

Overview of Q&A Session at Analysts Briefing for Q4 FY June 2025

This document provides an overview of the Q&A session at the analysts briefing for the third quarter.

Questions and answers have been edited for clarity.

Q1. What do you see as bottlenecks over the next 10 years?

A: (Respondent: CSO & Representative Director, Moriya) The most critical factor is building teams that can execute strategy and allocating the right talent. As we pursue larger-scale strategies, it's essential to create a structure where more members can participate and take leadership roles. While we introduced seven strategies in the "Double Impact 2035" long-term business plan, the eighth—human capital strategy—is equally important. Success depends on whether we can form teams driven by self-motivated participation.

A: (Respondent: Representative Director, Suzuki) We still see room for new store openings over the next 10 years, but beyond that, it could become a bottleneck. That said, inflation and shifts in market conditions are expanding the total addressable market (TAM). If we can reach areas we haven't accessed yet, we believe this bottleneck can be resolved.

Q2. What is the rationale behind the domestic operating margin not increasing in the "Double Impact 2035" long-term business plan?

A: The operating margin is a committed figure, and 2035 is not the final goal but a stepping stone. Achieving a 7% margin in FY6/25 laid the foundation for future challenges. We also view 2035 as a stepping stone toward continued growth beyond that point.

Q3. After stepping down as CEO, what are your plans as a Board Director, especially regarding bottlenecks in overseas business that remained unresolved during your tenure?

A: (Respondent: President & CEO, Yoshida) After initial success, our overseas business faced challenges following the pandemic. While we're confident in brand popularity, there are issues in presentation and business structure. I'll focus on improving internal systems to reduce the burden on the back-office department. I also plan to integrate M&A into our store expansion strategy and revisit the value chain,

both of which are areas I couldn't fully address during my presidency.

Q4. During the formulation process of "Double Impact 2035" long-term business plan, were there any key insights or challenges you discovered?

A: (Respondent: CSO & Representative Director, Moriya) Taking a longer-term view revealed far greater opportunities. When I worked in the stores, the main focus was always on outperforming the previous year, and our planning tended to be short-sighted. While that mindset was a strength, extending the time horizon uncovered much broader possibilities, which became clear during executive discussions.

A: (Respondent: Representative Director, Suzuki) It was a valuable opportunity to rethink our human capital. Seamless collaboration between employees from Don Quijote and UNY opened up new possibilities. We've also promoted younger talent, and I strongly feel the potential for growth.

Q5. What is the growth potential for same stores in the domestic business?

A: We forecast a sharp increase in demand for discount products from a product perspective. Our analysis, combining product and business format perspectives, shows a clear shift over the past three years from standard-priced formats to discount stores—for example, in bottled beverages. We expect continued market fluidity.

From a business format perspective, we estimate that roughly 70% of highly discounted retail areas in the consumer market fall within our catchment area. This reflects a practical assessment based on targeted analysis, not a broad estimate.

Q6. How do you envision growth over the next 3–5 years under the "Double Impact 2035" long-term business plan?

A: Growth timing varies by business, so we intentionally did not set interim targets. New store openings are expected to contribute early, while the new format will likely begin contributing in the mid-term. We plan to present a mid-term plan based on progress.

Q7. Will the first half of the 10-year long-term business plan focus on growth investments?

A: We expect higher investment in the first half. Please envision a phased approach: net sales lead to gross profit, which then drives store operations and ultimately generates profit.

Q8. The ¥30.0 bn overseas operating income target in the “Double Impact 2035” long-term business plan is described as a minimum. What assumptions support this target?

A: We expect to achieve the ¥30.0 billion target based on the following assumptions. In Asia, we plan to generate approximately ¥8.0 billion in operating income by streamlining unprofitable stores while continuing selective new openings. In North America, we anticipate around ¥22.0 billion, driven by stabilized operations in Guam and Hawaii, positive impact from new store openings at Marukai CA, and improved efficiency through investments in central kitchens. We plan to provide a more detailed explanation in about a year.