

## **MARUI GROUP Co., Ltd.**

### **Financial Results Briefing for the Fiscal Year Ended March 31, 2025**

#### **<Questions and Answers>**

- Q. Regarding the results for the first quarter, please tell us how profit progress compared to the plan, excluding the impact of liquidated accounts receivables.
- A. Operating profit excluding liquidated accounts receivables from FinTech increased by 400 million yen year on year, which is in line with our plan. Retail sales are slightly higher than planned, but progress is mostly in line with our plan.
- Q. Retail is returning to pre-coronavirus profit levels. What is the background to this increase in profits? Based on the new strategy explained in the fourth quarter of last year, are initiatives such as EPOS cards that support "Suki" proving effective at events and other occasions?
- A. In Q1, events had some effect, but the biggest factors were a decrease in unoccupied areas and an increase in monthly rent per square metre. However, the two events mentioned in the briefing materials were very well received, and we expect to see similar effects in the future by expanding these events.
- Q. Regarding the liquidation of FinTech receivables, you mentioned that there is a risk that the liquidation of receivables may not be possible in the second half of the year. Please tell us what specific risks you anticipated in deciding to move up the schedule.
- A. When liquidating accounts receivables, we ask a rating agency to review the historical data on the receivables. Immediately after changing the commission rate, there was no historical data available, making it impossible to predict the risk of the receivables. Therefore, we were advised that it would be better to refrain from liquidation, and we decided to move forward with liquidation ahead of schedule in the current fiscal year.

Q. FinTech profits are in line with plans, but why is the increase in transaction-linked profits limited despite steady growth in transaction volume and the number of EPOS cards that support "Suki"? From the second quarter onwards, we expect to see the effects of the increase in transaction-linked profits and the increase in instalment revolving fees from October. Can we expect this?

A. In the first quarter, affiliate commissions declined slightly due to low usage at overseas affiliates, which affected transaction-linked profits. We believe that this will improve with the increase in foreign currency settlement fees implemented in July. Both of these factors were factored into our plans, so we believe that we are on track. As for the second quarter and beyond, you are correct.

Q. What is the structure behind the impact of liquidated accounts receivables on profits, which will increase profits by 2.5 billion yen in the first quarter and decrease profits by 5 billion yen in the second to fourth quarters?

A. When liquidated accounts receivables are transferred, they are amortised over the following five years on average. For this reason, we record gains on transfer of receivables in an amount equal to the annual amortisation amount. However, as there will be no liquidation in the second half of the current fiscal year, only amortisation will occur, resulting in a negative impact of 5 billion yen.

Q. How has the impact of the increase in foreign currency settlement fees from July been factored into the profit plan for FinTech? The impact of the change in fee rates has increased from 1.5 billion yen explained in the fourth quarter to 4 billion yen. Please provide a breakdown of foreign currency settlement fees and instalment revolving fees.

A. The impact of changes in foreign currency settlement fees is not included in the ¥4.0 billion. As we raised fees linked to overseas merchant use by customers in July, we forecast that affiliate commissions (transaction-linked income) will increase more than in the first quarter from the second quarter onwards. On the other hand, for installment and revolving fees, as the timing of the increase was undecided as of the fourth quarter of last year, we estimated a 1.5 billion yen increase in income based on the latest start date, assuming two months of effect. However, we have decided to change the fees for all

installment payments from 1 October, and we expect a 4 billion yen increase in income for the six months from the third quarter.

Q. Will the increase in income of 4 billion yen from the change in installment revolving credit fees also result in an increase in financial expenses?

A. The change in installment revolving fees will not affect the balance of receivables, as it will be reflected in an increase in interest rates on loans to customers. . Therefore, only an increase in income and we expect no increase in financial expenses.

Q. There was also mention that the increase in installment revolving fees is expected to result in an additional revenue of approximately 10 billion yen for the full year due to the full effect in the next fiscal year. Was it originally anticipated that fees for existing revolving loans would also be reviewed? Additionally, will the 10 billion yen target change?

A. There are no changes to the plan for the initial period regarding the revolving credit facility fees. However, for installment loans, the fees will apply to loans incurred on or after 1 October, when the fees are revised. Therefore, for the current period, the effect on installment loans and revolving credit facility loans combined is 4 billion yen for the half-year, but not all of this will be contributed by installment loans.

In the next fiscal year, the number of eligible split-installment receivables will increase, so we expect the effect compared to not changing the fees to remain largely unchanged at 100 billion yen annually and 50 billion yen semi-annually.

Q . Regarding the liquidation of accounts receivables, the pace of liquidation of accounts receivables that were scheduled to be liquidated in the next fiscal year will be brought forward to the current fiscal year, and the pace of liquidation of accounts receivables that were scheduled to be liquidated in the next fiscal year will be slowed down slightly ( ). This will result in an increase in the amortisation burden, but will this make it easier to reflect the growth in the balance of receivables, which is the base for liquidation, compared to the previous method?

A. normally recognises receivables as liquidated accounts receivables, so there is little impact.

Q. Isn't it the case that interest is actually charged on liquidated accounts receivables?

A. Fee income , is recorded as. income from the balance of receivables (installment and revolving fees)including liquidated accounts receivables For receivables that have already been liquidated, we record a negative accounting treatment (amortisation of gains on transfer of receivables, etc.) in the form of amortisation over an average period of five years.

\*For the classification of revenue, please refer to please refer to page 18 of. page 6 of, and the First Quarter Financial Results for the Fiscal Year Ending March 2026 (Supplementary Financial Information)for the accounting treatment of liquidated accounts receivables, the same document

Q. Regarding the liquidation of FinTech receivables, it seems that it would be better to wait a while before changing the fees, but has it been decided that this will not be implemented in the second half of the year? When do you expect to resume this practice?

A. Currently, there are no plans to implement this in the second half of the fiscal year, and even if it becomes possible, we do not intend to proceed. Regarding the resumption date, it will depend on investor demand and credit rating assessments, so I cannot make a definitive statement at this time. However, we anticipate that the impact of fee changes on loan defaults and repayment periods will become clear within approximately six months ( ), so we do not expect the period during which implementation is not possible to be overly prolonged.

Q. Although there are some uncertainties, is it correct to understand that the company will be able to continue at the same pace in the next fiscal year and that the decline in profits due to liquidated accounts receivables will not continue, and that the current situation is just a temporary dip?

A. Yes, that is our understanding. We would like to avoid any impact on earnings from the liquidation of accounts receivables, so we will continue to analyse data in the second half of the fiscal year to determine whether we can proceed with liquidation as planned.

Q. Regarding FinTech's first quarter profits, non-operating expenses increased due to the negative impact of rising interest rates, resulting in a small increase in profits. Profitability will change with the increase in installment revolving fees, but will you aim to improve profitability in the future through EPOS cards that support "Suki" and new value-added services?

A. First, as a hedge against rising interest rates, we will raise installment revolving fees from October, so this hedge will not be effective in the first half of the year, but for the full year, we expect income to increase sufficiently to more than offset the rise in interest rates. In that sense, as you mentioned, we believe this is the time to implement various measures in line with our plan.

For example, we know that the slight slowdown in transaction growth is due to a decline in new gold cardholders, so we have begun implementing measures this year, and they are gradually taking effect. By steadily moving forward, we hope to achieve a 12% increase in transactions and reach 10 trillion yen in the future.

Q. Regarding retail profits, I think there is a limit to the extent to which you can reduce non-operational floor space and increase monthly rent per square metre, but is the steady growth in the first quarter in line with your plan? What are the main reasons for the slight upward revision in retail?

A. The first quarter was largely as planned, with transactions increasing by around 10%, and rent income was recorded as expected. The slight upward revision was due to growth in the restaurant category among tenants, which contributes to higher rent levels.

However, looking ahead, as you mentioned, there is a limit to the amount of non-operational floor space, so the rate of increase in profits will slow down. On the other hand, monthly rent per square metre is still lower than before the coronavirus pandemic, and we are aiming to further expand profits from retailing by increasing sales of event merchandise and other items.

Q. Among non-operating expenses, financial expenses increased by 800 million yen in the first quarter compared to the previous year. Is this increase exceeding the plan because the medium-term management plan forecasts a 10 billion yen increase in interest rates over the six-year period?

A. The increase in interest expenses is in line with the planned pace for the approximately 100 billion yen increase in interest rates outlined in the medium-term plan. We had anticipated interest rate hikes starting from September this year, so the first quarter results were within the expected range based on the previous interest rate levels.

Q. Regarding selling, general and administrative expenses, is the slower growth in sales promotion expenses and sales administration expenses compared to last year due to a postponement of the period, or is this growth rate likely to continue at this level for the current fiscal year and beyond?

A. First, cash reward costs grew less in the first quarter than last year. This is due to the impact of the point programme revised this fiscal year, and we expect the level to remain the same going forward. In addition, the growth rate of provisions for bad debts was slightly lower, but this was due to a slight decrease in personal bankruptcies in the first quarter. There are no significant factors affecting sales promotion expenses.

Q. Where are retail events and goods recorded in the retail segment? What is the progress of these businesses?

A. As you can see in the FACTBOOK, items manufactured in-house are recorded as merchandise sales, but since we do not manufacture all event merchandise ourselves, sales of items manufactured by our business partners are recorded as purchases for resale. In any case, this is still in its early stages, so we do not expect it to have a significant impact.

Q. Regarding the liquidation of accounts receivables, you mentioned that it will be difficult to liquidate accounts receivable - instalments, but will it be possible to liquidate accounts receivable - operating loans, or so-called cash advances?

A. Yes. The negative impact of securitisation on profits, which includes a decrease of 50 billion yen starting from the second quarter, includes plans to securitise a portion of cash advances in the second quarter, which has been factored into the forecast.

Q. Regarding interest refunds, there was an increase in receipts in the first quarter, but the balance of refunds is rapidly decreasing. Is there a temporary factor behind this?

A. The amount received increased slightly in the first quarter due to the postponement of the decrease in the fourth quarter of last year, which makes it appear as if there has been an increase, but it decreased again in July, so we believe this is a temporary factor.

Q. In that case, considering the current balance of provisions and the current rate of decrease, is it correct to understand that there will be no need to increase the provisions for interest repayments ( ) and provisions for interest repayments ( ) in selling, general and administrative expenses for the current and next fiscal years? If an increase is necessary, we believe that it will have a significant impact on the amount.

A. We confirmed with the audit corporation in the first quarter, and at this point, there is no need to increase the provision for the current fiscal year. However, this may change depending on the situation. If the decrease in deposits does not slow down, it will be necessary to increase the provision, so we will continue to monitor the situation closely.

Q. The increase in income from split revolving fees and the effect of liquidated accounts receivables were expected to be 1.5 billion yen for two months in the initial plan, so we expected a year-on-year increase of 7.5 billion yen in income for the next fiscal year. With the advance implementation of liquidated accounts receivables, has the increase in income of for the next fiscal year been reduced to ?

A. We expect the change in installment revolving fees to increase revenue by 4 billion yen in the current fiscal year and by approximately 10 billion yen in the next fiscal year, so we believe that the increase in will be approximately 6 billion yen when comparing the current fiscal year and the next fiscal year. In addition, as mentioned earlier, we have determined the amount of liquidated receivables so as to minimise the impact on profits. In the current fiscal year, the decrease in the amount of liquidated receivables will have a 2.5 billion yen impact on profits, but ifis too large, for example, the 6 billion yen increase in income due to the change in the fee rate in the next fiscal year , we may consider reducing the amount of liquidated receivables. At this stage, it is difficult to say anything definite.

Q. So, there is a possibility that the 25 billion yen negative impact this fiscal year may not be offset positively in the next fiscal year?

A. Yes, that is correct. We are concerned about the significant impact of the change in commission rates on the next fiscal year alone, so we would like to implement the liquidation of accounts receivables in a way that does not have an excessive impact on profits.

That

concludes my presentation.