TRIAL HLDGS

Revolutionize "real commerce" around the globe with technology and practical savvy.

# Presentation
## FY2024 Q3 (July 1, 2023-March 31, 2024)

**Trial Holdings Inc.**

**May 14, 2024**

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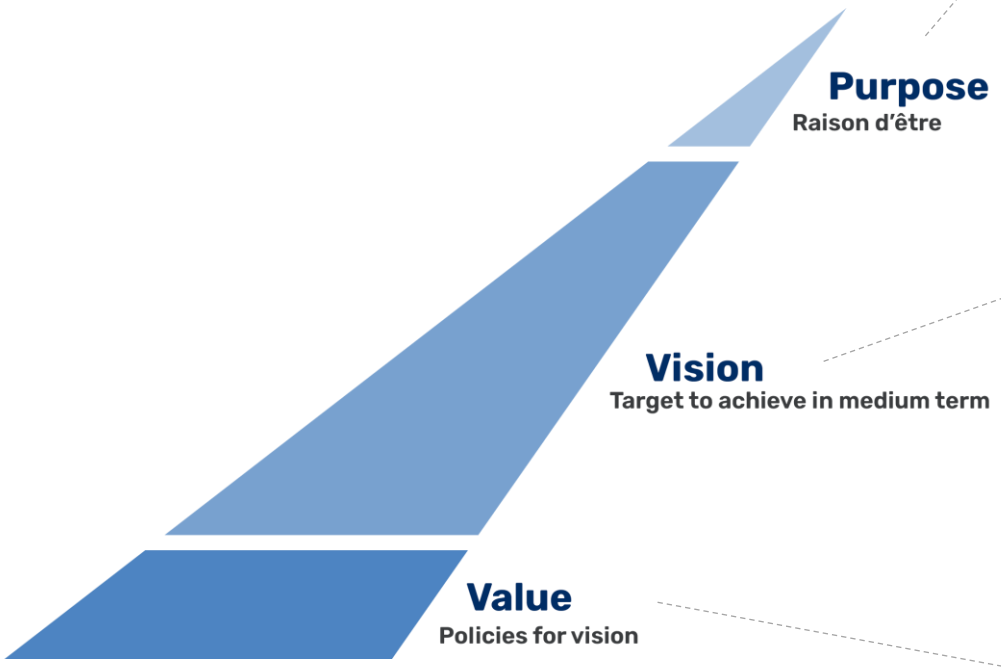
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# Company Overview

# Philosophy






**Enrich every aspect of people's lives through all we do.**

**Revolutionize "real commerce" around the globe with technology and practical savvy.**

- **The power to distribute goods with our highly efficient network of stores**
- **The ability to fully leverage data and IoT**

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# Integrate real store operations and retail tech R&D

**Distribution and Retail Business** TRIAL

**The power to distribute goods with our highly efficient network of stores**

Retail Ai **Retail AI Business**

**The ability to fully leverage data and IoT**

## Your "daily necessities store"




- Nation-wide discount store network with Every Day Low Price (EDLP*1) strength.
- Provide one-stop shopping by offering variety assortment.

**Feedback**

Data Analysis

**Action**

## Create the next generation shopping experience and revolutionize retail operations through the power of technology.



- In-house R&D for IoT devices such as Skip Cart and AI camera.
- Revolutionize the retail industry with data.
- Operation-driven*2 R&D.

*1 EDLP is a pricing strategy that offers customers low prices consistently over a long-term horizon rather than one-off bargains.
*2 We develop technology that is more suited to store operations by designing and operating equipment and services while actually using them in the field and repeatedly making improvements.

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# Nation-wide network with multiple formats



Open mainly Super center format that generates the highest profitability.
Total Store count : 315 (As of the end of March 2024)

## Super Center (SuC)




Location: **Suburb**

Floor Size: c. 4,000 ㎡

Assortment: Daily necessities (Food & Non-Food)

Number of item: C.60k-70k items

**Always affordable EDLP**

**Traffic driving power as a daily necessities store**

- One-stop shopping focused on 'Food'
- New customer experiences through Retail Tech

## MEGA Center




**Regional Cities** c. 8,000㎡

Full Lineup (From food to hobby goods) C.100k items

## smart




**Cities/ Small Trade Area** c. 1,400㎡

Food C.30k items

## Small format




**Cities/ Small Trade Area** Up to c. 1,000㎡

Food C.7k-20k items

*As of March 31, 2024

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# EDLP Business Model

TRIAL offers variety of assortment at competitive price.
Food including just-made ready meals are key items as localized daily necessities stores.

**Every Day Low Price for customers to live better.**

## Localized daily necessities Store

- EDLP
- One-stop shopping
- Tasty and low-price fresh offerings

## Cost Leadership

- Retail Tech
- Supply Chain Management
- Store opening by in-house development

## Product R&D to be chosen by customers



Wide Assortment
(Max. 100k items)



Localized
Fresh food offerings




High-quality, Low-price
Private Brand



Shelf allocation
by AI camera

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# History started with IT

## TRIAL Retail — Evolution of Real Stores and Expansion of Store Networks

| 1987 | 1992 | 1996 | 2001 | 2003 | 2007 | 2008 | 2010 | 2013 | 2015 | 2016 | 2018 | 2020 | 2021 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1st TRIAL Store (Discount Store) | 1st Super Center (New Store) | Acceleration of Opening Stores at Furnished Properties / GMS*1 Revival | Nationwide Expansion | | | Acquired CowBoy Co., Ltd., a Food-focused Supermarket Franchise | | Started Collaboration with Supply Chain Players to Eliminate Inefficiency | | 200 Stores | | Established Store Remodeling Focusing on Fresh Foods*3 | Business Transfer from Satocho |
| **Commissioned System Development**<br>Started system development with its focus on POS on a commission basis | | **Data Driven**<br>Began collection and analysis of customer data | | **In-House R&D**<br>Established software development base in China | **e³-SMART**<br>Database engine | **PACER**<br>Store operation support system | New business launched in Silicon Valley | **MD-Link**<br>Data share tool with manufacturers | **Skip Cart** | | | **Smart Stores**<br>Opened 1st smart store in Japan*2 Established Retail AI. | Kicked-off of JBP strategy | **MUSUBU Miyawaka PJ**<br>Created a remote work town with AI R&D center using closed schools, etc. |

**Inhouse Development**

## Retail Ai TRIAL Retail Tech — Accumulation of IT / AI Practical Know-how Compatible with In-store Retail Operation

*1 GMS: General Merchandising Store
*2 Based on the Company's research. Smart stores are defined as stores that have introduced Skip Carts, which are cash register carts with tablet payment functions and AI cameras for monitoring the status of shelves
*3 Stores that are remodeled with additional focus on offering fresh food products, based on anticipated customer shopping patterns, revenue, gross profit, labor cost and profit framework (same hereafter)

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# Retail Tech Supports Distribution and Retail Business

**Create the next generation shopping experience by deeply understanding our customers through real stores and data utilization.**

## e3-SMART

Low-cost, high-speed data processing platform with strength in data compression technology

## MD-Link

MD-Link

Data analysis platform for sharing and analyzing data accumulated in store operations with manufacturers and wholesalers

Collect Data → Analyze Data → Utilize Data

**Create a better shopping experience based on ID-POS and store data**

## Retail Map

- Proprietary tool to analyze trading areas, based on the combination of statistical information and purchasing data accumulated by TRIAL
- It helps to make decisions on store openings and closures, and to improve existing stores



## Skip Cart

No checkout lines
Easy checkout

Personalized in-store promotion

Facial recognition self-checkout without age verification

## AI Camera

Giving insights into customers' in-store behavior, and monitoring out-of-stock items

## In-store Signage

Driving realistic in-store promotions with use of sound and visual effects




## SU-PAY

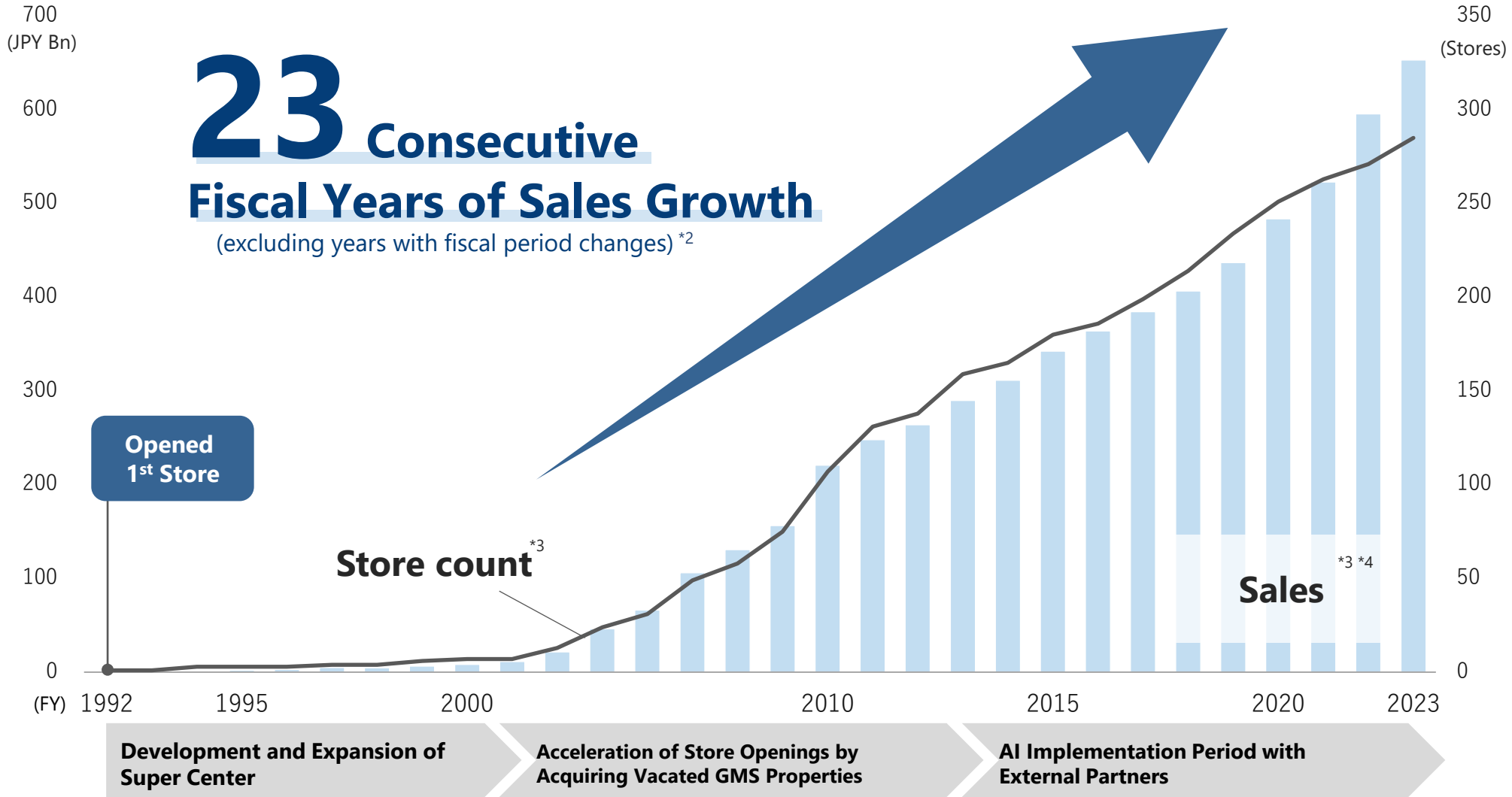
- Payment app available at TRIAL stores throughout Japan
- Delivery of coupons tailored to each app user




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# Strong Track Record of Continuous Sales Growth

**Accomplished sales growth for 23 consecutive fiscal years *1 through flexible strategies adapting to market changes.**




*1 From FY 1999/9 to FY 2023/6 (Fiscal year ended March 2005 (6 months), the fiscal year ended March 2009 (11 months 20 days) and the fiscal year ended June 30, 2021 (3 months 10 days) are excluded from the period, and they are not illustrated in the above graph)
*2 Changes in accounting period: the accounting period ended March 2005 (6-month accounting period starting October 1 and ending March 31), the accounting period ended March of 2009 (11-month and 20-day accounting period starting April 1 and ending March 20), and the accounting period ended June 2021 (3-month and 10-day accounting period starting March 21 and ending June 30)
*3 Number of stores and sales are as of end of each fiscal year
*4 Applied revenue recognition standard for accounting periods ended June 2022 and June 2023

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# Growth Journey to achieve Vision

Eliminate inefficiency in the Distribution and Retail industry by “Store Expansion”, “Retail Tech” and “Partnership” aiming for sustainable development and growth not only for our group but also society as a whole.

## 4 Key Strategies

**1 Strengthening Existing Stores**
Focus on food, renovate stores

**2 New store opening**
Expansion of store network mainly supercenters

**3 Improve profitability**
product mix for better margin, control cost finely

**4 Retail Tech**
Retail revolution by establishing ecosystem

**Backcast**

**Long-term vision**
**Enrich people’s lives by eliminating inefficiencies in the Distribution and Retail Industry**

Endeavor for quantum leap forward
**Retail × IT・AI**

**Revolutionize “Real Commerce” around the Globe with Technology and Practical Savvy**

Foundation of TRIAL Group
**Retail**

Now

Focus on “food”
Enhanced Implementation
IoT
Acceleration of Store openings across Japan
Automation of Retail AI
Retail Media
Next generation Smart Store
Real Commerce far beyond Retail
Retail Platformer

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# FY2024

# Q3 Financial Results

# Q3 FY2024 Summary



**The store count increased by 30. SSS rose 6.0%, and consolidated sales grew 10.1% YoY.**
**OP jumped 62.7%, OP margin improved 1.0pt to 2.9% with contributions from GP margin improvement and control in cost.**

## Sales

JPY537.2Bn

＋10.1%

（vs FY2023/Q3）

## Gross Profit

JPY106.2Bn

＋14.9%

（vs FY2023/Q3）

## Operating Profit

JPY15.3Bn

＋62.7%

（vs FY2023/Q3）

## Stores

315 stores

＋30 stores

（from FY2023）

## Same-store Sales Growth

＋6.0%

（vs FY2023/Q3）

## Gross Margin

19.8%

＋0.9pts

（from FY2023/Q3）

## Operating Profit (OP) Margin

2.9%

＋1.0pt

（from FY2023/Q3）

## Stores with Skip Cart

218 stores

**(External 2 companies, 3 stores)**

＋38 stores

（from FY2023）

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# Earnings Summary for FY2024 (Nine Months)



Sales and gross profit made double digit growth which went up 10.1% and 14.9% respectively. GP margin improved 0.9pts and SG&A went down by 0.1pts. As a result, OP surged 62.7% YoY. It is progressing strongly toward the full-year plan.

From July 1, 2023
to March 31, 2024 (9 months)

| (Millions of yen) | Q3 FY2023 | | Q3 FY2024 | | | | | FY2024 Forecast | |
|---|---|---|---|---|---|---|---|---|---|
| | Actual | Share | Actual | Share | YoY | YoY(%) | Progress*1 | Amount | Share |
| **Sales** | 488,101 | 100.0% | **537,217** | 100.0% | +49,116 | 110.1% | 75.6% | **711,067** | 100.0% |
| **Gross profit** | 92,492 | 18.9% | **106,264** | 19.8% | +13,772 | 114.9% | 73.3% | **145,005** | 20.4% |
| **Other operating revenues** *2 | 1,764 | 0.4% | **1,881** | 0.4% | +117 | 106.6% | 73.8% | **2,548** | 0.4% |
| **Operating gross profit** | 94,257 | 19.3% | **108,145** | 20.1% | +13,888 | 114.7% | 73.3% | **147,554** | 20.8% |
| **SG&A** | 84,795 | 17.4% | **92,747** | 17.3% | +7,952 | 109.4% | 71.9% | **128,978** | 18.1% |
| **Operating income** | 9,461 | 1.9% | **15,397** | 2.9% | +5,936 | 162.7% | 82.9% | **18,575** | 2.6% |
| **Ordinary income** | 9,743 | 2.0% | **16,167** | 3.0% | +6,424 | 165.9% | 84.9% | **19,045** | 2.7% |
| **Net income attributable to Owners of the parent** | 5,338 | 1.1% | **9,494** | 1.8% | +4,156 | 177.9% | 88.1% | **10,774** | 1.5% |

*1 The progress rate represents the percentage of progress in the first nine months of the fiscal year against the full-year forecast
*2 Other operating revenues represent tenant leasing income

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# Earnings Summary for FY2024 (Three Months)



From January 1, 2024
to March 31, 2024 (3 months)

| (Millions of yen) | Q3 FY2023 Actual | Q3 FY2023 Share | Q3 FY2024 Actual | Q3 FY2024 Share | Q3 FY2024 YoY | Q3 FY2024 YoY(%) |
|---|---|---|---|---|---|---|
| **Sales** | 153,776 | 100.0% | **173,913** | **100.0%** | **+20,137** | **113.1%** |
| **Gross profit** | 30,040 | 19.5% | **34,704** | **20.0%** | **+4,664** | **115.5%** |
| **Other operating revenues** *1 | 605 | 0.4% | **622** | **0.4%** | **+17** | **102.8%** |
| **Operating gross profit** | 30,646 | 19.9% | **35,327** | **20.3%** | **+4,681** | **115.3%** |
| **SG&A** | 28,449 | 18.5% | **31,498** | **18.1%** | **+3,049** | **110.7%** |
| **Operating income** | 2,197 | 1.4% | **3,829** | **2.2%** | **+1,632** | **174.3%** |
| **Ordinary income** | 2,223 | 1.4% | **4,189** | **2.4%** | **+1,966** | **188.4%** |
| **Net income attributable to Owners of the parent** | 1,153 | 0.7% | **2,551** | **1.5%** | **+1,398** | **221.2%** |

*1 Other operating revenues represent tenant leasing income

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# Q3 Results by Business Segment (Nine Months)



**Distribution and Retail Business:** Added 30 stores (18 organic openings, 18 newly joined from Satocho, 6 closures). SSS rose 6.0% and sales grew 9.9% YoY in the segment. This is largely due to evolved product mix and cost control including higher productivity. Segment profit made a significant jump-up by 58.0%.
**Retail AI Business:** Further Skip Cart installment to TRIAL Group.

From July 1, 2023
to March 31, 2024 (9 months)

| (Millions of yen) | | Q3 FY2023 Actual | Q3 FY2023 Share | Q3 FY2024 Actual | Q3 FY2024 Share | Q3 FY2024 YoY | Q3 FY2024 YoY(%) |
|---|---|---|---|---|---|---|---|
| **Distribution and Retail Business** | **Sales** | 486,735 | 100.0% | **535,100** | **100.0%** | **+48,365** | **109.9%** |
| | **External** | 486,735 | 100.0% | **535,083** | **100.0%** | **+48,348** | **109.9%** |
| | Internal | - | - | 16 | 0.0% | +16 | - |
| | **Segment profit** | 11,053 | 2.3% | **17,463** | **3.3%** | **+6,410** | **158.0%** |
| **Retail AI Business** | **Sales** | 4,574 | 100.0% | **3,516** | **100.0%** | **(1,058)** | **76.9%** |
| | **External** | 461 | 10.1% | **721** | **20.5%** | **+260** | **156.4%** |
| | Internal | 4,112 | 89.9% | 2,795 | 79.5% | (1,317) | 68.0% |
| | **Segment profit** | (407) | - | **(418)** | **-** | **(11)** | **-** |

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# Q3 Results by Business Segment (Three Months)



From January 1, 2024
to March 31, 2024 (3 months)

| (Millions of yen) | | Q3 FY2023 Actual | Q3 FY2023 Share | Q3 FY2024 Actual | Q3 FY2024 Share | Q3 FY2024 YoY | Q3 FY2024 YoY(%) |
|---|---|---|---|---|---|---|---|
| **Distribution and Retail Business** | **Sales** | 153,344 | 100.0% | **173,093** | **100.0%** | **+19,749** | **112.9%** |
| | **External** | 153,344 | 100.0% | **173,090** | **100.0%** | **+19,746** | **112.9%** |
| | Internal | - | - | 2 | 0.0% | +2 | - |
| | **Segment profit** | 2,844 | 1.9% | **4,822** | **2.8%** | **+1,978** | **169.5%** |
| **Retail AI Business** | **Sales** | 1,639 | 100.0% | **997** | **100.0%** | **(642)** | **60.8%** |
| | **External** | 129 | 7.9% | **239** | **24.0%** | **+110** | **185.3%** |
| | Internal | 1,509 | 92.1% | 757 | 75.9% | (752) | 50.2% |
| | **Segment profit** | (199) | - | **(110)** | **-** | **+89** | **-** |

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# The Four Key Strategies for 3Q

## 1 Strengthening Existing Stores

**Focus on food products category and steady progress in store renovation**

- Providing wide selection of products with a particular strength in “food” at EDLP. Satisfying customers as local “Daily Necessity Store”.
- Solid progress in remodeling focusing on accelerating in “food” and implementing Retail Tech.

## 2 New Store Openings

**Accelerated new store openings with a focus on SuC**

- Focus on opening profitable SuC stores, analyzing trade areas through the use of data.
- Create dominance by opening new stores mainly in Kyushu, which improves store network and profitability.

## 3 Improvement in Profitability

**Through improvement in the product mix and operational efficiency**

- Strengthen development and deployment of ready meals and PB products with high customer appeal and profitability.
- Increase productivity through improved operations and Retail Tech.

## 4 Retail Tech

**Establishment of retail ecosystem**

- Accumulating data and deeply understanding customers by installing Skip cart and acquiring more SU-PAY members.
- Enhance category management through data sharing and analysis with manufacturers and wholesalers.

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# Growth Strategy of Distribution and Retail Business



Trying to be No.1 everyday store in the commercial area aiming at both topline and OP growth.
Continuing topline growth while achieving OP growth that exceeds sales growth.

## Distribution and Retail Business

### Sales

- **Same Store Sales：+3.5%(Plan)**
  - ⇒ **Renovation：27stores(Plan)**
  - ⇒ strengthening of “food” centering on fresh food
  - ⇒ Continued store format reform
- **New Store Openings：42stores(Plan)**
  - ⇒ Accelerated new store openings with a focus on SuC
  - ⇒ Strengthening store development infrastructure

### Gross Profit

- **Improvement of product mix:**
  - ⇒ Strengthening of ready meal with higher gross profit margin
  - ⇒ Mid-term goal: Achieve a ready meal sales of 8%
- **Strengthening of PB products:**
  - ⇒ Mid-term goal: Achieve a PB sales of 25%
- **Appropriate pricing tailored to the market area:**
- **Improvement of product procurement prices:**
  - ⇒ Enjoyment of volume discounts through the expansion of store network and revitalization of existing stores
  - ⇒ Strengthening of category management through collaboration with manufacturers and wholesalers

### SG&A

- **Improvement of labor productivity:**
  - ⇒ Promotion of empowerment for part-time and temporary staff
- **Effective advertising and promotional activities**
- **Low-cost store openings by our group companies:**
- **Energy-saving measures:**
  Promotion of installation of solar panels

Supporting sustainable growth of retail distribution business through various initiatives based on data analysis.

**Retail AI Business**

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# Retail AI Business Contributing to the Core Business

Support sustainable growth of core business through various measures based on data analysis.

**Distribution and Retail Business**

**Accumulating customer ID data and in-store traffic data**

**Measures based on analysis** ← **Retail AI Business** (Data) → **Feedback on measures**

ID-POS / Skip Cart / AI Camera/ SU-PAY

**Retail AI Business**

Various measures through data utilization

## ■ Skip Cart & SU-PAY & AI Camera




- **Expand Royal Customer Base**
  ⇒ Convenient shopping with payment via SU-PAY app, Skip Cart for wait-free checkout and 24h facial recognition payment via AI camera.
- **Effective advertising and promotion**
  ⇒ Personalized product recommendations and coupons for each customer.

## ■ In-store Signage



- **Stimulate unplanned purchases**
  ⇒ Live in-store promotion with sound and video.

## ■ Maker Platform

- **Improve production and procurement plans Enhance Category Management**
  ⇒ Sharing data with manufacturers and wholesalers.

## ■ Skip Cart & AI Camera



- **Eliminate purchase opportunity loss and disposal loss**
  ⇒ AI cameral monitor out-of-stock items and alert backyard to fill them up.
- **Sales floor efficiency**
  ⇒ Improve in-store layout and optimize shelf allocation by analyzing customer paths using Skip Cart and AI cameras.
- **Improve productivity through labor savings**
  ⇒ Skip Cart to reduce cashiers, AI cameras to improve product replenishment and shift store staff to high-value-added tasks.

## ■ Retail Map



- **Efficient store opening and upgrade existing stores**
  ⇒ Utilize detailed map data and TRIAL purchase data

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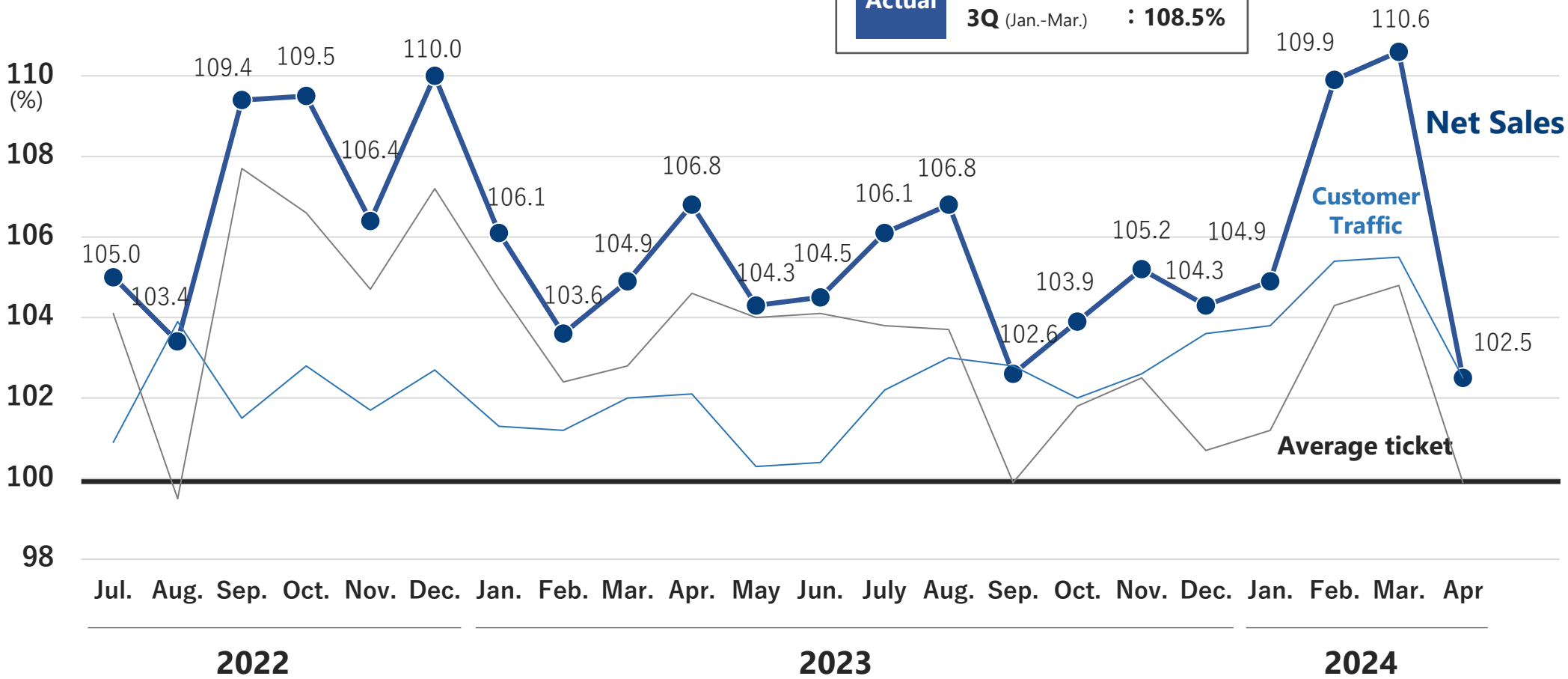
# Robust Growth in Same Store Sales

Trial is strengthening “food” centering on fresh food to become the region‘s No.1 daily necessities store. 23 renovated stores drove customer traffic and average ticket.

**SSS has been growing for 35 consecutive months.**
(Incl. April, 2024)

**Same Store Sales Growth**

| | | |
|---|---|---|
| **Plan** | Full Year | : 103.5% |
| **Actual** | **3Q** (Nine months) | **: 106.0%** |
| | **3Q** (Jan.-Mar.) | **: 108.5%** |




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# Enhancement of ‘Food’

We are expanding fresh food and ready meals that pursue “delicious and affordable” to enrich everyday life.
Three of our products were selected in the Bento and Prepared Meal Awards 2024.

Bento and Prepared Meal Awards
お弁当･お惣菜大賞2024

**3 items selected**
**Awarded for 3 consecutive years**



**Adult’s favorite Plate**



**Ginger Pork Rice Sandwich**



**Garlic pork Yakiniku Bento**

ファベックス 惣菜･べんとうグランプリ 2024

GOLD Award



**Japanese Omelette and Yakitori Over Rice**

Honorable Mention



**Beef Short Ribs Yakiniku Over Garlic Rice**

**Two other items got awarded**

KARAAGE GRAND PRIX 日本で一番うまい唐揚げ屋さんはどこ!?
第15回からあげグランプリ®
唐揚げの歴史を変える栄誉あるグランプリ受賞店を発表します！

**Western Japan Ready Meal Section**
**Gold Award for 4 consecutive years**



**Four kinds of soy sauce and ginger-scented fried chicken**

**Focused on the 3 key elements: “taste,” “price,” and “passion.”**

### Bento and prepared meal Awards

Food specialists select and award particularly outstanding products from bento and prepared foods sold at various retail stores.

### FABEX Souzai Bento Grand Prix

Annual product contest of FABEX, a comprehensive trade fair for the ready meals, delicatessen and home-cooked meal industry. Gold, Excellence, and other prizes are awarded among the best products submitted from all over Japan.

### Karaage Grand Prix

Contest by the Japan Karaage Association. It has been held every year since 2010 under the theme of “Which is the best fried chicken restaurant in Japan?

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# Store Renovation

Measures are taken place such as optimization of sales floor centering on food, retail tach driven renovation.
2 MEGA Centers, 1 Super Center and 1smart were renovated. Renovation is progressing as planned.

**Renovation**

| | | |
|---|---|---|
| **Plan** | Full Year | : 27 stores |
| **Actual** | **3 Q** (Nine months) | **: 23 stores** |

The number of renovation store.
( ) indicates the cumulative total.

| | FY2022 | FY2023 | FY2024 | | | | |
|---|---|---|---|---|---|---|---|
| | Full Year | Full Year | Q1 Jul. - Sept. 2023 | Q2 Oct. - Dec. 2023 | | Q3 Jan. - Mar. 2024 | |
| **MEGA Center** | 1 | 4 | 3 | 0 | (3) | **2** | **(5)** |
| **Super Center** | 17 | 19 | 6 | 8 | (14) | **1** | **(15)** |
| **smart** | 5 | 2 | 1 | 0 | (1) | **1** | **(2)** |
| **Small Format** | 2 | 5 | 0 | 1 | (1) | **0** | **(1)** |
| **Total** | 25 | 30 | 10 | 9 | (19) | **4** | **(23)** |

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# New Store Opening / Closure

TRIAL took over 18 stores (3 smarts, 15 smalls) from Satocho in Q2 FY2024.
2 Super Centers, 1 smart and 2 smalls were opened and closed 1 smart in Q3. The store count added by 4 stores from the end of Q2 to 315. New store opening is progressing for full year plan.

**Openings**

| | |
|---|---|
| **Plan** | Full Year : 42 stores |
| **Actual** | 3 Q (Nine months) : **36 stores** |

| | | FY2022 | FY2023 | FY2024 | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Full Year | Full Year | Q1 Jul. - Sept. 2023 | Q2 Oct. - Dec. 2023 | | Q3 Jan. - Mar. 2024 | |
| **MEGA Center** | **Store count** | 22 | 24 | 24 | 24 | | **24** | **0** |
| | Opening (Accumulated) | 2 | 2 | 0 | 0 | (0) | **0** | **(0)** |
| | Closure (Accumulated) | 0 | 0 | 0 | 0 | (0) | **0** | **(0)** |
| **Super Center** | **Store count** | 175 | 181 | 180 | 183 | 0 | **185** | **0** |
| | Opening (Accumulated) | 2 | 7 | 0 | 3 | (3) | **2** | **(5)** |
| | Closure (Accumulated) | 0 | 1 | 1 | 0 | (1) | **0** | **(1)** |
| **smart** | **Store count** | 67 | 68 | 67 | 68 | 0 | **68** | **0** |
| | Opening (Accumulated) | 1 | 1 | 0 | 3 | (3) | **1** | **(4)** |
| | Closure (Accumulated) | 1 | 0 | 1 | 2 | (3) | **1** | **(4)** |
| **Small Format** | **Store count** | 7 | 12 | 12 | 36 | 0 | **38** | **0** |
| | Opening (Accumulated) | 2 | 5 | 1 | 24 | (25) | **2** | **(27)** |
| | Closure (Accumulated) | 0 | 0 | 1 | 0 | (1) | **0** | **(1)** |
| **Total** | **Store count** | 271 | 285 | 283 | 311 | 0 | **315** | **0** |
| | Opening (Accumulated) | 7 | 15 | 1 | 30 | (31) | **5** | **(36)** |
| | Closure (Accumulated) | 1 | 1 | 3 | 2 | (5) | **1** | **(6)** |

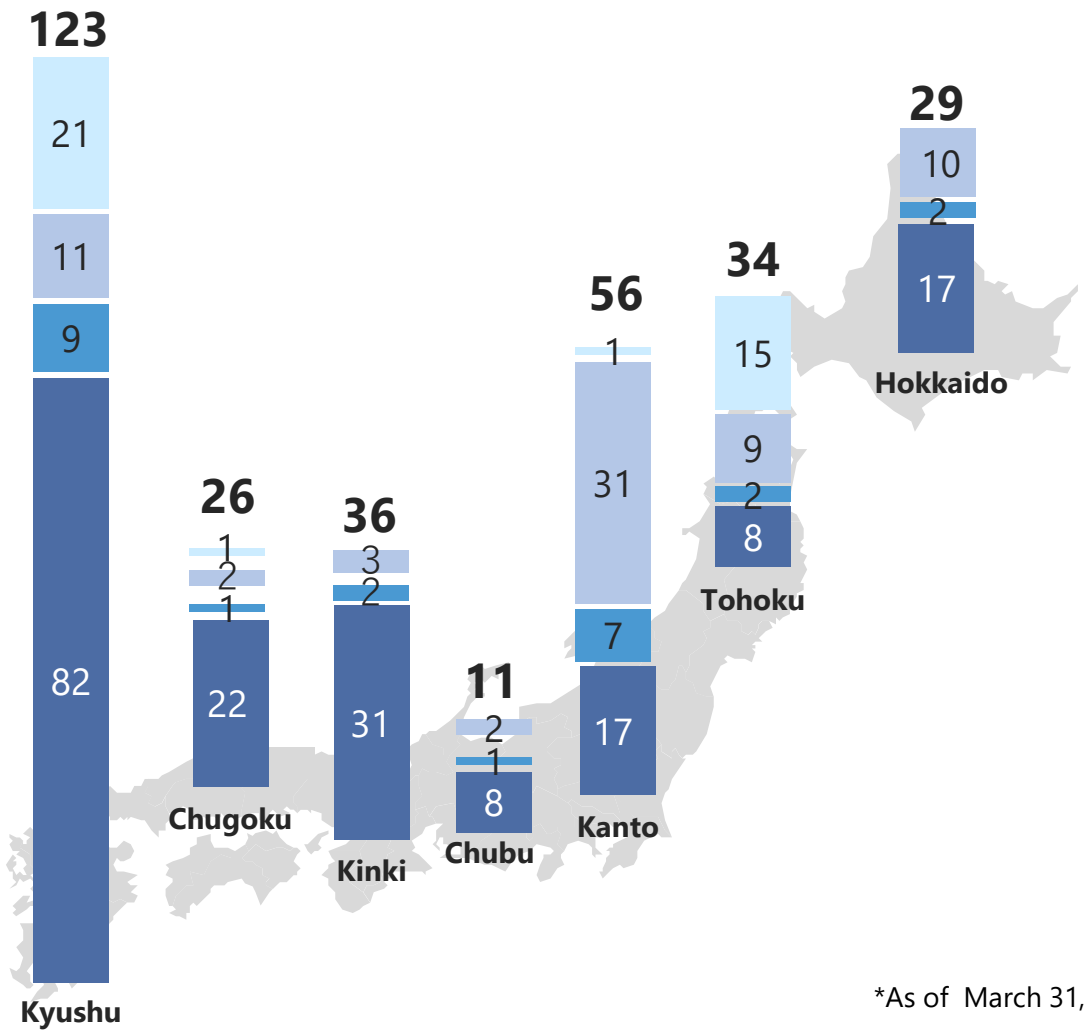
The number of renovation store. ( ) indicates the cumulative total.

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# Store Opening Strategy by Region



| Total | MEGA Center | Super Center | smart | Small Format |
|---|---|---|---|---|
| 315 stores | 24 stores | 185 stores | 68 stores | 38 stores |




*As of March 31, 2024

## Q3 FY2024

| | | | |
|---|---|---|---|
| Opening | Jan | smart | Kotoni (Hokkaido) |
| | Feb | Super Center | Onoue (Kumamoto) |
| | Mar | Small | Iizuka-koubukuro (Fukuoka) |
| | | Super Center | Sakanoichi (Oita) |
| | | Small | Shimonoseki-ikuno (Yamaguchi) |
| Closure | Mar | smart | Isesaki (Gunma) |

## Q4 FY2024 As of May 14, 2024

| | | | |
|---|---|---|---|
| Opening | Apr | Super Center | Marugame (Kagawa) — First store in Shikoku |
| | | Small | Mugino 5-Chome (Fukuoka) |
| | | Small | Miyawaka-fukumaru (Fukuoka) |
| Closure | Apr | Small | Onojo (Fukuoka) |
| | | Small | Nakasone 5-Chome (Fukuoka) |

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# Introduction of The New Store

Opened on April 3, 2024

## Super Center Marugame (Kagawa)

### The first Smart Store* in Shikoku region

*The Smart Store incorporates IoT and AI technologies developed by our group, such as the 'Retail AI Camera' and shopping cart equipped with self-checkout functions called 'Skip Cart.' These technologies enable us to provide new shopping experiences and facilitate efficient operations based on data utilization.






Installed 80 Skip Carts

**Always affordable EDLP**

**Traffic driving power as a daily necessities store**

**One-stop shopping focused on 'Food'**

**New customer experiences through Retail Tech**

## Recommended ready meals



### Sangen Pork Loin Cut-let Bowl

- Our group's most popular ready-meal item.
- A dish crafted by a chef who trained at a Michelin-starred restaurant, featuring thick pork cutlet with a creamy egg sauce for a satisfying meal.

299 yen (tax included)*1



### In-house made Ohagi (sweet rice cakes)

- The flavor is enhanced by the temperature difference between day and night unique to inland areas. We use Hokkaido-grown Azuki beans and domestically produced glutinous rice.
- Through in-house production, we achieve an overwhelming size of 160g per piece, providing a large yet mildly sweet taste with low sugar content.

1 for 120 yen / 3 for 300 yen (tax included)*1

*1. Prices may vary depending on the store. Additionally, there may be stores or time slots where the product is not available.

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# Sales by Product Category (Nine Months)



Fresh drove traffic and led profit growth in the Distribution and Retail Business. Its sales increased by 12.6% YoY.
Ready meal accounted for 5.6%, which went up by 0.5pts.
Pricing and category management with manufacturers and wholesalers with data also contributed.

From July 1, 2023
to March 31, 2024 (9 months)

| (Millions of yen) | Q3 FY2023 | | Q3 FY2024 | | | |
|---|---|---|---|---|---|---|
| | Actual | Share | Actual | Share | YoY | YoY(%) |
| **Sales** (Distribution and Retail Business) | 486,735 | 100.0% | **535,083** | **100.0%** | **+48,348** | **109.9%** |
| **Food** | 358,042 | 73.6% | **396,183** | **74.0%** | **+38,141** | **110.7%** |
| **Grocery** *1 | 151,445 | 31.1% | **164,580** | **30.8%** | **+13,135** | **108.7%** |
| **Daily** *1 | 88,409 | 18.2% | **98,525** | **18.4%** | **+10,116** | **111.4%** |
| **Fresh** *1 | 118,187 | 24.3% | **133,077** | **24.9%** | **+14,890** | **112.6%** |
| **Ready meals** | 24,904 | 5.1% | **29,946** | **5.6%** | **+5,042** | **120.2%** |
| **Non-Food** | 128,693 | 26.4% | **138,900** | **26.0%** | **+10,207** | **107.9%** |
| **Living** *1 | 59,999 | 12.3% | **64,555** | **12.1%** | **+4,556** | **107.6%** |
| **Hardware** *1 *2 | 46,683 | 9.6% | **53,830** | **10.1%** | **+7,147** | **115.3%** |
| **Apparel** *1 | 12,606 | 2.6% | **15,355** | **2.9%** | **+2,749** | **121.8%** |
| **Other** *2 | 9,404 | 1.9% | **5,158** | **1.0%** | **(4,246)** | **54.8%** |

* 1 . Products kinds are as follows. Grocery: Processed food like snacks. Daily: Eggs and dairies. Fresh: Fruits, Meat, Fish and Ready meals. Hardware: Durables - such as home electronics. Apparel: Innerwear, outerwear
* 2 . From Q1 in FY2024, we have changed the product category of tobacco from "Other" to "Hardware". (Sales of tobacco in Q1 were approximately 1.6 billion yen)

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# Sales by Product Category (Three Months)



From January 1, 2024
to March 31, 2024 (3 months)

| (Millions of yen) | Q3 FY2023 Actual | Q3 FY2023 Share | Q3 FY2024 Actual | Q3 FY2024 Share | YoY | YoY(%) |
|---|---|---|---|---|---|---|
| **Sales (Distribution and Retail Business)** | 153,344 | 100.0% | **173,090** | **100.0%** | **+19,746** | **112.9%** |
| **Food** | 114,539 | 74.7% | **130,154** | **75.2%** | **+15,615** | **113.6%** |
| **Grocery** *1 | 47,843 | 31.2% | **53,556** | **30.9%** | **+5,713** | **111.9%** |
| **Daily** *1 | 28,324 | 18.5% | **31,997** | **18.5%** | **+3,673** | **113.0%** |
| **Fresh** *1 | 38,371 | 25.0% | **44,599** | **25.8%** | **+6,228** | **116.2%** |
| **Ready meals** | 8,215 | 5.4% | **10,024** | **5.8%** | **+1,809** | **122.0%** |
| **Non-Food** | 38,804 | 25.3% | **42,936** | **24.8%** | **+4,132** | **110.6%** |
| **Living** *1 | 18,446 | 12.0% | **20,619** | **11.9%** | **+2,173** | **111.8%** |
| **Hardware** *1 *2 | 13,989 | 9.1% | **16,422** | **9.5%** | **+2,433** | **117.4%** |
| **Apparel** *1 | 3,382 | 2.2% | **4,249** | **2.5%** | **+867** | **125.6%** |
| **Other** *2 | 2,985 | 1.9% | **1,644** | **0.9%** | **(1,341)** | **55.1%** |

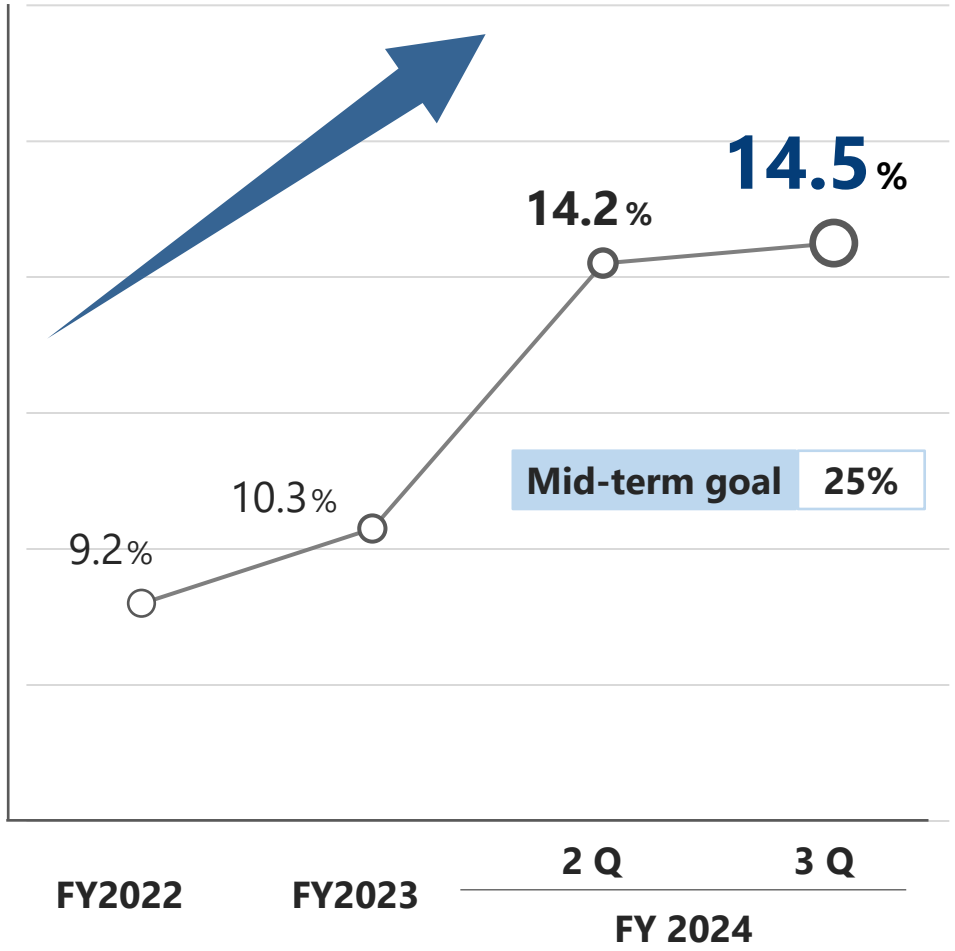
* 1 . Products kinds are as follows. Grocery: Processed food like snacks. Daily: Eggs and dairies. Fresh: Fruits, Meat, Fish and Ready meals. Hardware: Durables - such as home electronics. Apparel: Innerwear, outerwear.
* 2 . From Q1 in FY2024, we have changed the product category of tobacco from "Other" to "Hardware" (Sales of tobacco in Q1 were approximately 1.6 billion yen.)

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# PB Product development Initiatives

Based on customer understanding through data utilization, we are driving the development of private brand (PB) products that provide value to our customers. The sales share of PB steadily grew to 14.5% in Q3.

## Trend of the Sales Share of PB Product *1




*1 PB sales share is as a percentage of total sales of distribution and retail business.

















* Prices may vary depending on the store. Additionally, there may be stores or time slots where the product is not available.

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# Breakdown of SG&A expenses (Nine Months)



Sales jumped 10.1%. SG&A was up 9.4%. It was well-controlled while investing in human capital and productivity improvement.
SG&A ratio went down 0.1pts because automation and Skip Cart contributed to improve productivity.
Labor was up by 11.7%, in line with the full-year plan. Utility went down 9.9% with stabilized electricity unit price.

From July 1, 2023
to March 31, 2024 (9 months)

| (Millions of yen) | Q3 FY2023 | | Q3 FY2024 | | | |
|---|---|---|---|---|---|---|
| | Actual | Share | Actual | Share | YoY | YoY(%) |
| Sales | 488,101 | 100.0% | 537,217 | 100.0% | +49,116 | 110.1% |
| **SG&A** | 84,795 | 17.4% | **92,747** | **17.3%** | **+7,952** | **109.4%** |
| **Labor** *1 | 49,037 | 10.0% | **54,769** | **10.2%** | **+5,732** | **111.7%** |
| **Real estate** *2 | 14,273 | 2.9% | **15,515** | **2.9%** | **+1,242** | **108.7%** |
| **Advertisement / Promotion** *3 | 2,685 | 0.6% | **2,829** | **0.5%** | **+144** | **105.4%** |
| **Utility** | 7,546 | 1.5% | **6,796** | **1.3%** | **(750)** | **90.1%** |
| **Other** | 11,254 | 2.3% | **12,838** | **2.4%** | **+1,584** | **114.1%** |

* 1 . Labor Costs = “Executive Compensation” + “Wages, bonuses for employees, part-time workers, and temporary staff” + “Statutory benefits and welfare expenses“+ "Transportation expenses" + "Education, training, and recruitment expenses" + "Secondment labor costs"
* 2 . Real Estate Expenses = "Rent" + "Depreciation expenses“
* 3 . Advertising and Promotion Expenses = "Advertising expenses" + "Sales promotion expenses" + "Amount of points redemption"

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# Breakdown of SG&A expenses (Three Months)



From January 1, 2024
to March 31, 2024 (3 months)

| (Millions of yen) | Q3 FY2023 Actual | Q3 FY2023 Share | Q3 FY2024 Actual | Q3 FY2024 Share | YoY | YoY(%) |
|---|---|---|---|---|---|---|
| Sales | 153,776 | 100.0% | 173,913 | 100.0% | +20,137 | 113.1% |
| **SG&A** | 28,449 | 18.5% | **31,498** | **18.1%** | **+3,049** | **110.7%** |
| **Labor** *1 | 16,598 | 10.8% | **18,523** | **10.7%** | **+1,925** | **111.6%** |
| **Real estate** *2 | 4,873 | 3.2% | **5,364** | **3.1%** | **+491** | **110.1%** |
| **Advertisement / Promotion** *3 | 777 | 0.5% | **863** | **0.5%** | **+86** | **111.1%** |
| **Utility** | 2,495 | 1.6% | **2,189** | **1.3%** | **(306)** | **87.7%** |
| **Other** | 3,706 | 2.4% | **4,559** | **2.6%** | **+853** | **123.0%** |

* 1 . Labor Costs = “Executive Compensation” + “Wages, bonuses for employees, part-time workers, and temporary staff” + “Statutory benefits and welfare expenses“+ "Transportation expenses" + "Education, training, and recruitment expenses" + "Secondment labor costs"
* 2 . Real Estate Expenses = "Rent" + "Depreciation expenses“
* 3 . Advertising and Promotion Expenses = "Advertising expenses" + "Sales promotion expenses" + "Amount of points redemption"

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# Customer Loyalty Program

Since its launch in October 2022, we have been enhancing the functionality of the mobile payment app "SU-PAY" to acquire new members and expand loyal customer base.

**No. of Members*1 (As of March 2024)** **10.22 Millions** Up 1M from June 2023

## Prepaid Point Card

### TRIAL Prepaid Card




**Electronic Money**

**Point Card**

- Smooth transactions with cash top-up.
- Get 1 point (equivalent to ¥1) for every ¥200 purchase
- Get 5 points (equivalent to ¥5) for every ¥1,000 top-up
- No enrollment fee or annual fee

**Currently promoting the transition from TRIAL prepaid cards to the payment app 'SU-PAY'**




## Smartphone Payment Application

### SU-PAY スーペイ




**Since October 2022**



**Pay with smartphone**




**Accumulate and redeem points**



**Choose preferred charging method**

**Bank account charging**
**Cash charging at the register**



**Simply and smoothly pay**

### Coupon distribution feature

Deliver optimal coupons to your smartphone based on your purchase date




### Stress-free shopping experience

Combine with Skip Cart to achieve an even more comfortable shopping experience



### Enhance your shopping experience

**More enjoyable**

**More rewarding**

* 1 . Membership count: The total number of members is calculated by adding the number of trial prepaid card members to the number of SU-PAY account registrants, which may include some duplication of the same customer.

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# Skip Cart

Complete payment through self-scan and payment gate passage. Providing a new shopping experience such as reducing cashier workload and implementing one-to-one marketing in physical stores utilizing coupons and recommendations.



## Scan Loss Prevention

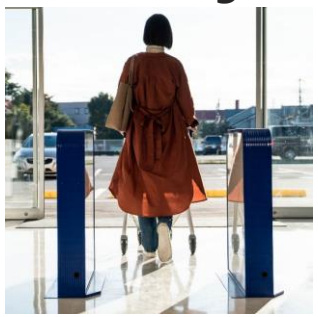
Alerts when a sensor detects an unscanned item

## Tablet

Display scanned product data (product name, price, quantity) and total purchase amount. Display recommendations and coupons according to customer purchase information

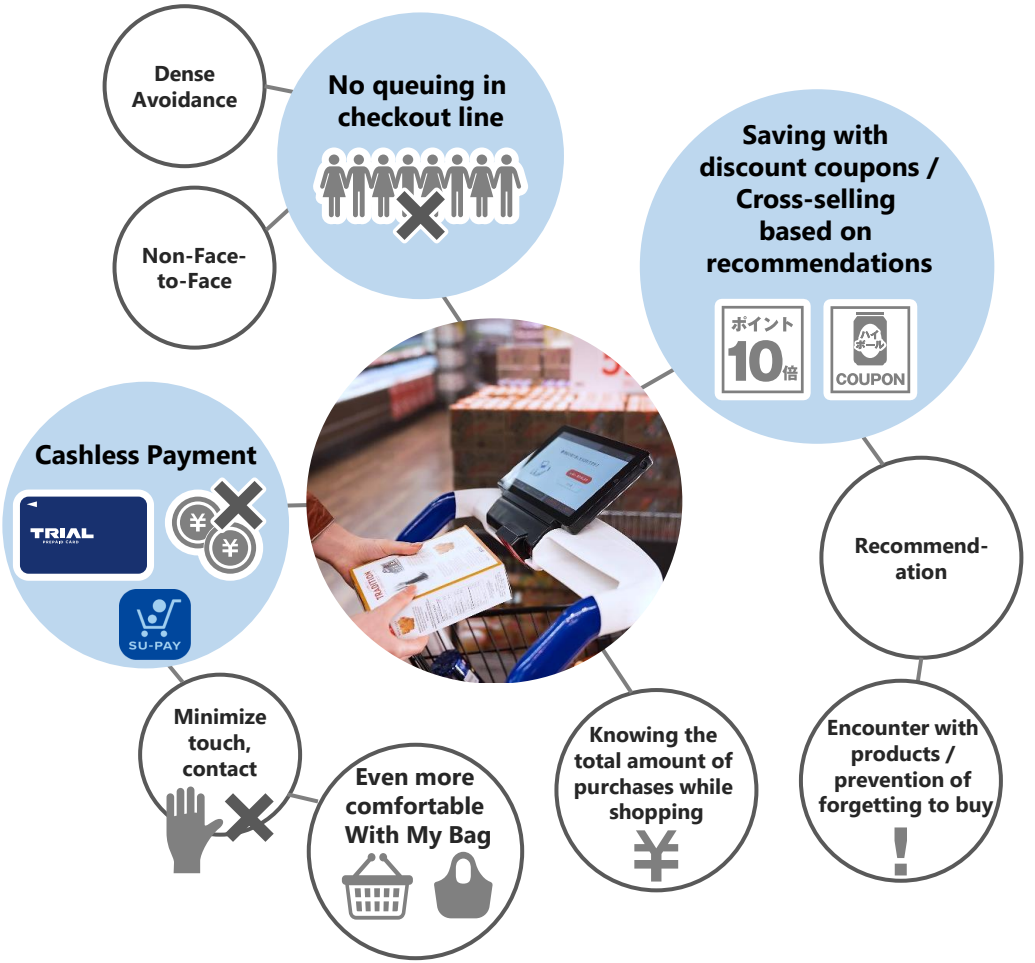


## Checkout gate



## Integrated Barcode Scanner

Seamless shopping experience is made possible by simply placing products into the basket after scanning




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# Better Customer Experience by Skip Cart

2,585 Skip Carts were newly installed into 38 stores.
Hourly sales increased based on higher visit frequency and better customer experience.

## Installation of Skip Cart *1






## Impact of Skip Cart

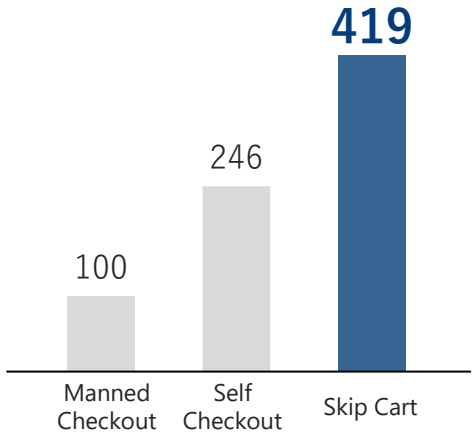
**Frequency of Visits** *2
+6.3%

**Monthly Sessions** *3
407万人

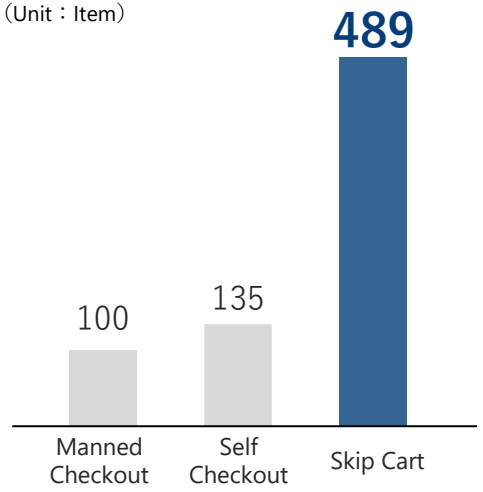
**Average utilization rate** *4
25.7%

**Less labor cost**

**Number of customers passing through per hour** *5
Indexing manned checkout throughput at 100 customers
（Unit：Per Person）




**Number of purchases per hour** *5
Indexing manned checkout throughput at 100 items
（Unit：Item）




*1 Including installation for stores outside of the group.
*2 Calculated by comparing store visit frequency on an ID-POS basis for 120 days before and after the installation of Skip Cart, targeting 14 SuC in Kyushu that installed Skip Cart without remodeling between January 1 and December 31 2023, for which sufficient data could be obtained.
*3 Monthly Sessions refer to the total number of Skip Cart users (excluding those outside the group) in December 2023.
*4 Percentage of the total number of Skip Cart users out of the total number of customers in the 131 SuC that have Skip Cart as of September 25, 2023, during the cart-available hours from 9am to 9pm. from September 25 to October 1, 2023.
*5 POS data from Island City Store (SuC) , from April 29 to May 7, 2023.

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# Consolidated Balance Sheet



Shareholders' equity increased due to financing through IPO. Cash and deposits and accounts payable increased significantly because the last day of Q3 was a holiday for financial institutions, and settlement of accounts payable was conducted the following month.

| (Millions of yen) | June 2023 Actual | Share | March 2024 Actual | Share | YoY |
|---|---|---|---|---|---|
| **Current Assets** | 82,114 | 40.9% | 144,709 | 52.5% | +62,595 |
| Cash and deposits | 23,898 | 11.9% | 85,117 | 30.9% | +61,219 |
| Account Receivable | 974 | 0.5% | 1,231 | 0.4% | +257 |
| Inventory | 46,388 | 23.1% | 45,749 | 16.6% | (639) |
| **Fixed Asset** | 118,524 | 59.1% | 130,667 | 47.5% | +12,143 |
| Property, plant and equipment | 102,999 | 51.3% | 112,473 | 40.8% | +9,474 |
| Buildings and structures | 70,201 | 35.0% | 73,635 | 26.7% | +3,434 |
| Land | 18,160 | 9.1% | 21,008 | 7.6% | +2,848 |
| Intangible fixed assets | 2,682 | 1.3% | 2,530 | 0.9% | (152) |
| Investment and other assets | 12,842 | 6.4% | 15,663 | 5.7% | +2,821 |
| **Total Asset** | 200,639 | 100.0% | 275,377 | 100.0% | +74,738 |

| (Millions of yen) | June 2023 Actual | Share | March 2024 Actual | Share | YoY |
|---|---|---|---|---|---|
| **Current Liabilities** | 107,666 | 53.7% | 141,838 | 51.5% | +34,172 |
| Payable | 71,852 | 35.8% | 100,955 | 36.7% | +29,103 |
| Current portion of Long-term bank loans | 4,426 | 2.2% | 4,180 | 1.5% | (246) |
| Contract liabilities | 9,413 | 4.7% | 9,985 | 3.6% | +572 |
| **Fixed liabilities** | 24,952 | 12.4% | 23,117 | 8.4% | (1,835) |
| Long-term bank loans | 15,164 | 7.6% | 12,993 | 4.7% | (2,171) |
| Asset retirement obligatio | 8,011 | 4.0% | 8,378 | 3.0% | +367 |
| **Equity** | 68,020 | 33.9% | 110,421 | 40.1% | +42,401 |
| Shareholder's equity | 64,917 | 32.4% | 107,021 | 38.9% | +42,104 |
| Non-controlling interests | 2,134 | 1.1% | 2,420 | 0.9% | +286 |
| **Toatal Liabilities** | 200,639 | 100.0% | 275,377 | 100.0% | +74,738 |

| | Interest-bearing Debt *1 | Net Debt *2 | Net Assets | Equity Ratio |
|---|---|---|---|---|
| | **17,187 MM** | **(67,929 MM)** | **108,001 MM** | **39.2 %** |
| **YoY** | (2,421 MM) | (63,640 MM) | +42,116 MM | +6.4 pts |

*1 Interest-bearing Debt＝「Current portion of long-term bank loans」＋「Long-term bank loans」＋「Lease obligations」 *2 Net debt＝「Interest-bearing debt」－「Cash and deposits」

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# Consolidated Cash Flow Statement



From July 1, 2023
to March 31, 2024 (9 months)

(Millions of yen)

| | Q3 FY2023 | Q3 FY2024 | | |
|---|---|---|---|---|
| | Actual | Actual | YoY | YoY(%) |
| **Cash and cash equivalents, Beginning of year** | 27,432 | **23,898** | (3,534) | 87.1% |
| **Net cash provided by operating activities** | 10,080 | **51,662** | +41,582 | 512.5% |
| **Net cash used in investing activities** | (11,637) | **(20,520)** | (8,883) | - |
| **Net cash used in financing activities** | (3,604) | **30,054** | +33,658 | - |
| **Effect of exchange rate change on cash and cash equivalents** | (30) | **22** | +52 | - |
| **Net increase (decrease) in cash and cash equivalents** | (5,192) | **61,219** | +66,411 | - |
| **Cash and cash equivalents at end of year** | 22,239 | **85,117** | +62,878 | 382.7% |
| **Free Cash Flow (CF from operating activities + CF from investing activities)** | (1,557) | 31,142 | +32,699 | - |

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# FY2024 Consolidated Forecast

There are no changes to the full-year earnings from the forecast disclosed on March 21, 2024.

| (Millions of yen) | FY 2023 Actual | FY 2023 Share | FY 2024 Full year Forecast Actual | FY 2024 Share | YoY | YoY(%) |
|---|---|---|---|---|---|---|
| **Sales** | 653,112 | 100.0% | **711,067** | **100.0%** | **+57,955** | **108.9%** |
| **Gross profit** | 125,271 | 19.2% | **145,005** | **20.4%** | **+19,734** | **115.8%** |
| **Other operating revenues** | 2,366 | 0.4% | **2,548** | **0.4%** | **+182** | **107.7%** |
| **Operating gross profit** | 127,637 | 19.5% | **147,554** | **20.8%** | **+19,917** | **115.6%** |
| **SG&A** | 113,673 | 17.4% | **128,978** | **18.1%** | **+15,305** | **113.5%** |
| **Operating income** | 13,964 | 2.1% | **18,575** | **2.6%** | **+4,611** | **133.0%** |
| **Ordinary income** | 14,358 | 2.2% | **19,045** | **2.7%** | **+4,687** | **132.6%** |
| **Net income attributable to owners of the parent** | 8,084 | 1.2% | **10,774** | **1.5%** | **+2,690** | **133.3%** |

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# Capital Policy / Shareholder Returns

**1 Prioritizing investment in growth while distributing minimum dividends stably and continuously as a growing company.**

| | FY 2023 (Actual) | FY 2024 (Plan) |
|---|---|---|
| Dividend per share | 13 yen | **15** yen |

**2 There is no shareholder benefits (Kabunushi Yutai) planned in FY24.**
**We put importance on the total shareholder return by providing stable dividends growth.**

**3 ROE mid-term target: 15% or more**

| | | ROE | = | Net Profit Margin | × | Total Asset Turnover | × | Financial Leverage |
|---|---|---|---|---|---|---|---|---|
| **Actual** | FY 2022 | **13.0%** | | 1.20% | | 3.33x | | 3.26x |
| | FY 2023 | **13.1%** | | 1.24% | | 3.38x | | 3.12x |

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# IR Activities

# Disclosure / IR Policy

We aim to do prompt, accurate, and fair disclosure and constructive dialogue with shareholders and investors.

## IR Calendar

Our fiscal year ends on June 30. We plan to hold quarterly financial results briefings for analysts and institutional investors. We will also consider holding briefings for individual investors.

*Financial briefings are held only in Japanese. Presentation materials, scripts, and summery will be available in English.




## Quiet Period

To ensure fairness to our stakeholders, our company designates the period from the day after the end of each quarter to the respective financial results announcement date as the quiet period (IR Restraint Period).
During this period, we refrain from providing responses or comments on questions related to financial results and performance outlook.

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# Investor Relations Website for Shareholders and Investors

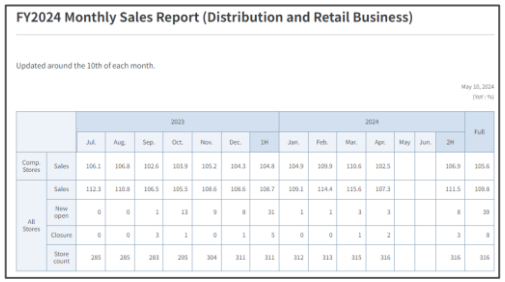
## Financial Briefing documents

Presentation materials for the financial results briefing for analysts and institutional investors as well as speech scripts and the Q&A summary will be available in the IR Library under “Financial Results-Related Materials.

https://trial-holdings.inc/en/ir/library/financial-announcement/

## Monthly Sales Report (Distribution and Retail)

Updating around the 10th of each month.
*If the 10th falls on a Saturday, Sunday, or Japan’s national holiday, the disclosure date will be changed.
https://trial-holdings.inc/en/ir/financial/monthly-sales/




## IR News Mail

Delivering timely disclosure information, statutory disclosure information, etc. to those who have subscribed to our IR e-mail distribution service.
https://trial-holdings.inc/en/ir/mail/




## English Version of IR page

English page was launched on May 1, 2024 to start Disclosures in English.

https://trial-holdings.inc/en/




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TRIAL HLDGS

## Contact

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## Next Financial Results (Scheduled)：Full year results for FY2024

- August 13, 2024 Financial Results Announcement for FY2024 (Results Summary Disclosure)
- August 14, 2024 Financial Results Briefing for FY2024 (For Analysts and Institutional Investors)

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**Notes**

- This material has not been audited by an accounting auditor.
- Amounts are rounded down to the indicated unit, and items shown as percentages are rounded to the nearest unit.
  Items shown as percentages are calculated with amounts rounded down to the indicated unit.
- Sales composition ratio, YoY, YoY (%), and other items displayed in percentages are calculated based on truncated amounts.

**Notes on Forecasts**

This material is provided solely for the purpose of providing information to shareholders and investors, and is not intended as a solicitation to buy or sell. Forward-looking statements in this material are based on targets and forecasts, and are not guarantees or assurances. Please be aware that our future performance may differ from our current forecasts. Although statements concerning the industry, etc., have been prepared based on various data that are believed to be reliable, we do not guarantee their accuracy or completeness. This material is presented on the assumption that shareholders and investors use it for any purpose at their own discretion and responsibility, and the Company assumes no responsibility whatsoever.