

MARUI GROUP Co., Ltd.
Financial Results Briefing for the Fiscal Year Ended March 31, 2026
<Questions and Answers>

- Q. I listened with great interest to reproducing “Co-creation of Creditability” in the financial results briefing materials on page 56. Many financial institutions think of credit as more of “giving,” as the term “credit extension” suggests. I feel that the approach of “co-creation” will be indeed a differentiating factor.

With that, how do you make the business hard to imitate? I think EPOS cards that support “Suki” are an example of difficult-to-imitate cases. However, I doubt people who do not switch to a Gold card and those who do not use it as a primary card, who account for 30% when combined as shown in the materials, have a card that supports their “Suki” or find digital communication attractive. Please provide a little bit more information about your strategy that makes the business hard to imitate.

- A. I understand the first point is “you would like to know more about co-creation of creditability,” and the second is “how we make our business difficult to imitate.”

It is a bit hard to imagine now, however in the 1960s and 70s, there was a counter on the top floor of Marui stores where customers came to make payments every month. Their repayments were handled by our employees face to face, and there were a variety of interactions. For example, when the last payment for 10 installments was made, we used to not only extend a word of thank-you but also give them a gift as a token of our appreciation. There are still customers who cherish gifts from that time. From the customers’ point of view, they were concerned about whether or not they would be able to make all payments given their limited income. They are now appreciated for the fact that they have completed their payments and also received gifts. I interpret that the fact that they were able to control their money and build credit themselves led to a sense of self-affirmation.

Our company’s credit card business of “co-creation of creditability” is based on the know-how that has been cultivated through such interactions that empathize with customers. Unfortunately, there has been less communication in stores and the idea of that time has been fading. We want to reproduce it again now.

Today we communicate with our customers through a lifestyle app, which sends a notification saying, “if you want to make the payment amount even, you can apply to change to revolving payment by what date,” before the payment cutoff date. There is no communication on the payment date, however if the payment is a little late, there will be a reminder by phone or via SMS.

Looking at this from the customers’ point of view, there should be a message of “thank you for your payment” on the payment date. When the 10-installment payment is completed, we will say, “Thank

you very much. The payment has been completed, so please accept this small gift,” and give out something, such as a freebie stuffed toy, experience or digital something. We are thinking of reproducing the communication of those days this way.

As for how to make it difficult to imitate, we believe that what we call our core competency, the know-how rooted in our company’s history, that is, communication techniques and interactions that resonate in the hearts of customers that we recognize as our company’s unique capability that no one else can imitate. We believe that will make it difficult to imitate.

First-class professional human resources will be indispensable in order to reproduce this in DX and UX. With the participation of very capable and experienced person, we will reproduce this through cooperation between them and our existing employees. In this way, we intend to differentiate ourselves by “creating credit together with our customers” that other companies cannot imitate.

Q. You have simply performed on a loan agreement, not anything more than that. However, if you receive a word of gratitude from the lender or it leads to a sense of self-affirmation, it would make it quite difficult to imitate. I expect very much, so please provide us with any updates.

A. Thank you very much.

Q. Regarding responses to the business supporting “Suki” in Mr. Aoi’s view. Please share any positive aspects, such as a larger number of employees going into the state of Flow than expected, or improving quality. I would also like to hear about anything that is lacking.

A. The percentage of employees who could easily enter Flow was very high, at around 60%, from the beginning and it has become even higher because of “Suki.” In addition, what I am very happy about is the “Business Contest Supporting Suki.” In March this year we held the contest for the first time outside the company, and received nearly 130 applications from the outside out of 170 total. We received very enthusiastic proposals, and we are working hard with the winners for commercialization. We envision launching new businesses one after another that support “Suki,” by soliciting ideas from outside the company and combining with businesses including events, cards and goods, where the Marui Group excels. Although we have only just begun, we are already seeing signs of getting them realized.

On the other hand, co-creation of creditability through EPOS cards that support “Suki” has a lot to be done. We have also invited experts to participate. However, since it is at the conceptual stage, we need to buckle down and focus to work hard.

Q. Regarding how to expand EPOS cards that support “Suki”. Your company’s cards have low operating costs, and that alone makes it a huge hurdle for others to imitate. On the other hand, I doubt the availability of EPOS cards that support “Suki” has been communicated enough. Unit store opening in Umeda may be helpful, however how do you plan to raise the recognition of such great cards that would enhance a sense of self-affirmation? What do you think the appeal point is?

- A. I believe that EPOS cards that support “Suki” have a greater chance than conventional cards in terms of raising name recognition. The origin of EPOS cards that support “Suki” is the animation business, and we have been issuing cards featuring animation and other characters for about 10 years. Content fans usually communicate frequently on social media such as X. When we get a message out to those communities, it will reach fan communities far and wide instantly, which helps customer acquisition costs to be kept very low. I think this is a very big advantage of this business revolving around “Suki.”
- Q. I find the Business Contest Supporting Suki and the fact that it is made available for those outside the company to participate is truly co-creation. Is it fair to understand that you solicit a lot of ideas and build a community around the company as the core, it will spread spontaneously?
- A. Thank you very much. Yes, that’s correct.
- Q. I would like to know more about the new executive structure. I think new External Directors are great and the three internal Directors, who are of a younger generation than before, are thoroughly familiar with operations. How do you plan to evolve the Board of Directors with these new members?
- A. Ms. Okajima has long contributed to the enhancement of our company’s corporate value, however she will retire now that she will reach the milestone year of her 12th anniversary. The share price was around ¥1,000 when she took office, so it has now tripled or so. I am very grateful.

Her successor, Ms. Mitarai, was referred by Ms. Okajima, and I hear that Ms. Mitarai was a junior at work when Ms. Okajima was at McKinsey. In addition, at the time of the Great East Japan Earthquake, she was working as a fellow of the Prime Minister of Bhutan, however returned to Japan hoping to do what she could do to help. She is now very successful in social business at Kesenuma Knitting. I expect that she will leverage such knowledge in our company’s business “to find the right balance between impact and profit” so that we will work together to increase corporate value.

Mr. Tsuchiya, Representative Director and CEO of Goodpatch Inc., has already been serving as a non-full time Executive Officer, CDXO. When considering the future management structure of the Board of Directors, we had several discussions concluding that it would be unthinkable to lack someone with expertise in digital and technology. He kindly and willingly accepted our request at the timing of a change in Directors this time.

Aida, who currently serves as Managing Executive Officer and President & Representative Director of Epos Card Co., Ltd., also has experience as Deputy Store Manager when Hakata Marui opened. He joins the team this time as a person who understands both business and management with thorough familiarity with both retail and credit cards, as well as involvement in corporate planning over many years, to be responsible for future management.

Endoh is the youngest among them, and you may have interacted with her as she was in charge of corporate planning and IR. Most recently she has been serving as General Manager of Group FP&A Department. She is strong in numbers and has knowledge of overall management, so we expect her to be a person who is capable of succeeding CFO Kato.

With the addition of Ms. Mitarai and Endoh, the average age of the Board of Directors members is slightly younger. The proposal is submitted based on the thinking that we will aim to achieve our targets

by rejuvenating our management structure for the next generation, toward the fiscal year ending March 2031, the final year of the Medium-Term Management Plan.

Q. Previously, there was a slide in Financial Results Briefing on gains and losses from liquidation of accounts receivables and the impact of changes to the commission rates for installment and revolving payments. How did the full-year results compare to the outlook at the time of the third quarter? I think the increase in the commission rates will have a positive impact in the first half of the fiscal year ending March 2027. I originally heard that it will have an impact of ¥4.8 billion in the fiscal year ended March 2026, and that it will increase profits by about ¥7 billion year-on-year in the fiscal year ending March 2027.

With that, I understood that your policy is to level out the impacts of liquidation of accounts receivable and write-offs each quarter. What is the outlook for figures for the fiscal year ending March 2027?

A. For the fiscal year ended March 2026, while we originally forecasted the impact of the change in commission rates to be ¥4.8 billion, we ended with ¥5 billion, up ¥200 million, due to a smaller decrease in transaction volume than expected. The impact of the change in the commission rates for the fiscal year ending March 2027 is expected to be around ¥7 billion, however we do not intend to recognize its full amount as profit this time. As we plan to review various expense structures and others, we are not able to provide specific information at this time. For the full year, we plan to reduce liquidation of accounts receivable by about ¥1 billion from the previous fiscal year. We will work out a specific plan.

Q. Isn't there a plan to provide a slide explaining the impact of liquidation of accounts receivables and the increase in the commission rates for installment and revolving payments?

A. Last time we provided one at the end of the first quarter, and we plan to do so at the same timing when we will expect to see a somewhat concrete plan.

Q. You mentioned that you plan to execute strategic expenses in FinTech in the fourth quarter of the fiscal year ended March 2026, because of an upward swing in the financial results up to the third quarter resulting in some leeway. How much did you spend? Also, what is your stance on the expense strategy for the fiscal year ending March 2027?

A. There was an unexpected provision for interest repayment, which enabled us to control expenses and achieve our initial plan. In this fiscal year, as there is a considerable positive impact from the change to the commission rates for installment and revolving payments, we plan to allocate our budget toward digital initiatives such as app development and database construction.

Q. Regarding the increased costs of FinTech. On page 38, the slide for factors of change shows expenses of ¥16.1 billion as a factor of decrease in profits. Compared to the situation in the previous year, I find that an increase in reward point costs linked to sales revenue is a little larger. I would like to know the background, including whether it is planned to increase sales promotion and other expenses further.

- A. The lower expenses in the fiscal year ended March 2026 were due to a reduction in the choices for reward points. It had a large impact, resulting in a limited year-on-year difference. We have returned to a normal state this year and expect an increase in costs. Sales promotion and administrative expenses are a bit inflated for the costs for the future enhancement of apps and the construction of the database that I mentioned earlier.
- Q. Is the ¥700 million increase in system costs also a DX-related investment?
- A. Yes, it is. It includes server renewal costs and others.
- Q. About building customer loyalty. You will also add EPOS cards that support “Suki” to your push for Gold cards. Do you intend to let users choose which will be prioritized going forward? Isn’t it possible to have both Gold cards and EPOS cards that support “Suki” to be used as a primary cards? Also, how will you deal with the problem that the face of the card changes when switching from EPOS cards that support “Suki” to a Gold card?
- A. Up until now, we have been promoting the use of Gold cards. With the introduction of new EPOS cards that support “Suki”, we have been discussing for a long time whether it is better to aim to build customer loyalty differently from Gold cards. There was an opinion that “Suki” Gold cards be adopted, but instead, we would like to respond to people who feel uneasy and have been left behind in order to build customer loyalty through both Gold cards and cards supporting “Suki.” When you change to a Gold card, the card number also needs to be changed. However, in the case of EPOS cards that support “Suki”, it is possible to keep the original number. We will work together to build trust through the “Suki” strategy that differs from that for ordinary cards, such as bonus points and airport lounge use for Gold cards, as well as benefits and experience for EPOS cards that support “Suki” in coordination with events and goods businesses. In addition, by creating unique benefits for customers, we will aim to create loyal customers who will help us make it joint costs and increase profit margins.
- Q. Does that mean that, instead of making everyone a Gold cardholder, you will have those with EPOS cards that support “Suki” keep using them as their primary card?
- A. Exactly. I have met many customers who happily use the Gold card as their primary card. On the other hand, there are some customers who were a little hesitant because they think it is beyond their means. I would like both types of customers to become good customers.
- Q. Regarding share buybacks for capital optimization. You have said that ¥30 billion will be implemented in FY2026 or later. Is there any change in your approach?
- A. There has been no change to our approach. We expect capital for retailing to be in excess slightly as a result of profits accumulated by the end of the fiscal year ending March 2031, and plan to carry out shares buybacks of approximately ¥30 billion for capital optimization. It will be implemented in the second half of the Medium-Term Management Plan when capital is accumulated.
- Q. The outstanding loan balance per person decreased by ¥1,000 in last fiscal year. The outstanding balance of installment and revolving payments per person has been decreasing year-on-year since the

second quarter. The transaction volume of installment and revolving payments, which had been growing at the rate of 10% or so, slowed to 6.7% growth in the fourth quarter. Is there any change in the environment surrounding the business?

- A. We think the status of installment and revolving payments and cash advances during the fourth quarter are attributable to macro factors. The amount of income tax deduction in December increased significantly from this fiscal year, and government subsidies have also kicked in. I hear that the situation at other companies is roughly the same, so I do not think this is a problem unique to Epos Card. There have also been signs of some recovery since the first quarter of this fiscal year, so we are not too worried.
- Q. In the plan for the fiscal year ending March 2027, rent guarantee is attributable to a ¥1.3 billion decrease in profits. What is the background? Also, liquidation of accounts receivable was mentioned as a factor in reducing profits by ¥1 billion. What is your approach on each of the gains from liquidation, gains on sale, and write-offs? In addition, the difference between operating income and ordinary income will increase to ¥7.6 billion in the fiscal year ending March 2026 and to ¥11 billion in the fiscal year ending March 2027, pushing down profits by ¥3.4 billion. Is it due to interest burdens only?
- A. The reason for rent guarantee being attributable to a decline in profits is an increase in variable costs associated with the expansion of rent guarantee. However, since rent guarantee accounts for the majority of service revenue not linked to transaction volume, we expect it will continue to generate an increase in profits of ¥1 billion yen or more. We will control liquidation of accounts receivable to be negative ¥1 billion by generating a certain amount of capital gains in the first and second half against amortization that will continue to occur.
Since there has been real operating income of ¥3.5 billion recorded for this fiscal year, we plan to reduce the amount of liquidation. More details will be provided in the first quarter. Also, please note that negative ¥3.4 billion in ordinary income is mostly due to the impact of interest rates.
- Q. To what extent do you expect higher interest rates to affect future earnings prospects? Liquidation of accounts receivable resulted in negative ¥2.7 billion, which makes us expect it in the mid-10 billion range for the current fiscal year. If you plan to reduce the execution amount in the next fiscal year and beyond, I would also like to know your thoughts on leverage. In light of the interest rate environment, I also hear that some other companies have stopped the liquidation of some mortgages and are reducing the balance of receivables from revolving credit and cash advances.
- A. Rising interest rates for liquidation have not become much of an issue partly due to the increase in the commission rates for installment and revolving payments. The increase in the commission rates for installment and revolving payments this time is expected to result in an increase in annual revenue by a little less than ¥12 billion. We estimate that the combined impact of rising interest rates last year and this year will be about ¥7.7 billion, resulting in additional capacity of ¥3 to 4 billion to spare. We intend to implement liquidation in a way to hedge against that, so that total profits and losses will not be affected.

- Q. I remember you told us before that EPOS cards that support “Suki” and the Platinum/Gold cards will see a considerable increase in the installment payment fees in the fourth year or so of the membership. What is the timing when future increases in the unit price of those card users have a significant impact on financial figures?
- A. As you say, the unit price will rise considerably in the second or third year of the membership. In the current fiscal year, there were 870,000 new members, an increase of 50,000. By increasing new membership even as new membership has been on the decline in the industry as a whole, we believe that the composition of customers with a higher unit price will also grow. As new membership expands this way, the holders of EPOS cards that support “Suki” and those of Platinum/Gold card members will increase in number. EPOS cards that support “Suki” have a higher unit price than regular cards do and, with many young card members, have a very high percentage of installment and revolving payments. Based on the above, we believe that the outstanding balance of installment and revolving payments will increase even more in the next fiscal year and onward.