

Q2 Results for FY 2023

February 8, 2023

Pan Pacific International Holdings Corporation

Explanatory notes for these materials

1. The monetary values presented in these materials are rounded off 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,” Singapore subsidiary as “PPRM (SG),” Hong Kong as “HK,” Hong Kong subsidiary as “PPRM (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 items 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, and therefore the exchange rate is different.)

Unit: Yen	USD U.S. dollar		USD (Gelson's)		SGD Singapore dollar		THB Thai baht		HKD Hong Kong dollar	
	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S
FY 2022	110.13	111.95	112.31	115.02	82.05	82.25	3.41	3.30	14.17	14.38
FY 2023	135.31	144.81	139.65	132.70	97.13	101.07	3.79	3.87	17.24	18.44

1

**Fiscal year ending June 2023
Overview of Q2 results**

2

**Fiscal year ending June 2023
Initiatives for Q3 and onwards**

3

Appendix

Fiscal year ending June 2023

Overview of Q2 results

Financial Results for Q2

- Net sales increased by 60.8 billion yen and operating profit rose by 13.8 billion yen from the previous 1H. Both sales and operating profit reached record highs for 1H and Q2.

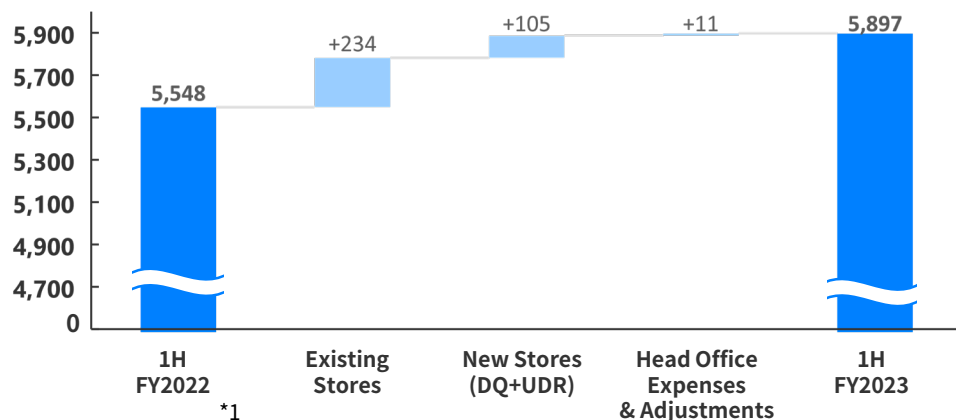
[Period: July 1, 2022 –December 31, 2022]

(Unit: 100 Million yen)

	Result of 1H (6 months ended on Dec 31)				Q2 Earnings Forecast	
	FY2022	FY2023			Forecast	Result
	Actual (Sales ratio)	Actual (Sales ratio)	Change	YoY	Actual (Sales ratio)	Progress
Net sales	9,177	9,784	+608	+6.6%	9,583	102.1%
Gross profit	2,679 (29.2%)	3,024 (30.9%)	+346	+12.9%	2,949	102.6%
SG&A	2,242 (24.4%)	2,450 (25.0%)	+207	+9.3%	2,412	101.6%
Operating profit	436 (4.8%)	575 (5.9%)	+138	+31.6%	537	107.0%
Recurring profit	445 (4.9%)	572 (5.8%)	+127	+28.5%	478	119.7%
Net income	301 (3.3%)	368 (3.8%)	+66	+22.0%	330	111.4%
EPS (Yen)	49.40	61.67	+12.3	+24.8%	55.34	111.4%

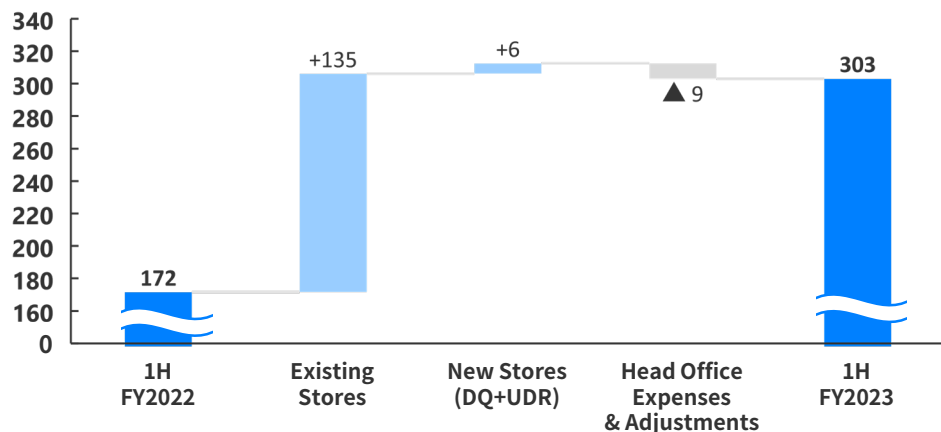
FY2023 1H Change in Sales

<100 Million Yen>



FY2023 1H Change in Operating Profit

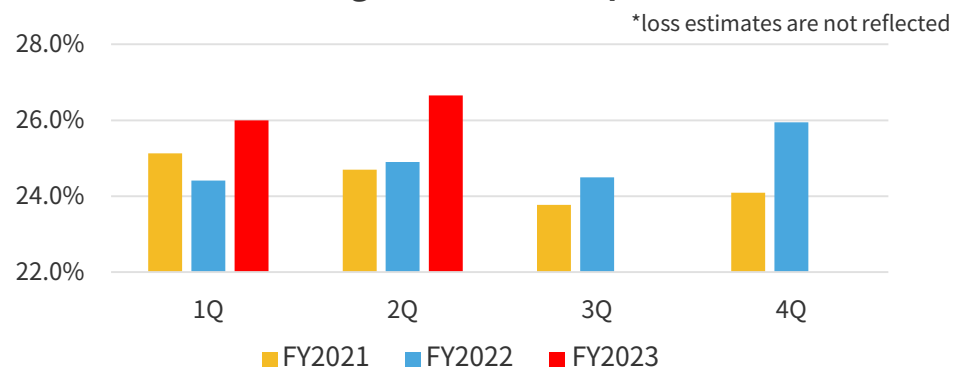
<100 Million Yen>



The increase in SSS and the improvement of GPM continued. Strong performance in 1H, sales up by 34.9 billion yen and operating profit up by 13.2 billion yen YoY.

- ✓ SSS rose to 104.0% (and to 102.5% excluding tax-free sales) YoY due to the increased opportunities to go out and demand in events, as well as the recovery of inbound in Q2.
 - Tax-free sales in 1H was 8.1 billion yen, and in Dec. alone, recovering to over 60% of the 2019 figure.
- ✓ GPM of existing store in 1H kept improving to 26.0% (up by 1.8% YoY), contributed by continued strengthening of PB/OEM (details mentioned later) and reduction of slow moving inventory with the use of “interest expiration date” etc.
 - Existing store inventory in 1H decreased by 24.2 billion yen YoY.
- ✓ Despite the rise of utility costs, SG&A ratio was at the same level as the previous year due to the continuous enhancement of cost control and sales increase.
- ✓ 6 stores opened and 1 store expanded and renovated in Q2, steady progress towards 9 store openings in FY2023.

▶ GPM ratio at existing DS stores in Japan



*1. Effective from the fiscal year ending June 30, 2023, the DS business includes Tachibana Departmentstore co.,ltd.

DS Business: Strengthening of PB/OEM

- ❑ PB/OEM sales composition ratio in 1H increased further to 16.8% (+2.9% YoY).
- ❑ Sales reached a record high in December, boosted by the influence of media exposure.

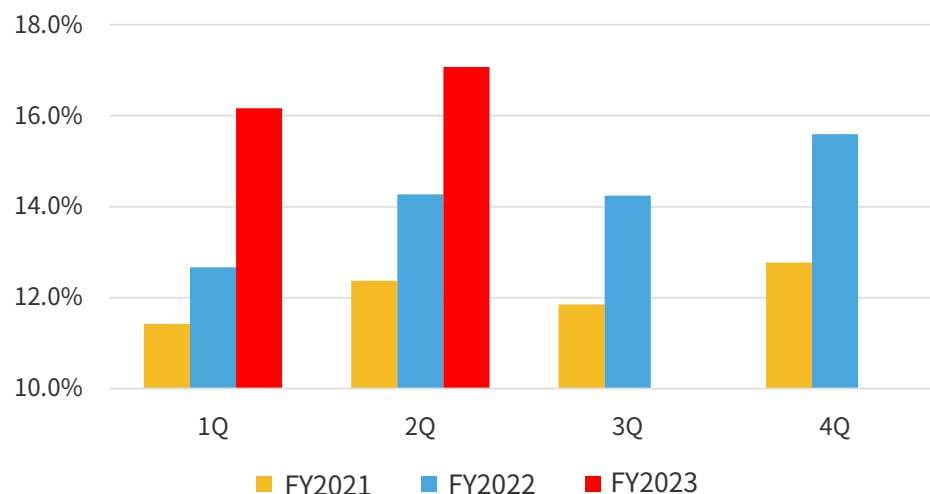
[Initiatives in Q2]

Sales composition ratio of PB/OEM in Q2 improved further due to the conversion of party goods for Halloween, Christmas, etc. to PB/OEM and the growth of suitcases along with the increase in demand for travel.

Also strengthened media exposure to boost brand recognition.

- PB/OEM sales reached a record high (over 20 billion yen) in Dec.
- Boost in GPM from the expansion of PB/OEM mix was approx. 0.36%, making positive progress compared to the forecast as well.

▶ PB/OEM ratio in the domestic DS business



▼ Examples of PB/OEM products sold well in Q2



Party goods
Sales composition ratio +7.1% QoQ
Costumes made in collaboration with popular cosplayers ranked 1st in the new non-food product category



Fashion & Bags
Sales composition ratio +8.5% QoQ
Strong sales of new macaron-colored suitcases targeting women, in addition to rising demand in Japan and overseas

▼ Example of increased visibility on media

TV commercial broadcast

Aired the first TV commercial (Dec.16-Dec.31) since the rebranding of JONETZ. Sales of the 6 products featured in the TV commercial went up to 160% in a cumulative total compared to the pre-broadcast figures, seeing an increase in recognition. Going forward, measures will be taken to involve different channels and target groups, including strengthening SNS.



Don Quijote Yonezawa (Yamagata Pref.) (Opened on October 7, 2022)

Aggressively proceeded with narrowing down of SKUs and installation of self-checkouts to improve productivity. Operating profit surpassed the forecast.

- Aimed to differentiate the store from competitors by strengthening product lineup and trendy products for young people in a trade area with a high percentage of students.
- Seeking new operation models to achieve high productivity in the future by promoting measures such as narrowing down of SKUs by 30% (compared to the roadside Furukawa store), reduction of regular ordering with an automated system, and introduction of full-self-checkouts.



Don Quijote Nakasu (Fukuoka Pref.) (Reopened on November 11, 2022)

Expanded the PB section by increasing the 1st floor space and created a new specialized area “Tokimeki Donki.” Sales grew strongly with the recovery of inbound sales.

- Expanded the 1st floor of the store located in a commercial complex in Nakasu and developed "Tokimeki Donki," which offers cosmetics and Sanrio goods targeting the Gen Z and the Millennials, and expanded the section that offers only our PB, JONETZ.
- Sales progressed well above forecast, supported by a recovery in inbound sales.



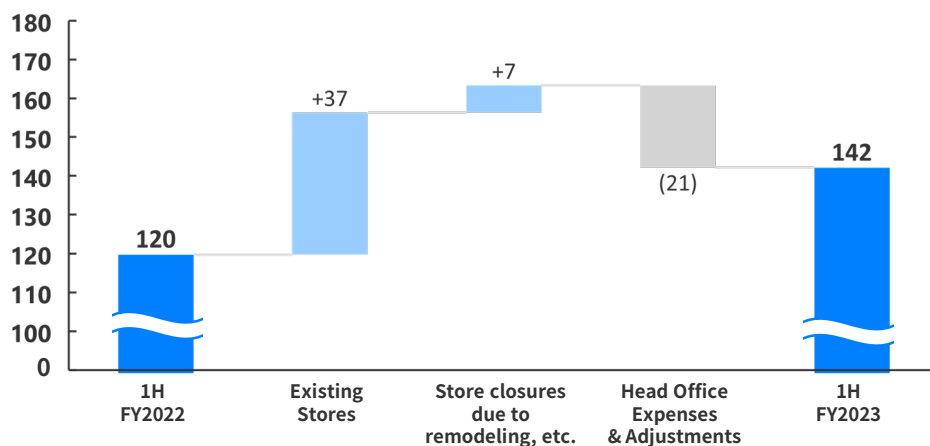
FY2023 1H Change in Sales

<100 Million Yen>



FY2023 1H Change in Operating Profit

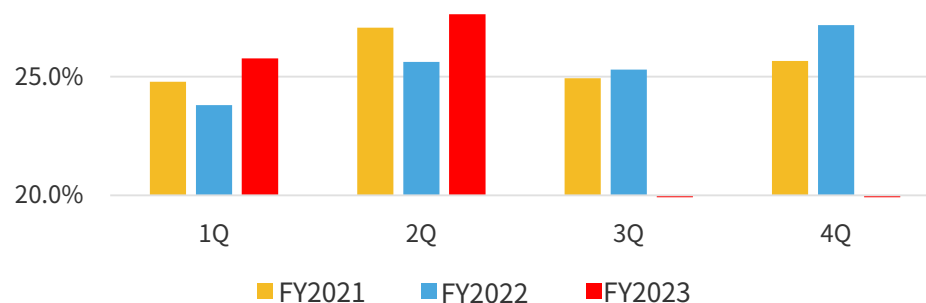
<100 Million Yen>



GPM improved continuously from Q1, resulting in a 2.2 billion yen increase YoY in operating profit. Progressing well towards the full-year performance target in line with the forecast.

- ✓ SSS in 1H landed at 98.1% (from 97.5% in Q1 to 98.6% in Q2), the same level as in 2019.
 - Analyzed that the pricing was the cause of lower sales at existing stores and introduced a system same as DS in Q2 for improving pricing accuracy at each store. Having seen a certain level of success, full-scale operation will be launched at all stores from Q3, aiming to improve sales and gross profit through more balanced pricing.
 - Integrated MD function between DS and GMS business in Japan. Promoting product enhancement by introducing product categories that GMS should offer, as well as improving the efficiency of procurement and management operations.
- ✓ GPM at existing stores in 1H continued to improve to 26.6% (up by +1.6% YoY). The growth of apparel in Q2 contributed.
- ✓ SG&A ratio at existing stores showed improvement from +0.2% to -0.5% QoQ. Despite the ongoing rise in utility costs, the labor cost ratio improved by -0.3%. Other cost controls were successful as well.

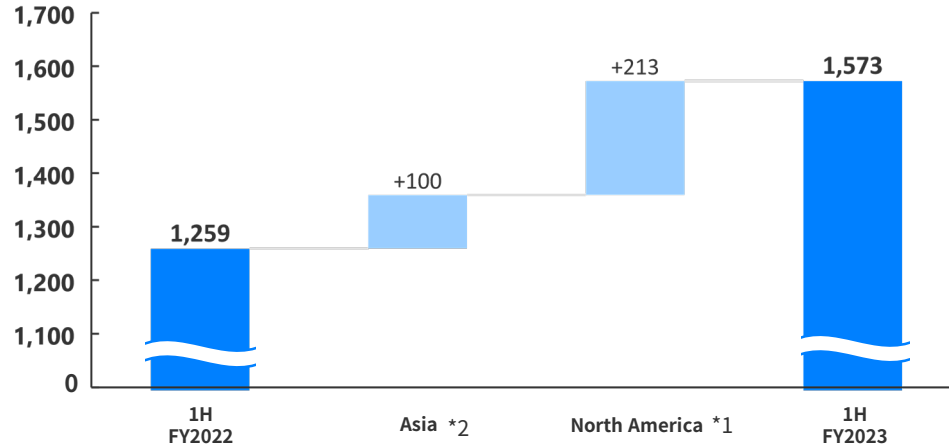
▶ GPM of SSS FY2021-FY2023



*1. "Store closures due to remodeling, etc." refers to store closures due to format conversion to UDR and stores excluded from existing stores due to remodeling, etc. in the current and previous Q2 periods

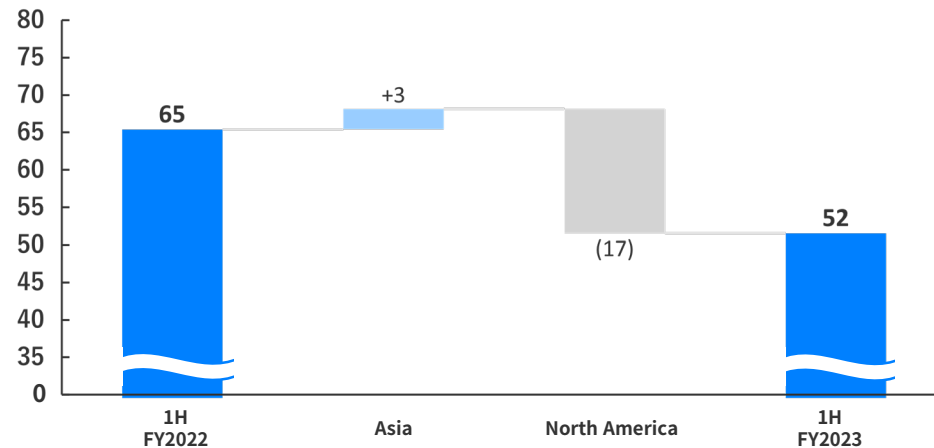
FY2023 1H Change in Sales

<100 Million Yen>



FY2023 1H Change in Operating Profit

<100 Million Yen>



<Progress of new store openings>

DON DON DONKI Whampoa Garden (HK)
(Opened on August 17, 2022)

- ✓ First in Hong Kong to introduce Wagyu Kushi, which have been successful in Taiwan and Malaysia, aiming to further penetrate Japanese food culture. Also newly developed Sen Sen Sushi with table seating and VIP rooms to offer a luxurious space unique to Japan.
- ✓ Cumulative sales from opening to Oct. were approx. 800 million yen, performing strongly.



DON DON DONKI J-PARK Sriracha (TH)
(Opened on September 9, 2022)

- ✓ Offers one of the largest selections of Japanese products in eastern Thailand, with the first Sen Sen Sushi in Thailand opened together. Also provides other restaurant and retail businesses such as Wagyu Kushi and Kiwami Nama Shokupan (“fresh” bread loaf) that are sold well in other countries.
- ✓ Sales from opening to Oct. were at 165% of forecast.



*1. Figures for North America are the simple aggregate of DQ USA, MARUKAI, QSI and Gelson's. Results are for the period from April to September 2022, while Gelson's is from July to December 2022.

*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 2022.

*3. OP for Gelson's does not include the amortization of good will (FY2023: 1.72 billion yen, FY2022: 1.39 billion yen)

- ❑ Overseas business fell short of forecast due to the heavy impact of COVID-19. Particularly in countries and regions with a large number of downtown urban stores such as Hong Kong, Singapore, Macau, and Hawaii were negatively impacted by the prolonged restrictions.

Asia Business

- ✓ 1H performance resulted in increase in sales and operating profit YoY: sales +10.0 billion yen (+2.3 billion yen vs. forecast), operating profit +0.3 billion yen (-0.8 billion yen vs. forecast).
 - Despite 1.9% increase YoY in SG&A ratio due to the external environment of increased costs, GPM improved in each country (+1.8% in Asia total) and OPM remained at the same level as in the previous fiscal year. OPM at existing stores continued to exceed 10%.
 - SG&A ratio in Thailand improved YoY, and Taiwan turned profitable, confirming successes in each country in 1H.
 - Shortfall in operating profit from the forecast came mainly from Hong Kong and Macau (-0.7 billion yen).

<Current situations and challenges in Hong Kong and Macau>

- ✓ Sales were affected by the weaker-than-expected recovery in foot traffic including tourists, especially at downtown urban stores.
- ✓ GPM was about 2% lower than in Singapore, leaving room for improvement. SG&A expenses will be managed more efficiently in terms of logistics and overhead costs, in addition to strengthening labor cost management.

North America Business

- ✓ 1H performance resulted in increase in sales but decrease in profits YoY: sales +21.3 billion yen (+11.6 billion yen vs. forecast), operating profit -1.7 billion yen (-1.5 billion yen vs. forecast).
 - Gelson's sales increased by 7.4 billion yen from the forecast, and operating profit was +/-0.0 billion yen. Sales improved despite an expected decline in demand for alternatives to eating out.
 - GPM of MARUKAI (CA) also improved by 1.9% YoY, and operating profit was roughly in line with the forecast.
 - Shortfall in operating profit was mainly due to the Hawaii business (-1.4 billion yen).

<Current situations and challenges in Hawaii>

- ✓ Despite further efforts to integrate store and product-related systems and operations, internal difficulties in inventory management and price control led to loss of sales opportunities and a decline in GPM (-2%).

Earnings Forecast for FY2023

- ❑ The full-year forecast of 94 billion yen in operating profit remains unchanged.
- ❑ The breakdown by business segment was revised based on progress in each business up to 1H.

(Unit: 100 Million yen)

	FY 2023 Earnings Forecast		
	Actual	Sales Ratio	YoY
Net sales	18,900	100.0%	103.2%
Gross profit	5,838	30.9%	107.4%
SG&A	4,898	25.9%	107.7%
Operating profit	940	5.0%	106.0%
Recurring profit	825	4.4%	82.1%
Profit attributable to owners of parent	569	3.0%	91.9%
EPS (Yen)	95.42	-	93.0%
Dividends per share (Yen)	18.00	-	105.9%

< Forecasts by Business Segment (YoY) >

- DS Business: Initial target +3.7 bil. yen YoY ➔ +9.7 bil. yen
 - ✓ As of Q2, the DS business has already exceeded the initial target by over 5.0 bil. yen.
 - ✓ In particular, tax-free sales reached 8.1 billion yen in 1H, which already exceeded the forecast for the current term. The full-year forecast has been raised to 24.0 billion yen due to the recovery mainly among tourists from Asia.
- GMS business: No change
- Overseas Business: The initial target +6.0 bil. yen YoY ➔ Same amount as the previous fiscal year
 - ✓ As of Q2, progress was -2.3 billion yen against the initial target.
 - ✓ We assume that the external environment will remain largely unchanged in 2H and that the effects of various measures will be seen in the next fiscal year and beyond.

<Exchange rate>

1USD=122.41 yen, 1HKD=15.64 yen, 1SGD=90.47 yen, 1THB=3.68 yen, 1MYR=29.14yen, 1TWD=4.29yen, 1MOP=15.18 yen

Status of major assets, liabilities and net assets

(Unit: 100 Million yen)

	June 2022	December 2022	
	Actual	Actual	Change
Current Assets	4,865	5,587	722
Cash and Deposits	1,768	2,089	321
Account receivable-installment	521	605	83
Products	2,059	2,101	42
Non-Current Assets	8,971	9,182	210
Buildings, etc.	2,684	2,693	9
Land	3,147	3,196	49
Intangible Assets	862	876	14
Lease and Guarantee Deposits	732	733	0
Total Assets	13,837	14,769	932

<Status of assets>

• Non current asset

▶ Tangible fixed assets: 682.4 bil. yen
(17.4 bil. yen up)

- Investment related to store openings, etc.
30.5 bil. yen
- Depreciation and amortization
16.6 bil. yen

<Status of major liabilities>

▶ interest-bearing debt : 5,73.9 bil. yen
(13.2 bil. yen down)

< Status of net assets>

- ▶ Net worth: 431.1 bil. yen
(change from the previous year-end +38.8 bil. yen)
- ▶ Capital adequacy ratio: 29.2%
(change from the previous year-end +0.8%)

(Unit: 100 Million yen)

	June 2022	December 2022	
	Actual	Actual	Change
Total Current Liabilities	3,264	4,094	830
Accounts Payable-Trade	1,529	2,116	587
Short-Term Interest Bearing Debt *1	383	536	152
Total Noncurrent Liabilities	6,581	6,308	(272)
Corporate Bonds	2,726	2,720	(6)
Long-Term Interest Bearing Debt	2,762	2,484	(278)
Total Liabilities	9,844	10,402	558
Net Assets	3,992	4,367	375
Liabilities and Net Assets	13,837	14,769	932

<Others>

▶ Net D/E ratio: : 0.85x
(change from previous year-end -0.2x)

▶ ROE : 17.9 %
(annualized/
change from previous year-end +2.6%)

*1. Short-term interest bearing debt = Short-term loans payable, long-term debt due within one year, and corporate bonds due within one year.

Status of cash flows and capital expenditure

▶ Cash Flow Status

(Unit: 100 Million yen)

	FY2022 1H	FY2023 1H	
	Actual	Actual	Change
Balance at Beginning of Period	1,609	1,804	195
Cash Flows from Operating Activities	659	1,032	373
Cash Flows from Investing Activities	(233)	(376)	(143)
Cash Flows from Financing Activities	(291)	(240)	52
Changes During the Period	164	434	270
Balance at the End of the Period	1,773	2,238	465
Free Cash Flow ^{*1}	425	656	231

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

▶ Status of capital expenditures

Capital Expenditures	244	342	99
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< Operating CF : +103.2 bil. yen >

▶ Positive items: 56.1 billion yen in income before income tax, 20.7 billion yen in depreciation and amortization, and increase of 56.9 billion yen in accounts payable.

Negative items: Increase in installment accounts receivable 8.4bil. yen, and income taxes paid of 18.7 billion yen

< Investment CF : -37.6 bil. yen >

▶ Cash out factors included 29.1 billion yen for tangible fixed assets acquisition associated with store openings and 4.4 billion yen for intangible acquisition, and 3.4 billion yen acquisition of shares in affiliated companies.

< Financing Activity CF : -24.0 bil. yen >

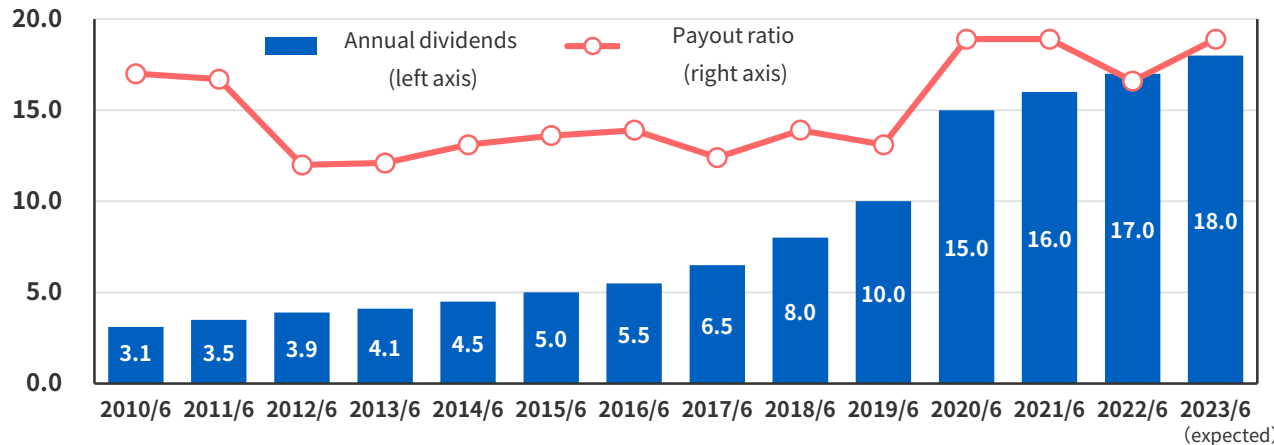
▶ Cash out factors included 12.8 billion yen in repayment of long-term debt, 8.3 billion yen in dividends payment, 2.2 billion yen for the acquisition of shares of subsidiaries without change the scope of consolidation and 0.8 billion yen in redemption of bonds.

< Breakdown of Q2 >

▶ DS business 12.1 billion yen , GMS Business 3.8 billion yen, Overseas business 6.5 billion yen, IT 1.6 billion yen, Others 10.4 billion yen

Dividends

Dividends (yen)



Payout Ratio (%)

- ✓ Dividends for FY2023 is expected to be 18.0 yen (+1.0 yen YoY)
- ✓ It is expected to increase for 20 consecutive terms

Payout Ratio

We will continue to return profits to shareholders based on a "progressive dividend policy," with a dividend payout ratio of 20% or more over the medium term while maintaining a balance between investment in growth and shareholder returns.

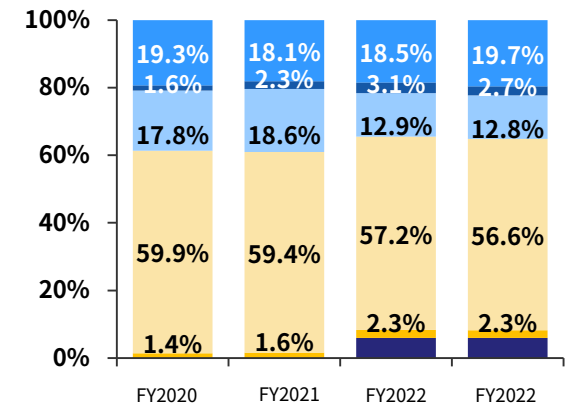
**The Company conducted a 2-for-1 common stock split on July 1, 2015 and a 4-for-1 common stock split on September 1, 2019.

*For prior periods, figures are retroactively adjusted.

Shareholder Benefits

- **Eligible shareholders** : 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.
 - **Benefits** : 2,000 yen worth of majica points will be awarded through the majica app.
- *Download and registration to the majica app is required to receive the points.
- **Delivery schedule** : The coupon code to receive points will be enclosed in other dividend-related documents at the end of September and March.
 - **How to receive benefits** : Enter the coupon code enclosed with dividend-related documents into the app.

Ownership of the shares



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

Fiscal year ending June 2023 Initiatives for Q3 and onwards

DS business

- ✓ Continue to strengthen PB/OEM. From spring/summer, further promote PB of seasonal home appliances and apparel.
- ✓ With the recovery of inbound sales, review store layouts and personnel assignments, particularly at station front stores, to prepare for further growth and maximize sales.

GMS business

- ✓ The system to improve pricing accuracy is now in full-scale operation at all stores, and we will also work to improve sales and profitability by strengthening product appeal through merchandising integration.
- ✓ We will also continue to improve productivity and control SG&A expenses through the implementation of individual store management.

Overseas business

- ✓ Management structure for Asia business was changed in January. The company will work to improve profits through the roll out of successful cases in each country (fresh food, delicatessen, and PB products).
- ✓ The integration of HQ functions, which could not be undertaken due to COVID-19's cross-border restrictions, will also be initiated to improve efficiency of SG&A expenses.
- ✓ In the North America business, we will work to improve and restructure the supply chain by sharing and integrating warehouse operations, central kitchen operations, and integrating suppliers, etc., to curb costs and improve GPM in response to inflation, which is expected to be prolonged.
- ✓ The company has also begun to improve GPM by improving the accuracy of pricing for direct trade products and for the Hawaii business.

Others

- ✓ CRM measures will be implemented for the expanded majica app members to expand the number of people using the company's in-house payment system and to reduce additional costs.

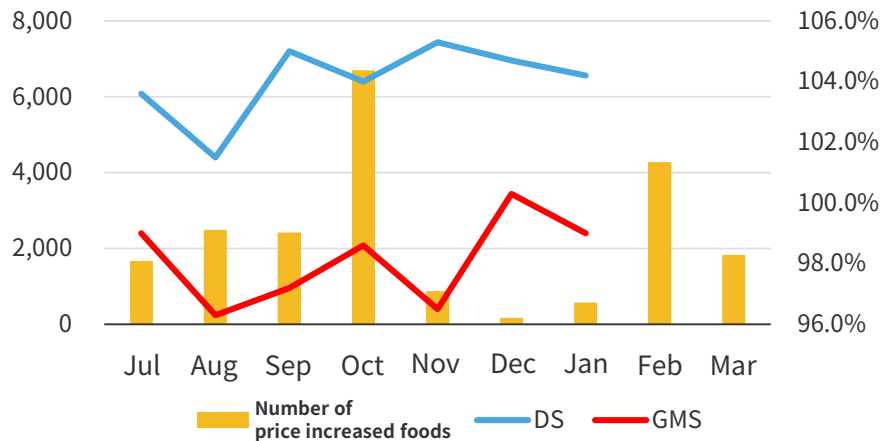
(Reference) Flash report of domestic DS/GMS business in January

- ❑ YoY same-store sales in January were 104.2% in DS business and 99.0% in GMS business, maintaining the Q2 trend.
- ❑ Due to disaster preparation and last-minute demand, both businesses saw growth in food products despite the high hurdles from the previous year.

▶ Year on Year sales of same-store

Unit : %	Q1	Oct	Nov	Dec	Q2	Jan
Japan	101.7	102.4	102.5	103.4	102.8	102.7
DS	103.3	104.0	105.3	104.7	104.7	104.2
GMS	97.5	98.6	96.4	100.3	98.6	99.0

▶ Number of price increases on food items by major manufacturers and YoY sales of DS and GMS existing store



*Number of food price increases is calculated from the Teikoku Databank survey.

■ DS business

- ✓ Despite a high hurdle due to the bulk buying driven by the previous year's COVID-19 restrictions, food sales reached 106.1% thanks to New Year's demand and last-minute demand before the February price hikes.
- ✓ In addition to the continuing travel-related demand growth, cosmetics and apparel sales grew on the back of special occasion demand, and non-food items also saw positive growth.
- ✓ Tax-free sales increased in tourists from South Korea and Taiwan due to the Chinese New Year holidays.

■ GMS business

- ✓ Food products, which have been on a recovery trend since Q2, posted 100.6% thanks to hoarding demand due to the snowfall and last-minute buying before price hikes, as in the case of DS.
- ✓ In non-food products, sales of toys struggled due to a reactionary decline in sales of games and cards, but sales of apparel were on par with the previous year due to growth in seasonal items and a recovery in school demand.

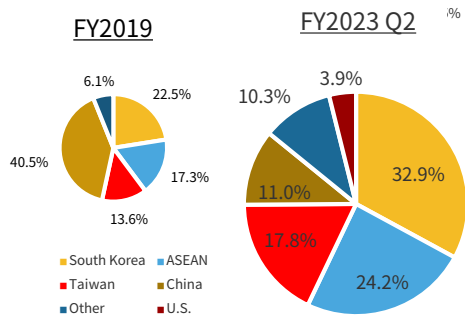
DS Business: Initiatives to address the forthcoming recovery in inbound demand

- Based on the recovery in 1H, the forecast for tax-free sales for FY 2023 has been revised upward to 24.0 billion yen. Aim to maximize sales in 2H by establishing a system to respond to a further recovery in demand.

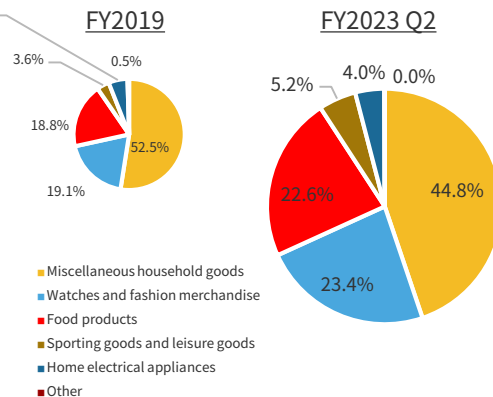
Status and Trends of Recovery in Tax-Free Sales

- ✓ Sales recovered rapidly after the easing of border control in Oct. 1H sales totaled 8.1 billion yen, already exceeding the initial forecast of 8 billion yen.
- ✓ South Korea leads by nationality at approx. 35%.
- ✓ Average sales per customer increased by approx. 1.2x from 2019. Customer spending grew, which reflects a tailwind from the long-awaited lifting of the overseas travel ban and the weak yen.
- ✓ As for sales by product category, while there is no major change from 2019, sales of high-end products are expected to grow slightly due to the weak yen, and cosmetics, which has been reinforced aggressively in the DS business, are performing well.

Composition of tax-free sales by nationality



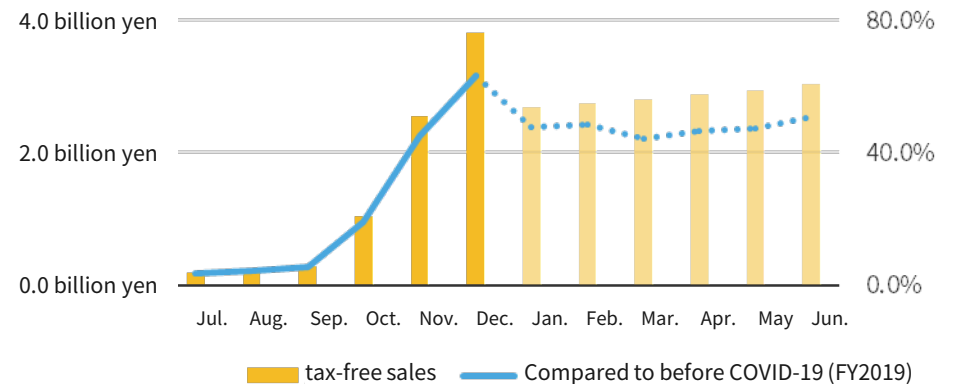
Composition of tax-free sales by product category



Maximize Sales by Strengthening the Sales Structure in 2H

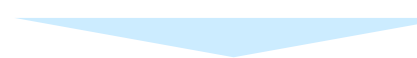
- ✓ Invest in infrastructure, such as additional tax-free checkouts and a better payment environment, assuming that the number of customers and sales will increase in the future with further easing of border controls.
- ✓ Staffing will be reviewed to increase the number of MDs and support staff specialized in inbound operations to ensure an adequate supply of products that are in high demand for tax-free shopping.
- ✓ The flagship stores will increase the number of employees considerably and promote the rearrangement of layouts and product shelves to better respond to inbound customers.

Changes in tax-free performance and future outlook



Asia Business

- ✓ Asia business, which started in December 2017, continued opening stores during COVID-19 and reached a store count of 33 stores in 6 countries and regions in about 5 years. Sales have grown to approx. 80 billion yen.
- ✓ Going forward, in addition to improving GPM, which is a key measure in the mid-term plan, the company will also strengthen control of SG&A expenses.


- 
- ✓ The management structure was changed from Jan. 2023. The President of SG, which is performing well, will supervise the entire Asia region and seek to improve profits by rolling out successful cases in each country.

- E.g.: Proactively introduce successful examples from SG and Thailand in Hong Kong and Macau. Work to improve GPM by strengthening fresh foods and delicatessen (GPM +2.0%) and cost efficiency by improving labor cost control, reviewing cash registers and warehouses, etc.

- ✓ Cross-border restrictions by COVID-19 have been eased, and a recovery in human flow is also expected. The label change from “new stores” to “existing stores” this fiscal year is also expected to contribute to future profit growth.

North America Business

- ✓ Hawaii business will begin improving pricing accuracy in February to improve sales and GPM.
- ✓ In addition, through supply chain development and restructuring, the company will strengthen inventory management (including reducing write-downs), curb distribution costs, and improve the efficiency of store operations.
- ✓ For the business in California, existing businesses and Gelson's will share and integrate warehouse operations, central kitchen operations, and integration of suppliers to further improve GPM and cost efficiencies.

- 
- ✓ In the external environment in North America, inflation remains at high levels, and there are concerns that consumption will weaken in the future. In an environment where it is difficult to expect a rapid recovery in sales for a certain period of time, we will address internal issues to improve profitability and prepare for a future phase of sales expansion.

"CV+D+A" Update through Evolution of "Customer Touchpoint"

- ❑ The number of majica app members reached 11 million and credit card members 3.1 million, developing a membership base.
- ❑ Unlike the point strategy of platformers, we will update our own unique "CV+D+A" that combines store/product and digital "customer touchpoint."
- ❑ In addition to the majica app, digital, including SNS, will become the new "customer touchpoint" for customers, products, and stores. By updating and improving the customer experience in a way that is unique to us, we will expand our earnings opportunities.

Changes in Customer Experience

	Current customer experience	New customer experience with apps and SNS
CV	<ul style="list-style-type: none"> • Store has everything you need (large number of SKUs) • Open anytime (late-night service) 	<ul style="list-style-type: none"> • Easy access to special deals • More top-up features • Able to use outside our stores
D	<ul style="list-style-type: none"> • Low price (compared to nearby competitors) • Prices seem lower (display and presentation) 	<ul style="list-style-type: none"> • Great deals through combined coupon/points sales promotions
A	<ul style="list-style-type: none"> • Interesting discovery (=spot) • Sense of exploration to find products (magical place feeling) 	<ul style="list-style-type: none"> • Products that reflect customer feedback from a variety of media • Allows customers to participate

Our Earnings Opportunities

- ✓ **CRM measures**
 - (Number of customers x increase in frequency of store visits)
 - Acquisition of new customers
 - Promoting sales increase for existing customers

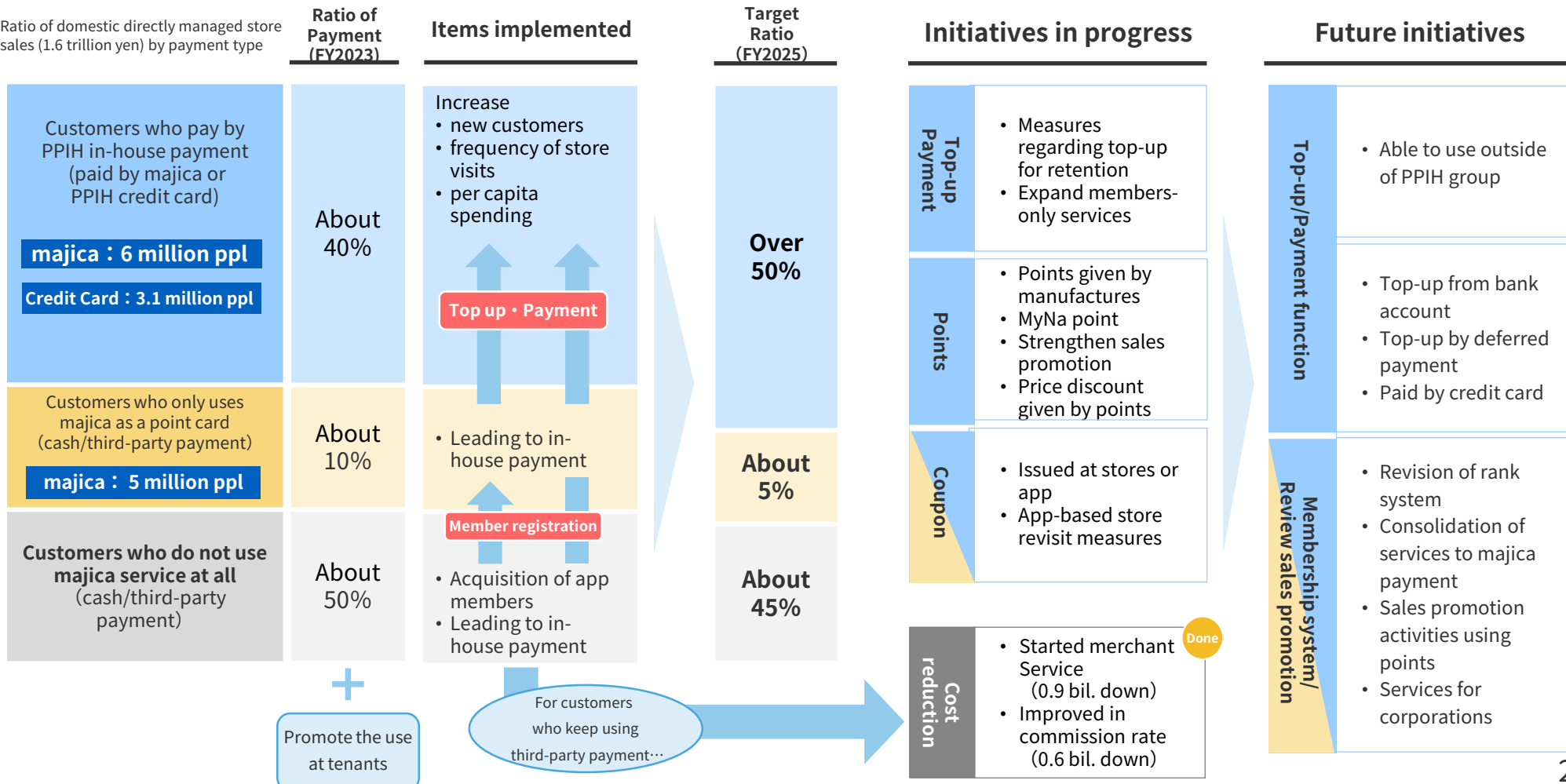
The basic payment strategy mentioned in the following pages
- ✓ **Payment segment**
 - Reducing outflow of payment fees
 - Increasing finance business revenue
- ✓ **Media/advertisement segment**
 - New measures to improve gross profit for NB
 - Acquisition of new customers
- ✓ **Products segment**
 - Brush up on products

Product and media/advertising segments to be announced in the future

Finance business: basic strategy for payment and marketing

- ❑ Expand the number of customers using the in-house payment system to increase financial revenue opportunities and reduce costs (from approx. 40% to over 50%).
- ❑ Improve the payment/membership ratio to deepen understanding of customers and increase store visits by utilizing CRM measures.
- ❑ We will continue to enhance our services for customers, while at the same time offering unique services to our stores which is one of our strengths, and to corporate clients in and around our stores.

Ratio of domestic directly managed store sales (1.6 trillion yen) by payment type

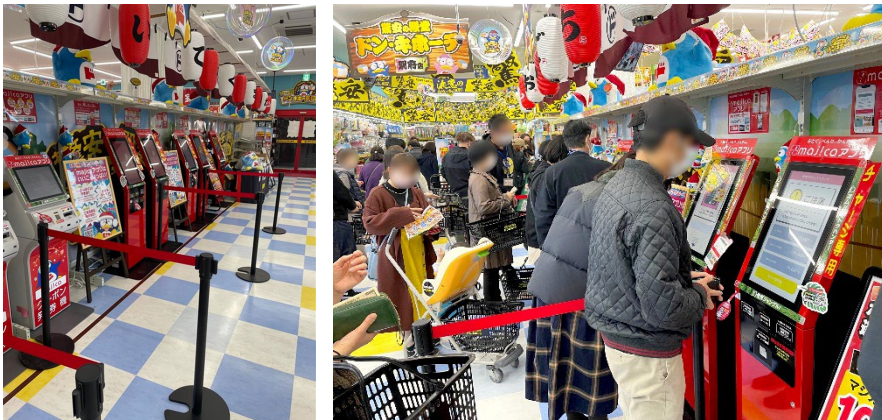


Exclusive measure for majica members at the pre-opening of the Beppu store

- ❑ A pre-opening for majica members only was held at Beppu.
- ❑ In addition to acquiring members, strengthen incentives and guidance for "top-up," which has become a hurdle in promoting in-house payment.
- ❑ By implementing CRM measures through the app in the future, we will provide customers with a more "value-for-money, convenient, and enjoyable" customer experience.

Initiatives

- ✓ Promote MAJICA membership at store entrances
- ✓ Installation of more top-up machines and employees outreach
- ✓ Conduct top-up campaign (points awarded)



Future Initiatives

- ✓ The pre-opening for app members only was as successful as the non-exclusive pre-opening, and the payment ratio by majica increased markedly.
- ✓ Various measures will be put in place at stores and through the app, including to inform customers of the benefits of majica payment and cashiers encourage customers to use majica.
- ✓ This will be implemented at new and renovated stores in the future.

	Pre-opening at Beppu	Pre-opening Average
Paid by majica	50%	23.5%
Top-up per customer	6,316 yen	4,059 yen

Appendix

Q2 and 1H results by businesses

[Q2 Period: October 1, 2022~ December 31, 2022]

(Unit: 100 Million yen)

	DS business			GMS business			Asia business			North America business			Others • Adjustments		
	Q2 FY2022	Q2 FY2023	Change	Q2 FY2022	Q2 FY2023	Change	Q2 FY2022	Q2 FY2023	Change	Q2 FY2022	Q2 FY2023	Change	Q2 FY2022	Q2 FY2023	Change
Sales	2,831	3,017	186	1,281	1,262	(19)	159	205	46	497	612	115	(46)	(49)	(3)
Gross Profit	694	811	117	433	435	2	56	76	21	190	223	33	31	36	4
GPM	24.5%	26.9%	2.4%	33.8%	34.5%	0.7%	35.1%	37.2	2.1%	38.1%	36.4%	(1.7%)	-	-	-
SG&A	585	639	54	340	332	(8)	49	70	21	157	202	45	(3)	3	4
Operating Profit	109	172	63	93	104	11	6	6	(0)	33	21	(12)	34	33	0
OPM	3.9%	5.7%	1.8%	7.3%	8.2%	0.9%	4.0%	3.0%	(1.0%)	6.6%	3.5%	(3.1%)	-	-	-

[1H Period: July 1, 2022 – December 31, 2022]

	DS business			GMS business			Asia business			North America business			Others • Adjustments		
	Q2 FY2022	Q2 FY2023	Change	Q2 FY2022	Q2 FY2023	Change	Q2 FY2022	Q2 FY2023	Change	Q2 FY2022	Q2 FY2023	Change	Q2 FY2022	Q2 FY2023	Change
Sales	5,548	5,897	349	2,441	2,395	(46)	303	403	100	956	1,170	213	(71)	(80)	(9)
Gross Profit	1,353	1,559	206	797	812	16	105	147	42	362	433	72	62	72	10
GPM	24.4%	26.4%	2.0%	32.6%	33.9%	1.3%	34.8%	36.6%	1.8%	37.8%	37.1%	(0.7%)	-	-	-
SG&A	1,181	1,256	75	677	670	(7)	96	135	39	306	394	88	(17)	(6)	12
Operating Profit	172	303	132	120	142	22	9	12	3	56	40	(17)	80	78	(2)
OPM	3.1%	5.1%	2.0%	4.9%	5.9%	1.0%	3.1%	3.0%	(0.1%)	5.9%	3.4%	(2.5%)	-	-	-

*1. Figures for North America are the simple aggregate of DQ USA, MARUKAI, QSI and Gelson's. Results are for the period from April to September 2022, while Gelson's is from July to December 2022.

*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 2022.

*3. Operating profit for Gelson's include the amortization of goodwill (Q2 FY2023:0.86 billion yen, Q2 FY2022: 0.69 billion yen, 1H FY2023: 17.2 billion yen, 1H FY2022: 13.9 billion yen)

1H results by consolidated businesses

[Period : July 1, 2022 –December 31, 2022]

(Unit: 100 Million yen)

	1H FY2022		1H FY2023		
	Actual	Ratio	Actual	Ratio	YoY
Domestic DS Business	5,324	58.0%	5,672	58.0%	106.5%
Home electrical appliances	434	4.7%	424	4.3%	97.8%
Miscellaneous household goods	1,297	14.1%	1,515	15.5%	116.8%
Food products	2,440	26.6%	2,581	26.4%	105.8%
Watches and fashion merchandise	720	7.8%	763	7.8%	106.0%
Sporting goods and leisure goods	353	3.8%	301	3.1%	85.2%
Other	80	0.9%	88	0.9%	109.7%
Domestic GMS Business	2,223	24.2%	2,181	22.3%	98.1%
Clothing	258	2.8%	250	2.6%	97.1%
Household Goods	353	3.8%	374	3.8%	105.9%
Foods	1,601	17.4%	1,543	15.8%	96.4%
Other	12	0.1%	15	0.1%	120.3%
Overseas Business	1,259	13.7%	1,560	15.9%	123.9%
North America Business	956	10.4%	1,160	11.9%	121.3%
Asia Business	303	3.3%	400	4.1%	132.3%
Other Business ^{*1}	371	4.0%	372	3.8%	100.2%
Total	9,177	100.0%	9,784	100.0%	106.6%

*1. Other Business includes tenant leasing business, holding company management, credit card business, etc.

Breakdown of SG&A

[Period: October 1, 2022~ December 31, 2022]

(Unit: 100 Million yen)

	Q2 FY2022		Q2 FY2023		
	Actual	Ratio	Actual	Ratio	YoY
SG&A	1,128	23.9%	1,246	24.7%	110.4%
Salaries and allowances	436	9.2%	464	9.2%	106.3%
Rent	135	2.9%	148	2.9%	109.5%
Commission paid	151	3.2%	162	3.2%	107.2%
Depreciation	76	1.6%	85	1.7%	112.2%
Other	330	7.0%	387	7.7%	117.3%

✓ Utilities: Q2 8.2 billion yen (155.5% YoY)

[Period: July 1, 2022 – December 31, 2022]

(Unit: 100 Million yen)

	1H FY2022		1H FY2023		
	Actual	Ratio	Actual	Ratio	YoY
SG&A	2,242	24.4%	2,450	25.0%	109.3%
Salaries and allowances	867	9.5%	923	9.4%	106.4%
Rent	271	2.9%	293	3.0%	108.1%
Commission paid	296	3.2%	306	3.1%	103.7%
Depreciation	148	1.6%	167	1.7%	113.0%
Other	661	7.2%	761	7.8%	115.1%

✓ Utilities: 1H 17.8 billion yen (150.6% YoY)

Store openings/Renovations

Business	Format	Q1			Q2			Q3			Q4			Full Year Target	
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Discount Store	DQ			Arao (Kumamoto)	Yonezawa (Yamagata)	Kyobashi (Osaka)	Beppu (Oita)					2 stores		1 store	New : 9 stores +α Format conversion : 4 stores
	UDR ^{*1}		Niigata Kameda (Niigata)			Kyoto Karasuma Shichijo (Kyoto)	Kichijoji (Tokyo)						Daikakuji (Shizuoka)	Ina (Nagano)	
GMS	UNY (Renovation)	Niigata Kameda (Niigata)	Kagamihara (Gifu)				Higashi-kariya (Aichi)								
Overseas ^{*2}	Asia		Whampoa Garden (Hong Kong)	J-Park Sriracha (Thailand)	North Point (Singapore)	Jurong Point (Singapore)	Jewel Changi Airport (Singapore)	Thaniya Plaza (Thailand)					3 stores		
	North America						Sunway Pyramid (Malaysia)						1 store		

*1. A store framed in a solid line frame in UDR format is tenant-in type business conversion. *2. Overseas stores are indicated in the opening months.

 = Format conversion

Store network

Number of Domestic Retails Stores

	FY2021	FY2022	FY2023	
			Q1	Q2
Discount store business	444	468	470	476
Don Quijote	226	237	238	244
MEGA Don Quijote ^{*1}	139	140	140	140
MEGA Don Quijote UNY	52	59	60	60
Picasso etc. ^{*2}	27	32	32	32
GMS business ^{*3}	139	136	134	134
Domestic Total	583	604	604	610

Number of Overseas Stores

	FY2021	FY2022	FY2023	
			Q1	Q2
North America Business	65	65	65	65
California	37	37	37	37
Hawaii	28	28	28	28
Asia Business	19	30	31	33
Singapore	8	12	12	12
Hong Kong ^{*5}	7	9	9	10
Thailand ^{*6}	2	4	5	6
Taiwan	1	2	2	2
Malaysia	1	2	2	2
Macau	-	1	1	1
Overseas Total	84	95	96	98



Total ^{*4}	667	699	700	708
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*5. Peak Galleria in Hong Kong is counted as a store, which was renovated to Sen Sen Sushi in 2022, April.

*6. The store count for Thailand includes Sen Sen Sushi (J-PARK Sriracha)

*1. "MEGA Don Quijote" includes NEWMEGA.

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

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

*4. 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.

[Reference] Number of Sen Sen Sushi Stores

	FY2021	FY2022	FY2023	
			Q1	Q2
Total	0	1	3	6
Hong Kong	0	1	3	4
Thailand				1

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IR Calendar

Announcement of Q3 results for the fiscal year ending June 2023
Date of announcement: May 9, 2023 (Tuesday)
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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