MARUI GROUP Co., Ltd.
Financial Results Briefing for the Three Months Ended June 30, 2026
<Questions and Answers>

Q. Excluding the impact of securitization accounting, operating income increased by 18% year-over-year, and we recognize this as a high level of profitability. On the other hand, the progress rate for ordinary income stands at approximately 29% of the full-year plan; what is your outlook for the remainder of the fiscal year?

A. Compared to our internal plans, we believe both the Retailing and FinTech segments performed well in the first quarter. Regarding the Retailing segment, based on the strong first-quarter results and the outlook for the remainder of the year, we have revised our full-year operating profit forecast upward by 500 million yen. The FinTech segment is also performing well, but we do not believe it is necessary to revise our plans at this time. Regarding the progress rate of ordinary income, we initially anticipated a single policy rate hike in September, but we now see the possibility of an additional rate hike later this year, in addition to the one in June. Consequently, we expect an increase in financial expenses in the second half of the fiscal year, and we anticipate that the growth in ordinary income will be more moderate compared to the first half. Therefore, at this point, we consider our progress to be in line with our initial plan for the year.

Q. Regarding credit card transaction volume, while the number of card members and active customers has grown, transaction volume has increased by 10% year-over-year and remains on a steady upward trend. Is this due to an increase in spending per member? Furthermore, is this trend driven by inflation or changes in the consumer environment, or is it the result of our company's strategies, such as the expansion of Gold Cards and EPOS cards that support "Suki"?

A. Our credit card transaction volume has historically grown more due to increases in per-member transaction volume than to growth in the number of card members. This trend has continued in the current fiscal period, and results are generally in line with expectations. One factor contributing to the increase in per-member spending is the growing proportion of card members holding high-spending cards, such as Gold Cards and EPOS cards that support "Suki." On a monthly basis, transaction volume grew significantly from April to May and leveled off somewhat in June; we believe this was influenced by factors such as the day-of-the-week pattern and weather conditions. Therefore, we view both the number of members and the average transaction value as having performed steadily for the first quarter as a whole. Furthermore, while the industry-wide growth rate in transaction volume from April to May was approximately 110%, our company's rate was approximately 112%, outperforming the industry, which we believe reflects the effectiveness of our strategy. At the same time, we recognize that external factors, such as rising real wages, have also played a role to some extent, and we believe that the combination of these factors is driving the increase in average transaction value.

Q. Regarding the impact of rising interest rates on financial performance. In the financial forecast for the fiscal year ending March 2027, the plan is structured so that strong performance in the retailing business will offset the impact of rising interest rates. In this context, how are additional interest rate hikes factored into the assumptions? Also, given that long-term interest rates are currently rising, in which specific month do you expect to see the impact?

A. Our current plan assumes that, in addition to the policy rate hike in June, there will be a further 0.25% rate hike in December. However, since actual funding rates rise gradually even before policy rate hikes, we have factored in an increase in interest rates from around September through October. Furthermore, while existing fixed-rate borrowings will not be affected, new long-term borrowings will be impacted by long-term interest rates. Given our borrowing horizon of approximately five years, we believe that movements in long-term interest rates will generally track the magnitude of policy rate hikes, and we have reflected this assumption in our earnings forecast.

Q. Regarding the upward revision to the retailing business forecast, could you explain how you view the strong performance in variable rent revenue and event revenue, as well as whether the reduction of vacant space to 4,000 tsubo is proceeding as planned? Please also share your outlook for the future.

A. One of the factors driving the strong performance of the retailing business is the growth in variable rent revenue. We are continuing to bring in high-revenue tenants such as Pokémon Center and ONE PIECE BASE SHOP, and in the first quarter, tenant sales remained strong, leading to an increase in the corresponding variable revenue. We plan to continue expanding the introduction of experiential shops. Meanwhile, vacant space has been reduced to 4,000 tsubo, and we expect this figure to stabilize from here on. Therefore, moving forward, rather than relying solely on the revenue-boosting effect of reducing vacant space, we aim to drive revenue growth in the retailing business by actively leasing space to attractive tenants.

Q. Regarding the factors behind the upward revision to the retailing business forecast. I understand that the 500 million yen upward revision to operating income is due to strong performance in variable rent revenue and event revenue, but is this primarily attributable to increased revenue? Furthermore, as variable rent revenue increases, how do you view the balance between fixed and variable rent, as well as the risk of revenue volatility?

A. The primary reason for the upward revision to the retailing business is an increase in revenue. In the first quarter, the tenant business performed well, with variable rent revenue showing particularly strong growth. In addition, the events business saw many successful initiatives, resulting in performance that exceeded the previous year's levels. Regarding the second half of the year, many events are still to be finalized and are not currently factored into our plans; therefore, we believe there is room for further upside.

Furthermore, regarding the risk associated with variable rent revenue, if we were to tie the entire rent to sales as we did in the past, our revenue would be subject to the volatility of sales. Currently, for tenants with very high sales volumes, setting a completely fixed rent at the time of contract signing can result in rent that is too high, making it difficult for the tenant to choose our property. For such tenants, we set the fixed portion at market-rate rent and treat the portion exceeding that as variable rent. Therefore, we believe we have mitigated the risk of a significant drop in rental income during periods of sluggish sales, as was the case in the past.

Q. Regarding the outlook for rising interest rates in the Mid-Term Management Plan. While the pace of interest rate increases currently appears to be accelerating faster than initially anticipated, how do you assess the impact on the Mid-Term Management Plan?

A. Last fiscal year, interest rates did not rise as much as initially anticipated. On the other hand, while we had originally anticipated one interest rate hike this fiscal year, there is a possibility that there will be two; we recognize that, compared to when we formulated our Mid-Term Management Plan, the pace of interest rate increases has accelerated slightly. Furthermore, while we believe the final interest rate level may exceed our initial projections, we expect that the effects of the increases in installment and revolving credit fees implemented last fiscal year will largely offset this. Going forward, we plan to provide further updates on the outlook for interest rate increases and our response measures. At this point, we do not believe this will pose a significant obstacle to achieving the goals of our "Management Vision & Strategy Story 2031," but we are conducting a thorough review in preparation for the next fiscal year.

Q. Regarding the earnings outlook for the retail business: Operating income has been revised upward by 500 million yen. Does this reflect the strong results from the first quarter? Or does the forecast also factor in an increase in tenant revenue and variable rent revenue starting in the second quarter and beyond?

A. Compared to our internal forecast, we exceeded expectations by 300 million yen in the first quarter. Furthermore, based on current conditions, we anticipate continued outperformance in the second quarter and beyond, and have therefore revised our full-year forecast upward by 500 million yen.

Q. Regarding the approach to point-related expenses. We understand that the company is actively investing in expanding its card membership base and increasing the number of cardholders who support their favorite brands. Looking at the revenue and expenses linked to transaction volume, it appears that expenses will increase at a faster rate than revenue going forward. Is this increase in expenses temporary? What is the company's outlook on future expense levels and the balance between revenue and expenses?

A. The reason why point expenses appear to have increased this fiscal year is that we partially revised the terms of our point program last fiscal year, resulting in lower point expenses for the previous year; consequently, we expect a significant year-over-year increase. We believe that the total level of point expenses for this fiscal year is appropriate, and things are currently proceeding as planned, including initiatives aimed at expanding our membership base. Therefore, we do not anticipate the same rate of increase as this fiscal year going forward; instead, we expect expenses to stabilize at this level.

Q. Regarding the outlook for financing costs. I believe financing costs for the second quarter and beyond are already factoring in the possibility of additional interest rate hikes, but is there a possibility that they could fluctuate significantly depending on future interest rate trends?

A. Our current plan is based on the assumption of an additional interest rate hike in December. In reality, funding costs begin to rise even before the rate hike, so we are factoring in that impact as well. As long as the policy interest rate remains within the range anticipated by the market, we do not expect significant fluctuations in our financing costs. However, if interest rates rise significantly more than anticipated, we may be affected.

Q. Regarding the earnings outlook for the retail business, could you explain the background and rationale behind the upward revision of the first-quarter operating income forecast by 500 million yen?

A. Since we have not previously revised our plans by an amount as large as 500 million yen, I will explain the background behind this decision. Operating income for the retail business in the first quarter increased by 900 million yen year-over-year and performed exceptionally well, exceeding our plan. On the other hand, our previous full-year plan projected a 300 million yen increase in operating profit for the full year, which implied that operating profit would decline starting in the second quarter. Since this assumption diverged from actual conditions, we have revised our forecast upward based on the information currently available. In addition to the better-than-expected first-quarter results, and taking into account the current business environment, we have also partially raised our outlook for the second quarter and beyond, resulting in an upward revision of 500 million yen to our full-year operating profit forecast.

Q. Regarding the outlook for the securitization of receivables: While we expect a negative impact of 1 billion yen for the full fiscal year, what is your outlook for gains or losses from the securitization of receivables in the second half of the fiscal year?

A. Although the detailed breakdown has not yet been finalized, we expect that gains and losses from securitization of receivables in the second half of the fiscal year will be roughly on par between the third and fourth quarters. We plan to review the details further and provide an explanation around the time of our first-half earnings announcement.

Q. Regarding the factors contributing to the low level of corporate income tax and other taxes. Please explain the reasons behind the low corporate income tax and other taxes in the first quarter and their implications for the future.

A. In the first quarter, corporate income tax and other taxes remained at a low level due to tax savings resulting from the Open Innovation Promotion Tax System, which allows for a tax deduction on a portion of past investments in startups. This impact has been factored into our plan.

Q. Regarding strategic marketing expenses: Please explain the approach to marketing expenses factored into the outlook for the FinTech business, as well as the future strategy for their use.

A. While we are planning promotional initiatives to acquire new card members, card issuance through events went very smoothly in the first quarter. Since card issuance at events involves relatively low costs, it has not been a major factor driving up promotional expenses at this time.

Q. Regarding the impact on Shibuya Marui's performance. Please explain the impact on performance currently anticipated for Shibuya Marui, which is scheduled to open in the summer of 2027. Also, how do you view its growth potential compared to before the redevelopment?

A. At this point, we are not yet in a position to provide specific details regarding the impact on our financial results. However, since we plan to depreciate the acquired building using the straight-line method and anticipate that many of the tenants will be on fixed-rent leases, we believe this acquisition will contribute positively to profits starting in the first year. We also expect to see significant improvements in areas such as transaction volume, revenue, and credit card membership growth compared to before the redevelopment; however, we ask for your patience as we work to provide a more detailed assessment of the extent of this contribution to our financial results.