

Overview of Q&A Session at Analysts Briefing for Q1 FY June 2024

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

Q1. I think the results for Q1 FY June 2024 were good, could you tell us your thoughts for Q2 and onwards, and the reasons for not changing the results forecast?

A: As profit margin has been improving significantly since late Q2 of the previous fiscal year, given the margin of improvement compared to the previous fiscal year, we do not think that Q1's margin of improvement will continue until Q4. The profit margin in Q1 this fiscal year was higher than expected because of our success in capturing demand for seasonal products. On the other hand, we consider it premature to make a decision on revising the results forecast based solely on Q1 results.

Q2. The earnings structure for the discount store business has improved and the number of new store openings is increasing. What is the outlook for the opening of new stores going forward?

A: With the growing profitability of the discount store business, the number of locations where we can open new stores going forward is also increasing.

Q3. I feel that there is potential in the new majica app service, Maji-Voice. On the other hand, I think that it is necessary to encourage customers to make greater use of the majica app. Could you tell us if you have any creative mechanisms in place to achieve that?

A: A mechanism called "Maji-Kakaku" (Maji-Price), used to increase the number of active users, is embedded within Maji-Voice. Maji-Kakaku is a feature that allows customers to rate products on Maji-Voice, and the prices of products with high ratings will be reduced. Hence, this service is capable of reflecting customers' opinions in the prices.

Q4. To what extent can Maji-Voice contribute to operating profit?

A: We have not reached a point of being able to quantitatively explain the impact of Maji-Voice alone. However, we consider it necessary to increase the number of fans in order to maintain operating profit at 6% in the medium- to long-term, and we believe that this function is necessary to achieve this goal.

The different MD compositions highlight the uniqueness of each store. They are therefore important elements in turning customers into fans of our stores. In view of that, we believe it is important for us to be able to analyze why customers purchase specific product categories that are selling well in our stores.