

Financial Results for 1H of the Fiscal Year Ending February 2024

Financial Results Briefing

October 25, 2023

Mr Max Holdings Ltd.

(Securities Code: 8203)



● The earnings outlook contained in this material is a forecast prepared by the Company based on information available as of the date of this material. As such, it includes risks and uncertainties. Therefore, the Company does not guarantee that the outlook will be achieved. This material is not intended for investment solicitation. Users of this material should make their investment decisions based on their own judgment.

Financial Results Highlights for the Fiscal Year Ending February 2024

- Food and PB products were strong as consumers became more cost-conscious.
- Operating profit decreases due to (1) a decline in gross profit margin, which is attributable to a decrease in the sales of COVID-related products, and (2) an increase in expenses.

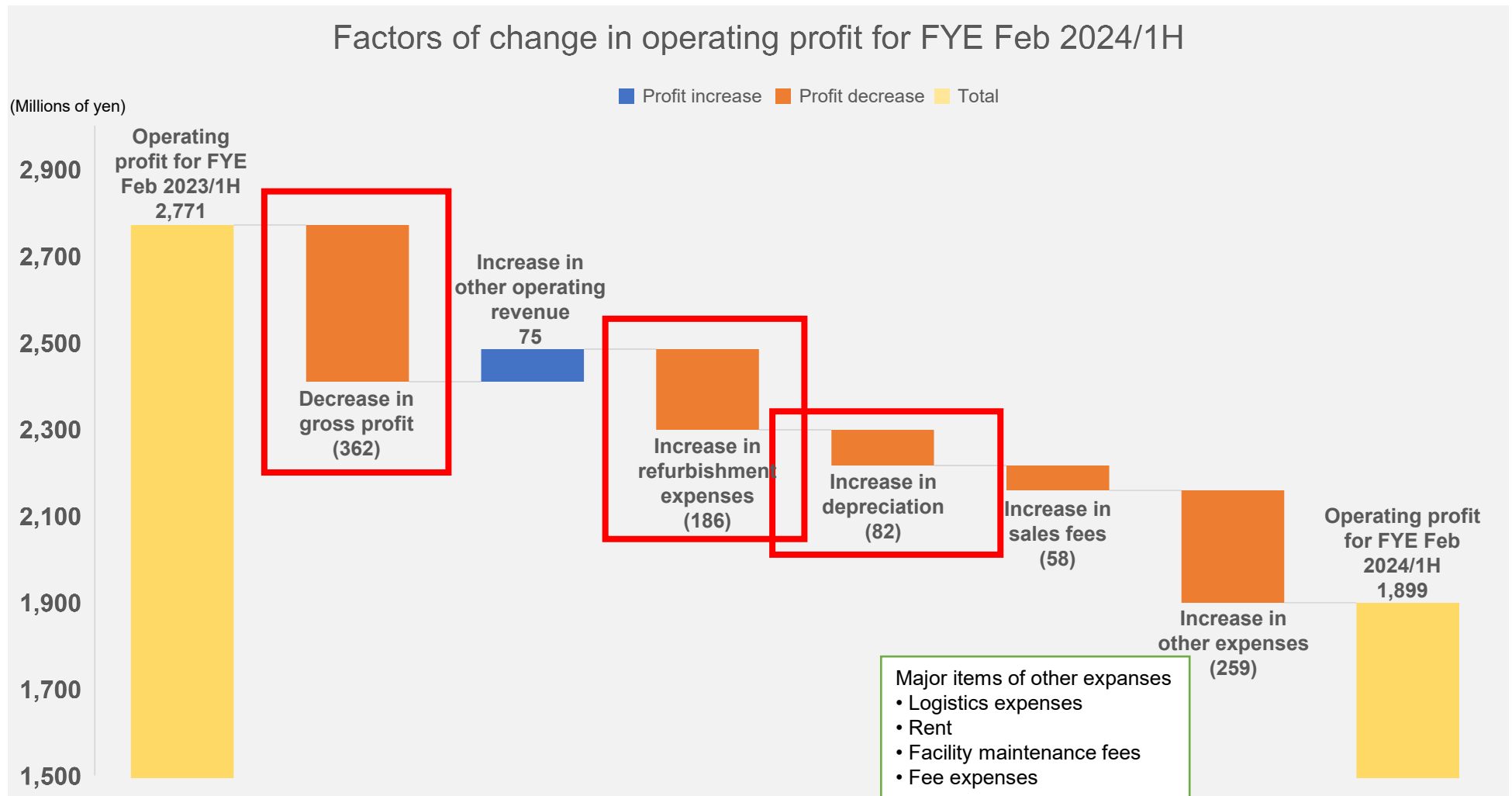
Unit:Millions of yen	FYE February 2023/1H Results	FYE February 2024/1H Results	Year on Year	FYE February 2024/ 1H Plan ^{Note 2}	Versus Plan
Operating Revenue	63,952	65,524	102.5%	64,700	101.3%
Net Sales	61,480	62,976	102.4%	62,300	101.1%
Gross Profit	14,199	13,837	97.4%	-	-
(Gross Profit Margin) ^{Note1}	23.1%	22.0%	(1.1%)	-	-
Real Estate Lease Revenue	1,915	1,918	100.2%	-	-
Other Operating Revenue	556	628	112.9%	-	-
Operating Gross Profit	16,671	16,384	98.3%	-	-
Sales, General, and Administrative Expenses	13,900	14,484	104.2%	-	-
Operating Profit	2,771	1,899	68.5%	2,100	90.4%
Ordinary Profit	2,707	1,851	68.4%	2,000	92.6%
Net Profit Attributable to Parent Company Shareholders	1,832	1,196	65.3%	1,300	92.0%

Note 1: Gross Profit Margin = Gross Profit / Net Sales

Note 2: Plan information is stated only for items disclosed in financial results and financial results briefing materials.

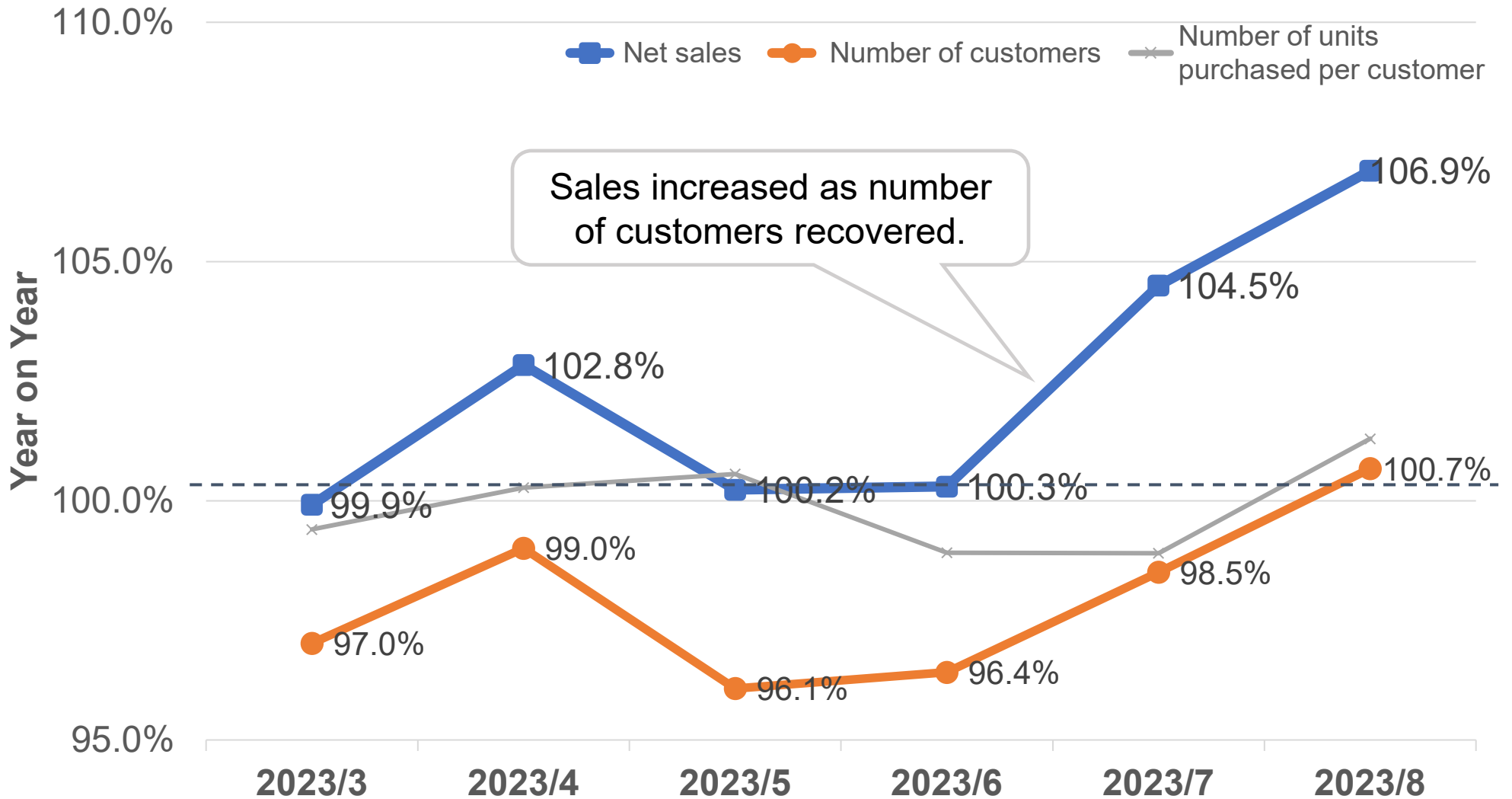
Factors Behind the Change in Operating Profit

Decrease in gross profit	Sales of COVID-related products, whose profit margin is high, decreased.
Increase in refurbishment expenses	Expenses were incurred for the refurbishment of four stores.
Increase in depreciation	The increase was attributable to the acquisition of assets related to online stores and refurbishment.



Existing Stores Sales

Monthly changes in net sales, number of customers, and number of units purchased (year-on-year change)



Net Sales by Division

- Sales of food were strong as consumers became more cost-conscious.

(Unit: mn yen)

	FYE February 2023/1H			FYE February 2024/1H		
	Net Sales	% of total	YoY	Net Sales	% of total	YoY
Home Appliances Division	8,930	14.5%	101.7%	8,712	13.8%	97.6%
Apparel Division	3,381	5.5%	100.5%	3,539	5.6%	104.7%
Lifestyle Division	8,751	14.2%	103.4%	8,675	13.8%	99.1%
Home living Division	5,644	9.2%	99.2%	5,721	9.1%	101.4%
HBC Division	12,922	21.0%	104.3%	13,002	20.6%	100.6%
Food Division	21,847	35.5%	99.5%	23,417	37.2%	107.2%
Other	—	—	—	(64)	(0.1%)	—
Total	61,479	100.0%	101.4%	63,003	100.0%	102.5%

Note: Net sales shown above represent results before consolidation elimination.

Note: The "Other" division represents the amount of application coupon discounts, among other things.

Main products with strong sales

<Apparel Division>
Suitcases, shoes

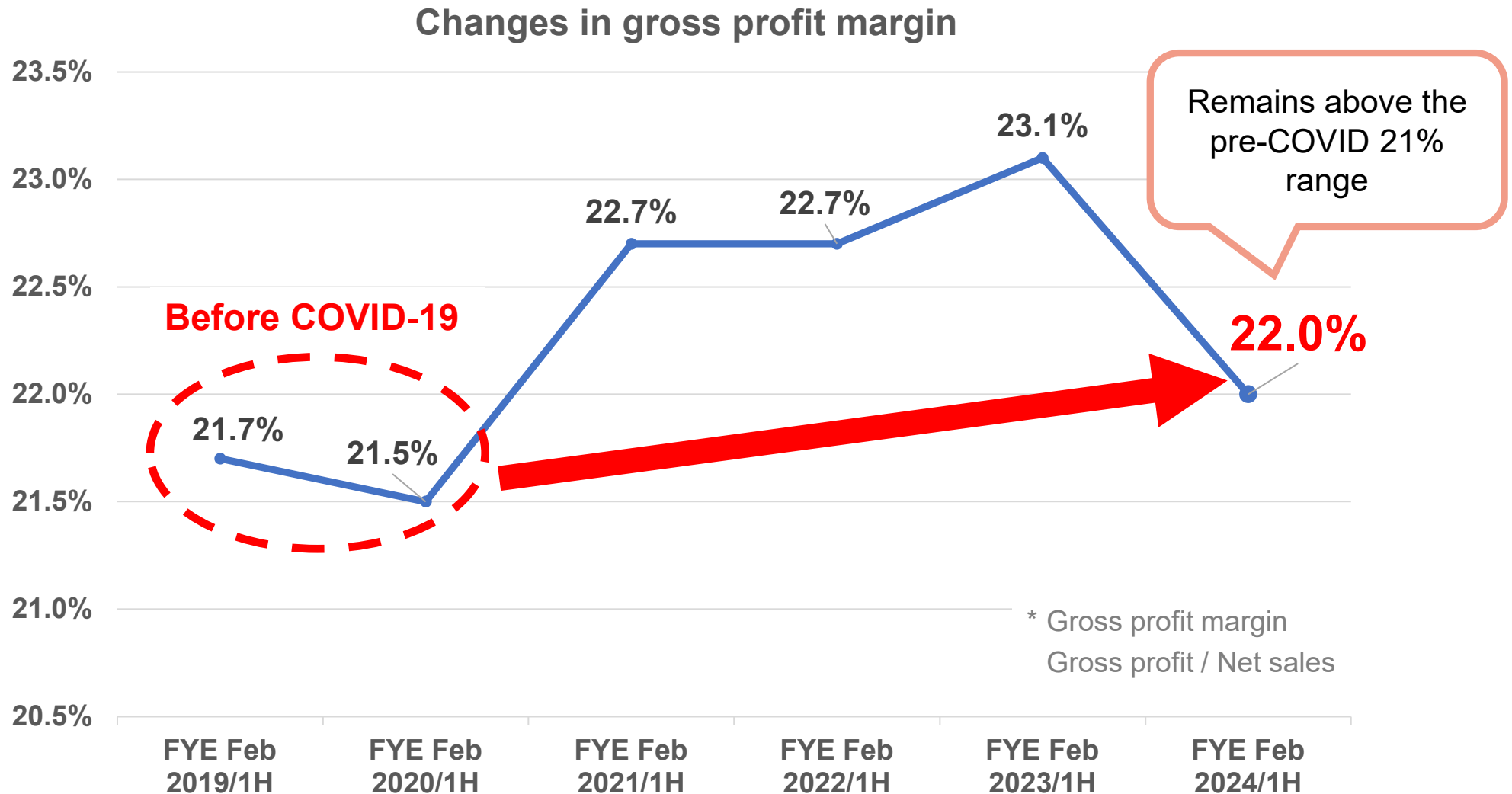
<Lifestyle Division>
Pet goods

<HBC Division>
Paper products,
cosmetics

<Food Division>
Bread, rice, alcoholic
beverages, bottled beverages

Changes in Gross Profit Margin

- Although cost continued to rise, gross profit margin remained above the pre-COVID levels.
- This was owing to the contribution of the discontinuation of the daily rotation of special sales and a higher percentage of PB products in total sales.



Status of Priority Measures and Future Initiatives

Result Forecasts for the Fiscal Year Ending February 2024

—No Change from Initial Forecasts—

Unit mn yen	FYE February 2023 Results	FYE February 2024 Forecasts	Year on Year
Operating Revenue	126,904	129,500	102.0%
Net Sales	122,107	124,600	102.0%
Gross Profit	27,687	28,235	102.0%
(Gross Profit Margin ^(Note))	22.7%	22.7%	-
Real Estate Lease and Other Operating Revenues	4,797	4,900	102.1%
Operating Gross Profit	32,485	33,135	102.0%
Sales, General, and Administrative Expenses	27,853	29,135	104.6%
Operating Profit	4,632	4,000	86.4%
Ordinary Profit	4,523	3,800	84.0%
Net Profit Attributable to Parent Company Shareholders	3,427	2,500	72.9%
[Key Management Indicators]			
Ratio of change in existing stores	+1.6%	+2.0%	
Operating profit to net sales	3.8%	3.2%	
Number of Store Openings	None	None	
Number of Store Closures	1 store	1 store	
Number of stores at year-end	57 stores	56 stores	
Year-end dividend (per share)	27 yen	21 yen	

Assumptions for forecasts

PB product sales composition:
30%

Expenses: Assumed increase
in electricity costs and
investments

Refurbishment: 18 stores
planned

Note: Gross margin ratio is a ratio to net sales.

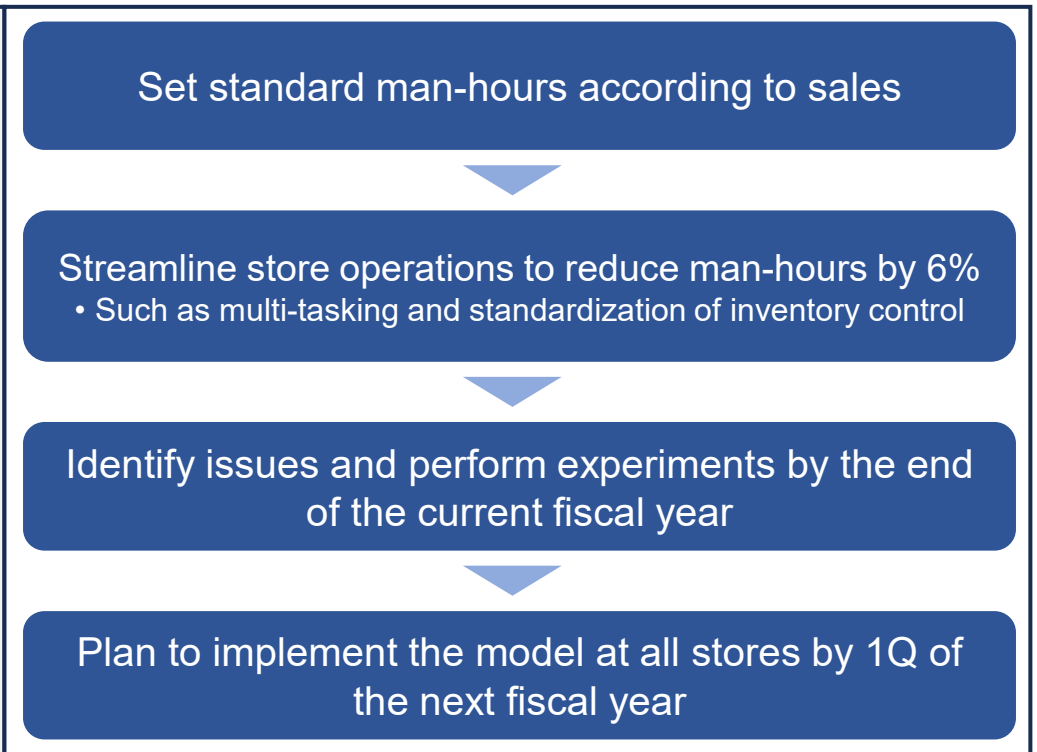
Move to a more competitive and stronger corporate structure

1. Pursue **EDLP (Everyday Low Price)** and promote **EDLC**
2. Expand **PB products**
3. **Strengthen existing stores** through refurbishment
4. **Respond to market changes** through DX

1. Pursue EDLP and Promote EDLC

Further strengthen EDLP and EDLC that supports EDLP

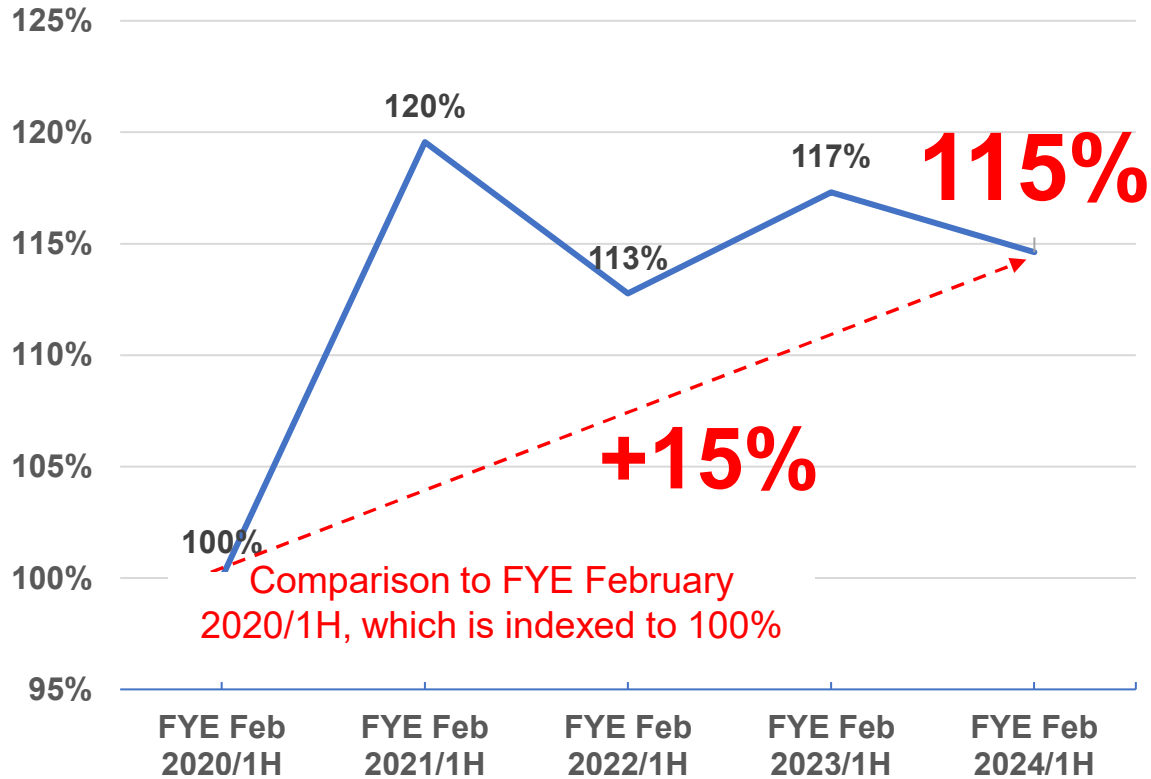
EDLP		<ul style="list-style-type: none">• NB product discount campaigns will be continued.• We promote carefully selected 30 items by offering overwhelmingly low prices to focus on the mass sales of each item.<ul style="list-style-type: none">➔ Sales of laundry detergent and confectionery have doubled from the same month last year.
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EDLC	<p><u>Improvement of man-hour productivity</u></p> <p>Building a staffing model that optimizes staffing levels in accordance with sales</p>	 <pre>graph TD; A[Set standard man-hours according to sales] --> B[Streamline store operations to reduce man-hours by 6% • Such as multi-tasking and standardization of inventory control]; B --> C[Identify issues and perform experiments by the end of the current fiscal year]; C --> D[Plan to implement the model at all stores by 1Q of the next fiscal year];</pre>
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1. Pursue EDLP and Promote EDLC

- Man-hour productivity* improved by 15% compared to pre-COVID levels (FYE February 2020/1H) through work standardization.
- The percentage of self-checkout registers is expected to increase to 80% in FYE February 2025 (from 20% at the end of August 2023).

Changes in man-hour productivity
(comparison of 1H results for each fiscal year)



Expansion of self-checkout registers

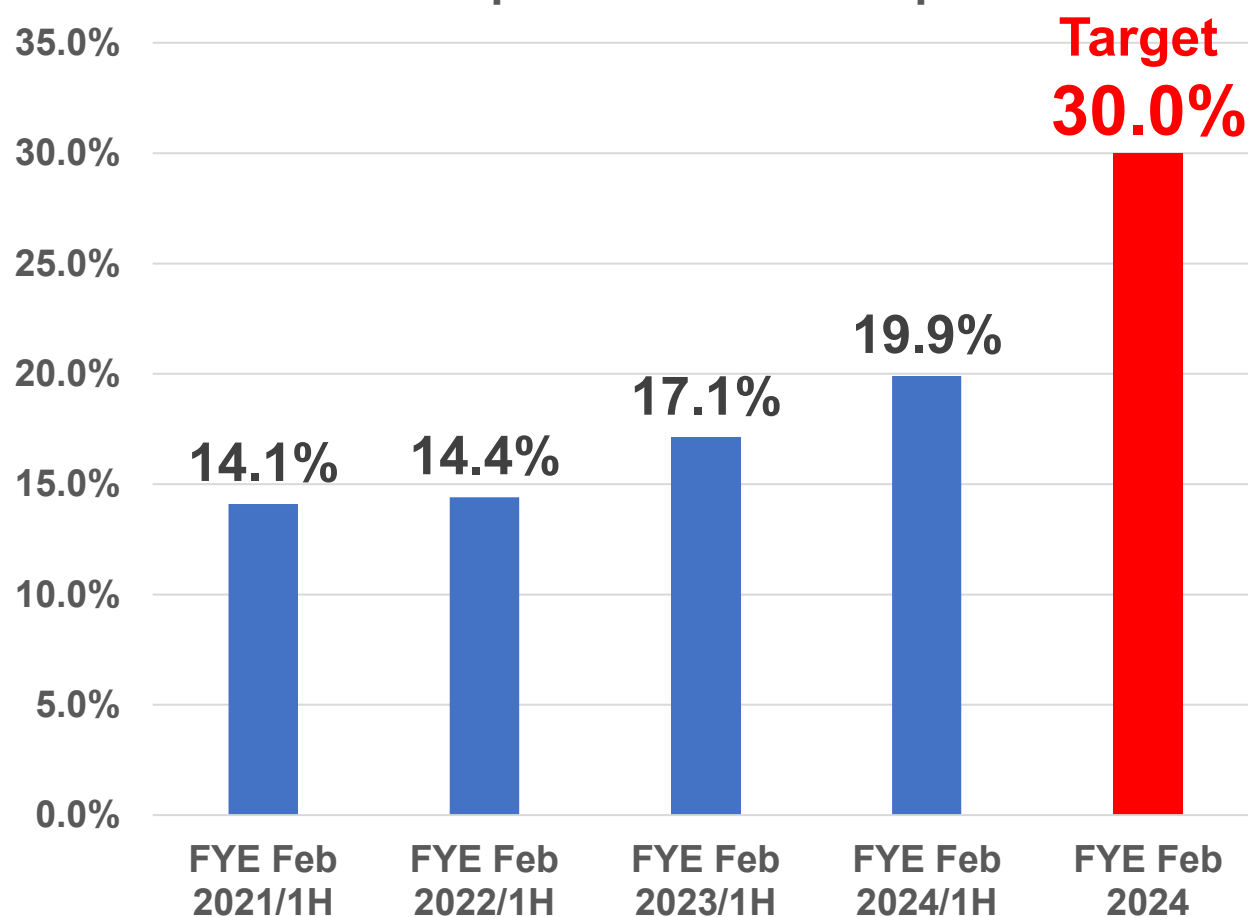


* Man-hour productivity = Gross profit generated by each store employee per hour
(Gross profit / Total man-hours)

2. Expand PB Products

- Further increase speed of development.
- Develop environmentally conscious products.

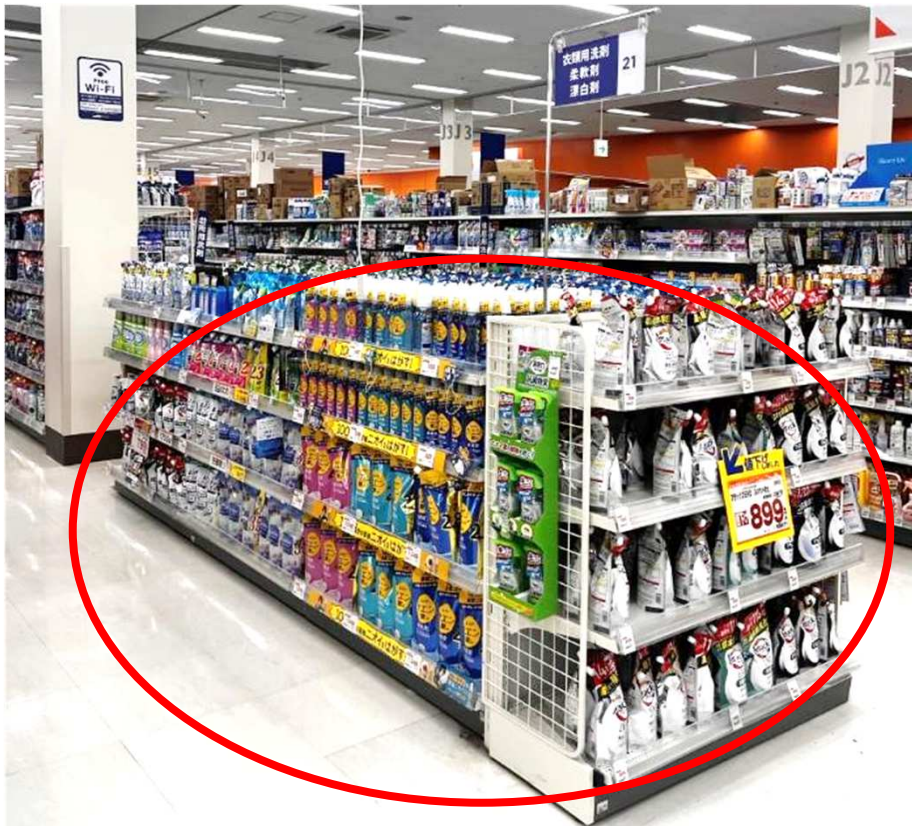
Trends in PB product sales composition



3. Strengthen Existing Stores through Refurbishment

- Sales of large stores that were refurbished in the previous fiscal year have not increased as much as expected.
We will refurbish them again and start the refurbishment of large stores based on the validation of results of previous refurbishments.
- Among the 18 stores for which refurbishment is planned, the refurbishment of smaller stores is already underway.

Revitalize sales floors by displaying value products in regular product sections.



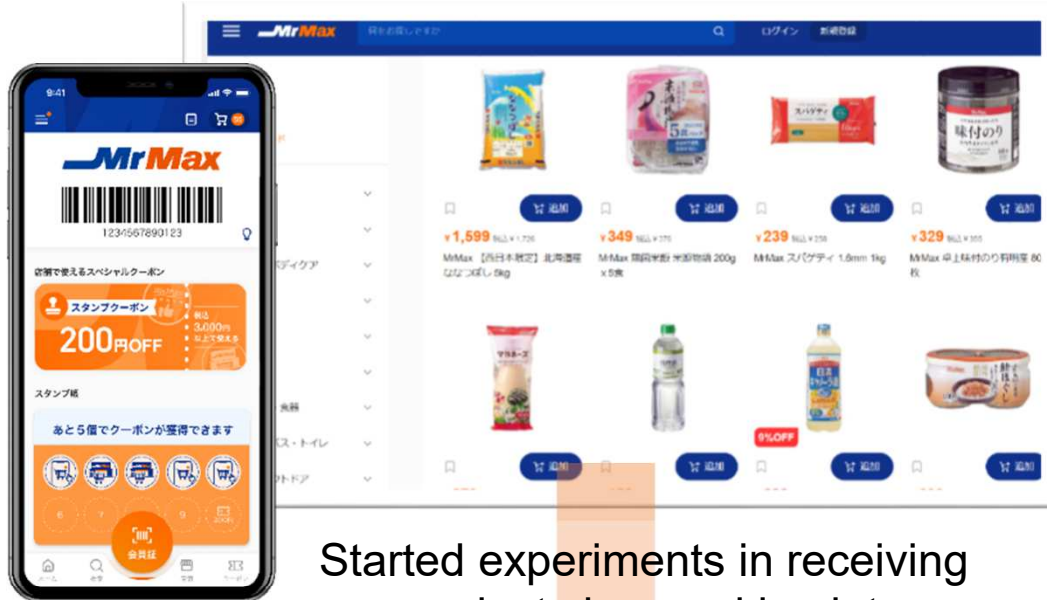
Indication of product types by walkway to make it easy to find products



Hashimoto Store (Fukuoka City, Fukuoka)

4. Respond to Market Changes through DX

Pursuing convenience by combining online stores, apps, and physical stores



Started experiments in receiving products in a parking lot.



Development of digitally literate human resources



- Started a training program on efficient analysis using data analysis tools in September.
- Started DX literacy education in October.

Status of Sustainability Activities

- We have identified seven key issues (materialities) and are promoting initiatives focusing on them.
- We are implementing specific initiatives for the purpose of creating a comfortable working environment, contributing to local communities, and preserving the environment.

Promoting women's empowerment in the workplace



女性社員向け研修
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Contribution to local communities



