

## Domestic Business

### Overview of Domestic Business

# Demonstrating Our "Ability to Adapt" During COVID-19

## Resilience under Difficult Conditions

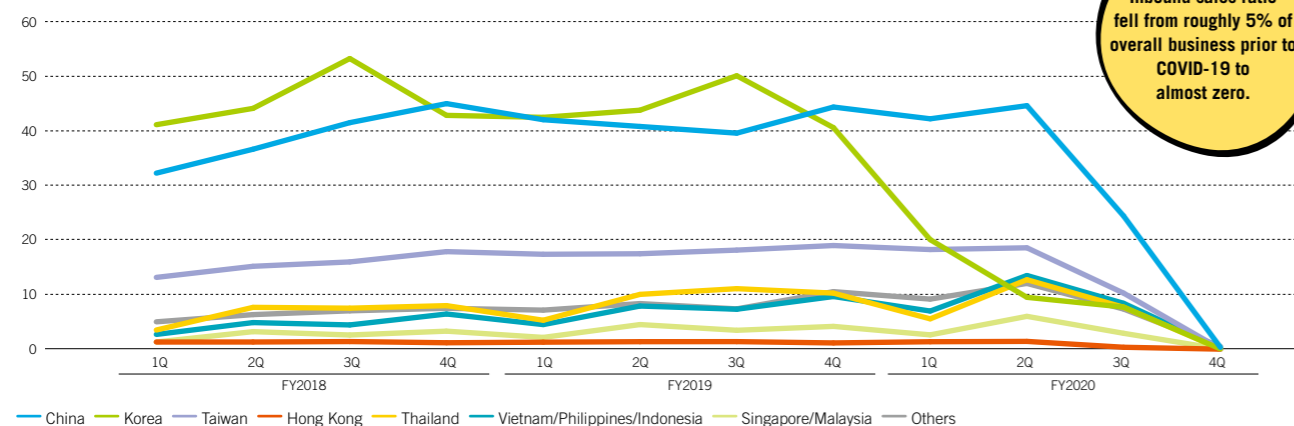
The COVID-19 outbreak eliminated inbound demand, and customer traffic in central Tokyo dropped sharply during the state of emergency. Despite the headwinds, we continued our commitment to "The Customer Matters Most" philosophy and leveraged our "ability to adapt" strength.

Our stores gathered products from all business partners, and product headquarters at UNY and Don Quijote jointly put their full efforts into securing items needed to continue operations. Thanks to these activities, we were able to offer masks, sanitizers, toilet paper, and products at our stores, even during the peak of the COVID-19 outbreak. The continuation of business to protect the well-being of our customers and our ongoing procurement and sales of products not available at other stores were well received by customers, and this information was widely conveyed through word-of-mouth on social and other media, leading to an increase in customer traffic.

We continued operations to protect people's well-being in an abnormal situation encountered for the first time and fulfilled our role as a local lifeline. We also took various initiatives at stores to deal with changes in customer demand. The result was a healthy recovery.

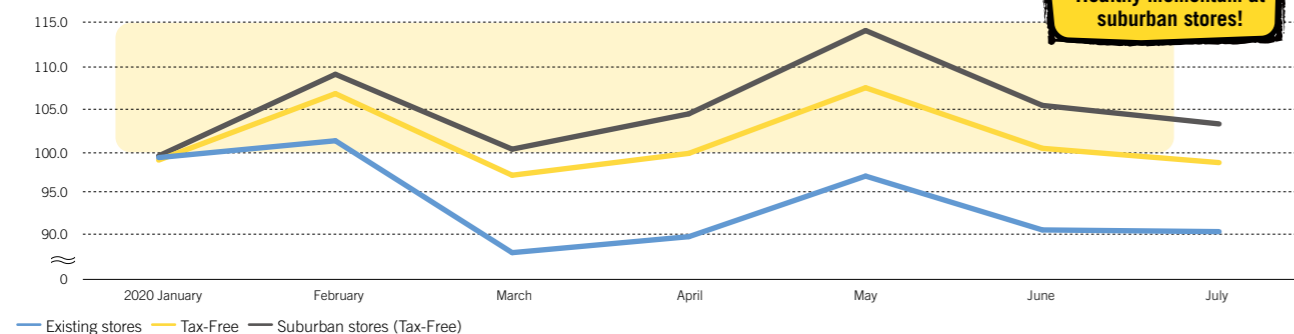


Trends in Don Quijote Tax-Free Customer Volume by Country (10,000 people)



Inbound sales ratio fell from roughly 5% of overall business prior to COVID-19 to almost zero.

Trends in Sales by Location (%)



Healthy momentum at suburban stores!



## "Unexpected" Situation Offers a Growth Opportunity

UNY, which has a strong presence in suburban areas, supported Group results amid crisis conditions in the commercial environment. Don Quijote, meanwhile, managed to offset a nearly complete loss of inbound and central Tokyo commercial business with adaptation mainly at suburban roadside stores. The "unexpected" crisis highlighted resilience of positive aspects in the two businesses and served as an opportunity to reconfirm mutual strengths.

Furthermore, amid major changes in general society due to the impact of COVID-19, we recorded upbeat sales of telework-related goods that were quickly sold out and products that enhance time spent at home, such as hair clippers, board games, jigsaw puzzles, *takoyaki* pans, and yoga and training goods. There

were also many cases of demand upturns for unexpected products, such as button batteries that reflected demand from remote controllers used to operate electric appliances and fireworks. We intend to continue enhancing the "PPIH uniqueness" of stores through provision of products that drive anticipation and excitement utilizing our "ability to adapt" strength of meeting customer needs via trial-and-error efforts.

### Ability to Adapt at Stores During the COVID-19 Outbreak

**Switching from higher-priced products to number of items purchased, meeting single-person needs (Don Quijote's Dotonbori Store)**

We newly created an item-selling corner that breaks up set products into individual items, including Ziploc bags, sponges, and food wrap, to meet the needs of single-person customers.



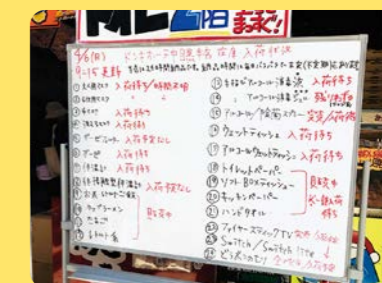
**Importance of customers currently visiting stores (MEGA Don Quijote Shibuya Store)**

We newly established a disaster measures corner at stores to address bulk buying demand.



**Communication with customers using whiteboards (Don Quijote Nakameguro Main Store)**

We update the state of product shipments using a whiteboard. This has been a tool for communication between employees and customers, and we have received messages of gratitude from customers, saying "it's helpful to be able to understand the situation at a glance."



### The PPIH Group's Ability to Adapt During the COVID-19 Outbreak

The COVID-19 infection prevented many passengers and crew members from leaving the *Diamond Princess* cruise ship. We formed a project team that cut across divisions to help out with the situation and provided goods as well as support with sold items on four separate occasions, starting February 14. The Logistics Division, MD Development Headquarters, PB Business Strategy Headquarters, and other related divisions collaborated promptly to enable provision and sales of bath towels, masks, clothing, and other assistance items, totaling 18 tons. We also arranged to provide goods in tote bags that contained items packaged in small amounts and thereby could be passed directly to boat passengers

as supplies. We received a letter of gratitude from the *Diamond Princess'* managing company for this level of care and speedy response.



Arranging for the provision of assistance goods



Tote bag containing products packaged in small amounts