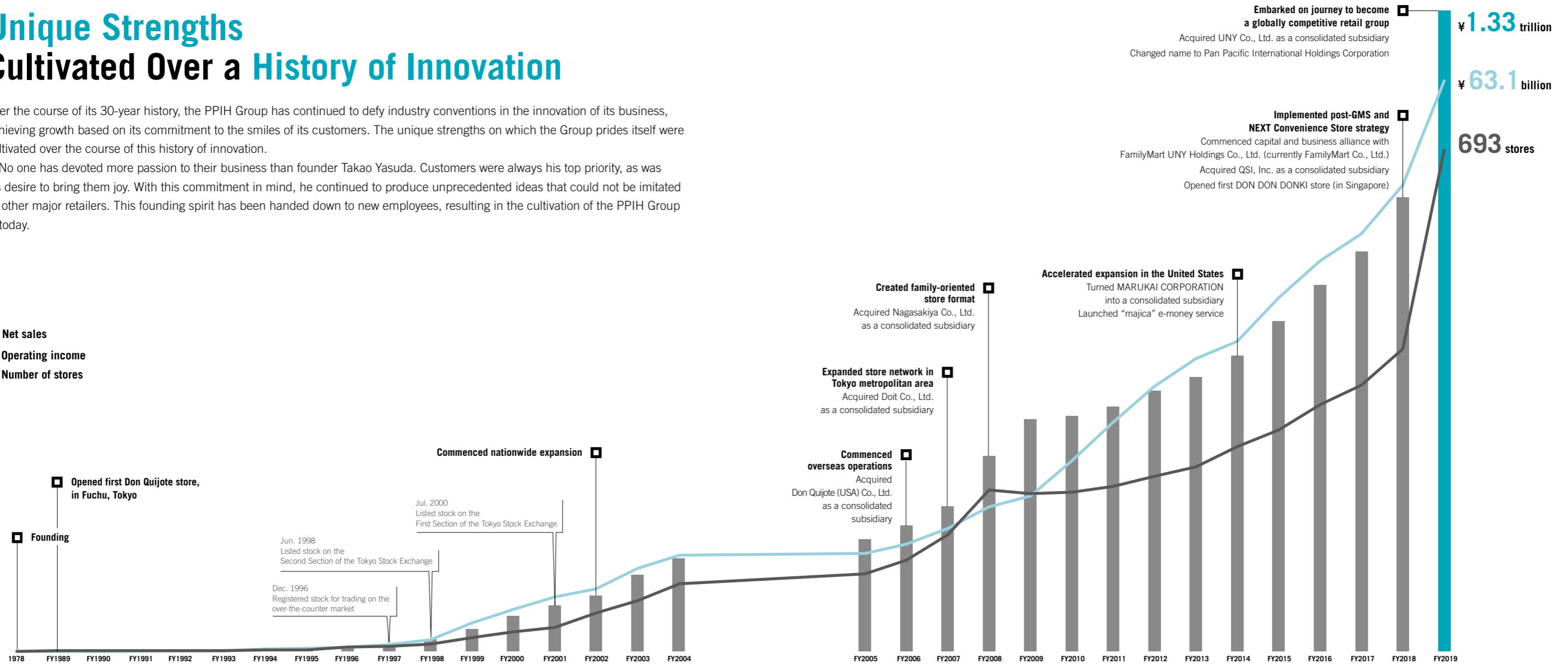


# Unique Strengths Cultivated Over a History of Innovation

Over the course of its 30-year history, the PPIH Group has continued to defy industry conventions in the innovation of its business, achieving growth based on its commitment to the smiles of its customers. The unique strengths on which the Group prides itself were cultivated over the course of this history of innovation.

No one has devoted more passion to their business than founder Takao Yasuda. Customers were always his top priority, as was his desire to bring them joy. With this commitment in mind, he continued to produce unprecedented ideas that could not be imitated by other major retailers. This founding spirit has been handed down to new employees, resulting in the cultivation of the PPIH Group of today.

■ Net sales  
— Operating income  
— Number of stores



## DNA Dating Back to Founding—Innovation That Goes Against Standard Industry Practices

The PPIH Group traces its roots back to Doroboichiba, a small general merchandise store with floor space of about 60 m<sup>2</sup> opened in 1978 in Tokyo's Suginami Ward. The Group began growing rapidly after the opening of the first Don Quijote store in March 1989. The DNA of breeding innovation with unprecedented ideas going against standard industry practices dates back to our founding and continues to live on in the PPIH Group today.

### Discovery of Unmet Night-Time Demand

One day, when Yasuda was stocking shelves at Doroboichiba late at night after business hours, a customer visited the store, mistakenly assuming that the store was still open. He saw this as a possible sign of demand for shopping at night, heralding the start of late-night operations.

### Creation of Distinct Shop Floors

Doroboichiba was initially lacking in store and storage space, and Yasuda would therefore pack the store with products from floor to ceiling and adorn the shelves with countless handwritten point-of-purchase (POP) advertisements introducing products. This represents the origins of Don Quijote's compression displays and shop floors with treasure hunting atmosphere.

### Start of Delegation of Authority Founded on Trust

After the opening of the first Don Quijote, founder Yasuda attempted to transmit his expertise to the employees working at this store, but was unable to achieve the desired results. Yasuda thus decided to entrust the employees with almost all aspects of store operations, marking the start of the Group's delegation of authority.

## Fostered Core Value—Delegation of Authority × Ability to Adapt

The PPIH Group's greatest strengths are born out of the combination of its delegation of authority and its ability to adapt. This ability to adapt, which arises from the delegation of authority, constitutes the core value of the Group and is something that cannot be mimicked by our rivals.

### Delegation of Authority

The PPIH Group's delegation of authority makes for a system in which various aspects of operations, including product procurement, pricing, displays, and sales, are entrusted to store employees.

### Ability to Adapt

All store staff, or those who interact directly with our customers, are given flexibility when making decisions regarding store operations. This approach enables stores to swiftly adapt to changes in customer needs and the operating environment.