

Q3 FY6/25 Results

May 14, 2025

Pan Pacific International Holdings Corporation

1 Overview of Q3 FY6/25 results

2 Appendix

Explanatory notes

1. The actual monetary figures presented in these materials are rounded to the nearest full unit.
2. The following abbreviations are used: Pan Pacific International Holdings (7532) as "PPIH", Don Quijote Co., Ltd. and its stores as "DQ", UNY Co., Ltd. as "UNY", UD Retail Co., Ltd. as "UDR", Singapore as "SG", Hong Kong as "HK", Thailand as "TH", Taiwan as "TW", Malaysia as "MY", Macau as "MO" and Group as "GP".
3. PPIH applies the "Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements", but there are sections where the account items and other information have been simplified to an extent where they do not change the intent or meaning of the contents.
4. The exchange rates used for overseas operations are below. The different exchange rates are applied to Gelson's because its fiscal year ends in June.

Unit: Yen	USD U.S. dollar		USD (Gelson's)		SGD Singapore dollar		THB Thai baht		HKD Hong Kong dollar		TWD Taiwan dollar	
	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S
	FY6/24	143.79	141.82	147.21	151.40	106.91	107.47	4.10	4.13	18.37	18.14	4.59
FY6/25	153.07	158.17	150.70	149.53	114.63	116.51	4.37	4.65	19.64	20.38	4.73	4.82

Note: Regarding exchange rate

The exchange rates applied for P/L are the average exchange rate for the fiscal period (July 2024 to March 2025 for Gelson's, and April 2024 to December 2024 for the others).

The exchange rates applied for B/S are the exchange rate as of the end of March 2025 for Gelson's, and as of the end of December 2024 for the others.

Review of Q3 FY6/25

- ❑ Net sales, operating income, and operating margin all reached record highs for Q3 at 1.6882 tn yen (up 120.8 bn yen / up 7.7% YoY), 128.7 bn yen (up 18.4 bn yen / up 16.7% YoY), and 7.6% (up 0.6pt YoY), respectively. Strong execution of strategic initiatives and effective responses to inflation and weak consumer sentiment supported this performance. Operating margin in the 7% range has become the new standard, surpassing the previous 5% benchmark— once considered the “golden benchmark” of 25% gross margin, 20% SG&A ratio, and 5% operating margin.
- ❑ Progress across all segments has strengthened confidence in achieving full-year targets. Progress in strategic initiatives across all segments has increased confidence in achieving full-year targets.
 - ✓ In the DS business, operating income exceeded the forecast. Tax-free sales continued to grow steadily in line with the plan. Non-tax-free sales were supported by strong performance in seasonal and price-sensitive items under the membership pricing strategy. SG&A increased as expected due to higher labor and utility costs.
 - ✓ In the UNY business, operating income turned positive from a decline in H1 and met the forecast. Sales of food and household essentials grew under the pricing strategy, while store expansion with new non-food offerings also contributed. SG&A rose due to higher utility and promotional costs, but was offset by effective labor hour control.
 - ✓ Asia business performed in line with the forecast. SG&A was effectively managed through labor optimization aligned with sales scale. Stronger local procurement and active promotion of spot items, especially in high-performing areas, supported results.
 - ✓ North America business exceeded the forecast. Performance improved at stores in California. Despite wildfire-related losses, nearby Gelson’s locations outperformed expectations, and continued strength at Marukai CA contributed to the overall outperformance.
- ❑ For FY6/26 and beyond
 - ✓ The new organizational structure for FY6/26 is scheduled to be announced on July 1. The new management team’s strategy will be presented with the full-year financial results.

Overview of Q3 FY6/25 results

Earnings Summary for Q3 FY6/25

【Period: Q3 alone (January 1, 2025 – March 31, 2025) and Q1-Q3 (July 1, 2024 – March 31, 2025)】

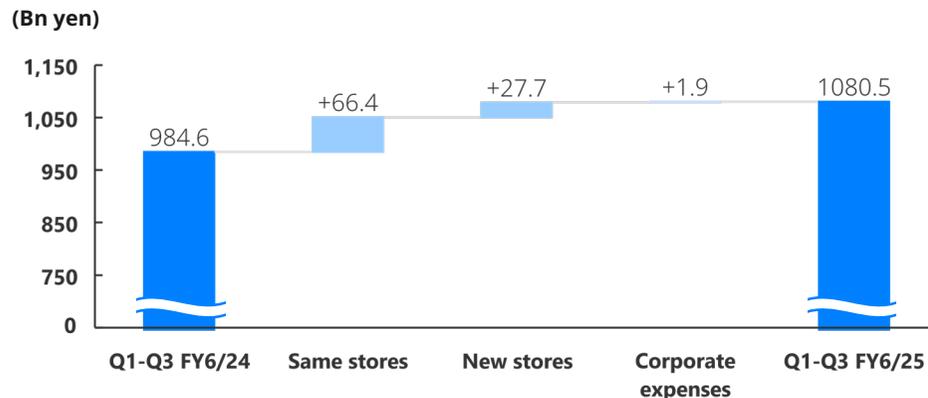
(Unit: Bn yen, except per share data)

	FY6/24 Q3 alone	FY6/25 Q3 alone			FY6/24 Q1-Q3	Q1-Q3 FY6/25		
	Amount <i>% of net sales</i>	Amount <i>% of net sales</i>	YoY Change		Amount <i>% of net sales</i>	Amount <i>% of net sales</i>	YoY Change	
			Amount	%			Amount	%
Net sales	519.8	559.6	39.8	7.7%	1,567.4	1,688.2	120.8	7.7%
Gross profit	162.7 <i>31.3%</i>	174.8 <i>31.2%</i>	12.1	7.4%	493.7 <i>31.5%</i>	538.7 <i>31.9%</i>	45.0	9.1%
SG&A	127.9 <i>24.6%</i>	135.9 <i>24.3%</i>	7.9	6.2%	383.4 <i>24.5%</i>	410.0 <i>24.3%</i>	26.6	6.9%
Operating income	34.8 <i>6.7%</i>	38.9 <i>7.0%</i>	4.2	12.0%	110.3 <i>7.0%</i>	128.7 <i>7.6%</i>	18.4	16.7%
Ordinary profit	40.0 <i>7.7%</i>	38.8 <i>6.9%</i>	(1.2)	(3.1)%	113.6 <i>7.2%</i>	125.7 <i>7.4%</i>	12.1	10.6%
Profit attributable to owners of parent	23.9 <i>4.6%</i>	21.9 <i>3.9%</i>	(2.0)	(8.3)%	72.1 <i>4.6%</i>	75.9 <i>4.5%</i>	3.8	5.3%
Basic EPS (yen)	39.99	36.67	(3.32)	(8.3)%	120.80	127.08	6.28	5.2%
EBITDA¹	46.5 <i>8.9%</i>	50.6 <i>9.0%</i>	4.1	8.8%	144.3 <i>9.2%</i>	164.5 <i>9.7%</i>	20.1	14.0%

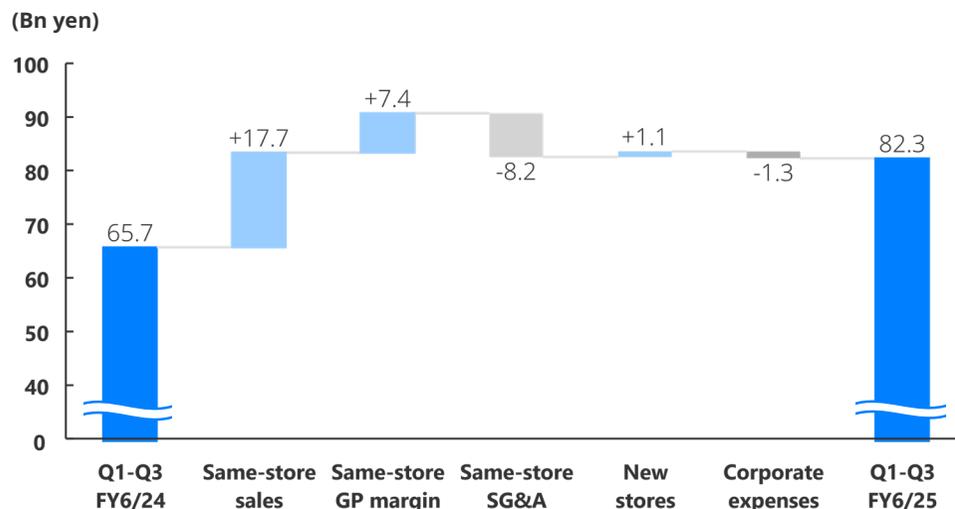
➤ The YoY decline in ordinary profit and below in Q3 alone was due to the absence of foreign exchange gains recorded in Q3 FY6/24.

1: From Q3 FY6/25, EBITDA has been disclosed as a static profit evaluation amount, excluding the impact of capital investments and other factors
EBITDA = Operating income + Depreciation of property, plant and equipment + Amortization of intangible assets + Stock-based compensation

Analysis of Change in Q1-Q3 FY6/25 Sales



Analysis of Change in Q1-Q3 FY6/25 Operating Income



Achieved net sales of 1.0805 tn yen (up 95.9 bn yen YoY) with operating income of 82.3 bn yen (up 16.6 bn yen YoY), exceeding internal targets. Sustained growth was driven by strong customer demand amid an inflationary environment.

Same store sales rose 7.1% YoY, supported by strong performance in both tax-free and non-tax-free segments.

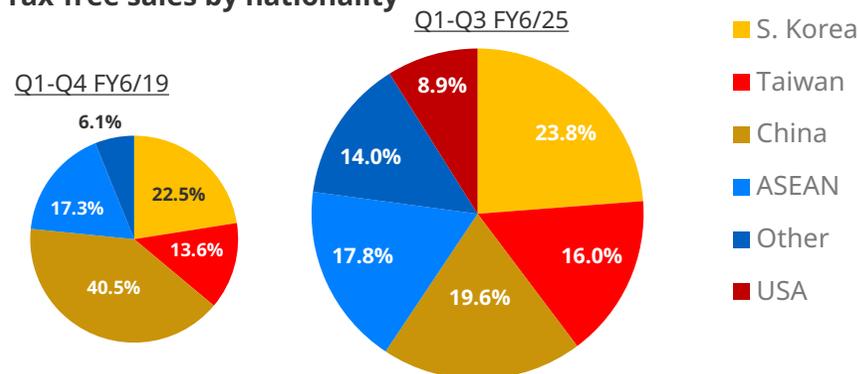
- Non-tax-free sales increased 2.8% YoY, driven by higher unit prices for rice and pre-price-hike demand for food and daily necessities.
- Customer traffic grew, supported by a member-exclusive pricing strategy aligned with rising price sensitivity. The Majica presentation rate was 49.0%, up 4.7pt YoY.

Gross profit margin improved to 27.9%, up 0.7pt YoY.

- Strong seasonal merchandise—particularly winter items—boosting margin performance.
- PB/OEM product sales totaled 232.2 bn yen, up 29.7% YoY, as profitability improved through continued new product development and strategic OEM conversion.

SG&A expenses rose 8.3% YoY due to tax-free store expansion and personnel system revisions. However, the SG&A-to-sales ratio declined to 20.2%, down 0.3pt YoY, reflecting the positive impact of strong sales growth.

▶ Tax-free sales by nationality



Discount Store Business: On track to become the undisputed leader in inbound tourism demand — 1 year after declaring No.1

- ❑ Tax-free sales totaled 124.4 bn yen for Q1–Q3, up 53.0% YoY, reaching a record-high 16.8 bn yen in April alone. Growth was driven by customer-focused merchandising and an engaging shopping experience tailored to foreign visitors. We remain committed to becoming the No.1 destination, despite expectations of a decline in the number of inbound tourists to Japan and rising economic uncertainty.

▶ Continues to build resilience, enabling growth even if yen appreciation erodes Japan’s price advantage — backed by the following strengths.

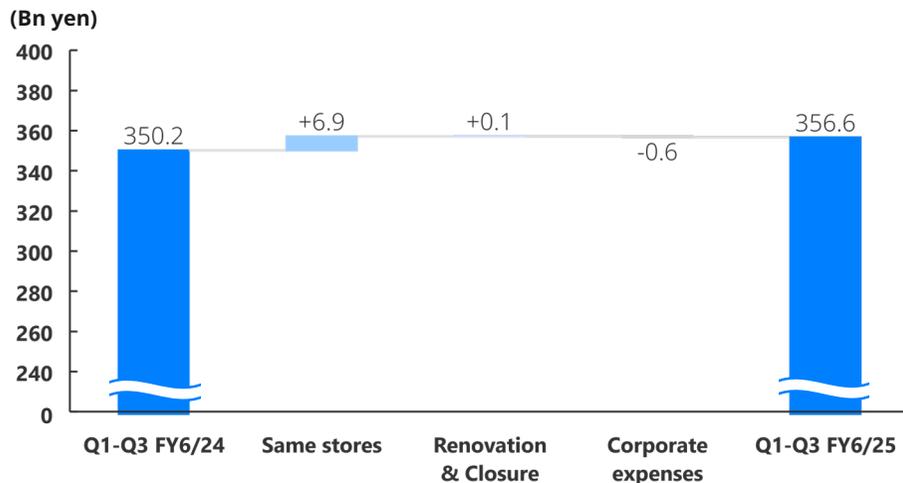
Merchandising Power Boosts Store Traffic	In-Store Experience as a Satisfaction Driver	Market Share Growth Driven by Customer Attraction
<ul style="list-style-type: none"> ➤ One-stop shopping experience for foreign visitors ➤ Trend-driven product lineup aligned with foreign visitor demand <ul style="list-style-type: none"> • Foreign visitors from over 200 countries and regions—sales from nearly 90% of those countries and regions exceeded the previous year 	<ul style="list-style-type: none"> ➤ Night market offering a relaxed shopping experience after sightseeing and dinner ➤ Infrastructure enhancements including streamlined tax-free procedures, multilingual support, and additional checkout counters <ul style="list-style-type: none"> • Around 30% of existing customers return, driven by improved in-store service and satisfaction 	<ul style="list-style-type: none"> ➤ Customer acquisition through pre-travel marketing promotions ➤ Entertaining shopping experience with compressed displays, handwritten POPs, and in-store décor <ul style="list-style-type: none"> • The share of inbound customer traffic rose to 24.4%, up 2.3pt YoY, driven by changes in regional stores tailored to inbound demand beyond urban centers.

▶ Growth continues even amid a slowdown in inbound tourist growth with the following strategic initiatives.

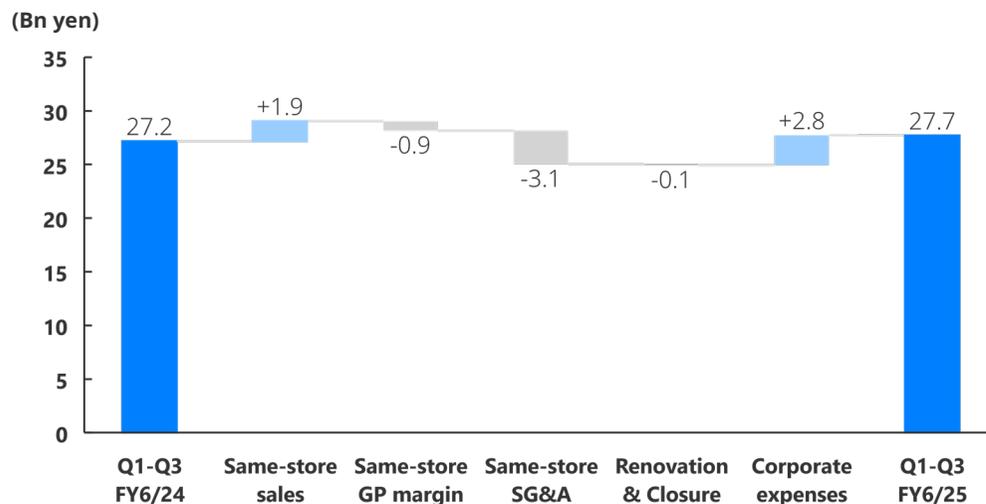
1. **Inbound:** Host nighttime events in the Don Quijote style to attract inbound customers using existing resources
2. **PB/OEM:** Strengthen exclusive PB/OEM offerings to meet inbound customer expectations
3. **Pricing:** Implement competitive pricing in selected categories to counter rival retailers
4. **Regional stores:** Activate regional Don Quijote stores by positioning them as tourist destinations to capture both souvenir and food spending

The new direction for the inbound growth strategy will be presented with the full-year financial results.

Analysis of Change in Q1-Q3 FY6/25 Sales



Analysis of Change in Q1-Q3 FY6/25 Operating Income



Recorded operating income of 27.7 bn yen (up 0.6 bn yen YoY) as effective SG&A control drove a turnaround from H1. Growth in net sales and customer traffic is expected to accelerate, supported by ongoing non-food category reforms.

Same store sales rose 2.1% YoY, reflecting modest improvement.

- Non-food category reform, focused on beauty, relaxation, entertainment, and time-saving, enhanced product offerings. Collaboration between core personnel from Don Quijote and UNY progressed, with successful cases beginning to generate positive ripple effects (see next page for details).

Same-store gross profit margin was 26.8%, down 0.3pt YoY.

- Outperformed target due to optimized inventory of seasonal apparel. Gross profit margin for food and daily consumables declined YoY, reflecting the impact of pricing strategies.
- PB/OEM product sales reached 90.8 bn yen, up 10.3% YoY.

SG&A was effectively controlled at 99.9% YoY.

- Despite rising labor, utilities, and promotional costs, staffing optimization and efficient labor hour management supported cost containment.

Initiatives for significant growth in the next fiscal year

- Same-store customer traffic turned positive in Q3, up 0.9% YoY, with further gains expected. To drive continued growth in FY6/26, reforms will focus on strengthening UNY's non-food differentiation and reinforcing price competitiveness in food categories.
- Details will be shared in the full-year results.

UNY Business: Non-food category reforms are expanding, and a clear strategic direction is beginning to take shape

- ▣ Our non-food strategy, leveraging our core strengths, successfully captured customer needs. The reforms have expanded beyond the initial pilot areas and contributed to improved sales performance.
 - ✓ Introduce popular products from the DS business into UNY and expand customer reach by featuring them in prominent displays and various sections.
 - ✓ Introduce spot items through local vendor negotiations to differentiate from competitors through pricing.
 - ✓ Offer consumable household goods at member-exclusive prices for majica members to increase visit frequency among existing customers.

- ▣ Developed 3 space allocation models tailored to store size to strengthen non-food offerings. Non-food category reforms are being advanced in phases.

▶ YoY Change in Net Sales

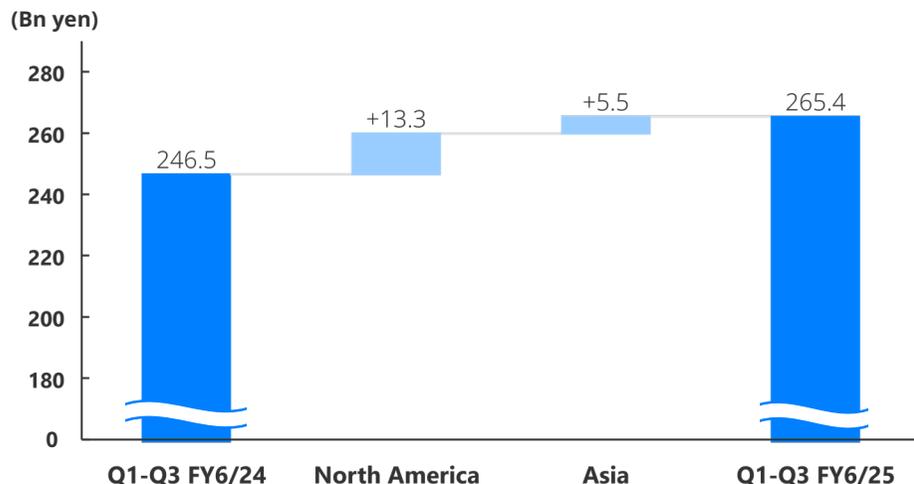
	Jan	Feb	Mar
Pilot areas	2.5%	3.0%	4.2%
Non-pilot areas	2.1%	2.2%	3.8%

▶ Display of the *majica* Member-Only Priced Items



Large-format: Apita	Medium-format: Piago (2-story)	Small-format: Piago (single-story)																																										
Avg. size: 2,500 <i>tsubo</i> (8,264 m ²) Stores: 64 Model store: <i>Chiyodabashi</i> Renov.: Nov 29, 2024 March sales: up 10.6% YoY	Avg. size: 1,300 <i>tsubo</i> (4,297 m ²) Stores: 31 Model store: <i>Bisai</i> Renov.: Feb 28, 2025 March sales: up 8.0% YoY	Avg. size: 700 <i>tsubo</i> (2,314 m ²) Stores: 35 Model store: <i>Jimokuji</i> Renovated: Mar 28, 2025																																										
<table border="1"> <caption>Apita Space Allocation (m²)</caption> <thead> <tr> <th>Category</th> <th>Before</th> <th>After</th> </tr> </thead> <tbody> <tr> <td>Electronics, Housewares & Consumables</td> <td>1,317</td> <td>600</td> </tr> <tr> <td>DS Apparel & Fashion Accessories</td> <td>0</td> <td>259</td> </tr> <tr> <td>Home Essentials</td> <td>0</td> <td>775</td> </tr> <tr> <td>Apparel</td> <td>1,166</td> <td>849</td> </tr> </tbody> </table>	Category	Before	After	Electronics, Housewares & Consumables	1,317	600	DS Apparel & Fashion Accessories	0	259	Home Essentials	0	775	Apparel	1,166	849	<table border="1"> <caption>Piago (2-story) Space Allocation (m²)</caption> <thead> <tr> <th>Category</th> <th>Before</th> <th>After</th> </tr> </thead> <tbody> <tr> <td>Electronics, Housewares & Consumables</td> <td>370</td> <td>176</td> </tr> <tr> <td>DS Apparel & Fashion Accessories</td> <td>0</td> <td>110</td> </tr> <tr> <td>Home Essentials</td> <td>0</td> <td>272</td> </tr> <tr> <td>Apparel</td> <td>582</td> <td>401</td> </tr> </tbody> </table>	Category	Before	After	Electronics, Housewares & Consumables	370	176	DS Apparel & Fashion Accessories	0	110	Home Essentials	0	272	Apparel	582	401	<table border="1"> <caption>Piago (single-story) Space Allocation (m²)</caption> <thead> <tr> <th>Category</th> <th>Before</th> <th>After</th> </tr> </thead> <tbody> <tr> <td>Housewares & Consumables</td> <td>112</td> <td>37</td> </tr> <tr> <td>Home Essentials</td> <td>0</td> <td>103</td> </tr> <tr> <td>Apparel</td> <td>152</td> <td>109</td> </tr> </tbody> </table>	Category	Before	After	Housewares & Consumables	112	37	Home Essentials	0	103	Apparel	152	109
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<ul style="list-style-type: none"> • Strong traffic driven by high-quality food offerings, coupled with a refreshed non-food merchandising strategy tailored to customer needs • Optimized space allocation for apparel 	<ul style="list-style-type: none"> • Competitive pricing and assortment on the 1st floor, focusing on food and daily necessities • New merchandising introduced on the 2nd floor to attract customers upstairs 	<ul style="list-style-type: none"> • Strengthened pricing strategy and product lineup • Basic product assortment: Food 65%, Consumables & Cosmetics 25%, Practical Apparel 10% 																																										

Analysis of Change in Q1-Q3 FY6/25 Sales^{1,2,3}



Asia business showed signs of recovery and is on track to meet the full-year target. Regional performance was mixed, but successful store strategies and issue resolution are expected to support future growth.

North America business exceeded the full-year plan, driven by a stronger-than-expected recovery at Gelson's and continued solid performance at Marukai CA.

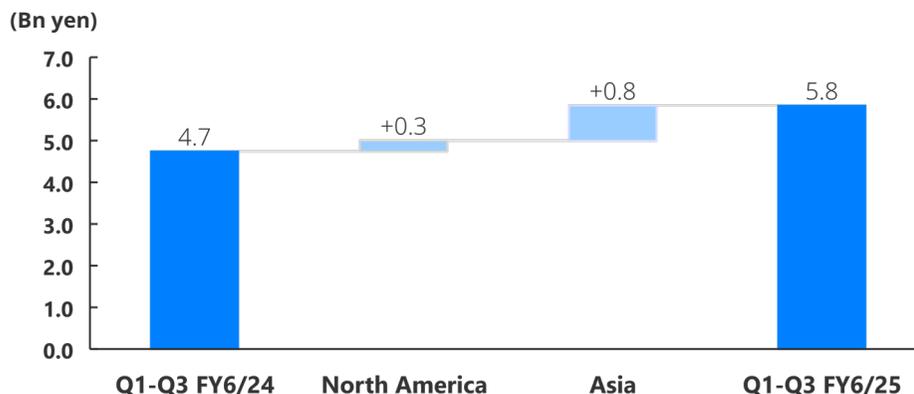
Asia business

- Improved SG&A control through in-house operations and labor cost management at the store level contributed to profit growth.
- In Thailand and Hong Kong, around 1,000 spot SKUs were introduced through stronger local partnerships. Sales remained strong, supported by effective pricing for popular Japanese national brands, with same store traffic up 3.4% YoY. Similar initiatives will be rolled out in Singapore and Taiwan in the next fiscal year to drive recovery.

North America business

- Remains on track to meet the full-year operating income target, supported by continued strength at Marukai CA and a faster-than-expected recovery at Gelson's. Performance in Hawaii and Guam was in line with the plan.
- At Gelson's, sales increased as loyal customers visited nearby Gelson's locations following the wildfire-related store loss. Insurance coverage is anticipated for a portion of SG&A expenses.
- The system issue in Hawaii has been resolved with no impact on FY6/26. In Guam, operational improvements are underway, including a store renovation that added 6,500 SKUs tailored to local demand.

Analysis of Change in Q1-Q3 FY6/25 Operating Income^{1,2,3}



1. Figures for North America are the total of DQ USA, MARUKAI, QSI, Gelson's, and Guam. Cumulative period: April 2024 to December 2024 for all except Gelson's, which is from July 2024 to March 2025.

2. Figures for Asia are the total of PPRM (SG), PPRM (HK), DONKI Thailand, PPRM (TW), PPRM (MY), and Macau PPRM (MO). Cumulative period: April 2024 to December 2024.

3. Gelson's operating income is calculated after deducting goodwill amortization (2.7 bn yen for Q1-Q3 FY6/24, 2.8 bn yen for Q1-Q3 FY6/25).

North America Business Strategy: Evolution and deepening of “Tokyo Central”

- 10 years since its launch, Tokyo Central has evolved into a highly profitable model.
- Recognition as a niche Japanese specialty store targeting primarily Asian customers has expanded, driving further deepening of the concept.

Key drivers behind the high-profitability model

<p>Clear business model</p>	<ul style="list-style-type: none"> Offers Japan-quality sushi and deli items at reasonable prices compared to dining out, driving strong profitability Gains strong support from customers of Asian descent as a niche specialty store for Japanese products, both in assortment and pricing
<p>Stable operations</p>	<ul style="list-style-type: none"> Central kitchen production volume grows 20% annually for 2 consecutive years; improved staff culinary skills help maintain and enhance product quality Builds a merchandising cycle of astonishingly affordable products by leveraging local Japanese vendors for procurement
<p>Strong leadership</p>	<ul style="list-style-type: none"> Empowers local talent as core drivers through a decade-long implementation of PPIH's unique delegation of authority Implements PPIH-style performance evaluation, increasing the number of employees accountable for numerical targets

Deepening the positioning beyond a niche Japanese specialty store

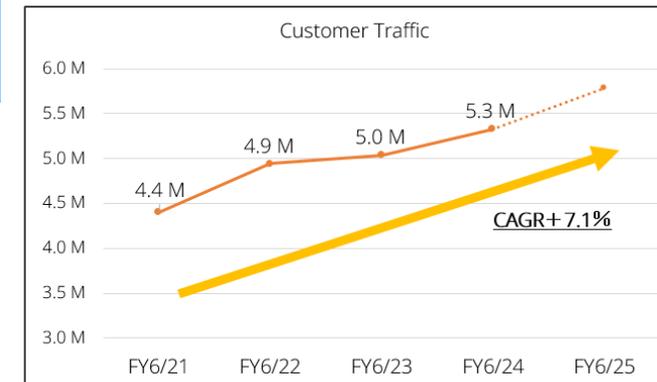
- Same-store operating margin remains strong at 13%, reflecting solid recognition as a niche-format retailer. Localized product development, including California roll sushi, and active social media outreach are beginning to expand the customer base.
- Scalability of the new store model to be tested in FY6/26 and FY6/27. Preparation for expansion into lower-cost states outside California includes addressing key challenges across the store development team, central kitchen operations, and logistics infrastructure.

▶ Monthly Rotating Sushi Menu

2024年5月	6月	7月	8月	9月	10月
神の寿司盛り合わせ10貫 かんぱち	神の寿司盛り合わせ10貫 穴子	神の寿司盛り合わせ10貫 生タコ	神の寿司盛り合わせ10貫 スノークラフ	神の寿司盛り合わせ10貫 白マグロ	神の寿司盛り合わせ10貫 つぶ貝
サーモン握り	光の巻物4貫	マグロエホ マグロ握り+スパイシー ナロール	炙りサーモン握り5貫	マグロ+サーモン握り8貫	カリフォルニアロール大皿
ハワイアロール	ハワイアロール (改良)	スノークラフ カリフォルニアロール	たまご握り	かんぱち握り	肉じゃが握り
はまがはらベーコン握り	穴子握り	レインボーロール		炙りホタテ握り4貫	ハワイアンサーモン握り

Monthly menu offerings from the central kitchen help drive increased visit frequency

▶ Customer traffic trends



Customer traffic has grown for 4 straight years since FY6/21, driven by COVID-era retention. 5Y CAGR: up 7.1%.

Status of Major Assets, Liabilities and Net Assets

(Unit: Bn yen)

	June 30, 2024	March 31, 2025	
	Actual	Actual	Change
Current assets	513.4	536.9	23.4
Cash and deposits	172.7	186.3	13.6
Account receivable-installment	57.3	60.0	2.7
Merchandise and finished goods	199.0	220.0	20.9
Non-current assets	985.0	977.7	(7.3)
Buildings and structures, net	308.7	305.4	(3.3)
Land	356.7	354.8	(1.8)
Intangible assets	94.6	94.7	0.1
Leasehold and guarantee deposits	68.7	68.2	(0.6)
Total assets	1,498.4	1,514.6	16.2

(Unit: Bn yen)

	June 30, 2024	March 31, 2025	
	Actual	Actual	Change
Current liabilities	419.2	454.1	34.9
Notes and accounts payable	197.2	193.8	(3.4)
Short-term interest-bearing debt ¹	49.3	107.8	58.6
Non-current liabilities	532.2	445.3	(86.9)
Bonds payable	191.1	170.4	(20.7)
Long-term borrowings	224.7	158.1	(66.6)
Total liabilities	951.4	899.4	(52.0)
Total net assets	547.0	615.1	68.1
Total liabilities and net assets	1,498.4	1,514.6	16.2

1. Short-term interest-bearing debt = Short-term borrowings, current portion of long-term debt, and bonds payable due within 1 year

<Major assets>

Non-current asset

- ▶ Property, plant and equipment : 728.1bn yen (down 7.3 bn yen)
 - Investment related to store openings: 30.6 bn yen
 - Depreciation: 28.6 bn yen

<Major liabilities>

- ▶ Interest-bearing debt : 436.3 bn yen (down 28.7 bn yen)

<Net assets>

- ▶ Equity: 597.4 bn yen (up 60.9 bn yen from the end of FY6/24)
- ▶ Equity-to-asset ratio: 39.4% (up 3.6pt from the end of FY6/24)

<Others>

- ▶ Net D/E ratio: 0.42x (down 0.12x from the end of FY6/24)
- ▶ ROE: 17.8% (annual basis/down 0.1pt from the end of FY6/24)

- Interest-bearing debt decreased due to the repayment of long-term borrowings, representing improvements in the equity ratio, net debt-to-equity ratio, and other indicators of financial soundness.

Status of Cash Flows and Capital Expenditure

► Cash flows

(Unit: Bn yen)

	Q3 FY6/24 (Cum.)	Q3 FY6/25 (Cum.)	
	Actual	Actual	Change
Balance at beginning of the period	246.2	187.2	(59.0)
Cash flows from operating activities	113.6	87.5	(26.0)
Cash flows from investing activities	(59.4)	(36.9)	22.4
Cash flows from financing activities	(127.7)	(43.6)	84.0
Changes during the period	(66.5)	4.7	71.2
Balance at end of the period	179.7	191.9	12.2
Free cash flow ¹	54.2	50.6	(3.6)

1. Free Cash Flow = Cash flows from operating activities + Cash flows from investing activities

► Capital expenditures

Capital expenditures	60.9	40.3	(20.5)
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➤ Capital expenditures fell short of the planned amount due to delays in domestic store openings and in both domestic and overseas IT investments.

< Operating activities: up 87.5 bn yen >

Cash inflow factors:

- 120.6 bn yen for profit before income taxes
- 35.6 bn yen for depreciation

Cash outflow factors:

- 20.6 bn yen for decrease (increase) in inventories
- 47.0 bn yen for income taxes paid

< Investing activities: down 36.9 bn yen >

Cash outflow factors:

- 29.5 bn yen for purchase of property, plant and equipment
- 9.6 bn yen for purchase of intangible assets

< Financing activities: down 43.6 bn yen >

Cash inflow factors:

- 40.0 bn yen for proceeds from long-term borrowings

Cash outflow factors:

- 67.5 bn yen for repayments of long-term borrowings
- 20.3 bn yen for dividends paid

< Breakdown of capex >

Domestic DS store business: 13.2 bn yen
 UNY business: 5.8 bn yen
 Overseas business: 7.7 bn yen
 Financial business: 2.6 bn yen
 IT investment: 8.0 bn yen
 Others: 3.0 bn yen

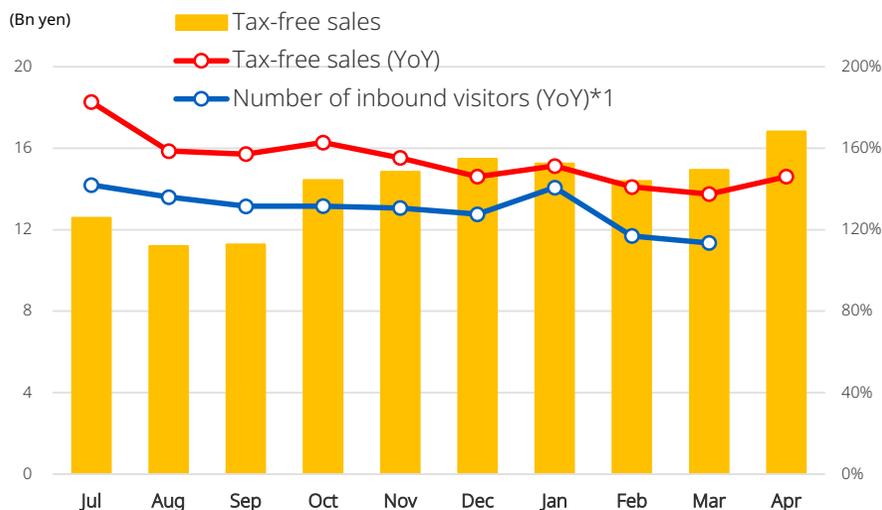
(Reference) April Flash Report for Domestic DS and UNY

- In the domestic retail business, both DS and UNY recorded YoY increases in sales and customer traffic.
- Although there was a temporary dip in early April due to a rebound effect from bulk buying in March, categories such as rice, snacks, and skincare contributed positively to overall sales.

▶ YoY sales development (Same stores)

Unit : %	Q1	Q2	Q3				Q4
	Cum.	Cum.	Jan	Feb	Mar	Cum.	Apr
Domestic total	5.6	5.9	6.7	5.2	5.9	6.0	6.3
DS	6.9	7.3	8.2	6.1	6.6	7.0	7.7
UNY	1.8	1.9	2.2	2.4	3.9	2.8	2.0

▶ Tax-free sales trend in domestic DS business



1. Based on statistical data from the Japan National Tourism Organization (JNTO)

DS business

- Beauty serums, creams, and face masks that gained popularity through social media and word of mouth contributed significantly to sales.
- Massage devices and fitness products, designed for convenient at-home relaxation, continued to perform well.
- Capturing rising demand for body maintenance led to strong growth in supplements and protein products.

UNY business

- Sales of food and daily consumables continued to grow, driven by enhanced promotional efforts such as the 55th anniversary campaign.
- In response to demand for convenience and time-saving options, ready-to-eat items like sushi and prepared dishes performed well.
- In non-food categories, sales continued to grow in areas we have been consistently strengthening, such as in-bath and cooking utensils, as well as in newly introduced categories like bags.

Appendix

Results by Business Segment

【Period: Q3 alone (January 1, 2025 – March 31, 2025)】

(Unit : Bn yen)

	DS			UNY			Asia ²			North America ^{1,3}			Others/Adjustments		
	Q3 FY6/24	Q3 FY6/25	Change	Q3 FY6/24	Q3 FY6/25	Change	Q3 FY6/24	Q3 FY6/25	Change	Q3 FY6/24	Q3 FY6/25	Change	Q3 FY6/24	Q3 FY6/25	Change
Net sales	324.1	355.6	31.5	114.1	116.6	2.5	21.6	23.6	2.1	63.8	67.5	3.7	(3.8)	(3.8)	0.1
Gross profit	87.5	97.2	9.7	38.9	39.2	0.2	8.0	8.5	0.6	23.6	24.8	1.2	4.7	5.1	0.4
GP margin	27.0%	27.3%	0.3pt	34.1%	33.6%	(0.5)pt	36.9%	36.1%	(0.8)pt	37.0%	36.7%	(0.3)pt	-	-	-
SG&A	66.6	73.3	6.8	31.0	30.0	(0.9)	7.9	7.8	(0.1)	22.0	23.2	1.2	0.5	1.5	0.9
OP income	20.9	23.8	3.0	8.0	9.1	1.2	0.1	0.7	0.6	1.8	1.6	(0.2)	4.0	3.6	(0.4)
OP margin	6.4%	6.7%	0.3pt	7.0%	7.8%	0.8pt	0.3%	3.0%	2.7pt	2.8%	2.4%	(0.4)pt	-	-	-
EBITDA ⁴	23.9	27.2	3.2	10.2	11.3	1.1	0.9	1.4	0.5	4.2	4.0	(0.1)	7.2	6.7	(0.6)
EBITDA margin	7.4%	7.6%	0.2pt	8.9%	9.7%	0.8pt	4.2%	5.8%	1.6pt	6.6%	6.0%	(0.6)pt	-	-	-

【Period: Q1-Q3 (July 1, 2024 – March 31, 2025)】

(Unit : Bn yen)

	DS			UNY			Asia ²			North America ^{1,3}			Others/Adjustments		
	Q3 FY6/24 (Cum.)	Q3 FY6/25 (Cum.)	Change	Q3 FY6/24 (Cum.)	Q3 FY6/25 (Cum.)	Change	Q3 FY6/24 (Cum.)	Q3 FY6/25 (Cum.)	Change	Q3 FY6/24 (Cum.)	Q3 FY6/25 (Cum.)	Change	Q3 FY6/24 (Cum.)	Q3 FY6/25 (Cum.)	Change
Net sales	984.6	1,080.5	95.9	350.2	356.6	6.4	61.7	67.2	5.5	184.9	198.2	13.3	(14.0)	(14.3)	(0.2)
Gross profit	267.7	301.1	33.4	121.6	122.0	0.5	23.1	24.7	1.6	68.9	74.4	5.5	12.5	16.5	4.0
GP margin	27.2%	27.9%	0.7pt	34.7%	34.2%	(0.5)pt	37.4%	36.8%	(0.6)pt	37.3%	37.5%	0.2pt	-	-	-
SG&A	202.0	218.8	16.8	94.4	94.3	(0.1)	22.7	23.5	0.8	64.5	69.8	5.3	(0.2)	3.7	3.9
OP income	65.7	82.3	16.6	27.2	27.7	0.6	0.4	1.2	0.8	4.4	4.6	0.3	12.7	12.8	0.1
OP margin	6.7%	7.6%	0.9pt	7.8%	7.8%	0.0pt	0.6%	1.8%	1.2pt	2.4%	2.3%	(0.1)pt	-	-	-
EBITDA ⁴	74.5	91.9	17.4	33.6	34.6	1.1	3.1	3.2	0.1	11.3	11.8	0.5	21.8	22.9	1.0
EBITDA margin	7.6%	8.5%	0.9pt	9.6%	9.7%	0.1pt	5.0%	4.8%	(0.2)pt	6.1%	6.0%	(0.2)pt	-	-	-

1. Figures for North America are the total of DQ USA, MARUKAI, QSI, Gelson's, and Guam. Cumulative period: April 2024 to December 2024 for all except Gelson's, which is from July 2024 to March 2025.

2. Figures for Asia are the total of PPRM (SG), PPRM (HK), DONKI Thailand, PPRM (TW), PPRM (MY), and Macau PPRM (MO). Cumulative period: April 2024 to December 2024.

3. Gelson's operating income is calculated after deducting amortization of goodwill (Q3 FY6/24: 0.9bn yen, Q3 FY6/25: 0.9bn yen, Q1-Q3 FY6/24: 2.7 bn yen, and Q1-Q3 FY6/25: 2.8 bn yen)

4. EBITDA = Operating income + Depreciation of tangible assets + Amortization of intangible assets + Stock-based compensation

Overview of Consolidated Results by Business Segment

【Period: Q1-Q3 (July 1, 2024 – March 31, 2025)】

(Unit: Bn yen)

	FY6/24 Q3 (Cum.)		FY6/25 Q3 (Cum.)		
	Amount	Ratio	Amount	Ratio	YoY
Domestic DS	952.1	60.7%	1,044.4	61.9%	9.7%
Home electrical appliances	69.1	4.4%	71.0	4.2%	2.7%
Miscellaneous household goods	255.5	16.3%	292.0	17.3%	14.3%
Food products	426.7	27.2%	459.5	27.2%	7.7%
Watches and fashion merchandise	124.3	7.9%	135.7	8.0%	9.1%
Sporting goods and leisure goods	61.0	3.9%	69.9	4.1%	14.6%
Other	15.5	1.0%	16.4	1.0%	6.1%
Domestic UNY	311.6	19.9%	323.5	19.2%	3.8%
Clothing	32.7	2.1%	32.3	1.9%	(1.3)%
Household goods	49.7	3.2%	51.6	3.1%	3.9%
Food products	229.0	14.6%	238.8	14.1%	4.3%
Other	0.2	0.0%	0.7	0.0%	274.0%
Overseas	244.9	15.6%	263.1	15.6%	7.4%
North America	183.4	11.7%	196.3	11.6%	7.0%
Asia	61.5	3.9%	66.8	4.0%	8.6%
Other¹	58.7	3.7%	57.1	3.4%	(2.7)%
Total	1,567.4	100.0%	1,688.2	100.0%	7.7%

1. Includes tenant leasing business and credit card business.

Breakdown of SG&A

【Period: Q3 alone (January 1, 2025 – March 31, 2025)】

(Unit : Bn yen)

	Q3 alone FY6/24		Q3 alone FY6/25		
	Amount	Ratio	Amount	Ratio	YoY
SG&A	127.9	24.6%	135.9	24.3%	6.2%
Salaries and allowances	48.6	9.3%	50.7	9.1%	4.4%
Rent	15.5	3.0%	16.0	2.9%	3.0%
Commission paid	15.5	3.0%	18.1	3.2%	16.7%
Depreciation and amortization	9.5	1.8%	9.8	1.8%	3.3%
Utilities	6.4	1.2%	7.9	1.4%	23.1%
Other	32.4	6.2%	33.3	6.0%	2.9%

【Period: Q1-Q3 (July 1, 2024 – March 31, 2025)】

(Unit : Bn yen)

	FY6/24 Q3 (Cum.)		FY6/25 Q3 (Cum.)		
	Amount	Ratio	Amount	Ratio	YoY
SG&A	383.4	24.5%	410.0	24.3%	6.9%
Salaries and allowances	144.9	9.2%	152.0	9.0%	4.9%
Rent	46.3	3.0%	47.4	2.8%	2.3%
Commission paid	46.7	3.0%	52.1	3.1%	11.6%
Depreciation and amortization	27.7	1.8%	29.3	1.7%	5.5%
Utilities	21.8	1.4%	26.7	1.6%	22.4%
Other	96.0	6.1%	102.6	6.1%	6.9%

FY6/25 New Store Plan

Business	Format	Q1			Q3			Q3			Q4			Full-year Forecast
		Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Discount Store	DQ		Sakudaira (Nagano)	Chofu Ekimae (Tokyo)		Komatsushima Lupia (Tokushima)	Tsurumi Nishiguchi (Kanagawa)		Shimizu (Shizuoka)		Hamamatsu Shitiro (Shizuoka)	Uzumasa Tenjingawa (Kyoto)	10 Stores	New store openings: 25 stores (Note: The opening of several stores has been postponed to FY6/26)
	Small DQ					Tanashi Ekimae (Tokyo)		Kochi (Kochi)	Tateyama (Chiba)		Kitakami (Iwate)		1 Store	
Overseas ¹	Asia			Mong Kok MPM Plaza (Hong Kong)			Taoyuan Tolin (Taiwan)							New store openings: 8 stores²
	North America						Kapolei Commons (Hawaii)	PCH Torrance (California)		Don Don Donki Kapolei (Hawaii)			1 Store	

1. Overseas stores are shown under their opening months

2. Except for Gelson's, the period is from April 2024 to March 2025. For Gelson's, the period is from July 2024 to June 2025.

Store Network

Number of Domestic Retail Stores

	FY6/23	FY6/24	FY6/25		
			Q1	Q2	Q3
Discount Store business	486	501	503	505	508
Don Quijote	250	262	264	267	270
MEGA Don Quijote ¹	140	143	143	143	143
(MEGA) Don Quijote UNY	63	62	62	62	62
Small Format ²	33	34	34	33	33
UNY business³	131	131	131	131	130
Domestic total	617	632	634	636	638

Number of Overseas Stores

	FY6/23	FY6/24	FY6/25		
			Q1	Q2	Q3
North America	65	65	66	66	66
California	37	37	37	37	37
Hawaii	28	28	28	28	28
Guam	NA	NA	1	1	1
Asia	36	45	46	46	48
Singapore	15	16	16	16	17
Hong Kong	9	10	10	11	11
Thailand	6	8	8	8	8
Taiwan	2	5	5	5	6
Malaysia	3	4	5	4	4
Macau	1	2	2	2	2
Overseas total⁴	101	110	112	112	114
Total	718	742	746	748	752



1. Includes NEW MEGA format

2. Includes Picasso, Essence, Kyoyasudo, Domise, Ekidonki, Soradonki, Jonetz Shokunin, Kirakira Donki and Nagasakiya

3. Includes Apita, Piago, U-STORE, PiagoPower, and Power Super Piago etc.

4. The number of stores for each quarter is adjusted accordingly, since the fiscal year for overseas companies ends in March, except for Gelson's which ends in June.

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IR Calendar

Announcement of Q4 earnings for FY6/25 (scheduled)
Date of announcement: August 18, 2025
Venue: TBI

Cautionary Statement Regarding Forward-Looking Statements

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