

## Overview of Q&A session at analysts briefing for Q1 FY June2019. (July-September, 2018)

This document illustrates an overview of Q&A session at analysts briefing for the first quarter results. Questions and answers are edited for clarity.

Q1. What is your thinking behind the upward revision of the first half results?

A : Better-than-expected Q1 results is reflected to the guidance for 1H.

Q2. How was the business environment for retailers during the period of July to September?

A : Bad weather and earthquake gave a negative impact on retail business after July. Customers are becoming more price conscious and selective when purchasing daily necessities. Consumers' spending patterns are prudent when purchasing luxuries. Consumption tax is likely to be up in autumn next year. We believe that the upcoming tax hike is one of the reasons for the current consumer behaviors.

Q3. UD Retail (100% subsidiary of UNY) is the operator of double-name stores.

Does UD Retail continue its business even after Don Quijote Holdings consolidate UNY?

What kind of further developments are expected with FamilyMart?

A : Store conversion will be progressing and being operated by UD Retail under the current organization structure for the time being. We would like to find the suitable structure by closely discussing with UNY. We will also jointly work together with FamilyMart by having discussions and repeating experiments.

Q4. Have you passed the screening of anti-trust laws to acquire 60% of UNY stake?

A : Yes, we have passed the screening without any problems.

Q5. It has been 3 to 4 weeks since you announced the consolidation of UNY.

How are the discussions going between the senior management of Don Quijote HD and UNY?

A : Our discussions are mainly for maximizing the corporate value.  
We have fruitful communication with each other and share the same goals to create a new form of retail by enjoying synergies.

Q6. What is your store conversion plan for double-name brand?

A : 20 stores in the calendar year of 2019 will be opened as double-name brand.

Q7. What is your outlook for the sales growth and renovation capex for 100 double-name stores?

A : We are improving the accuracy of our plan. The conversion of store brand will be taken place gradually for 100 UNY stores. There is five-year plan including this conversion project.

The full-year guidance for FY June 2019 will be disclosed in early February when 1H results will be announced.

The announcement timing of new medium-term management plan which replaces "Vision 2020" are yet to be determined.

Q8. The company name will be changed to "Pan Pacific International Holdings" on February 1<sup>st</sup>, 2019. What is the reason for the name change and what does new name derive from ?

A : We infused the new name with our determination to respond to the diversified and changing consumer needs. Our passion for prosperity to be one of the most promising retail company, not just in Japan but pan pacific area.

Q9. Your guidance for 1H results for recurring and net profit was more than operating profit revision. Is it because you had more-than-expected earnings from equity affiliates?

A : Yes, that is because earnings from equity affiliates for Q1 exceeded our initial plan. It reflected to our 1H guidance.

Q10. You mentioned the measures to improve the inventory level for watches and fashion segment at analyst briefing 3 months ago. How is your inventory level now?

A : Inventory value is well-controlled considering the floor space growth.  
However, some necessary items were not able to being delivered due to bad weather and earthquake after July. We have excessive inventory for some products because we missed the good opportunity to sell.  
It is difficult to perfectly control all inventories because of changing weather and customer needs, but we will make our best efforts to have optimal inventory level.

Q11. What is your thinking about recruitment and training of staff to roll out both double-name stores and organic new stores?

A : 100 double-name stores for 5 years and around 20 new stores a year will be launched. There are many things that companies should do when it comes to the recruitment and the training. We also believe that the skill improvement of each staff member is largely depending on the motivation. We will be taking appropriate measures for those matters.

End.