
Translation: Please note that the following purports to be an accurately translated excerpt of the original Japanese version prepared for the convenience of investors outside Japan. However, in the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

Stock Exchange Code: 8252

May 31, 2024

(Start date of measures for electronic provision: May 25, 2024)

3-2, Nakano 4-chome, Nakano-ku, Tokyo

MARUI GROUP CO., LTD.

Hiroshi Aoi

President and Representative Director

Notice of Convocation of the 88th Ordinary General Meeting of Shareholders

Dear Shareholders:

You are hereby informed that the 88th Ordinary General Meeting of Shareholders of MARUI GROUP CO., LTD. (the “Company”) will be held as follows.

In convening this Ordinary General Meeting of Shareholders, the Company takes measures for electronic provision and posts the matters subject to measures for electronic provision on the following websites on the Internet. Please access either of the websites to review the information.

■The Company’s website

<https://www.0101maruigroup.co.jp/en/ir/stock/meeting.html>

■Tokyo Stock Exchange’s website

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website above, enter “Marui Group” in “Issue name (company name)” or the Company’s Stock Exchange Code “8252” in “Code” to search for the relevant entry, select “Basic information” and then “Documents for public inspection/PR information,” and check “Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting” under “Filed information available for public inspection.”

■Net de Shoshu (online notice of convocation, available in Japanese)

<https://s.srdb.jp/8252/>

You can exercise your votes in writing or via electromagnetic means. The Company respectfully requests you to view the “Reference Document Concerning the General Meeting of Shareholders” below and exercise your voting rights on or before 7:00 p.m. (JST) June 21, 2024 (Friday).

PARTICULARS

1. **Date and Time of the Meeting:** Monday, June 24, 2024 at 10:00 a.m.
(Reception commences at 9:00 a.m.)
2. **Place of the Meeting:** 3rd Floor of the Head Office of MARUI GROUP CO., LTD.
at 3-2, Nakano 4-chome, Nakano-ku, Tokyo, Japan
3. **Matters to be Addressed at the Meeting:**

Matters to be Reported:

1. Report on the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 88th Fiscal Year (from April 1, 2023 to March 31, 2024).
2. Report on the Results of the Audits of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board.

Matters to be Resolved:

Proposal 1: Proposed Disposal of Surplus

Proposal 2: Election of Six (6) Directors

Proposal 3: Election of Two (2) Audit & Supervisory Board Members

Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

Proposal 5: Revision of the Amount of Compensation for Audit & Supervisory Board Members

- End -

<Notice>

The General Meeting of Shareholders will be streamed live. During capturing video, although we will exercise care concerning the privacy of shareholders in attendance, some may unavoidably appear on camera. We appreciate your understanding.

Notice

- The following items are not included in the documents to be delivered to shareholders who have requested the delivery of the paper copy in accordance with laws and regulations and Article 17 of the Company's Articles of Incorporation. Therefore, these documents are part of the documents audited by the Audit & Supervisory Board Members and the Accounting Auditor in preparing audit reports.
 - (i) The Consolidated Statement of Changes in Net Assets and the Notes to Consolidated Financial Statements of the Consolidated Financial Statements
 - (ii) The Non-Consolidated Statement of Changes in Net Assets and the Notes to Non-Consolidated Financial Statements of the Non-Consolidated Financial Statements
- If there is any amendment to the matters subject to measures for electronic provision, the Company will post such amendment on the websites listed above.

[Electronic provision system and request for the delivery of the paper copy of materials for general meetings of shareholders (notice of convocation)]

Materials for the general meetings of shareholders (notice of convocation) shall be, in principle, provided on the website.

Shareholders who wish to receive the paper copy of materials for the next and future general meetings of shareholders are required to follow the procedures for requesting the delivery of the paper copy. Regarding the procedures, please contact the Company's shareholder register administrator, Mitsubishi UFJ Trust and Banking Corporation, as stated below or the securities company at which you have an account.

For inquiry:

Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division

Dedicated number for measures for electronic provision: 0120-696-505 (operating hours: 9:00 a.m. to 5:00 p.m. excluding Saturday, Sunday, and holidays)

<https://www.tr.mufig.jp/daikou/denshi.html>

A message to all of our shareholders

Hiroshi Aoi
President and Representative
Director, Representative Executive
Officer, CEO

Let me begin by expressing my sincere appreciation for your ongoing patronage and support of the MARUI GROUP.

The Group is aiming to become a company that contributes to the resolution of social issues and balances the impact on society and profit, by implementing a new three-pillar business model that has added forward-looking investments to the combination of retailing and Fintech, the Group's unique business model pursued since its founding.

To achieve this, we have increased human capital investments and worked for transformation of the company culture and human development. As a result, new shoots of innovation are beginning to emerge gradually that could generate both impact and profit.

While each of these shoots are still young, going forward we will cultivate more of these shoots and strive to ensure that they will continue to grow. At the same time, we will step up Group-wide efforts to advance our businesses that support people's individual preferences by leveraging our strengths, in order to enhance our corporate value. We will also aim to achieve the Group's mission of "contributing to co-creating an inclusive society that offers happiness to everyone." We sincerely ask for continued support and encouragement from our shareholders.

May 2024

Reference Document Concerning the General Meeting of Shareholders

Proposals and Reference Materials

Proposal 1: Proposed Disposal of Surplus

The Company considers that returning the profit to the shareholders is one of the important management priorities, and will implement ongoing, long-term dividend increases.

It is proposed that the year-end dividends for the fiscal year under review be 51 yen per share. Together with the interim dividends of 50 yen which have been paid, the annual payment of dividends for the fiscal year under review shall be 101 yen per share, an increase of 42 yen per share compared with the previous fiscal year, which is the increase in dividends for twelve (12) consecutive fiscal years.

Matters related to the year-end dividend:

- (1) Type of assets distributed: Cash
- (2) Matter related to distribution of cash and total amount:
51 yen per share of common stock of the Company
Total amount: 9,619,629,486 yen
- (3) Effective date for distribution of surplus: June 25, 2024

Proposal 2: Election of Six (6) Directors

The term of office of all of the six (6) Directors will expire at the close of this General Meeting.

The Company would like to propose to elect six (6) Directors. If these six (6) candidates are reelected, the ratio of the Independent External Directors remains 50%, which will secure transparency of the Board of Directors and enable continuation of a management structure to further increase our corporate value based on the viewpoint of stakeholders.

The candidates for Directors are as follows:

Candidate Number	Name		Positions and Responsibilities at the Company	Attendance at the Meetings of the Board of Directors
1	Hiroshi Aoi	【Reappointment】	President and Representative Director Representative Executive Officer CEO	10/10 100%
2	Etsuko Okajima Female	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	10/10 100%
3	Yasunori Nakagami	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	9/10 90%
4	Peter David Pedersen	【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】	External Director	9/10 90%
5	Hirotsugu Kato	【Reappointment】	Director, Managing Executive Officer, and CFO In charge of Group FP&A, IR, Finance, Sustainability, and ESG Promotion	10/10 100%
6	Reiko Kojima Female	【Reappointment】	Director, Senior Executive Officer, and CWO General Manager, Wellbeing Promotion Department	10/10 100%

Notes 1. 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. If each candidate for Director is elected as a Director and assumes office, every such Director will be insured by the D&O insurance. The Company plans to renew the agreement with the same details during their terms of office.

2. The Company has entered into a liability limiting agreement with each of Ms. Etsuko Okajima, Mr. Yasunori Nakagami and Mr. Peter David Pedersen under which their respective liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations. In the event that they are reelected, the Company plans to continue the liability limiting agreement with each of them.

	Name (Date of Birth)	(Brief History, Positions, and Responsibilities)	Number of Shares Held
1	Hiroshi Aoi (January 17, 1961) 【Reappointment】 ▶ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)	Jul. 1986 Joined the Company Apr. 1991 Director and General Manager, Sales Planning Headquarters Apr. 1995 Managing Director and Deputy General Manager, Sales Promotion Headquarters and General Manager, Sales Planning Division Jan. 2001 Managing Director and General Manager, Sales Promotion Headquarters Jun. 2004 Executive Vice President and Representative Director Apr. 2005 President and Representative Director Oct. 2006 President and Representative Director, Representative Executive Officer Apr. 2019 President and Representative Director, Representative Executive Officer, CEO (Incumbent) Oct. 2022 Director, Aoi Scholarship Foundation (Incumbent) Important Positions at Other Organizations Concurrently Assumed Director, Aoi Scholarship Foundation Reasons for nomination as a candidate for Director Mr. Hiroshi Aoi has properly operated the Board of Directors as the chairman and duly performed his supervisory functions for important management decision making and operational execution as President and Representative Director of the Company since 2005. He has ample business experience and knowledge as a corporate manager, and has controlled overall operation of the Group and performed his duties properly as Group Representative Executive Officer. Based on the above reasons, the Company believes that he can fully perform his functions for long-and medium-term improvement in corporate value of the Company. Therefore, the Company has nominated him as a candidate for a Director.	1,556,500

Note: The Company provides the Aoi Scholarship Foundation for which Mr. Hiroshi Aoi serves as Director with business support through secondment of the Company's employees as well as donations.

	Name (Date of Birth)	(Brief History, Positions, and Responsibilities)	Number of Shares Held
2	Etsuko Okajima (May 16, 1966) 【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】 ▶ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 10 years ▶ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)	Apr. 1989 Joined Mitsubishi Corporation Jan. 2001 Joined McKinsey & Company Jul. 2005 Representative and CEO, GLOBIS Management Bank Jun. 2007 President & CEO, ProNova Inc. (Incumbent) Jun. 2014 External Director, the Company (Incumbent) Important Positions at Other Organizations Concurrently Assumed President & CEO, ProNova Inc. External Director, LANCERS, Inc. Director, euglena Co., Ltd. Outside Director, SEPTENI HOLDINGS CO., LTD. Reasons for nomination and overview of expected role as a candidate for External Director 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 nominated her as a candidate for an External Director. The Company expects her to continue fulfilling the above roles after being elected.	0

- Notes: 1. Ms. Etsuko Okajima is a candidate for External Director and the Company has submitted a notification designating her as an independent director to Tokyo Stock Exchange, Inc.
2. Ms. Etsuko Okajima is 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, 2024. In addition, the same company participated in special events hosted by the Company 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 Company was less than 1.00 million yen 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. Please see page 17 for the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company.
3. Ms. Etsuko Okajima is an External Director of LANCERS, Inc. with which the Company has formed a business and capital alliance and the Company has approximately 2.4% of the total number of issued shares of the same company as of March 31, 2024. In addition, the Company had no specific transactions with the same company in the most recent fiscal year, and she therefore satisfies the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company. Please see page 17 for the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company.
4. Ms. Etsuko Okajima is to assume the post of Member of the Board, Independent, of KADOKAWA CORPORATION at the company’s ordinary general meeting of shareholders to be held in June 2024.
5. Ms. Etsuko Okajima is to retire from her post as External Director of LANCERS, Inc. at the conclusion of the company’s ordinary general meeting of shareholders to be held in June 2024.
6. Ms. Etsuko Okajima’s name on the family register is Ms. Etsuko Mino.

	Name (Date of Birth)	(Brief History, Positions, and Responsibilities)	Number of Shares Held
3	Yasunori Nakagami (March 25, 1964) 【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】 ▶ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 3 years ▶ Attendance at the Meetings of the Board of Directors: 9 out of 10 (90%)	Apr. 1986 Joined Arthur Andersen & Co. (now Accenture Japan Ltd) Jul. 1991 Joined Corporate Directions, Inc. Mar. 2005 Representative Director, Asuka Corporate Advisory Co., Ltd. Oct. 2013 Chief Executive Officer, Misaki Capital Inc. (Incumbent) Jun. 2021 External Director, the Company (Incumbent) Important Positions at Other Organizations Concurrently Assumed Chief Executive Officer, Misaki Capital Inc. Reasons for nomination and overview of expected role as a candidate for External 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 nominated him as a candidate for an External Director. The Company expects him to continue fulfilling the above roles after being elected.	0

Notes: 1. Mr. Yasunori Nakagami is a candidate for External Director and the Company has submitted a notification designating him as an independent director to Tokyo Stock Exchange, Inc.

2. Misaki Capital Inc., where Mr. Yasunori Nakagami serves as Chief Executive Officer, manages investment funds which hold shares of the Company such as MISAKI ENGAGEMENT MASTER FUND, a shareholder of the Company, but voting rights of the Company's shares that the same company holds are less than 10% of the standard stipulated in the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company and therefore, he satisfies the criteria. Please see page 17 for the "Criteria for Independence for External Directors and Audit & Supervisory Board Members" of the Company.

	Name (Date of Birth)	(Brief History, Positions, and Responsibilities)	Number of Shares Held
4	Peter David Pedersen (November 29, 1967) 【Reappointment】 【Candidate for External Director】 【Candidate for Independent Director】 ▶ Term of office from the appointment as Director of the Company to the close of this Ordinary General Meeting of Shareholders: 3 years ▶ Attendance at the Meetings of the Board of Directors: 9 out of 10 (90%)	Sep. 2000 President, E-Square Inc. Jan. 2015 Representative Director, General Incorporated Association NELIS Feb. 2020 Professor, Shizenkan University Graduate School of Leadership & Innovation (Incumbent) Aug. 2020 Representative Director, Specified Nonprofit Corporation NELIS (Incumbent) Jun. 2021 External Director, the Company (Incumbent) Important Positions at Other Organizations Concurrently Assumed Professor, Shizenkan University Graduate School of Leadership & Innovation Representative Director, Specified Nonprofit Corporation NELIS Independent Outside Member of the Board, Meiji Holdings Co., Ltd. Reasons for nomination and overview of expected role as a candidate for External 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 nominated him as a candidate for an External Director. The Company expects him to continue fulfilling the above roles after being elected.	600

- Notes: 1. Mr. Peter David Pedersen is a candidate for External Director and the Company has submitted a notification designating him as an independent director to Tokyo Stock Exchange, Inc.
2. The Company participates in activities held by Specified Nonprofit Corporation NELIS, where Mr. Peter David Pedersen serves as Representative Director. He had given opinions on sustainability management as Advisor of the Company until June 2021. The amount of Specified Nonprofit Corporation NELIS activity participation fees paid by the Company was 1.00 million yen for the most recent fiscal year, and he satisfies the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company. Please see page 17 for the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company.
3. Mr. Peter David Pedersen’s name is stated as Pedersen Peter David for registration purposes.
4. Mr. Peter David Pedersen is to assume the post of Outside Director of Mitsubishi Electric Corporation at the company’s ordinary general meeting of shareholders to be held in June 2024.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
5	Hirotsugu Kato (July 30, 1963) 【Reappointment】 ▶ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)	Mar. 1987 Joined the Company 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. 2017 Director, Senior Executive Officer, and CDO General Manager, IR Department In charge of Corporate Planning and ESG Promotion Apr. 2019 Director, Managing Executive Officer, and CFO General Manager, IR Department In charge of Finance, Investment Research, Sustainability and ESG Promotion Apr. 2021 Director, Managing Executive Officer, and CFO In charge of IR, Finance, Sustainability and ESG Promotion Feb. 2024 Director, Managing Executive Officer, and CFO In charge of Group FP&A, IR, Finance, Sustainability and ESG Promotion (Incumbent) Reasons for nomination as a candidate for Director Mr. Hirotsugu Kato has business experience in corporate planning, finance, IR, etc., and has performed his supervisory functions properly for important management decision making and operational execution as Director of the Company since 2016. He also has controlled finance, sustainability and ESG promotion and performed his duties properly as Managing Executive Officer of the Company. Based on the above reasons, the Company believes that he can fully perform his functions for long-and medium-term improvement in corporate value of the Company. Therefore, the Company has nominated him as a candidate for a Director.	10,400

Note: There is no special interest between the candidate and the Company.

	Name (Date of Birth)	(Brief History, Positions, Responsibilities, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
6	Reiko Kojima (September 26, 1975) 【Reappointment】 ▶ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%)	May 2000 Company Physician, Furukawa Electric Co., Ltd. Apr. 2002 Outpatient Physician, Department of Psychosomatic Medicine, Yokohama Rosai Hospital Mar. 2010 Acquisition of Doctor of Medicine Apr. 2011 Company Physician (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 Department May 2021 Executive Officer, CWO (Chief Well-being Officer), General Manager, Wellness Promotion Department Jun. 2021 Director, Executive Officer, CWO, General Manager, Wellness Promotion Department Apr. 2022 Director, Executive Officer, CWO, General Manager, Wellbeing Promotion Department Apr. 2023 Director, Senior Executive Officer, CWO, General Manager, Wellbeing Promotion Department (Incumbent) Reasons for nomination as a candidate for Director Ms. Reiko Kojima has ample experience as a physician, Doctor of Medicine and company physician, and has performed her supervisory functions properly for important management decision making and operational execution as Director of the Company since 2021. She also has performed her duties properly in promoting wellbeing-oriented management to seek happiness of people, organization and society as Senior Executive Officer and CWO. Based on the above reasons, the Company believes that she can fully perform her functions for long-and medium-term improvement in corporate value of the Company. Therefore, the Company has nominated her as a candidate for a Director.	800

Note: There is no special interest between the candidate and the Company.

Proposal 3: Election of Two (2) Audit & Supervisory Board Members

Of the four (4) incumbent Audit & Supervisory Board Members, the terms of office of Mr. Hitoshi Kawai and Ms. Yoko Suzuki will expire at the close of this General Meeting.

Accordingly, the Company would like to propose to elect two (2) Audit & Supervisory Board Members.

Furthermore, the Audit & Supervisory Board has consented to this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

	Name (Date of Birth)	(Brief History Positions, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
1	Hitoshi Kawai (January 17, 1967) 【Reappointment】 ▶ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%) ▶ Attendance at the Meetings of the Audit & Supervisory Board: 15 out of 15 (100%)	Apr. 1989 Joined The Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.) Jan. 2013 General Manager, Business Planning Division, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Oct. 2014 General Manager, Corporate Banking Division No. 8, Corporate Banking Group No. 2, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.) Jun. 2016 Executive Officer, General Manager, Corporate Banking Division No. 8, Corporate Banking Group No. 2, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.) May 2017 Executive Officer, Branch Manager, Kyoto Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (current MUFG Bank, Ltd.) Apr. 2020 Executive Officer, MUFG Bank, Ltd. Jun. 2020 Audit & Supervisory Board Member, the Company (Incumbent) Reasons for nomination as a candidate for Audit & Supervisory Board Member Mr. Hitoshi Kawai has held important posts at MUFG Bank, Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and has excellent insights in finance, accounting, and governance, etc., obtained based on his abundant experience. As the Company believes that he can continue to contribute to fair audit as Audit & Supervisory Board Member of the Company based on his excellent insight, the Company has nominated him as a candidate for an Audit & Supervisory Board Member.	900

Notes: 1. There is no special interest between the candidate and the Company.

2. Mr. Hitoshi Kawai is not a candidate for External Audit & Supervisory Board Member of the Company.

3. 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. If Mr. Hitoshi Kawai assumes the post of Audit & Supervisory Board Member, he will be insured by the D&O insurance. The Company plans to renew the agreement with the same details during his term of office.

	Name (Date of Birth)	(Brief History Positions, and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
2	Yoko Suzuki (September 21, 1970) 【Reappointment】 【Candidate for External Audit & Supervisory Board Member】 【Candidate for Independent Audit & Supervisory Board Member】 ▶ Term of office from the appointment as Audit & Supervisory Board Member of the Company to the close of this Ordinary General Meeting of Shareholders: 4 years ▶ Attendance at the Meetings of the Board of Directors: 10 out of 10 (100%) ▶ Attendance at the Meetings of the Audit & Supervisory Board: 15 out of 15 (100%)	Apr. 1998 Registered as Attorney Joined Takagi Godo Law Office Nov. 2002 Partner, Suzuki Sogo Law Office (Incumbent) Apr. 2015 Auditor, The Research Institute of Economy, Trade and Industry (Incumbent) Jun. 2018 Auditor, Hitotsubashi University Collaboration Center (Incumbent) Jun. 2020 Audit & Supervisory Board Member, the Company (Incumbent) Sep. 2021 Auditor, National Archives of Japan (Incumbent) Jun. 2024 Auditor, Fondation Maison franco-japonaise (Scheduled) Important Positions at Other Organizations Concurrently Assumed Partner, Suzuki Sogo Law Office Outside Director, Member of the Audit Committee, Bridgestone Corporation Outside Director, Audit & Supervisory Committee Member, Nippon Pigment Company Limited Outside Director of the Board, Japan Pulp & Paper Co., Ltd. Reasons for nomination as a candidate for External Audit & Supervisory Board Member In addition to advanced expertise as a lawyer, Ms. Yoko Suzuki has ample experience and extensive knowledge as an external director, audit committee member, etc., at other companies, is well-versed in corporate laws and legality audit, and has been currently performing her duties properly as an External Audit & Supervisory Board Member of the Company. As the Company believes that she can continue to fulfill her duties, the Company has nominated her as a candidate for an External Audit & Supervisory Board Member.	3,900

Notes: 1. There is no special interest between the candidate and the Company.

- Ms. Yoko Suzuki is a candidate for External Audit & Supervisory Board Member of the Company and the Company has submitted a notification designating her as an independent audit & supervisory board member to Tokyo Stock Exchange, Inc.
- The Company has entered into a liability limiting agreement with Ms. Yoko Suzuki under which her liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations. In the event that she is reelected, the Company plans to continue the liability limiting agreement with her.
- 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. If Ms. Yoko Suzuki assumes the post of Audit & Supervisory Board Member, she will be insured by the D&O insurance. The Company plans to renew the agreement with the same details during her term of office.
- The Japan Fair Trade Commission determined on March 14, 2024 that Japan Pulp & Paper Co., Ltd., in which Ms. Yoko Suzuki assumes the post of Outside Director of the Board, had since not later than June 5, 2017 committed acts that violated the provisions of Article 3 (Prohibition of Unreasonable Restraint of Trade) of the Antimonopoly Act in connection with bids for rolled recycled paper ordered by the National Printing Bureau. These illegal acts had been committed before she assumed the post of Outside Director of the Board of the same company in June 2022, and she was not aware of the fact until these acts became known. However, after assuming the post of Outside Director of the Board of the same company, she has actively expressed her views stressing the importance of compliance and risk management, etc. from an objective and neutral position at Board of Directors meetings. Moreover, after this case was revealed, she has continued to voice her opinions at Board of Directors meetings to prevent recurrence of

such cases, while also regularly monitoring the same company's compliance efforts as a whole, including those to prevent violation of the Antimonopoly Act, thus fulfilling her duties as Outside Director of the Board.

(Reference)

If this Proposal is approved, the Audit & Supervisory Board will consist of the following members.

	Name		Position at the Company	Term of office from the appointment as Audit & Supervisory Board Member
【Reappointment】	Hitoshi Kawai		Audit & Supervisory Board Member (Full time)	4 years
【Non-election】	Hajime Sasaki		Audit & Supervisory Board Member (Full time)	2 years
【Reappointment】	Yoko Suzuki	【External Audit & Supervisory Board Member】 【Independent Audit & Supervisory Board Member】	External Audit & Supervisory Board Member	4 years
【Non-election】	Hiroaki Matsumoto	【External Audit & Supervisory Board Member】 【Independent Audit & Supervisory Board Member】	External Audit & Supervisory Board Member	2 years

Proposal 4: Election of One (1) Substitute Audit & Supervisory Board Member

The resolution of electing Mr. Akira Nozaki as a Substitute Audit & Supervisory Board Member made at the 87th Ordinary General Meeting of Shareholders of the Company held on June 27, 2023 will be in effect until the start of this General Meeting.

For the purpose of preparing for the case in which the number of Audit & Supervisory Board Member falls below the minimum number stipulated in the laws and regulations, the Company would like to propose to elect one (1) Substitute Audit & Supervisory Board Member. Furthermore, the Audit & Supervisory Board has consented to this proposal.

The candidate for Substitute Audit & Supervisory Board Member is as follows:

Name (Date of Birth)	(Brief History and Important Positions at Other Organizations Concurrently Assumed, If Any)	Number of Shares Held
Akira Nozaki (November 20, 1957) 【Candidate for Substitute External Audit & Supervisory Board Member】 【Candidate for Independent Audit & Supervisory Board Member】	Apr. 1988 Registered as Attorney Mar. 2003 Representative, Nozaki Law Office (Incumbent) Jun. 2017 Audit & Supervisory Board Member, J-OIL MILLS, Inc. (Incumbent)	0
	Reasons for nomination as a candidate for Substitute External Audit & Supervisory Board Member The Company believes that he can carry out audit of the Company based on his legal knowledge and experience obtained through his long-term practice as a lawyer. Therefore, the Company has nominated him as a candidate for a Substitute External Audit & Supervisory Board Member.	

Notes: 1. There is no special interest between the candidate and the Company.

2. Mr. Akira Nozaki is a candidate for Substitute External Audit & Supervisory Board Member of the Company. In the event that his election is approved and he assumes the post of External Audit & Supervisory Board Member, the Company plans to submit an Independent Officer Registration Statement to the Tokyo Stock Exchange, Inc. that designates him as an independent audit & supervisory board member.
3. In the event that Mr. Akira Nozaki is elected and assumes the post of External Audit & Supervisory Board Member, the Company plans to enter into a liability limiting agreement with Mr. Akira Nozaki under which his liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set by the laws and regulations.
4. 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. If Mr. Akira Nozaki assumes the post of Substitute External Audit & Supervisory Board Member, he will be insured by the D&O insurance.

Criteria for Independence for External Directors and Audit & Supervisory Board Members

MARUI GROUP 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 affiliates and must not have been a person involved in operation during the past ten (10) years.
2. The individual must not be a major supplier*2 of the Company, its subsidiaries, or its affiliates or a person involved in operation of a major supplier.
3. The individual must not be a major customer*3 of the Company, its subsidiaries, or its affiliates 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 in which the Company, its subsidiaries, or its affiliates possesses direct or indirect holdings equating to 10% or more of the total voting rights of such entity.
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 Company, its subsidiaries, or its affiliates 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 Company, its subsidiaries, or its affiliates 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 (5) 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 Company is in interrelationship of external officers*7.

*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. A supplier group (the corporate group to which the supplier that serves as the direct transaction counterparty belongs) providing products or services to the Company, its subsidiaries, or its affiliates, to which the Company, its subsidiaries, and its affiliates made payments that equated to 100 million yen or more and represented more than 2% of the total consolidated net sales (the total consolidated operating revenue) or transaction revenues of the supplier group in the most recently completed fiscal year.
- b. A supplier group with which liabilities of the Company, its subsidiaries, or its affiliates are associated and for which the applicable liabilities equated to 100 million yen 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. A customer group (the corporate group to which the customer that serves as the direct transaction counterparty belongs) provided by the Company, its subsidiaries, or its affiliates with products or services, which customer group made payments to the Company, its subsidiaries, or its affiliates that equated to 100 million yen or more and represented more than 2% of the total consolidated operating revenue of the Company in the most recently completed fiscal year.
- b. A customer group possessing liabilities that are associated with the Company, its subsidiaries, or its affiliates and that equated to 100 million yen or more and represented more than 2% of the consolidated total assets of the Company as of the end of the most recently completed fiscal year.
- c. A financial group (the financial group to which the customer that serves as the direct transaction counterparty belongs) from which the Company, its subsidiaries, or its affiliates procure funds through borrowings and from which the total amount of funds borrowed represented more than 2% of the consolidated total assets of the Company as of the end of the most recently completed fiscal year.

*4 A “large amount of monetary payments or other financial assets” means monetary payments or other financial assets, the total amount of which is 10 million yen or more within the most recent fiscal year.

*5 A “relative” means a spouse of, and any family member who has relation within the second degree with, the individual.

*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 “Interrelationship of external officers” refers to a relationship whereby a person involved in operation of the Company, its subsidiaries and its affiliates serves as an external officer of another company, and a person involved in operation of the said company serves as an external officer of the Company.

* To secure greater flexibility in selecting candidates for external officers, the Company changed the monetary value criteria for a major supplier and a major customer (stated in the notes *2 and *3 above) from “10 million yen or more” to “100 million yen or more,” effective as of May 2024. This change has no impact on the independence for External Directors and Audit & Supervisory Board Members in this General Meeting.

[Reference] 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 medium-term management plan. 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.

https://www.0101maruigroup.co.jp/ir/pdf/general_meeting/no88_skill_matrix.pdf

©2021 Gallup, Inc. Unauthorized reproduction and replication is prohibited. Gallup®, StrengthsFinder®, Clifton StrengthsFinder®, and the names of the 34 Clifton StrengthsFinder are trademarks of Gallup, Inc.

Name	Shared Skills							Unique Skills							CliftonStrengths®
	Corporate management	Corporate strategy formulation	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

The Company has introduced an Executive Officer System. Shared skills, unique skills and CliftonStrengths® of Executive Officers not concurrently serving as Directors are as follows:

Name	Shared Skills						Unique Skills						CliftonStrengths®		
	Corporate management	Management strategy formulation	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®
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
Masahiro Aono	●	●				●	●				●				1. Positivity, 2. Maximizer 3. Ideation, 4. Intellection 5. Woo
Akikazu Aida	●	●		●	●	●	●			●	●		●	●	1. Woo, 2. Achiever 3. Communication, 4. Positivity 5. Analytical
Takeshi Ebihara	●					●				●		●			1. Harmony, 2. Responsibility 3. Positivity, 4. Includer 5. Restorative
Naofumi Tsuchiya	●	●	●				●			●			●	●	1. Strategic, 2. Activator 3. Ideation, 4. Woo 5. Communication
Masahisa Aoki	●					●	●	●			●	●	●	●	1. Positivity, 2. Maximizer 3. Harmony, 4. Individualization 5. Includer
Tatsuo Niitsu										●	●	●	●		1. Individualization, 2. Ideation 3. Arranger, 4. Maximizer 5. Futuristic
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
Yuko Shiota								●			●		●		1. Learner, 2. Intellection 3. Achiever, 4. Significance 5. Context
Atsushi Nagasao		●		●	●										1. Harmony, 2. Analytical 3. Maximizer, 4. Relator 5. Positivity
Fumitaka Marutani		●			●							●			1. Deliberative, 2. Strategic 3. Self-Assurance, 4. Consistency 5. Adaptability
Takeaki Yamane										●	●	●			1. Analytical, 2. Deliberative 3. Relator, 4. Individualization 5. Competition
Masami Endoh		●	●	●	●									●	1. Maximizer, 2. Input 3. Intellection, 4. Learner 5. Arranger

Proposal 5: Revision of the Amount of Compensation for Audit & Supervisory Board Members

The compensation for Audit & Supervisory Board Members of the Company consists solely of fixed basic compensation, and the limit of the compensation has been “up to 6 million yen per month,” as approved at the 50th Ordinary General Meeting of Shareholders held on April 28, 1987.

The duties and expected roles of Audit & Supervisory Board Members to further improve the Company’s corporate governance have recently been increasing and are expected to continue expanding in the future. Accordingly, the Company proposes that the limit of the compensation for Audit & Supervisory Board Members be revised to “up to 100 million yen per year,” an amount deemed as commensurate.

The current number of Audit & Supervisory Board Members is four (4), including two (2) External Audit & Supervisory Board Members. If Proposal 3 “Election of Two (2) Audit & Supervisory Board Members” is approved as originally proposed, the number of Audit & Supervisory Board Members will remain unchanged.

Business Report

(For the fiscal year from April 1, 2023 to March 31, 2024)

1. Information on the Status of Marui Corporate Group

(1) Development of the Businesses of the Corporate Group and Financial Results

Consolidated financial results

During the fiscal year under review, total group transactions increased by 13% or 529.9 billion yen from the previous fiscal year to 4,487.2 billion yen, exceeding 4 trillion yen for the first time and hitting a record high. The result is due to the growth in credit card transaction volume in the FinTech business which drove the overall result.

Revenue increased by 8% from the previous fiscal year to 235.2 billion yen. Operating income increased by 6% from the previous fiscal year to 41.0 billion yen, and net income attributable to owners of parent increased by 15% from the previous fiscal year to 24.7 billion yen, resulting in increased revenue and income for three consecutive years.

EPS (earnings per share) came to 130.7 yen (increased by 20%, or 21.3 yen, from the previous fiscal year), exceeding the year-earlier result due to increased income and reaching a record high. ROE (return on equity) came to 9.9% (1.4% higher compared with the previous fiscal year), more than the cost of shareholders' equity of 7.8%. ROIC (return on invested capital) was 3.6% (0.1% higher compared with the previous fiscal year), more than the weighted average cost of capital (WACC: 3.5%).

(Consolidated financial results for the fiscal year ended March 31, 2024)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Year on Year	Increase (Decrease) from the previous fiscal year
EPS (Yen)	109.4	130.7	120	21.3
ROE (%)	8.5	9.9	—	1.4
ROIC (%)	3.5	3.6	—	0.1
	(Billions of yen)	(Billions of yen)	(%)	(Billions of yen)
Total Group Transactions	3,957.3	4,487.2	113	529.9
Revenue	217.9	235.2	108	17.4
Gross Profit	191.7	205.6	107	13.9
Selling, General and Administrative Expenses	153.0	164.6	108	11.6
Operating Income	38.8	41.0	106	2.3
Ordinary Income	36.4	38.8	107	2.4
Net Income Attributable to Owners of Parent	21.5	24.7	115	3.2

Special factors for change in operating income

Income on transfer of receivables through the liquidation of receivables increased by 1.0 billion yen from the previous fiscal year, while depreciation and expenses, etc. increased by 1.3 billion yen, resulting in a 0.3 billion yen decrease in operating income. Substantial operating income, excluding the effect of the liquidation of receivables, increased by 2.6 billion yen from the previous fiscal year, comprising a 3.3 billion yen increase in the retailing segment and a 0.2 billion yen increase in the FinTech segment.

Retailing segment

As social and economic activities were returning to normal, backed by the reclassification of the COVID-19 pandemic to class V, among other factors, total group transactions increased due to more customers visiting Marui and Modi Stores compared with the previous fiscal year and a higher average purchase value per visit. The area of idle space, which had seen a temporary increase resulting from the reduction of original and private brand sales floors, significantly decreased as the recruitment of new tenants progressed. The progress of the recruitment of new tenants also enabled the Group's facilities to create higher value. As a result, operating income in the retailing segment increased for three consecutive fiscal years.

Aiming to create the unique value that only physical stores can, we have promoted introduction of experience-providing tenants, schools, drink, food and services that are not focused on the sale of goods. As a result, the area of non-product sales tenants grew to account for 61% of the entire store area, 5% higher compared with the previous fiscal year, which indicates solid progress in our category transition efforts. We are stepping up efforts to make our stores more eventful to ensure that customers can enjoy whenever they visit our stores. A case in point is OMEMIE, Marui's store opening support service launched in 2022. This makes it possible to complete the whole process of store opening online, from searching store spaces available in Marui and Modi Stores across Japan to concluding a contract. A broad range of clients, including direct-to-customer (D2C) brands and sole proprietors, are using this service, and we have successfully recruited new tenants who open their stores in Marui for the first time. As a result, we are now able to offer a wider variety of events, such as trial-use sessions and workshops for the services provided by new tenants. For e-commerce, in addition to expanding event-type e-commerce collaboration with stores, we increased web-related professionals to improve the user interface and user experience of our e-commerce sites. Driven by these efforts, the transaction volume of the e-commerce sites amounted to 23.0 billion yen, an increase by 12% from the previous fiscal year, and recorded an improvement year on year for nine consecutive quarters. As a result, operating income in the retailing segment was 7.0 billion yen, an increase by 3.3 billion yen or 93% from the previous fiscal year.

FinTech segment

As social and economic activities increased due to the COVID-19 pandemic coming to an end, among other factors, strong growth was seen in travel and entertainment. In addition, through approaches for maximization of household share, which have been strategically underway, recurring payments such as for rent, shopping on e-commerce sites, and utilities increased. As a result, the credit card transaction volume was 4,117.2 billion yen, an increase of 14% from the previous fiscal year, reaching a record high.

In addition, transaction volume of installment and revolving payments increased to 392.5 billion yen, a 15% increase from the previous fiscal year and balance of installment and revolving payment including liquidated receivables reached a record high of 436.5 billion yen, a 9% increase from the previous fiscal year.

The number of new EPOS cardholders was 810 thousand, an increase by 70 thousand from the previous fiscal year, and the number of card memberships as of the fiscal year-end reached a record high of 7,590 thousand, an increase by 270 thousand from the previous fiscal year, due to a growth in online applications for membership. In addition to the Gold cards, which have driven business growth to date, we have strengthened efforts with credit cards that offer "support for individual preferences" such as anime. Compared with general credit cards, young people make up a higher percentage of holders of the credit cards that offer support for individual preferences, leading to LTV (lifetime value) two to seven times as high. For these credit cards, new ideas have been proposed not only by those employees engaged in FinTech but also by those engaged in retailing and Co-Creative investment, which have resulted in a

number of new projects. For example, we have held events in our stores in conjunction with the credit cards that offer support for individual preferences to provide an opportunity to have a real experience, while on our e-commerce sites we have developed and sold collaboration goods. We have thus implemented unique initiatives that only we can by leveraging our credit cards, stores and e-commerce platforms to provide unique experience value. Going forward, we at the Group will continue to work as one to step up these efforts to gain even more members with strong loyalty and achieve further growth in transaction volume and the number of new holders of our credit cards. The number of new holders of the credit cards that offer support for individual preferences reached 350 thousand, an increase by 70 thousand from the previous fiscal year, and expanded to account for 43% of all new memberships, an increase by 6 percentage points from the previous fiscal year. Meanwhile, as we saw a surge in prepaid charges by credit card holders trying to earn more points and a decrease in credit card processing fees in the first half of the fiscal year under review, we took measures to deal with these developments, which worked out well and brought about an improvement in our profit structure in the second half of the fiscal year under review. However, operating income in the FinTech segment for the fiscal year under review was 42.4 billion yen, a decrease by 0.1 billion yen or 0% from the previous fiscal year.

Indicator showing LTV stability

With business model transformation, the Group's earning structure showed an increase in recurring revenue such as revenue on real estate of stores and credit card processing fees, which accounts for a larger portion of sales and profits. From recurring revenue generated on an ongoing basis in accordance with contracts with customers and business partners, future earnings for the next and subsequent fiscal years may be deemed as contracted future recurring profit, which serves as an indicator measuring the stability of profits. We consider this indicator as an important element for the Company's management with a priority on LTV from a long-term view. In the fiscal year under review, recurring revenue amounted to 140.9 billion yen (an increase by 7% from the previous fiscal year), and the ratio of recurring gross profit to total gross profit was 67.0% (the same as the previous fiscal year). Contracted future recurring profit as of the end of the fiscal year under review amounted to 379.5 billion yen (an increase by 6% from the previous fiscal year), and future earnings of roughly 1.8 times as high as the gross profit posted in the fiscal year under review can be expected.

(Segment Information)

(Millions of yen)

Category	Retailing Segment	FinTech Segment	Total	Adjustments	Consolidated
Revenue					
To Outside Customers	70,203	165,023	235,227	—	235,227
Inter-Segment Revenue or Transferred Revenue	7,100	2,113	9,213	(9,213)	—
Total	77,303	167,137	244,441	(9,213)	235,227
[Year on Year (%)]	[102.0]	[111.0]	[107.9]	[—]	[108.0]
Segment Profit	6,960	42,364	49,324	(8,299)	41,025
[Year on Year (%)]	[192.6]	[99.7]	[107.0]	[—]	[105.8]
Operating Margin (%)	9.0	25.3	—	—	17.4

(Details of Total Group Transactions)

Category	Total Transactions (Millions of yen)	Composition Ratio (%)	Year on Year (%)
Rent revenues and others	229,845	5.1	114.5
Contracted sales	20,072	0.4	93.3
Consignment sales	26,701	0.6	93.9
Product sales	2,076	0.1	72.7
Retailing-related services	19,634	0.4	101.7
Retailing segment	298,331	6.6	109.4
Credit card transaction	4,117,220	91.8	113.6
Cash advances	134,763	3.0	106.2
IT and others	12,395	0.3	137.9
FinTech segment	4,264,379	95.1	113.4
Eliminations	(75,559)	(1.7)	—
Total	4,487,152	100.0	113.4

Note: Total transactions for retailing-related services include interior design and furnishing for retail stores, publicity and advertising, distribution/logistics for fashion goods, and the management and maintenance of buildings, while IT and others includes IT systems services, rent on real estate, sale of investment trusts, and small-amount and short-term insurances.

(2) Capital Investments

The capital investments of the Group were mainly for the renovation of sales floors at stores and investment in system infrastructure. The total expenditures on capital investments during the fiscal year under review amounted to 15,520 million yen.

(3) Fund Procurement

The Group raises funds with the highest priority given to financial safety, while making efforts to lengthen its funding period and diversifying its maturity dates as well as funding methods.

During the consolidated fiscal year under review, the Group raised funds of 85.5 billion yen in loans from financial institutions and 40.2 billion yen from the issuance of bonds in response to an increase in operating receivables in the FinTech segment and the repayment of loans, etc. Additionally, the Group increased the amount of funds raised through the liquidation of receivables by 74.3 billion yen.

(4) Issues to be Addressed

■ Current initiatives

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, we newly added forward-looking investments consisting of co-creative investment and investment in new businesses. With a business model that integrates the three pillars consisting of retailing, FinTech, and forward-looking investments, we aim to further increase our corporate value.

The Group's mission is to create together with stakeholders an inclusive society that offers happiness to everyone, guided by our 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 aims to create harmony between the interests and happiness of all of our stakeholders, including customers, investors, communities and society, business partners and employees, as well as future generations, and grow the intersection of these interests and happiness. For this purpose, we will engage in co-creation management, by which we think and act from the stakeholders' perspective so as to offer values to share, and result in higher corporate value.

■ Changes in business environment

Toward 2030, we will face three big transformations: “from current generations to future generations,” “transition of digital technologies from the introduction stage to the development stage,” and “from tangible assets to intangible assets,” and companies which cannot respond to the sensibilities of future generations such as digitalization, sustainability, and well-being may have a risk of rapidly losing their reputation at the time of a generational change in society.

■ Future course

1. Through co-creation with future generations, we will achieve both social issue solutions and improvement in corporate value.
2. Through stores and FinTech, we will aim to offer a “platform that marriage of online and offline.”
3. Through expansion of investments in new businesses, co-creation and other intangible assets in addition to human resources and software, we will evolve into an intellectual creation company.
4. Inviting stakeholders as board members, we will promote stakeholder-oriented management for “harmony between interests and happiness.”

■ About the medium-term management plan

We have formulated our five-year medium-term management plan that ends in the fiscal year ending March 31, 2026, with the aim of further increasing our corporate value amid expected rapid changes in business environment.

Business strategy

(Overview of the Group business)

We will create a business model that integrates the three pillars consisting of retailing, FinTech, and the newly added “forward-looking investments.” Forward-looking investments includes investments in co-creation and new businesses.

(Retailing)

We will further promote the transformation in department store-type operations advanced thus far, and realize new growth. We will position stores as a platform for “marriage of online and offline,” hold various events of new businesses to be developed mainly with e-commerce, and promote creation of stores where customers will be brought in by events. We will also aim to commercialize events along with FinTech with a view to developing events not only in Marui stores but in commercial facilities across Japan.

(FinTech)

With the new cards and apps that launched in April 2021, we will aim to dramatically enhance the user experience and further improve LTV. In addition, we will introduce credit cards that “support for individual preferences” such as credit cards in collaboration with anime content, which grew to become the second pillar after Gold cards.

We will review membership recruitment that largely relies on physical stores to increase the ratio of online applications for membership and reinforce approaches for maximization of household share mainly through the growing areas of e-commerce, online services, and rent fees, aiming at 5.3 trillion yen of transaction volume in the final fiscal year, which is at least double the current volume.

Furthermore, more than 500 thousand customers pay their bills for renewable energy with their EPOS card, and will we tackle both reductions in CO₂ emissions and improvement of LTV.

(Forward-looking investments)

With regard to forward-looking investments consisting of co-creative investment and investment in new businesses, we will balance the impact of sustainability, well-being, and profits.

With regard to new businesses, we will establish unique business models where media, stores, and FinTech are integrated with e-commerce at the center to create innovation within the Company.

With regard to co-creative investment, we will proceed with an approach for growing together and creating value based on the co-creative philosophy, and seek both earnings contributions and financial returns, with an aim to introduce innovation from outside the Company.

Capital measures

While profitability improved and profit stabilized in retailing along with a shift in business formats due to the transition to fixed term rental contracts of stores, the equity ratio still remains at a high level; therefore, we will review the balance sheet to maintain a consolidated equity ratio of around 25% as a target by redistributing surplus capital. Of the 230.0 billion yen of core operating cash flow projected in five years, we will plan to allocate 80.0 billion yen for investment for growth including forward-looking investments, 50.0 billion yen for share buybacks for capital optimization, and 100.0 billion yen for shareholder returns (of which 80.0 billion yen is for dividend and 20.0 billion yen for share buybacks).

* Share buybacks for capital optimization completed in the fiscal year ended March 31, 2023. Measures for shareholder returns have changed from the fiscal year ended March 31, 2024.

Impact

Under the Group's 2050 Vision announced in 2019, targets related to sustainability and well-being have been defined as "Impact." We partially revised the component items of the three targets of "create the future for future generations together," "create happiness for each individual together," and "create a co-creative ecosystem" and set key items for initiatives as main KPIs for the medium-term management plan. Going forward, we will implement concrete initiatives to achieve these KPIs.

In addition, aiming at co-creative management which realizes interests and happiness sought by stakeholders together, we will invite stakeholders as board members to evolve the governance structure.

■ Main KPIs

As we revised some of the Impact KPIs for the fiscal year ending March 31, 2031, we also revised the Impact targets for the fiscal year ending March 31, 2026. By achieving these Impacts, we aim to realize EPS of 200 yen or more, ROE of 13% or more, and ROIC of 4% or more.

The Group will continue to strive for further enhancement of corporate value through the above initiatives.

We sincerely ask for continued support and encouragement from our shareholders.

(Note) Connectivity between sustainability information and financial information

To increase its corporate value, the Company, as its policy, proactively discloses useful information whether it be financial (consolidated financial statements) or non-financial, if such information is deemed beneficial to a constructive dialogue with stakeholders. Our Business Report primarily discloses sustainability information including recurring revenue (revenue generated on an on-going basis) and other indicators related to LTV (lifetime value), which the Company deems to be important for management, as well as impacts.

Such sustainability information is useful for stakeholders to evaluate increase, impairment, etc. of the Company's corporate value, and data and assumptions that serve as a basis for sustainability information may affect related accounting estimates and others in the preparation of consolidated financial statements

and other financial information. The Company therefore places emphasis on connectivity between sustainability information and financial information.

Specifically, we use the same basic data and assumptions for sustainability information as those for related financial information, thereby ensuring the connectivity between sustainability information and financial information that is subject to audit and attestation.

(5) Assets and Profits and Losses

Category	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Total Group transactions (Millions of yen)	2,919,231	3,373,446	3,957,281	4,487,152
Revenue (Millions of yen)	206,156	209,323	217,854	235,227
Ordinary income (Millions of yen)	14,520	35,547	36,364	38,776
Net Income attributable to owners of parent (Millions of yen)	2,267	17,791	21,473	24,667
Earnings per share (Yen)	10.58	85.81	109.37	130.70
ROE (%)	0.8	6.5	8.5	9.9
Total assets (Millions of yen)	901,231	920,026	961,950	1,003,501
Net assets (Millions of yen)	290,100	262,052	246,562	253,628

Note: From the fiscal year ended March 31, 2022, “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ), Guidance No. 29, March 31, 2020), etc. has been applied. The figures for the fiscal year ended March 31, 2021 are presented in those after the retrospective application of the Accounting Standard, etc.

(6) Major Subsidiaries of the Group

i. Major Subsidiaries of the Group

Company Name	Capital Stock	Percentage of Ownership	Principal Business
	(Millions of yen)	(%)	
MARUI CO., LTD.	100	100.0	Operation of Marui/Modi Stores, Online Shopping and Mail-order,
Epos Card Co., Ltd.	500	100.0	Credit Card Business, Credit Loan Business
MRI Co., Ltd.	500	100.0 [100.0]	Collection and Management of Receivables Business, Credit Check Business
AIM CREATE CO., LTD.	100	60.0	Proposal of Commercial Facilities Category, Design and Interior Decoration, Operation and Management, Planning and Making of Advertisement
MOVING CO., LTD.	100	100.0	Trucking Business, Forwarding Business
M&C SYSTEMS CO., LTD.	100	100.0	Software Development, Computer Operation
MARUI FACILITIES Co., Ltd.	100	100.0	Building Management Service Business, Security Service Business
MARUI HOME SERVICE Co., Ltd.	100	100.0	Real-Estate Rental Business
tsumiki Co., Ltd.	100	100.0	Sales of Tsumitate NISA applicable investment trusts
Epos Small Amount and Short Term Insurance Co., Ltd.	200	95.0 [95.0]	Small-amount and short-term insurance business

Note: The figure in square brackets “[]” in the Percentage of Ownership column indicates the share of indirect ownership as an included number.

ii. Status of Specified Wholly Owned Subsidiaries as of the End of the Fiscal Year under Review

Company Name	Address	Total Amount of Book Value	Total Assets of the Company
		(Millions of yen)	(Millions of yen)
MARUI CO., LTD.	3-2, Nakano 4-chome, Nakano-ku, Tokyo	222,619	870,444

(7) Lines of Business of the Group

The Group’s lines of business are Retailing (rental and operational management of commercial facilities, etc. and over-the-counter and online sales of apparel, luxury and accessory goods, etc.), and FinTech (credit card services, cash advances, and rent guarantees, etc.).

(8) Major Business Hubs

i. Head Office

Company Name	Location
MARUI GROUP CO., LTD. MARUI CO., LTD. Epos Card Co., Ltd. MRI Co., Ltd. AIM CREATE CO., LTD. M&C SYSTEMS CO., LTD. MARUI FACILITIES Co., Ltd. MARUI HOME SERVICE Co., Ltd. tsumiki Co., Ltd. Epos Small Amount and Short Term Insurance Co., Ltd.	Nakano-ku, Tokyo
MOVING CO., LTD.	Toda-shi, Saitama Prefecture

ii. Stores

Prefecture	Store Name
Tokyo	Shinjuku Marui Main Building, Shinjuku Marui Annex, Shinjuku Marui Men, Shibuya Modi, Kinshicho Marui, Ueno Marui, Kitasenju Marui, Yurakucho Marui, Nakano Marui, Kichijoji Marui, Machida Marui and Modi, Kokubunji Marui
Kanagawa	Marui City Yokohama, Marui Family Mizonokuchi, Marui Family Ebina, Totsuka Modi
Saitama	Omiya Marui, Soka Marui, Marui Family Shiki
Chiba	Kashiwa Marui and Modi
Shizuoka	Shizuoka Modi
Osaka	Namba Marui
Hyogo	Kobe Marui
Fukuoka	Hakata Marui

(9) Matters concerning Employees

Business Category	Number of Employees	Comparison with the Previous Fiscal Year End
	(Number of Person)	(Number of Person)
Retailing segment	2,144	265 (decrease)
FinTech segment	1,876	104 (increase)
Corporate (Common functions)	270	16 (increase)
Total	4,290	145 (decrease)

Notes: 1. The number of employees shown above does not include part-time employees. Average number of part-time employees during the fiscal year (calculated based on monthly work hours) is 1,404.
 2. Corporate (Common functions) refers to corporate management departments and investment departments that cannot be included in any specific segment.

(10) Main Loan Lenders

Lenders	Outstanding Balance
	(Millions of yen)
Syndicated loan	203,000
MUFG Bank, Ltd.	70,000
Sumitomo Mitsui Banking Corporation	59,000
Development Bank of Japan Inc.	18,000
Mizuho Bank, Ltd.	17,300
The Norinchukin Bank	16,500

Note: Syndicated loan is co-financing whose manager is MUFG Bank, Ltd., The Norinchukin Bank and Sumitomo Mitsui Trust Bank, Limited.

2. Matters concerning the Shares of the Group

(1) Total Number of Shares Authorized to be Issued: 1,400,000,000 shares

(2) Number of Shares Issued and Outstanding: 208,660,417 shares (including 20,040,231 shares of treasury stock)

(3) Number of Shareholders: 42,601 shareholders

(4) Principal Shareholders (Top 10)

Registered Name	Number of Shares Held	Percentage of Shareholding
	(thousand shares)	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	43,331	23.0
Custody Bank of Japan, Ltd. (Trust Account)	24,805	13.2
Aoi Real Estate Company	6,019	3.2
Toho Co., Ltd.	3,779	2.0
Aoi Scholarship Foundation	3,317	1.8
MUFG Bank, Ltd.	2,904	1.5
Tadao Aoi	2,784	1.5
JP MORGAN CHASE BANK 385781	2,484	1.3
Karasuyama Co., Ltd.	2,454	1.3
Eiwa Real Estate Co., Ltd.	2,382	1.3

Notes: 1. The Company holds 20,040 thousand shares of treasury stock which is excluded from the above principal shareholders.

2. Percentage of shareholding is calculated based on the total number of shares issued and outstanding, excluding the treasury stock of 20,040 thousand shares.

3. The calculation for the percentage of shareholding includes 766 thousand shares held by the Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

(5) Other Significant Matters concerning the Shares of the Group

i. Acquisition of treasury stock (Market purchase at Tokyo Stock Exchange)

- Treasury stock acquired pursuant to resolution at the Board of Directors held on May 9, 2023

Type and number of shares acquired: Common stock of 1,482,600 shares

Total amount of acquisition of shares: 3,364,601,600 yen

The date of acquisition: From October 16, 2023 to December 18, 2023

ii. Disposal of treasury stock (disposal of treasury stock as restricted stock to employees of the Company)

- Treasury stock disposed of pursuant to resolution at the Board of Directors held on November 14, 2023

Type and number of shares disposed: 11,400 shares of the Company's common stock

Disposal price: 2,424 yen per share

Total disposal amount: 27,633,600 yen

Allottees and number thereof: 76 employees of the Company

Date of disposal: February 29, 2024

3. Matters concerning Officers of the Group

(1) Names of Directors and Audit & Supervisory Board Members of the Group (As of March 31, 2024)

Name	Position	Position in Charge and Important Position of Other Organizations Concurrently Assumed
Hiroshi Aoi	President and Representative Director, Representative Executive Officer, CEO	Director, Aoi Scholarship Foundation
Etsuko Okajima	Director	President & CEO, ProNova Inc. Director, euglena Co., Ltd. External Director, LANCERS, Inc. Outside Director, SEPTENI HOLDINGS CO., LTD.
Yasunori Nakagami	Director	Chief Executive Officer, Misaki Capital Inc.
Peter David Pedersen	Director	Professor, Shizenkan University Graduate School of Leadership & Innovation Representative Director, Specified Nonprofit Corporation NELIS Independent Outside Member of the Board, Meiji Holdings Co., Ltd.
Hirotsugu Kato	Director and Managing Executive Officer	CFO, In charge of Group FP&A, IR, Finance, Sustainability, and ESG Promotion
Reiko Kojima	Director and Senior Executive Officer	CWO (Chief Well-being Officer), General Manager, Wellbeing Promotion Department
Hitoshi Kawai	Audit & Supervisory Board Member (Full time)	
Hajime Sasaki	Audit & Supervisory Board Member (Full time)	
Yoko Suzuki	Audit & Supervisory Board Member	Attorney (Partner, Suzuki Sogo Law Office) Member of the Board, Bridgestone Corporation Outside Director and Audit & Supervisory Board Member, Nippon Pigment Co., Ltd. Outside Director of the Board, Japan Pulp & Paper Co., Ltd.
Hiroaki Matsumoto	Audit & Supervisory Board Member	Tax Accountant (Hiroaki Matsumoto Certified Tax Accountant Office) Outside Audit & Supervisory Board Member, Yazaki Corporation Outside Corporate Auditor, KAKEN PHARMACEUTICAL CO., LTD.

- Notes:
1. Directors, Ms. Etsuko Okajima, Mr. Yasunori Nakagami and Mr. Peter David Pedersen are External Directors. The Group has submitted a notification to Tokyo Stock Exchange, Inc. designating them as independent directors.
 2. Audit & Supervisory Board Members, Ms. Yoko Suzuki and Mr. Hiroaki Matsumoto are External Audit & Supervisory Board Members. The Group has submitted a notification to Tokyo Stock Exchange, Inc. designating them as independent audit & supervisory board members.
 3. The Group has no special relations with entities in which Audit & Supervisory Board Members Ms. Yoko Suzuki and Mr. Hiroaki Matsumoto concurrently assume office.
 4. Director Ms. Etsuko Okajima is 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, 2024. In addition, the same company participated in special events hosted by the Company 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 Company was less than 1.00 million yen 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.

5. Director Ms. Etsuko Okajima is an External Director of LANCERS, Inc. with which the Company has formed a business and capital alliance and the Company has approximately 2.4% of the total number of issued shares of the same company as of March 31, 2024. In addition, the Company had no specific transactions with the same company in the most recent fiscal year, and she therefore satisfies the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company.
6. Director Ms. Etsuko Okajima retired as External Director of Money Forward, Inc. as of February 28, 2024 and as Outside Director of Yappli, Inc. as of March 28, 2024.
7. Misaki Capital Inc., where Director Mr. Yasunori Nakagami serves as Chief Executive Officer, manages investment funds which hold shares of the Company such as MISAKI ENGAGEMENT MASTER FUND, a shareholder of the Company, but voting rights of the Company’s shares that the same company holds are less than 10% of the standard stipulated in the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company and therefore, he satisfies the criteria.
8. The Company participates in activities held by Specified Nonprofit Corporation NELIS, where Director Mr. Peter David Pedersen serves as Representative Director. He had given opinions on sustainability management as Advisor of the Company until June 2021. The amount of Specified Nonprofit Corporation NELIS activity participation fees paid by the Company was 1.00 million yen for the most recent fiscal year, and he satisfies the “Criteria for Independence for External Directors and Audit & Supervisory Board Members” of the Company.
9. Director, Ms. Etsuko Okajima’s name on the family register is Ms. Etsuko Mino.
10. Audit & Supervisory Board Member, Ms. Yoko Suzuki is a qualified attorney and well-versed in corporate law.
11. Audit & Supervisory Board Member, Mr. Hiroaki Matsumoto is a certified public tax accountant and has an appreciable extent of knowledge in finance and accounting.

(Reference)

Executive Officers (excluding those who concurrently serve as Director) are as follows. (As of April 1, 2024)

Name	Position	Position in Charge
Masao Nakamura	Senior Managing Executive Officer	CSO (Chief Security Officer) In charge of Real Estate, Architecture President and Representative Director, MARUI HOME SERVICE Co., Ltd.
Tomoo Ishii	Senior Managing Executive Officer	CHRO In charge of General Affairs, Personnel, Audit, and Wellbeing Promotion
Yoshinori Saito	Managing Executive Officer	In charge of FinTech Business President and Representative Director, Epos Card Co., Ltd.
Masahiro Aono	Managing Executive Officer	In charge of Retailing Business President and Representative Director, MARUI CO., LTD.
Akikazu Aida	Managing Executive Officer	CDO In charge of Corporate Planning, , Co- Creation with Future Generations, Co- Creative Investment General Manager, Digital Transformation Office
Takeshi Ebihara	Senior Executive Officer	CIO President and Representative Director, M&C SYSTEMS CO., LTD.
Naofumi Tsuchiya	Executive Officer	CDXO (Chief Digital Transformation Officer) *Non-full time
Masahisa Aoki	Executive Officer	Representative Director and CEO, tsumiki Co., Ltd.
Tatsuo Niitsu	Executive Officer	Director and General Manager, E-Commerce Business Department, MARUI CO., LTD.
Ayumi Hiromatsu	Executive Officer	Director, M&C SYSTEMS CO., LTD. General Manager, Store System Development Department
Jiro Ishioka	Executive Officer	General Manager, Sales Planning Division, MARUI CO., LTD.
Takahiro Matsumoto	Executive Officer	General Manager, General Affairs Division
Yuko Shiota	Executive Officer	General Manager, Sustainability Department General Manager, ESG Promotion Department
Atsushi Nagasao	Executive Officer	General Manager, Corporate Planning Division
Fumitaka Marutani	Executive Officer	Managing Director and General Manager, Sales Planning Division, Epos Card Co., Ltd.
Takeaki Yamane	Executive Officer	Director and General Manager, FinTech Business Department, Epos Card Co., Ltd.
Masami Endoh	Executive Officer	General Manager, Group FP&A Department

(2) Overview of Directors and Officers Liability Insurance Agreement

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.

(3) Compensation, etc. to Directors and Audit & Supervisory Board Members

i. Matters Concerning Policy for Decision on Details of Compensation, etc. to Each Director

The following Company’s Policy for Decision on Details of Compensation, etc. to Directors was determined by resolution of the Board of Directors on March 17, 2021:

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 stock-based compensation, 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-linked 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-linked 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 Nomination and Compensation Committee.

3. Policy for decision on details, and calculation method of the amount or coefficient of variable compensation (bonuses and stock-based compensation) 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 bonus

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 stock-based compensation

With utilization of the Officer Compensation BIP Trust, a trust fund established through contribution of money by the Company (hereinafter the “Trust”) is used to issue shares of the Company 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 stock-based compensation 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 stock-based compensation

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-linked compensation for individual compensation

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

5. Method determining the details of individual compensation

Individual compensation for Directors shall be determined at the Nomination 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 Nomination and Compensation Committee consists of three (3) or more members, at least two (2) of which are, in principle, External Directors, and members may be elected by resolution of the Board of Directors.

The Nomination 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 on individual compensation for Directors
- Matters on changes in a compensation system for Directors
- In addition to the above, matters consulted or consigned by the Board of Directors

* The Nomination and Compensation Committee consists of the following three (3) members elected by the Board of Directors for the fiscal year under review.

Etsuko Okajima (External Director)
Yasunori Nakagami (External Director)
Hiroshi Aoi (Representative Director)

6. Other important matters on individual compensation

As for performance-linked stock-based compensation, 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.

[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 Nomination 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.

ii. Matters Concerning Policy for Decision on Details of Compensation, etc. to Each Audit & Supervisory Board Member

Compensation for Audit & Supervisory Board Members consists only of fixed compensation and is decided through discussion among the Audit & Supervisory Board and set within the limit approved at a general meeting of shareholders.

iii. Matters Concerning Resolution on Compensation, etc. to Directors and Audit & Supervisory Board Members at the General Meeting of Shareholders

<Basic (fixed) compensation for Directors>

The maximum limit of compensation is the amount of 300 million yen per year (excluding salaries for employees paid to Directors who concurrently serve as employees of the Company), which was resolved at the General Meeting of Shareholders on June 27, 2012. The number of Directors as of the close of said General Meeting of Shareholders was seven (7) (of which, the number of External Directors was one (1)). Of this amount, the maximum limit of compensation for External Directors is the amount of 100 million yen per year, which was resolved at the General Meeting of Shareholders on June 28, 2022. The number of External Directors at the close of said General Meeting of Shareholders was three (3).

<Performance-linked bonus for Directors>

The maximum limit of compensation is the amount of 100 million yen per year (excluding bonuses for employees paid to Directors who concurrently serve as employees of the Company), which was resolved at the General Meeting of Shareholders on June 29, 2016. The number of Directors as of the close of said General Meeting of Shareholders was six (6) (of which, the number of External Directors was two (2)).

<Performance-linked stock-based compensation for Directors>

The maximum limit of compensation (the maximum limit of money to be contributed to a trust) is the amount of 200 million yen per fiscal year multiplied by the number of applicable years, and for the three fiscal years from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024, the value was 600 million yen. The upper limit for the Company's shares acquired by Directors from the fiscal year ended March 31, 2020 onward shall be 100,000 points per fiscal year (equivalent to 100,000 shares) multiplied by the number of years in the target period. Accordingly, the upper limit for the three-year period from the fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024 shall be 300,000 points. The maximum limit of compensation and the upper limit for the Company's shares acquired by Directors were resolved at the General Meeting of Shareholders on June 20, 2019, and the number of Directors as of the close of said General Meeting of Shareholders was seven (7) (of which, the number of External Directors was three (3)).

<Compensation for Audit & Supervisory Board Members>

The maximum limit of compensation is the amount of 6 million yen per month, which was resolved at the General Meeting of Shareholders on April 28, 1987. The number of Audit & Supervisory Board Members as of the close of said General Meeting of Shareholders was three (3).

iv. Total Amount of Compensation, etc. to Directors and Audit & Supervisory Board Members, and Matters on Performance Indicators of Performance-linked Compensation, etc.

Category	Number of Persons Subject to Payment	Total Amount of Compensation by Type			Total Amount of Compensation
		Basic Compensation	Performance-linked Bonus	Performance-linked Stock-based Compensation	
	(People)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
Director (External Director)	6 (3)	169 (58)	18 (-)	55 (-)	243 (58)
Audit & Supervisory Board Member (External Audit & Supervisory Board Member)	4 (2)	50 (15)	- (-)	- (-)	50 (15)
Total	10	219	18	55	293

Notes: 1. The number of Directors and Audit & Supervisory Board Members at the end of the fiscal year under review is six (6) Directors and four (4) Audit & Supervisory Board Members.
2. The amount of performance-linked bonus and performance-linked stock compensation is the amount recognized as expenses for the fiscal year under review.

Target Performance Indicators and Results of Performance-linked Bonus

	Target indicator	Target	Results
Performance-linked bonus	EPS	¥140.0	¥130.7

Target Performance Indicators and Results of Performance-linked Stock-based Compensation

	Target indicator		Target	Results
Performance-linked stock-based compensation	Financial indicators	EPS	¥140 or more	¥130.7
		ROE	10.0% or more	9.9%
		ROIC	3.8% or more	3.6%
	Non-financial indicators	ESG indicators	Inclusion in DJSI World	Included
		CO ₂ emission reduction	350,000t *Vs. Fiscal year ended March 31, 2017	350,000t

(Notes) 1. The above performance indicators are selected because they are the important management indicators under the medium-term management plan of the Company, and ROE is an indicator to measure the profitability in relation to shareholders' equity, EPS is an indicator that focuses on shareholders, and ROIC is an indicator for invested capital. DJSI (Dow Jones Sustainability World Index) is an ESG index comprising companies selected through comprehensive evaluation of economic, environmental, and social factors for the perspective of long-term improvements to shareholder value, and this index is selected because it is used as an ESG indicator based on third-party surveys to facilitate the promotion of the Company's Co-creation Sustainability Management. CO₂ emission reduction is selected because it is an indicator particularly specific and objective among the Company's own impact-related KPIs. In addition, according to the degree of achievement of targets, a variable coefficient for performance-linked compensation is set within a range of 0% through 200% for performance-linked bonus and 0% through 110% for performance-linked stock-based compensation.
2. The calculation methods for performance-linked bonus and performance-linked stock-based compensation are as stated in i. above.
3. The target period of performance-linked stock-based compensation is three fiscal years (fiscal year ended March 31, 2022 to the fiscal year ended March 31, 2024). Whereas the period of the current medium-term management plan is five years, the targets have been set as described above for the three fiscal years, for the purpose of managing the progress of the plan. The amount of performance-linked stock-based compensation will be calculated based on these targets.

(4) Information on External Officers

i. Principal Activities of External Directors

Name	Principal Activities and overview of duties performed with regard to roles expected to be fulfilled
Etsuko Okajima	Attended all 10 meetings of the Board of Directors held during the fiscal year under review. Expressed her opinions in a timely and appropriate manner as necessary from an independent, objective position based on her experience in corporate management and extensive insight into human resource development and startups, fulfilling the responsibilities as an External Director. Supervised the Company's Future Leader Development Program. Serving as a member of the Nomination and Compensation Committee, the Strategy Committee and the Human Resource Strategy Committee, which are advisory bodies to the Board of Directors, made contribution to the enhancement of the Company's corporate value.
Yasunori Nakagami	Attended 9 out of 10 meetings of the Board of Directors held during the fiscal year under review. Expressed his opinions in a timely and appropriate manner as necessary from an independent, objective position based on his 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, fulfilling the responsibilities as an External Director. Serving also as a chairperson of the Strategy Committee, and a member of the Nomination and Compensation Committee, both of which are advisory bodies to the Board of Directors, made contribution to the enhancement of the Company's corporate value.
Peter David Pedersen	Attended 9 out of 10 meetings of the Board of Directors held during the fiscal year under review. Expressed his opinions in a timely and appropriate manner as necessary from an independent, objective position based on his advanced insights in sustainability management at the global level that has been developed through ample experience at environmental and CSR consulting companies, fulfilling the responsibilities as an External Director. Serving also as a chairperson of the Sustainability Committee, an advisory body to the Board of Directors, made contribution to the enhancement of the Company's corporate value.

ii. Principal Activities of External Audit & Supervisory Board Members

Name	Principal Activities
Yoko Suzuki	Attended all 10 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Expressed her opinions in a timely and appropriate manner based mainly on her professional knowledge as an attorney. In addition, held meetings periodically with the Representative Director; exchanged opinions regarding risks confronting the Company, major issues related to the audit of the Company, and other matters; and is working to deepen mutual understanding and trust.
Hiroaki Matsumoto	Attended all 10 meetings of the Board of Directors and all 15 meetings of the Audit & Supervisory Board held during the fiscal year under review. Expressed his opinions in a timely and appropriate manner based mainly on his professional knowledge as a certified public tax accountant. In addition, held meetings periodically with the Representative Director; exchanged opinions regarding risks confronting the Company, major issues related to the audit of the Company, and other matters; and is working to deepen mutual understanding and trust.

iii. Outline of the Content of Liability Limitation Contracts

The Company has concluded contracts with each of External Directors and External Audit & Supervisory Board Members to limit their liability for damages, as provided under Article 423, Paragraph 1 of the Companies Act. Based on these contracts, his/her liability shall be limited to the higher of a predetermined amount of 10 million yen or the amount set forth by laws and regulations.

4. Matters concerning Accounting Auditor

- (1) **Name of Accounting Auditor of the Company** PricewaterhouseCoopers Japan LLC
 (Note) PricewaterhouseCoopers Aarata LLC merged with PricewaterhouseCoopers Kyoto as of December 1, 2023, changing its name to PricewaterhouseCoopers Japan LLC.

(2) **Compensation, etc. to the Accounting Auditor**

1. Compensation paid for services rendered as accounting auditor for the fiscal year under review: 123 million yen
2. Total cash and other Compensation to be paid by the Company and its subsidiaries to the accounting auditor: 181 million yen

(Notes) 1. In the audit contract between the Company and its accounting auditor, compensation paid for audits under the Companies Act and audits under the Financial Instruments and Exchange Act are not clearly distinguished and cannot be practically separated. Therefore, the total amounts of compensation, etc. paid to the accounting auditor is stated in 1 and 2 as the amount of compensation, etc. for the fiscal year under review.

2. The Company receives the service of non-auditing activities from an organization that belongs to the same network as the Company's accounting auditor does (PricewaterhouseCoopers), and the compensation, etc. paid for the service are included in the amounts stated in 1 and 2.

3. Reason for the Audit & Supervisory Board's consent of the compensation, etc. to the accounting auditor:

In addition to obtaining necessary documents and receiving reports from Directors, related departments of the Company and the accounting auditor, based on the status of implementation of audit of the previous fiscal year, the Audit & Supervisory Board has considered that the compensation is appropriate to maintain and improve the quality of audit and gave consent to the compensation as a result of confirmation of time required for audit and the unit rate of the compensation specified in the audit plan submitted by the accounting auditor.

(3) **Content of Non-Auditing Activities**

The Company and its subsidiaries call upon the accounting auditor to conduct work related to the provision of letters of comfort in connection with corporate bond issuance.

(4) **Policy Regarding the Dismissal or Non-Reappointment of the Accounting Auditor**

If the Audit & Supervisory Board deems that the accounting auditor falls under any item of Article 340, Paragraph 1 of the Companies Act, it will dismiss the accounting auditor with unanimous consent of Audit & Supervisory Board Members, as necessary. In such case, an Audit & Supervisory Board Member who is delegated by the Audit & Supervisory Board will report the fact that the Audit & Supervisory Board dismissed the accounting auditor and the reason therefor at an ordinary general meeting of shareholders to be held for the first time after the dismissal of the accounting auditor.

In addition to the above case, if the Audit & Supervisory Board deems that the accounting auditor is unable to conduct proper audit due to an event that impairs qualification or independence of the accounting auditor, it will decide on details of a proposal regarding dismissal or non-reappointment of the accounting auditor.

5. Company's Systems and Status of Operation

System to Ensure That the Execution of Duties by Directors Complies with Laws and Ordinances and the Articles of Incorporation, and System to Ensure That the Business Operations of the Company, as well as of the Corporate Group Consisting of the Company and Its Subsidiaries (the Group), is Duly Executed, and Status of Operation of Those Systems.

○ Systems

The Group will proceed with arrangement for the internal control system from the viewpoint of carrying out the Group operation and promote efficient operation with healthy and a high level of transparency.

- i. System which ensures that execution of duties by Directors comply with laws and regulations and the Articles of Incorporation
 - a. Directors shall discharge legally and duly duties in accordance with the Directors'/ Audit & Supervisory Board Members' Internal Regulations and the Code of Conduct of the Group.
 - b. The Board of Directors shall hold meetings in principle ten (10) times a year and supervise the execution of duties by Directors.
 - c. Audit & Supervisory Board Members shall audit independently the execution of business by Directors and Executive Officers in accordance with the Regulations of the Audit & Supervisory Boards.
 - d. Highly independent External Directors and External Audit & Supervisory Board Members shall be elected and the objectivity and transparency of operation shall be enhanced.
 - e. Following four committees shall be established as advisory bodies to the Board of Directors:
 - i) The Nomination and Compensation Committee (which consists of three (3) or more members, at least two (2) of which are External Directors) intended to enhance the transparency and objectivity in appointing Directors and Executive Officers with titles and determining compensation for Directors and Executive Officers
 - ii) The Sustainability Committee for the purpose of promoting Co-creation Sustainability Management
 - iii) The Strategy Committee with the goal of discussing and examining the strategic issues for the entire Group and each of its businesses toward sustainable growth in corporate value
 - iv) The Human Resource Strategy Committee with the goal of discussing and examining the issues of human resource strategies of the entire Group toward sustainable growth in corporate value
- ii. System for maintaining and managing information regarding execution of business by Directors
 - a. The Company shall arrange the regulations for controlling documents, pursuant to which minutes of the Board of Directors and other important documents related to the execution of business by Directors shall be maintained.
- iii. Regulations related to controlling risk of loss and other system
 - a. Through the Public Relations IR Committee, Internal Control Committee, ESG Committee, Information Security Committee, Safety Control Committee and Insider Trading Prevention Committee, the Company shall strive for improvement of the management level of high-risk areas in business operations, and through the Compliance Promotion Board providing a controlling function to each Committee, with the Representative Director as the chairperson, the Group's overall risk management shall be implemented.
 - b. The General Affairs Department and Audit Department shall cooperate in promoting internal control. Through documentation and the monitoring of the operation of each group company, in terms of predictable risks and countermeasures, they shall work to minimize operational risks.
- iv. System to ensure that Directors can execute their duties efficiently
 - a. In accordance with the Group's authorization rules, the duties of Directors and Executive Officers shall be explicitly defined, and the Group's Directors and Executive Officers shall perform their duties in an efficient and swift manner.

- v. System to ensure that financial reports are made properly
 - a. The corporate-wide policy and procedures to ensure appropriate financial reporting shall be presented and the proper arrangement and operation shall be secured.
 - b. A system for evaluating risks arising from inappropriate statements with respect to important items of financial report and for reducing risks shall be established.
 - c. A system for monitoring the internal control system with respect to financial reports shall be properly arranged to confirm the conditions and status of operation.
- vi. System to ensure that subsidiaries' Directors and the Group's employees execute business in compliance with laws and regulations and the Articles of Incorporation
 - a. The Group's Code of Conduct shall be fully understood, to promote sound corporate activities grounded on high ethical standards for the Group.
 - b. In order to ensure full compliance with laws and ordinances and company rules across the entire Group, operational manuals in every category shall be prepared and internal training is encouraged.
 - c. The Marui Group Hot Line (Internal Reporting System) shall be set up, which allows direct contact with outside lawyers, to prevent problems from occurring and for the early detection of problems.
 - d. The Group shall conduct internal audits to grasp the internal control status, and improve compliance with laws, regulations and company rules.
- vii. Other systems to ensure the appropriateness of business operations of the Group
 - a. The documentation of the internal control system of each group company shall be continuously reviewed.
 - b. Through the Compliance Promotion Board and each Committee, the Group shall confirm the latest control status of each Group company, and maintain an appropriate system.
 - c. Reporting system for the important decisions of subsidiaries to the Company shall be determined in accordance with the authorization rules of the Group.
 - d. The cooperation of Audit & Supervisory Board Members from each group company and the Internal Control Department shall be strengthened to further promote the establishment of an audit system for ensuring proper transactions and accounting treatments.
 - e. The Group shall refuse any unwarranted demands and disassociate from anti-social bodies, which threaten social order and safety, and strengthen the ties with external specialists, such as the police and lawyers, to establish system to eradicate anti-social bodies.
- viii. Matters relating to employees if Audit & Supervisory Board Members request their appointment as assistants, issues of independence of such employees from Directors and how to ensure the effectiveness of instructions to such employees
 - a. Based on the request of Audit & Supervisory Board Members, audit staff with sufficient skills and knowledge shall be assigned to conduct requested duties.
 - b. Audit & Supervisory Board Members shall be allowed to instruct audit staff to assist with their audit work, and no Directors shall interfere with such instruction.
- ix. System to report to Audit & Supervisory Board Members from Directors or employees, system to ensure the fair treatment of reporters
 - a. The internal audit system shall be reinforced and supporting function for Audit & Supervisory Board Members shall be strengthened.
 - b. The Directors and employees of each group company shall make report to Audit & Supervisory Board Members as soon as possible when Directors and employees know any undue conduct, any fact which might infringe seriously any company in the Group or any act violating any laws, regulations or the Articles of Incorporation.
 - c. It shall be confirmed that no unfair treatment has been applied on the grounds of reporting to Audit & Supervisory Board Members.

- x. Matters relating to the prepayment of expenses incurred through the execution of duties by Audit & Supervisory Board Members and reimbursement procedures and policies on processing expenses and liabilities incurred through the execution of duties by Audit & Supervisory Board Members
- a. When Audit & Supervisory Board Members claim for expenses incurred during the execution of duties, such expenses shall be reimbursed, unless they are deemed unnecessary.
- xi. Other system to ensure that efficient audit is carried out by Audit & Supervisory Board Members
 - a. The Board of Directors shall seriously cooperate with any request made by Audit & Supervisory Board Members in connection with discharging their duties smoothly.
 - b. Representative Directors and Audit & Supervisory Board Members shall have a meeting regularly and mutually confirm the status of executing business or discharging duties.
 - c. Audit & Supervisory Board Members may attend the Board of Directors' and other important management meetings as necessary to grasp the process under which important decision-making is processed and the status of executing business.
 - d. Audit & Supervisory Board Members may receive the provision of report or information from Directors and employees as necessary and inspect materials and records.
 - e. By appointing the Company's Audit & Supervisory Board Members as the same of its principal subsidiaries, information sharing and accurate confirmation of status can be realized.
- **Status of Operation of the Systems**
 - i. Overall internal control system
 - a. The Group recognizes and improves the status of the Group's overall internal control system through internal audit jointly made by Audit & Supervisory Board Members and internal audit departments of each group company.
 - b. The Group documents business content and anticipated risks of, and measures therefor to be taken by, each group company. Also, by monitoring the status of operation of such measures through self-assessment and internal audit, the Group promotes highly effective internal control.
 - c. At each of the Group companies, various rules have been developed to clarify operation and rules from internal control perspective, and the rules are reviewed and revised as necessary.
 - d. As for internal control related to financial reporting pursuant to the Financial Instruments and Exchange Act, the Internal Control Committee develops, operates and evaluates such internal control by commission from the Board of Directors.
 - ii. Compliance system
 - a. The Group seeks to fully disseminate its Code of Conduct to its personnel and promote sound corporate activities based on high ethical standards.
 - b. In order to ensure compliance with laws and regulations and the Group's internal regulations, the Group develops various manuals and promotes operation of those manuals as well as provides education for its personnel. In the fiscal year under review, the Group provided training to its personnel regarding "information security", "harassment", etc., as focused subjects from the previous fiscal year, in addition to practical trainings tailored to each business area.
 - c. For the purpose of prevention and correction of violation of laws and regulations and misconduct, the Group has set up the Marui Group Hot Line (an internal reporting system) to allow its personnel to directly report to outside lawyers, and confirmed that the system has properly operated.

iii. Risk management system

- a. The Group has the 6 Committees (Public Relations IR Committee, Internal Control Committee, ESG Committee, Information Security Committee, Safety Control Committee and Insider Trading Prevention Committee) for each area to manage high-risk areas for business operation. The Group promotes efficient control of risks through the activities of each Committee.
- b. The Group holds meetings of the Compliance Promotion Board which supervises activities of the Committees, and recognizes the status of risk control of each group company. In the fiscal year under review, the Group held meetings of the Compliance Promotion Board twice.

iv. Directors' execution of their duties

- a. The Group ensures that Directors execute their duties lawfully and properly in accordance with the Group's internal regulations such as the Code of Conduct of the Group and Regulations for Officers.
- b. The Group appoints three (3) External Directors who have extensive experience and expertise outside the Group and have satisfied the Group's Criteria for Independence of External Directors and Audit & Supervisory Board Members to reinforce the supervisory functions of the Board of Directors and improve the transparency of management.
- c. The Board of Directors conducts proper deliberations pursuant to the Group's authorization rules and engages in fulfilling discussions on individual subjects such as the Group's strategies. In the fiscal year under review, the Board of Directors held its meetings ten (10) times.
- d. 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. In the fiscal year under review, the meetings of the Management Committee were held twenty-three (23) times.

v. Audit & Supervisory Board Members' execution of their duties

- a. Audit & Supervisory Board Members exchange information at any time by holding regular meetings with Representative Director and confirm the status of operational execution. In the fiscal year under review, the regular meetings were held four (4) times.
- b. Audit & Supervisory Board Members attend meetings of the Board of Directors, the Management Committee, etc. and understand decision making process and the status of operational execution.
- c. Audit & Supervisory Board Members exchange information and opinions with External Directors, accounting auditors and internal audit departments on a regular basis.
- d. Audit & Supervisory Board Members concurrently assume office of auditors at nine (9) major subsidiaries and confirm the status of operational execution of each of such subsidiaries by attending meetings of the Board of Directors of such subsidiaries and holding meeting of the Group's Audit & Supervisory Board Members Liaison Committee each month, in principle.
- e. The Group has established a system where Audit & Supervisory Board Members can execute their duties smoothly by ways such as assigning two (2) employees who work for Audit & Supervisory Board Members.

* With regard to treatment of rounding numbers displayed in this report, listed amounts are rounded down to the nearest million yen unit, the number of shares are rounded down, and other is rounded to the nearest unit.

Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

Item	Amount	Item	Amount
<u>Assets</u>		<u>Liabilities</u>	
Current assets	708,975	Current liabilities	245,664
Cash and deposits	64,560	Accounts payable-trade	8,172
Notes and accounts receivable-trade	6,156	Short-term loans payable	87,254
Accounts receivable-installment	486,166	Current portion of bonds	21,503
Operating loans	104,034	Accounts payable-other	64,271
Merchandise	528	Income taxes payable	6,260
Other	66,337	Provision for bonuses	3,016
Allowance for doubtful accounts	(18,809)	Provision for point card certificates	36,168
		Provision for stock benefits	1,192
Noncurrent assets	294,526	Reserve for loss from redemption of gift certificates	138
Property, plant and equipment	173,280	Other	17,687
Buildings and structures	55,087	Noncurrent liabilities	504,208
Land	104,018	Bonds payable	100,000
Construction in progress	6,626	Long-term loans payable	385,600
Other	7,546	Deferred tax liabilities	135
Intangible assets	10,651	Provision for loss on interest repayment	8,453
Software	7,162	Provision for loss on guarantees	61
Other	3,488	Asset retirement obligations	1,348
Investments and other assets	110,595	Other	8,610
Investment securities	39,547	Total liabilities	749,873
Guarantee deposits	25,845	<u>Net Assets</u>	
Deferred tax assets	18,531	Shareholders' equity	246,258
Other	26,670	Capital stock	35,920
		Capital surplus	91,999
		Retained earnings	164,453
		Treasury stock	(46,116)
		Accumulated other comprehensive income	6,992
		Valuation difference on available-for-sale securities	6,992
		Non-controlling interests	377
		Total net assets	253,628
Total assets	1,003,501	Total liabilities and net assets	1,003,501

Consolidated Statement of Income

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

Item	Amount	
Revenue		235,227
Cost of sales		29,608
Gross profit		205,619
Selling, general and administrative expenses		164,593
Operating income		41,025
Non-operating income		
Dividends income	325	
Gain on sales of investment securities	288	
Gain on investments in investment partnerships	393	
Gain on deposit settlement	142	
Other	205	1,354
Non-operating expenses		
Interest expenses	1,866	
Other	1,736	3,603
Ordinary income		38,776
Extraordinary income		
Gain on sales of non-current assets	2,500	
Gain on sales of investment securities	89	2,590
Extraordinary loss		
Loss on retirement of non-current assets	1,541	
Impairment loss	491	
Loss on valuation of investment securities	1,518	
Other	319	3,870
Income before income taxes		37,495
Income taxes-current	11,657	
Income taxes-deferred	1,177	12,835
Net income		24,660
Net loss attributable to non-controlling interests		(7)
Net income attributable to owners of parent		24,667

Consolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2023	35,920	91,952	155,130	(42,774)	240,229
Changes in the fiscal year:					
Dividends			(15,208)		(15,208)
Net income attributable to owners of parent			24,667		24,667
Acquisition of treasury stock				(3,367)	(3,367)
Disposal of treasury stock		2		25	27
Change in scope of consolidation			(135)		(135)
Change in ownership interest of parent due to transactions with non-controlling interests		45			45
Changes in items other than shareholders' equity-net					
Total changes in the fiscal year	—	47	9,322	(3,341)	6,028
Balance as of March 31, 2024	35,920	91,999	164,453	(46,116)	246,258

(Millions of yen)

	Accumulated other comprehensive income		Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance as of April 1, 2023	5,915	5,915	417	246,562
Changes in the fiscal year:				
Dividends				(15,208)
Net income attributable to owners of parent				24,667
Acquisition of treasury stock				(3,367)
Disposal of treasury stock				27
Change in scope of consolidation				(135)
Change in ownership interest of parent due to transactions with non-controlling interests				45
Changes in items other than shareholders' equity-net	1,076	1,076	(39)	1,036
Total changes in the fiscal year	1,076	1,076	(39)	7,065
Balance as of March 31, 2024	6,992	6,992	377	253,628

Notes to Consolidated Financial Statements

1. Significant Matters on the Basis for the Preparation of the Consolidated Financial Statements

(1) Scope of consolidation

i) Number of consolidated subsidiaries: 11

Names of principal consolidated subsidiaries:

MARUI CO., LTD., Epos Card Co., Ltd., MRI Co., Ltd., AIM CREATE CO., LTD., MOVING CO., LTD., M&C SYSTEMS CO., LTD., MARUI FACILITIES 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.

Epos Small Amount and Short Term Insurance Co., Ltd. is included in the scope of consolidation due to increased importance from the fiscal year under review.

ii) Names of major non-consolidated subsidiaries:

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

Reasons for excluding non-consolidated subsidiaries from the scope of consolidation

The eleven non-consolidated subsidiaries above are excluded from the scope of consolidation because each of the sums of their total assets, revenue, net income (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) Application of the equity method

The Company does not apply an equity method for the above eleven non-consolidated subsidiaries and the following five affiliates: MIZONOKUCHISHINTOSHI Co., Ltd., etc., because their respective net income (an amount prorated to ownership) and retained earnings (an amount prorated to ownership) have no significant impact on the consolidated financial statements.

(3) Summary of significant accounting policies

i) Basis and method for valuation of significant assets

(a) Inventories

Merchandise is valued at cost using the monthly weighted average method (carrying amount in the balance sheet is calculated with consideration of write-downs due to decreased profitability).

(b) Securities

Stocks in subsidiaries and affiliates are stated at cost using the moving average method.

Of available-for-sale securities, those other than stocks, etc. with no market prices are valued 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). Stocks, etc. with no market prices are mainly stated at cost using the moving-average method.

Investments in partnerships, etc. are stated at the net value of equities based on the most recent financial statement available prepared according to the financial reporting date specified in the respective partnership agreement.

ii) Method of depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (excluding lease assets)

Property, plant and equipment are depreciated using the straight-line method.

(b) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method, however, software for internal use is amortized using the straight-line method over the useful life estimated by the Company (not exceeding five years).

(c) Lease assets

Lease assets under financial lease contracts that do not transfer ownership of leased property to the lessee are depreciated using the straight-line method over the lease term with a residual value of zero.

iii) Basis for recognizing significant allowances and provisions

(a) Allowance for doubtful accounts

The estimated uncollectible amounts are determined based on the historical rate of bad-debt losses for general receivables and on the case-by-case analysis of recoverability for receivables with default possibility.

(b) Provision for bonuses

The portion of estimated bonus payments that is incurred during the current consolidated fiscal year is recognized.

(c) Provision for point card certificates

Based on the balance of points awarded to card members outstanding at the end of the current consolidated fiscal year, the amount expected to be used is recognized.

(d) Reserve for loss from redemption of gift certificates

With regard to gift and other certificates that have been recognized as revenue after passage of a certain length of time after their issuance, the amount estimated to be exchanged in the future is recognized.

(e) Provision for loss on interest repayment

The amount of consumer loan interest estimated to be repaid at the end of the current consolidated fiscal year is recognized.

(f) Provision for loss on guarantees

With regard to the guaranteed obligations relating to consumer loans extended by financial institutions, the amount of loss estimated to have been incurred is recognized.

(g) Provision for stock benefits

To prepare for provision of the Company's stock benefits to officers and employees pursuant to the stock allotment regulations, provisions are recorded based on the estimated amount of stock benefit obligations as of the end of the fiscal year under review.

iv) Basis for recognizing revenues and expenses

The Group operates, under 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.; and in the FinTech segment, provides credit card services, cash advance services, rent guarantee services, IT systems services, real estate rental, sale of investment trusts, small-amount and short-term insurance business, etc.

In 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 the 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. Annual fee of EPOS card is recognized as revenue over a year in which the performance obligations of providing membership privilege services to customer cardholders are satisfied.

v) Other significant matters for the preparation of consolidated financial statements

(a) Accounting treatment of national consumption tax, etc.

National and local consumption taxes are accounted for by the tax-excluded method.

(b) Application of the group tax sharing system

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

(4) Additional information

(Officer Compensation BIP Trust)

The Company has an incentive plan using the “Officer Compensation Board Incentive Plan Trust (“BIP Trust”))” to provide an incentive to (i) Directors and Executive Officers (excluding External Directors and non-residents in Japan) of the Company and (ii) Directors of 14 subsidiaries of the Group, such as MARUI CO., LTD. and Epos Card Co., Ltd. (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 stock. The trust acquires the Company’s own stock 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” (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 stock under net assets. The book value of applicable treasury stock is 975 million yen and the number of shares is 491,831 shares as of March 31, 2024

(Stock Benefit ESOP 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 stock. The trust acquires the Company’s own stock 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” (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 stock under net assets. The book value of applicable treasury stock is 503 million yen, and the number of shares is 274,736 shares as of March 31, 2024

2. Notes to Changes in Representation Methods

(Consolidated Balance Sheet)

Accounts payable-other, which was included in “other” under “current liabilities” in the previous consolidated fiscal year, is separately stated from the consolidated fiscal year under review since its monetary importance has increased.

(Consolidated Statement of Income)

Gain on sales of investment securities, which was included in “other” under “non-operating income” in the previous consolidated fiscal year, is separately stated from the consolidated fiscal year under review since its monetary importance has increased.

3. Notes to Accounting Estimates

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

(1) Valuation of unlisted stocks

- i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year
The amount recorded on the consolidated balance sheet for unlisted stocks excluding subsidiaries is 5,354 million yen for 51 issuances.

- ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year

As the Group seeks to transition its business model, it has been investing in startups that have the possibility of future business cooperation. Of these investments, unlisted stocks are included in “investment securities” on the consolidated balance sheet. Additionally, unlisted stocks are stocks, etc. with no market prices under ASBJ Statement No. 10, “Accounting Standard for Financial Instruments,” and as such, the amount on the consolidated balance sheet is the acquisition cost.

When impairments are implemented for items for which the actual price based on net assets per share has decreased by over 50% from the acquisition cost owing to a deterioration in financial conditions and for items for which a decline in excess earnings power has been identified, an actual price is calculated based on the investee’s past financial information, business plans obtained and other related factors, and the difference between the actual price and acquisition cost is recorded as loss on valuation of investment securities. Additionally, if the investee is classified as an associate, impairments are implemented if adequate evidence is not provided that collectability will recover within a certain period of time.

- iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year

When implementing impairments for unlisted stocks, etc., that were acquired in consideration of excess earnings power, the actual prices are calculated based on actual financial information of the investee in addition to business plans of the investee, etc., and the difference between the actual price and acquisition cost are recorded as loss on valuation of investment securities.

- iv) Effect on the consolidated financial statements for the following consolidated fiscal year

Of the above, 3,041 million yen for 19 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 maybe be recorded in the following consolidated fiscal year.

(2) Impairment of store noncurrent assets

- i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year

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

Amount of book value of noncurrent assets after impairment: – million yen

Impairment loss: – million yen

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

Amount of book value of noncurrent assets: 5,938 million yen

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

Amount of book value of noncurrent assets: – million yen

- ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year

In creating accounting estimates for impairment of noncurrent assets, the Company mainly uses stores as a basic unit of measurement, with this measurement also acting as the minimum unit that

creates cash flows with respect to noncurrent asset grouping. The Company recognizes events that indicate possibility of impairment (hereinafter the “Impairment Signs”) if the assets or asset groups of each store (hereinafter the “Store Noncurrent Assets”) used “either have continuous losses from operating activities or are projected to have continuous losses,” or “there are changes that will significantly decrease the amount of possible collectability concerning the usage scope or method,” etc. Additionally, the Company considers the operating activities of each store to include not only profits and losses from retail sales, but the issuance of EPOS cards, which serves as the source for generating profits and losses in FinTech. As such, concerning profits and losses from operating activities that use Store Noncurrent Assets that are used in determining the existence of Impairment Signs, the Company uses the sum of (i) the retail operating profits and losses of each store, and (ii) as profits and losses that have an effect on FinTech through the card issuances at each store, the product of historical FinTech profits and losses generated by EPOS card issuances at each store and the proportion of EPOS cards that will no longer be used after store closing based on historical results of past store closures.

For stores that have been determined to have Impairment Signs, the book values are reduced to the collectible amounts if the total amount of estimated future cash flows before discounts for the Store Noncurrent Assets is less than the book value, and said amount of reduction is recorded as an impairment loss.

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

Key assumptions used in estimating the total amounts of future cash flows before discounts to be obtained from Store Noncurrent Assets at each store are future net sales from products based on sales strategies, store rental revenue, and future cash flows that each store brings in to FinTech through the issuance of credit cards.

Accounting estimates for future net sales from products based on sales strategies and store rental revenue for each store are made based on results from past fiscal years. Additionally, future cash flows that each store brings in to FinTech 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 consolidated fiscal year may be significantly affected.

iv) Effect on the consolidated financial statements for the following consolidated fiscal year

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

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

i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year

Allowance for doubtful accounts:	17,773 million yen
Provision of allowance for doubtful accounts (Selling, general and administrative expenses):	17,401 million yen

ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year

To prepare for losses arising from default of receivables including consumer loans outstanding operating loans and installment sales account receivable, 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.

- iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year
 As of the end of the current consolidated 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 reflects most the bad debt expenses expected to be incurred in the future.
 - iv) Effect on the consolidated financial statements for the following consolidated fiscal year
 As the allowance for doubtful accounts for the end of the current consolidated 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 on the consolidated financial statements for the following consolidated fiscal year may be significantly affected.
- (4) Estimates for provision for loss on interest repayment
 - i) Amount recorded on the consolidated financial statements for the current consolidated fiscal year
 Provision for loss on interest repayment: 8,453 million yen
 Provision for loss on interest repayment (Selling, general and administrative expenses): — million yen
 - ii) Calculation method for amounts recorded on the consolidated financial statements for the current consolidated fiscal year
 In the calculation of provision for loss on interest repayment, the Company refers to the examples contained in the “Auditing Solution on the Recording of Allowances for Losses due to Interest Repayment Requests of Consumer Finance Companies, etc.” (Industry Committee Practical Policy No. 37) published by the Japanese Institute of Certified Public Accountants (Industry Committee).
 Fundamental data used in the calculation are: (a) expected rate of occurrence for repayment requests from customers, (b) expected amount of requests, and (c) population (number of customers) for which the possibility of future repayment requests are expected to occur, and the provision for loss on interest repayment is calculated by combining these elements. For (a)(b)(c), the Company analyzes historical data and makes forecasts for the future under certain assumptions.
 - iii) Key assumptions used in calculating amounts recorded on the consolidated financial statements for the current consolidated fiscal year
 Key assumptions used in estimating provision for loss on interest repayment are the expected rate of occurrence of repayment requests from customers ((a) provided in ii) above). During the current consolidated fiscal year, the Company has assumed that said rate of occurrence will continue to gradually decrease in the future.
 - iv) Effect on the consolidated financial statements for the following consolidated 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 and therefore, 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.

4. Notes to Consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment	211,137 million yen
(2) Guarantee liabilities	
Loan guarantees for personal loans offered by financial institutions	12,411 million yen
Maximum amount of liabilities for guarantees for suppliers' trade payables	706 million yen
(3) Balance of liquidated receivables	345,924 million yen
(4) Accumulated reduction entry excluded national subsidy from acquisition costs of property, plant and equipment	66 million yen

5. Notes to Consolidated Statement of Income

Impairment loss

The Group recognized the amount of impairment loss on the following asset groups.

(Unit: Millions of yen)

Purpose	Location	Type	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

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 recoverable amount by asset group has been evaluated by its net sale value or value in use.

6. Notes to Consolidated Statement of Changes in Net Assets

(1) Type and number of shares issued

Share Class	Number of Shares as of April 1, 2023	Increase in Shares in the Fiscal Year	Decrease in Shares in the Fiscal Year	Number of Shares as of March 31, 2024
Common stock	208,660,417 shares	—	—	208,660,417 shares

(2) Dividend

i) Cash dividend paid

Resolution	Share Class	Total Amount of Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 27, 2023	Common stock	5,703	30	March 31, 2023	June 28, 2023
Board of Directors Meeting on November 14, 2023	Common stock	9,505	50	September 30, 2023	December 6, 2023

Notes: 1. Total amount of dividend resolved by the Ordinary General Meeting of Shareholders on June 27, 2023 includes 22 million yen of dividends from the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

2. Total amount of dividend resolved by the Board of Directors Meeting on November 14, 2023 includes 38 million yen of dividends from the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

ii) Dividends for which the record date falls in the current consolidated fiscal year, but the effective date falls in the following consolidated fiscal year.

The item regarding dividend on common stock is being proposed as follows:

Resolution	Share Class	Total Amount of Dividend (Millions of yen)	Resource for Dividend	Dividend per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders on June 24, 2024	Common stock	9,619	Retained earnings	51	March 31, 2024	June 25, 2024

Note: Total amount of dividend to be resolved by the Ordinary General Meeting of Shareholders on June 24, 2024 includes 39 million yen of dividends from the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

(3) The class and the number of shares underlying subscription rights to shares (excluding subscription rights to shares of which the commencement date of their exercise period has not arrived) at the end of the current consolidated fiscal year.

Not applicable

7. Notes to Financial Instruments

(1) Matters concerning the status of financial instruments

i) Policies concerning 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, we newly added forward-looking investments consisting of co-creative investment and investment in new businesses. With a business model that integrates the three pillars consisting of retailing, FinTech, and forward-looking investments, we aim to further increase our corporate value. In FinTech, due to the growth of transaction volume in card transactions and stable handling of cash advances, operating receivables (accounts receivable-installment and operating loans) have increased. The Group makes efforts to maintain proper credit controls based on the belief that “creditability should be built together with customers,” which has been fostered from the time of its founding.
- As FinTech grows, cash demand has been increasing and the amount of fund procurement needed has grown as well. Priority is placed on “financial security” with regard to fund procurement. As a policy, the Group utilizes derivative transactions solely for the purpose of hedging interest volatility risks in loans, etc. and not for the purpose of speculative transactions.
- Regarding growth investments, the Group builds a three-faceted business model integrating Retailing and FinTech with “forward-looking investments.” The Group plans to mitigate investment risk and increase returns by realizing “co-creation” by uniting the Group’s businesses and human resources with intangible assets such as investees’ expertise and skills. In addition, in principle, the Group 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. For shares of business partners with whom sufficiently strong business relationships already exist, it was decided to undertake a phased reduction in cross-shareholdings out of consideration for asset efficiency and stock price fluctuation risks.

ii) Description of financial instruments, associated risks, and the risk management system

- The Group’s main operating receivables, accounts receivable-installment and operating loans, are generated by use of EPOS card such as card transactions and cash advances. For such receivables, if a customer does not fulfill their obligations in line with the contract, there are credit risks such as payments in arrears and doubtful accounts. To deal with such risk, the Group strives to lower risk by implementing credit investigations and credit controls on a case-by-case basis, utilizing both credit information from external personal credit information bureaus and the Group’s own credit system, in accordance with credit control regulations.
- Investment securities consist mostly of shares of companies with which the Group has business relationships and shares of growth companies which are acquired through “co-creative investment” in the “forward-looking investments.” There are credit risks associated with the issuers as well as market risks due to fluctuations in market prices. Concerning “co-creative investment,” the Group makes investment decisions after checking profitability including not only financial returns but also cooperative returns to be generated from cooperation with the Group. In addition, while acquiring information on market prices and the financial status of investees on a regular basis, shareholdings for which the strategic significance has been diminished will be sold in a phased manner to reduce risks by taking into account the business relationship with the investees.
- Concerning fund procurement, in the case of a turmoil in the financial market, a substantial deterioration of the Group’s business performance, or a rapid decline in creditworthiness, fund procurement may be constrained. There are liquidity risks where sufficient funds cannot be procured, resulting in scenarios such as insufficient funds in the Group’s businesses and failure to fulfill repayments and redemptions of loans and corporate bonds, etc. on time. In addition, as fund procurement interest rates fluctuate depending on the market environment or other factors, there are interest volatility risks such as procurement costs sharply rising depending on such trends. The FinTech segment is expected to grow and risks concerning fund procurement will also rise as demand for funds continues to increase in the future. Amid this situation, the Group employs the following measures from the perspective of “security” and “cost.”
- Regarding interest-bearing debt, considering the decline in security due to an increase in debts, the Group’s policy is to maintain a level of interest-bearing debt of around 90% of operating receivables.

- The Group is diversifying fund procurement methods by indirectly procuring funds from financial institutions and directly procuring funds through issuance of corporate bonds and commercial paper, as well as liquidating operating receivables, while utilizing these procurement methods in a balanced manner.
- In order to cope with refinancing risk, the Group maintains consistent annual repayment and redemption levels by controlling procurement periods. A backup system has been established by executing commitment line contracts and establishing overdraft facilities with financial institutions for such amounts.
- As for interest rates for fund procurement, the Group controls a sharp increase in procurement costs due to the fluctuations in market interest rates by maintaining a certain rate for the composition of fixed interest.

iii) Supplementary explanation on fair value, etc. of financial instruments

Since calculation of the fair value of financial instruments incorporates variable factors, the use of different assumptions may lead to variations in the fair value.

(2) Fair value, etc. of financial instruments

Carrying amount in the consolidated balance sheets, fair value and net unrealized gain/loss of financial instruments as of March 31, 2024 are shown in the table below.

Notes on “cash and deposits,” “notes and accounts receivable-trade,” “accounts payable-trade,” “short-term loans payable,” “current portion of bonds,” and “income taxes payable” have been omitted as their fair value approximates their carrying amounts because they are in cash and are settled within short periods of time.

(Millions of yen)

	Consolidated Balance Sheets Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Accounts receivable-installment	486,166		
Allowance for doubtful accounts	(14,255)		
	471,910	507,769	35,859
(2) Operating loans	104,034		
Allowance for doubtful accounts	(3,149)		
	100,884	110,754	9,870
(3) Investment securities			
Other securities	24,626	24,626	—
(4) Guarantee deposits	25,985	25,337	(648)
Total assets	623,406	668,488	45,081
(1) Bonds payable	100,000	99,547	(452)
(2) Long-term loans payable	385,600	384,194	(1,405)
Total liabilities	485,600	483,742	(1,857)

Notes: Stocks, etc. with no market prices and investments in partnerships, etc. are not included in “(3) Investment securities.” Consolidated balance sheets carrying amount for these financial instruments are as follows.

(Millions of yen)

Category	Current consolidated fiscal year
Stocks, etc. with no market prices *1	8,862
Investments in partnerships, etc. *2	6,085
Total	14,948

Notes: 1. Stocks, etc. with no market prices include unlisted stocks. In accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020), they are excluded from the scope of disclosure.

2. Investments in partnerships, etc. are primarily those in investment limited partners. 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) Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the 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.

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

Fiscal year under review (March 31, 2024)

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other investment securities	22,130	2,092	403	24,626
Total assets	22,130	2,092	403	24,626

(ii) Financial assets and financial liabilities not measured at fair value

Fiscal year under review (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
Total assets	—	25,337	618,524	643,862
Bonds payable	—	99,547	—	99,547
Long-term loans payable	—	384,194	—	384,194
Total liabilities	—	483,742	—	483,742

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

Assets

Investment securities

Listed stocks 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, at the risk-free rate, their 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 respect to receivables with default possibility, the unrecoverable is estimated based on the present value of their estimated future cash flows. Their fair value thus approximates the amount of carrying value of the consolidated fiscal year under review less the estimated unrecoverable amount. This amount is therefore used as fair value, which is classified as Level 3 fair value.

Guarantee deposits

The fair value is determined at the present value of their future cash flows, discounted at the risk-free rate, and is classified as Level 2 fair value. Guarantee deposits that are expected to be repaid within one year are included.

Liabilities

Bonds payable

The fair value is measured at the present value of the sum of the principal amount and interest payments, discounted at a rate that takes into account the remaining period of the bond and credit risks, and is classified as Level 2 fair value.

Long-term loans payable

The carrying value of long-term loans payable with variable rates are stated at its fair value as such loans reflect the market interest rate in a short period of time and their carrying amounts approximate fair value. Those with a fixed interest rate are measured by discounting the sum of the principal amount and interest payments at an interest rate assumed to be applied if the same loans were newly executed, and are classified as Level 2 fair value.

8. Notes to Real Estate for Rent and Others

(1) Matters concerning the status of real estate for rent and others

Certain subsidiaries of the Company own commercial properties (including land) for rent in Tokyo and other areas.

(2) Matters concerning the fair value of real estate for rent and others

(Millions of yen)

Consolidated Balance Sheets Carrying Amount	Fair Value
130,706	287,990

Notes: 1. The amount shown in the consolidated balance sheets equals the cost less accumulated depreciation and accumulated impairment loss.

2. Fair value at the end of the consolidated fiscal year under review is an amount based primarily on real-estate appraisals including index-based adjustments by licensed outside real estate appraisers.

9. Notes to Revenue Recognition

(1) Disaggregation of revenue

Disaggregation of revenue from contracts with customers is as follows:

(Millions of yen)

	Reporting segment		
	Retailing	FinTech	Total
Commission on consignment sales (net)	5,513	—	5,513
Consignment sales (net)	4,469	—	4,469
Product sales	1,620	—	1,620
Retailing-related services income	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.

(2) Useful information in understanding revenue

Major revenue from contracts with customers is as follows:

Retailing segment

Commission on consignment sales (net)

In consignment sales carried out by MARUI CO., LTD. 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, whereby 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.

Consignment sales (net)

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, whereby revenue is recognized on a net basis by deducting the cost of these products from the consideration to be received from sales of products.

Product sales

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 our 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 our performance obligations are deemed to be satisfied. Revenue is therefore recognized at the time of shipment of the products.

Retailing-related services income

Retailing-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, and real estate business, 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 this transaction, 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 we provide credit card settlement service, as we deem that our performance obligations are satisfied at that time.

Service income

In this transaction, customers are card members of EPOS cards, which are credit cards issued by Epos Card Co., Ltd. Annual fee is recognized as revenue over a year in 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
Contract balance, etc.

Beginning and ending balance of contract liabilities for the current fiscal year are as follows. Contract liabilities mainly consist of unearned balance of annual fee income at the end of the fiscal year. Contract liabilities are included in “Other” on the consolidated balance sheet.

(Millions of yen)

	Current fiscal year
Contract liabilities (beginning balance)	993
Contract liabilities (ending balance)	1,167

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.

10. Notes to Per Share Information

(1) Net assets per share	1,348.13 yen
(2) Net income per share	130.70 yen

11. Notes to Significant Subsequent Events

Not applicable.

~~~~~  
Amounts in these consolidated financial statements have been rounded down to the nearest unit. Ratio etc. are rounded off to the nearest digit.

# Non-Consolidated Balance Sheet

(As of March 31, 2024)

(Millions of yen)

| Item                                                           | Amount         | Item                                                         | Amount          |
|----------------------------------------------------------------|----------------|--------------------------------------------------------------|-----------------|
| <b><u>Assets</u></b>                                           |                | <b><u>Liabilities</u></b>                                    |                 |
| <b>Current assets</b>                                          | <b>590,215</b> | <b>Current liabilities</b>                                   | <b>168,254</b>  |
| Cash and deposits                                              | 49,398         | Short-term loans payable                                     | 86,200          |
| Short-term loans receivable from subsidiaries and affiliates   | 534,994        | Current portion of bonds                                     | 21,503          |
| Other                                                          | 6,719          | Short-term loans payable to subsidiaries and affiliates      | 56,107          |
| Allowance for doubtful accounts                                | (896)          | Accounts payable-other                                       | 2,390           |
|                                                                |                | Accrued expenses                                             | 689             |
| <b>Noncurrent assets</b>                                       | <b>280,229</b> | Income taxes payable                                         | 102             |
| <b>Property, plant and equipment</b>                           | <b>1,330</b>   | Deposits received                                            | 173             |
| Buildings                                                      | 14             | Provision for bonuses                                        | 226             |
| Structures                                                     | 1              | Provision for stock benefits                                 | 740             |
| Vehicles                                                       | 0              | Other                                                        | 121             |
| Furniture and fixtures                                         | 1,308          | <b>Noncurrent liabilities</b>                                | <b>487,272</b>  |
| Construction in progress                                       | 6              | Bonds payable                                                | 100,000         |
|                                                                |                | Long-term loans payable                                      | 385,600         |
| <b>Intangible assets</b>                                       | <b>50</b>      | Deferred tax liabilities                                     | 1,605           |
|                                                                |                | Other                                                        | 67              |
| <b>Investments and other assets</b>                            | <b>278,848</b> | <b>Total liabilities</b>                                     | <b>655,526</b>  |
| Investment securities                                          | 33,571         | <b><u>Net Assets</u></b>                                     |                 |
| Stocks of subsidiaries and affiliates                          | 243,184        | <b>Shareholders' equity</b>                                  | <b>207,932</b>  |
| Investments in other securities of subsidiaries and associates | 284            | <b>Capital stock</b>                                         | <b>35,920</b>   |
| Investments in capital of subsidiaries and affiliates          | 32             | <b>Capital surplus</b>                                       | <b>91,429</b>   |
| Other                                                          | 1,774          | Legal capital surplus                                        | 91,307          |
|                                                                |                | Other capital surplus                                        | 122             |
|                                                                |                | <b>Retained earnings</b>                                     | <b>126,698</b>  |
|                                                                |                | Legal retained earnings                                      | 8,980           |
|                                                                |                | Other retained earnings                                      | 117,718         |
|                                                                |                | Reserve for promoting open innovation                        | 728             |
|                                                                |                | Retained earnings brought forward                            | 116,989         |
|                                                                |                | <b>Treasury stock</b>                                        | <b>(46,116)</b> |
|                                                                |                | <b>Valuation and translation adjustments</b>                 | <b>6,985</b>    |
|                                                                |                | <b>Valuation difference on available-for-sale securities</b> | <b>6,985</b>    |
|                                                                |                | <b>Total net assets</b>                                      | <b>214,918</b>  |
| <b>Total assets</b>                                            | <b>870,444</b> | <b>Total liabilities and net assets</b>                      | <b>870,444</b>  |

# **Non-Consolidated Statement of Income** (From April 1, 2023 to March 31, 2024)

(Millions of yen)

| Item                                                       | Amount |               |
|------------------------------------------------------------|--------|---------------|
| <b>Operating revenue</b>                                   |        | <b>40,639</b> |
| Operating expenses                                         |        | 7,721         |
| <b>Operating income</b>                                    |        | <b>32,918</b> |
| <b>Non-operating income</b>                                |        |               |
| Interest income                                            | 1,959  |               |
| Dividends income                                           | 316    |               |
| Gain on investments in investment partnerships             | 393    |               |
| Other                                                      | 78     | 2,747         |
| <b>Non-operating expenses</b>                              |        |               |
| Interest expenses                                          | 1,794  |               |
| Other                                                      | 1,161  | 2,956         |
| <b>Ordinary income</b>                                     |        | <b>32,709</b> |
| <b>Extraordinary income</b>                                |        |               |
| Gain on sales of investment securities                     | 89     | 89            |
| <b>Extraordinary loss</b>                                  |        |               |
| Loss on valuation of investment securities                 | 1,518  |               |
| Loss on valuation of shares of subsidiaries and associates | 735    |               |
| Other                                                      | 35     | 2,288         |
| <b>Income before income taxes</b>                          |        | <b>30,510</b> |
| Income taxes-current                                       | 62     |               |
| Income taxes-deferred                                      | (223)  | (161)         |
| <b>Net income</b>                                          |        | <b>30,671</b> |

## Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

|                                                     | Shareholders' equity |                       |                       |                       |                         |                                       |                                   |          |
|-----------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|---------------------------------------|-----------------------------------|----------|
|                                                     | Capital stock        | Capital surplus       |                       |                       | Retained earnings       |                                       |                                   |          |
|                                                     |                      | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings               | Total retained earnings           |          |
|                                                     |                      |                       |                       |                       |                         | Reserve for promoting open innovation | Retained earnings brought forward |          |
| Balance as of April 1, 2023                         | 35,920               | 91,307                | 119                   | 91,427                | 8,980                   | 728                                   | 101,526                           | 111,235  |
| Changes in the fiscal year:                         |                      |                       |                       |                       |                         |                                       |                                   |          |
| Dividends                                           |                      |                       |                       |                       |                         |                                       | (15,208)                          | (15,208) |
| Net income                                          |                      |                       |                       |                       |                         |                                       | 30,671                            | 30,671   |
| Acquisition of treasury stock                       |                      |                       |                       |                       |                         |                                       |                                   |          |
| Disposal of treasury stock                          |                      |                       | 2                     | 2                     |                         |                                       |                                   |          |
| Change in items other than shareholders' equity-net |                      |                       |                       |                       |                         |                                       |                                   |          |
| Total changes in the fiscal year                    | —                    | —                     | 2                     | 2                     | —                       | —                                     | 15,462                            | 15,462   |
| Balance as of March 31, 2024                        | 35,920               | 91,307                | 122                   | 91,429                | 8,980                   | 728                                   | 116,989                           | 126,698  |

(Millions of yen)

|                                                     | Shareholders' equity |                            | Valuation and translation adjustments                 |                                             | Total net assets |
|-----------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|---------------------------------------------|------------------|
|                                                     | Treasury stock       | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                  |
| Balance as of April 1, 2023                         | (42,774)             | 195,809                    | 5,936                                                 | 5,936                                       | 201,745          |
| Changes in the fiscal year:                         |                      |                            |                                                       |                                             |                  |
| Dividends                                           |                      | (15,208)                   |                                                       |                                             | (15,208)         |
| Net income                                          |                      | 30,671                     |                                                       |                                             | 30,671           |
| Acquisition of treasury stock                       | (3,367)              | (3,367)                    |                                                       |                                             | (3,367)          |
| Disposal of treasury stock                          | 25                   | 27                         |                                                       |                                             | 27               |
| Change in items other than shareholders' equity-net |                      |                            | 1,049                                                 | 1,049                                       | 1,049            |
| Total changes in the fiscal year                    | (3,341)              | 12,123                     | 1,049                                                 | 1,049                                       | 13,172           |
| Balance as of March 31, 2024                        | (46,116)             | 207,932                    | 6,985                                                 | 6,985                                       | 214,918          |

## Notes to Non-Consolidated Financial Statements

### 1. Notes on Matters concerning Significant Accounting Policies

#### (1) Basis and method for valuation of assets

##### Securities

Stocks in subsidiaries and affiliates are stated at cost using the moving average method.

Of available-for-sale securities, those other than stocks, etc. with no market prices are valued at fair value (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). Stocks, etc. with no market prices are mainly stated at cost using the moving-average method. Investments in partnerships, etc. are stated at the net value of equities based on the most recent financial statement available prepared according to the financial reporting date specified in the respective partnership agreement.

#### (2) Method of depreciation and amortization of noncurrent assets

##### (a) Property, plant and equipment

Property, plant and equipment are depreciated using the straight-line method.

##### (b) 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 (not exceeding five years).

#### (3) Basis for recognizing allowances and provisions

##### (a) Allowance for doubtful accounts

The estimated uncollectible amounts are determined on the case-by-case analysis of recoverability for receivables with default possibility.

##### (b) Provision for bonuses

The portion of estimated bonus payments that is incurred during the current fiscal year is recognized.

##### (c) Provision for stock benefits

To prepare for provision of the Company's stock benefits to officers and employees pursuant to the stock allotment regulations, provisions are recorded based on the estimated amount of stock benefit obligations as of the end of the fiscal year under review.

#### (4) Basis for recognizing revenues and expenses

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) Other significant matters for the preparation of financial statements

##### (a) Accounting treatment of national consumption tax, etc.

National and local consumption taxes are accounted for by the tax-excluded method.

##### (b) Application of the group tax sharing system

The Company has applied the group tax sharing system.

#### (6) Additional information

##### (Officer Compensation BIP Trust)

As the details of the Officer Compensation BIP Trust are explained in item (4) Additional information of the Notes to Consolidated Financial Statements, the note is omitted.

##### (Stock Benefit ESOP Trust)

As the details of the Stock Benefit ESOP Trust are explained in item (4) Additional information of the Notes to Consolidated Financial Statements, the note is omitted.

## 2. Notes to Accounting Estimates

### Valuation of unlisted stocks

- (a) Amount recorded on the non-consolidated financial statements for the current fiscal year  
The amount recorded on the non-consolidated balance sheet for unlisted stocks excluding subsidiaries is 5,354 million yen for 50 issuances.
- (b) Calculation method for amounts recorded on the non-consolidated financial statements for the current fiscal year  
As the details of the calculation method for amounts are explained in item 3. Notes to Accounting Estimates of the Notes to Consolidated Financial Statements, the note is omitted.
- (c) Key assumptions used in calculating amounts recorded on the non-consolidated financial statements for the current fiscal year  
As the details of the key assumptions used in calculating amounts are explained in item 3. Notes to Accounting Estimates of the Notes to Consolidated Financial Statements, the note is omitted.
- (d) Effect on the non-consolidated financial statements for the following fiscal year  
Of the above 3,041 million yen for 19 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 maybe be recorded in the following fiscal year.

## 3. Notes to Non-Consolidated Balance Sheet

|                                                                                                                                          |                     |
|------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| (1) Accumulated depreciation of property, plant and equipment                                                                            | 916 million yen     |
| (2) Guarantee liabilities                                                                                                                |                     |
| Guarantee liabilities in respect to the amount of payables of the consolidated subsidiary, Epos Card Co., Ltd. to their business partner | 33,273 million yen  |
| (3) Receivables and payables to subsidiaries and affiliates                                                                              |                     |
| Short-term receivables                                                                                                                   | 537,254 million yen |
| Short-term payables                                                                                                                      | 59,039 million yen  |
| Long-term receivables                                                                                                                    | 1,410 million yen   |

## 4. Notes to Non-Consolidated Statement of Income

### Transaction with subsidiaries and affiliates

|                            |                    |
|----------------------------|--------------------|
| Operating transactions     |                    |
| Operating revenues         | 40,639 million yen |
| Operating expenses         | 2,226 million yen  |
| Non-operating transactions | 2,163 million yen  |

## 5. Notes to Non-Consolidated Statement of Changes in Net Assets

### Class and number of shares of treasury stock

| Share Class  | Number of Shares as of April 1, 2023 | Increase in Shares in the Fiscal Year | Decrease in Shares in the Fiscal Year | Number of Shares as of March 31, 2024 |
|--------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Common stock | 19,313,961 shares                    | 1,504,237 shares                      | 11,400 shares                         | 20,806,798 shares                     |

- Notes:
1. Shares of common stock held as treasury stock increased by 1,504,237 shares due to the purchase of treasury shares of 1,482,600 shares, the purchase of shares in response to purchase demands for less than one unit of 1,047 shares, and the free-of-charge acquisition of stock of 20,590 shares related to the restricted stock grant plan.
  2. Shares of common stock held as treasury stock decreased by 11,400 shares due to the grant of stock related to the restricted stock grant plan.
  3. The number of shares of common stock as of March 31, 2024 includes 766,567 shares of the Company's shares owned by Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

## 6. Notes to Tax Effect Accounting

### (1) Principal components of deferred tax assets and deferred tax liabilities

#### (Deferred tax assets)

|                                                                                           |                     |
|-------------------------------------------------------------------------------------------|---------------------|
| Impairment loss of investment securities in subsidiaries and affiliates for restructuring | 1,305 million yen   |
| Other                                                                                     | 5,648 million yen   |
| Sub-total                                                                                 | 6,953 million yen   |
| Valuation allowance                                                                       | (5,158) million yen |
| Total                                                                                     | 1,795 million yen   |

#### (Deferred tax liabilities)

|                                                       |                     |
|-------------------------------------------------------|---------------------|
| Reserve for promoting open innovation                 | 321 million yen     |
| Valuation difference on available-for-sale securities | 3,079 million yen   |
| Total                                                 | 3,400 million yen   |
| Net deferred tax assets                               | (1,605) million yen |

### (2) Accounting treatment of corporate tax, local corporate tax and related tax effect accounting

The Company has applied the group tax sharing system. In addition, 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.

## 7. Notes to Revenue Recognition

This information is as described in “Basis for recognizing revenues and expenses” in “Notes on Matters concerning Significant Accounting Policies.”

## 8. Notes to Transactions with Related Parties

Subsidiaries, affiliates and other related parties

| Type         | Name                  | Business Contents                                     | Voting Rights held by the Company (%) | Relationship                                                        |                                                |
|--------------|-----------------------|-------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------|------------------------------------------------|
|              |                       |                                                       |                                       | Concurrent Posts of Directors and Audit & Supervisory Board Members | Business Relationship                          |
| Subsidiaries | MARUI CO., LTD.       | Marui and Modi Store Business,<br>Mail-order Business | (Ownership)<br>Direct<br>100.0        | 2 persons                                                           | Business management                            |
|              | Epos Card Co., Ltd.   | Credit Card Business,<br>Credit Loan Business         | (Ownership)<br>Direct<br>100.0        | 1 person                                                            | Business management                            |
|              | M&C SYSTEMS CO., LTD. | Software Development,<br>Computer Operation           | (Ownership)<br>Direct<br>100.0        | 1 person                                                            | Commission of system maintenance and operation |

| Type         | Name                  | Transactions                       | Amount of Transactions (Millions of yen) | Account Item                                                 | Balance as of March 31, 2024 (Millions of yen) |
|--------------|-----------------------|------------------------------------|------------------------------------------|--------------------------------------------------------------|------------------------------------------------|
| Subsidiaries | MARUI CO., LTD.       | Borrowing of funds<br>*Note 1      | 46,451                                   | Short-term loans payable to subsidiaries and affiliates      | 48,452                                         |
|              |                       | Business management fee<br>*Note 2 | 2,793                                    | Accounts receivable-other                                    | 1,427                                          |
|              | Epos Card Co., Ltd.   | Lending of funds<br>*Note 1        | 644,809                                  | Short-term loans receivable from subsidiaries and affiliates | 523,834                                        |
|              |                       | Business management fee<br>*Note 2 | 2,016                                    | Accounts payable-other                                       | 1,753                                          |
|              |                       | Receipt of interest                | 1,934                                    | —                                                            | —                                              |
|              | M&C SYSTEMS CO., LTD. | Lending of funds<br>*Note 1        | 4,767                                    | Short-term loans receivable from subsidiaries and affiliates | 8,740                                          |
|              |                       | Outsourcing expenses<br>*Note 3    | 905                                      | Accrued expenses                                             | 75                                             |

Terms of transactions and policy for deciding transaction terms

- Notes: 1. These loans are intended to centralize control of the intra-Group funds by the cash management system. The interest rate is reasonably determined based on the market interest rate. The transaction amounts shown in the table above are average outstanding balances.
2. These represent fees for accounting and personnel management related services provided and are determined on a reasonable basis.
3. These represent commission fees for maintenance and operation of systems and are determined based on the general terms and conditions.

**9. Notes to Per-Share Information**

|                          |              |
|--------------------------|--------------|
| (1) Net assets per share | 1,144.07 yen |
| (2) Net income per share | 162.51 yen   |

**10. Notes to Significant Subsequent Events**

Not applicable.

---

Amounts in these non-consolidated financial statements have been rounded down to the nearest unit. Ratio etc. are rounded off to the nearest digit.

## Supplementary Schedules

### Schedule of Property, Plant and Equipment and Intangible Assets

(Millions of yen)

| Category                      | Asset type               | Balance at beginning of period | Increase during period | Decrease during period | Balance at end of period | Accumulated depreciation or amortization at end of period | Amortization during period | Net book value at end of period |
|-------------------------------|--------------------------|--------------------------------|------------------------|------------------------|--------------------------|-----------------------------------------------------------|----------------------------|---------------------------------|
| Property, plant and equipment | Buildings                | 124                            | 1                      | —                      | 125                      | 111                                                       | 0                          | 14                              |
|                               | Structures               | 21                             | —                      | —                      | 21                       | 20                                                        | 0                          | 1                               |
|                               | Vehicles                 | 34                             | —                      | —                      | 34                       | 34                                                        | —                          | 0                               |
|                               | Furniture and fixtures   | 2,045                          | 19                     | 6                      | 2,058                    | 750                                                       | 6                          | 1,308                           |
|                               | Construction in progress | —                              | 6                      | —                      | 6                        | —                                                         | —                          | 6                               |
|                               | Total                    | 2,225                          | 28                     | 6                      | 2,247                    | 916                                                       | 7                          | 1,330                           |
| Intangible assets             | Other                    | 223                            | 3                      | —                      | 227                      | 177                                                       | 14                         | 50                              |
|                               | Total                    | 223                            | 3                      | —                      | 227                      | 177                                                       | 14                         | 50                              |

### Schedule of Allowance and Provisions

(Millions of yen)

| Category                        | Balance at beginning of period | Increase during period | Decrease during period | Balance at end of period |
|---------------------------------|--------------------------------|------------------------|------------------------|--------------------------|
| Allowance for doubtful accounts | 721                            | 175                    | 0                      | 896                      |
| Provision for bonuses           | 211                            | 226                    | 211                    | 226                      |
| Provision for stock benefits    | 501                            | 290                    | 52                     | 740                      |

## Schedule of Operating Expenses

(Millions of yen)

| Item  |                                     | Amount | Remarks |
|-------|-------------------------------------|--------|---------|
| 1.    | Salaries and allowances             | 2,331  |         |
| 2.    | Provision for bonuses               | 226    |         |
| 3.    | Welfare expenses                    | 499    |         |
| 4.    | Officer compensation                | 293    |         |
| 5.    | Travel and transportation expenses  | 97     |         |
| 6.    | Communication expenses              | 12     |         |
| 7.    | Entertainment expenses              | 52     |         |
| 8.    | Print expenses                      | 17     |         |
| 9.    | Outsourcing expenses                | 1,949  |         |
| 10.   | Commission expenses                 | 864    |         |
| 11.   | Rent expenses on land and buildings | 352    |         |
| 12.   | Taxes and dues                      | 319    |         |
| 13.   | Repair expenses                     | 10     |         |
| 14.   | Utilities expenses                  | 32     |         |
| 15.   | Depreciation and amortization       | 23     |         |
| 16.   | Supplies expenses                   | 22     |         |
| 17.   | Other                               | 616    |         |
| Total |                                     | 7,721  |         |

Amounts in these supplementary schedules have been rounded down to the nearest unit.

The Company resolved as follows at a Board of Directors meeting held after April 1, 2024. Details of the resolution are as shown below.

1. Matters on the limit of acquisition of treasury stock

\*Resolved at the Board of Directors meeting held on May 14, 2024

(1) Reason for share acquisition

The Group has to date promoted capital optimization to date in line with the business structure transformation. First, in responding to transformation to a business structure centered on FinTech, the Group acquired treasury stock worth approximately 100.0 billion yen under a policy of reducing the equity ratio of the FinTech segment to approximately 10% in line with the average in the industry and achieved this target in the fiscal year ended March 31, 2021. Next, in the current five-year medium-term management plan that ends in the fiscal year ending March 31, 2026, the Group acquired treasury stock worth 50.0 billion yen by the fiscal year ended March 31, 2023 to eliminate surplus capital in the retailing segment. Through this acquisition, the capital structure was optimized, and the Group achieved the target equity ratio of approximately 25%, a target representing the balance sheet that the Group strived for, so that the Group has changed its capital policy from the fiscal year ended March 31, 2024. Under the policy, the Group will flexibly acquire treasury stock, comprehensively considering a range of factors including the financial conditions and share price, etc., and for this fiscal year under review, the limit for acquisition of treasury stock is set at 20.0 billion yen to respond to a case where future profitability is not fully incorporated in the share price.

(2) Particulars of acquisition of treasury stock

- i. Type of shares to be acquired
  - Common stock
- ii. Total number of shares to be acquired
  - Up to 11.0 million shares  
(5.86% of the total number of issued shares excluding treasury stock)
- iii. Total amount of acquisition of shares
  - Up to 20.0 billion yen
- iv. Period of acquisition
  - From June 1, 2024 to September 30, 2024

(Reference) Ownership status of treasury stock as of April 30, 2024

Total number of issued shares excluding treasury stock: 187,845,280 shares

Number of treasury stock: 20,815,137 shares

Note: Treasury stock includes 766,567 shares held by the Officer Compensation BIP Trust and Stock Benefit ESOP Trust.

## Major external evaluation related to ESG (From April 1, 2023 to March 31, 2024)

The MARUI GROUP was selected for inclusion in all six ESG Indexes utilized by the GPIF



Member of  
**Dow Jones  
Sustainability Indices**  
Powered by the S&P Global CSA

The MARUI GROUP was selected for inclusion in Dow Jones Sustainability World Index for the sixth consecutive year



The MARUI GROUP was selected for inclusion in “FTSE4Good Index Series<sup>\*2</sup>” for the seventh consecutive year



The MARUI GROUP was awarded CDP’s “Climate Change A List”



The MARUI GROUP was selected for inclusion in the Nadeshiko Brands for the seventh consecutive year



The MARUI GROUP was included in the Health & Productivity Stock Selection for the seventh consecutive year

For details, please see the following  
website.[www.0101maruigroup.co.jp/ci/award.html](http://www.0101maruigroup.co.jp/ci/award.html)

<sup>\*1</sup> TERMS AND CONDITIONS  
<http://info.msci.com/1/36252/2017-06-27/kj5n9b>

<sup>\*2</sup> FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that MARUI GROUP CO., LTD. has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.