

COO Message



Implementing Diverse Strategies that Embody Growth Opportunities: Optimizing “store operations × merchandising” to maximize profits

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COO and Representative Director

Assuming the Role of Chief Operating Officer (COO)

I wish to thank all our stakeholders for your deep understanding and warm support for the PPIH Group's business activities. My name is Kosuke Suzuki, and I have assumed the role of Representative Director and COO of the PPIH Group, as well as President and CEO of Don Quijote Co., Ltd.

Upon assuming the role of COO, I would first like to express my commitment to practicing "The Source (Genryu)" Management, the starting point and management philosophy of the PPIH Group, and to convey my determination to firmly pass this philosophy on to the next generation, handing over the baton when the time comes. Without ever forgetting this starting point, we will achieve sustainable growth and enhance corporate value even amid rapidly changing times.

My journey with PPIH began when I joined as a new graduate in 2000. Over the past 25 years, my career has focused entirely on sales operations. Starting as a store associate, I accumulated extensive frontline experience as store manager, merchandising manager, branch general manager and general manager of the Sales Headquarters. After UNY became a consolidated subsidiary, I served as the project leader for converting UNY stores to the discount business format, leading reforms across all 63 stores. I approached each store with a spirit of challenge, always pursuing new initiatives and promoting reforms led by the frontlines. Moreover, as General Manager of the Corporate Philosophy Promotion Headquarters, I worked to instill the philosophy of "The Source" Management throughout the company and devoted myself to training masters of "The Source."

I take pride in the fact that my strength is understanding "the feelings of employees" on the frontlines. Having held leadership roles in both pillars of our sales operations—"store operations" and "merchandising"—I have taken actions that reflect both perspectives. I will leverage the experience and knowledge I have cultivated on the frontlines and continue to pursue strategies with an aggressive, never-defensive attitude to achieve "Double Impact 2035" and further growth beyond that. To this end, I will maintain a spirit of inquiry, embrace change, and exercise leadership. Going forward, as COO, I will combine my experience in sales operations with a management perspective and continue to challenge myself to achieve sustainable growth and enhance corporate value.

Growth Strategies in "Double Impact 2035"

We have announced our new long-term business plan, "Double Impact 2035."

I am confident that the quantitative targets we have set

are achievable, even when viewed conservatively. I think of these targets as the destination that we will reach by making a significant leap from our current starting point during my tenure as COO. In other words, I consider them to be clear management objectives.

As Moriya explained on the previous page, in our domestic business, we view various external environmental changes as growth opportunities. In the discount retail market particularly, consumer consciousness has changed significantly due to recent inflation and declining real wages. With heightened price sensitivity and stronger budget consciousness, consumers are increasingly seeking "better products at lower prices," highlighting the enduring relevance of the discount retail model.

We believe that discount market expansion can be expected not only in daily necessities such as food products and consumables but also in other non-food categories where we excel. If we can accurately respond to the needs of the times, we believe this will become our greatest tailwind and open up growth areas suited to a new era.

In last year's integrated report, I said that "our leadership continues to develop innovative strategies," and these have now materialized as the diverse growth strategies for our domestic business in "Double Impact 2035." This plan positions domestic market share expansion as one key theme, and we believe the following 3 pillars are essential to realize this:

- Expanding catchment area share through existing formats
- Strategies for phenomenal same-store growth
- New store format: "Food-Focused Don Quijote"

Regarding "strategies for phenomenal same-store growth," Mr. Moritani has explained the evolution of our PB/OEM strategy, the strengthening of initiatives with national brand manufacturers, and the promotion of marketing strategies (see pages 21-22 for details).

As for "new store format," Mr. Katagiri has provided an outline of "Food-Focused Don Quijote" and explained the strengthening of our deli strategies (see pages 23-24 for details).

I will explain "expanding catchment area share through existing formats" on the next page.

Store Opening Strategy to "Cover Japan"

The PPIH Group operated a total of 655 domestic stores as of the end of FY6/25.

In February 2025, we opened our first store in Kochi Prefecture, the remaining prefecture where we were not present, thereby achieving coverage across all 47 prefectures. However, there is still significant room for new store expansion domestically.

We are analyzing which regions could support catchment area expansion based on our proprietary logic for store openings and aim to open 250 new stores by FY6/35. We will implement our store opening strategy using the following 3 formats:

1. Roadside Stores

We will open stores in regions with sufficient catchment area population and high compatibility with our target customer base, taking into consideration future population dynamics. There are many areas where we have not yet opened stores, or where stores exist but more could be developed. We project 120 store openings under this model.



2. Urban Rail-Side Stores

This model, which we have been strengthening since FY6/25, includes stores such as Akabane Higashiguchi Store, Keikyu Kamata Store, and Chofu Ekimae Store in Tokyo. In addition to high convenience with easy access near stations, these stores also achieve high profitability. We project 80 store openings, primarily in urban areas including Tokyo, Kanagawa, Chiba, Saitama, and Osaka Prefectures.



3. Tourism-Oriented Stores

In FY6/25, we opened satellite stores near existing stores such as Shinjuku Tonanguchi Store (Tokyo) and

Kokusaidori Store (Okinawa) that meet tax-free sales demand and achieved the anticipated results. Going forward, in addition to satellite stores, we also envision opening stores in tourist destinations and regional downtown areas, projecting 50 store openings.



One of our strengths is "individual store management," which enables 100 different store concepts for 100 stores, regardless of floor area, region, or location. Based on these 3 stores opening formats, we will continue to engage in store development tailored to customer needs in each region, steadily filling up the gaps where we are not present across Japan and aiming to further expand catchment area share. By adding the new format, "Food-Focused Don Quijote," we aim to exceed 1,000 stores in our domestic business.

Tax-free Sales: Establishing Tourist-Oriented Retail

Having declared that "we will become the undisputed leader in tax-free sales," we achieved annual tax-free sales of 174.2 billion yen in FY6/25, ranking first in the domestic retail industry. Going forward, we will aim even higher, transitioning to a new stage where we establish "tourist-oriented retail," with the goal of building the kind of brand position where people think, "I'm going to Japan because Donki is there."

We are targeting tax-free sales of 400 billion yen in FY6/35.

The Japanese government has established goals to increase foreign visitors to Japan, and the increased spending from shopping in Japan resulting from more foreign visitors offers us a significant growth opportunity.

Leveraging our strengths, such as our comprehensive product lineup for all kinds of souvenirs, night market shopping after sightseeing or dinner, our unique amusement experience, and infrastructure development, we have raised our current store visit rate to 24.7% (calculated based on the number of foreign visitors to Japan and foreign visitors shopping at our stores). We aim to raise this store visit rate

further to 34.4% by FY6/35 through initiatives to increase repeat customers and acquire new customers.

Just as with domestic customers, we consider the voices of foreign customers who actually visit our stores to be the most important factor in aiming to expand our share rate. The results of surveys about these customers' motivation to visit our stores included many responses such as "because it looks fun" and "because I can experience Japanese culture," revealing that amusement is a major motivating factor for visiting Don Quijote. By deepening this factor further, we intend to create our own unique in-store atmosphere and use this to achieve further differentiation and greater customer loyalty. To realize this, we will leverage the PPIH Group's expertise in spatial presentation and explore systems for designing shop floors that express seasonality and regional characteristics and holding events where Japanese culture can be experienced year-round across Japan.



Furthermore, as strategies prior to customers' visits to Japan, we will strengthen promotional strategies that enhance store visit motivation, and as strategies during their visits, we will develop app functions that further improve convenience. In terms of merchandising, as a way to differentiate ourselves further, we also plan to create a process of developing products that customers cannot find anywhere else.

We will deploy strategies that capture foreign customers' consumption and needs and repeatedly implement various innovations that ensure visiting Don Quijote is a memorable experience. Additionally, we will aim to make Don Quijote "always the chosen destination" as an affordable, convenient place where customers can experience Japanese culture, and establish a business model for doing so.

Achieving Sustainable Growth Together with Communities

In Japan, population decline resulting from the low birthrate and aging of society is worsening, with

populations in all prefectures except Tokyo forecast to shrink. In addition, with costs continually increasing, retail industry consolidation is also expected. In this environment, we position "growing together with communities" as an important pillar of management.

To continue to strengthen "individual store management" rooted in each region, we must further deepen the "Million-Star Program," in which branch presidents (Million Stars) each oversee several stores within catchment areas of approximately 1 million people. Now that "Double Impact 2035" has become the common language for all Million Stars, over 150 Million-Stars need to combine and integrate "diverse growth strategies" with "store operations that are finely attuned to local customer needs." We expect this to create a virtuous cycle where we explore and execute numerous initiatives in each region, and the success stories spread nationwide through information-sharing among Million Stars.

Furthermore, through store opening strategies to "cover Japan" and the creation of the new format, "Food-Focused Don Quijote," we will contribute to regional economic revitalization, including regional employment creation and active participation in regional events. Transaction amounts with markets and farmers in each region are steadily improving, and opportunities for promoting local production for local consumption and collaboration with regional manufacturers are increasing. In terms of store interiors and exteriors as well, we will implement operations that leverage regional characteristics and resources and promote coexistence with local communities.

We will flexibly respond to any environmental changes and aim to be "the last man standing" (a store that continues to survive to the end) that communities need. Going forward, we will strive to achieve sustainable growth in each region in step with local communities.

A Corporate Group that Continues to Be Highly Motivated

With the reshuffling of management members and the announcement of the long-term business plan, "Double Impact 2035," 2025 has been a year of many changes, but internal motivation remains very high, and various project teams have already begun moving with speed toward new goals.

To achieve significant growth in the future as well, we will continue without stopping, always maintaining a customer perspective and upholding our corporate culture of taking on challenges while flexibly responding to change. I will lead the execution of these efforts, constantly pursuing the optimal balance of "store operations x merchandising" and maximizing profits.

We will push forward as one united company toward our goals and strive to meet your expectations for further growth. To all our stakeholders, we ask for your continued confidence in our future growth and appreciate your ongoing warm support and patronage.