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## IT Supporting Enjoyable Stores

A substantial edge of the PPIH Group is its ability to develop enjoyable stores that cannot be mimicked by other retail chains. In these stores, we seek to cultivate a sense of anticipation and excitement for shopping and create a magical and living atmosphere that is only possible at physical stores. IT is imperative for fully drawing out the strength of enjoyable stores. We are therefore implementing a digital strategy that takes advantage of increasingly ubiquitous smart-phones to infuse IT into shopping at physical stores in order to increase their value.

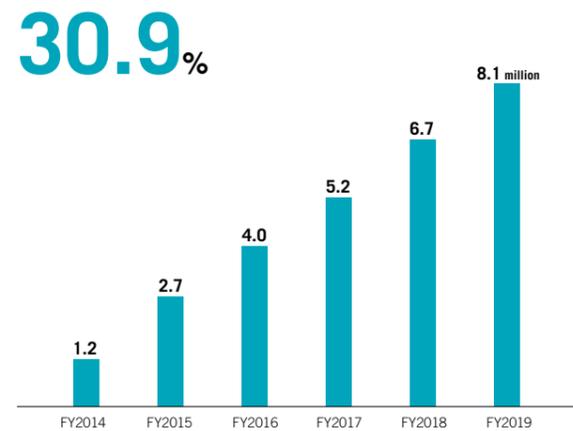
### Digital Strategy Utilizing Big Data Collected from “majica” Members

Launched in March 2014, “majica” is a proprietary e-money service card that can be used at domestic Don Quijote stores and affiliates (excluding same stores). This service has no age restrictions, application fees, or annual membership fees, making it accessible for a wide range of customers, including youths, company employees, homemakers, and senior citizens. This service also offers rank bonuses, including promotions to gold and platinum status based on purchase amounts, and has thereby been contributing to increases in repeat visits to PPIH Group stores.

As of June 30, 2019, there were 8.1 million “majica” members. Capitalizing on this base, the PPIH Group is implementing a digital strategy that injects IT into the official app for this service to improve the efficiency and productivity of store operations. This strategy entails the development of services that use big data, such as purchase records, to make shopping experiences even more enjoyable and convenient.

Growth in Membership after Service Launch

Average Annual Growth Rate\*



\* As the “majica” service was launched in March 2014, the fiscal year ended June 30, 2014 has been excluded from the scope of calculation.



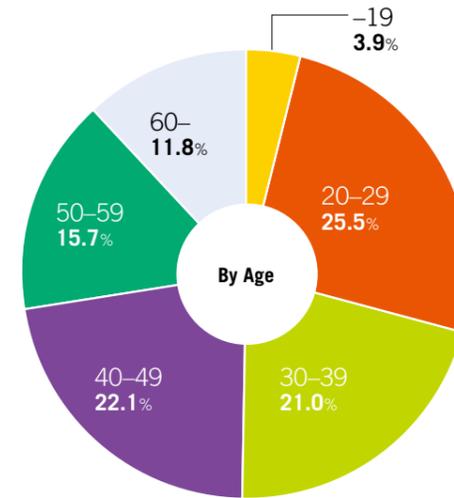
The “majica” service is evolving to offer greater convenience in the age of smartphones through offerings such as downloadable coupons and cardless services that allow for payments to be made or e-money to be purchased using barcodes displayed via the official app.

### Expansion of “majica” Service to All Apita and Piago Stores

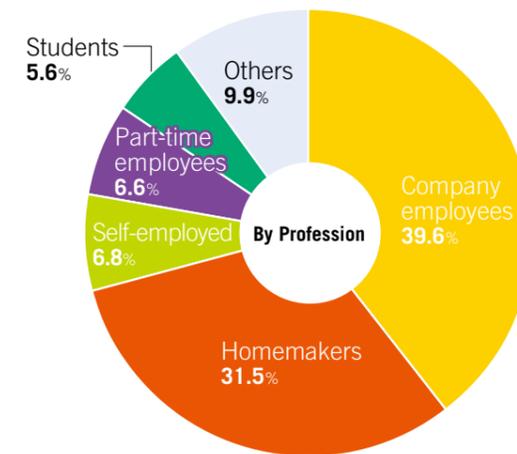
The “majica” service will be made applicable at all Apita and Piago GMS stores operated by UNY from spring 2020. In addition, certain portions of UNY’s uniko will be transferred to “majica” in order to expand the scope of stores at which

“majica” can be used to over 600 stores. This move will enable us to better accumulate and utilize purchase history data in order to create stores that foster feelings of anticipation and excitement.

Distribution of “majica” Members (As of June 30, 2019)



“majica” membership is distributed relatively evenly across the spectrum of ages spanning from 20 to 59, illustrating how this service has won support from a wide range of customers. However, there is a difference in the concentration of members in each age group between genders, with ages 40 to 49 representing the largest portion of male members (24.4% of all male members) and ages 20 to 29 accounting for the most significant portion of female members (29.3% of all female members).



Company employees, who use our stores in a business capacity, and homemakers, who take advantage of our stores for daily living purposes, comprise 71% of the entire “majica” member base. Company employees was the most represented profession among men (66.2% of all male members) while the largest portion accounted for by women was homemakers (45.8% of all female members) followed by company employees (27.3% of all female members).

### Direct Negotiation System Enabling Negotiations Via the Internet

IT is critical to our ability to adapt, which represents a strength of the PPIH Group. We are utilizing IT to promote management innovation for the purpose of shortening all management cycles, in order to realize management capable of swiftly responding to changes in customers and society.

One example of such IT-powered innovation is the direct negotiation system introduced by the PPIH Group in 2015. By simply having our business partners (product suppliers) register their product information onto the system, store representatives across Japan are able to engage in direct business negotiations via the system, no matter where they are located. This system thus cuts back on the time needed to engage in procurement negotiations and otherwise improve efficiency, while also increasing the procurement capabilities of individual stores by enabling procurement representatives to order products matched to the needs of their store whenever necessary.

