

## 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

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#### 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 commercial 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.