

Our New Long-term Business Plan
“Double Impact 2035”

We view shifts in the external environment as growth opportunities and will accelerate domestic business growth through strategic initiatives, including expanding market share. Through these efforts, we aim to achieve net sales of 4.2 trillion yen and operating income of 330 billion yen in FY6/35, more than double that of FY6/25. A detailed overseas strategy will be announced separately in the future.

		FY6/25		FY6/35		
		Amount	Ratio	Amount	Growth rate	Ratio
Consolidated	Net sales	¥2.2468 trillion	-	¥4.2000 trillion	186.9%	-
	Operating income	¥162.3 billion	-	¥330.0 billion	203.3%	-
	Operating margin	7.2%	-	7.9%	+0.7 pts	-
Domestic	Net sales	¥1.8949 trillion	84.3%	¥3.7000 trillion	195.3%	88.1%
	Operating income	¥156.1 billion	96.2%	¥300.0 billion	192.2%	90.9%
	Operating margin	8.2%	-	8.1%	(0.1) pts	-
Overseas	Net sales	¥351.9 billion	15.7%	¥500.0 billion	142.1%	11.9%
	Operating income	¥6.2 billion	3.8%	¥30.0 billion	483.9%	9.1%
	Operating margin	1.8%	-	6.0%	+4.2 pts	-

New Growth Opportunities from External
Environment Shifts

- Japan’s consumer market expected to see moderate growth
- Rising price sensitivity and declining income projected to expand the TAM* for discount formats across both food and non-food categories
- Changes in consumer behavior driven by shifts in external environment enable increased opportunities in adjacent markets, including food supermarkets

*TAM=Total Addressable Market

Forecasted shifts in the external environment	Anticipated shifts	Revenue opportunities
1. More low-income consumers	<ul style="list-style-type: none">• Stronger saving and defensive spending due to inflation and falling real wages• More dual-income households and demand for ready-to-eat, time-saving products	<ul style="list-style-type: none">▶ Demonstrate price competitiveness in discount retail and strengthen access to fresh food markets▶ Expand target markets like food supermarkets
2. Fewer retail players and industry consolidation	<ul style="list-style-type: none">• Population decline from aging and low birthrate, with losses outside Tokyo• Cost-push inflation continues, raising costs	<ul style="list-style-type: none">▶ Increase M&A opportunities due to market shrinkage, cost pressure, and succession issues▶ Grow same stores and open more locations as retail players consolidate
3. More foreign residents	<ul style="list-style-type: none">• Population growth from rising foreign resident ratio	<ul style="list-style-type: none">▶ Develop new revenue-generating markets
4. More foreign visitors	<ul style="list-style-type: none">• Government target: 60 million foreign visitors and ¥15 trillion in spending by 2030	<ul style="list-style-type: none">▶ Grow tax-free sales from foreign visitors to Japan
5. Rise of “Real Price™” * as consumers gain information advantage	<ul style="list-style-type: none">• Information gap between consumers and producers shrinks and accelerates• Consumers shift toward seeking “Real Price™” as real wages fall	<ul style="list-style-type: none">▶ Capture growth opportunities arising from consumer trade-down behavior, including shifts from national brands to equivalent products and from dining out to eating at home

*Real Price (RP™): Purchase price of the lowest available product in the market

Next-level Earnings Capability = TAM (Growth Opportunities) × Execution Model × Talent & Capabilities

Strategy to Expand Domestic Market Share = Growth Opportunity

- **Accelerating new store openings:** “cover Japan”
- **Same store growth:** phenomenal growth in net sales
- **Tax-free sales:** establish tourist-oriented retail
- **New format:** develop compact stores for small catchment areas (Food-Focused Don Quijote)
- **M&A strategy:** leverage strong track record with Nagasakiya and UNY

Merchandising Strategy Powers Growth + Extra = Execution Model × Talent & Capabilities

- **PB/OEM strategy:** NEXT Revolution – Driving a shopping frenzy with discount PB
- **National brand collaboration:** strengthen NPB strategy
- **Category development:** build brand identity as “XX? It’s Donki!”
- **Supply chain strategy:** strengthen upstream sourcing
- **Deli category enhancement:** strengthen deli as a key traffic driver
- **Productivity improvement:** PPIH-style digital × generative AI
- **Marketing strategy:** expand wallet share
- **Human capital strategy:** build multiple high-performing teams