

Overview of Q&A session at analysts briefing for FY June 2020.

(July,2019–June,2020)

This document illustrates an overview of Q&A session at analysts briefing.

Questions and answers are edited for clarity.

Q1. What is the breakdown of the domestic retail business such as Don Quijote, UNY, and UD Retail in your OP guidance for FY June 2021?

A: We have some negative factors in the domestic retail business such as 11 billion yen of tax-free sales disappearance and 200 million yen from deconsolidation of Doit and 99 Ichiba. This is the starting point for FY2021. Various measures will bring 10 billion yen.

The breakdown of OP guidance by company is as follows;

flat for Don Quijote flat, down 7 billion yen for UNY (due to store conversion), and 5.3 billion yen for UD Retail YoY.

Q2. What are the opportunities for you in Covid-19 environment?

A: When the customer behavior is changing dramatically under the environment of Covid-19, there will be various mismatches if we do not localize the store operation thoroughly. We believe that we will be able to respond to changes.

Q3. What is your plan for new store opening in terms of location and format?

A: The only way to understand customers behavior is to responding to changes. Thus, it is important to establish a store format that can meet diversifying customer needs. UD Retail is working on to convert stores currently and UNY is testing the water for New GMS stores. Commercial areas should be broadened when those initiatives are bearing fruits.

Q4. What is the progress on the plan to add up 20 billion yen of OP for UNY plus UD Retail FY2024 from pre-consolidation time?

A: It is progressing smoothly. However, we should be flexible to tune finely depending on the situation, such as reviewing the number of conversion stores and the development of the New GMS initiative.

Q5. What is the installment schedule and the results of digitized pricing using AI?

A: We will install AI pricing system to all stores in Japan within this year. UNY and some stores such as in fronts of stations are excluded.

We are expecting improve inventory turnover for 50,000 to 100,000 long-tail products per Don Quijote store. We plan to announce the quantitative effects of AI pricing based on its progress.

Q6. Amusement factor with compression display is what defines Don Quijote stores.

Will there be any impact if social distancing practice continues, due to Covid-19?

A: The most important factor is the price. This is also in accordance with the current changes in society, and there is only a limited number of players that can provide this. However, we think that the drive is owned by our customers, hence we do not impose our values on our customers. We believe that if we enforce a customer-first principle, the form will come out naturally.

Q7. E-commerce is booming due to Covid-19. Could you tell us if there is any change in terms of EC?

A: In order to respond to changes of the times, we are considering starting a small-scale test operation during the current fiscal year.

End