Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act)

Fiscal year	From: April 1, 2024
(The 89th term)	To: March 31, 2025

MARUI GROUP CO., LTD.

(E03040)

This document was prepared based on the Company’s Annual Securities Report in Japanese.
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
The accompanying consolidated financial statements are audited by PricewaterhouseCoopers Japan LLC.

[Cover page]

[Document title]	Annual Securities Report
[Clause of stipulation]	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Place of filing]	Director-General, Kanto Local Finance Bureau
[Filing date]	June 23, 2025
[Fiscal year]	The 89th term (from April 1, 2024 to March 31, 2025)
[Company name]	Kabushiki Kaisha MARUI GROUP
[Company name in English]	MARUI GROUP CO., LTD.
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[Name of contact person]	Masakazu Iizuka, General Manager, Financial Department
[Place for public inspection]	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo, Japan)

PART I: COMPANY INFORMATION

I. OVERVIEW OF COMPANY

1. Summary of Business Results

(1) Business results of group

Term		85th	86th	87th	88th	89th
Fiscal year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Operating revenue	(Millions of yen)	206,156	209,323	217,854	235,227	254,392
Ordinary profit	(Millions of yen)	14,520	35,547	36,364	38,776	39,916
Profit attributable to owners of parent	(Millions of yen)	2,267	17,791	21,473	24,667	26,588
Comprehensive income	(Millions of yen)	10,430	13,423	22,308	25,736	30,605
Net assets	(Millions of yen)	290,100	262,052	246,562	253,628	246,636
Total assets	(Millions of yen)	901,231	920,026	961,950	1,003,501	1,053,352
Book value per share	(Yen)	1,350.58	1,307.04	1,299.97	1,348.13	1,362.18
Earnings per share	(Yen)	10.58	85.81	109.37	130.70	143.24
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	32.1	28.4	25.6	25.2	23.4
Return on equity	(%)	0.8	6.5	8.5	9.9	10.6
Price earnings ratio	(Times)	196.6	26.2	18.5	18.7	18.8
Cash flows from operating activities	(Millions of yen)	22,193	11,519	16,717	38,003	(4,482)
Cash flows from investing activities	(Millions of yen)	(16,241)	(13,760)	(22,382)	(18,266)	(13,665)
Cash flows from financing activities	(Millions of yen)	(5,600)	770	18,259	(7,879)	2,838
Cash and cash equivalents at end of period	(Millions of yen)	41,179	39,708	52,421	64,560	49,250
Number of employees [In addition, average number of part-time employees]	(Persons)	4,855 [1,487]	4,654 [1,530]	4,435 [1,447]	4,290 [1,404]	4,051 [1,453]

Notes:

1. The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the 86th term. These accounting standards, etc., have been retroactively applied to figures for the summary of business results for the 85th term.
2. The Company’s shares held under the performance-linked share-based remuneration for its Directors, etc. and an incentive plan for employees in management positions are included in treasury shares reported in the consolidated balance sheets. In the calculation of book value per share, these shares of treasury shares are included in the number of treasury shares to be deducted from the number of shares issued and outstanding at the end of the year. These shares of treasury shares are also included in the number of treasury shares to be deducted from the average number of shares during the period in the calculation of earnings per share and diluted earnings per share.
3. Diluted earnings per share are not stated as there are no dilutive shares.

(2) Business results of reporting company

Term		85th	86th	87th	88th	89th
Fiscal year ended		March 2021	March 2022	March 2023	March 2024	March 2025
Operating revenue	(Millions of yen)	21,202	18,314	19,796	40,639	23,756
Ordinary profit	(Millions of yen)	14,805	14,258	12,241	32,709	13,684
Profit	(Millions of yen)	12,321	66,649	7,354	30,671	14,454
Share capital	(Millions of yen)	35,920	35,920	35,920	35,920	35,920
Total number of shares issued and outstanding	(Shares)	223,660,417	208,660,417	208,660,417	208,660,417	208,660,417
Net assets	(Millions of yen)	208,147	229,052	201,745	214,918	195,637
Total assets	(Millions of yen)	751,539	826,510	844,688	870,444	891,291
Book value per share	(Yen)	970.79	1,144.36	1,065.48	1,144.07	1,082.69
Dividend per share [Of which, interim dividend per share]	(Yen)	51.00 [25.00]	52.00 [26.00]	59.00 [29.00]	101.00 [50.00]	106.00 [53.00]
Earnings per share	(Yen)	57.47	321.45	37.46	162.51	77.87
Diluted earnings per share	(Yen)	—	—	—	—	—
Equity ratio	(%)	27.7	27.7	23.9	24.7	21.9
Return on equity	(%)	6.1	30.5	3.4	14.7	7.0
Price earnings ratio	(Times)	36.2	7.0	54.0	15.0	34.7
Payout ratio	(%)	88.7	16.2	157.5	62.2	136.1
Number of employees [In addition, average number of part-time employees]	(Persons)	373 [23]	241 [23]	254 [27]	270 [29]	270 [28]
Total shareholder return [Benchmark: TOPIX Net Total Return Index]	(%)	117.4 [142.1]	129.6 [145.0]	120.4 [153.4]	149.2 [216.8]	169.1 [213.4]
Highest share price	(Yen)	2,317	2,413	2,581	2,628	2,760
Lowest share price	(Yen)	1,514	1,832	1,956	2,025	2,030

Notes:
1. The Company's shares held under the performance-linked share-based remuneration for its Directors, etc. and the incentive plan for employees in management positions are included in treasury shares reported in the non-consolidated balance sheets. In the calculation of book value per share, these shares of treasury shares are included in the number of treasury shares to be deducted from the number of shares issued and outstanding at the end of the year. These shares of treasury shares are also included in the number of treasury shares to be deducted from the average number of shares during the period in the calculation of earnings per share and diluted earnings per share.
2. Diluted earnings per share are not stated as there are no dilutive shares.
3. Total shareholder return (TSR) has been calculated based on the share price of ¥1,815 as of March 31, 2020.
4. The highest and lowest share prices refer to those of the First Section of the Tokyo Stock Exchange before April 3, 2022, and those of the Prime Market of the Tokyo Stock Exchange after April 4, 2022.
5. Of the ¥106 per-share dividend for the 89th term, the year-end dividend of ¥53 is a matter to be resolved at the Ordinary General Meeting of Shareholders scheduled for June 25, 2025.

2. History

The Group was launched on February 17, 1931, when Chuji Aoi founded an installment sales business in Nakano-ku, Tokyo, Japan, after separating from Maruni Shokai Co., Ltd. On March 30, 1937, it was reorganized into a corporate entity (MARUI CO., LTD.; capital of ¥50,000; Chuji Aoi, President).

The history of the Company and its main subsidiaries and associates since the Company's founding is as follows.

July 1941	Suspended business and temporarily closed all stores due to wartime business restrictions.
August 1946	Resumed business in cash furniture sale with a temporary store in Nakano.
December 1950	Resumed installment sales.
August 1959	Established Marui Koukoku Jigyosha Co., Ltd. (currently AIM CREATE CO., LTD.).
January 1960	Renamed the monthly payment system to "credit" to structurally improve and modernize the Company.
March 1960	Issued the first credit card in Japan.
October 1960	Established Marui Unyu Co., Ltd. (currently MOVING CO., LTD.).
April 1963	Listed stock on the Second Section of the Tokyo Stock Exchange.
June 1965	Stock designated to be listed on the First Section of the Tokyo Stock Exchange.
August 1966	Became the first in the industry to introduce computers.
April 1974	Introduced POS system and launched an online credit inquiry system to simplify contracting work.
May 1974	Opened the New Shinjuku Marui (currently Shinjuku Marui Main Building).
September 1975	Began offering on-the-spot approval at stores for "Akai Card" credit cards.
February 1981	Began a cash advance business, celebrating the 50th anniversary of founding.
September 1984	Established M&C SYSTEMS CO., LTD.
July 1987	Established CSC Service Co., Ltd. (currently MARUI FACILITIES Co., Ltd.).
September 1988	Published "Voi" mail-order catalogue.
December 1994	Relocated the head office to 3-2, Nakano 4-chome, Nakano-ku, Tokyo.
October 2003	Opened Kobe Marui, the first store in the Kansai region.
February 2004	Opened Kitasenju Marui, the largest Marui store to date.
October 2004	Established Marui Card Co., Ltd. (currently Epos Card Co., Ltd.).
November 2004	Established MRI Co., Ltd.
March 2006	Launched the EPOS card.
September 2006	Opened Namba Marui, the first store in Osaka.
October 2007	The Company switched to a holding company system via a corporate demerger, renamed MARUI GROUP CO., LTD. The retail business was succeeded by a newly established company, MARUI CO., LTD., and the credit card business was succeeded by Epos Card Co., Ltd. Established MARUI HOME SERVICE Co., Ltd.
	Opened Yurakucho Marui.
February 2013	Established Epos Small Amounts and Short Term Reserve CO., LTD. (currently Epos Small Amount and Short Term Insurance Co., Ltd.).
November 2015	Established the MARUI GROUP Corporate Governance Guidelines.
April 2016	Opened Hakata Marui, the first store in the Kyushu region.
February 2018	Established TSUMITATE SECURITIES PREPARATORY CO., LTD. (currently tsumiki Co., Ltd.).
January 2020	Established D2C & Co. Inc.
April 2021	Established MARUI GROUP NEW BUSINESS CREATION CO., LTD. (currently okos Co., Ltd.).
April 2022	Stock listing transferred from the First Section to the Prime Market due to the Tokyo Stock Exchange's revised market classification Established Muture Corporation (joint venture with Goodpatch Inc.)
September 2024	Established marui unite Co., Ltd

3. Description of Business

The Group is a corporate group that operates Retailing and FinTech businesses in an integrated manner and is comprised of the Company, a holding company, and its 23 subsidiaries and five associates.
The details of each business and main Group companies of the Group are as follows. Businesses are categorized in the same manner as segments.

Retailing

The following five consolidated subsidiaries, as well as non-consolidated subsidiaries and associates not accounted for using the equity method, engage in businesses, including the rental and the management of commercial property, purchasing and sale of clothes and accessories, space production, advertising, total fashion distribution, general building management, etc.
<Consolidated subsidiaries>
MARUI CO., LTD., AIM CREATE CO., LTD., MOVING CO., LTD., M&C SYSTEMS CO., LTD., MARUI FACILITIES Co., Ltd.

<Non-consolidated subsidiaries and associates not accounted for using the equity method>
MARUI KIT CENTER CO., LTD., MIZONOKUCHISHINTOSHI Co., Ltd., etc.

FinTech

The following seven consolidated subsidiaries, as well as non-consolidated subsidiaries and associates not accounted for using the equity method, engage in businesses, including credit card services, cash advance services, rent guarantee services, information system services, real estate rental, investment trust sales, small-amount short-term insurance services, etc.
<Consolidated subsidiaries>
Epos Card Co., Ltd., MRI Co., Ltd., M&C SYSTEMS CO., LTD., MARUI HOME SERVICE Co., Ltd., MARUI HOME SERVICE MANAGEMENT Co., Ltd., tsumiki Co., Ltd., Epos Small Amount and Short Term Insurance Co., Ltd.

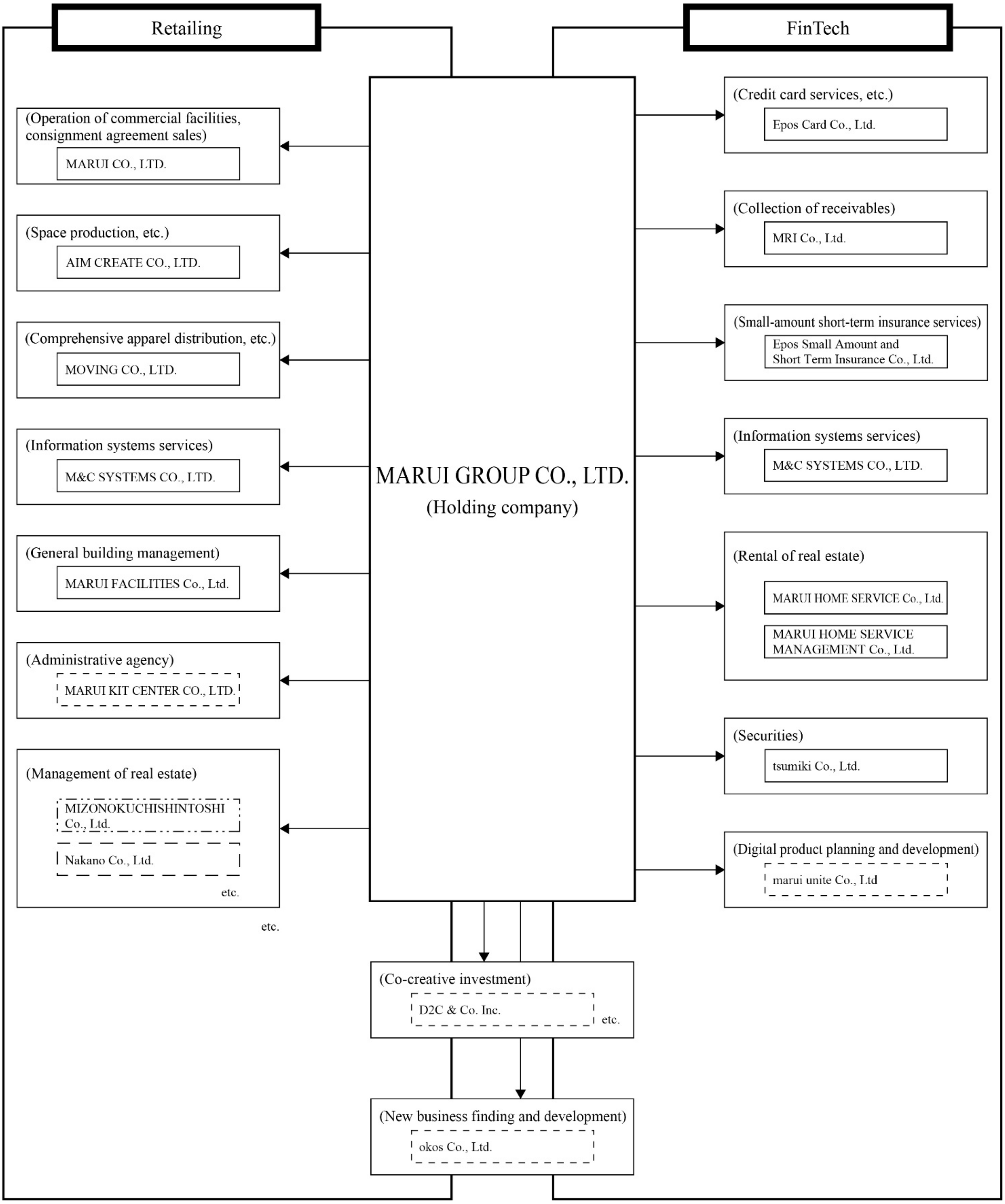
<Non-consolidated subsidiaries and associates not accounted for using the equity method>
D2C & Co. Inc., okos Co., Ltd., marui unite Co., Ltd, etc.

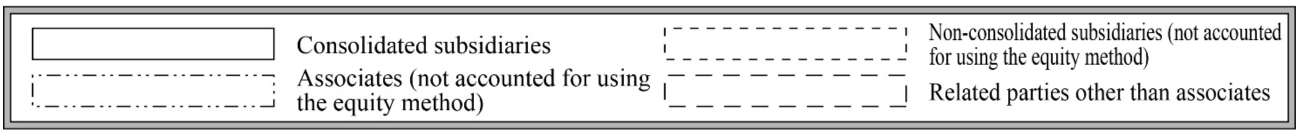
In addition to the above, subsidiaries and associates of the Company rent/lease real estate properties from related parties that are not subsidiaries or associates, namely, NAKANO Co., Ltd. and another company.

As the Company is a specified listed company, etc., consolidated figures shall be applied to numerical standards defined in comparison with the scale of the listed company among the criteria for regarding a material fact as minor pertaining to insider trading regulations.

[Organization Chart]

The Group's organization is as illustrated below.





4. Subsidiaries and Associates

Company Name	Location	Share capital (Millions of yen)	Principal business	Holding ratio of voting rights (%)	Relationship
(Consolidated subsidiaries) MARUI CO., LTD. (Notes 3 and 4)	Nakano-ku, Tokyo	100	Operation of Marui/Modi Stores, Online Shopping and Mail-order	100.0	Management advisory, etc. Interlocking directorship…Yes
Epos Card Co., Ltd. (Notes 3 and 5)	Nakano-ku, Tokyo	500	Credit Card Business, Credit Loan Business	100.0	Management advisory, etc. Interlocking directorship…Yes
MRI Co., Ltd.	Nakano-ku, Tokyo	500	Collection and Management of Receivables Business, Credit Check Business	100.0 [100.0]	Management advisory, etc. Interlocking directorship…Yes
AIM CREATE CO., LTD.	Nakano-ku, Tokyo	100	Proposal of Commercial Facilities Category, Design and Interior Decoration, Operation and Management, Planning and Making of Advertisement	60.0	Management advisory, etc. Interlocking directorship…Yes
MOVING CO., LTD.	Toda-shi, Saitama	100	Trucking Business, Forwarding Business	100.0	Management advisory, etc. Interlocking directorship…Yes
M&C SYSTEMS CO., LTD.	Nakano-ku, Tokyo	100	Software Development, Computer Operation	100.0	Management advisory, etc. Interlocking directorship…Yes
MARUI FACILITIES Co., Ltd.	Nakano-ku, Tokyo	100	Building Management Service Business, Security Service Business	100.0	Management advisory, etc. Interlocking directorship…Yes
MARUI HOME SERVICE Co., Ltd.	Nakano-ku, Tokyo	100	Real-Estate Rental Business	100.0	Management advisory, etc. Interlocking directorship…Yes
MARUI HOME SERVICE MANAGEMENT Co., Ltd.	Nakano-ku, Tokyo	10	Real-Estate Rental Business	100.0 [100.0]	Management advisory, etc. Interlocking directorship... No
tsumiki Co., Ltd.	Nakano-ku, Tokyo	100	Securities Business Specializing in Cumulative Investments	100.0	Management advisory, etc. Interlocking directorship…Yes
Epos Small Amount and Short Term Insurance Co., Ltd.	Nakano-ku, Tokyo	200	Small-amount short-term insurance services	50.0 [50.0]	Management advisory, etc. Interlocking directorship... No

Notes:
1. Figures in brackets in the “Holding ratio of voting rights” column indicate the ratio of indirect holdings.
2. In addition to the above relations, funds are borrowed and loaned between the Company and the Group companies under a cash management system that centrally manages Group funds.
3. A specified subsidiary.
4. Operating revenue (excluding internal operating revenue from other consolidated companies of the Group) of MARUI CO., LTD. is greater than 10% of consolidated operating revenue.

   Primary profit (loss) information, etc.

   Operating revenue: ¥62,795 million; Ordinary profit: ¥1,395 million; Loss: ¥757 million;

   Net assets: ¥204,365 million; Total assets: ¥243,840 million
5. Operating revenue (excluding internal operating revenue from other consolidated companies of the Group) of Epos Card Co., Ltd. is greater than 10% of consolidated operating revenue. However, primary profit (loss) information, etc., is omitted as the said operating revenue is greater than 90% of operating revenue of “FinTech” stated in Segment Information.

5. Employees

(1) Consolidated basis

As of March 31, 2025

Name of segment	Number of employees (Persons)
Retailing	1,982 [661]
FinTech	1,799 [764]
Corporate (Common functions)	270 [28]
Total	4,051 [1,453]

Notes:
1. The number of employees represents the number of active employees, exclusive of the average number of part-time employees during the fiscal year (calculated based on prescribed monthly working hours) which is shown in brackets in the number of employees column.
2. Corporate (Common functions) refers to the number of employees of the Company, a pure holding company, that is not attributable to a particular segment. Most of them belong to the administration division or the investment division.

(2) Non-consolidated basis

As of March 31, 2025

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)	Average annual salary YoY (%)
270 [28]	39.8	16.0	6,821,200	107.6

Notes:
1. The number of employees represents the number of active employees, exclusive of the average number of part-time employees during the fiscal year (calculated based on prescribed monthly working hours) which is shown in brackets in the number of employees column.
2. Average annual salary includes bonuses and other non-standard payments.

(3) Labor unions

The Group has MARUI GROUP UNION, which is a member union of UA ZENSEN. Management-labor relations have been smooth, and there are no items of note to report.

(4) Percentage of female employees in management positions, percentage of male employees taking childcare leave, and differences in wages between male and female employees

Fiscal year under review					
Company Name	Percentage of female employees in management positions (%) (Note 1)	Percentage of male employees taking childcare leave (%) (Note 2)	Differences in wages between male and female employees (%) (Notes 1 and 3)		
			All employees	Regular employees	Part-time and fixed-term employees
Filing company					
MARUI GROUP CO., LTD. (Note 4)	23.0	100.0	78.8	73.0	85.6
Consolidated subsidiaries					
Epos Card Co., Ltd. (Note 5)	—	—	105.3	94.5	105.2

Notes:
1. The figures are calculated in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). The percentage of female employees in management positions is as of April 1, 2025.
2. The figures are calculated based on the ratio of employees who took childcare leave, etc. or leave for childcare purposes as stipulated in Article 71-6, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991), in accordance with the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
3. The number of employees is calculated by taking into account the number of employees converted based on their working hours.
4. MARUI GROUP CO., LTD., which is the reporting company, hires, assigns, and trains all employees except for part-time employees, etc. Because employees assigned to each Group company are seconded, the figures for the reporting company include employees seconded to subsidiaries. Accordingly, the number of employees on which the calculation is based differs from the number of employees stated in "(2) Non-consolidated basis."
5. Epos Card Co., Ltd. is a consolidated subsidiary subject to disclosure in accordance with the provisions of the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). The figures for each company are based on directly hired employees only and do not include employees in management positions or those eligible for childcare leave.

<Supplementary explanation for each numeric value>

Indicators related to human resources of the Group are described in "II. BUSINESS OVERVIEW, 2. Sustainability Approach and Initiatives, 2. The Group's idea of human capital management." For detailed performance data on human capital management, please refer to the "Social" category in the ESG Data Book for the fiscal year ended March 31, 2025.

ESG Data Book

(https://www.0101maruigroup.co.jp/sustainability/lib/databook.html) (in Japanese)

<Factors behind the differences in wages between male and female employees and the Company's approach>

Trends in the differences in wages between male and female employees have improved for all employees and regular employees compared to the previous year, as described below.

For part-time and fixed-term employees, the proportion of women in lower positions among reemployed workers, who account for 85% of the total, increased, resulting in a decline in the average wage for women and thus a decrease in the difference in wages from the previous year to 85.6%.

◇ Differences in wages between male and female employees (filing company)

	2023		2024
All employees	77.8%	▶	78.8%
Regular employees	72.0%	▶	73.0%
Part-time and fixed-term employees	91.6%	▶	85.6%

There is no difference in treatment by gender in the Group's wage system, and the biggest factor behind the differences in wages is the low percentage of female employees in high-level positions with higher wages, such as management positions. When broken down by position, the difference is 85.5% to 95.7%. The main factor behind differences even within the same position is the impact of the short-hour work system. As of March 2025, 97.1% of employees using the short-hour work system are women, and when time corrections are made for employees who work short hours, the difference in wages by position is 90.6% to 95.7%. Given these circumstances, the Group aims to diversify its decision-making tier (management positions and above, including Directors and Executive Officers) as part of its efforts to create an organization that is conducive to the creation of innovation. We have established the "vitality index of female employees" as our own indicator to visualize these efforts, and we are promoting women's participation and advancement in the workplace.

In order to promote women's participation and advancement in the workplace, we believe that it is important to improve the "mindset of fixed gender roles where men should work while women should do housework and raise children" and increase the percentage of "female employees who wish to work in high-level positions." To improve the fixed gender role mindset, we are implementing "career design training" for 26-year-old male and female employees reaching major life events, and also hold "forums to consider balancing careers and life events" for those who wish to participate. As part of efforts to improve the percentage of "female employees who wish to work in high-level positions," we are implementing project activities led by employees in management positions to improve "workstyles for employees in management positions."

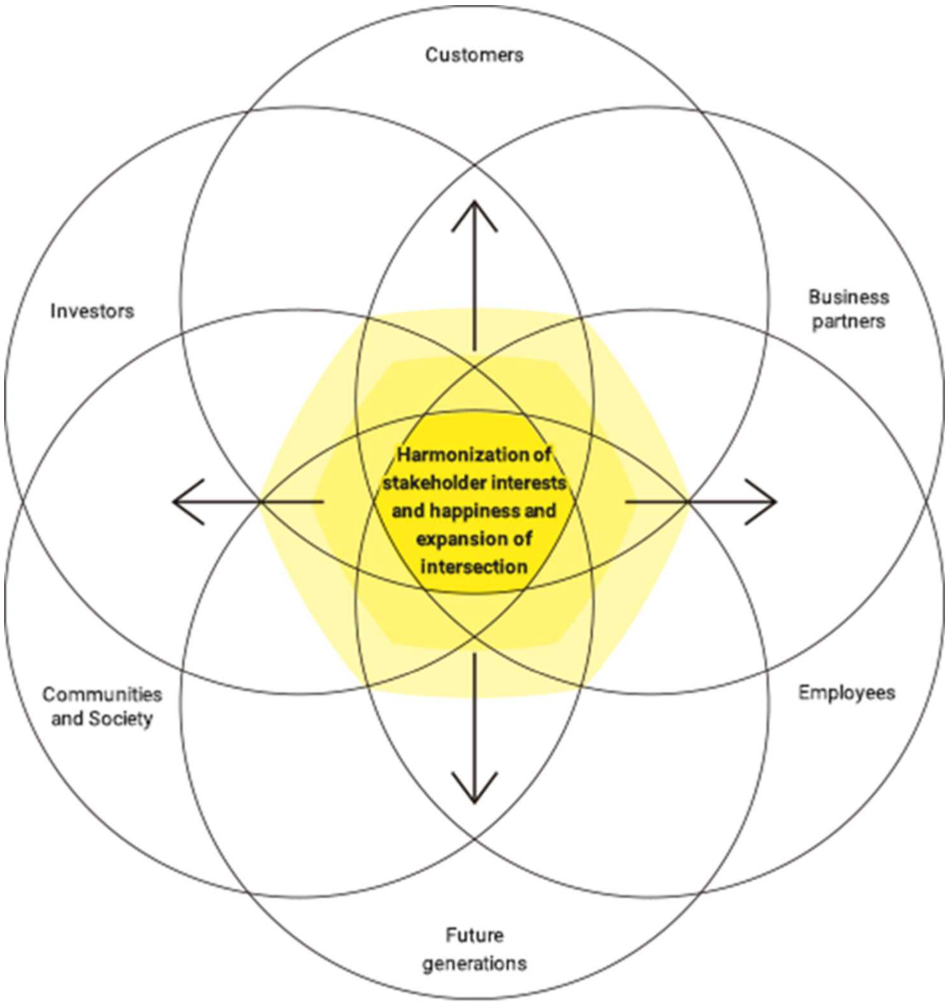
We will continue these efforts going forward, striving to eliminate the differences in wages between male and female employees by aiming to be an organization where the burden of housework and childcare does not fall disproportionately on women and where both men and women can naturally balance their work and family responsibilities.

II. BUSINESS OVERVIEW

1. Management Policies, Management Environment, and Issues to Be Addressed

Forward-looking statements in this document are based on the judgment of the Group at the end of the fiscal year under review.

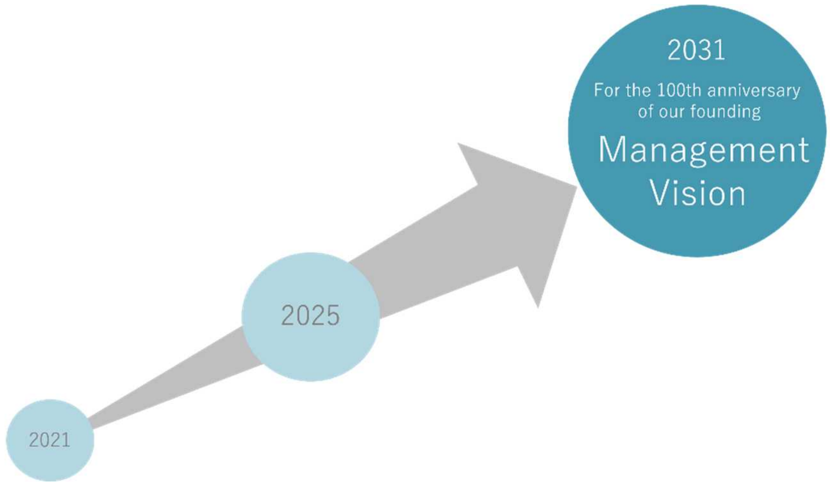
■ Basic management policies
Under our vision of "transcending dichotomies between impact and profit," the Group's mission is to work together with our stakeholders to help build an inclusive society that offers happiness to all, based on our corporate philosophy of "continue evolving to better aid our customers" and "equate the development of our people with the development of our company."
Co-creation not only within the Group, but also with our stakeholders, is key to achieving this. The Group considers our corporate value to be the harmony of the interests and happiness of all stakeholders, including customers, shareholders, investors, communities and society, and business partners, employees and future generations. We aim to increase our corporate value and realize our vision by promoting co-creation management that involves co-creation with our stakeholders.
For details of the Group's co-creation management, please refer to the Co-Creation Management Report 2023 and the VISION BOOK 2050.
Co-Creation Management Report (https://www.0101maruigroup.co.jp/en/ir/lib/i-report.html)
VISION BOOK 2050 (https://www.0101maruigroup.co.jp/en/sustainability/lib/s-report.html)



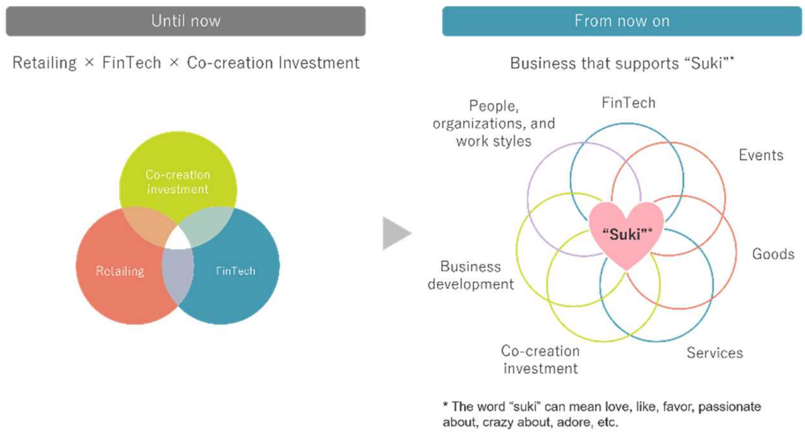
Corporate value = Intersection of the interests and happiness of all stakeholders

Harmonization and expansion of the intersection = Increase in the corporate value

■ Formulation of Management Vision & Strategy Narrative 2031
The Group has formulated its "Management Vision & Strategy Narrative 2031" rather than a medium-term management plan for the 100th anniversary of its founding in 2031. We will set high goals as our management vision and build a strategy narrative by backcasting from there. We will achieve the creation of social value by linking our vision, impact, and business strategy.

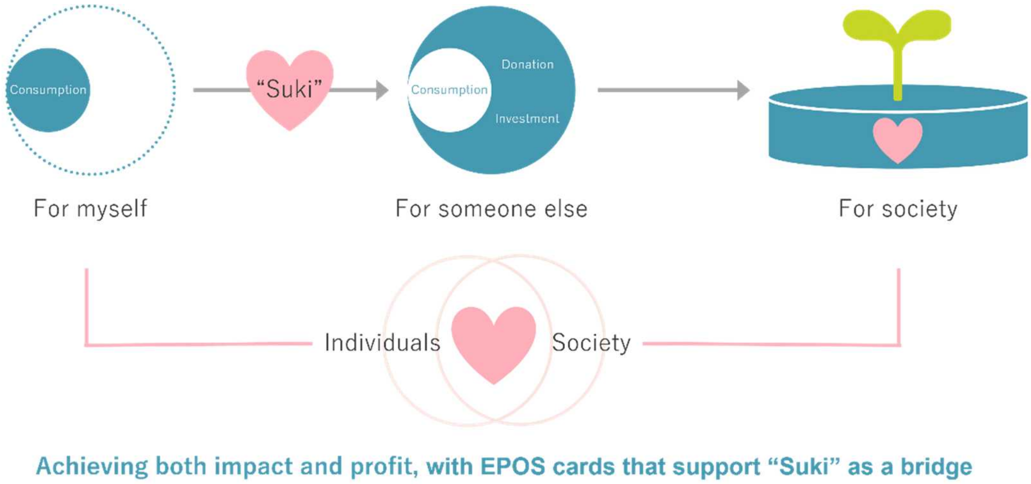


1) Management vision
We are transitioning from our traditional business model integrating Retailing, FinTech, and Co-Creation Investments—toward a new model centered on FinTech: a business that supports "Suki"*. Through this transformation, we aim to realize our vision of "transcending dichotomies between impact and profit."
This management vision is grounded in the belief that Japan's deflationary economy, which has persisted for over 30 years, is now at a turning point. As consumer behavior evolves, we see the potential for a new economy driven by "Suki"* as opposed to the cost-conscious consumption, as represented by point rewards of the past, and we will grow by creating this new market.



2) Strategy narrative
The impact we aim to achieve through our "business that supports 'Suki'" and the strategies for its realization are as follows:

(Consumption that expands for the benefit of others and society through "Suki")
- The purpose of our "business that supports 'Suki'" is to achieve both impact and profit by encouraging "Suki," transforming consumption from being "for oneself," to "for someone else," and ultimately "for society."
- With EPOS cards that support "Suki," the number of members using our cards that allow users to make donations to those they wish to support through their spending is steadily increasing. We anticipate that more and more consumers will continue to find happiness in making "donations" "for someone else."
- By promoting a differentiation strategy by responding to new types of consumers, our goal is to reach 3 million cardholders of EPOS cards that support "Suki" by the fiscal year ending March 31, 2031, furthermore, to surpass the number of Gold Card cardholders by the fiscal year ending March 31, 2041.

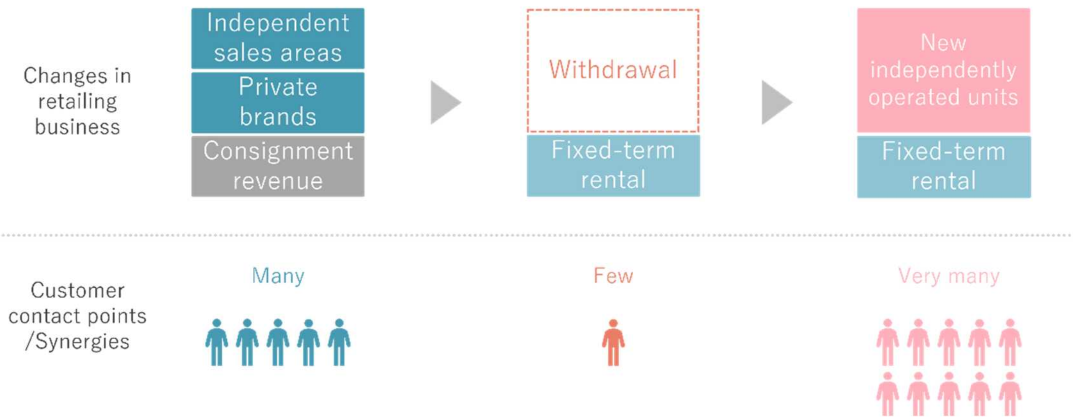


(Financial empowerment that supports "Suki")

- Until now, the Group has supported the self-realization of young people. Going forward, we will support the self-actualization of all individuals through financial empowerment that supports "Suki."
- In its FinTech business to date, Marui has issued credit cards through the co-creation of creditability, mainly in metropolitan areas where it has stores. But going forward, we will expand the scope and recruit members nationwide through the rollout of a new independent retailing system regardless of location.
- In addition, to address the expanding diversity of work styles, including self-employed individuals, startups, and freelancers, we will expand the number of membership through initiatives such as the "Owner Card" and "Lancers Card." For foreign nationals working in Japan, we will also enhance recruitment through collaborations like the "GTN Card."

(Support strategies)

- As a new point of contact with customers to replace the independent sales areas and private brands, we will support both impact and profits by developing a new independently operated unit in major cities nationwide that offers events, goods, and cards that support "Suki," which can be expected to attract customers, recruit members, and increase average customer spend and gross profit margin in a compact space.
- Furthermore, in our efforts to enhance customer experience through DX, we have newly established a joint venture with Goodpatch Inc. and marui unite Co., Ltd, a leading UX design company. We have also been actively recruiting specialized talent and building an agile development framework.
- Going forward, we will promote the development of loyal customers by leveraging the expertise of professional personnel to provide unique experiential value that combines digital UX with real-world experiences through new independently operated units.



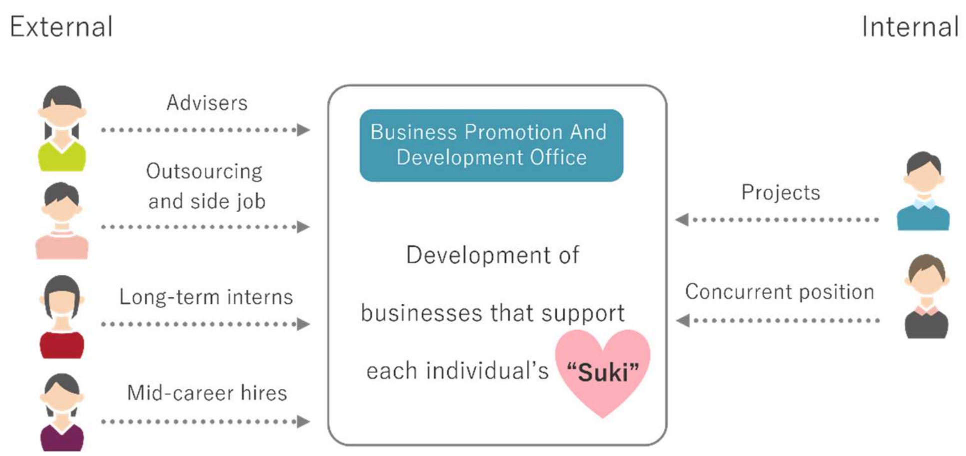
(Expression of creativity through ‘flow’)

- At the Group, we focus on the concept of “flow,” which comprehensively captures the elements that are important for business, such as ability and challenge, creativity and happiness, and have been working to enhance the job satisfaction and organizational vitality of every employee.

- Going forward, we will increase opportunities for employees to apply their “Suki” to their work by organizing contests and other initiatives that support “Suki” and encourage creativity. By expanding businesses that leverage intangible assets—such as ideas, knowledge, and know-how, we aim to raise the ratio of intangible assets to over 70% by the fiscal year ending March 31, 2031, thereby enhancing our corporate value.

(Business development by social intrapreneurs)

- In addition to creating innovation with external entrepreneurs, we will establish Business Promotion And Development Office to encourage the activities of “social intrapreneurs” (internal entrepreneurs) who can change society while working at the company. We will recruit talent from both inside and outside the company through various employment formats and promote business development.
- We have established the “Social Intrapreneur Development Foundation” to nurture human resources over the medium to long term and will offer courses for university and junior/senior high school students. In the future, we will leverage their knowledge and skills through employment at the Group and participation in projects to contribute to the business development of the Group.



(Exploratory domains)

- We are working to globalize our business that supports individual interests. As a first step, we will launch business development initiatives by recruiting talent from around the world under the theme of "Japan as a 'Suki' in the Eyes of the World."

3) Risks

(Response to the rising financial costs driven by interest rate increases)

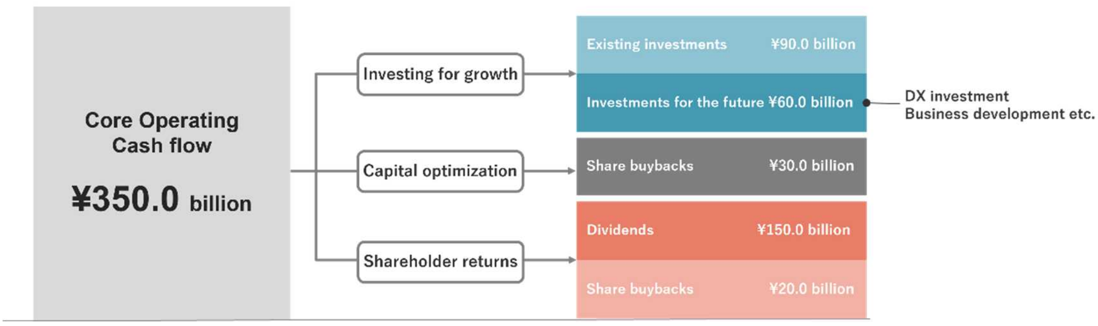
- We are considering changing the fees for installment and revolving payments during the fiscal year ending March 31, 2026, and expect this to increase revenue.
- With regard to borrowing rates, we will strive to reduce borrowing rates by shortening the average borrowing period, while also strengthening dialogue with rating agencies with the aim of improving our credit ratings and curbing increases in financial expenses.

4) Capital Policy and Shareholder Returns

(Capital policy)

- In the fiscal year ending March 31, 2031, our balance sheet is projected to expand to approximately ¥1.5 trillion. In terms of segments, given that the equity ratio in our Retailing segment is expected to diverge from our optimal level of 35% to around 50%, we plan to implement capital optimization measures totaling ¥30.0 billion. Through this initiative, we aim to recalibrate our balance sheet and achieve a consolidated equity ratio of 16%.
- Regarding our shareholder returns policy, considering our target ROE of over 15% for the fiscal year ending March 31, 2031, we have set our dividend on equity ratio (DOE) to 10%.
- The plan of capital allocation is to allocate the core operating cash flow of ¥350.0 billion over the next six years as follows: ¥90.0 billion for growth investments in existing businesses, ¥60.0 billion for forward-looking investments such as DX investments and business development, ¥30.0 billion for the acquisition of treasury shares for capital optimization, and ¥170.0 billion for shareholder returns.

□ Capital allocation (Fiscal year ending March 31, 2026 to fiscal year ending March 31, 2031)



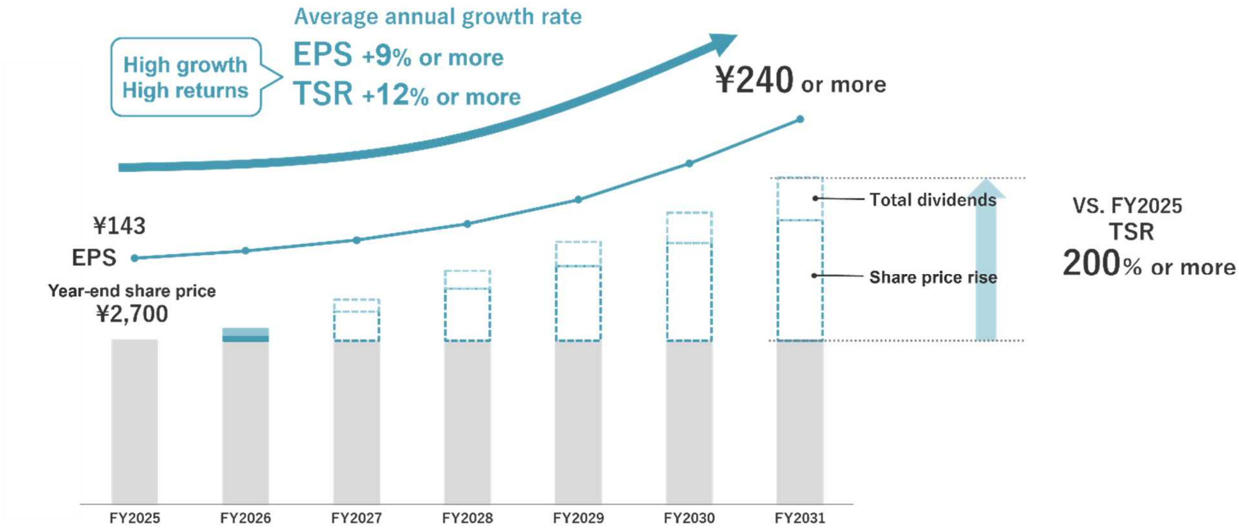
(Shareholder returns)

With respect to shareholder returns, the Group's basic policy will be one of ongoing, appropriate profit sharing.

- The Company will endeavor to continuously increase the level of dividends based on the long-term growth in EPS to realize high growth coupled with high returns.
- It will aim to realize ongoing, long-term dividend increases, targeting a dividend on equity ratio (DOE) of approximately 10%.
- Share buybacks are flexibly conducted as appropriate after comprehensively considering a range of factors including the optimal capital structure, financial conditions, and share price, for improving capital efficiency and enhancing shareholder interest. Treasury shares acquired through share buybacks will, in principle, be cancelled.
- Dividend standards and treasury stock acquisition policies are regularly verified and revised as appropriate.

5) KPI

For the fiscal year ending March 31, 2031, we aim to achieve high growth and high returns with a PBR of 3 to 4 times, EPS growth of 9% or more, and TSR growth of 12% or more on an annual basis.



2. Sustainability Approach and Initiatives

Forward-looking statements in this document are based on the judgment of the Group at the end of the fiscal year under review.

1. The Group's idea of sustainability

I. Overall sustainability

In 2016, the Group took its first steps toward practicing future-oriented sustainability management, an approach that integrates its business with consideration for the environment, the resolution of social issues, and corporate governance initiatives. We have redefined our business approach targeted for "every individual" to that featuring "inclusion" and reorganized our core themes. We believe that these initiatives will also contribute to the realization of the United Nations Sustainable Development Goals ("SDGs").

Furthermore, in 2019 we formulated the MARUI GROUP's 2050 Vision, our long-term vision for 2050, to achieve full-fledged sustainability management, and declared the slogan "transcending dichotomies between impact and profit." In 2021, under the Group's 2050 Vision, targets related to sustainability and well-being have been defined as "Impact." Updating the initiatives that we have set in the 2050 Vision, "Impact" consists of three co-creation themes described as "work together with future generations to create the future," "work together to bring happiness to individuals," and "create a co-creative ecosystem."

In 2025, we formulated a new "Management Vision & Strategy Narrative 2031" and redefined our impact in three themes aimed at accomplishing an economy driven by "Suki." "Work together with future generations to create the future," "Create an economy driven by each individual's 'Suki'," and "Create a society that generates 'flow' for workers."

We aim to achieve both the solution of social issues and profits through its business, and the key approaches for impact and profit are defined as main KPIs. Please refer to "(4) Indicators and targets" for specific indicators.

(1) Governance

We will develop a management structure that is inclusive of stakeholders to promote harmony and the expansion of the interests and happiness of all stakeholders.

Stakeholder Management	Aiming at co-creation management which realizes the interests and happiness sought by stakeholders together, we will invite stakeholders as board members to evolve the governance structure.
Sustainability Management	We have been verifying activities as necessary for the promotion of sustainability management, and are confirming our progress on the key performance indicators (KPI) for evaluating sustainability in our businesses. In order to strengthen our sustainability management system, we established Sustainability Advisors and the Sustainability Committee as an advisory body to the Board of Directors in 2019. Committee members, including external experts and members from younger generations, have engaged in deeper dialogue about the future, including issues on Group-wide sustainability strategies and initiatives. The Committee has also actively reported and made recommendations to the Board of Directors.
Promotion of Risk Management	We established the MARUI GROUP Code of Conduct as the foundation for sustainability management. Under that Code of Conduct, we formulated the MARUI GROUP Human Rights Policy, the MARUI GROUP Occupational Health and Safety Policy, the MARUI GROUP Environmental Policy, etc. In addition, in order to respond to the volatile operating environment while accelerating business structure reforms through digitization and technological innovation, we appointed a Chief Digital Officer (CDO). Moreover, to strengthen measures in response to information security risks, we established the Information Security Committee and appointed a Chief Security Officer (CSO) to serve as the highest-level authority on security responsible for managing and protecting Groupwide information assets. Furthermore, to strengthen risk management in our future financial business, we have established a Financial Risk Committee to promote an effective risk culture throughout the organization. This includes compliance with laws, regulations, and guidelines, such as measures against money laundering, and responses to fraudulent use. To improve management of high-risk areas in sustainability management, we have established a Compliance Promotion Board, chaired by the Representative Director, to serve as an overarching function for all committees, and to comprehensively manage risks across the Group. The effectiveness of these policies is verified once a year and all Group employees are familiarized with them through training and other activities. We will review them each year as needed and promote risk management suitable for the times in the future.
Cultivation of Future Leaders	In April 2017, we launched the Co-Creation Management Academy (CMA) future leader development program. Each year 10 to 20 candidates are selected, and through this program we seek to discover and cultivate future leaders under the guidance of our External Directors.

(2) Strategy

The Group's mission is to "contribute to co-creating an inclusive society that offers happiness to everyone" guided by the management philosophy of "Continue evolving to better aid our customers" and "Equate the development of our people with the development of our company." The Group shall offer "happiness" as not only economic affluence but spiritual affluence through merging finance and retailing and aim to realize a society where all people, not just some people, can become "happy."

In line with the formulation of 2050 Vision, our long-term vision for 2050, we have defined the social issues that the Group should prioritize as areas of impact.

From 2025, we have formulated a new "Management Vision & Strategy Narrative 2031" to promote businesses that support "Suki" through events, goods, services, co-creative investment, business development, and people, organizations, and work styles, all based on co-creation, with a focus on FinTech, toward the realization of an economy driven by "Suki."

We have set three themes and six impact targets for the Group to work on, and by promoting initiatives to realize our vision of "transcending dichotomies between impact and profit," we aim to create an inclusive society where everyone can feel happy.

■ Work together with future generations to create the future

We will take steps toward creating an eco-friendly and sustainable future by helping realize a carbon-neutral society and supporting future generations in creating businesses.

Help realize a carbon-neutral society	<Reduction of the Group-wide emissions> The medium- to long-term targets for reducing greenhouse gas emissions formulated in September 2019 were certified as "targeting 1.5°C" by the international initiative known as Science Based Targets (SBT). Furthermore, we obtained a certification for our SBT Net Zero targets in August 2023. Groupwide targets to reduce greenhouse gas emissions are as follows: By 2030, from the level in the fiscal year ended March 31, 2017, - An 80% reduction in combined volume of Scope 1[*1] and Scope 2[*2] emissions - A 35% reduction of Scope 3[*3] emissions By 2050, from the level in the fiscal year ended March 31, 2017, achieve net-zero by reducing the total Group-wide Scope 1 and 2 emissions and Scope 3 emissions by 90%, and removing carbon from any residual emissions Achievement for the fiscal year ended March 31, 2025 •Reduction of 31,115 tons in combined emissions of Scope 1 (9,003 tons) and Scope 2 (22,112 tons) A 73.7% reduction compared to the fiscal year ended March 31, 2017 •A reduction in Scope 3 (213,096 tons) A 56.5% reduction compared to the fiscal year ended March 31, 2017 Resulting in greenhouse gas emissions intensity[*4] of 5.5, 82.7% of the level in the previous fiscal year. We became a member of RE100 in July 2018 and will source 100% of the electricity used in our business activities from renewable energy by 2030. The ratio of renewable energy for the fiscal year ended March 31, 2025 was 72.1%. *1) Greenhouse gas emissions from its use of fuel *2) Greenhouse gas emissions from its use of electricity, etc. *3) Greenhouse gas emissions from its value chain *4) Calculated based on the ratio of greenhouse gas emissions (tons) to consolidated operating profit (¥1 million) <Reduce societal CO_2 emissions through co-creation with customers> MARUI GROUP launched the Project for Promoting Shift to Renewable Energy with UPDATER, Inc. (previously Minna-denryoku, Inc). The Group will take action to reduce CO_2 emissions together with its customers by offering services where its cardholders can easily apply for Minna-denryoku's renewable energy.
Support future generations in creating businesses	The Group has been aiming to create innovation through co-creative investment with external entrepreneurs. In addition to this, we will work on business creation by internal entrepreneurs. To that end, we will promote and widely disseminate the concept of "social intrapreneurs who can change society while working at a company." We will establish a Social Intrapreneur Development Foundation to promote medium- to long-term human resource development and offer courses for university and high school students. In the future, we will leverage the knowledge and skills of our graduates by hiring them and having them participate in projects to contribute to the Group's business development.

■ Create an economy driven by each individual's "Suki"

We will accelerate the realization of a society where individuals can empower themselves through supporting each person's "Suki."

Consumption that expands for the benefit of others and society through "Suki"	We will continue to expand our lineup of cards that allow users to support "Suki," including Epos Pet Card that allow donations to animal protection organizations, Heralbony Card that allow donations to artist's creative activities, YAMAP Epos Card that allow donations to mountain protection organizations, and Minna Denryoku Epos Card that allow donations to renewable energy producers. By turning consumption "for oneself" into consumption "for someone else," and eventually expanding this to consumption "for society," we aim to contribute to the cultivation of a culture of contribution in Japan and achieve both impact and profit.
Financial empowerment that supports "Suki"	The Group has supported young people in achieving self-fulfillment through installment sales of consumer goods such as furniture and fashion. Going forward, we will support everyone in achieving self-fulfillment through financial services that support "Suki." The target audience includes people engaged in primary industries, construction, and service industries, which are often found in local areas that account for about 70% of the country, as well as people with diverse work styles, such as self-employed people, start-ups, and freelancers, and many foreigners working in Japan. Many of these people do not have a regular, stable income, such as a monthly salary, but rather an irregular and variable income, and as a result, many are unable to obtain credit cards. Focusing on these people, we will promote support to help them realize the potential of living and working in a way that allows them to pursue their "Suki."

■ Create a society that generates "flow" for workers

We will take the lead in promoting initiatives to enhance the motivation of each employee and organizational vitality.

A place for co-creation within and outside the company	We will establish a Business Production Promotion Office to attract talented people from around the world and promote their activities. We will recruit social intrapreneurs from both inside and outside the company through various employment forms and promote business development toward an economy driven by "Suki."
People and workstyles that enable creativity	The Group focuses on the concept of "flow," which comprehensively captures the four elements essential to business: ability and challenge, creativity, and happiness. We are promoting initiatives to enhance the job satisfaction of each employee and organizational vitality. Specifically, we aim to increase the opportunities for employees to apply what they love to their work through contests that support "Suki" and other initiatives, and to create an organization where employees can demonstrate their creativity. By expanding businesses that utilize intangible assets such as ideas, knowledge, and know-how, and increasing the ratio of intangible assets to 70% or more, we aim to enhance our corporate value.

(3) Risk management

The Group identifies risks and opportunities in order to track and assess sustainability-related issues. The identified risks and opportunities are managed in terms of strategy formulation and individual business operations through a promotion system led by the Sustainability Committee. The content of deliberations by the ESG Committee consisting of officers of Group companies is regularly reported and discussed at the Compliance Promotion Board chaired by the Representative Director, or at the Sustainability Committee, an advisory body to the Board of Directors. Reports and advice are provided to the Board of Directors for specific items once a year or more. Going forward, strategies and measures will be examined based on a myriad of factors. External factors on which information will be shared include trends in society that may impact corporate strategies as well as legal and regulatory revisions. Internal factors examined will include progress in the measures of Group companies and future risks and opportunities.

(4) Indicators and targets

The Group has introduced impact measurement and evaluation management with the aim of creating sustainable value through the creation of social and environmental impacts. The Group has set three targets as impact-related KPIs for the fiscal year ending March 31, 2031, based on co-creation: “Work together with future generations to create the future,” “Create an economy driven by each individual’s ‘Suki,’” and “Create a society that generates ‘flow’ for workers.” We are carrying out specific initiatives for achieving these KPIs.

To assist in rapidly achieving these impact-related KPIs, Group companies and divisions have formulated medium-term plans, and progress on these plans is monitored annually at progress report meetings for the management. In addition, through dialogue with stakeholders conducted every term and social experiments through our business, we identify impacts and work to improve them.

Theme / Point of focus		Fiscal year ending March 31, 2031 KPIs		Financial values
Work together with future generations to create the future	Help realize a carbon-neutral society	Reduction of CO2 emissions by the Company, society, and individuals	1 million tons or more	Not less than 10.0 billion of transaction volume (accumulated)
	Support future generations in creating businesses	Number of businesses created by future generations supported (Number of social intrapreneurs supported, etc.)	5,000 cases or more	
Create an economy driven by each individual’s “Suki”	Consumption that expands for the benefit of others and society through “Suki”	Number of users of financial services that connect society through “Suki”	1 million people or more	Not less than 300.0 billion yen of transaction volume
		Number of financial services that connect society through “Suki”	100 cases or more	Not less than 70.0 billion yen of LTV
	Financial empowerment that supports “Suki”	Number of financial service users, including overseas and young users	10 million people	Not less than 5.7 trillion of transaction volume
		Number of financial services that support diverse work styles	10 cases or more	Not less than 250.0 billion of LTV
Create a society that generates “flow” for workers	A place for co-creation within and outside the company	Number of co-creation platforms with talented people from around the world	500 cases or more	7.0 billion of profit contribution from co-creative investment
		Number of new businesses created through co-creation platforms	20 cases	
	People and workstyles that enable creativity	Ratio of employees who easily enter a flow state	60%	Not less than 70% of the ratio of intangible assets
		Ratio of employees who are able to leverage their “Suki” in their work	75%	

II. Initiatives related to climate change and endorsing the Task Force on Climate-related Financial Disclosures (TCFD)

Climate change should be considered as a climate crisis today. Recognizing climate change as one of its most important management priorities, MARUI GROUP aims to "limit the rise in the global temperature to below 1.5°C above pre-industrial levels," as presented in the Paris Agreement. The Group has strengthened its governance system to actively engage in creating a carbon-neutral society based on the long-term targets of the Paris Agreement in accordance with the MARUI GROUP Environmental Policy as revised in March 2022. At the same time, the Group has analyzed the potential impact of climate change on business, and is promoting initiatives in capturing opportunities for growth and responding appropriately to relevant risks resulting from climate change. The Group endorsed the recommendations of the TCFD, which was established by the Financial Stability Board, and disclosed information in its annual securities report for the fiscal year ended March 31, 2019, based on these recommendations. We conducted repeated analyses and expanded the disclosure of information concerning opportunities and physical risks due to climate change in our annual report for the fiscal year ended March 31, 2020. As we continue to focus on enhancing our information disclosure in the future, we will benchmark the appropriateness of the Group's responses to climate change using the TCFD recommendations to promote sustainability management.

(1) Governance

The Sustainability Committee is an advisory body to the Board of Directors, established for the purpose of examining and discussing the Group's basic policies and major items related to climate change. In addition, the ESG Committee has been established to improve the level of management of relevant risks, and through the Compliance Promotion Board, chaired by the Representative Director, we manage risks for the entire Group. In formulating business strategies and implementing investment and financing, we will strengthen our governance related to climate change based on this system by comprehensively discussing and making decisions with considerations for the MARUI GROUP Environmental Policy and other major items related to climate change.

(2) Strategy

(Business risks and opportunities)

Recognizing that a 4°C rise in the average global temperature resulting from climate change would have an enormous impact on society, we believe it is important to work to help limit global warming to below 1.5°C above pre-industrial levels. In order to strengthen our ability to respond to scenarios below 2°C (with a target of 1.5°C), we will identify the impact of climate-related risks and opportunities on our business, and proceed to formulate relevant strategies.

The Group will promote businesses that support "Suki" through events, goods, services, co-creative investment, business development, and people, organizations, and work styles, with a focus on FinTech. Climate change would pose such risks as damages to stores, facilities, etc., from floods caused by typhoons and torrential rains, and an increase in costs due to the introduction of carbon taxes along with tightened regulations. On the other hand, we view the provision of goods and services responding to increased consumer environmental awareness and investing in eco-friendly companies as the Group's business opportunities.

(Analysis and calculation of financial impacts)

Financial impacts on businesses are analyzed based on our climate change scenario, etc., and calculated by item as the amount of impact on income anticipated within the period through 2050. As physical risks, even if a rise in temperature is held below 1.5°C, we anticipate that flood damage will abruptly occur due to typhoons, torrential rains, etc. These risks are expected to affect rent revenues, etc., due to suspension of store operations (approx. ¥1.9 billion), cause building damages (approx. ¥3.0 billion) and cost impact (approx. ¥0.05 billion) due to higher credit card default rates in the affected areas. We assessed the transition risks by estimating increases in future energy-related costs, which are expected to be renewable power procurement costs (approx. ¥0.8 billion) and the introduction of carbon taxes (approx. ¥2.2 billion). The relevant opportunities are expected to have an impact on store revenue as a result of proposing lifestyles to highly environmentally conscious consumers (approx. ¥1.9 billion), long-term revenue due to an increase in cardholders (approx. ¥2.6 billion), and returns from investment in environmentally friendly companies (approx. ¥0.9 billion). We project long-term revenue owing to an increase in recurring payments due to cardholders using electrical power from renewable energy, leading to the conversion of regular cardholders to Gold cardholders (approx. ¥2.0 billion), curbing bad debt write-offs in event of disasters through a unique credit system that maintains low bad debt ratio below the industry average (approx. ¥0.02 billion), a reduction of procurement costs resulting from entering the power retailing business (approx. ¥0.3 billion), and exemption from carbon taxes (approx. ¥2.2 billion). We will conduct analysis regularly based on various future trends and continue to review our evaluations and disclose relevant information.

(Assumptions)

Target period	2020 to 2050
Scope	All businesses of MARUI GROUP
Calculation requirements	Analyses based on climate change scenarios (IPCC, IEA, etc.)
	Calculation of financial impacts assumed during the period by item
	Calculation of risks in the amount of impact if an event occurs
	Calculation of opportunities for lifetime value (LTV), in principle
	Not considering infrastructure enhancements such as public works and technology advancements, etc.

(Risks and opportunities associated with climate change)

	Changes in society	Risks faced by MARUI GROUP	Description of risks	Financial impacts
Physical risks	Flood damage due to typhoons, torrential rains, etc.*1	Suspension of store operations	Impact on rent revenues, etc., due to business suspension	Approx. ¥1.9 billion
			Building damages due to flooding (recovery of power supply facilities, etc.)	Approx. ¥3.0 billion
		Stop of system centers	Groupwide suspension of business activities due to system outage	Response completed *2
		Impacts on bad debt costs	Rise in bad debt ratio of credit card in disaster areas	Approx. ¥0.05 billion
Transition risks	Increase in demand for renewable energy	Rise in renewable energy prices	Increase in energy costs due to renewable energy procurement	Approx. ¥0.8 billion (Annual)
	Tightening of government's environmental regulations	Introduction of carbon taxes	Tax increase due to carbon taxes	Approx. ¥2.2 billion (Annual)

	Changes in society	MARUI GROUP's opportunities	Description of opportunities	Financial impacts
Opportunities	Enhanced environmental consciousness and change in lifestyles	Propose sustainable lifestyles	Revenue from bringing in eco-friendly tenants, or other efforts	Approx. ¥1.9 billion*3
			Increase in sustainability-minded credit cardholders	Approx. ¥2.6 billion*4
			Returns from investments in eco-friendly companies	Approx. ¥0.9 billion
		Response to demand from general households for renewable energy	Revenue from cardholders using electrical power from renewable energy	Approx. ¥2.0 billion*5
	Flood damage due to typhoons, torrential rains, etc.	Amount of bad debt avoided due to low bad debt ratio	Due to our company's unique credit system, the bad debt ratio is lower than the industry average, and even in the event of a disaster, the final bad debt write-off amount is kept to a minimum.	Approx. ¥0.02 billion
	Diversification of electricity procurement	Entry into the power retailing business	Reduction in intermediary costs due to direct procurement of electricity	Approx. ¥0.3 billion (Annual)
	Tightening of government's environmental regulations	Introduction of carbon taxes	Exemption from carbon taxes from achieving zero greenhouse gas emissions	Approx. ¥2.2 billion (Annual)

*1. Assuming flooding of a river that will have the most significant effects based on hazard maps (Arakawa River) (three-month effect on two stores in the watershed areas)
*2. Assuming no financial impacts as a backup center has been established
*3. Increased rent revenues and credit card usage
*4. Calculated revenue from credit card admission and usage
*5. Estimated revenue from an increase in the number of Gold card holders after making recurring payments, etc.

(3) Risk management

MARUI GROUP performs scenario analyses to track and assess the impacts of climate change on its business and identify climate change-related risks and opportunities. The identified risks and opportunities are managed in terms of strategy formulation and individual business operations through a promotion system led by the Sustainability Committee. The content of deliberations by the ESG Committee consisting of officers of Group companies is regularly reported and discussed at the Compliance Promotion Board chaired by the Representative Director, or at the Sustainability Committee, an advisory body to the Board of Directors. Reports and advice are provided to the Board of Directors for specific items once a year or more. Going forward, strategies and measures will be examined based on a myriad of factors. External factors on which information will be shared include climate change and other trends that may impact corporate strategies as well as legal and regulatory revisions. Internal factors examined will include progress in the measures of Group companies and future risks and opportunities.

(4) Indicators and targets

- Our Groupwide greenhouse gas emission reduction targets are as follows: an 80% reduction in emissions attributable to Scope 1 and Scope 2 and a 35% reduction attributable to Scope 3 from the level in the fiscal year ended March 31, 2017 by 2030 (a 90% reduction in the total emissions attributable to Scope 1 and Scope 2 as well as Scope 3 from the level in the fiscal year ended March 31, 2017 by 2050); and they were certified as "targeting 1.5°C" by the SBT initiative in September 2019.
- The Group has set a target of procuring 100% of the electricity used in its business activities from renewable power sources by 2030 (medium-term target: 70% by 2025) and became a member of RE100 in July 2018.

2. The Group's idea of human capital management

Based on the philosophy that we should "equate the development of our people with the development of our company," the Group has been working to reform the corporate culture since 2005, with the aim of continuously improving corporate value. In order to reform our corporate culture, we have simultaneously promoted measures related to "Corporate Philosophy," "Culture of Dialogue," "Workstyle Reforms," "Promotion of Diversity," "Culture of Voluntary Participation," "Intra-Group Companies Profession Changes and Transfers," "Dual-Axis Evaluation of Performance and Values," and "Well-being," etc.

For performance data on the Group's human capital management, please refer to the "Social" category in the ESG Data Book for the fiscal year ended March 31, 2025.

ESG Data Book

(https://www.0101maruigroup.co.jp/sustainability/lib/databook.html) (in Japanese)

<Initiatives aimed at reforming the corporate culture>

1) Corporate Philosophy

The Group's human capital management is based on the management philosophy that we should "equate the development of our people with the development of our company." With regard to this philosophy, by setting up a dialogue forum for employees to discuss their reasons for working and what they wish to accomplish at the Company, we reconciled the Company's purpose with the purposes of individuals. Over a period of more than ten years, more than 4,500 employees participated in this dialogue forum. As a result, the retirement rate temporarily increased due to the retirement of people who could not share the same philosophy, but since then, the retirement rate (excluding those who retired at the mandatory retirement age) has remained at a low level, it being 3.5% in the fiscal year ended March 31, 2025. In addition, the turnover rate within three years of joining the Company is about 17%, which is far below the national average, showing that the foundation for the "mutually chosen relationship" between the Company and individual employees has been established.

2) Culture of Dialogue

Although communication used to be a one-way street, the Group has fostered a "culture of dialogue" through two-way communication. Discussions and meetings are always conducted interactively in accordance with the following seven guidelines: "1. Start with a declaration that opinions can be safely expressed," "2. Do not set a particular purpose," "3. Do not seek conclusions," "4. Listen attentively," "5. Speak in response to other people's remarks," "6. Do not reject other's opinions," and "7. Include intervals to allow discussions to develop."

3) Workstyle Reforms

We are aiming not only to create a comfortable work environment, but also to transform our corporate culture from one in which the essence of work is "providing time" to one in which value is placed on "creating value." As a result of project activities conducted by employees, overtime per person decreased significantly from 11 hours per month in the fiscal year ended March 31, 2008 to approximately 5.5 hours in the fiscal year ended March 31, 2025.

4) Promotion of Diversity

Since 2014, we have been promoting organizational reform by advocating for diversity in three aspects: “gender,” “age group,” and “individuals.” With regard to gender diversity, we started a project to promote women’s participation and advancement in the workplace in the fiscal year ended March 31, 2014. In addition, as a result of promoting initiatives based on our own KPI called the “vitality index of female employees,” the rate of male employees taking childcare leave reached 100% for the seventh consecutive year in the fiscal year ended March 31, 2025, and the percentage of female employees who wish to work in high-level positions also improved to 58%. From the fiscal year ended March 31, 2022, we have set new goals of “encouraging the taking of paternity leave” and “reviewing the gender role division between men and women,” and have embarked on more substantive initiatives.

■ Vitality index of female employees (extract)

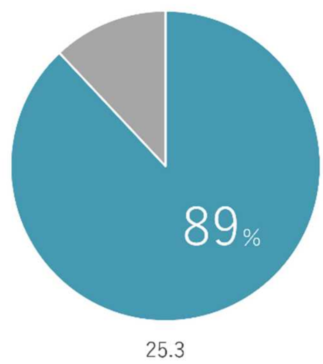
		14.3	25.3	26.3
	Ratio of female leaders	20%	39%	40%
	Female employees who wish to work in high-level positions	42%	58%	75%
	Maintain ratio of childcare leave taken by male employees at 100%	14%	100%	100%
Newly established	Ratio of paternity leave taken by male employees (within 8 weeks of childbirth)	—	100%	95%
Newly established	Ratio of employees who believe that fixed gender roles, where “men should work while women should do housework and raise children,” should be reviewed	—	55%	50%

5) Culture of Voluntary Participation

For over a decade, we have promoted a culture of voluntary participation by employees so as to encourage the individual initiatives of our employees and form an autonomous organization where innovation is generated. We provided our employees with a wide range of self-driven opportunities, such as official projects and initiatives, and the Medium-Term Management Visionary Committee. During the fiscal year ended March 31, 2025, the percentage of employees who voluntarily participated reached approximately 90%.

■ Initiatives that enable voluntary participation

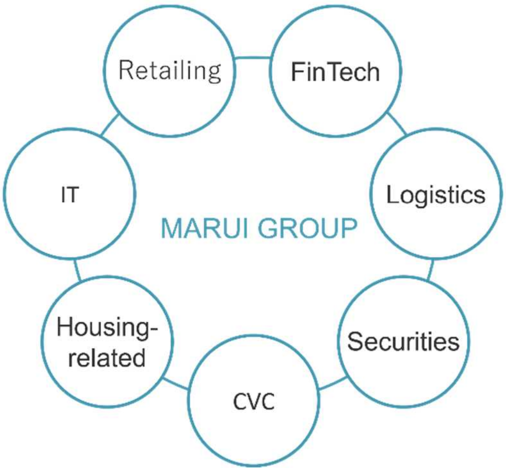
■ Ratio of employees who engaged in voluntary participation



6) Intra-Group Companies Profession Changes and Transfers

Based on the culture of voluntary participation by employees, we have been promoting full-fledged intra-Group companies profession changes and transfers that span various businesses across the Group since 2013. By the fiscal year ended March 31, 2025, approximately 86% of all Group employees have experienced profession changes. In a survey conducted in 2016, approximately 86% of the respondents said that changes in professions contributed to their growth. We believe that this system develops a capacity for diversity and resilience of each employee. Going forward, we will further promote the secondment of our employees to other companies, particularly the investees of co-creative investment, to develop human resources that are resilient to change.

■ Flow of transfers



■ Ratio of profession changes

＊ As of March 2025

■ Ratio of respondents who said transfers contributed to their growth

＊ According to Nov. 2016 survey

7) Dual-Axis Evaluation of Performance and Values

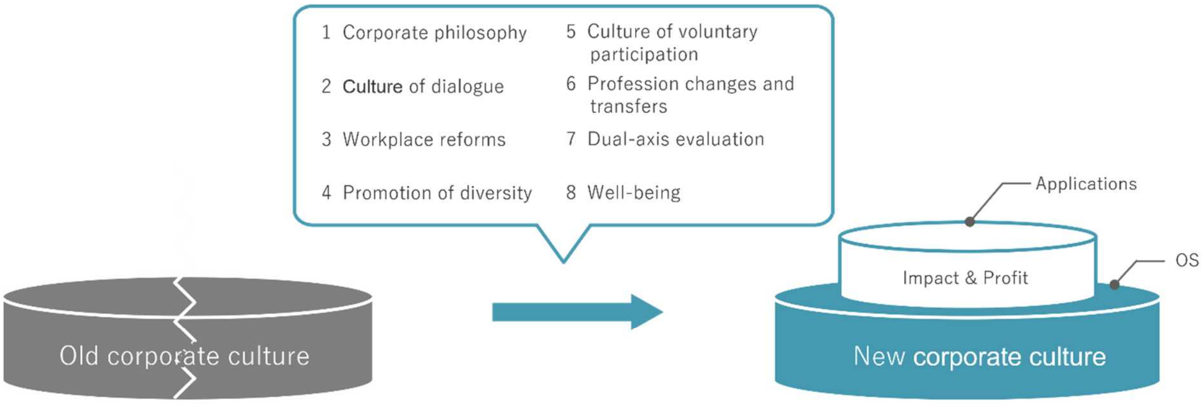
In the personnel evaluation system, we aim to realize the corporate philosophy of “developing our people” by conducting evaluations not only based on performance, but also by having superiors, colleagues, and subordinates conduct a comprehensive evaluation related to values.

8) Well-being

Since 2016, the Group has been working on the well-being of employees with the aim of creating an organization with vitality that enables each and every employee to engage in work enthusiastically and energetically. Led by Director, Senior Executive Officer and CWO (Chief Wellbeing Officer) Ms. Reiko Kojima, we aim to realize the happiness of each and every person in the organization through the “Resilience Program for Executives” and the “Well-being Promotion Project” in which employees voluntarily participate.

<Improving employee engagement by reforming the corporate culture>

Through eight measures, which include unique Company initiatives, we have updated our corporate culture, which serves as our management OS, creating a new OS. As a result of these measures, employee engagement has improved. Comparing the engagement indicators we measure in-house between 2012 and 2024, work "expectation" scores have risen from 46% to 81%, workplace "respect" scores have risen from 28% to 69%, and scores relating to "leveraging their own strengths" have risen from 38% to 58%, all major improvements.



■ Employee engagement

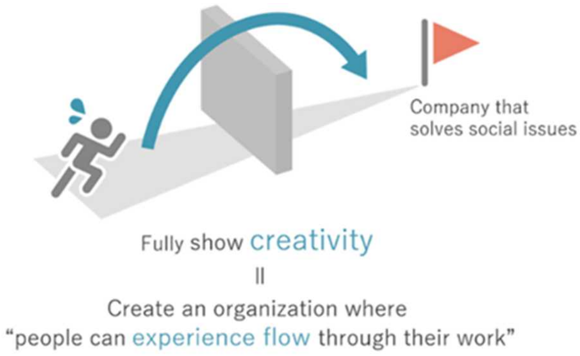
	2012	2024
I know what is expected of me on the job	46%	81%
I feel respected at work	28%	69%
I leverage my own strength to meet challenges	38%	58%

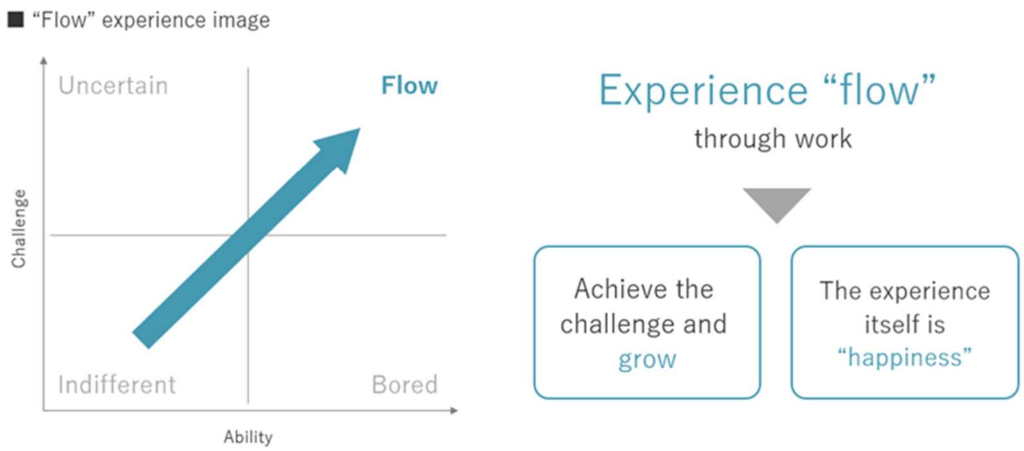
(1) Strategy

MARUI GROUP's 2050 Vision, which was formulated in 2019, sets forth a vision of transcending dichotomies between impact and profit. By reforming our corporate culture, we have become able to create innovation in order to achieve this vision. However, these innovations are still but tiny "seedlings." We must increase the number of these "seedlings" that bear the twin leaves of impact and profit and grow them into mighty trees bearing many fruit to evolve into a company that solves social issues.

To overcome the difficult hurdle of balancing the pursuit of profit with the solving of social issues, it is essential that each person brings their full creativity to bear. This is why we are working to create an organization in which people can experience "flow" through their work.

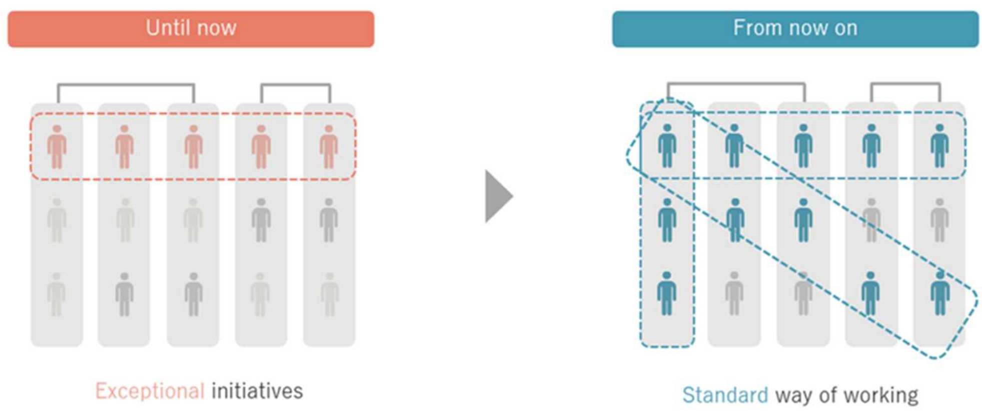
"Flow" is a concept advanced by psychologist Mihaly Csikszentmihalyi, in which people's abilities and the level of challenges they are tackling are well-matched, so they become completely absorbed in their challenges and lose track of time. By experiencing flow, people can leverage their full creative abilities, surmounting difficult obstacles and achieving personal growth. The experience of flow produces a feeling of happiness. Our goal is to create organizations where people can experience flow through their work, thereby achieving our ideals while contributing to the happiness of each and every worker. We will achieve this through two initiatives: "workstyle and organization innovation" and "DX promotion."





■ Innovate the workstyles and organizations

In our workstyle and organization innovation, we are promoting the creation of project-based workstyles and organizations. Employees who wanted to realize an impact have reached out of their own accord and gathered together across Group company lines, promoting innovation by working using a project approach. Until now, this workstyle has been an exceptional one. In the future, we will expand the use of this project approach so that it is no longer a rarity, but instead the standard way of doing work.



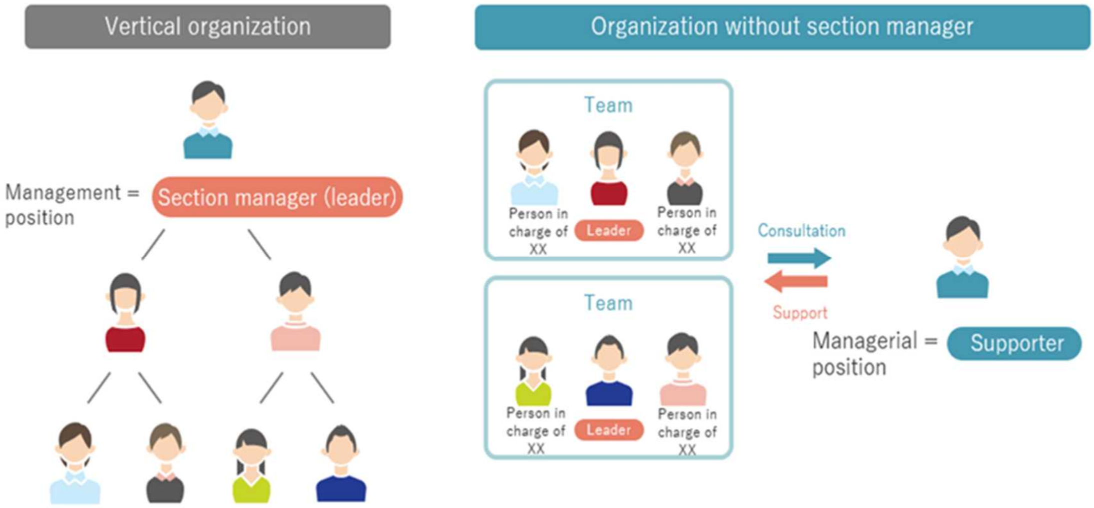
i. Expansion of official initiatives

Of the 12 themes of our official initiatives, we will finish activities of six themes and continue activities of six themes. The official initiatives seek to achieve both impact and profit and cover a range of themes. This year, seven more themes will be added, bringing the total number of themes to 13. Team members who voluntarily came together to tackle these themes are creating innovation through project-based activities that span organization lines, both inside and outside each company.

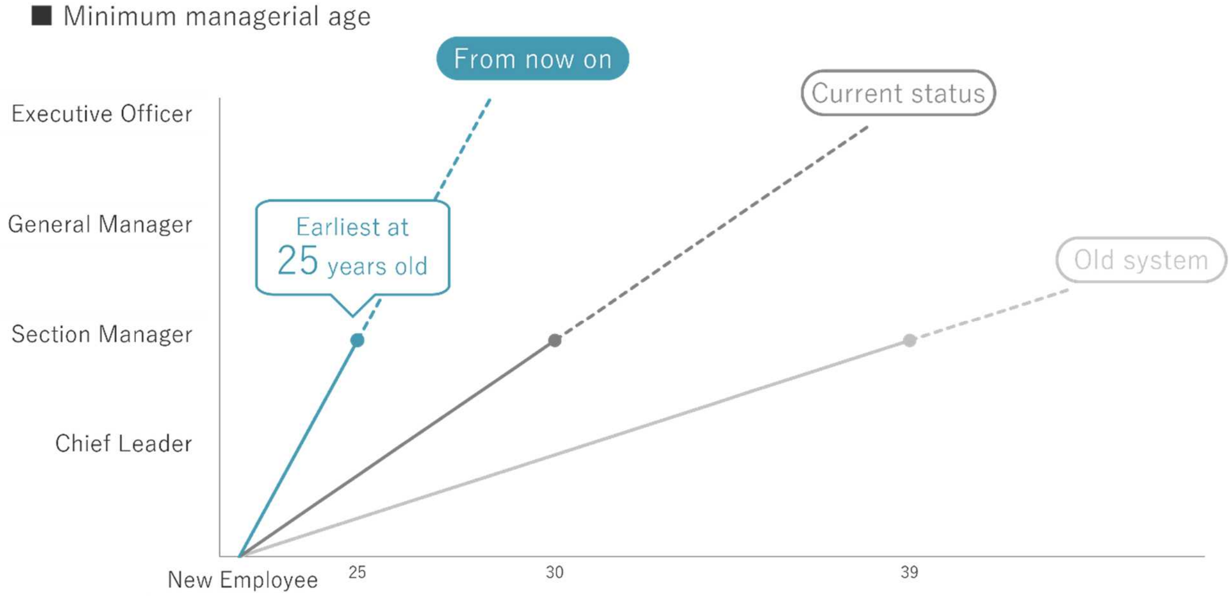
Theme name
Develop apps to support people taking maternity/paternity and childcare leave
Develop apps to support fan activities
Development of an app that enables smooth setup and removal by allowing all delivery vehicles to enter and exit at a fixed time
Consider in-house entrepreneurial community
Proposal and promotion of work styles after COVID-19
Study of services that utilize love for saunas

Theme name
Expanding the use of “Museum EPOS Cards,” which help support museums
Study of co-creation with a company that provides a platform for delivering meals to users’ favorite animals
Study of services that allow users to make a stuffed toy of their favorite characters
Study of co-creation with companies that provide apps on living things
Study of co-creation with sports clubs to issue collaboration cards and sell merchandise, etc.
Study on how to contribute to FinTech by utilizing store
Study of co-creation with businesses that have an affinity with FinTech and event businesses

ii. Organizations without section managers
Section managers manage people and team, but is not the head of the team, but a supporter of the team. Instead of being at the top, being side by side to the team members, creating a flat organization. Each member is independent and self-driven, encouraging creativity as a team.

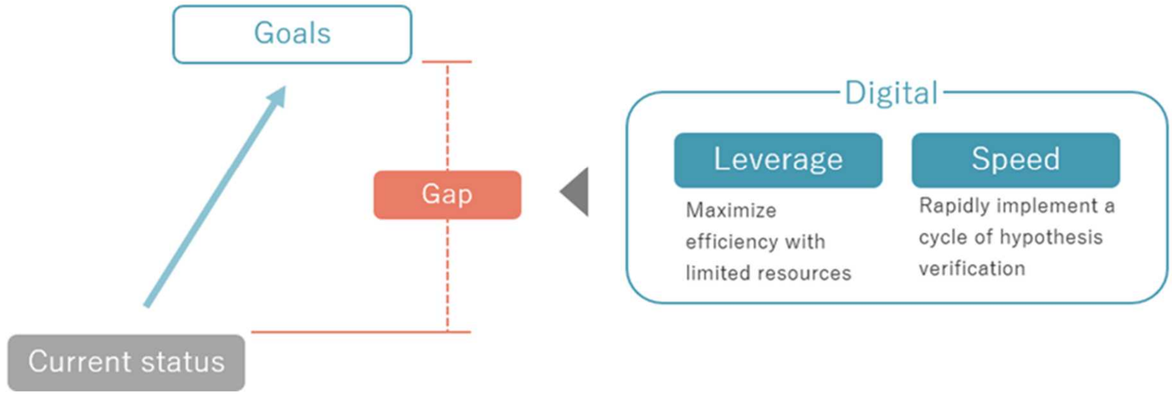


iii. Early appointment to managerial positions
By revising the personnel system, for those who can be expected to contribute to higher corporate value, early promotion will be encouraged as a part of investment in human capital. Minimum age for promotion to manager has been changed from 29 to 26. Furthermore, in April 2025, we partially revised the personnel system to enable promotion to managers at the age of 25 at the earliest. Preparing a stage where young talents can play an active role will allow for more innovations.



■ Promotion of DX
In order to bridge the gap between the status quo and the vision, the power of digital is indispensable. We must utilize the leverage and speed of digital technology to rapidly implement a cycle of hypothesis verification.

■ DX gap



i. Hiring professionals with Muture

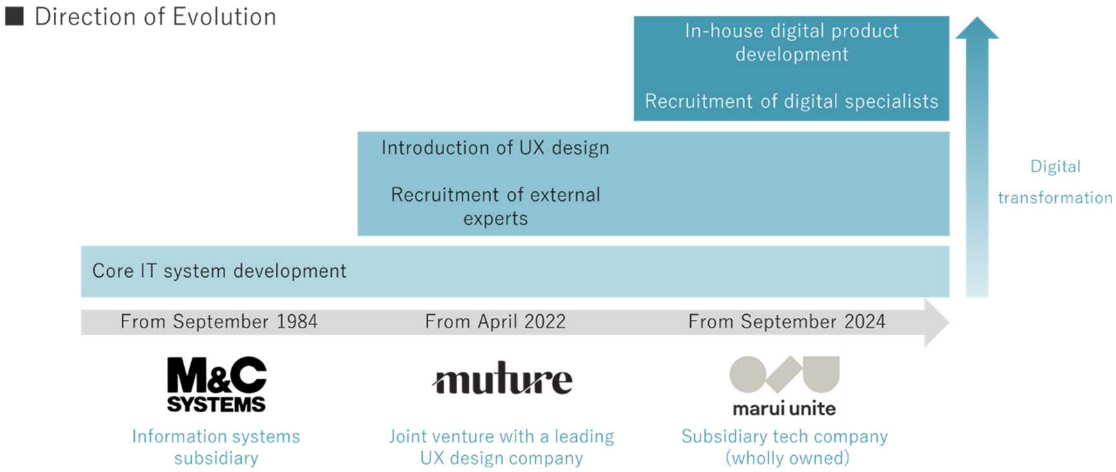
In April 2022, we partnered with a leading UX design company, Goodpatch and established Muture, and began hiring professionals that could not be hired under the Group brand. Some of the best talents in the industry have joined us and are contributing to the development of lifestyle apps and OMEMIE.

ii. Inviting a CDXO

The development of the product was achieved through the efforts of specialized personnel at Muture, but in order to expand this across the entire company and continue to evolve it, it became necessary to change the vertical decision-making process and organizational structure, which made it difficult to collaborate across departments. To promote our agile organization development, in June 2023 we invited Naofumi Tsuchiya from Goodpatch Inc. to serve as our Executive Officer and Chief Digital Transformation Officer (CDXO). Mr. Tsuchiya possesses high level knowledge regarding organization development and can apply the perspectives of both a digital specialist and an enterprise manager.

iii. Establishment of a tech organization

In order to promote and spread agile product development, we established a new company called marui unite in September 2024. As a tech-specialized organization for product development, we will work together with group operating companies to create new experiential value with a sense of urgency, and we will support the transformation of the Group through DX.



Human capital investment has been redefined to include, in addition to education and training expenses, which were previously classified as investment in human resources, personnel expenses related to new businesses included in research and development expenses as items that will lead to an increase in corporate value over the medium to long term in the single-year profit and loss statement, as well as personnel expenses for co-creative teams and personnel expenses for the first year of employees who have changed jobs between Group companies. As a result of this redefinition, human capital investment for the fiscal year ended March 31, 2025, amounted to ¥8.8 billion. The Group aims to sustainably improve corporate value by expanding human capital investment from ¥7.7 billion in the fiscal year ended March 31, 2022 to ¥10.0 billion in the fiscal year ending March 31, 2026.

(2) Governance

In order to link our management strategy and human resource strategy, the Human Resource Strategy Committee was newly established in April 2022 as an advisory body to the Board of Directors. Mr. Tomoo Ishii, Chief Human Resource Officer (CHRO) and Senior Managing Executive Officer, was appointed as the chairperson, while Ms. Etsuko Okajima, an External Director, was appointed as a committee member. The Human Resource Strategy Committee, in cooperation with the Strategy Committee, serves its role of recommending human resource strategies to the Board of Directors.

(3) Risk management

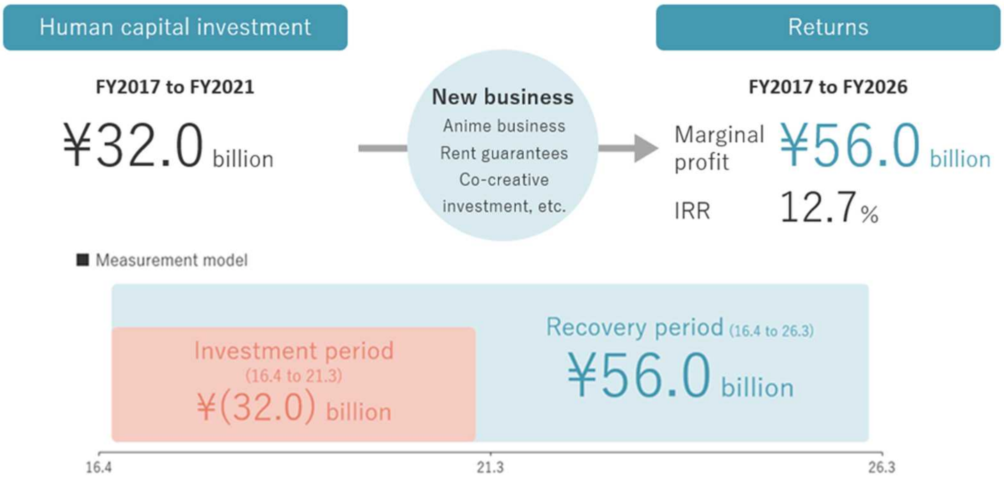
We believe that growth of the Group can be attained by the development and contribution of each employee. If competition intensifies for the securing of human resources, an outflow of human resources occurs, and a consequent shortage in future management personnel becomes apparent, these may affect the evolution and continuity of our business. The Group emphasizes the importance of human capital investment to accumulate the intangible assets that are a wellspring of future corporate value, based on the culture where all of our employees can tackle new challenges. We are currently creating an environment where employees can fully realize personal growth and are highly motivated owing to our conducting of systematic human resource investments from a variety of angles. These investments include education and training programs based on open application, the official Group project teams that engage in discussions on important topics for Group management, and the official Group initiatives aimed at encouraging each and every employee to demonstrate their creativity and create value. These efforts also include the implementation of the Co-Creation Management Academy (CMA) Future Leader Development Program, which cultivates human resources capable of promoting management reforms, as well as the secondment of employees to start-up companies.

In order to acquire human resources, we proactively use new methods for recruiting new graduates, such as long-term internships, which allows us to establish early contacts with talented students and increase their engagement with the Company. With regard to mid-career recruitment, in order to further expand the FinTech and e-commerce businesses, in addition to the core system human resources that have been trained in-house thus far, we are promoting the recruitment of web-related system human resources to respond quickly to the user interface and user experience (UI/UX). To secure recruitment, the MARUI GROUP is clearly communicating its unique business model and growth strategy to the recruitment market, and is recruiting human resources with UI/UX design expertise through Muture, a joint venture with Goodpatch, a leading UI/UX design company established in 2022. In addition, the new company marui unite Co., Ltd, which was launched in September 2024 with the aim of promoting and spreading agile product development in digital customer contact points, will aggressively recruit digital talent active in engineering and other fields to accelerate DX-driven transformation.

(4) Indicators and targets

To further reform our corporate culture, by declaring ourselves to be a social experiment company, we will foster a culture that accepts failure and encourages challenge. To this end, behavioral KPIs, such as the number of at bats and the number of attempts to take on challenges, have been defined. By experimenting a lot and failing fast, we will encourage fail fast and fail forward to cumulate the know-how for success, aiming to become a company that continues to drive innovation.

In the five years from the fiscal year ended March 31, 2017 to the fiscal year ended March 31, 2021, we invested ¥32.0 billion in human capital. If we look at the marginal profit of new businesses created during that period, such as our anime business, rent guarantees, and co-creative investment, as returns, then over the ten-year period from the fiscal year ended March 31, 2017 to the fiscal year ending March 31, 2026, we will produce ¥56.0 billion in returns. With regard to investment profitability and capital efficiency, using an IRR measurement model to calculate return, for an investment recovery period ending with the fiscal year ending March 31, 2026, the anticipated IRR would be 12.7%, exceeding the cost of shareholders' equity. We will use this measurement model to perform further benefit verification and carry out human capital investment that contributes to greater corporate value.

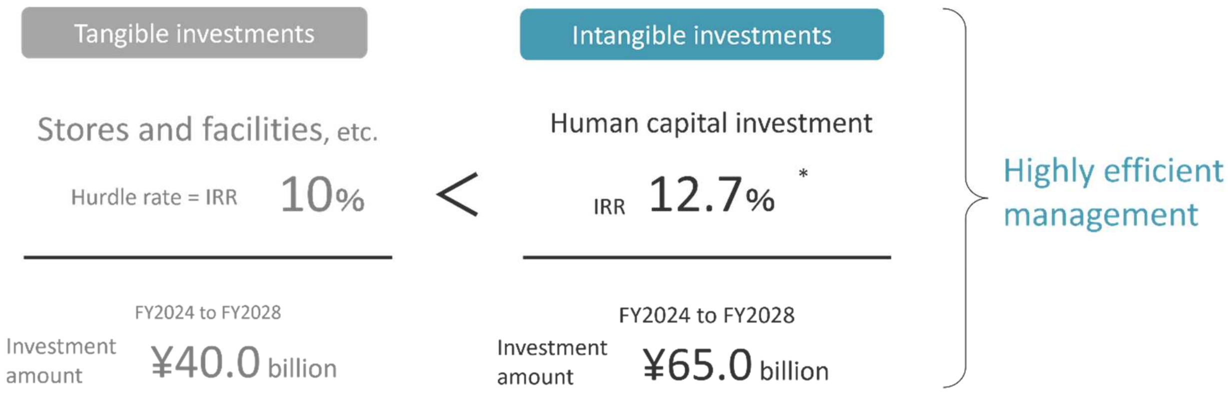


(Billions of yen)

	17.3	18.3	19.3	20.3	21.3	22.3	23.3	24.3	25.3	26.3
Investment amount	4.1	5.4	8.1	8.5	6.3	-	-	-	-	-
Income	0.1	0.4	1.5	2.6	3.4	4.7	6.2	8.6	12.4	15.9

IRR 12.7%

The human capital investment IRR of 12.7% also exceeds the hurdle rate for tangible investments (primarily for stores, etc.) of 10%. We will therefore achieve highly efficient enterprise operation by expanding our human capital investment to ¥65.0 billion or more over a five-year period while increasing our investment effectiveness.



* Calculate return on investment by considering marginal profits from our Company's unique new businesses and services created through human capital investment as returns
(Investment period: FY2017 to FY2021 – Recovery period: FY2017 to FY2026)

◇ Indicators related to human capital management

1) Corporate Philosophy

		Unit	FY21	FY22	FY23	FY24	FY25
Average length of service	Female	Years	18.4	19.2	20.2	20.8	21.3
	Male		24.4	25.0	24.7	24.9	25.2
	Total		21.6	22.3	22.6	23.0	23.4
Employee turnover rate	Excluding persons who have mandatorily retired	%	2.6	2.9	3.0	3.6	3.7
	Total		4.9	4.8	5.3	7.3	7.2

3) Work style reforms

		Unit	FY21	FY22	FY23	FY24	FY25
Operating profit per employee		Thousands of yen	3,070	7,900	8,740	9,560	10,990

4) Promotion of diversity

		Unit	FY21	FY22	FY23	FY24	FY25
Average age	Female	Age	42.9	43.7	44.3	44.8	44.8
	Male		48.2	48.8	49.5	49.8	50.2
	Total		45.3	46.0	46.7	47.1	47.2
Employment ratio of persons with disabilities		%	2.63	2.87	2.82	2.90	3.07
Ratio of female employees among new graduates employed		%	66.0	75.5	66.7	66.7	75.8
Ratio of female employees		%	44	45	45	46	47
Number of female leaders		Persons	668	694	711	718	757
Number of female employees in decision-making positions		Persons	52	58	64	74	78
Ratio of female employees in decision-making positions		%	15	17	18	21	22
	Excluding employees in the administration division		12	14	16	18	20
Ratio of female employees among Executive Officers		%	22	24	21	20	23
Female employees who wish to work in high-level positions		%	72	68	62	58	58
Number of employees who took childcare leave	Female	Persons	229	283	239	240	208
	Male		45	43	32	29	31
Ratio of employees who took childcare leave	Female	%	100	100	100	100	100
	Male		100	100	100	100	100
Rate of paternity leave taken (within 8 weeks of childbirth)		%	36	51	78	97	100
Average number of days of childcare leave taken by male employees		%	25	14	75	98	90
Rate of childcare leave of at least a month taken by male employees		%	9	2	22	52	90
Return rate of employees after taking childcare leave	Female	%	87	81	85	82	86
	Male		98	98	98	100	100
Number of employees with shorter working hours due to pregnancy or childcare	Female	Persons	483	484	480	456	424
	Male		5	0	0	0	1
	Total		488	484	480	456	425
Ratio of employees who believe the mindset of fixed gender roles, where "men should work while women should do housework and raise children," should be reviewed		%	37	48	53	56	55
Proportion of housework and childcare duties performed by male employees in their households		%	30	35	27	31	30
Differences in wages between male and female employees	All employees	%	-	-	75.8	77.8	78.8
	Regular employees		-	-	70.9	72.0	73.0
	Part-time and fixed-term employees		-	-	90.4	91.6	85.6
Cumulative number of participants of LGBTQ + training course	Employees	Persons	4,802	4,872	4,730	4,781	4,817
	Tenants		1,276	1,276	281	333	342
Cumulative number of participants of Universal Manners Certification level 3 training course	Employees	Persons	5,028	5,081	5,129	5,178	5,212
	Tenants		519	519	519	532	532

5) Culture of voluntary participation		Unit	FY21	FY22	FY23	FY24	FY25
Number of employees who engaged in voluntary participation		Persons	4,058	4,072	4,044	3,977	3,747
Ratio of employees who engaged in voluntary participation		%	79	82	85	88	89

6) Intra-Group profession changes and transfers		Unit	FY21	FY22	FY23	FY24	FY25
Number of employees with first intra-Group transfer		Persons	296	268	265	105	67
Cumulative number of employees with intra-Group transfers		Persons	2,799	2,973	3,130	2,901	2,632
Rate of intra-group transfers		%	69	77	85	85	86

8) Well-being		Unit	FY21	FY22	FY23	FY24	FY25
Occupational illness frequency rate (OIFR)	Employees	-	0	0	0	0	0

[“Investment in human capital” to achieve new waves of growth]		Unit	FY21	FY22	FY23	FY24	FY25
Number of new graduates employed	Female	Persons	35	37	30	30	25
	Male		18	12	15	15	8
	Total		53	49	45	45	33
Hiring costs		Millions of yen	94	103	111	113	148
STEM personnel with IT certifications	Female	Persons	131	143	160	166	186
	Male		283	289	275	286	286
	Total		414	432	435	452	472
Investment in human capital		Millions of yen	-	7,712	9,128	9,275	8,838
	Of which, investment in human resources	Millions of yen	-	827	1,030	1,302	1,334

Others		Unit	FY21	FY22	FY23	FY24	FY25
Number of employees	Total	Persons	4,855	4,654	4,435	4,290	4,051
	Female		2,140	2,082	2,009	1,993	1,913
	Male		2,715	2,572	2,426	2,297	2,138
	20s and below		461	425	368	342	309
	30s		938	834	764	725	647
	40s		1,552	1,461	1,320	1,209	1,142
	50s		1,830	1,880	1,926	1,918	1,844
	60s and above		74	54	57	96	109
Average number of temporary workers employed (number of part-timers employed)	Female	Persons	1,088	1,091	992	908	939
	Male		399	439	455	496	514
	Total		1,487	1,530	1,447	1,404	1,453
Total amount of salaries and allowances of employees		Millions of yen	26,497	27,568	26,836	26,820	26,605
Average compensation of employees (median)		Thousands of yen	4,840	4,830	4,840	5,060	5,180
(year on year)		%	104.2	99.8	100.2	104.6	102.3
Average salary of non-managerial employees (basic salary only)	Female	Thousands of yen	3,590	3,520	3,530	3,750	3,870
	Male		4,430	4,380	4,350	4,500	4.590
Average salary of managerial employees (basic salary only)	Female	Thousands of yen	7,490	7,520	7,690	7,860	7,880
	Male		7,910	7,910	7,950	8,120	8,270
Average salary of Executive Officers	Female	Millions of yen	-	28	27	26	27
	Male		-	28	26	26	27
Average salary of Executive Officers (officers with titles)	Female	Millions of yen	-	-	-	-	-
	Male		-	47	51	52	54
Ratio of unionized employees		%	93	93	94	93	92
Number of employees injured due to occupational hazards	Employees	Persons	55	55	51	50	32
Number of employees deceased due to occupational hazards	Employees	Persons	0	0	0	1	0
Lost time injury frequency rate (LTIFR)	Employees	-	0.55	0.64	1.00	1.24	0.83

* The percentage of “female employees who wish to work in high-level positions” has been changed to include women up to the age of 54 as of the disclosure for the fiscal year ended March 31, 2024 (this change has also been applied to previous fiscal years).

3. Business and Other Risks

1. Risk management system

The Group maintains the Public Relations IR Committee, Internal Control Committee, ESG Committee, Information Security Committee, Safety Control Committee, Insider Trading Prevention Committee, and Financial Risk Committee to manage significant risks in business operations and strive for speedy operational improvement and the prevention of accidents. At the same time, the Compliance Promotion Board, chaired by the Representative Director, is set up to coordinate the functions of all committees. The status of risks managed by each committee and emerging risks are regularly reported to the Compliance Promotion Board. Progress with the identification, review, and management of significant risks for the Group confirmed by the Compliance Promotion Board, as well as emerging risks, are also regularly reported to the Board of Directors.
The Group enhances the effectiveness of risk management by holding regular meetings participated by Executive Officers as well as establishing and holding meetings of the above committees to realize close coordination, risk information sharing, and speedy decision making and implementation of countermeasures.

Risks managed by each committee
Public Relations IR Committee: Reputational risks related to social media and media responses, etc. in public relations and IR activities
Internal Control Committee: Compliance and administrative risks such as fraud and misconduct, etc.
ESG Committee: Risks related to climate change, human rights, and governance, etc.
Information Security Committee: Risks related to personal information leaks, external cyber attacks and unauthorized access, etc.
Safety Control Committee: Risks related to earthquakes, storms, floods, fires, incidents and accidents, and infectious diseases, etc.
Insider Trading Prevention Committee: Risks related to important fact leaks and insider trading by officers and employees, etc.
Financial Risk Committee: Risks related to finances, system outages, money laundering, and terrorist financing, etc.

2. Major risks

Matters stated in the business overview and financial information of our securities report that may affect the judgment of investors are as follows.
Forward-looking statements in this document are based on the judgment of the Group at the end of the fiscal year under review.

(1) Risks concerning business strategies

1) Risks concerning Retailing and FinTech environments
- Changes in consumption trends - Occurrence and intensification of competition - Expansion of the e-commerce market, and diversification of settlement methods - Revision of the taxation system and relevant laws

(Impact)
The Group’s operations integrate Retailing and FinTech. The Group conducts operations at sales offices centered on the Tokyo metropolitan area and sales offices located throughout the country. We anticipate to see a decline in the number of visiting customers, transactions at stores, and credit card usage amounts due to changes in markets causing sluggish consumer spending, such as fluctuations in business conditions, changes in economic conditions stemming from rising prices and interest rates, the declining population, intensifying competition, the expansion of the e-commerce market, and the rise in the sharing economy. In addition, customer numbers and commissions income are expected to decrease as a result of intensifying competition with industry rivals amid fluctuations in the credit card market environment, caused by various factors, including technological advances such as the diversification of settlement means associated with the transition to cashless payments, and the diversification of values and changes in consumer behaviors due to demographic changes. If these risks become apparent, the financial position and business results of the Group may be affected.
In store operations, the Group has been building a stable earnings structure by transitioning to a business structure focused on shopping centers and fixed-term rental agreements. However, operating revenue, profit, and the financial position of the Group may be affected by tenants moving out and accordingly increasing vacancy rates and causing a reduction in rent income, as well as the posting of impairment loss due to fluctuations in land prices, increased tax burden due to a revision of the taxation system, and other factors.
Furthermore, allowance for doubtful accounts is provided with respect to operating receivables (accounts receivable - installment and operating loans) of cards that account for a large share of the Group’s total assets, based on the occurrence of receivables in arrears, historical bad debt ratios, etc. However, payments in arrears and uncollected receivables could increase due to worsening economic conditions, changes in relevant laws, or other factors. The financial position and business results of the Group may be affected by a sharp increase in bad debt expenses or allowance for doubtful accounts,

etc. Provision for loss on interest repayment has been provided to prepare for the repayment of interest on cash advances, by projecting the amount of future repayments based on the past actual repayments. However, if the amount of provision is insufficient for the amount of future claims for interest repayment, additional costs may be incurred.

(Countermeasures)
At Marui and Modi stores, we are introducing non-product sales tents such as experience-providing tenants that are not focused on the "sales of goods," as well as schools, restaurants, and services. We are also putting efforts into creating "eventful stores" so that customers can always enjoy themselves whenever they visit our stores. In 2022, we launched Marui's store opening support service "OMEMIE," which allows businesses to complete online the whole process from searching for spaces to set up stores at nationwide Marui and Modi stores to signing contracts. The service is widely used by businesses such as direct-to-consumer (D2C) brands and sole proprietors, and has been successful in bringing in new tenants who have never opened stores at Marui before, leading to expansion of the variety of events. By creating value unique to brick-and-mortar stores, we intend to further promote growth linked with FinTech measures and increase our earnings.
Recognizing the promotion of the transition to cashless payments as a big opportunity, the FinTech segment responds to intensifying competitive environment and diversified payment methods by increasing EPOS Gold and Platinum cardholders and holders of EPOS cards that support "Suki," and encouraging them to use these cards as their main card by implementing the strategy of maximizing the share of EPOS card payments among household finances, such as the rent guarantee services business. Moreover, aiming to realize financial empowerment with the goal of providing everyone with the financial services they need when they need them, regardless of income or age, we provide initial credit by utilizing data based on credit expertise acquired from the time of our founding, as well as credit monitoring under the belief that "creditability should be built together with customers." We have achieved a low ratio of delinquent debt by increasing credit limits based on usage frequency and transaction amounts and payment history.

2) Risks concerning co-creative investment
- Uncertainty of return on investment - Risk of impairment loss on investment in unlisted companies - Fluctuations in prices of investment securities

(Impact)
As part of the measures to accelerate investments in intangible assets, the Group is promoting co-creative investment with the aim of adopting innovation from outside the Group. We have aimed to create value greater than the sum of individual businesses by building a business model based on three business pillars: Retailing, FinTech, and investing for the future, which refers to co-creative investment and investment for new businesses. Currently, we are shifting our business to one that supports “Suki” and promoting co-creative investment as part of these initiatives.
In executing co-creative investment, we conduct a preliminary detailed review through confirmation of the financial conditions and contracts of prospective investees, etc., and interviews with their management, to fully examine risks. However, in cases where a problem that cannot be identified through preliminary investigation is found, e.g., the occurrence of a contingent liability or the discovery of unrecognized debt, or depending on future business performance or changes in business policies of the investees, or a stock market downturn due to international disputes or financial crises, the expected outcome may not be achieved, or an impairment loss may be recorded. Furthermore, the value of listed shares held by the Group may be affected by price fluctuations depending on stock market trends.

(Countermeasures)
In selecting investees of co-creative investment, we prepare our own plan based on a business plan obtained from the investee and make investment decisions after checking profitability including not only financial returns but also cooperative returns to be generated from cooperation with the Group. Also, in co-creative investment, we believe that we can contribute to mitigating investment risks and increasing returns by realizing co-creation by uniting resources of the credit card business, the retailing business, and human resources involved in them, with intangible assets such as investees’ know-how and skills, and by greatly contributing to the achievement of their business plans and development as a corporation. Moreover, in the fiscal year ended March 31, 2024, we revisited our investment policy, changing to a policy in which initial investments are kept small to reduce risk, and additional investments are made with the aim of achieving financial returns if the likelihood of an IPO increases as a result of cooperation. This has led to the mitigation of impairment risk.
In principle, we will not engage in cross-shareholdings except for cases in which such holdings are deemed necessary for maintaining or building upon collaborative or transactional relationships that are strategically critical for improving corporate value. At a meeting of the Board of Directors held in February 2016, it was determined that the Company had already established sufficiently strong business relationships with cross-shareholding counterparties, and it was therefore decided to undertake a phased reduction in cross-shareholdings out of consideration for asset efficiency and stock price fluctuation risks.
In addition, when making investment decisions, we refer to evaluations by external organizations, such as antisocial forces investigations, and conduct due diligence on the entrepreneurs’ dedication to solving social issues, their character, the overlap with the Group’s policies and vision, and other factors. Moreover, we regularly monitor the business growth process after investment as a shareholder from the perspective of sustainability.

(2) Risks concerning natural disasters, infectious disease, etc.

1) Risks concerning large-scale disasters
- Stagnation of economic activities and decline in consumption activities - Damage to assets held and occurrence of repair costs - Suspension of business activities due to damages to offices and systems, and adverse impact on employees

(Impact)
The Group conducts operations at sales offices centered on the Tokyo metropolitan area and sales offices located throughout the country. In the event of a natural disaster such as a large-scale earthquake or storm/flood, or a terrorist attack in areas where sales offices are located, the sales offices may be forced to suspend business activities due to the disruption of social infrastructure, etc., and this may affect the financial position and business results of the Group.

(Countermeasures)
We prepare against various disasters and accidents by taking measures such as introducing an employee safety confirmation system, formulating a disaster countermeasures manual, implementing earthquake-resistant measures for buildings, facilities, systems, etc. (including data backup), fire, disaster, and flood prevention drills, and stocking necessities. In the event of an earthquake, etc., the Group Earthquake Disaster Response Headquarters is established and Group companies work together to establish systems that enable business continuity.

2) Risks concerning climate change
- Damages to stores and facilities from typhoons, torrential rains, etc. - Introduction of carbon taxes, etc. along with the tightening of regulations

(Impact)
The financial position and business results of the Group may be affected by damage to stores from flooding caused by typhoons and torrential rains, and an increase in expenses due to the introduction of carbon taxes, etc.

(Countermeasures)
The Group believes it is important to capture opportunities for growth and respond appropriately to relevant risks resulting from climate change. The details of the initiatives related to climate change and endorsing the TCFD are provided in “2. Sustainability Approach and Initiatives, 1. The Group’s idea of sustainability, II. Initiatives related to climate change and endorsing the Task Force on Climate-related Financial Disclosures (TCFD).”

3) Risks concerning infectious disease
- Stagnation of economic activities and decline in consumption activities - Refraining from or suspending business activities at stores due to the spread of infection - Suspension of business activities due to infection of employees

(Impact)
The Group conducts operations at sales offices centered on the Tokyo metropolitan area and sales offices located throughout the country. If an outbreak of infectious diseases occurs in areas where sales offices are located or if measures such as voluntary restraints on going out are taken to prevent the spread of infection, the financial position and business results of the Group may be affected by restrictions on business activities such as suspension of store operations. Furthermore, it may become difficult to continue business due to an increase in the number of infected employees.

(Countermeasures)
In order to deal with the risk of the spread of infectious diseases, employees mainly based at offices remotely work from home as much as possible. For those who work in departments that require in-office work, such as call centers and distribution centers, we have created systems for working in shifts or working at offices dispersed in various locations, and prepared thorough measures for preventing droplet infection. In addition, we have implemented situation-specific measures for preventing infections among our customers and employees at sales offices, such as installing alcohol antiseptic solution dispensers, requiring them to wear a mask, and practicing social distancing.

(3) Risks concerning corporate operations

1) Risks concerning fund procurement
- Constraining fund procurement - Raising fund procurement interest rates

(Impact)
The FinTech segment is expected to grow, with card shopping transactions increasing and financial services including rent guarantee expanding. Amid this situation, the Group expects to see a growing demand for funds owing to an increase in operating receivables (accounts receivable - installment and operating loans). Accordingly, new funds will be needed in addition to handling repayments and redemption of funds previously procured. We anticipate that risks concerning fund procurement will grow as the procurement amount will gradually increase in the future.
In the event of turmoil in the financial market, fund procurement may be constrained. Furthermore, a substantial deterioration of the business results of the Group or a rapid decline in its creditability would make it difficult to borrow from financial institutions and hinder issuance of corporate bonds. If these risks become apparent, they may materially affect the financing of the Group.
In addition, as fund procurement interest rates fluctuate depending on the market environment or other factors, procurement costs may sharply rise depending on such trend, and this may affect the financial position and business results of the Group.

(Countermeasures)
The Group seeks to maintain a level of interest-bearing debt to around 90% of the value of operating receivables in order to control the risk arising from an increase in debts.
In raising funds necessary for operating activities, we will diversify the procurement methods we use by indirectly procuring funds from financial institutions, directly procuring funds through the issuance of corporate bonds and commercial paper, as well as liquidating operating receivables. We utilize these procurement methods in a balanced manner in order to ensure security.
In order to cope with the risk of refinancing, we maintain consistent annual repayment and/or redemption levels by controlling the years of procurement. We have also established a system to ensure procurement even if fund procurement is restricted, by executing commitment line contracts or establishing overdraft facilities with financial institutions to ensure liquidity.
As for the procurement funding interest rate, we control sudden increases in procurement costs due to the fluctuations in market interest rates by maintaining fixed interest rates, and curb procurement cost increases through efforts to improve our credit rating.

2) Risks concerning information security
- System failure due to an accident, defect, etc. - Cyber attacks and unauthorized access from outside, and virus infection - Leakage of individual information

(Impact)
i. System-related
The Group employs a variety of computer systems and communication networks. In the event of a system error due to a hardware or software defect, or a communication network failure, a system delay, a service outage or the alteration of a website due to cyber attacks and unauthorized access from outside, etc., it may affect the financial position and business results of the Group. The financial position and business results of the Group may also be affected by the occurrence of new attacks due to recent technological innovations such as generative AI, or an increase in fraudulent use via sophisticated methods.

ii. Personal information-related
The Group maintains EPOS cardholder information and other personal information of many customers and stakeholders. If, by any chance, information is leaked or fraudulent use occurs, the Group may suffer the risk of losing social creditability and incurring liability for damages, which may affect the business results of the Group. There is also a possibility that information leaks may occur due to ransomware and other cyber attacks, advances in hacking techniques, decryption using AI and quantum cryptography, etc., which may affect the business results of the Group.

(Countermeasures)
i. System-related
The Group has implemented measures to ensure stable operation of systems by adopting redundant configurations, replacing systems regularly, applying patches to computers, and protecting them from computer viruses or unauthorized entries. In addition, the Group strives to further strengthen information security through risk assessments conducted by outside consultants, regular implementation of vulnerability assessments, and other measures. In addition, when using cloud services or other services provided by other companies, we verify their safety in advance by conducting security checks.

ii. Personal information-related
The Group recognizes the enhancement of Groupwide information security, such as the protection of customer information and other information assets held by the Group against unauthorized access or cyber attacks, as a top management priority. By establishing the MARUI GROUP Information Security Policy and the MARUI GROUP Privacy Policy, we are working to properly manage and protect all the personal information obtained.
Specifically, based on the Act on the Protection of Personal Information, other laws and regulations, and relevant guidelines, standards, etc., we take safety management measures concerning personal information. Our Group companies handling particularly large amounts of personal information have acquired the “PrivacyMark” and practice appropriate handling of personal information.

3) Risks concerning human resources
- Shortage of management personnel - Intensified competition for securing human resources

(Impact)
We believe that growth of the Group can be attained by the development and contribution of each employee. If the declining birthrate, aging population, and shrinking working-age population causes intensified competition for the securing of human resources, including professionals necessary for business continuity, an outflow of human resources occurs, and a consequent shortage in future management personnel becomes apparent, these may affect the evolution and continuity of our business.

(Countermeasures)
The Group emphasizes the importance of human capital investment to accumulate the intangible assets that are a wellspring of future corporate value, based on the culture where all of our employees can tackle new challenges. We are currently creating an environment where employees can fully realize personal growth and are highly motivated owing to our conducting of systematic human resource investments from a variety of angles. These investments include education and training programs based on open application, the official Group project teams that engage in discussions on important topics for Group management, and the official Group initiatives aimed at encouraging each and every employee to demonstrate their creativity and create value. These efforts also include the implementation of the Co-Creation Management Academy (CMA) Future Leader Development Program, which cultivates human resources capable of promoting management reforms, as well as the secondment of employees to start-up companies.
In order to acquire human resources, we proactively use new methods for recruiting new graduates, such as long-term internships, which allows us to establish early contacts with talented students and increase their engagement with the Company. With regard to mid-career recruitment, in order to further expand the FinTech and e-commerce businesses, in addition to the core system human resources that have been trained in-house thus far, we are promoting the recruitment of web-related system human resources to respond quickly to the user interface and user experience (UI/UX). To secure recruitment, the MARUI GROUP is clearly communicating its unique business model and growth strategy to the recruitment market, and is aggressively recruiting digital talent active in engineering and other fields through marui unite Co., Ltd, established in 2024. At the same time, we will strive to provide our digital talent with a comfortable work environment alongside job satisfaction.

3. MARUI GROUP Code of Conduct and various policies

MARUI GROUP envisions a world with an inclusive society that offers happiness to all. Realizing this vision will require that we engage in co-creation with MARUI GROUP employees as well as with customers, investors, communities and society, business partners, and future generations. MARUI GROUP views every one of its stakeholders as a partner for co-creating a happier future.
The happiness to which we seek to contribute can only be realized through co-creation with all of these stakeholders. It is based on this belief that we promote compliance with laws and regulations as well as international rules and the principles embodied in these norms and that we have established and adhere to the MARUI GROUP Code of Conduct.
The MARUI GROUP Code of Conduct is applicable to all Group officers and employees. An internal notification system is in place to quickly uncover and address activities that violate this code of conduct or activities that are illegal, unfair, or otherwise inappropriate. Moreover, this code of conduct is reviewed as necessary by the Board of Directors and revised when deemed prudent through sufficient discussion. Should a serious violation of the MARUI GROUP Code of Conduct occur, we will take steps to identify the cause of the violation and prevent recurrence.
The Group has also formulated the MARUI GROUP Information Security Policy, which specifies the policies and measures for ensuring the security of information assets, the MARUI GROUP Tax Policy, which provides guidelines for complying with tax laws and minimizing tax risks, and the MARUI GROUP Anti-Corruption Policy, which serves as a basis for conducting sound corporate activities that are free of abuses of power or authority, unethical behavior, and all other forms of corruption, and the MARUI GROUP Policy for Preventing Money Laundering and Terrorism Financing, which is based on legislation on preventing the transference of money appropriated through illegal means, relevant government ordinances, and guidelines issued by the relevant authorities. The effectiveness of these policies is verified once a year and all Group employees are familiarized with them through training and other activities.

4. Management's Analysis on the Company's Financial Condition, Results of Operations and Cash Flow Conditions

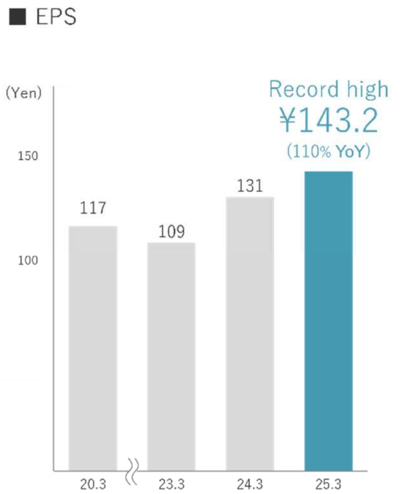
Forward-looking statements in this document are based on the judgment of the Group at the end of the fiscal year under review.

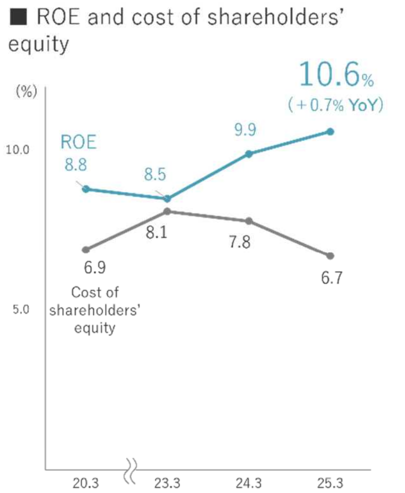
(1) Summary of operating results, etc.

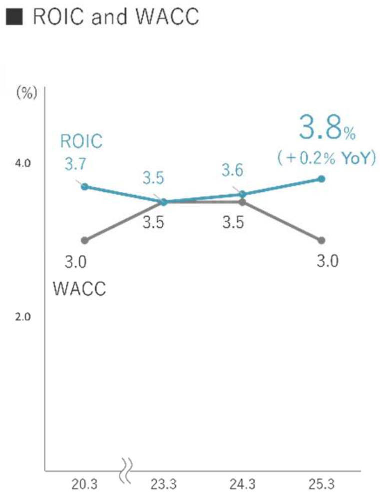
A summary of the financial position, operating results, and cash flows ("operating results, etc.") of the Company and its consolidated subsidiaries (the "Group") in the fiscal year under review is as follows.

Consolidated business results

- EPS came to ¥143.2 (+10% or +¥12.5 year on year), exceeding the year-earlier result and reaching a record high due to increased income. ROE was 10.6% (+0.7% year on year), exceeding the cost of shareholders' equity (6.7%) and exceeding 10% for the first time in 34 years. ROIC was 3.8% (+0.2% year on year), higher than cost of capital (WACC 3.0%).



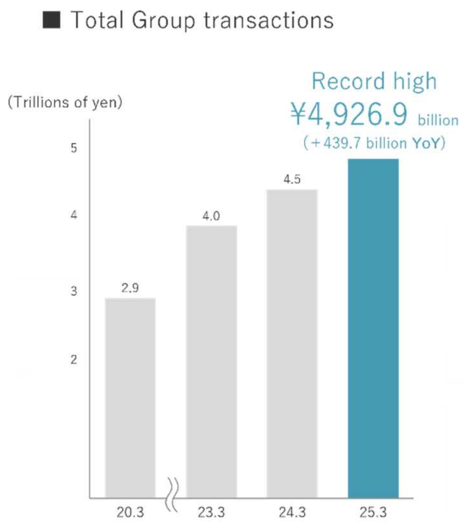


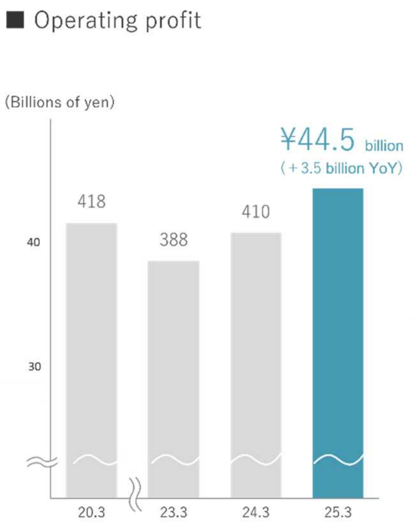


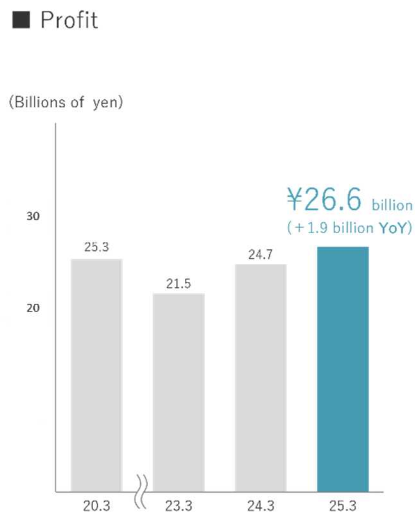
* ASBJ Statement No. 29 (Accounting Standard for Revenue Recognition), etc. have been applied to the figures shown above.

- Total Group transactions were ¥4,926.9 billion (+10% or +¥439.7 billion year on year), reaching the highest ever due to the growth in credit card transaction volume in the FinTech business, which drove the overall results.
- Operating revenue was ¥254.4 billion (+8% year on year), operating profit was ¥44.5 billion (+9% year on year), ordinary profit was ¥39.9 billion (+3% year on year), and profit was ¥26.6 billion (+8% year on year), for the fourth consecutive year of increased revenue and increased profit.

* In "4. Management's Analysis on the Company's Financial Condition, Results of Operations and Cash Flow Conditions," amounts expressed in billions of yen have been rounded off to the first decimal place.





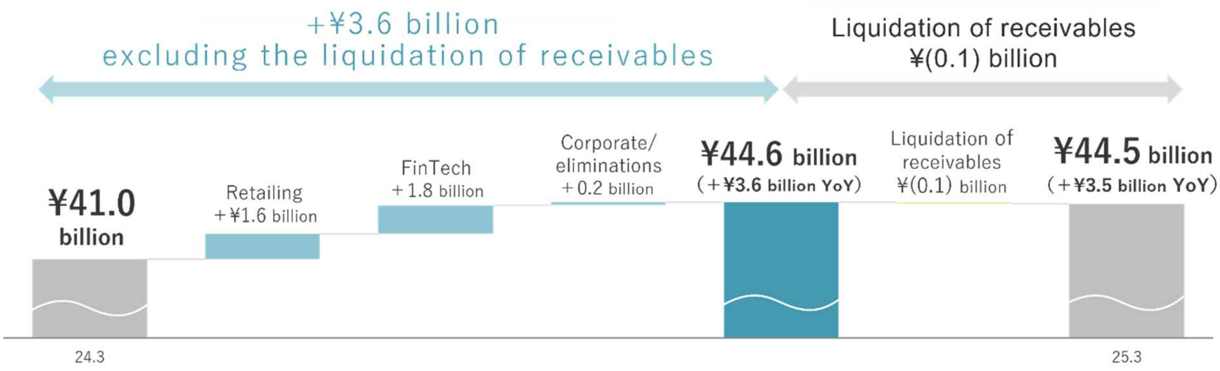


* ASBJ Statement No. 29 (Accounting Standard for Revenue Recognition), etc. have been applied to the figures shown above.

Breakdown of changes in operating profit

- Income on transfer of receivables through the liquidation of receivables (¥8.0 billion) increased by ¥0.6 billion from the previous fiscal year, while depreciation and expenses, etc. (¥8.0 billion) increased by ¥0.7 billion, resulting in a ¥0.1 billion decrease in operating profit.
- Substantial operating profit, excluding the impact of the liquidation of receivables mentioned above, increased by ¥3.6 billion from the previous fiscal year (+¥1.6 billion in the Retailing segment, +¥1.8 billion in the FinTech segment).

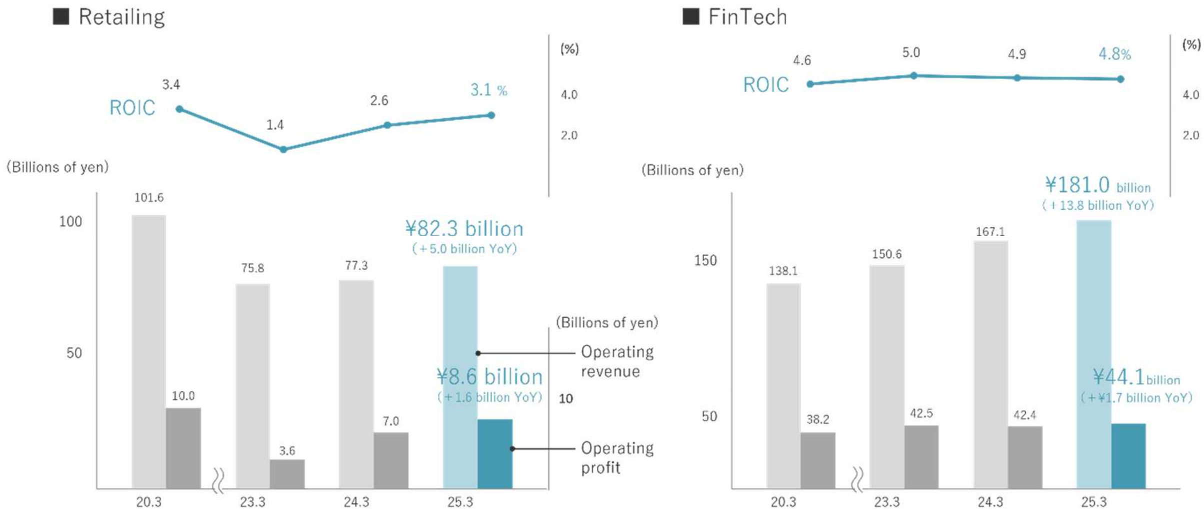
□ Breakdown of changes in operating profit



Business results by segment

- In the Retailing segment, operating profit was ¥8.6 billion (+24% year on year), an increase of ¥1.6 billion from the previous fiscal year. ROIC was 3.1% (+0.5% year on year).
- In the FinTech segment, operating profit was ¥44.1 billion (+4% year on year), an increase of ¥1.7 billion from the previous fiscal year. ROIC was 4.8% (-0.1% year on year).

□ Operating revenue and operating profit by segment

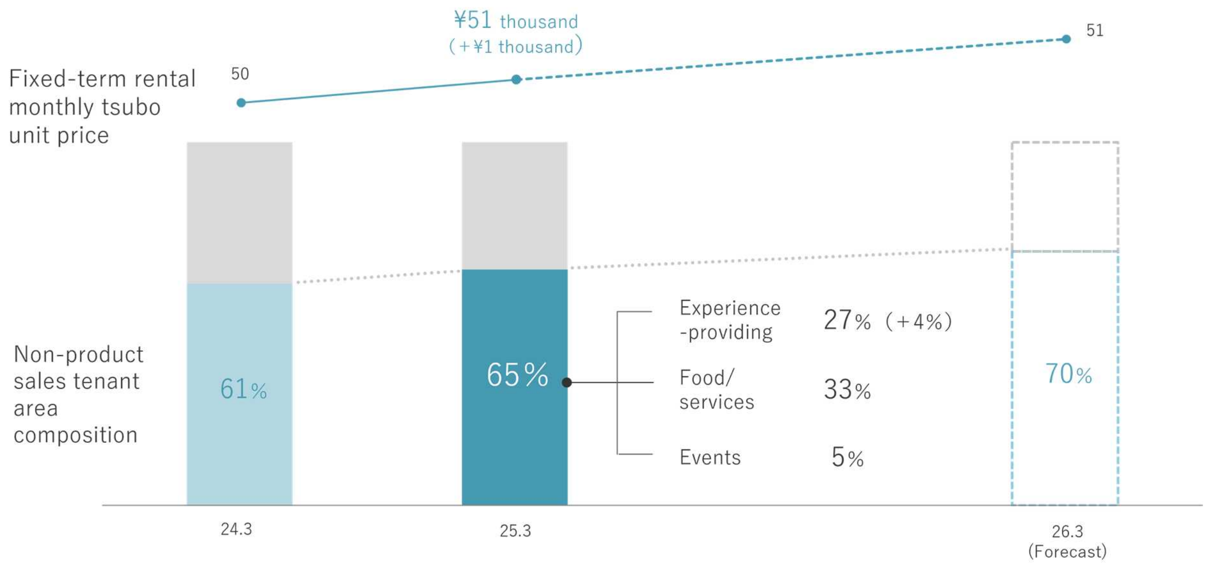


* ASBJ Statement No. 29 (Accounting Standard for Revenue Recognition), etc. have been applied to the figures shown above.

<Retailing segment>

- In Marui and Modi stores, aiming to create value that only brick-and-mortar stores can offer, we introduced experience-oriented stores, schools, restaurants, and services that do not aim to “sell,” and the area occupied by non-products sales tenants accounted for 65% of the total (+4% year on year). Category conversions have made steady progress. The introduction of new tenants resulted in a decrease in unoccupied section. Furthermore, operating profit increased for the fourth consecutive fiscal year due to the progress of value-up of facilities.

□ Change in composition of tenants in non-product sales category



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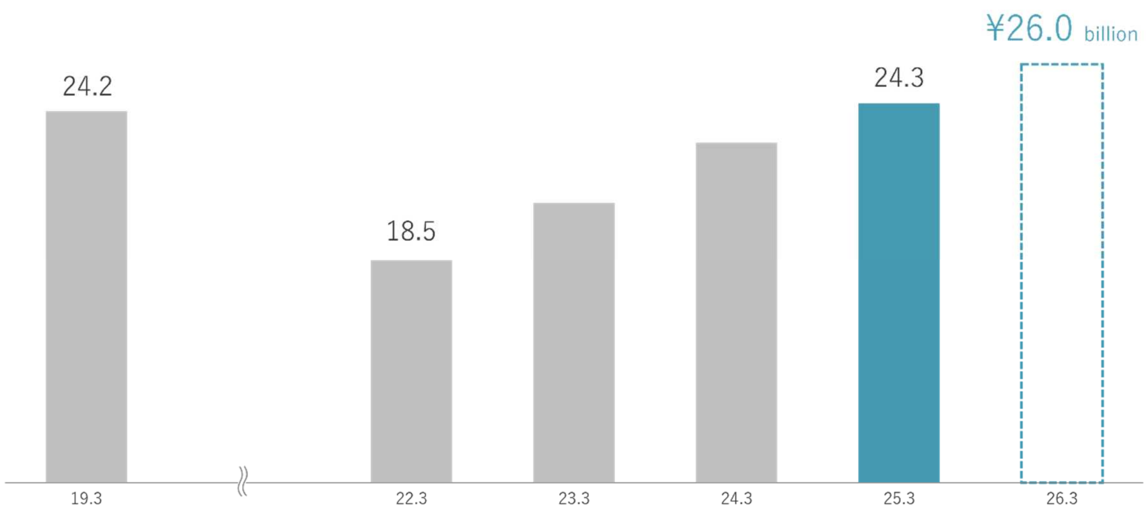
We have been putting efforts into creating “eventful stores” so that customers can always enjoy themselves whenever they visit our stores. Among such efforts, Marui’s store opening support service “OMEMIE,” which started in 2022, allows businesses to complete online the whole process from searching for spaces to set up stores at nationwide Marui and Modi stores to signing contracts. The service is widely used by businesses such as direct-to-consumer (D2C) brands and sole proprietors, and has been successful in bringing in new tenants who have never opened stores at Marui before. As a result, the variety of events has expanded, including trial sessions and workshops for services provided by new tenants.

- E-commerce transaction volume amounted to ¥24.3 billion in the fiscal year ended March 31, 2025, reaching a record high thanks to the utilization of web-related professionals to advance the original initiatives of the online business.

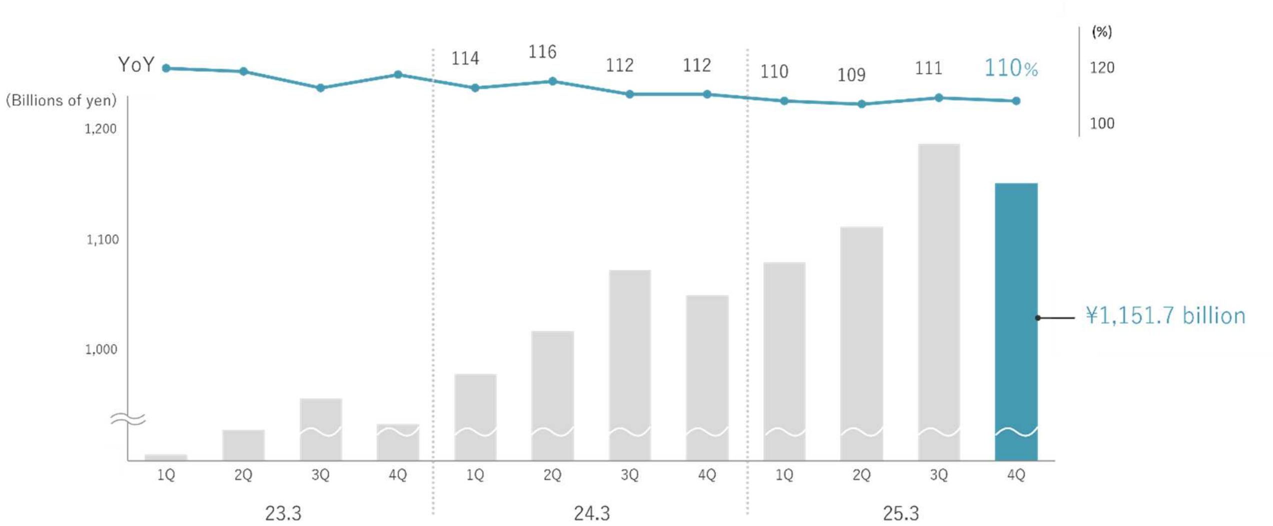
□ Changes in e-commerce transaction volume



<FinTech segment>

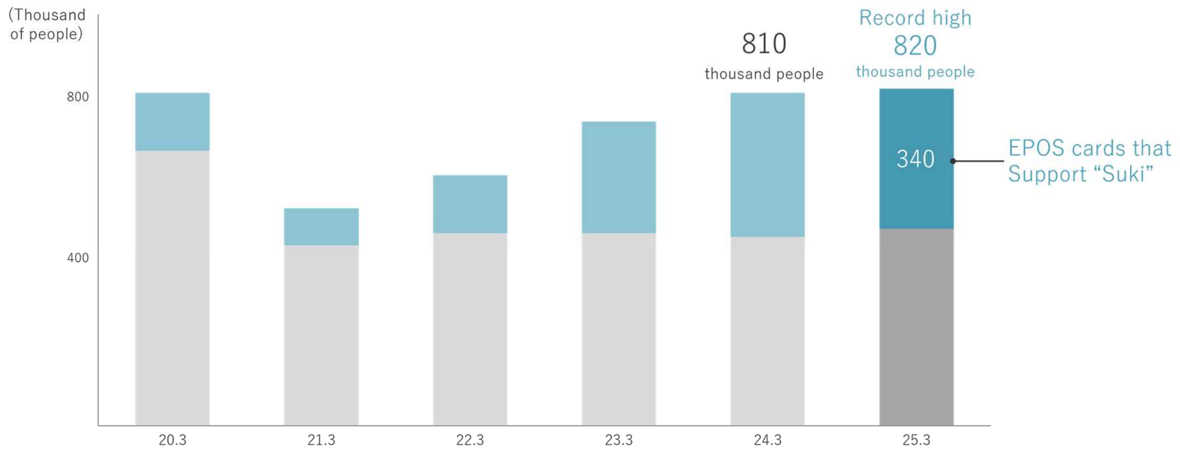
- Through approaches for maximization of household share, which have been strategically underway, recurring payments such as rent, e-commerce transactions, and utilities increased. As a result, credit card transaction volume was ¥1,151.7 billion in the fourth quarter (+10% year on year), and ¥4,530.5 billion in the fiscal year (+10% year on year), both reaching record highs.

□ Changes in card credit transaction volume

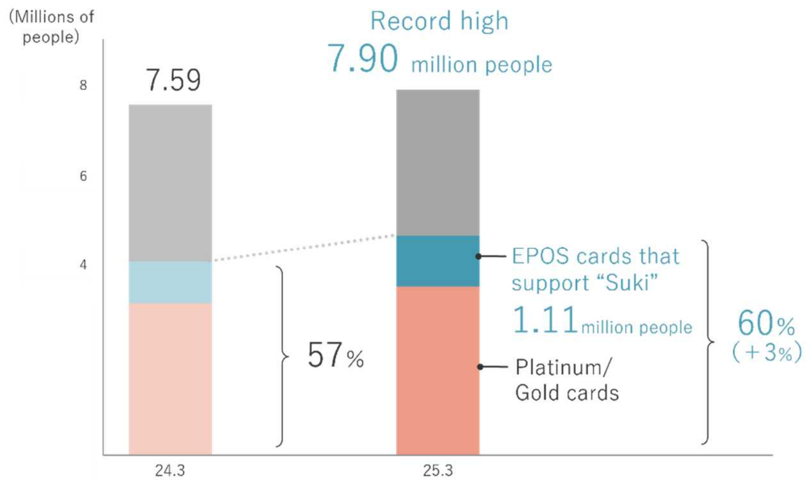


- Transaction volume of installment and revolving payments increased to ¥432.1 billion, a 10% increase from the previous fiscal year and balance of installment and revolving payments including liquidated receivables reached a record high of ¥469.3 billion, an 8% increase from the previous fiscal year.
- The number of new EPOS cardholders reached 820 thousand (+10 thousand cardholders year on year). The number of cardholders as of the fiscal year-end reached a record high of 7,900 thousand (+310 thousand cardholders year on year).
- In addition to our Gold cards, which have been a driver of our business growth to date, we are also enhancing our measures with respect to EPOS cards that support “Suki.” Young people make up a higher percentage of holders of these EPOS cards that support “Suki” than they do for holders of ordinary credit cards, bringing two to seven times higher LTV (lifetime value) to these cards. Cards created in collaboration with anime, games, and entertainment content have many passionate fans, and they tend to quickly become recognized through social media and are therefore highly compatible with online membership applications. For these EPOS cards that support “Suki,” proposals have been raised from not only employees in the FinTech segment but also those engaged in retailing and co-creative investments. The number of projects has expanded to 115. At stores, we provided hands-on opportunities such as events that are linked with EPOS cards that support “Suki.” For e-commerce, we developed and sold collaboration goods. As exemplified above, we provide unique experience value through initiatives that the Group, with its credit cards, stores, and e-commerce, can undertake. Through these actions, the number of new holders of EPOS cards that support “Suki” reached 340 thousand, and the number of members as of the fiscal year-end was 1.11 million (+210 thousand year on year). We will continue to step up our Group-wide efforts to increase the number of highly loyal members and achieve further expansion in transaction volume and the number of new cardholders.

□ New memberships



□ Number of cardholders

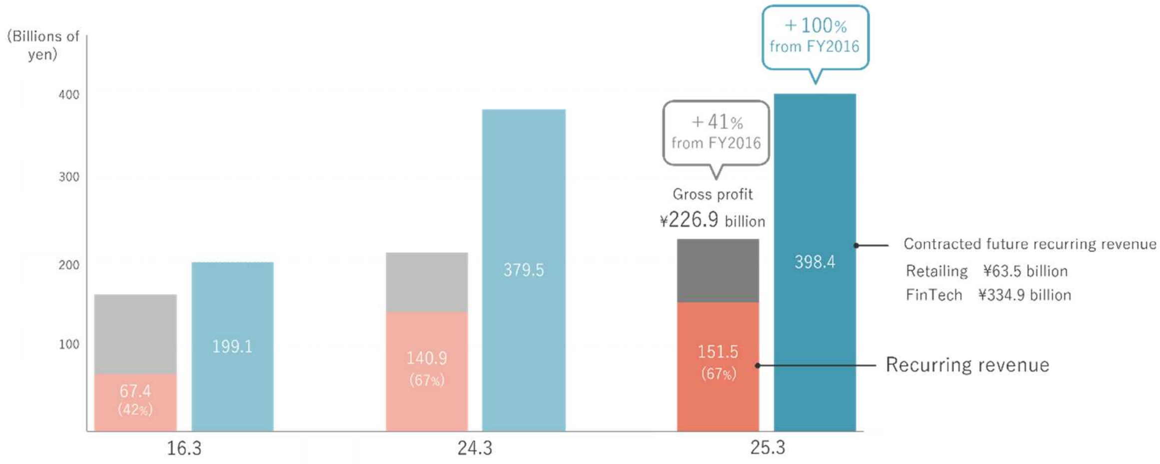


Indicators of LTV stability

As a result of the change in our business model, "recurring revenue," which includes rent revenues from our stores and card commissions, has increased to account for a larger proportion of total sales and profits, altering the Group's revenue structure. Recurring revenue, which is recurring revenue from contracts with customers and business partners, can be viewed as "contracted future recurring revenue" for the following fiscal year and beyond, and can be used as an indicator to measure the stability of earnings. These are important elements of the Group's long-term management that emphasizes lifetime profit (LTV).

- Recurring revenue (on a gross profit basis) for the fiscal year under review was ¥151.5 billion (+8% year on year), and the ratio of recurring revenue to gross profit was 66.8% (-0.2% year on year).
- At the end of the fiscal year under review, contracted future recurring revenue was ¥398.4 billion (+5% year on year), and it is expected to generate future earnings approximately 1.8 times the gross profit of the fiscal year under review. The calculation of contracted future recurring revenue is based on the remaining contract years for rent revenues, the repayment period for installment and revolving fees and interest on cash advances, the period until expiration dates for (recurring) affiliate commissions, and the guarantee period for rent guarantees.

□ LTV management indicators

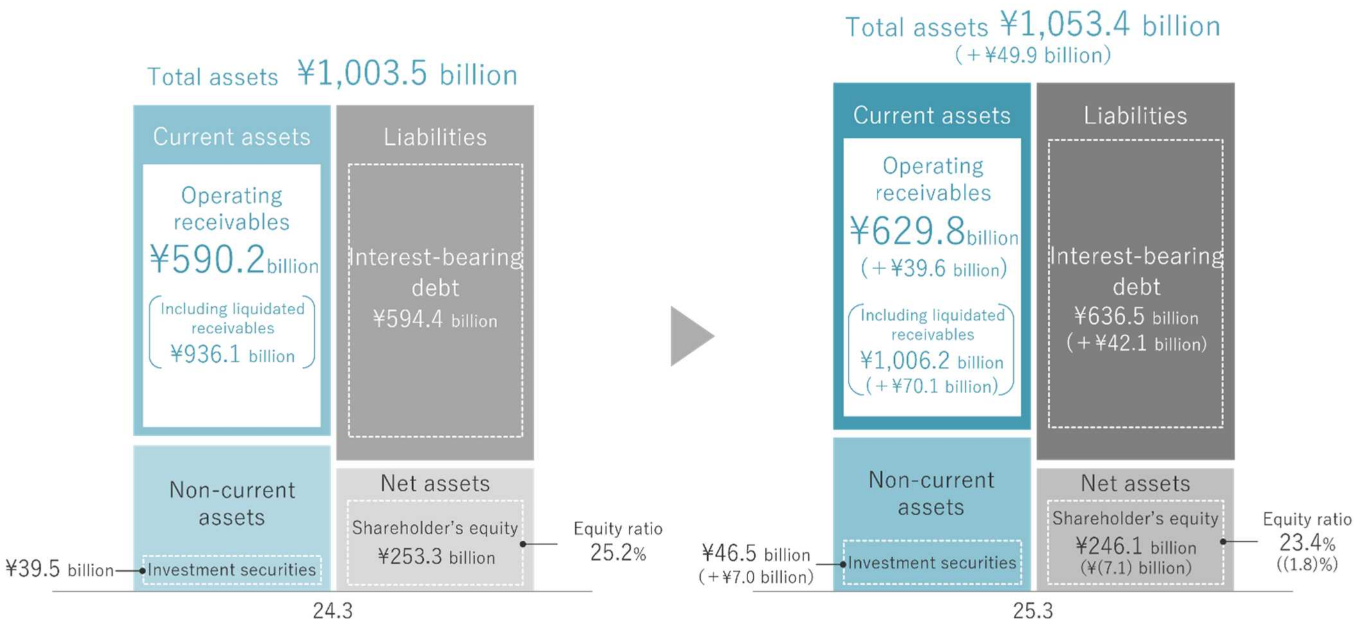


Note: Gross profit used in calculating the gross profit-based recurring revenue and its composition includes selling, general and administrative expenses paid by business partners on a recurring basis.

Financial position

- Operating receivables (accounts receivable - installment and operating loans) amounted to ¥629.8 billion (+¥39.6 billion year on year) as a result of an increase in credit card transaction volume, etc. Total assets were ¥1,053.4 billion (+¥49.9 billion year on year).
- Interest-bearing debt (excluding lease obligation) amounted to ¥636.5 billion (+¥42.1 billion year on year).
- As a result of the acquisition of treasury shares and the payment of dividends, shareholders' equity amounted to ¥246.1 billion (-¥7.1 billion year on year), and the equity ratio was 23.4% (-1.8% year on year).

□ Balance sheet



Cash flows

- Net cash used in operating activities was ¥4.5 billion (¥38.0 billion provided in the previous fiscal year). Core operating cash flow which excludes outflows associated with changes in operating receivables, etc. increased by ¥10.6 billion from the previous fiscal year to ¥49.7 billion, partly owing to an increase in profit before income taxes.
- Net cash used in investing activities was ¥13.7 billion (¥18.3. billion used in the previous fiscal year), partly owing to ¥13.1 billion used in the purchase of property and equipment as well as intangible assets, and ¥6.8 billion used for the purchase of investment securities.
- Net cash provided by financing activities was ¥2.8 billion (¥7.9 billion used in the previous fiscal year), partly owing to an inflow of ¥42.0 billion due to an increase in interest-bearing debt, ¥18.5 billion used in the purchase of treasury shares, and ¥19.5 billion of dividends paid.

□ Cash flows

Fiscal years ended March 31	2024	2025	YoY change
	Billions of yen	Billions of yen	Billions of yen
Core operating cash flow	39.1	49.7	+10.6
Net cash provided by (used in) operating activities	38.0	(4.5)	(42.5)
Decrease (increase) in operating receivables	(1.1)	(54.1)	(53.1)
Net cash provided by (used in) investing activities	(18.3)	(13.7)	+4.6
Net cash provided by (used in) financing activities	(7.9)	2.8	+10.7
Net increase/decrease in cash and cash equivalents	11.9	(15.3)	(27.2)
Cash and cash equivalents at end of period	64.6	49.3	(15.3)

Note: The Group uses core operating cash flow, which excludes outflows associated with changes in operating receivables (accounts receivable - installment and operating loans), as an indicator of profitability and soundness.

Production, orders received, and sales

1) Production
This item does not apply to the Company and its subsidiaries and associates.

2) Orders received
Certain operations in the Retailing and FinTech segments are based on orders received, and orders received in the fiscal year under review were ¥14,911 million (131.9% of the previous fiscal year), bringing outstanding orders received to ¥7,984 million (175.1% of the previous fiscal year) as of the end of the fiscal year under review.

3) Sales
Sales results by segment in the fiscal year under review were as follows.

Segment	Amount (Millions of yen)	Year on year (%)
Retailing		
Revenue from fixed term tenants, etc.	44,546	107.7
Consignment revenue	1,901	117.3
Commissions on consignment sales (net)	5,752	104.3
Rent revenue and others	3,984	89.1
Related business revenue	19,365	112.3
Retailing total	75,550	107.6
FinTech	178,841	108.4
Total	254,392	108.1

Notes: 1. Amounts above represent operating revenue from customers outside the Group.

2. Retailing sales results calculation methods were revised to include the “rent revenue and others” profit equivalent amount in operating revenue from the fiscal year ended March 31, 2016, and to include the “contracted sales” profit equivalent amount in operating revenue from the fiscal year ended March 31, 2021. Sales results (transaction volume) corresponding to sales revenue under previous standards (in and before the fiscal year ended March 31, 2015) amounted to ¥324,401 million (+108.7% year on year).

4) Procurement
Product procurement amount in the fiscal year under review was as follows.

Segment	Amount (Millions of yen)	Year on year (%)
Retailing	1,492	116.9

(2) Management’s Analysis on the Company’s Financial Condition, Results of Operations and Cash Flow Conditions regarding Operating Results

Management’s Analysis on the Company’s Financial Condition, Results of Operations and Cash Flow Conditions regarding the Group’s operating results is as follows. Forward-looking statements below are based on the judgment of the Group at the end of the fiscal year under review.

1) Important accounting estimates and assumptions used in such estimates
The Group’s consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”). In preparing these consolidated financial statements, we use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses; however, figures based on these estimates and assumptions may differ from actual results.
The significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are described in “V. FINANCIAL INFORMATION, 1. Consolidated Financial Statements, Etc., (1) Consolidated Financial Statements, NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES.”

2) Analysis of operating results, financial position, and cash flows
As described in "(1) Summary of operating results, etc."
Information on financial resources and liquidity of capital are described in "3. Business and Other Risks" and "V. FINANCIAL INFORMATION, 1. Consolidated Financial Statements, Etc., (1) Consolidated Financial Statements, NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, FINANCIAL INSTRUMENTS."

■ Connectivity between non-financial information and financial information
To increase its corporate value, the Group, as its policy, proactively discloses useful information whether it be financial or non-financial, if such information is deemed beneficial to aiding constructive dialogue with stakeholders. The Group's Annual Securities Report discloses non-financial information including sustainability and indicators for LTV, such as recurring revenue, which the Group deems to be important for management.
The abovementioned non-financial information is useful for stakeholders to evaluate increase, impairment, etc. of the Group's corporate value. Additionally, data and assumptions that serve as a basis for non-financial information may affect related accounting estimates and other items in the preparation of financial information, including consolidated financial statements, and the Group therefore places emphasis on connectivity between these two types of information.
Specifically, the Group uses the identical underlying data and assumptions for non-financial information and related financial information, thereby ensuring connectivity between non-financial information and financial information that is subject to the audit attestation.

5. Important Business Contracts

Not applicable.

6. Research and Development Activities

Not applicable.

III. EQUIPMENT AND FACILITIES

1. Overview of Capital Investments, Etc.

In the fiscal year under review, the Group made capital investments totaling ¥14,537 million, including sales floor renovations of stores and investment in system infrastructure.
Capital investment by segment was as follows:

Name of segment	Amount (Millions of yen)
Retailing	11,264
FinTech	5,981
Adjustments	(2,709)
Total	14,537

Note: Amounts above include intangible assets in addition to property and equipment.

2. Major Facilities

Major facilities were as follows.

(1) Filing company

As of March 31, 2025

Facility (Location)	Segment	Description	Carrying amount (Millions of yen)					Number of employees (Persons)
			Buildings and structures	Land [m^2]	Leased assets	Other	Total	
Head office (Nakano-ku, Tokyo)	—	Office facilities	14	— [—]	—	220	235	270 [28]

Notes: 1. "Other" in carrying amount includes intangible assets in addition to property and equipment.

2. The number of employees represents the number of active employees, and the average number of part-time employees in the fiscal year (calculated based on prescribed monthly working hours) is shown in brackets ("[ ]") in the number of employees column.

(2) Domestic subsidiaries

As of March 31, 2025

Major subsidiaries	Facility (Location)	Segment	Description	Carrying amount (Millions of yen)					Number of employees (Persons)
				Buildings and structures	Land [m2]	Leased assets	Other	Total	
MARUI CO., LTD.	Marui Group Head office (Nakano-ku, Tokyo)	Retailing	Office facilities	2,838	6,199 [4,278]	—	1,766	10,805	404 [55]
	Nakano Marui (Nakano-ku, Tokyo)	Retailing	Stores, etc. (incl. office facilities)	4,272	219 [3,207]	—	115	4,608	11 [5]
	Shinjuku Marui (Shinjuku-ku, Tokyo)	Retailing	Stores, etc.	4,140	5,735 [1,861]	—	4,028	13,903	32 [22]
	Shibuya Marui (Shibuya-ku, Tokyo)	Retailing	Stores, etc.	1,716	5,136 [1,311]	—	126	6,980	13 [5]
	Kichijoji Marui (Musashino-shi, Tokyo)	Retailing	Stores, etc.	965	— [—]	—	374	1,339	2 [7]
	Kashiwa Marui (Kashiwa-shi, Chiba)	Retailing	Stores, etc.	727	4,500 [1,567]	—	713	5,940	8 [3]
	Machida Marui (Machida-shi, Tokyo)	Retailing	Stores, etc.	2,968	4,513 [2,182]	—	303	7,785	10 [4]
	Omiya Marui (Saitama-shi, Saitama)	Retailing	Stores, etc.	808	— [—]	—	1,164	1,972	8 [6]
	Kinshicho Marui (Sumida-ku, Tokyo)	Retailing	Stores, etc.	1,423	6,780 [6,059]	—	55	8,260	16 [4]
	Ueno Marui (Taito-ku, Tokyo)	Retailing	Stores, etc.	1,327	— [—]	—	546	1,874	19 [8]
	Kokubunji Marui (Kokubunji-shi, Tokyo)	Retailing	Stores, etc.	490	— [—]	—	2,339	2,829	11 [14]
	Soka Marui (Soka-shi, Saitama)	Retailing	Stores, etc.	824	2,480 [4,010]	—	26	3,330	8 [6]
	Marui City Yokohama (Yokohama-shi, Kanagawa)	Retailing	Stores, etc.	—	— [—]	—	6,648	6,648	20 [7]
	Marui Family Mizonokuchi (Kawasaki-shi, Kanagawa)	Retailing	Stores, etc.	3,211	10,856 [4,053]	—	1,572	15,640	28 [10]
	Marui Family Shiki (Shiki-shi, Saitama)	Retailing	Stores, etc.	1,716	1,747 [3,603]	—	590	4,055	12 [9]
	Marui Family Ebina (Ebina-shi, Kanagawa)	Retailing	Stores, etc.	1,530	— [—]	—	790	2,320	17 [10]
	Kobe Marui (Kobe-shi, Hyogo)	Retailing	Stores, etc.	298	— [—]	482	761	1,542	10 [2]
	Kitasenju Marui (Adachi-ku, Tokyo)	Retailing	Stores, etc.	4,404	8,653 [4,892]	—	1,108	14,166	28 [12]
	Namba Marui (Osaka-shi, Osaka)	Retailing	Stores, etc.	1,099	— [—]	—	1,093	2,193	12 [5]
	Yurakucho Marui (Chiyoda-ku, Tokyo)	Retailing	Stores, etc.	3,895	22,328 [2,912]	—	681	26,906	45 [6]
	Hakata Marui (Fukuoka-shi, Fukuoka)	Retailing	Stores, etc.	1,815	— [—]	—	973	2,789	11 [3]
	Totsuka Modi (Yokohama-shi, Kanagawa)	Retailing	Stores, etc.	1,134	1,916 [1,283]	—	298	3,349	6 [6]
	Shizuoka Modi (Shizuoka-shi, Shizuoka)	Retailing	Stores, etc.	777	2,485 [1,504]	—	16	3,279	1 [—]
	Toda Product Center (Toda-shi, Saitama)	Retailing	Delivery center	967	1,407 [22,415]	—	23	2,398	1 [—]
Epos Card Co., Ltd.	Head office, etc. (Nakano-ku, Tokyo and elsewhere)	FinTech	Stores, office facilities, etc.	741	550 [586]	6	6,009	7,307	1,542 [709]

Major subsidiaries	Facility (Location)	Segment	Description	Carrying amount (Millions of yen)					Number of employees (Persons)
				Buildings and structures	Land [m²]	Leased assets	Other	Total	
AIM CREATE CO., LTD.	Head office, etc. (Nakano-ku, Tokyo and elsewhere)	Retailing	Office facilities, etc.	84	49 [208]	—	130	264	239 [45]
MOVING CO., LID.	Product center, etc. (Toda-shi, Saitama)	Retailing	Office facilities, sales offices, etc.	1,009	1,251 [6,693]	—	1,238	3,499	231 [260]
M&C SYSTEMS CO., LTD.	System center, etc. (Toda-shi, Saitama and elsewhere)	Retailing and FinTech	Office facilities, etc.	922	1,100 [3,145]	579	5,353	7,956	217 [13]
MARUI FACILITIES Co., Ltd.	Solar power generation plant, etc. (Shimotsuka-gun, Tochigi and elsewhere)	Retailing	Office facilities, solar power generation, etc.	11	235 [75,935]	—	1,545	1,793	406 [130]
MARUI HOME SERVICE Co., Ltd.	Rental condominiums, etc. (Musashino-shi, Tokyo and elsewhere)	FinTech	Office facilities, rental housing, etc.	2,390	2,362 [3,973]	—	120	4,873	69 [13]

Notes: 1. "Other" in carrying amount includes intangible assets and guarantee deposits in addition to property and equipment.

2. The number of employees represents the number of active employees, and the average number of part-time employees in the fiscal year (calculated based on prescribed monthly working hours) is shown in brackets ("[ ]") in the number of employees column.

3. Of the stores, etc. above, 377,521 m^2 of floorspace is rental floorspace from buildings outside the Group.

3. Plans for New Additions or Disposals, Etc. of Facilities

(1) Significant new facilities, etc.

Major plans for facilities as of the end of the fiscal year under review were as follows.

Company	Facility (Location)	Segment	Description	Planned investment amount		Fund procurement method	Construction	Completion	Expected revenue (annual)
				Total amount (Millions of yen)	Amount paid (Millions of yen)				
MARUI CO., LTD.	Shibuya Marui (tentative name) (Shibuya-ku, Tokyo)	Retailing	Store (rebuilding)	10,500	3,291	Own funds, etc.	October 2023	During 2026	Undecided
MARUI CO., LTD.	Store renovations	Retailing	Store interior	3,000	—	Own funds, etc.	April 2025	March 2026	—

Notes: Planned facilities are transferred to the non-current assets account as they are acquired or completed.

(2) Disposal of significant facilities, etc.

Not applicable.

IV. CORPORATE INFORMATION

1. Information on the Company's Shares, Etc.

(1) Total number of shares, etc.

1) Total number of shares

Class of shares	Number of authorized shares (Shares)
Common stock	1,400,000,000
Total	1,400,000,000

2) Number of shares issued and outstanding

Class of shares	Number of shares issued and outstanding as of the end of the fiscal year (Shares) (March 31, 2025)	Number of shares issued and outstanding as of the filing date (Shares) (June 23, 2025)	Stock listing/registration	Details
Common stock	208,660,417	183,660,417	Prime Market of Tokyo Stock Exchange	The number of shares per unit of shares is 100.
Total	208,660,417	183,660,417	—	—

Note: The Company canceled treasury shares on May 30, 2025 pursuant to the resolution at the Board of Directors meeting held on May 13, 2025. As a result, the number of shares decreased by 25,000,000 shares, bringing the total number of shares issued and outstanding as of the filing date to 183,660,417 shares.

(2) Stock acquisition rights

1) Details of stock option plans

Not applicable.

2) Details of rights plans

Not applicable.

3) Other stock acquisition rights, etc.

Not applicable.

(3) Exercise status of bonds with stock acquisition rights containing a clause for exercise price adjustment, etc.

Not applicable.

(4) Changes in the total number of shares issued and outstanding, share capital, etc.

Date	Changes in the total number of shares issued and outstanding (Thousands of shares)	Total number of shares issued and outstanding (Thousands of shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
November 30, 2021 (Note 1)	(15,000)	208,660	—	35,920	—	91,307

Note: 1. The total number of shares issued and outstanding decreased owing to the cancellation of 15,000 thousand shares of treasury shares on November 30, 2021.

2. The Company canceled 25,000 thousand shares of treasury shares on May 30, 2025 pursuant to the resolution at the Board of Directors meeting held on May 13, 2025, and the total number of shares issued and outstanding became 183,660 thousand shares.

3. As a proposal for the Ordinary General Meeting of Shareholders to be held on June 25, 2025, the Company plans to propose a reduction of ¥91,307 million in legal capital surplus with an effective date of August 31, 2025, and to transfer the entire amount to other capital surplus, based on the provisions of Article 448, Paragraph 1 of the Companies Act.

(5) Status by shareholder classification

As of March 31, 2025

Classification	Status of shares (1 unit = 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Japanese financial instruments business operators	Other corporations	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	—	71	28	308	343	90	37,226	38,066	—
Number of shares held (Units)	—	916,670	57,664	292,346	327,064	159	488,860	2,082,763	384,117
Shareholding ratio (%)	—	44.01	2.77	14.04	15.70	0.01	23.47	100.00	—

Notes: 1. Of the 27,482,700 shares of treasury shares, 274,827 units are included in "Individuals and other."

2. Figures under "Financial institutions" above include 4,824 units of shares held under the BIP Trust and the ESOP Trust.

(6) Major shareholders

As of March 31, 2025

Name	Location	Number of shares held (Thousands of shares)	Number of shares held to total number of shares issued and outstanding (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	8-1, Akasaka 1-chome, Minato-ku, Tokyo	43,353	23.94
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	27,100	14.96
Aoi Real Estate Co., Ltd.	21-3, Jinnan 1-chome, Shibuya-ku, Tokyo	6,019	3.32
TOHO CO., LTD.	2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	3,779	2.09
AOI SCHOLARSHIP FOUNDATION	3-2, Nakano 4-chome, Nakano-ku, Tokyo	3,317	1.83
Custody Bank of Japan, Ltd. (Trust Account 4)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	3,143	1.73
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (15-1, Konan 2-chome, Minato-ku, Tokyo)	2,957	1.63
MUFG Bank, Ltd.	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,904	1.60
Tadao Aoi	Shibuya-ku, Tokyo	2,784	1.54
Karasuyama Co., Ltd.	2-3, Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo	2,454	1.35
Total	—	97,815	53.99

Notes: 1. The Company holds 27,482 thousand shares of treasury shares, which are excluded from the major shareholders above. Treasury shares held by the Company does not include shares of the Company held by the BIP Trust or the ESOP Trust.

2. The Company received a report regarding the possession of shares by Nomura Securities Co., Ltd. and its joint holders as of April 30, 2021 as follows, in a statement of large-volume holdings (statement of changes) made available to the public on May 11, 2021. However, as the Company was unable to confirm the number of substantial shareholding as of the end of the fiscal year under review, the major shareholders above are based on the shareholder register.

Name	Location	Number of shares held (Thousands of shares)	Number of shares held to total number of shares issued and outstanding (%)
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	286	0.13
Nomura Asset Management Co., Ltd.	2-1, Toyosu 2-chome, Koto-ku, Tokyo	16,282	7.28

3. The Company received a report regarding the possession of shares by Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders as of January 31, 2024 as follows, in a statement of large-volume holdings (statement of changes) made available to the public on February 6, 2024. However, as the Company was unable to confirm the number of substantial shareholding as of the end of the fiscal year under review, major shareholders above are based on the shareholder register.

Name	Location	Number of shares held (Thousands of shares)	Number of shares held to total number of shares issued and outstanding (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakoen 1-chome, Minato-ku, Tokyo	4,492	2.15
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	9,705	4.65

4. The Company received a report regarding the possession of shares by MUFG Bank, Ltd. and its joint holders as of July 22, 2024 as follows, in a statement of large-volume holdings (statement of changes) made available to the public on July 29, 2024. However, as the Company was unable to confirm the number of substantial shareholding as of the end of the fiscal year under review, major shareholders above are based on the shareholder register.

Name	Location	Number of shares held (Thousands of shares)	Number of shares held to total number of shares issued and outstanding (%)
MUFG Bank, Ltd.	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,904	1.39
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	5,800	2.78
MUFG Securities EMEA plc	Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AJ, United Kingdom	222	0.11
Mitsubishi UFJ Asset Management Co., Ltd.	9-1, Higashi-shinbashi 1-chome, Minato-ku, Tokyo	4,415	2.12
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	570	0.27

5. The Company received a report regarding the possession of shares by Mizuho Securities Co., Ltd. and its joint holders as of September 13, 2024 as follows, in a statement of large-volume holdings (statement of changes) made available to the public on September 24, 2024. However, as the Company was unable to confirm the number of substantial shareholding as of the end of the fiscal year under review, the major shareholders above are based on the shareholder register.

Name	Location	Number of shares held (Thousands of shares)	Number of shares held to total number of shares issued and outstanding (%)
Mizuho Securities Co., Ltd.	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	388	0.19
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	12,286	5.89

(7) Voting rights

1) Shares issued and outstanding:

As of March 31, 2025

Classification	Number of shares (Shares)	Number of voting rights (Units)	Details
Non-voting shares	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 27,482,700	—	—
Shares with full voting rights (other)	Common stock 180,793,600	1,807,936	—
Shares less than one unit	Common stock 384,117	—	Shares less than one unit (100 shares)
Total number of shares issued and outstanding	208,660,417	—	—
Total voting rights held by all shareholders	—	1,807,936	—

Note: The number of common shares under "shares with full voting rights (other)" includes 482,400 shares (4,824 units of voting rights) held under the BIP Trust and the ESOP Trust.

2) Treasury shares, etc.

As of March 31, 2025

Shareholder name	Shareholder address	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Number of shares held to total number of shares issued and outstanding (%)
(Treasury shares) MARUI GROUP CO., LTD.	3-2, Nakano 4-chome, Nakano-ku, Tokyo	27,482,700	—	27,482,700	13.17
Total	—	27,482,700	—	27,482,700	13.17

Note: 482,400 shares of the Company held under the BIP Trust and the ESOP Trust are not included in the above number of treasury shares.

(8) Details of officer and employee stock ownership scheme

BIP Trust

1. Overview of the scheme

In the fiscal year ended March 31, 2017, the Company and 15 of its Group subsidiaries, etc. (MARUI CO., LTD., Epos Card Co., Ltd., etc.; collectively, “Applicable Subsidiaries”) introduced the BIP Trust for Directors and Executive Officers of the Company (excluding External Directors and non-residents of Japan) and directors of Applicable Subsidiaries (excluding external directors and non-residents of Japan; together with Directors and Executive Officers of the Company, “Eligible Directors, etc.”), in order to increase their motivation to contribute to improved performance and corporate value of the Group over the medium to long term.

The details of the trust agreement under the scheme are as follows.

Details of the BIP Trust agreement

Type of trust	Money trust other than a specified individually operated monetary trust (third-party benefit trust)
Trust objective	To incentivize Eligible Directors, etc.
Settlor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Eligible Directors, etc. who satisfy the beneficiary criteria
Trust administrator	A third party with no special interests with the Company (certified public accountants)
Trust period	August 29, 2016 ~ August 31, 2026
Exercise of voting rights	Non-exercise
Class of shares to be acquired	Common shares of the Company
Timing of acquisition of shares	September 1, 2016 ~ September 6, 2016 August 16, 2019 and August 19, 2019 May 21, 2021 November 20, 2024, November 21, 2024, November 22, 2024, November 25, 2024
Method of acquiring shares	To be acquired from the stock market
Holder of vested rights	The Company
Residual assets	The Company, the holder of vested rights, shall receive any residual assets within the scope of the reserve for trust fees, which is the trust money less share acquisition funds.

Notes: 1. At the Board of Directors’ meeting held on May 14, 2024, it was resolved that this scheme be continued by extending the trust period so as to promote the Company’s co-creation sustainability management. The changes other than the trust period and the timing of acquisition of shares specified above are provided in (4) Officer compensation, etc., under 4. Corporate Governance.

2. The Trust may be extended by amending the trust agreement and entrusting additional money when the extended trust period of the Trust expires.

2. Total number of shares to be acquired by Eligible Directors, etc.

Up to 400,000 shares

3. Scope of persons eligible for beneficiary rights and other rights under this officer stock ownership plan

Eligible Directors, etc. who satisfy the beneficiary criteria

ESOP Trust

1. Overview of the scheme

In the fiscal year ended March 31, 2017, the Company introduced the ESOP Trust incentive plan for employees of the Group in management positions (“executive employees”), in order to increase their motivation to contribute to improved performance and corporate value over the medium to long term.

Through the introduction of this scheme, executive employees can enjoy the economic benefits of an increase in the Company’s share price, and therefore they are prompted to execute business operations with share prices in mind, and enhance their morale. In addition, voting rights to the Company’s shares in the ESOP Trust assets are exercised so as to reflect the intention of executive employees who are the beneficiary candidates.

The details of the trust agreement under the scheme are as follows.

Details of the ESOP Trust agreement

Type of trust	Money trust other than a specified individually operated monetary trust (third-party benefit trust)
Trust objective	To incentivize executive employees
Settlor	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	Executive employees who satisfy the beneficiary criteria
Trust administrator	A third party with no special interests with the Company (certified public accountants)
Trust period	August 29, 2016 ~ August 31, 2026
Exercise of voting rights	Voting rights for the Company’s shares shall be exercised in accordance with the instructions of the trust administrator, which shall reflect the intention of the beneficiary candidates.
Class of shares to be acquired	Common shares of the Company
Timing of acquisition of shares	September 7, 2016 ~ September 15, 2016 August 16, 2019 May 21, 2021 November 20, 2024
Method of acquiring shares	To be acquired from the stock market
Holder of vested rights	The Company
Residual assets	The Company, the holder of vested rights, shall receive any residual assets within the scope of the reserve for trust fees, which is the trust money less share acquisition funds.

Notes: 1. At the Board of Directors’ meeting held on May 14, 2024, it was resolved that this scheme be continued by extending the trust period so as to promote the Company’s co-creation sustainability management.

2. The Trust may be extended by amending the trust agreement and entrusting additional money when the extended trust period of the Trust expires.

2. Total number of shares to be acquired by executive employees

Up to 250,000 shares

3. Scope of persons eligible for beneficiary rights and other rights under this employee stock ownership plan

Executive employees who satisfy the beneficiary criteria

2. Acquisition of Treasury Shares, Etc.

Class of shares: Acquisition of common stock under Article 155, Item 3, Article 155, Item 7, and Article 155, Item 13 of the Companies Act

(1) Acquisition resolved by a general meeting of shareholders

Not applicable.

(2) Acquisition resolved by the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Resolution by the Board of Directors (May 14, 2024) (Acquisition period: June 1, 2024 ~ September 30, 2024)	11,000,000	20,000,000,000
Treasury shares acquired before the fiscal year under review	—	—
Treasury shares acquired during the fiscal year under review	1,415,300	3,191,226,650
Total number and value of remaining shares subject to the resolution	9,584,700	16,808,773,350
Percentage of un-exercised portion as of the fiscal year-end (%)	87.1	84.0
Treasury shares acquired during the period	—	—
Ratio of un-exercised portion as of the date of filing (%)	87.1	84.0

Resolution by the Board of Directors (November 12, 2024) (Acquisition period: November 15, 2024 ~ May 15, 2025)	11,000,000	20,000,000,000
Treasury shares acquired before the fiscal year under review	—	—
Treasury shares acquired during the fiscal year under review	6,009,100	15,305,189,150
Total number and value of remaining shares subject to the resolution	4,990,900	4,694,810,850
Percentage of un-exercised portion as of the fiscal year-end (%)	45.4	23.5
Treasury shares acquired during the period	1,201,800	3,246,427,900
Ratio of un-exercised portion as of the date of filing (%)	34.4	7.2

Resolution by the Board of Directors (May 13, 2025) (Acquisition period: June 1, 2025 ~ November 15, 2025)	10,000,000	20,000,000,000
Treasury shares acquired before the fiscal year under review	—	—
Treasury shares acquired during the fiscal year under review	—	—
Total number and value of remaining shares subject to the resolution	—	—
Percentage of un-exercised portion as of the fiscal year-end (%)	—	—
Treasury shares acquired during the period	—	—
Ratio of un-exercised portion as of the date of filing (%)	—	—

Note: Treasury shares acquired during the period do not include shares acquired from June 1, 2025 to the filing date of this securities report.

(3) Acquisition not resolved by the general meeting of the shareholders or the Board of Directors

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year under review	36,583	1,609,744
Treasury shares acquired during the period	85	245,281

Notes: 1. Treasury shares acquired during the fiscal year under review were due to the purchase of shares less than one unit of 664 shares and the free-of-charge acquisition of stock of 35,919 shares related to the restricted stock grant plan.

2. Treasury shares acquired during the period were due to the purchase of shares less than one unit of 85 shares.

3. Treasury shares acquired during the period do not include shares acquired from June 1, 2025 to the filing date of this securities report.

(4) Status of disposal and ownership of treasury shares acquired

Classification	Fiscal year under review		Period	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total disposal amount (Yen)
Treasury shares acquired offered for subscription	—	—	—	—
Treasury shares acquired that were canceled	—	—	25,000,000	57,818,155,152
Treasury shares acquired that were transferred for merger, share exchange, share issuance, or company split	—	—	—	—
Other (sale of shares in response to additional purchase requests from shareholders holding shares less than one unit)	64	147,136	—	—
Other (treasury shares acquired that were disposed as restricted stock to employees of the Company)	18,450	44,243,100	—	—
Number of treasury shares held	27,482,700	—	3,684,585	—

Notes: 1. The number of treasury shares held during the period does not include shares acquired and shares less than one unit sold from June 1, 2025 to the filing date of this securities report.

2. The number of treasury shares held during the fiscal year under review does not include 482,435 shares of the Company held under the BIP Trust and the ESOP Trust.

3. The number of treasury shares held during the period does not include 482,135 shares of the Company held under the BIP Trust and the ESOP Trust.

3. Dividend Policy

The Group's basic policy will be one of ongoing, appropriate profit sharing with respect to shareholder returns. The Company will endeavor to continuously increase the level of dividends based on the long-term growth in EPS to realize high growth coupled with high returns. It will aim to realize ongoing, long-term dividend increases, targeting a dividend on equity ratio (DOE) of approximately 8%.

Based on the above policy, the year-end dividend for the fiscal year under review is planned to be ¥53 per share, and that together with the interim dividend of ¥53 per share, the annual payment of dividends for the fiscal year under review is planned to be ¥106 per share, an increase of ¥5 per share compared with the previous fiscal year.

The basic policy of the Company is to pay dividend of surplus twice a year, one interim and one year-end. The Company stipulates in its Articles of Incorporation that it may pay interim dividends as of the record date of September 30 of each year by a resolution of the Board of Directors. Year-end dividends are subject to resolution by the general meeting of shareholders.

Dividends of surplus for the fiscal year under review are as follows:

Date of resolution	Total amount of dividends (Millions of yen)	Dividends per share (Yen)
November 12, 2024 Resolution by the Board of Directors	9,920	53
June 25, 2025 Resolution by the Ordinary General Meeting of Shareholders (scheduled)	9,602	53

For our shareholder return policy going forward, please refer to "II. BUSINESS OVERVIEW, 1. Management Policies, Management Environment, and Issues to Be Addressed, 4) Capital Policy and Shareholder Returns" on page 11.

4. Corporate Governance

(1) Overview of corporate governance

1) Basic corporate governance policy

Based on our corporate philosophy to "continue evolving to better aid our customers" and "equate the development of our people with the development of our company," the Group will support our employees as they strive to help customers, and thereby pursue medium- to long-term improvements in corporate value by creating a virtuous cycle through which the development of people drives the development of the Company. Accordingly, the Company has positioned the corporate governance as a top management priority and established the MARUI GROUP Corporate Governance Guidelines (the "Guidelines") at the Board of Directors' meeting held on November 6, 2015, for the purpose of ensuring that its management is sound, highly transparent, efficient and capable of generating profits. These Guidelines will be continually reexamined and refined to promote the improvement of the Company's corporate governance.

For details of these Guidelines, please visit the MARUI GROUP Corporate Governance Guidelines on the Company's website. (https://www.0101maruigroup.co.jp/en/ci/governance/)

2) Overview of the corporate governance structure and reasons for adoption

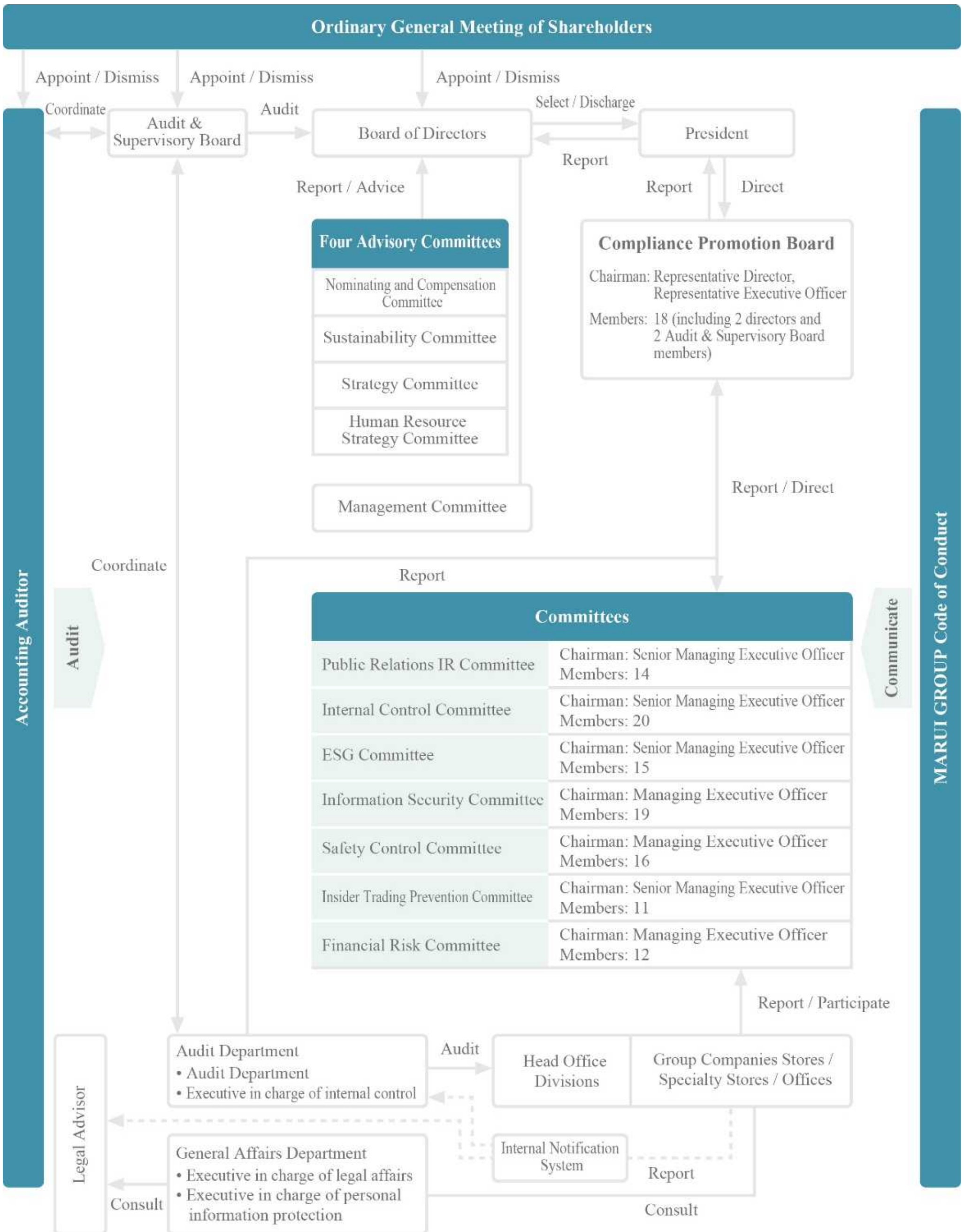
- The MARUI GROUP is a Company with Company Auditor(s) which has in place a Board of Directors comprised of six Directors and an Audit & Supervisory Board comprised of four Audit & Supervisory Board Members.
- Of the six Directors, three are External Directors, as the system seeks to strengthen the supervisory function of the Board of Directors by facilitating lively discussions centered on the External Directors who have been designated as independent directors. In addition, the term of office of each Director is one year with the aim of clarifying transparency and management responsibility in business execution. The Board of Directors holds meetings in principle 10 times a year and engages in active deliberations and supervises the execution of duties by Directors.
- Of the four Audit & Supervisory Board Members, two are External Audit & Supervisory Board Members.
- In accordance with the Group's authorization rules, the duties of Directors and Executive Officers are explicitly defined, and the Group's Directors and Executive Officers perform their duties in an efficient and swift manner.
- The Group has set up the Management Committee that is comprised of Executive Officers appointed by the Board of Directors and seeks to accelerate operational decision-making by commissioning such committee to make important management decisions regarding execution of duties within the scope of the Group's authorization rules.
- The following four committees have been established to serve as advisory bodies to the Board of Directors.
  - i) Nominating and Compensation Committee (consists of three or more members, of which at least two are External Directors): For enhancing transparency and objectivity in the appointment of Directors and Executive Officers with titles, and in the determination of compensation for Directors and Executive Officers
  - ii) Sustainability Committee: For promoting co-creation sustainability management
  - iii) Strategy Committee: For discussing and examining strategic issues of the entire Group and of each business, with the aim of achieving sustainable growth in corporate value
  - iv) Human Resource Strategy Committee: For discussing and examining strategic issues of human resources for the entire Group, with the aim of achieving sustainable growth in corporate value
- Through the Public Relations IR Committee, Internal Control Committee, ESG Committee, Information Security Committee, Safety Control Committee, Insider Trading Prevention Committee, and Financial Risk Committee, the Group shall strive to enhance its level of control over high-risk areas in its business operations. The Compliance Promotion Board, chaired by the Representative Director, is set up as a coordinating function of all committees, in order to conduct Groupwide risk management.

- The composition of each body is as follows. (The ◎ symbol indicates the chair or leader of the body)

Name	Position	Board of Directors	Audit & Supervisory Board	Management Committee	Nominating and Compensation Committee	Sustainability Committee	Strategy Committee	Human Resource Strategy Committee	Compliance Promotion Board	Public Relations IR Committee	Internal Control Committee	ESG Committee	Information Security Committee	Safety Control Committee	Insider Trading Prevention Committee	Financial Risk Committee
Hiroshi Aoi	President and Representative Director, Representative Executive Officer	◎		◎	○	○	○	○	◎							
Etsuko Okajima	Director (External)	○			○		○	○								
Yasunori Nakagami	Director (External)	○			○		◎									
Peter David Pedersen	Director (External)	○				◎										
Hirotsugu Kato	Director, Senior Managing Executive Officer	○		○		○	○		○	○	○	◎			◎	○
Reiko Kojima	Director, Senior Executive Officer	○		○		○										
Hitoshi Kawai	Audit & Supervisory Board Member (Full time)		◎	○					○	○						○
Hajime Sasaki	Audit & Supervisory Board Member (Full time)		○						○		○					
Yoko Suzuki	Audit & Supervisory Board Member (External)		○													
Hiroaki Matsumoto	Audit & Supervisory Board Member (External)		○													
Masao Nakamura	Senior Managing Executive Officer			○					○	○	◎		◎	○	○	
Tomoo Ishii	Senior Managing Executive Officer			○				◎	○	◎	○					
Yoshinori Saito	Managing Executive Officer			○					○	○	○		○			◎
Akikazu Aida	Managing Executive Officer			○		○	○	○	○	○	○		○		○	○
Masahiro Aono	Managing Executive Officer			○					○	○	○			◎		
Takeshi Ebihara	Senior Executive Officer								○	○	○		○			○
Fumitaka Marutani	Executive Officer															○
Masami Endoh	Executive Officer									○					○	
Atsushi Nagasao	Executive Officer								○	○	○	○	○		○	
Tatsuo Niitsu	Executive Officer												○			
Masahisa Aoki	Executive Officer								○		○		○		○	○
Yuko Shiota	Executive Officer											○				○
Takeaki Yamane	Executive Officer								○		○		○			
Jiro Ishioka	Executive Officer												○			
Takahiro Matsumoto	Executive Officer									○	○	○	○	○	○	○
Masaaki Kurano	Executive Officer										○		○	○		
Nahoko Kutsukake	Executive Officer									○			○		○	

Other members (persons)		—	—	—	—	2	—	—	5	2	7	11	7	12	3	3
Total		6	4	9	3	7	5	4	18	14	20	15	19	16	11	12

・ The following is a diagram of our structures for supervising business execution and management and our internal control and risk management systems:



* The Company has proposed the "Election of Six (6) Directors" as a matter to be resolved at the Ordinary General Meeting of Shareholders scheduled for June 25, 2025. Even if this proposal is approved, the composition of each body will remain the same as it was as of the filing date.

3) Other items related to corporate governance

Implementation of internal control systems and risk management systems

・ The Group has established internal control systems from the perspective of Group management in order to facilitate sound, transparent, and efficient management.

・ The Group's Code of Conduct shall be fully communicated to promote sound corporate activities grounded on high ethical standards of the Group.

・ In order to ensure Groupwide compliance with laws, regulations, and rules of the Company, the Group prepares operation manuals for every category and encourages internal training.

・ The Group manages risks pursuant to the MARUI GROUP Information Security Policy, which specifies the policies and measures for ensuring the security of information assets, the MARUI GROUP Tax Policy, which provides guidelines for complying with tax laws and minimizing tax risks, and the MARUI GROUP Anti-Corruption Policy, which serves as a basis for conducting sound corporate activities that are free of abuses of power or authority, unethical behavior, and all other forms of corruption.

- The General Affairs Department and the Audit Department work together to promote internal controls and minimize managerial risks by documenting and monitoring the Group companies' operations, foreseeable risks, and relevant countermeasures.
- The MARUI Group Hot Line (internal notification system) is maintained as a means for the prevention and early detection of problems by allowing direct contact with external lawyers.
- The Group resolutely refuses to have any connection with antisocial forces that threaten the order and safety of society and shall reject any unwarranted demands, and is committed to strengthening ties with external specialized organizations such as the police and lawyers in establishing systems to eliminate antisocial forces.

Systems established to ensure the appropriateness of business operations of Group subsidiaries

The Group has a reporting system for subsidiaries to report important decisions to the Company in accordance with the authorization rules of the Group, and governs the appropriateness of business execution by these subsidiaries as a pure holding company.

Overview of D&O insurance

The Company has entered into a directors and officers liability insurance agreement (hereinafter the "D&O insurance") with an insurance company as provided under Article 430-3, Paragraph 1 of the Companies Act. Under the agreement, any damage incurred when a Director or Audit & Supervisory Board Member has assumed liability for damages as a result of execution of duties (excluding those that fall under the grounds for exemption as stipulated in the insurance agreement) shall be compensated. However, in order to ensure that the performance of duties by insured persons is not compromised, there is a certain limit on the amount of compensation. Damages under the said limit will not be covered by the insurance policy. In addition, the insurance premiums of the D&O insurance have been fully paid by the Company. The Company plans to renew the agreement with the same details during their terms of office.

Overview of liability limitation agreements

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company concludes agreements with each External Director and External Audit & Supervisory Board Member to limit their liability for damage, as stipulated under Article 423, Paragraph 1 of the same Act. Based on these agreements, his/her liability shall be limited to the higher of a predetermined amount of ¥10 million or more or the amount specified by laws and regulations.

Number of Directors

The Company has stipulated in its Articles of Incorporation that there shall be no more than 15 Directors and no more than five Audit & Supervisory Board Members.

Requirement for a resolution to elect Directors

The Company stipulates in its Articles of Incorporation that a resolution for the election of Directors shall be adopted by a majority vote of shareholders present holding not less than one-third of the shares with voting rights held by shareholders entitled to exercise their voting rights, and that the resolution shall not be via a cumulative vote.

General meeting of shareholders resolutions that can be delegated to the Board of Directors

a. Acquisition of treasury shares

In accordance with the provisions of Article 165, Paragraph 2 of the Companies Act, the Company stipulates in its Articles of Incorporation that it may, by a resolution of the Board of Directors, acquire treasury shares through market transactions to enable a flexible capital policy.

b. Interim dividends

In accordance with the provisions of Article 454, Paragraph 5 of the Companies Act, the Company stipulates in its Articles of Incorporation that it may, by a resolution of the Board of Directors, pay interim dividends of surplus to shareholders or registered pledgees of shares as of the record date of September 30 of each year. The purpose of this provision is to enable the return of profits to our shareholders in a flexible manner.

Requirement for a special resolution at the general meeting of shareholders

For the purpose of ensuring that the general meeting of shareholders is operated smoothly, the Company stipulates in its Articles of Incorporation that a special resolution at the general meeting of shareholders, provided for in Article 309, Paragraph 2 of the Companies Act, shall be adopted by a two-thirds or more vote of shareholders present holding not less than one-third of the shares with voting rights held by shareholders entitled to exercise their voting rights. The purpose of relaxing the quorum for special resolutions at the general meeting of shareholders is to ensure that the meeting proceeds smoothly.

4) Activities of the Board of Directors and the four advisory committees

The Company has established advisory committees that report to and make recommendations to the Board of Directors. The activities of the Board of Directors and the four advisory committees are as follows:

(Details of deliberations)

1. Board of Directors

Regarding the details of deliberations, the Board of Directors not only deliberated on important matters in accordance with the authorization rules, but also confirmed the status of major businesses such as retailing and FinTech, and reports from each advisory committee. In addition, the Board of Directors held active discussions on specific management issues such as "Management Vision & Strategy Narrative 2031," future leader development, human capital management, succession plans, and officer compensation plans.

2. Nominating and Compensation Committee

Regarding the details of deliberations, the Nominating and Compensation Committee deliberated on share-based remuneration plans and decided on ratings, compensation, and other matters.

3. Sustainability Committee

Regarding the details of deliberations, the Sustainability Committee made recommendations to the Board of Directors regarding the refinement of and the reinforcement in conveying the "Impact," which sets targets for sustainability and well-being, and the direction of the sustainability strategy for the "Management Vision & Strategy Narrative 2031."

4. Strategy Committee

Regarding the details of deliberations, the Strategy Committee held active discussions on the formulation of medium- to long-term strategies for increasing corporate value, identifying issues for each business, clarifying the ideal business model, and more, and made recommendations to the Board of Directors.

5. Human Resource Strategy Committee

Regarding the details of deliberations, working together with the Strategy Committee, the Human Resource Strategy Committee held active discussions on the reform of people and organization through digital and human capital, recruitment and treatment for business expansion, and more, and made recommendations to the Board of Directors.

(Status of attendance)

The individual attendance at the meetings during the fiscal year under review is as follows:

(Number of attendance / Number of times held)

Name	Position	Board of Directors	Nominating and Compensation Committee	Sustainability Committee	Strategy Committee	Human Resource Strategy Committee
Hiroshi Aoi	President and Representative Director, Representative Executive Officer	10/10	6/6	6/6	12/12	5/5
Etsuko Okajima	Director (External)	10/10	6/6	—	12/12	5/5
Yasunori Nakagami	Director (External)	9/10	6/6	—	12/12	—
Peter David Pedersen	Director (External)	10/10	—	6/6	—	—
Hirotsugu Kato	Director, Senior Managing Executive Officer	10/10	—	6/6	12/12	—
Reiko Kojima	Director, Senior Executive Officer	10/10	—	6/6	—	—
Tomoo Ishii	Senior Managing Executive Officer	—	—	—	—	5/5
Akikazu Aida	Managing Executive Officer	—	—	5/6	11/12	4/5

(Note) Positions are as of the date of submission.

(2) Directors, Audit & Supervisory Board Members, and Executive Officers

1) Directors, Audit & Supervisory Board Members, and Executive Officers

1. Status of Directors, Audit & Supervisory Board Members, and Executive Officers of the Company as of June 23, 2025 (the filing date of this Annual Securities Report) is as follows.

7 men, 3 women (female ratio of 30%)

Position	Name	Date of birth	Career history		Term of office	Number of shares held (Thousands of shares)
President and Representative Director, Representative Executive Officer	Hiroshi Aoi	(Jan. 17, 1961)	Jul. 1986 Jan. 1991 Apr. 1991 Jan. 1993 Aug. 1993 Apr. 1995 Jan. 2001 Jun. 2004 Apr. 2005 Oct. 2006 Apr. 2019 Oct. 2022	Joined the Company General Manager, Sales Planning Headquarters Director and General Manager, Sales Planning Headquarters Director and General Manager, General Manager's Office, Sales Promotion Headquarters Director and Deputy General Manager, Sales Promotion Headquarters and General Manager, Sales Planning Division Managing Director and Deputy General Manager, Sales Promotion Headquarters and General Manager, Sales Planning Division Managing Director and General Manager, Sales Promotion Headquarters Executive Vice President and Representative Director President and Representative Director President and Representative Director Representative Executive Officer President and Representative Director Representative Executive Officer, CEO (Incumbent) Director, Aoi Scholarship Foundation (Incumbent)	(Note 3)	1,586
Director	Etsuko Okajima	(May 16, 1966)	Apr. 1989 Jan. 2001 Jul. 2005 Jun. 2007 Jun. 2014 Dec. 2020 Jun. 2024	Joined Mitsubishi Corporation Joined McKinsey & Company Representative and CEO, GLOBIS Management Bank President & CEO, ProNova Inc. (Incumbent) External Director, the Company (Incumbent) Director, euglena Co., Ltd. (Incumbent) Member of the Board, Independent, KADOKAWA CORPORATION (Incumbent)	(Note 3)	—
Director	Yasunori Nakagami	(Mar. 25, 1964)	Apr. 1986 Jul. 1991 Mar. 2005 Oct. 2013 Jun. 2021	Joined Arthur Andersen & Co. (currently Accenture Japan Ltd) Joined Corporate Directions, Inc. Representative Director, Asuka Corporate Advisory Co., Ltd. Chief Executive Officer, Misaki Capital Inc. (Incumbent) External Director, the Company (Incumbent)	(Note 3)	—
Director	Peter David Pedersen	(Nov. 29, 1967)	Sep. 2000 Jan. 2015 Feb. 2020 Aug. 2020 Jun. 2021 Jun. 2022 Jun. 2024	President, E-Square Inc. Representative Director, General Incorporated Association NELIS Professor, Shizenkan University Graduate School of Leadership & Innovation (Incumbent) Representative Director, Specified Nonprofit Corporation NELIS (Incumbent) External Director, the Company (Incumbent) Independent Outside Member of the Board, Meiji Holdings Co., Ltd. (Incumbent) Outside Director, Mitsubishi Electric Corporation (Incumbent)	(Note 3)	0

Position	Name	Date of birth	Career history		Term of office	Number of shares held (Thousands of shares)
Director, Senior Managing Executive Officer	Hirotsugu Kato	(Jul. 30, 1963)	Mar. 1987	Joined the Company	(Note 3)	19
			Apr. 2013	General Manager, Corporate Planning Division		
			Apr. 2015	Executive Officer and General Manager, Corporate Planning Division		
			Oct. 2015	Executive Officer and General Manager, Corporate Planning Division and IR Department		
			Jun. 2016	Director and Senior Executive Officer General Manager, Corporate Planning Division and IR Department		
			Oct. 2016	Director and Senior Executive Officer General Manager, Corporate Planning Division and IR Department In charge of ESG Promotion		
			Apr. 2017	Director and Senior Executive Officer General Manager, IR Department In charge of Corporate Planning and ESG Promotion		
			Oct. 2017	Director and Senior Executive Officer CDO General Manager, IR Department In charge of Corporate Planning and ESG Promotion		
			Apr. 2019	Director and Managing Executive Officer CFO General Manager, IR Department In charge of Finance, Investment Research, Sustainability, and ESG Promotion		
			Apr. 2021	Director and Managing Executive Officer CFO In charge of IR, Finance, Sustainability, and ESG Promotion		
			Feb. 2024	Director and Managing Executive Officer CFO In charge of Group FP&A, IR, Finance, Sustainability, and ESG Promotion		
			Apr. 2025	Director and Senior Managing Executive Officer CFO In charge of Group FP&A, IR, Finance, Sustainability, and ESG Promotion (Incumbent)		
Director, Senior Executive Officer	Reiko Kojima	(Sep. 26, 1975)	May 2000	Company Physician, Furukawa Electric Co., Ltd.	(Note 3)	7
			Apr. 2002	Outpatient Physician, Department of Psychosomatic Medicine, Yokohama Rosai Hospital		
			Mar. 2010	Acquisition of Doctor of Medicine		
			Apr. 2011	Company Physician, the Company (Incumbent)		
			Apr. 2014	General Manager, Health Management Division		
			Apr. 2019	Executive Officer, General Manager, Health Management Division		
			Apr. 2020	Executive Officer, General Manager, Wellness Promotion Division		
			May 2021	Executive Officer, CWO (Chief Wellbeing Officer), General Manager, Wellness Promotion Division		
			Jun. 2021	Director, Executive Officer, CWO (Chief Wellbeing Officer), General Manager, Wellness Promotion Division		
			Apr. 2022	Director, Executive Officer, CWO (Chief Wellbeing Officer), General Manager, Wellbeing Promotion Department		
			Apr. 2023	Director, Senior Executive Officer, CWO (Chief Wellbeing Officer), General Manager, Wellbeing Promotion Department (Incumbent)		

Position	Name	Date of birth	Career history		Term of office	Number of shares held (Thousands of shares)
Audit & Supervisory Board Member (Full time)	Hitoshi Kawai	(Jan. 17, 1967)	Apr. 1989 Jan. 2013 Oct. 2014 Jun. 2016 May 2017 Apr. 2020 Jun. 2020	Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) General Manager, Business Planning Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. General Manager, Corporate Banking Group No. 2, Corporate Banking Division No. 8, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) Executive Officer, General Manager, Corporate Banking Group No. 2, Corporate Banking Division No. 8, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) Executive Officer, Branch Manager, Kyoto Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.) Executive Officer, MUFG Bank, Ltd. Audit & Supervisory Board Member (Full-time), the Company (Incumbent)	(Note 4)	1
Audit & Supervisory Board Member (Full time)	Hajime Sasaki	(Nov. 24, 1963)	Mar. 1986 Oct. 2007 Apr. 2012 Apr. 2013 Jun. 2014 Apr. 2015 April 2016 Apr. 2019 Jun. 2022	Joined the Company Director and General Manager, Card Planning Department, Epos Card Co., Ltd. Director and General Manager, Original Merchandise Department, MARUI CO., LTD. Executive Officer, the Company Director and General Manager, Sales Department 3, MARUI CO., LTD. Director, Executive Officer, the Company Managing Director and General Manager, Specialty Store Department, MARUI CO., LTD. Director and Senior Executive Officer in charge of retailing and store operation business, the Company Senior Managing Director, MARUI CO., LTD. Senior Executive Officer, the Company President and Representative Director, MARUI CO., LTD. Senior Executive Officer in charge of Architecture, the Company President and Representative Director, AIM CREATE CO., LTD. Audit & Supervisory Board Member (Full-time), the Company (Incumbent)	(Note 5)	12
Audit & Supervisory Board Member	Yoko Suzuki	(Sep. 21, 1970)	Apr. 1998 Nov. 2002 Mar. 2018 Jun. 2018 Jun. 2020 Jun. 2022	Registered as Attorney, Joined Takagi Godo Law Office Partner, Suzuki Sogo Law Office (Incumbent) Outside Director, Member of the Audit Committee, Bridgestone Corporation (Incumbent) Outside Director, Audit & Supervisory Committee Member, Nippon Pigment Holdings Company Limited (Incumbent) External Audit & Supervisory Board Member, the Company (Incumbent) Outside Director of the Board, Japan Pulp & Paper Co., Ltd. (Incumbent)	(Note 4)	4
Audit & Supervisory Board Member	Hiroaki Matsumoto	(Oct. 7, 1958)	Apr. 1981 Jul. 2006 Jul. 2016 Jul. 2018 Sep. 2019 Sep. 2020 Jun. 2021 Jun. 2022	Joined the Tokyo Regional Taxation Bureau District Director, Chichibu Tax Office Chief Internal Inspector, Commissioner's Secretariat of National Tax Agency Regional Commissioner, Kumamoto Regional Taxation Bureau Registered as Certified Tax Accountant Established Hiroaki Matsumoto Certified Tax Accountant Office Outside Audit & Supervisory Board Member, Yazaki Corporation (Incumbent) Outside Corporate Auditor, KAKEN PHARMACEUTICAL CO., LTD. (Incumbent) External Audit & Supervisory Board Member, the Company (Incumbent)	(Note 5)	0
Total						1,633

Notes: 1. Directors Etsuko Okajima, Yasunori Nakagami, and Peter David Pedersen are External Directors.

2. Audit & Supervisory Board Members Yoko Suzuki and Hiroaki Matsumoto are External Audit & Supervisory Board Members.

3. From the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024 up to the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025.

4. From the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024 up to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2028.

5. From the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2022 up to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.

6. The Company has appointed one Substitute Audit & Supervisory Board Member for the purpose of preparing for the case in which the number of Audit & Supervisory Board Members falls below the minimum number stipulated in laws and regulations in accordance with the provisions of Article 329, Paragraph 3 of the Companies Act. The career history of this Substitute Audit & Supervisory Board Member is as follows.

Name	Date of birth	Career history		Number of shares held (Thousands of shares)
Akira Nozaki	(Nov. 20, 1957)	Apr. 1988 Mar. 2003 Jun. 2017	Registered as Attorney Representative, Nozaki Law Office (Incumbent) Audit & Supervisory Board Member, J-OIL MILLS, Inc. (Incumbent)	—

Note: Mr. Akira Nozaki is scheduled to retire as Audit & Supervisory Board Member of J-OIL MILLS, Inc. on June 25, 2025.

The Company has adopted an Executive Officer System to strengthen management and execution systems group-wide.

The following 19 Executive Officers are not serving concurrently as Directors of the Company:

Senior Managing Executive Officer	Masao Nakamura	CREO In charge of Corporate Planning, Real Estate and Architecture, In charge of CRE Strategy Promotion President and Representative Director, AIM CREATE CO., LTD.
Senior Managing Executive Officer	Tomoo Ishii	CHRO In charge of General Affairs, Personnel, Audit and Wellbeing Promotion
Managing Executive Officer	Yoshinori Saito	CSeO Chairman of the Board, Epos Card Co., Ltd. President and Representative Director, MARUI HOME SERVICE Co., Ltd.
Managing Executive Officer	Akikazu Aida	CDO, In charge of FinTech Business, DX Promotion President and Representative Director, Epos Card Co., Ltd.
Managing Executive Officer	Masahiro Aono	In charge of Retailing Business President and Representative Director, MARUI CO., LTD.
Senior Executive Officer	Takeshi Ebihara	CIO President and Representative Director, M&C SYSTEMS CO., LTD.
Executive Officer	Naofumi Tsuchiya	CDXO (part-time)
Executive Officer	Fumitaka Marutani	Senior Managing Director, Epos Card Co., Ltd.
Executive Officer	Masami Endoh	In charge of Co-creative Investment General Manager, Group FP&A Department President and Representative Director, D2C & Co. Inc.
Executive Officer	Atsushi Nagasao	General Manager, Corporate Planning Division Senior Managing Director, AIM CREATE CO., LTD. President and Representative Director, okos Co., Ltd.
Executive Officer	Tatsuo Niitsu	Director and General Manager, E-Commerce Business Department, MARUI CO., LTD.
Executive Officer	Masahisa Aoki	Representative Director and CEO, tsumiki Co., Ltd.
Executive Officer	Yuko Shiota	In charge of Business Produce Promotion General Manager, Sustainability Department General Manager, ESG Promotion Department
Executive Officer	Takeaki Yamane	General Manager, DX Promotion Office President and Representative Director, marui unite Co., Ltd
Executive Officer	Ayumi Hiromatsu	Director, M&C SYSTEMS CO., LTD. General Manager, Store System Development Department
Executive Officer	Jiro Ishioka	General Manager, Event and Goods Business Preparation Office
Executive Officer	Takahiro Matsumoto	General Manager, General Affairs Division
Executive Officer	Masaaki Kurano	General Manager, Real Estate and Construction Department Senior Managing Director, MARUI HOME SERVICE Co., Ltd.
Executive Officer	Nahoko Kutsukake	Director and General Manager, Sales Planning Department, MARUI CO., LTD.

CDO: Chief Digital Officer
CWO: Chief Wellbeing Officer
CREO: Chief Real Estate Officer
CHRO: Chief Human Resource Officer
CSeO: Chief Security Officer
CIO: Chief Information Officer
CDXO: Chief Digital Transformation Officer

2. The Company has proposed the “Election of Six (6) Directors” and the “Election of One (1) Substitute Audit & Supervisory Board Member” as matters to be resolved at the Ordinary General Meeting of Shareholders scheduled for June 25, 2025. If these proposals are approved, the Directors, Audit & Supervisory Board Members, and Executive Officers of the Company will be as follows.
The details (positions) of the matters to be resolved at the Board of Directors and Audit & Supervisory Board meetings to be held immediately after the Ordinary General Meeting of Shareholders are also included.
7 men, 3 women (female ratio of 30%)

Position	Name	Date of birth	Career history	Term of office	Number of shares held (Thousands of shares)
President and Representative Director, Representative Executive Officer	Hiroshi Aoi	(Jan. 17, 1961)	(Note 3)	(Note 4)	1,586
Director	Etsuko Okajima	(May 16, 1966)	(Note 3)	(Note 4)	—
Director	Yasunori Nakagami	(Mar. 25, 1964)	(Note 3)	(Note 4)	—
Director	Peter David Pedersen	(Nov. 29, 1967)	(Note 3)	(Note 4)	0
Director, Senior Managing Executive Officer	Hirotsugu Kato	(Jul. 30, 1963)	(Note 3)	(Note 4)	19
Director, Senior Executive Officer	Reiko Kojima	(Sep. 26, 1975)	(Note 3)	(Note 4)	7
Audit & Supervisory Board Member (Full time)	Hitoshi Kawai	(Jan. 17, 1967)	(Note 3)	(Note 5)	1
Audit & Supervisory Board Member (Full time)	Hajime Sasaki	(Nov. 24, 1963)	(Note 3)	(Note 6)	12
Audit & Supervisory Board Member	Yoko Suzuki	(Sep. 21, 1970)	(Note 3)	(Note 5)	4
Audit & Supervisory Board Member	Hiroaki Matsumoto	(Oct. 7, 1958)	(Note 3)	(Note 6)	0
Total					1,633

Notes: 1. Directors Etsuko Okajima, Yasunori Nakagami, and Peter David Pedersen are External Directors.

2. Audit & Supervisory Board Members Yoko Suzuki and Hiroaki Matsumoto are External Audit & Supervisory Board Members.

3. Please refer to the status of Directors, Audit & Supervisory Board Members, and Executive Officers of the Company as of June 23, 2025.

4. From the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2025 up to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.

5. From the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2024 up to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2028.

6. From the close of the Ordinary General Meeting of Shareholders for the fiscal year ended March 31, 2022 up to the close of the Ordinary General Meeting of Shareholders for the fiscal year ending March 31, 2026.

7. The Company has appointed one Substitute Audit & Supervisory Board Member for the purpose of preparing for the case in which the number of Audit & Supervisory Board Members falls below the minimum number stipulated in laws and regulations in accordance with the provisions of Article 329, Paragraph 3 of the Companies Act. The career history of this Substitute Audit & Supervisory Board Member is as follows.

Name	Date of birth	Career history	Number of shares held (Thousands of shares)
Akira Nozaki	(Nov. 20, 1957)	(Note 2)	—

Notes: 1. Mr. Akira Nozaki is scheduled to retire as Audit & Supervisory Board Member of J-OIL MILLS, Inc. on June 25, 2025.

2. Please refer to the status of Directors, Audit & Supervisory Board Members, and Executive Officers of the Company as of June 23, 2025.

2) External Directors and Audit & Supervisory Board Members

The Company appoints three External Directors and two External Audit & Supervisory Board Members.

Ms. Etsuko Okajima has ample experience and knowledge concerning human resource development and startups in addition to corporate management. She has performed her duties as External Director of the Company properly by raising questions and giving advice and opinions from her viewpoint and an independent, objective position. As the Company believes that she can contribute to the reinforcement of supervisory function for management of the Company, the Company has appointed her as an External Director. Ms. Etsuko Okajima is also a Director of euglena Co., Ltd., with which the Company has formed a business and capital alliance and the Company has approximately 1.6% of the total number of issued shares of the same company as of March 31, 2025. The same company participated in special events hosted by the Group at Marui stores, setting up its booths. However, the amount of the charge for the setup of the booths paid by the same company to the Group was approximately ¥1.30 million for the most recent fiscal year. Furthermore, the Group purchases biofuel from the same company, and the amount of payment paid by the Group to the same company was approximately ¥4.40 million for the most recent fiscal year. These percentages and amounts both satisfy the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company. Ms. Etsuko Okajima is also a Member of the Board, Independent of KADOKAWA CORPORATION to which the Group pays product royalties. However, the amount of the charge paid by the Group to the same company was less than ¥1.00 million for the most recent fiscal year, and she therefore satisfies the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company. As Ms. Etsuko Okajima is in an objective position with no potential risk of posing a conflict of interest with general shareholders, the Company has filed a notification of her appointment as an independent director.

Mr. Yasunori Nakagami has advanced insights in corporate management with a view toward capital markets that has been developed through ample experience at management consulting companies and an investment management company. He has performed his duties as External Director of the Company properly by raising questions and giving advice and opinions from his viewpoint and an independent, objective position. As the Company believes that he can contribute to the reinforcement of supervisory function for management of the Company, the Company has appointed him as an External Director. As Mr. Yasunori Nakagami is in an objective position with no potential risk of posing a conflict of interest with general shareholders, the Company has filed a notification of his appointment as an independent director.

Mr. Peter David Pedersen has advanced insights in sustainability management at the global level that has been developed through ample experience at environmental and CSR consulting companies. He has performed his duties as External Director of the Company properly by raising questions and giving advice and opinions from his viewpoint and an independent, objective position. As the Company believes that he can contribute to the reinforcement of supervisory function for management of the Company, the Company has appointed him as an External Director. Mr. Peter David Pedersen gave opinions on sustainability management as Advisor of the Company until June 2021. The total amount of activity participation fees for Specified Nonprofit Corporation NELIS paid by the Company was ¥1.50 million for the most recent fiscal year, and he satisfies the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company. As Mr. Peter David Pedersen is in an objective position with no potential risk of posing a conflict of interest with general shareholders, the Company has filed a notification of his appointment as an independent director.

Ms. Yoko Suzuki has abundant experience and knowledge gained from serving as external director and audit committee member, etc. at other companies, in addition to a high level of expertise as a lawyer. She is also well versed in corporate legal affairs and legality audits. The Company has appointed her as an External Audit & Supervisory Board Member with the belief that she would contribute to fair audits of the Company as an External Audit & Supervisory Board Member. As Ms. Yoko Suzuki is in an objective position with no potential risk of posing a conflict of interest with general shareholders, the Company has filed a notification of her appointment as an independent director.

Mr. Hiroaki Matsumoto is certified as a tax accountant and has experience and broad insight as external auditor at other companies, in addition to professional knowledge and experience in the accounting field. Based on the above reasons, the Company believes that he can contribute to fair audit as External Audit and Supervisory Board Member of the Company, and has appointed him as an External Audit & Supervisory Board Member. As Mr. Hiroaki Matsumoto is in an objective position with no potential risk of posing a conflict of interest with general shareholders, the Company has filed a notification of his appointment as an independent director.

The Board of Directors held ten meetings in the fiscal year under review. Ms. Etsuko Okajima, Mr. Peter David Pedersen, Ms. Yoko Suzuki, and Mr. Hiroaki Matsumoto attended all ten meetings, and Mr. Yasunori Nakagami attended nine out of the ten meetings. All members expressed their opinions appropriately as necessary.

The Company's criteria for the independence of External Directors and Audit & Supervisory Board Members are as follows:

<Criteria for Independence of External Directors and Audit & Supervisory Board Members>

MARUI GROUP CO., LTD. (hereinafter the "Company") aims to ensure the appropriate levels of objectivity and transparency necessary for effective corporate governance. For this reason, it has established the following criteria for determining the independence of external directors, external Audit & Supervisory Board members, and candidates for these two positions. Individuals that meet all of these criteria are judged to be sufficiently independent from the Company.

1. The individual must not be a person involved in operation[*1] of the Company, its subsidiaries, or its associates (hereinafter, collectively, the "Group") and must not have been a person involved in operation during the past 10 years.
2. The individual must not be a major supplier[*2] of the Group or a person involved in operation of a major supplier.
3. The individual must not be a major customer[*3] of the Group or a person involved in operation of a major customer.
4. The individual must not be a major shareholder of the Company possessing direct or indirect holdings equating to 10% or more of voting rights or a person involved in operation of a major shareholder.
5. The individual must not be a person involved in operation of an entity that possesses direct or indirect holdings equating to 10% or more of the total voting rights of the Group.
6. The individual must not be a consultant, a certified public accountant or other accounting specialist, or a lawyer or other legal specialist receiving large amounts of monetary payments or other financial assets[*4] from the Group that are separate from the compensation paid for services as a director or Audit & Supervisory Board member. The individual also must not belong to a company or other organization that receives such payments or assets.
7. The individual must not receive large amounts of monetary payments or other financial assets[*4] as donations from the Group and must not belong to a company or other organization that receives such donations.
8. The individual must not be the accounting auditor of the Company. The individual also must not belong to a company or other organization that serves as the accounting auditor of the Company.
9. The individual must not have been applicable under items 2. to 8. during the past five years.
10. The individual must not be a relative[*5] of an individual that qualifies under items 2. to 8. (only applicable to relatives of important persons involved in operation[*6] for all items except items 6. and 8.).
11. The individual must not be a person involved in operation of another company with which the Group is in an interlocking relationship of external officers.[*7]

Notes:

1. A "person involved in operation" is defined as an executive director, executive officer, or employee with operational execution responsibilities of a stock company; a director of a non-company legal entity or organization; or individuals serving persons in similar positions or at similar companies, non-company legal entities, or organizations.
2. A "major supplier" is defined as an entity that fulfills one of the following conditions:
    - A supplier group (the corporate group to which the supplier that serves as the direct transaction counterparty belongs) that provides products or services to the Group and to which payments made by the Group equated to ¥100 million or more and represented more than 2% of the total consolidated net sales (consolidated operating revenue) or transaction revenues of the supplier group in the most recently completed fiscal year.
    - A supplier group with which liabilities of the Group are associated and for which the applicable liabilities equated to ¥100 million or more and represented more than 2% of the consolidated total assets of the supplier group as of the end of the most recently completed fiscal year.
3. A "major customer" is defined as an entity that fulfills one of the following conditions:
    - A customer group (the corporate group to which the customer that serves as the direct transaction counterparty belongs) to which the Group provides products or services and whose total amount of payments to the Group equated to ¥100 million or more and represented more than 2% of the consolidated operating revenue of the Group in the most recently completed fiscal year.
    - A customer group possessing liabilities that are associated with the Group and that equated to ¥100 million or more and represented more than 2% of the consolidated total assets of the Group as of the end of the most recently completed fiscal year.
    - A financial group (the financial group to which the customer that serves as the direct transaction counterparty belongs) from which the Group procures funds through borrowings and from which the total amount of borrowings represented more than 2% of the consolidated total assets of the Group as of the end of the most recently completed fiscal year.

4. A “large amount of monetary payments or other financial assets” refers to monetary payments or other financial assets equated to a total of ¥10 million or more within the most recently completed fiscal year.
5. A “relative” is defined as a spouse or a relative within the second degree.
6. “Important persons involved in operation” refers to directors, executive officers, and employees with operational execution responsibilities ranked as division manager or higher, or individuals with similar operational execution authority.
7. An “interlocking relationship of external officers” refers to the relationship in which a person involved in operation of the Group serves as an External Director or Audit & Supervisory Board Member of another company, and a person involved in operation of said company serves as an External Director or Audit & Supervisory Board Member of the Company.

3) Coordination between supervision or audits by External Directors and External Audit & Supervisory Board Members and internal audits, corporate audits, and accounting audits, and relationship with internal control departments

The Corporate Planning Division and the Audit Department are responsible for supporting the External Directors and External Audit & Supervisory Board Members, and strive to strengthen the system to convey information by distributing reference materials for meetings of the Board of Directors in advance and fully explaining their content.

Coordination between the External Audit & Supervisory Board Members and the Accounting Auditor is detailed in “(3) Audits.”

4) Officer Skill Matrix

The Group has decided that there were 14 skills*1 comprising shared skills and unique skills required for achieving the desired impact through the advancement of its management and “Management Vision & Strategy Narrative 2031.” The table below clarifies skills held by each officer in light of their experience, knowledge and abilities, and shows overall strengths held by each officer using the CliftonStrengths®*1 assessment developed by Gallup, Inc., of the United States.

●Shared Skills: Common skills required for the Board of Directors to appropriately fulfill its function
●Unique Skills: Unique skills necessary for implementing the medium-term management plan
The CliftonStrengths®: 34 strengths and four domains that represent personal qualities

*1 Basis for the skills held by each officer and details on CliftonStrengths® are described on the Company’s website. ©2021 Gallup, Inc. Unauthorized reproduction and replication is prohibited.
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Name	Shared Skills							Unique Skills							CliftonStrengths®
	Corporate management	Management strategy	Human resource management	Finances	Corporate governance	Risk management	Innovation	Sustainability	Well-being	Digital transformation	Retailing	Fintech	New business development	Investments in start-up companies	Domain of Overall Strengths: Top 5 CliftonStrengths®
Hiroshi Aoi	●	●		●		●	●	●	●	●	●	●	●	●	1. Futuristic, 2. Ideation 3. Learner, 4. Belief 5. Individualization
Etsuko Okajima	●	●	●	●	●		●	●	●				●	●	1. Activator, 2. Communication 3. Maximizer, 4. Individualization 5. Achiever
Yasunori Nakagami	●	●		●	●	●	●						●		1. Strategic, 2. Activator 3. Ideation, 4. Futuristic 5. Command
Peter David Pedersen	●	●	●				●	●	●				●		1. Strategic, 2. Input 3. Futuristic, 4. Responsibility 5. Connectedness
Hirotsugu Kato	●	●		●	●	●	●	●		●			●	●	1. Harmony, 2. Analytical 3. Responsibility, 4. Consistency 5. Individualization
Reiko Kojima			●			●	●	●	●						1. Maximizer, 2. Learner 3. Arranger, 4. Achiever 5. Self- Assurance
Hitoshi Kawai		●		●	●	●									1. Ideation, 2. Responsibility 3. Deliberative, 4. Strategic 5. Arranger
Hajime Sasaki	●	●				●	●	●			●	●			1. Maximizer, 2. Strategic 3. Ideation, 4. Adaptability 5. Relator
Yoko Suzuki					●	●					●				1. Positivity, 2. Includer 3. Achiever, 4. Communication 5. Strategic
Hiroaki Matsumoto				●	●	●									1. Harmony, 2. Responsibility 3. Consistency, 4. Discipline 5. Deliberative
Masao Nakamura	●	●		●	●	●	●				●	●			1. Individualization, 2. Arranger 3. Maximizer, 4. Woo 5. Communication
Tomoo Ishii	●		●		●	●		●	●		●				1. Analytical, 2. Significance 3. Responsibility, 4. Restorative 5. Relator
Yoshinori Saito	●	●		●		●	●				●	●			1. Consistency, 2. Harmony 3. Analytical, 4. Significance 5. Relator
Akikazu Aida	●	●		●	●	●	●			●	●	●	●	●	1. Woo, 2. Achiever 3. Communication, 4. Positivity 5. Analytical
Masahiro Aono	●	●				●	●				●				1. Positivity, 2. Maximizer 3. Ideation, 4. Intellection 5. Woo
Takeshi Ebihara	●					●				●		●			1. Harmony, 2. Responsibility 3. Positivity, 4. Includer 5. Restorative
Naofumi Tsuchiya	●	●	●				●			●			●	●	1. Strategic, 2. Activator 3. Ideation, 4. Woo 5. Communication
Fumitaka Marutani		●			●							●			1. Deliberative, 2. Strategic 3. Self-Assurance, 4. Consistency 5. Adaptability
Masami Endoh		●	●	●	●									●	1. Arranger, 2. Input, 3. Learner 4. Relator, 5. Intellection
Atsushi Nagasao		●		●	●	●									1. Harmony, 2. Analytical 3. Maximizer, 4. Relator 5. Positivity
Tatsuo Niitsu										●	●	●	●		1. Individualization, 2. Ideation 3. Arranger, 4. Maximizer 5. Futuristic

Name	Shared Skills							Unique Skills							CliftonStrengths®
	Corporate management	Management strategy	Human resource management	Finances	Corporate governance	Risk management	Innovation	Sustainability	Well-being	Digital transformation	Retailing	Fintech	New business development	Investments in start-up companies	Domain of Overall Strengths: Top 5 CliftonStrengths®
Masahisa Aoki	●					●	●	●			●	●	●	●	1. Positivity, 2. Maximizer 3. Harmony, 4. Individualization 5. Includer
Yuko Shiota								●			●		●		1. Learner, 2. Intellection 3. Achiever, 4. Significance 5. Context
Takeaki Yamane	●									●	●	●			1. Analytical, 2. Deliberative 3. Relator, 4. Individualization 5. Competition
Ayumi Hiromatsu								●	●	●		●			1. Ideation, 2. Arranger 3. Developer, 4. Responsibility 5. Includer
Jiro Ishioka			●								●	●	●		1. Strategic, 2. Maximizer 3. Learner, 4. Achiever 5. Ideation
Takahiro Matsumoto					●	●									1. Harmony, 2. Achiever 3. Deliberative, 4. Analytical 5. Responsibility
Masaaki Kurano	●		●								●		●		1. Individualization, 2. Responsibility 3. Woo, 4. Arranger 5. Communication
Nahoko Kutsukake		●									●				1. Context, 2. Harmony 3. Individualization, 4. Intellection 5. Arranger

(3) Audits

1) Corporate audits

a. Organization and members for corporate audits

- The Audit & Supervisory Board of the Company is comprised of two Audit & Supervisory Board Members (Full-time) and two Audit & Supervisory Board Members (Part-time), two of whom are External Audit & Supervisory Board Members.

Position	Name	Career summary
Audit & Supervisory Board Member (Full time) (Chair)	Hitoshi Kawai	He has held important posts at MUFG Bank, Ltd. and other companies. Based on his abundant experience, he has excellent insight into finance, accounting, governance, and other areas.
Audit & Supervisory Board Member (Full time)	Hajime Sasaki	He has extensive operational experience in the Group's retail business, as well as management experience as Director of Epos Card and President of AIM CREATE, and is familiar with each of the Group's businesses.
External Audit & Supervisory Board Member	Yoko Suzuki	She appropriately performs her duties based on her legal expertise and experience she has cultivated over many years as a lawyer.
External Audit & Supervisory Board Member	Hiroaki Matsumoto	He is a certified public tax accountant and appropriately performs his duties based on his expertise and experience in the accounting field.

- To support the execution of duties of Audit & Supervisory Board Members, two staff (one with concurrent posts) with necessary expertise and skills have been assigned.

b. Frequency of Audit & Supervisory Board meetings and attendance status of each Audit & Supervisory Board Member

The Audit & Supervisory Board met 16 times during the fiscal year under review. The attendance of each Audit & Supervisory Board Member is as follows:

Name	Number of meetings	Number of attendance	Attendance rate
Hitoshi Kawai	16 times	16 times	100%
Hajime Sasaki	16 times	16 times	100%
Yoko Suzuki	16 times	16 times	100%
Hiroaki Matsumoto	16 times	16 times	100%

c. Main matters for consideration by the Audit & Supervisory Board

(Status of development and operation of the internal control system)

Confirmation of audit plans, audit activity reports, the risk management system at the Compliance Promotion Board and Internal Control Committee, and inspection of stores and other important business locations

(Confirmation of business plans)

Confirmation of progress of business plans through quarterly and year-end financial results

(Development of auditing environment)

Confirmation of expenses related to the Audit & Supervisory Board, selection of staff to support Audit & Supervisory Board Members

(Appropriateness of auditing by the Accounting Auditor)

Appointment of the Accounting Auditor, confirmation of the outline of the auditor's audit plans, and evaluation of the auditor

d. Status of activities of Audit & Supervisory Board Members (full-time and part-time)

(Priority audit items)

(1) Development of a governance system and confirmation of its operational status (full-time and part-time Audit & Supervisory Board Members)

1) Confirmation of operational status of the Board of Directors that promotes stakeholder-oriented management
- Confirmation of operational status of each advisory body to the Board of Directors

2) Confirmation of status of development and implementation of the internal control system and verification of its effectiveness
- Confirmation of the status of development and operation of Three Lines Model and risk management systems

3) Progress and confirmation of enhancement of company-wide risk management across the Group
- Confirmation of status of risk management (risk assessment, risk response, monitoring, etc.) at the Compliance Promotion Board

(2) Confirmation of progress of the medium-term management plan (full-time and part-time Audit & Supervisory Board Members)

1) Confirmation of formulation of numerical targets in the medium-term management plan and resource allocation plans, progress management, and plan revisions

2) Confirmation of progress and issues of business model based on three business pillars: Retailing, FinTech, and investing for the future
- Retailing segment: Confirmation of progress and issues of stores that “do not sell” and events, etc.
- FinTech segment: Confirmation of progress and issues of measures concerning maximization of household share, EPOS cards that support “Suki,” and others
- Investing for the future: Confirmation of progress and issues of initiatives for balancing Impact and revenue

3) Confirmation of progress and issues of the Impact 2.0 aimed at realizing the 2050 Vision
- Confirmation of progress and issues of Impact-related KPIs and financial KPIs

(3) Confirmation of progress with fostering a corporate culture that accepts failure and encourages challenge (full-time and part-time Audit & Supervisory Board Members)

1) Confirmation of progress and issues of initiatives for building DX strategies and developing human resources, etc.

2) Confirmation of progress and issues of behavioral KPIs aimed at becoming a company that continues to create innovation

(Ordinary audit items)

- Audit of the status of execution of duties of Directors (full-time and part-time Audit & Supervisory Board Members)
  Audit of decision-making of the Board of Directors and Management Committee
  Audit of status of development and implementation of the internal control system
  Audit of competitive transactions, conflict of interest transactions, gratuitous provision of profits, and abnormal transactions
  Receipt of reports from Directors and employees
- Regular meetings with the Representative Director (full-time and part-time Audit & Supervisory Board Members)
- Attendance at important meetings including the Board of Directors and Management Committee (full-time and part-time Audit & Supervisory Board Members)
- Hearing reports from Directors, Executive Officers, and management of the Group on operations (full-time Audit & Supervisory Board Members)
- Site visits to offices and subcontractors (full-time and part-time Audit & Supervisory Board Members)
- Regular meetings with External Directors (full-time and part-time Audit & Supervisory Board Members)
- Cooperation with the auditing firm (full-time and part-time Audit & Supervisory Board Members)
- Cooperation with Audit & Supervisory Board Members of Group companies (full-time Audit & Supervisory Board Members)
- Cooperation with the Audit Department and departments in charge of internal audit at Group companies (full-

time Audit & Supervisory Board Members)
- Audit under the internal control system based on the system resolution as stipulated in the Companies Act (full-time Audit & Supervisory Board Members)
- Audit under the Internal Control Reporting System (Financial Instruments and Exchange Act) (full-time Audit & Supervisory Board Members)
- Inspection of important documents and audit of document and information management (full-time Audit & Supervisory Board Members)
- Investigation of company assets and confirmation of product inventories (full-time Audit & Supervisory Board Members)
- Quarterly review of financial results (full-time Audit & Supervisory Board Members)
- Audit of dividend from surplus (full-time and part-time Audit & Supervisory Board Members)
- Response to year-end audits and general shareholders' meetings (full-time and part-time Audit & Supervisory Board Members)

2) Internal audits
- Internal audits are conducted by the Audit Department (19 members as of the end of March 2025) based on internal regulations.
- Operational audits investigate the effectiveness, propriety, and legal compliance status of operations, and accounting audits investigate the status of compliance with accounting standards and internal regulations in order to ensure thorough compliance and improve operations Groupwide, including at subsidiaries.
- Audit & Supervisory Board Members and the accounting firm exchange information and opinions periodically in order to improve the effectiveness of each of their audit.
- Plan and results of internal audits are reported to the Board of Directors and Audit & Supervisory Board.

3) Accounting audits

a. Name of auditing firm
PricewaterhouseCoopers Japan LLC

b. Number of years of continuous audit
Six years

c. The Certified Public Accountants engaged in the audit
Chikako Suzuki
Tatsuya Chiba

d. Assistants to the audit
Certified Public Accountants: 7 Others: 24

e. Policy and reason for selecting the auditing firm
The Audit & Supervisory Board of the Company confirms the independence, audit systems, and status and quality of implementation of audits of the Accounting Auditor. As a result, taking into consideration a comprehensive evaluation of independence, expertise, and propriety, the Company has determined that it is appropriate to appoint PricewaterhouseCoopers Japan LLC as the Accounting Auditor of the Company.

f. Evaluation of the auditing firm by the Audit & Supervisory Board Members and the Audit & Supervisory Board
The Audit & Supervisory Board Members and Audit & Supervisory Board have evaluated and effectively communicated with the auditing firm to exchange opinions and understand the status of audits in a timely and appropriate manner. The Company has therefore confirmed that the accounting audits by the auditing firm are functioning effectively and being performed properly.

4) Audit fees

a. Compensation for Certified Public Accountants engaged in audit

(Millions of yen)

Classification	Previous fiscal year		Fiscal year under review	
	Compensation for audit attestation work	Remuneration for non-audit services	Compensation for audit attestation work	Remuneration for non-audit services
Filing company	113	10	120	3
Consolidated subsidiaries	56	1	56	1
Total	169	11	176	4

Non-audit services provided to the Company include work conducted in relation to the provision of letters of comfort in connection with issuance of corporate bonds.
Non-audit services provided to consolidated subsidiaries include the assurance of compliance with laws and regulations regarding segregated management of customer assets.

b. Compensation for organizations belonging to the same network (PricewaterhouseCoopers) as Certified Public Accountants engaged in audit (excluding a.)

(Millions of yen)

Classification	Previous fiscal year		Fiscal year under review	
	Compensation for audit attestation work	Remuneration for non-audit services	Compensation for audit attestation work	Remuneration for non-audit services
Filing company	—	0	—	1
Consolidated subsidiaries	—	—	—	—
Total	—	0	—	1

The main content of the non-audit services for the Company is research and advisory services related to tax processing.

c. Other significant compensation

Not applicable.

d. Policy on determining the audit fee

The fee is decided as appropriate after considering factors including the time required for audit and the corporate scale and characteristics of business.

e. Reason for the Audit & Supervisory Board’s consent of the compensation, etc. to the Accounting Auditor

The Audit & Supervisory Board has determined that compensation for the Accounting Auditor as proposed by the Board of Directors is appropriate for maintaining and improving the quality of audits, upon confirming the time required for audits and the compensation unit rate, and gave consent as provided for in Article 399, Paragraph 1 of the Companies Act based on the “Practical Guidelines for Audit & Supervisory Board Members Concerning the Evaluation of Accounting Auditor and Formulation of Selection Standards” published by the Japan Audit & Supervisory Board Members Association.

(4) Officer compensation, etc.

1) Policies related to deciding the amount or calculation method of officer compensation, etc.

Compensation system for officers

1. Basic policy

Compensation for Directors of the Company is determined pursuant to a compensation system linked to shareholders' interests to fully function as an incentive for pursuing sustainable improvement in corporate value.

Specifically, compensation for Directors (excluding External Directors and non-residents in Japan) of the Company comprises fixed basic compensation as well as performance-linked bonuses, which are based on the performance of the Company in a given fiscal year to function as a short-term incentive, and performance-linked share-based remuneration, which is based on the medium-to-long-term performance of the Company to function as a medium-to-long-term incentive.

The compensation levels and the ratio of performance-liked compensation are checked every year by referring to survey data of officer compensation by external research institutions, and setting the compensation levels and the ratio of performance-liked compensation of other companies which are similar to the Company in size as a benchmark.

External Directors will only receive basic compensation based on their position to ensure that they maintain an independent standpoint.

2. Policy for decision on the amount of fixed compensation (basic compensation) to each Director (including the policy for decision on the timing as well as terms and conditions of payment of compensation)

Basic compensation for Directors of the Company is monthly fixed compensation and paid to Directors based on the above basic policy pursuant to terms and conditions of payment according to their positions, etc., designated by the Nominating and Compensation Committee.

3. Policy for decision on details, and calculation method of the amount or coefficient of variable compensation (bonuses and share-based remuneration) to each Director (including policy for decision on details of performance indicators, and calculation method of the amount or coefficient of the performance indicators, and policy for decision on the timing and terms and conditions of payment of compensation)

- Performance-linked bonuses

The performance-linked bonus is decided in accordance with the duties of each Director in order to boost motivation for improving performance of the Company on a single fiscal year basis. Performance-linked coefficients are set based on the degree of accomplishment of targeted performance indicators in a given fiscal year, and these coefficients are multiplied by the standard amount of compensation defined for each rank to decide performance-linked bonus amounts.

- Performance-linked share-based remuneration

By utilizing the Officer Compensation BIP Trust, a trust fund established through contribution of money by the Company (hereinafter the "Trust"), shares of the Company are issued to Directors.

Specifically, in order to boost motivation to contribute to improved medium-to-long-term performance and expanding corporate value, a certain number of fiscal years are set in line with the medium-term management plan, and a performance-linked coefficient is determined based on the Company's performance indicators such as the degree of achievement of performance targets for the final fiscal year. The coefficient so determined will then be multiplied by accumulated points awarded to Directors in every fiscal year according to each Director's rank to determine the number of shares to be issued to each Director.

Each Director shall receive shares of the Company equivalent to a certain portion of the points, while the remaining shares of the Company shall be converted into cash by the Trust, and the payment of money equivalent to the conversion value shall be received by the Director. Provided, however, that a transfer restriction period of one year from the time of delivery shall be established regarding the shares delivered for the initial target period (the fiscal year ended March 31, 2020 and the fiscal year ended March 31, 2021).

If a target period is extended and the Trust is continued, the target period shall correspond to the number of years subject to the medium-term management plan at the time. If a new target period is set at two years, the same transfer restriction period of one year from the time of delivery as mentioned above shall be established for the shares to be delivered regarding the said target period.

- Performance indicators

Performance indicators of performance-linked bonus and performance-linked share-based remuneration shall be set in line with the medium-term management plan at the time of establishment of the plan, and determined at the Board of Directors according to changes in the environment as appropriate.

- The timing of payment of performance-linked bonus

After completion of each fiscal year, a performance-linked bonus shall be paid at a certain time during the following fiscal year.

- The timing of delivery of performance-linked share-based remuneration

Directors who satisfy the eligibility requirements shall receive delivery of the shares of the Company, etc. in accordance with the number of accumulated points calculated, in or after the month of June immediately following the final fiscal year of the target period, in principle.

4. Policy for decision on the ratio of performance-liked compensation for individual compensation

The ratio of performance-linked compensation shall be determined at the Board of Directors after deliberation by the Nominating and Compensation Committee in light of the basic policy stated in 1. above.

5. Method of determining the details of individual compensation

Individual compensation for Directors shall be determined at the Nominating and Compensation Committee as consigned by the Board of Directors for the purpose of improvement of the transparency and objectivity of the deliberation process related to compensation.

The Nominating and Compensation Committee consists of three or more members, two or more of which are, in principle, External Directors, and members may be elected by resolution of the Board of Directors.

The Nominating and Compensation Committee shall deliberate and determine the following matters based on a compensation system and within the maximum amount of compensation resolved at the general meeting of shareholders, considering overall factors such as the level of responsibility for the Group management and the progress of the medium-term management plan.

- Matters related to compensation of individual Directors
- Matters related to changes in the compensation system of Directors
- In addition to the above, matters consulted or consigned by the Board of Directors

In the fiscal year ended March 31, 2025, the Nominating and Compensation Committee meetings were held six times. The Committee discussed the compensation system for Directors, etc.

6. Other important matters on individual compensation

As for performance-linked share-based remuneration, in case of any serious wrongdoing or violation of laws and regulations committed by an eligible Director, the Company has established a system to enable it to have the Director forfeit the beneficiary rights for the shares expected to be delivered (malus) and demand the return of the amount of money equivalent to the shares delivered (clawback) from the Director.

7. Reasons for judgment to the effect that the details of individual compensation for Directors are in accordance with the policy

The Board of Directors has taken measures to include a majority of External Directors in the Nominating and Compensation Committee as mentioned above. For decisions on the details of individual compensation for Directors, the Committee deliberates on such matters from various aspects, based on the same perspective as the above policy for decision; therefore the Board of Directors judges the details of the compensation are in accordance with the above policy for decision.

(Activities of the Board of Directors in relation to decision on compensation)

In March 2021, the “policy on determining officer compensation” was discussed and approved at the Board of Directors’ meeting. From December 2023 to March 2024, the Board of Directors discussed whether to review the officer compensation and in May 2024, they deliberated and decided on the extension of the performance-linked share-based remuneration plan.

(Performance-linked compensation)

The compensation levels and the ratio of performance-linked compensation have been revised to increase the portion of performance-linked compensation. This revision was aimed at boosting motivation to contribute to improving medium-to-long-term performance and corporate value in order to have officers share the interests with shareholders and to strengthen management from a shareholder perspective.

Ratio up to the fiscal year ended March 31, 2019
Basic compensation: Performance-linked bonuses: Performance-linked share-based remuneration = 8 : 1 : 1

Ratio from the fiscal year ended March 31, 2020
Basic compensation: Performance-linked bonuses: Performance-linked share-based remuneration = 6 : 1 : 3

(i) Performance-linked bonuses

Performance-linked bonuses are decided in accordance with the duties of each Director and with the goal of increasing motivation for improving corporate performance on a single fiscal year basis. Performance-linked coefficients are set based on the degree of accomplishment of targets for performance indicators in a given fiscal year, and these coefficients are multiplied by the standard amount of compensation defined for each rank. EPS (published plan) is set as the target indicator to better share value with shareholders and link them to corporate performance. The range of performance-linked coefficient is set in the range of 0% to 200%, depending on the degree of accomplishment of the targets.

□ Calculation formula for performance-linked bonuses

Performance-linked bonuses = Rank-based standard amount × Performance-linked coefficient

- Target indicators and performance-linked coefficients

	Target indicator	Target (Yen)	Performance (Yen)	Performance-linked coefficient
Fiscal year ended March 31, 2024	EPS	140.00	130.70	93%
Fiscal year ended March 31, 2025		141.42	143.24	101%

Note: Targets for the fiscal year ending March 31, 2026 are scheduled to be resolved at the Board of Directors meeting on June 25, 2025.

□ Limit for performance-linked bonuses

- At the General Meeting of Shareholders held on June 29, 2016, the upper limit for performance-linked bonuses (excluding bonuses paid to Directors that are also employees of the Company or Group companies) to Directors (excluding External Directors) in a given fiscal year was set at ¥100 million.

(ii) Performance-linked share-based remuneration

In the fiscal year ended March 31, 2017, the Group introduced performance-linked share-based remuneration (BIP Trust) to increase motivation to contribute to improved medium-to-long-term performance and corporate value for the Company. Performance-linked share-based remuneration employs a scheme in which a trust fund established through contribution by the Company is used to issue shares of the Company to Directors.

- Over the two-year period from the fiscal year ended March 31, 2025, to the fiscal year ending March 31, 2026, Directors will be granted points based on their rank at a set time each year. These points will then be adjusted via a performance-linked coefficient within the range of 0% to 110% determined by the Company's performance (EPS, ROE, and ROIC) and ESG indicators (to facilitate the promotion of the Group's co-creation sustainability management) for the last fiscal year ending March 31, 2026. Shares of the Company will then be allocated to each Director, reflecting their cumulative total of points post adjustment.

□ Calculation formula for allocation of shares

Shares allocated = Cumulative points granted based on rank × (Financial performance-linked coefficient + Non-financial performance-linked coefficient)

- Target indicators and performance-linked coefficients

Fiscal year ending March 31, 2026	Financial indicators	EPS	200 or more	—	0 ~ 110% Determined by adding the accomplishment of non-financial indicators to the average degree of accomplishment of the three indicators
		ROE	13.0% or more		
		ROIC	4.0% or more		
	Non-financial indicators	ESG indicators	Inclusion in DJSI World (Note 1)		0%, 5%
			Achieve 1,000,000 tons of reduction in CO2 emissions (Note 2)		0%, 5%

Notes: 1. Dow Jones Sustainability World Index (DJSI World): An ESG index comprising companies selected through a comprehensive evaluation of economic, environmental, and social factors from the perspective of long-term improvements to shareholder value

2. Amount of reduction compared to the fiscal year ended March 31, 2017

3. The target period of performance-linked share-based remuneration is two fiscal years (the fiscal year ended March 31, 2025 and the fiscal year ending March 31, 2026) In May 2025, the Group announced a new medium-term management plan, "Management Vision & Strategy Narrative 2031," which includes the fiscal year ending March 31, 2026 in the target period. The performance-linked share-based remuneration for such two fiscal years will be calculated based on the targets for the fiscal year ending March 31, 2026, as set forth above in the medium-term management plan formulated in May 2021.

□ Limit for performance-linked share-based remuneration

Upper limit for fund contributions from the Company

- At the General Meeting of Shareholders held on June 20, 2019, it was determined that the upper limit for fund contributions from the Company under the performance-linked share-based remuneration scheme from the fiscal year ended March 31, 2020, would be ¥200 million multiplied by the number of years in the given target period. Accordingly, the upper limit for the two-year period beginning with the fiscal year ended March 31, 2025, and ending with the fiscal year ending March 31, 2026, will be ¥400 million.

Upper limit for shares, etc. of the Company acquired by Directors

- At the General Meeting of Shareholders held on June 20, 2019, it was determined that the upper limit for shares of the Company acquired by Directors from the fiscal year ended March 31, 2020, would be 100,000 points (equivalent to 100,000 shares) multiplied by the number of years in the given target period. Accordingly, the upper limit for the two-year period beginning with the fiscal year ended March 31, 2025, and ending with the fiscal year ending March 31, 2026, will be 200,000 points (equivalent to 200,000 shares).

□ Allocation of shares of the Company's shares, etc. to Directors

- Directors that satisfy the beneficiary requirements will receive allocations of shares of the Company in an amount equivalent to the allocated points, in principle, in June or later after the conclusion of the final year of the target period. At this time, applicable Directors will receive a number of shares of the Company based on part of the allocated points, the remaining shares of the Company will be appraised by the trust fund, and the applicable Directors will receive monetary payments in an amount equivalent to the appraised liquidation value of shares. However, shares allocated under the first target period will be subject to a one-year transfer restriction period beginning with the date of issuance during which the shares are prohibited from being transferred, used as collateral, or disposed of through other means.

- Should it be decided to extend the target period and maintain the trust fund, the number of years of the extension shall be the number of years remaining in the Company's current medium-term management plan. Should a new target period be established with a duration of two years so as to realize the beneficial effects of a medium- to long-term incentive, shares allocated under this period will also be subject to a one-year transfer restriction period beginning with the date of issuance.

☐ Other compensation limits

- At the General Meeting of Shareholders held on June 27, 2012, the upper limit for basic compensation (excluding salaries paid to Directors that are also employees of the Company or Group companies) to Directors was set at ¥300 million.

- At the General Meeting of Shareholders held on June 24, 2024, the upper limit for annual compensation of Audit & Supervisory Board Members was set at ¥100 million. The amount of monthly compensation paid to individual Audit & Supervisory Board Members is decided through discussion by the Audit & Supervisory Board, in line with the upper limit set at the general meeting of shareholders.

2) Total compensation by officer classification and compensation type, and number of recipients (fiscal year ended March 31, 2025)

Officer classification	Total compensation (Millions of yen)	Total compensation by type (Millions of yen)			Numbers of recipients
		Basic compensation	Performance-linked bonuses	Performance-linked share-based remuneration	
Directors (excluding External Directors)	196	110	21	63	3
Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members)	43	43	—	—	2
External Directors and Audit & Supervisory Board Members	79	79	—	—	5

Notes: 1. As of March 31, 2025, the number of Directors (excluding External Directors) was three, the number of Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members) was two, and the number of External Directors and External Audit & Supervisory Board Members was five.

2. The amounts of performance-linked bonuses and performance-linked share-based remuneration refer to the amounts of expenses to be recorded in the fiscal year under review.

3) Total compensation on a consolidated basis by officer (fiscal year ended March 31, 2025)

Name	Total compensation on a consolidated basis (Millions of yen)	Officer classification	Company classification	Compensation on a consolidated basis by type (Millions of yen)		
				Basic compensation	Performance-linked compensation	Performance-linked share-based remuneration
Hiroshi Aoi	127	Director	Filing company	75	13	38

Note: This information is only stated for an individual whose total compensation on a consolidated basis was ¥100 million or more.

(5) Status of shares held

1) Standards and approach for the classification of shares for investment

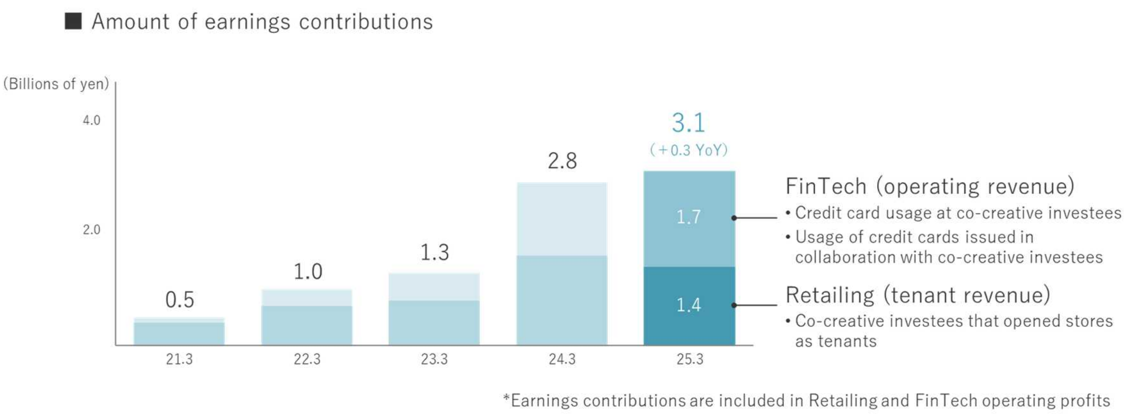
The Company classifies shares for investment into those for pure investment purposes and those for purposes other than pure investment.

- "Shares for investment held for pure investment purposes" refer to shares held for the purpose of generating income through changes in share prices or dividends related to the shares.
- "Shares for investment held for purposes other than pure investment" refer to shares held for the purpose of maintaining or building collaborative or transactional relationships that are strategically critical for improving the Group's corporate value.

The Group has aimed to create value greater than the sum of individual businesses by building a business model based on three business pillars: Retailing, FinTech, and investing for the future, which refers to co-creative investment and investment for new businesses. Currently, we are shifting our business to one that supports "Suki" and promoting co-creative investment as part of these initiatives.

[Co-creative investment]

- Co-creative investments are conducted in pursuit of synergies via collaboration and co-creation with investees with the goal of improving corporate value through open innovation. Adhering to a basic policy of focusing on small-sum investments emphasizing the potential for collaboration, we proceed to improve corporate value through collaboration. After an investee's value has improved to the extent divestment is viable, we may conduct additional investment targeting financial returns.
- In co-creative investment, we aim to improve the corporate value of investees over the medium to long term through collaborations between the Group and the investees. This purpose carries an element of pure investment, as we are expecting gains from a rise in stock prices. Therefore, since the fiscal year ended March 31, 2017 when we began investing in start-ups, etc., we have classified newly held specified shares for investment as "co-creative investment."
- Co-creative investment includes many investments in unlisted stocks, such as those of venture capitals and start-ups. If these companies subsequently go public or their stock prices rise significantly, the balance sheet amount may be greatly affected. Therefore, as we continue implementing co-creative investment, the number of stock issues we hold and the balance sheet amount are expected to increase.
- Earnings contributions from synergies with co-creative investees in the fiscal year ended March 31, 2025 were ¥3.1 billion. The internal rate of return (IRR) was 10%, which is at the same level with the hurdle rate of 10%.



2) Shares for investment held for purposes other than pure investment

a. Holding policies, method of verifying the rationality of holdings, and verification of the appropriateness of holding specific issues at meetings of the Board of Directors, etc.

In principle, the Company will not engage in cross-shareholdings. Shares held by the Company are shares deemed necessary for maintaining or building upon collaborative or transactional relationships that are strategically critical for improving corporate value. The Company regularly verifies the rationality of shareholdings and discloses an overview of the content thereof after annual verification at meetings of the Board of Directors. Shares with diminished rationality for holding will be sold in phases upon considering the status of the counterparty.

Furthermore, at a meeting of the Board of Directors held in February 2016, it was determined that the Company had already established sufficiently strong business relationships with cross-shareholding counterparties, and it was therefore decided to undertake a phased reduction in cross-shareholdings out of consideration for asset efficiency and stock price fluctuation risks. Since then, the returns from each cross-shareholding have been verified at meetings of the Board of Directors held in either July or August of each year. The extent to which holdings have been reduced was confirmed at these meetings.

b. Number of issues held and their balance sheet amount

	Number of issues	Total balance sheet amount (Millions of yen)
Unlisted shares	59	5,456
Other shares	7	24,111

Issues with increased number of shares in the fiscal year under review

	Number of issues	Total purchase amount for increase in number of shares (Millions of yen)	Reason for increase in number of shares
Unlisted shares	9	1,455	Mainly for funding and investment for start-ups related to the creation of new businesses, etc.
Other shares	—	—	

Issues with decreased number of shares in the fiscal year under review

	Number of issues	Total proceeds from sale for decrease in number of shares (Millions of yen)
Unlisted shares	2	40
Other shares	4	5,143

Note: Issues for which the number of shares has increased or decreased do not include fluctuations due to initial public offering, etc.

c. Information on the number of shares, balance sheet amounts, etc. of each issue of specified shares for investment and deemed shareholdings

Specified shares for investment

Issue	Fiscal year under review	Previous fiscal year	Purpose of holding, outline of business alliance, and quantitative effect of holding*1, and reason for increase in number of shares	Shares of the Company held*2
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
TOHO CO., LTD.	2,578,800	2,578,800	To facilitate smooth collaboration, as we have business relationship other than leasing of store buildings, such as the opening of GODZILLA STORE Tokyo at MARUI and issuance of GODZILLA EPOS cards	Yes
	19,088	12,759		
Mitsubishi UFJ Financial Group, Inc.	1,220,000	2,440,000	To facilitate smooth transactions with the major financial institution	No*3
	2,453	3,799		
Nojima Corporation	460,000	920,000	To facilitate smooth collaboration, as we have business relationship including the opening of nojima stores at MARUI (6 stores) and issuance of nojima EPOS affiliated cards	Yes
	1,163	1,569		

[Co-creative investment]

Issue	Fiscal year under review	Previous fiscal year	Purpose of holding, outline of business alliance, and quantitative effect of holding*1, and reason for increase in number of shares	Shares of the Company held*2
	Number of shares (Shares)	Number of shares (Shares)		
	Balance sheet amount (Millions of yen)	Balance sheet amount (Millions of yen)		
euglena Co., Ltd.	2,139,000	2,139,000	The shares are held to facilitate smooth collaboration aimed at realizing a sustainable society, such as utilizing MARUI stores to offer product sales for euglena's major food brands, holding workshop events for children, and issuing "Euglena Cards," for which a portion of purchase amounts go toward children's health promotion activities and educational support.	No
	1,082	1,296		
Ame Kaze Taiyo, Inc.	133,150	166,750	For the purpose of creating new experience value through food, the shares are held to facilitate smooth collaboration, as we issue Pokemaru EPOS Cards, in which a portion of purchase amounts go toward supporting producers, and hold pop-up events at MARUI stores.	No
	167	186		
LANCERS, Inc.	386,100	386,100	The shares are held to facilitate smooth collaboration, as we issue the "Lancers Card Visa," a dedicated credit card tailored to the needs of freelance workers, for the purpose of providing high-value financial services to freelancers.	No
	81	115		
Ricecurry Inc. (renamed MUSCAT GROUP inc., effective July 1, 2025)	94,000	—	The shares are held to facilitate smooth collaboration, as we provide various services related to community commerce, such as holding pop-up events at MARUI stores for the "MiiS" brand operated by WinC Inc., a group company of Ricecurry Inc.	No
	75	—		
BASE, Inc.	—	6,306,000	The shares were sold during the fiscal year under review.	No
	—	2,049		

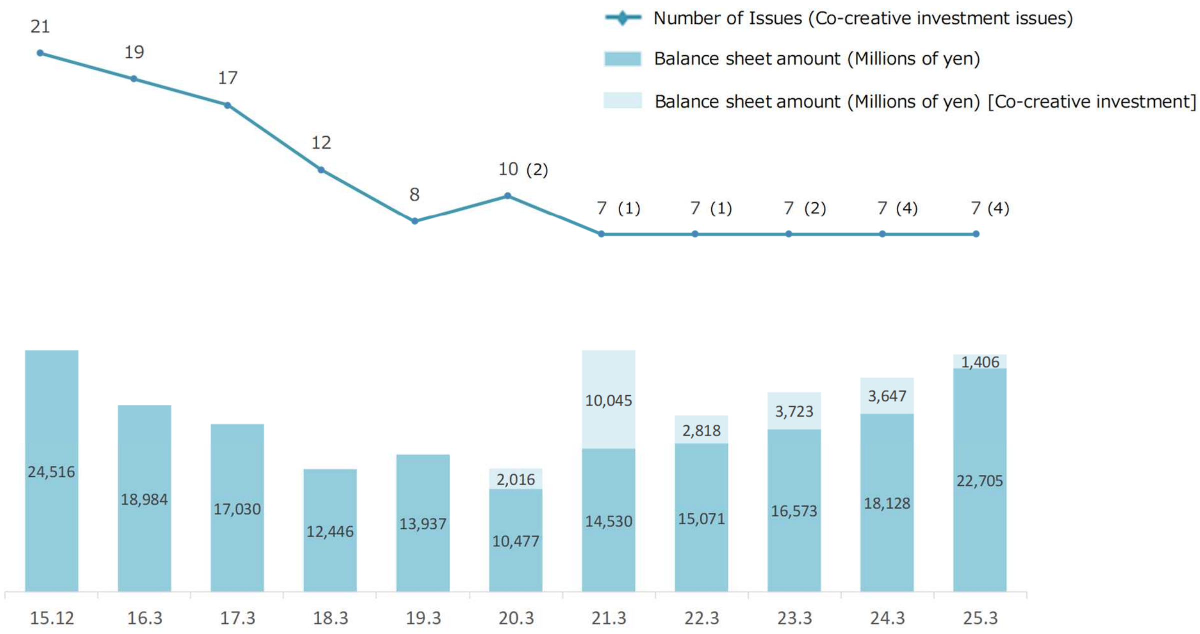
Notes: 1. The quantitative effect of holding is not stated in order to protect the confidentiality of transactions with the counterparty and other reasons.
For the issues above, at meetings of the Board of Directors held in August 2024, the Company verified the status of revenue, including dividend yield, collaboration and business relationship, and also confirmed the status of reduction in the total amount of holdings.

2. Information on whether or not shares of the Company are held is based on the shareholder register as of March 31, 2025.

3. These counterparties do not hold shares of the Company, but their subsidiaries hold shares of the Company.

□ Changes in the number of issues of listed shares held for purposes other than pure investment and the balance sheet amount

- Since December 2015, we have gradually reduced the number and the amount of issues we held.



V. FINANCIAL INFORMATION

1. Method of Preparation of Consolidated and Non-Consolidated Financial Statements

(1) The Company prepares its consolidated financial statements in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28 of 1976), which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements are a translation of those filed with the prime minister of Japan and incorporate certain modifications to enhance foreign readers’ understanding of the consolidated financial statements.

(2) The Company prepares its non-consolidated financial statements in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ministry of Finance Order No. 59 of 1963; hereinafter the “Regulation on Financial Statements”), which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.
Additionally, as a special company submitting financial statements, the Company prepares its non-consolidated financial statements based on Article 127 of the Regulation on Financial Statements.

2. Audit Certification

Pursuant to the provisions set forth in Article 193-2(1) of the Financial Instruments and Exchange Act, the Company’s consolidated financial statements in Japanese for the fiscal year (from April 1, 2024 to March 31, 2025) and non-consolidated financial statements in Japanese for the fiscal year (from April 1, 2024 to March 31, 2025) have been audited by PricewaterhouseCoopers Japan LLC.
Additionally, the accompanying English consolidated financial statements are audited by PricewaterhouseCoopers Japan LLC on a voluntary basis.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, Etc.

The Company undertakes special measures to ensure the appropriateness of consolidated financial statements, etc. Specifically, in order to appropriately understand the details of accounting standards and other relevant information, while also ensuring a framework for accurately responding to changes in the standards, the Company participates in the Financial Accounting Standards Foundation (FASF). In addition to gathering the latest information on accounting standards, the Company participates in seminars held by the FASF and collect information from audit firms and professional journals.

1. Consolidated Financial Statements, Etc.

(1) Consolidated Financial Statements

1) Consolidated Balance Sheets

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Assets				
Current assets:				
Cash and deposits		¥64,560		¥49,250
Notes and accounts receivable - trade	*1	6,156	*1	8,187
Accounts receivable - installment	*2	486,166	*2	536,549
Operating loans	*2,3	104,034	*2,3	93,211
Merchandise		528		480
Accounts receivable - other		50,017		54,539
Other		16,320		16,705
Allowance for doubtful accounts		(18,809)		(21,337)
Total current assets		708,975		737,587
Non-current assets:				
Property and equipment				
Buildings and structures	*4	240,156	*4	235,792
Accumulated depreciation		(185,068)		(183,735)
Buildings and structures, net		55,087		52,057
Land		104,018		103,156
Construction in progress		6,626		4,776
Other	*4	33,616	*4	34,389
Accumulated depreciation		(26,069)		(25,232)
Other, net		7,546		9,156
Total property and equipment		173,280		169,146
Intangible assets		10,651		13,804
Investments and other assets:				
Investment securities	*5	39,547	*5	46,523
Guarantee deposits		25,845		26,067
Deferred tax assets		18,531		18,692
Other	*6	26,670	*6	41,529
Total investments and other assets		110,595		132,813
Total non-current assets		294,526		315,764
Total assets		¥1,003,501		¥1,053,352

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Liabilities				
Current liabilities:				
Accounts payable - trade		¥8,172		¥7,323
Short-term borrowings		87,254		91,420
Current portion of bonds payable		21,503		20,159
Commercial papers		—		10,000
Accounts payable - other		64,271		72,267
Income taxes payable		6,260		9,636
Provision for bonuses		3,016		2,944
Provision for point card certificates		36,168		41,432
Provision for share-based remuneration		1,192		—
Provision for loss on redemption of gift certificates		138		143
Other	*7	17,687	*7	21,238
Total current liabilities		245,664		276,565
Non-current liabilities:				
Bonds payable		100,000		100,000
Long-term borrowings		385,600		414,900
Deferred tax liabilities		135		135
Provision for loss on interest repayment		8,453		5,224
Provision for loss on guarantees		61		47
Provision for share-based remuneration		—		459
Asset retirement obligations		1,348		1,351
Other		8,610		8,033
Total non-current liabilities		504,208		530,150
Total liabilities		749,873		806,716
Net assets				
Shareholders' equity:				
Share capital		35,920		35,920
Capital surplus		91,999		92,049
Retained earnings		164,453		171,502
Treasury shares		(46,116)		(64,165)
Total shareholders' equity		246,258		235,306
Accumulated other comprehensive income:				
Valuation difference on available-for-sale securities		6,992		10,833
Total accumulated other comprehensive income		6,992		10,833
Non-controlling interests		377		496
Total net assets		253,628		246,636
Total liabilities and net assets		¥1,003,501		¥1,053,352

2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Operating revenue	*1	¥235,227	*1	¥254,392
Cost of sales	*2	29,608	*2	31,635
Gross profit		205,619		222,757
Selling, general and administrative expenses				
Advertising and promotion expenses		2,047		1,646
Provision for point card certificates		35,563		40,294
Provision of allowance for doubtful accounts		17,444		20,171
Salaries and allowances		26,820		26,605
Provision for bonuses		2,785		2,722
Commission expenses		22,950		25,765
Rent expenses on land and buildings		12,184		12,084
Depreciation		11,037		12,867
Other		33,759		36,085
Total selling, general and administrative expenses		164,593		178,241
Operating profit		41,025		44,515
Non-operating income:				
Dividend income		325		434
Gain on sales of investment securities		288		7
Gain on investments in investment partnerships		393		—
Gain on deposit settlement		142		128
Other		205		371
Total non-operating income		1,354		942
Non-operating expenses:				
Interest expenses		1,866		3,449
Other		1,736		2,091
Total non-operating expenses		3,603		5,541
Ordinary profit		38,776		39,916
Extraordinary income				
Gain on sales of non-current assets	*3	2,500	*3	5,068
Gain on sales of investment securities		89		3,122
Total extraordinary income		2,590		8,190
Extraordinary losses				
Loss on retirement of non-current assets	*4	1,541	*4	1,240
Loss on closing of stores	*5	—	*5	4,585
Impairment loss	*6	491	*6	1,248
Loss on valuation of investment securities		1,518		1,413
Other		319		262
Total extraordinary losses		3,870		8,751
Profit before income taxes		37,495		39,355
Income taxes - current		11,657		14,447
Income taxes - deferred		1,177		(1,855)
Total income taxes		12,835		12,591
Profit		24,660		26,763
Profit (loss) attributable to non-controlling interests		(7)		174
Profit attributable to owners of parent		¥24,667		¥26,588

Consolidated Statements of Comprehensive Income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Profit		¥24,660		¥26,763
Other comprehensive income:				
Valuation difference on available-for-sale securities		1,076		3,841
Total other comprehensive income	*	1,076	*	3,841
Comprehensive income		¥25,736		¥30,605
Comprehensive income attributable to:				
Owners of parent		25,743		30,430
Non-controlling interests		(7)		174

3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	¥35,920	¥91,952	¥155,130	¥(42,774)	¥240,229	¥5,915	¥5,915	¥417	¥246,562
Changes during period:									
Dividends of surplus			(15,208)		(15,208)				(15,208)
Profit attributable to owners of parent			24,667		24,667				24,667
Purchase of treasury shares				(3,367)	(3,367)				(3,367)
Disposal of treasury shares		2		25	27				27
Change in scope of consolidation			(135)		(135)				(135)
Change in ownership interest of parent due to transactions with non-controlling interests		45			45				45
Net changes in items other than shareholders' equity						1,076	1,076	(39)	1,036
Total changes during period	—	47	9,322	(3,341)	6,028	1,076	1,076	(39)	7,065
Balance at end of period	¥35,920	¥91,999	¥164,453	¥(46,116)	¥246,258	¥6,992	¥6,992	¥377	¥253,628

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income			
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	¥35,920	¥91,999	¥164,453	¥(46,116)	¥246,258	¥6,992	¥6,992	¥377	¥253,628
Changes during period:									
Dividends of surplus			(19,540)		(19,540)				(19,540)
Profit attributable to owners of parent			26,588		26,588				26,588
Purchase of treasury shares				(19,219)	(19,219)				(19,219)
Disposal of treasury shares		2		1,170	1,172				1,172
Change in scope of consolidation					—				—
Change in ownership interest of parent due to transactions with non-controlling interests		46			46				46
Net changes in items other than shareholders' equity						3,841	3,841	118	3,959
Total changes during period	—	49	7,048	(18,049)	(10,951)	3,841	3,841	118	(6,991)
Balance at end of period	¥35,920	¥92,049	¥171,502	¥(64,165)	¥235,306	¥10,833	¥10,833	¥496	¥246,636

4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities:		
Profit before income taxes	¥37,495	¥39,355
Depreciation	12,574	14,394
Impairment loss	491	1,248
Increase (decrease) in provision for point card certificates	3,691	5,264
Increase (decrease) in allowance for doubtful accounts	2,363	2,528
Increase (decrease) in provision for loss on interest repayment	(4,046)	(3,229)
Increase (decrease) in provision for bonuses	(89)	(71)
Interest and dividend income	(368)	(474)
Interest expenses	1,866	3,449
Loss on retirement of non-current assets	451	361
Loss (gain) on sale of non-current assets	(2,500)	(5,068)
Loss (gain) on sales of investment securities	(89)	(3,122)
Loss (gain) on valuation of investment securities	1,518	1,413
Decrease (increase) in trade receivables	(1,329)	(2,031)
Decrease (increase) in accounts receivable - installment	(4,723)	(50,383)
Decrease (increase) in operating loans receivable	(3,639)	10,822
Decrease (increase) in inventories	(1,914)	142
Increase (decrease) in accounts payable - trade	1,011	(848)
Other, net	8,141	(4,526)
Subtotal	50,903	9,223
Interest and dividends received	361	469
Interest paid	(1,821)	(3,435)
Income taxes paid	(11,491)	(11,119)
Income taxes refund	50	378
Net cash provided by (used in) operating activities	38,003	(4,482)
Cash flows from investing activities:		
Purchase of non-current assets	(14,789)	(13,103)
Proceeds from sales of non-current assets	3,469	6,765
Purchase of investment securities	(3,581)	(6,808)
Proceeds from sales of investment securities	1,468	6,536
Other, net	(4,833)	(7,055)
Net cash provided by (used in) investing activities	(18,266)	(13,665)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(30,564)	265
Net increase (decrease) in commercial papers	(25,000)	10,000
Proceeds from long-term borrowings	85,500	85,700
Repayments of long-term borrowings	(38,600)	(52,500)
Proceeds from issuance of bonds	39,976	20,026
Redemption of bonds	(20,240)	(21,503)
Purchase of treasury shares	(3,367)	(19,221)
Dividends paid	(15,208)	(19,540)
Other, net	(374)	(389)
Net cash provided by (used in) financing activities	(7,879)	2,838
Net increase (decrease) in cash and cash equivalents	11,857	(15,310)
Cash and cash equivalents at beginning of period	52,421	64,560
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	281	—
Cash and cash equivalents at end of period	* ¥64,560	* ¥49,250

METHOD OF PREPARATION OF ENGLISH CONSOLIDATED FINANCIAL STATEMENTS

The Company prepares its English consolidated financial statements in accordance with the "Regulation on Consolidated Financial Statements" as a literal translation of its Japanese consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT MATTERS THAT FORM THE BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Matters related to the scope of consolidation

(1) Number of consolidated subsidiaries: 11

Names of major consolidated subsidiaries:

This information is omitted since it is provided in I. OVERVIEW OF COMPANY, 4. Subsidiaries and Associates.

(2) Names of major non-consolidated subsidiaries:

D2C & Co. Inc., okos Co., Ltd., marui unite Co.,Ltd, MARUI KIT CENTER CO., LTD., etc.

Reasons for exclusion from the scope of consolidation:

The Company's 12 non-consolidated subsidiaries are excluded from the scope of consolidation because each of the sums of their total assets, operating revenue, profit (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) has no significant impact on the Company's consolidated financial statements.

2. Matters related to the application of the equity method

(1) Non-consolidated subsidiaries accounted for by the equity method: Not applicable

(2) Associates accounted for by the equity method: Not applicable

(3) The Company does not apply the equity method to its 12 non-consolidated subsidiaries and its five associates (MIZONOKUCHISHINTOSHI Co., Ltd., etc.), because their respective profit (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) have no significant impact on the consolidated financial statements.

3. Matters related to the fiscal year of consolidated subsidiaries

The fiscal year-end for consolidated subsidiaries is the same as that of the Company.

4. Matters related to accounting policies

(1) Basis and method for valuation of important assets

1) Securities

Available-for-sale securities

Securities other than unquoted equity investments

Available-for-sale securities with a determinable market value are stated at fair value based on the market value at the balance sheet date, and valuation difference, net of applicable income taxes, are reported as a separate component of net assets. Cost of securities sold is computed based on the moving-average method.

Unquoted equity investments

Available-for-sale securities without a determinable market value are stated at cost, principally determined by the moving-average method.

Investments in partnerships, etc. are stated at the Company's share of net asset value based on the most recent financial statements available according to the financial reporting date specified in the respective partnership agreement.

2) Inventories

Merchandise is measured at the lower of cost determined by the monthly weighted-average method or net selling value.

(2) Method of depreciation and amortization of significant assets

1) Property and equipment (excluding leased assets)

Depreciated using the straight-line method.

2) Intangible assets (excluding leased assets)

Depreciated using the straight-line method. Software for internal use, however, is amortized using the straight-line method over the useful life estimated by the Company (within five years).

3) Leased assets

For finance leases that do not transfer ownership of the leased assets to the lessee, leased assets are depreciated by the straight-line method over the lease terms with no residual value.

(3) Basis for recognition of significant allowance and provisions

1) Allowance for doubtful accounts

The allowance for doubtful accounts is stated at the amount determined based on the historical experience of bad debt with respect to ordinary receivables ("general reserve"), plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables of customers experiencing financial difficulties ("specific reserve").

2) Provision for bonuses

The provision for bonuses is accrued at the fiscal year-end to which such bonuses are attributable.

3) Provision for point card certificates

The provision for point card certificates is accrued to the estimated amount required based on the balance of credit card points awarded to cardholders outstanding at the fiscal year-end.

4) Provision for loss on redemption of gift certificates

The provision for loss on redemption of gift certificates is provided at the estimated amount to be redeemed in the future based on historical experience.

5) Provision for loss on interest repayment

The provision for loss on interest repayment is provided at the estimated amount of repayment claims on interest on consumer loans at the fiscal year-end.

6) Provision for loss on guarantees

The provision for loss on guarantees at the fiscal year-end is provided at the estimated amount of loss arising from the Group's guarantee obligations of customers' liabilities in relation to loans to individuals from financial institutions with which the Group has guarantee service arrangements.

7) Provision for share-based remuneration

The provision for share-based remuneration is provided at the estimated amount for share-based remuneration to directors and employees at the fiscal year-end in accordance with the internal rule for stock delivery.

(4) Basis for recognition of significant revenue and expense

The Group operates, in the Retailing segment, rental and operational management of commercial facilities, etc., purchasing and sale of apparel, luxury and accessory goods, space production, publicity and advertising, total logistics service for fashion goods, comprehensive building management, etc., while the FinTech segment includes provision of credit card services, cash advance services, rent guarantee services, IT systems services, real estate rental, sales of investment trusts, small-amount short-term insurance services, etc.

Under the Retailing segment, revenue from fixed term tenants for the service of rental and operational management of commercial facilities is recognized pursuant to "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).

For sale of goods and provision of services, revenue is mainly recognized at the time when these goods or created works are delivered to customers, deeming that control of these goods or works is transferred to customers and performance obligations are satisfied at the time of delivery. For product sales in e-commerce, revenue is recognized at the time of shipment of products. If the Company acts as an agent in the sales of products, revenue is recognized on a net basis.

In the FinTech segment, financial charges earned on installment sales and consumer loan interest income for credit card services and cash advance services are recognized on an accrual basis by the method of charging on the declining balance of loans, pursuant to the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019).

For income from credit card services, the Company records revenue from affiliate commissions at the time when credit cards are used pursuant to contracts with customer affiliated stores, as provision of services is complete and performance obligations are satisfied at that point in time. The annual fee received from holders of the EPOS card is recognized as revenue over the course of the year, reflecting the way in which the performance obligations of providing membership privilege services to customer cardholders are satisfied.

(5) Cash and cash equivalents

In preparing the consolidated statements of cash flows, the Group considers cash on hand, readily available deposits, and highly liquid short-term investments with maturities of three months or less when purchased that are exposed to an insignificant risk of changes in value to be cash and cash equivalents.

(6) Consumption taxes

Non-deductible consumption tax and other taxes imposed on fixed assets are recorded as period costs.

(7) Application of the group tax sharing system

The Company and some consolidated subsidiaries have applied the group tax sharing system.

SIGNIFICANT ACCOUNTING ESTIMATES

Of the amounts recorded in the consolidated financial statements for the current fiscal year that are accounting estimates, items which may pose a significant risk to the consolidated financial statements for the following fiscal year are as follows.

1. Valuation of unlisted shares

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Unlisted shares excluding subsidiaries and associates	4,572 (46 issuances)	5,456 (48 issuances)

(2) Calculation method for amounts recorded in the consolidated financial statements for the current fiscal year

As the Group seeks a transition of its business model, it invests in start-up companies with which it may collaborate in the future. Of these investments, unlisted shares are included in "investment securities" in the consolidated balance sheet. The Company records unlisted shares at cost in the consolidated balance sheet because these are considered unquoted equity investments in accordance with ASBJ Statement No. 10 "Accounting Standard for Financial Instruments."

An impairment loss is recognized on unlisted shares when the net asset value per share declines by more than 50% of the acquisition cost due to deteriorating financial conditions. Additionally, if unlisted shares were acquired at a price reflecting excess earning power, the Company will recognize an impairment loss if their fair value, calculated based on the net asset value per share of the investee or the investee's business plan, falls more than 50% below the acquisition cost due to the investee's actual performance not meeting the targets outlined in their business plan over a specified period.

(3) Key assumptions used in calculating amounts recorded in the consolidated financial statements for the current fiscal year

When fair value is calculated based on the business plan of the investee, key assumptions include the investee's business plan and the underlying assumptions such as the investee's business environment and future performance outlook.

(4) Effect on the consolidated financial statements for the following fiscal year

Of the above, ¥4,070 million for 16 issuances have results that have failed to meet plans as of the time of acquisition, and if business results at investees fail to meet plans in the next fiscal year, a loss on valuation of investment securities may be recorded in the following fiscal year.

2. Impairment of non-current assets at stores

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(a) Stores that recorded impairment loss in the current fiscal year due to recognition of indications of impairment

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Book value of non-current assets after impairment	—	127
Impairment loss	—	1,133

(b) Stores that did not record impairment loss in the current fiscal year despite recognition of indications of impairment

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Book value of non-current assets	5,938	7,590

(c) Stores with losses from operating activities during only the current fiscal year

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Book value of non-current assets	—	—

(2) Calculation method for amounts recorded in the consolidated financial statements for the current fiscal year

In creating accounting estimates for impairment of non-current assets, the Company uses mainly stores as a basic unit of measurement, with this measurement also acting as the smallest cash-generating unit with respect to non-current asset grouping. The Group identifies events that may indicate impairment (“indications of impairment”) of assets or a group of assets at each store (“non-current assets at stores”) “if operating results are, or expected to be, negative for consecutive periods,” or, “if there are changes to the manner in which the assets are used that reduces the recoverable amount of the assets significantly.”

Additionally, the Company considers the operating activities of each store to include not only profits and losses from retail sales, but also the issuance of EPOS cards which is the source of the FinTech business profit or loss. In assessing whether there is an indication of impairment, the profit or loss from operating activities in which the non-current assets at stores are used includes both operating profit or loss related to Retailing business at each store and operating profit or loss related to FinTech business arising from the issuance of credit cards. The operating profit or loss related to the FinTech business is determined as the operating profit or loss arising from the EPOS cards historically issued by each store multiplied by a ratio of EPOS cards that will not be used after store closures which is determined based on the historical data from the closed stores, and the total number of cards issued by those stores.

For certain stores for which indications of impairment were identified, if the total estimated undiscounted future cash flows derived from the non-current assets at stores was less than the carrying amount, the Group reduced the carrying amount to the recoverable amount. The reduction is recognized as impairment loss. The carrying amount of non-current assets at stores after impairment is ¥122,643 million.

(3) Key assumptions used in calculating amounts recorded in the consolidated financial statements for the current fiscal year

Significant assumptions in estimating the total undiscounted future cash flows derived from the non-current assets at each store include future merchandise sales based on the sales strategies developed by each store, rental revenues from leasing space in stores to third parties, and future cash flows that each store contributes to the FinTech business through the issuance of credit cards.
Accounting estimates for future merchandise sales based on the sales strategies developed by each store and the rental revenues from leasing space in stores to third parties are made based on historical results. Additionally, future cash flows that each store contributes to the FinTech business through the issuance of credit cards are estimated under the projection that there will be steady growth.
Additionally, if the assumptions used in the above estimates and future cash flow calculations change drastically, there is a possibility that the Company's financial condition and operating results for the following fiscal year may be significantly affected.

(4) Effect on the consolidated financial statements for the following fiscal year

For stores that have been recognized as having indications of impairment, if the above key assumptions and future results become dissociated and profits and losses at each store deteriorate in the following fiscal year, the Company will designate such stores as having indications of impairment and may record an impairment loss in the following fiscal year, and for stores for which profits and losses from operating activities are negative only in the current fiscal year, if profits and losses from operating activities are also negative in the following fiscal year, the Company will designate such stores as having indications of impairment and may record an impairment loss in the following fiscal year.

3. Estimates for allowance for doubtful accounts related to operating loans and accounts receivable - installment

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Allowance for doubtful accounts	17,773	20,230
Provision of allowance for doubtful accounts (selling, general and administrative expenses)	17,401	20,166

(2) Calculation method for amounts recorded in the consolidated financial statements for the current fiscal year

To prepare for losses arising from default of receivables including operating loans and accounts receivable - installment, the Company estimates the future uncollectible amounts utilizing a doubtful account ratio based on historical default rates, making necessary adjustments such as future projections. Receivables are categorized based on days in delinquency and the necessity of requiring legal counsel, etc., with doubtful account ratios calculated for each category.

(3) Key assumptions used in calculating amounts recorded in the consolidated financial statements for the current fiscal year

As of the end of the current fiscal year, the Company has assumed that a trend of historical bad debt for each category of receivables for a certain period of time in the past will continue in the future. Under this assumption, to prepare for losses arising from these effects, the Company estimates the future uncollectible amounts utilizing a doubtful account ratio calculated based on recent default rates that can be estimated to reflect most the bad debt expenses expected to be incurred in the future.

(4) Effect on the consolidated financial statements for the following fiscal year

As the allowance for doubtful accounts for the end of the current fiscal year is the best estimate that can be made as of this time, there are uncertainties in the assumptions used in the estimates and if credit risk of debtors changes due to changes in the economic environment etc., and there is a possibility that the amounts of allowance for doubtful accounts and provision of allowance for doubtful accounts recognized in the consolidated financial statements for the following fiscal year may be significantly affected.

4. Estimates for provision for loss on interest repayment

(1) Amount recorded in the consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Provision for loss on interest repayment	8,453	5,224
Provision for loss on interest repayment (selling, general and administrative expenses)	—	—

(2) Calculation method for amounts recorded in the consolidated financial statements for the current fiscal year

The Company estimates the provision for loss on interest repayment with reference to "Auditing Treatment for Recording Allowance for Losses on Claims for Interest Repayment of Consumer Finance Companies" (Industry Audit Practice Committee Report No. 37) issued by the Japanese Institute of Certified Public Accountants (the Industry Audit Practice Committee).

The underlying data used in the calculation includes (i) the likelihood that customers will claim refunds, (ii) the expected amount of the claims, and (iii) the number of customers who will potentially claim the refund, which are all multiplied to determine the provision for loss on interest repayment. For (i)(ii)(iii), the Company analyzes historical data and makes forecasts for the future under certain assumptions.

(3) Key assumptions used in calculating amounts recorded in the consolidated financial statements for the current fiscal year

A key assumption used in estimating provision for loss on interest repayment is the likelihood that customers will claim refunds ((i) provided in (2) above). During the current fiscal year, the Company has assumed that the likelihood will continue to gradually decrease in the future.

(4) Effect on the consolidated financial statements for the following fiscal year

Owing to the nature of provision for loss on interest repayment as recording the expected amount of future repayment as a lump sum, forecasts must be made for long periods of time, which in turn introduces uncertainties to estimates. Additionally, the Company cannot deny that it is possible that estimates for future repayment amounts may increase or decrease owing to changes in the social environment. As a result, depending on the state of occurrence of interest repayments in the following fiscal year onward, there may be additional recording of provisions or the occurrence of reversals.

ACCOUNTING STANDARD ISSUED BUT NOT YET APPLIED

•Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)

•Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

(1) Overview

As part of its efforts to align Japanese GAAP with international standards, the Accounting Standards Board of Japan (ASBJ) has been discussing the development of a lease accounting standard that would require lessees to recognize assets and liabilities for all leases, in line with international standards. As a basic policy, the ASBJ has adopted the single accounting model of IFRS 16, but instead of incorporating all of its provisions, it has included only the key provisions. Accordingly, the new accounting standard was issued with the aim of creating a simple and practical framework that generally does not require any adjustments when the provisions of IFRS 16 are applied to non-consolidated financial statements.

Regarding lessees' accounting treatment, a single accounting model is applied to the allocation of lease expenses, in the same manner as IFRS 16. Lessees are required to recognize depreciation on right-of-use assets and interest expense on lease liabilities for all leases, regardless of whether the lease is a finance or an operating lease.

(2) Scheduled date of application

The Company plans to apply the aforementioned standard and guidance from the beginning of the fiscal year ending March 31, 2028.

(3) Effect of application

The impact of the application of the aforementioned standard and guidance is under review as of this time.

CHANGES IN REPRESENTATION METHODS

Consolidated Balance Sheets

"Accounts receivable - other," which was included in "other" under "current assets" in the previous fiscal year, is separately stated from the current fiscal year since its monetary importance has increased.

In order to reflect the change in representation methods, a reclassification of accounts has been made for the consolidated financial statements for the previous fiscal year. As a result, ¥50,017 million previously included in "other" has been reclassified to "accounts receivable - other."

Consolidated Statements of Income

"Provision of allowance for doubtful accounts," which was separately stated under "non-operating expenses" in the previous fiscal year, is included in "other" from the current fiscal year since its monetary importance has decreased.

In order to reflect the change in representation methods, a reclassification of accounts has been made for the consolidated financial statements for the previous fiscal year. As a result, "provision of allowance for doubtful accounts" of ¥175 million, which was stated under "non-operating expenses," has been reclassified to "other."

Consolidated Statements of Cash Flows

"Payments for guarantee deposits" and "proceeds from refund of guarantee deposits," which were separately stated under "cash flows from investing activities" in the previous fiscal year, are included in "other, net" from the current fiscal year since their monetary importance has decreased.

In order to reflect the change in representation methods, a reclassification of accounts has been made for the consolidated financial statements for the previous fiscal year. As a result, “payments for guarantee deposits” of ¥(14) million and “proceeds from refund of guarantee deposits” of ¥639 million, which were stated under “cash flows from investing activities” have been reclassified to “other, net.”

ADDITIONAL INFORMATION

Officer Remuneration Board Incentive Plan Trust

The Company has an incentive plan using the “Officer Remuneration Board Incentive Plan Trust (“BIP Trust”)” to provide an incentive to Directors and Executive Officers (excluding External Directors and non-residents in Japan) of the Company and Directors of 15 subsidiaries of the Group (excluding External Directors and non-residents in Japan; collectively, with the Directors and Executive Officers of the Company, the “Executives”).

(1) Overview of the plan

The Company sets up a trust with the Executives who fulfill certain requirements as beneficiaries, by contributing funds to acquire the Company’s shares. The trust acquires the Company’s own shares from the stock market for the number of shares required for delivering to the Executives based on the prescribed internal rule for stock delivery.

Then, in accordance with the internal rule, the Company makes a delivery or payment of its shares and cash equivalents to the amount obtained by converting a part of the shares into cash based on the rank of each Executive and degree of achievement of the performance target.

The Company applies the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015) for the accounting treatment of the plan.

(2) The Company’s shares held at the trust

The Company’s shares held at the trust are carried at their book value at the trust (excluding incidental expenses) and accounted for as treasury shares under net assets. The book value of applicable treasury shares is ¥736 million and the number of shares is 321,865 shares as of March 31, 2025.

Stock Benefit Employee Stock Ownership Plan Trust

The Company has an incentive plan using the “Stock Benefit Employee Stock Ownership Plan Trust (“ESOP Trust”)” to provide an incentive to the Group’s employees holding senior management positions (hereinafter the “Senior Managers”), aiming to enhance their commitment to further improve the business performance and corporate value over the medium-to-long term.

(1) Overview of the plan

The Company sets up a trust with the Senior Managers who fulfill certain requirements as beneficiaries, by contributing funds to acquire the Company’s shares. The trust acquires the Company’s own shares from the stock market for the number of shares required for delivering to the Senior Managers based on the prescribed internal rule for stock delivery.

Then, in accordance with the internal rule, the Company makes a delivery or payment of its shares and cash equivalents to the amount obtained by converting a part of the shares into cash based on the rank of each Senior Manager and degree of achievement of the performance target.

The Company applies the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc. through Trusts” (ASBJ PITF No. 30, March 26, 2015) for the accounting treatment of the plan.

(2) The Company’s shares held at the trust

The Company’s shares held at the trust are carried at their book value at the trust (excluding incidental expenses) and accounted for as treasury shares under net assets. The book value of applicable treasury shares is ¥335 million and the number of shares is 160,570 shares as of March 31, 2025.

MATTERS RELATED TO CONSOLIDATED BALANCE SHEETS

*1 The amount of notes and accounts receivable - trade from contracts with customers are reported on the consolidated balance sheets in "REVENUE RECOGNITION, 3. Information to understand the amount of revenue for the current fiscal year and next fiscal year onward."

*2 The following balances for receivables have already been liquidated and are therefore excluded from the consolidated balance sheets:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Card shopping:		
Lump sums receivable	¥199,730	¥199,739
Revolving receivable	109,638	99,673
Installment receivable	—	25,515
Cash advance:		
Revolving receivable	36,555	51,525

*3 The consolidated subsidiary that operates in the credit card business provides cash advance services to customers. The unused balance of loans contingent with the loan commitments is as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Total loan limits	¥1,357,753	¥1,397,509
Amount executed as loans	140,589	144,737
Unused balance	¥1,217,163	¥1,252,772

The figures include amounts of receivables subject to liquidation.

Under the provisions of the loan service contract, the Group is able to decline a loan request or decrease a loan limit when a customer's financial condition or other circumstances change. Thus, the total unused balance will not necessarily be executed as loans.

*4 As a result of the acceptance of national subsidies, the following reduction entry amount was deducted from the acquisition cost of property and equipment:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Reduction entry amount	¥66	¥73

*5 Shares of non-consolidated subsidiaries and associates included in the balance of "Investment securities" are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Shares of subsidiaries and associates	¥4,256	¥4,207
Investments in other securities of subsidiaries and associates	284	338

*6 Investments in capital of non-consolidated subsidiaries and associates included in the balance of "Other" are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Investments in capital of non-consolidated subsidiaries and associates	¥32	¥0

*7 Contract liabilities under "Other" are reported in "REVENUE RECOGNITION, 3. Information to understand the amount of revenue for the current fiscal year and next fiscal year onward."

8 Contingent liabilities

(1) The Group has commitments to guarantee customers' liabilities in relation to their personal loans from financial institutions with which the Group has guarantee service arrangements.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Guarantee obligations	¥12,411	¥11,283

(2) The maximum amount of liabilities for guarantees for suppliers' trade payables is as follows.

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Guarantee obligations	¥706	¥—

Guarantees for suppliers' trade payables were discontinued in the fiscal year ended March 31, 2025 upon expiration of the relevant contracts.

MATTERS RELATED TO CONSOLIDATED STATEMENTS OF INCOME

*1 Operating revenue is presented with no distinction made between revenue from contracts with customers and other revenue. Revenue from contracts with customers is reported in "REVENUE RECOGNITION, 1. Disaggregation of revenue" of the consolidated financial statements.

*2 The balance of year-end merchandise inventories has been written down due to a decline in profitability. The amount of write-downs included in cost of sales is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Write-downs included in cost of sales	¥2	¥0

*3 Gain on sales of non-current assets consisted of the following:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Land, etc.	¥2,500	¥5,068
Total	¥2,500	¥5,068

*4 Loss on retirement of non-current assets consisted of the following:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Buildings and structures	¥401	¥115
Furniture and fixtures, etc.	1,139	1,125
Total	¥1,541	¥1,240

*5 Loss on closing of stores consisted of the following:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Restoration costs	¥—	¥4,585
Total	¥—	¥4,585

*6 Impairment loss

For the fiscal year ended March 31, 2024

The Group recognized impairment loss on the following asset groups.

(Millions of yen)

Use	Location	Type of assets	Amount
E-commerce business	Head office, etc. Nakano-ku, Tokyo and elsewhere	Software	¥417
Other	Head office, etc. Nakano-ku, Tokyo and elsewhere	Software and other	74
		Total	¥491

For the fiscal year ended March 31, 2025

The Group recognized impairment loss on the following asset groups.

(Millions of yen)

Use	Location	Type of assets	Amount
Store	Marui City Yokohama Yokohama-shi, Kanagawa	Buildings and structures, etc.	¥636
Store	Kashiwa Marui Kashiwa-shi, Chiba	Buildings and structures, etc.	496
Other	Head office, etc. Nakano-ku, Tokyo and elsewhere	Software and other	114
		Total	¥1,248

While assets are mainly grouped with stores in the Group as the basic unit representing the minimum unit responsible for generating cash flows, those in e-commerce business are grouped on the basis of business, rental properties are grouped on the basis of properties, and other business assets are grouped on the basis of entity.

The asset groups above showed some indications of impairment, such as continuing to suffer loss from operating activities, and future cash flows were calculated and found to be less than their carrying amounts. Accordingly, the carrying amounts of the asset groups above have been written down to the recoverable amounts and the amount of the write-down has been reported as impairment loss under extraordinary losses. The Group estimated the recoverable amount of each asset group based on value in use or fair value less costs to sell.

MATTERS RELATED TO CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

*Other comprehensive income–related reclassification adjustments and tax effect

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Valuation difference on available-for-sale securities		
Amounts incurred for the year	¥1,933	¥7,533
Reclassification adjustments	(378)	(1,997)
Before income taxes and tax effect adjustment	1,555	5,536
Income taxes and tax effect	(479)	(1,694)
Valuation difference on available-for-sale securities	1,076	3,841
Total other comprehensive income	¥1,076	¥3,841

MATTERS RELATED TO CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the fiscal year ended March 31, 2024

1. Class & number of shares issued and treasury shares

	Number of shares at the beginning of the year	Number of shares that increased during the year	Number of shares that decreased during the year	Number of shares at the end of the year
Shares issued:				
Common stock	208,660,417	—	—	208,660,417
Total	208,660,417	—	—	208,660,417
Treasury shares:				
Common stock	19,313,961	1,504,237	11,400	20,806,798
Total	19,313,961	1,504,237	11,400	20,806,798

Notes: 1. Of the increase in the number of shares of common stock under treasury shares, 1,482,600 shares were due to the purchase of treasury shares, 1,047 shares were due to the purchase of odd lot shares, and 20,590 shares were due to the free-of-charge acquisition of stock related to the restricted stock grant plan.

2. The decrease of 11,400 shares of common stock under treasury shares was due to the grant of stock related to the restricted stock grant plan.

3. The number of shares of common stock at the beginning and end of the fiscal year ended March 31, 2024 includes 766,567 shares of the Company held in the BIP Trust and ESOP Trust.

2. Stock acquisition rights, etc.

Not applicable.

3. Dividends

(1) Dividends paid

Resolution	Class of share	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2023	Common stock	¥5,703	¥30	March 31, 2023	June 28, 2023
Board of Directors' meeting held on November 14, 2023	Common stock	¥9,505	¥50	September 30, 2023	December 6, 2023

Notes: 1. The amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 27, 2023, includes ¥22 million of dividends for the BIP Trust and ESOP Trust.

2. The amount of dividends resolved at the Board of Directors' meeting held on November 14, 2023, includes ¥38 million of dividends for the BIP Trust and ESOP Trust.

(2) Dividends with a record date during the fiscal year ended March 31, 2024, but with an effective date subsequent to the fiscal year ended March 31, 2024, are as follows:

Resolution	Class of share	Total amount of dividends (Millions of yen)	Source	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2024	Common stock	¥9,619	Retained earnings	¥51	March 31, 2024	June 25, 2024

Note: The amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 24, 2024, includes ¥39 million of dividends for the BIP Trust and ESOP Trust.

For the fiscal year ended March 31, 2025

1. Class & number of shares issued and treasury shares

	Number of shares at the beginning of the year	Number of shares that increased during the year	Number of shares that decreased during the year	Number of shares at the end of the year
Shares issued:				
Common stock	208,660,417	—	—	208,660,417
Total	208,660,417	—	—	208,660,417
Treasury shares:				
Common stock	20,806,798	7,759,583	601,246	27,965,135
Total	20,806,798	7,759,583	601,246	27,965,135

Notes: 1. Of the increase in the number of shares of common stock under treasury shares, 7,424,400 shares were due to the purchase of treasury shares, 298,600 shares were due to the purchase of treasury shares by the BIP Trust and ESOP Trust, 664 shares were due to the purchase of odd lot shares, and 35,919 shares were due to the free-of-charge acquisition of stock related to the restricted stock grant plan.

2. Of the decrease in the number of shares of common stock under treasury shares, 582,732 shares were due to the purchase of treasury shares by the BIP Trust and ESOP Trust, 64 shares were due to the sale of less than one unit upon request for additional purchase, and 18,450 shares were due to the grant of stock related to the restricted stock grant plan.

3. The number of shares of common stock at the beginning of the fiscal year ended March 31, 2025 includes 766,567 shares of the Company held in the BIP Trust and ESOP Trust.
4. The number of shares of common stock at the end of the fiscal year ended March 31, 2025 includes 482,435 shares of the Company held in the BIP Trust and ESOP Trust.

2. Stock acquisition rights, etc.

Not applicable.

3. Dividends

(1) Dividends paid

Resolution	Class of share	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2024	Common stock	¥9,619	¥51	March 31, 2024	June 25, 2024
Board of Directors' meeting held on November 12, 2024	Common stock	¥9,920	¥53	September 30, 2024	December 4, 2024

Notes: 1. The amount of dividends resolved at the Ordinary General Meeting of Shareholders held on June 24, 2024, includes ¥39 million of dividends for the BIP Trust and ESOP Trust.

2. The amount of dividends resolved at the Board of Directors' meeting held on November 12, 2024, includes ¥9 million of dividends for the BIP Trust and ESOP Trust.

(2) Dividends with a record date during the fiscal year ended March 31, 2025, but with an effective date subsequent to the fiscal year ended March 31, 2025, are as follows:

The following will be proposed at the Ordinary General Meeting of Shareholders to be held on June 25, 2025.

Resolution	Class of share	Total amount of dividends (Millions of yen)	Source	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2025	Common stock	¥9,602	Retained earnings	¥53	March 31, 2025	June 26, 2025

Note: The amount of dividends includes ¥25 million of dividends for the BIP Trust and ESOP Trust.

MATTERS RELATED TO CONSOLIDATED STATEMENTS OF CASH FLOWS

* Reconciliations of cash and cash equivalents in the consolidated statements of cash flows to accounts and amounts in the accompanying consolidated balance sheets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash and deposits	¥64,560	¥49,250
Cash and cash equivalents	¥64,560	¥49,250

LEASES

1. Finance lease transactions

(As a lessee)

Finance lease transactions that do not transfer ownership

(1) Details of leased assets

Property and equipment

These assets mainly comprise buildings and properties in connection with the Retailing segment.

(2) Method of depreciation and amortization of leased assets

This information is provided in “SIGNIFICANT MATTERS THAT FORM THE BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS, 4. Matters related to accounting policies, (2) Method of depreciation and amortization of significant assets.”

2. Operating lease transactions

(As a lessee)

Future minimum lease payments under non-cancellable operating leases:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Within one year	¥1,964	¥2,076
Over one year	4,577	2,914
Total	¥6,541	¥4,990

(As a lessor)

Future minimum lease payments under non-cancellable operating leases:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Within one year	¥10,782	¥10,360
Over one year	4,947	3,231
Total	¥15,730	¥13,592

FINANCIAL INSTRUMENTS

1. Status of financial instruments

(1) Policy on financial instruments

- Since its founding in 1931, the Group has evolved its unique business model merging retailing and financial service, and established its strength and position not found in other companies. Recently, the Group newly added forward-looking investments consisting of co-creative investment and investing in new businesses, with the aim of creating a business model that integrates the three pillars consisting of retailing, FinTech, and forward-looking investments. Currently, we are shifting our business to one that supports "interests" through events, goods, services, co-creative investment, business development, and people, organizations, and workstyles, with a focus on FinTech, aiming to further expand our corporate value. In FinTech, operating receivables (accounts receivable - installment and operating loans) increased owing to growth in card credit transactions and stable handling of cash advance. The Group properly conducts credit control based on the belief, which has been nurtured since its foundation, that "creditability should be built together with customers."
- The amount of funds procured has been increasing due to continuously growing demand for funds as the FinTech segment grows. We proceed with the fund procurement with utmost priority on financial security. The Group utilizes derivative transactions only to avoid risks, including the interest rate fluctuation risk on loans, and does not use them for speculative purposes.
- To achieve its three impact targets, the Group engages in co-creative investments, collaborating with start-up companies that align with its values. These investments aim to foster synergies via collaboration and co-creation with investees and enhance corporate value through open innovation. Our strategic approach emphasizes small-scale investments that prioritize collaborative potential. As the value of an investee grows to a point where divestment becomes feasible, we may consider further investments to capitalize on financial returns. In addition, we will not engage in cross-shareholdings, in principle, except for cases in which such holdings are deemed necessary for maintaining or building upon collaborative or transactional relationships that are strategically critical for improving corporate value. The Group has decided to undertake a phased reduction in cross-shareholdings with counterparts with which it has already established sufficiently strong business relationships, out of consideration for asset efficiency and stock price fluctuation risks.

(2) Financial instruments, their risks, and the risk management system

- Accounts receivable - installment and operating loans, which are the Group's major operating receivables, are generated from the use of EPOS cards such as card credit transactions and cash advances. These receivables involve credit risks such as delay in payment or bad debt if a customer fails to perform its obligations in compliance with the contract. In accordance with the internal risk management rules, the Group mitigates such risk by monitoring and evaluating the credit status of each customer by means of third-party personal credit information agencies and the Group's own credit monitoring system.
- Investment securities primarily consist of shares issued by companies with which the Group has business relationships and shares obtained through co-creative investment in start-up companies. These securities entail both the credit risk of the issuers and the market risk due to market price fluctuations. With regard to co-creative investment, the Group makes investment decisions after checking profitability including not only financial returns but also collaborative returns to be generated from collaboration with the Group. Also, the Group mitigates risks by regularly monitoring the fair value and the financial condition, etc. of the counterparties as well as by selling in phases shares with diminished rationality for holding upon considering the transaction relationship with the counterparties.
- Fund procurement may be constrained if financial markets fall into turmoil, the Group's business performance significantly deteriorates, or its creditworthiness suddenly declines. There are liquidity risks that the Group cannot raise sufficient funds, and may fall short of funds necessary for each business or may not be able to repay loans or corporate bonds, etc. on the due date of repayment or redemption. Furthermore, there are interest rate fluctuation risks that the procurement interest rates fluctuate depending on the market environment and other factors, resulting in higher procurement costs.

  Amid FinTech projected to grow, demand for funds will continue to expand and the risk concerning fund procurement will increase in the future. Therefore, the Group takes the following measures from the perspectives of safety and cost.
  - We seek to maintain a level of interest-bearing debt that is equivalent to around 90% of operating receivables, considering a decline in financial security due to an increase in debts.
  - We diversify our fund procurement methods by indirectly procuring funds from financial institutions, directly procuring funds through issuance of bonds and commercial papers, as well as liquidating operating receivables. We also strike a balance among procurement menus.
  - In order to cope with the risk of refinancing the funds, we maintain consistent levels of annual repayment and/or redemption amounts by controlling the years of procurement, and have established a backup system mainly by executing commitment line contracts and establishing overdraft facilities with financial institutions for such amounts.
  - As for the procurement funding interest rate, we control sudden increases in procurement costs due to the fluctuations in market interest rates by maintaining fixed interest rates, while also aiming to improve our credit ratings to curb increases in procurement costs.

(3) Supplementary explanation of the estimated fair value of financial instruments

The calculation of the fair value of financial instruments rests on variable factors, and therefore such prices may change depending on different assumptions and factors used.

2. Estimated fair value of financial instruments

Carrying value, fair value, and the difference between them are summarized below.

"Cash and deposits," "notes and accounts receivable - trade," "accounts receivable - other," "accounts payable - trade," "short-term borrowings," "current portion of bonds payable," "commercial papers," "accounts payable - other" and "income taxes payable" are omitted from the table below as their fair value approximates their carrying amounts because they are in cash and are settled within short periods of time.

For the fiscal year ended March 31, 2024

(Millions of yen)

	Carrying value	Fair value	Difference
(1) Accounts receivable - installment	486,166		
Allowance for doubtful accounts*1	(14,255)		
	471,910	507,769	35,859
(2) Operating loans	104,034		
Allowance for doubtful accounts*2	(3,149)		
	100,884	110,754	9,870
(3) Investment securities:			
Available-for-sale securities	24,626	24,626	—
(4) Guarantee deposits	25,985	25,337	(648)
Assets, total	623,406	668,488	45,081
(1) Bonds payable	100,000	99,547	(452)
(2) Long-term borrowings	385,600	384,194	(1,405)
Liabilities, total	¥485,600	¥483,742	¥(1,857)

*1 The amount presents the total of general reserve and specific reserve for accounts receivable - installment.

*2 The amount presents the total of general reserve and specific reserve for operating loans.

Note: Unquoted equity investments and investments in partnerships, etc. are not included in "(3) Investment securities." Carrying values of these financial instruments are as follows.

(Millions of yen)

Category	As of March 31, 2024
Unquoted equity investments *1	8,862
Investments in partnerships, etc.*2	6,085
Total	14,948

*1 Unquoted equity investments include unlisted shares. In accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, September 13, 2024), they are excluded from the scope of disclosure.

*2 Investments in partnerships, etc. are primarily those in investment limited partnerships. In accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), they are excluded from the scope of disclosure.

For the fiscal year ended March 31, 2025

(Millions of yen)

	Carrying value	Fair value	Difference
(1) Accounts receivable - installment	536,549		
Allowance for doubtful accounts[*1]	(16,393)		
	520,155	555,725	35,569
(2) Operating loans	93,211		
Allowance for doubtful accounts[*2]	(3,478)		
	89,732	99,367	9,634
(3) Investment securities:			
Available-for-sale securities	30,159	30,159	—
(4) Guarantee deposits	26,223	24,957	(1,266)
Assets, total	666,272	710,210	43,938
(1) Bonds payable	100,000	98,045	(1,954)
(2) Long-term borrowings	414,900	411,706	(3,193)
Liabilities, total	¥514,900	¥509,751	¥(5,148)

*1 The amount presents the total of general reserve and specific reserve for accounts receivable - installment.

*2 The amount presents the total of general reserve and specific reserve for operating loans.

Note: Unquoted equity investments and investments in partnerships, etc. are not included in "(3) Investment securities." Carrying values of these financial instruments are as follows.

(Millions of yen)

Category	As of March 31, 2025
Unquoted equity investments [*1]	9,664
Investments in partnerships, etc.[*2]	6,698
Total	16,363

*1 Unquoted equity investments include unlisted shares. In accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, September 13, 2024), they are excluded from the scope of disclosure.

*2 Investments in partnerships, etc. are primarily those in investment limited partnerships. In accordance with Paragraph 24-16 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021), they are excluded from the scope of disclosure.

3. Redemption schedule for monetary claims with maturities

For the fiscal year ended March 31, 2024

(Millions of yen)

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥64,560	¥—	¥—	¥—
Notes and accounts receivable - trade	6,156	—	—	—
Accounts receivable - installment	342,061	74,968	35,646	33,489
Operating loans	74,102	29,852	49	29
Guarantee deposits*	74	1,008	—	1,556
Total	¥486,955	¥105,829	¥35,696	¥35,075

* Monetary claims whose dates of redemption are not determined are not included in the redemption schedule.

For the fiscal year ended March 31, 2025

(Millions of yen)

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥49,250	¥—	¥—	¥—
Notes and accounts receivable - trade	8,187	—	—	—
Accounts receivable - installment	386,299	78,220	37,136	34,893
Operating loans	67,821	25,317	44	28
Guarantee deposits*	75	932	—	1,556
Total	¥511,634	¥104,470	¥37,180	¥36,479

* Monetary claims whose dates of redemption are not determined are not included in the redemption schedule.

4. Repayment schedule for bonds payable, long-term borrowings, and other interest bearing debt

For the fiscal year ended March 31, 2024

(Millions of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	¥87,254	¥—	¥—	¥—	¥—	¥—
Current portion of bonds payable	21,503	—	—	—	—	—
Commercial papers	—	—	—	—	—	—
Bonds payable	—	20,000	20,000	21,000	25,000	14,000
Long-term borrowings	—	56,400	79,000	55,200	75,150	119,850
Total	¥108,757	¥76,400	¥99,000	¥76,200	¥100,150	¥133,850

For the fiscal year ended March 31, 2025

(Millions of yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Short-term borrowings	¥91,420	¥—	¥—	¥—	¥—	¥—
Current portion of bonds payable	20,159	—	—	—	—	—
Commercial papers	10,000	—	—	—	—	—
Bonds payable	—	20,000	21,000	25,000	20,000	14,000
Long-term borrowings	—	79,000	76,700	82,150	99,700	77,350
Total	¥121,580	¥99,000	¥97,700	¥107,150	¥119,700	¥91,350

5. Breakdown of fair value by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to observability and materiality of inputs used to measure fair value:

Level 1 fair value: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 fair value: Fair value measured using inputs other than those in Level 1 that are observable, either directly or indirectly

Level 3 fair value: Fair value measured using significant unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial assets and financial liabilities measured at fair value

As of March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	22,130	2,092	403	24,626
Assets, total	22,130	2,092	403	24,626

As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	24,476	5,247	435	30,159
Assets, total	24,476	5,247	435	30,159

(2) Financial assets and financial liabilities not carried at fair value

As of March 31, 2024

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable - installment	—	—	507,769	507,769
Operating loans	—	—	110,754	110,754
Guarantee deposits	—	25,337	—	25,337
Assets, total	—	25,337	618,524	643,862
Bonds payable	—	99,547	—	99,547
Long-term borrowings	—	384,194	—	384,194
Liabilities, total	—	483,742	—	483,742

As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivable - installment	—	—	555,725	555,725
Operating loans	—	—	99,367	99,367
Guarantee deposits	—	24,957	—	24,957
Assets, total	—	24,957	655,093	680,050
Bonds payable	—	98,045	—	98,045
Long-term borrowings	—	411,706	—	411,706
Liabilities, total	—	509,751	—	509,751

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Assets:

Investment securities

Listed shares are measured at their quoted prices on the stock exchange, and classified as Level 1 fair value. Fair value of unlisted investment trusts is based on publicly disclosed net asset value, etc. and classified as Level 2 fair value. For privately placed bonds for which no quoted market prices are available, the fair value is measured by the present value of the total amount of principal and interest discounted at interest rates reflecting a remaining period and credit risk of said bonds and classified as Level 2. Fair value of bonds with stock acquisition rights is measured using a discounted present value of future cash flows and stock price volatility, and is classified as Level 3 fair value.

Accounts receivable - installment and Operating loans

The fair value is determined at their present value by discounting, using the risk-free rate, future cash flows that are adjusted for their credit risks identified in the credit control process, and is classified as Level 3 fair value. With regard to doubtful receivables and loans, the allowance for doubtful accounts is estimated based on the present value of their estimated future cash flows. The fair value approximates the amount of carrying value less allowance for doubtful accounts. Thus, the amount of carrying value less allowance for doubtful accounts is used as Level 3 fair value.

Guarantee deposits

The fair value is determined as their present value by discounting future cash flows at the risk-free rate, and is classified as Level 2 fair value. The amount includes the current portion of guarantee deposits.

Liabilities:

Bonds payable

The fair value is based on the present value calculated by discounting the sum of principal and interests using an interest rate reflecting credit risk and redemption periods are taken into account, and is classified as Level 2 fair value.

Long-term borrowings

The carrying value of long-term borrowings with a floating interest rate approximates its fair value since the interest rate reflects the market rate in the short term. Thus, carrying value is used as its fair value. The fair value of long-term borrowings with fixed interest rates is calculated by discounting the sum of principal and interests using an interest rate that would be applied to similar new borrowings, and is classified as Level 2 fair value.

SECURITIES

1. Available-for-sale securities

For the fiscal year ended March 31, 2024

(Millions of yen)

	Carrying value	Acquisition cost	Difference
Carrying value exceeding acquisition cost:			
(1) Shares	¥20,834	¥11,189	¥9,644
(2) Bonds	1,416	1,399	16
(3) Other	660	659	1
Subtotal	22,911	13,248	9,662
Carrying value not exceeding acquisition cost:			
(1) Shares	¥1,296	¥1,999	¥(703)
(2) Bonds	—	—	—
(3) Other	418	419	(0)
Subtotal	1,714	2,419	(704)
Total	¥24,626	¥15,667	¥8,958

Note: Unlisted shares in the amount of ¥4,573 million as of March 31, 2024 and contributions to investment limited partners, etc. in the amount of ¥5,801 million as of March 31, 2024 are not included in the above "Available-for-sale securities" as they are unquoted equity investments.

For the fiscal year ended March 31, 2025

(Millions of yen)

	Carrying value	Acquisition cost	Difference
Carrying value exceeding acquisition cost:			
(1) Shares	¥23,237	¥9,028	¥14,209
(2) Bonds	1,448	1,404	43
(3) Investment trusts	3,040	3,000	40
Subtotal	27,726	13,433	14,293
Carrying value not exceeding acquisition cost:			
(1) Shares	¥1,239	¥1,258	¥(18)
(2) Bonds	—	—	—
(3) Investment trusts	1,194	1,220	(26)
Subtotal	2,433	2,478	(45)
Total	¥30,159	¥15,911	¥14,248

Note: Unlisted shares in the amount of ¥5,457 million as of March 31, 2025 and contributions to investment limited partners, etc. in the amount of ¥6,359 million as of March 31, 2025 are not included in the above "Available-for-sale securities" as they are unquoted equity investments.

2. Available-for-sale securities sold during the fiscal year

For the fiscal year ended March 31, 2024

(Millions of yen)

	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Shares	¥226	¥89	¥—
(2) Bonds	—	—	—
(3) Other	1,411	288	—
Total	¥1,637	¥378	¥—

For the fiscal year ended March 31, 2025

(Millions of yen)

	Proceeds from sales	Total gain on sales	Total loss on sales
(1) Shares	¥5,183	¥3,122	¥—
(2) Bonds	—	—	—
(3) Investment trusts	1,310	7	50
Total	¥6,493	¥3,130	¥50

3. Impairment of securities

For the fiscal year ended March 31, 2024

Impairment loss on securities in the amount of ¥1,804 million was recorded (which were available-for-sale securities, consisting of ¥1,034 million of unlisted shares; and securities of subsidiaries and associates, consisting of ¥286 million of shares of non-consolidated subsidiaries and ¥483 million of other securities of subsidiaries and associates).

For the fiscal year ended March 31, 2025

Impairment loss on securities in the amount of ¥1,562 million was recorded (which were available-for-sale securities, consisting of ¥1,041 million of listed shares and ¥372 million of unlisted shares; and securities of subsidiaries and associates, consisting of ¥148 million of shares of associates).

When the fair value of investment securities declines by 30% to 50% compared to its acquisition cost, the Group recognizes an impairment loss after comprehensively evaluating the recoverability of the market price.

DEFERRED TAX ACCOUNTING

1. Major components of deferred tax assets and deferred tax liabilities are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Deferred tax assets:		
Depreciation	¥3,963	¥3,735
Impairment loss	2,848	2,165
Provision for loss on interest repayment	2,586	1,626
Provision for point card certificates	12,533	12,730
Net unrealized loss on non-current assets	1,109	1,118
Provision for bonuses	986	959
Net operating loss carried forward	7,655	14,708
Other	7,961	12,955
Subtotal	39,645	50,000
Valuation allowance	(9,755)	(16,887)
Total deferred tax assets	29,889	33,112
Deferred tax liabilities:		
Reserve for special account for advanced depreciation of non-current assets	7,826	8,050
Valuation difference on available-for-sale securities	3,079	4,779
Other	587	1,725
Total deferred tax liabilities	11,493	14,554
Deferred tax assets, net	¥18,396	¥18,557

2. Reconciliations between the statutory tax rate and the effective tax rate reflected in the consolidated statements of income are as follows:

	As of March 31, 2024	As of March 31, 2025
Statutory tax rate	30.6%	30.6%
Adjustments:		
Permanent differences such as entertainment expenses, etc.	0.1	0.1
Permanent differences such as dividends, etc.	(0.1)	(0.1)
Change in valuation allowance	4.7	1.0
Inhabitants' tax	0.2	0.2
Difference in tax rates of consolidated subsidiaries	0.3	0.2
Other	(1.6)	0.0
Effective tax rate	34.2%	32.0%

3. Accounting treatment of corporate tax, local corporate tax and related tax effect accounting:

The Company and some consolidated subsidiaries have applied the group tax sharing system. In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021), the Company conducts accounting treatment and disclosure of corporate tax, local corporate tax and related tax effect accounting.

4. Adjustments to the amount of deferred tax assets and deferred tax liabilities due to change in income tax rates

Following the enactment of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) on March 31, 2025, a special corporate tax for national defense will be imposed from the fiscal year beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences that are expected to reverse in the fiscal year beginning on or after April 1, 2026 are calculated using the new statutory tax rate.

This tax rate change has only a minimal impact on the consolidated financial statements for the current fiscal year.

ASSET RETIREMENT OBLIGATIONS

1. Asset retirement obligations recognized in the consolidated balance sheets

(1) Overview of asset retirement obligations

The Group's asset retirement obligations mainly include the cost of restoring the store sites to their original condition under the real estate lease contracts of stores.

(2) Method of calculation of asset retirement obligations

The Group calculated its asset retirement obligations by assuming the lease period as the expected period of use and applying discount rates of 0.02% to 0.31%.

(3) Changes in the total amount of asset retirement obligations

The changes in the balance of asset retirement obligations are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Beginning balance	¥1,694	¥1,348
Adjustments due to passage of time	2	2
Decrease due to fulfillment of obligation	(348)	—
Ending balance	¥1,348	¥1,351

INVESTMENT AND RENTAL PROPERTY

Certain consolidated subsidiaries of the Company hold commercial properties, including land, for rental in the Tokyo metropolitan area and other areas.

The net rental income in connection with these properties for the fiscal year ended March 31, 2024 was ¥16,633 million; the rental income was included in “Operating revenue” and the associated rental expenses were included in “Cost of sales” and “Selling, general and administrative expenses,” and the gain on sales of non-current assets of ¥2,500 million was included in extraordinary income. The net rental income in connection with these properties for the fiscal year ended March 31, 2025 was ¥19,789 million; the rental income was included in “Operating revenue” and the associated rental expenses were included in “Cost of sales” and “Selling, general and administrative expenses,” and the gain on sales of non-current assets of ¥5,068 million was included in extraordinary income.

The carrying value, changes during the year, and the fair value of such assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Carrying value:		
Beginning balance	¥130,323	¥130,706
Changes during the year	382	(2,710)
Ending balance	¥130,706	¥127,995
Fair value	¥287,990	¥299,739

Notes: 1. Carrying value represents the amount in the consolidated balance sheets that is carried at the acquisition cost less accumulated depreciation.

2. Major factors of changes during the year include an increase in assets in the amount of ¥2,129 million for the fiscal year ended March 31, 2024, and a decrease of ¥1,692 million due to the sale of real estate for the fiscal year ended March 31, 2025.

3. Fair value is basically based on the appraised value provided by third-party real estate appraisers (including value adjusted based on certain indexes, etc.).

REVENUE RECOGNITION

1. Disaggregation of revenue

Disaggregation of revenue from contracts with customers is as follows:

I. *For the fiscal year ended March 31, 2024*

(Millions of yen)

	Reportable segment		
	Retailing	FinTech	Total
Commissions on consignment sales (net)	5,513	—	5,513
Rent revenue and others	4,469	—	4,469
Consignment revenue	1,620	—	1,620
Related business revenue	17,252	—	17,252
Affiliate commissions	—	51,906	51,906
Service income	—	4,224	4,224
IT and others	4,625	2,210	6,835
Revenue from contracts with customers	33,480	58,341	91,822
Other revenue (Note)	36,723	106,681	143,404
Revenue from external customers	70,203	165,023	235,227

Note: Other revenue includes revenue from fixed term tenants under the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007), installment and revolving fees and interest on credit card cash advances under the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), and insurance premiums revenue as defined under the Insurance Act.

II. *For the fiscal year ended March 31, 2025*

(Millions of yen)

	Reportable segment		
	Retailing	FinTech	Total
Commissions on consignment sales (net)	5,752	—	5,752
Rent revenue and others	3,984	—	3,984
Consignment revenue	1,901	—	1,901
Related business revenue	19,365	—	19,365
Affiliate commissions	—	56,781	56,871
Service income	—	5,108	5,108
IT and others	5,278	2,129	7,407
Revenue from contracts with customers	36,283	64,109	100,392
Other revenue (Note)	39,267	114,732	154,000
Revenue from external customers	75,550	178,841	254,392

Note: Other revenue includes revenue from fixed term tenants under the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13, March 30, 2007), installment and revolving fees and interest on credit card cash advances under the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), and insurance premiums revenue as defined under the Insurance Act.

2. Useful information in understanding revenue

Major revenue from contracts with customers is as follows:

Retailing segment

Commissions on consignment sales (net)

In consignment sales in which MARUI CO., LTD. sells goods and services on consignment, customers retain ownership of products, and the role of the Group is a provider of services for arranging for consigned products to be provided to customers. Therefore, the Group recognizes revenue as an agent transaction, thereby revenue is recognized on a net basis by deducting the cost of these products from the consideration to be received from sales of products at stores or through e-commerce, in accordance with consignment sales contracts.

Rent revenue and others

In consignment contracts in which MARUI CO., LTD. offers to external business operators rent spaces, etc. in Marui stores and permits such operators to display and sell merchandise, the role of the Group is to provide arrangement for the products of business partners of consignment sales to be provided to customers. Therefore, the Group recognizes revenue from these contracts as an agent transaction, thereby revenue is recognized on a net basis by deducting the cost of these products from the consideration to be received from sales of products.

Revenue from sales of goods

Consideration received from sales of clothing, accessories, foodstuffs, and other merchandise to customers at stores or through e-commerce by MARUI CO., LTD. is recognized as revenue. If products are sold at stores, customer obtains control of the products at the time of delivery of the products, and the Company's performance obligations are deemed to be satisfied. Revenue is therefore recognized at the time of delivery of the products. If products are sold via e-commerce, customer obtains control of the products on the date of shipment of the products, and the Company's performance obligations are deemed to be satisfied. Revenue is therefore recognized at the time of shipment of the products.

Related business revenue

Related services refer to those other than services relating to stores and e-commerce, excluding real estate lease contracts (design and construction of commercial facilities, property management, comprehensive building management, etc.). Consideration for the services is recognized as revenue at the time when the provision of services is completed, or at the time when the works are delivered to customers.

FinTech segment

Affiliate commissions

In these transactions, customers are affiliates who operate facilities and services used by card members of EPOS cards, which are credit cards issued by Epos Card Co., Ltd. Commissions income to be received based on contracts with customers are recognized as revenue at the time when the company provides credit card settlement service, as the company's performance obligations are satisfied at that time.

Service income

In these transactions, customers are card members of EPOS cards, which are credit cards issued by Epos Card Co., Ltd. The annual fee is recognized as revenue over the annual membership period during which the performance obligations of providing membership privilege services to customers are satisfied. Service fee income other than annual fee is recognized as revenue at the time when the provision of services is completed.

3. Information to understand the amount of revenue for the current fiscal year and next fiscal year onward

(1) Contract liability balance, etc.

Beginning and ending balances of receivables from contracts with customers and contract liabilities are as follows. Contract liabilities are included in “Other” on the consolidated balance sheets.

I. *For the fiscal year ended March 31, 2024*

(Millions of yen)

	Fiscal year ended March 31, 2024	
	Beginning balance	Ending balance
Receivables from contracts with customers	4,827	6,156
Notes receivable	33	15
Accounts receivable - trade	4,794	6,141
Contract liabilities	993	1,167

Contract liabilities consist of unearned balance of annual fee income at the end of the fiscal year. Contract liabilities are reversed with the recognition of revenue.

The beginning balance of contract liabilities included ¥993 million of revenue recognized in the fiscal year ended March 31, 2024. Contract liabilities increased by ¥173 million during the fiscal year ended March 31, 2024 mainly due to an increase in card members from whom annual fee income is received. For the fiscal year ended March 31, 2024, the Group recognized no revenue for which performance obligations had been satisfied (or partially satisfied) in past periods.

II. *For the fiscal year ended March 31, 2025*

(Millions of yen)

	Fiscal year ended March 31, 2025	
	Beginning balance	Ending balance
Receivables from contracts with customers	6,156	8,187
Notes receivable	15	12
Accounts receivable - trade	6,141	8,175
Contract liabilities	1,167	1,361

Contract liabilities consist of unearned balance of annual fee income at the end of the fiscal year. Contract liabilities are reversed with the recognition of revenue.

The beginning balance of contract liabilities included ¥1,167 million of revenue recognized in the fiscal year ended March 31, 2025. Contract liabilities increased by ¥194 million during the fiscal year ended March 31, 2025 mainly due to an increase in card members from whom annual fee income is received. For the fiscal year ended March 31, 2025, the Group recognized no revenue for which performance obligations had been satisfied (or partially satisfied) in past periods.

(2) Transaction price allocated to the remaining performance obligations

Description is omitted since the Group has no significant contract with a contract period exceeding one year.

SEGMENT INFORMATION, ETC.

SEGMENT INFORMATION

1. Overview of reportable segments

The Group defines its reportable segments as a component of the Group for which separate financial information is available and whose operating results are regularly evaluated by the Board of Directors to make decisions about how resources are to be allocated among the Group and assess their performance.

The Group consists of the following two reportable segments identified by products and services: “Retailing” and “FinTech.”

The Retailing segment engages in the rental and the management of commercial property, purchasing and sale of clothes and accessories, space production, advertising, total fashion distribution, general building management, etc.

The FinTech segment engages in the credit card services, the consumer loans, the rent guarantee businesses, IT systems, real estate rental, sales of investment trusts, and small-amount short-term insurance services.

2. Basis of measurement for the amounts of operating revenue, income or loss, assets, and other items by segment

The accounting policies of each reportable segment are largely consistent with those disclosed in “SIGNIFICANT MATTERS THAT FORM THE BASIS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS.”

Segment income is measured on the basis of operating profit. Intersegment operating revenue and transfers are accounted for based on the prevailing market price.

3. Information on operating revenue, income or loss, assets, and other items by segment

For the fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment			Adjustment *1	Consolidated *2
	Retailing	FinTech	Total		
Operating revenue:					
Outside customers	¥70,203	¥165,023	¥235,227	¥—	¥235,227
Intersegment operating revenue and transfers	7,100	2,113	9,213	(9,213)	—
Total	¥77,303	¥167,137	¥244,441	¥(9,213)	¥235,227
Segment income	¥6,960	¥42,364	¥49,324	¥(8,299)	¥41,025
Segment assets *3	¥257,487	¥712,574	¥970,061	¥33,439	¥1,003,501
Other items:					
Depreciation and amortization	¥6,126	¥5,252	¥11,378	¥1,195	¥12,574
Increase in property and equipment and intangible assets	12,810	4,803	17,614	(2,093)	15,520

Notes: 1. Adjustments are as follows:

(1) Adjustment to segment income consists of intersegment elimination of ¥1,877 million and corporate expenses of ¥(10,176) million that are not allocated to each reportable segment. Corporate expenses are mainly expenses of the Company that are not attributable to reportable segments.

(2) Adjustment to segment assets mainly consists of intersegment elimination of ¥(609,066) million and corporate assets of ¥650,526 million, which mainly represent the Company's loans in connection with the Group's cash management system.

2. Segment income is reconciled to operating profit in the consolidated statements of income.

3. Fixed assets at stores are included in Retailing segment assets. However, stores are important touch points for acquiring new customers based on the business model generating synergies by integrating "stores, cards, and the Web" of the Group. Therefore, these assets also contribute to the FinTech segment income as locations for issuing EPOS cards.

For the fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment			Adjustment *1	Consolidated *2
	Retailing	FinTech	Total		
Operating revenue:					
Outside customers	¥75,550	¥178,841	¥254,392	¥—	¥254,392
Intersegment operating revenue and transfers	6,717	2,114	8,832	(8,832)	—
Total	¥82,267	¥180,956	¥263,224	¥(8,832)	¥254,392
Segment income	¥8,599	¥44,059	¥52,659	¥(8,144)	¥44,515
Segment assets *3	¥255,840	¥773,003	¥1,028,843	¥24,508	¥1,053,352
Other items:					
Depreciation and amortization	¥6,440	¥6,926	¥13,366	¥1,027	¥14,394
Increase in property and equipment and intangible assets	11,264	5,981	17,246	(2,709)	14,537

Notes: 1. Adjustments are as follows:

(1) Adjustment to segment income consists of intersegment elimination of ¥2,031 million and corporate expenses of ¥(10,175) million that are not allocated to each reportable segment. Corporate expenses are mainly expenses of the Company that are not attributable to reportable segments.

(2) Adjustment to segment assets mainly consists of intersegment elimination of ¥(636,094) million and corporate assets of ¥670,042 million, which mainly represent the Company's loans in connection with the Group's cash management system.

2. Segment income is reconciled to operating profit in the consolidated statements of income.

3. Fixed assets at stores are included in Retailing segment assets. However, stores are important touch points for acquiring new customers based on the business model generating synergies by integrating "stores, cards, and the Web" of the Group. Therefore, these assets also contribute to the FinTech segment income as locations for issuing EPOS cards.

RELATED INFORMATION

For the fiscal year ended March 31, 2024

1. Information by product and service

This information is omitted since the same information is provided in "SEGMENT INFORMATION."

2. Information by geographic region

(1) Operating revenue

This information is omitted since operating revenue from outside customers in Japan accounted for more than 90% of total operating revenue in the consolidated statements of income.

(2) Property and equipment

Not applicable as the Group has no property and equipment outside of Japan.

3. Information by major customer

This information is omitted since there are no outside customers who accounted for 10% or more of operating revenue in the consolidated statements of income.

For the fiscal year ended March 31, 2025

1. Information by product and service

This information is omitted since the same information is provided in "SEGMENT INFORMATION."

2. Information by geographic region

(1) Operating revenue

This information is omitted since operating revenue from outside customers in Japan accounted for more than 90% of total operating revenue in the consolidated statements of income.

(2) Property and equipment

Not applicable as the Group has no property and equipment outside of Japan.

3. Information by major customer

This information is omitted since there are no outside customers who accounted for 10% or more of operating revenue in the consolidated statements of income.

IMPAIRMENT LOSS ON NON-CURRENT ASSETS BY REPORTABLE SEGMENT

For the fiscal year ended March 31, 2024

(Millions of yen)

	Reportable segment			Corporate/ Eliminations	Total
	Retailing	FinTech	Total		
Impairment loss	¥417	¥74	¥491	¥—	¥491

For the fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segment			Corporate/ Eliminations	Total
	Retailing	FinTech	Total		
Impairment loss	¥1,133	¥114	¥1,248	¥—	¥1,248

AMORTIZATION OF GOODWILL AND UNAMORTIZED BALANCE BY REPORTABLE SEGMENT

Not applicable.

GAIN ON NEGATIVE GOODWILL BY REPORTABLE SEGMENT

Not applicable.

RELATED PARTY INFORMATION

Transactions between the Company and related parties

For the fiscal year ended March 31, 2024

Directors, audit & supervisory board members and major shareholders of the Company (only individuals), etc.

Type	Name of company	Location	Capital (Millions of yen)	Business	Voting rights	Relationship	Transaction	Amount (Millions of yen)	Account name	Balance (Millions of yen)
Company, etc. in which a majority of the voting rights are owned by directors/ audit & supervisory board members and their close relatives	Nakano Co., Ltd.	Shinjuku, Tokyo	¥10	Real estate rental	Direct 1.2%	Property rental Concurrent position as director	Property rental	¥32	Guarantee deposits	¥41
									Other current liabilities	¥1
	Seiwa Kogyo Co., Ltd.	Shinjuku, Tokyo	¥10	Real estate rental	Direct 0.9%	Property rental Concurrent position as director	Property rental	¥5	—	¥—

Note: Terms and conditions and policy for determining terms and conditions, etc.

The terms and conditions for rental agreements are determined in the same way as third-party transactions with reference to neighborhood rents.

Non-consolidated subsidiaries of the Company

¥865 million of the allowance for doubtful accounts is stated for doubtful receivables and loans with respect to the non-consolidated subsidiaries.

¥175 million of the provision of allowance for doubtful accounts is stated for the fiscal year ended March 31, 2024.

For the fiscal year ended March 31, 2025

Directors, audit & supervisory board members and major shareholders of the Company (only individuals), etc.

Type	Name of company	Location	Capital (Millions of yen)	Business	Voting rights	Relationship	Transaction	Amount (Millions of yen)	Account name	Balance (Millions of yen)
Company, etc. in which a majority of the voting rights are owned by directors/ audit & supervisory board members and their close relatives	Nakano Co., Ltd.	Shinjuku, Tokyo	¥10	Real estate rental	Direct 1.3%	Property rental Concurrent position as director	Property rental	¥58	Guarantee deposits	¥41
									Accounts receivable - trade	¥11
									Other current liabilities	¥1
	Seiwa Kogyo Co., Ltd.	Shinjuku, Tokyo	¥10	Real estate rental	Direct 0.9%	Property rental Concurrent position as director	Property rental	¥1	—	¥—

Note: Terms and conditions and policy for determining terms and conditions, etc.

The terms and conditions for rental agreements are determined in the same way as third-party transactions with reference to neighborhood rents.

Non-consolidated subsidiaries of the Company

¥1,007 million of the allowance for doubtful accounts is stated for doubtful receivables and loans with respect to the non-consolidated subsidiaries.

¥142 million of the provision of allowance for doubtful accounts is stated for the fiscal year ended March 31, 2025.

PER SHARE INFORMATION

(Yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Book value per share	¥1,348.13	¥1,362.18
Earnings per share	130.70	143.24

Notes: 1. Diluted earnings per share is not stated as there are no diluted shares.

2. In the computation of book value per share, the Company's shares held by the BIP Trust and ESOP Trust (766 thousand shares and 482 thousand shares for the fiscal years ended March 31, 2024 and 2025, respectively) are included in the number of treasury shares deducted from the number of shares issued and outstanding at the end of the fiscal year.

3. In the computation of earnings per share, the Company's shares held by the BIP Trust and ESOP Trust (766 thousand shares and 428 thousand shares for the fiscal years ended March 31, 2024 and 2025, respectively) are included in the number of treasury shares deducted from the average number of shares during the period.

4. The basis for calculating earnings per share is as follows.

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Earnings per share		
Profit attributable to owners of parent (Millions of yen)	¥24,667	¥26,588
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of yen)	24,667	26,588
Average number of common stock (Thousands of shares)	188,736	185,618

SIGNIFICANT SUBSEQUENT EVENTS

Concerning Cancellation of Treasury Stock

At a meeting of the Board of Directors held on May 13, 2025, the Company resolved to cancel its treasury stock in accordance with the provisions of Article 178 of the Companies Act, and implemented the cancellation as follows.

(1) Class of shares cancelled	Common stock
(2) Total number of treasury stock cancelled	25 million shares
(11.98% of the total number of shares issued)	
(3) Number of outstanding shares after the cancellation	183,660,417
(4) Date of cancellation	May 30, 2025

Establishment of Limit for Acquisition of Treasury Stock

The Company has resolved at its Board of Directors meeting held on May 13, 2025, to establish a limit for the acquisition of treasury stock in accordance with the provision of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same act, as follows.

1. Reason for purchase of treasury stock

As part of its capital policy, the Group intends to buy back its own shares in a flexible manner while comprehensively taking into account its optimal capital structure, financial condition and stock price level, etc. For the period through November 15, 2025, the Group has set a ¥20.0 billion buyback limit in order to respond to the case where future profitability is not fully factored into the stock price.

2. Details of matters relating to the acquisition of treasury stock

(1) Class of shares to be acquired Common stock

(2) Total number of shares that may be acquired Up to 10 million

(5.57% of the total number of shares issued, excluding treasury stock)

(3) Total value of acquired shares Up to ¥20.0 billion

(4) Acquisition period From June 1, 2025 to November 15, 2025

Decrease in Legal Capital Surplus

At a meeting held on May 13, 2025, the Board of Directors of the Company decided to propose a decrease in legal capital surplus, as outlined below, at the 89th Ordinary General Meeting of Shareholders scheduled for June 25, 2025.

1. Purpose of decrease in legal capital surplus

To proceed with future capital policies in a prompt and flexible manner, the amount of legal capital surplus will be transferred to other capital surplus.

2. Overview of decrease in legal capital surplus

(1) Amount of legal capital surplus to be reduced

The entire amount of legal capital surplus: ¥91,307,667,851

(2) Method of reduction of legal capital surplus

Based on the provisions of Article 448, Paragraph 1 of the Companies Act, the above amount of legal capital surplus will be reduced and transferred to other capital surplus.

3. Schedule for decrease in legal capital surplus

(1) Date of resolution of Board of Directors: May 13, 2025

(2) Date of Shareholders' Meeting: June 25, 2025 (planned)

(3) Date of public notice to creditors for objections: July 10, 2025 (planned)

(4) The last date of objections by creditors: August 12, 2025 (planned)

(5) Effective date August 31, 2025 (planned)

Establishment of the General Incorporated Foundation and the Disposal of Treasury Stock through Third-Party Allocation

In a meeting of the Board of Directors held on May 13, 2025, the Company resolved as follows to incorporate a General Incorporated Foundation Social Intrapreneur Development Foundation (the “Foundation”). The Company also resolved to dispose of its treasury shares through third-party allocation to enable continuous and stable support of the activities of the Foundation (the “Disposal of Treasury Shares”).

The Disposal of Treasury Shares is subject to the approval at the 89th Ordinary General Meeting of Shareholders of the Company to be held on June 25, 2025.

1. Incorporation of the Foundation

(1) Purpose of incorporating the Foundation

The Group’s mission is to “contribute to co-creating an inclusive society that offers happiness to everyone,” and it defines corporate value as the overlap between the “benefit” and “happiness” of all stakeholders. In 2019, we formulated “VISION 2050,” aiming to achieve both the resolution of social issues and profit through business.

Until now, our company has aimed to create innovation through co-creative investments with external entrepreneurs. Moving forward, we will also focus on business creation by internal entrepreneurs. To achieve this, we promote the working style of “social intrapreneurs (internal entrepreneurs)” who can change society while working within the company. This approach leverages the company's management resources to address social issues. We believe that this working style aligns well with the values of future generations and contributes to the sustainable development of society and the economy.

Our foundation aims to nurture such social intrapreneurs by conducting educational and awareness activities targeted at university students and others. Through these activities, we will produce individuals who contribute to solving social issues and support the realization of an inclusive society. Additionally, by promoting business development through future employment at our company and involvement in various projects, we will enhance corporate value.

To achieve the foundation's objectives, we believe it is essential to continuously collaborate with companies and educational institutions. Therefore, we will establish the foundation as a non-profit organization and use dividend income from our company’s shares as the source of funding for its activities, ensuring sustainable operation. Furthermore, our company aims to achieve both high growth and high returns, and by ensuring stable dividend increases through sustained business growth, we will expand the foundation's activity funds. As a result, we aim to balance solving social issues with enhancing corporate value, sharing long-term value with other shareholders and investors.

(2) Outline of the Foundation

(i) Name	General Incorporated Foundation Social Intrapreneur Development Foundation
(ii) Location	3-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan
(iii) Representative Director	Hiroshi Aoi
(iv) Activities	・Educational activities related to social intrapreneur development ・Other activities necessary for achieving the purpose of the Foundation

(v) Source of funds for the activities	Approximately ¥2 million per year (planned) (Note) The Company is planning to contribute ¥3 million at the time of incorporation of the Foundation, and the funds for the Foundation's activities will consist of this donation, as well as the proceeds received as a beneficiary of the trust to which treasury shares will be disposed of as described in 2. Disposal of treasury shares below, and other contributions.
(vi) Date of incorporation	July 2025 (scheduled)

2. Disposal of treasury shares

(1) Disposal procedures

(i) Number of shares to be disposed of	1,700,000 shares of the common stock of the Company
(ii) Disposal price	¥1 per share
(iii) Amount of funds raised	¥1,700,000
(iv) Method of offering or disposal	Disposal by third-party allocation
(v) Planned allottees	Custody Bank of Japan, Ltd. (Re-trustee with Sumitomo Mitsui Trust Bank, Limited as the settlor)
(vi) Date of disposal (payment date)	September 2025 (scheduled)
(vii) Others	The disposal of treasury shares is subject to the approval of a special resolution regarding favorable issuance at the Company's 89th Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2025. All matters related to the offering and other necessary details for the disposal of treasury shares will be resolved at the Board of Directors meeting following the said shareholders' meeting.

(2) Purpose and reasons for the disposal

In order for the Foundation to continuously and stably carry out social contribution activities in line with its objectives, the Company will establish a trust for the benefit of others (the "Trust") with Sumitomo Mitsui Trust Bank, Limited as trustee, Custody Bank of Japan, Ltd. as re-trustee, and the Foundation as beneficiary. The re-trustee, Custody Bank of Japan, Ltd., will acquire the Company's shares as trust assets under the Trust. The Trust will deliver trust income, such as dividends on the Company's shares, to the Foundation, which will use such trust income as a source of funds for its activities.

5) Consolidated Supplementary Schedules

Schedule of bonds payable

Company name	Issue	Issue date	Millions of yen		Interest rate (%)	Collateral	Maturity date
			Balance at beginning of period	Balance at end of period			
MARUI GROUP CO., LTD.	32nd Series Unsecured Corporate Bond	May 25, 2017	10,000	—	0.300	None	May 24, 2024
	35th Series Unsecured Corporate Bond	Oct. 18, 2019	10,000	—	0.170	None	Oct. 18, 2024
	36th Series Unsecured Corporate Bond	Oct. 18, 2019	10,000	10,000	0.250	None	Oct. 16, 2026
	38th Series Unsecured Corporate Bond	Dec. 1, 2020	10,000	10,000 (10,000)	0.240	None	Dec. 1, 2025
	39th Series Unsecured Corporate Bond (Social bond)	Mar. 31, 2022	1,300	—	0.310	None	March 31, 2025
	40th Series Unsecured Corporate Bond	Aug. 31, 2022	10,000	10,000 (10,000)	0.330	None	Aug. 29, 2025
	41st Series Unsecured Corporate Bond	Aug. 31, 2022	21,000	21,000	0.540	None	Aug. 31, 2027
	42nd Series Unsecured Corporate Bond	Aug. 31, 2022	9,000	9,000	0.850	None	Aug. 31, 2032
	3rd Unsecured Security Token Bond (Social bond)	Sep. 12, 2023	203	—	1.000	None	Sep. 12, 2024
	43rd Series Unsecured Corporate Bond	Jan. 23, 2024	10,000	10,000	0.400	None	Jan. 22, 2027
	44th Series Unsecured Corporate Bond	Jan. 23, 2024	25,000	25,000	0.629	None	Jan. 23, 2029
	45th Series Unsecured Corporate Bond	Jan. 23, 2024	5,000	5,000	0.897	None	Jan. 23, 2031
	4th Unsecured Security Token Bond (Green bond)	May 13, 2024	—	159 (159)	1.000	None	May 13, 2025
	46th Series Unsecured Corporate Bond	Jan. 23, 2025	—	20,000	1.211	None	Jan. 23, 2030
Total	—	—	¥121,503	¥120,159 (20,159)	—	—	—

Notes: 1. Amounts in parentheses under “Balance at end of period” are amounts scheduled for repayment within one year.

2. Annual redemption schedule over a period of five years from the fiscal year-end are as follows:

(Millions of yen)

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
¥20,159	¥20,000	¥21,000	¥25,000	¥20,000

Schedule of borrowings

	Millions of yen		Average interest rate (%)	Maturity date
	Balance at beginning of period	Balance at end of period		
Short-term borrowings	¥34,754	¥35,020	0.81	—
Current portion of long-term borrowings	52,500	56,400	0.66	—
Current portion of lease obligations	451	464	—	—
Long-term borrowings (excluding current portion)	385,600	414,900	0.85	Sep. 2026 – Dec. 2033
Lease obligations (excluding current portion)	798	705	—	Apr. 2026 – Sep. 2028
Other interest-bearing debt				
Commercial papers (current portion)	—	10,000	0.40	—
Total	¥474,104	¥517,490	—	—

Notes: 1. The average interest rate is the weighted average rate applicable to the year-end balance of borrowings, etc.

2. The average interest rate for lease obligations is not provided since the amount equivalent to interests included in the total lease payments are allocated to each fiscal year based on the straight-line method.

3. Annual repayment schedule of long-term borrowings and lease obligations (excluding current portion) over a period of five years from the fiscal year-end are as follows:

(Millions of yen)

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term borrowings	¥79,000	¥76,700	¥82,150	¥99,700
Lease obligations	295	273	136	0

Schedule of asset retirement obligations

This information is omitted since it is provided in “ASSET RETIREMENT OBLIGATIONS.”

(2) Other

Semi-annual financial information for the fiscal year ended March 31, 2025 (unaudited)

	Three months ended June 30, 2024	Six months ended September 30, 2024	Nine months ended December 31, 2024	Fiscal year ended March 31, 2025
Operating revenue (Millions of yen)	¥59,715	¥123,960	¥187,778	¥254,392
Profit before income taxes (Millions of yen)	8,888	18,397	28,434	39,355
Profit attributable to owners of parent (Millions of yen)	6,205	12,149	18,988	26,588
Earnings per share (Yen)	33.06	64.81	101.64	143.24

	1st quarter	2nd quarter	3rd quarter	4th quarter
Earnings per share (Yen)	¥33.06	¥31.75	¥36.86	¥41.75

(Note) Review of financial information for the three months ended June 30, 2024 and the nine months ended December 31, 2024 : Yes

2. Non-Consolidated Financial Statements, Etc.

(1) Non-Consolidated Financial Statements

1) Non-Consolidated Balance Sheets

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Assets				
Current assets:				
Cash and deposits		¥49,398		¥35,527
Short-term loans receivable from subsidiaries and associates	*1	534,994	*1	568,355
Other	*1	6,719	*1	1,318
Allowance for doubtful accounts		(896)		(1,014)
Total current assets		590,215		604,186
Non-current assets:				
Property and equipment				
Buildings		14		13
Structures		1		0
Vehicles		0		27
Tools, furniture and fixtures		1,308		1,311
Construction in progress		6		—
Total property and equipment		1,330		1,354
Intangible assets		50		70
Investments and other assets:				
Investment securities		33,571		40,417
Shares of subsidiaries and associates		243,184		243,205
Investments in other securities of subsidiaries and associates		284		338
Investments in capital of subsidiaries and associates		32		0
Other	*1	1,774	*1	1,718
Total investments and other assets		278,848		285,680
Total non-current assets		280,229		287,104
Total assets		¥870,444		¥891,291

(Millions of yen)

		As of March 31, 2024		As of March 31, 2025
Liabilities				
Current liabilities:				
Short-term borrowings		¥86,200		¥90,100
Current portion of bonds payable		21,503		20,159
Short-term borrowings from subsidiaries and associates	*1	56,107	*1	55,100
Commercial papers		—		10,000
Accounts payable - other	*1	2,390	*1	453
Accrued expenses	*1	689	*1	608
Income taxes payable		102		208
Deposits received		173		174
Provision for bonuses		226		241
Provision for share-based remuneration		740		—
Other		121		19
Total current liabilities		168,254		177,066
Non-current liabilities:				
Bonds payable		100,000		100,000
Long-term borrowings		385,600		414,900
Deferred tax liabilities		1,605		3,356
Provision for share-based remuneration		—		264
Other		67		67
Total non-current liabilities		487,272		518,587
Total liabilities		655,526		695,653
Net assets				
Shareholders’ equity:				
Share capital		35,920		35,920
Capital surplus				
Legal capital surplus		91,307		91,307
Other capital surplus		122		124
Total capital surpluses		91,429		91,432
Retained earnings				
Legal retained earnings		8,980		8,980
Other retained earnings				
Reserve for promoting open innovation		728		666
Retained earnings brought forward		116,989		111,966
Total retained earnings		126,698		121,612
Treasury shares		(46,116)		(64,165)
Total shareholders’ equity		207,932		184,799
Valuation and translation adjustments				
Valuation difference on available-for-sale securities		6,985		10,838
Total valuation and translation adjustments		6,985		10,838
Total net assets		214,918		195,637
Total liabilities and net assets		¥870,444		¥891,291

2) Non-Consolidated Statements of Income

(Millions of yen)

		Fiscal year ended March 31, 2024		Fiscal year ended March 31, 2025
Operating revenue	*1	¥40,639	*1	¥23,756
Operating expenses	*1,2	7,721	*1,2	7,914
Operating profit		32,918		15,841
Non-operating income				
Interest income	*1	1,959	*1	2,066
Dividend income		316		420
Gain on investments in investment partnerships		393		—
Other		78		207
Total non-operating income		2,747		2,693
Non-operating expenses				
Interest expenses	*1	1,794	*1	3,374
Other		1,161		1,476
Total non-operating expenses		2,956		4,851
Ordinary profit		32,709		13,684
Extraordinary income				
Gain on sales of investment securities		89		3,122
Total extraordinary income		89		3,122
Extraordinary losses				
Loss on valuation of investment securities		1,518		1,413
Loss on valuation of shares of subsidiaries and associates		735		678
Other		35		32
Total extraordinary losses		2,288		2,125
Profit before income taxes		30,510		14,681
Income taxes - current		62		176
Income taxes - deferred		(223)		51
Total income taxes		(161)		227
Profit		¥30,671		¥14,454

3) Non-Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Reserve for promoting open innovation	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	¥35,920	¥91,307	¥119	¥91,427	¥8,980	¥728	¥101,526	¥111,235
Changes during period:								
Dividends of surplus							(5,703)	(5,703)
Dividends of surplus (Interim dividend)							(9,505)	(9,505)
Profit							30,671	30,671
Purchase of treasury shares								
Disposal of treasury shares			2	2				
Transfer to reserve for promoting open innovation from retained earnings								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	2	2	—	—	15,462	15,462
Balance at end of period	¥35,920	¥91,307	¥122	¥91,429	¥8,980	¥728	¥116,989	¥126,698

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	Total net assets
Balance at beginning of period	¥(42,774)	¥195,809	¥5,936	¥5,936	¥201,745
Changes during period:					
Dividends of surplus		(5,703)			(5,703)
Dividends of surplus (Interim dividend)		(9,505)			(9,505)
Profit		30,671			30,671
Purchase of treasury shares	(3,367)	(3,367)			(3,367)
Disposal of treasury shares	25	27			27
Transfer to reserve for promoting open innovation from retained earnings		—			—
Net changes in items other than shareholders' equity			1,049	1,049	1,049
Total changes during period	(3,341)	12,123	1,049	1,049	13,172
Balance at end of period	¥(46,116)	¥207,932	¥6,985	¥6,985	¥214,918

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
						Other retained earnings		
	Share capital	Legal capital surplus	Other capital surplus	Total capital surpluses	Legal retained earnings	Reserve for promoting open innovation	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	¥35,920	¥91,307	¥122	¥91,429	¥8,980	¥728	¥116,989	¥126,698
Changes during period:								
Dividends of surplus							(9,619)	(9,619)
Dividends of surplus (Interim dividend)							(9,920)	(9,920)
Profit							14,454	14,454
Purchase of treasury shares								
Disposal of treasury shares			2	2				
Transfer to reserve for promoting open innovation from retained earnings						(62)	62	—
Net changes in items other than shareholders' equity								
Total changes during period	—	—	2	2	—	(62)	(5,023)	(5,085)
Balance at end of period	¥35,920	¥91,307	¥124	¥91,432	¥8,980	¥666	¥111,966	¥121,612

(Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	¥(46,116)	¥207,932	¥6,985	¥6,985	¥214,918
Changes during period:					
Dividends of surplus		(9,619)			(9,619)
Dividends of surplus (Interim dividend)		(9,920)			(9,920)
Profit		14,454			14,454
Purchase of treasury shares	(19,219)	(19,219)			(19,219)
Disposal of treasury shares	1,170	1,172			1,172
Transfer to reserve for promoting open innovation from retained earnings		—			—
Net changes in items other than shareholders' equity			3,852	3,852	3,852
Total changes during period	(18,049)	(23,133)	3,852	3,852	(19,280)
Balance at end of period	¥(64,165)	¥184,799	¥10,838	¥10,838	¥195,637

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
SIGNIFICANT ACCOUNTING POLICIES

1. Basis and method for valuation of assets

Securities

1) Shares in subsidiaries and associates

Stated at cost using the moving average method.

2) Available-for-sale securities

Securities other than unquoted equity investments

Stated at the quoted market price (with any unrealized gains or losses reported as a separate component of net assets at a net-of-tax amount and cost of sales determined by the moving-average method).

Unquoted equity investments

Mainly stated at cost using the moving-average method.

Investments in partnerships, etc. are stated at the Company's share of net asset value based on the most recent financial statements available according to the financial reporting date specified in the respective partnership agreement.

2. Method of depreciation and amortization of non-current assets

(1) Property and equipment

Property and equipment are depreciated using the straight-line method.

(2) Intangible assets

Intangible assets are amortized using the straight-line method. Software for internal use, however, is amortized using the straight-line method over the useful life estimated by the Company (within five years).

3. Basis for recognizing allowance and provisions

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is stated at the amount determined based on the historical experience of bad debt with respect to ordinary receivables ("general reserve"), plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables of customers experiencing financial difficulties ("specific reserve").

(2) Provision for bonuses

The provision for bonuses is accrued at the fiscal year-end to which such bonuses are attributable.

(3) Provision for share-based remuneration

The provision for share-based remuneration is provided at the estimated amount for share-based remuneration to directors and employees at the fiscal year-end in accordance with the internal rule for stock delivery.

4. Basis for recognition of revenue and expense

Revenue of the Company is primarily dividend income and business management fee received from the Group companies. The Company recognizes revenue from dividend income on the effective date of dividends. Performance obligations for the business management fee is to provide the entrusted services to the Group companies according to the contracts with the Group companies, and the Company's performance obligations are satisfied at the time when such services are rendered. Therefore, the Company recognizes revenue or expenses at that point in time.

5. Application of the group tax sharing system

The Company has applied the group tax sharing system.

SIGNIFICANT ACCOUNTING ESTIMATES

Valuation of unlisted shares

(1) Amount recorded in the non-consolidated financial statements for the current fiscal year

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Unlisted shares excluding subsidiaries and associates	¥4,572 45 issuances	¥5,456 47 issuances

(2) Calculation method for amounts recorded in the non-consolidated financial statements for the current fiscal year

The description on the method of calculation is omitted since the same information is provided in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES, 1. Valuation of unlisted shares" in the consolidated financial statements.

(3) Key assumptions used in calculating amounts recorded in the non-consolidated financial statements for the current fiscal year

The description on the key assumptions used in the calculation is omitted since the same information is provided in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, SIGNIFICANT ACCOUNTING ESTIMATES, 1. Valuation of unlisted shares" in the consolidated financial statements.

(4) Effect on the non-consolidated financial statements for the following fiscal year

Of the above, ¥4,070 million for 16 issuances have results that have failed to meet plans as of the time of acquisition, and if business results at investees fail to meet plans in the next fiscal year, a loss on valuation of investment securities or loss on valuation of shares of subsidiaries and associates may be recorded in the following fiscal year.

CHANGES IN REPRESENTATION METHODS

Non-Consolidated Statements of Income

"Provision of allowance for doubtful accounts," which was separately stated under "non-operating expenses" in the previous fiscal year, is included in "other" from the current fiscal year since its monetary importance has decreased. In order to reflect the change in representation methods, a reclassification of accounts has been made for the non-consolidated financial statements for the previous fiscal year. As a result, "provision of allowance for doubtful accounts" of ¥175 million, which was stated under "non-operating expenses," has been reclassified to "other."

ADDITIONAL INFORMATION

Officer Remuneration Board Incentive Plan Trust

The information on the Officer Remuneration Board Incentive Plan Trust ("BIP Trust") is omitted since the same information is provided in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, ADDITIONAL INFORMATION" in the consolidated financial statements.

Stock Benefit Employee Stock Ownership Plan Trust

The information on the Stock Benefit Employee Stock Ownership Plan Trust is omitted since the same information is provided in "NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, ADDITIONAL INFORMATION" in the consolidated financial statements.

MATTERS RELATED TO NON-CONSOLIDATED BALANCE SHEETS

*1 The amounts of monetary claims and debts to subsidiaries and associates are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Short-term monetary claims	¥537,254	¥568,614
Short-term monetary debts	59,039	56,380
Long-term receivables	1,410	1,402

Contingent liabilities

The Group provides guarantees for unpaid funds to business partners of Epos Card Co., Ltd., a consolidated subsidiary, as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
	¥33,273	¥42,282

MATTERS RELATED TO NON-CONSOLIDATED STATEMENTS OF INCOME

*1 Transaction volumes with subsidiaries and associates are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Transaction volumes of operating transactions		
Operating revenue	¥40,639	¥23,756
Operating expenses	2,226	2,377
Transaction volumes of non-operating transactions	2,163	2,236
Interest income	1,959	2,066

*2 The main expenses and amounts recorded under operating expenses are as follows. As the Company is a holding company, the entire amount is recorded as general and administrative expenses.

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Salaries and allowances	¥2,331	¥2,488
Provision for bonuses	226	241
Outsourcing expenses	1,949	2,067
Commission expenses	864	851
Depreciation	23	23

SECURITIES

The fair values of the shares of subsidiaries and associates have been omitted, as they are unquoted equity investments. Balance sheet amounts of the unquoted equity investments are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Shares of subsidiaries	¥242,403	¥242,573
Shares of associates	781	632
Total	¥243,184	¥243,205

DEFERRED TAX ACCOUNTING

1. Principal components of deferred tax assets and deferred tax liabilities are as follows:

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
(Deferred tax assets)		
Valuation difference on shares of subsidiaries and associates due to restructuring	¥1,305	¥1,343
Loss on valuation of investment securities	3,066	3,402
Loss on valuation of shares of subsidiaries and associates	1,424	1,679
Other	1,158	1,106
Subtotal	6,953	7,530
Valuation allowance	(5,158)	(5,810)
Total	1,795	1,720
(Deferred tax liabilities)		
Reserve for promoting open innovation	321	297
Valuation difference on available-for-sale securities	3,079	4,779
Total	3,400	5,076
Net deferred tax liabilities	¥1,605	¥3,356

2. **Reconciliations between the statutory tax rate and the effective tax rate reflected in the non-consolidated statements of income are as follows:**

	As of March 31, 2024	As of March 31, 2025
Statutory tax rate	30.6%	30.6%
Adjustments:		
Permanent differences such as entertainment expenses, etc.	0.1	0.2
Permanent differences such as dividends, etc.	(33.3)	(32.5)
Change in valuation allowance	2.0	3.4
Other	0.1	(0.2)
Effective tax rate	(0.5)%	1.5%

3. **Accounting treatment of corporate tax, local corporate tax and related tax effect accounting:**

The Company has applied the group tax sharing system. In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42, August 12, 2021), the Company conducts accounting treatment and disclosure of corporate tax, local corporate tax and related tax effect accounting.

4. **Adjustments to the amount of deferred tax assets and deferred tax liabilities due to change in income tax rates**

Following the enactment of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 13 of 2025) on March 31, 2025, a special corporate tax for national defense will be imposed from the fiscal year beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences that are expected to reverse in the fiscal year beginning on or after April 1, 2026 are calculated using the new statutory tax rate.

This tax rate change has only a minimal impact on the non-consolidated financial statements for the current fiscal year.

REVENUE RECOGNITION

Useful information in understanding revenue from contracts with customers is omitted since the same information is provided in "NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS, SIGNIFICANT ACCOUNTING POLICIES, 4. Basis for recognition of revenue and expense" in the non-consolidated financial statements.

SIGNIFICANT SUBSEQUENT EVENTS

This information is omitted since it is provided in "V. FINANCIAL INFORMATION, 1. Consolidated Financial Statements, Etc., NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, SIGNIFICANT SUBSEQUENT EVENTS."

4) Supplementary Schedules
Schedule of property and equipment, etc.

(Millions of yen)

Category	Asset type	Balance at beginning of period	Increase during period	Decrease during period	Depreciation and amortization during period	Balance at end of period	Accumulated depreciation
Property and equipment	Buildings	¥125	¥0	¥—	¥0	¥126	¥112
	Structures	21	—	—	0	21	20
	Vehicles	34	33	27	5	40	12
	Tools, furniture and fixtures	2,058	8	11	4	2,055	744
	Construction in progress	6	—	6	—	—	—
	Total	¥2,247	¥42	¥45	¥11	¥2,244	¥890
Intangible assets	Other	¥227	¥30	¥—	¥11	¥258	¥188
	Total	¥227	¥30	¥—	¥11	¥258	¥188

Note: The balances at beginning and end of period are based on the acquisition costs.

The schedule for allowance and provisions consists of the following:

(Millions of yen)

Item	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	¥896	¥142	¥24	¥1,014
Provision for bonuses	226	241	226	241
Provision for share-based remuneration	740	264	740	264

(2) Major Assets and Liabilities
The Group prepares consolidated financial statements, and therefore the details of the major assets and liabilities are omitted.

(3) Other
Not applicable.

Independent Auditor's Report

To the Board of Directors of MARUI GROUP CO., LTD.

THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of MARUI GROUP CO., LTD.and its subsidiaries (the Group), which comprise the consolidated balance sheets as at March 31, 2025, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of unlisted shares
(Key audit matter description) The Company invests in start-up companies with which it may collaborate in the future. These investments, classified as unlisted shares, are included in "Investment securities" on the consolidated balance sheet. As described under significant accounting estimates in the notes to the consolidated financial statements, unlisted shares amounted to 5,456 million yen as of the end of the current fiscal year (as of March 31, 2025) (0.5% of consolidated total assets). The Company records unlisted shares, excluding shares of subsidiaries and associates, at cost in the consolidated balance sheets because these are considered unquoted equity investments in accordance with ASBJ Statement No.10 "Accounting Standard for Financial Instruments". An impairment loss is recognized on unlisted shares when the net asset value per share declines by more than 50% of the acquisition cost due to deteriorating

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financial conditions. Additionally, if unlisted shares were acquired at a price reflecting excess earning power, the Company will recognize an impairment loss if their fair value, calculated based on the net asset value per share of the investee or the investee's business plan, falls more than 50% below the acquisition cost due to the investee's actual performance not meeting the targets outlined in their business plan over a specified period.

In the valuation of unlisted shares, the Company is required to verify the timeliness and reliability of financial information of the investees in order to determine the financial condition and excess earning power of the investees and to evaluate matters that may affect the financial condition of the investees. The Company also needs to verify the reasonableness of the investees' business plans used in calculating the net asset value, which involves a high degree of estimation uncertainty and subjectivity. The Company's investments in start-up companies are positioned as part of a new business area, in addition to Retail and FinTech. The Company has limited historical experience with investments in start-up companies. Based on the above and the fact that the Company has a significant amount of unlisted shares, we determined this was a key audit matter.

(How our audit addressed the key audit matter)

Our audit procedures performed over the valuation of unlisted shares principally included the following:

(1) Understanding and evaluating internal controls

- Obtained an understanding of internal controls related to management's valuation of unlisted shares.
- Obtained an understanding of the Company's internal rules for valuation of unlisted shares and assessed whether these rules were consistent with ASBJ Statement No.10 "Accounting Standard for Financial Instruments".

(2) Assessing and verifying accounting estimates made by the Company

- Verified consistency between the financial information used by the Company in the valuation of unlisted shares and the investees' financial information.
- Inquired of the Company about the business conditions of the investees.
- For acquired unlisted shares whose acquisition price reflected excess earning power, compared the business plan at the time of acquisition with the actual results to assess whether there was a decline in excess earning power.
- If a possible decline in the excess earning power was identified by the above comparison, we performed additional procedures. If the net asset value of such unlisted shares was assessed based on net asset per share, we examined, through re-calculation, whether the net asset value was calculated appropriately and reflected necessary adjustments, such as preferential residual asset distribution claims. For unlisted shares whose net asset value is based on the investees' business plans, we performed the following procedures:
    - Compared future cash flows as included in business plans from prior years with actual results.
    - Inspected operating results reports of investees and made inquiries to Company staff responsible for investments and other relevant personnel to understand the investees' business environment, outlook for future performance, and other factors underlying their business plans.
    - Assessed and validated valuation methodologies used in share valuation reports prepared by the external experts engaged by the Company, using our own independent share valuation experts.
    - Evaluated the suitability, qualifications, and objectivity of external experts used by the Company, as well as the appropriateness of the calculation methodologies adopted.
- Verified the mathematical accuracy of the impairment loss calculation for unlisted shares which were impaired during the current fiscal year.

Assessment of indications of impairment and recognition of impairment loss on non-current assets at stores

(Key audit matter description)

As of March 31, 2025, the Group recorded property, plant and equipment of 169,146 million yen on the consolidated balance sheet. This includes non-current assets at stores held by the Group of 122,643 million yen (12% of consolidated total assets).

As described in significant accounting estimates in the notes to the consolidated financial statements, the smallest cash-generating unit of the Group's non-current assets is primarily the stores. The Group identifies

events that may indicate impairment of assets or a group of assets at each store if "operating profit or loss from operating activities is, or expected to be, negative for consecutive periods" or, if "there are changes to the manner in which the assets are used that reduces the recoverable amount of the assets significantly".
When the Group considers "operating profit or loss from operating activities is, or expected to be, negative for consecutive periods", operating activities of each store include not only profit or loss from Retail but also the issuance of EPOS cards which is the source of FinTech's profit or loss. Therefore, in assessing whether there is an indication of impairment, the profit or loss from operating activities in which the non-current assets at stores are used includes both operating profit or loss related to Retail at each store and operating profit or loss related to FinTech arising from the issuance of credit cards. The operating profit or loss related to FinTech is determined as the operating profit or loss arising from the EPOS cards historically issued by each store multiplied by a ratio of EPOS cards that will not be used after store closures which is determined based on the historical data from the closed stores.

As indications of impairment were identified for certain stores, and the total estimated undiscounted future cash flows derived from the non-current assets at stores was less than their carrying amount, the Group reduced the carrying amount to the recoverable amount and the difference of 1,133 million yen was recorded in extraordinary losses as an impairment loss.

The Group calculates the total undiscounted future cash flows derived from the non-current assets at each store as the sum of future cash flows at each store related to Retail and future cash flows related to FinTech derived from the issuance of credit cards by each store. Significant assumptions in estimating the total undiscounted future cash flows include future merchandise sales based on the sales strategies developed by each store, rental revenues from leasing space in stores to third parties, and the future cash flows related to FinTech derived from the issuance of credit cards by each store. The accounting estimates for the future merchandise sales based on the sales strategies developed by each store and the rental revenues from leasing space in stores to third parties are based on historical results. The future cash flows related to FinTech derived from the issuance of credit cards by each store are estimated based on an assumption of consistent growth.

Estimates for the future merchandise sales by store and the rental revenues from leasing space in stores to third parties, as well as estimates for future cash flows related to FinTech derived from the issuance of credit cards by each store based on the sales strategies involve management judgement and a high degree of estimation uncertainty.

Based on the above, we determined this was a key audit matter.

(How our audit addressed the key audit matter)

Our procedures performed in examining the assessment of indications of impairment and recognition of impairment loss for non-current assets at stores principally included the following:
(1) Understanding and evaluating internal controls

- Evaluated the design and operating effectiveness of internal controls related to the identification of indications of impairment and the assessment of recognition of impairment loss.
- Obtained an understanding of internal controls related to the preparation and approval of the business plans by store and the FinTech business plans.

(2) Assessing the reasonableness of accounting estimates made by the Company

- For a case where the "operating profit or loss from operating activities is, or is expected to be, negative for consecutive periods," we confirmed the accuracy of the operating profit or loss by store and the reasonableness of the profit or loss from the FinTech Business to assess the reasonableness of identification of indications of impairment.
- For a case where "there are changes to the manner in which the assets are used that reduce the recoverable amount of the assets significantly," we inquired with management and reviewed the minutes of the Board of Directors meetings to assess the reasonableness of the identification of indications of impairment. In addition, we examined whether there were any other events that should be identified as indications of impairment.
- Our audit procedures performed over the business plans by store and the FinTech business plans

principally included the following: - Examined their consistency with the medium-term management plan approved by management. - Compared the business plans by store and the FinTech business plans from prior years with actual results, considered reasons for any underachievement, and considered if known factors affecting future performance had been reflected in the business plans for the following fiscal year and beyond. - For future profit or loss and cash flows included in the business plans used for the assessment of recognition of impairment loss, examined whether the assumptions, including future merchandise sales by store, rent revenues from stores and the future cash flows related to FinTech derived from the issuance of credit cards by each store, were reasonable compared with the historical net sales and cash flows related to FinTech derived from the issuance of credit cards by each store. We also calculated the estimated undiscounted future cash flow independently, considering the uncertainty in business plans by store and the FinTech business plans, and considered the impact on the Company's determination of the recognition of impairment losses on property and equipment. - For the profit or loss related to FinTech derived from EPOS cards historically issued by each store and the ratio to be multiplied by the cash flows, both of which were used to determine the profit or loss of FinTech derived from the issuance of credit cards by each store and the future cash flows, compared with the changes in the number of customers at stores that were closed in previous years.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Group’s reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

FEE-RELATED INFORMATION

In connection with our audit of the consolidated financial statements for the year ended March 31, 2025 , the amounts of fees for the audit and the other services charged to MARUI GROUP CO., LTD. and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are disclosed in IV. CORPORATE INFORMATION 4. Corporate Governance (3) Audits.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Chikako Suzuki

Chikako Suzuki

Designated Engagement Partner
Certified Public Accountant

Tatsuya Chiba

Tatsuya Chiba

Designated Engagement Partner
Certified Public Accountant

August 25, 2025