道玄坂通
dogenzaka-dori

ド
JONETZ
情熱価格

PPIH
Pan Pacific International Holdings

Integrated Report 2024

majica

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The PPIH Group Corporate Philosophy Collection "The Source" (P.3)

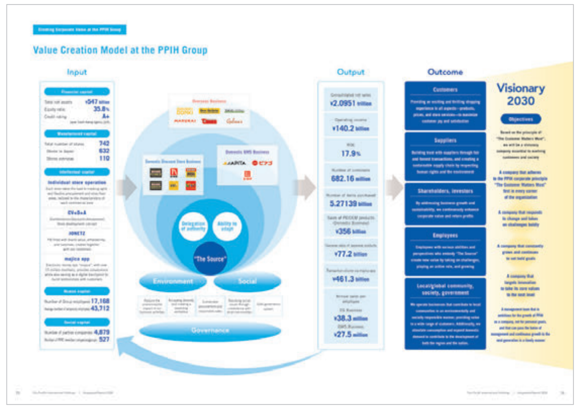
Visionary 2025/2030

Creating Corporate Value at the PPIH Group

POINT

"Visionary 2025/2030" outlines the background of achieving medium-term goals ahead of schedule and details future strategies. The value creation section begins with the value creation model, followed by initiatives for business expansion and innovation. Executives driving value creation are introduced, alongside messages and dialogue from management and outside directors, providing insight into PPIH Group's approach to value creation.

Value Creation Model (P.15)



This diagram illustrates the company's business model, grounded in ESG principles. Beginning with our core value, "The Source", the model leverages unique strengths in "adaptability to change" and "delegating authority". This approach drives business expansion from domestic to overseas markets, advancing towards the goals of "Visionary 2030".

Sustainability

POINT

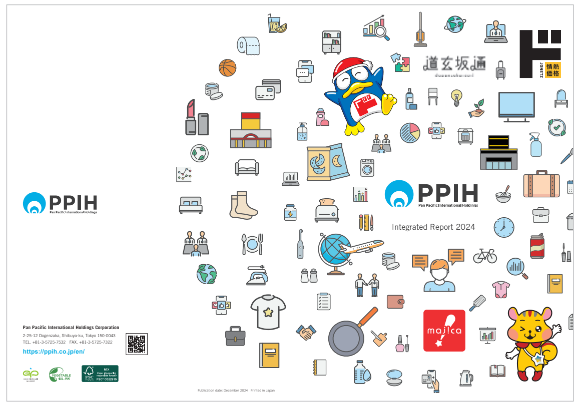
This Integrated Report emphasizes sustainability as key to sustaining medium- to long-term growth. This section begins with the fundamentals of sustainability and materiality, followed by details on medium-term goals, progress (Goal & Progress), and initiatives for each materiality.
The governance section outlines the corporate governance structure and policies that form the foundation of operations.

Solid Governance System

Business Overview by Segment

Data Section

Cover Page Description



The cover features a symbolic illustration that reflects key PPIH Group initiatives, such as inbound, Private Brand "JONETZ", and sustainability. Building on the designs from the 2022 and 2023 fiscal year covers, the 2023 edition expanded the illustration to the entire cover, symbolizing the continued growth of PPIH's business. For the 2024 fiscal year, which sees sales exceeding 2 trillion yen, the cover has evolved into a full-color design, marking a significant progression

Editorial policy

The PPIH Group is an international corporation committed to continuous growth by practicing self-transformation in accordance with "The Source", with The Customer Matters Most philosophy at the core. In our pursuit of becoming a visionary company, we strengthen sustainability to support the customer-first approach, long-term growth, and the enhancement of corporate value. This Integrated Report is organized around the "Value Creation Story" and "Sustainability", referring to the International Integrated Reporting Council (IIRC) framework to present the sustainability and future vision of our strategies and business models. The editorial process emphasized key topics and aimed to provide a clear, understandable structure.

Scope

Every effort was made to provide coverage of all the domestic and overseas PPIH Group companies subject to consolidated accounts. However, the companies covered vary depending on the section of the report.

Applicable period

July 1, 2023 – June 30, 2024
Some more recent activities have also been included.

Disclaimer regarding forward-looking statements

This report includes forecast or expected information about the future plans, strategies and business results of the PPIH Group and affiliated companies. This information is not based on past facts, but on forecast assumptions and beliefs ascertained from information that the company is currently able to obtain. This information also contains risks and uncertainties related to economic trends, personal consumption, market demand, tax systems and various other systems. Please be aware that actual business results may therefore differ from the company forecast.

PPIH Group Corporate Philosophy Collection

The Source

“The Source”, the collection of corporate principles, clearly articulates the thoughts and vision of founder Takao Yasuda. The corporate principles and management philosophy set forth in “The Source” are universal, timeless, and unwavering guidelines for all employees and executives of the PPIH Group. They embody the unique pride and enduring purpose of the PPIH Group, forming the foundation of its existence for generations to come.

PPIH Group Corporate Philosophy Collection “The Source”

Our Corporate Principle

The Customer Matters Most

- This is the unchanging principle of the PPIH Group.
- This principle motivates and defines each and every action this company takes.
- The realization of this principle requires strict adherence to our management philosophy.

The Six Precepts of Our Management Philosophy

| Precept 1 | We commit ourselves to doing business in a manner that is unselfish, 100% honest, and grounded in a strong sense of morality and purpose.

| Precept 2 | In every age, we create shop floors that evoke the anticipation and excitement of finding astonishingly cheap goods.

| Precept 3 | Boldly granting authority to those at the center of things, we are always ready to move people around, to make sure they are in the best possible position.

| Precept 4 | We are committed to creative destruction and the ability to adapt; we reject pre-established harmony and the hesitancy to do anything that might rock the boat.

| Precept 5 | We are unhesitant in the face of daunting challenges, and unafraid to beat a rapid retreat when a cold, hard look at reality tells us this is the best course.

| Precept 6 | Undistracted by easy profits, we hone to perfection the strengths that form our core business.

Founding Chairman **Takao Yasuda**

The History of Creating Corporate Value

Our corporate philosophy "The Source" opens a path to the future

Since the PPIH Group opened its first Don Quijote store in 1989, it has continued to increase sales and profits over 35 consecutive years, realizing the long-term enhancement of its corporate value. This is the result of sustained efforts to act in accordance with "The Source" and uphold the corporate principle that "The Customer Matters Most", regardless of the circumstances.

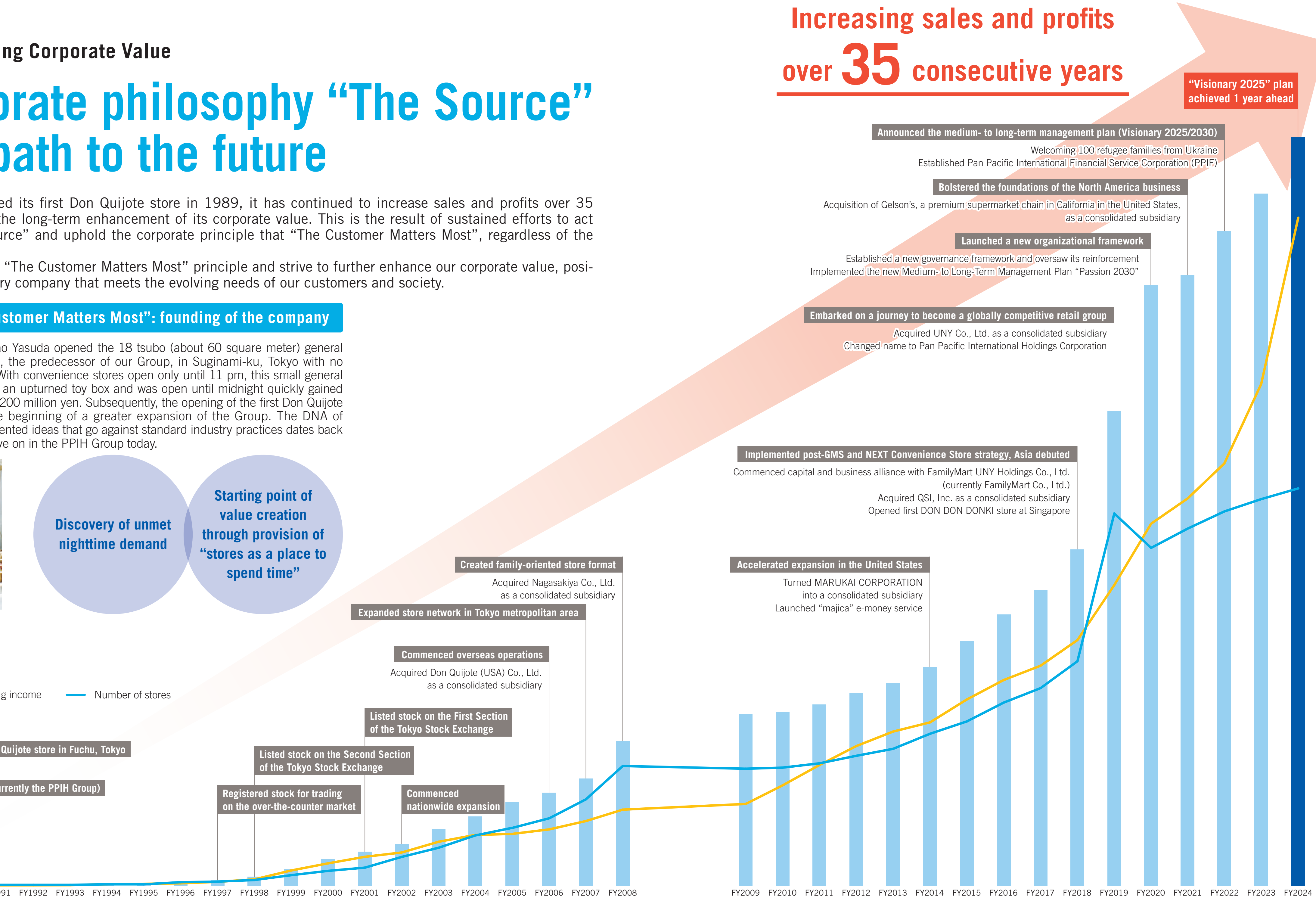
We will continue to uphold "The Customer Matters Most" principle and strive to further enhance our corporate value, positioning ourselves as a visionary company that meets the evolving needs of our customers and society.

Starting point of "The Customer Matters Most": founding of the company

In 1978, Founding Chairman Takao Yasuda opened the 18 tsubo (about 60 square meter) general merchandise store Dorobo Ichiba, the predecessor of our Group, in Suginami-ku, Tokyo with no experience in the retail business. With convenience stores open only until 11 pm, this small general merchandise store that resembled an upturned toy box and was open until midnight quickly gained popularity, earning annual sales of 200 million yen. Subsequently, the opening of the first Don Quijote store in March 1989 marked the beginning of a greater expansion of the Group. The DNA of breeding innovation with unprecedented ideas that go against standard industry practices dates back to our founding and continues to live on in the PPIH Group today.

Discovery of unmet nighttime demand

Starting point of value creation through provision of "stores as a place to spend time"



Charting Further Growth Strategies to Achieve "Visionary 2023" Plan

FY 2024 Net Sales Exceed ¥2 trillion

Net Sales
¥2.0951 trillion

Operating income
¥140.2 billion

Number of Stores
742 stores

Delegation of authority and the ability to adapt our enduring strengths born from pursing the principle of "The Customer Matters Most"

Delegation of authority

Store employees have full discretion in everything from product procurement and pricing to displays and sales.

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.

Individual store operation

Achieved through delegation of authority to stores and adaptation, and would not be possible through uniform store development based on typical franchising theories.

Unique value of our group fostered by history

CV + D + A

(ConVenience · Discount · Amusement)

ConVenience (usefulness)

Wide-ranging product lineups encompassing everything from foods and miscellaneous household goods to electrical appliances and brand-name products, as well as operating stores in diverse locations and for extended hours

Discount (low prices)

Amazing discounts that bring smiles to customers with competitive prices that rival those of competitors

Amusement (enjoyment)

Enjoyable shopping experiences provided by compression displays, handwritten POP advertisement cards, and other space production techniques that stimulate the senses

Business Portfolio Management

Domestic Discount Store Business

We aim to create stores that are favored by the local community by providing a variety of store formats with different targets, shop floor areas, and product line-ups, etc and developing specialized stores such as Kirakira Donki in addition to Don Quijote and MEGA Don Quijote.

Domestic GMS Business

We are increasing the number of Apita and Piago comprehensive retailers. By further promoting individual store management, we aim to create stores that receive the highest levels of support from their communities and where customers can enjoy shopping and feel comfortable.

Overseas Business

North America Business

We are developing a wide range of business formats, including community based and tourist based stores in Hawaii, and supermarkets and high end supermarkets that carry many Japanese products in California. We are working to build a foundation for growth and create new business formats.

Asia Business

We are expanding “DON DON DONKI” in the Pacific Rim area based on the concept of “Japan brand specialty store”, offering made in Japan products or products targeted at the Japanese market, as well as Japanese products. We are promoting the appeal of Japanese food and culture.

Store network

Japan
632 stores

*1 “MEGA Don Quijote” includes NEW MEGA Don Quijote, “MEGA Don Quijote UNY” includes Don Quijote UNY, “Picasso, etc.” includes Picasso, Essence, Ekidonki, Soradonki, Jonetz Shokunin, Nagasakiya, etc., “Apita, Piago” includes U-STORE, Piago Power, Power Super Piago, etc.

Domestic Discount Store Business

Don Quijote	262
MEGA Don Quijote*1	143
MEGA Don Quijote UNY*1	62
Picasso, etc.*1	34

Domestic GMS Business

Apita, Piago*1	131

Number of Group stores
742 stores
*Number of stores: End of FY 2024

California 37 stores

MARUKAI	2
TOKYO CENTRAL	8
Gelson’s	27

Hong Kong 10 stores
DON DON DONKI ········· 10

Taiwan 5 stores
DON DON DONKI ········· 5

Thailand 8 stores
DON DON DONKI ········· 8

Hawaii 28 stores

Don Quijote	3
MARUKAI	1
Times*2	24

*2 Big Save, TOKYO CENTRAL and other stores operated by QSI, Inc. are included under the Times format.

Macau 2 stores
DON DON DONKI ········· 2

Malaysia 4 stores
DON DON DONKI ········· 4

Singapore 16 stores
DON DON DONKI ········· 16

The PPIH Group in Numbers

Business size

Consolidated net sales (8.2% increase YoY)
¥2.0951 trillion
exceeded ¥2 trillion for the first time ever

Number of Group employees
17,168

Shop floor area
2,647,369㎡

Number of purchasing customers
682.16 million

Earning power

Operating income (33.2% increase YoY)
¥140.2 billion
medium- to long-term management plan “Visionary 2025” achieved 1 year ahead

Operating income margin
6.7%

EPS
¥148.64

ROE
17.9%

Capital strength

Total assets
¥1.4984 trillion

Total net assets
¥547 billion

Highlights of Early Achievements of Visionary 2025

In the fiscal year ending June 2024, we achieved the net sales target of ¥2 trillion, operating income of ¥120 billion, and an operating income margin of 6% from our medium- to long-term management plan, “Visionary 2025”, 1 year ahead of schedule. We have continued to grow steadily, doubling our operating income over the five years since the fiscal year ending June 2019.

vs. FY2019	FY2019	FY2024	Change
Net sales	¥1.3289trillion	¥2.0951trillion	157.7%
Gross profit	27.9%	31.6%	+3.7pt
Operating income	¥63.1billion	¥140.2billion	222.2%
Operating income margin	4.7%	6.7%	+2.0pt

Our Management Strategy (Visionary 2030)

- Regarding the achievement targets of Visionary 2030, the stance has shifted from ‘Seeing the path to an operating income of 200 billion yen’ to **‘Execution phase’**
- ¥140.2 billion operating income for FY2024 will serve as a launchpad, targeting **an additional ¥60 billion over the next 6 years**.
- **PPIH’s overflowing growth strategies for the short- to medium-term** through **“Three Outcomes”** after Visionary 2025

Building an additional ¥60 billion in operating income over the next 6 years

Discount Store Business	GMS Business	North America Business	Asia Business	Others
+27 billion yen	+10 billion yen	+12 billion yen	+5 billion yen	+6 billion yen
Key strategies such as PB/OEM, inbound demand, customer acquisition, and new store openings	Acquisition of new customer segments by strengthening non-food categories	Business expansion via new store openings	Stores with stable revenue have been established, and a direction for unprofitable stores has been determined	Restructuring of financial businesses, etc.

Three Outcomes from Visionary 2025

Employee Growth

Ability to adapt

- Resilience to inflation
- Challenge of creating new business formats
- Emphasizing the appeal of physical stores (attractions not found in e-commerce)

Earning Power

- PB/OEM
- Unique MD (For ••, Don Quijote is the spot!)
- Inventory management, turnover improvement
- Inbound destination
- Productivity improvement

Confidence in future growth
Engine for FY2025

Emerging Insights

Potential for domestic store expansion

Potential for PB/OEM expansion

Approach to digital transformation

Revitalization of overseas business

Marketing

- Utilization of app members
- Acquisition of new customers
- Improvement of LTV (Life Time Value)

Contribution to PPIH’s further growth begins in FY2025, and from FY2026, it will contribute to operating income/operating income margin

Unachieved Goals

Revenue generation in financial services

Next-level growth in overseas business

Direction for non-food in GMS

New opportunities in food retail (sushi business)

Advertising business aimed at integrating with retail

Growth opportunities, expected to contribute to profits as new sales drivers starting in FY2027

Top Message

As we enter the implementation stage for achieving Visionary 2030, we will promote our growth and sustainability strategies in tandem

President, Representative Director and CEO

Naoki Yoshida

FY2024 results

First, I would like to express my deepest gratitude for the constant and generous support of all our Group's stakeholders. Looking back on the past year, despite drastic changes to the retail business environment, such as unstable global conditions, historic depreciation of the yen, and high commodity prices, the PPIH Group produced its best financial results ever.

In FY2024, we recorded 2.0951 trillion yen in net sales (an 8.2% increase year on year), 140.2 billion yen in operating income (a 33.2% increase year on year), and net income of 88.7 billion yen (a 34.1% increase year on year), thus achieving our 35th consecutive fiscal year of sales and operating income growth. We have also achieved the targets in Visionary 2025, our medium- to long-term management plan, of 2 trillion yen in net sales and 120 billion yen in operating income, a year ahead of schedule. Furthermore, we are only the fifth Japanese retailer to exceed 2 trillion yen in net sales. This is also the first time that the PPIH Group has surpassed 80 billion yen in net income.

One reason our net sales grew was because we were able to increase the number of customers visiting our existing stores. We greatly broadened our customer base not only by capturing inbound tourism demand to increase the number of overseas customers, but also through measures such as enhancing promotion of PB products and attracting more than 15 million majica app members. Our accelerated efforts to increase our number of stores also contributed to sales growth, as we launched 24 new stores in a variety of formats in Japan, including the conventional Don Quijote, large-scale MEGA Don Quijote, and rail-side format as well as 12 new stores overseas, for a total of 36 new stores.

In terms of gross profit margin, we both increased the number of PB/OEM products and optimized inventory. We were therefore able to actively refresh our merchandise mix. This also created a positive cycle of being able to constantly introduce new products, including PB/OEM products, and that sense of there always being "something new" was popular among customers, contributing to increased profitability.

Our operating income margin improved significantly to 6.7% (a 1.3 pt increase year on year), and we have enhanced our "earning power" further thanks to active investment in our continued growth and various growth strategies producing quantitative results. We will continue to focus on investments for growth and human resources development and strive to grow even further.

Three outcomes from Visionary 2025

To describe the PPIH Group following the completion of Visionary 2025, we came up with the "three outcomes".

The first outcome is employee growth. By cultivating "the capability to turn environmental changes into opportunities to generate profit", we have been able to achieve growth with greater certainty. Specifically, by establishing a business model that is also resilient to inflation, taking on the challenge of creating new business formats, and emphasizing the appeal of physical stores in terms of "CV+D+A (ConVenience +Discount+Amusument)", which are not offered by e-commerce, we have built up our ability to adapt in terms of recognizing environmental changes and each commercial zone's needs. Furthermore, we have raised our "earning power" through efforts that include expanding our offering of PB/OEM products, which has greatly transformed the support we receive from customers. Additionally, we have increased the number of products in which we have a dominant sales volume, captured inbound tourist demand, enhanced productivity through digital transformation and optimized personnel allocation, and improved our inventory turnover ratio. I am certain that employee growth in these areas will continue and that this will be the engine driving our performance in FY2025.

The second outcome is emerging insights. Because we have created so many different styles of stores, there is still potential for domestic store expansion. Furthermore, in terms of PB/OEM, we have shifted to the next step of OEM conversion of our staple products, and, from a marketing standpoint, we are also implementing initiatives to expand majica app members and gain new customers, with a focus on younger consumers. These initiatives, which I have previously mentioned, have started to shift into full gear, and I believe they will contribute to our growth from FY2025 and to our operating income from FY2026.

The third outcome is unachieved goals. We consider initiatives such as revenue generation in financial services, next-level growth in overseas business, and a shift in non-food in GMS as further growth opportunities, and we expect them to contribute to profits as new sales drivers in FY2027.

In these ways, the "three outcomes" will be the engine driving our performance in FY2025 and FY2026, as well as FY2027 and beyond. I am very confident that we will be able to achieve the Visionary 2030 target of reaching 200 billion yen in operating income within 6 years.

Sustainability initiatives

Under Visionary 2030, we have set both performance targets and also sustainability-related targets. To achieve these targets, each relevant committee and division leads the implementation of initiatives such as the reduction of CO_2 emissions and plastic usage, and the promotion of women's active participation by increasing the number of female store managers and improving the retention rate of female employees and we are poised to make even greater progress.

While maintaining these initiatives, we will also focus on strengthening our human capital and supply chain management, which are themes linked to our strategies for achieving Visionary 2030, and promote our growth and sustainability strategies in tandem. For human capital, we will raise morale across the Group even higher by ensuring an environment that enables our staff to perform to the best of their abilities, and introducing a system that evaluates the contribution and motivation of mate employees (part-time or temporary employees) who work in stores, among other efforts. As for supply chain management, the restructuring of our supply chains and expanded sales of our PB/OEM products will lead to our increased social responsibility over procurement and sales. Therefore, we will rigorously implement initiatives to enhance product safety and quality, such as factory inspections, as well as other activities that contribute to reducing risks related to human rights and the environment.

To our stakeholders

Regarding shareholder returns, we issued a commemorative dividend of 9 yen per share to celebrate the PPIH Group surpassing 2 trillion yen in net sales and revised the dividend forecast upward to 30 yen, thereby realizing a dividend payout ratio of over 20% for the first time. Going forward, while adhering, in principle, to our existing progressive dividend policy, we will be mindful of raising the dividend payout ratio from the current 20% to 25%, and strive to balance growth investments and shareholder returns.

Furthermore, looking ahead to the next generation of management, following the annual shareholders' meeting in September 2024, we appointed Hideki Moriya and Kosuke Suzuki as new representative directors. Shaping the company around leaders who possess a wealth of experience while also having younger sensibilities, as they are both in their 40s, is essential and very important for the PPIH Group's business succession. At the same time, we welcomed two new outside directors and will view the whole PPIH Group from fresh perspectives, thereby striving to further strengthen our governance system. As we accelerate growth and continue to move forward towards the achievement of Visionary 2030 under a robust management structure consisting of members across a range of age groups and equipped with diverse insights, we humbly request your continued kind support and encouragement.

Interview on Strategic Management

Focusing on improving capital efficiency and growth investments founded upon a strong financial position, with the view to achieving our 2030 target

Representative Director, Senior Managing Executive Officer, CSO
Head of Management Strategy Headquarters and
Head of Executive Committee of the Company

Hideki Moriya

Achieving the Medium-Term Management Plan "Visionary 2025" Targets One Year Ahead

In FY2024, we achieved net sales of 2.0951 trillion yen, surpassing the 2-trillion-yen mark for the first time, along with operating income of 140.2 billion yen (operating income margin of 6.7%). Both net sales and operating income were the highest ever recorded, marking the achievement of our final year targets of the medium-term management plan, "Visionary 2025", one year ahead of schedule.

Looking back over the last five years since the company changed its name from Don Quijote Holdings Co., Ltd. to Pan Pacific International Holdings Corporation in February 2019, we have increased net sales by more than 1.5 times and more than doubled operating income compared to five years ago.

While adding the Asia and GMS businesses and transitioning toward portfolio-based management, we have made the transition from an approach that placed the utmost priority on year-on-year changes to one that focuses on comparison with a budget for numerical assessments. This has enabled us to take on various challenges and make growth investments while controlling costs.

We have also realized major changes in the sales aspect. In February 2021, we rebranded our PB/OEM products, clarified our development concept, and concentrated on marketing efforts. As a result, the recognition of our PB, "JONETZ", increased to over 70%, and we can even say that the logo with the Japanese character "Do" on our product packaging has become synonymous with Don Quijote's PB.

Furthermore, majica app development has spurred a steady increase in app membership, surpassing 15 million users. We have received much feedback from customers through "Maji-Voice", an in-app service launched in November 2023, enabling us to make improvements to sales strategy, product development, and operations.

Concerning the human resources who power our growth engine, PPIH advocates to a merit-based system. Under the policy of "Becoming a Highly Productive Company", as set out in "Visionary 2025", we have been able to make bold investments in human resources, including revising salaries and compensation, by improving labor productivity and controlling SG&A expenses. I feel strongly that our human resources have grown in tandem with our business performance as we respond and adapt to significant changes in the external environment.

Promoting our growth strategies toward achieving our operating income target of 200 billion yen in 2030

In FY2025, we expect to achieve net sales of 2.22 trillion yen and operating income of 150 billion yen (operating income margin of 6.8%), led by the domestic business and particularly the discount store business.

We plan to open more than 30 new stores in Japan and 7 overseas. Within our domestic business, we aim to expand our domestic market share by promoting strategies to increase foot traffic at existing stores and acquire new customers. In the discount store business, we will focus on expanding PB/OEM and capturing inbound demand. As for the North America business, we will inject effort into boosting product categories that generate high gross profits, such as sushi and deli.

While SG&A expenses are expected to rise due to new store openings, human resources investment, IT investments, and higher utility costs, the SG&A ratio is projected to remain lower than in the previous fiscal year.

Domestic Business

In the discount store business, our rebranded PB "JONETZ" contributed to achieving net sales of 246.1 billion yen in FY2024. By increasing our market share through the development of JONETZ products, as well as switching to standard non-branded products, we aim to achieve net sales of 500 billion yen by FY2027.

Concerning our strategy for tax-free sales, thanks to improvements in operations, sales promotion strategies, and changes to the MD structure, net sales for FY2024 rose significantly to 117.3 billion yen, nearly three times the previous fiscal year's total. Going forward, we plan to achieve tax-free sales of 175 billion yen by FY2027 through measures such as strengthening pre-travel promotional activities to attract customers to stores, providing shopping experiences that are unique to Don Quijote, and releasing global app functions. In addition to these initiatives, we have established the targets of opening over 100 new stores and achieving 30 million majica app members by FY2027.

In our GMS business, we are working to expand not only food sales, our traditional strength, but also non-food categories that will drive customer traffic. In the food category, we are working on maintaining quality, which has been highly rated in customer surveys. In addition, we are promoting a strategy of continuous growth in customer numbers and sales, working against our competitors through price voting by employees and other sales promotion tactics. With regard to non-food categories, the supervisors from non-food categories in the discount store business took the lead to launch the "Million Star Program", among other collective Group-wide reform efforts based on the integration of MD and store strategies (see pages 25-26 for details). Going forward, we will change the name of the business from "GMS business" to "UNY business", with a view towards promoting reforms that are not constrained by the concept of "GMS" in order to achieve further growth.

Oversea Business

We anticipate significant, long-term growth in our overseas business.

In the North America business, under the "TOKYO CENTRAL" business that handles Japanese products, we have established a manufacturing system based on a "central kitchen" concept. This has led to a dramatic increase in the popularity of sushi and deli, and we are seeing stronger support particularly in the areas with large Asian communities. In FY2025, we opened a new TOKYO CENTRAL store for the first time in six years, and we are proceeding with the next phase toward opening new stores and expanding the scale of the business from next year and after. We also plan to open a large-scale store in Hawaii in FY2025.

For the Asia business, we aim to move beyond short-term improvements to achieve significant growth, including opening stores in new countries after 2030. We have decided to change our policy after considering that management should allow for a certain amount of time to establish an evolved, replicable, and highly profitable model.

Promoting management that is conscious of capital costs and stock prices

In FY2024, we were able to strike a good balance between generating stable cash flows from operating activities and continued investment in growth. With respect to liabilities, interest-bearing debt decreased by 114.4 billion yen compared to the previous fiscal year due to the full early repayment of 140 billion yen in subordinated corporate bonds. Ratio of shareholder's equity to total assets improved by 5.2 pt to 35.8%, and net D/E ratio improved by 0.20 to 0.54, marking significant improvements in our financial soundness.

Regarding capital allocation, we aim to strike a balance between profits and growth investments in each business, with the aim of achieving ROE (17.9% in FY2024) that exceeds the cost of shareholders' equity, and to stabilize ROE at a high level.

As for our dividend policy, our dividend payout ratio has exceeded 20% for the first time. Going forward, we will strive to achieve a dividend payout ratio of 25% based on a progressive dividend policy, while achieving a balance between growth investments and shareholder returns.

In line with our focus on enhancing corporate value, we are committed to promoting management practices that are conscious of both capital costs and stock prices. Our management team, led by the CEO and myself, will continue to engage actively with the market to foster dialogue. We greatly appreciate the continued support and patronage of our stakeholders.

Value Creation Model at the PPIH Group

Input

Financial capital

Total net assets	¥547 billion
Equity ratio	35.8%
Credit rating	A+

Japan Credit Rating Agency (JCR)

Manufactured capital

Total number of stores	742
Stores in Japan	632
Stores overseas	110

Intellectual capital

Individual store operation

Each store takes the lead in creating agile and flexible procurement and shop floor areas, tailored to the characteristics of each commercial zone

CV+D+A

(ConVenience+Discount+Amusement) Store development concept

JONETZ

PB filled with brand value, affordability, and surprises, created together with our customers

majica app

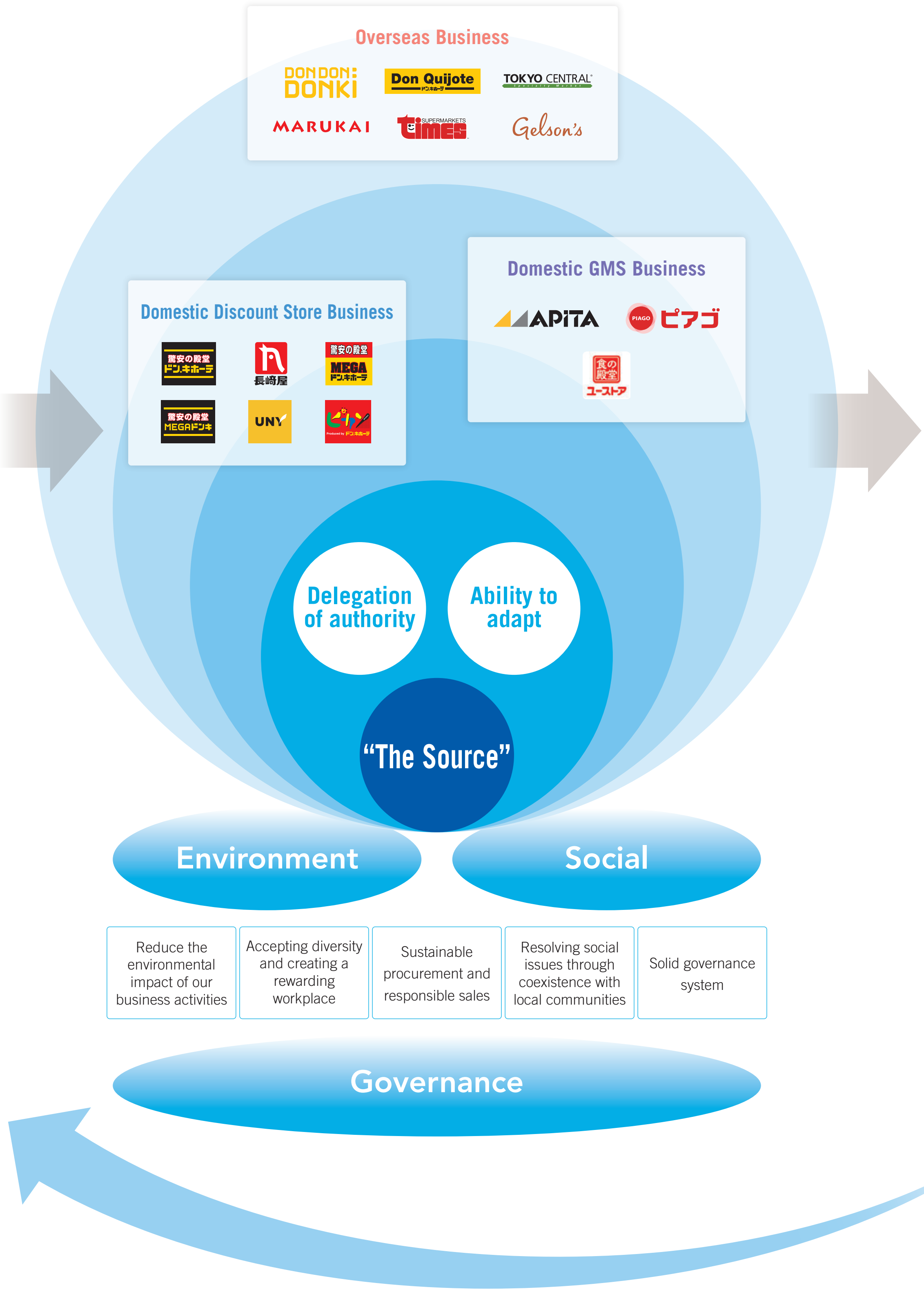
Electronic money app "majica", with over 15 million members, provides convenience while also serving as a digital touchpoint to build relationships with customers

Human capital

Number of Group employees	17,168
Average number of temporary employees	43,712

Social capital

Number of partner companies	4,879
Number of PPIC member companies/groups	527



Output

Consolidated net sales	¥2.0951 trillion
Operating income	¥140.2 billion
ROE	17.9%
Number of customers	682.16 million
Number of items purchased	5.27139 billion
Sales of PB/OEM products (Domestic Business)	¥356 billion
Overseas sales of Japanese products	¥77.2 billion
Transaction volume via majica app	¥461.3 billion
Annual sales per employee — DS Business	¥38.3 million
Annual sales per employee — GMS Business	¥27.5 million

Outcome

Customers

Providing an exciting and thrilling shopping experience in all aspects—products, prices, and store services—to maximize customer joy and satisfaction

Suppliers

Building trust with suppliers through fair and honest transactions, and creating a sustainable supply chain by respecting human rights and the environment

Shareholders, investors

By addressing business growth and sustainability, we continuously enhance corporate value and return profits

Employees

Employees with various abilities and perspectives who embody "The Source" create new value by taking on challenges, playing an active role, and growing

Local/global community, society, government

We operate businesses that contribute to local communities in an environmentally and socially responsible manner, providing value to a wide range of customers. Additionally, we stimulate consumption and expand domestic demand to contribute to the development of both the region and the nation.

Visionary 2030

Objectives

Based on the principle of "The Customer Matters Most", we will be a visionary company essential to evolving customers and society

A company that adheres to the PPIH corporate principle "The Customer Matters Most" first in every corner of the organization

A company that responds to change and takes on challenges boldly

A company that constantly grows and continues to set bold goals

A company that targets innovation to take its core values to the next level

A management team that is ambitious for the growth of PPIH as a company, not for personal goals, and that can pass the baton of management and continuous growth to the next generation in a timely manner

Board of Directors

Naoki Yoshida

President, Representative Director and CEO
Born in 1964

Mar. 1988	Graduated from College of Liberal Arts, International Christian University
Dec. 1995	Graduated from INSEAD (MBA) Joined McKinsey & Company Inc. Japan
Mar. 1997	Joined Union Bancaire Privée
Aug. 2002	Established Alter Ego Consulting Co., Ltd. President and Representative Director
Feb. 2003	President and Representative Director of T-ZONE HOLDINGS, INC.
Jul. 2007	Joined the Company Head of Overseas Business Headquarters President of Don Quijote (USA) Co., Ltd.
Sep. 2012	Director of the Company
Nov. 2013	Senior Managing Director of the Company
Dec. 2013	Director of Don Quijote Co., Ltd. Director of Nagasakiya Co., Ltd. (current position)
Jul. 2015	Senior Managing Director and CCO of the Company
Jan. 2018	Senior Managing Director and CAO (Representative Director) of the Company
Jan. 2019	Director of UNY Co., Ltd. (current position)
Sep. 2019	President, Representative Director and CEO of the Company (current position) President and Representative Director of Don Quijote Co., Ltd. (current position)

Hideki Moriya

Representative Director,
Senior Managing Executive Officer and CSO
General Manager of Corporation Management and Strategic Headquarters
and Head of the Executive Committee
Born in 1977

Mar. 2000	Graduated from the Faculty of Commerce, Chuo University Joined the Company
Jul. 2007	General Manager of Chiba Branch, Sales Headquarters of the Company
Aug. 2009	Head of Logistics Division of the Company
Jul. 2010	Head of Promotion Strategy Division of the Company
Dec. 2010	Head of Fair Trade Division of the Company
Sep. 2019	Executive Officer of the Company
Nov. 2019	General Manager of Operation Management Headquarters of the Company (current position) General Manager of Risk Management Headquarters of the Company
Jul. 2020	Managing Executive Officer, General Manager of Corporation Management and Strategic Headquarters and Head of Executive Committee of the Company General Manager of IT Support Headquarters of the Company
Sep. 2020	Director, Managing Executive Officer, General Manager of Corporation Management and Strategic Headquarters and Head of Executive Committee of the Company
Jul. 2021	Director of Don Quijote Co., Ltd. (current position)
Oct. 2022	Director, Managing Executive Officer and CSO, General Manager of Corporation Management and Strategic Headquarters and Head of Executive Committee of the Company
Jan. 2024	Director, Managing Executive Officer, CSO and Acting CFO, General Manager of Corporation Management and Strategic Headquarters and Head of Executive Committee of the Company
Sep. 2024	Representative Director, Senior Managing Executive Officer and CSO, General Manager of Corporation Management and Strategic Headquarters and Head of the Executive Committee of the Company (current position)

Kazuhiro Matsumoto

Director, Managing Executive Officer and CMO (Global)
Head of Overseas Business and North America Business
Born in 1973

Mar. 1995	Graduated from Nihon Kogakuin College
Jan. 1996	Joined the Company
Dec. 2013	Executive Officer of Don Quijote Co., Ltd.
Jul. 2015	Director of Don Quijote Holdings Retail Management Co., Ltd.
Apr. 2017	General Manager of Food and Liquor Merchandising Development Headquarters of Don Quijote Co., Ltd.
Jan. 2018	Executive Officer of the Company
Feb. 2019	General Manager of Food and Liquor Merchandising Development Headquarters and Overseas Business Support Headquarters of Don Quijote Co., Ltd.
Jun. 2019	Director of Kanemi Co., Ltd.
Sep. 2019	Director, Managing Executive Officer and CMO (Global) of the Company
Jul. 2020	Vice President and COO/Director of Pan Pacific Retail Management (Asia) Pte. Ltd. (current position)
Jul. 2021	Director, Senior Managing Executive Officer and CMO (Global), Head of Overseas Business of the Company Director of Don Quijote Co., Ltd. (current position)
Nov. 2021	President/Director of Pan Pacific Retail Management (USA) Co. (current position)
Oct. 2022	Director, Senior Managing Executive Officer and CMO (Global), Head of Overseas Business and North America Business of the Company
Sep. 2024	Director, Managing Executive Officer and CMO (Global), Head of Overseas Business and North America Business of the Company (current position)

Yuji Ishii

Director, Managing Executive Officer and CAO
Head of Finance, Financial Accounting, Accounting and General Affairs
Born in 1972

Mar. 1995	Graduated from the College of Humanities and Social Sciences, Ibaraki University
Sep. 2008	Joined the Company
Jan. 2013	Manager of Financial Accounting Division, Administration Headquarters of Don Quijote Shared Services Co., Ltd.
Jul. 2015	Deputy General Manager of Administration Headquarters of Don Quijote Shared Services Co., Ltd. Director of Don Quijote Holdings Retail Management Co., Ltd.
Jul. 2016	General Manager of Administration Headquarters of Don Quijote Shared Services Co., Ltd.
Sep. 2017	Director of the Company Director of Don Quijote Shared Services Co., Ltd.
Oct. 2017	General Manager of General Accounting Headquarters of Don Quijote Shared Services Co., Ltd.
Feb. 2018	Representative Director of Don Quijote Shared Services Co., Ltd.
May 2019	President and Representative Director of Pan Pacific Shared Service Co., Ltd.
Sep. 2019	Director and Executive Officer of the Company
Jul. 2021	Director, Managing Executive Officer and CAO of the Company Audit and Supervisory Board Member of Don Quijote Co., Ltd.
Jan. 2024	Director, Managing Executive Officer and CAO of the Company Head of Finance, Financial Accounting, Accounting and General Affairs of the Company (current position)

Kosuke Suzuki

Representative Director, Senior Managing Executive Officer
Head of Corporate Philosophy Promotion Headquarters
and Head of New Format Development Headquarters
Born in 1976

Mar. 2000	Graduated from the Faculty of Engineering, Chiba Institute of Technology Joined the Company
Oct. 2009	Category Leader of Section 1 Business Division, Sales Headquarters of the Company
Feb. 2013	General Manager of Saikyo Branch, Sales Headquarters of the Company
Jul. 2015	Director of Don Quijote Holdings Retail Management Co., Ltd.
Sep. 2017	Director of the Company
Sep. 2018	Executive Officer of the Company
Jan. 2019	Director of UNY Co., Ltd. President and Director of UD Retail Co., Ltd.
Jul. 2020	Vice President and Representative Director of UD Retail Co., Ltd.
Jul. 2021	Senior Executive Officer of the Company Director of Don Quijote Co., Ltd.
Sep. 2022	Vice President and Representative Director of Don Quijote Co., Ltd. (current position)
Oct. 2022	Managing Executive Officer, Head of Corporate Philosophy Promotion Headquarters and Head of New Format Development Headquarters of the Company
Sep. 2023	President and Representative Director of UD Retail Co., Ltd. (current position)
Sep. 2024	Representative Director, Senior Managing Executive Officer, Head of Corporate Philosophy Promotion Headquarters and Head of New Format Development Headquarters of the Company (current position)

Ken Sakakibara

Director, Senior Managing Executive Officer
Head of GMS Business
and Domestic Co-CMO
Born in 1971

Mar. 1997	Graduated from the Faculty of Business Administration, Tokyo Keizai University
Oct. 1997	Joined the Company
Jul. 2015	Director of Don Quijote Holdings Retail Management Co., Ltd
Jan. 2018	Executive Officer of the Company
Jun. 2019	General Manager of Food and Liquor Merchandising Development Headquarters of Don Quijote Co., Ltd.
Sep. 2019	Director, Managing Executive Officer and COO of the Company Senior Managing Director of Don Quijote Co., Ltd. Director of Nagasakiya Co., LTD. (current position)
Jul. 2020	Director, Managing Executive Officer and CMO (Non-Food) of the Company Senior Managing Director and COO of Don Quijote Co., Ltd.
Sep. 2020	Director of UNY Co., Ltd.
Jul. 2021	Director of Don Quijote Co., Ltd.
Sep. 2021	Senior Executive Officer, Co-CMO and ANSWER MAN Committee Member of the Company
Sep. 2022	Senior Executive Officer, Domestic Co-CMO and ANSWER MAN Committee Member of the Company Director of UNY Co., Ltd. Director of REALIT Co., Ltd. (current position)
Sep. 2023	Vice President and Director of UNY Co., Ltd.
Oct. 2023	Managing Executive Officer, Head of GMS Business, Domestic Co-CMO and ANSWER MAN Committee Member of the Company President and Representative Director of UNY Co., Ltd. (current position)
Sep. 2024	Director, Senior Managing Executive Officer, Head of GMS Business, Domestic Co-CMO of the Company (current position)

Hitomi Ninomiya

Director and Executive Officer
Head of the Diversity Management Committee
and Head of Design
Born in 1983

Mar. 2005	Graduated from the Faculty of Engineering, Chiba University Joined the Company
Apr. 2014	General Manager of Space Creation Division of Don Quijote Co., Ltd.
Jul. 2018	General Manager of Store Solution Management Division of Don Quijote Co., Ltd.
Nov. 2019	Manager of Space Design Division of the Company
Nov. 2020	Executive Officer, Head of Design and Chairman of Diversity Management Committee of the Company
Sep. 2021	Director and Executive Officer, Chairman of Diversity Management Committee and Head of Design of the Company (current position)

Isao Kubo

Outside Director
Born in 1958

Mar. 1982	Graduated from the School of Economics, Kwansei Gakuin University
Apr. 1982	Joined ITOCHU Corporation
Apr. 2005	General Manager of Brand Marketing Department 3 of ITOCHU Corporation
Apr. 2008	General Manager of Planning & Coordinating Department, Textile Company of ITOCHU Corporation
Apr. 2011	Vice President CAO of ITOCHU International Inc. and President & CEO of ITOCHU Canada Ltd.
Apr. 2013	Executive Officer and General Manager of Corporate Planning & Administration Division of ITOCHU Corporation
Apr. 2016	Managing Executive Officer and General Manager of Internal Audit Division of ITOCHU Corporation
Apr. 2017	Director, Managing Executive Officer, General Manager of Management Division, Chairman of Risk Management & Compliance Committee, Chairman of Corporate Social Responsibility Committee and Assistant General Manager of Corporate Planning Division of former FamilyMart Co., Ltd.
May 2017	Managing Executive Officer and Assistant General Manager of General Affairs and Human Resources Division of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
Sep. 2017	Managing Executive Officer and General Manager of Corporate Planning Division of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
Mar. 2018	Senior Managing Executive Officer and General Manager of Corporate Planning Division of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.) Director, Senior Managing Executive Officer, General Manager of Corporate Planning Division and General Manager of International Business Division of former FamilyMart Co., Ltd.
May 2018	Director, Senior Managing Executive Officer and General Manager of Corporate Planning Division of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
May 2019	Director, Senior Managing Executive Officer, Chief Strategy Officer and General Manager of Corporate Planning Division of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
Sep. 2020	Outside Director of the Company (current position)
Apr. 2021	Advisor of FamilyMart Co., Ltd.
Jun. 2021	Standing Audit and Supervisory Board Member (outside) of ITOCHU ENEX CO., LTD.
Jun. 2024	Senior Managing Executive Officer of SKY Perfect JSAT Corporation (current position)

Board of Directors

Takao Yasuda

Director (non-standing)
Founding Chairman and Supreme Advisor
Born in 1949

Mar. 1973	Graduated from the Faculty of Law, Keio University
Sep. 1980	Established Just Co., Ltd. (currently Pan Pacific International Holdings Corporation) President and Representative Director
Sep. 2005	Chairman, Representative Director and CEO of the Company
Dec. 2005	Chairman of Yasuda Scholarship Foundation (current position)
Apr. 2013	Chairman, President, Representative Director and CEO of the Company
Aug. 2013	President, Representative Director of Don Quijote Preparatory Co., Ltd. (currently Don Quijote Co., Ltd.)
Dec. 2013	Chairman and Representative Director of Don Quijote Co., Ltd.
Jul. 2014	Chairman, Representative Director and CEO of the Company
Jul. 2015	Founding Chairman and Supreme Advisor of the Company (current position) Director (Chairman, President and CEO) of Pan Pacific International Holdings Pte. Ltd. (currently Pan Pacific Retail Management (Singapore) Pte. Ltd.)
Dec. 2018	President/Director of Pan Pacific Strategy Institute Pte. Ltd. (current position)
Jan. 2019	Director (non-standing) of the Company (current position)
Apr. 2019	President of Pan Pacific Retail Management (Asia) Pte. Ltd.
Jul. 2020	Director, Chairman and CEO of Pan Pacific Retail Management (Singapore) Pte. Ltd.
Mar. 2023	Chairman/Director of Pan Pacific Retail Management (Asia) Pte. Ltd. (current position)

Yusaku Yasuda

Director (non-standing)
Born in 2001

Jul. 2019	Participated in an internship at the Company
Jun. 2020	Graduated from Brillantmont International School
Aug. 2022	Admitted to EHL Swiss School of Tourism and Hospitality
Oct. 2023	Participated in an internship at Dogenzaka Hotel Management Inc. (Hotel Indigo Tokyo Shibuya)
Jan. 2024	Director of Pan Pacific Retail Management (Asia) Pte. Ltd. (current position) Director of Pan Pacific Retail Management (USA) Co. (current position)
Sep. 2024	Director (non-standing) of the Company (current position)

Yasunori Yoshimura

Outside Director
(Audit and Supervisory Committee Member)
Born in 1949

Mar. 1975	Graduated from Keio University School of Medicine
Nov. 1995	Professor of Keio University (Department of Obstetrics and Gynecology, School of Medicine)
Jun. 2007	Chairperson of the Executive Board of Japan Society of Obstetrics and Gynecology
Nov. 2010	President of Japan Society for Reproductive Medicine
Jun. 2011	Outside Director of ASKA Pharmaceutical Co., Ltd.
Aug. 2011	President of Japan Society of Gynecologic and Obstetric Endoscopy and Minimally Invasive Therapy
Oct. 2012	Chairman of YOSHIMURA BIOETHIC INSTITUTE (current position)
Mar. 2013	Special Advisor to the Cabinet (in charge of measures to counter the declining birthrate and support for child-raising)
Nov. 2013	Outside Audit and Supervisory Board Member of the Company
Apr. 2014	Professor Emeritus of Keio University (Department of Obstetrics and Gynecology) (current position) Honorary Director of SHINYURIGAOKA General Hospital (current position)
Jul. 2015	Vice President of Fukushima Medical University (current position)
Sep. 2015	Outside Director of the Company
Sep. 2016	Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
May 2019	Representative Director of Childbirth/Child-Raising Comprehensive Support Promotion Organization
Dec. 2019	Chairman of the Board of "1 more Baby ohendan" Foundation (current position)
Apr. 2021	Outside Director of ASKA Pharmaceutical Holdings Co., Ltd. (current position)
May 2023	Outside Director of mederi Inc. (current position)

Jumpei Nishitani

Outside Director
(Audit and Supervisory Committee Member)
Born in 1971

Mar. 1995	Graduated from the Faculty of Economics, The University of Tokyo
Mar. 1997	Earned a master's degree from the Faculty of Economics, The University of Tokyo
Mar. 2000	Obtained scores for doctorate degree and resigned from Graduate School of Economics, The University of Tokyo
Apr. 2000	Assistant Professor, Faculty of Management and Economics, Aomori Public University
Apr. 2005	Assistant Professor, College of Business Administration, Ritsumeikan University
Aug. 2009	Visiting Fellow, The University of British Columbia
Apr. 2015	Professor, College of Business Administration, Ritsumeikan University (current position)
Sep. 2017	Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
Jan. 2019	Member of the Defense Procurement Council of the Acquisition, Technology, & Logistics Agency (current position)

Masaharu Kamo

Outside Director
(Audit and Supervisory Committee Member)
Born in 1967

Mar. 1992	Graduated from the Faculty of Law, The University of Tokyo
Apr. 1992	Joined McKinsey & Company
Jun. 1996	Director, Executive Vice President of Nikkodo Co., Ltd.
Nov. 2000	Director, Executive Vice President of USEN CORPORATION
Jun. 2010	Executive Managing Officer of Lawson, Inc.
Mar. 2014	Senior Executive Managing Officer of Lawson, Inc.
Nov. 2016	Representative Director of Office Kamo Co., Ltd. (current position)
Dec. 2016	Senior Advisor of Deloitte Tohmatsu Financial Advisory LLC
Jul. 2017	Partner of McKinsey & Company
Apr. 2020	Executive Officer, Corporate Senior Vice President of Toshiba Corporation
Sep. 2022	Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
Mar. 2024	Outside Director of AGEST, Inc. (current position)
May 2024	Outside Director of JERA Cross Co., Inc. (current position)

Takaki Ono

Outside Director
(Audit and Supervisory Committee Member)
Born in 1965

Mar. 1988	Graduated from the Faculty of Economics and Business Administration, Yokohama City University
Apr. 1988	Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Apr. 2016	Executive Officer, General Manager of Unit 1, Shinjuku Corporate Banking Sales Department of Sumitomo Mitsui Banking Corporation
Apr. 2017	Executive Officer, Head of Wholesale Banking Department of Sumitomo Mitsui Banking Corporation Executive Officer, Head of Wholesale Banking Planning Department of Sumitomo Mitsui Financial Group, Inc.
Apr. 2018	Managing Executive Officer, Head of Wholesale Banking Department of Sumitomo Mitsui Banking Corporation Managing Executive Officer, Assistant to General Manager of Wholesale Banking Business Division of Sumitomo Mitsui Financial Group, Inc.
Apr. 2019	Managing Executive Officer, Deputy Head of Wholesale Banking Unit (in charge of West Japan) of Sumitomo Mitsui Banking Corporation Managing Executive Officer, Assistant to General Manager of Wholesale Banking Business Division of Sumitomo Mitsui Financial Group, Inc.
Apr. 2021	Managing Executive Officer, Deputy Head of Wholesale Banking Unit and General Manager of Corporate Banking Division of Sumitomo Mitsui Banking Corporation Managing Executive Officer, Deputy General Manager of Wholesale Banking Business Division of Sumitomo Mitsui Financial Group, Inc.
Apr. 2022	Managing Executive Officer, in charge of Private Advisory Division and in charge of Transaction Business Division of Sumitomo Mitsui Banking Corporation Managing Executive Officer, in charge of Settlement Planning Department of Sumitomo Mitsui Financial Group, Inc.
Apr. 2024	Advisor of Sumitomo Mitsui Banking Corporation
Aug. 2024	Outside Director of First-corporation Inc. (current position)
Sep. 2024	Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

Naoko Kishimoto

Outside Director
(Audit and Supervisory Committee Member)
Born in 1981

Mar. 2004	Graduated from the Faculty of Law, Keio University
Mar. 2007	Graduated from Graduate School of Law, Kyoto University
Jan. 2009	Joined Nobunori Ishizaki Law Offices
Jul. 2009	Joined Yamazaki Sogo Law Offices
Jan. 2011	Joined Abe, Mukaihata & Suzuki Law Offices
Sep. 2016	Visiting Researcher of Law School, Duke University, USA
Jan. 2019	Joined Yamazaki Sogo Law Offices
Jan. 2021	Joined Hombo Law Office
Sep. 2022	Established Kishimoto Law Office, Representative (current position)
Sep. 2024	Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

Skill Matrix (executive officers)

Name	Position	Experience, etc. (reason for appointment)	Skill matrix: Management	Sales/ Merchandise/ Marketing	Legal affairs/ Compliance/ Risk management	Treasury/ Accounting/ Finance	Global experience	Human resource management	ESG/Diversity
Naoki Yoshida	President, Representative Director and CEO	He has a performance record of playing a key role in supporting many aspects of the PPIH Group, such as the divisions responsible for compliance and governance including the Group's legal affairs and labor affairs, the divisions in charge of finance, accounting and tax affairs, and the Group's strategic planning division both in Japan and overseas. As President, CEO and Representative Director, he is promoting a series of new strategies, including management integration, and organizational reforms to facilitate the delegation of authority and the development of the next generation of leaders. In addition, he possesses abundant experience and broad insight in relation to corporate management based on his successive service as president at various companies.	●	●	●	●	●	●	●
Hideki Moriya	Representative Director, Senior Managing Executive Officer and CSO	He possesses abundant experience and a performance record in the Group's retail division, notably his store operational experience, and, subsequently, in various top positions related to back office operations, including logistics, sales promotion and trade management. He is currently in charge of constructing and promoting management strategies for the Group as a whole.	●	●	●	●		●	
Kosuke Suzuki	Representative Director, Senior Managing Executive Officer	He was involved in product strategies and store operations in the retail division of the PPIH Group. Currently, he oversees the Group's discount business, bringing with him extensive experience and a proven track record.	●	●				●	●
Ken Sakakibara	Director, Senior Managing Executive Officer	He was involved in product strategies and store operations in the retail division of the PPIH Group. Currently, he oversees the Group's GMS business, bringing with him extensive experience and a proven track record.	●	●				●	
Kazuhiro Matsumoto	Director, Managing Executive Officer and CMO (Global)	He possesses abundant experience and a performance record primarily in relation to merchandise strategies and store operation both in Japan and overseas, gained in the Group's retail division.	●	●			●	●	●
Yuji Ishii	Director, Managing Executive Officer and CAO	He possesses abundant experience and broad insight in relation to accounting, tax practices and corporate planning gained primarily by overseeing the accounting and general affairs division, while working for the Group.	●		●	●		●	
Hitomi Ninomiya	Director and Executive Officer	She possesses abundant experience, having managed a broad range of design-related operations ranging from the exteriors and interiors of stores to merchandise at companies in the Group. At the same time, she serves as the Head of the Diversity Management Committee, which primarily promotes women's participation and advancement in the workplace, and works on initiatives such as support for LGBTQ+, promotion of seniors' and non-Japanese people's participation and advancement in the workplace, and promotion of the employment of people with disabilities.	●	●				●	●
Isao Kubo	Outside Director	He possesses abundant insight related to corporate management, having engaged in corporate planning and audit-related services for many years at ITOCHU Corporation, and has held important posts such as Managing Executive Officer and General Manager of Internal Audit Division at that same company and Chief Strategy Officer and General Manager of the Corporate Planning Division of FamilyMart Co., Ltd.	●	●	●	●	●	●	
Takao Yasuda	Director (non-standing)	He is the founder of our company, created a new business format as a discounter, and has driven the development of the Group. He leads overseas business operations from Singapore.	●	●	●	●	●	●	●
Yusaku Yasuda	Director (non-standing)	As a member of the founding family, he leverages his youthful perspective and international experience to embody the qualities of a value provider aligned with our Group's philosophy.					●		●
Yasunori Yoshimura	Outside Director (Audit and Supervisory Committee Member)	He possesses experience that includes serving in such important positions as a Special Advisor to the Cabinet, Professor at a university, and President of various learned societies.	●				●	●	●
Jumpei Nishitani	Outside Director (Audit and Supervisory Committee Member)	As a professor of business administration at a university, he has a high degree of expertise and extensive experience in accounting and economics.	●		●	●	●	●	●
Masaharu Kamo	Outside Director (Audit and Supervisory Committee Member)	He served in important positions at a consulting company and at an operating company, and possesses abundant experience and broad insight related to corporate planning, etc., as a result of being involved in corporate management for many years.	●	●	●	●	●	●	
Takaki Ono	Outside Director (Audit and Supervisory Committee Member)	He held key positions in the banking sector. He possesses extensive experience and broad insights in the finance and banking fields.	●	●	●	●		●	
Naoko Kishimoto	Outside Director (Audit and Supervisory Committee Member)	She holds a law certification, advanced expertise, extensive experience, and insights into companies engaged in global transactions.			●		●	●	●

Evolution of Discount Store Business through Individual Store Management

Upholding "individual store management" and expanding store openings with diverse business formats toward achieving the "Visionary 2030", medium- to long-term management plan

Representative Director, Senior Managing Executive Officer
Vice President and Representative Director of Don Quijote Co., Ltd.

Kosuke Suzuki

Continuous evolution through our strategy of "Delegation of authority x Ability to adapt = Individual store management"

I have been involved in sales for 24 years since joining PPIH, holding various roles including store staff, store manager, product supervisor, branch general manager, MD supervisor, and new business development. Since 2018, I spearheaded the transition of UNY to a discount business model, overseeing the renovation of all 63 stores. Now, as Representative Director, I aim to realize the "Visionary 2030" medium- to long-term management plan with strong inquisitiveness and unwavering sales leadership.

The foundation of PPIH's robust growth lies in its practice of "individual store management", where employees at each store are empowered through "delegation of authority", demonstrate their "ability to adapt" quickly to regional characteristics and environmental changes using their own judgment. This corporate culture embodies the unchanging DNA of the PPIH Group, and the talents who bring it to life are our greatest assets. Leveraging these assets, PPIH has consistently embraced numerous challenges, driving continuous innovation and evolution.

Moving forward, we will continue to uphold "individual store management" tailored to the needs of each commercial zone, embrace bold challenges, and evolve to support the lives of local customers while creating enjoyable shopping experiences. By creating "the most convenient store for the customer", we will strive to make even greater contributions to society.

Promoting community-rooted individual store management under the "Million Star Program"

One essential strategy in the evolution of "individual store management" is the development of the Million Star Program, now in its fifth year. Under this program, general managers oversee several stores within commercials zones serving approximately 1 million residents. Currently, around 100 Million Star general managers are actively engaged in deep and focused management, evolving "individual store management" by implementing strategies and ideas to create more appealing stores for customers in each commercial zone. Through monthly meetings, these managers share information, foster mutual growth, and cultivate leader-level talent.

The implementation of "individual store management" has also led to the expansion of community-based initiatives. Increased partnerships with local markets and farmers in each region have advanced local production for local consumption, creating more opportunities for our employees to participate in community events. We are committed to making even greater contributions toward community development and revitalization.

Within the company, our transition from an approach that placed the utmost priority on year-on-year changes to one that focuses on comparison with a budget for numerical assessments has led to stricter control of SG&A expenses, significantly raising awareness of cost management. Additionally, the establishment of new MD categories has advanced the development of diverse business formats, and we are witnessing the results of this significant evolution.

Expanding store openings with diverse business formats and striving to be the "last man standing" in various areas

With regard to our strategy for domestic store openings, we aim to open more than 100 new stores over the three years by FY2027.

Thanks to our proactive development of business formats, our Group has significantly expanded its store portfolio beyond traditional Don Quijote stores. We now operate a diverse range of store formats, including large-scale MEGA Don Quijote stores featuring fresh foods, inbound-type stores in tourist areas, mall tenant-type stores within major commercial facilities, compact rail-side stores along commuter routes, and Kirakira Donki stores that specialize in specific product categories. Along with improving gross profit margins through enhanced PB/OEM initiatives, as well as the growth in tax-free sales, we have developed a high-profit model by enhancing productivity and controlling SG&A expenses. Coupled with models targeting new customer groups, our unique and diverse business model opened up substantial expansion opportunities. We are also actively pursuing store openings outside urban areas. In FY2024, we opened large-scale MEGA Don Quijote stores in Yonago City, Tottori Prefecture and Aomori City, Aomori Prefecture, both of which have demonstrated exceptional performance. Through these efforts, our objectives remain clear: to expand domestic market share through top-line growth, improve earnings by developing high-profitability store formats, and position each store as the definitive "last man standing" in its respective local market.

Leveraging our unique strengths to expand our share of tax-free sales

Our tax-free sales reached 117.3 billion yen in FY2024, far surpassing pre-COVID levels. Going forward, we aim to further increase our share and achieve 175 billion yen by FY2027. To reach this goal, we will maintain our aggressive stance by actively implementing customer acquisition strategies, such as social media promotions and collaborative marketing efforts with airlines, continuously creating new motivations for customer visits. We offer an unparalleled shopping experience at Don Quijote that integrates amusement, our unique strength. Through diverse store layouts and immersive POP and product displays, customers find themselves engaged in a journey where time slips by unnoticed. Our stores evoke a sense of treasure hunting, encouraging impulsive purchases of exclusive, original, and trending products. More than just a retail space, Don Quijote offers a one-of-a-kind shopping adventure. Above all, our "astonishingly cheap" pricing reinforces customers' sense of value, encouraging repeat visits and word-of-mouth promotion. Such initiatives form a cycle that enhances recognition of Don Quijote as the No. 1 must-visit destination in Japan, with the aim of further expanding our share in tax-free sales.

Aiming to be a visionary company with high motivation

Thanks to PPIH's core strength in implementing strategies that differentiate us from competitors, we achieved net sales of 2 trillion yen and operating income of 140 billion yen in FY2024. Viewing the 200 billion yen operating income target in Visionary 2030 as a milestone and looking even further beyond it, we remain steadfast in aiming to become a visionary company, which we define as "a company that adheres to the principle 'The Customer Matters Most' first in every corner of the organization", "a company that responds to change and takes on challenges boldly", and "a company that constantly grows and continues to set ambitious goals". Our leadership continues to develop innovative strategies, and the energy and motivation within our organization remain exceptionally high as we pursue further growth.

With the entire company united, we are committed to achieving our goals. We appreciate the continued support and trust of our stakeholders and look forward to your ongoing patronage as we pursue further growth.

The Future of the GMS Business

Achieving the goals of the UNY and UDR Midterm Plan Tackling the challenge of transforming non-food sectors through MD-focused and store-focused strategies for future growth

Director, Senior Managing Executive Officer
Head of GMS Business and Domestic Business Co-CMO*
President and Representative Director of UNY Co., Ltd.

Ken Sakakibara

* CMO (Chief Merchandising Officer)

Message upon my appointment as director

Since joining PPIH in 1997 as part of the opening team for the Don Quijote Shinjuku store (the eighth store), I have gained experience across various sales-related roles. Starting as a store staff member, I progressed through operational positions, including store manager and supervisory store manager. Later, I took on senior roles in the MD headquarters, including general manager of the product division and category leader. In October 2023, I assumed responsibility for leading the GMS business, overseeing all the product divisions (MD and inventory management). I was appointed as a director in September 2024. I am confident that the GMS business will play an even greater role in contributing to the achievement of the PPIH Group's strategic goals.

Achieving the goals of the UNY and UDR Midterm Plan

Reflecting on the past five years, UNY Co., Ltd. joined the PPIH Group in 2019, and we announced the UNY and UDR Midterm Plan. The goal of the plan was to increase operating income by an additional 20 billion yen compared to the operating income of 21.7 billion yen recorded in FY2018, prior to the acquisition. To achieve this goal, we promoted two major strategies: business format conversion to UDR and profitability improvement of the UNY business.

In the conversion to UDR, we integrated UNY's strength in food with Don Quijote's expertise in non-food sectors. Aiming to encourage customers to spend more time in-store, we advanced the conversion of "Apita"and "Piago" stores, developing the dual-brand formats "MEGA Don Quijote UNY"and "Don Quijote UNY". Through these efforts, we not only retained our existing customers but also attracted new customer segments, particularly younger families and individuals, transforming the stores to gain support from a broader customer base. By FY2024, we converted 63 stores (62 as of the end of November 2024), contributing to sales growth. This contributed to the expansion of both sales and profits. Going forward, we will continue to create stores that are beloved by local communities, utilizing the strengths of both companies to offer an abundant product lineup and provide an entertaining store experience.

For the profitability improvement of the UNY business, we implemented measures such as spreading individual store management; integrating systems like the cashier system, enterprise core IT systems, and the AI pricing tool "Kakaku-Miru"; advancing MD strategies through organizational integration, and increasing the composition ratio of PB/OEM products. As a result, the total gross profit margin for UNY and UDR in FY2024 maintained a high level of 32.0%. Additionally, through optimal human resources allocation and integrating back-office operations, we reduced SG&A expenses, lowering the SG&A ratio from 28.6% in FY2019 to 25.6% in FY2024, a decrease of 3.0 pt, leading to an improvement in profitability. Furthermore, the annual sales per store increased by 11.2% from FY2019 to 3.53 billion yen.

As a result of these efforts, major transformations were achieved in the FY2024 performance of UNY and UDR compared to UNY's fiscal year ended February 2019. Net sales grew by 90.2 billion yen, reaching 702.9 billion yen, an increase from 612.7 billion yen in FY2019. Operating income more than doubled to 44.8 billion yen, an increase of 23.1 billion yen from 21.7 billion yen. Operating income margin reached 6.4%, an increase of 2.9 pt from 3.5%.

Focusing on "increase of customer numbers" for food sectors and promotion of reforms under a new leadership structure for non-food sectors

Through such improvements in profitability, we have enhanced our "earning power". We now set "increase of customer numbers" as our theme for the next phase of growth. This will involve the implementation of related initiatives.

In food sectors, under the slogan "Fighting UNY", we are strengthening sales promotion strategies and launching a "Price Voting" campaign. This allows our part-time and temporary staff, who are also local customers, to vote on which products they want to see discounted. By maintaining thorough price-based competition with rivals, especially in food and daily consumables, we aim to attract more customers. In addition, we received high ratings for quality in customer surveys. We plan to further enhance our sourcing of fresh foods by leveraging our long-established production area distribution channels to improve the freshness, quality, and originality of our offerings. Moreover, for deli products, we will deepen our collaboration with Kanemi Co., Ltd., our business partner.

For non-food sectors, although operating income margins have significantly improved, net sales have remained stagnant. We believe there is still room for further growth in acquiring new customers. Alongside pricing strategies, we will focus on transformation of non-food sectors as the next growth driver toward 2030, utilizing MD-focused and store-focused approaches with the full support from the Group.

In terms of our MD-focused approach, we have revamped the leadership structure by appointing 5 supervisors from all the non-food departments within the discount business to leadership positions at UNY. We will focus on creating various new non-food categories tailored to the needs of commercial zones by promoting younger talent to introduce fresh perspectives and leveraging the Group's procurement capabilities.

For our store-focused approach, we will introduce the Million Star Program into the GMS business, a program cultivated over four years in our discount business. Under this program, a single general manager oversees a commercial zone serving one million people. It delegates authority in a "narrow but deep" manner, further strengthening individual store management by centralizing decision-making at the general manager level. We aim to drive evolution through "something new" approach by leveraging the methods cultivated in our discount business, such as focused single-item sales methods, effective sales promotion methods, and the strengthened introduction of spot products. In line with the practices of our discount business, we will implement store layout improvements and execute product introductions or discontinuations with the same speed and agility. With these initiatives, we will enhance our non-food items, further improve profitability, and leverage that as a resource to reinforce competitiveness.

Moreover, it has been five years since UNY joined our Group, and we have built an organizational structure to accelerate PB/OEM strategies through the effects of post-merger integration (PMI). In FY2024, we exceeded the 25% target for the PB/OEM ratio set in our medium- to long-term management plan. We view this achievement as a milestone and intend to continue expanding this strategy as part of our future growth plan.

Through these initiatives, we are committed to increasing operating income in the GMS business by 10 billion yen by FY2030, and will make every effort to achieve our goal.

New Customer Acquisition Strategy

majica app membership surpasses 15 million mark
Initiatives to increase store visit frequency and focus on gaining young members

Managing Executive Officer CMO*
Head of PB Business
Head of Marketing Strategy
President Representative Director of KaibaLab Corporation

Takeshi Moritani

* CMO (Chief Marketing Officer)

Evolution of the majica app and initiatives leveraging customer feedback

Since launching our proprietary e-money service “majica” in March 2014, PPIH has been providing user-friendly, good-value services to customers through our majica credit cards and the majica app, including point rewards when topping up their accounts and coupon issuance.

In 2021, we strengthened our efforts to gain new members, developed a customer data analysis system, and begin a trial measure aimed at increasing store visit frequency and purchase amounts. Furthermore, as part of our “Visionary 2025/2030” medium- to long-term management plan announced in August 2022, we committed to “providing new ‘CV+D+A’ (ConVenience+Discount+Amusument) through DX”, and becoming “the most convenient store for the customer” via DX. Amid this policy, we have strengthened the app’s development system and improved its user interface. We enhanced the app’s top-up and coupon functions and implemented a variety of initiatives, including our signature sales promotional strategies, events, and campaigns. This led to a virtuous cycle where the unique shopping experience provided through our app’s features resulted in a further increase in membership. These efforts led to the majica app membership increasing by over 10 million in about three years, surpassing 15 million members in July 2024.

Furthermore, we released “Maji-Voice” as a service within the majica app in November 2023. Based on our corporate principle of “The Customer Matters Most”, this new service leverages insights gained from our PB (People Brand) to transform PPIH stores into “People Store” (the most convenient stores for the customer). While Maji-Voice is generally referred to as a review, we view the customer feedback gathered through Maji-Voice as the growth driver of our company, distinguishing it from conventional review functions.

One of Maji-Voice’s features, “Shojiki Reviews (Honest Review)”, allows customers to evaluate and post comments about products they have purchased. Even negative reviews are displayed as-is, offering a highly transparent system where reviews and rankings are completely visible.

Through Maji-Voice, we review every piece of input from our customers, utilize candid opinions to enhance PB product development and feedback to manufacturers, and improve store operations.

Promoting initiatives to boost customer visit frequency

Leveraging the strength of over 15 million majica app members, PPIH is promoting initiatives to increase the frequency of customers’ visits to stores. One example of a sales promotion strategy is the “Maji-Kakaku” service. Instead of offering discounts on products we want to sell, Maji-Kakaku embodies PPIH’s unique approach by intentionally lowering prices on items that have garnered strong support and high ratings from customers on Maji-Voice. These products are sold at exclusive prices for majica members with the product lineup changing monthly, and the service has been well-received.

In addition, by analyzing member data, we are advancing sales promotion efforts through marketing automation that tailors services and coupons to the attributes of existing members. We are advancing wide-ranging sales promotion strategies to prevent member churn, re-engage inactive members, and address customers who visit less frequently or purchase only specific categories. Furthermore, for customers who have not visited a store in a certain period, we have started strengthening touchpoints outside the app to encourage them to visit our stores again.

To accelerate initiatives unique to PPIH, we are also implementing mission-type approaches using a digital stamp card feature that customers can participate in a gamified way, with incentives such as rewards given upon mission completion.

Going forward, we aim to further expand the number of majica members. By adding approaches that utilize media and new measures through the app, we have set a goal of doubling the current membership to 30 million by FY2027.

Strengthening youth-focused approaches to gain new customers

One of Don Quijote’s distinguishing features is its strength in specific categories known as “killer contents”, such as snacks, colored contact lenses, cosmetics, and mascot character goods, which attract a very large number of younger customers. For our Group to pursue our medium- to long-term growth, it is crucial to acquire a steady stream of young customers aged 15–24 who offer high lifetime value (LTV). We will advance initiatives with the goal of increasing the majica membership rate among younger demographic from 20.1% at the end of FY2024 to 50% by FY2027.

Currently, we are focusing on expanding touchpoints with the younger demographic and increasing our fan base as part of our measures to engage with young customers. In August 2024, we aired a TV commercial featuring an artist popular among young people. As a linked campaign, we also held a follow & post campaign where participants could win coupons to redeem for free JONETZ products featured in the TV commercial. We also launched a student discount initiative called “Do-Gakuwari”, targeting majica members aged 15–24 who are students.

Additionally, as part of our Key Opinion Leader (KOL) initiatives, we showcase Don Quijote products through live streams hosted by influencers who resonate with younger audiences. These streams provide viewers with opportunities to engage with our products, aiming to increase store visits. We also focus on in-person events, such as awards ceremonies and category-specific festivals, to promote products popular among young people. As the leading retailer of colored contact lenses across all retail stores, we are organizing events like the “Donki Colored Contact Lens Festival: Step Closer to Your Ideal Self,” targeting Gen Z, the dominant consumer group for this product category. Furthermore, we host a celebration for the birthday of our official character “Donpen” and influencer-participation events, all designed to further expand our young fan base.

We will continue to create numerous initiatives like these, strengthen our approaches to younger generations who are not yet familiar with Don Quijote or visited our stores, and increase the store visit frequency of existing customers in order to drive growth for the future.

Human Capital Management Dialogue

Managing Executive Officer
Head of ANSWER MAN Headquarters and Human Resources Headquarters
Vice President and Representative Director of Don Quijote Co., Ltd.
Shinichiro Akagi

Outside Director
(Audit and Supervisory Committee Member)
Masaharu Kamo

Our strength—nurturing people through meritocracy rooted in the delegation of authority. Striving to further develop and secure talent toward the Group's future growth.

The source behind PPIH Group's human resource and organizational strength

Akagi: I believe the strength of PPIH's human resources stems from three key factors. The first is the deeply ingrained culture of meritocracy, the second is our immeasurable experience in decision-making, and the third is the proper functioning of the principle of competition. As for the first factor, we don't typically conduct conventional evaluations or training, as we believe it is important for "people to be seen by others". As our company has a culture of delegating authority, we delegate work to employees to find out what they are good at. When challenges arise, we emphasize communication over one-sided criticism. PPIH's starting point is that "people are strong", and our employees have experienced this cycle many times and have been trained since joining our company. Moreover, with the prevalence of meritocracy, assessments at worksites are based on quantitative rather than qualitative data, making it clear who the best and worst performers are. Another strength of our organization is that we approach work almost like a game.

Secondly, thanks to our deeply ingrained culture of delegating authority, our employees are responsible for making many decisions from a very young age. While this may result in mistakes, we have a corporate culture that is capable of accepting and dealing with mistakes, and we focus on thinking about how to transform such mistakes into successes. We provide this environment for empowering people.

As for the third factor, competition, it is evident across the organization. For example, even our mate employees* will voluntarily say, "I am the number one seller of XX in Japan". There is a widespread culture of always talking, evaluating, and competing based on numbers.

Kamo: Focusing on outcomes, the PPIH Group has achieved growth in both sales and profits for 35 consecutive fiscal years. At every worksite, someone takes responsibility for their tasks, and we can directly correlate the growth in sales with the development of our employees. The growth and profits we have made represent that individual, including mate employees, as well as stores and the company, share a clear vision of the direction to move toward. Our delegation of authority leaves no room for excuses because our merit-based system makes individual results easy to track. For this reason, each individual competes daily by coming up with various creative ideas for product lineups and other aspects of work. Feedback on such ideas is also given promptly, which may explain why people learn quickly. In PPIH, employees receive dozens of times more opportunities to gain experience than their counterparts in other companies. The cycle of tackling challenges, learning, acquiring knowledge, then tackling challenges again in the worksite, is firmly embedded in our work. Additionally, employees can enjoy work almost as if they were playing a game. I believe these aspects are key to becoming a company that nurtures its people properly even as it expands its business scale.

Akagi: I agree. While the management team oversees key figures related to company performance, our strength lies in the fact that every individual, from management to staff, understands the numbers that drive the business.

The importance of "The Source" from the perspective of human resources and organization

Akagi: "The Source" is our compass when thinking about human resources. It is the starting point of our thoughts. Without "The Source", it is unlikely we would have achieved the business scale that we have today. Interestingly, "The Source" does not go into much detail about human resources. Instead, it emphasizes that at PPIH, human resources are not about "development" per se, but rather about "trust". As "The Source" says, "Trusting in a person means believing they can do something and relying on them to do it. By striving to live up to their boss's trust, people learn how to think for themselves, and cultivate, in themselves, the will to grow. This creates, too, an environment conducive to growth". It further states, "Strip yourself of your own authority and give it to your subordinates", and even goes as far as to talk about, "raising someone capable of taking their place—the 'next me'". This highlights our culture of not only thinking about our own future but also encouraging our subordinates to think about their own careers.

Kamo: When I first read "The Source", I was genuinely impressed. It was written in clear and simple terms, making it very accessible. While corporate philosophies and codes of conduct often tend to be vague, "The Source" is far from that. It is well-written and precise.

Akagi: Although the contents of "The Source" were things that had been said and implemented all along even before it was written and published, the clear documentation of these contents seems to have imbued it with greater confidence. It sets out what the company aims for, and there is now a stronger sense that we can push forward with this belief and conviction.

Kamo: While "The Source" is clearly written and easy to understand, it is not applicable to all companies. I think that its contents are specifically tailored to the PPIH Group's approach to the retail business.

Human resources strategy with a view to future growth

Akagi: With regard to the theme of future growth, I believe that overseas human resources are a key aspect. While the domestic business is leading overall business growth, the overseas market will drive the next stage of growth. We need to secure and develop language-proficient talent while considering how to globalize the company. Another key point is to arm the strong workforce we have now with more tools. We have an extensive lineup of capable team members, but our future growth potential lies in acquiring additional knowledge on top of that foundation. We have already built up a base of "trading professionals" who love to sell; going forward, it will become increasingly important to add new knowledge to that and encourage each individual to transform that knowledge into wisdom and growth.

Kamo: As we expand our business domains to achieve the operating income target of 200 billion yen set out in "Visionary 2030", it is important to have the necessary new skills and technologies. One challenge is how we can ensure strong affinity with our customers in overseas stores. In other words, how do we nurture people who have been trained as PPIH Group employees but still have a good grasp of the local needs? One possible solution would be to send local employees to work in Japan's Don Quijote stores for about a year to gain experience, after which they could return to their home countries.

It is also important to acquire talent with the new techniques and skills necessary for the future. For example, when expanding the PB business, we may summarize our human resources need as "people who have detailed knowledge of manufacturing". Even so, this encompasses a wide range of products such as home appliances and food, and we also need various other experts in areas including design and logistics. How do we acquire mid-career professionals who are a good fit with the corporate culture of PPIH? One idea is to send experienced store employees to partner companies for a few years to train them on the job in a particular field. The existing system is well-suited to developing a workforce that can support our current business, but there is room to consider new ideas as we expand into areas we have never ventured into before.

Akagi: Thank you. To achieve our target operating income of 200 billion yen in FY2030, which we have established as the quantitative target of "Visionary 2030", and to aim for growth beyond that, we will continue to nurture more talent and create an environment where they can fully utilize their abilities.

* Mate employees: part-time or temporary employees

Messages from the Outside Directors

Building our foundation for sustainable growth and further strengthening our governance structure toward 2030

Outside Director (Audit and Supervisory Committee Member)
Yasunori Yoshimura

Global governance is essential to execute strategies based on a broad perspective

Japan is becoming a super-aged society with an extremely low birthrate. In 2023, the birth rate was 1.20, the number of births reached a historic low of 727,000, and the population fell by a record 837,000 people. A significant paradigm shift is occurring in society, including a decrease in the working-age population, generational disparities, and changes in social views, life perspectives, and family dynamics. Based on my longstanding involvement in addressing the declining birthrate in Japan as a Special Advisor to the Cabinet, I believe that companies cannot expect growth by simply going with the flow. In addition, the barriers between industries and between nations are becoming increasingly lower. To more actively expand overseas and execute strategies based on a broader perspective, global governance is essential.

For the PPIH Group, establishing a global identity is a crucial point. This would involve both domestic and international recruitment and appointment of talented human resources, regardless of their age or other attributes, and connecting this to value creation. To this end, I believe that ensuring recruitment, human resource development, and organizational building is my key role as an outside director.

Achieving growth amid environmental changes is proof that we are functioning as a “company that has the ability to adapt”

When I was appointed as an outside director in 2015, PPIH had growth to have net sales approaching 700 billion yen. 10 years since then, it is amazing that the company has achieved net sales of 2 trillion yen one year ahead of schedule in the second year of the medium- to long-term management plan. During this period, even amid the COVID pandemic, the company overcame the unprecedented crisis through major reforms that turned challenges into opportunities. This included the introduction of the “Million Star Program”, which can be said to be the culmination of delegated authority, and a shift from product development focused solely on low prices to creating “People Brand” (PB) together with customers.

To respond to the post-COVID era which brought a recovery in inbound demand due to the rapid return of foreign tourists, PPIH transformed the entire area previously occupied by the former Don Quijote Shibuya store into a massive complex. The establishment of dogenzaka-dori marked a turning point from creating individual stores to creating an entire district.

Furthermore, relocating the headquarters functions to dogenzaka-dori accelerates PPIH’s global expansion from its base in Shibuya, an area aiming to be a cosmopolitan city. Achieving steady growth despite the environmental changes brought by the COVID pandemic is evidence that PPIH is functioning as a “company that has the ability to adapt”.

Looking ahead to 2030, the company must build its foundation for sustainable growth and corporate value enhancement, and further strengthen its effective corporate governance structure. To achieve this, innovation is essential not only at the management level but also among every individual employee.

Empowering talent to drive corporate growth and aiming to be a company that contributes to enhancing the overall value of society

The driving force behind corporate activities is people, and creating a workplace environment where employees can work with peace of mind is an essential task for companies. Efforts to promote the physical and mental health of employees lead to increased motivation and productivity in the workplace. As a result, this enhances corporate value. It is essential to consider employee health from a managerial perspective and strategically implement health management alongside safety and hygiene initiatives.

In addition, promoting women’s participation and career advancement in the workplace is a key part of diversity promotion, leading to innovation and improved productivity through work style reforms. Actively-pursued efforts must include achieving targets for the rate of women in management positions, implementing diverse and flexible work styles, and presenting concrete measures to enhance work-life balance.

PPIH’s Diversity Management Committee is currently implementing a variety of initiatives. These include ongoing training programs aimed at producing female store managers, resulting in 39 women serving as store managers by FY2024, with more expected to follow. Other initiatives include programs to improve retention rates among female employees and unconscious bias awareness training for managers, which can be highly appreciated as the company’s efforts to transform into an organization where diverse human resources can thrive.

Going forward, people’s awareness of social responsibility will deepen further, and evaluations from various stakeholders will become increasingly stringent. In an era where companies are expected to embody their ideal form and implement diverse and flexible work styles, PPIH must aim to be a company that contributes to enhancing the overall value of society.

Messages from the Outside Director

The remarkable feat of achieving the final-year target of the medium- to long-term management plan one year ahead of schedule: Emerging opportunities and new challenges

Outside Director (Audit and Supervisory Committee Member)
Jumpei Nishitani

The establishment of a highly profitable structure through “PPIH-style SPA”, which organically integrates individual measures

The most significant fact is that PPIH achieved net sales of 1 trillion yen in FY2019, prior to the COVID pandemic, and reached net sales of 2 trillion yen in FY2024, following the pandemic. In other words, despite the loss of inbound tourism demand during the pandemic, we not only avoided a decline but accumulated “true strength” and unleashed it explosively post COVID, doubling both sales and operating income. With this achievement we embodied Precept 5 of the Six Precepts of Our Management Philosophy in “The Source”, which states “This company is all about innovation, the ceaseless exploration of new forms of business”. I believe that the most commendable aspect behind this fiscal year’s performance is the establishment of a highly profitable structure through PPIH-style SPA, which organically integrates individual measures.

In last year’s integrated report, I commented that the source of the PPIH Group’s “ability to adapt” lies in the people gathered within PPIH, and that “my impression is that we have not fully communicated the excellence of our company. I hope that future improvements will make dialogues with stakeholders even more meaningful”. Amid the high profile of our achievement of 2 trillion yen in net sales, the vibrant workplace environment within the PPIH Group has gained widespread recognition through media such as television. However, our human capital-related disclosures in FY2024 securities report were not sufficiently improved. I believe it is essential to enhance human capital-related disclosures through public and direct communication channels with institutional investors, such as securities reports. By doing so, we can effectively communicate PPIH’s initiatives and achievements.

Emerging opportunities

To summarize what has become apparent through the “Visionary 2025” medium- to long-term management plan, the domestic market still seems to have potential for further exploration and the overseas market is where we are not sure how to go on the offensive.

The former has come into view precisely because we have established a highly profitable structure through PPIH-style SPA. PPIH has a clear sense that further store openings in various business formats are still possible domestically and that there is room to increase the proportion of our PBs in sales.

The latter presents a similar situation. While we have established a highly profitable structure in Japan, we expect our overseas business to not merely maintain, but achieve growth at a high level. To this end, it is necessary to tell a persuasive story. A bottleneck in this effort seems to be a lack of human resources connecting our overseas business with Japan. The highly profitable structure through PPIH-style SPA, established in the domestic discount business, is a business model where various measures are organically integrated. This is something that cannot be communicated or transplanted without people. Through the concerted efforts of such human resources, we can discover a compelling growth story.

PPIH’s overseas business also carries a social significance, particularly in our efforts to expand the overseas distribution of excellent Japanese agricultural, livestock, and marine products. If we can establish high profitability in these efforts, we could truly create a massive social impact as a national-scale project. We hope to achieve such a breakthrough.

Addressing corporate social responsibility with integrity

New challenges have emerged when considering these growth initiatives from a sustainability perspective.

In our domestic business, as we promote PPIH-style SPA by strengthening PB/OEM, we face responsibilities not only as a retailer but also as a “manufacturer”. To address this, we have established our Supply Chain Code of Conduct and implemented third-party audits. Furthermore, as domestic store expansion continues, it is essential to promote the active participation of female store managers. Greater involvement of women is an unavoidable challenge for PPIH’s growth, and we have appointed a director-level representative (Hitomi Ninomiya, Director) to lead efforts in resolving these challenges.

Overseas, our businesses in the East and West across the Pacific continue to face differing challenges since last fiscal year. In our Asia business, the expansion of stores spans multiple countries with differing legal systems and business practices, while in our North America business, highly independent Group companies occupy significant positions. We also have ongoing issues including how to integrate overall group management, internal controls, and our corporate philosophy. As the PPIH Group continues to grow as a whole, I believe we have reached the stage where we need to address management challenges, particularly back-office capacity building.

Going forward, our sustainability initiatives will grow increasingly important. As a multinational company with net sales of 2 trillion yen striving for growth both domestically and internationally, PPIH will address its corporate social responsibilities with integrity.

Sustainability at the PPIH Group

The PPIH Group's basic sustainability policy

Based on our corporate principle of "The Customer Matters Most", the PPIH Group is committed to resolving important environmental and social issues (materiality) through its core business of general retailing, with a primary focus on supporting the lifestyles of local customers and providing them with the enjoyment of shopping. We aim to achieve both the realization of a sustainable society and medium- to long-term enhancement of corporate value through dialogue with our stakeholders.

Materiality

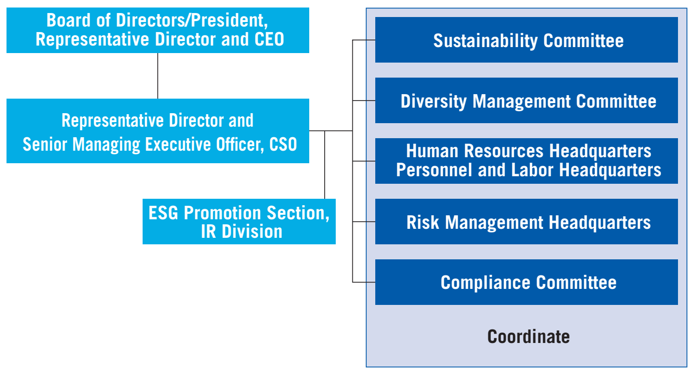
At the time of formulating the Visionary 2025/2030 medium- to long-term management plan, we discussed the expectations and significance of the Group to our stakeholders and the social issues that we can contribute to solving by leveraging our strengths, and re-identified the key issues (materiality) for the realization of a sustainable society and company.

Reduce the environmental impact of our business activities	• Addressing climate change based on TCFD • Reducing CO_2 emission • Reducing plastic usage • Development of environmentally friendly products
Accepting diversity and creating a rewarding workplace	• Promotion of women's activities • Support for active participation of LGBTQ+ • Creating a work environment that fosters employee engagement
Sustainable procurement and responsible sales	• Supply chain management respecting human rights and the environment • Responsible sales of alcohol and tobacco • Expanding certified products aimed at solving social and environmental issues
Resolving social issues through coexistence with local communities	• Donations and fundraising activities for community contribution • Nurturing and supporting the next generation
Solid governance system	• Ensuring management transparency • Compliance with and oversight of corporate philosophy • Strict adherence to compliance • Responding to natural disaster risks

Organization and systems

Each sustainability promotion measure is planned and proposed by the committees and divisions in charge in each area under the supervision of the Executive Officer in charge, the Representative Director and Senior Managing Executive Officer, CSO (Chief Strategy Officer), and is reflected in the business activities of the Group companies.

In addition, we regularly report on our activities at board meetings in order to formulate policies and goals, with important initiatives being discussed and approved before being implemented.



Introduction of the major committees

Sustainability Committee

The Sustainability Committee, chaired by the Executive Officer & Head of Risk Management, meets once per month. It addresses issues such as the Task Force on Climate-related Financial Disclosures (TCFD), reduction of CO_2 emissions, development of a supply chain management system respecting human rights and the environment, and reduction of plastic and waste. The subcommittees have been established for each theme as a subordinate organization of this committee, so that each subcommittee can plan and formulate concrete measures to reflect in our business activities. In addition, regular meetings with outside committee member Hidemi Tomita, who has expertise in sustainability management, are held once a month to discuss specific issues with professional perspectives.

Diversity Management Committee

The Diversity Management Committee is chaired by the Director & Executive Officer in charge of diversity management and meets once a month. The Committee plans, drafts, and implements a variety of measures to promote the active participation of diverse human resources, including female and LGBTQ+ employees, through cross-sectional cooperation among several related divisions, such as the Personnel System Planning Division, Labor Management Division, and Recruiting Management Division.

Comment from an expert on materiality

As a responsible large enterprise, I hope to see PPIH dazzling the world by promoting its unique style of sustainability

Sustainability Committee
Outside Committee member
Hidemi Tomita
Managing Director,
Institute for Sustainability Management

"With great power comes great responsibility"—as this maxim illustrates, the expectations placed on the PPIH Group, which has achieved sustainable growth, have now reached the level of what is expected of a responsible large enterprise.

Among the initiatives and disclosures that PPIH has undertaken so far, I value the disclosure of information related to human capital in this integrated report. Its content clearly sets out the issues and response policies in the Group's human resources strategy, highlighting its distinctive character and setting it apart from other companies. By quantitatively and continuously monitoring the effects of the measures and flexibly adjusting KPIs and methods as necessary, I expect the Group to achieve further progress and evolution.

In the area of supply chain management, PPIH can also be commended for its efforts in steadily advancing human rights due diligence. On the other hand, expanding the scope of risk-based monitoring, improving methods for accurately correcting issues and remedial mechanisms, and quantitatively demonstrating the results of these efforts, are some forms of disclosure that investors call for and are likely to further enhance trust.

Concerning the reduction of CO_2 emissions, 2030 targets have been set based on emission intensity per unit of sales. However, since the absolute value of emissions have been reduced, the next step will be to change to using an absolute value basis for measuring targets and progress, with an eye to the future.

Furthermore, in tandem with the expansion of its business areas, I expect PPIH to take on the challenge of new forms of responsible marketing that give consideration to human rights and the local culture and religion, while leveraging the unique customer approach it has cultivated thus far.

The PPIH Group has a track record of achieving business growth through unique ideas. I hope that it will apply the same creativity to the field of sustainability. I expect the Group to come up with new and unprecedented measures that remain true to its fundamentals and essence, and create a future that will have an impact on both society and business performance.

The latest information on key initiatives and continuous numerical data are available on our corporate website and ESG Databook.

Sustainability Webpage
https://ppih.co.jp/en/sustainability/

ESG Databook
https://ppih.co.jp/en/sustainability/esgdatabook/

Sustainability

Materiality 1

Reduce the Environmental Impact of Our Business Activities

The PPIH Group recognizes that addressing climate change is a pressing issue for the realization of a sustainable society, as well as one of our social responsibilities. With the aim of realizing a decarbonized society, we are working to reduce the environmental impact of our business activities by establishing reduction targets for CO_2 emissions and plastic usage which lead to global warming, and advancing measures toward the achievement of these targets.

Goal & Progress

Medium-term target	Progress (FY2024)
Reduce 50% of CO_2 emissions from stores (compared to FY2013) by 2030, and to zero by 2050	CO_2 emission: approx. 26% reduction (emissions intensity per million yen of sales)
Calculate CO_2 emissions in each Scope 3 category and set reduction targets	Start conducting interviews with business partners on their measures and status of initiatives to address climate-related issues, with a view to setting Scope 3 reduction targets
Reduce plastic usage in customer service by 70% by 2030 (compared to FY2019)	Plastic usage: 65.8% reduction (plastic intensity per million yen of sales)

Climate change risks

Climate change and abnormal weather, arising as a result of global warming, impact all aspects of our business, including store operations and product procurement. Therefore, in order to accelerate and secure our efforts to address environmental issues, the PPIH Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) in February 2022 and published disclosures based on the TCFD framework. To ensure the sustainable development of our business and increase our medium- to long-term corporate value, in FY2025, we will work on disclosing information in accordance with the TCFD recommendations revised in October 2021 and aim to strengthen governance related to climate change.

For details on disclosure based on the TCFD framework, please refer to our corporate website on sustainability.

https://ppih.co.jp/en/sustainability/materiality1/climate_change/

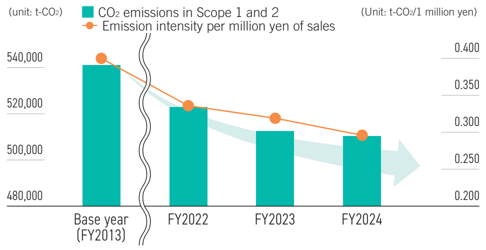
Reduction of CO_2 emissions

As a part of our measures to mitigate climate change, the Group has set a target of reducing CO_2 emissions from our stores by 50% by 2030, compared to FY2013 levels (emission intensity per million yen of sales), and we are advancing initiatives in 3 broad areas to achieve this goal. We are making steady progress toward our 2030 target, achieving 20% reduction in emissions by FY2023 and 26% reduction by FY2024, along with a decrease in the total volume of emissions.

Major initiatives to achieve our targets

(1) Improvement of energy use efficiency and reduction of the energy consumption in store operations by installing control equipment for air conditioning and refrigerated/frozen cases and dimming equipment for lighting and ensuring appropriate temperature settings and lighting hours, etc.
(2) Creation of renewable energy sources including solar power generation
(3) Replacement with renewable energy through the use of non-fossil certificate transactions

Changes in CO_2 emissions



TOPIC

Utilization of renewable energy in Japan

22 stores and 1 office building utilize a total renewable energy amount of 3,269,089kWh (as of June 30, 2024)

Progress (FY2024)

In the consolidated fiscal year under review, 6 stores and 1 office building started using renewable energy.

- Started supplying electricity through off-site CPPA at 4 stores, a first for the Group in Japan, and introduced on-site CPPA at 2 stores
- Among the off-site CPPA, a solar power plant operating in Ibaraki Prefecture plans to cultivate crops under solar panels starting in spring 2025
- Shifted to fully green energy usage at the multi-purpose facility dogenzaka-dori (opened in August 2023), where the headquarters is located

In FY2025, in addition to plans to install and commence operation of solar power generation facilities at our stores through on-site CPPA, we will also consider various procurement methods in order to further expand the adoption of renewable energy.

Initiatives for green logistics

We are advancing efforts not only to reduce CO_2 emissions from our stores, but also to reduce CO_2 emissions generated throughout the entire supply chain, from procurement through to distribution and consumption. Particularly in the area of distribution, we are cooperating with logistics partners such as Senko Co., Ltd. to make freight transportation more environmentally friendly, such as by using electric vehicles for the transportation and delivery of products and reviewing delivery plans through inventory optimization.

Implementation of modal shift

Senko Co., Ltd. had long been transporting our inventory from its Kanto base (Saitama Prefecture) to the Hokkaido base by ship, which emits less CO_2 per unit weight than trucks. Since 2021, it has switched to rail transportation (modal shift) for a part of the distance covered in transporting inventory from the Kanto base to the Kansai base (Osaka Prefecture) with a view to further reducing environmental impact. This has resulted in a reduction of 105 tons of CO_2 emissions between the Kanto and Kansai bases in FY2023*.

Transportation by EV trucks

We aim to reduce our environmental impact by using vehicles with low CO_2 and NOx emissions (clean diesel engines, CNG (natural gas), hybrid and EV trucks) for delivering products to stores. Since 2023, we have been using two EV trucks (maximum load capacity: 3 tons) that do not emit CO_2 during transportation to carry out deliveries to some stores in Tokyo and Saitama Prefecture. This has led to a reduction of 13 tons of CO_2 emissions in FY2023*.

Use of double-articulated trucks

From 2023, we have begun operating double-articulated trucks in long-distance transportation between our Kanto and Kansai sites. The use of double-articulated trucks makes it possible for one driver to transport the load of two large trucks, thereby reducing CO_2 emissions and the number of vehicles used while saving manpower. This is an effective transportation method in both the aspects of improving productivity and reducing environmental impact. This initiative contributed to the reduction of 69 tons of CO_2 emissions in FY2023*.

*FY2023: from April 2023 to March 2024

Reduction of plastic usage

We believe that it is our social responsibility as a retailer to address the environmental pollution caused by plastics, such as global warming and marine plastic waste issues. In FY2023, we established plastic consumption reduction targets, and worked on changing the material for plastic cutlery as well as reducing plastic used in the packaging and containers of our PB products, among other efforts.

Environmental measures at overseas stores

Introduction of solar power generation facilities (Hawaii, Thailand)

We are also striving to reduce CO_2 emissions by introducing solar power generation facilities in some stores in Hawaii and Thailand. As of the end of June 2024, solar power generation facilities have been installed in 12 stores, with further plans to install such facilities in stores in Hawaii and California going forward.

End to the provision of plastic bags at checkouts (North America, Hong Kong, Taiwan, Macau, Singapore, Malaysia)

Gelson's Markets in California and DON DON DONKI stores in Asia have stopped providing and selling disposable plastic bags in the stores to protect the environment and encourage customers to change their behavior.

For customers who want a bag to carry their purchases in are provided with reusable non-woven eco-bags or paper bags made from SFI-certified materials.

Materiality 2

Accepting Diversity and Creating a Rewarding Workplace

(1) Human Capital Management

The PPIH Group aims to become a visionary company that is needed by changing customers and society, based on our principle that "The Customer Matters Most". A visionary company is one that can achieve long-term growth, and we consider the following four core values essential for achieving this: name (brand), stores, products, and human resources (for realizing the vision). In particular, human resources, who are proactive and strongly commit to achieving their goals, are the Group's greatest strength and driving force for growth. Efforts to improve employee motivation and create an environment that supports challenges are essential elements in this respect.

We will forge ahead with even greater power toward the future by fostering a corporate culture that embodies our corporate philosophy, "The Source", while creating a vibrant organization that constantly creates innovation, and where every highly productive employee, including mate employees (part-time or temporary employees), continues to tackle challenges without fear of failure.

Goal & Progress

Medium-term target	Progress (FY2024)
Produce 200 store merchandise (MD) planners among mate employees every year (Target: Don Quijote, from FY2025 to FY2030)	—*
Promote the operation of next-generation executive development program	160 employees participated in the program

*Progress is not applicable as this indicator and target were set in the consolidated fiscal year.

Initiatives to foster a corporate culture that constantly embodies "The Source"

Rather than motivating people through manuals and rules, the PPIH Group focuses on the ability of each individual employee to think and act independently, and to continue growing, based on the ideas and thoughts of "The Source". In this way, we are fostering systems and a corporate culture that draw out the individuality and capabilities of every individual.

Systems and corporate culture that draw out the strengths of our human resources

- A corporate culture that tolerates failures while enabling challenges and swift decision-making through delegation of authority and ability to adapt
- Shop floor design led by frontline employees to adapt to changes in the trade areas, through individual store operation and letting the people who actually run the stores take control by delegating authority
- Semi-annual salary system that boldly adjusts promotions/demotions and salaries based on the employee's capability
- True meritocracy that clearly defines the "winners and losers" while eliminating seniority-based systems
- Revision of personnel systems and implementation of salary increases based on the results of productivity improvement and business expansion efforts

Education on "The Source" and implementation of exams

To promote understanding of "The Source", the Group conducts "The Source" training when new graduates and mid-career hires join the company. Furthermore, for the purpose of ensuring that employees around the world engage in their work with a common perspective and direction, "The Source" is available not only in Japanese, but has also been translated into multiple languages (English, Chinese (Simplified and Traditional), and Thai), and general level exams are conducted twice a year both in Japan and overseas (for all employees and some mate employees). To check employees' mastery of "The Source", The Master of "The Source" certification exams are conducted twice a year for employees in certain job positions or responsible for certain duties. Those who pass the certification exam practice "The Source" in their daily work and develop human resources who will contribute to the realization of its philosophy and culture in their respective organizations. On top of that, the "Masters" submit a report once a year and present and share with other "Masters" what they have put into practice, striving to further improve their interpretation and embodiment of "The Source" with a view to making PPIH the visionary company it aims to be.

"The Source" exam and training implementation status

- General level exam: Taken by 23,208 people/23,146 people passed
- Master certification exam: Taken by 2,175 people/355 people passed
- Number of masters of "The Source": 2352

*FY2024 (July 2023 – June 2024) results for domestic and overseas Group companies

Image during the certification exam

Stores × Mate employees initiatives

Our group currently employs 43,712 mate employees (part-time or temporary employees) as of the end of June 2024, calculated as a monthly average based on an 8-hour workday (domestic and international consolidated). The Group has adopted the "individual store management" approach, where each store independently determines its product procurement and sales strategies. We rely on our mates, who deeply understand the unique needs of their communities and customers, serving as key contributors to store operations. By creating systems and environments where mate employees can work with enjoyment and a sense of fulfillment, we aim to ensure the success of each employee, bring joy to customers, and become the best store in each local area.

Initiatives to foster employee engagement

- Introduction of the "FOR THE TEAM AWARD", which offers employees with the achievement-based rewards every six months, based on store performance and adjusted according to employment type and working hours.
- Developing MD planners from mate employees who have the same roles, responsibilities, and benefits as full-time employees, in line with the principle of equal pay for equal work (As of June 1, 2024, 166 MD planners/ Target: mate employees at Don Quijote)
- Periodic implementation of engagement surveys on store employees, including mate employees

Introduction of systems to support store operations

- Introduction of (semi/full) self-checkout registers
- Smartphone integration for ordering terminals
- Introduction of "AI Discount" systems, contributing to profit increase and reduction of food waste (currently in trial at select domestic stores)
- Introduction of the "Kakaku-Miru" system, where AI recommends pricing based on factors like weather and sales performance to improve pricing accuracy
- Introduction of "electronic shelf tags", allowing flexible price display changes.

Initiatives to bring out employees' spirit of challenge and foster their growth together with the company

Producing and supporting the growth of human resources necessary for the implementation of business strategies

- Start of training to foster meat specialists at the Narimasu Butchery Training Center in March 2024, with a view to producing fresh food specialists
- Reskilling through initiatives such as assigning employees with store experience and an interest in IT to the IT Division, and conducting internal training, with a view to producing IT specialists
- "Design thinking" process among young employees and IT Division personnel

Training at the Narimasu Butchery Training Center

Systems and programs to encourage employees to tackle challenges in pursuit of independent careers

- Holding an in-house competition called "Iron Men of Displays (D-Tetsu)", where participants compete in marketing ideas and display techniques, aimed at uncovering young talents for the stores. A total of 105 people participated in the 2023 competition (eligible participants: Don Quijote employees and mate employees). → Top performers in the D-Tetsu competition are selected to be seconded to Asian countries, where they share Japanese store display techniques and other know-how with local employees
- Revitalization of "Koubo.com" (internal recruitment system), designed to encourage employees in certain positions, who have been with their current department for over a year, to pursue diverse career opportunities and expand their experience and skills
- Launch of a project team comprising young employees as well as executives to tackle sales issues, with the aim of uncovering young talents and promoting their growth
- "Million Star Program", in which employees selected through an open call serve as general managers and supervise branches with a commercial zone of 1 million people and annual sales of 10 billion yen

"Iron Men of Displays (D-Tetsu)" Competition

Initiatives to produce next-generation management talents

To produce the next generation of management talents, we have been conducting a next-generation executive development program under the supervision of Outside Directors since 2022. Participants study subjects such as management knowledge and problem-solving methods for organizational operations, and the training was attended by 160 employees in FY2024 (cumulative total of 320 participants to date).

Systems and initiatives related to the development of the corporate environment

To ensure all employees to maximize their individual strengths and fully engage in their work, we recognize the need to develop an appropriate corporate environment that offers a high level of psychological safety while allowing employees to maintain both their physical and mental health. In light of that, we have established the following systems and programs.

Major systems and initiatives

- Implementation of employee satisfaction survey once a month
- Establishment of "Personnel Career Calls" to address employees' concerns and respond to consultations about personnel evaluations, career advancement, and other related topics
- Establishment of "*Nandemo Anshin Sodan Madoguchi* (consultation desk for any issue)" through which employees (including mate employees) can consult with external professional counsellors on personal and work issues
- Establishment of a "Compliance Hotline" to enable the reporting of compliance violations, including harassment (also available to mate employees/including a third-party hotline)
- Introduction of GLTD insurance to ensure income compensation for employees who are unable to work due to illness or injury.
- Relaxation of dress code rules and free hair color choice

Materiality 2

Accepting Diversity and Creating a Rewarding Workplace

(2) Promotion of Diversity

"The Source", PPIH Group's corporate philosophy compilation, advocates accepting the diversity of all employees. Our Group has been satisfying customers with many diverse values who visit our stores, and we have remained their store of choice. One of our strengths behind this is the rich diversity of our employees and our success in creating the foundation for mutual acceptance within the organization.

To further harness this diversity, we are developing an environment in which all employees can feel secure and thrive fully, regardless of their diverse backgrounds and values, including gender, nationality, and disability.

Goal & Progress

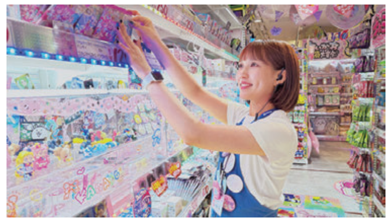
Medium-term target		Progress (FY2024)
Increase the number of female store managers to 100 (by FY2030)	→	Number of female store manager: 39 (26 increased from FY2021)
Improve the retention rate of female employees: reduce turnover rate to 5% (by FY2030)	→	Turnover rate of female employees: 7.6% (4% improvement from FY2021)

Approach for women's participation and advancement

Given that more than half of the 600 million customers served by the PPIH Group every year are women, we consider it important to incorporate ideas from the female perspective into our store operations and management. Moreover, in order to ultimately become an employee-friendly company where all employees can demonstrate their strengths, we believe that the first step is to be a company where women can play an active role.

For this reason, we have established targets for fostering female managers at our stores, which are the closest points of contact with customers, as well as goals for retention rates (turnover rates) to assess the development status of a comfortable working environment for women. We have adopted a simultaneous multi-pronged approach to changing the mindset of female employees themselves at each stage of recruitment, retention, and promotion, promoting understanding among their supervisors and others around them, and creating a comfortable working environment. In addition, the Company conducts an annual survey of female employees to evaluate the effectiveness of initiatives aimed at empowering women and to regularly monitor progress in developing a supportive work environment.

Initiatives implemented in FY2024



"RISE!100", a training program for aspiring female store managers

"RISE!100" is a training program designed to alleviate concerns about assuming the store manager position and to equip employees with the necessary knowledge and skills. This program has been conducted annually since 2021. In its fourth session of the program (held from February to September 2024) was attended by 43 participants, with 9 store managers eventually selected through the program.

College-style online career development seminar

To encourage female employees to map out their own career vision and aim for managerial positions, seminars are held to promote individual growth by strengthening the work skills and mindsets of participants. Participants are free to take courses based on 8 themes, including logical thinking, leadership, and communication, and a total of 277 employees have participated to date.

Unconscious bias awareness training

Unconscious bias is said to be one of the factors that hinder career development and motivation. To eliminate unconscious bias and promote the creation of an open organization where diverse human resources can work comfortably, PPIH has been conducting unconscious bias awareness training for all employees in managerial positions since November 2023.

Open Company events

In order to allay anxiety among new graduates about work styles after joining the company, we hold Open Company events and prospective employee events that focus on women's work styles and careers. As a result of these initiatives, we achieved an almost equal ratio of male to female new graduates joining the company in 2024.

Development of a comfortable working environment tailored to various life stages

The Group has introduced a fixed-location employment system that allows employees to work without regional transfers, enabling them to choose their working style based on their individual lifestyles and life events. In addition, to allow employees in balancing work and childcare, we promote initiatives that encourage the use of maternity and childcare leave. We have also established a system that allows employees to reduce their working hours until their children graduate from elementary school. Furthermore, we offer an alumni hiring program ("welcome back" hiring), giving former employees the opportunity to apply their experience and skills by rejoining the PPIH Group.

Initiatives and systems to support employees in taking maternity and childcare leave

- Publication of articles in the company newsletter by the Company's President and male executives encouraging for male employees to take childcare leave
- Distribution of a support book for taking maternity/childcare leave (women's edition/men's edition)
- Publication of interviews on the Intranet with employees who have taken maternity/childcare leave
- Support for babysitter and housekeeping services as part of employee benefits etc.

Maternity/paternity and childcare leave support book (women's edition/men's edition)

LGBTQ+ initiatives

Survey results have shown that sexual minorities make up approximately 10% of the population in Japan. In response, the Group is working to create a workplace environment that ensures psychological safety, enabling sexual minorities to work confidently and thrive in their roles.

Major initiatives

- Establishment of external consultation services that provide assurance for the considerate handling of employees coming out
- Development of internal systems and benefits (excluding some companies) that same-sex partners can utilize in the same way as legal spouses, including special leave for special occasions
- Implementation of employee training to deepen understanding of LGBTQ+ (attended by a total of about 42,000 people as of FY2024)
- Sponsorship of relevant events that raise awareness of sexual minorities in society etc.

Empowerment of non-Japanese employees

In addition to serving inbound customers who visit our stores in Japan, the Group has also expanded our store presence overseas. In light of that, the Group currently employs 420 non-Japanese full-time employees and 2,834 non-Japanese mate employees (part-time or temporary employees) (FY2024/domestic Group companies).

I am from China and have been working at Don Quijote for 10 years. Don Quijote is renowned overseas as a good place to buy Japanese souvenirs, so I wanted to utilize my language skills and other skills to serve inbound customers. After working as a mate employee during my student days, I joined the company as a new graduate. With the widespread principle of delegating authority throughout the organization, I find it rewarding to come up with my own ideas on how to make customers happy and be creative with customer service, display, and other aspects of the job. I hope to continue serving actively in inbound stores and divisions that support inbound customers.

MEGA Don Quijote Shibuya Honten Store Supporter
Chang Li

MESSAGE | Message from the Executive Officer in Charge of Diversity Promotion

Director and Executive Officer
Head of the Diversity Management Committee and Head of Design
Hitomi Ninomiya

The Diversity Management Committee was launched in November 2020. Since then, it has focused on capacity-building training and the development of a comfortable working environment for female employees. As a result. its KPIs, the number of female store managers and the retention rate of female employees, are on an upward trend.

In promoting diversity, we have focused on changing the mindsets of employees themselves as well as those around them. In the current fiscal year, we again conducted unconscious bias awareness training for employees in managerial positions, and I feel that there is a growing momentum among managers toward positively supporting the career development of those working under them, including female employees.

Furthermore, the annual survey of female employees and other surveys have shown that the relationships that women have with those around them have a relatively significant impact on their work motivation. Through career development seminars targeted at female employees, we have built relationships that encourage the mutual sharing of concerns with one another, and I believe that the development of such communities helps to improve motivation.

Our current challenge is the relatively high turnover rate of female employees in their early 20s. Therefore, in the next fiscal year, we will conduct career design seminars for this age group and strive to develop human resources as potential executive candidates in the future. Our ultimate goal is to become a company that everyone, not just women, can work comfortably. Measures targeted at female employees are the first step toward achieving that goal.

Materiality 3

Sustainable Sourcing and Responsible Sales

Human Rights and Environmental Considerations in Supply Chain Management

The PPIH Group considers addressing human rights, labor conditions, and health and safety issues for all stakeholders involved in our retail business as one of the key challenges. We also believe that fulfilling our social responsibility within the supply chain contributes to the realization of a sustainable society and drives growth for both our partners and our group. Based on a strong partnership with our suppliers, we are advancing responsible sourcing across the entire supply chain, following the "Guidelines for Respecting Human Rights in Responsible Supply Chains" issued by the Ministry of Economy, Trade, and Industry.

Our response toward responsible procurement

FY2022	Establishment of the PPIH Group Sustainable Procurement Policy and the PPIH Group Supply Chain Code of Conduct Holding of briefing sessions for business partners Introduction of Self-Assessment Questionnaires (SAQs) (for new and existing factories contracted to manufacture original products)
FY2023	Introduction of follow-up seminars for business partners who have been identified through the SAQs as having issues
FY2024	Revision of the PPIH Group Supply Chain Code of Conduct Initiation of third-party audits Implementation of seminars for those who are responsible for developing original products
FY2025 (Including planned initiatives)	Expansion of the scale of third-party audits Strengthening of internal systems toward responsible procurement
Future challenges	Building the human rights due diligence cycle, and taking an upstream approach that includes high-risk raw materials

Policy and code of conduct for human rights and the environment along the supply chain

Our Group established the PPIH Group Sustainable Procurement Policy and the PPIH Group Supply Chain Code of Conduct in January 2022 to promote procurement practices that take human rights and environmental issues into consideration.

We are holding briefing sessions for new business partners and business partners who handle our original (PB/OEM) products to promote respect for human rights and environmental considerations in the supply chain. We ask the participants to submit a written pledge to endorse the PPIH Group Sustainable Procurement Policy and comply with the PPIH Group Supply Chain Code of Conduct. To date, we have had a total of over 1,400 business partners submit the pledges cumulatively (as of the end of June 2024).

Initiatives toward building the human rights due diligence cycle

Initiatives toward identifying human rights and environmental risks in the supply chain

To identify human rights and environmental risks in the supply chain and to check the progress for the promotion of the PPIH Group Supply Chain Code of Conduct, we conduct Self-Assessment Questionnaires (SAQs) and third-party audits for our business partners.

SAQs cover all factories to which we outsource the production of our original products. Third-party audits are conducted on factories among these that are deemed to be particularly important from a risk management perspective, based on factors such as the scale of transactions, the product genres that are outsourced for manufacturing, and the countries in which the factories are located.

After verifying the responses on serious risks related to human rights, labor, and health and safety through both the SAQs and third-party audits, we have confirmed that there are no factories with serious risks or incidents (as of the end of June 2024).

Key Areas of Investigation

(1) Human rights · Labor practices	Prevention of human rights violations, child labor, forced labor, discrimination, and harassment
(2) Health and safety	Implementation of appropriate measures to address harmful chemicals and prevent workplace accidents
(3) Fair business practices · Ethics	Prevention of unfair trade practices, bribery, illegal donations, and abuse of power
(4) Environment	Compliance with environmental regulations regarding wastewater, sludge, waste disposal, and setting waste reduction targets
(5) Quality · Safety	Establishment and operation of quality management systems to ensure product safety and quality
(6) Information security	Proper management and protection of personal and confidential information
(7) Social contribution	Engagement in activities that contribute to the development of both international and local societies
(8) Others (Coexistence and mutual prosperity)	Responsible sourcing of critical raw materials related to human rights and environmental risks

In FY2023, the Group conducted third-party audits targeting at certain factories in China and Japan, and we identified the need for improvements in labor management and occupational safety and health at 4 factories; and in labor management, occupational safety and health, and waste disposal at 1 factory. We are working to make improvements in these factories. Going forward, we plan to expand the scale of third-party audits to include more factories contracted to manufacture original products to identify risks.

Audits on factories contracted to manufacture original products

Briefing sessions for business partners (pre-transaction briefing), and Pledge to Comply with the Code of Conduct

Third-party audits

- Target: Factories contracted to manufacture original products (Japan and overseas)
- Audit and evaluation: External audit agency

Actions for improvement

Step 1: Audit reporting
Step 2: Sharing of issues
Step 3: Discussion and confirmation of measures for improvement
Step 4: Interviews to confirm progress

Self-Assessment Questionnaire (SAQ)

- Target: Factories contracted to manufacture original products (Japan and overseas)
- Verification method: Based on a checklist compiled by PPIH (comprising 45 items across 8 categories), business partners conduct checks on factories contracted to manufacture original products. (Number of factories checked: 2,603 factories from June 2022 to June 2024)

Actions for improvement

With regard to factories for which we have identified issues that require the strengthening of efforts, we shared the results with them, conducted online follow-up seminars to promote improvement, and then conducted the SAQ once again.

Setting up a hotline

The Group has established a reporting hotline exclusively for business partners. Information about the hotline is posted in our business meeting rooms in order to raise awareness. The contact points are both internal and external (third-party law firms), and the privacy of the person consulting or reporting is strictly protected, and anonymous consultations and reports are also possible.

We take the feedback received from our business partners through the hotline seriously, and work to resolve issues after conducting the necessary investigations.

Initiatives that contribute to capacity building

Internal training programs

The Supply Chain Management Subcommittee, under the Sustainability Committee, plays a central role in conducting training for employees involved in the development of original products. Based on the Guiding Principles on Business and Human Rights adopted by the United Nations and the Guidelines on Respecting Human Rights in Responsible Supply Chains issued by the Ministry of Economy, Trade and Industry, the training covers explanations of the Group's procurement policy, human rights and environmental risks in the supply chain, and real-life case studies, among other topics (Number of participants: 406 people / FY2024).

Additionally, the compliance training conducted monthly for employees covers themes related to the Antimonopoly Act about once a year, as we strive to ensure that transactions with business partners do not facilitate any negative impact on human rights.

Support for initiatives related to the supply chain

The Declaration of Partnership Building was founded by the Council for the Promotion of Partnership Building for the Future, which consists of the Chairman of Keidanren, the Chairman of the Japan Chamber of Commerce and Industry, the President of RENGO, and the relevant ministers. This declaration aims to build new partnerships by promoting collaboration, coexistence and mutual prosperity with supply chain partners and businesses focused on value creation. PPIH has endorsed this Declaration, committing to procure products that are considerate of human rights and the environment, as well as taking measures to prevent excessive overtime among our business partners.

パートナーシップ構築宣言

Sustainability

Practicing the PPIH style of sustainability

Tackling the Export of Japanese Agricultural, Livestock, and Marine Products with All-Japan Approach to Contribute to Japan's Primary Industries

Dwindling demand for food products due to the declining birthrate and aging population in Japan is an issue that we will face in the future. To prepare for it, we are working to expand our overseas sales network for Japan's excellent agricultural, livestock, and fishery products based on the concept of "Taste, Health and Environment", thereby increasing exports and developing the overseas markets. By continuing to export Japan's agricultural, livestock, and fishery products, we can secure the sustainability of shipments, allowing producers to carry out crop cultivation and production systematically and earn a stable and proper income that is less susceptible to market fluctuations. Moreover, by creating an environment that allows producers to focus on production with peace of mind, we can contribute indirectly to addressing the problems facing Japan's primary industries, such as expanding the workforce for the next generation and maintaining Japan's beautiful rice paddies and *satoyama* (woodlands nurtured by farmers and foresters). At PPIH, we believe that the combination of ecology and sustainability is at the heart of the PPIH style of sustainability.

PPIC, a partnership organization for expanding the exporting of Japanese products

In October 2020, the Group established the PPIC (Pan Pacific International Club), a partnership organization of the PPIH Group, consisting of producers, export-related businesses, and other relevant organizations. This initiative was created with the goal of working together as an "All Japan" entity to expand exports of agricultural, livestock, and fishery products. As of the end of June 2024, a total of 527 companies and organizations have joined, including 324 producers from across Japan, 116 businesses involved in distribution such as logistics and wholesale, and 87 businesses and organizations supporting the export industry, including government agencies, local governments, and financial institutions. Participants will focus on addressing export-related challenges in their areas of expertise, such as products, logistics, and regulations, and cooperate organically through PPIC to build an optimal supply chain for exports.

https://www.ppihgroup.com/ppic/
(Only Japanese version is available.)

Benefits for producers
- Securing reliable export destinations
- Stable shipping prices that are not affected by the market or prices
- Advice and product development with view to overseas export
- Access to insights on overseas markets

Benefits for local customers
- Fresh, high-quality Japanese products are now more accessible and available at more reasonable prices than before
- Experience the atmosphere and cuisine of Japan without having to travel

Systems to support producers

The Group's overseas retail operations, developed under the concept of serving as "Japan-brand specialty stores", create an environment where customers can purchase high-quality Japanese agricultural, livestock, and fishery products are offered at affordable prices, even outside Japan. In addition, by supporting producers nationwide in steadily expanding their exports and revolutionizing the distribution of Japanese products around the world, we aim to create a virtuous cycle that benefits all stakeholders. Ultimately, we seek to contribute to the expansion and promotion of Japanese agricultural, livestock, and fishery products. To achieve this, it is essential to support producers not only in maintaining their traditional production methods but also in developing products that meet high overseas demand and enabling systematic production. For this reason, PPIC has established a support system, including initiatives such as holding various seminars and business matching events to provide information on overseas markets, as well as introducing leasing companies and investment companies that are PPIC members.

Furthermore, to deliver reliable products from producers who have met strict standards to our overseas customers, we encourage farms to obtain the Good Agricultural Practices (GAP) certification, which certifies that they are producing food products with consideration for food safety, the work environment, and environmental conservation. We also prioritize products from farms that have acquired GLOBALG.A.P. certification, an international standard for farms that implement global standards for food safety and sustainable production management.

Partnership agreements between PPIC and local governments

As we strengthen our pioneering of new markets for Japanese products, we are promoting Cooperative Agreements with local governments. As of the end of June 2024, we have concluded the Agreements with 8 prefectures and 1 city. Through these Agreements, we are working to increase opportunities for forming business relationships with producers in each prefecture and establish a system to follow up on producers' export business through public-private partnerships.

At our overseas stores, we regularly hold fairs that feature the regions with which we have Cooperative Agreements, as well as their local specialties. These initiatives help to increase awareness of Japanese products.

The products, developed with the passion of producers and exported through PPIC with the cooperation of various stakeholders working as one team, bring joy to local customers.

Bestsellers in Asian stores

1st : Wagyu beef
2nd: Sushi and sashimi
3rd : Strawberry
4th : Grapes (Shine Muscat, etc.)
5th : Baked sweet potato

Target: DONDON DONKI stores across 6 Asian countries (from January 2023 to December 2023)

VOICE

Agbell Co., Ltd.
CEO
Keisuke Maruyama

I was born into a third-generation grape farming family in Yamanashi Prefecture. The average age of agricultural workers in Yamanashi Prefecture is said to be 70 years old, but our company is probably the youngest agricultural corporation, with an average worker age of 29 years old.

Currently, about 40% of our total shipment of grapes and peaches are exported. Since 2021, we have been exporting Shine Muscat, Pione, and Kyoho grapes to PPIH stores in Asia. As overseas markets prefer larger individual grapes than in Japan, we have taken on the challenge of designing products tailored to these markets, thinning out the grape clusters and adjusting their size and weight accordingly.

Until now, we have been working on consolidating agricultural land that had been abandoned due to the aging population. This has enabled us to expand our production scale by 20 times since we began farming. In the future, we plan to invest further in equipment and are even considering developing processed products. We will be delighted to collaborate with PPIH on developing processed products for its private brands (PB).

VOICE

PPIC Secretariat
Head of PPIC Secretariat
Kenichi Hiyama

The number of PPIC members now exceeds 500 companies, with members scattered across all 47 prefectures of Japan.

In PPIC, we strive to provide support for cultivation and agricultural management by introducing members to each other, providing an environment where they can share production challenges, and introducing them to local governments and financial institutions. Conversely, we also request members to grow crops that meet overseas regulations, working hand in hand with our members to export products to overseas markets.

As a result of these efforts, some producers have seen the value of their trade increase by more than 10 times since the launch of PPIC. The crops cultivated with loving care by our members have been highly appraised overseas, with many customers exclaiming that they are worth more than the prices.

Going forward, the PPIC Secretariat will continue delivering its members products and passion to customers around the world.

TOPIC

First in the world to use a dual-temperature refrigerated container in marine transportation

In the export of agricultural and other products overseas, PPIH has been conducting trial marine transportation using dual-temperature refrigerated containers with Controlled Atmosphere (CA) functions, in cooperation with Ocean Network Express (ONE) Pte. Ltd. and NAX JAPAN Co., Ltd. since November 2023. These containers are divided into two compartments, allowing the simultaneous transport of items with different optimal temperature requirements. Through the use of these containers, we expect to reduce costs and inventory losses (food loss) through improved loading efficiency, as well as lower CO_2 emissions by cutting down on the number of containers and shipments.

Corporate Governance

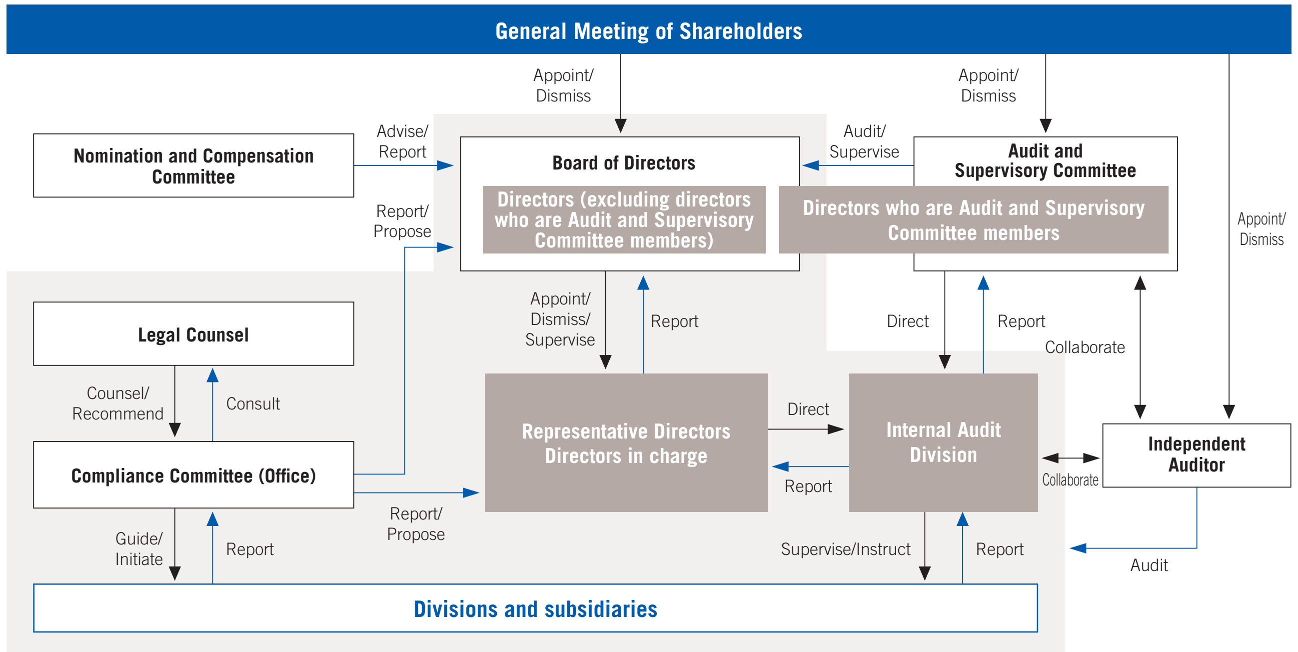
Basic policy on corporate governance

The Company firmly adheres to its corporate philosophy of "the Customer Matters Most" and strives to enhance corporate governance and compliance while actively carrying out disclosure practices and encouraging a deeper understanding of Pan Pacific International Holdings Corporation as a company coexisting with society. This commitment is integral to enhancing corporate value and is thus a top management priority. Business activities based on a high standard of ethics are crucial to the ongoing survival of a company. With this conviction, we will build and maintain our in-house structures to expedite problem-solving and, when necessary, seek advice from outside experts to establish and support internal controls and ensure that operations are conducted lawfully and properly. In regard to compliance, the Company will strive to foster an even stronger organizational framework and advance corporate activities while seeking to entrench and enhance initiatives for heightening compliance awareness and reinforcing the accounting, internal audit, monitoring, and auditing departments.

Our corporate governance structure at a glance

Institution	A group with an Audit and Supervisory Committee
Number of directors (number of independent outside directors in parentheses)	15 (5)
Number of Audit and Supervisory Committee members (number of independent outside directors in parentheses)	5 (4)
Term of office of directors	1 year (2 years for Audit and Supervisory Committee members)

Remuneration structure for directors	(1) Basic remuneration (2) Performance-based monetary remuneration (3) Share-based compensation stock options (excluding directors who are Audit and Supervisory Committee members)
Number of meetings held by the Board of Directors (Average rate attended by directors)	13 (94.2%)
Independent auditor	UHY Tokyo & Co.



Board of Directors

	Overview	Directors
Board of Directors	• The Board of Directors, chaired by the President and Representative Director, meets at least once a month to discuss and decide on important matters related to business execution. • Out of the 6 outside directors, 5 are appointed as independent officers, which enables incorporation of a wide range of insight into important matters concerning company operations, including the formulation of company-wide management strategies, from an independent perspective with no risk of conflict of interest with general shareholders. This creates a system that enables appropriate management decisions to be made.	Listed on P17-20

Scope of delegation from the Board of Directors to management

In conjunction with the transition to the Company with Audit and Supervisory Committee structure, the Board of Directors partially or entirely transfers authority for certain important operational execution decisions to directors. At the PPIH Group, a great deal of authority is delegated to frontline operations in order to facilitate swift and flexible responses to the ever-changing operating environment. However, the Group has also established regulations regarding the limits of authority that clearly stipulate the matters for which authority should be delegated to directors, other managers, and members of senior management based on materiality, transaction amounts, and other factors. Other measures are also implemented to enhance governance of business operations.

Operational execution by directors

To ensure that the execution of directors' duties is conducted appropriately and efficiently, we have established the following internal control system.

- By continuously appointing outside directors, we aim to enhance the supervisory function of directors' duties. Additionally, the Audit and Supervisory Committee, which includes outside directors, ensures fair and transparent audits from an independent standpoint (excluding directors who are Audit and Supervisory Committee members).
- To clarify the duties and authority of directors, reviewing and updating organizational regulations are as needed.
- Revise the organizational and operational structure in response to changes in the business environment.

Policy and procedures for election of directors

To ensure the company's continuous growth and increase in corporate value, and to enable swift and rational decision-making by the Board of Directors, the Board nominates candidates with excellent characteristics and extensive knowledge, experience, and abilities in various businesses, including our core retail business, for approval at the General Meeting of Shareholders. An appropriate number of directors are appointed. For outside directors, an appropriate number of individuals who have held important positions, managers, and experts in various fields are appointed to monitor the company's management from a fair and neutral perspective.

Training policy for directors

The Company appoints directors that possess the prerequisite insight and experience pertaining to legal affairs, finance, accounting, and a wide variety of other fields and that are thereby able to effectively fulfill their roles and responsibilities. In addition, frameworks are in place to ensure that information is reported and supplied to directors as necessary after appointment, and directors are provided with opportunities to receive explanations directly from lawyers, accountants, and other specialists. We also hold training sessions as needed and appropriate.

Evaluation of effectiveness of the Board of Directors

The Board of Directors shall evaluate the effectiveness of the Board of Directors at least once a year. In the fiscal year ended June, 2024, the Company assessed the effectiveness of the Board of Directors through the following process. The results showed the members of the Board of Directors play an effective role in improving the corporate value over the medium- and long-term by making appropriate and prompt decisions through active discussions based on the management philosophy, and by exercising strict supervisory functions including monitoring of the internal control system. While the balanced composition of the Board of Directors, the environment that fosters open discussions, and the active initiatives related to diversity are positively recognized, there is a need for further enhancement in the discussions on certain topics. This includes reviewing the methods of presenting agenda items and improving the reporting of outcomes, as well as enriching discussions from a company-wide perspective.

In the preparation, collection, and partial analysis of the questionnaire, we use an external organization to increase the transparency of the evaluation and ensure its effectiveness.

Evaluation process

Preparation of questionnaires regarding the effectiveness of the Board of Directors based on advice from a third-party institution → **Collection of questionnaires from all directors by a third-party institution** → **Analysis of the effectiveness of the Board of Directors based on questionnaires** → **Discussions and determination of evaluation at the Board of Directors meetings**

Overview of the evaluation of effectiveness of the Board of Directors for FY2024

Strengths

- Balanced composition of the Board of Directors based on diverse skills and expertise
- Environment for open discussions fostered by the integration of the corporate philosophy "The Source"
- Enhancement of discussions related to gender and diversity initiatives

Issues to be addressed

- Further enhancement of discussions on the medium- to long-term management strategies and talent development
- Improvement of outcome reports concerning previously discussed matters, such as investment projects

Going forward, the Company will implement measures to address issues identified based on the evaluation in order to increase the effectiveness of the Board of Directors while enhancing the Company's corporate governance structure.

Outside directors

The outside directors are appointed with the expectation that they will provide opinions and suggestions on management from an external perspective, based on their specialized knowledge and experience in management, thereby enhancing the soundness and transparency of management. Additionally, 5 out of the 6 outside directors are designated as independent directors in accordance with the regulations of the Tokyo Stock Exchange and have been registered with the Exchange.

The Company has no clear-cut criteria or policies regarding the independence of individuals appointed as outside directors. However, in appointing outside directors, the Company ensures that they can provide opinions and suggestions regarding management from an outside perspective based on their expertise and experience in management, thereby improving the soundness and transparency of the Company's management.

Support system

6 of the Company's 15 directors are outside directors, and 5 outside directors are Audit and Supervisory Committee members. The Board of Directors' Secretariat and the Audit and Supervisory Committee Secretariat assist outside directors in performing their duties as requested.

Director Compensation

Basic policy on director compensation

The compensation for our directors is designed to function as an incentive for the continuous enhancement of corporate value, taking into account shareholder interests. Additionally, the basic policy is to set individual director compensation at an appropriate level based on their responsibilities.

Structure of director compensation system (excluding outside directors and directors who are Audit and Supervisory Committee members)

Basic Compensation	Monthly fixed monetary compensation is determined based on the position and responsibilities of each director, considering the level of director compensation at other companies of similar size and the level of employee salaries.
Performance-linked monetary remuneration (annual bonus)	The performance-linked monetary remuneration (annual bonus) as a short-term incentive for the Representative Director shall be linked to the Company's performance for a single fiscal year. In the Company, the performance-linked KPI shall be "consolidated operating income" from the perspective of improving earnings in the core business. The amount to be paid shall vary in a ratio of 0% to 150% depending on the degree of achievement of that budget. For Directors other than the Representative Director, 50% of their remuneration will be linked to the Company's performance, similar to the Representative Director, and an additional 50% will be linked to individual performance. The individual performance-linked portion will be assessed based on budget target achievement, reviewed by the Nomination and Compensation Committee, and the final payment rate, ranging from 0% to 150%, will be determined by the President and Representative Director.
Share-based stock options	Share-based stock options do not have a specified ratio or timing of grants, as the necessity of each grant is determined based on past grant records and other factors. However, the frequency and other aspects of the options will continue to be reviewed within the framework of an appropriate executive compensation system.

The compensation structure for the outside directors and directors who are Audit and Supervisory Committee members consists solely of basic compensation, reflecting their roles. For other directors (excluding outside directors and directors who are Audit and Supervisory Committee members), the compensation structure is based on a ratio of 70% basic compensation and 30% short-term incentive compensation. Basic compensation is paid monthly, while short-term incentive compensation is paid after the annual general meeting of shareholders, following the determination of the company's performance.

Policy on determination of individual compensation

The Company consults its Nomination and Compensation Committee regarding the determination of individual director compensation, etc., and the Board of Directors adopts a resolution based on the Nomination and Compensation Committee's report. However, with respect to base remuneration for Directors other than the President and Representative Director, the Company delegates to the President and Representative Director the authority to determine the final amount of such remuneration, taking into consideration the roles and responsibilities of each individual director, within the maximum and minimum amounts separately determined by the Board of Directors. The Company also delegates to the President and Representative Director the authority to determine the final payment rate of the performance-linked cash remuneration (annual bonus) for the individual performance-linked portion. To ensure that the delegated authority is properly exercised, the President and Representative Director must fully consult with the independent outside directors through the Nomination and Compensation Committee.

Total compensation by director category, total compensation by type, and the number of eligible directors (FY2024)

Position	Total remuneration (million yen)	Total remuneration by type (million yen)				Number of applicable directors
		Fixed remuneration	Performance-based bonuses	Retirement benefits	Non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee members and outside directors)	215	130	52	—	33	6
Directors who are Audit and Supervisory Committee members (excluding outside directors)	—	—	—	—	—	—
Outside Directors	27	27	—	—	—	4
Total	242	157	52	—	33	10

Note: The table above includes the compensation of 1 director who retired at the conclusion of the 43rd Annual General Meeting of Shareholders held on September 27, 2023, and 1 director who retired on October 31, 2023.

Policy for constructive dialogue with shareholders

As part of its efforts to realize sustainable growth and improved corporate value over the medium- to long-term, the Company engages in constructive dialogue with shareholders and other investors through investor relations activities to ensure that its management policies and performance are accurately understood.

(1) The director overseeing IR and the information officer registered with the Tokyo Stock Exchange will establish a structure to consolidate information in coordination with the director to be aware of important information within the Company. The IR division works with Legal, Finance, Accounting, Sales, Property Development and other divisions as necessary to ensure appropriate disclosure of information.
(2) The director overseeing IR and IR division responds appropriately to requests for meetings from analysts and institutional investors and holds quarterly financial results briefings. The President and Representative Director also take part in the financial results briefings. Furthermore, the investor relations section of the Company's corporate website (https://ppih.co.jp/en/ir/) provides timely disclosure information, financial information, and other reference materials (financial summaries, annual securities reports, annual integrated reports, PPIH reports, monthly sales reports, etc.). The Company strives to support the investment decisions of shareholders and other investors (some information is available only in Japanese).
(3) The valuable input received from shareholders and other investors is shared with the Board of Directors and management as necessary to incorporate this input into the Company's management.
(4) The Company designates a quiet period before the announcement of financial results, during which no comments on the results are made. Additionally, undisclosed material information (insider information) is strictly managed in compliance with laws and regulations, and an insider trading prevention policy is in place.

Strategic management focused on capital costs and stock price optimization

To enhance corporate value, the Company aims to achieve the quantitative target of 200 billion yen in operating income for the fiscal year ending June 2030, as outlined in our medium- to long-term management plan "Visionary 2030". We strive to improve corporate value through strategic management focused on capital costs and stock prices by maintaining growth investments, stabilizing ROE at a high level through improved profitability, and strengthening dividend policies.

In the fiscal year ended June 2024, we achieved the operating income target of 120 billion yen a year ahead of schedule which was initially set for "Visionary 2025". This resulted in an ROE exceeding capital costs and a PBR significantly above 1. The management and leaders will actively engage in dialogue with the market. Additionally, we will continue to issue integrated reports, enhance English disclosures, and expand our disclosure and IR activities, including responding to various evaluation agencies.

Status of each committee

	Overview	Members
Audit and Supervisory Committee	• The Audit and Supervisory Committee is composed entirely of 5 outside directors. It audits the execution of duties by directors and collaborates with the accounting auditor as necessary to ensure effective audits.	Yasunori Yoshimura (Chairman, Independent Outside Director) Jumpei Nishitani (Independent Outside Director) Masaharu Kamo (Independent Outside Director) Takaki Ono (Outside Director) Naoko Kishimoto (Independent Outside Director)
Nomination and Compensation Committee	• The Nomination and Compensation Committee is established as a voluntary advisory body of the Board of Directors to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes related to the nomination and compensation of directors and other executives, thereby strengthening the corporate governance system. The majority of its members are outside directors. • The role of our Nomination and Compensation Committee, in response to consultations by the Board of Directors, is to deliberate and provide recommendations on matters such as the appointment and dismissal of directors, the selection and removal of representative directors and other executives, compensation for directors, and other matters consulted by the Board of Directors.	Jumpei Nishitani (Chairman, Independent Outside Director) Yasunori Yoshimura (Independent Outside Director) Naoki Yoshida (President and Representative Director)
Compliance Committee	• The Compliance Committee is responsible for planning fraud prevention, planning inspections and investigations, verifying the results of inspections and investigations, and sharing and verifying cases of fraud at other companies.	Executive Officer in charge of Legal Affairs and Compliance (Chairman) Hideki Moriya (Representative Director) Naoko Kishimoto (Independent Outside Director) 9 other executive officers and employees
Internal Audit Division	• Independent from the business execution divisions • Based on the audit plan, the Internal Audit Division audits the legality, effectiveness and efficiency of the operations of each department and the Group's subsidiaries and evaluates the internal control over financial reporting. In addition, the Internal Audit Division reports and collaborates with the Audit and Supervisory Committee as appropriate. For important matters, in addition to reporting to the Audit and Supervisory Committee, it also reports to the Board of Directors to ensure organizational cooperation. • The Company has established regular information-sharing opportunities with the accounting auditors with regard to the maintenance and assessment of the operational status of internal control over financial reporting, to ensure accurate and efficient internal control audits.	5 employees

Initiatives to enhance risk management

Status of risk management system development

As part of the Group's risk management system, a Compliance Officer is designated to oversee matters related to compliance and internal control. The Compliance Officer, in cooperation with the Compliance Committee and outside experts such as lawyers, analyzes and evaluates compliance risks across the organization, including our Group companies, and provides education on compliance-related matters. In addition, our Compliance Hotline system has been established to enable employees and business partners of the Group to report directly to external organizations and specialized internal departments any suspicious activities related to laws, regulations, and internal rules. The Compliance Committee deliberates on reports received through this system. The findings are then reported to the Company's directors and Audit & Supervisory Committee in a timely and appropriate manner. Moreover, accounting matters are regularly audited by an independent auditor, and advice and guidance are provided in a timely manner by lawyers for legal matters and tax accountants for tax matters.

Business risks (summary)

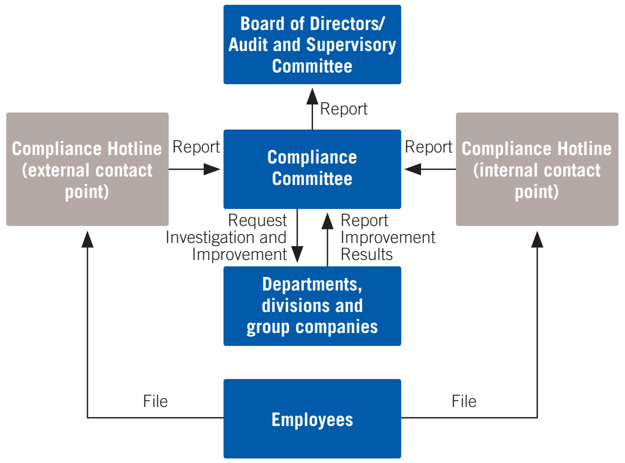
Major Risks	Potential impact of the risks
Store expansion and talent acquisition	Failure to secure and develop the necessary personnel may undermine service quality, posing a risk to business success
Import and logistics/ distribution	Possibility of delays in logistics and delivery due to political or economic conditions within the exporting country, or the state of management of external contractors
Marketing	Failure to secure and develop staff for proper marketing, along with maintaining an organizational management system, may result in a risk to business success
Legal regulations	Changes in laws or stricter interpretations may lead to increased operational costs, potentially impacting on the Group's financial state and business performance
Act on Protection of Personal Information	Possibility of a significant impact on our business performance, including issues of social credibility and individual compensation, in the event of personal information leakage
Impairment of fixed assets	Possibility of an adverse effect on the Group's business as a result of the recognition and measurement of impairment losses with prediction of impairment loss on fixed assets
Business expansion via M&A	Possibility of an adverse effect on the Group's financial state and results of operations in the event of incurring contingent liabilities or discovering unknown debts after an M&A has taken place
Loss from closing stores	Possibility of negative impact on the Group's results in the event of losses associated with the closure of stores
Exchange rate risks	General market risk from fluctuations in forex markets without assurance of being able to completely avoid exchange rate risk
Natural disasters	Possibility of effects on the Group's financial state and operating results due to costs arising from restoring store facilities, temporarily closing stores, disruption in logistics and delivery of products, etc., in the event of a natural disaster, such as a large-scale earthquake or typhoon
Inventory risks	Possibility of effects on the Company's financial state and operating results through inventory disposal and inventory write-down
Response to climate change	Risk of higher-than-expected energy and countermeasure costs in the event of a sudden increase in social demands, such as a significant tightening of laws and regulations related to climate change
Infectious disease risks	Possibility of effects on the Group's financial state and operating results due to store closures, reduced operating hours, or a decrease in the number of visitors due to a decline in the number of inbound tourists visiting Japan
Information security risks	Possibility of negative impact on the Group's performance in the event of unforeseen circumstances leading to prolonged system outages.

Whistle-blower hotline

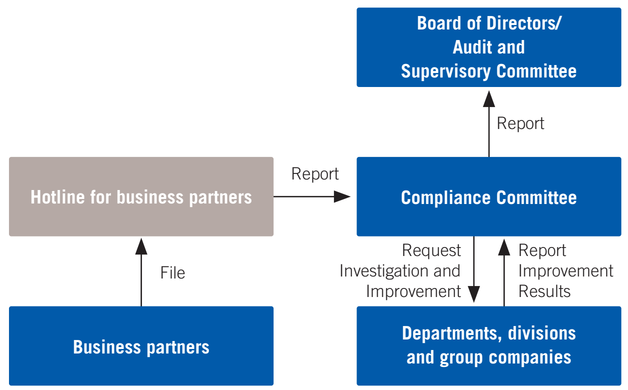
As part of strengthening compliance, the PPIH Group has a "Compliance Hotline" for employees to report violations of laws, regulations, and internal rules and regulations. The "Compliance Hotline" has two contact points, one with an external law firm and the other with an internal contact point, from which employees can choose to make a report. In addition, in order to maintain a moderate and sound relationship with our business partners, we have established a hotline for them so that they are able to report any concerns they may have about the actions of our Group's account managers. We take the opinions of our business partners seriously and work to promptly make improvements, ensure fair transactions, and build stronger relationships of trust. These hotlines are operated in accordance with internal regulations, and the contents of reports are reviewed by the Compliance Committee. The findings are subsequently reported to the Board of Directors and the Audit and Supervisory Committee as appropriate.

Matters reported through these hotlines are handled with strict confidentiality, and anonymous reporting is also allowed. Additionally, email reports are accepted 24 hours a day. Whistleblowers are thoroughly protected by the company regulations, which state that whistleblowers shall not be subject to any disadvantageous actions such as retaliation or worsening of the work environment because of their reporting. In addition, we actively introduce the "Compliance Hotline" in our company newsletter, monthly compliance training sessions, and internal posters to create an environment in which employees can use the hotline when necessary.

Whistle-blower System



Reporting framework for business partners



Compliance training for employees

Full-time and contract employees* receive e-learning compliance training sessions each month.

Compliance training is designed to improve each employee's understanding and awareness of key themes related to business risks and the Group's sustainability issues (materiality), as well as to inform and promote the use of the Group's compliance initiatives, including the whistle-blower system, to ensure the corporate compliance of the PPIH Group.

* UNY Co., Ltd. and UCS Co., Ltd. conduct compliance training for full-time employees

FY2024 Compliance training participation

Monthly average number of participants: 9,503
Monthly average participation rate: 85.8%

Anti-corruption initiatives

In order to practice sound and fair business activities, we are thoroughly implementing group-wide anti-corruption initiatives in accordance with our corporate philosophy and code of conduct "The Source", and the "PPIH Group Anti-Corruption Policy", which was established with the approval of the Board of Directors. As part of efforts to improve understanding and awareness of anti-corruption, in addition to compliance training for employees, training for executive officers on harassment was conducted in June 2023 by an outside lecturer. All executive officers participated in the training, which included lectures on domestic and international laws and regulations related to bribery and examples of compliance violations, as well as discussions on issues to be addressed by the Company. We also ask our business partners who are contract manufacturers of our private brand (PB) products to thoroughly prevent corruption through the "PPIH Group Supply Chain Code of Conduct" and a questionnaire survey to self-check their compliance with the code of conduct.

Tax compliance initiatives

The PPIH Group has established the "PPIH Group Tax Compliance Policy" with the approval of the Board of Directors to fulfill its proper tax obligations in each of the regions in which the Group operates. In accordance with this policy, the PPIH Group discloses its tax status appropriately. We do not use tax havens for the purpose of tax avoidance.

Tax status by region (FY2024) Unit: millions of yen

	Japan	North America	Asia	Total
Net sales*	1,763,062	246,875	85,140	2,095,077
Income before income taxes	140,169	(6,484)	(3,179)	130,506
Arising tax amount	45,783	1,449	163	47,395

* Note: Net sales are based on the location of customers and are classified into countries or regions

Domestic Discount Store Business

Main points of our strategy

- Enhancing the development of PB/OEM products and promoting OEM conversion of staple products
- Implement initiatives to make Don Quijote the No. 1 must-visit destination in Japan for inbound tourists
- Strategy development for engaging younger customers and increasing customer numbers via app-centric approaches

Reflecting on FY2024

Overview

Our domestic discount business achieved significant increases in both sales and profits in FY2024.

Net sales reached 1.3186 trillion yen (141.1 billion yen increase year on year), with existing store sales growing by 10.1% year on year. The increase in inbound tourists drove tax-free sales to 117.3 billion yen (79.0 billion yen increase year on year). In addition, our successful initiatives such as member-exclusive pricing strategies, promotional activities, and product offerings capturing outdoor/event demand contributed to the 3.3% year-on-year increase in non-tax-free sales.

Gross profit amounted to 360.2 billion yen (49.2 billion yen increase year on year), with a gross profit margin of 27.3% (0.9 pt increase year on year). Sales of PB/OEM products increased to 246.1 billion yen (48.2 billion yen increase year on year), with their sales composition ratio increasing to 19.3% (2.0 pt increase year on year). Furthermore, our inventory optimization accelerated the product introduction cycle for new and spot products. This created a positive cycle that helped customers find "something new" contributed to increases in the operating income margin and inventory turnover rate.

SG&A expenses totaled 274.2 billion yen (18.8 billion yen increase year on year) due to the opening of 24 new stores and investments in human resources. However, our SG&A ratio decreased to 20.8% (0.9 pt decrease year on year) thanks to sales growth and reduced utility costs. As a result, we achieved operating income of 86.0 billion yen (30.4 billion yen increase year on year), with an operating income margin of 6.5% (1.8 pt increase year on year).

Progress of initiatives

(1) Strengthening of PB/OEM products

We increased customer awareness through enhanced media exposure, including TV commercials, and stronger social media strategies. Initiatives including our continued development of unique products and diverse flavor variations of popular items such as "Mixed Nuts" and "Red Ginger Rice Cracker" helped to boost overall sales growth across various categories. We also actively promoted product development based on raw customer feedback received through "Maji-Voice".

(2) Expansion of tax-free sales

We successfully increased awareness and attracted more customers by strengthening pre-travel promotional campaigns in collaboration with influencers and travel agencies. We also leveraged our strengths of price competitiveness over rivals, our comprehensive product lineup enabling one-stop shopping, and late-night operations, as well as popular character merchandise enhancement and strengthening of collaborative products with manufacturers. Through these adaptable approaches to create stores aligned with trends, we expanded our market share. In addition, improvements to our tax-free register infrastructure and operations (including reducing checkout processing time by one minute) allow us to better accommodate inbound tourists.

(3) Expansion of new store openings

PPIH advanced new store openings using a variety of business formats, opening 24 new stores in FY2024.

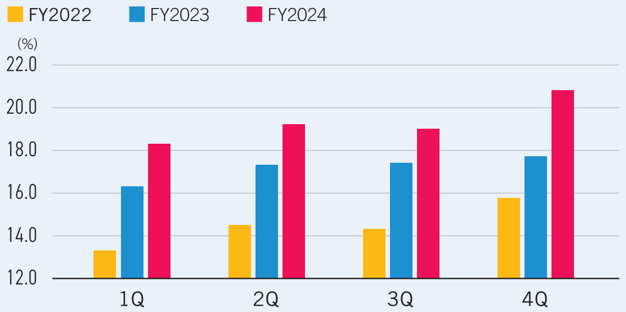
We utilized a diverse range of business formats and locations for our store openings. Stores included traditional Don Quijote stores, smaller "rail-side" Don Quijote stores, and category-specific business formats like "Kirakira Donki", and "replacement format" stores. That latter involves closing older properties with high maintenance costs and opening new stores in nearby areas with the latest formats.

Notable successes include the MEGA Don Quijote Narimasu store, which received significant media coverage, as well as the fresh-food-focused MEGA stores opened in Tottori and Aomori prefectures. These locations have attracted many customers thanks to their enhanced fresh food offerings and trend-focused curated non-food sections, catering to a wide range of age groups, including younger people.

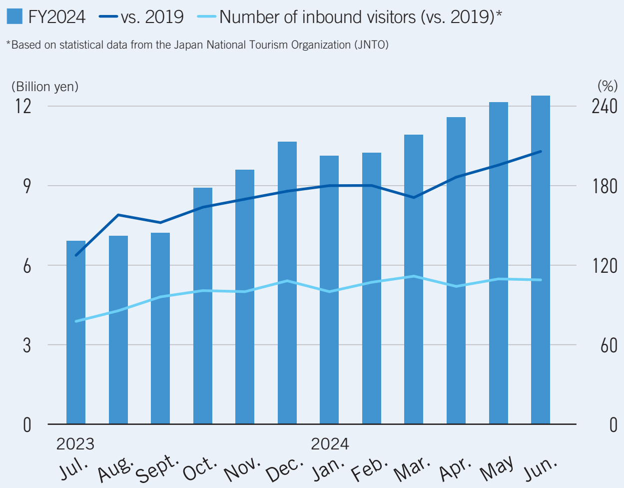
(4) Realization of the "Maji-Toku Cycle"

The number of majica app members has surpassed 15 million, driven by strategies such as member-exclusive pricing strategies and promotional campaigns celebrating surpassing 2 trillion yen in net sales. Four key services of the "Maji-Toku Cycle" have strengthened product appeal and attracted customers: "Maji-Kaitori", which buys back unsatisfactory PB items; "Maji-Kakaku", which offers popular items at astonishingly cheap prices; "Maji-Voice", a product review function that collects raw customer feedback; and "Maji-Nebiki", which discounts prices by rounding the last digit down. Through these services, we are promoting the creation of a positive cycle that enhances the shopping experience for customers.

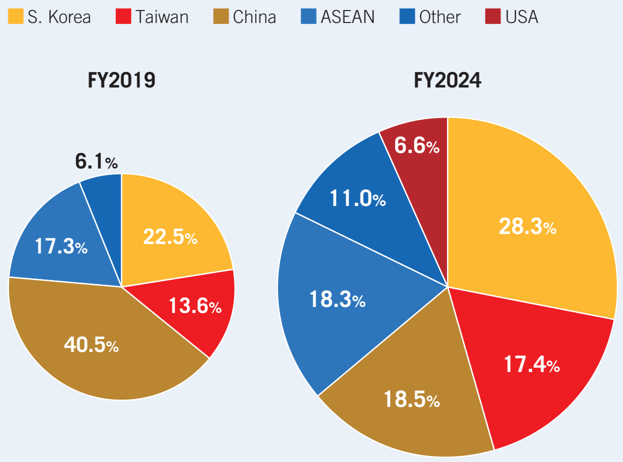
Ratio of PB/OEM in the domestic discount store business



Tax-free sales of domestic discount store business



Tax-free sales by nationality



Future strategy

PB/OEM strategies

We aim to increase PB/OEM sales to 500 billion yen by FY2027 (an increase of 253.9 billion yen over FY2024). For our PB JONETZ, we will focus on developing highly original products that align with customer needs to further expand category share. As a new initiative, we will also promote OEM conversion of staple products in categories previously not subject to PB/OEM conversion. Moreover, we will enhance profitability by reducing costs, reviewing the supply chain to enable small-lot production, shifting production countries, and consolidating production factories.

Inbound strategies

We are targeting tax-free sales of 175 billion yen by FY2027 (an increase of 57.7 billion yen over FY2024). To make Don Quijote Japan's No. 1 must-visit destination, we will enhance recognition and motivate customers to visit stores through social media promotions and new sales activities, while providing a shopping experience unique to our company, including PB products and amusement. Additionally, with the release of the global majica app planned for the second half of FY2025, we will continue to promote app membership among inbound tourists, encourage repeat visits to stores, and improve satisfaction.

New store opening strategy

We aim to open over 100 new stores by FY2027. By leveraging our strengths in adapting to various store sizes and locations, we will focus store openings to fill gaps nationwide with traditional Don Quijote stores while also approaching new customer segments through the opening of rail-side stores and mall tenant stores. In addition, we plan to open satellite stores for successful inbound tourism-focused stores. Through these efforts, we aim to further increase our domestic market share.

Customer acquisition strategy

By FY2027, we aim to achieve 30 million majica app members and 50% membership among the youth population (ages 15–24). To acquire new customers, particularly among younger demographics, we will implement TV commercial-linked initiatives, student discount campaigns, key opinion leader (KOL) initiatives, and in-person "real" event initiatives. In parallel, we are developing marketing automation initiatives to increase the store visit frequency of our existing customers.

Business Overview by Segment

Domestic GMS Business

Main points of our strategy

- Customer count is recovering thanks to successful initiatives such as "Price Voting" by employees and "Maji-Kakaku"
- Food section continues to achieving growth in both customer count and sales through thorough competitive strategy
- Non-food section undergoes drastic transformation driven by our full efforts with product and store focus

Reflecting on FY2024

The GMS business saw increases in both sales and profits in FY2024.

Net sales amounted to 462.4 billion yen (0.5 billion yen increase year on year). In the first half of the fiscal year, customer count stagnated at existing stores and we shifted our strategies. From the second half of the fiscal year, we were successful in strengthening various promotional strategies, such as price appeals on daily items and the "Price Voting" by employees, which started from April 2024.

Gross profit was 161 billion yen (2.2 billion yen increase year on year), and gross profit margin was 34.8% (0.4 pt increase year on year). The introduction of new products through MD integration and the strengthening of prime location development led to PB/OEM annual sales of 109.9 billion yen (20.5 billion yen increase year on year) and a sales composition ratio of 25.7% (4.8 pt increase year on year), contributing to improved profitability.

Although SG&A expenses increased due to advertising and strengthened promotions for majica, the optimization of personnel placement and reduction in utility costs resulted in the annual SG&A of 126.8 billion yen (4 billion yen decrease year on year) and SG&A ratio of 27.4% (0.9 pt decrease year on year). As a result, operating income was 34.2 billion yen (6.2 billion yen increase year on year), and the operating income margin was 7.4% (1.3 pt increase year on year).

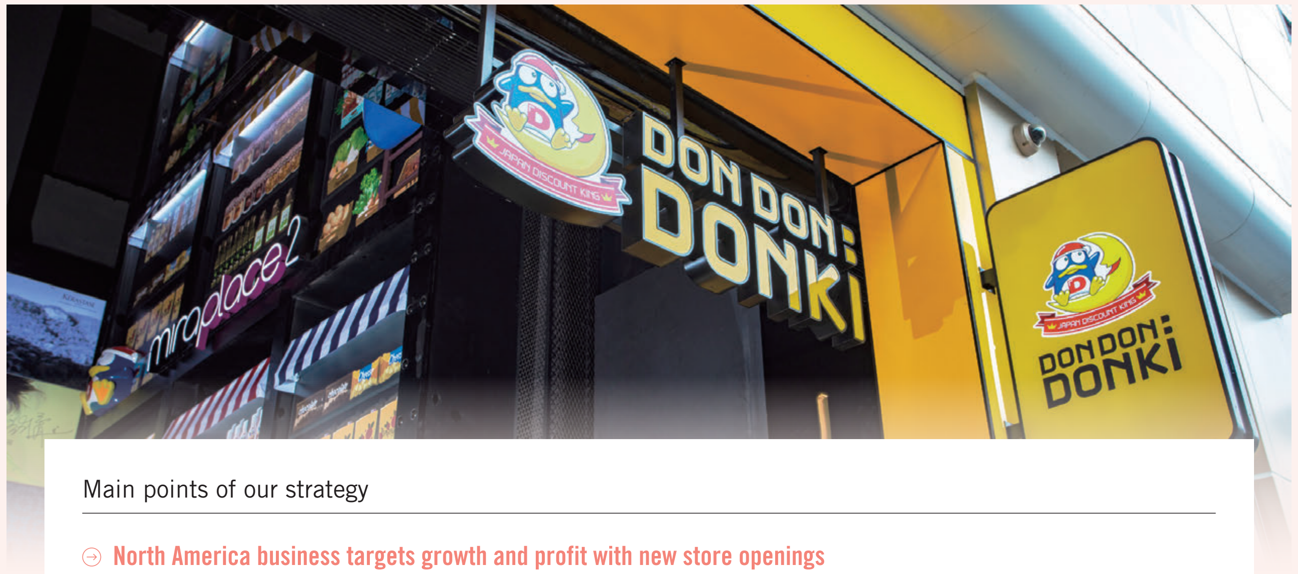
Future strategy

In the GMS business, since UNY became our subsidiary in 2019, we have been gradually promoting a shift away from traditional Headquarters-led store management to individual store management, where merchandise procurement, pricing, displays, and more are based on judgments by frontline employees in a way that leverages local characteristics and locations.

In the second half of FY2024, we implemented various sales promotion strategies such as "Maji-Kakaku," which offers astonishingly cheap prices exclusively for majica app members on carefully selected products that customers truly want, and "Toku-Toku Sale", which provides monthly discounts on groceries and daily necessities. Moreover, our unique "Price Voting" program generated significant interest. Through this, mate employees (part-time or temporary employees), who are also local customers, vote on which products and prices they truly want reduced, resulting in prices tailored to each commercial zone. These customer-focused measures helped drive the recovery in customer count.

For the GMS business, we set a goal to increase operating income by 10 billion yen by FY2030. In the food category, in addition to maintaining our high quality standards which have received excellent customer survey ratings, we will further enhance our competitive edge through "Price Voting" by employees and continue to drive growth in customer count and sales. For the non-food categories, while the operating income margin improved by over 2%, net sales remained flat. To address this, we are deploying many store managers and branch managers to the GMS business, including those in charge of non-food categories who have achieved success in the discount business. With the full support of the Group, we will drive drastic transformation of the non-food categories with both a product-focused and store-focused approach.

Overseas Business



Main points of our strategy

- North America business targets growth and profit with new store openings
- Started sushi restaurants in California and Guam; plan to expand with combined restaurant and retail establishments
- Asia business focuses on immediate improvements and on building new business concepts

Reflecting on FY2024

Our North America business recorded increased sales but decreased profits in FY2024. Net sales reached 247.4 billion yen (14 billion yen increase year on year), driven by enhanced deli items and sushi offerings, which met shifts in demand caused by inflation and a trend from dining out to eating at home. Gross profit stood at 92.5 billion yen (5.3 billion yen increase year on year), and we maintained gross profit margin at 37.4%, matching the previous year. This was achieved by offsetting cost increases through growth in high-margin deli items and sushi, improved profitability of PB/OEM products, and a favorable margin mix driven by competitive pricing. SG&A expenses rose to 87.9 billion yen (9 billion yen increase year on year) due to higher growth investments in new stores and supply chain-related initiatives, resulting in an SG&A ratio of 35.5% (1.7 pt increase year on year). Consequently, operating income declined to 4.6 billion yen (3.7 billion yen decrease year on year), with an operating income margin of 1.9% (1.7 pt decrease year on year).

Our Asia business also recorded increased sales but decreased profits in FY2024. Net sales rose to 85.2 billion yen (2.8 billion yen increase year on year), supported by the opening of 11 new stores. Gross profit reached 31.6 billion yen (1.3 billion yen increase year on year), and the gross profit margin was 37.1% (0.3 pt increase year on year). While we implemented labor cost controls, SG&A expenses rose to 31.3 billion yen (2.6 billion yen increase year on year) due to greater costs associated with new store openings, resulting in an SG&A ratio of 36.8% (2.0 pt increase year on year). Consequently, operating income was 0.3 billion yen (1.3 billion yen decrease year on year), with an operating income margin of 0.4% (1.6 pt decrease year on year).

* The rise and fall difference of operating income in the North America business is calculated after deducting Gelson's amortization of goodwill (approx. 3.4 billion yen in FY2023 and approx. 3.7 billion yen in FY2024)

Future strategy

In our North America business, we are pursuing growth and profit contribution by expanding business scale via new store openings.

At TOKYO CENTRAL in California, our central kitchen has enabled quality improvements in sushi and deli items, as well as the creation of "something new" through regular product development. These efforts have garnered customer support, particularly from customers in commercial zones with many Asian people. We are entering a new phase with plans for the first store opening in 6 years during FY2025, and we aim to open more than 4 stores annually from FY2026 onwards. In addition, under a new management team, we will increase the profitability of Gelson's through tighter control of SG&A expenses and waste reduction initiatives. We will also strengthen sales promotion activities to boost Gelson's brand recognition, attract new customers, and communicate the quality of its products.

In Hawaii, we face a challenging environment caused by intensified competition due to inflation and a decrease in tourists from the U.S. mainland. In response, we are advancing a differentiation strategy centered on strengthening high-profit products such as sushi and deli items, which have been consistently popular.

In addition, our sushi restaurants opened in California and Guam have been well-received for their menus tailored to local needs and high quality. Looking ahead, we plan to open new combined restaurant and retail establishments.

In the Asia business, as a short-term improvement, we are solidifying the future direction for unprofitable stores and strengthening negotiations with manufacturers to expand locally produced PB/OEM products and spot items. We will continue to accelerate our MD cycle to facilitate new product introductions and create astonishingly cheap products. In addition, in order to achieve major growth with our sights set on 2030 and beyond, we are conducting a long-term review of our business concepts in light of the current state of our Asia business, with the aim of establishing a stable and replicable revenue model.

Financial and Non-Financial Highlights

Millions of yen

	FY2015	FY2016	FY2017	FY2018	FY2019*3	FY2020*4	FY2021*5	FY2022*6	FY2023	FY2024
Net sales	683,981	759,592	828,798	941,508	1,328,874	1,681,947	1,708,635	1,831,280	1,936,783	2,095,077
Cost of sales	502,240	557,699	610,218	697,517	958,347	1,200,831	1,211,400	1,287,892	1,336,393	1,432,179
Selling, general and administrative expenses	142,638	158,708	172,395	192,423	307,417	405,692	416,003	454,701	495,131	522,705
Operating income	39,103	43,185	46,185	51,568	63,110	75,424	81,232	88,688	105,259	140,193
Ordinary income	40,160	43,797	45,523	57,218	68,240	74,600	81,452	100,442	110,994	148,709
Profit before income taxes	39,157	42,113	55,325	56,373	66,284	72,588	64,191	92,028	100,739	130,506
Profit attributable to owners of parent	23,148	24,938	33,082	36,405	47,066	49,927	53,734	61,928	66,167	88,701
Total assets	505,666	560,568	642,868	806,778	1,282,100	1,297,231	1,370,115	1,383,678	1,481,058	1,498,410
Total net assets	221,367	244,547	279,930	312,495	352,300	388,999	438,628	399,247	463,539	547,003
Basic earnings per share (yen)*1	36.77	39.44	52.30	57.53	74.36	78.79	84.74	102.64	110.94	148.64
Diluted earnings per share (yen)*1	36.65	39.41	52.26	57.41	74.13	78.58	84.52	102.41	110.67	148.09
Cash dividends per share (yen)*1	5.00	5.50	6.50	8.00	10.00	15.00	16.00	17.00	20.00	30.00
Consolidated dividend payout ratio (%)	13.6	13.9	12.4	13.9	13.4	19.0	18.9	16.6	18.0	20.2
Return on assets (ROA) (%)	4.9	4.7	5.5	5.0	4.5	3.8	4.0	4.5	4.6	6.0
Return on equity (ROE) (%)	11.6	11.2	13.5	13.3	15.2	14.3	13.6	15.3	15.7	17.9
Number of purchasing customers	283,039,023	304,899,600	333,215,267	370,829,179	528,888,368	660,601,089	646,894,352	663,998,892	663,919,818	682,155,462
Number of purchased items	1,824,446,232	2,039,829,666	2,313,489,393	2,662,827,579	4,108,663,303	5,315,271,867	5,374,521,949	5,457,684,270	5,242,121,439	5,271,392,381
Number of Group employees	6,029	6,857	6,708	7,876	13,546	14,186	16,838	16,912	17,107	17,168
Number of female store managers in Japan	–	–	–	–	–	–	13	26	31	39
Number of new graduate hires in Japan	–	–	–	225	385	380	277	466	433	286
% of female employees in new graduate hires in Japan	–	–	–	46.7	38.7	38.4	39.0	44.8	43.2	51.7
CO_2 emissions (t-CO_2)*2	–	–	–	268,880	381,608	567,357	534,349	522,868	512,505	510,253

*1 Calculated information per share assuming that the share split (2-for-1) conducted on July 1, 2015 and share split (4-for-1) conducted on September 1, 2019 took place at the start of FY2015.

*2 Total for Scopes 1 and 2; Extent of data aggregation: major domestic Group companies; UNY Co., Ltd. was added from January 2019; Data aggregation period: April of the previous year to March of the current year; Scope 2 emission factors: adjusted emission factor for each electric power company

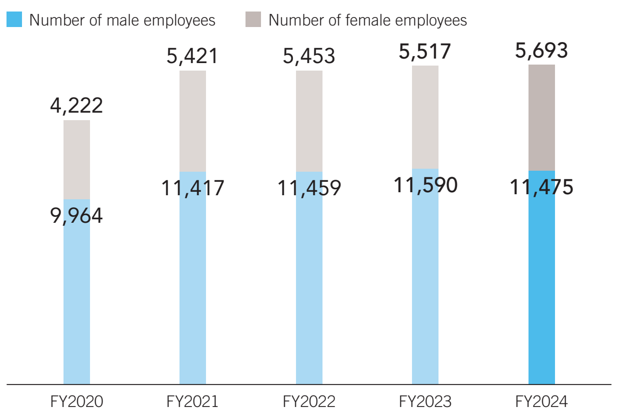
*3 Regarding the corporate integration with UNY, values related to FY2019 utilize confirmed content following confirmation in FY2020 statements of provisional accounting measures used in FY2019.

*4 In FY2021, the Group changed its accounting method for inventories. This change has been retroactively applied to the figures for FY2020.

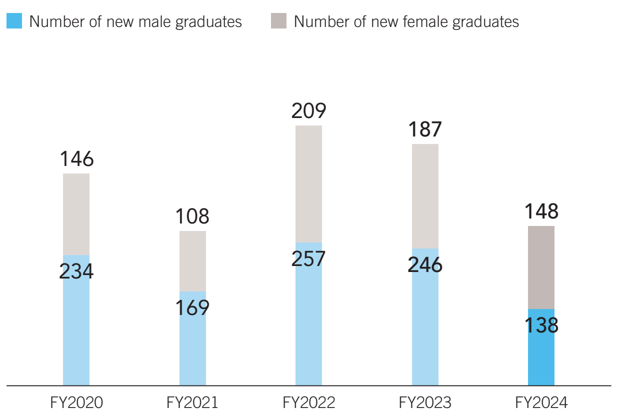
*5 Regarding the corporate integration with GRCY Holdings, Inc., the figures for FY2021 are final figures taken from FY2022 statements that confirm and finalize the provisional accounting measures used in FY2021.

*6 From the beginning of the fiscal year ended June 2022, the PPIH Group has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others.

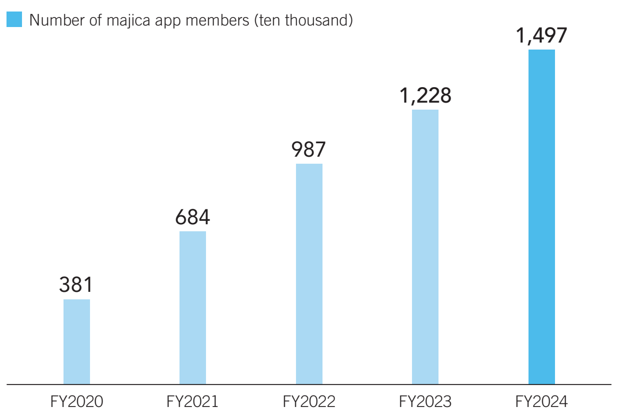
Number of Group employees by gender



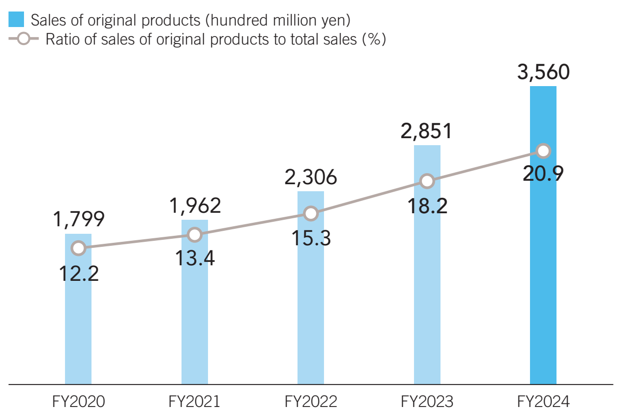
Number of new graduate hires by gender in Japan



Number of majica app members



Sales of original products*7 / Ratio of sales of original products to total sales



*7 Original products: private brand products and OEM products
Scope: domestic discount store business and domestic GMS business

Financial Performance

Consolidated Balance Sheets

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
As of June 30, 2023 and 2024

	Millions of yen		Millions of U.S. dollars
	2023	2024	2024
Assets			
Current assets			
Cash and deposits (Note 3)	¥ 242,088	¥ 172,719	$1,072
Notes and accounts receivables–trade (Note 1)	13,782	17,068	106
Accounts receivables–installment	55,350	57,333	356
Operating loans	9,047	9,613	60
Merchandise and finished goods (Note 3)	194,537	198,979	1,235
Prepaid expenses	8,629	8,695	54
Deposits paid	5,357	15,800	98
Other	25,541	36,452	226
Allowance for doubtful accounts	(2,496)	(3,227)	(20)
Total current assets	551,836	513,432	3,188
Non-current assets			
Property, plant and equipment			
Buildings and structures (Note 3)	490,423	540,773	3,357
Accumulated depreciation	(177,171)	(201,256)	(1,249)
Accumulated impairment loss	(25,278)	(30,843)	(191)
Buildings and structures, net	287,975	308,674	1,916
Tools, furniture and fixtures	118,405	135,202	839
Accumulated depreciation	(78,928)	(90,524)	(562)
Accumulated impairment loss	(4,451)	(6,707)	(42)
Tools, furniture and fixtures, net	35,027	37,971	236
Other	2,868	3,163	20
Accumulated depreciation	(1,475)	(1,629)	(10)
Accumulated impairment loss	(0)	(0)	(0)
Other, net	1,393	1,534	10
Land (Note 3)	318,721	356,663	2,214
Construction in progress	15,532	4,197	26
Right-of-use assets	37,306	40,985	254
Accumulated depreciation	(4,919)	(7,397)	(46)
Accumulated impairment loss	(1,825)	(7,166)	(44)
Right-of-use assets, net	30,561	26,423	164
Total property, plant and equipment	689,209	735,463	4,566
Intangible assets			
Goodwill	61,002	62,574	388
Other	27,528	32,074	199
Total intangible assets	88,530	94,647	588
Investments and other assets			
Investment securities (Note 2)	34,643	35,688	222
Long-term prepaid expenses	4,370	4,647	29
Retirement benefit asset	17,806	18,372	114
Deferred tax assets	20,686	25,609	159
Leasehold and guarantee deposits	71,845	68,737	427
Other (Note 3)	3,476	3,171	20
Allowance for doubtful accounts	(1,342)	(1,357)	(8)
Total investments and other assets	151,484	154,867	961
Total non-current assets	929,222	984,978	6,115
Total assets	¥1,481,058	¥1,498,410	$9,303

	Millions of yen		Millions of U.S. dollars
	2023	2024	2024
Liabilities			
Current liabilities			
Notes and accounts payables–trade	¥ 168,661	¥ 197,151	$1,224
Current portion of long-term loan payables (Note 8)	34,364	48,615	302
Current portion of bonds	10,930	650	4
Accounts payables–other	49,475	60,874	378
Lease obligations	2,263	2,809	17
Accrued expenses	26,991	31,300	194
Deposits received	14,012	13,971	87
Income taxes payables	23,169	25,547	159
Provision for point card certificates	1,962	1,379	9
Contract liabilities	20,838	18,966	118
Other (Note 3)	15,756	17,958	111
Total current liabilities	368,422	419,220	2,603
Non-current liabilities			
Bond payables	261,625	191,075	1,186
Long-term loan payables (Note 8)	272,499	224,657	1,395
Lease obligations	31,036	32,897	204
Asset retirement obligations	30,835	31,395	195
Other (Note 3)	53,101	52,163	324
Total non-current liabilities	649,097	532,187	3,304
Total liabilities	1,017,519	951,407	5,907
Net assets			
Shareholders' equity			
Capital stock	23,351	23,538	146
Capital surplus	17,509	17,659	110
Retained earnings	483,366	559,538	3,474
Treasury shares	(80,956)	(80,956)	(503)
Total shareholders' equity	443,270	519,778	3,227
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,690	2,126	13
Foreign currency translation adjustment	7,797	13,857	86
Remeasurements of defined benefit plans	503	733	5
Total accumulated other comprehensive income	9,991	16,716	104
Share acquisition rights	771	1,442	9
Non-controlling interests	9,507	9,066	56
Total net assets	463,539	547,003	3,396
Total liabilities and net assets	¥1,481,058	¥1,498,410	$9,303

See accompanying notes to consolidated financial statements.

Financial Performance

Consolidated Statements of Profit and Loss

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2023 and 2024

	Millions of yen		Millions of U.S. dollars
	2023	2024	2024
Net sales (Note 1)	¥1,936,783	¥2,095,077	$13,007
Cost of sales (Note 2)	1,336,393	1,432,179	8,892
Gross profit	600,390	662,898	4,116
Selling, general and administrative expenses (Note 3)	495,131	522,705	3,245
Operating income	105,259	140,193	870
Non-operating income			
Interest and dividend income	893	1,063	7
Share of profit of affiliates accounted for using equity method	679	666	4
Foreign exchange gains	6,420	10,278	64
Penalty income	348	1,068	7
Other	5,921	4,039	25
Total non-operating income	14,261	17,114	106
Non-operating expenses			
Interest expenses paid on loans and bonds	7,703	6,986	43
Other	823	1,612	10
Total non-operating expenses	8,526	8,598	53
Ordinary income	110,994	148,709	923
Extraordinary income			
Gain on sale of non-current assets (Note 4)	19	15	0
Compensation income	–	550	3
Gain on reversal of asset retirement obligations	7	228	1
Other	29	94	1
Total extraordinary income	54	887	6
Extraordinary losses			
Impairment loss (Note 5)	5,983	14,165	88
Loss on retirement of non-current assets (Note 6)	1,565	1,834	11
Loss on closing of stores (Note 7)	2,392	2,240	14
Loss on disaster	71	654	4
Loss on litigation	226	–	–
Other	72	196	1
Total extraordinary losses	10,309	19,089	119
Profit before income taxes	100,739	130,506	810
Income taxes–current	37,367	47,395	294
Income taxes–deferred	(2,399)	(4,085)	(25)
Total income taxes	34,967	43,309	269
Profit	65,772	87,197	541
Loss attributable to non-controlling interests	(396)	(1,504)	(9)
Profit attributable to owners of parent	¥ 66,167	¥ 88,701	$ 551

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2023 and 2024

	Millions of yen		Millions of U.S. dollars
	2023	2024	2024
Profit	¥65,772	¥87,197	$541
Other comprehensive income			
Valuation difference on available-for-sale securities	1,628	236	1
Foreign currency translation adjustment	4,359	6,580	41
Remeasurements of defined benefit plans, net of tax	42	221	1
Share of other comprehensive income of affiliates accounted for using equity method	(26)	65	0
Total other comprehensive income (Note)	6,003	7,101	44
Comprehensive income	¥71,775	¥94,298	$585
Comprehensive income attributable to:			
Owners of parent	¥71,619	¥95,427	$592
Non-controlling interests	156	(1,128)	(7)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2023 and 2024

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
2023	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	¥23,217	¥17,376	¥428,044	¥ (80,956)	¥387,681	¥ 520	¥3,532	¥487	¥4,539	¥271	¥6,755	¥399,247
Changes of items during period												
Issuance of new shares	134	134			267							267
Dividends of surplus			(10,734)		(10,734)							(10,734)
Profit attributable to owners of parent			66,167		66,167							66,167
Change in scope of consolidation			(112)		(112)							(112)
Net changes of items other than shareholders' equity						1,170	4,265	16	5,452	500	2,752	8,703
Total changes of items during period	134	134	55,322	–	55,589	1,170	4,265	16	5,452	500	2,752	64,292
Balance at end of current period	¥23,351	¥17,509	¥483,366	¥ (80,956)	¥443,270	¥1,690	¥7,797	¥503	¥9,991	¥771	¥9,507	¥463,539

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income						
2024	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	¥23,351	¥17,509	¥483,366	¥ (80,956)	¥443,270	¥1,690	¥ 7,797	¥503	¥ 9,991	¥ 771	¥9,507	¥463,539
Changes of items during period												
Issuance of new shares	186	186			373							373
Dividends of surplus			(12,529)		(12,529)							(12,529)
Profit attributable to owners of parent			88,701		88,701							88,701
Purchase of treasury shares				(0)	(0)							(0)
Capital increase of consolidated subsidiaries		(37)			(37)							(37)
Net changes of items other than shareholders' equity						436	6,060	230	6,725	671	(441)	6,956
Total changes of items during period	186	149	76,172	(0)	76,508	436	6,060	230	6,725	671	(441)	83,464
Balance at end of current period	¥23,538	¥17,659	¥559,538	¥ (80,956)	¥519,778	¥2,126	¥13,857	¥733	¥16,716	¥1,442	¥9,066	¥547,003

Millions of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income						
2024	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	$145	$109	$3,001	$(503)	$2,752	$10	$48	$3	$ 62	$5	$59	$2,878
Changes of items during period												
Issuance of new shares	1	1			2							2
Dividends of surplus			(78)		(78)							(78)
Profit attributable to owners of parent			551		551							551
Purchase of treasury shares				(0)	(0)							(0)
Capital increase of consolidated subsidiaries		(0)			(0)							(0)
Net changes of items other than shareholders' equity						3	38	1	42	4	(3)	43
Total changes of items during period	1	1	473	(0)	475	3	38	1	42	4	(3)	518
Balance at end of current period	$146	$110	$3,474	$(503)	$3,227	$13	$86	$5	$104	$9	$56	$3,396

See accompanying notes to consolidated financial statements.

Financial Performance

Consolidated Statements of Cash Flows

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries

For the fiscal years ended June 30, 2023 and 2024

	Millions of yen		Millions of U.S. dollars
	2023	2024	2024
Cash flows from operating activities			
Profit before income taxes	¥100,739	¥130,506	$ 810
Depreciation and amortization	42,261	46,231	287
Impairment loss	5,983	14,165	88
Increase (decrease) in allowance for doubtful accounts	(136)	716	4
Interest and dividend income	(893)	(1,063)	(7)
Interest expenses paid on loans and bonds	7,703	6,986	43
Foreign exchange gains	(6,420)	(9,763)	(61)
Share of profit of affiliates accounted for using equity method	(679)	(666)	(4)
Loss on sale and retirement of non-current assets	1,555	1,823	11
Loss on closing of stores	2,392	2,240	14
Offset payments for house rental fee with leasehold and guarantee deposits	2,229	2,111	13
Increase in notes and accounts receivables–trade	(912)	(3,012)	(19)
Decrease (increase) in inventories	13,154	(1,623)	(10)
Increase in notes and accounts payables–trade	14,345	26,106	162
Increase in accounts receivables–installment	(3,345)	(2,164)	(13)
Increase in retirement benefit asset	(287)	(275)	(2)
Increase (decrease) in accounts payables–other	(1,915)	8,722	54
Increase (decrease) in deposits received	507	(69)	(0)
Increase in other current liabilities	4,804	2,394	15
Increase (decrease) in other non-current liabilities	(244)	78	0
Other, net	(4,635)	(20,566)	(128)
Subtotal	176,208	202,878	1,260
Interest and dividend income received	768	800	5
Interest expenses paid	(7,737)	(7,296)	(45)
Income taxes paid	(31,940)	(48,659)	(302)
Income taxes refund	585	3,284	20
Proceeds from dividend income from affiliates accounted for using equity method	170	178	1
Payments for loss on disaster	(99)	(630)	(4)
Net cash provided by operating activities	137,955	150,554	935
Cash flows from investing activities			
Payments for purchase of property, plant and equipment	(51,678)	(86,221)	(535)
Proceeds from sale of property, plant and equipment	958	124	1
Payments for purchase of intangible assets	(7,884)	(8,372)	(52)
Payments for leasehold and guarantee deposits	(1,782)	(1,199)	(7)
Proceeds from collection of leasehold and guarantee deposits	2,122	1,532	10
Payments for store opening in progress	(611)	(159)	(1)
Payments for purchase of shares of subsidiaries and affiliates	(3,386)	(93)	(1)
Other, net	264	(345)	(2)
Net cash used in investing activities	(61,997)	(94,733)	(588)
Cash flows from financing activities			
Proceeds from long-term loan payables	30,000	50,000	310
Payments of long-term loan payables	(27,171)	(84,820)	(527)
Proceeds from issuance of bonds	–	69,789	433
Redemption of bonds	(11,421)	(150,930)	(937)
Cash dividends paid	(10,734)	(12,529)	(78)
Proceeds from share issuance to non-controlling interests	5,000	407	3
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,239)	–	–
Other, net	(1,652)	(1,862)	(12)
Net cash used in financing activities	(18,217)	(129,945)	(807)
Effect of foreign exchange rate change on cash and cash equivalents	9,784	15,129	94
Net increase in cash and cash equivalents	67,525	(58,995)	(366)
Cash and cash equivalents at beginning of period	180,418	246,195	1,528
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1,852)	–	–
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	104	–	–
Cash and cash equivalents at end of period (Note)	¥246,195	¥187,199	$1,162

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the fiscal years ended June 30, 2023 and 2024

(Basis of Presenting Consolidated Financial Statements)

The accompanying consolidated financial statements of Pan Pacific International Holdings Corporation ("the Company") and its consolidated subsidiaries (collectively, "the Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards ("IFRSs"). Foreign subsidiaries maintain their records of account in conformity with the accounting and relevant legal requirements in the respective countries, and there are no significant differences from the accounting standards adopted by the Company.

Each amount in the accompanying consolidated financial statements is rounded off to the nearest million yen. The U.S. dollar amounts are included solely for the convenience of readers outside Japan and are stated at the exchange rate of ¥161.07 to U.S.$1, the rate prevailing on June 30, 2024. These translations should not be construed as representations that Japanese yen amounts actually represent or have been or could be converted into U.S. dollars at that or any other rate.

The consolidated financial statements are not intended to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(Significant Matters for the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries 73

Names of consolidated subsidiaries

Don Quijote Co., Ltd.
UNY Co., Ltd.
Nagasakiya Co., Ltd.
UD Retail Co., Ltd.
Japan Asset Marketing Co., Ltd.
Pan Pacific International Financial Service Corporation
UCS Co., Ltd.
Japan Commercial Establishment Co., Ltd.
Pan Pacific Retail Management (Singapore) Pte. Ltd.
Pan Pacific Retail Management (Hong Kong) Co., Ltd.
Don Quijote (USA) Co., Ltd.
Gelson's Markets
MARUKAI CORPORATION
QSI, Inc.
And 59 other companies

During the fiscal year ended June 30, 2024, the Company established pHmedia Co., Ltd. and one other company and included them in the scope of consolidation. In addition, three companies were excluded from the scope of consolidation: one company due to extinguishment through an absorption-type merger and two companies due to the completion of liquidation.

(2) Names, etc., of major non-consolidated subsidiaries

Nine non-consolidated subsidiaries are excluded from the scope of consolidation due to the scale of their business, and total assets, net sales, profit or loss (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) not having a material effect on the consolidated financial statements.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method 2

Names of affiliates accounted for under the equity method

Accretive Co., Ltd.
Kanemi Co., Ltd.

(2) Non-consolidated subsidiaries and affiliates not accounted for under the equity method

Nine non-consolidated subsidiaries and five affiliates are not accounted for under the equity method because they are, individually or in aggregate, immaterial to the Group's financial position and results of operation with respect to their profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest).

3. Fiscal year-ends of consolidated subsidiaries

Of the consolidated subsidiaries, Don Quijote (USA) Co., Ltd. and 23 other companies have fiscal year-ends that differ from the consolidated fiscal year-end, but as the gap among the respective closing dates is not more than three months, the financial statements of these subsidiaries are used in the preparation of the consolidated financial statements.

However, necessary adjustments are made for the effects of significant transactions that occur during the gap between the fiscal year-ends of these subsidiaries and the consolidated fiscal year-end on June 30.

Of the consolidated subsidiaries, seven companies have fiscal year-ends that differ from the consolidated fiscal year-end by more than three months. Consequently, financial statements based on a provisional settlement of accounts on the consolidated closing date are used in the preparation of the consolidated financial statements.

Of the consolidated subsidiaries, Japan Asset Marketing Co., Ltd. and 13 other companies have fiscal year-ends that differ from the consolidated fiscal year-end. Consequently, financial statements based on a provisional settlement of accounts on the consolidated closing date are used in the preparation of the consolidated financial statements, as this would provide more appropriate management information.

4. Accounting policies

(1) Basis and method of valuation of significant assets

(a) Securities

Shares of subsidiaries and affiliates

Cost method by determining the cost using the moving average method

Available-for-sale securities

Securities other than stocks that do not have quoted market prices

Fair value method (The amounts of unrealized gains or losses from such securities, after accounting for tax effects, are presented in net assets. Costs of securities sold are calculated using the moving average method.)

Stocks that do not have quoted market prices

Cost method by determining the cost using the moving average method

(b) Derivatives

Fair value method

(c) Inventories

Cost method by determining the cost mainly using the moving average method (The amounts on the consolidated balance sheets are calculated using a method of writing down the book value due to a decline in profitability.)

For fresh food, cost method by determining the cost using the last purchased price method

(2) Depreciation method for significant depreciable assets

(a) Property, plant and equipment (excluding lease assets and right-of-use assets)

The declining-balance method is used for calculation of depreciation.

However, the Company and its domestic consolidated subsidiaries use the straight-line method for buildings (excluding fixtures) acquired on or after April 1, 1998 and fixtures and structures acquired on or after April 1, 2016.

UNY Co., Ltd. and five other consolidated companies and foreign consolidated subsidiaries use the straight-line method.

The useful life and residual value are determined in accordance with the Corporation Tax Act of Japan.

(b) Intangible assets (excluding lease assets)

Straight-line method

Software for internal use is amortized using the straight-line method over an estimated internal useful life of five years.

(c) Lease assets and right-of-use assets

Lease assets and right-of-use assets are depreciated using the straight-line method over the lease term with no residual value.

(d) Long-term prepaid expenses

Straight-line method

(3) Accounting treatment for deferred assets

(a) Common stock issuance cost

Expense as incurred

(b) Bond issuance cost

Expense as incurred

(4) Basis for significant provision and allowance

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in amounts sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and the amount calculated using the actual historical rate of losses and certain method based on the actual historical rate of losses. For foreign consolidated subsidiaries, the estimated uncollectible amount is provided mainly with respect to certain receivables.

(b) Provision for point card certificates

Provision for point card certificates is provided for the use of points given to members of credit cards, etc. at the amount expected to be used. The amount is estimated based on historical redemption experience and other factors.

(5) Accounting treatment for retirement benefits

(a) Allocation method of attributing expected benefits to period

In calculating retirement benefit obligations, the benefit formula method is used to allocate expected retirement payments to the period up to the current fiscal year-end.

(b) Treatment for actuarial differences and past service costs

Past service cost is amortized by the straight-line method over a period of 10 years which is shorter than the average remaining years of service of the eligible employees.

Actuarial differences are amortized commencing in the following years after the differences are recognized by the straight-line method over a period of 10 years which are shorter than the average remaining years of service of the eligible employees.

As of June 30, 2024 since the amount of pension assets exceeds the amount of retirement benefit obligations, the excess amount is recognized as a retirement benefit asset and presented on the consolidated balance sheets under investments and other assets.

(6) Significant revenue and expense recognition standards

The details of the main performance obligations in the major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries and the timing at which these performance obligations are typically satisfied (when revenue is typically recognized) are as follows:

(a) Sale of products

Revenue from sale of products in the Domestic business, North America business, and Asia business is recognized when products are transferred to a customer.

Revenue from sale of products in which the Company and its consolidated subsidiaries are deemed to be an agent is recognized at the net amount of the amount received in exchange for the products provided by the other party less the amount to be paid to the other party concerned.

(b) Rent business

In the Domestic business, North America business, and Asia business, the Company rents floor space in shopping malls and stores to tenants, and revenue is recognized from rental transactions in accordance with the ASBJ Statement No. 13 “Accounting Standard for Lease Transactions,” and other standards.

(c) Financial income

Financial income in the Domestic business consists of credit fees and commissions from finance services, and revenue is recognized in accordance with the ASBJ Statement No. 10 “Accounting Standards for Financial Instruments” and other standards.

(7) Basis for foreign currency translation of significant assets and liabilities denominated in foreign currencies

All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the prevailing rates of exchange at the consolidated balance sheet date except for shareholders’ equity, which is translated at the historical rate. Exchange gains or losses resulting from translation of assets and liabilities are recognized in income or expenses.

The assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the prevailing rates of exchange at the respective balance sheet date. Income and expense items are translated at the average exchange rate prevailing during the fiscal year. Exchange gains or losses resulting from translation of financial statements are recognized as foreign currency translation adjustment and non-controlling interests under a separate component of net assets.

(8) Method and period of amortizing goodwill

Goodwill is amortized using the straight-line method over the reasonably estimated period in which investment effects will be revealed.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows

Funds (cash and cash equivalents) in the consolidated statements of cash flows comprise cash in hand, demand deposits, and short-term highly liquid investments with a maturity of three months or less from the time of purchase, which bear only low risks from fluctuations in value.

(Significant Accounting Estimates)

1. Loss on valuation of inventories

(1) Amount presented on the consolidated financial statements for the fiscal year ended June 30, 2024

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Merchandise and finished goods	¥194,537	¥198,979	$1,235
Loss on valuation of inventories included in cost of sales	¥3,276	¥2,558	$16

(2) Information on the details of significant accounting estimates of identified item

(i) Method of calculating the amount of loss on valuation of inventories

If the net selling value of inventories is lower than their book value, the difference is recognized as a loss on valuation of inventories. The Company writes down the book value of inventories on a systematic basis that have been unsold and no longer part of the normal operating cycle process, and records a loss on valuation.

(ii) Major assumptions used in significant accounting estimates

In calculating a loss on valuation of inventories that have been unsold and no longer part of the normal operating cycle process, the Company identifies products whose turnover ratio becomes lower than a certain ratio, and writes down the book value of the identified products on a systematic basis by a depreciation rate that is determined based on such factors as the previous sales record of the product group to which the identified products belong, the quantity of inventories, and future sales plans.

(iii) Impacts on the consolidated financial statements for the following fiscal year

The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by deterioration of market environments, changes in consumer preferences and lifestyles, and other factors. Therefore, depending on the future circumstances, an additional loss on valuation of inventories may arise in the following fiscal year.

2. Impairment of non-current assets

(1) Amount presented on the consolidated financial statements for the fiscal year ended June 30, 2024

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Property, plant and equipment	¥689,209	¥735,463	$4,566
Intangible assets	¥88,530	¥94,647	$588
Impairment loss	¥5,983	¥14,165	$88

(2) Information on the details of significant accounting estimates of identified item

(i) Method of calculating the amount of impairment loss

The Group categorizes its assets by store and operating division as the smallest group of assets that generates cash flows. The

Group determines whether or not there is any indication of impairment of rental properties and idle assets on an individual property basis. If any such indication exists, the Group determines whether or not it needs to recognize an impairment loss. As a result of such determination, if the Group needs to recognize an impairment loss, it reduces the book value of the asset to its recoverable amount, and recognizes the reduction as an impairment loss.

The Group determines that its assets have an indication of impairment when a store's profitability declines due to a seriously deteriorating operating environment and other factors; a store continuously generates losses from its operating activities; a property or store whose market price significantly declines; and a store that has been newly opened or is scheduled to be newly opened generates losses from its operating activities that exceed initial expectations, and is expected to continue to generate losses from its operating activities.

The Group determines that it needs to recognize an impairment loss of a property or store that has any indication of impairment when the total amount of undiscounted future cash flows is lower than the book value of the property or store.

The recoverable amount of each asset is determined to be the higher of either its net selling value or value in use. The net selling value is calculated based on factors such as the appraisal value by a real estate appraiser.

(ii) Major assumptions used in significant accounting estimates
Based on its past sales results, the Group takes into account changes in commercial zones, influences by competitors' stores, the operating environment, and other factors, forecasts future net sales and operating income and expenses by store, and calculates future cash flows.

(iii) Impacts on the consolidated financial statements for the following fiscal year
The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by the future operating environment and changes in market trends. Therefore, depending on the future circumstances, an additional impairment loss may arise in the following fiscal year.

3. Recoverability of deferred tax assets

(1) Amount presented on the consolidated balance sheet for the fiscal year ended June 30, 2024

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Deferred tax assets	¥20,686	¥25,609	$159

(2) Information on the details of significant accounting estimates of identified item

(i) Method of calculating the amount of deferred tax assets
According to standards such as the "Accounting Standard for Tax Effect Accounting" and the "Implementation Guidance on Recoverability of Deferred Tax Assets," the Group assesses and calculates the recoverability of deferred tax assets for future deductible temporary differences and net operating loss carryforward, based on the estimates of the future taxable income predicted on a Group company basis.

(ii) Major assumptions used in significant accounting estimates
The Group calculates the future taxable income considering the impacts of such factors as individual sales initiatives and changes in customer trends based on the past sales results of each Group company.

(iii) Impacts on the consolidated financial statements for the following fiscal year
The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by the future operating environment and changes in market trends. Therefore, depending on the future circumstances, deferred tax assets may fluctuate and impact income taxes–deferred in the following fiscal year.

(Accounting Standards, etc. not yet Applied)

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022, Accounting Standards Board of Japan)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022, Accounting Standards Board of Japan)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan)

(1) Overview
In February 2018, ASBJ Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc. (hereinafter "ASBJ Statement No. 28, etc.") was announced and the transfer of the Japanese Institute of Certified Public Accountants' practical guidelines on tax effect accounting to the Accounting Standards Board of Japan was completed. However, in the course of its deliberations, the following two issues, which were to be examined again after the release of ASBJ Statement No. 28, etc., were deliberated and announced.

- Classification of tax expenses (taxation on other comprehensive income)
- Tax effect on sale of shares of subsidiaries and other securities (shares of subsidiaries or affiliates) when the corporate group tax system is applied

(2) Scheduled date of application
The standards will be applied from the beginning of the fiscal year ending June 30, 2025.

(3) Impact of application of accounting standards, etc.
The impact of the application of the "Accounting Standard for Current Income Taxes," etc. on the consolidated financial statements is currently being assessed.

(Changes in Presentation)

(Consolidated Balance Sheets)
For the fiscal year ended June 30, 2023, the account "Long-term loan receivables" under "Investments and other assets," which was previously shown as a separate line item, is included in "Other" since the amount became immaterial. To reflect this change in presentation, certain reclassification was made to the consolidated financial statements for the fiscal year ended June 30, 2023.

As a result, the amount of ¥9 million presented as "Long-term loan receivables" under "Investments and other assets" was reclassified to "Other" in the consolidated balance sheet for the fiscal year ended June 30, 2023.

(Consolidated Statements of Profit and Loss)
For the fiscal year ended June 30, 2023, the account "Penalty income," which was previously included in "Other" under "Non-operating income," is shown as a separate line item since the amount became material. To reflect this change in presentation, certain reclassification was made to the consolidated financial statements for the fiscal year ended June 30, 2023.

As a result, the amount of ¥6,269 million presented as "Other" under "Non-operating income" was reclassified to ¥348 million of "Penalty income" and ¥5,921 million of "Other" in the consolidated statement of profit and loss for the fiscal year ended June 30, 2023.

For the fiscal year ended June 30, 2023, the account "Commission fee" under "Non-operating expenses," which was previously shown as a separate line item, is included in "Other" since the amount became immaterial. To reflect this change in presentation, certain reclassification was made to the consolidated financial statements for the fiscal year ended June 30, 2023.

As a result, the amount of ¥94 million presented as "Commission fee" under "Non-operating expenses" was reclassified to "Other" in the consolidated statement of profit and loss for the fiscal year ended June 30, 2023.

For the fiscal year ended June 30, 2023, the account "Reversal of provision for environmental measures" under "Extraordinary income," which was previously shown as a separate line item, is included in "Other" since the amount became immaterial. In addition, the account "Gain on reversal of asset retirement obligations," which was previously included in "Other" under "Extraordinary income," is shown as a separate line item due to exceeding 10% of total extraordinary income. To reflect this change in presentation, certain reclassification was made to the consolidated financial statements for the fiscal year ended June 30, 2023.

As a result, the amount of ¥4 million presented as "Reversal of provision for environmental measures" and the amount of ¥32 million presented as "Other" under "Extraordinary income" were reclassified to ¥7 million of "Gain on reversal of asset retirement obligations" and ¥29 million of "Other" in the consolidated statement of profit and loss for the fiscal year ended June 30, 2023.

(Consolidated Statements of Cash Flows)
For the fiscal year ended June 30, 2023, the account "Payments of loan receivables" under "Cash flows from investing activities," which was previously shown as a separate line item, is included in "Other, net" since the amount became immaterial. To reflect this change in presentation, certain reclassification was made to the consolidated financial statements for the fiscal year ended June 30, 2023.

As a result, the amount of ¥(3) million presented as "Payments of loan receivables" under "Cash flows from investing activities" was reclassified to "Other, net" in the consolidated statement of cash flows for the fiscal year ended June 30, 2023.

For the fiscal year ended June 30, 2023, the account "Proceeds from issuance of common shares" under "Cash flows from financing activities," which was previously shown as a separate line item, is included in "Other, net" since the amount became immaterial. To reflect this change in presentation, certain reclassification was made to the consolidated financial statements for the fiscal year ended June 30, 2023.

As a result, the amount of ¥380 million presented as "Proceeds from issuance of common shares" under "Cash flows from financing activities" was reclassified to "Other, net" in the consolidated statement of cash flows for the fiscal year ended June 30, 2023.

(Notes to Consolidated Balance Sheets)

Note 1 Of notes and accounts receivables–trade, the amount of receivables from contracts with customers is presented in "Notes (Revenue recognition), 3. Basic information in understanding the amount of revenue for the fiscal year ended June 30, 2024 and beyond, (i) Balance of receivables from contracts with customers and contract liabilities" in the consolidated financial statements.

Note 2 The item relating to non-consolidated subsidiaries and affiliates is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Investment securities (stocks)	¥17,253	¥17,829	$111

Note 3 Assets pledged as collateral and liabilities corresponding to assets pledged as collateral

Assets pledged as collateral are as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Cash and deposits	¥1,234	¥1,535	$10
Merchandise and finished goods	493	438	3
Buildings and structures	790	791	5
Land	2,083	2,202	14
Other	171	200	1
Total	¥4,771	¥5,166	$32

Liabilities corresponding to assets pledged as collateral are as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Current liabilities "Other"	¥ 172	¥ 126	$1
Non-current liabilities "Other"	1,167	1,101	7
Total	¥1,339	¥1,227	$8

Note 4 Retroactive obligations due to securitization of receivables

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Retroactive obligations due to securitization of receivables	¥5,325	¥5,580	$35

Note 5 The Company and its consolidated subsidiaries entered into bank overdraft agreements with 42 banks as of June 30, 2023 and 40 banks as of June 30, 2024, respectively, to ensure the procurement of efficient funds as working capital. The balance of unused funds based on these agreements is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Total credit line for bank overdraft	¥58,110	¥37,410	$232
Bank loans arranged	–	–	–
Unused balance	¥58,110	¥37,410	$232

Note 6 The Company and its consolidated subsidiaries have entered into loan commitment agreements with four banks as of June 30, 2023 and three banks as of June 30, 2024, respectively, to ensure the procurement of efficient funds as working capital. The balance of unused funds based on these agreements is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Total amount of loan commitment	¥32,175	¥30,000	$186
Bank loans arranged	–	–	–
Unused balance	¥32,175	¥30,000	$186

Note 7 UCS Co., Ltd., a consolidated subsidiary of the Company, engages in the credit card cash advance service business. The unused amount of credit lines given is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Total amount of credit lines given	¥553,193	¥539,880	$3,352
Loan receivables from cash advances	8,898	9,432	59
Unused balance	¥544,295	¥530,448	$3,293

As the credit lines are mostly given to credit card holders of UCS Co., Ltd. for cash advances of credit cards, the amount of all unused balance is not always executed as loan receivables.

Note 8 The Company signed syndicated loan agreements with 39 financial institutions totaling ¥50,000 million as of June 30, 2023 and 33 financial institutions totaling ¥40,000 million ($248 million) as of June 30, 2024, respectively. These agreements include financial covenants based on certain indices calculated from net assets on the consolidated balance sheets.

The balance of loan payables based on these agreements is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Balance of loan payables based on syndicated loan agreements	¥50,000	¥40,000	$248

(Notes to Consolidated Statements of Profit and Loss)

Note 1 Revenue from contracts with customers

The Company does not disaggregate revenues from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in "Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers" in the consolidated financial statements.

Note 2 The balance of inventories at the fiscal year-end shows the amount after writing down the book value due to a decline in profitability. The following amount of loss on valuation of inventories is included in cost of sales.

Millions of yen		Millions of U.S. dollars
Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
¥3,276	¥2,558	$16

Note 3 Of selling, general and administrative expenses, major items and their amounts are as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Employees' compensation and benefits	¥185,450	¥194,409	$1,207
Occupancies and rentals	59,461	62,257	387
Commissions	61,454	64,557	401
Depreciation and amortization	34,375	37,805	235
Provision for point card certificates	4,984	5,484	34
Amortization of goodwill	4,604	4,964	31
Retirement benefit costs	¥ 1,939	¥ 1,835	$ 11

Note 4 The breakdown of gain on sale of non-current assets is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Buildings and structures	¥(215)	¥ –	$–
Furniture and fixtures	1	0	0
Land	238	5	0
Other	(5)	10	0
Total	¥ 19	¥15	$0

Note: Gains on sale of non-current assets arising from the sale of properties are offset by losses on sale of non-current assets arising from the sale of the same properties and presented as a gain on sale of non-current assets in the consolidated statement of profit and loss.

Note 5 Impairment loss

The Group recognized impairment loss on the following asset groups:

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

			Millions of yen
Location	Use	Category	Impairment loss
Kanto	Store facilities	Buildings and structures, Tools, furniture and fixtures, and Intangible assets (other)	¥1,611
Chubu	Store facilities	Buildings and structures, Tools, furniture and fixtures, and Intangible assets (other)	1,717
Kinki	Store facilities	Buildings and structures, Tools, furniture and fixtures, and Intangible assets (other)	172
Asia	Store facilities	Buildings and structures, Tools, furniture and fixtures, and Intangible assets (other)	1,474
North America	Store facilities	Buildings and structures, Tools, furniture and fixtures, and Right-of-use assets	1,009
Total			¥5,983

Financial Performance

The Group categorizes its assets by store and operating division, which are the minimum cash-generating units. For rental properties and idle assets, each property is regarded as a minimum cash-generating unit.

In the fiscal year ended June 30, 2023, the Group reduced the book value of assets to their recoverable amounts for stores whose profitability declined significantly or stores that continuously generated losses from their operating activities. The amounts of these reductions were recorded as an impairment loss (¥2,508 million for buildings and structures, ¥943 million for tools, furniture and fixtures, ¥728 million for right-of-use assets, and ¥1,805 million for intangible assets (other) under extraordinary losses). The recoverable amounts of these asset groups were determined to be the higher of their net selling value or value in use. The net selling value was based on the appraisal value by a real estate appraiser, whereas the value in use is calculated by discounting the estimated future cash flows by 3.0%. If the value in use based on estimated future cash flows was negative, the Group recognized the recoverable amounts as zero.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Location	Use	Category	Impairment loss (Millions of yen)	Impairment loss (Millions of U.S. dollars)
Hokkaido	Store facilities	Buildings and structures, and Tools, furniture and fixtures	¥ 731	$ 5
Tohoku	Idle assets	Construction in progress	492	3
Kanto	Store facilities	Buildings and structures, and Tools, furniture and fixtures	531	3
Chubu	Store facilities	Buildings and structures, and Tools, furniture and fixtures	36	0
Kinki	Store facilities	Buildings and structures, and Tools, furniture and fixtures	51	0
Kyushu	Store facilities	Buildings and structures, and Tools, furniture and fixtures	46	0
Asia	Store facilities	Buildings and structures, Tools, furniture and fixtures, and Intangible assets (other)	3,831	24
North America	Store facilities	Buildings and structures, Tools, furniture and fixtures, and Right-of-use assets	8,448	52
Total			¥14,165	$88

The Group categorizes its assets by store and operating division, which are the minimum cash-generating units. For rental properties and idle assets, each property is regarded as a minimum cash-generating unit.

In the fiscal year ended June 30, 2024, the Group reduced the book value of assets to their recoverable amounts for stores whose profitability declined significantly or stores that continuously generated losses from their operating activities. The amounts of these reductions were recorded as an impairment loss (¥5,655 million ($35 million) for buildings and structures, ¥2,075 million ($13 million) for tools, furniture and fixtures, ¥5,879 million ($36 million) for right-of-use assets, and ¥64 million ($0 million) for intangible assets (other) under extraordinary losses). The recoverable amounts of these asset groups were determined to be the higher of their net selling value or value in use. The net selling value was based on the appraisal value by a real estate appraiser, whereas the value in use is calculated by discounting the estimated future cash flows by 3.1%. If the value in use based on estimated future cash flows was negative, the Group recognized the recoverable amounts as zero. Furthermore, since the Group did not expect to recover the investment amounts for idle assets with no prospects for future use, it reduced the book value of assets to their recoverable amounts. The amounts of these reductions were recorded as an impairment loss (¥492 million ($3 million) for construction in progress under extraordinary losses). As there is no possibility of selling such assets, the Group recognized the recoverable amounts as zero.

Note 6 The breakdown of loss on retirement of non-current assets is as follows:

	Millions of yen: Fiscal year ended June 30, 2023	Millions of yen: Fiscal year ended June 30, 2024	Millions of U.S. dollars: Fiscal year ended June 30, 2024
Buildings and structures	¥ 441	¥ 218	$ 1
Furniture and fixtures	195	125	1
Property, plant and equipment (other)	371	414	3
Construction in progress	–	10	0
Intangible assets (other)	1	36	0
Removal expenses	556	1,031	6
Total	¥1,565	¥1,834	$11

Note 7 The breakdown of loss on the closing of stores is as follows:

	Millions of yen: Fiscal year ended June 30, 2023	Millions of yen: Fiscal year ended June 30, 2024	Millions of U.S. dollars: Fiscal year ended June 30, 2024
Buildings and structures	¥ 607	¥ 258	$ 2
Furniture and fixtures	470	270	2
Removal expenses, etc.	1,315	1,712	11
Total	¥2,392	¥2,240	$14

(Notes to Consolidated Statements of Comprehensive Income)

Note The reclassification adjustments and tax effects allocated to each component of other comprehensive income are as follows:

	Millions of yen: Fiscal year ended June 30, 2023	Millions of yen: Fiscal year ended June 30, 2024	Millions of U.S. dollars: Fiscal year ended June 30, 2024
Valuation difference on available-for-sale securities:			
Amount arising during the fiscal year	¥2,348	¥ 320	$ 2
Reclassification adjustment to profit (loss)	–	(2)	(0)
Amount before tax effect	2,348	318	2
Tax effect	(720)	(81)	(1)
Valuation difference on available-for-sale securities	1,628	236	1
Foreign currency translation adjustment:			
Amount arising during the fiscal year	4,866	6,580	41
Reclassification adjustment to profit (loss)	(507)	–	–
Amount before tax effect	4,359	6,580	41
Tax effect	–	–	–
Foreign currency translation adjustment	4,359	6,580	41
Retirement benefit adjustment:			
Amount arising during the fiscal year	126	366	2
Reclassification adjustment to profit (loss)	(62)	(75)	(0)
Amount before tax effect	64	291	2
Tax effect	(22)	(70)	(0)
Retirement benefit adjustment	42	221	1
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount arising during the fiscal year	(26)	65	0
Total other comprehensive income	¥6,003	¥7,101	$44

(Notes to Consolidated Statements of Changes in Net Assets)

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

1. Matters regarding class and total number of outstanding shares, and class and number of treasury shares

Thousands of shares

	Number of shares as of July 1, 2022	Increase	Decrease	Number of shares as of June 30, 2023
Outstanding shares				
Common stock (Note)	634,379	288	–	634,666
Total	634,379	288	–	634,666
Treasury shares				
Common stock	38,073	–	–	38,073
Total	38,073	–	–	38,073

(Note) The increase of 288 thousand shares of common stock issued and outstanding is due to the exercise of stock options.

2. Matters regarding share acquisition rights and treasury share acquisition rights

Category	Scheme of share acquisition rights	Class of stock subject to share acquisition rights	Number of shares subject to share acquisition rights (Shares): Number of shares as of July 1, 2022	Increase	Decrease	Number of shares as of June 30, 2023	Millions of yen: As of June 30, 2023
The Company	Share-based compensation stock options	–	–	–	–	–	¥260
The Company	Paid-in stock options	–	–	–	–	–	511
Total		–	–	–	–	–	¥771

Financial Performance

3. Matters regarding dividends

(1) Dividend payment

Resolution	Class of stock	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 28, 2022	Common stock	¥8,348	¥14.0	June 30, 2022	September 29, 2022
Board of Directors' meeting held on February 8, 2023	Common stock	2,386	4.0	December 31, 2022	March 24, 2023

(2) Dividends with a record date during the fiscal year ended June 30, 2023, but with an effective date subsequent to the fiscal year ended June 30, 2023

Resolution	Class of stock	Source	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 27, 2023	Common stock	Retained earnings	¥9,545	¥16.0	June 30, 2023	September 28, 2023

4. Significant changes in net assets

Not applicable.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

1. Matters regarding class and total number of outstanding shares, and class and number of treasury shares

Thousands of shares

	Number of shares as of July 1, 2023	Increase	Decrease	Number of shares as of June 30, 2024
Outstanding shares				
Common stock (Note 1)	634,666	362	–	635,029
Total	634,666	362	–	635,029
Treasury shares				
Common stock (Note 2)	38,073	0	–	38,073
Total	38,073	0	–	38,073

(Notes) 1. The increase of 362 thousand shares of common stock issued and outstanding is due to the exercise of stock options.
2. The increase of 0 thousand shares of common stock in treasury is due to the purchase of shares less than one unit.

2. Matters regarding share acquisition rights and treasury share acquisition rights

Category	Scheme of share acquisition rights	Class of stock subject to share acquisition rights	Number of shares subject to share acquisition rights: Number of shares as of July 1, 2023	Increase	Decrease	Number of shares as of June 30, 2024 (Shares)	As of June 30, 2024 (Millions of yen)	As of June 30, 2024 (Millions of U.S. dollars)
The Company	Share-based compensation stock options	–	–	–	–	–	¥ 246	$2
The Company	Paid-in stock options	–	–	–	–	–	1,196	7
Total		–	–	–	–	–	¥1,442	$9

3. Matters regarding dividends

(1) Dividend payment

Resolution	Class of stock	Total amount of dividends (Millions of yen)	Total amount of dividends (Millions of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 27, 2023	Common stock	¥9,545	$59	¥16.0	$0.10	June 30, 2023	September 28, 2023
Board of Directors' meeting held on February 13, 2024	Common stock	2,984	19	5.0	0.03	December 31, 2023	March 22, 2024

(2) Dividends with a record date during the fiscal year ended June 30, 2024, but with an effective date subsequent to the fiscal year ended June 30, 2024

Resolution	Class of stock	Source	Total amount of dividends (Millions of yen)	Total amount of dividends (Millions of U.S. dollars)	Dividends per share (Yen)	Dividends per share (U.S. dollars)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 27, 2024	Common stock	Retained earnings	¥14,924	$93	¥25.0	$0.16	June 30, 2024	September 30, 2024

(Note) The dividends per share figure of ¥25.0 includes a commemorative dividend of ¥9.0 per share to celebrate consolidated net sales surpassing the ¥2 trillion mark.

4. Significant changes in net assets

Not applicable.

(Notes to Consolidated Statements of Cash Flows)

Note The relationship between the fiscal year-end balances of cash and cash equivalents and the amounts of accounts on the consolidated balance sheets is as follows:

	Fiscal year ended June 30, 2023 (Millions of yen)	Fiscal year ended June 30, 2024 (Millions of yen)	Fiscal year ended June 30, 2024 (Millions of U.S. dollars)
Cash and deposits	¥242,088	¥172,719	$1,072
Cash equivalents included in deposits paid	4,106	14,480	90
Cash and cash equivalents	¥246,195	¥187,199	$1,162

(Lease Transactions)

(As a lessee)

1. Finance lease transactions

Finance leases that do not transfer ownership

(a) Description of lease assets

Property, plant and equipment

Mainly store equipment and office equipment

(b) Depreciation method for lease assets

Stated in "4. Accounting policies, (2) Depreciation method for significant depreciable assets" in Significant Matters for the Preparation of Consolidated Financial Statements

2. Operating lease transactions

Future minimum lease payments under non-cancelable operating leases:

	As of June 30, 2023 (Millions of yen)	As of June 30, 2024 (Millions of yen)	As of June 30, 2024 (Millions of U.S. dollars)
Due within one year	¥12,167	¥11,539	$ 72
Due after one year	32,277	27,443	170
Total	¥44,443	¥38,982	$242

(Financial Instruments)

1. Status of financial instruments

(1) Policy on financial instruments

The Group's basic policy for management of surplus funds is to give priority to low risk financial assets, investing only in short-term financial instruments. For fund procurement, the Group raises funds mainly through bank loans. The Group uses derivative instruments to minimize exposure to fluctuations in foreign currency exchange and interest rates.

(2) Financial instruments, associated risks, and risk management systems

Notes and accounts receivables–trade are mainly due from credit companies. They are exposed to credit risk, although the Group believes that the credit risk related to these credit companies is minimal. For operating receivables other than those due from credit companies, the Group monitors due dates and outstanding balances, respectively.

Accounts receivables–installment and operating loans are exposed to credit risk arising from customer default. The Group manages such risk by establishing the credit management system including credit approvals, credit limit setting, and credit information monitoring.

Securities are exposed mostly to market fluctuation risk, credit risk, and liquidity risk. The Group manages and controls exposures to the risks within acceptable limits in accordance with its internal rules for managing securities. Significant transactions of securities require prior consultation with the Investment Committee and approval of the Board of Directors.

Lease obligations are primarily for the purchase of right-of-use assets and exposed to liquidity risk.

Long-term loan payables and bond payables provide funds primarily for capital investment and for working capital. Some long-term loan payables denominated in foreign currencies are exposed to foreign exchange risk. In order to avoid any losses arising from the fluctuation of foreign currencies, derivatives (interest rate currency swaps) are utilized for individual contracts as hedging instruments.

The Group manages derivative transactions in accordance with its policies and procedures for the risk management of derivative transactions. Significant transactions of derivative instruments require prior consultation with the Investment Committee and approval of the Board of Directors. The Group believes that the credit risk is limited since the only counterparties to such derivative transactions are financial institutions with a high credit rating.

Trade payables and loans are exposed to liquidity risk. The Group manages liquidity risk through such measures as monthly planning of cash flows.

Leasehold and guarantee deposits are mainly related to leasing properties for stores. They are exposed to the credit risk of lessors. The Group performs credit checks before concluding lease agreements and monitors creditworthiness of their counterparts regularly to limit the credit risk.

(3) Supplementary information on fair value of financial instruments
Since the valuation techniques for the fair values of financial instruments incorporate various assumptions, estimates may change depending on the different assumptions.

The contract amounts stated in matters regarding fair values in the note "Derivatives" indicate the nominal amounts of contracts or notional amounts for calculation purposes. Such amounts do not indicate the extent of market risk exposure of derivative transactions.

2. Fair value of financial instruments
Carrying amounts on the consolidated balance sheets, fair values, and respective differences are presented below. Note that "Cash and deposits," "Notes and accounts receivables–trade," "Deposits paid," "Notes and accounts payables–trade," "Accounts payables–other," "Accrued expenses," "Deposits received," and "Income taxes payables" are omitted, because they are cash, and their carrying amounts approximate their fair value as they are settled in a short period of time.

As of June 30, 2023

			Millions of yen
	Carrying amount	Fair value	Difference
(1) Accounts receivables–installment	55,350		
Allowance for doubtful accounts(*1)	(2,001)		
Deferred installment income(*2)	(183)		
	53,165	61,568	8,402
(2) Operating loans	9,047		
Allowance for doubtful accounts(*1)	(204)		
	8,843	10,661	1,818
(3) Investment securities			
(i) Available-for-sale securities	15,175	15,175	–
(ii) Shares of subsidiaries and affiliates	11,733	11,181	(552)
(4) Long-term loan receivables	9		
Allowance for doubtful accounts(*1)	(0)		
	9	9	–
(5) Leasehold and guarantee deposits	71,845		
Allowance for doubtful accounts(*1)	(974)		
	70,871	71,230	360
Total assets	159,796	169,824	10,028
(1) Current portion of long-term loan payables	34,364	34,365	1
(2) Current portion of bonds	10,930	10,881	(49)
(3) Lease obligations (Current liabilities)	2,263	2,252	(11)
(4) Bond payable	261,625	257,950	(3,675)
(5) Long-term loan payables	272,499	274,177	1,678
(6) Lease obligations (Non-current liabilities)	31,036	30,854	(182)
Total liabilities	612,718	610,479	(2,239)
Derivative transactions(*3)	[594]	[594]	–

(*1) Not including allowance for doubtful accounts corresponding to each item.
(*2) Not including deferred installment income (liabilities account) related to accounts receivables–installment.
(*3) Net credit (obligation) arising from derivative transactions is shown as a net amount. If the total is a net obligation, the figures are shown in brackets.

As of June 30, 2024

	Millions of yen			Millions of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(1) Accounts receivables–installment	57,333			356		
Allowance for doubtful accounts(*1)	(2,685)			(17)		
Deferred installment income(*2)	(191)			(1)		
	54,457	60,490	6,033	338	376	37
(2) Operating loans	9,613			60		
Allowance for doubtful accounts(*1)	(209)			(1)		
	9,404	10,849	1,445	58	67	9
(3) Investment securities						
(i) Available-for-sale securities	15,484	15,484	–	96	96	–
(ii) Shares of subsidiaries and affiliates	12,153	12,655	501	75	79	3
(4) Leasehold and guarantee deposits	68,737			427		
Allowance for doubtful accounts(*1)	(1,132)			(7)		
	67,605	67,458	(147)	420	419	(1)
Total assets	159,103	166,936	7,833	988	1,036	49
(1) Current portion of long-term loan payables	48,615	48,666	51	302	302	0
(2) Current portion of bonds	650	648	(2)	4	4	(0)
(3) Lease obligations (Current liabilities)	2,809	2,811	2	17	17	0
(4) Bond payable	191,075	189,229	(1,846)	1,186	1,175	(11)
(5) Long-term loan payables	224,657	227,956	3,298	1,395	1,415	20
(6) Lease obligations (Non-current liabilities)	32,897	33,292	395	204	207	2
Total liabilities	500,703	502,602	1,899	3,109	3,120	12
Derivative transactions(*3)	[955]	[955]	–	[6]	[6]	–

(*1) Not including allowance for doubtful accounts corresponding to each item.
(*2) Not including deferred installment income (liabilities account) related to accounts receivables–installment.
(*3) Net credit (obligation) arising from derivative transactions is shown as a net amount. If the total is a net obligation, the figures are shown in brackets.

Note: Stocks that do not have quoted market prices are not included in "(3) Investment securities." The carrying amount of those financial instruments on the consolidated balance sheet are as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Investment securities			
Unlisted equity securities	¥2,215	¥2,375	$15
Shares of non-consolidated subsidiaries and affiliates	¥5,520	¥5,676	$35

3. Maturity analysis for monetary claims and securities with contractual maturities

As of June 30, 2023

				Millions of yen
	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	¥242,088	¥ –	¥ –	¥ –
Notes and accounts receivables–trade	13,782	–	–	–
Accounts receivables–installment(*1)	31,592	14,863	4,071	–
Operating loans	4,757	4,246	43	–
Deposits paid	5,357	–	–	–
Long-term loan receivables(*2)	–	–	–	–
Leasehold and guarantee deposits(*2)	1,985	6,459	4,617	4,204
Total	¥299,561	¥25,568	¥8,731	¥4,204

As of June 30, 2024

				Millions of yen
	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	¥172,719	¥ –	¥ –	¥ –
Notes and accounts receivables–trade	17,068	–	–	–
Accounts receivables–installment(*1)	30,744	15,799	4,477	–
Operating loans	5,045	4,529	39	–
Deposits paid	15,800	–	–	–
Leasehold and guarantee deposits(*2)	1,929	5,793	4,429	3,710
Total	¥243,307	¥26,121	¥8,945	¥3,710

				Millions of U.S. dollars
	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	$1,072	$ –	$ –	$ –
Notes and accounts receivables–trade	106	–	–	–
Accounts receivables–installment(*1)	191	98	28	–
Operating loans	31	28	0	–
Deposits paid	98	–	–	–
Leasehold and guarantee deposits(*2)	12	36	27	23
Total	$1,511	$162	$56	$23

(*1) The tables above do not include the amounts of accounts receivables–installment whose collections on maturity dates cannot be reasonably determined.
(*2) Of long-term loan receivables and leasehold and guarantee deposits, only those confirmed to be collected are presented. Entries without a determined date for collection are not included in the amount to be collected.

4. Redemption schedule for bonds, long-term loan payables, and lease obligations

As of June 30, 2023

						Millions of yen
	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	¥10,930	¥ 650	¥20,650	¥40,325	¥10,000	¥190,000
Long-term loan payables	34,364	31,829	54,670	31,286	8,196	146,518
Lease obligations	2,263	2,408	2,082	2,130	1,909	22,507
Total	¥47,558	¥34,888	¥77,402	¥73,740	¥20,106	¥359,024

As of June 30, 2024

						Millions of yen
	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	¥ 650	¥20,650	¥64,425	¥10,000	¥58,000	¥ 38,000
Long-term loan payables	48,615	60,797	32,142	19,452	4,338	107,928
Lease obligations	2,809	2,654	2,663	2,368	1,916	23,296
Total	¥52,074	¥84,102	¥99,229	¥31,820	¥64,254	¥169,224

						Millions of U.S. dollars
	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	$ 4	$128	$400	$ 62	$360	$ 236
Long-term loan payables	302	377	200	121	27	670
Lease obligations	17	16	17	15	12	145
Total	$323	$522	$616	$198	$399	$1,051

Financial Performance

5. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measue fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

As of June 30, 2023

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥15,175	¥ –	¥–	¥15,175
Derivative transactions				
Currency related	–	217	–	217
Total assets	15,175	217	–	15,391
Derivative transactions				
Interest rate and currency related	–	811	–	811
Total liabilities	¥ –	¥811	¥–	¥ 811

As of June 30, 2024

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥15,484	¥ –	¥–	¥15,484
Derivative transactions				
Currency related	–	55	–	55
Total assets	15,484	55	–	15,538
Derivative transactions				
Interest rate and currency related	–	1,010	–	1,010
Total liabilities	¥ –	¥1,010	¥–	¥ 1,010

Millions of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	$96	$–	$–	$96
Derivative transactions				
Currency related	–	0	–	0
Total assets	96	0	–	96
Derivative transactions				
Interest rate and currency related	–	6	–	6
Total liabilities	$ –	$6	$–	$ 6

(2) Financial instruments other than those measured at fair value

As of June 30, 2023

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables–installment	¥ –	¥61,568	¥–	¥ 61,568
Operating loans	–	10,661	–	10,661
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	11,181	–	–	11,181
Long-term loan receivables	–	9	–	9
Leasehold and guarantee deposits	–	71,230	–	71,230
Total assets	11,181	143,468	–	154,650
Current portion of long-term loan payables	–	34,365	–	34,365
Current portion of bonds	–	10,881	–	10,881
Lease obligations (Current liabilities)	–	2,252	–	2,252
Bond payables	–	257,950	–	257,950
Long-term loan payables	–	274,177	–	274,177
Lease obligations (Non-current liabilities)	–	30,854	–	30,854
Total liabilities	¥ –	¥610,479	¥–	¥610,479

As of June 30, 2024

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables–installment	¥ –	¥ 60,490	¥–	¥ 60,490
Operating loans	–	10,849	–	10,849
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	12,655	–	–	12,655
Leasehold and guarantee deposits	–	67,458	–	67,458
Total assets	12,655	138,797	–	151,452
Current portion of long-term loan payables	–	48,666	–	48,666
Current portion of bonds	–	648	–	648
Lease obligations (Current liabilities)	–	2,811	–	2,811
Bond payables	–	189,229	–	189,229
Long-term loan payables	–	227,956	–	227,956
Lease obligations (Non-current liabilities)	–	33,292	–	33,292
Total liabilities	¥ –	¥502,602	¥–	¥502,602

Millions of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables–installment	$ –	$ 376	$–	$ 376
Operating loans	–	67	–	67
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	79	–	–	79
Leasehold and guarantee deposits	–	419	–	419
Total assets	79	862	–	940
Current portion of long-term loan payables	–	302	–	302
Current portion of bonds	–	4	–	4
Lease obligations (Current liabilities)	–	17	–	17
Bond payables	–	1,175	–	1,175
Long-term loan payables	–	1,415	–	1,415
Lease obligations (Non-current liabilities)	–	207	–	207
Total liabilities	$ –	$3,120	$–	$3,120

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Derivative transactions

The fair value of interest rate swaps and forward exchange contracts is calculated based on prices obtained from financial institutions and is classified as Level 2.

Accounts receivables–installment and operating loans

The fair value of these items is measured using the discounted cash flow method based on estimated future cash flows of collectible principal and interest using market rates adjusted by an interest rate for expenses of collecting receivables and is classified as Level 2. Doubtful receivables are stated at the book values after deducting allowance, since such amounts are assumed to approximate fair value.

Financial Performance

Long-term loan receivables

The fair value of long-term loan receivables is categorized by a specified period and measured using the discounted cash flow method based on future cash flows and an interest rate obtained by adding the credit spread to government bond yields and other appropriate indicators, for each type of credit risk categorized for credit management purposes, and is classified as Level 2.

Leasehold and guarantee deposits

The fair value of leasehold and guarantee deposits is measured using the discounted cash flow method reflecting future cash flows based on an interest rate of government bond yields, etc., and is classified as Level 2.

Bond payables (including current portion)

The fair value of bond payables issued by the Company is measured using the discounted cash flow method based on the sum of principal and interest, remaining bond payables and an interest rate reflecting credit risk and is classified as Level 2.

Long-term loan payables (including current portion) and lease obligations

The fair value of these items is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities and an interest rate reflecting credit risk and is classified as Level 2.

(Securities)

1. Available-for-sale securities

As of June 30, 2023

Millions of yen

	Type	Carrying amount	Acquisition cost	Difference
Carrying amount exceeds acquisition cost	(1) Equity securities	¥15,150	¥12,083	¥3,067
	(2) Debt securities			
	(i) JGBs/muni bonds	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	15,150	12,083	3,067
Carrying amount does not exceed acquisition cost	(1) Equity securities	25	28	(3)
	(2) Debt securities			
	(i) JGBs/muni bonds	–	–	–
	(ii) Corporate bonds	–	–	–
	(iii) Other	–	–	–
	(3) Other	–	–	–
	Subtotal	25	28	(3)
Total		¥15,175	¥12,110	¥3,064

(Note) Unlisted equity securities (carrying amount on the consolidated balance sheet: ¥2,214 million and other items (carrying amount on the consolidated balance sheet: ¥0 million) are not included in the above table, since they are stocks that do not have quoted market prices.

As of June 30, 2024

		Millions of yen			Millions of U.S. dollars		
	Type	Carrying amount	Acquisition cost	Difference	Carrying amount	Acquisition cost	Difference
Carrying amount exceeds acquisition cost	(1) Equity securities	¥15,465	¥12,083	¥3,382	$96	$75	$21
	(2) Debt securities						
	(i) JGBs/muni bonds	–	–	–	–	–	–
	(ii) Corporate bonds	–	–	–	–	–	–
	(iii) Other	–	–	–	–	–	–
	(3) Other	–	–	–	–	–	–
	Subtotal	15,465	12,083	3,382	96	75	21
Carrying amount does not exceed acquisition cost	(1) Equity securities	18	19	(1)	0	0	(0)
	(2) Debt securities						
	(i) JGBs/muni bonds	–	–	–	–	–	–
	(ii) Corporate bonds	–	–	–	–	–	–
	(iii) Other	–	–	–	–	–	–
	(3) Other	–	–	–	–	–	–
	Subtotal	18	19	(1)	0	0	(0)
Total		¥15,484	¥12,102	¥3,382	$96	$75	$21

(Note) Unlisted equity securities (carrying amount on the consolidated balance sheet: ¥2,375 million ($15 million)) and other items (carrying amount on the consolidated balance sheet: ¥0 million ($0 million)) are not included in the above table, since they are stocks that do not have quoted market prices.

2. Sales amounts and gain (loss) on sales of available-for-sale securities

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Not applicable.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

	Millions of yen			Millions of U.S. dollars		
Type	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
(1) Equity securities	¥11	¥2	¥–	$0	$0	$–
(2) Debt securities						
(i) JGBs/muni bonds	–	–	–	–	–	–
(ii) Corporate bonds	–	–	–	–	–	–
(iii) Other	–	–	–	–	–	–
(3) Other	–	–	–	–	–	–
Total	¥11	¥2	¥–	$0	$0	$–

3. Impaired securities

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Not applicable.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Not applicable.

If the fair value of a security at the end of the fiscal year declined by approximately 50% from its acquisition cost, the Company reduced the acquisition cost to the fair value and recognized an impairment loss.

(Derivatives)

1. Derivative transactions to which hedge accounting is not applied

(1) Currency related

As of June 30, 2023

Millions of yen

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	¥1,948	¥–	¥217	¥217

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

As of June 30, 2024

Millions of yen

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	¥444	¥–	¥55	¥55

Millions of U.S. dollars

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	$3	$–	$0	$0

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

(2) Interest rate and currency related

As of June 30, 2023

Millions of yen

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	¥5,707	¥5,707	¥(811)	¥(811)

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

As of June 30, 2024

Millions of yen

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	¥5,707	¥5,707	¥(1,010)	¥(1,010)

Millions of U.S. dollars

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	$35	$35	$(6)	$(6)

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

(Retirement Benefits)

1. Overview of retirement benefit plans

The Company and some of its consolidated subsidiaries maintain defined contribution pension plans.

UNY Co., Ltd. concurrently maintains a defined benefit plan. The defined benefit plan is a closed funded defined benefit plan consisting solely of beneficiaries and those waiting to receive benefits.

2. Defined benefit plans

(1) Reconciliation between the beginning balance and ending balance of retirement benefit obligations

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Beginning balance of retirement benefit obligations	¥11,793	¥10,661	$66
Interest costs	68	84	1
Increase/decrease in actuarial differences	(189)	(407)	(3)
Retirement benefit payments	(1,010)	(933)	(6)
Ending balance of retirement benefit obligations	¥10,661	¥9,406	$58

(2) Reconciliation between the beginning balance and ending balance of pension assets

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Beginning balance of pension assets	¥29,247	¥28,467	$177
Expected return on assets	293	285	2
Increase/decrease in actuarial differences	(63)	(41)	(0)
Retirement benefit payments	(1,010)	(933)	(6)
Ending balance of pension assets	¥28,467	¥27,778	$172

(3) Reconciliation between (i) the ending balance of retirement benefit obligations and pension assets and (ii) retirement benefit asset and retirement benefit liability on the consolidated balance sheet

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Retirement benefit obligations (Funded plan)	¥10,661	¥9,406	$58
Pension assets	(28,467)	(27,778)	(172)
Retirement benefit asset	(17,806)	(18,372)	(114)
Net of retirement benefit asset and retirement benefit liability on the consolidated balance sheet	¥(17,806)	¥ (18,372)	$ (114)

(4) Retirement benefit expenses and their breakdown

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Interest costs	¥ 68	¥ 84	$ 1
Expected return on assets	(293)	(285)	(2)
Amortization of actuarial differences	62	75	0
Retirement benefit expense on retirement benefit plan	¥(163)	¥(126)	$(1)

(5) Retirement benefit adjustment

The breakdown of retirement benefit adjustment (before tax effect) is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Actuarial differences	¥64	¥291	$2
Total	¥64	¥291	$2

(6) Remeasurements of defined benefit plans

The breakdown of remeasurements of defined benefit plans (before tax effect) is as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Unrecognized actuarial differences	¥691	¥982	$6
Total	¥691	¥982	$6

(7) Matters regarding pension assets

(a) The major breakdown of pension assets

The following summarizes the ratio of assets by major category to total pension assets.

	As of June 30, 2023	As of June 30, 2024
Life insurance general accounts	100%	100%
Alternatives	0	0
Total	100%	100%

(b) Method to determine the long-term expected rate of return

The Company determines the long-term expected rate of return on pension assets by taking into account the current and future allocation of pension assets and the current and future long-term rate of return expected from various assets that compose the pension assets.

(8) Assumptions for actuarial calculation

Major assumptions for the actuarial calculation are as follows (weighted-average):

	As of June 30, 2023	As of June 30, 2024
Discount rate	0.8%	1.4%
Long-term expected rate of return	1.0	1.0

3. Defined contribution plans

The Company and some of its consolidated subsidiaries maintain defined contribution plans. The necessary contributions to such plans were, in total, ¥2,102 million for the fiscal year ended June 30, 2023 and ¥1,962 million ($12 million) for the fiscal year ended June 30, 2024.

Financial Performance

(Stock Options)

1. Amount of expenses recorded and name of account in connection with stock options

	Millions of yen	Millions of yen	Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Selling, general and administrative expenses	¥388	¥736	$5

2. Amount recorded as income due to forfeitures resulting from the non-exercise of stock options

	Millions of yen	Millions of yen	Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Gain on reversal of share acquisition rights	¥1	¥2	$0

3. Details and number of stock options

(1) Details of stock options

	The 1st Share-based Compensation Stock Options	The 2nd Share-based Compensation Stock Options	The 1st Paid-in Stock Options
Eligible grantees	3 directors	3 directors	1,633 persons including directors, audit & supervisory board members, and employees of the Company and its subsidiaries
Class and number of stock options (Note 1)	Common stock 10,400 shares	Common stock 10,000 shares	Common stock 3,878,800 shares
Grant date	June 26, 2015	December 28, 2015	September 23, 2016
Condition for vesting	None	None	(Note 3)
Required service period	None	None	None
Exercise period	From June 26, 2015 to June 25, 2045	From December 28, 2015 to December 27, 2045	From October 1, 2018 to September 30, 2026
Condition for exercise	(Note 2)	(Note 2)	(Note 3)

	The 3rd Share-based Compensation Stock Options	The 4th Share-based Compensation Stock Options	The 5th Share-based Compensation Stock Options
Eligible grantees	3 directors	3 directors	3 directors
Class and number of stock options (Note 1)	Common stock 56,000 shares	Common stock 200,000 shares	Common stock 236,000 shares
Grant date	June 1, 2017	June 29, 2018	April 10, 2019
Condition for vesting	None	None	None
Required service period	None	None	None
Exercise period	From June 1, 2017 to May 31, 2047	From June 29, 2018 to June 28, 2048	From April 10, 2019 to April 9, 2049
Condition for exercise	(Note 2)	(Note 2)	(Note 2)

	The 6th Share-based Compensation Stock Options	The 2nd Paid-in Stock Options	The 7th Share-based Compensation Stock Options
Eligible grantees	1 director	2,189 persons including directors and employees of the Company and its subsidiaries	9 directors and executive officers of the Company
Class and number of stock options (Note 1)	Common stock 25,000 shares	Common stock 3,705,300 shares	Common stock 18,500 shares
Grant date	November 2, 2021	December 1, 2022	August 4, 2023
Condition for vesting	None	(Note 4)	None
Required service period	None	None	None
Exercise period	From November 2, 2021 to November 1, 2051	From October 1, 2025 to November 30, 2029	From August 4, 2023 to August 3, 2053
Condition for exercise	(Note 2)	(Note 4)	(Note 5)

(Notes)

1. The number of stock options presents the number of shares to be issued. The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The number of shares for stock options reflects the effect of said stock splits.
2. Conditions for exercise are as follows:
   (1) Share acquisition rights holders may exercise all of their share acquisition rights at once during the exercise period only within 10 days from the day following the day they lose their position as a director of the Company.
   (2) In cases where a share acquisition rights holder deceases, an heir may exercise the share acquisition rights. In this case, notwithstanding (1) above, the heir may exercise the share acquisition rights all at once during the exercise period only within one year from the day following the day the rights are inherited.
3. Conditions for vesting and exercise are as follows:
   (1) Share acquisition rights holder may exercise their share acquisition rights, if and only when the amounts of net sales and operating income in the consolidated statements of profit and loss stated in the annual securities report, which had been submitted by the Company pursuant to the Financial Instruments and Exchange Act, satisfy all of the conditions stated in each of the items below:
      (a) Net sales exceed ¥820,000 million and operating income exceeds ¥45,000 million for the fiscal year ended June 30, 2017; and
      (b) Net sales exceed ¥880,000 million and operating income exceeds ¥48,000 million for the fiscal year ended June 30, 2018.
   However, in cases where a significant event, such as the major acquisition of a business, which has a significant impact on net sales and operating income on a consolidated basis, occurs during the aforementioned period (July 2016 to June 2018) and the Board of Directors of the Company determines that it is not appropriate to use the actual results stated in the annual securities report, the Company may make adjustments to the actual results used for the conditions for vesting and exercise by reducing the impact of the event to the extent deemed reasonable.
   (2) The share acquisition rights holder must be a director, audit & supervisory board member, or employee of the Company or its subsidiaries and affiliates at the time the share acquisition rights are exercised. However, this condition shall not necessarily apply in the case of retirement due to the expiry of the term of office, compulsory retirement, or any other reason deemed valid by the Board of Directors.
   (3) An heir of the share acquisition rights holder is not allowed to exercise the share acquisition rights.
   (4) Share acquisition rights may not be exercised in the case where the total number of shares issued after the exercise of the share acquisition rights exceeds the authorized shares as of the date of exercise.
   (5) Acquisition rights of less than one unit may not be exercised.
4. Conditions for vesting and exercise are as follows:
   (1) Share acquisition rights holder may exercise their share acquisition rights, if the amount of operating income in the consolidated statements of profit and loss stated in the annual securities report for the fiscal year ending June 30, 2025, which will be submitted by the Company pursuant to the Financial Instruments and Exchange Act, exceeds ¥120,000 million. However, in cases where a significant event, such as the major acquisition of a business, which has a significant impact on operating income on a consolidated basis, occurs until the aforementioned period (the fiscal year ending June 30, 2025) ends and the Board of Directors of the Company determines that it is not appropriate to use the actual results stated in the annual securities report, the Company may make adjustments to the actual results used for the conditions for vesting and exercise by reducing the impact of the event to the extent deemed reasonable.
   (2) The share acquisition rights holder must be a director, audit & supervisory board member, or employee of the Company or its subsidiaries and affiliates at the time the share acquisition rights are exercised. However, this condition shall not necessarily apply in the case of retirement due to the expiry of the term of office, compulsory retirement, or any other reason deemed valid by the Board of Directors.
   (3) An heir of the share acquisition rights holder is not allowed to exercise the share acquisition rights.
   (4) Share acquisition rights may not be exercised in the case where the total number of shares issued after the exercise of the share acquisition rights exceeds the authorized shares as of the date of exercise.
   (5) Acquisition rights of less than one unit may not be exercised.
5. Conditions for exercise are as follows:
   (1) Share acquisition rights holders may exercise all of their share acquisition rights at once during the exercise period only within 10 days from the day following the day they lose their position as (i) director of the Company if they are a director of the Company on the allotment date of the share acquisition rights, or (ii) executive officer of the Company if they are an executive officer of the Company on the allotment date of the share acquisition rights (excluding directors of the Company, in which case (i) above shall apply).
   (2) In cases where a share acquisition rights holder deceases, an heir may exercise the share acquisition rights. In this case, notwithstanding (1) above, the heir may exercise the share acquisition rights all at once during the exercise period only within one year from the day following the day the rights are inherited.

(2) Number and changes in number of stock options

Stock options as of the beginning of the fiscal year ended June 30, 2024 are stated below. The number of stock options presents the number of shares to be issued.

(i) Number of stock options

Shares

	The 1st Share-based Compensation Stock Options	The 2nd Share-based Compensation Stock Options	The 1st Paid-in Stock Options
Grant date	June 26, 2015	December 28, 2015	September 23, 2016
Before vesting			
Balance as of June 30, 2023	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance as of June 30, 2024	–	–	–
After vesting			
Balance as of June 30, 2023	2,400	2,400	1,903,200
Vested	–	–	–
Exercised	–	–	335,200
Forfeited	–	–	1,200
Balance as of June 30, 2024	2,400	2,400	1,566,800

Shares

	The 3rd Share-based Compensation Stock Options	The 4th Share-based Compensation Stock Options	The 5th Share-based Compensation Stock Options
Grant date	June 1, 2017	June 29, 2018	April 10, 2019
Before vesting			
Balance as of June 30, 2023	–	–	–
Granted	–	–	–
Forfeited	–	–	–
Vested	–	–	–
Balance as of June 30, 2024	–	–	–
After vesting			
Balance as of June 30, 2023	20,000	40,000	80,000
Vested	–	–	–
Exercised	–	–	–
Forfeited	–	–	–
Balance as of June 30, 2024	20,000	40,000	80,000

Shares

	The 6th Share-based Compensation Stock Options	The 2nd Paid-in Stock Options	The 7th Share-based Compensation Stock Options
Grant date	November 2, 2021	December 1, 2022	August 4, 2023
Before vesting			
Balance as of June 30, 2023	–	3,443,500	–
Granted	–	–	18,500
Forfeited	–	59,400	–
Vested	–	–	18,500
Balance as of June 30, 2024	–	3,384,100	–
After vesting			
Balance as of June 30, 2023	25,000	–	–
Vested	–	–	18,500
Exercised	25,000	–	2,100
Forfeited	–	–	–
Balance as of June 30, 2024	–	–	16,400

(Note) The number of stock options presents the number of shares to be issued. The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The number of shares for stock options reflects the effect of said stock splits.

(ii) Stock option price information

	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars
	The 1st Share-based Compensation Stock Options		The 2nd Share-based Compensation Stock Options		The 1st Paid-in Stock Options	
Grant date	June 26, 2015		December 28, 2015		September 23, 2016	
Exercise price	¥1	$0.01	¥1	$0.01	¥925	$5.74
Average stock price at time of exercise	–	–	–	–	3,409	21.16
Fair value at grant date	1,242.00	7.71	1,007.50	6.26	–	–

	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars
	The 3rd Share-based Compensation Stock Options		The 4th Share-based Compensation Stock Options		The 5th Share-based Compensation Stock Options	
Grant date	June 1, 2017		June 29, 2018		April 10, 2019	
Exercise price	¥1	$0.01	¥1	$0.01	¥1	$0.01
Average stock price at time of exercise	–	–	–	–	–	–
Fair value at grant date	1,011.50	6.28	1,235.75	7.67	1,618.75	10.05

	Yen	U.S. dollars	Yen	U.S. dollars	Yen	U.S. dollars
	The 6th Share-based Compensation Stock Options		The 2nd Paid-in Stock Options		The 7th Share-based Compensation Stock Options	
Grant date	November 2, 2021		December 1, 2022		August 4, 2023	
Exercise price	¥1	$0.01	¥2,560	$15.89	¥1	$0.01
Average stock price at time of exercise	2,955	18.35	–	–	2,955	18.35
Fair value at grant date	2,230.00	13.84	–	–	2,554.00	15.86

(Note) The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The exercise price for stock options reflects the effect of said stock splits.

4. Methods used to estimate fair value of stock options

The methods used to estimate the fair value of stock options granted in the fiscal year ended June 30, 2024 are as follows:

The 7th Share-based Compensation Stock Options

(i) Valuation technique Black-Scholes model

(ii) Main basic numerical values and estimation method

	The 7th Share-based Compensation Stock Options
Stock price volatility (Note 1)	31.31%
Expected remaining period (Note 2)	15 years
Expected dividend (Note 3)	¥18 ($0.11) per share
Risk-free interest rate (Note 4)	1.027%

(Notes) 1. Stock price volatility is calculated based on stock prices over the 15-year period (August 2008 to August 2023).
2. The expected remaining period is difficult to reasonably estimate due to the lack of sufficient accumulated data; thus, the Company has provided this estimate based on the presumption that rights will be exercised at the midway point of the exercise period.
3. The expected dividend is based on the expected dividend for the fiscal year ended June 30, 2023.
4. The risk-free interest rate is government bond yields for the period corresponding to the expected remaining period.

5. Methods used to estimate number of stock options vested

In general, it is difficult to reasonably estimate the forfeited number of stock options for future periods; thus, only the number of actually forfeited stock options in the past is reflected.

(Additional information)

Application of the Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.

For the stock acquisition rights (share acquisition rights/stock options), which involve considerations, with vesting conditions granted to employees before the date of application of the "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc." (Practical Issue Task Force ("PITF") No. 36, January 12, 2018, hereinafter "PITF No. 36"), the Company continues to apply the previous accounting treatment in accordance with PITF No. 36, 10-(3).

1. Overview of the stock acquisition rights, which involve considerations, with vesting conditions

The disclosure is omitted since the same information is stated in "3. Details and number of stock options" above.

2. Overview of accounting treatment applied

(Accounting treatment before the vesting date)

(1) The amounts received from employees for the granted stock acquisition rights, which involve considerations, with vesting conditions are recognized as share acquisition rights under net assets.

(2) Of the amounts recognized as share acquisition rights, the amounts corresponding to the unvested and forfeited portion are recognized as income.

(Accounting treatment after the vesting date)

(3) When the stock acquisition rights, which involve considerations, with vesting conditions are exercised and new shares are issued, the amounts corresponding to the exercised portion, of the amounts recognized as share acquisition rights, are transferred to capital stock.

(4) When unvested and forfeited, of the amounts recognized as share acquisition rights, the amounts corresponding to the unvested and forfeited portion are recognized as income. This treatment is made for the fiscal period when the rights are forfeited.

(Income Taxes)

1. Significant components of deferred tax assets and deferred tax liabilities

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2023	As of June 30, 2024	As of June 30, 2024
Deferred tax assets			
Accrued enterprise taxes not deductible for tax purposes	¥ 2,034	¥ 2,259	$ 14
Inventories	2,861	3,257	20
Accrued bonus	2,007	2,349	15
Excess depreciation and amortization over tax purposes	21,432	22,420	139
Impairment loss	15,032	13,578	84
Loss on closing of stores	580	649	4
Net operating loss carryforward (Note)	3,617	4,653	29
Loss on valuation of investment securities not deductible for tax purposes	97	103	1
Long-term accounts payable	1,935	1,581	10
Excess allowance for doubtful accounts over tax purposes	1,046	1,248	8
Asset retirement obligations	5,381	5,227	32
Provision for point card certificates	543	275	2
Provision for loss on interest repayment	636	547	3
Valuation difference of consolidated subsidiaries	20,925	18,824	117
Other	8,318	9,426	59
Deferred tax assets total	86,443	86,396	536
Valuation allowance for net operating loss carryforward (Note)	(3,417)	(4,410)	(27)
Valuation allowance for future deductible temporary differences	(38,556)	(34,470)	(214)
Valuation allowance subtotal	(41,973)	(38,880)	(241)
Deferred tax assets total	44,470	47,516	295
Deferred tax liabilities			
Valuation of assets and liabilities of subsidiaries at market value for the purpose of consolidation	(15,736)	(14,432)	(90)
Retirement benefit asset	(6,049)	(5,571)	(35)
Reserve for advanced depreciation of non-current assets	(2,048)	(1,803)	(11)
Valuation difference on available-for-sale securities	(1,252)	(1,220)	(8)
Other	(252)	(203)	(1)
Deferred tax liabilities total	(25,337)	(23,229)	(144)
Net deferred tax assets	¥ 19,133	¥ 24,287	$ 151

Financial Performance

(Note) Amounts of net operating loss carryforward and its corresponding deferred tax assets by carryover period

As of June 30, 2023

Millions of yen

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Net operating loss carryforward (*1)	¥ 147	¥ 209	¥ 222	¥ 617	¥ 181	¥ 2,240	¥ 3,617
Valuation allowance	(147)	(209)	(222)	(617)	(181)	(2,040)	(3,417)
Deferred tax assets	–	–	–	–	–	200	(*2) 200

(*1) The amounts of net operating loss carryforward are calculated by using a statutory tax rate.
(*2) For the net operating loss carryforward of ¥3,617 million, calculated by using a statutory tax rate, deferred tax assets of ¥200 million are recognized. The Company does not recognize valuation allowance for the net operating loss carryforward expected to offset the future taxable income.

As of June 30, 2024

Millions of yen

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Net operating loss carryforward (*1)	¥ 35	¥ 223	¥ 447	¥ 178	¥ 98	¥ 3,671	¥ 4,653
Valuation allowance	(35)	(223)	(447)	(178)	(98)	(3,428)	(4,410)
Deferred tax assets	–	–	–	–	–	243	(*2) 243

Millions of U.S. dollars

	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	Total
Net operating loss carryforward (*1)	$ 0	$ 1	$ 3	$ 1	$ 1	$ 23	$ 29
Valuation allowance	(0)	(1)	(3)	(1)	(1)	(21)	(27)
Deferred tax assets	–	–	–	–	–	2	(*2) 2

(*1) The amounts of net operating loss carryforward are calculated by using a statutory tax rate.
(*2) For the net operating loss carryforward of ¥4,653 million ($29 million), calculated by using a statutory tax rate, deferred tax assets of ¥243 million ($2 million) are recognized. The Company does not recognize valuation allowance for the net operating loss carryforward expected to offset the future taxable income.

2. Reconciliation of significant difference between statutory tax rate and effective tax rate

	As of June 30, 2023	As of June 30, 2024
Statutory tax rate	30.6%	30.6%
(Adjustments)		
Inhabitant tax per capita levy	1.2	0.9
Change in valuation allowance	1.1	(0.4)
Amortization of goodwill and other consolidation adjustments	1.3	1.0
Tax deduction	(0.2)	(2.8)
Difference in tax rate from consolidated subsidiaries	3.1	4.4
Other	(2.4)	(0.4)
Effective income tax rate after tax-effect accounting	34.7	33.2

(Asset Retirement Obligations)

Asset retirement obligations recorded on the consolidated balance sheets

(1) Summary of asset retirement obligations

Asset retirement obligations recognized are mainly obligations to restore sites according to lease contracts for real estate used for stores.

(2) Calculation method for asset retirement obligations

Asset retirement obligations are calculated on the basis of estimated period of use of 1 to 42 years and discount rates of 0.00%–2.43%.

(3) Changes in asset retirement obligations

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Beginning of the year	¥30,355	¥30,866	$192
Increase due to acquisition of property, plant and equipment	461	559	3
Adjustments over time	279	306	2
Decrease due to performance of asset retirement obligations	(82)	(72)	(0)
Decrease due to settlement of asset retirement obligations	(225)	(389)	(2)
Other increase	78	153	1
End of the year	¥30,866	¥31,423	$195

(Investment and Rental Property)

The Company and some of its consolidated subsidiaries own commercial properties and facilities (including land) for lease in Tokyo and other areas. For the fiscal year ended June 30, 2023, rental income related to such properties and facilities was ¥5,643 million. (Rental income was recorded in net sales and significant rental expenses were recorded in cost of sales and selling, general and administrative expenses.) Gain on sale of such properties was ¥17 million, which was recorded in extraordinary income. For the fiscal year ended June 30, 2024, rental income related to such properties and facilities was ¥6,940 million ($43 million). (Rental income was recorded in net sales and significant rental expenses were recorded in cost of sales and selling, general and administrative expenses.)

The carrying amounts on the consolidated balance sheets and the changes in and fair values of these assets for the fiscal years ended June 30, 2023 and 2024 are as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Carrying amount			
Beginning of the year	¥150,993	¥171,926	$1,067
Net change	20,933	(5,744)	(36)
End of the year	171,926	166,182	1,032
Fair value	197,533	189,504	1,177

(Notes) 1. The carrying amount on the consolidated balance sheets is the acquisition cost minus accumulated depreciation and accumulated impairment loss.
2. Net change for the fiscal year ended June 30, 2023 consisted of a major increase of ¥23,449 million from the acquisition of real estate, and major decreases of ¥1,590 million from a change in rentable ratios and ¥926 million from the sale of real estate. Net change for the fiscal year ended June 30, 2024 consisted of a major increase of ¥26,792 million ($166 million) from the acquisition of real estate, and major decreases of ¥32,329 million ($201 million) from a change in rentable ratios and ¥207 million ($1 million) from impairment loss.
3. Fair value is primarily an amount calculated by the Company based on Japanese Real Estate Appraisal Standards, including adjustments made using certain financial indicators.

(Revenue Recognition)

1. Disaggregation of revenue from contracts with customers

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Millions of yen

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	¥ 82,406	¥ –	¥ –	¥ 82,406
Daily consumables	300,846	–	–	300,846
Food	520,476	–	–	520,476
Watches & fashion merchandise	150,175	–	–	150,175
Sporting good &, leisure equipment	62,583	–	–	62,583
Other	16,790	–	–	16,790
(General merchandise store business)				
Clothes	48,676	–	–	48,676
Household goods	74,287	–	–	74,287
Food	292,401	–	–	292,401
Other	2,319	–	–	2,319
(Overseas business)				
North America	–	231,545	–	231,545
Asia	–	–	82,006	82,006
Revenue from contracts with customers	1,550,959	231,545	82,006	1,864,510
Revenue from other sources (Note)	69,892	2,044	337	72,273
Sales to third parties	1,620,851	233,590	82,343	1,936,783

(Note) "Revenue from other sources" includes revenue based on the ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and the ASBJ Statement No. 10 "Accounting Standards for Financial Instruments."

Financial Performance

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	¥ 90,178	¥ –	¥ –	¥ 90,178
Daily consumables	345,379	–	–	345,379
Food	569,108	–	–	569,108
Watches & fashion merchandise	168,431	–	–	168,431
Sporting good &, leisure equipment	81,124	–	–	81,124
Other	20,902	–	–	20,902
(General merchandise store business)				
Clothes	44,457	–	–	44,457
Household goods	65,113	–	–	65,113
Food	301,387	–	–	301,387
Other	197	–	–	197
(Overseas business)				
North America	–	244,671	–	244,671
Asia	–	–	84,973	84,973
Revenue from contracts with customers	1,686,276	244,671	84,973	2,015,920
Revenue from other sources (Note)	76,786	2,204	167	79,157
Sales to third parties	1,763,062	246,875	85,140	2,095,077

Millions of U.S. dollars

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	$ 560	$ –	$ –	$ 560
Daily consumables	2,144	–	–	2,144
Food	3,533	–	–	3,533
Watches & fashion merchandise	1,046	–	–	1,046
Sporting good &, leisure equipment	504	–	–	504
Other	130	–	–	130
(General merchandise store business)				
Clothes	276	–	–	276
Household goods	404	–	–	404
Food	1,871	–	–	1,871
Other	1	–	–	1
(Overseas business)				
North America	–	1,519	–	1,519
Asia	–	–	528	528
Revenue from contracts with customers	10,469	1,519	528	12,516
Revenue from other sources (Note)	477	14	1	491
Sales to third parties	10,946	1,533	529	13,007

(Note) "Revenue from other sources" includes revenue based on the ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and the ASBJ Statement No. 10 "Accounting Standards for Financial Instruments."

2. Basic information in understanding revenue from contracts with customers

Basic information in understanding revenue is as presented in "(Significant Matters for the Preparation of Consolidated Financial Statements), 4. Accounting policies, (6) Significant revenue and expense recognition standards" in the Notes to Consolidated Financial Statements.

3. Basic information in understanding the amount of revenue for the fiscal year ended June 30, 2024 and beyond

(i) Balance of receivables from contracts with customers and contract liabilities

Balance of receivables from contracts with customers and contract liabilities are as follows:

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Millions of yen

	Fiscal year ended June 30, 2023	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Accounts receivables–trade	¥12,550	¥13,513
Contract liabilities	¥11,361	¥20,838

Contract liabilities include points given to customers when products, etc. are sold and advances received, etc. from payments into the Group's e-money service. These are balances for which the performance obligations have not been satisfied as of the fiscal year-end.

For points, contract liabilities are recognized when points are given to customers, and reversed when the performance obligation is satisfied upon their use or expiration.

For e-money, contract liabilities are recognized when payments into the service are made, and reversed when the performance obligation is satisfied upon products being transferred to a customer.

Revenue recognized in the fiscal year ended June 30, 2023 that was included in the contract liability balance at the beginning of the year was ¥11,361 million. Contract liabilities increased by ¥9,477 million in the fiscal year ended June 30, 2023 mainly due to increases of ¥4,263 million in payments into the e-money service and ¥2,961 million in provision for point card certificates as a result of the My Number Points system and other factors.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Fiscal year ended June 30, 2024	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Accounts receivables–trade	¥13,513	¥16,894
Contract liabilities	¥20,838	¥18,966

Millions of U.S. dollars

	Fiscal year ended June 30, 2024	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Accounts receivables–trade	$84	$105
Contract liabilities	$129	$118

Contract liabilities include points given to customers when products, etc. are sold and advances received, etc. from payments into the Group's e-money service. These are balances for which the performance obligations have not been satisfied as of the fiscal year-end.

For points, contract liabilities are recognized when points are given to customers, and reversed when the performance obligation is satisfied upon their use or expiration.

For e-money, contract liabilities are recognized when payments into the service are made, and reversed when the performance obligation is satisfied upon products being transferred to a customer.

Revenue recognized in the fiscal year ended June 30, 2024 that was included in the contract liability balance at the beginning of the year was ¥20,838 million ($129 million). Contract liabilities decreased by ¥1,872 million ($12 million) in the fiscal year ended June 30, 2024 mainly due to a decrease of ¥1,701 million ($11 million) in payments into the e-money service.

(ii) Transaction price allocated to the remaining performance obligations

The description is omitted because the Group has applied the practical expedient as there are no significant transactions with an original expected contract duration of more than one year.

There are no material amounts of compensation from contracts with customers that are not included in the transaction price.

(Segment Information)

Segment information

1. Overview of reportable segments

Reportable segments of the Company are components of the Company whose segregated financial information is available and that are subject to regular review by the Board of Directors for the purpose of determining the allocation of management resources and assessment of business results.

The Company is mainly engaged in merchandise sales and has three reportable segments: "Domestic business," "North America business," and "Asia business."

The Domestic business segment mainly operates the big discount convenience store "Don Quijote," the general discount store for families "MEGA Don Quijote," "MEGA Don Quijote UNY," and the general supermarket stores such as "APITA" and "PIAGO."

The "North America business" is a segment operates discount stores and supermarkets in the states of Hawaii and California in the United States.

The "Asia business" segment operates "DON DON DONKI" stores based on the concept of Japan brand specialty stores in the Asian region.

2. Method of calculating sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting procedures of reportable operating segments are as described in Significant Matters for the Preparation of Consolidated Financial Statements.

Profit in the reportable segments is operating income, and intersegment sales are mainly based on quoted market prices.

Financial Performance

3. Information on amounts of sales, profit or loss, assets, liabilities, and other items by reportable segment

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Millions of yen

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales						
Sales to third parties	¥1,620,851	¥233,590	¥82,343	¥1,936,783	¥ –	¥1,936,783
Intersegment sales and transfer	10,822	–	133	10,955	(10,955)	–
Total	1,631,672	233,590	82,476	1,947,738	(10,955)	1,936,783
Segment profit	96,404	7,225	1,630	105,259	–	105,259
Segment assets	1,097,126	176,433	29,680	1,303,239	177,819	1,481,058
Other items (Note 3)						
Depreciation and amortization	29,007	9,943	3,311	42,261	–	42,261
Increase in property, plant and equipment and intangible assets	47,053	8,466	4,744	60,263	–	60,263

(Notes) 1. The ¥177,819 million adjustment to segment assets includes surplus funds of ¥183,244 million of the Company, which are Companywide assets (cash and deposits and investment securities), and elimination of receivables between reportable segments of ¥(5,425) million.
2. Segment profit is the same as operating income in the consolidated statements of profit and loss.
3. Increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales						
Sales to third parties	¥1,763,062	¥246,875	¥85,140	¥2,095,077	¥ –	¥2,095,077
Intersegment sales and transfer	12,662	–	129	12,791	(12,791)	–
Total	1,775,724	246,875	85,269	2,107,868	(12,791)	2,095,077
Segment profit	136,606	3,442	146	140,193	–	140,193
Segment assets	1,162,700	200,996	28,890	1,392,586	105,824	1,498,410
Other items (Note 3)						
Depreciation and amortization	31,707	10,777	3,747	46,231	–	46,231
Increase in property, plant and equipment and intangible assets	77,884	13,538	4,383	95,804	–	95,804

Millions of U.S. dollars

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments (Note 1)	Consolidated (Note 2)
Sales						
Sales to third parties	$10,946	$1,533	$529	$13,007	$ –	$13,007
Intersegment sales and transfer	79	–	1	79	(79)	–
Total	11,025	1,533	529	13,087	(79)	13,007
Segment profit	848	21	1	870	–	870
Segment assets	7,219	1,248	179	8,646	657	9,303
Other items (Note 3)						
Depreciation and amortization	197	67	23	287	–	287
Increase in property, plant and equipment and intangible assets	484	84	27	595	–	595

(Notes) 1. The ¥105,824 million ($657 million) adjustment to segment assets includes surplus funds of ¥112,102 million ($696 million) of the Company, which are Companywide assets (cash and deposits and investment securities), and elimination of receivables between reportable segments of ¥(6,278) million ($(39) million).
2. Segment profit is the same as operating income in the consolidated statements of profit and loss.
3. Increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

Related information

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

1. Information by product and service

Description is omitted because the same information is stated in “Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers” in the consolidated financial statements.

2. Information by region

(1) Net sales

Millions of yen

Japan	United States	Asia	Total
¥1,620,851	¥233,590	¥82,343	¥1,936,783

(Note) Net sales are classified by country or region based on the customer’s location.

(2) Property, plant and equipment

Millions of yen

Japan	United States	Asia	Total
¥597,289	¥79,174	¥12,745	¥689,209

3. Information by major customer

Description is omitted because there are no third-party customer accounts with 10% or more of net sales in the consolidated statements of profit and loss.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

1. Information by product and service

Description is omitted because the same information is stated in “Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers” in the consolidated financial statements.

2. Information by region

(1) Net sales

Millions of yen

Japan	United States	Asia	Total
¥1,763,062	¥246,875	¥85,140	¥2,095,077

Millions of U.S. dollars

Japan	United States	Asia	Total
$10,946	$1,533	$529	$13,007

(Note) Net sales are classified by country or region based on the customer’s location.

(2) Property, plant and equipment

Millions of yen

Japan	United States	Asia	Total
¥637,114	¥87,715	¥10,634	¥735,463

Millions of U.S. dollars

Japan	United States	Asia	Total
$3,956	$545	$66	$4,566

3. Information by major customer

Description is omitted because there are no third-party customer accounts with 10% or more of net sales in the consolidated statements of profit and loss.

Information on the impairment loss of non-current assets by reportable segment

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Millions of yen

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments	Consolidated
Impairment loss	¥3,500	¥1,009	¥1,474	¥5,983	¥–	¥5,983

Financial Performance

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments	Consolidated
Impairment loss	¥1,886	¥8,448	¥3,831	¥14,165	¥–	¥14,165

Millions of U.S. dollars

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments	Consolidated
Impairment loss	$12	$52	$24	$88	$–	$88

Information on amortization of goodwill and unamortized balance of goodwill by reportable segment

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Millions of yen

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Asia business	Consolidated
Amortization for the year	¥ 228	¥ 4,376	¥–	¥ 4,604	¥–	¥ 4,604
Balance at year-end	2,129	58,873	–	61,002	–	61,002

There is no amortization of negative goodwill nor unamortized balance of negative goodwill incurred by business combinations conducted before April 1, 2010.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments	Consolidated
Amortization for the year	¥ 228	¥ 4,736	¥–	¥ 4,964	¥–	¥ 4,964
Balance at year-end	1,901	60,673	–	62,574	–	62,574

Millions of U.S. dollars

	Reportable segment					
	Domestic business	North America business	Asia business	Total	Adjustments	Consolidated
Amortization for the year	$ 1	$ 29	$–	$ 31	$–	$ 31
Balance at year-end	12	377	–	388	–	388

There is no amortization of negative goodwill nor unamortized balance of negative goodwill incurred by business combinations conducted before April 1, 2010.

Information on gain on bargain purchase by reportable segment

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Not applicable.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Not applicable.

(Information on related parties)

Transactions with related parties

Transactions between the Company and related parties

(1) The Company's parent and major shareholders (corporations)

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

No significant matter to be disclosed.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

No significant matter to be disclosed.

(2) The Company's non-consolidated subsidiaries and affiliates

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

No significant matter to be disclosed.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

No significant matter to be disclosed.

(3) The Company's directors and major shareholders (individuals)

For the fiscal year ended June 30, 2023 (From July 1, 2022 to June 30, 2023)

Category	Name	Location	Capital stock (Millions of yen)	Type of business	% of voting rights (owned)	Business relationship	Description of transactions	Transaction amount (Millions of yen)	Account	Balance at year-end (Millions of yen)
Foundation at which a director serves as chairman	Yasuda Scholarship Foundation	Meguro-ku, Tokyo	¥–	(Note 1)	(Own) Direct 2.41 Indirect –	Directors holding concurrent positions: 2	Compensation received for seconded employees (Note 2)	¥19	–	¥–
Company at which the majority of voting rights are held by a director and/or his/her close relatives	Anryu Shoji Co., Ltd.	Chiyoda-ku, Tokyo	¥100	Real estate business	(Own) Direct 5.55 Indirect –	Directors holding concurrent positions: 1	Total amount of lease transactions (Note 3)	¥23	Property, plant and equipment (other)	¥18
							Proceeds from lease payments received (Note 3)	¥3		

(Notes) The terms and conditions of transactions and their decisions are as follows:
1. The purpose of the foundation's activities is to provide scholarships to international exchange students who have difficulty attending school in Japan for financial reasons, operating under the goals of fostering valuable human resources, contributing to improving the caliber of exchange students, and promoting friendship and goodwill between the students' home country and Japan.
2. The secondment fee for the dispatch of seconded employees is determined by agreement through mutual consultation based on the salary of the seconded employee.
3. The terms and conditions of transactions are determined in the same manner as those for regular business partners.

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Category	Name	Location	Capital stock		Type of business	% of voting rights (owned)	Business relationship	Description of transactions	Transaction amount		Account	Balance at year-end	
			(Millions of yen)	(Millions of U.S. dollars)					(Millions of yen)	(Millions of U.S. dollars)		(Millions of yen)	(Millions of U.S. dollars)
Foundation at which a director serves as chairman	Yasuda Scholarship Foundation	Meguro-ku, Tokyo	¥–	$–	(Note 1)	(Own) Direct 2.41 Indirect –	Directors holding concurrent positions: 2	Compensation received for seconded employees (Note 2)	¥16	$0	–	¥–	$–
Company at which the majority of voting rights are held by a director and/or his/her close relatives	Palau Coral Club Co., Ltd.	The Republic of Palau	¥–	$90	Hotel business	–	Directors holding concurrent positions: 1	Outsourcing fee income (Note 3)	¥11	$0	–	¥–	$–

(Notes) The terms and conditions of transactions and their decisions are as follows:
1. The purpose of the foundation's activities is to provide scholarships to international exchange students who have difficulty attending school in Japan for financial reasons, operating under the goals of fostering valuable human resources, contributing to improving the caliber of exchange students, and promoting friendship and goodwill between the students' home country and Japan.
2. The secondment fee for the dispatch of seconded employees is determined by agreement through mutual consultation based on the salary of the seconded employee.
3. Outsourcing fee income is determined by agreement through mutual consultation.

Financial Performance

(Per Share Information)

Fiscal year ended June 30, 2023		Fiscal year ended June 30, 2024		
Net assets per share	¥759.75	Net assets per share	¥898.72	$5.58
Profit per share	110.94	Profit per share	148.64	0.92
Diluted profit per share	110.67	Diluted profit per share	148.09	0.92

(Note) The basis for calculating profit per share and diluted profit per share is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2023	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2024
Profit per share			
Profit attributable to owners of parent (millions of yen)	¥ 66,167	¥ 88,701	$551
Profit not attributable to common stock owners (millions of yen)	–	–	–
Profit attributable to common stock owners of parent (millions of yen)	66,167	88,701	551
Weighted-average number of shares of common stock (shares)	596,450,914	596,760,042	
Diluted profit per share			
Adjustment of profit attributable to owners of parent (millions of yen)	–	–	–
Increase in number of shares of common stock (shares)	1,430,356	2,219,538	
(Of which, share acquisition rights)	(1,430,356)	(2,219,538)	
Descriptions of potentially dilutive common shares not included in the calculation of diluted profit per share due to the absence of their dilutive effect	–	–	

(Subsequent Events)

Not applicable.

Supplemental information

Corporate bonds

Issuer	Type of issue	Issue date	Balance at July 1, 2023 (Millions of yen)	Balance at June 30, 2024 (Millions of yen)	Balance at June 30, 2024 (Millions of U.S. dollars)	Interest rate (%)	Collateral	Redemption date
The Company	The 11th unsecured corporate bond	March 10, 2016	10,000 (–)	10,000 (–)	62 [–]	0.73	N/A	March 10, 2026
The Company	The 12th unsecured corporate bond	March 21, 2017	10,000 (10,000)	–	–	0.39	N/A	March 21, 2024
The Company	The 14th unsecured corporate bond	March 8, 2018	10,000 (–)	10,000 (–)	62 [–]	0.48	N/A	March 8, 2028
The Company	The 16th unsecured corporate bond	March 7, 2019	10,000 (–)	10,000 (–)	62 [–]	0.35	N/A	March 6, 2026
The Company	The 17th unsecured corporate bond	March 7, 2019	10,000 (–)	10,000 (–)	62 [–]	0.45	N/A	March 7, 2029
The Company	The 18th unsecured corporate bond	October 21, 2021	40,000 (–)	40,000 (–)	248 [–]	0.13	N/A	October 21, 2026
The Company	The 19th unsecured corporate bond	October 21, 2021	10,000 (–)	10,000 (–)	62 [–]	0.25	N/A	October 20, 2028
The Company	The 20th unsecured corporate bond	October 21, 2021	30,000 (–)	30,000 (–)	186 [–]	0.40	N/A	October 21, 2031
The Company	The 1st unsecured corporate bond (with subordination agreement) (Note 4)	November 29, 2018	140,000 (–)	–	–	(Note 2)	N/A	November 28, 2053
The Company	The 21st unsecured corporate bond	November 9, 2023	–	24,000 (–)	149 [–]	0.44	N/A	November 9, 2026
The Company	The 22nd unsecured corporate bond	November 9, 2023	–	38,000 (–)	236 [–]	0.73	N/A	November 9, 2028
The Company	The 23rd unsecured corporate bond	November 9, 2023	–	5,000 (–)	31 [–]	0.99	N/A	November 8, 2030
The Company	The 24th unsecured corporate bond	November 9, 2023	–	3,000 (–)	19 [–]	1.32	N/A	November 9, 2033
Japan Asset Marketing Co., Ltd.	The 6th unsecured corporate bond	September 21, 2016	875 (250)	625 (250)	4 [2]	0.18	N/A	September 18, 2026
Japan Asset Marketing Co., Ltd.	The 7th unsecured corporate bond	September 26, 2016	1,400 (400)	1,000 (400)	6 [2]	0.22	N/A	September 25, 2026
Japan Asset Marketing Co., Ltd.	The 8th unsecured corporate bond	September 26, 2016	180 (180)	–	–	0.37	N/A	September 26, 2023
Other	–	–	100 (100)	100 (–)	1 [–]	–	–	–
Total	–	–	¥272,555 (¥10,930)	¥191,725 (¥650)	$1,190 [4]	–	–	–

(Notes) 1. Figures in parentheses represent the current portion.
2. The interest rate of the Company's 1st unsecured corporate bond (with subordination agreement) is 1.49% per annum from the day following November 29, 2018 to November 29, 2023.
3. The annual redemption schedule for five years is as follows:

Millions of yen

Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
¥650	¥20,650	¥64,425	¥10,000	¥58,000

Millions of U.S. dollars

Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
$4	$128	$400	$62	$360

4. Redeemed in full on November 27, 2023 prior to the maturity date.

Financial Performance

Loan payables, etc.

Classification	Balance at July 1, 2023 (Millions of yen)	Balance at June 30, 2024 (Millions of yen)	Balance at June 30, 2024 (Millions of U.S. dollars)	Average interest rate (%)	Redemption date
Current portion of long-term loan payables	¥ 34,364	¥ 48,615	$ 302	0.45	–
Current portion of lease obligations	2,263	2,809	17	–	–
Long-term loan payables excluding current portion	272,499	224,657	1,395	0.77	From September 2025 to July 2067
Lease obligations excluding current portion	31,036	32,897	204	–	From August 2025 to August 2041
Other interest-bearing debt	–	–	–	–	–
Total	¥340,163	¥308,978	$1,918	–	–

(Notes) 1. Average interest rate represents the weighted-average interest rate of loans as of June 30, 2024
2. The average interest rate of lease obligations is not provided because the amount of lease obligations before deducting the interest amount included in the total amount of lease payments is presented on the consolidated balance sheet.
3. The annual repayment schedule for long-term loan payables and lease obligations excluding current portion for five years is as follows:

Millions of yen

	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
Long-term loan payables	¥60,797	¥32,142	¥19,452	¥4,338
Lease obligations	2,654	2,663	2,368	1,916

Millions of U.S. dollars

	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
Long-term loan payables	$377	$200	$121	$27
Lease obligations	16	17	15	12

Details of asset retirement obligations

The details of asset retirement obligations are omitted since the information is included in the notes to the accompanying financial statements as prescribed in Article 15-23 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

(2) Others

Quarterly Information for the fiscal year ended June 30, 2024

Cumulative balance	1st quarter	2nd quarter	3rd quarter	Year total
Net sales (millions of yen)	¥509,329	¥1,047,594	¥1,567,374	¥2,095,077
Profit before income taxes (millions of yen)	35,763	72,883	110,164	130,506
Profit attributable to owners of parent (millions of yen)	24,609	48,214	72,081	88,701
Profit per share (yen)	41.25	80.80	120.80	148.64

Accounting period	1st quarter	2nd quarter	3rd quarter	4th quarter
Profit per share (yen)	¥41.25	¥39.56	¥39.99	¥27.84

Cumulative balance	1st quarter	2nd quarter	3rd quarter	Year total
Net sales (millions of U.S. dollars)	$3,162	$6,504	$9,731	$13,007
Profit before income taxes (millions of U.S. dollars)	222	452	684	810
Profit attributable to owners of parent (millions of U.S. dollars)	153	299	448	551
Profit per share (U.S. dollars)	0.26	0.50	0.75	0.92

Accounting period	1st quarter	2nd quarter	3rd quarter	4th quarter
Profit per share (U.S. dollars)	$0.26	$0.25	$0.25	$0.17

Independent Auditor's Report

To the Board of Directors
Pan Pacific International Holdings Corporation

Opinion

We have audited the accompanying consolidated financial statements of Pan Pacific International Holdings Corporation and its consolidated subsidiaries ("the Group"), which comprise the consolidated balance sheet as of June 30, 2024, and the consolidated statement of profit and loss and comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Ethics in Japan, and we have fulfilled our other responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Inventories in The Domestic Retail Business

Description of Key Audit Matter	Auditor's Response
The Group recorded 198,979 million yen of merchandise and finished goods in the consolidated balance sheet, accounting for 13.3% of total assets. In addition, as stated in the note "(Significant accounting estimate) Loss on valuation of inventories", cost of sales includes a loss on valuation of inventories of 2,558 million yen. Matters concerning accounting policy are disclosed in note 4. Basis and method of valuation of significant assets are disclosed in note (1)(c). The value of inventories in the consolidated balance sheet is calculated by the moving average method (writing down method based on decline in profitability). The Group recorded the difference as a loss on valuation of inventories according to the general rule if the net selling value was lower than the book value. The Group writes down the book value of inventories on a systematic basis that have been unsold and no longer part of the normal operating cycle process and records a loss on valuation. Inventories that have been unsold whose turnover ratio becomes lower than a certain ratio were extracted. Furthermore, the Group evaluated them by regularly writing down with the defined depreciation rate based on past sales results, the quantity of inventories, and future sales plans in the inventory group. Since the valuation of inventories in the domestic retail business involves uncertainties and requires the judgment of management, the Group identified "valuation of inventories in the domestic retail business" as a key audit matter.	The primary audit procedures we performed to assess the valuation of inventories in the domestic retail business include following, among others: • We evaluated the effectiveness of the design and operational status of internal controls over the valuation of inventories. • We considered the validity of inventories that have been unsold when calculating a loss on valuation regarding inventories that have been unsold. And based on this, we examined whether they were extracted from the core system without omission and considered appropriateness of the population in the calculation of a loss on valuation. • As for the depreciation rate used to calculate a loss on valuation of inventories that have been unsold calculating the consuming rate for the inventories writing down at the end of the previous fiscal year, and we evaluated the depreciation rate system at the end of the previous fiscal year. In addition, the rationality of the depreciation rate for the current fiscal year was examined by comparing it with the person in charge of the inventory management department, queries to the management, sales results during the current fiscal year, and future sales measures. • We recalculated that the written down book value of inventories that have been unsold at the end of the current fiscal year in the domestic retail business was accurately calculated based on the inventory data that have been unsold and the depreciation rate.

Financial Performance

Impairment Loss on Non-current Assets	
Description of Key Audit Matter	Auditor's Response
Property, plant and equipment amounted to 735,463 million yen and intangible assets amounted to 94,647 million yen in the company's consolidated balance sheet, accounting for 55.4% of total assets. In addition, as stated in the note "(Significant accounting estimate) Impairment of non-current assets", an impairment loss of 14,165 million yen was recorded from non-current assets. The Group determines the indications of impairment for each store, business or rental property unit. And if there are indications of impairment, the Group determines whether it is necessary or not to recognize an impairment loss, and the assets subject to impairment are to reduce to the recoverable amount and record an impairment loss. The recoverable amount uses the higher of either its net selling value or value in use, and the net selling value is calculated based on factors such as the appraisal value by a real estate appraiser. The Group calculates future cash flow by considering changes in the commercial zones, the influences of competitors' stores, the operating environment and forecasting future net sales and operating income and expenses by store. When considering the impairment loss on non-current assets, the above key assumptions involve uncertainties and require the judgment of the management. Therefore, the company identified "the impairment loss on non-current assets" as a key audit matter.	The primary audit procedures we performed to assess the impairment loss on non-current assets include following, among others: • We evaluated the effectiveness of the development and operation status of internal controls over the impairment of non-current assets. • We examined the consistency of future cash flow estimation by comparing it with the remaining economic useful life of major assets or the lease contracts. • We examined the consistency of future cash flows with the budget approved through an appropriate process. • We considered the calculating future cash flows and inquired the person in charge of the sales department regarding changes in the commercial zones, the influences of competitors' stores, the operating environment, and other factors, taken into consideration calculating future cash flows, and examined the rationality of the process. • We obtained a real estate appraisal report and examined the validity of the real estate appraisal results. • We compared prior year's budgets with subsequent year's results to assess the effectiveness of management's estimation process.

Other Information

The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the design, implementation and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.
From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Fee-Related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the year ended June 30, 2024 are 271 million yen and 4 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act of Japan.

UHY Tokyo & Co
Tokyo, Japan
September 27, 2024

Convenience Translation

The accompanying consolidated financial statements expressed in Japanese yen have been translated into U.S. dollars on the basis set forth in notes to consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

STATEMENT ON ACCOUNTING PRINCIPLES AND AUDITING STANDARDS

This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying consolidated financial statements are prepared based on accounting principles generally accepted in Japan and filed with the local finance bureau of the Ministry of Finance (MOF) as required by the Financial Instruments and Exchange Act. The auditing standards and their application in practice are those generally accepted in Japan, and Report of Independent Auditors is translated into English from the statutory Japanese language consolidated financial statements.

Corporate and Stock Information (As of June 30, 2024)

Major companies and business domains

PPIH

- **Domestic Retail**
  - Discount Store Business
    - Don Quijote Co., Ltd.
      - UD Retail
      - Nagasakiya
      - Tachibana Department Store
  - GMS Business
    - UNY Co., Ltd.
- **Overseas Retail**
  - Asia Business
    - PPRM (Singapore)
    - PPRM (Hong Kong)
    - PPRM (Malaysia)
    - Macau PRRM
    - DONKI (Thailand)
    - Taiwan PPRM
  - North America Business
    - Don Quijote (USA)
    - Gelson's Markets
    - MARUKAI CORPORATION
    - Marukai Hawaii
    - QSI
- **Distribution Division**
  - Pan Pacific International Trading Co., Ltd.
  - Pan Pacific Commerce Co., Ltd.
- **Real Estate Division**
  - Japan Commercial Establishment Co., Ltd.
    - Sun Reform
    - Asset Property Manageme
  - Japan Asset Marketing Co., Ltd.
- **Financial Services Division**
  - Pan Pacific International Financial Service Corporation
    - UCS
- **Retail Media Division**
  - pHmedia
- **Advertising and Promotion Division**
  - REALIT Co., Ltd.

PPRM: Pan Pacific Retail Management

PRRM: Pacific Rim Retail Management

Store Network

Number of Group stores 742 stores

*Number of stores: As of the end of FY2024

Domestic

Japan: 632 stores

Don Quijote	262
MEGA Don Quijote*1	143
MEGA Don Quijote UNY*1	62
Picasso, etc.*1	34
Apita, Piago*1	131

Overseas

Overseas: 110 stores

Hong Kong: 10 stores	
DON DON DONKI	10
Thailand: 8 stores	
DON DON DONKI	8
Singapore: 16 stores	
DON DON DONKI	16
Malaysia: 4 stores	
DON DON DONKI	4
Taiwan: 5 stores	
DON DON DONKI	5
Macau: 2 stores	
DON DON DONKI	2
Hawaii: 28 stores	
Don Quijote	3
MARUKAI	1
Times*2	24
California: 37 stores	
MARUKAI	2
TOKYO CENTRAL	8
Gelson's	27

*1 "MEGA Don Quijote" includes NEW MEGA Don Quijote, "MEGA Don Quijote UNY" includes Don Quijote UNY, "Picasso, etc." includes Picasso, Essence, Ekidonki, Soradonki, Jonetz Shokunin, Nagasakiya, etc., "Apita, Piago" includes U-STORE, Piago Power, Power Super Piago, etc.

*2 Big Save, TOKYO CENTRAL and other stores operated by QSI, Inc. are included under the Times format.

Corporate data

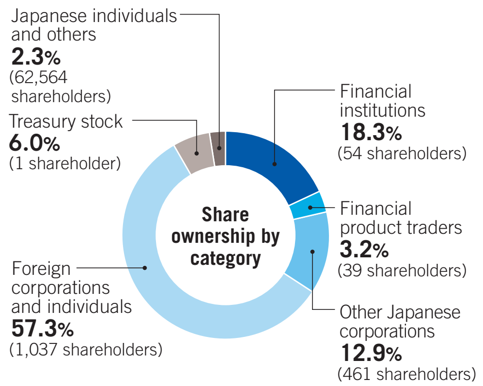
Company name	Pan Pacific International Holdings Corporation
Business activities	Corporate planning for and management of Group companies through the holding of shares in such companies, contracted administrative operation of subsidiaries, and real estate management
Head office	2-25-12 Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan Phone: +81-3-5725-7532 Fax: +81-3-5725-7322
Date of establishment	September 5, 1980
Paid-in capital	¥23.538 billion
Fiscal year-end	June 30
Number of employees	Non-consolidated: 2,955 Consolidated: 17,168

Stock and shareholder information

Stock information

Shares authorized	1,872,000,000
Shares issued	635,028,540
Treasury stock	38,073,252
Number of shareholders	64,156

* The number of shareholders increased by 2,473 from June 30, 2023.

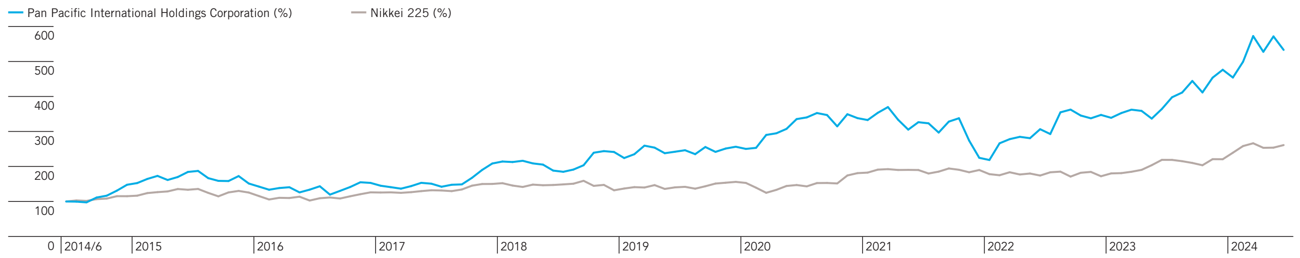


Principal shareholders

Name	Number of shares held	Percentage of total shares in issue (%)
DQ WINDMOLEN B.V.	134,028,000	22.45
The Master Trust Bank of Japan, Ltd. (Trust Account) *	67,795,500	11.36
Pan Pacific International Holdings Corporation	38,073,252	–
Anryu Shoji Co., Ltd.	33,120,000	5.55
FamilyMart Co., Ltd.	33,057,384	5.54
Custody Bank of Japan, Ltd. (Trust Account) *	32,883,400	5.51
Yasuda Scholarship Foundation	14,400,000	2.41
GIC PRIVATE LIMITED - C	13,984,139	2.34
JP MORGAN CHASE BANK 385632	11,530,621	1.93
STATE STREET BANK WEST CLIENT - TREATY 505234	8,927,036	1.50

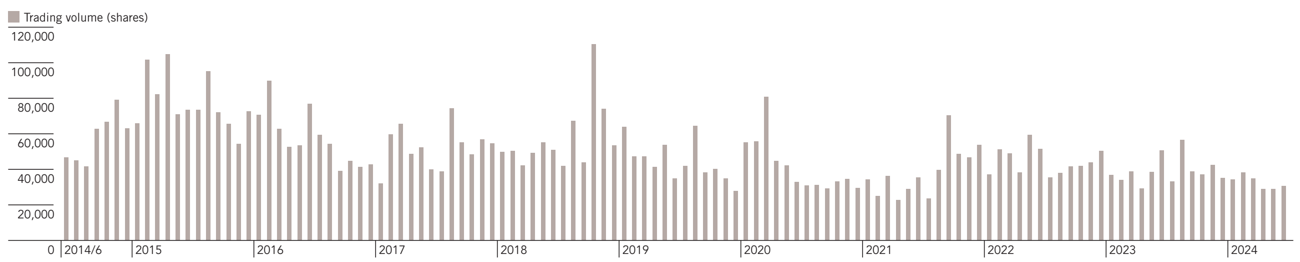
Note: Percentage of total shares does not include treasury stock (38,073,252 shares).
The number of shares held by shareholders with a * symbol includes the number of shares related to the trust business.
The numbers of shares held by shareholders whose actual shareholdings can be confirmed by our company are shown in the status of principal shareholders above.

Trends in stock price

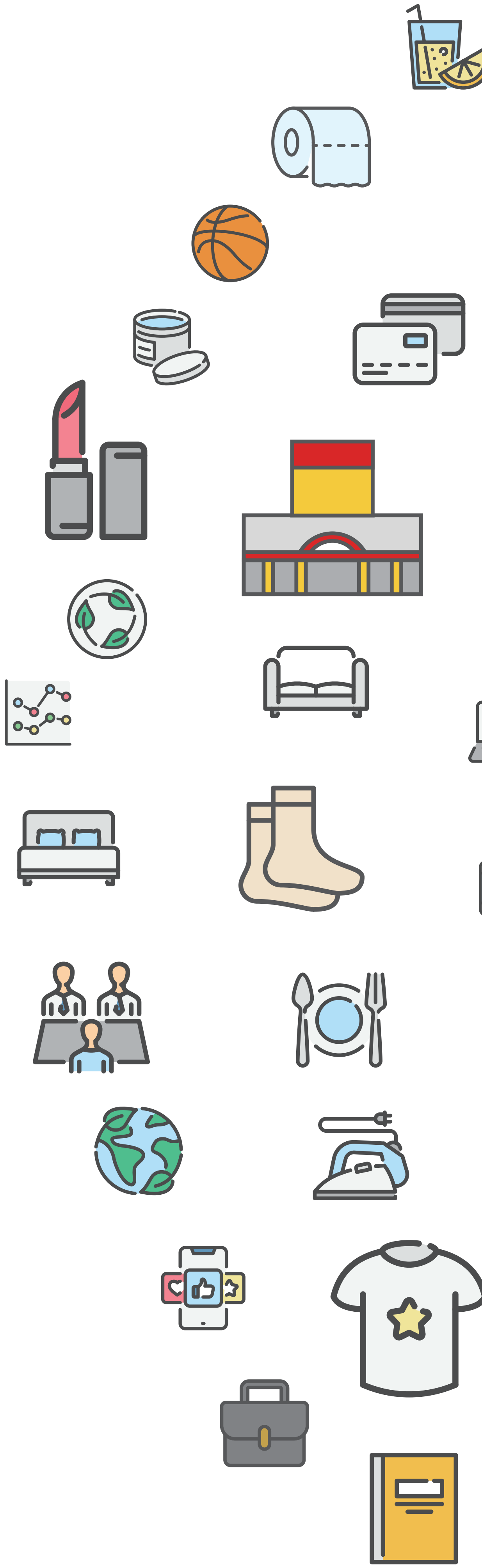


* The 100 value is based on the closing price on June 30, 2014.

Trends in trading volume



Note: Share prices have been adjusted to reflect a 2-for-1 stock split conducted on July 1, 2015 and a 4-for-1 stock split conducted on September 1, 2019.



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