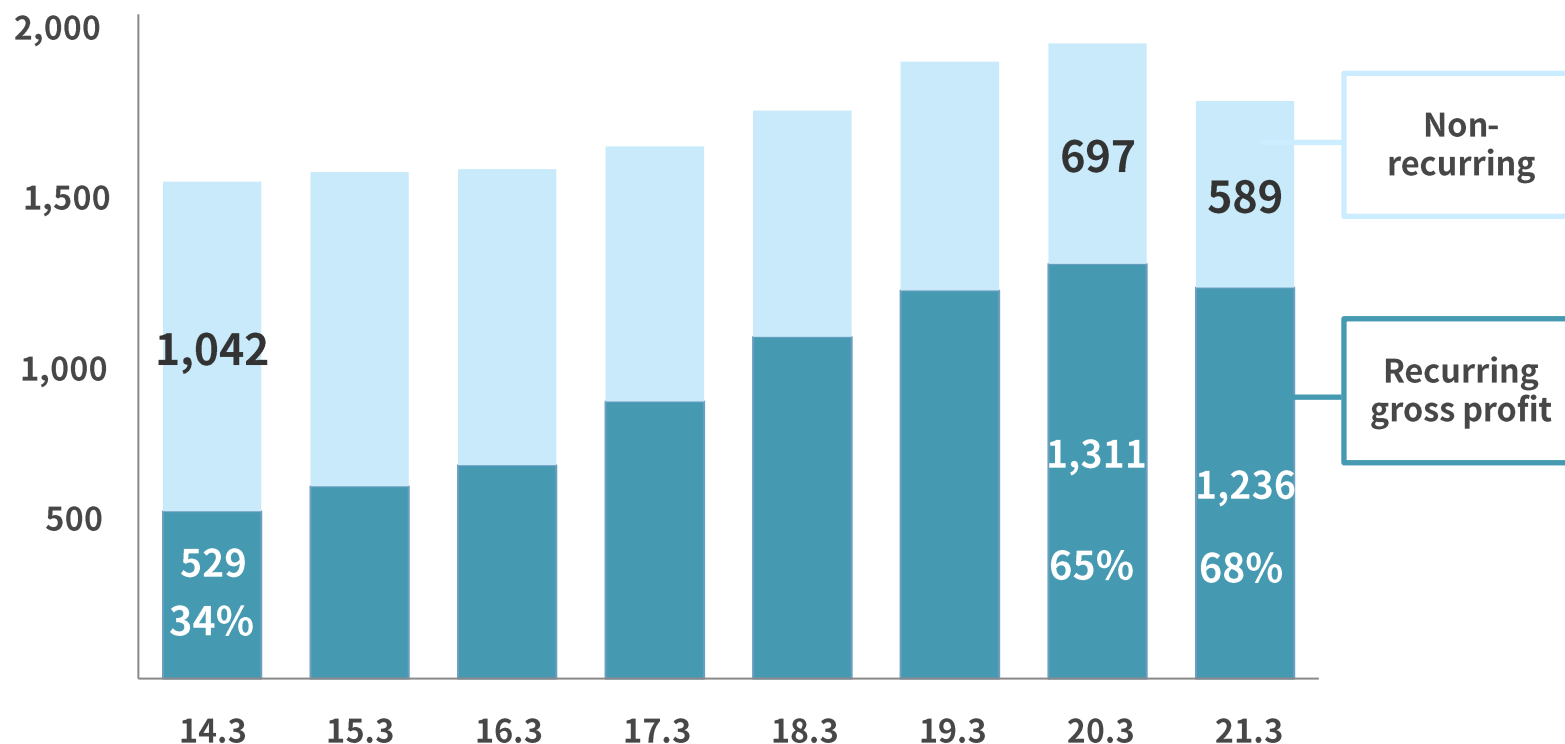
- Composition of recurring revenue as a percentage of gross profit has expanded

## ■ Recurring Revenue

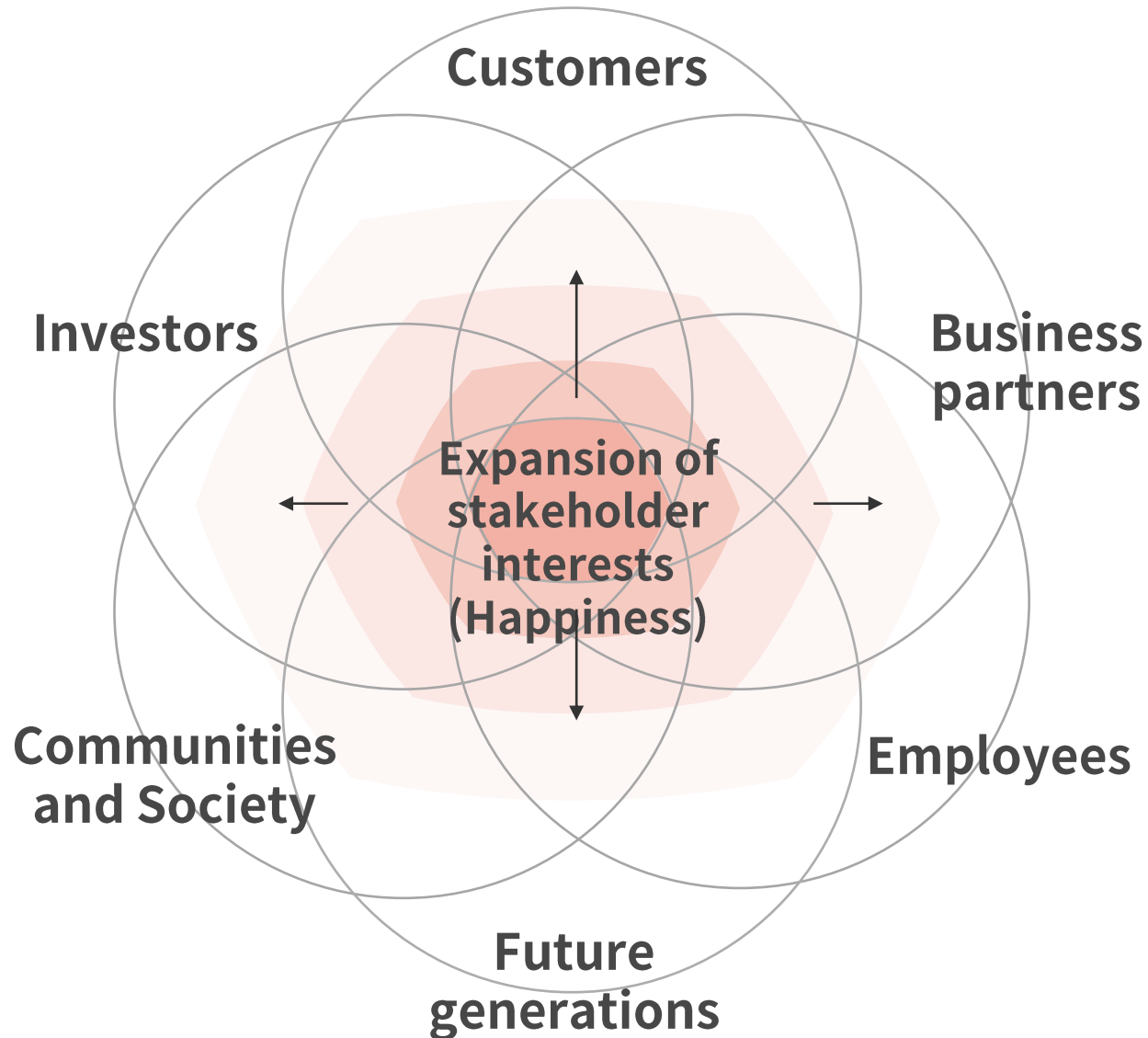


## ■ Ratio of Recurring Gross Profit to Total Gross Profit

(100 millions of yen)



\* Gross profit includes SG&A expenses paid by business partners.





# 2

## Medium-Term Management Plan

Five-year plan for FY2022 through FY2026

# Changes in Business Environment in Next Decade (Three Major Shifts)

Until now

**Current** working-age generations

---

**Introduction** of digital technologies

---

**Tangible** assets

From now

**Future** generations

---

**Deployment** of digital technologies

---

**Intangible** assets

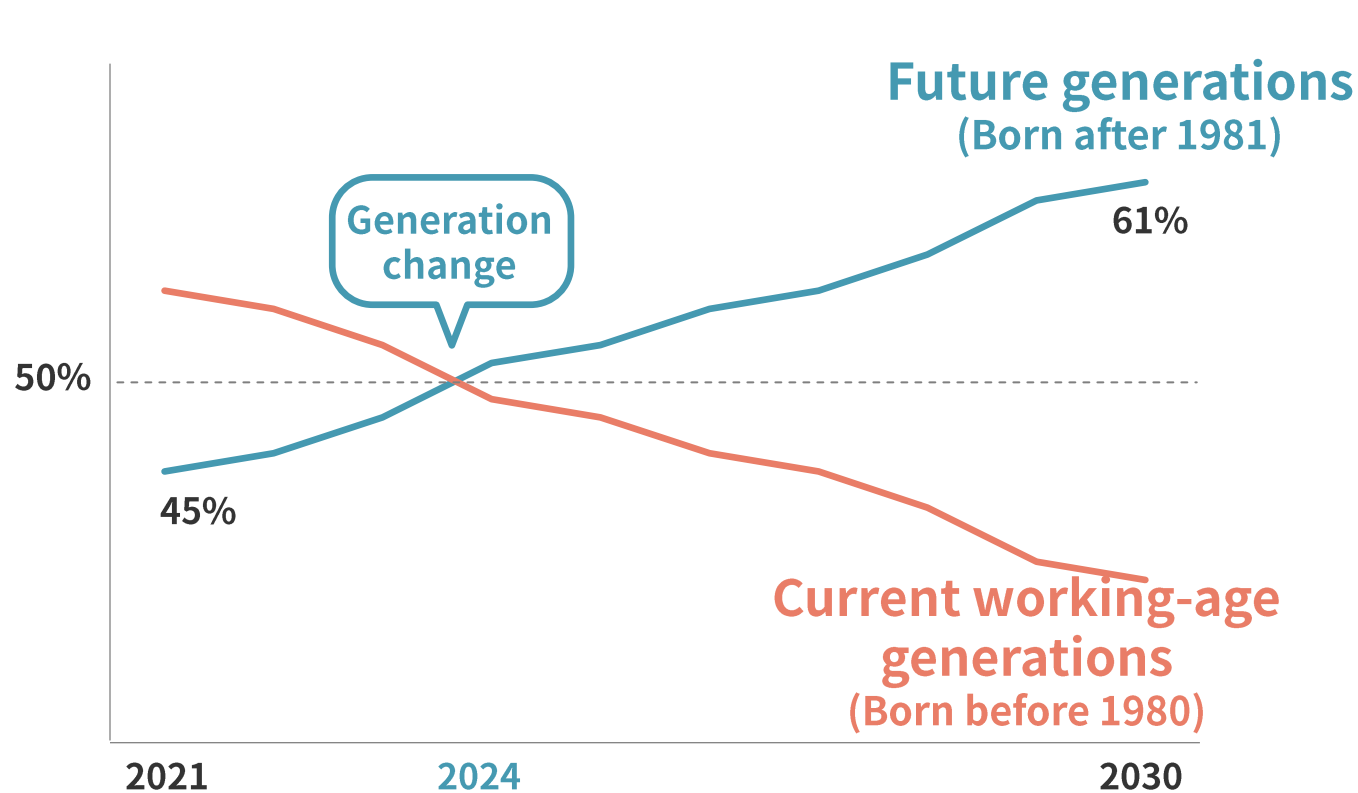




# 1. Shift from Current to Next Generation

- By 2024, the percentage of millennials or younger in Japan's working-age population will exceed that of older than millennials

## ■ Trends in working-age population



### Common sense for Future generations:

- Digital transformation (DX)
- Sustainability
- Wellbeing

### Risk for companies

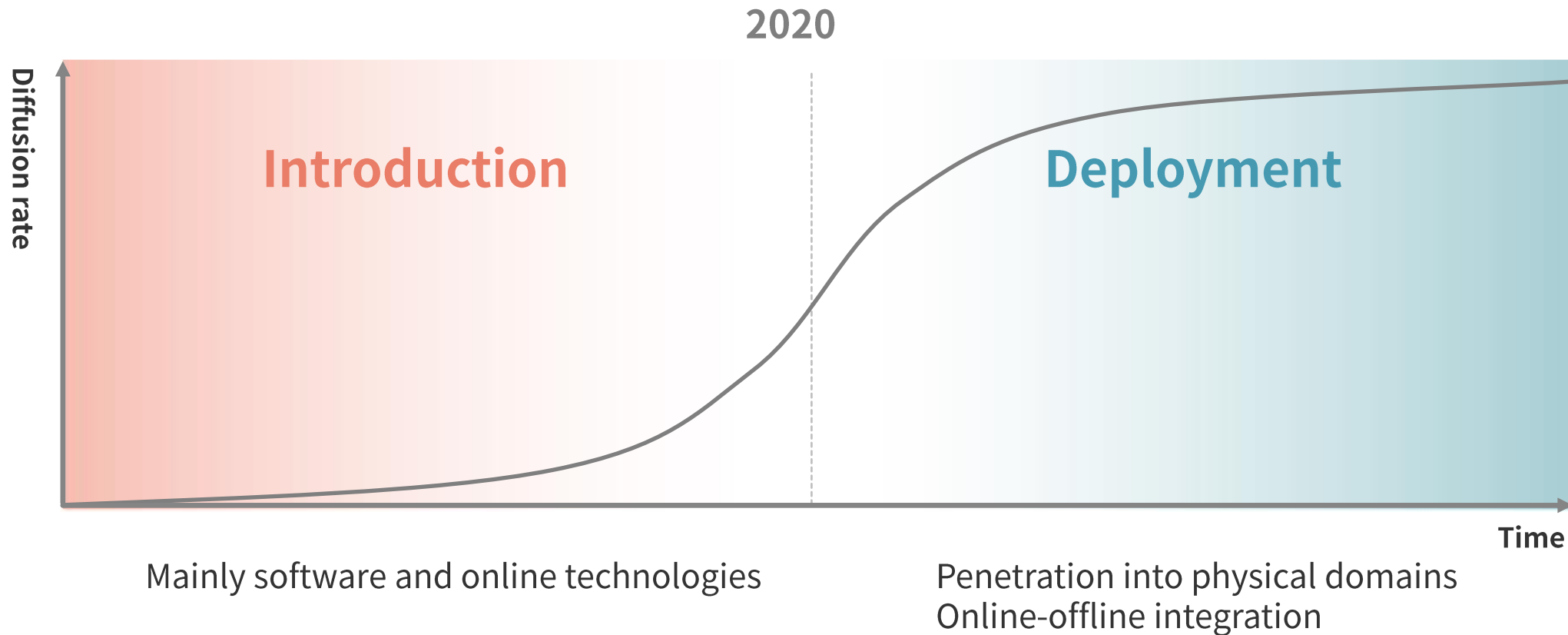
Companies unable to adapt to future generations' common sense will lose favor

\* Source: Marui Group based on Population Estimates, Statistics Bureau, Ministry of Internal Affairs and Communications

## 2. Digital Technologies: From Introduction to Deployment

- digital technology, which has been developed mainly around software and online, will penetrate the physical realm, and online and offline will become increasingly integrated

■ 2020 was a turning point in the S curve of innovation

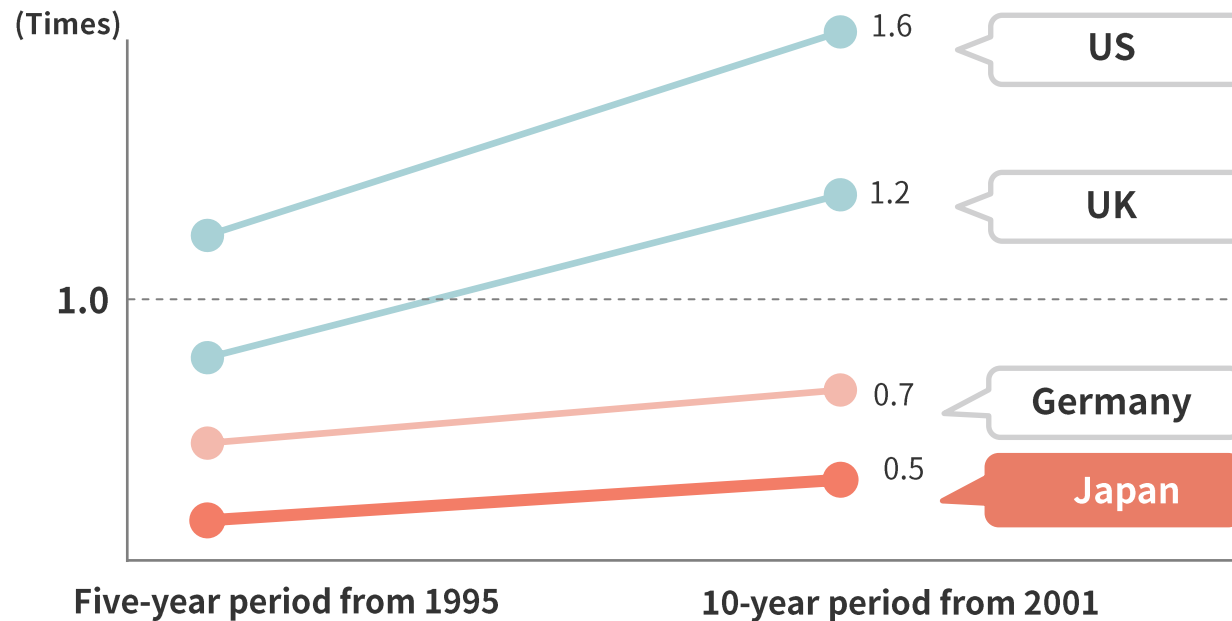


\* Source: Marui Group, based on *Mirai wo Jisso suru* ("Implementing the Future" (Eiji Press) by Takaaki Umada and *Technological Revolutions and Financial Capital: The Dynamics of Bubbles and Golden Ages* (Edward Elgar Publishing, 2002) by Carlota Perez

### 3. From Tangible Assets to Intangible Assets

- The long-term shift from tangible to intangible assets, which began around 2000, is expected to progress rapidly in Japan in the future.

■ Average intangible investment ratio (intangible investment / tangible investment)



Market cap of Tokyo  
Stock Exchange First  
Section

Approx. ¥720  
trillion

(2,186 companies)

Market cap of  
GAFA+M

Approx. ¥850  
trillion

\*As of March 31, 2021

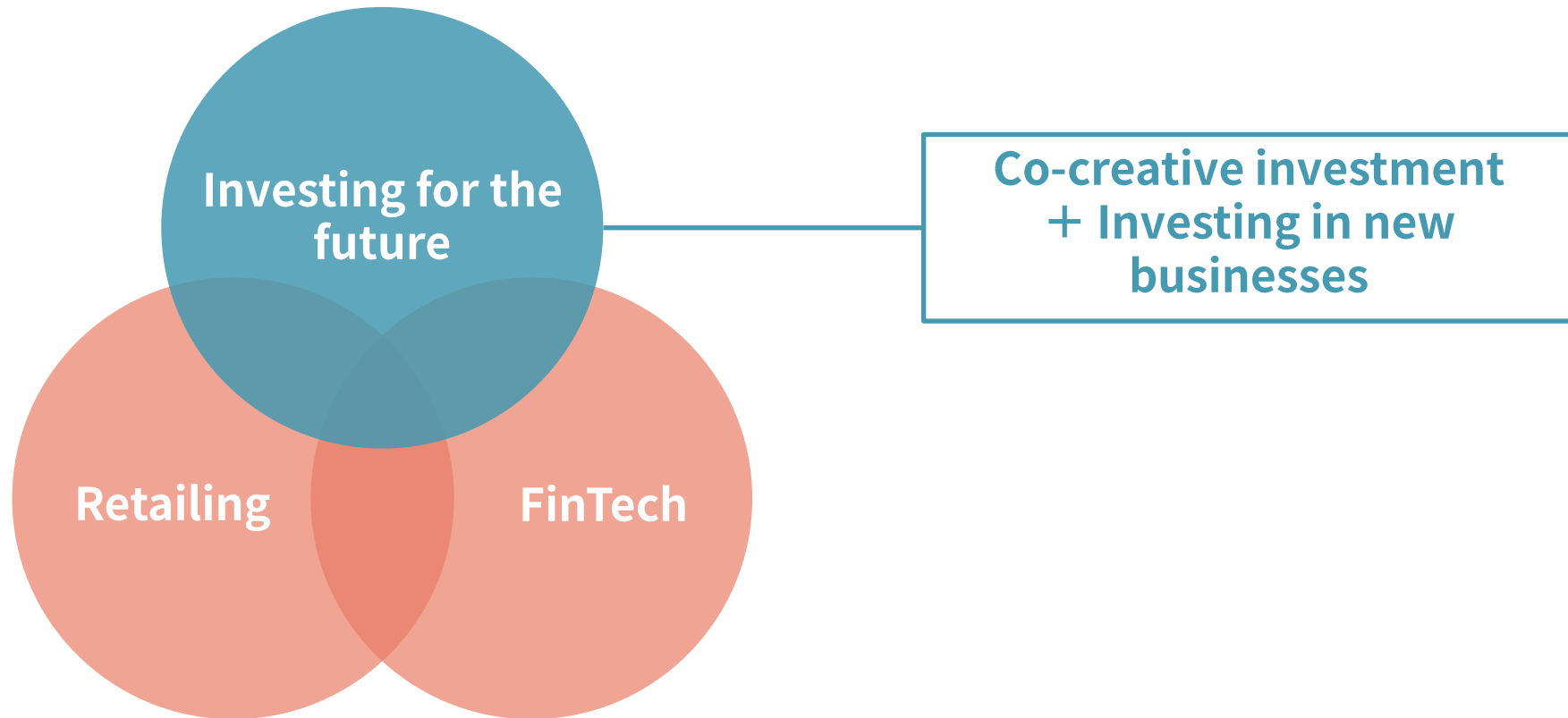
\* Source: Marui Group, based on RIETI Policy Discussion Paper “The Role of Intangible Investment on Economic Growth in Japan”, by Tsutomu Miyagawa et al. (2015)

- 1. Earn profits while also solving societal problems through co-creation with future generations**
- 2. Harness Retailing and FinTech to become an online-offline platform business**
- 3. Evolve into a knowledge-creation company through intangible investment in new businesses and co-creative investments as well as human resources and software**
- 4. Include stakeholders in board of directors to promote co-creation management that strives for harmony between profit and happiness**

**Business Strategy + Capital Policy + Impact**

# Overview of Future Group Business

- Seek further enhancement of our corporate value by promoting a new trinity model





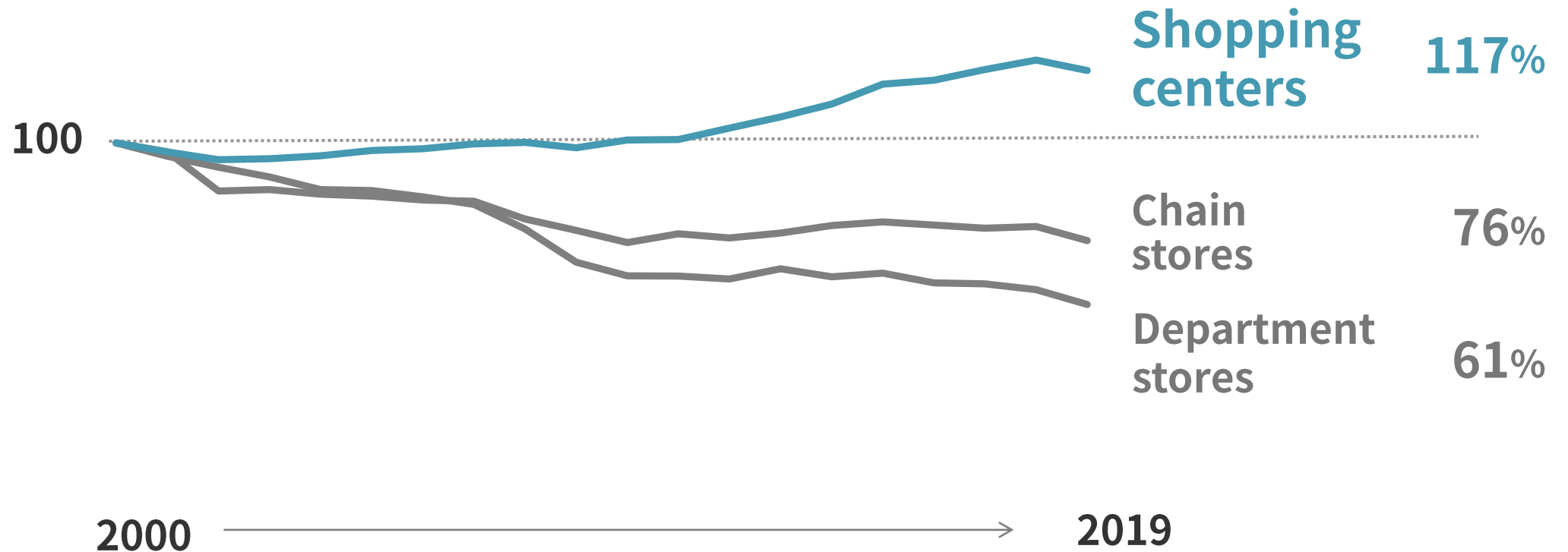
# 3

## Business strategy of Retailing Segment

# Retailing industry Status

- Difficult environment for department stores and chain stores focused on goods, but strong growth of shopping centers capable of providing both goods and experiences

■ Sales by Store Type (2000 indexed to 100)

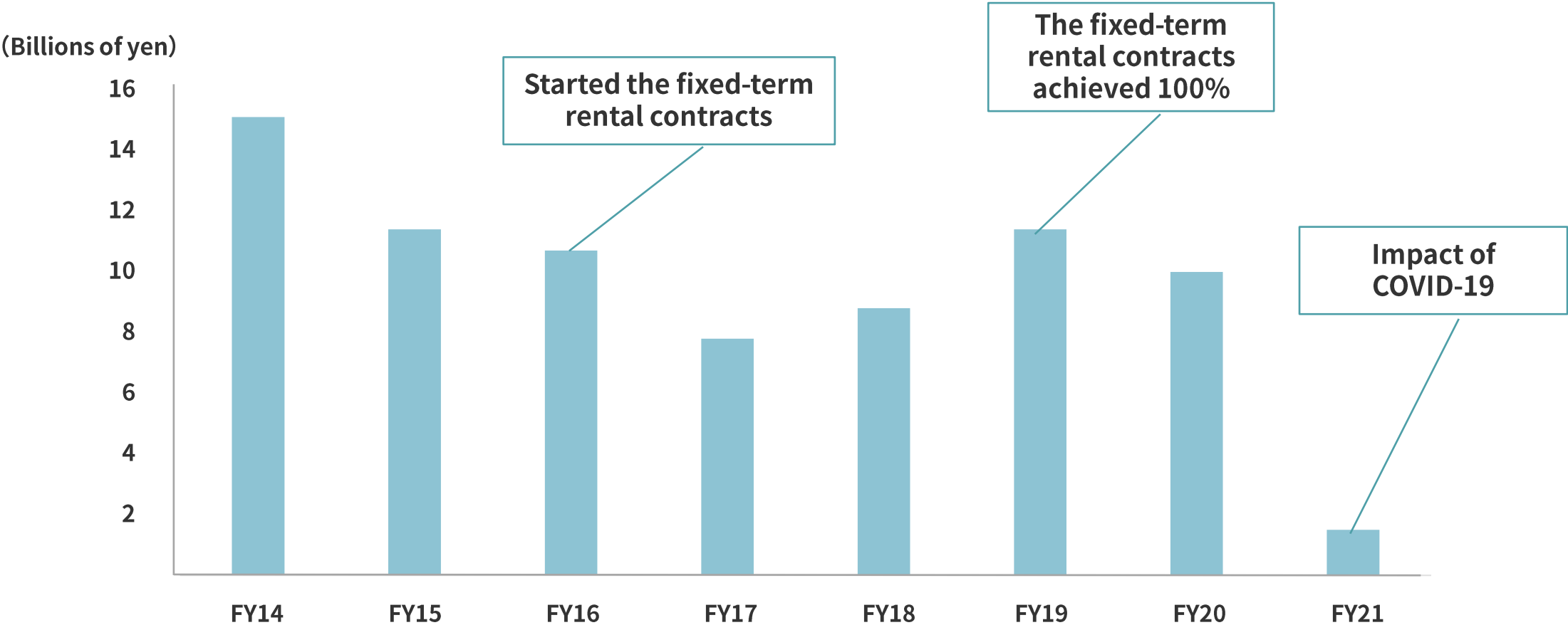


\* Source: Japan Council of Shopping Centers, Japan Chain Stores Association, and Ministry of Economy, Trade and Industry



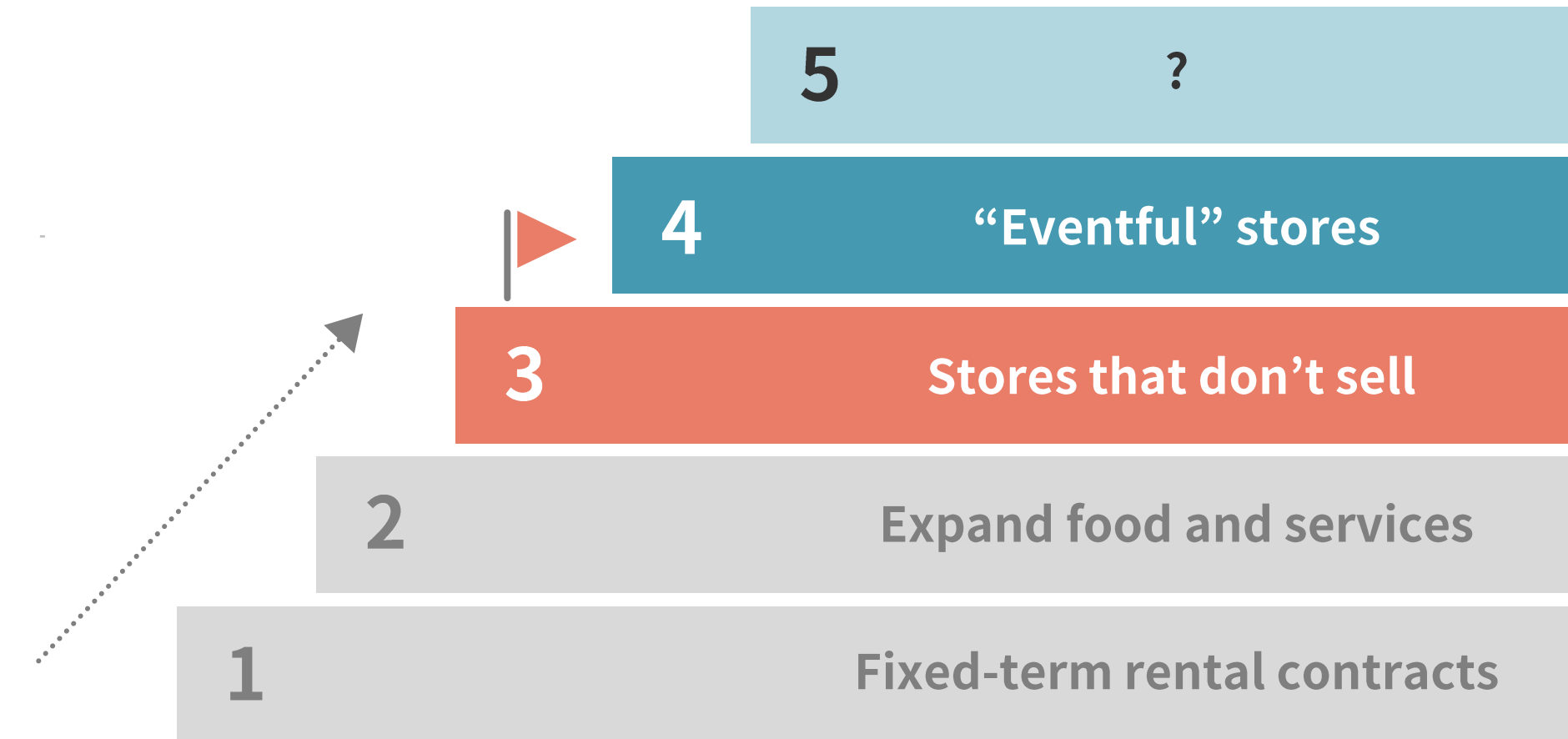
# Trends in operating income of the retail business

- Stabilized store profit structure by the fixed-term rental contracts



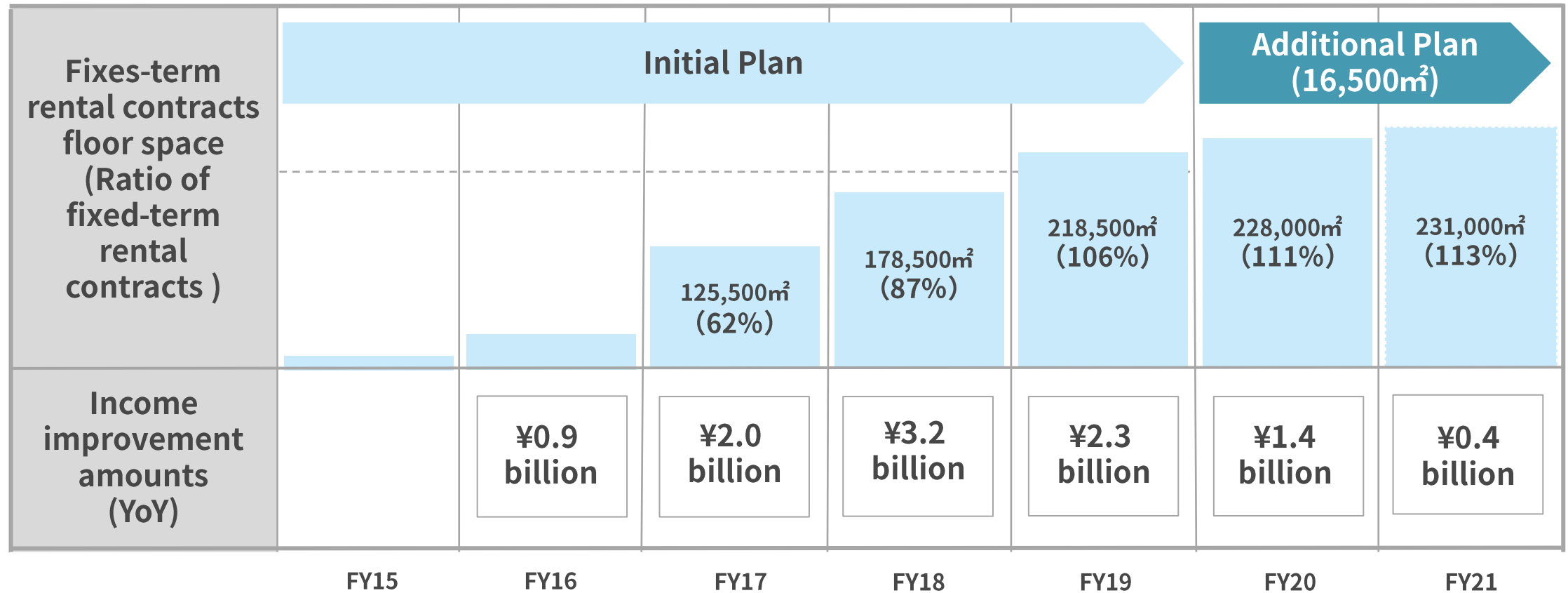
# Complete department store format transformation

- Accelerate efforts to stores that don't sell as the third stage, creating eventful stores as the fourth stage



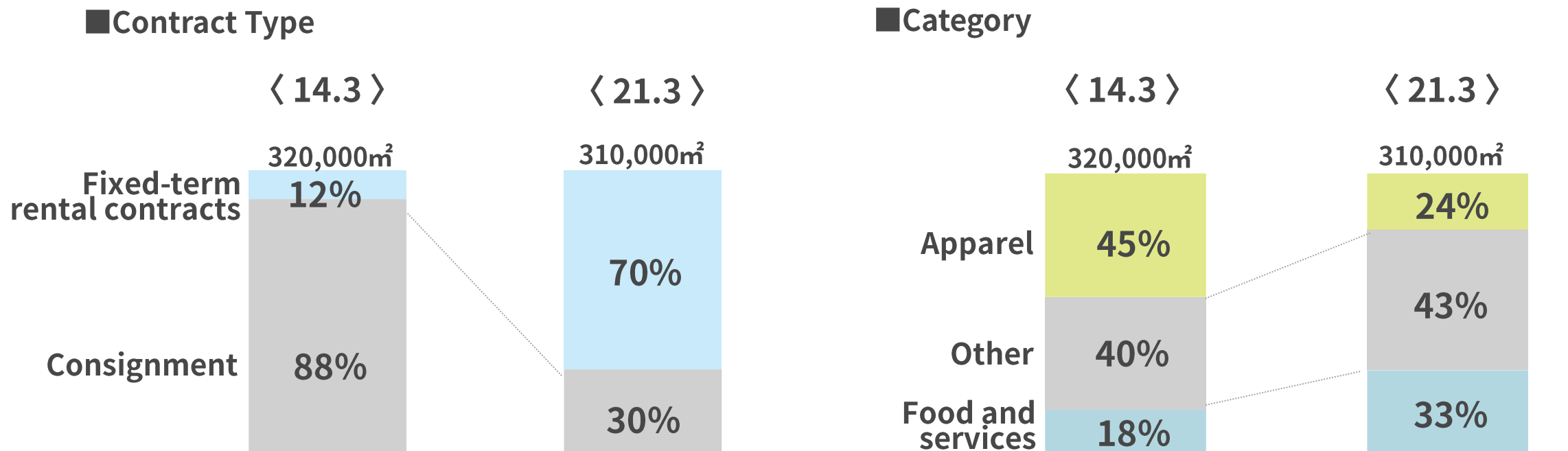
# STEP1: Transition to Shopping Centers

- Completed conversion of all department stores to real estate-model shopping centers over five years beginning from FY2015 (excluding some exceptions)



## STEP2: Store status

- Progress in transformation of stores in conjunction with transition to fixed-term rental contracts, expansion of food and service categories



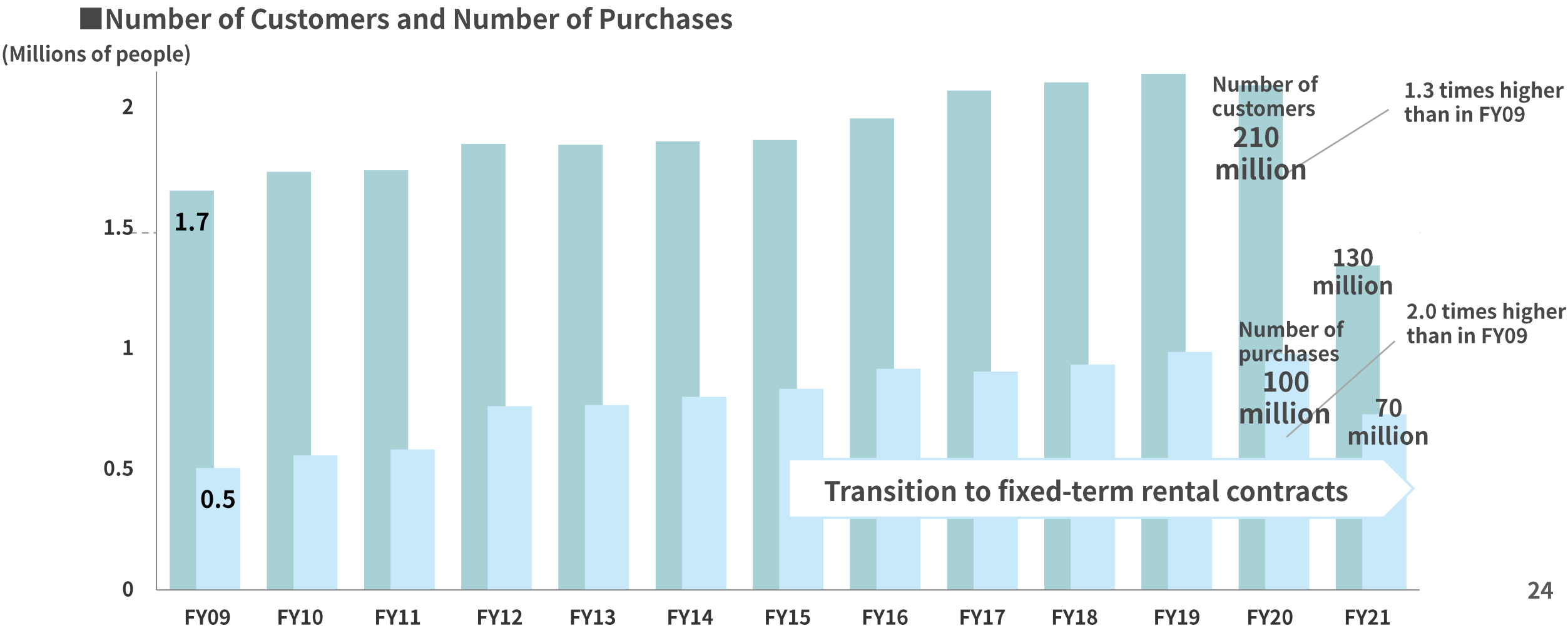
### Example

**HARA**  
はらっぱ  
(Food Hall)



- Opened the first full-scale food hall on the introduction floor of Family Mizonokuchi (Nov.2019)
- "Order by smartphone" system that allows you to order at the table

- Customer numbers following increase in store value attributable to transition to fixed-term rental contracts
- number of customers were 210 million in FY20, number of purchases 2.0 times higher than in FY2009



### Stores=Platforms for online/offline integration

- Attract unique tenants such as online services, storefront e-commerce, D2C brands, etc.
- Promote initiatives with 23 companies that we invest in through co-creative investments and 172-strong co-creation team



mercari station



SHIBUYA BASE



FABRIC TOKYO

Create variety of events that integrate online and offline approaches  
Design fun stores with events motivate consumers to visit

- Hold events for anime business and new businesses (anime/games, food, cosmetics, and social events)
- Collaborate with FinTech to commercialize events so that they can be held around the country in commercial facilities other than Marui facilities

[Examples from FY2021]

### Entertainment

#### KOREAJU

Korean cosmetics



#### Bread festival

Bread from regional bakeries



### Sustainability

#### Minna-Denryoku

Renewable energy



#### Pocket Marche

Produce direct from growers and grower support

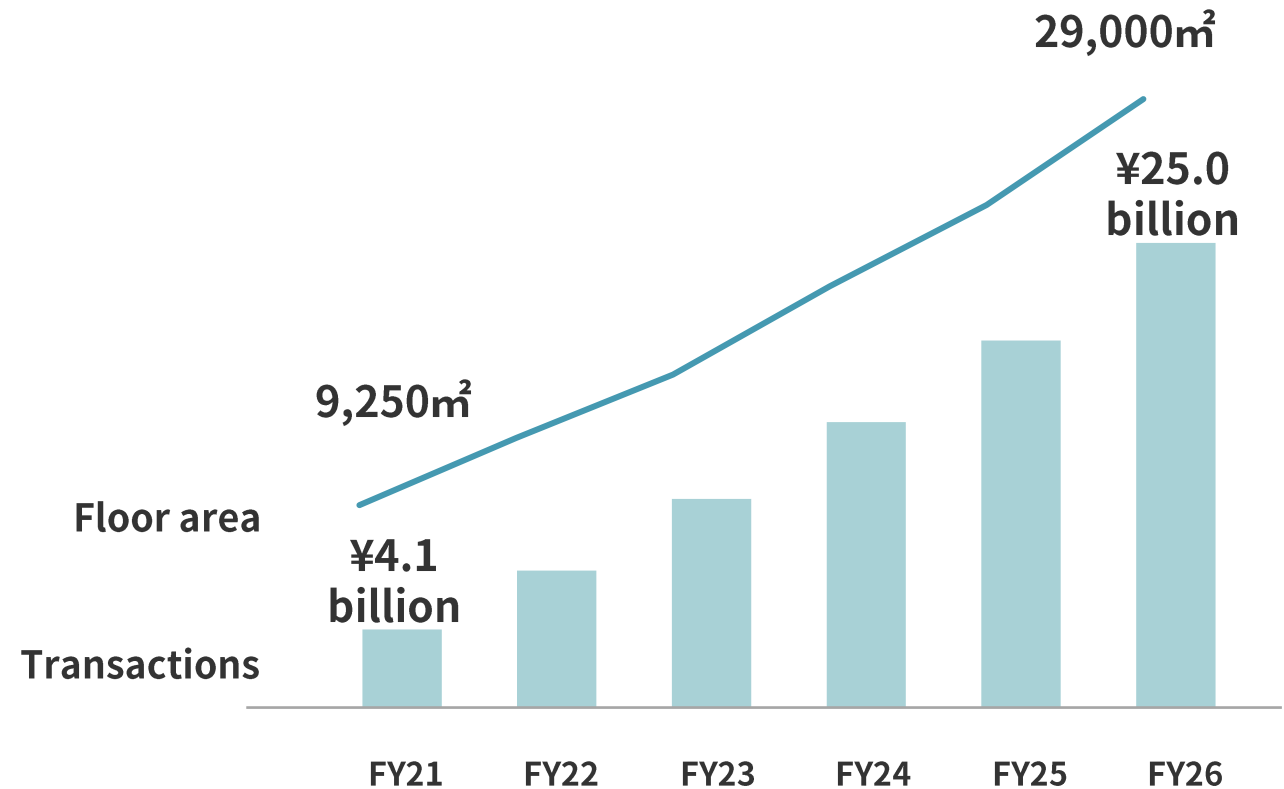
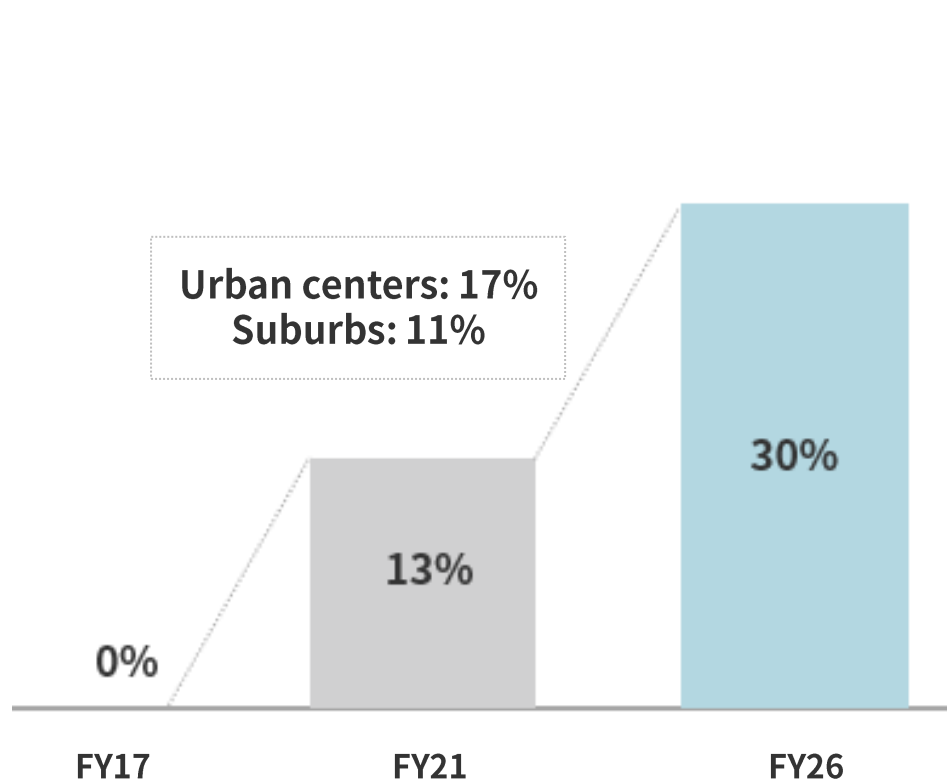


# Expansion of “Stores that Don’t Sell” “Eventful” Stores”

- Steadily expand collaboration with offline stores through co-creative investment and outsourced operation, to grow instore event transactions to ¥25.0 billion in FY2026

■ Stores that Don’t Sell

■ “Eventful” Stores





# Revitalize E-commerce

- Transform MARUI GROUP into a digital business by harnessing digital personnel, targeting total e-commerce transactions of ¥30.0 billion by FY2026

## ■ Initiatives

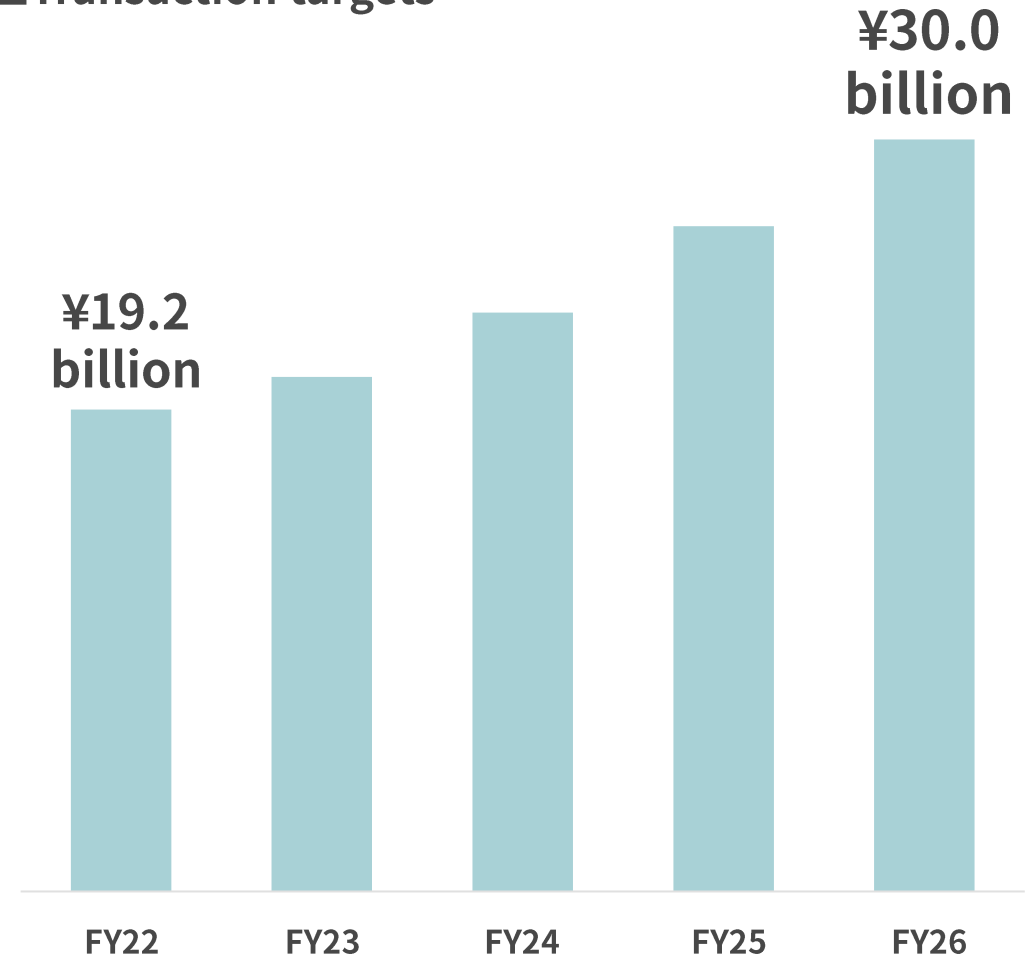
### Event-type e-commerce

- Expand event-type e-commerce in coordination with retail stores

### Pre-order/advanced payment, pick up instore

- Online pre-order and payment,  
pick up/use services instore

## ■ Transaction targets



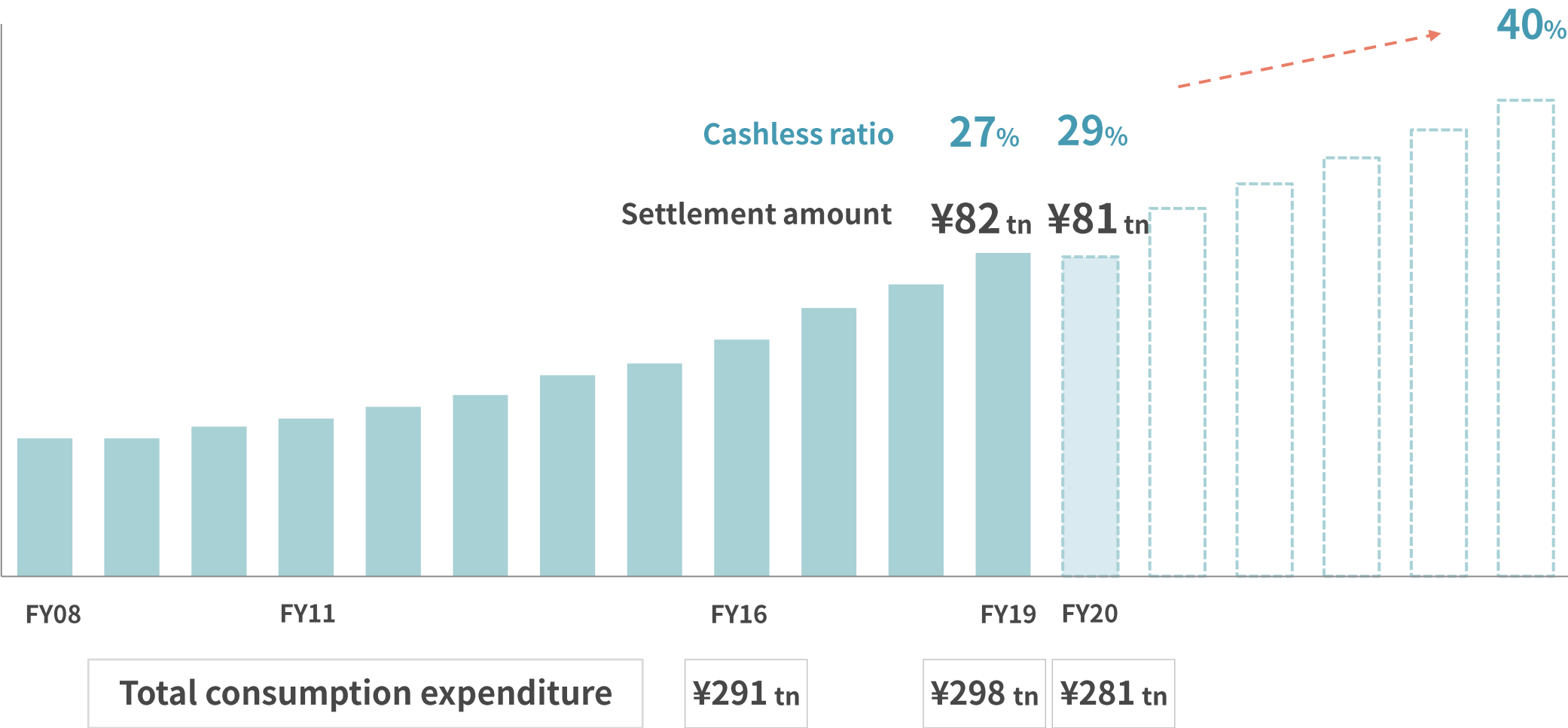


# 4

## Business strategy of FinTech Segment

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

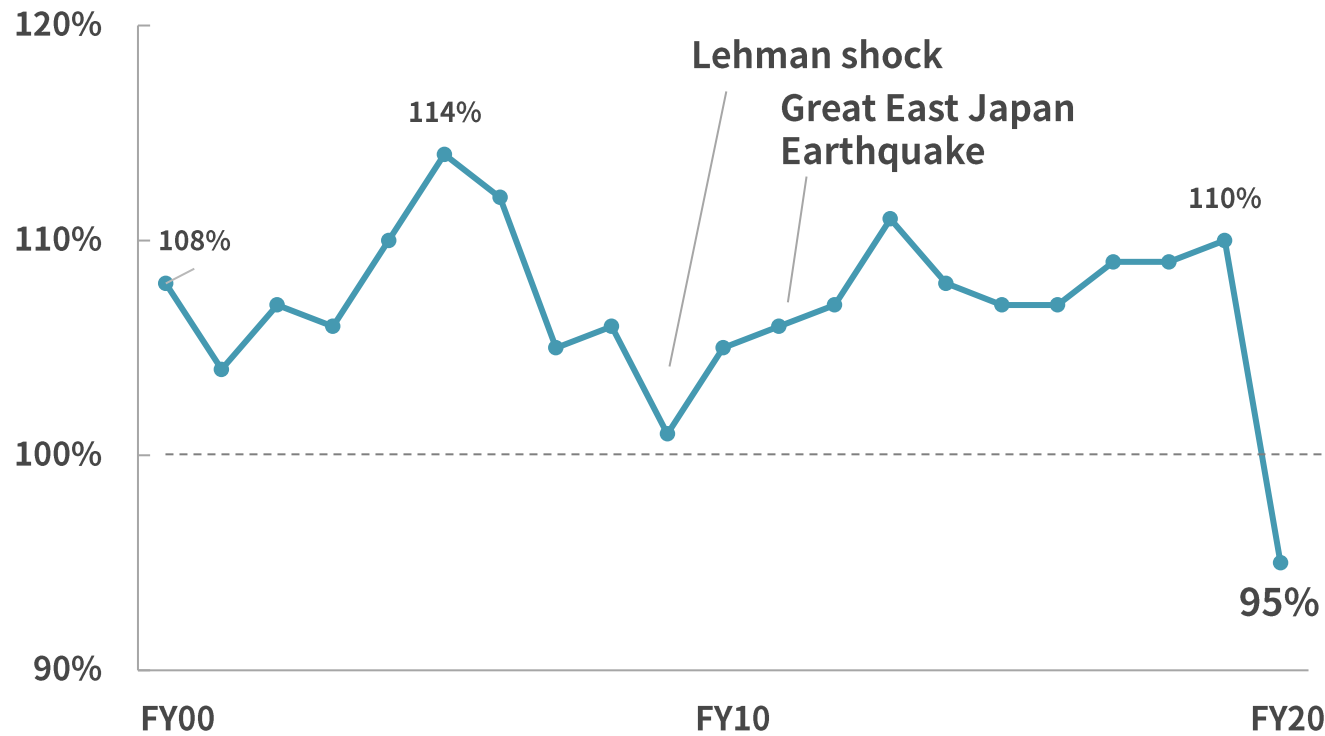
■ Trends in domestic cashless payments



# Cashless (2)

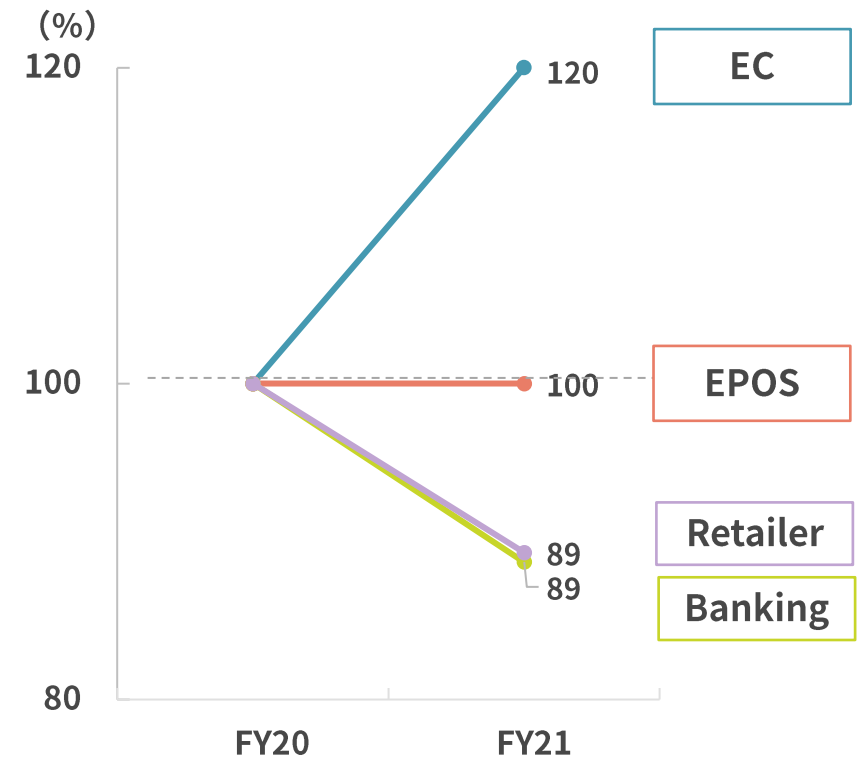
- Domestic credit card transaction volume fall below the previous year's level in 2020, transaction amount of each card company is divided into light and dark

## Transition in domestic credit card transaction

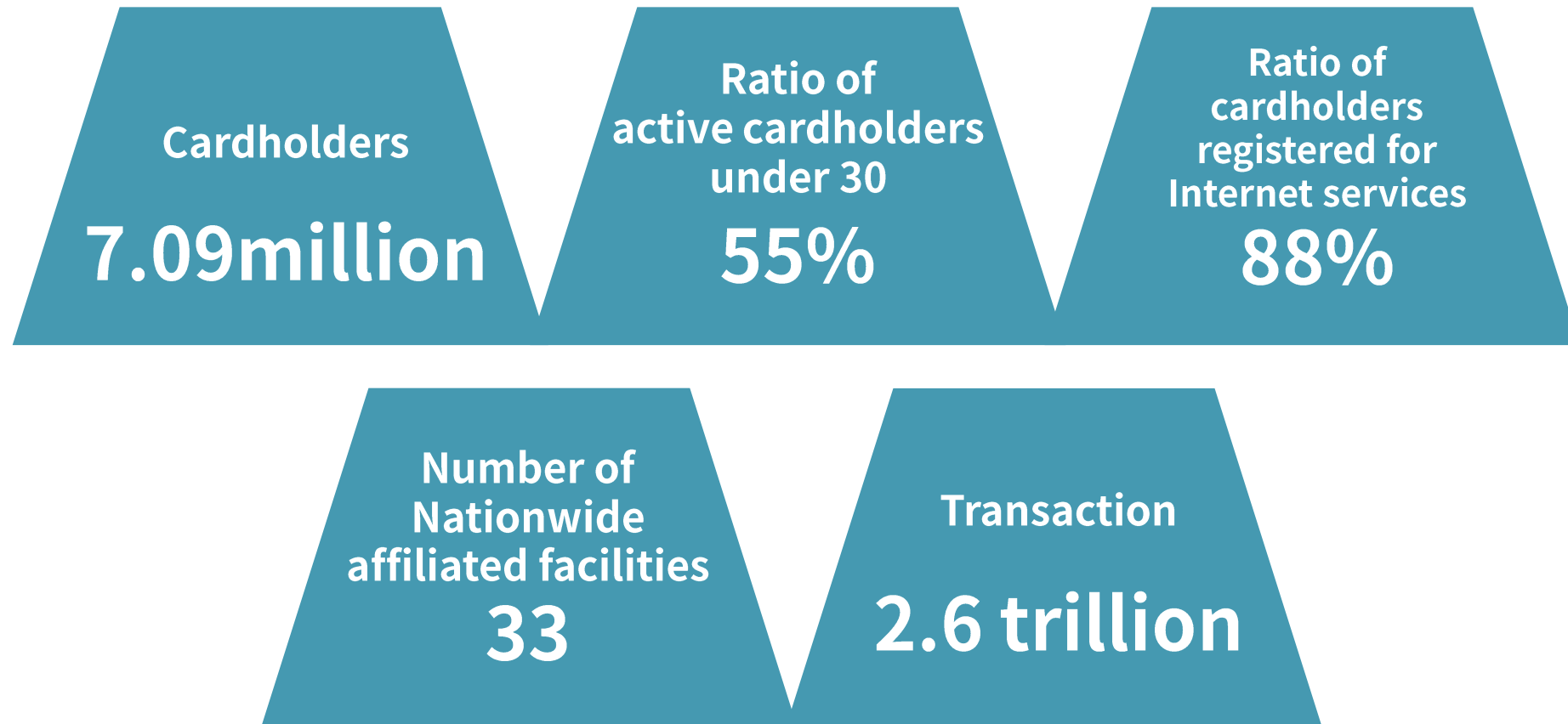


\* Source: Ministry of Economy, Trade and Industry  
"Specific service industry dynamic statistics survey"

## Each card company transaction



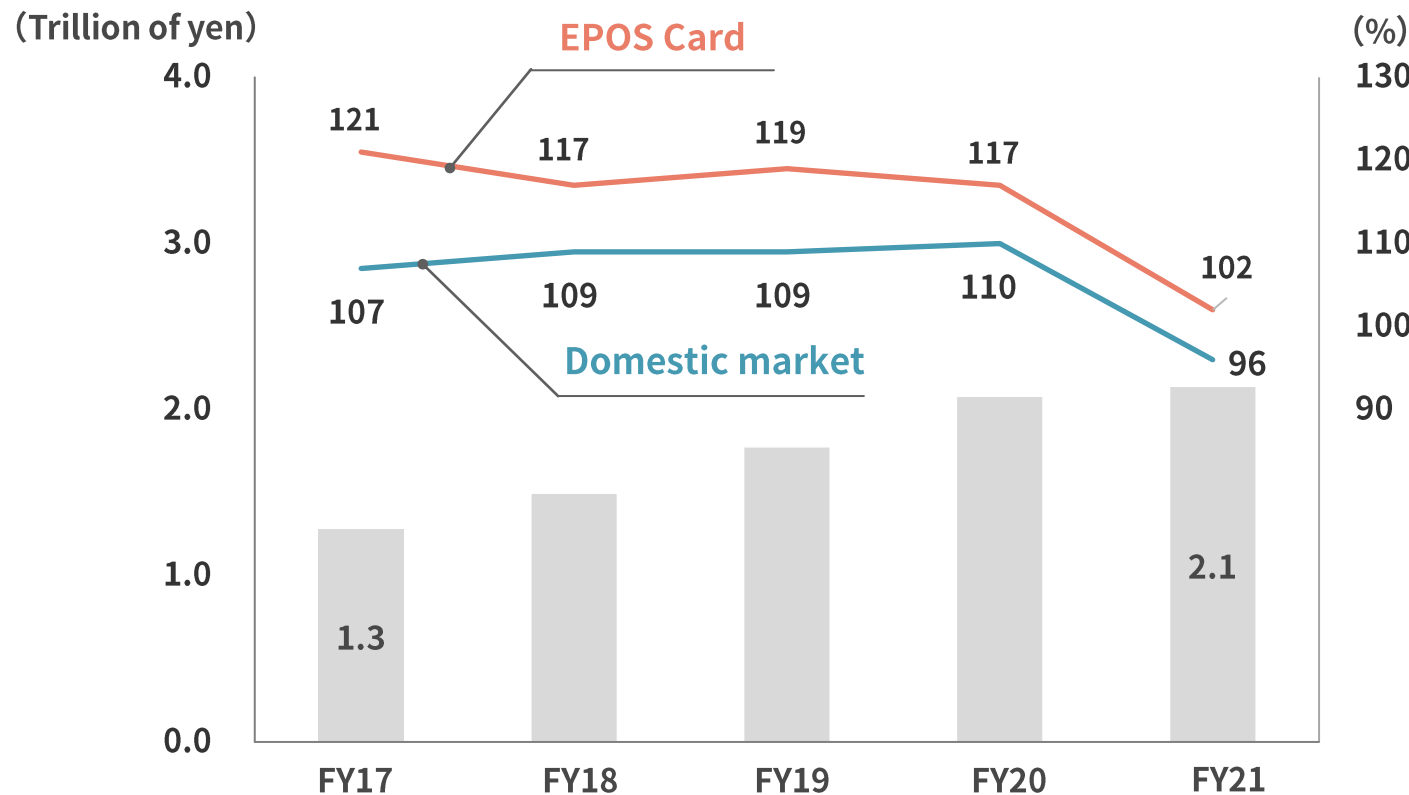
\* Source: Ministry of Economy, Trade and Industry  
"Specific service industry dynamic statistics survey"  
and estimated from each company's financial statements



# 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**

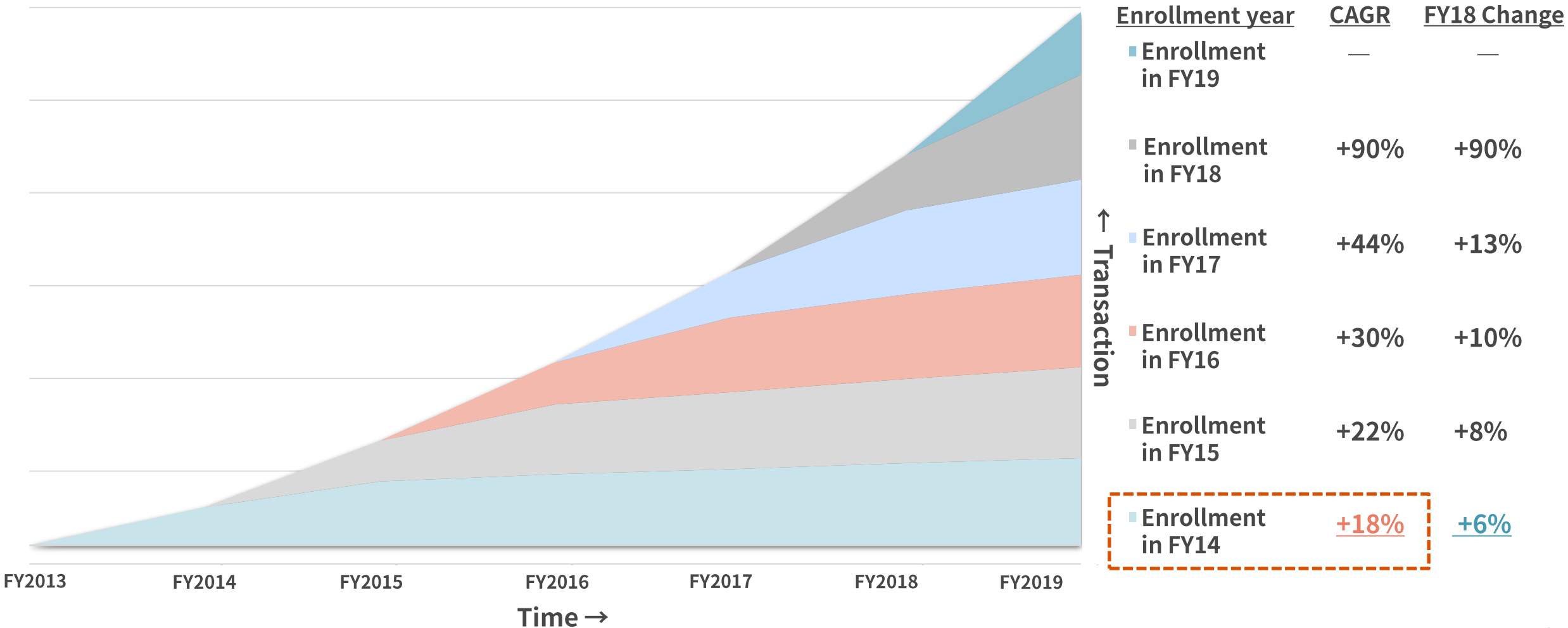
**+15%** > **+6%**

\* 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

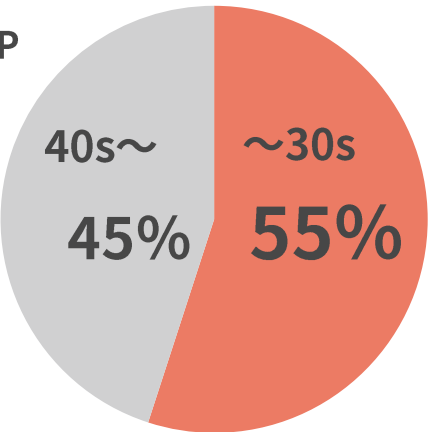


# Strength of FinTech: Our Customer Profile

- Realizing high earnings through high exposure to the younger generation

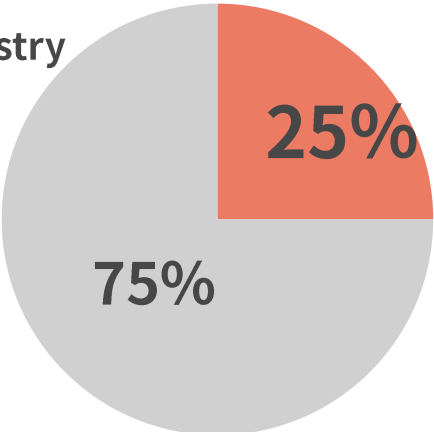
■ Distribution of cardholders by age

MARUI GROUP

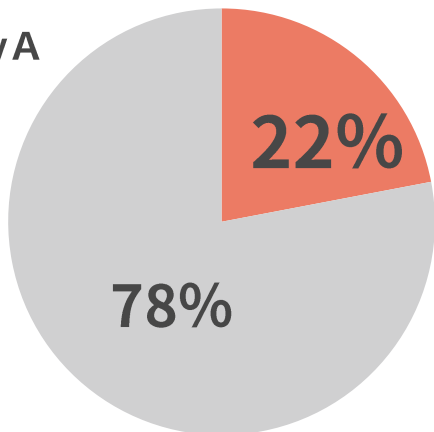


\*Active cardholders

Whole industry

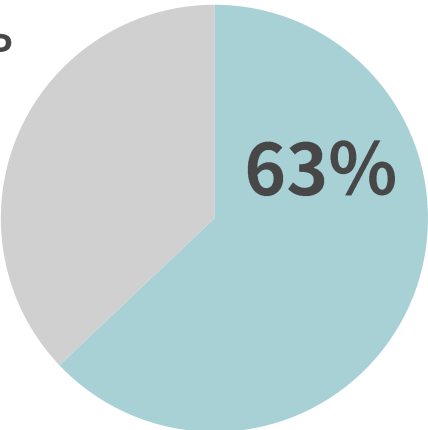


Company A

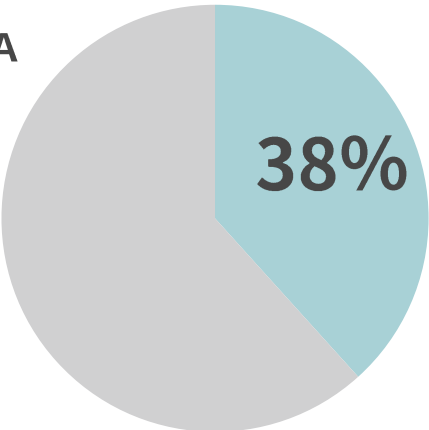


■ Ratio of revolving and installment payments attribute to installment sales account receivable (including factoring accounts receivable)

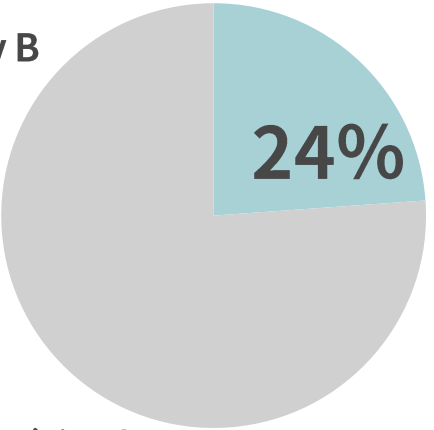
MARUI GROUP



Company A



Company B

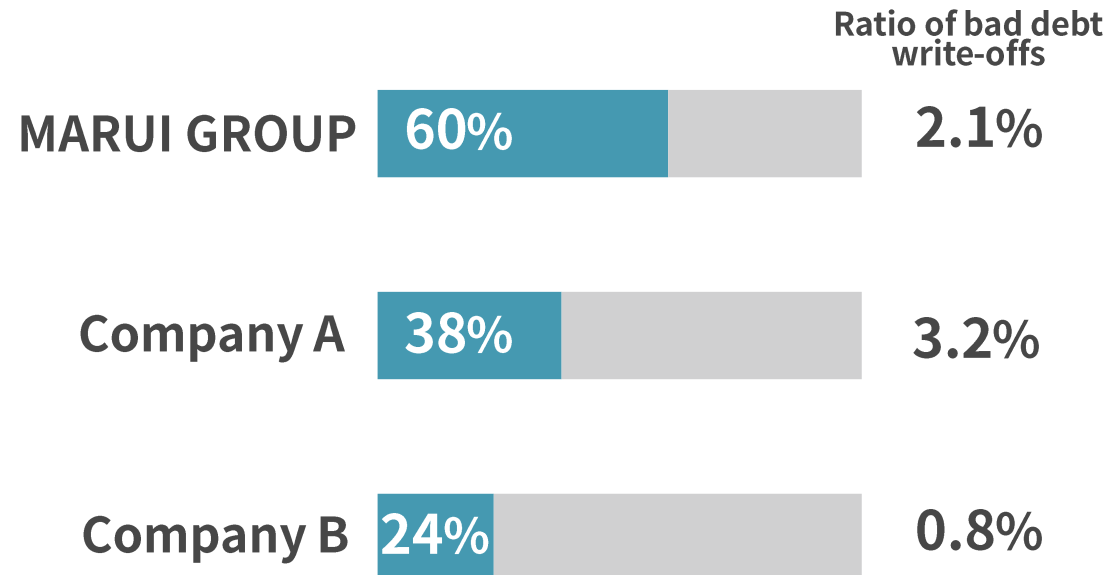




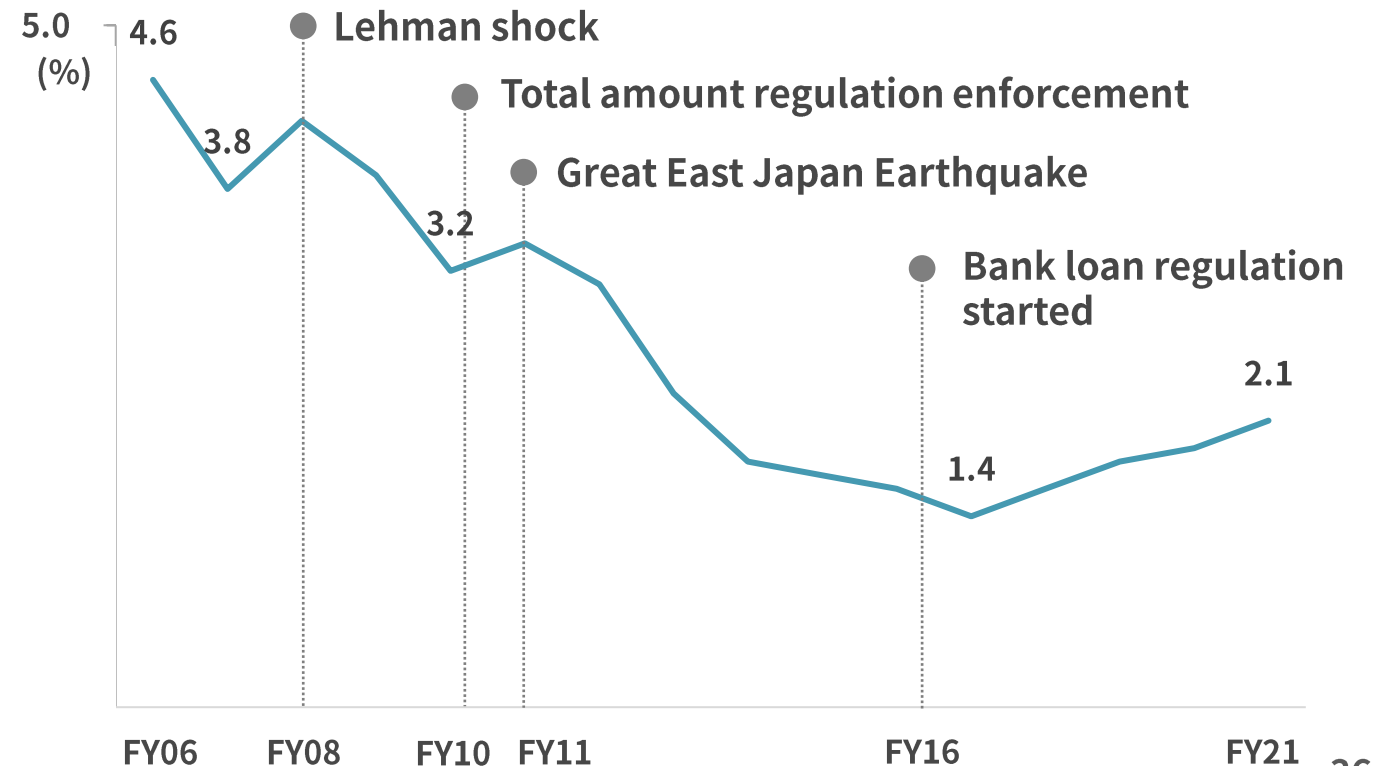
# Strength of FinTech: Industry's lowest bad debt rate

- 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)



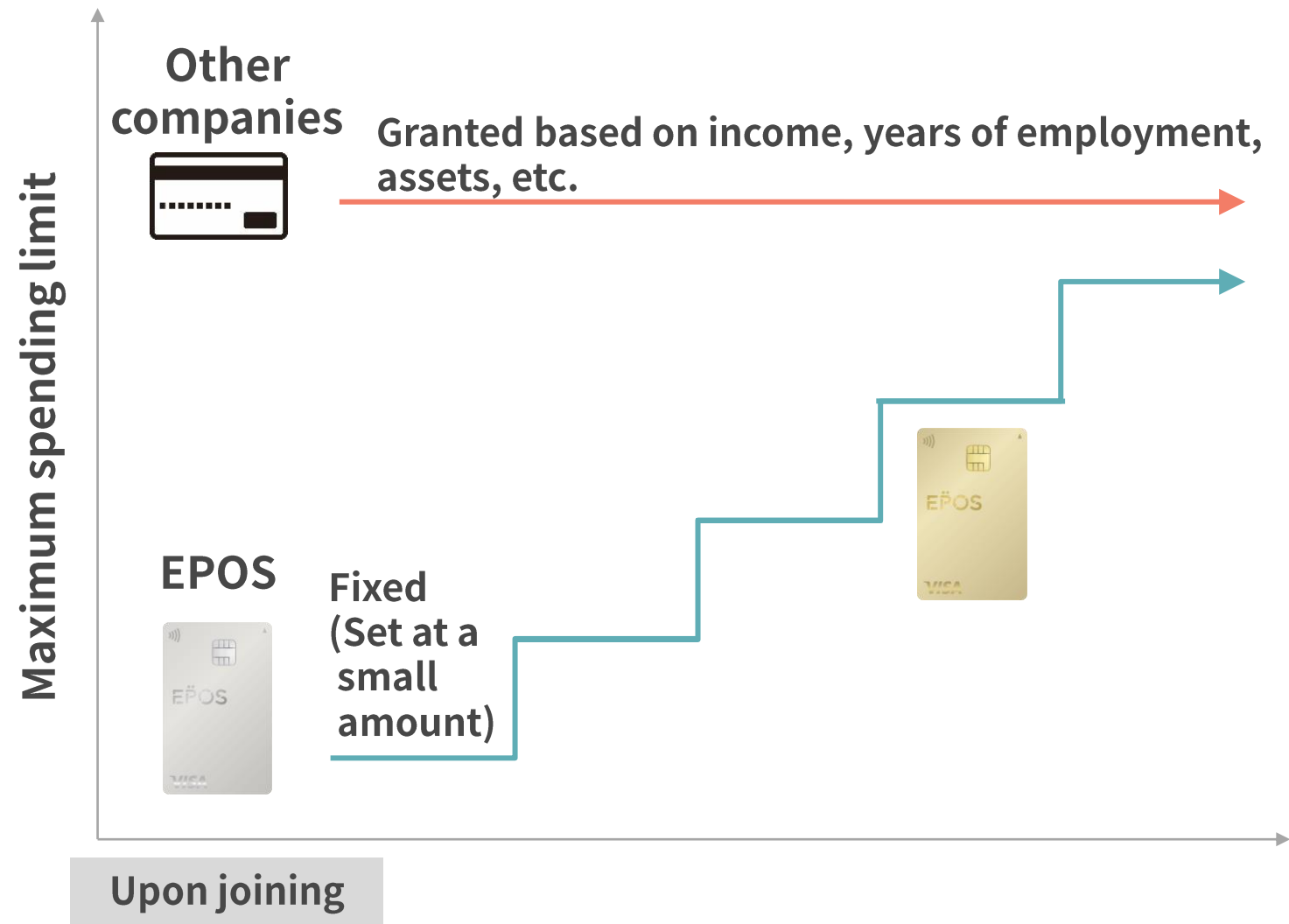
■ Transition in bad debt rate



(Fiscal year ended March 31, 2021)

# Strength of FinTech: Unique credit know-how

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

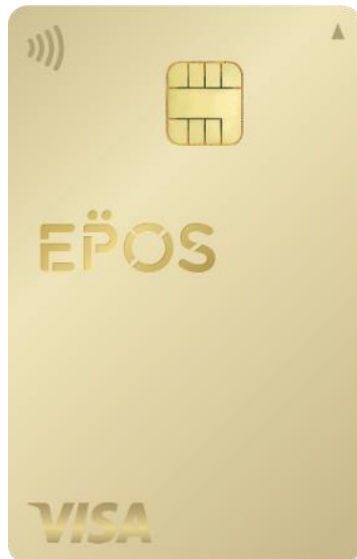


■ Comparison of maximum spending limit with other companies

	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

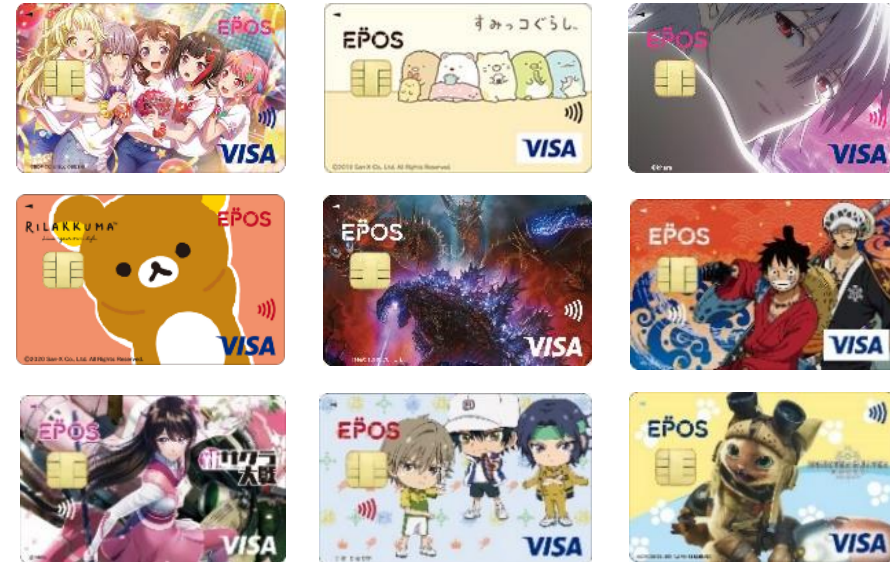
# Unique Features of EPOS Card

## Gold Card



+

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



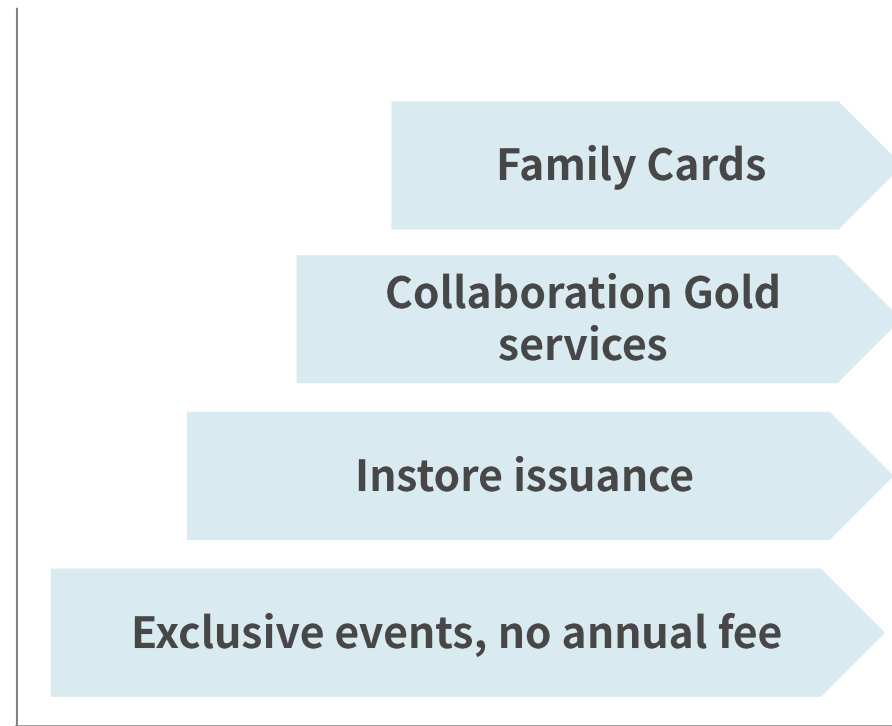
100 card designs

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# Gold Card Initiatives

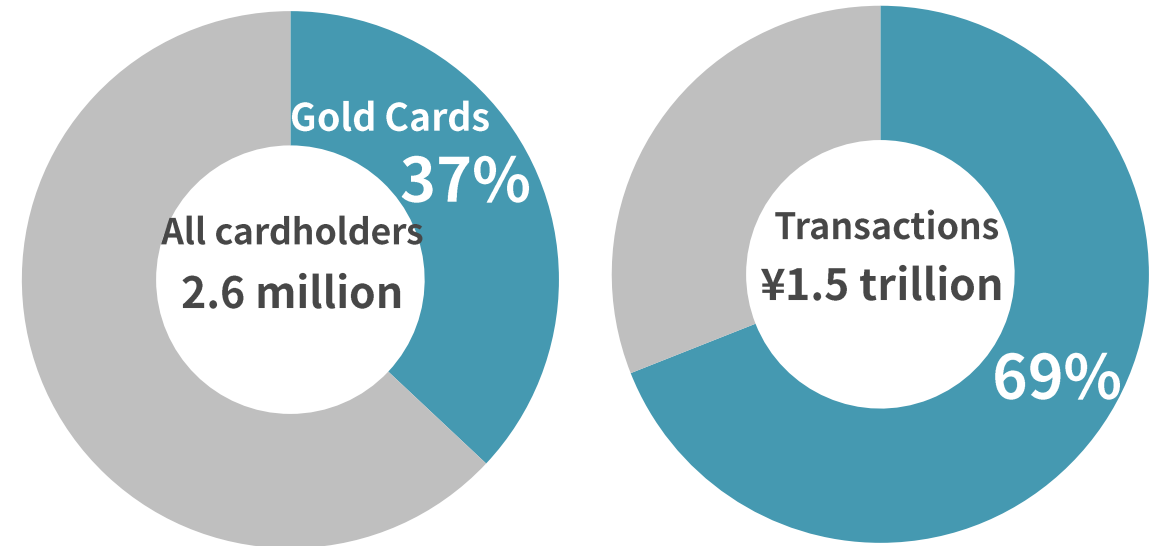
- Gold Cards drive growth of EPOS Card business, accounting for 37% of cardholders and 69% of transactions

## ■ Original initiatives



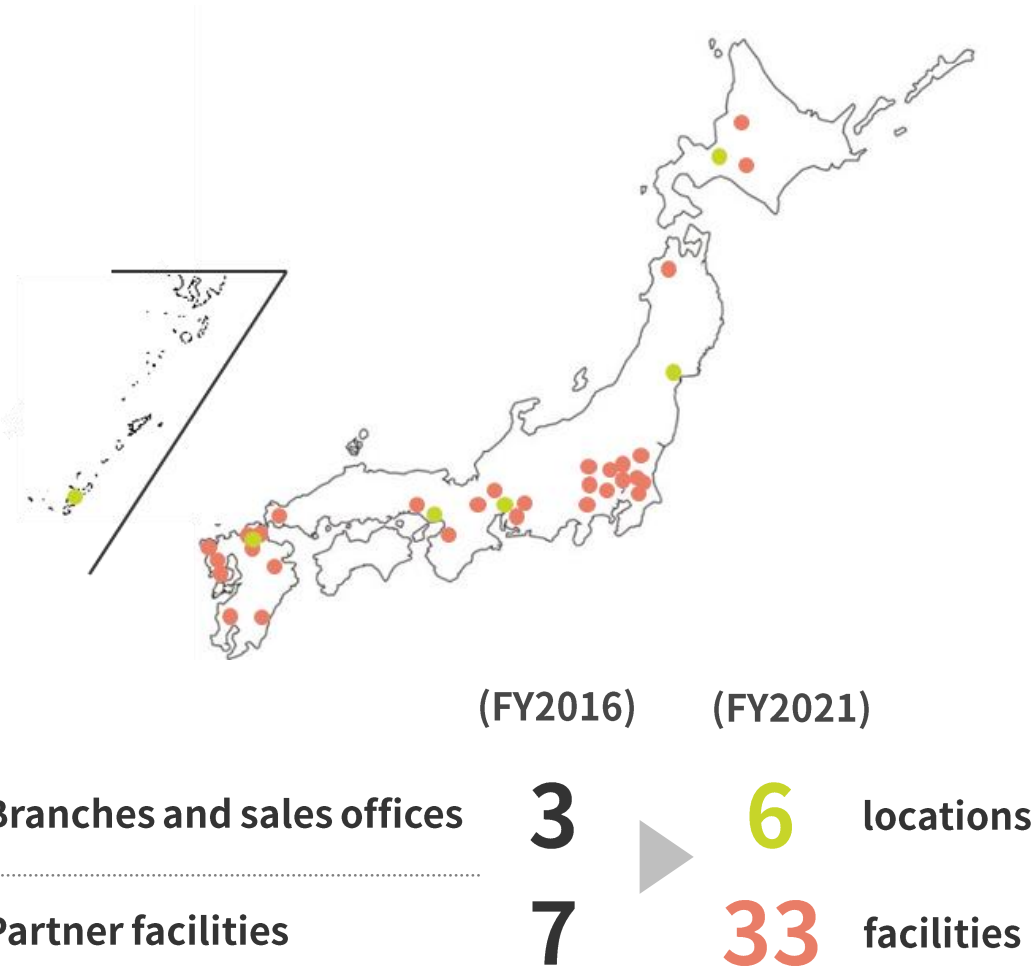
FY2009

## ■ Share of cardholders and transactions



# Nationwide Expansion of EPOS Card

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



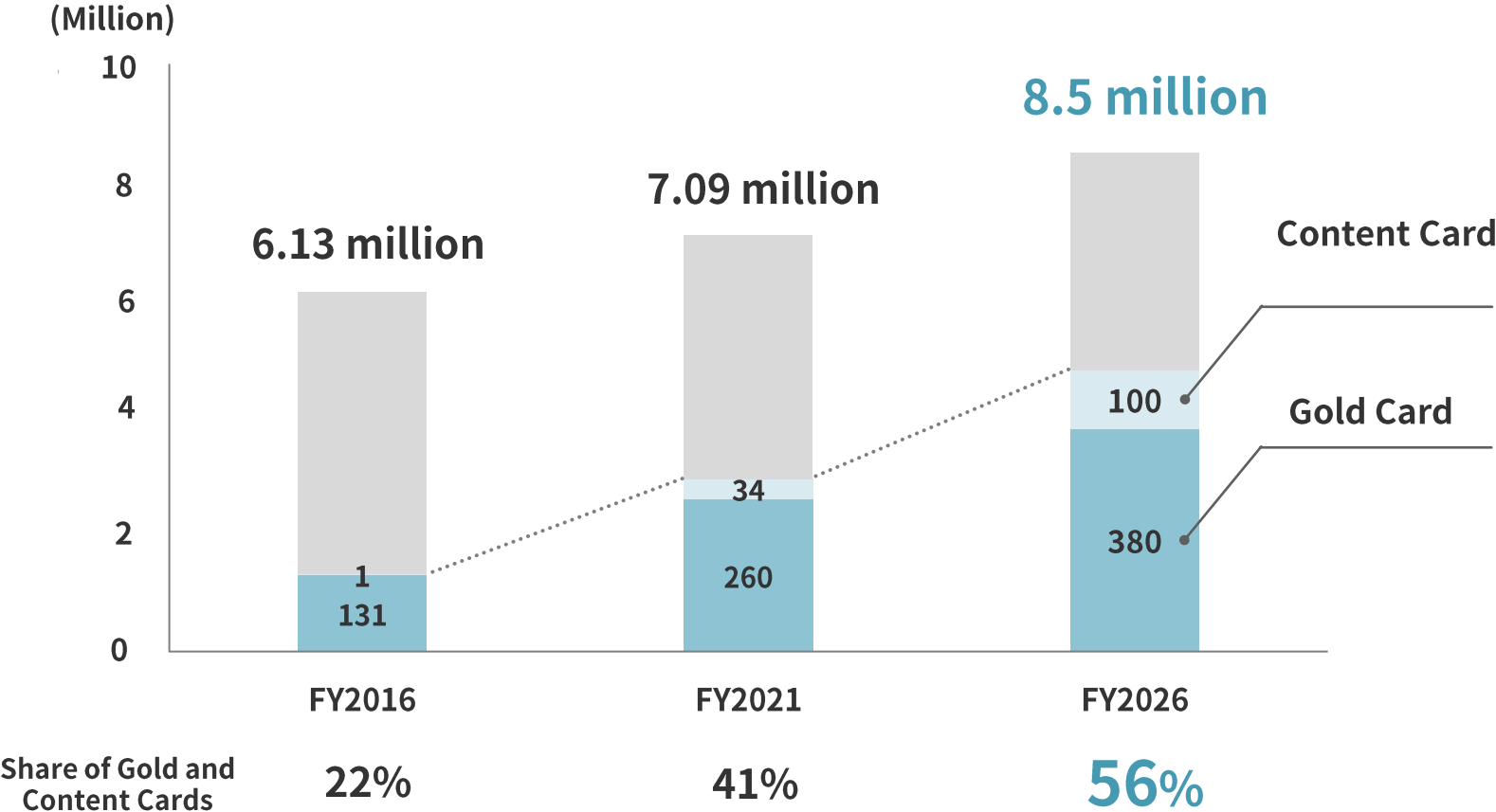
## <Card holders>

(Ten thousands of people)

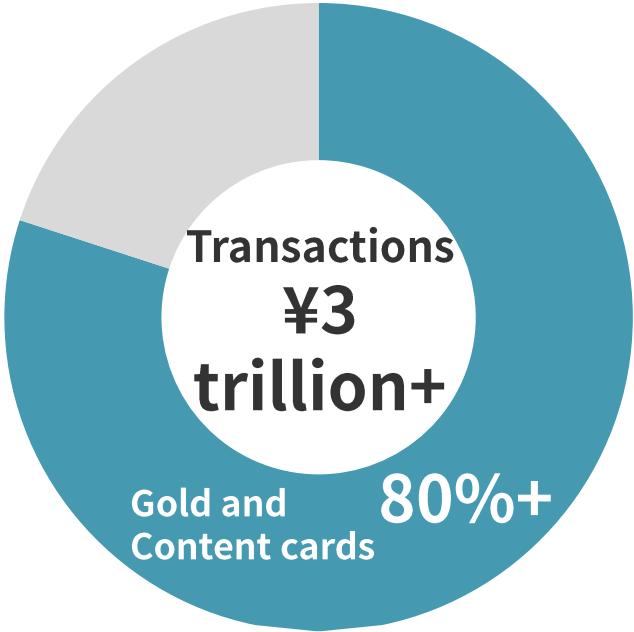
		FY2016	FY2021	(16.3比)	% of total	share
Main Business Area	Age 39 and Below	198	187	94%	26%	23%
	Age 40 and above	187	213	114%	30%	8%
	Total	384	400	104%	56%	13%
Others	Age 39 and Below	133	160	121%	23%	7%
	Age 40 and above	95	149	156%	21%	2%
	Total	228	309	135%	44%	3%

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

■ Cardholders



■ Transactions breakdown

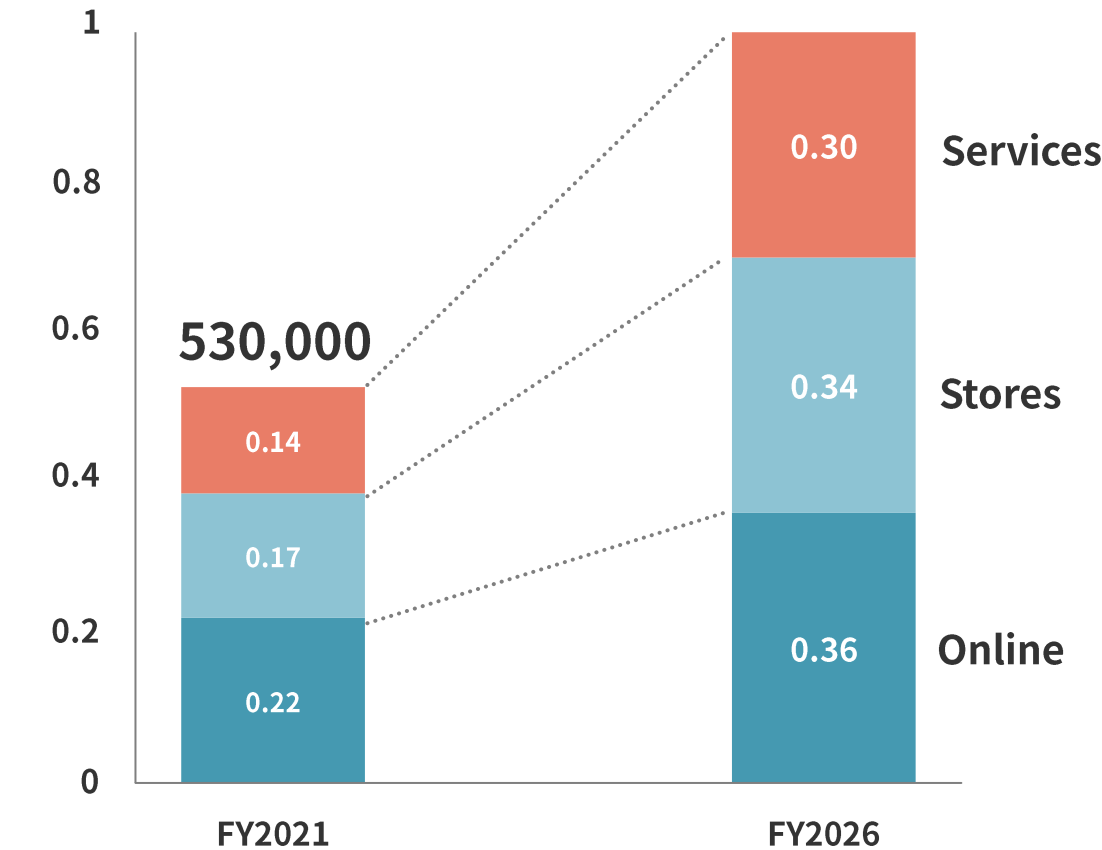


# Cardholder Strategy: New Cardholder Target

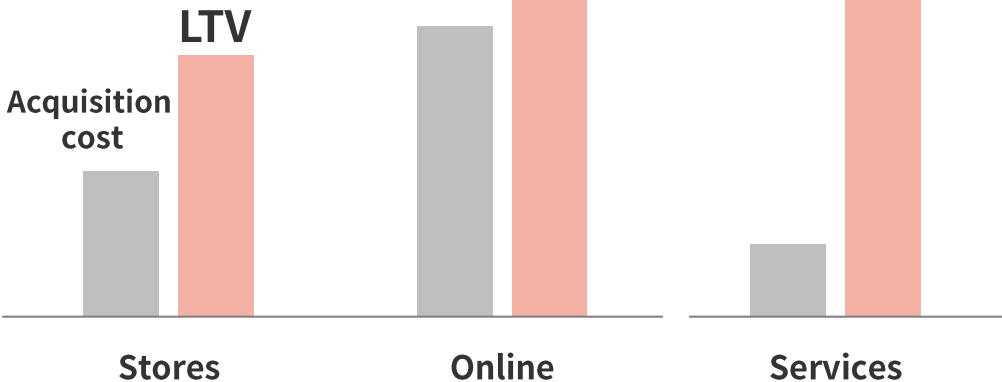
- Reorganize issuing locations in view of acquisition cost and profitability per card

■ 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



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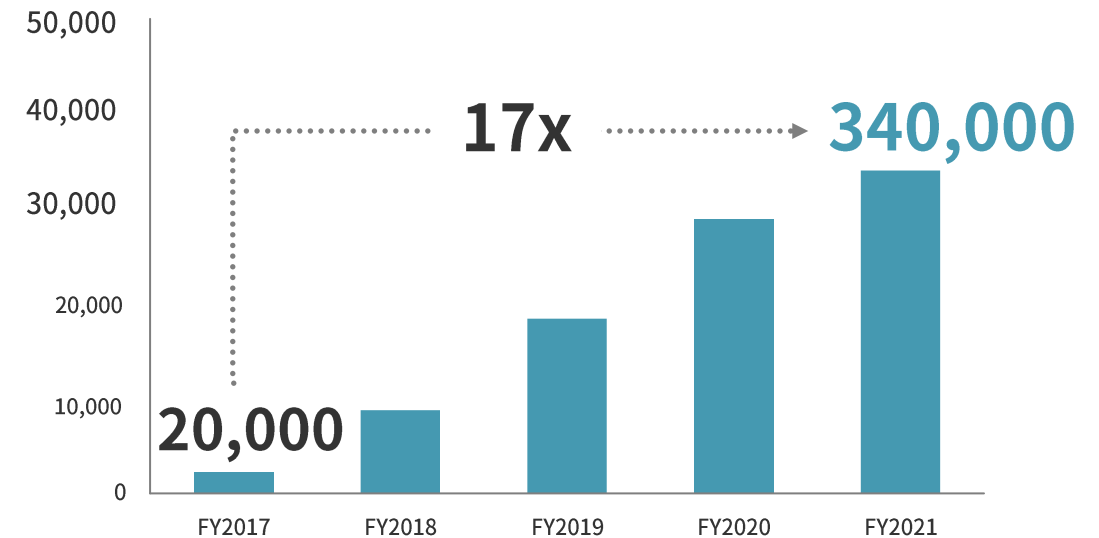
Fan club site



©khara, Inc. 『EVA-EXTRA』

Media tie-up

## ■ Cardholder numbers



## ■ Future initiatives

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



KOREAJU

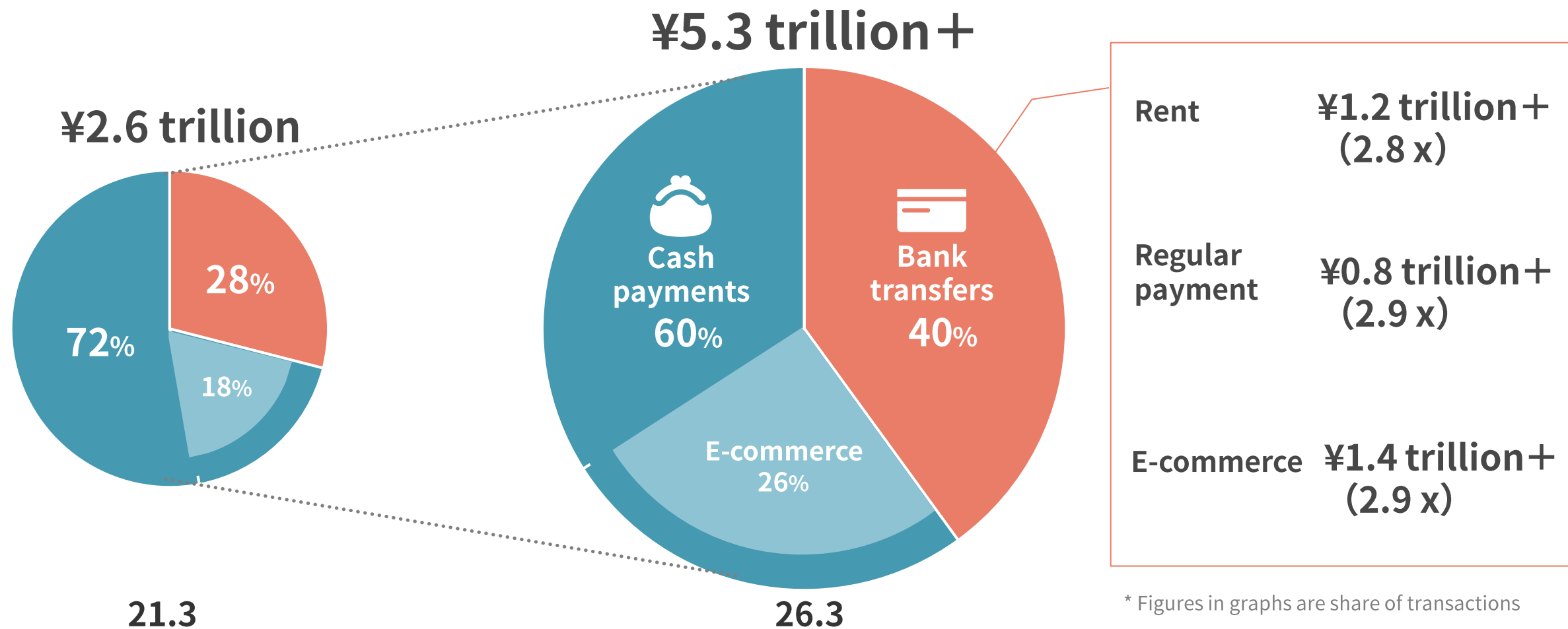
Ratio of young cardholders: **60%** (+18pp)  
LTV: **7x**

\* 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:

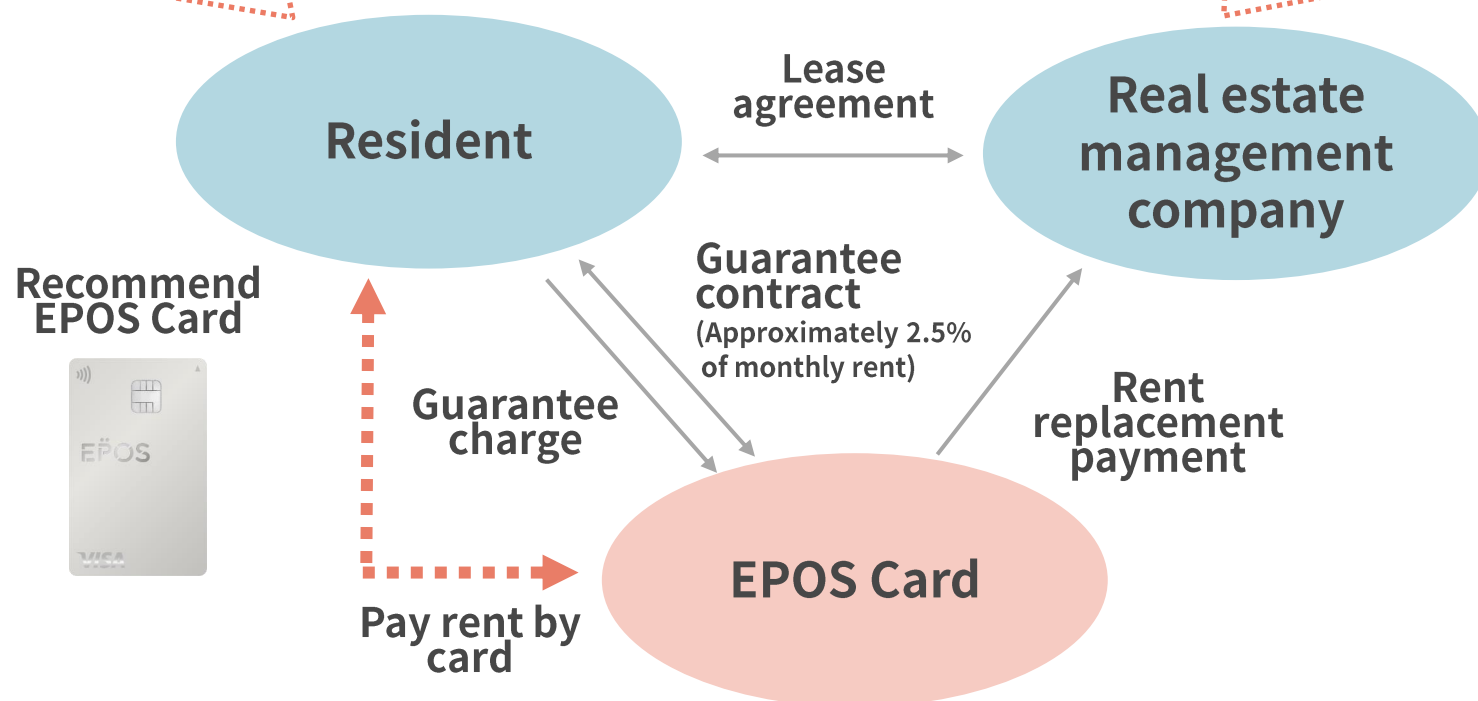
## Rent guarantee

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

### ■ Rent Guarantee business model

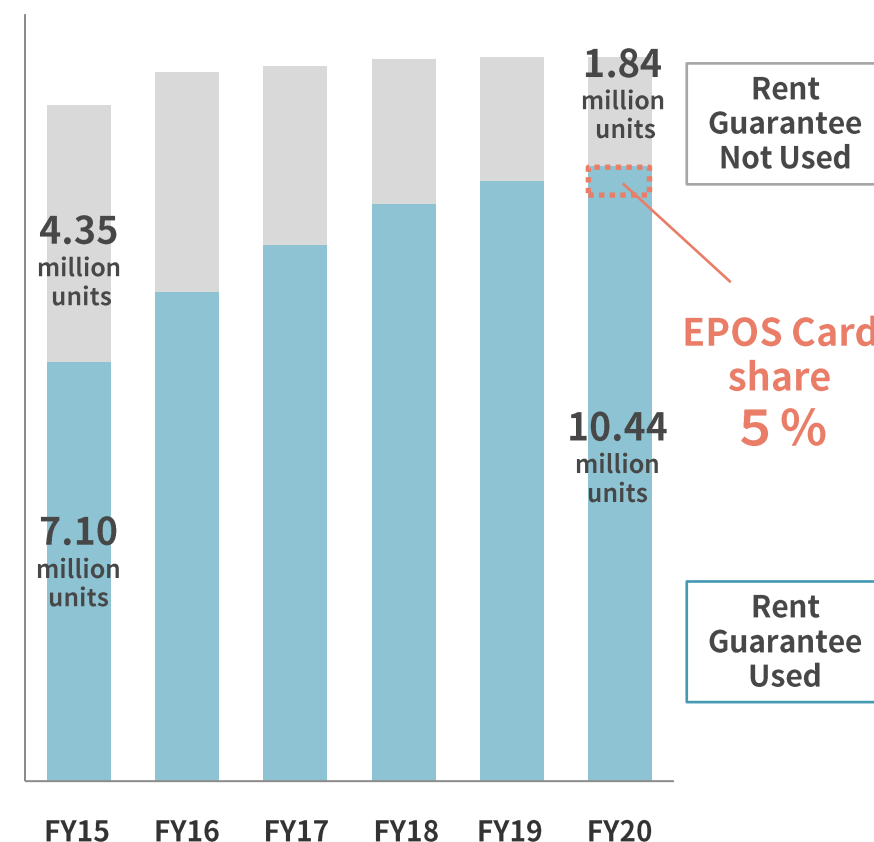
- Eliminates the hassle of finding a guarantor and checking the guarantor's income
- Can earn points by paying rent with an EPOS Card

- 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.

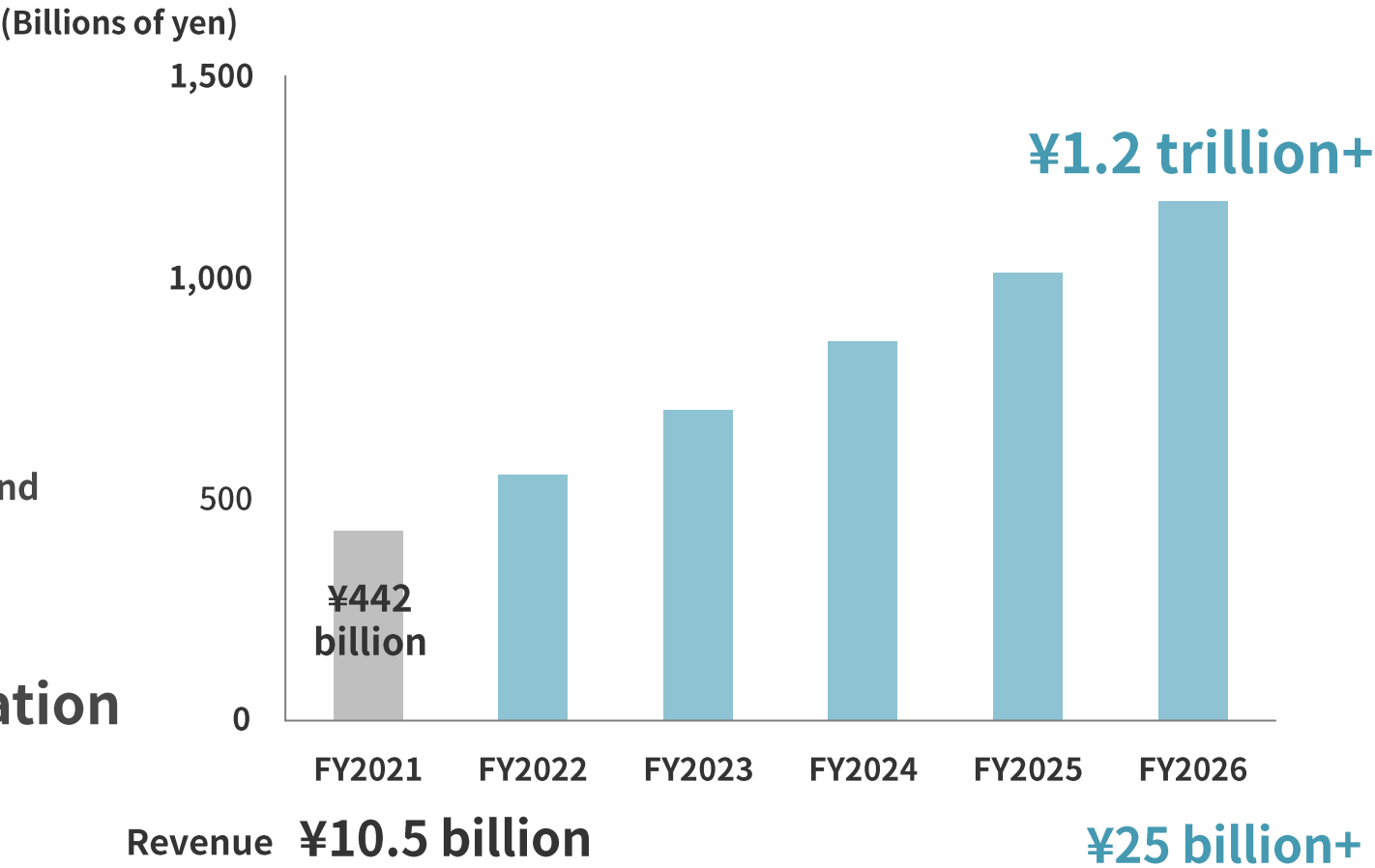
# Maximize EPOS Card payments in household finances : Rent Guarantee Strategy

- 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

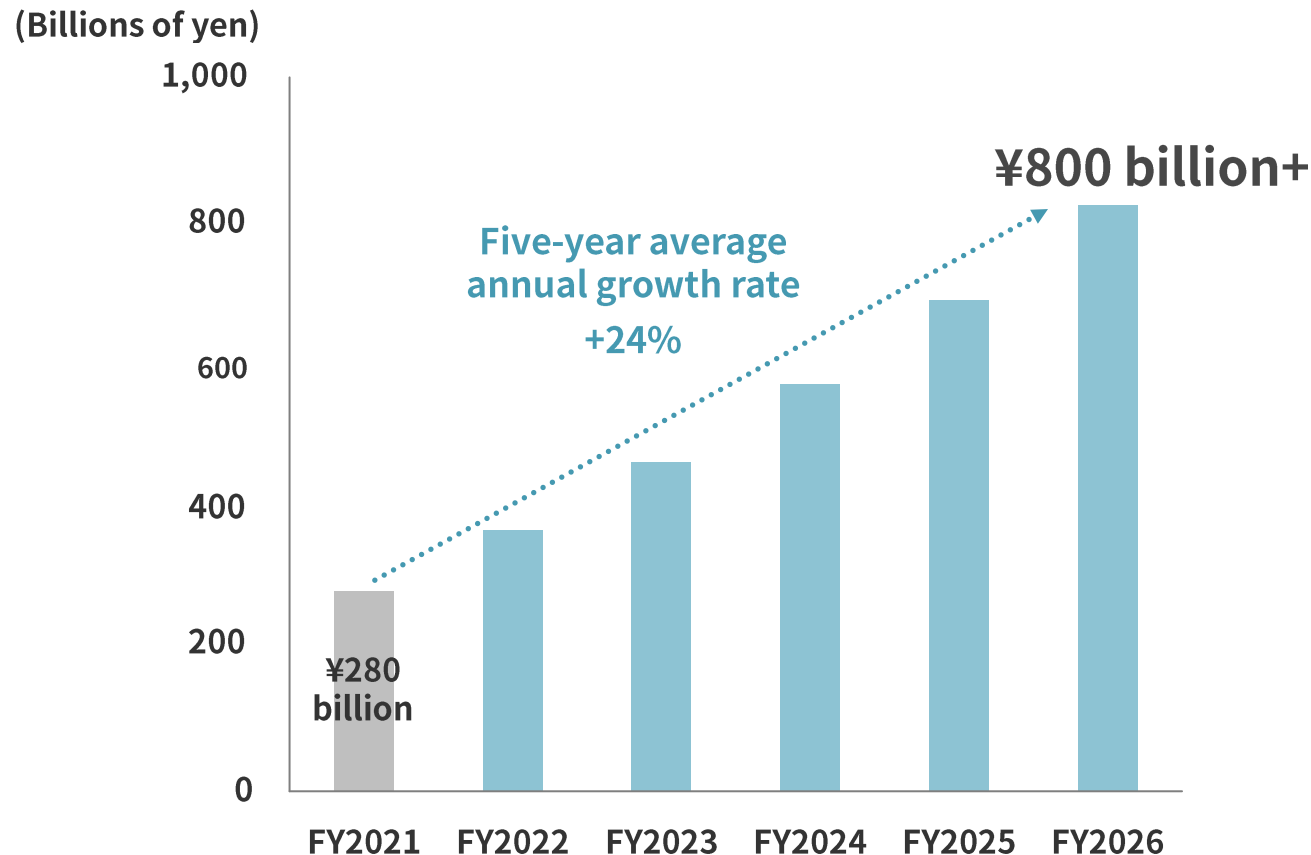
■ Transaction value target



# 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

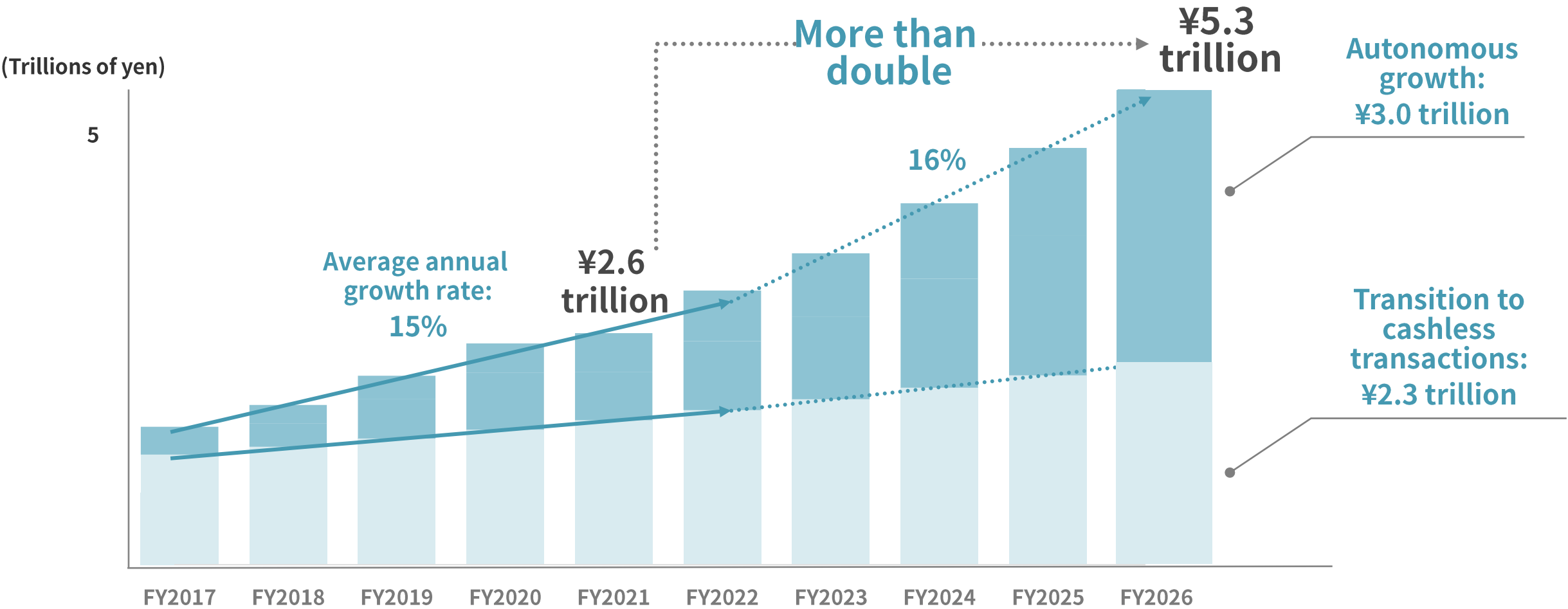
Users: **500,000**

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



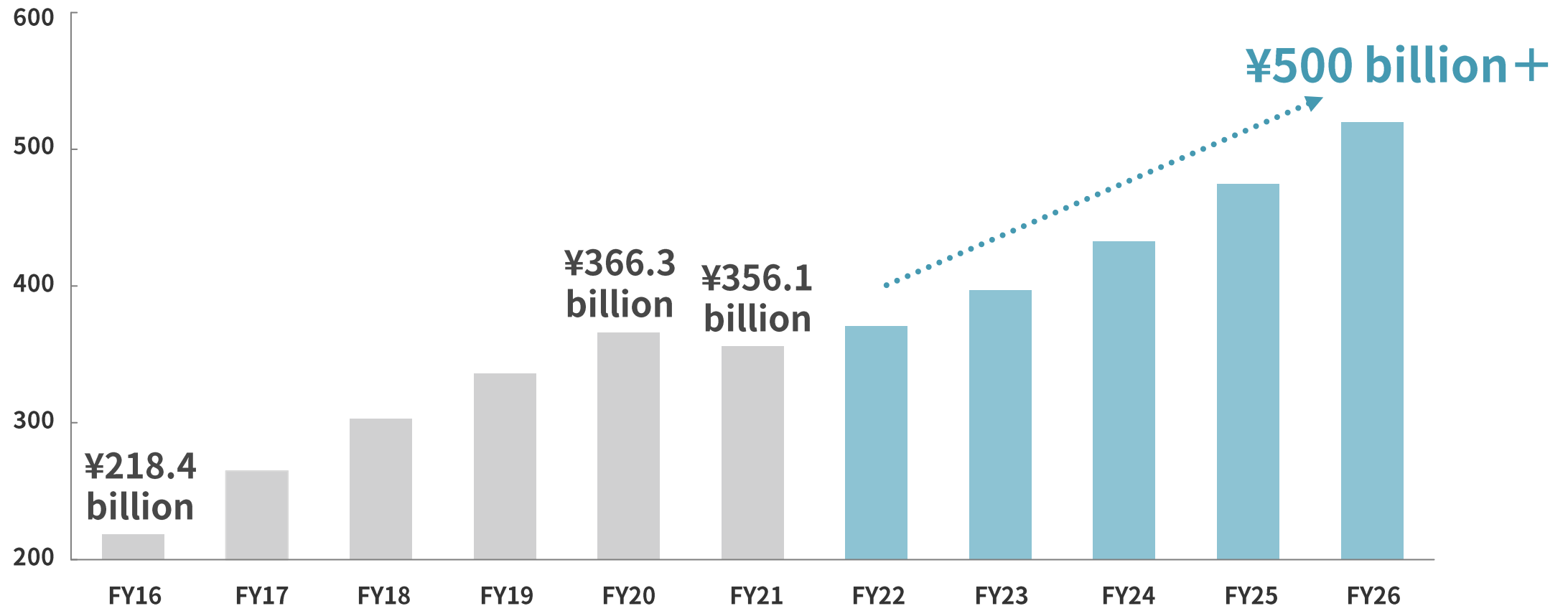
\* EPOS Card transaction value = Shopping + Rent

# 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

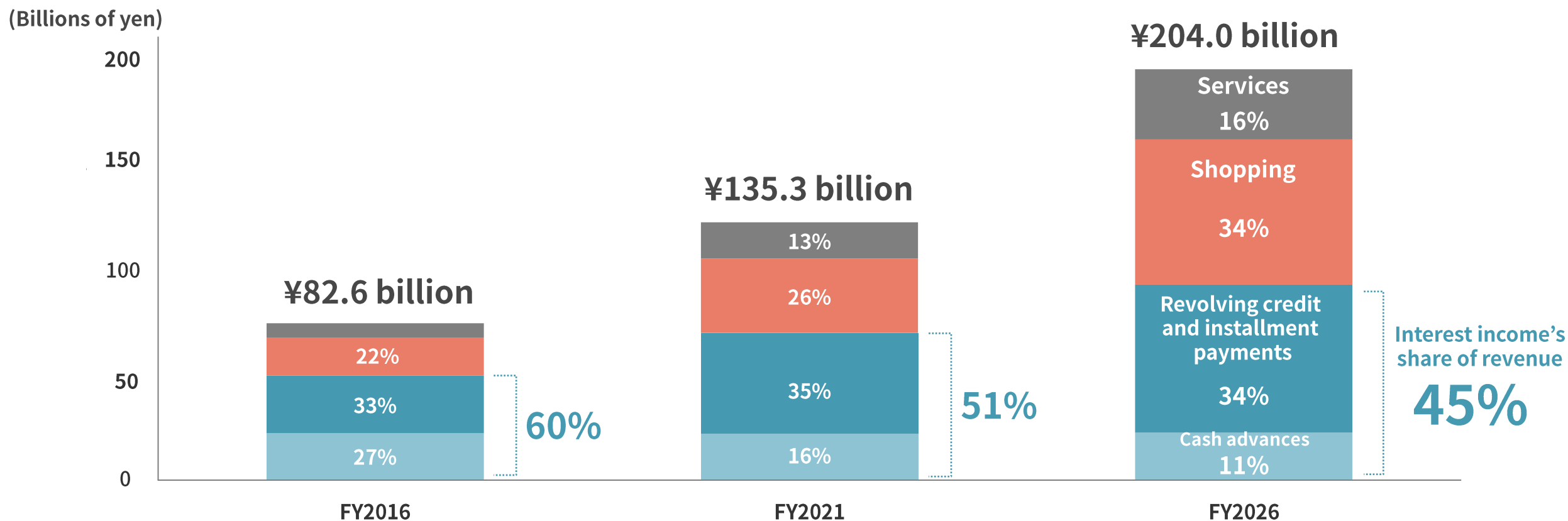
(Billions of yen)



# Revenue Restructuring

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

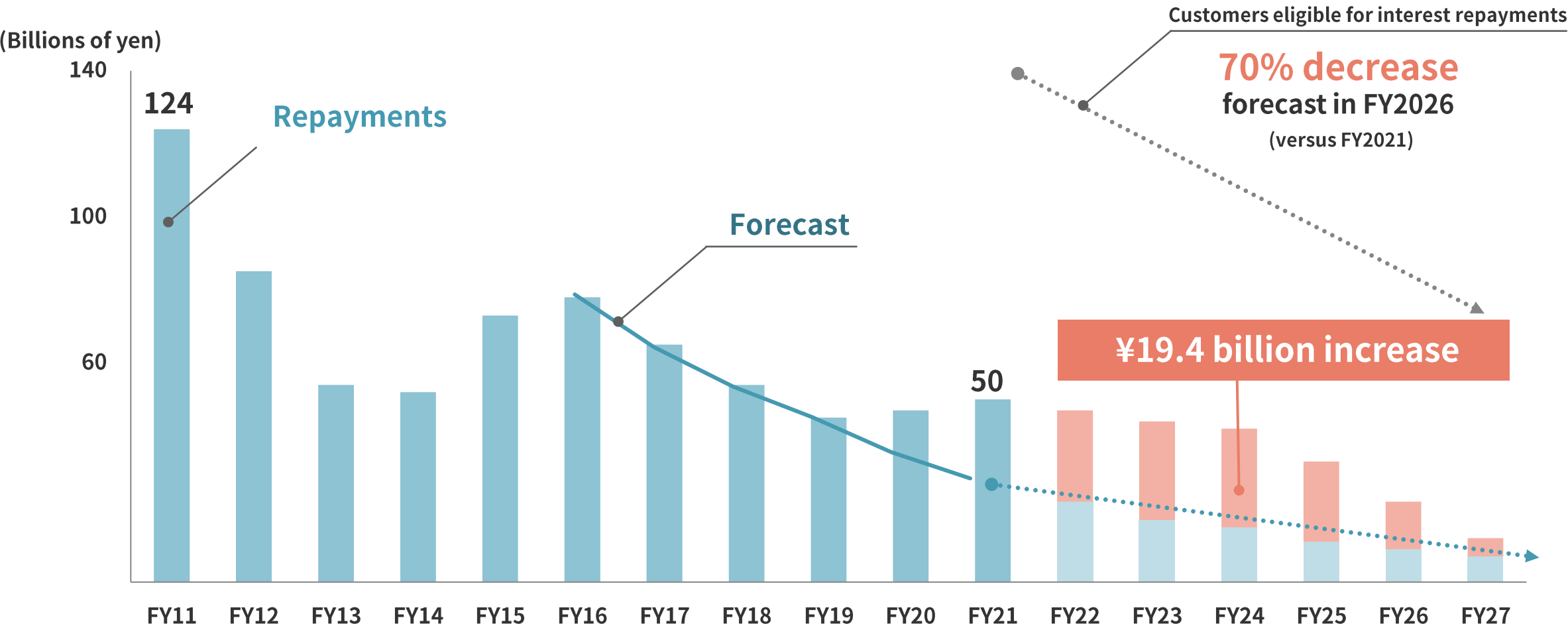
## ■ Revenue structure trends



# 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





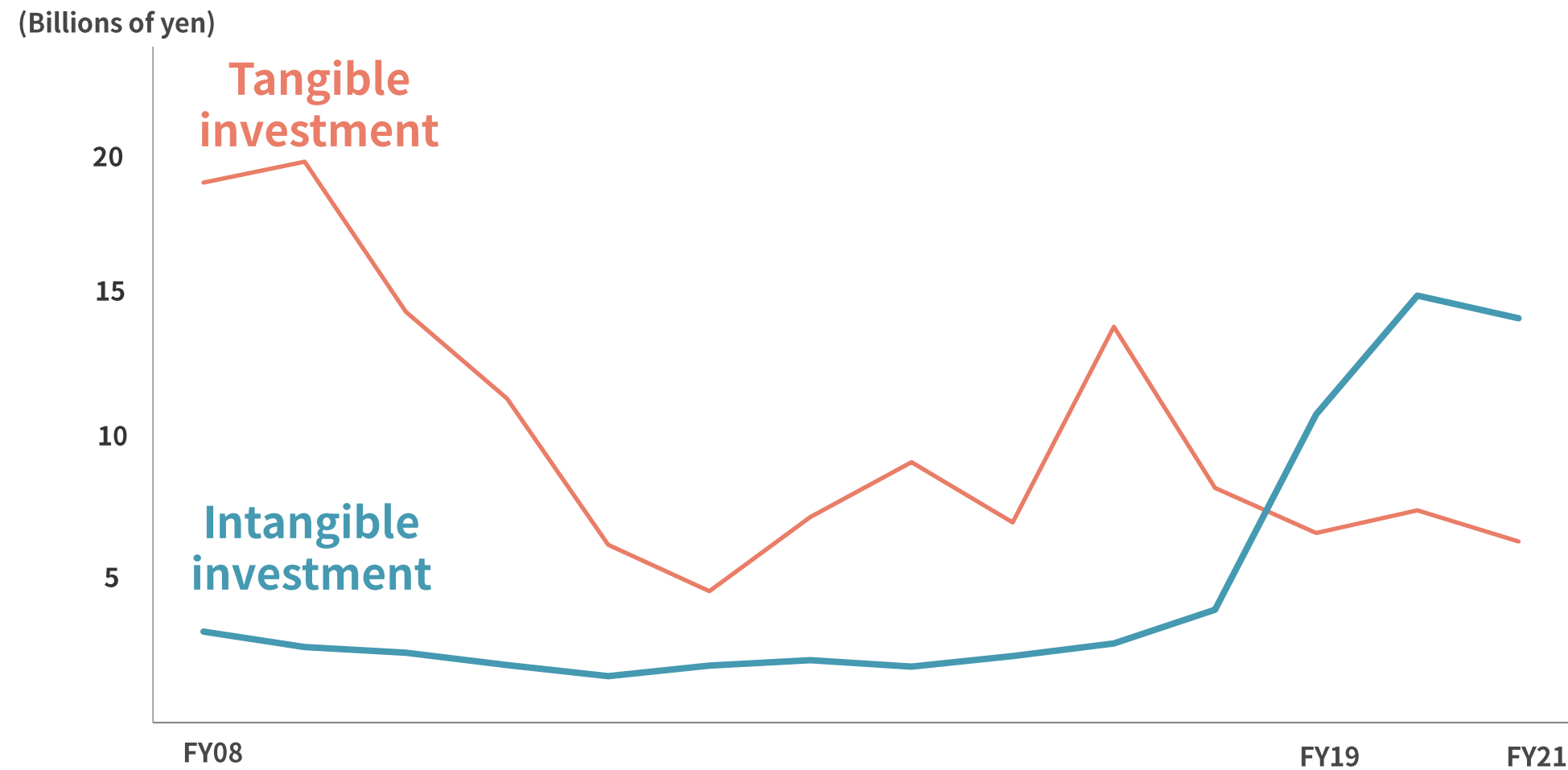


# 5

## Business strategy of investment for the future

# Intangible Investments in MARUI GROUP

- Intangible investment reverses tangible investment after 2019

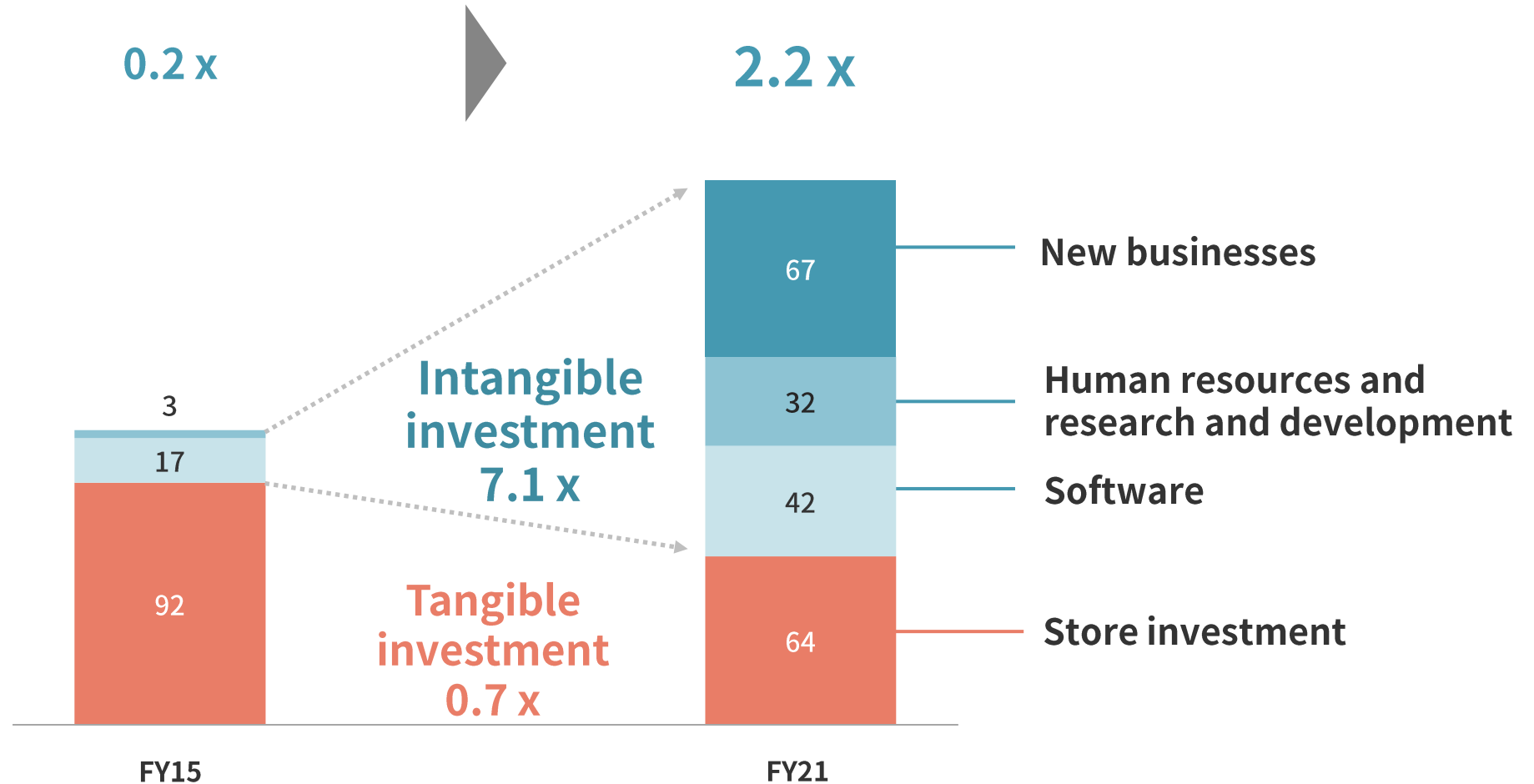


# Breakdown of Investment Destinations

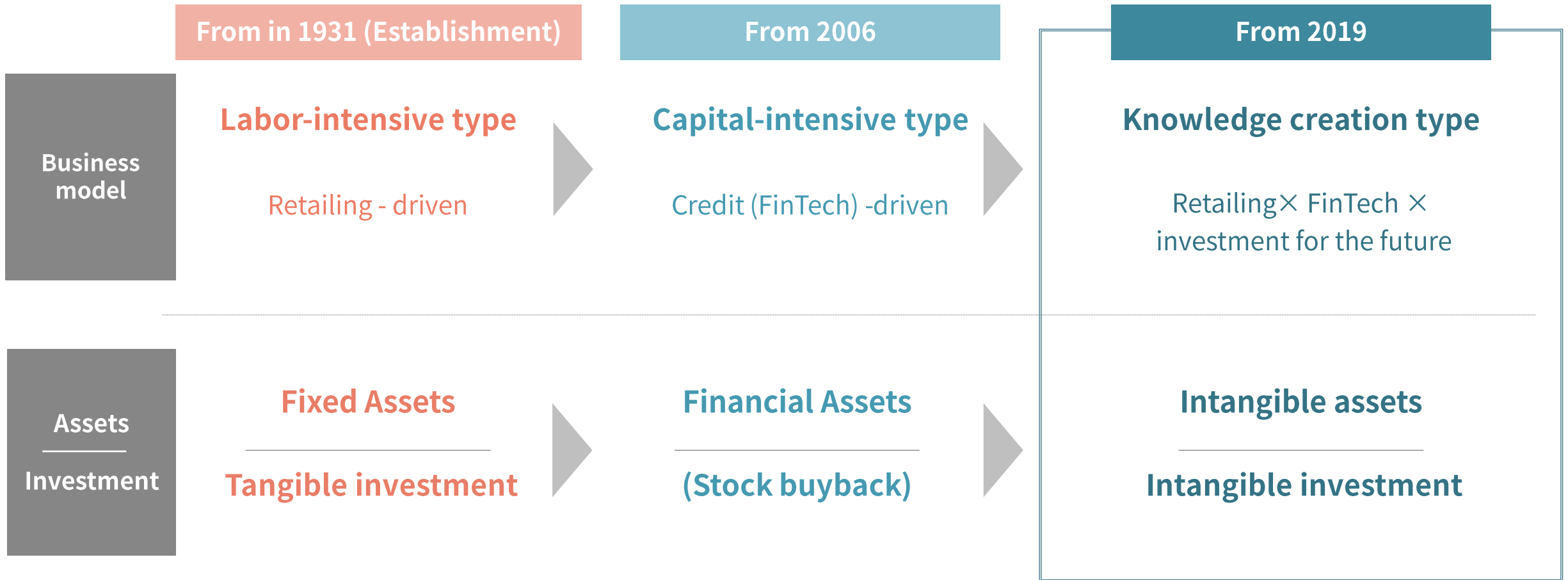
**Intangible investment ratio**  
(Intangible investments / Tangible investments)

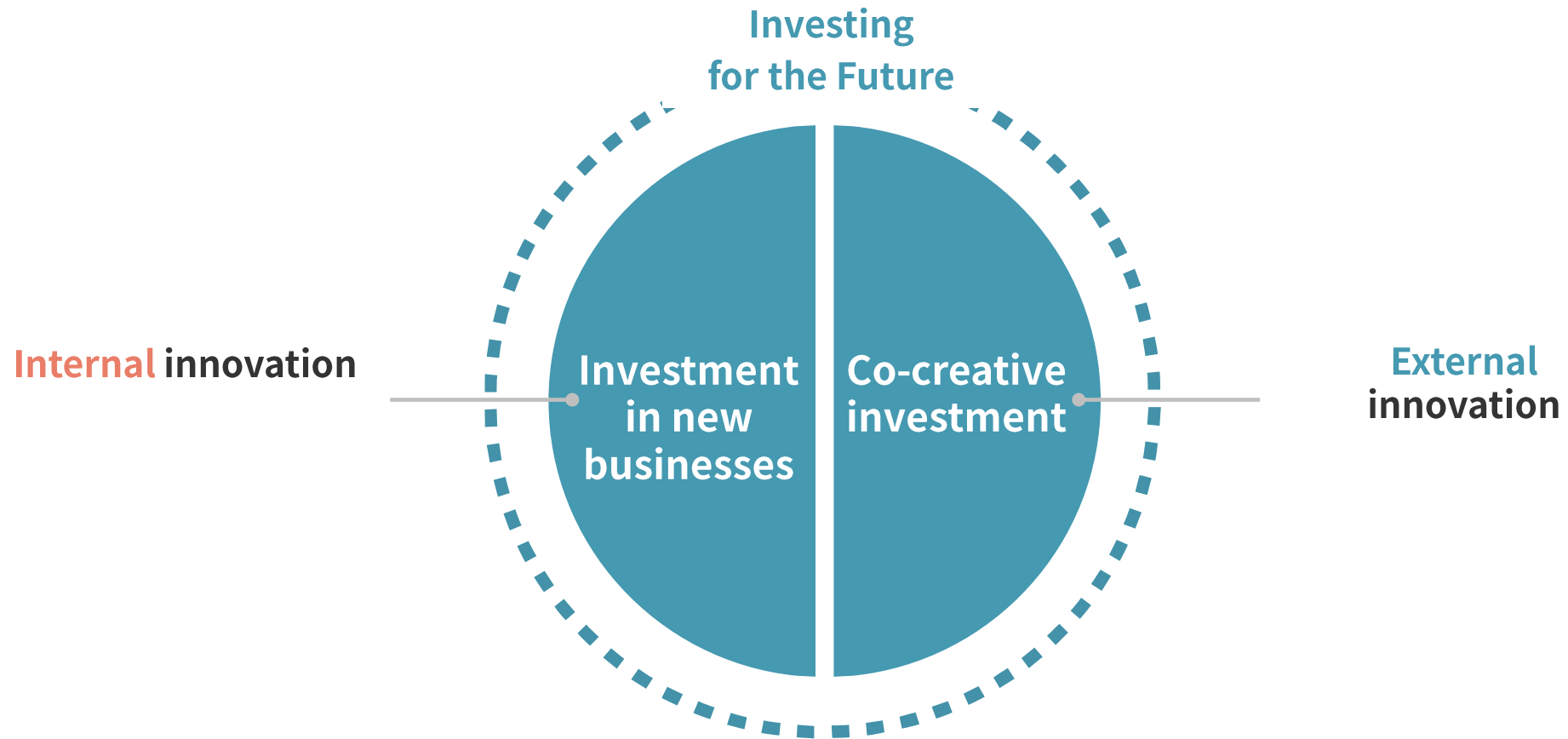
0.2 x

2.2 x



# Direction to be Addressed in the Future





## Enhance both impact and profit

(Sustainability, wellbeing, and DX)

# Investment in New Businesses

- Build a unique and high-barrier business model based on e-commerce while utilizing our strengths in store operations and FinTech



■ Established an incubation company “okos” (April.2021)

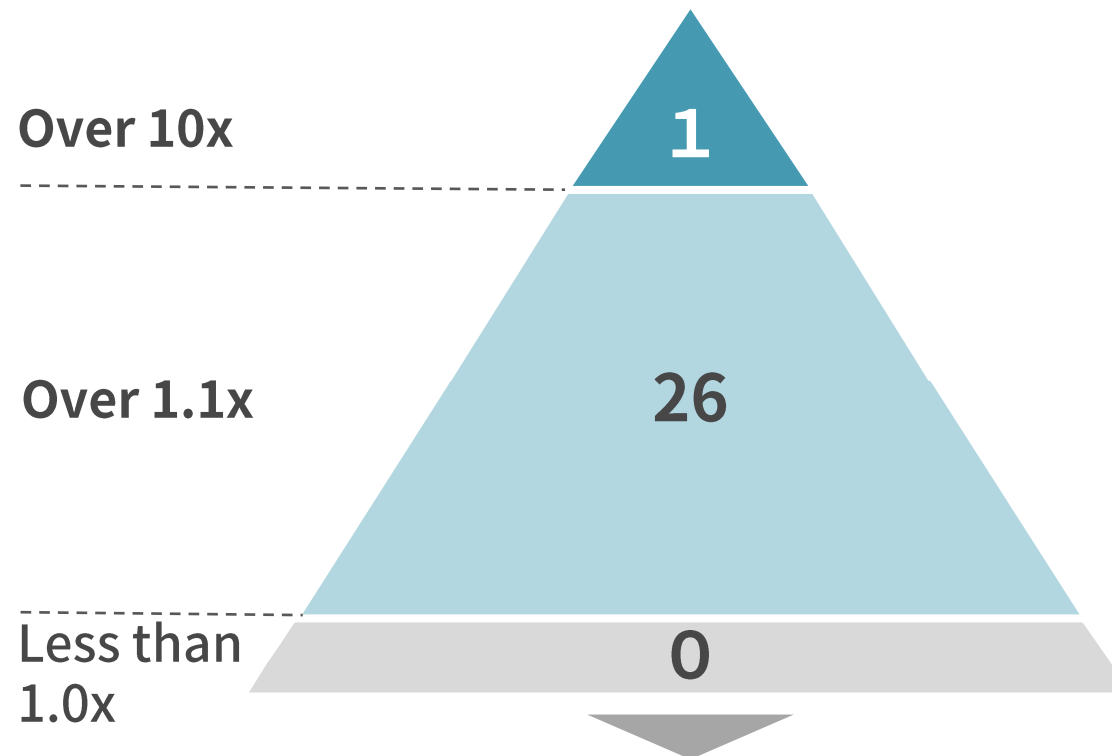


## ■ Breakdown of investment destinations

tsumiki Securities	¥1.9 billion
D2C & Co.	¥1.6 billion
Venture companies ¥12.8 billion	
Fund	¥6 billion

**Total ¥22.3 billion**

## ■ Share price difference between time of investment and most recent procurement of the 27 companies

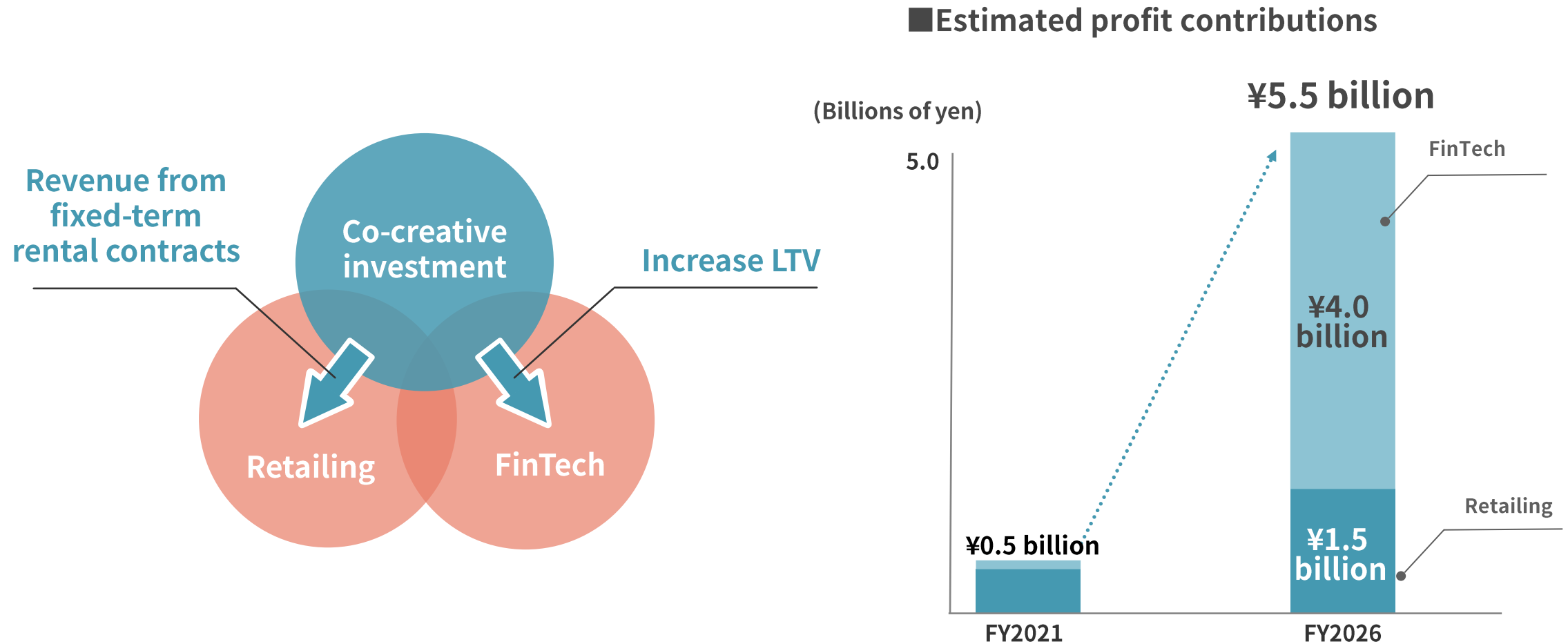


**IRR 71%**

\* IRR: Calculated using most recent procurement price of securities held, assuming that listed shares were sold at the end of each company's fiscal year

# Co-Creative Investment: Synergies with Existing Businesses

- Targeting ¥5.5 billion minimum contribution to Retailing and FinTech in final year of medium-term plan



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



	FY2021	FY2026 (Estimated)
Co-creative investment amount	¥22.3 billion	¥43.0 billion
Balance of investment securities	¥42.1 billion	¥72.0 billion
Unrealized gains	¥13.5 billion	¥37.0 billion
Companies invested in	28	Approx. 70
Listed companies	2	Approx. 20
IRR	71%	20%

## Exit policy

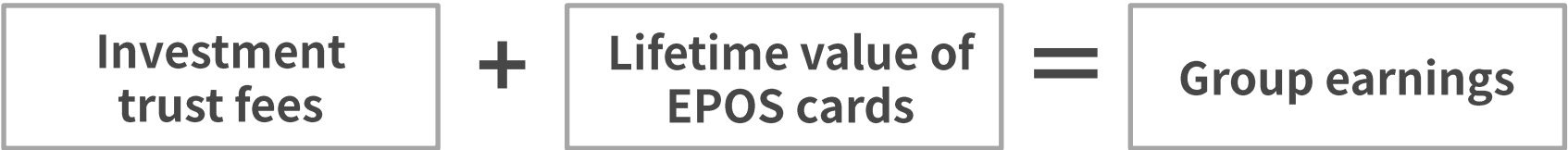
- Decide on case-by-case basis depending on 1: progress with collaboration, 2: business performance, and 3: market conditions
- Distribute 50% of profit from sales to shareholders and reinvest the remainder

■ Services to Be Provided

Who	Younger generations and everyone else
What	Purchases of investment trusts applicable under Tsumitate NISA
How	Credit payment via EPOS cards

Japan’s first scheme for purchasing investment trusts with credit

■ Structure of Earnings

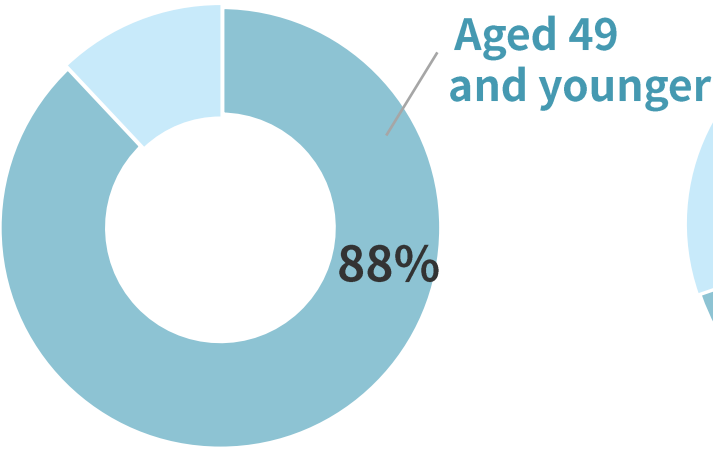


Target ¥1 trillion in balance of assets commence operations in summer 2018

- Support from younger and first time investors won as anticipated
- Started a service that allows you to purchase investment trusts with points, and the number of applications has expanded to 67,000.

■ Applications Received by tsumiki Securities  
over Period from September 2018 to March 2021

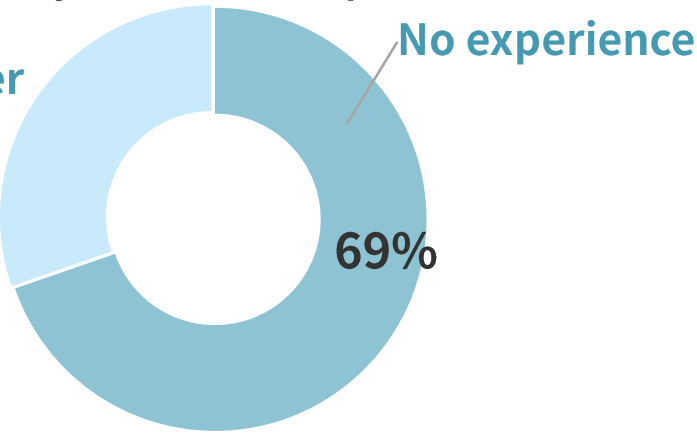
〈Distribution of Applicants by Age〉



(Reference) Ratio of Applicants  
Aged 49 and Younger

Approx. 30% based on survey  
by The Investment Trusts Association  
Approx. 60% at independent fund management companies

〈Distribution of Applicants  
by Investment Experience〉



(Reference) Ratio of Applicants  
with No Investment Experience

Approx. 40% at independent fund  
management companies

〈 Performance Data 〉

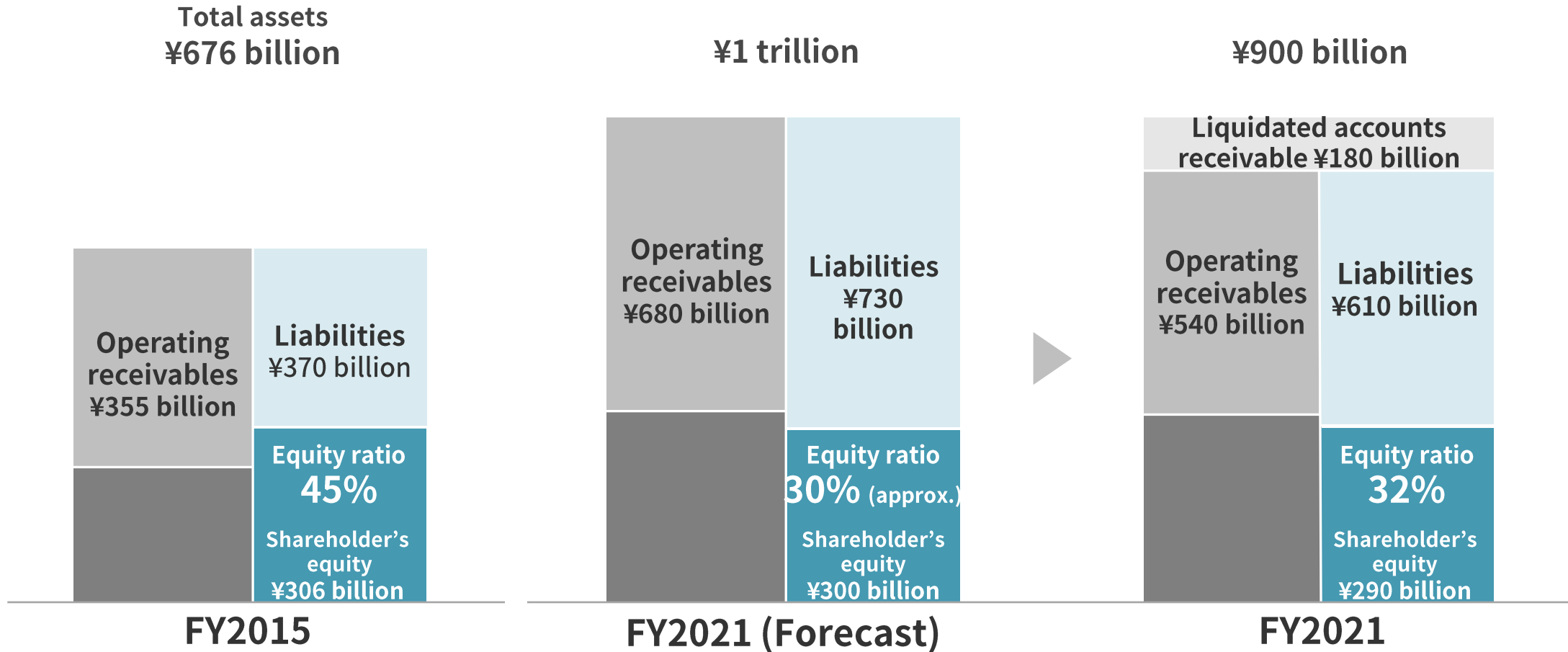
	Performance
Application number	67,000
Active accounts	68%
Average month investments	¥23,000



# 6

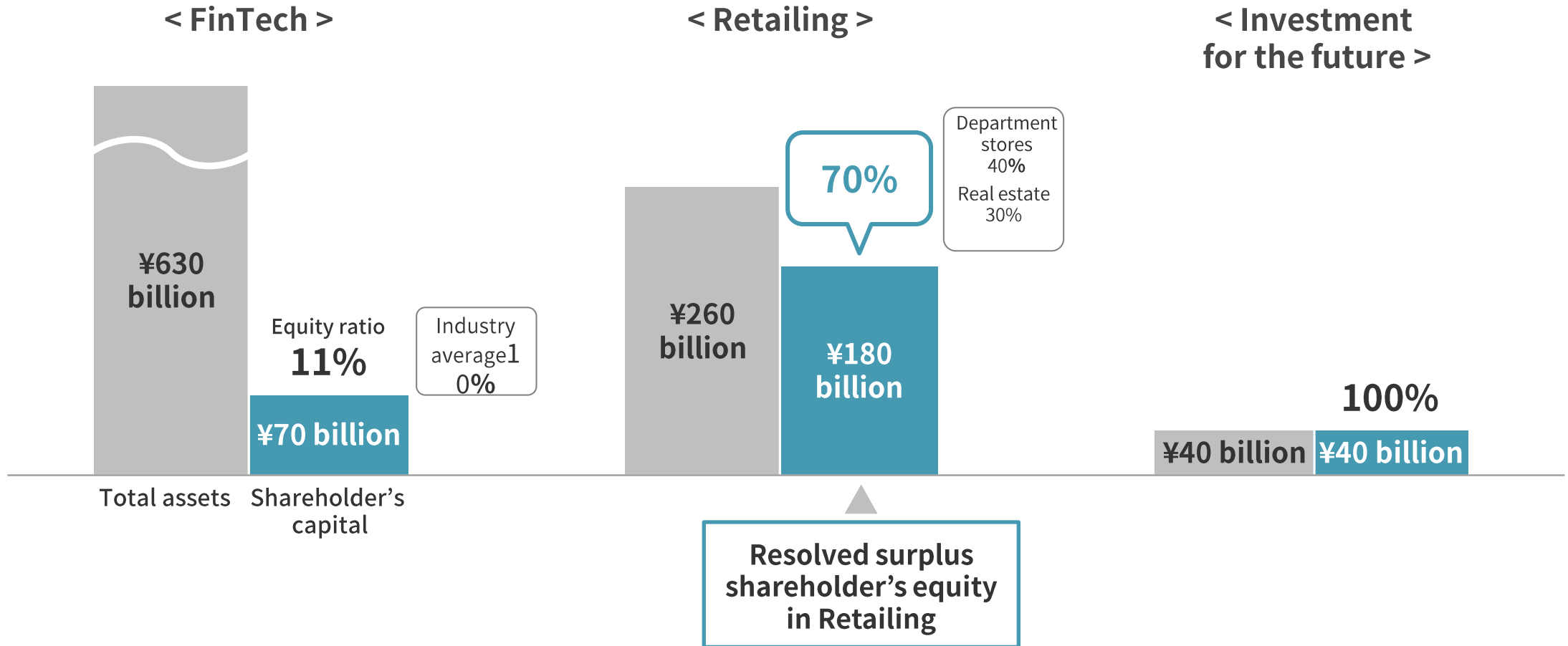
## Capital Measures and Shareholder Returns

- Achieved balance sheet optimization alongside transformation to a FinTech-led business structure



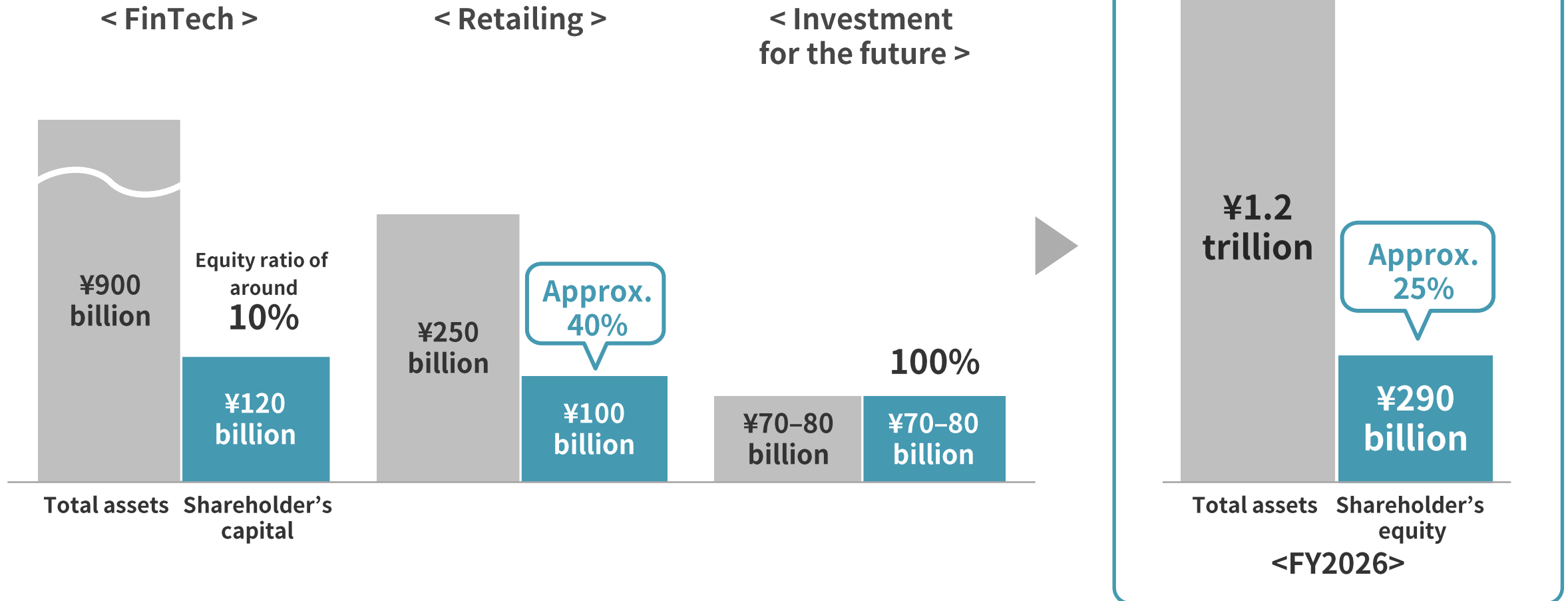
# Balance sheet at End Fiscal 2021

- Retailing became stabilized after transition to fixed-term rental contracts, but equity capital remains at high level



# Image of Optimal Capital Structure

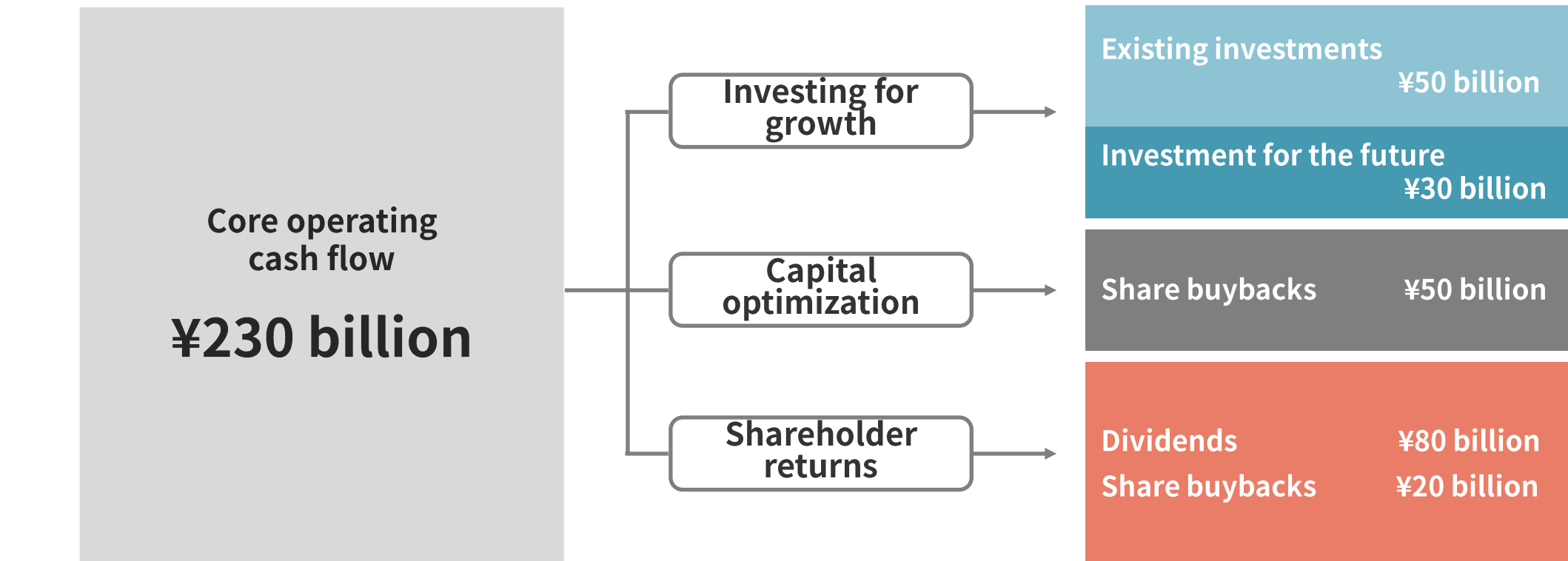
- Targets based on equity ratio of around 25%



# Capital Allocation

- Allocate ¥80 billion to investing for growth (including investment for the future), ¥50 billion to share buybacks for capital optimization, and ¥100 billion to shareholder returns

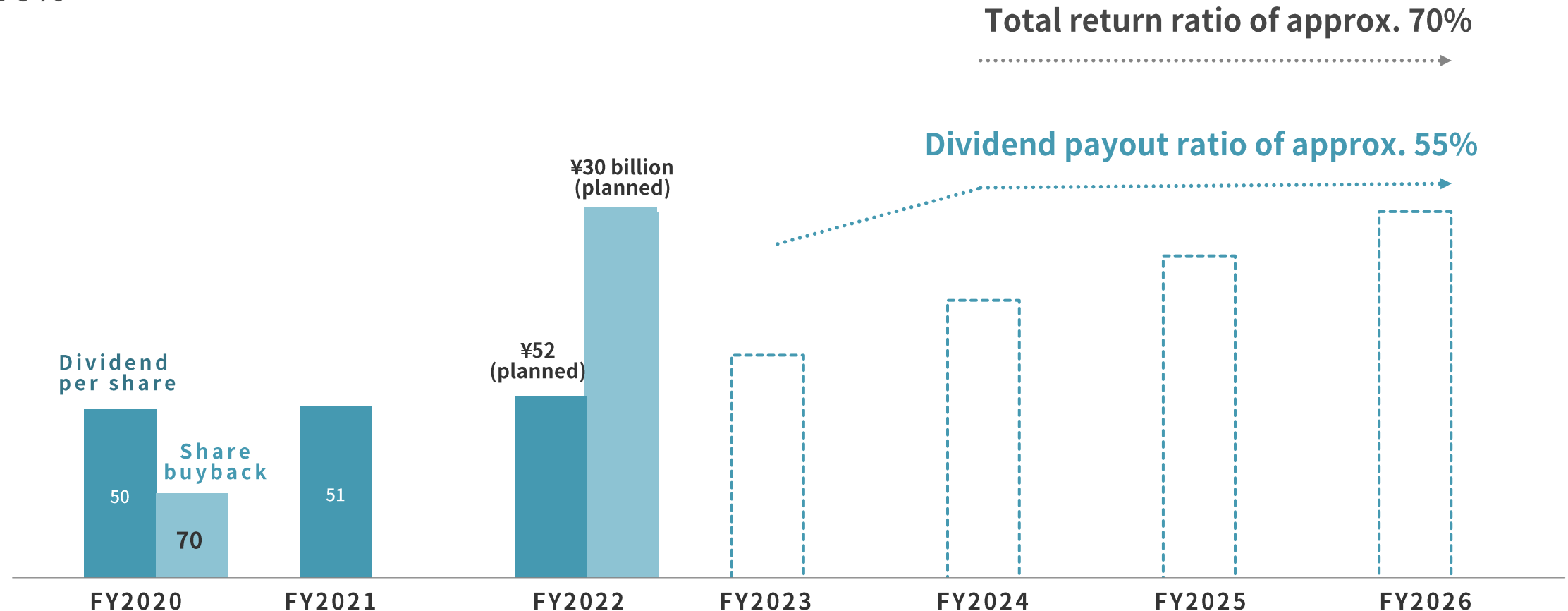
## ■ Capital allocation plan (Fiscal 2022–2026)





# Dividends and Share Buybacks

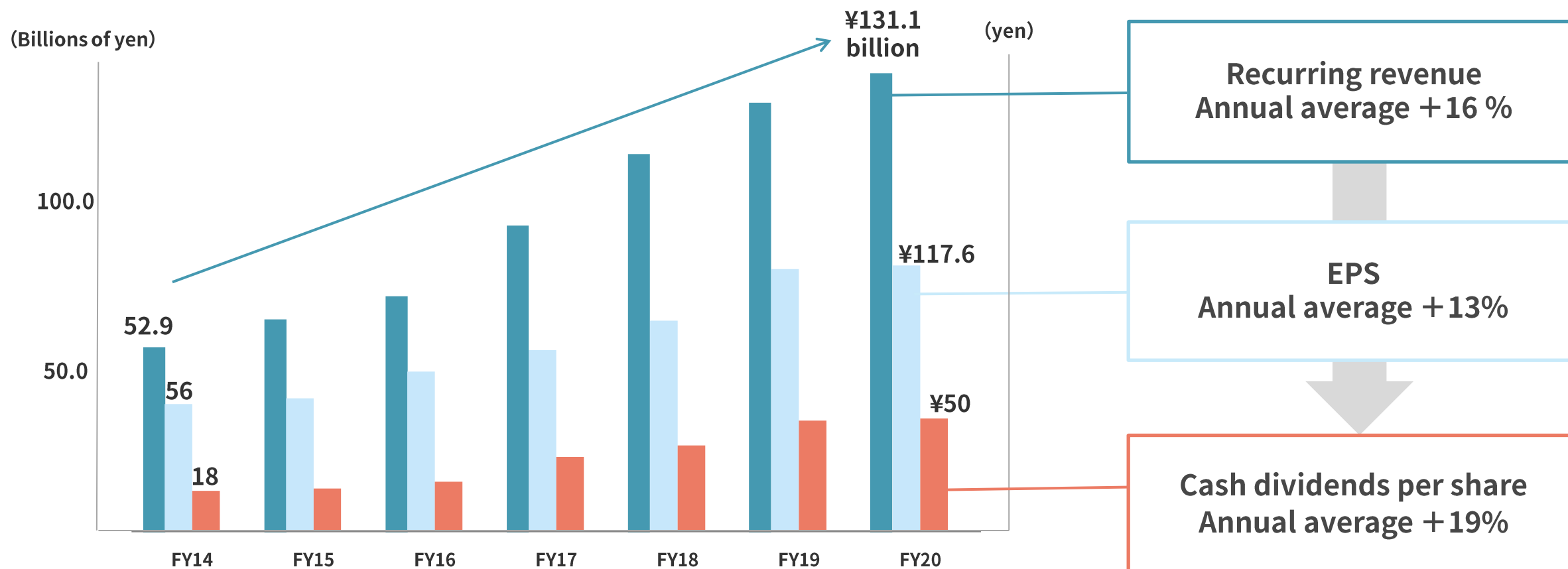
- Forecasting dividend per share of ¥52 (+¥1 YoY) and ¥30 billion share buyback for capital optimization in FY2022
- To continue stable dividend payments based on dividend payout ratio of 55% and total return ratio of 70%



# For corporate value improvement

- Dividend increase rate exceeds EPS growth rate thanks to recurring revenue increased the certainty of future cash flows

## ■ Recurring Revenue, EPS and Dividends



\* Recurring revenue based on total gross profit



# 7

## Impacts

# Analysis of Operating Environment

## (Global Operating Environment 30 Years in the Future)

### Population Trends

- Global population of approx. **10 billion** in 2050
- Population of emerging countries **71%** higher than in 2000
- Concentration of populations in urban areas (expansion of megacities)

### Climate Change and Resource Depletion

- **1°C–2°C** rise in average global temperature in comparison to 2000
- Increased demand for food, water, and energy
- Shift toward clean energy

### Economic Climate

- Deceleration of global economic growth
- Emergence of **China** and **India** as **No. 1** and **2** GDP leaders
- Approx. **40%** of global GDP attributable to China and India

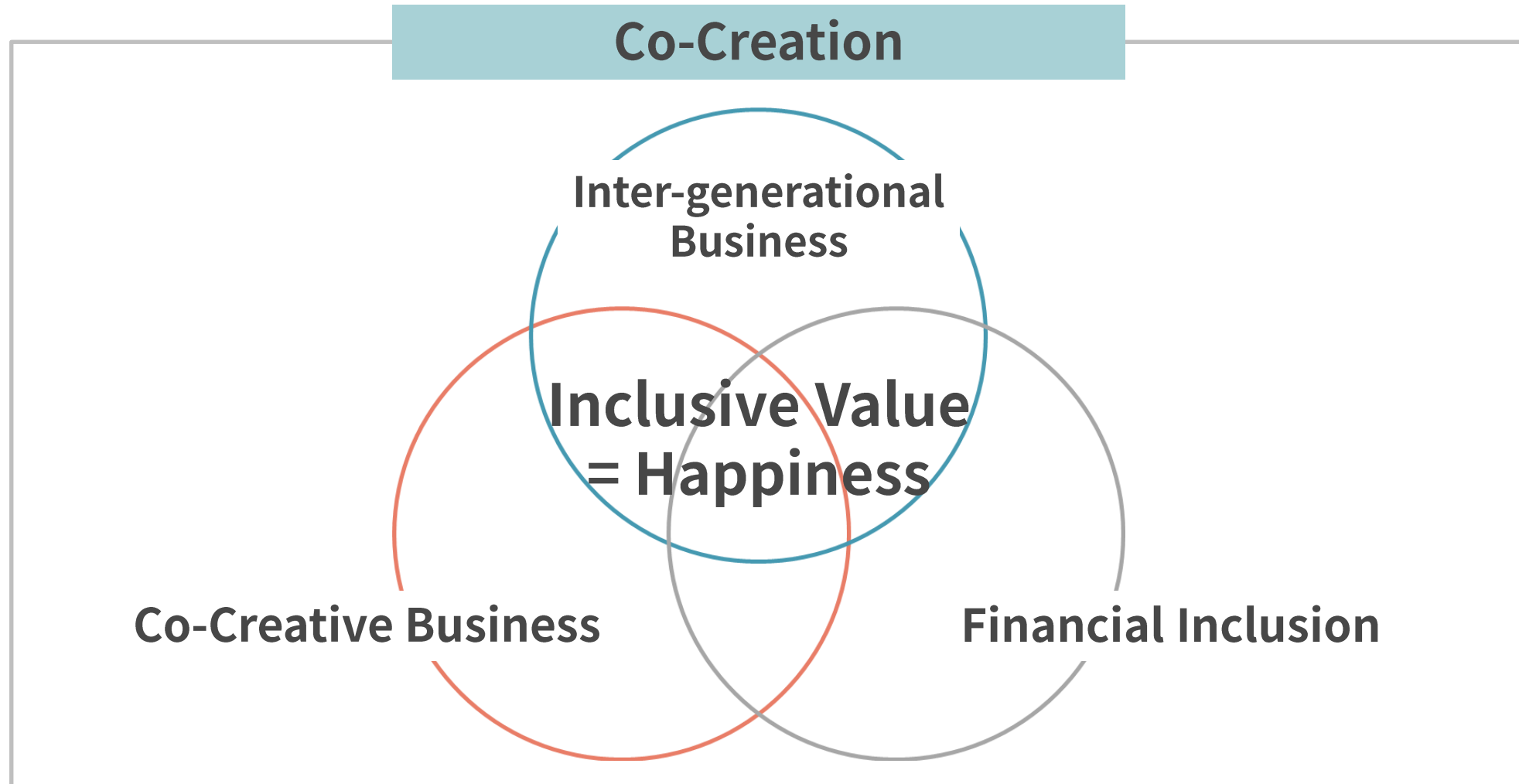
### Technological Progress

- **More than 50%** of global population connected to the Internet
- Further spread of IoT
- Evolution of AI

## ■ Inter dependent world

	Realty	Ideal
Balance between individuality and coexistence	<ul style="list-style-type: none"> <li>• <b>Opposition</b> based on nationality and ethnicity</li> <li>• <b>Globalism vs. nationalism</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increased diversity</b> and dilution of concept of minorities</li> <li>• Connections <b>transcending traditional dichotomies</b> while valuing individuality</li> </ul>
Global income disparity	<ul style="list-style-type: none"> <li>• Rising wages in developing countries, increasing <b>economic disparity</b> in developed countries</li> <li>→ <b>Wealthy vs. low-income individuals</b> on a global scale</li> </ul>	<ul style="list-style-type: none"> <li>• Business opportunities catering to <b>both low- and middle-income individuals</b> creating a massive global market</li> </ul>
Coexistence with the natural environment	<ul style="list-style-type: none"> <li>• Inability for environment to support traditionally high production and consumption levels</li> <li>→ <b>Population growth vs. resource depletion</b></li> </ul>	<ul style="list-style-type: none"> <li>• Survival only by businesses that <b>coexist with the natural environment</b></li> <li>• Renewable energy and circular economies as the norm</li> </ul>

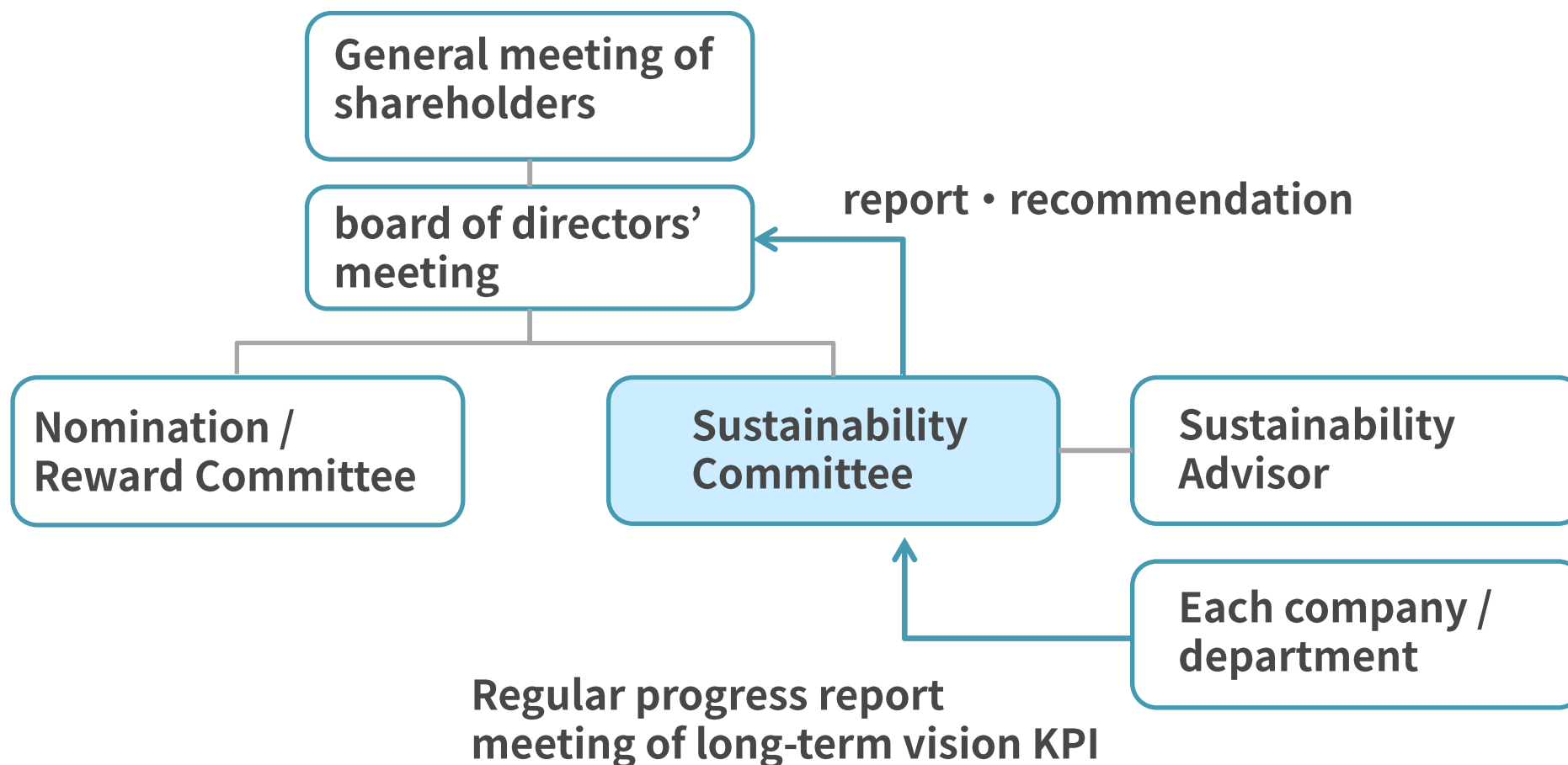
## Harnessing the power of business to build a world that transcends dichotomies



# Action so far: Established Sustainability Committee

- Discuss sustainability strategies and initiatives for the entire group at the management level

## ■ Organization Chart



# Action so far: External evaluation of ESG

- We will continue to make efforts and disclose appropriate information, and receive evaluations from various organizations
- No. 1 in Bloomberg’s ESG disclosure rankings for both global retail and all domestic industries

## ■ Main external evaluations

### [ DJSI World Index ]

Included in DJSI World Index in 3rd consecutive year

World's No. 1 score in the retail field



### [ S & P Global Sustainability Award ]

The only gold class in the retail sector



### [Selected as one of the four ESG indicators selected by GPIF]



5th consecutive year

2020 CONSTITUENT MSCIジャパン  
ESGセレクト・リーダーズ指数

2020 CONSTITUENT MSCI日本株  
女性活躍指数 (WIN)

5th consecutive year



## ■ Bloomberg ESG Disclosure Company Ranking (FY2020)

	World retail sector	Domestic all industry
1	MARUI GROUP	MARUI GROUP
2	A (France)	F (machinery)
3	B (Mexico)	G (machinery)
4	C (South Africa)	H (security)
5	D (US)	I (Communication)



## ■Switch renewable energy to 100% by 2030



- Joined RE100 (July. 2018)
- FY21: 52% (15 stores • 5 offices)
- Considering direct procurement from renewable energy power plants by registering as a retail electric power company of a group company

## ■Providing sustainable choices



Achieves power traceability with unique blockchain technology

- We recommend switching to renewable energy for the Marui Group’s customer base through a capital and business alliance with Minna-Denryoku (Dec.2018).

## ■Promote disclosure of financial impact information



- Agree with TCFD (Nov. 2018)
- Described in the securities report (FY19~)

**Risk:**  
about ¥8.0 billion

Physical risks  
Business suspension  
due to flood, etc.

About ¥5.0 billion

Transition risks  
Cost increase / tax  
increase, etc.

About ¥3.0 billion

**Opportunity:**  
about ¥10.0 billion

Increased card profits through  
co-creation with electricity  
retailers, etc.

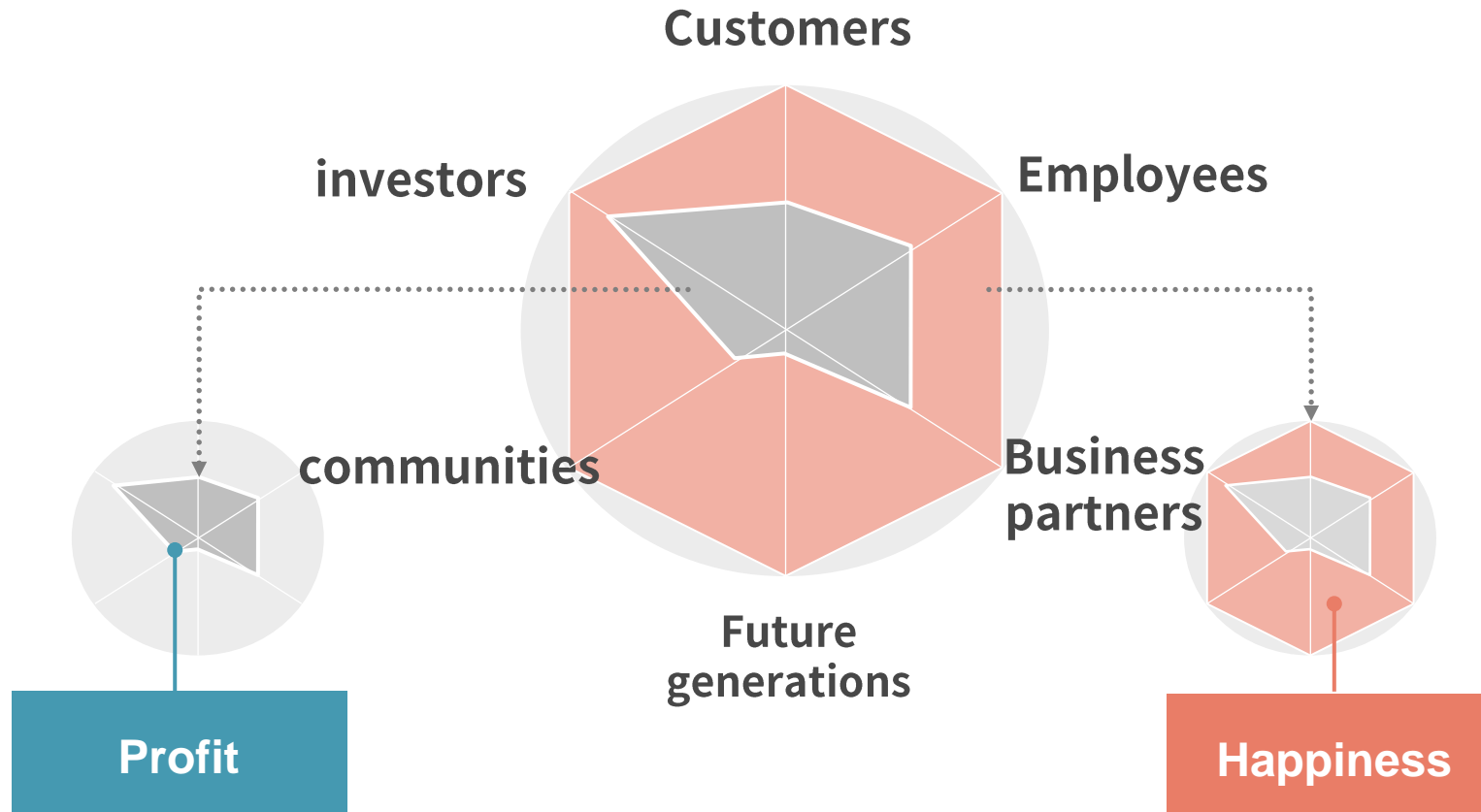
About ¥7.5 billion

Entry into the electricity retail  
business and exemption from  
carbon tax, etc.

About ¥2.5 billion

# Values that Stakeholders Seek: Profit and Happiness

- We will pursue the growth of corporate value through harmony between the interests and happiness of all stakeholders



	Priorities	Approach
Work together with future generations to create the future	Help realize a carbon-neutral society	Reduce societal CO <sub>2</sub> emissions through co-creation with customers
	Help realize a circular economy	Reduce societal waste volume through co-creation with business partners and customers
Work together to bring happiness to individuals	Support self-actualization of individuals	Provide financial services based on credit co-creation
	Support individuals in pursuing their interests	Support entrepreneurs in future generations
		Create new businesses and engage in co-creative investment
Build a co-creation platform	Provide venues for co-creation	Create affinity cards
		Utilize stores as venues for co-creation
	Facilitate open working styles for those in and outside the company	Utilize cards as tools with which to engage in co-creation
		Practice open innovation
		Foster an innovative organization



# 8

## Numerical Goal

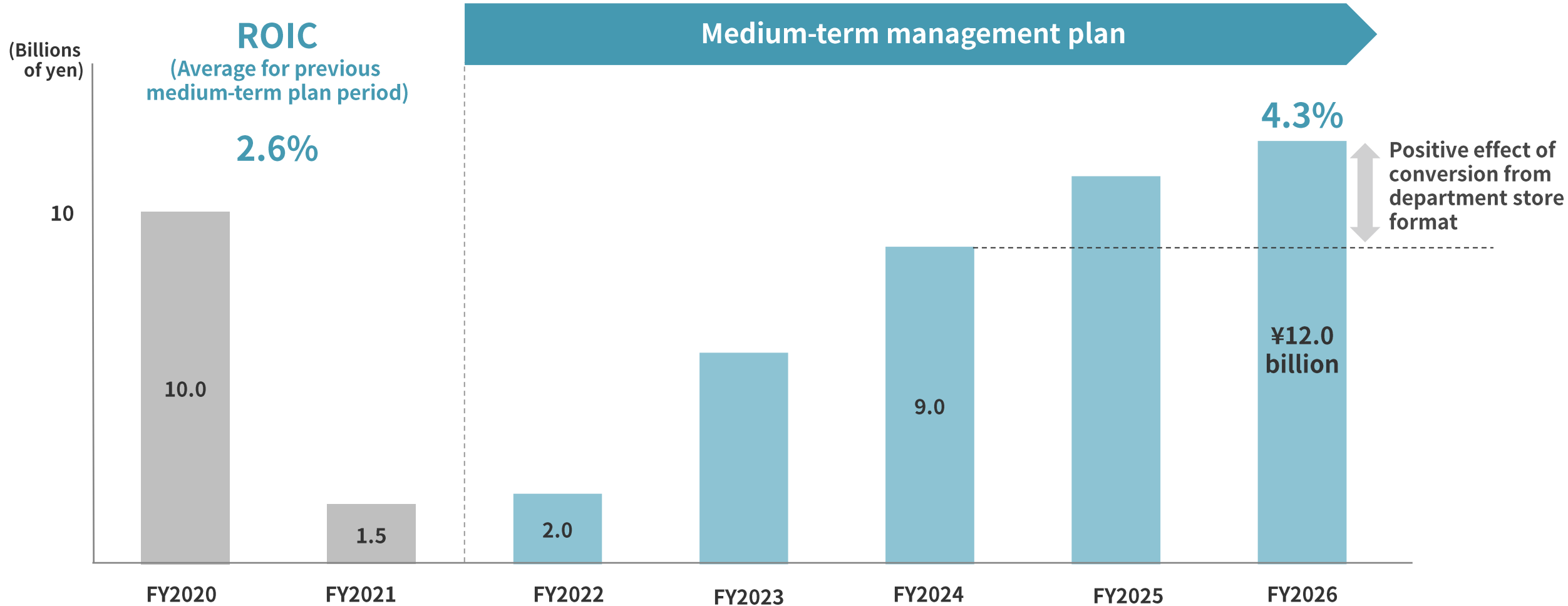
# Consolidated operating income forecast

- Target consolidated operating income of ¥60.0 billion in final year of medium-term plan

	FY2020	FY2026	Change from FY2020	Difference from FY2020
	Billions of yen	Billions of yen	%	Billions of yen
Retailing	10.0	12.0	120	2.0
FinTech	38.4	53.0	138	14.6
Investing for the future	—	2.0	—	—
Eliminations/Corporate	-6.5	-7.0	—	-0.5
Consolidated	41.9	60.0	143	18.1

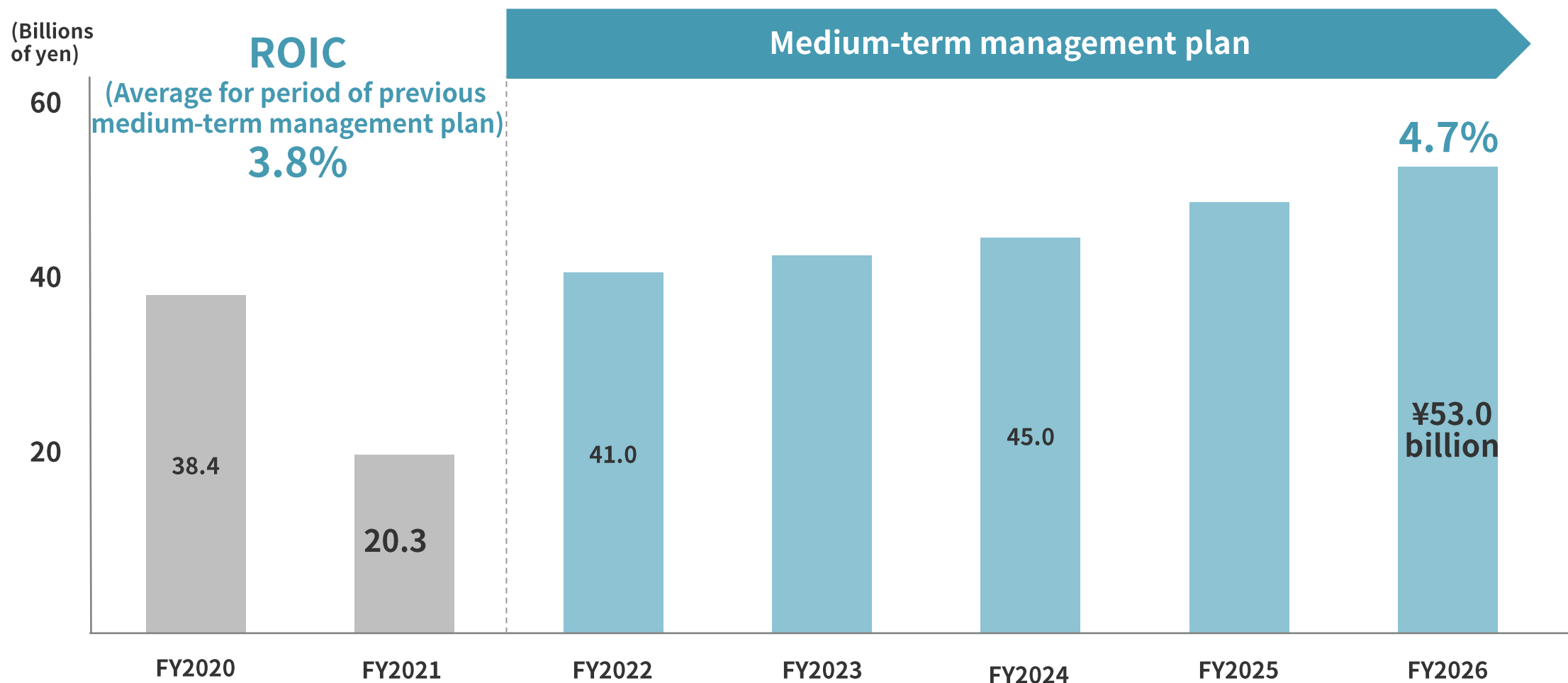
# Retailing segment: Operating income and ROIC forecast

- Forecasting operating income of ¥12.0 billion in final year of medium-term management plan



# FinTech: Operating income and ROIC forecast

- Forecasting operating income of ¥53.0 billion, ROIC 4.7% in final year of medium-term management plan



# Capital efficiency

- ROE in final year of medium-term management plan forecast to exceed cost of capital at 13%

	FY2020	FY2024	FY2026	Versus FY2020
EPS (¥)	117.6	140.0	200.0	82.4
ROE (%)	8.8	10.0	13.0	4.2
Capital costs (%)	6.9	8.0	8.0	1.1
ROIC (%)	3.7	3.8	4.0	0.3
WACC (%)	3.0	3.4	3.4	0.4



# Main KPIs (Fiscal 2026)

Impact	CO <sub>2</sub> emission reduction volume			1 million tons or more
	Help facilitate environment-friendly lifestyles			(Customers) 1 million people or more
	Provide financial services based on credit co-creation			(Customers) 4.5 million people or more
	Support individuals in pursuing their interests			(Customers) 3.5 million people or more
	Number of new businesses created	(Cumulative total)	20 or more	
	Number of co-creation projects with members of future generations	(Cumulative total)	150 or more	
Financial indicators	EPS ¥200 or higher	ROE 13.0% or higher	ROIC 4.0% or higher	



# 9

## References materials

# Retailing Segment KPIs (Fiscal 2026)

## Impact

CO2 emission reduction volume

100,000 tons or more

Help facilitate circular consumption options

600 or more

Hold events throughout the year

5,000 or more

Utilize stores with co-creative investees

250 or more

## Financial indicators

ROIC 4.3% or more

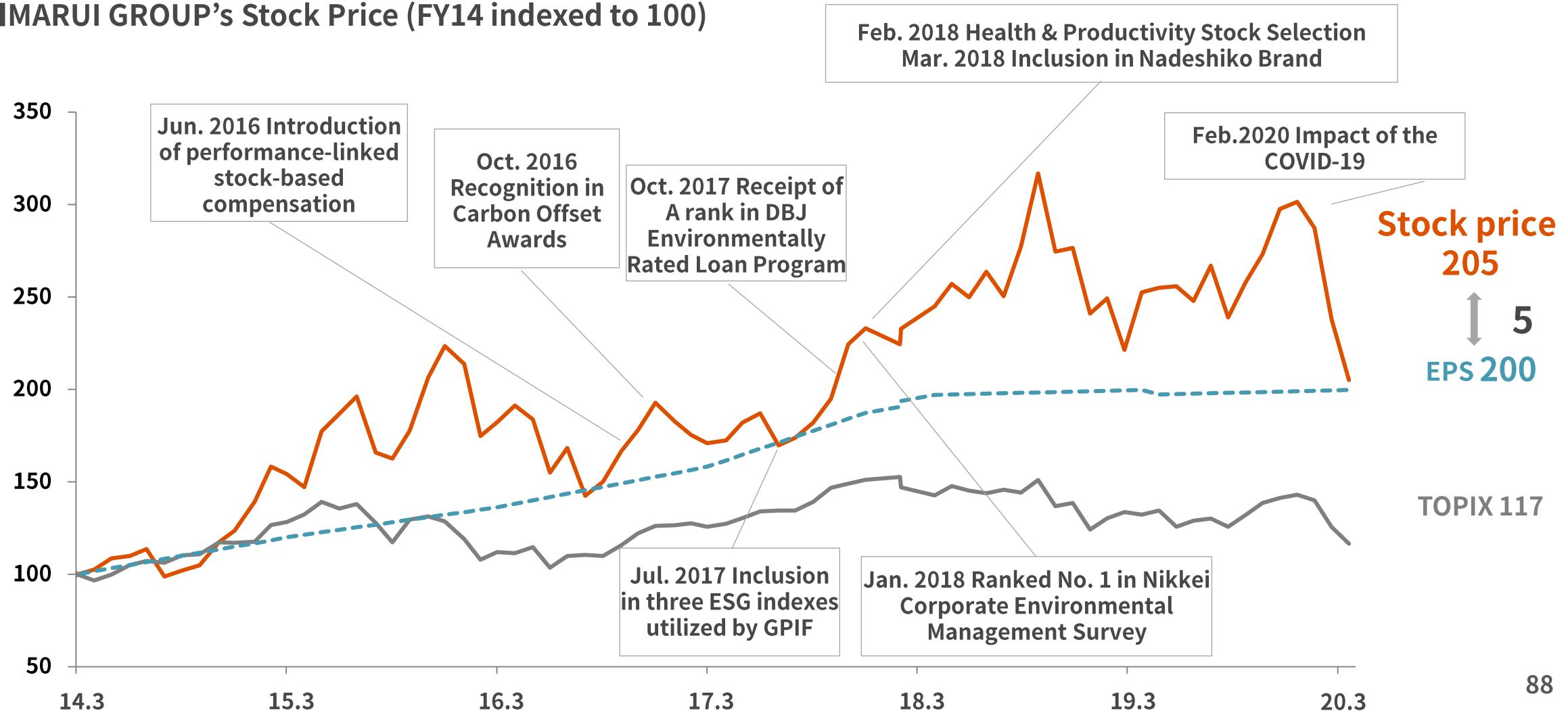
Operating income ¥12 billion or more

Impact	Minna-Denryoku customers	500,000 or more
	Financial services for young people	4 million people or more
	Cardholders	8.5 million or more
	Content cardholders	1 million or more
	Non-Japanese cardholders	200,000 or more
Financial indicators	ROIC 4.7% or more	Operating income ¥53 billion or more

# Improvement of Corporate Value through ESG Initiatives

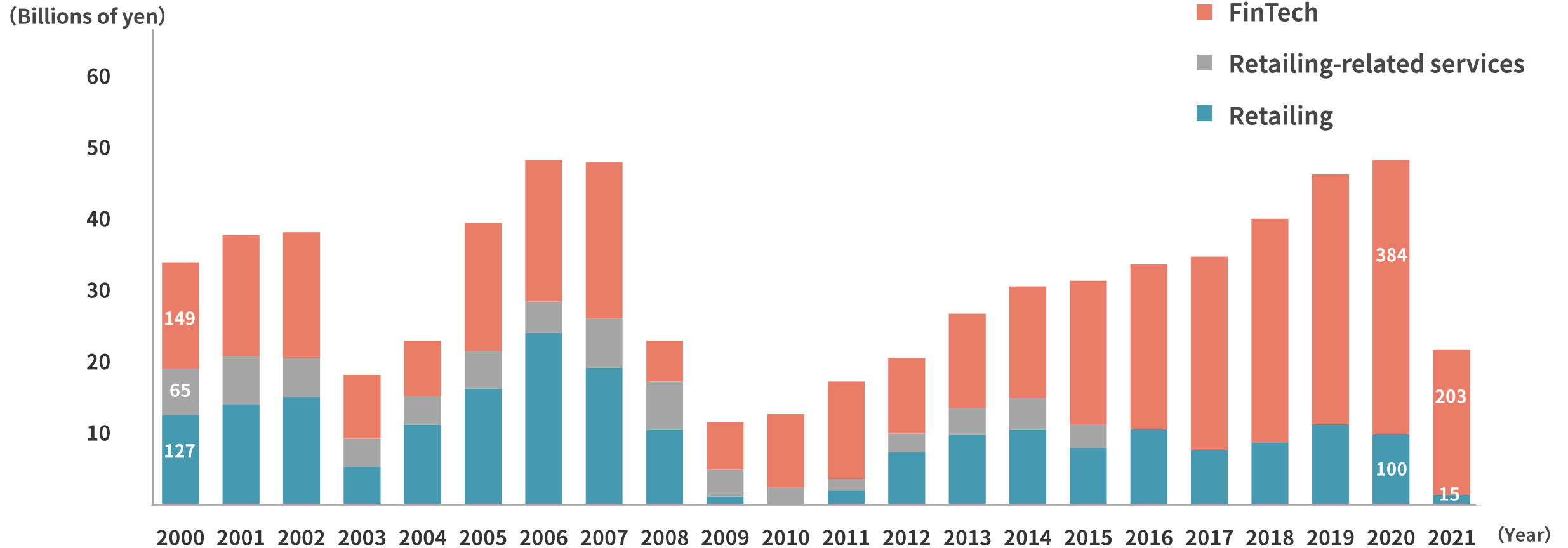
- Stock price increases exceeding EPS growth seen since acceleration of ESG initiatives in FY2015

## ■ MARUI GROUP's Stock Price (FY14 indexed to 100)



# Transition of Segment Operating Income

- FinTech's operating income accounts for an increase due to changes in business models



\* “FinTech” is “Credit and Services” until 2005, “Credit card services” until 2016 / “Retailing-related services” is “Other” until 2004

\* Reorganized into two segments, "Retailing" and "FinTech" from FY2016

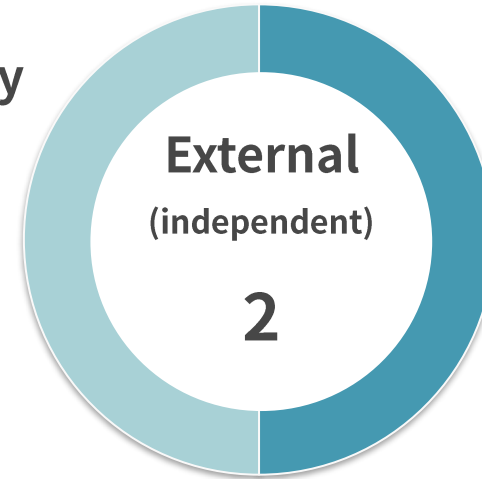
# Corporate Governance: Emphasizing Corporate Value

- Endeavor to practice sound management that is highly transparent and efficient to heighten earnings capacity

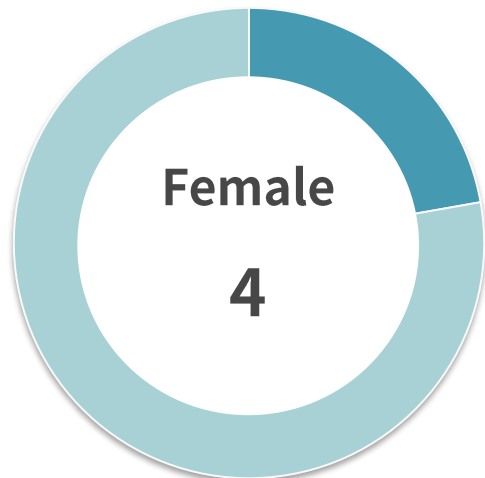
Directors  
6



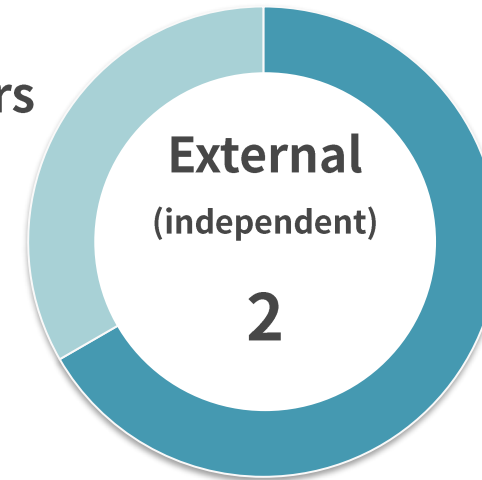
Audit & Supervisory  
Board Members  
4



Executive  
Officers  
18



Nominating and  
Compensation  
Committee Members  
3



# Board of directors effectiveness evaluation

- Measures taken to address issue identified through evaluation of the Board of Directors' effectiveness

## ■ Representative issues and correspondence and direction

Further increasing the diversity of the board of directors



- Diversity is improved by the new system for the fiscal year ending March, 2021
  - Ratio of outside directors: 37% → 50%
  - Ratio of female directors: 25% → 33%
- Continue to discover and train young and female executives through the generation management training program (5th term)



Further deepening of board discussions



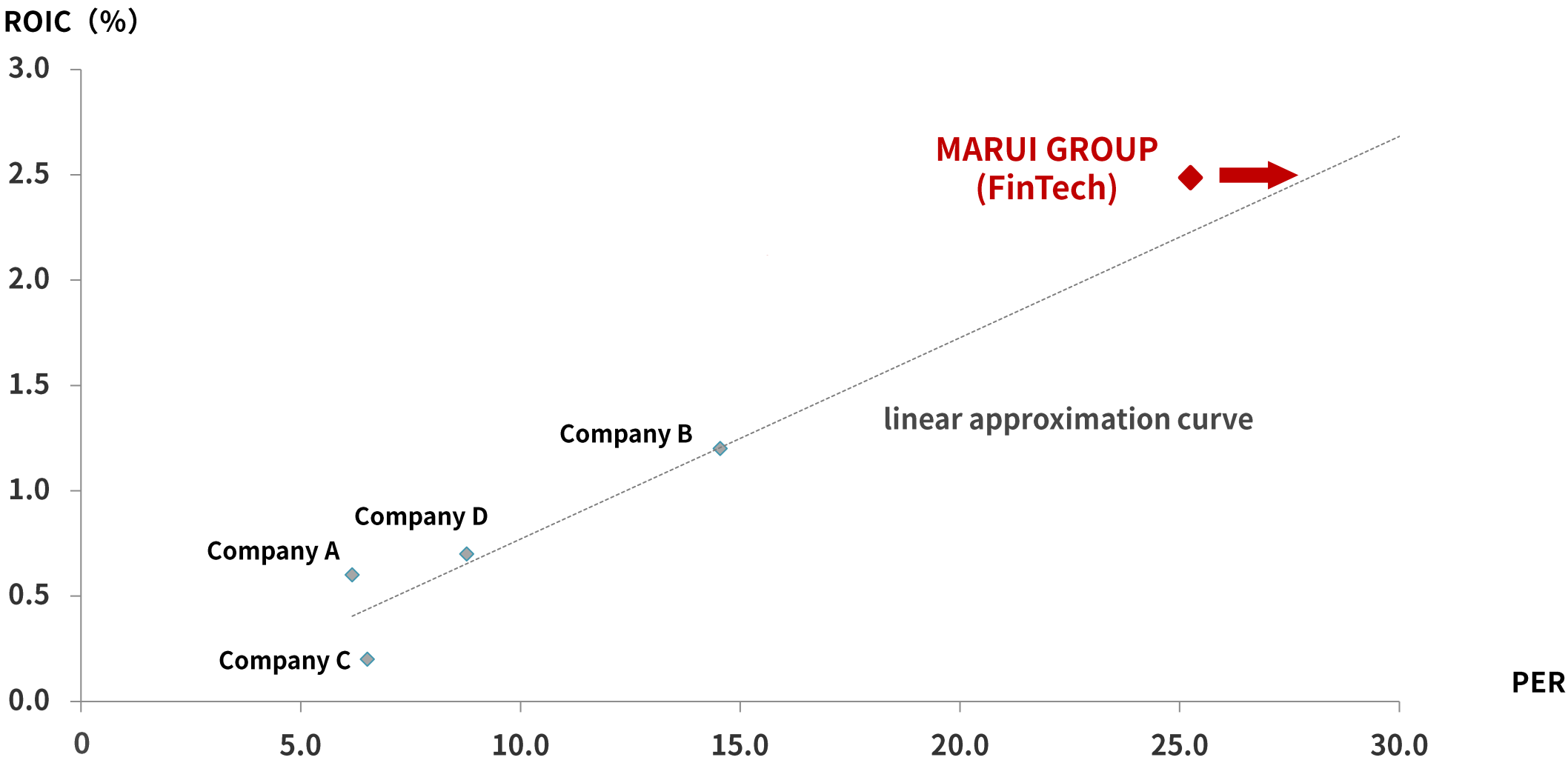
- Take sufficient time to discuss important themes to deepen them





# Strength of FinTech: Industry's highest level of asset efficiency

- Comparison of ROIC and PER among credit card companies



\* Note: Figures are our estimates based on public information, Stock price as of June 10, 2020, EPS forecasts for FY2021)

# Lifetime Value Management Indicator

- Recurring gross profit was ¥123.6 billion, increasing ratio of recurring gross profit to total gross profit to 67.7%

## Recurring Gross Profit

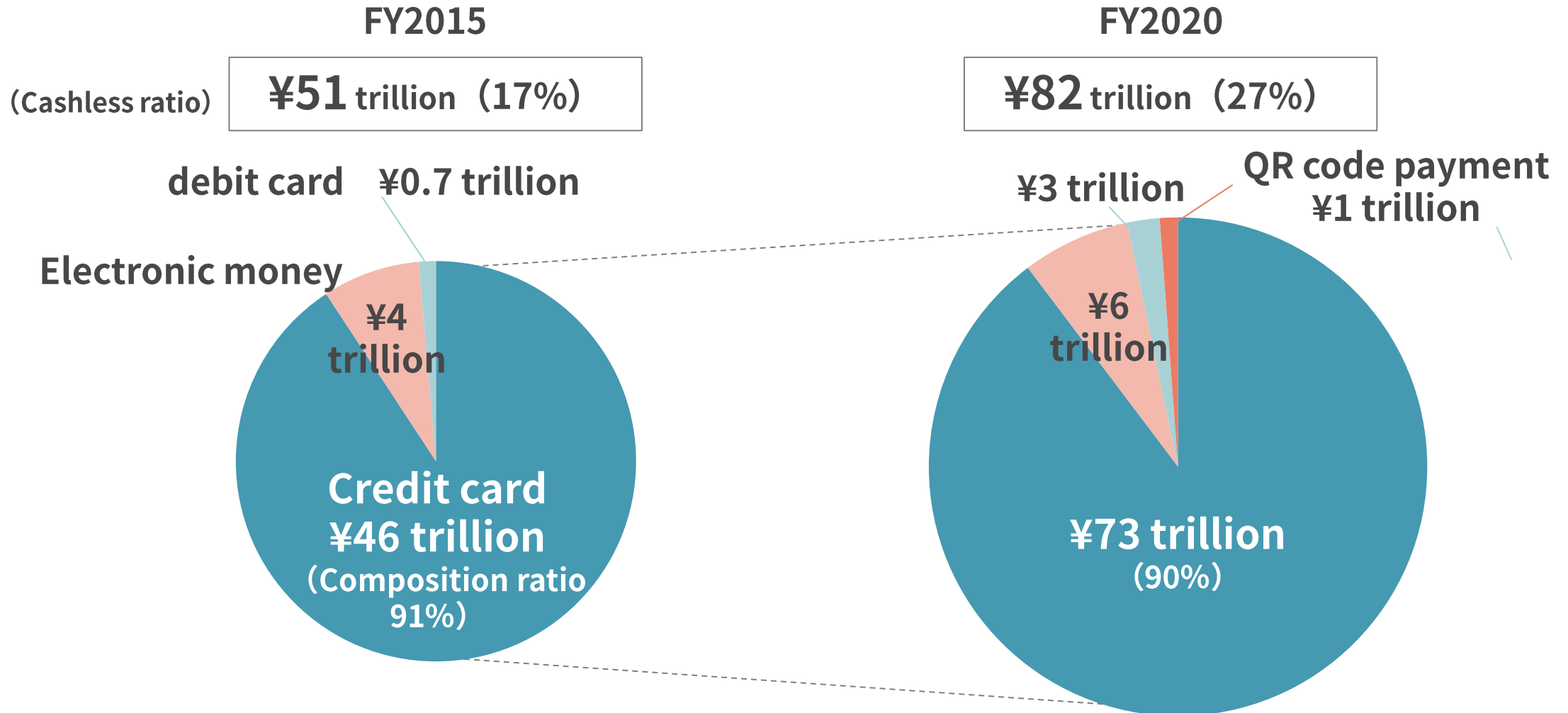
	FY2020	FY2021	YOY Change	YOY difference
	Billions of yen	Billions of yen	%	Billions of yen
Retailing	42.6	35.7	84	−7.0
FinTech	88.5	87.9	99	−0.5
Total	131.1	123.6	94	−7.5
Composition within gross profit (%)	65.3	67.7	—	+2.4

## Contracted Future Recurring Gross Profit

From FY2022	VS. gross profit
Billions of yen	%
76.2	141
257.8	201
334.0	183

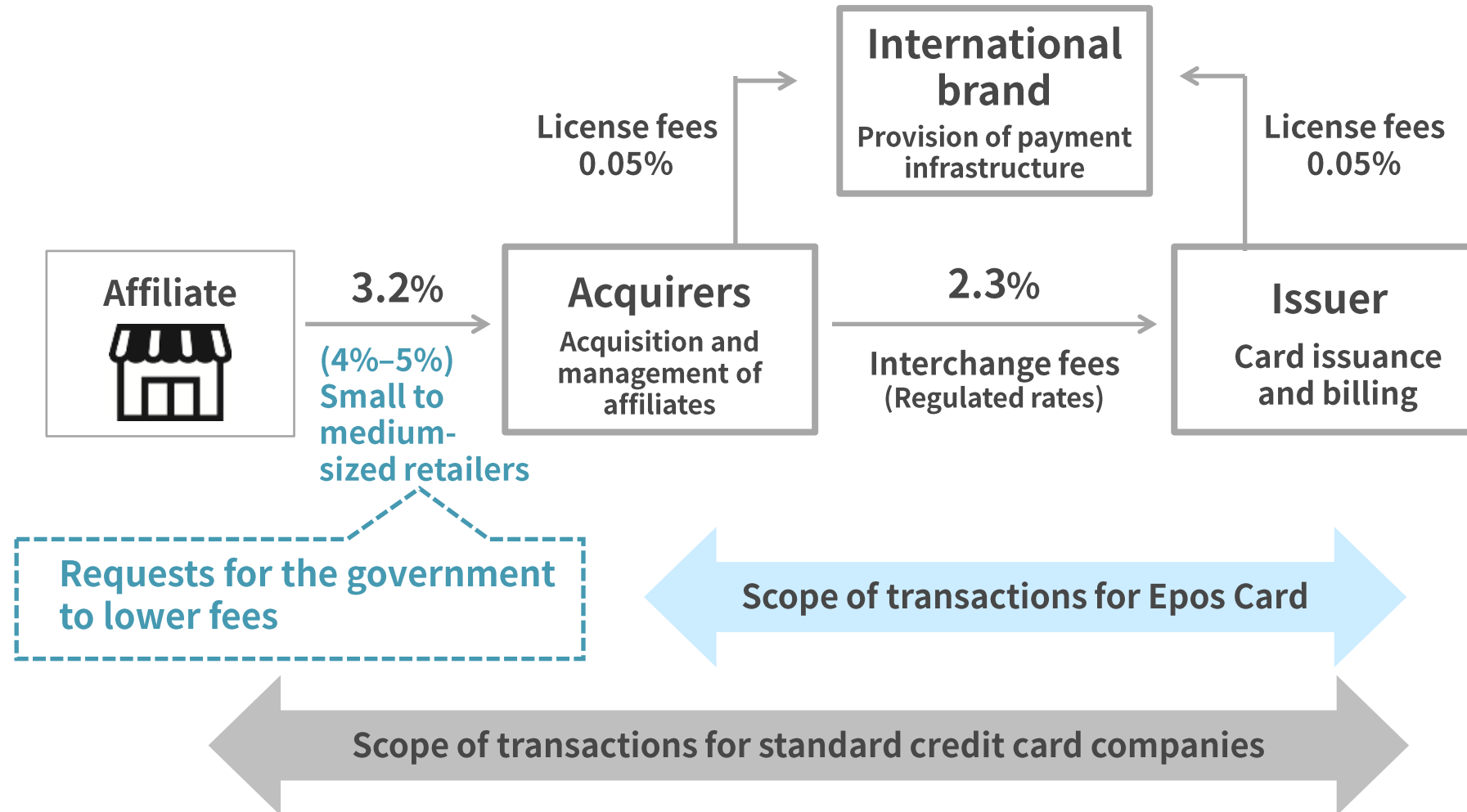
# Status of payment type

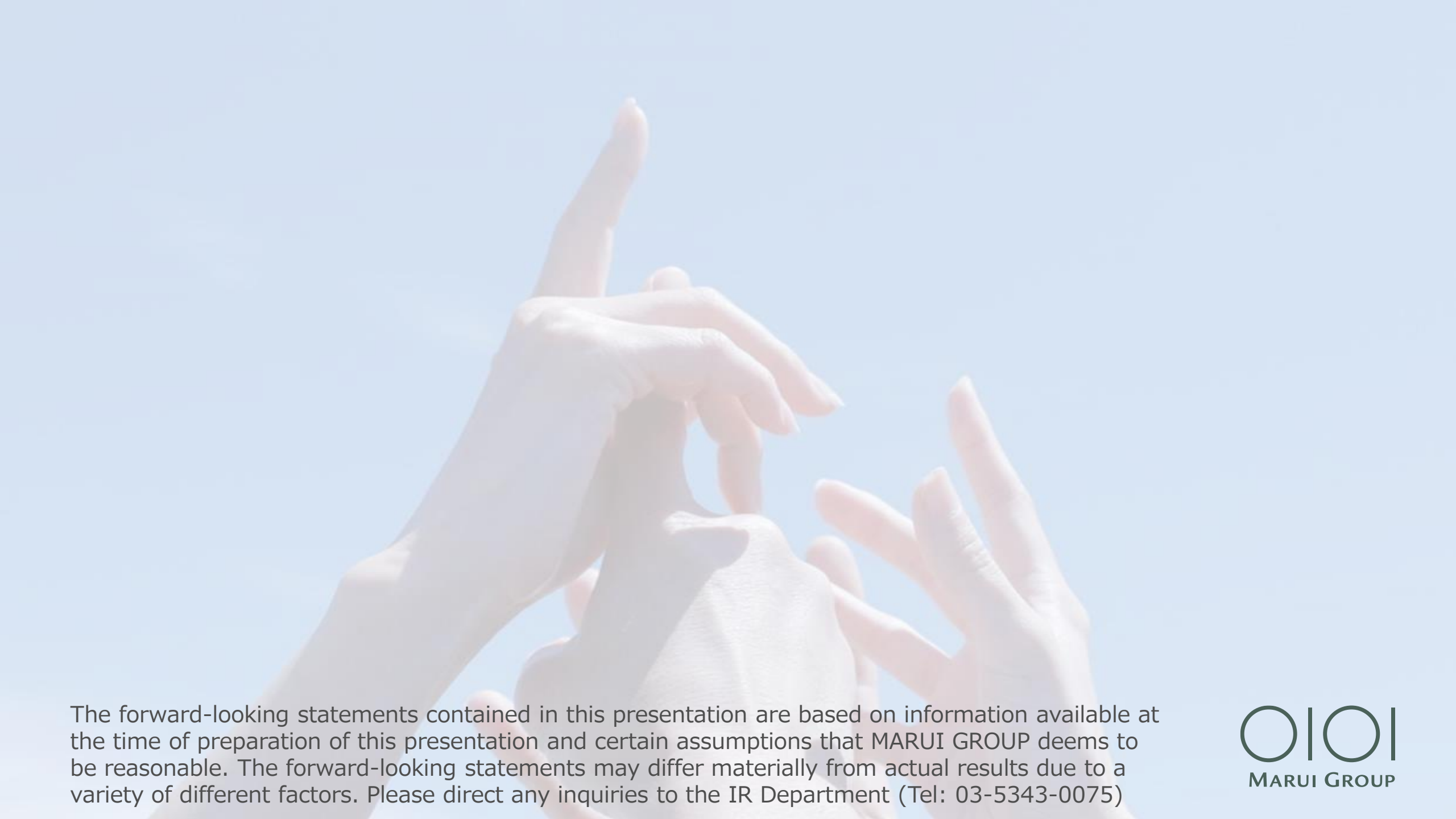
- Credit cards account for 90% of all payments, while expanding about 1.5 times in five years



\* Source: Japan Credit Association "Japan credit statistics"

# Relationship between Parties Involved in Credit Card Transactions and Earnings Structure





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)