

MARUI GROUP Co., Ltd.

MARUI IR DAY (Business Strategy Briefing)

<Summary of Questions and Answers>

Progress and Initiatives in FinTech Segment

- Q. In the context of “co-creation of creditability,” how do you realize experience that leads to enhancement of self-esteem? Please tell us about specific measures and future plans from the perspective on the ground.
- A. We are currently working to design an experience to realize co-creation of creditability. Specifically, we are promoting the development of a communication function to express our gratitude for usage and payment on an app. Also, for “Suki”-supporting cards, we are considering development of a mechanism to increase the credit limit according to card spending records and expanding the scope of skip payments. In the future, we will work to develop an environment in which customers can proactively manage the status of their card spending through improved app UX.
- Q. Do you mean the part about expressing gratitude on the app and that you are also considering other measures as needed?
- A. Yes. Through the app, we plan to build UX that helps customers to have a sense of controlling the status of their card spending.
- Q. The issuance of “Suki”-supporting cards seems to have been accelerating in recent years. What do you think about room for further expansion in the future?
- A. We recognize that “Suki”-supporting cards have been accelerating in recent years. For example, through the Museum Epos Card, which originated from the business competition that supports “Suki,” we built a trusting relationship with the Independent Administrative Institution National Museum of Art. This relationship later led to the launch of the National Theater Epos Card. Furthermore, our initiatives have expanded into the music field through the TREASURE Epos Card. As a result, the

circle of organizations and partners supporting EPOS cards that support “Suki” continues to grow steadily. In addition, the themes proposed have expanded from IP to a wide range of domains, including sports, art and culture, and I feel there is great potential.

Q. As you are stepping up initiatives such as “Suki”-supporting cards towards the target of 10 million cardholders, increases in reward point promotion associated with the acquisition of new cardholders and others are anticipated. I’m concerned about a risk of increasing costs in the fiscal years ending March 2027 and March 2028, before the targets under the Medium-term Management Plan are to be achieved. What is your view?

A. We place great importance on cost control in expanding our membership. I think reward point costs is a particular issue. However, as we have been explaining, our company’s strategy is not to increase the number of cardholders by increasing reward point costs. For card issuance currently, half come from physical locations such as stores, and we will increase the number of physical locations as we hold more events in the future. Although this will give rise to temporary store-openings and other costs, we will control costs while limiting an increase in reward point costs as variable costs. In addition, we intend to continue to review our various benefits and services.

Q. I hear you have expanded the definition of “loyal customers” to include customers with “card spending of 1.15 million yen or more.” Please tell us how much those cardholders account for. Also, how do you plan to transition toward those loyal customers?

A. There are about 1.1 million cardholders with primary card status with a household share of 33% or more. In addition, there are about 200,000 members whose annual card spending is 1.15 million yen or more, despite a household share of less than 33%. In order to increase the number of loyal customers, we believe initiatives to have customers use our cards as their primary card, regardless of the criteria in an amount or ratio, are important.

Q. Please tell us about the room for expanding alliances with real estate management companies and the competitive advantages of EPOS cards in the rent guarantee business, which is considered relatively resistant to rising interest rates. Also, I would like to know about the response to rent guarantee for corporate customers.

A. We recognize that there is significant room for growth in the rent guarantee business, and are engaged in extensive dialogue with real estate management companies to expand alliances. In addition to our

long-standing relationships with young customers and our EPOS card membership base, we have received high praise for our commitment to balancing impact and profits. We hope to provide good news in the future.

We have also been receiving positive response to the provision of rent guarantee for corporate customers. There is high demand in offices for start-ups and small businesses, and we plan to expand further in the future.

Q. I would like to know your future policy on holding multiple cards. For example, I believe one can have either a Gold card or “Suki”-supporting card at present. I think it is common to allow multiple cards to be issued at other companies. Is there any reason why it is not available for EPOS cards?

A. We have adopted a strategy of limiting to one card per person, in principle, for EPOS cards, and intend to maintain this policy. Meanwhile, benefits developed by each project are available to all customers, which serves as a great advantage. At present, we are not considering converting “Suki”-supporting cards to Gold, either. We will work to improve convenience through the expansion of credit limits according to card spending records, etc., based on the concept of co-creation of creditability.

Q. I think there is demand for making full use of both a “Suki”-supporting Premium card and a Gold card, but you are not considering it, are you?

A. As you have understood, we are considering UX as a “Suki”-supporting card, not the gold version of “Suki.”

Progress and Initiatives in Retailing Segment

Q. What is the reason for raising the variable revenue ratio to 32% in the fiscal year ending March 2031? While I think it could be raised more in the inflationary environment, I also think there are some disadvantages, such as the loss of stability. What do you think, and is there any possibility that the policy will change in the future?

A. The variable revenue ratio of 32% is set as the cumulative result of our efforts to increase the variable ratio when entering into contracts with new tenants or renewing contracts. On the other hand, we are not going to increase the variable ratio uniformly for all tenants. The risks are completely different between a completely new tenant and one that has already been operating in Marui or other commercial

facilities with sales track records. Since we have been accumulating knowhow gradually, we believe that we can generate some extra positive profit without incurring any major risk in expanding variable revenue.

Q. I had sales through EC in mind for the overseas rollout of merchandise. I would like to know your future policy on whether or not there is a possibility of sales at physical stores. Please explain.

A. We have already started developing cross-border EC, however it has not yet generated significant results. In the future, in order to expand businesses that support “Suki,” we plan to explore sales methods that leverage EC in new formats as overseas markets are very large. We will also work to cultivate overseas markets by combining multiple methods as we received a considerable response from trials at physical stores.

Q. I think there has emerged a virtuous cycle in which more and more people who like content are coming to Marui. How has Marui’s reputation in the IP content business changed? Also, as you continue to develop the IP content business, how do you intend to keep an eye out to keep up with the latest developments and expand into the future?

A. While there are other companies that offer events, merchandise, and cards separately, we are often highly evaluated for being able to offer the entire process ourselves. If you work with our company including store operation, you can use events as a starting point, offer merchandise and experience, and generate connections with customers over and over again through cards. This entire chain becomes gradually known to and embraced by our business partners, and we are getting positive responses. Regarding how to keep an eye out for IP content, we initially approached highly recognized content and worked together to plan events and merchandise. However, we are now focusing on content with highly passionate fans, rather than highly recognized content. We intend to continue to expand new possibilities starting from a variety of “Suki,” including our young employees and people outside the company.

Q. Please explain your approach to developing outside facilities and your future plans for store openings. You also mentioned areas where the market share of EPOS cards is low. Which cities do you think should be explored more deeply? Or, assuming there are such cities, I would like you to tell us about any conditions for facilities. Personally, I think it is an option to open a similar facility in a very busy area.

A. While it was difficult to generate results in local areas with initiatives to date, it has been confirmed that they can achieve high results in both revenue and card acquisition in large city areas. In the future, we will focus on cities with a population of one million or more, while strengthening our efforts to open stores in prime commercial facilities. Also, there are quite large differences among commercial facilities within cities. We think we know the best places to open stores from past experience as well. Therefore, our current policy is to open in very well-equipped event spaces.

Q. Are you considering an increase in floor space in areas where you already have stores?

A. Yes. In fact, when we concurrently held events with the same content at multiple venues in areas with existing stores, each of them far exceeded the plans. We will continue to consider hosting events both inside and outside Marui stores.

Q. What are your company's competitive advantages, future challenges, and room for growth compared to companies that specialize in the manufacturing of merchandise?

A. Many of our employees were already keen to help customers, and we believe that our competitive advantage lies in our ability to design highly unique merchandise that customers will want. For example, in the case of the development of synapusyu merchandise, we were not sure if it would become popular. However, our employees who were actually engaged in child-rearing had a good understanding of the needs of customers, and it garnered much popularity, too. It is also important how deeply we understand the worldview of the content, and planning by employees who are actually fans will have the highest chance of success.

Meanwhile, the challenge is to improve profitability. Our company does not plan every product to be sold at events, and aims to increase the gross margin ratio of our own unique merchandise to 80% without inventories left with us. Although we have not yet reached our target for the gross margin ratio, we are gaining insights into how to achieve it, and intend to overcome the current issues and improve our profitability.

Q. You said you are targeting a gross margin ratio of 80% for own merchandise. What is the gross margin currently? Also, what is the average of gross margin ratios of other companies' merchandise?

- A. The gross margin ratio is about 65% currently. The gross margin ratio of other companies' merchandise is a little less than 20%.
- Q. Retailing business is doing very well, and if further synergies can be created for FinTech's growth, the stock prices should react positively. What are potential synergies in your view?
- A. At our company retailing and FinTech have been completely integrated since the days of our founding when we engaged in the sale of furniture in monthly installments, a business model in which they are unified, working hand in hand. Therefore, the premise is that we do not have the concept that retailing and FinTech are separate and then combined, or that retailing helps FinTech. In the business of supporting "Suki" as well, it is important to expand contacts with customers through events, merchandise and cards, and to build long-term relationships. With regards to card issuance costs, for example, we do not significantly increase reward point costs to get cards issued. Rather, in running our businesses, we think about how we can realize a business that supports "Suki" while making customers happy and keeping costs low.