

Overseas Business



Main points of our strategy

- Accelerate business scale expansion by continuing to actively open new stores in both North America and Asia
- Horizontally expand new business formats (such as the restaurant and retail business) including SEN SEN SUSHI, Seimai, and Wagyu Kushi
- Build a global value chain for food centered on PPIC
- Ensure the good performance of Gelson's and steadily contribute to sales and profit

Overall overseas business results and outlook

In the current fiscal year, we newly included the performance of Gelson's, the premium supermarket chain in California that we acquired in April 2021, in the consolidated results. We also opened a total of 11 new stores, including four in Singapore, two in Hong Kong, two in Thailand, and one each in Taiwan, Malaysia, and Macau. Net sales substantially

increased 57.3% year-on-year to 267.3 billion yen, and operating profit increased 13.1% to 12.1 billion yen. Looking ahead to FY2025, we will further expand our business scale and improve profit margins by building a global value chain, with the aim of significantly growing operating profit to 27.0 billion yen,* an increase of 123.1% from FY2022.

Asia Business

Reflecting on FY2022

For the Asia business, we are developing the Japan-brand specialty store DON DON DONKI with the mission of introducing and spreading the excellence and appeal of Japanese food around the world. We have been actively opening new stores, including opening our first DON DON DONKI store in Macau in September 2021. Although some existing stores were negatively affected by COVID-19 and competition with other stores in our Group, the operating profit margin of existing stores continued to exceed 10%. In addition, in countries that we have already entered, we are using DON DON DONKI as an incubator and have opened a series of stores in new business formats (such as the restaurant and retail business) to generate additional business opportunities. The SEN SEN SUSHI OP Mall store, which opened in Hong Kong in October 2021, serves sushi that is made with very fresh ingredients shipped directly

from Japan, which has become very popular. Therefore, we opened the second store (overhaul of another store) and the third store at an accelerated pace. In November of the same year, we opened Tomita Seimai in Singapore, which offers Japan brand rice milled at the store and freshly-cooked rice balls. In light of its popularity, we are expanding this horizontally into other regions such as Taiwan and Hong Kong under the name Yasuda Seimai. Moreover, we opened a Kiwami Nama Shokupan store in Thailand. This new business format, which was based on an idea developed by the local team, combines a bakery and central kitchen and has been well received by customers. In addition, we have also opened Wagyu Kushi stores, which allow customers to enjoy authentic Japanese beef at an affordable price, in Taiwan and Malaysia.

Future strategies

In the Asia business, we will continue our plan to actively open new stores. At the same time, we will continue to evolve and explore the aforementioned new business formats (such as the restaurant and retail business) to expand the scale of our overall business. By FY2025, we will open a total of 34 new stores, comprising seven in Singapore, eight in Thailand, six in Hong Kong, five in Taiwan, seven in Malaysia, and one in Macau. This will bring our total to 64 stores. We will expand sales from 69 billion yen in FY2022 to 136 billion yen by FY2025. In addition, we aim to significantly increase operating profit from the current 1.7 billion yen to 11.2 billion yen.

As we open new stores, we will also work to build a global value chain centered on the Pan Pacific International Club (PPIC), our partnership organization with producers, and ensure this leads to improved profit margins, with the aim of establishing a "global SPA for food" system. PPIC is steadily increasing the number of new members, and our product variations are expanding in line with this. While we are facing some regulatory issues, we will overcome them by strengthening our procurement network for primary products and constructing a supply chain for direct delivery from producers. We will continue to build a global value chain that creates products, delivers products, and communicates information on those delivered products to customers.

North America Business

Reflecting on FY2022

For our North America business, the impact of COVID-19 lasted longer than expected at the beginning of the fiscal year, which resulted in the recovery of tourism demand being delayed in Hawaii. On the other hand, we have continued to capture demand for alternatives to eating out in California. Amid such circumstances, in December 2021, we announced the opening of a large store in Kapolei, Oahu's second largest city, which will be our first store in the state of Hawaii to be developed in-house and not through M&A.

Future strategies

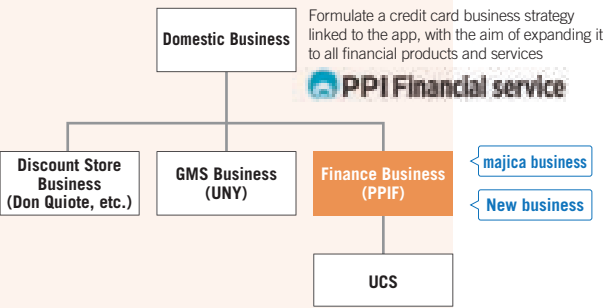
We will focus on opening Japan-brand specialty stores and expand their business potential. We will also work to expand new business formats (such as the restaurant and retail business format) including SEN SEN SUSHI. By FY2025, we plan to open eight stores in North America, two stores in Hawaii, and our first store in Guam, as well as two Gelson's stores. This will bring our total number of stores in North

In our North America business, including Gelson's, which we acquired in the previous fiscal year, we leveraged the advantages of portfolio management to integrate and streamline headquarters functions at each of our operating companies. In California, we proceeded with the launch of various collaborative projects to create synergies with Gelson's, which operates 27 premium supermarkets.

America as a whole to 78, an increase of 13 stores from the current 65. Through these efforts, we aim to expand net sales from 198.2 billion yen in FY2022 to 234.0 billion yen in FY2025, and achieve a 51.9% increase in operating profit to 15.8 billion yen.*

*The difference of operation income is calculated after deducting Gelson's amortization of goodwill (approx. 0.7 billion yen in FY2021 and approx. 3 billion yen in FY2022)

Finance Business



Main points of our strategy

- Greatly evolve the majica app's payment function and increase the ratio of payments made through our service
- Promote use of the majica app within and outside the Group and provide financial services to generate new financial revenue
- Utilize purchase data to contribute to the growth of the entire Group

Reflecting on FY2022

In order to strengthen the Finance Business as a new business pillar, we established Pan Pacific International Financial Service Corporation (PPIF) in September 2021 and transferred UCS Co., Ltd., the operating company of the credit card business with approximately 3 million members, under its umbrella. PPIF will develop highly convenient and appealing services for customers by significantly evolving the majica app's payment function, making it available for use outside

Future strategy

We will further upgrade the majica app as a core tool to provide "new CV+D+A." In the Finance Business, we aim to increase revenue by significantly evolving the payment function and promoting payment made using majica. To this end, we will expand the number of our Group members (majica app and credit card members) from the current 13 million to 16 million by the end of June 2025, and increase the ratio of payments made through our service from the current 39% to over 50% by FY2025. For our retail business, this will have the effect of increasing sales made through our Group members, thereby boosting overall sales, and increasing the ratio of payments made through our service, thereby curbing the outflow of funds such as for costs from processing other companies' credit cards.

our Group as well, and enabling immediate issuance of credit cards and top-ups via the app from anywhere. The number of majica app members has been increasing every year, reaching about 9.87 million as of the end of FY2022 and 10 million as of July. In June 2022, we also launched the merchant services as a new business format. This is generating cost reduction effects through the insourcing of payment handling and the reduction of associated fees, among other means.

In the Finance Business, we will increase financial revenue by acquiring new revenue from non-Group use of the majica app, earning financial revenue through the evolution of revolving payments and cash advances and the provision of deferred payment services, and enhancing financial products such as insurance and investment trusts. Furthermore, we will utilize customer purchase data from the majica app for product development and to generate advertising revenue, contributing to the growth of the entire Group. In FY2025, we will increase operating profit from our Finance Business to 6 billion yen, about 10 times the amount in FY2022.