

Q2 Results for FY 2024

February 13, 2024

Pan Pacific International Holdings Corporation

1 Overview of Q2 results

2 Initiatives for Q3 and onward

3 Appendix

Explanatory notes to this document

1. The values presented in this document are rounded to the nearest full unit.
2. The following abbreviations are used in this document: Pan Pacific International Holdings Corporation (7532) is abbreviated 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 provisions of the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements," but there are sections in this document where account titles and other information have been simplified to the extent that such act does not change the intent or meaning of the information.
4. The exchange rates used for overseas operations are shown below. (Gelson's fiscal year ends in June, so it uses different exchange rates.)

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	4.57
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 Rates

P/L uses the average exchange rate for the reporting 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 companies.

Overview of Q2 results

1. Consolidated results overview

■ Achieved record profits for H1

The first half-year results for FY2024 exceeded 1 trillion yen in net sales for the first time for a half-year. Record high profits were achieved both in Q2 and H1, with net sales of 1,047.6 billion yen (up 69.1 billion yen or 7.1% YoY), operating income of 75.5 billion yen (up 18 billion yen or 31.4% YoY), and operating income ratio of 7.2% (up 1.3% YoY), driven by domestic retail sales, which continued to grow.

- ✓ Net sales: 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 development, increased tax free sales, and captured demand for outings and events.
- ✓ Gross profit: Gross profit was 331 billion yen (up 28.6 billion yen YoY) and gross profit margin was 31.6% (up 0.7% YoY), which exceeded the forecast as a result of growth in PB and OEM both in Japan and overseas, as well as ongoing inventory control.
- ✓ SG&A expenses: Despite strategic investments, the SG&A to sales ratio was below both the previous year's level 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 upward; the medium-term management plan targets are expected to be achieved a year ahead of schedule

The Company expects to achieve the "Visionary 2025" medium-term management plan targets of 2 trillion yen for net sales and 120 billion yen for operating income one year ahead of schedule. This is because we have further improved our earnings power through the reform of our profit structure that led to higher gross profit, while focusing on investment for 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)

	H1 Results				H1 FY2024 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 upward to 130 billion yen
(up 19 billion yen from the initial forecast).
- ❑ The breakdown of each business segment will also be changed based on the 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%

(Unit: Billion yen, unless otherwise indicated)

<Operating income forecast by business segment>

(*Change from the initial forecast)

■ DS business: 79 billion yen
(up 20 billion yen)

- ✓ Tax-free sales are expected to exceed 110 billion yen, compared with the initial forecast of over 80 billion yen.
- ✓ The forecast takes into account expected sales growth due to an increase in the number of customers at existing stores mainly in suburban areas.

■ 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 downward in view of current conditions.

■ North America business: 6.6 billion yen
(up 1.0 billion yen)

- ✓ The forecast takes into account the trend toward an earlier recovery than initially anticipated.

<Exchange Rates>

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

Discount store (DS) business

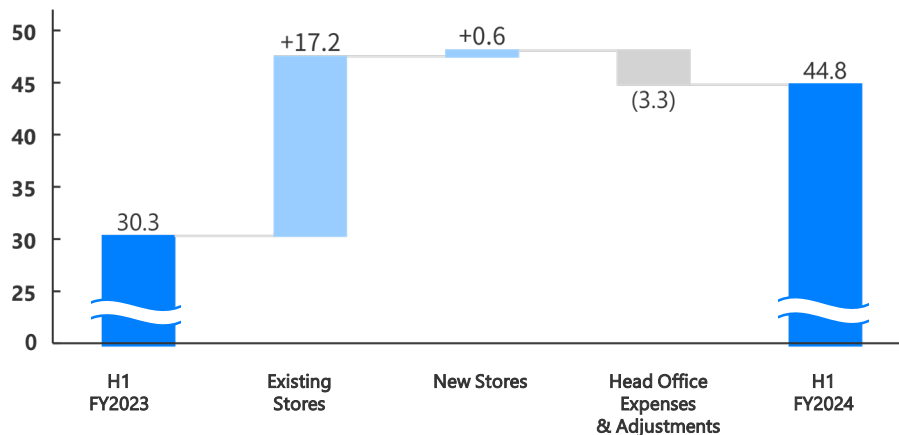
H1 FY2024 Change in Net Sales

<Billion yen>



H1 FY2024 Change in Operating Income

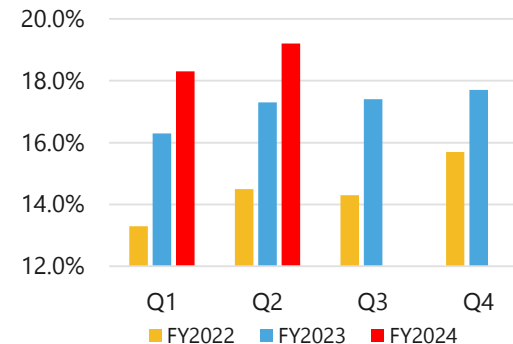
<Billion yen>



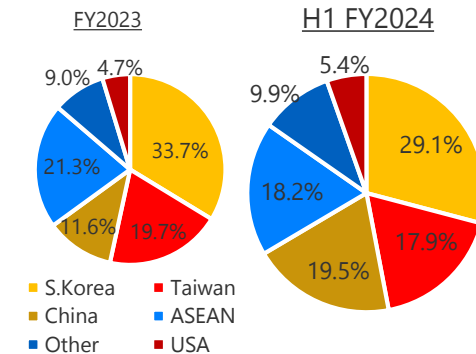
DS business continued to drive consolidated results, with net sales of 660.5 billion yen (up 70.8 billion yen YoY) and operating income of 44.8 billion yen (up 14.5 billion yen YoY) for H1 FY2024.

- ✓ Existing store sales landed at 110.4% of the previous H1 level.
 - 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 to 101.9% of the previous H1 level, mainly due to the success of the "Maji-kakaku (serious price)" initiative, which began to be implemented by 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 for growth; however, the SG&A to sales ratio was down by 0.8% YoY due to sales growth and a decrease in utilities costs.

DS business: PB and OEM ratio



Tax-free sales by nationality

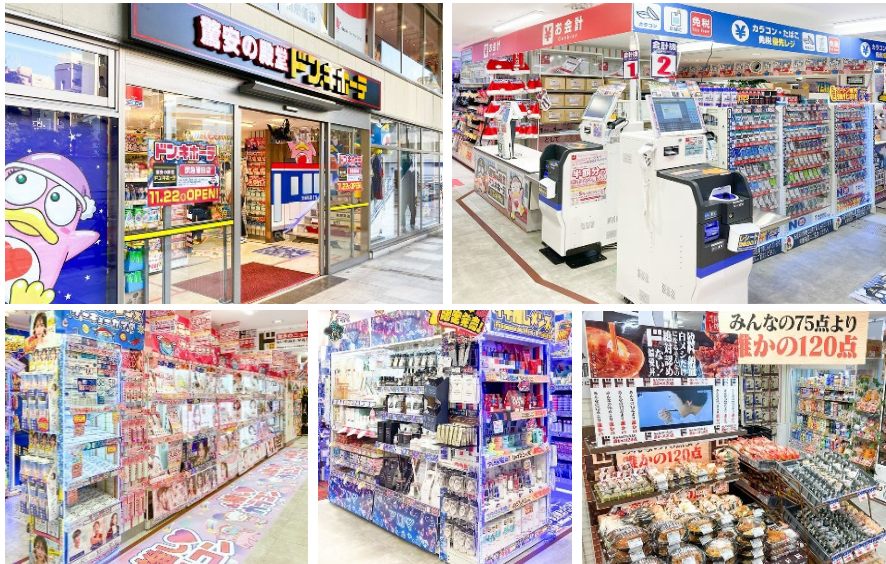


DS business: progress on new store openings

Don Quijote Keikyu 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 checkout registers and offers “no-wait” shopping services to capture demand for a quick stopover.
- The first floor focuses on food and consumable items to meet the needs for convenient everyday shopping. The second floor, aimed at women from Generation Z to their 30s, features a variety of trendy items such as popular cosmetics and color contact lenses.



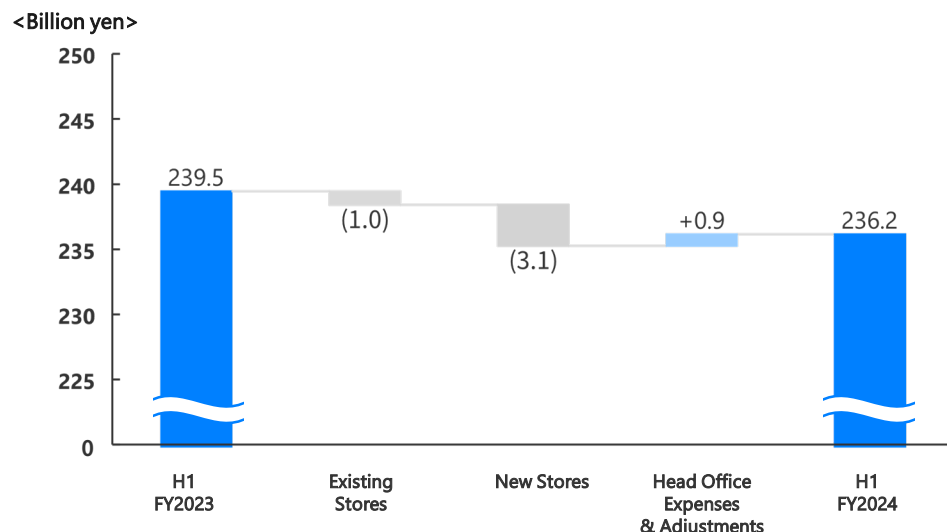
Kirakira Donki Tanuki Koji (Hokkaido) (Opened on December 1, 2023)

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

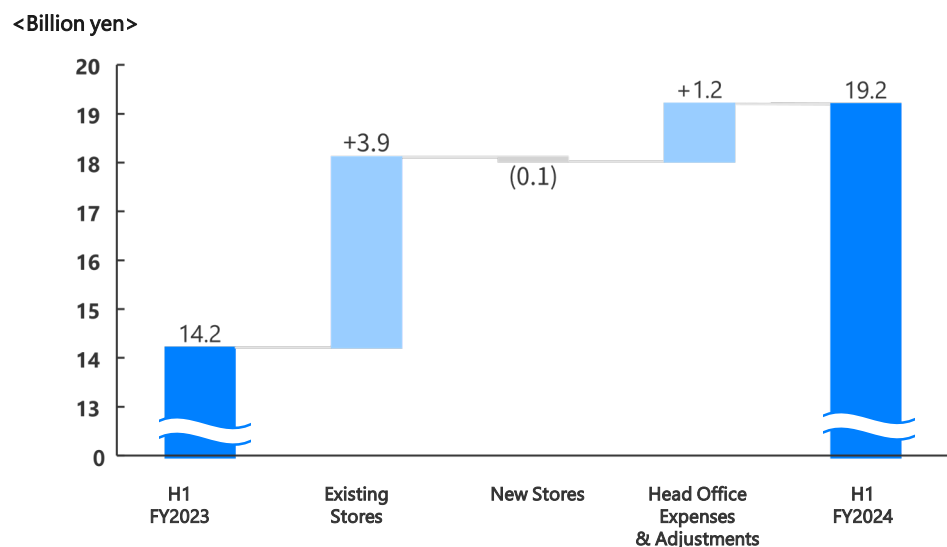
- The store aims to be a trend-setting center where customers can casually drop by during their commute to work, school, or sightseeing with convenient access just a 3-minute walk from the station.
- In addition to food souvenirs centered on popular Hokkaido gourmet foods, the store is the first Kirakira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



H1 FY2024 Change in Net Sales



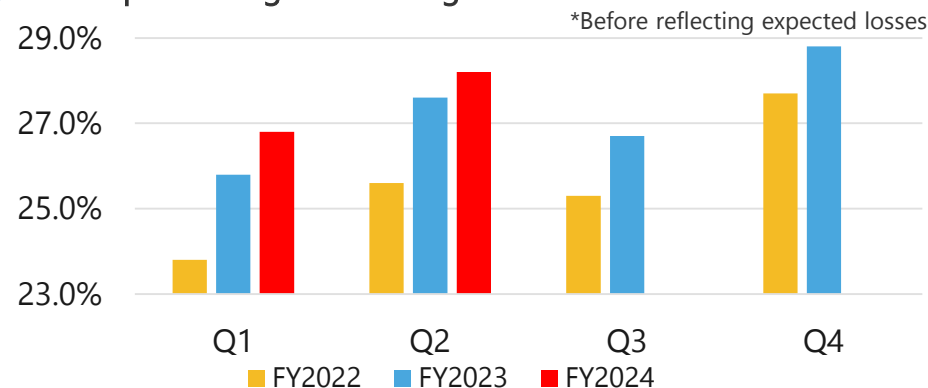
H1 FY2024 Change in Operating Income



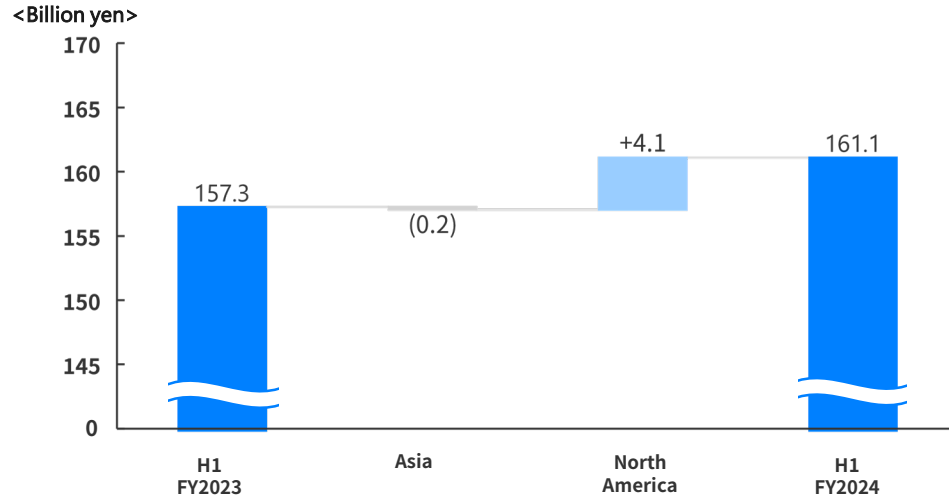
Operating income increased by 5.0 billion yen YoY as gross profit margin improved and SG&A expenses remained under control.

- ✓ Existing store sales were 99.5% of the previous H1 level.
 - Despite strong sales of summer products in Q1, existing store sales were 99.5% of the previous H1 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, we strengthened sales promotion for the entire building 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.

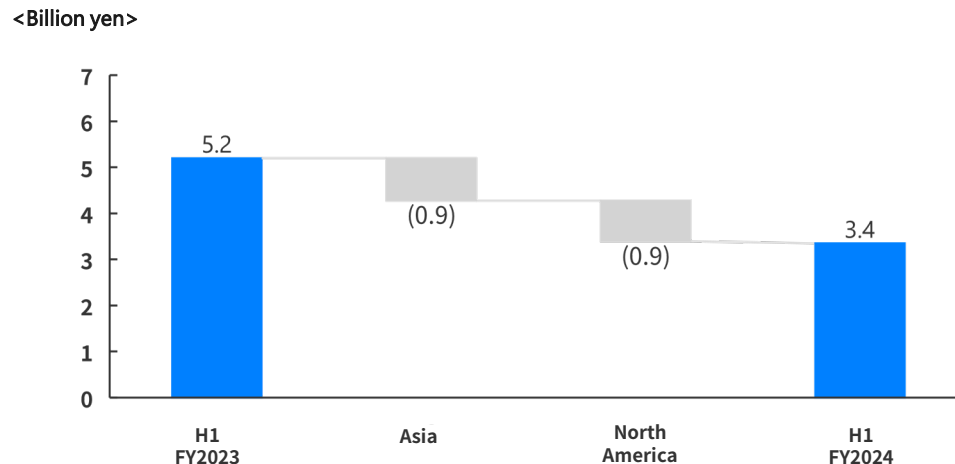
▶ Gross profit margin at existing stores FY2022–FY2024



H1 FY2024 Change in Net Sales



H1 FY2024 Change in Operating Income



While we continued making strategic investments such as costs for new stores, overall overseas sales increased but profit decreased. Operating income was higher than planned in North America, but struggled in Asia.

■ Asia Business

- ✓ For H1 2024, net sales declined by 0.2 billion yen YoY, and operating income declined by 0.9 billion yen YoY, resulting in decreases 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 ratios of PB and OEM and directly traded products, as well as to pricing measures.
- ✓ SG&A expenses increased by 1.3 billion yen YoY due to costs incurred for new stores in each country, but came in under the budget due to a decrease in expenses as a result of the consolidation of head office functions and continued efforts to optimize personnel expenses at existing stores.

■ North America Business

- ✓ For H1 2024, net sales exceeded the previous year and the initial forecast. Operating income declined by 0.9 billion yen YoY, but remained above the forecasted level.
 - Stabilized product supply resulting from the establishment of a central kitchen supply system, and sales expansion of sushi and delicatessen contributed to growth in sales and gross profit.
 - Gross profit margin increased by 0.3% YoY as a result of strengthening PB and OEM.
- ✓ SG&A expenses were controlled within the budget, despite investments in central kitchens, warehouses, and other facilities, as well as enhanced hiring of human resources, in addition to new store openings.

*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 2023, while Gelson's is from July 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 cumulative for 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 interest-bearing debt *1	45.3	72.9	27.6
Total non-current liabilities	649.1	530.9	(118.2)
Corporate bonds	261.6	191.4	(70.2)
Long-term loans payable	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 interest-bearing debt

= 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 (up 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 (down 89 billion yen)

<Status of net assets>

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

<Others>

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

✓ Subordinated bonds of 140.0 billion yen were fully redeemed prior to maturity due to improved financial soundness. (The redemption was funded by the issuance of unsecured bonds of 70.0 billion yen and cash and deposits.)

Status of cash flows and capital expenditure

► Cash Flow Status

(Unit: Billion yen)

	H1 FY 2023	H1 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 period	43.4	(38.8)	(82.1)
Balance at end of period	223.8	207.4	(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 (Capex)

Capex	34.2	44.8	10.5
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<Operating CF : up 102.1 billion yen>

- Cash in factors: 72.9 billion yen in profit before income taxes, 54.5 billion yen in increase in notes and accounts payable - trade, and 22.2 billion yen in depreciation

Cash out factors: 10.1 billion yen in increase in inventories and 29.1 billion yen in income taxes paid

<Investing CF: down 43.8 billion yen>

- Cash out factors: 40.1 billion yen in acquisition of tangible fixed assets associated with store openings and 3.8 billion yen in acquisition of intangible assets

<Financing CF: down 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 loans payable

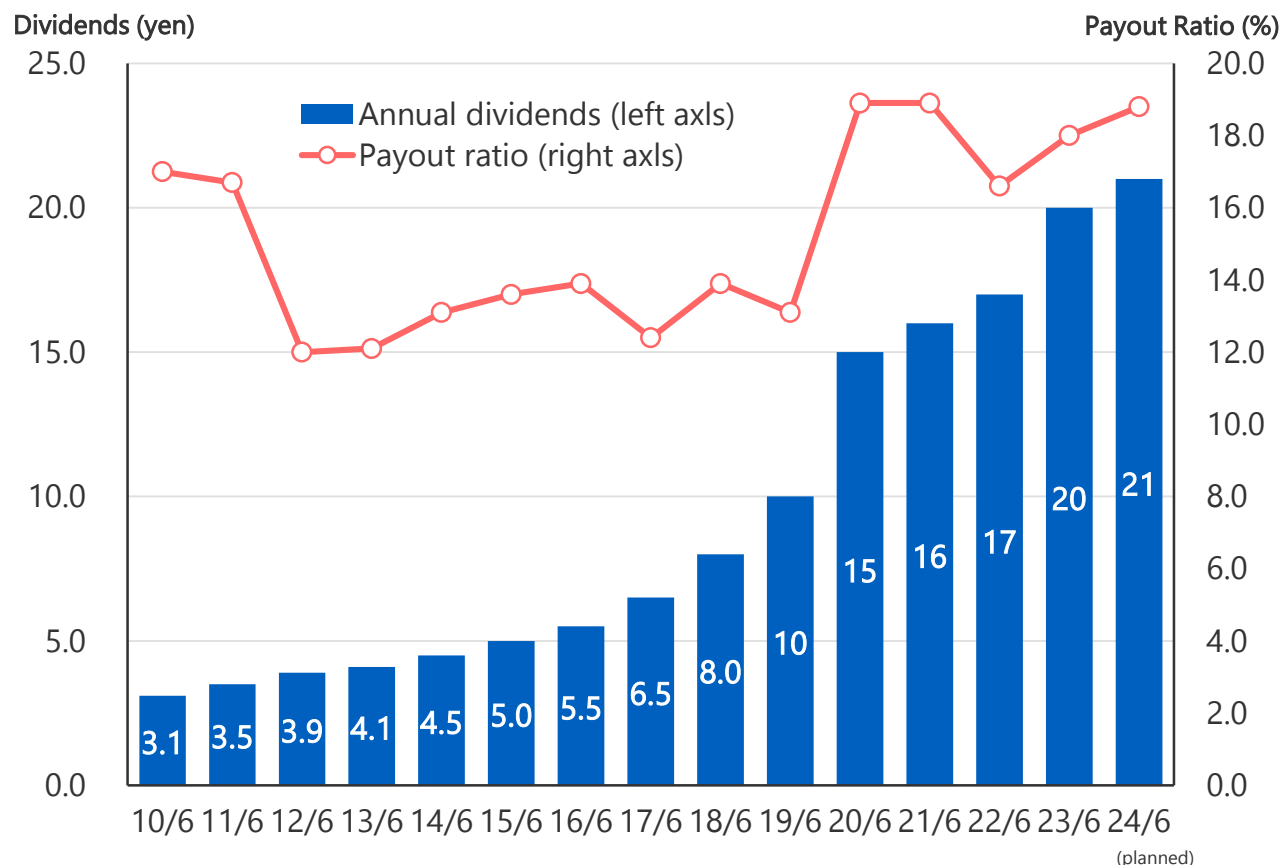
Cash out factors: 140.6 billion yen in redemption of bonds, 28.2 billion yen in repayments of long-term loans payable, and 9.5 billion yen in cash dividends paid

<Breakdown of Capex for FY2024 Q2>

- DS business: 26.0 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 dividends to 21 yen (up 1.0 yen YoY), 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 for 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.

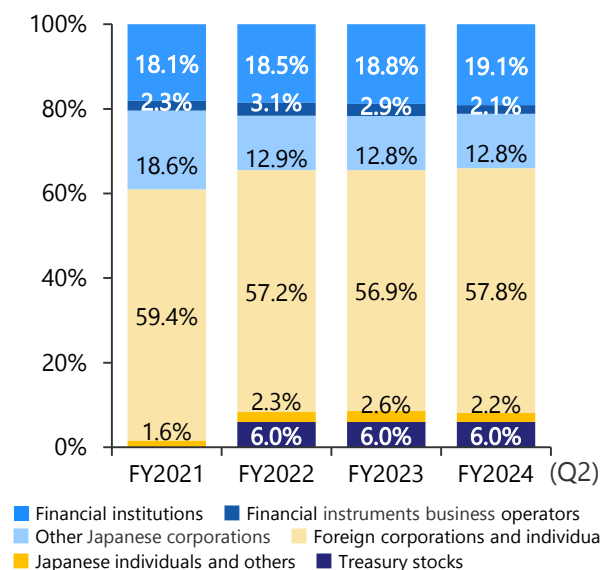
* For prior periods, figures are retroactively adjusted.

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 for receiving points is enclosed with dividend-related documents which we send out at the end of September and late March.

Share Ownership



FY2024

Initiatives for Q3 and onward

Initiatives for Q3 and onward

DS business

- ✓ **New store openings**: Steadily progress 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 "*Shojiki Review* (honest review)" of "*Maji-voice* (serious voice)" for the next product development and start product development reflecting customer needs.
- ✓ **Price strategy**: Implement "*Maji-kakaku* (serious price)" initiatives which lower the price of products with high customer evaluation on a full scale 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 trading area, items, mainly food and consumables, are selected by each store. Strengthen the appeal to customers with price, and, at the same time, make efforts to convey the "affordability" of items and create a store environment that motivates customers to visit the store.
- ✓ **Strengthen MD strategy**: Capture new demand by introducing untapped housing-related category products for which there are latent customer needs. At the same time, implement cross-merchandising 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 trading area, reduce the number of stores per branch company and establish a system that provides deeper store support 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.

Initiatives for Q3 and onward

Asia business

- ✓ **Individual store strategy**: Make a shift from the traditional food-centered assortment and strengthen non-food categories, i.e., cosmetics and characters-featured products 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 roll out best practices for product displays and visual merchandising techniques, increase the number of personnel to be dispatched from Japan to 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 directly traded products from Japan. Start implementing a marketing strategy using social media and other means to increase brand awareness.

North America business

- ✓ **Strengthen prepared food/sushi category**: In Hawaii, assign trainers to provide technical guidance to the prepared food, sushi and meat departments to differentiate the company from competitors and attract new customers. In California, stabilize the operations of the central kitchen to increase productivity and provide high quality items to improve profit margin.
- ✓ **Strengthen PB and OEM**: For PB and OEM, promote product development with local manufacturers. In Hawaii, improve warehouse operations to increase sales volume of directly traded products and boost earnings.
- ✓ **Investment for growth**: Make aggressive investments in business expansion through new store openings in the next fiscal year and beyond, and reinforce personnel to strengthen the support system.

Reference: January flash report on domestic DS/GMS business

- ❑ In domestic retail, the DS business led growth in sales and customer numbers.

Both DS and GMS businesses enjoyed strong sales during the New Year's first sale period and growth in sales of winter seasonal products across the board.

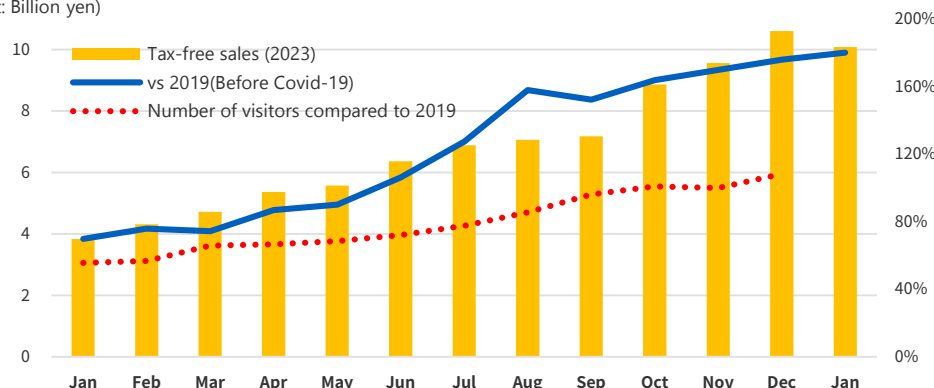
▶ YoY comparison of existing store sales

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 tax-free sales in January also exceeded 10 billion yen.

(Unit: Billion yen)



*Source: Japan National Tourism Organization and other statistics

■ DS business

- ✓ The strong sales continued from the end of the previous year, and sales have remained robust even after the turn of the year. Sales in all categories exceeded the previous year's levels.
 - Demand for outings remained strong. Sales of cosmetics, color contact lenses, and skincare products grew.
 - Sales of video game consoles and hobby-related products grew. Sales of characters-featured products also performed well.
 - Categories of products for daily use, such as detergents, kitchenware, and pet care products, also performed well.

■ GMS business

- ✓ During the New Year's first sale 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.
 - As for housing-related products, skin moisturizing products, skin care products, and cosmetics contributed to sales growth. In addition, sales of 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 agencies as a mean of objective assessment to obtain a higher rating and be selected as an index constituent.

Major Environmental Initiatives in Q2

Reduction of CO₂ emissions: introduction of off-site CPPA

Promoted the procurement of renewable energy to achieve CO₂ reduction goals. Signed an off-site CPPA in November 2023. Plan to supply power derived from renewable energy to four additional stores, including MEGA Don Quijote and Apita 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 materials for spoons and straws

Starting from November 2023, materials used for spoons and straws distributed to customers for free have changed to 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

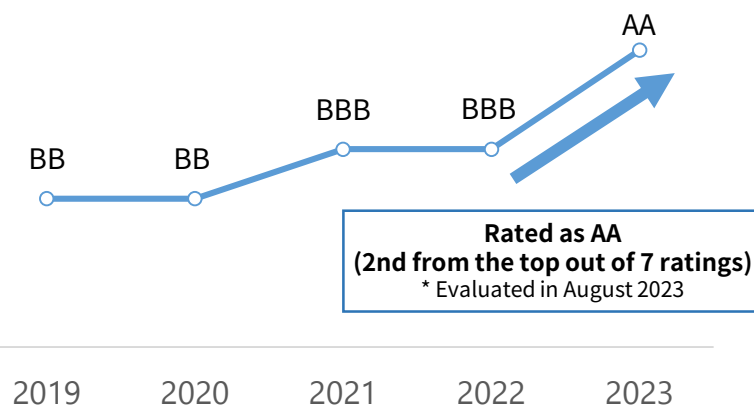
First inclusion in the MSCI Japan ESG Select Leaders Index

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 in recognition of having been rated as "AA," the leader group in the MSCI ESG Ratings, in August 2023.

2023 CONSTITUENT MSCI JAPAN

ESG Select Leaders Index

▼ 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	t-CO ₂	534,349	522,868	541,244
Scope 1		67,266	70,174	65,324
Scope 2		467,083	452,694	475,920
Scope 1 & 2: CO ₂ emissions intensity (per million yen of sale)	t-CO ₂ /million yen	0.347	0.336	0.336
Scope 3 CO ₂ emissions	t-CO ₂	5,049,404	5,419,783	5,574,580
Society		Target: Increase female store managers to 100 (by June 2030) Reduce the turnover rate to 5% to improve retention of female employees (by June 2030)		
Number of female store managers	Person	13	26	31
Female turnover rate	%	11.6%	8.8%	9.7%
Governance				
Number of Directors	Person	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 emissions in 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 are calculated as of September 30, 2021, September 30, 2022, and September 30, 2023.

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

* Environmental data for the period ended 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 to September 2023, while Gelson's is from July 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 cumulative for the period from April to September 2023.

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

Overview of Q2 results by business on a consolidated basis

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

(Unit: Billion yen)

	H1 FY2023		H1 FY2024		
	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 businesses ^{*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 businesses include tenant leasing business and credit card business.

Breakdown of SG&A expenses

【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)

	H1 FY2023		H1 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 openings: 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 openings: 13 stores *2
	North America					Gelson's West LA (California)			1 store	(Guam)				

*1. Overseas stores are indicated in opening months.

*2. Applicable period for Gelson's is from July 2023 to June 2024. Applicable period for other overseas companies is from April 2023 to March 2024.

Store network

Number of Domestic Retail 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 NEW MEGA.

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

*3. "GMS business" includes Apita/Piago, U-STORE, PiagoPower, and 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 companies except Gelson's (ends in June), the number of stores for each quarter is adjusted for the applicable fiscal year.

IR inquiries

IR Division, Pan Pacific International Holdings Corporation
2-19-10 Aobadai, Meguro-ku, Tokyo, 153-0042
TEL: 03-5725-7588 FAX: 03-5725-7024
e-mail : ir@ppih.co.jp

IR Calendar

Announcement of Q3 results for the fiscal year ending June 2024 (scheduled)
Date of announcement: May 10, 2024 (Friday)
Venue: TBD (We will announce as soon as it is decided.)

Cautionary information regarding forward-looking statements

The purpose of this document is solely to provide information to investors, and does not constitute a solicitation to buy or sell securities. The forward-looking statements set out in this document 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. This document is presented based on the premise that it will be used at the discretion and responsibility of the investor, regardless of purpose of use, and Pan Pacific International Holdings Corporation bears no responsibility in any circumstances.

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2-19-10 Aobadai, Meguro-ku, Tokyo, 153-0042
TEL: 03-5725-7588 / FAX: 03-5725-7024 / e-mail: ir@ppih.co.jp
<https://ppih.co.jp/>