

Q2 Results for FY 2024

February 13, 2023

Pan Pacific International Holdings Corporation

1 Overview of Q2 results

2 Initiatives for Q3 and onward

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Explanatory notes for these materials

1. The Amount values presented in these materials are rounded to the nearest full unit.
2. The following abbreviations are used in these materials: Pan Pacific International Holdings (7532) as "PPIH," Don Quijote Co., Ltd. and its stores as "DQ," UNY Co., Ltd. as "UNY," UD Retail Co., Ltd. as "UDR," Singapore as "SG," Hong Kong as "HK," Thailand as "TH," Taiwan as "TW", Malaysia as "MY", Macau as "MO," and Group as "GP."
3. PPIH applies the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements," but there are sections in these materials where the account titles and other information have been simplified to an extent where they do not change the intent or meaning of the contents.
4. The exchange rates used for overseas operations are shown below. (Gelson's fiscal year ends in June, so the exchange rate is different.)

Unit:Yen	USD U.S. dollar		USD (Gelson's)		SGD Singapore dollar		THB Thai baht		HKD Hong Kong dollar		TWD Taiwan dollar	
	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S
	FY2023	135.31	144.81	139.65	132.70	97.13	101.07	3.79	3.87	17.24	18.44	4.50
FY2024	142.61	149.58	145.87	141.82	105.79	109.47	4.07	4.09	18.20	19.10	4.56	4.65

*Exchange Rate

P/L uses average exchange rates for the applicable period (Gelson's is from July to December, others are from April to September).

B/S are based on the exchange rate at the end of December for Gelson's and at the end of September for all other corporations.

Overview of Q2 results

1. Consolidated results overview

■ Achieved record profits for 1H

The first half-year results for FY2024 exceeded 1 trillion yen in sales for the first time for a half-year. Record high profits were achieved in both 1H and Q2, with sales of 1,047.6 billion (up 69.1 billion or 7.1%), Operating income of 75.5 billion (up 18 billion or 31.4%) and Operating income margin of 7.2% (up 1.3%), driven by domestic retail sales, which continued to grow.

- ✓ The overall performance was driven by the DS business which responded to inflation with cost performance, developed a merchandising strategy based on a well balanced product lineup, increased duty free sales, and captured demand for outings and events.
- ✓ Gross profit: Gross profit was 331 billion (up 28.6 billion YoY) and the gross profit margin was 31.6% (up 0.7% YoY), above forecast, as a result of growth in PB and OEM both in Japan and overseas, as well as ongoing inventory control.
- ✓ SG&A: Despite strategic investments, the SG&A ratio is below both the previous year and the forecast at 24.4% (down 0.6% YoY) due to sales growth and SG&A control, including a review of appropriate staffing levels in Japan and overseas.

■ Full-year forecasts revised upwards; medium-term management plan expected to be brought forward by one year.

The company expects to achieve the "Visionary 2025" medium-term management plan targets of 2 trillion yen of sales and 120 billion yen of operating income one year ahead of schedule, by further increasing its earning power through reform of its profit structure, while focusing on investment in growth and human resources development. (For more information, see page 5)

Earnings summary for FY2024 Q2

[Period: July 1, 2023–December 31, 2023]

(Unit: Billion yen, unless otherwise indicated)

	1H Results				FY2024 1H Earnings Forecast	
	FY2023	FY2024			Amount	Progress
	Amount (Sales ratio)	Amount (Sales ratio)	YoY Change			
			Amount	%		
Net sales	978.4	1,047.6	+69.1	+7.1%	1,031.8	101.5%
Gross profit	302.4 (30.9%)	331.0 (31.6%)	+28.6	+9.4%	321.9	102.8%
SG&A	245.0 (25.0%)	255.5 (24.4%)	+10.5	+4.3%	263.0	97.1%
Operating income	57.5 (5.9%)	75.5 (7.2%)	+18.0	+31.4%	58.9	128.2%
Ordinary income	57.2 (5.8%)	73.6 (7.0%)	+16.4	+28.6%	56.0	131.4%
Profit attributable to owners of parent	36.8 (3.8%)	48.2 (4.6%)	+11.4	+31.1%	35.0	137.8%
EPS (yen/share)	61.67	80.80	+19.13	+31.0%	58.67	137.7%

Full-year forecasts

- The Operating income forecast for the full year has been revised upwards to 130 billion
(up 19 billion yen from the initial forecast).
- The breakdown of each business segment will also be changed based on progress up to the first half of the year.

	Full year forecast (Initial)		Full year forecast (revised)			
	Amount	Sales Ratio	Amount	Change	Sales Ratio	Ratio to initial forecast
Net sales	2,062.1	100.0%	2,070.0	+7.9	100.0%	100.4%
Gross profit	648.3	31.4%	653.0	+4.7	31.5%	100.7%
SG&A	537.3	26.1%	523.0	(14.3)	25.3%	97.3%
Operating income	111.0	5.4%	130.0	+19.0	6.3%	117.1%
Ordinary income	107.4	5.2%	126.0	+18.6	6.1%	117.3%
Net income	66.7	3.2%	76.5	+9.8	3.7%	114.7%
EPS (yen/share)	111.86	-	128.19	+16.33	-	114.6%

< Operating income forecast by business segment >

(*Change from initial forecast)

- DS business: 79 billion yen
(up 20 billion yen)
 - ✓ Tax-free sales are expected to exceed 100 billion yen, compared with initial forecasts of exceeding 80 billion yen.
 - ✓ An increase in the number of customers at existing stores mainly in suburb are taken into account on sales growth.
- GMS business: 31.5 billion yen
(up 1.5 billion yen)
 - ✓ Growth in PB and OEM and reduction in SG&A expenses due to optimized staffing are expected.
- Asia business: 0.3 billion yen
(down 3.7 billion yen)
 - ✓ The full-year forecast has been revised downwards in view of current conditions.
- North America business: 6.6 billion yen
(up 1.0 billion yen)
 - ✓ The trend towards an earlier recovery from the initial forecast has been taken into account.

<Exchange Rate>

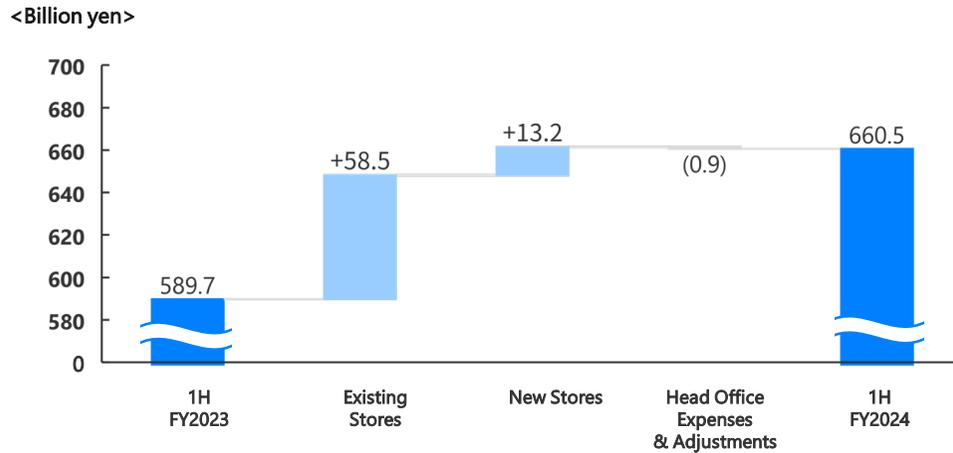
1USD=138.09 yen, 1HKD=17.64 yen, 1SGD=103.35 yen, 1THB=4.09 yen, 1MYR=31.73 yen, 1TWD=4.62 yen, 1MOP=17.21 yen

Discount Store Business

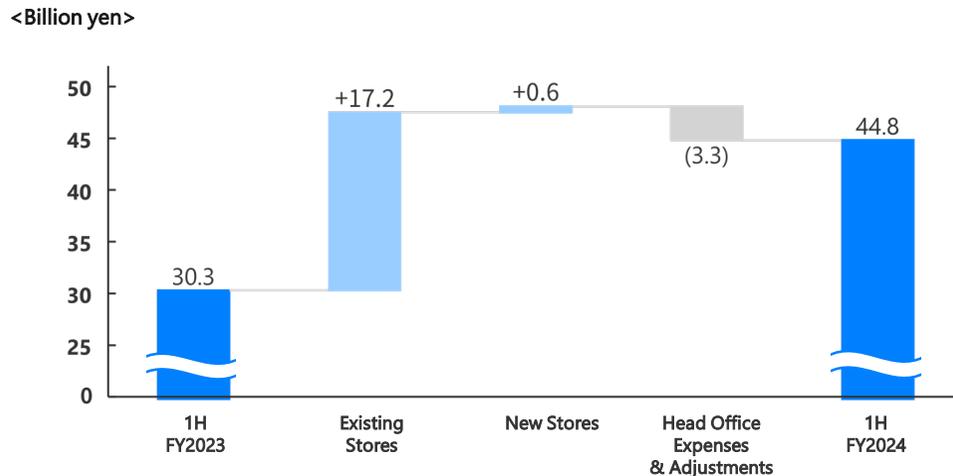
DS business continued to drive consolidated results, with sales of 660.5 billion yen (+70.8 billion yen from 1H FY2023) and Operating income of 44.8 billion yen (+14.5 billion yen from 1H FY2023).

- ✓ Existing store sales landed at 110.4% YoY.
 - Tax-free sales totaled 50.2 billion yen in the first half (up 42.1 billion yen YoY), a significant increase due to an increase in the number of foreign visitors to Japan, infrastructure development, and other factors. December sales exceeded 10 billion yen, reaching a record high.
 - Customer numbers at existing stores grew by 101.9% YoY, mainly due to the success of the 'Maji-Kakaku'(Serious Price) initiative, which began operating in each trading area.
- ✓ Existing store gross profit margin improved to 26.8% (up 0.7% YoY).
 - PB and OEM sales grew due to improved brand recognition, with the sales composition ratio landing at 18.8% (up 2.0% YoY).
 - Existing store inventories were reduced by 7.7 billion yen YoY.
- ✓ SG&A expenses increased due to investment in growth, however, the SG&A to sales ratio was down by 0.8% YoY due to sales growth and a decrease in utilities costs.

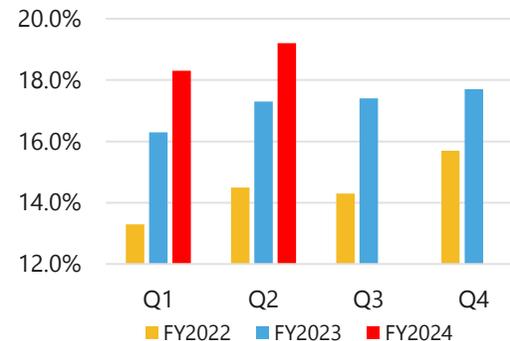
FY2024 1H Change in Sales



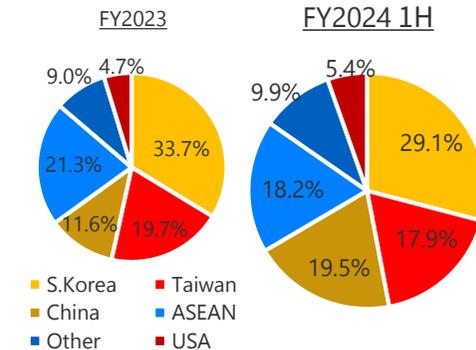
FY2024 1H Change in Operating income



DS business PB and OEM ratio



Tax-free sales by nationality



Don Quijote Keikyū Kamata(Tokyo) (Opened on November 22, 2023)

Opened a new Donki store in a shopping center directly connected to a station, which is highly convenient for commuters. As a new station-front store, the store performed well, exceeding the forecast.

- The store is equipped with self/semi-self cash registers and offers a no-wait shopping service to capture the demand for a quick stopover.
- The first floor will focus on food and consumable items to capture convenient everyday use demands. The second floor, aimed at women from Generation Z to their 30s, will feature a variety of trendy items such as popular cosmetics and color contact lenses.

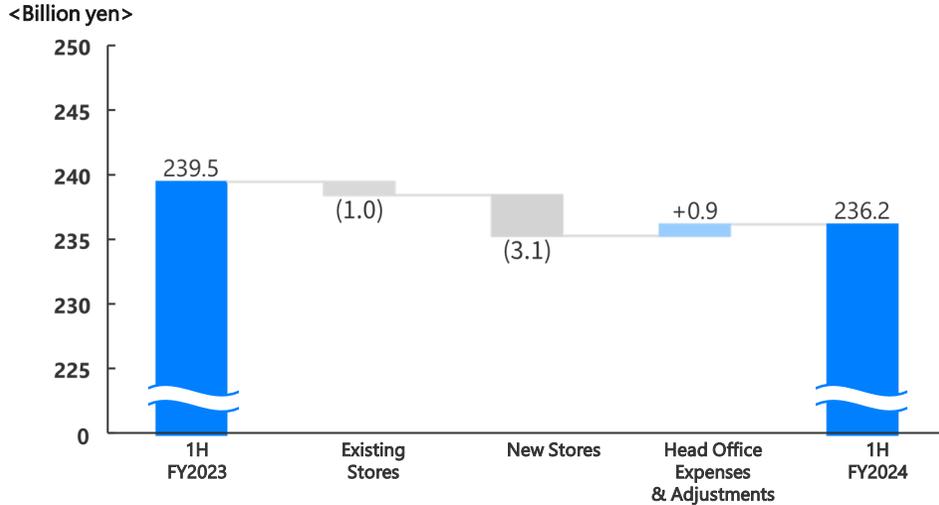
Kirakira Donki Tanuki Koji(Hokkaido) (Opened on December 1, 2023)

Kirakira Donki, the third store in Japan, is designed to meet inbound demand while primarily targeting Generation Z customers, based on the characteristics of the area.

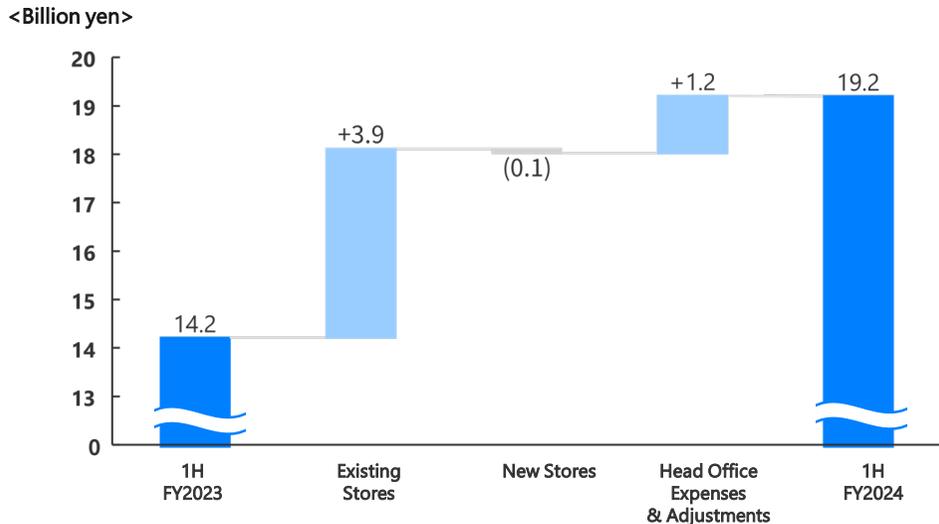
- The store aims to be a trend-setting center where customers can casually drop by during their commute to work, school, or sightseeing with convenient access just a 3-minute walk from the station.
- In addition to food souvenirs centered on popular Hokkaido gourmet foods, the store will be the first Kira Kira format to offer pharmaceutical products, in anticipation of inbound demand.
- With the neighboring MEGA DQ Tanukikoji Honten and Don Quijote Susukino, the three stores are to be viewed as a single entity, and the stores are to be designed to make the most of the area's characteristics.



FY2024 1H Change in Sales



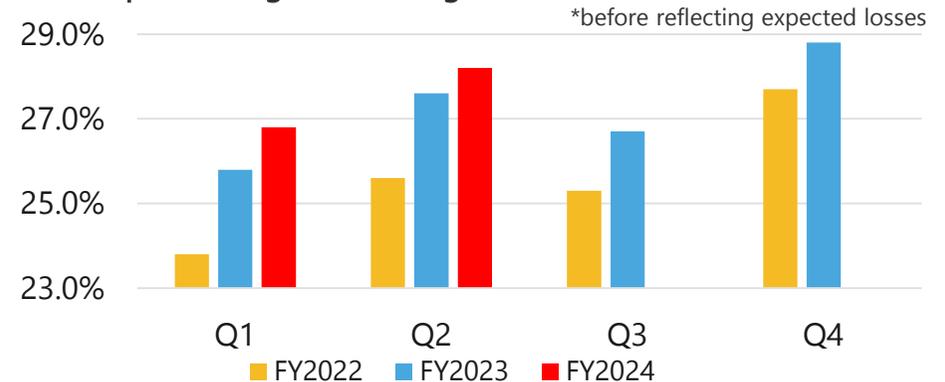
FY2024 1H Change in Operating income



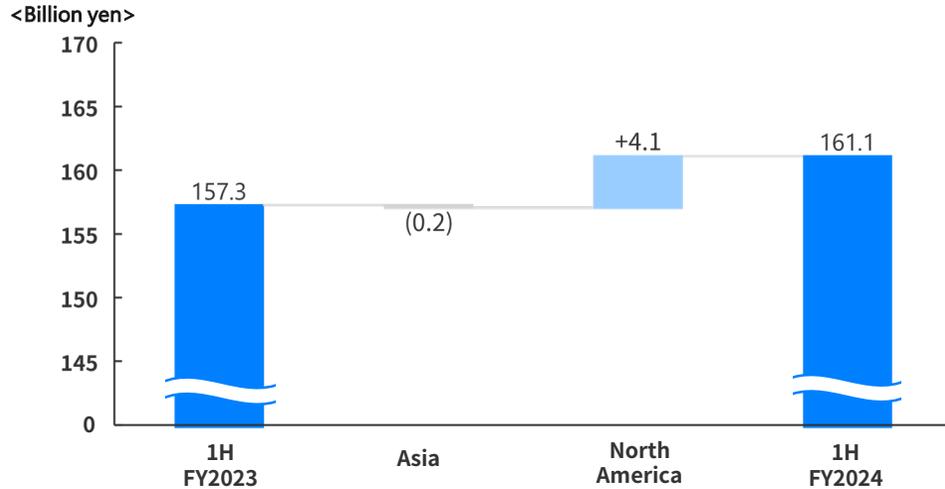
Operating income increased by 5.0 billion yen from the previous 1H as gross profit margin improved and SG&A expenses remained under control.

- ✓ Existing store sales were 99.5% of the previous 1H level.
 - Despite strong sales of summer products in Q1, existing store sales were 99.5% of the previous 1H level, due to a weak start of fall and winter products.
- ✓ Existing store gross profit margin increased further to 27.5% (up 0.9% YoY).
 - PB and OEM sales were successful due to aggressive sales expansion, such as placement of products in prime locations in stores and introduction of standard shelf allocation. The sales composition ratio grew significantly to 25.1% (up 5.3% YoY). (Gross profit margin improvement effect: +0.5%)
- ✓ SG&A expenses were down 3.6 billion yen YoY (SG&A to sales ratio: down 1.1%). In Q2, sales promotions for the entire building were strengthened through TV commercials, flyers, and web advertising, while SG&A expenses continued to be controlled by optimizing personnel allocation and integrating the functions of the Tenant and MD Divisions.

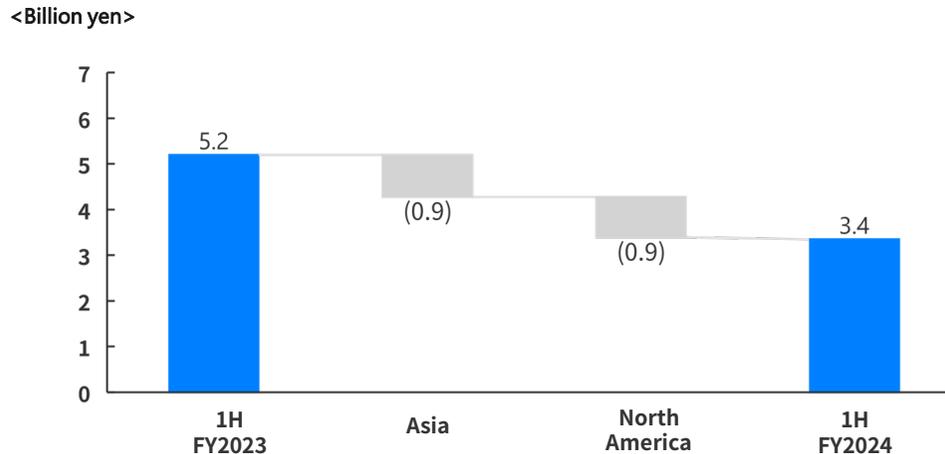
▶ Gross profit margin at existing stores FY2022–FY2024



FY2024 1H Change in Sales



FY2024 1H Change in Operating income



Strategic investments such as new store costs continued, and overall overseas sales increased but profits decreased. Operating income was higher than planned in North America, but struggled in Asia.

■ Asia Business

- ✓ Sales declined by 0.2 billion yen YoY, and Operating income declined by 0.9 billion yen YoY, resulting in a decrease in both sales and profit.
 - Sales of high-end products such as sushi and fresh foods declined due to delayed response to changing consumption trends amid expanding demand for eating out. Lower sales per customer YoY were a factor pushing down overall sales.
- ✓ Gross profit margin improved by 1.1% YoY due to an increase in the sales composition of PB and OEM and directly traded products, as well as pricing measures.
- ✓ SG&A expenses increased by 1.3 billion yen YoY due to the cost of new stores in each country, but came in under budget due to a decrease in expenses from the consolidation of head office functions and continued efforts to optimize personnel expenses at existing stores.

■ North America Business

- ✓ Net sales exceeded the previous year and the forecast at the beginning of the period. Operating income declined by 0.9 billion yen from the previous 1H, but remained above the forecasted level.
 - The establishment of a supply system from the central kitchen, stable product supply, and sales expansion of sushi and delicatessen contributed to the growth of sales and gross profit.
 - Gross profit margin increased by 0.3% YoY as a result of strengthening PB and OEM.
- ✓ In addition to new store openings, SG&A expenses were controlled within budget despite investments in central kitchens, warehouses, and other facilities, as well as enhanced hiring of human resources.

*1. Figures for North America are the simple aggregate of DQ USA, MARUKAI, QSI and Gelson's. Results are for the period from April 2023 to September 2023, while Gelson's is from July 2023 to December 2023.

*2. Figures for Asia are the simple aggregate of PPRM (SG), PPRM (HK), DONKI Thailand, PPRM(TW), PPRM(MY), and Macau PPRM(MO). Results are the period from April to September 2023.

*3. Gelson's Operating income is calculated after deducting amortization of goodwill (FY2024 1.8 billion yen, FY2023 1.7 billion yen).

Status of major assets, liabilities and net assets

(Unit: Billion Yen)

	June 2023	December 2023	
	Amount	Amount	Change
Current Assets	551.8	546.3	(5.5)
Cash and Deposits	242.1	186.9	(55.2)
Account receivable-installment	55.4	61.6	6.3
Products	194.5	206.2	11.7
Non-Current Assets	929.2	952.3	23.1
Buildings, etc.	288.0	289.9	1.9
Land	318.7	335.0	16.3
Intangible Assets	88.5	88.8	0.3
Lease and Guarantee Deposits	71.8	70.8	(1.0)
Total Assets	1,481.1	1,498.6	17.6

(Unit: Billion Yen)

	June 2023	December 2023	
	Amount	Amount	Change
Total Current Liabilities	368.4	454.8	86.4
Accounts Payable-Trade	168.7	224.5	55.9
Short-Term Liabilities	45.3	72.9	27.6
Total Noncurrent Liabilities	649.1	530.9	(118.2)
Corporate Bonds	261.6	191.4	(70.2)
Long-Term Borrowings	272.5	226.1	(46.4)
Total Liabilities	1,017.5	985.7	(31.8)
Net Assets	463.5	512.9	49.4
Liabilities and Net Assets	1,481.1	1,498.6	17.6

*1. Short-term liabilities

= Short-term loans payable + Current portion of long-term loans payable + Current portion of bonds

<Status of major assets>

• Non current asset

- ▶ Tangible fixed assets : 713.9 billion yen (+24.7 billion. yen)
- Investment related to store openings, etc. : 38 billion yen
- Depreciation : 18 billion yen

<Status of major liabilities>

- ▶ Interest-bearing debt : 490.4 billion yen (-89 billion yen)

<Status of net assets>

- ▶ Net worth : 501.7 billion yen (+48.4 billion yen from the previous year-end)
- ▶ Capital adequacy ratio :33.5% (+2.9% from the previous year-end)

<Others>

- ▶ Net D/E ratio :0.61 x (-0.13 x from the previous year-end)
- ▶ ROE: 20.2 % (+4.5% from the previous year-end)

- ✓ Redemption of 140.0 billion yen of subordinated bonds in full prior to maturity due to improved financial soundness (Issuance of 70.0 billion yen of unsecured bonds and cash and deposits will be used to cover the redemption)

Status of cash flows and capital expenditure

▶ Cash Flow Status

(Unit: Billion yen)

	1H FY 2023	1H FY 2024	
	Amount	Amount	Change
Balance at Beginning of Period	180.4	2,46.2	65.8
Cash Flows from Operating Activities	103.2	1,02.1	(1.0)
Cash Flows from Investing Activities	(37.6)	(43.8)	(6.2)
Cash Flows from Financing Activities	(24.0)	(99.3)	(75.3)
Changes During the Period	43.4	(38.8)	(82.1)
Balance at the End of the Period	223.8	2,07.4	(16.3)
Free Cash Flow ^{*1}	65.6	58.3	(7.2)

*1. Free Cash Flow = CF from operating activities + CF from investing activities

▶ Status of capital expenditures

Capital Expenditures	34.2	44.8	10.5
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< Operating CF :+102.1 billion yen >

▶ Positive factors: 72.9 billion yen in income before income tax, an increase of 54.5 billion yen in accounts payable and 22.2 billion yen in depreciation.

Negative factors: 10.1 billion yen in increase of inventories and 29.1 billion yen in income taxes paid.

< Investing CF:-43.8 billion yen >

▶ Cash out factors: 40.1 billion yen for tangible fixed assets acquisition associated with store openings and 3.8 billion yen for intangible acquisition.

< Financing Activity CF:-99.3 billion yen >

▶ Cash in factors: 69.8 billion yen in proceeds from issuance of bonds and 10.0 billion yen in proceeds from long-term debt.

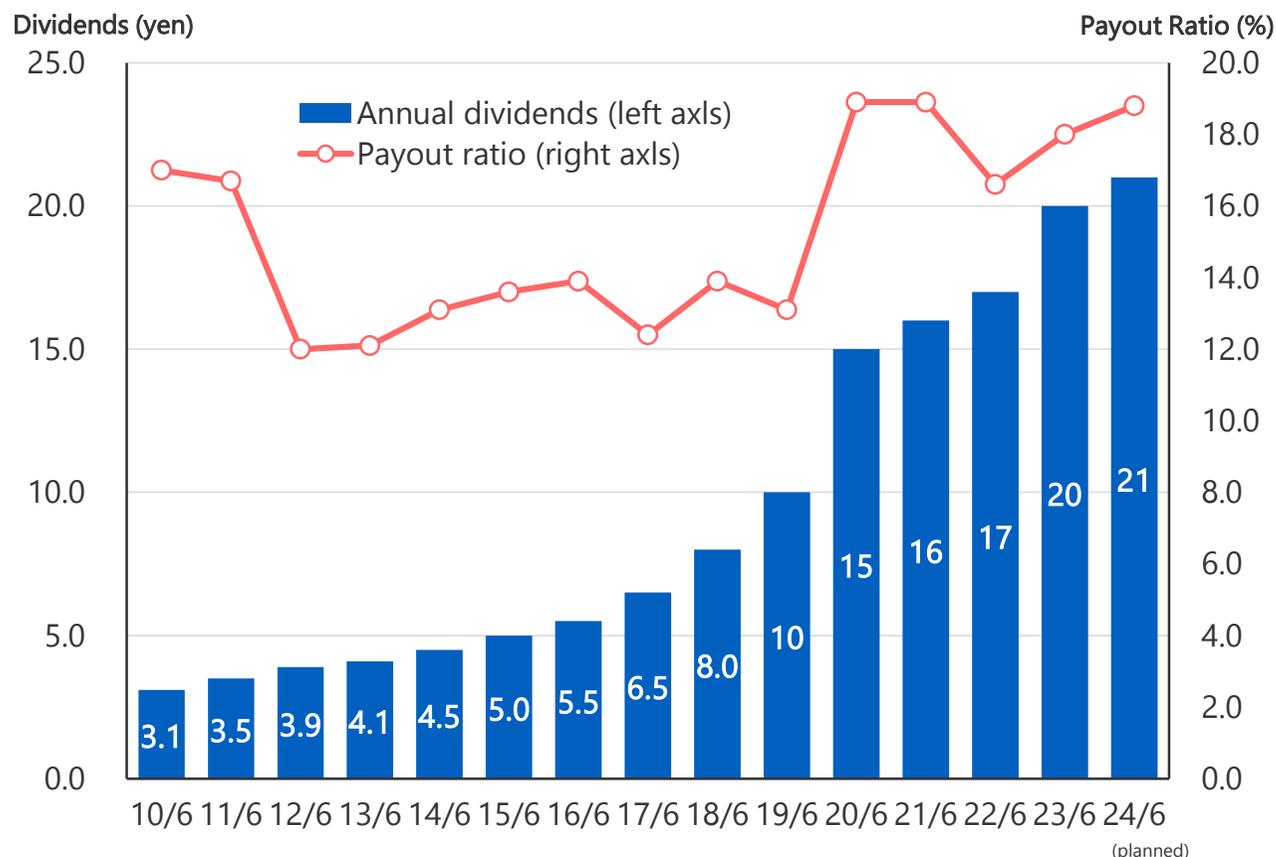
Cash out factors: 140.6 billion yen in redemption of bonds 28.2 billion yen in repayment of long-term debt, and 9.5 billion yen in dividends payment

< Breakdown of Capex for FY2024 Q2 >

▶ DS business 26 billion yen
 GMS Business 5.4 billion yen
 Overseas business 6.7 billion yen
 Finance Business 1.3 billion yen
 Others 5.4 billion yen

Dividends

- ✓ For FY2024, we expect to increase the dividends to 21 yen, making it 21st consecutive fiscal year of dividends increase.
- ✓ We will continue to return profits to shareholders based on our progressive dividend policy, aiming for a dividend payout ratio of 20% or more over the medium term, while maintaining a balance between investment in growth and shareholder returns.



**PPIH conducted a 2-for-1 common stock split on July 1, 2015 and a 4-for-1 common stock split on September 1, 2019.

*For prior periods, figures are retroactively adjusted.

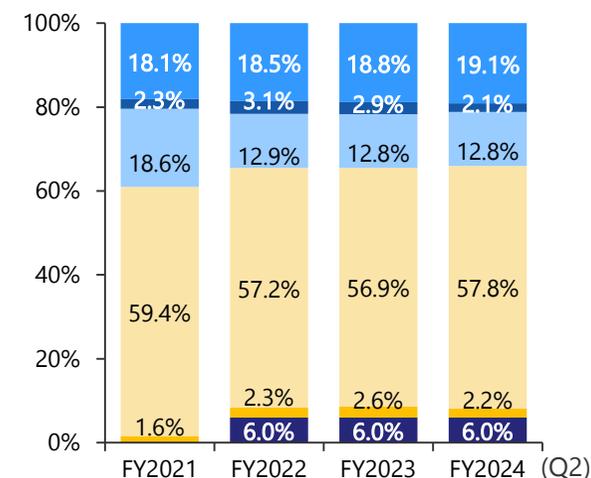
Shareholder Benefits

Shareholders who are listed or recorded in the shareholders' register as of the last day of June and December, and who hold at least 100 shares are awarded 2,000 yen worth of majica points through the majica app.

* Download and registration to the majica app are required to receive the points.

*The coupon code to receive points is enclosed with dividend-related documents which we send out at the end of September and late March.

Share Ownership



■ Financial institutions
 ■ Financial instrument business operators
■ Other Japanese Corporations
 ■ Foreign corporations and individuals
■ Japanese individuals and others
 ■ Treasury stocks

FY2024

Initiatives for Q3 and onward

Initiatives for Q3 and onward

DS Business

- ✓ **New store openings**: Steadily progressing toward the annual plan of opening 25 stores, including specialized formats with clear customer targets and stores directly connected to train stations. Continue to open new stores in various packages to expand domestic market share.
- ✓ **Tax Free Strategy**: Continue to improve infrastructure (number of cash registers/strengthening hiring for peak hours) in order to further increase sales.
- ✓ **PB and OEM strategy**: Utilize the contents of the "Syojiki Review"(honest review) of "Maji-voice"(serious voice), and start product development reflecting customer needs.
- ✓ **Price strategy**: Full-scale operation of "Maji-Price"(serious price) which lowers the price of products with high customer evaluation, started in March. Implement strategies to attract customers by offering prices that are exclusive to majica members.

GMS Business

- ✓ **Price strategy**: To increase popularity in the trade area, items, mainly food and consumables, are selected by each store. Strengthen price appeals and at the same time, create stores that convey low-price feeling and create a store-wide incentive to come to the store.
- ✓ **Strengthen MD strategy**: Capture new demand by introducing untapped housing-related category products for which there are latent customer needs. In addition, the company will simultaneously conduct related sales in the food section, while aiming to further increase the sales composition ratio of PB and OEM products and rebuild the branding.
- ✓ **Individual store management strategy**: To enable stores to quickly and accurately implement pricing and product strategies tailored to the characteristics of the trade area, the number of stores per branch company will be reduced and a deeper store support system will be established to strengthen individual store management. At the same time, increase the number of branch president posts to create an organizational structure with a strong sense of competition, with clear wins and losses among branch companies.

Asia Business

- ✓ **Individual store strategy**: To strengthen non-food categories from the traditional food-centered assortment, i.e., cosmetics, character goods for tourists in urban areas, and daily consumables and household sundries in suburban areas, in line with consumption in each trading area.
- ✓ **Human Resource Development**: In order to spread best practices, as in the case of display and production techniques, increase the number of personnel from Japan who can provide technical guidance, and support the growth of local human resources. Make human resource development one of the pillars of the strategy in order to thoroughly delegate authority.
- ✓ **Strengthen PB and OEM**: Strengthen locally manufactured PB and OEM in addition to PB and OEM and direct trade products from Japan. In addition, the company will also begin marketing strategies using SNS and other means to increase brand awareness.

North America Business

- ✓ **Strengthen prepared food/sushi category**: In Hawaii, trainers will be assigned to provide technical guidance in the prepared food, sushi and meat department to differentiate the company from competitors and attract new customers. In California, the central kitchen will be operated more stably to improve productivity and provide high quality items to improve profit margins.
- ✓ **Strengthen PB and OEM**: For PB and OEM, promote product development with local manufacturers. In Hawaii, the company will improve warehouse operations to increase sales volume of directly traded products and boost earnings.
- ✓ **Investment for growth**: Aggressive investment in business expansion through new store openings in the next fiscal year and beyond, as well as personnel reinforcement to strengthen the support system.

(Reference) January Flash report of domestic DS/GMS business

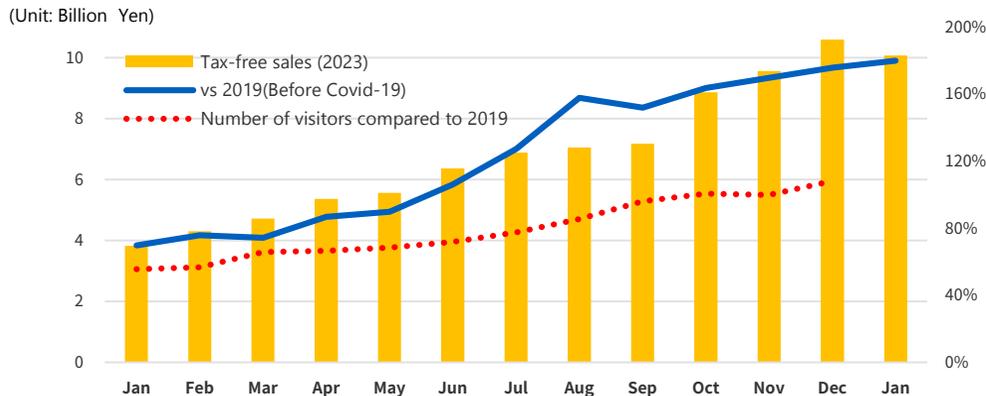
- ❑ In domestic retail, the discount store business led sales and customer numbers. Both DS and GMS businesses had strong first sales and growth in all winter seasonal products.

▶ Year on Year sales of existing store

Unit:%	Q1	Q2				Q3
	Cum.	Oct	Nov	Dec	Cum.	Jan
Japan	108.0	106.9	109.2	104.8	106.8	105.5
DS	110.9	110.0	113.0	107.7	110.0	107.9
GMS	100.3	99.0	99.9	97.7	98.8	99.3

▶ Tax Free Sales of domestic DS business

In the DS business, tax-free sales in December exceeded 10 billion yen, a record high. Monthly duty-free sales in January also exceeded 10 billion yen.



*Source: Japan National Tourism Organization and other statistics

■ DS business

- ✓ The strong sales continued from the end of the year, and have remained strong after the new year. All categories exceeded the previous year.
 - Outgoing demand remained strong. Sales of cosmetics, color contacts, and skincare products grew.
 - Sales of game consoles and hobby-related products grew. Character fancy goods also performed well.
 - Categories for daily use, such as detergents, kitchenware, and pet care products, also performed well.

■ GMS business

- ✓ During the New Year's first sales period, demand increased for sushi and fruits in addition to lucky bags and Osechi (New Year's dishes).
- ✓ Demand for winter seasonal products surged as the weather turned colder.
 - In apparel, sales increased in winter clothes, innerwear, gloves, and scarves.
 - In housing-related products, moisturizing products, care products, and cosmetics contributed to sales. In addition, children's toys performed well.

Appendix

(Reference 1) Promotion of Sustainability Management

(1) [ESG-related topics]

- ❑ Enhance PPIH's business continuity by balancing the resolution of environmental and social issues with business growth.
- ❑ Utilize evaluations by ESG evaluation organizations as objective assessments, leading to high evaluations and index adoption.

Major Environmental Initiatives in Q2

Reduction of CO₂ emissions: introduction of off-site CPPA

Promote procurement of renewable energy to achieve CO₂ reduction goals. Signed off-site CPPA in November 2023. Plans to newly supply power derived from renewable energy to MEGA Don Quijote, Apita, and other, a total of four stores. This is expected to reduce CO₂ emissions by approximately 1,600 tons per year.



Target: Reduce CO₂ emissions from stores by 50% by 2030 (baseline FY2013)

Plastic reduction: change of material for spoons and straws

From November 2023, spoons and straws distributed by customer service will be made of wood and paper. This is expected to result in a reduction of approximately 35 tons of plastic per year.



Target: Reduce the amount of plastic used in customer service by 70% by 2030 (baseline FY2019)

Key Evaluations from ESG Rating Agencies

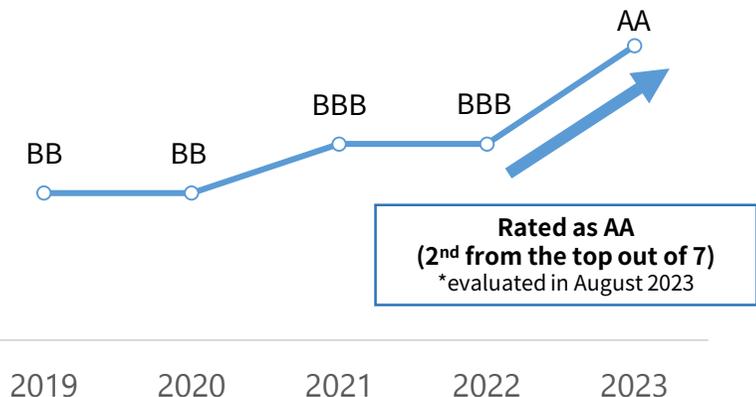
First inclusion in the MSCI Japan ESG Select Leaders Index

The constituents are selected from among listed Japanese stocks that excel in ESG initiatives. The Company was selected as a constituent for the first time in December 2023, having been awarded the Leader Group "AA" in MSCI's ESG ratings (MSCI ESG Ratings) in August 2023.

2023 CONSTITUENT MSCI JAPAN

ESG Select Leaders Index

▼The MSCI ESG rating trend



Promotion of Sustainability Management

(2) [major ESG-related data]

	Unit	FY2021	FY2022	FY2023
Environment *		Target: Reduce CO ₂ emissions (Scope 1 and 2) from stores by 50% by 2030 (baseline FY2013)		
Scope 1 & 2 CO ₂ emissions in total		534,349	522,868	541,244
Scope 1	t-CO ₂	67,266	70,174	65,324
Scope 2		467,083	452,694	475,920
Scope 1 & 2 CO ₂ emissions per sales (million yen)	t-CO ₂ /million yen	0.347	0.336	0.336
CO ₂ emissions Scope 3	t-CO ₂	5,049,404	5,419,783	5,574,580
Society		Target: Increase female store managers to 100 (by June 2030) Reduce turnover rate to 5% to improve retention of female employees (by June 2030)		
Number of female store managers	Number	13	26	31
Female turnover rate	%	11.6%	8.8%	9.7%
Governance				
Number of Directors	Number	15	12	11
% of female Directors	%	6.7%	8.3%	9.1%
% of outside Directors	%	33.3%	33.3%	36.4%
Average age of Directors	Age	57.9	54.4	56.4

-Data collection period: Scope 1, 2, and part of Scope 3 of Environment and Society are calculated based on the fiscal year of the government (April to March).

All other data are calculated based on the PPIH fiscal year (July to June).

Governance data is derived as of September 30, 2021, September 30, 2022, and September 30, 2023.

-Scope of data: Environment: major domestic corporations (including overseas corporations for part of Scope 3); Society: major domestic corporations; Governance: PPIH non-consolidated.

*Environmental data for the period ending June 30, 2023 are preliminary.

Q2 results by business segment

【Period:October 1, 2023–December 31, 2023】

(Unit : Billion yen)

	DS business			GMS business			Asia business			North America business			Others • Adjustments		
	Q2 FY2023	Q2 FY2024	Change	Q2 FY2023	Q2 FY2024	Change	Q2 FY2023	Q2 FY2024	Change	Q2 FY2023	Q2 FY2024	Change	Q2 FY2023	Q2 FY2024	Change
Sales	301.7	336.0	34.2	126.2	123.6	(2.5)	20.5	20.5	(0.0)	61.2	62.9	1.6	(4.9)	(4.7)	0.2
Gross profit	81.1	93.2	12.1	43.5	44.2	0.6	7.6	7.7	0.1	22.3	23.3	1.0	3.6	4.4	0.8
Gross profit ratio	26.9%	27.7%	0.9%	34.5%	35.7%	1.2%	37.2%	37.6%	0.4%	36.4%	37.1%	0.7%	-	-	-
SG&A	63.9	67.4	3.4	33.2	32.1	(1.0)	7.0	7.5	0.5	20.2	21.8	1.6	0.3	1.3	1.0
Operating income	17.2	25.8	8.6	10.4	12.0	1.7	0.6	0.2	(0.4)	2.1	1.5	(0.7)	3.3	3.1	(0.2)
Operating income ratio	5.7%	7.7%	2.0%	8.2%	9.7%	1.5%	3.0%	0.9%	(2.1%)	3.5%	2.3%	(1.1%)	-	-	-

【Period:July 1, 2023–December 31, 2023】

(Unit : Billion yen)

	DS business			GMS business			Asia business			North America business			Others • Adjustments		
	Q2 FY2023 (Cum.)	Q2 FY2024 (Cum.)	Change	Q2 FY2023 (Cum.)	Q2 FY2024 (Cum.)	Change	Q2 FY2023 (Cum.)	Q2 FY2024 (Cum.)	Change	Q2 FY2023 (Cum.)	Q2 FY2024 (Cum.)	Change	Q2 FY2023 (Cum.)	Q2 FY2024 (Cum.)	Change
Sales	589.7	660.5	70.8	239.5	236.2	(3.3)	40.3	40.1	(0.2)	117.0	121.0	4.1	(8.0)	(10.2)	(2.2)
Gross profit	155.9	180.2	24.3	81.2	82.6	1.4	14.7	15.1	0.4	43.3	45.3	1.9	7.2	7.8	0.6
Gross profit ratio	26.4%	27.3%	0.9%	33.9%	35.0%	1.1%	36.6%	37.7%	1.1%	37.1%	37.4%	0.3%	-	-	-
SG&A	125.6	135.5	9.9	67.0	63.4	(3.6)	13.5	14.8	1.3	39.4	42.2	2.8	(0.6)	(0.4)	0.2
Operating income	30.3	44.8	14.5	14.2	19.2	5.0	1.2	0.3	(0.9)	4.0	3.1	(9)	7.8	8.2	0.4
Operating income ratio	5.1%	6.8%	1.6%	5.9%	8.1%	2.2%	3.0%	0.7%	(2.3%)	3.4%	2.5%	(0.8%)	-	-	-

*1. Figures for North America are the simple aggregate of DQ USA, MARUKAI, QSI and Gelson's. Results are for the period from April 2023 to September 2023, while Gelson's is from July 2023 to December 2023.

*2. Figures for Asia are the simple aggregate of PPRM (SG), PPRM (HK), DONKI Thailand, PPRM(TW), PPRM(MY), and Macau PPRM(MO). Results are the period from April to September 2023.

*3. Gelson's Operating income is calculated after deducting amortization of goodwill (FY2024 Q2 0.9 billion yen, FY2023 Q2 0.9 billion yen, FY2024 1.8 billion yen, FY2023 1.7 billion yen).

Overview of Q2 results by business on a consolidated basis

[Period: July 1, 2023–December 31, 2023]

(Unit: Billion yen)

	FY2023 1H		FY2024 1H		
	Amount	Ratio	Amount	Ratio	YoY
Domestic DS Business	567.2	58.0%	638.3	60.9%	112.5%
Home electrical appliances	42.4	4.3%	45.9	4.4%	108.1%
Miscellaneous household goods	151.5	15.5%	170.4	16.3%	112.5%
Food products	258.1	26.4%	284.5	27.2%	110.2%
Watches and fashion merchandise	76.3	7.8%	84.4	8.1%	110.6%
Sporting goods and leisure goods	30.1	3.1%	42.8	4.1%	142.3%
Other	8.8	0.9%	10.3	1.0%	116.9%
Domestic GMS Business	218.1	22.3%	210.5	20.1%	96.5%
Clothing	25.0	2.6%	22.7	2.2%	90.9%
Household Goods	37.4	3.8%	34.7	3.3%	92.7%
Foods	154.3	15.8%	152.9	14.6%	99.1%
Other	1.5	0.1%	0.2	0.0%	13.4%
Overseas Business	156.0	15.9%	160.1	15.3%	102.6%
North America Business	116.0	11.9%	120.1	11.5%	103.6%
Asia Business	40.0	4.1%	40.0	3.8%	99.9%
Other Business ^{*1}	37.2	3.8%	38.8	3.7%	104.3%
Total	978.4	100.0%	1,047.6	100.0%	107.1%

*1. Other Business includes tenant leasing business, and credit card business, etc.

Breakdown of SG&A

【Period:October 1, 2023–December 31, 2023】

(Unit : Billion yen)

	Q2 FY2023		Q2 FY2024		
	Amount	Ratio	Amount	Ratio	YoY
SG&A	124.6	24.7%	130.2	24.2%	104.5%
Salaries and allowances	46.4	9.2%	48.8	9.1%	105.2%
Rent	14.8	2.9%	15.5	2.9%	104.6%
Commission paid	16.2	3.2%	16.1	3.0%	99.0%
Depreciation	8.5	1.7%	9.4	1.7%	110.5%
Other	38.7	7.7%	40.4	7.5%	104.6%

【Period:July 1, 2023–December 31, 2023】

(Unit : Billion yen)

	1H FY2023		1H FY2024		
	Amount	Ratio	Amount	Ratio	YoY
SG&A	245.0	25.0%	255.5	24.4%	104.3%
Salaries and allowances	92.3	9.4%	96.3	9.2%	104.3%
Rent	29.3	3.0%	30.8	2.9%	105.3%
Commission paid	30.6	3.1%	31.1	3.0%	101.6%
Depreciation	16.7	1.7%	18.3	1.7%	109.3%
Other	76.1	7.8%	79.1	7.5%	103.9%

FY2024 New Store Openings

Business	Format	Q1			Q2			Q3			Q4			Full year forecast
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Discount Store	DQ		Takamatsu Marugame -Machi (Kagawa)			Tsurugashima (Saitama)	Imizu (Toyama)			2 stores	4 stores	4 stores	2 stores +α	New store opening: 25+α stores
	Small		DOMISE Shibuya Dogenzaka-dori (Tokyo)	DOMISE Ario Yao (Osaka)			Kirakira Donki Tanuki Koji (Hokkaido)							
Overseas *1	Asia		CITY LINK Nangang (Taiwan)		Fashion Island (Thailand)	Taichung Tiger city (Taiwan)	Tiong Bahru Plaza (Singapore)		Studio City (Macau)			1 store	1 store	New store opening: 13 stores *2
	North America					Gelson's West LA (California)	The Mall Lifestore Bangkokpi (Thailand)	KaoHsiung Talee (Taiwan)	Mid Valley Megamall (Malaysia)			1 store	(Guam)	

*1. Overseas stores are indicated in the opening months.

*2. Period for Gelson's is July 2023-June 2024. Period for Other overseas is April 2023- March 2024

Store network

Number of Domestic Retails Stores

	FY2022	FY2023	FY2024	
			Q1	Q2
Discount store business	468	486	485	488
Don Quijote	237	250	250	253
MEGA Don Quijote *1	140	140	140	140
(MEGA) Don Quijote UNY	59	63	63	63
Small Format *2	32	33	32	32
GMS business *3	136	131	131	131
Domestic Total	604	617	616	619

*5.

Number of Overseas Stores

	FY2022	FY2023	FY2024	
			Q1	Q2
North America Business	65	65	65	66
California	37	37	37	38
Hawaii	28	28	28	28
Asia Business	30	36	38	38
Singapore	12	15	16	15
Hong Kong	9	9	10	10
Thailand	4	6	6	6
Taiwan	2	2	2	3
Malaysia	2	3	3	3
Macau	1	1	1	1
Overseas Total *4	95	101	103	104
Total *5	699	718	719	723



*1. "MEGA Don Quijote" includes NEWMEGA.

*2. "Small Format" includes Picasso, Essence, Kyoyasudo, Domise, Ekidonki, Soradonki, JonetzShokunin and Nagasakiya etc.

*3. "GMS Business" includes Apita/Piago, U-STORE, PiagoPower, Power Super Piagoetc.

*4. From this fiscal year, "Sen Sen Sushi" in Thailand and Hong Kong are excluded from the store count.

*5. As the fiscal year ends in March for overseas corporations except Gelson's (ends in June), the number of stores for each quarter is adjusted for the applicable fiscal year.

IR inquiries

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IR Calendar

Announcement of Q3 results for the fiscal year ending June 2024 (Scheduled)
Date of announcement: May 10, 2024 (Friday)
Venue: TBD

Cautionary information regarding forward-looking statements

The purpose of these materials is solely to provide information to investors, and not for the solicitation of purchases and sales. The forward-looking statements set out in these materials are based on targets and forecasts, and do not provide any commitments or guarantees. While forward-looking statements are prepared based on various data that we consider to be reliable, we do not provide any guarantees on their accuracy or safety. These materials are presented based on the premise that they will be used at discretion and responsibility of the investor, regardless of the purposes that they use these materials for, and Pan Pacific International Holdings Corporation bears no responsibility in any circumstances.



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