

Financial Results for Fiscal Year Ended February 2022

Financial Results Briefing

April 21, 2022

Mr Max Holdings Ltd.

(Securities Code: 8203)

● The earnings outlook contained in this material is a forecast prepared by the Company based on information available as of the date of this material. As such, it includes risks and uncertainties. Therefore, the Company does not guarantee that the outlook will be achieved. This material is not intended for investment solicitation. Users of this material should make their investment decisions based on their own judgment.

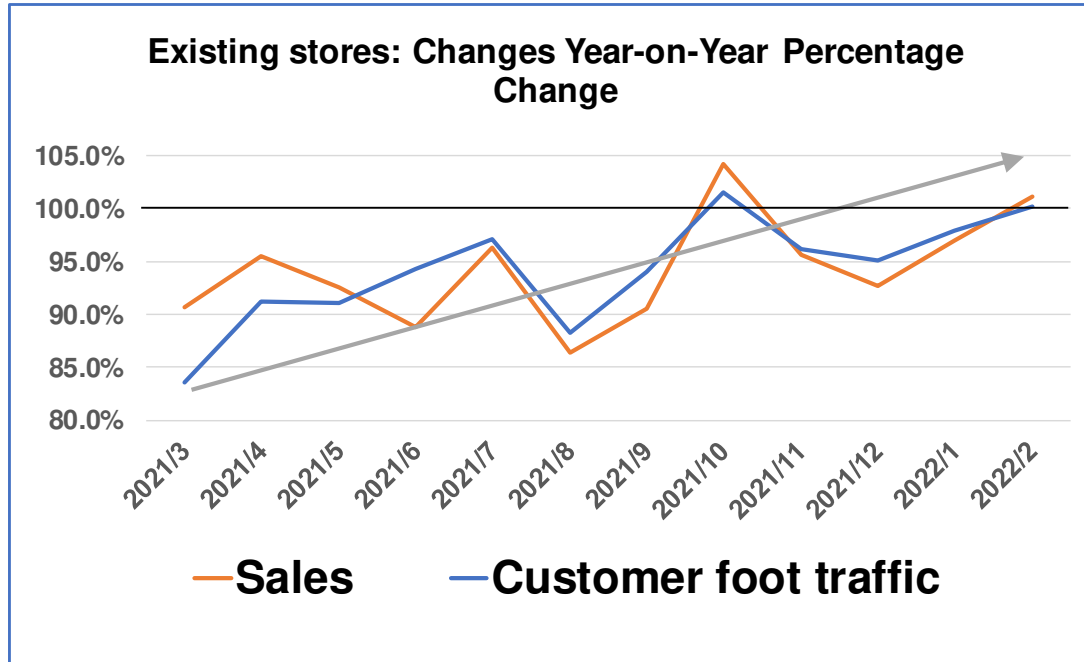
Financial Results Highlights for the Fiscal Year Ended February 2022

- Operating revenue decreased by 6% in reaction to the sharp increase in demand of the previous fiscal year.
- Although profit decreased, operating profit was about 1.8 times higher than the year before last.

Millions of yen	FYE February 2021	FYE February 2022		Compared to Year Before Last (FYE February 2020)
			Year on Year	
Operating Revenue	131,789	124,831	94.7%	102.1%
Net Sales	126,913	119,975	94.5%	102.1%
Gross Profit	28,721	26,812	93.4%	107.4%
(Gross Profit Margin)	22.6%	22.3%	(0.3%)	+1.0%
Real Estate Lease Revenue	3,882	3,832	98.7%	99.3%
Other Operating Revenue	993	1,023	103.1%	107.3%
Operating Gross Profit	33,597	31,668	94.3%	106.3%
Sales, General, and Administrative Expenses	27,585	27,181	98.5%	99.4%
Operating Profit	6,011	4,487	74.6%	183.1%
Ordinary Profit	5,748	4,346	75.6%	194.2%
Net Profit Attributable to Parent Company Shareholders	3,542	2,853	80.5%	215.9%

Sales Summary (1): Changes in Sales and Customer Foot Traffic of Existing Stores

Both sales and customer foot traffic started to recover.



Sales of existing stores
1H 91.6% → 2H 96.4%

Customer foot traffic of existing stores
1H 90.8% → 2H 97.3%

Sales Summary (2): As COVID-19-related Special Demand Has Run Its Course, Results Were Mixed Depending on Product Category

- While home appliances and apparel struggled, lifestyle, HBC and food remained strong.
- Gross profit margin increased **1.0%** compared to the year before last despite rising costs.

Sales by Division

(Millions of yen)

	FYE February 2020		FYE February 2021		FYE February 2022	
	March 2019 to February 2020	% of total	March 2020 to February 2021	% of total	March 2021 to February 2022	% of total
Home Appliances Division	16,962	14.4%	19,484	15.4%	17,522	14.6%
Apparel Division	8,505	7.2%	7,918	6.2%	6,897	5.8%
Lifestyle Division	15,601	13.3%	17,163	13.5%	16,502	13.8%
Home Living Division	11,123	9.5%	12,543	9.9%	11,611	9.7%
HBC Division	24,741	21.1%	25,325	20.0%	24,405	20.3%
Food Division	40,580	34.5%	44,483	35.0%	42,992	35.8%
Total	117,516	100.0%	126,920	100.0%	119,933	100.0%

Note: Non-consolidated sales of Mr Max

Gross Profit Margin

FYE February 2020	FYE February 2021	FYE February 2022
21.3%	22.6%	22.3%

1% increase

New Store Opening

One new store opened in FYE February 2022

- Mr Max Itoshima Store
 - Opened on December 10, 2021
 - Location: Itoshima City, Fukuoka Prefecture
 - Store area: 2,641 m² (799 tsubo)
 - Format: Discount store
 - Sales target for the first year: 1.3 billion yen

Sales of Itoshima Store versus plan

+22% (total sales through the end of February 2022)



Opening day

Measures to be Taken in and after the Fiscal Year Ending February 2023

Medium-Term Management Plan

Strive to Make Ideal Store Operations as a General Discount Store a Reality

Building a general DS



Improving the profitability of existing stores



Operating profit margin of 5%

Fiscal Year Ending February 2024: Net Sales 130 billion yen
Operating Profit 6.5 billion yen Operating Profit margin 5%

Medium-Term 3-Year Plan (FYE February 2022–FYE February 2024)

	3-Year Plan		
	FYE February 2022 (Actual)	FYE February 2023 (Plan)	FYE February 2024 (Plan)
(Profit or Loss)			
Net Sales (billion yen)	119.9	123.0	130.0
Operating Profit (billion yen)	4.4	5.0	6.5
Operating Profit Margin	3.7%	4.1%	5.0%
Profit (billion yen)	2.8	3.0	4.0
(Financial Position)			
Total Assets (billion yen)	82.2	83.3	84.3
Shareholders' Equity (billion yen)	29.6	31.8	34.7
Interest-bearing Debt (billion yen)	26.7	27.4	28.4
(Relevant Indicators)			
Ratio of changes in existing stores	(6.0%)	+2.2%	+5.7%
Gross Profit Margin	22.3%	22.3%	23.0%
Number of Stores at Year-end	58 stores	57 stores	57 stores
ROE	9.9%	9.7%	12.3%
Net D/E Ratio (times)	0.9	0.8	0.8
Dividend per Share * All dividend per share figures are plans.	27 yen	27 yen	37 yen

—Main assumptions—

Fiscal Year Ending February 2023

- Increase in store productivity
- Renovation of 14 stores
- Target percentage of PB product sales: 20%
- Reconstruction of EC business
- No new store openings, one store closure

Fiscal Year Ending February 2024

- The EC business will start to provide services at the beginning of the year, and will create new customers through working closely with existing stores.
- Target percentage of PB product sales: 30%
- No new store openings or store closures

Measures for the Fiscal Year Ending February 2023

Establishing a General DS

1. Continued focus on EDLP (Everyday Low Price)

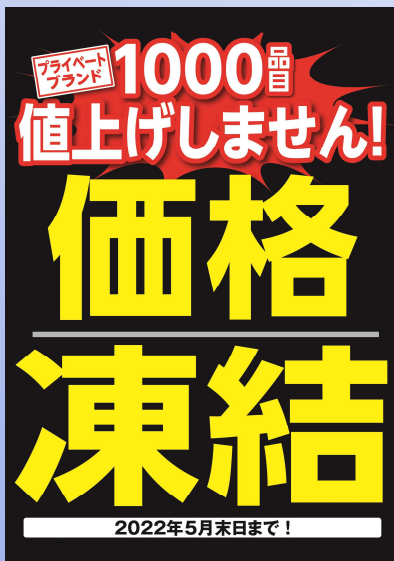
3. Productivity Improvement

2. Expand the Lineup of PB Products

4. Investment to strengthen existing stores

1. Continued Focus on EDLP: Pursuing “Valuable Low Prices”

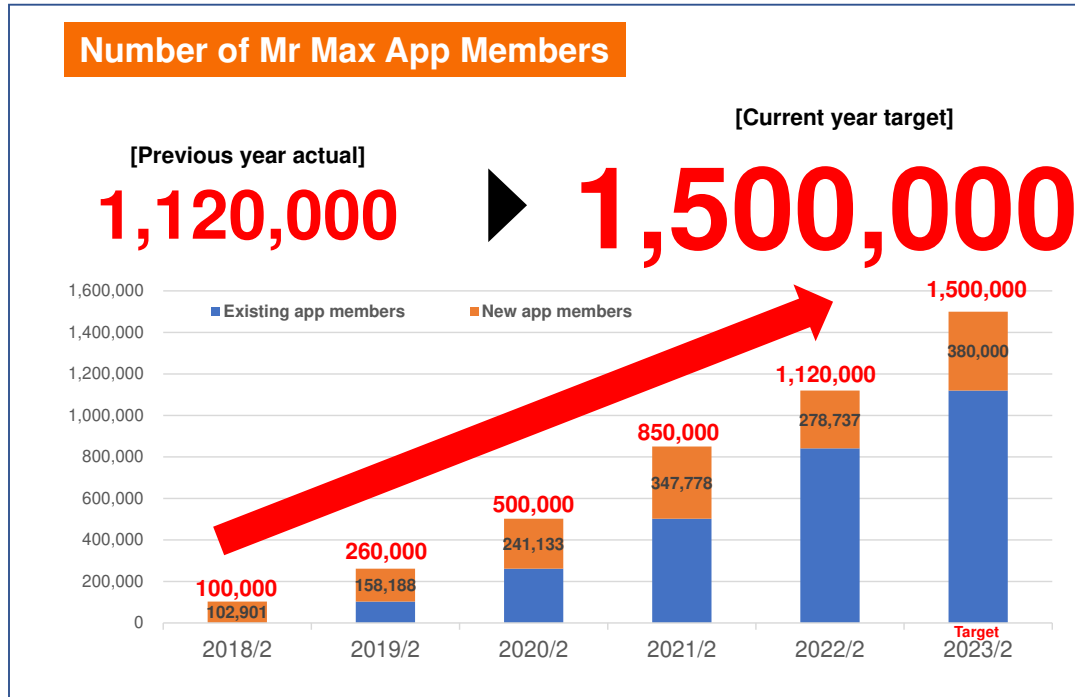
(1) Strengthen low-price campaigns



(2) Product displays that are appealing to customers

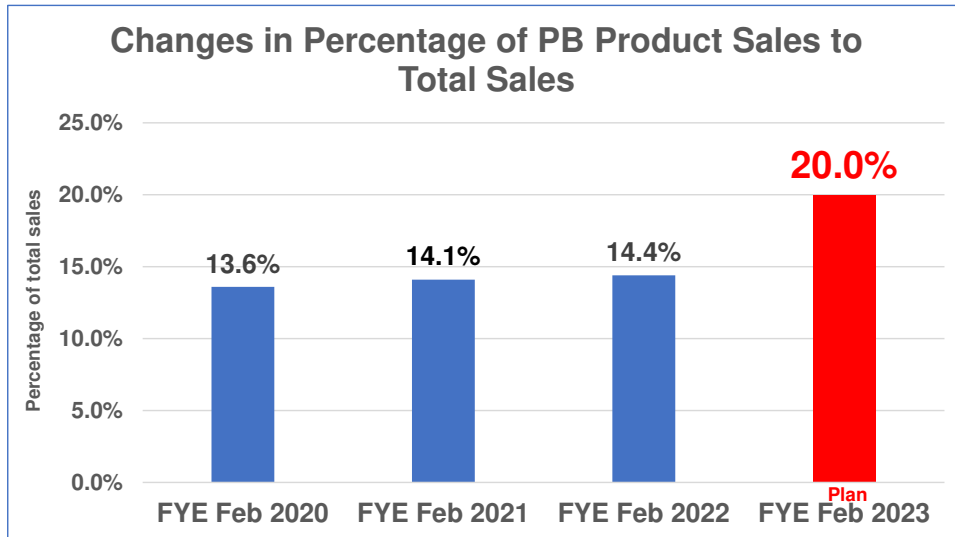


1. Continued Focus on EDLP: Revitalizing Existing Stores by Increasing the Number of App Members



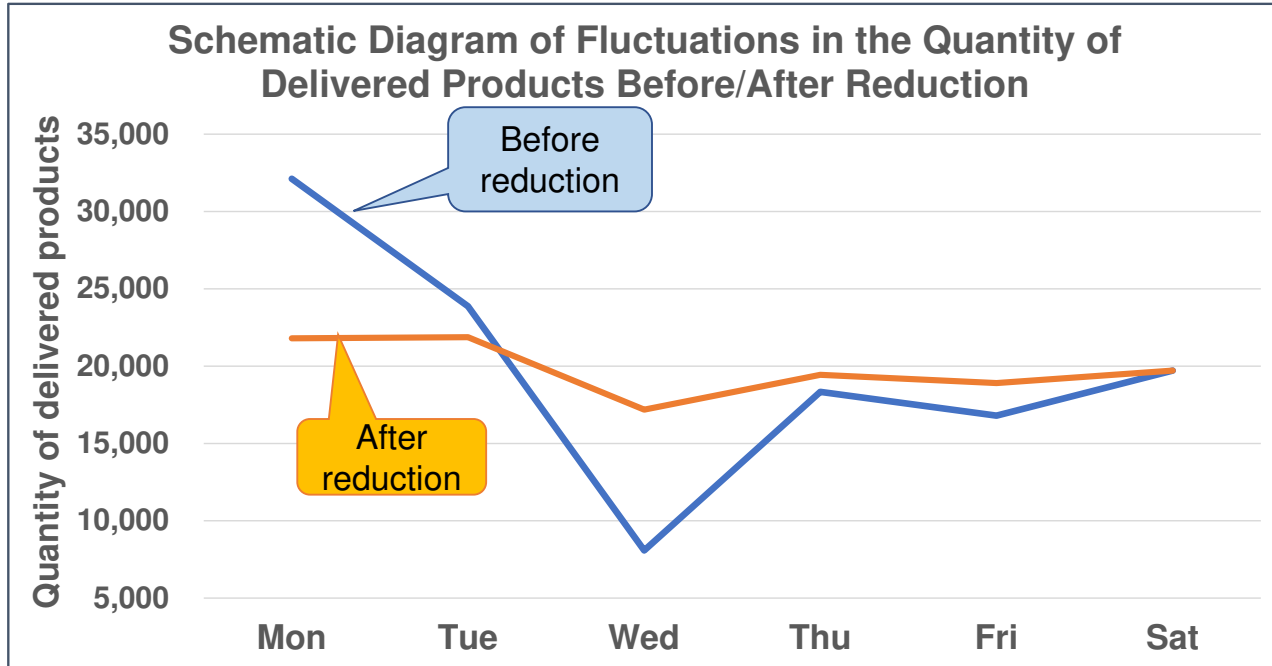
2. Expand the Lineup of PB Products

Percentage of PB product sales to total sales: 14.4% (FYE Feb 2022 actual) → 20.0% (FYE Feb 2023 target)



3. Productivity Improvement: Improving Store Work Efficiency

Reduce day-to-day fluctuations in the quantity of delivered products to level the workload



4. Investment to Strengthen Existing Stores

(1) Renovation

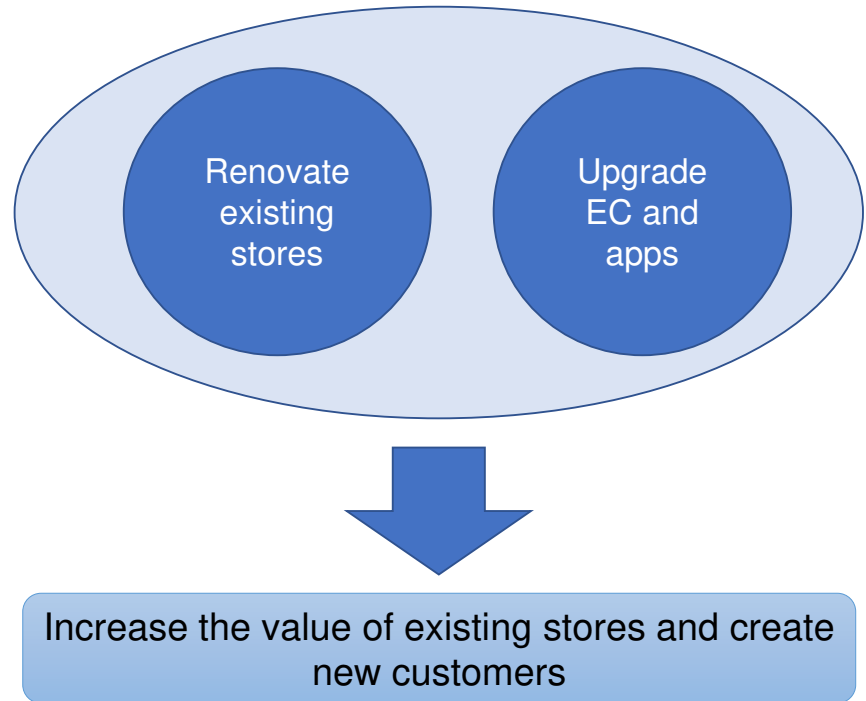
Total investment of 500 million yen in 14 stores

(2) System investment

Invest 1.2 billion yen in digital transformation (DX) and productivity improvement, including upgrading EC and apps
























(3) Other investments

Include upgrades of existing facilities and equipment to reduce power consumption



Sustainability Activities

We have identified seven material issues (materiality) that will contribute to the realization of a sustainable society.

Theme	What we want to be in 2030	Material issues (Materiality)	Related SDGs
Creating social value through providing products	Create value for our customers and the global environment through sustainable product development and procurement and initiatives to realize a recycling-based society	Providing ecology and economy	  
		Pursuing valuable low prices through product development	   
Creating a sustainable supply chain	Work together with our customers and business partners to contribute to realizing sustainable local communities and a carbon-free society as a social infrastructure that is vital to local communities	Providing value as an infrastructure for local communities	   
		Optimizing the entire supply chain	   
Establishing a business foundation to support sustainable growth	Establish a corporate culture of committing to business management and operations that are fair to all stakeholders and a work environment that is comfortable and provides opportunities for self-realization to anyone and thereby realize sustainable growth that is a prerequisite for us to create greater social value to our customers and society.	Improving compliance and corporate ethics	 
		Contributing to career development and growth of our human resources	 
		Pursuing a comfortable work environment and respecting diversity	   

Basic Sustainability Policy

Based on our management philosophy of “making our customers’ everyday lives richer, more convenient and more enjoyable,” we, Mr Max Holdings, as an infrastructure for local communities will work together with our stakeholders to realize a sustainable society. To this end, we will actively engage in fair business management and operations to boost our corporate value.

Earnings Forecast for the Fiscal Year Ending February 2023

- Operating revenue is expected to increase by 2.4% year-on-year.
- We forecast an operating profit of 5.0 billion yen, equivalent to 111.4% of the previous year.

Millions of yen	FYE February 2022 Actual	FYE February 2023 Forecast	Year on Year (%)
Operating Revenue	124,831	127,800	102.4
Net Sales	119,975	123,000	102.5
Gross Profit	26,812	27,429	102.3
(Gross profit margin (%))	22.3%	22.3%	
Real Estate Lease Revenue, Other Operating Revenue	4,856	4,871	100.3
Operating Gross Profit	31,668	32,300	102.0
Sales, General, and Administrative Expenses	27,181	27,300	100.4
Operating Profit	4,487	5,000	111.4
Ordinary Profit	4,346	4,800	110.4
Net Profit Attributable to Parent Company Shareholders	2,853	3,000	105.1
[Key Management Indicators]			
Ratio of change in existing stores (%)	(6.1)	+2.2	
Number of Store Openings	1	0	
Number of Store Closures	0	1	
Number of Stores at Year-end	58	57	



Our stock listing was
transferred to the Prime
Market on April 4, 2022

