

Pan Pacific International Holdings Corporation

Results for FY 2020

Earnings Results
July 1, 2019 – June 30, 2020

August 12, 2020



FY2020 results at a glance

PPIH delivered the highest sales and profits !

Increase in
sales and profits

31 consecutive years

Since 1989 (first store opened),
sales and profits are
continuing to increase

Double-digit growth

3 consecutive years

Sales, OP, recurring profit
recorded double-digit growth

Dividend Increase

17 consecutive years

Proper allocation of
earnings

Consolidated growth

26.6% Increase

Front line staff members
are motivated as an
essential retailer

Operating profit

76 billion yen

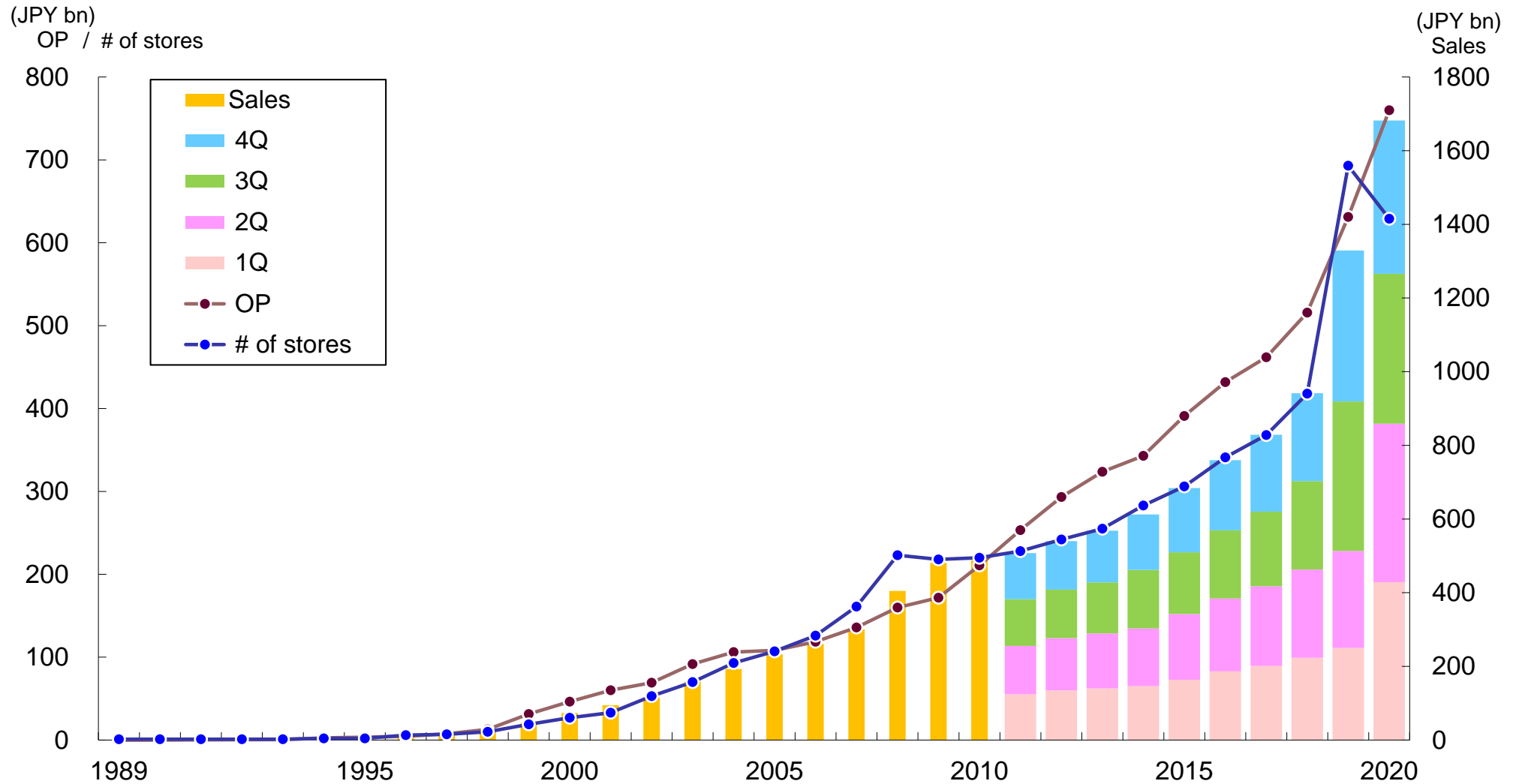
Successful portfolio
management even in an
unprecedented environment

Forecast

**Continuing increase
in sales and profits**

Aiming for sales and OP growth
for 32 consecutive years

Annual performance trends



*PPIH has been renewing sales and operating profit growth record over the past 31 consecutive years since FY1989, when the very first DQ store started its business in March 1989.
(Consecutive growth record continued 24 years on a consolidated basis, since the start of consolidated accounting in FY1996.)

Earnings summary

Consolidated (Millions of yen)	12 months to June 2020			12 months to June 2019 ^{*1}	
	Actual	Share	YoY	Actual	Share
Net sales	1,681,947	100.0%	126.6%	1,328,874	100.0%
Gross profit	481,689	28.6%	130.0%	370,527	27.9%
SG&A	405,692	24.1%	132.0%	307,417	23.1%
Salary allowance	144,791	8.6%	129.9%	111,485	8.4%
Rent	53,895	3.2%	127.9%	42,131	3.2%
Commission paid	61,240	3.6%	139.9%	43,772	3.3%
Depreciation and amortization	24,595	1.5%	122.9%	20,012	1.5%
Others	121,171	7.2%	134.6%	90,017	6.8%
Operating profit	75,997	4.5%	120.4%	63,110	4.7%
Recurring profit	75,173	4.5%	110.2%	68,240	5.1%
Profit attributable to owners of parent	50,303	3.0%	106.9%	47,066	3.5%
EPS (Yen) ^{*2}	79.39	—	106.8%	74.36	—

*1. With regard to UNY consolidation as of January 4, 2019, the provisional accounting conducted in the previous fiscal year was finalized in 2Q FY2020, and the figures has been updated to the confirmed data.

*2. The stock split (1:4) conducted on September 1, 2019 was calculated assuming that it took place at the beginning of the previous fiscal year.

Earnings summary (comment)

In the drastically changing external environment such as a series of unusual weather, the consumption tax hike and the outbreak of Covid-19, PPIH is committed to “Customer matters the most” principle to execute business strategies.

- PPIH achieved sales and operating profit increase for 31 consecutive fiscal years since the first store opened in March 1989.
- Renewing highest net profit for the 11 consecutive years. Net profit continued to update its highest from FY 2010.
- Sales, operating profit and recurring profit made double digit growth for 3 consecutive years. Growth rate progress: Sales 13.6% ⇒ 41.1% ⇒ 26.6%, operating profit 11.7% ⇒ 22.4% ⇒ 20.4%, recurring profit 25.7% ⇒ 19.3% ⇒ 10.2% (cf. Net profit: 10.0% ⇒ 29.3% ⇒ 6.9%)
- Annual dividend increased for 17 consecutive years, and total dividends increased for 23 consecutive years.
- In summary, PPIH recorded sales of 1,682 bil yen (up 26.6% YOY), operating profit of 76 bil yen (up 20.4% YOY), recurring profit of 75.2 bil yen (up 10.2% YOY) and net profit attributable to owners of the parent of 50.3 bil yen (up 6.9% YOY).
- Full-year guidance for FY 2021; expecting 32 consecutive years of growth in sales and OP. Sales of 1.7 trillion yen (up 1.1% YoY), operating profit of 77 billion yen (up 1.3% YoY), recurring profit of 76 billion yen (up 1.1% YoY) and net profit attributable to owners of the parent of 51 billion yen (up 1.4% YoY).

Sales breakdown by product category

Consolidated (Millions of yen)	12 months to June 2020			12 months to June 2019	
	Actual	Share	YoY	Actual	Share
Home electrical appliances	86,114	5.1%	107.5%	80,125	6.0%
Miscellaneous household goods	241,846	14.4%	104.3%	231,835	17.5%
Foods	421,152	25.0%	120.0%	350,897	26.4%
Watches & fashion merchandise	154,419	9.2%	95.1%	162,397	12.2%
Sporting goods & leisure goods	59,404	3.5%	106.3%	55,889	4.2%
DIY goods ^{*1}	8,611	0.5%	55.7%	15,448	1.2%
Overseas	114,514	6.8%	118.1%	96,996	7.3%
Other products	31,447	1.9%	140.8%	22,337	1.7%
Total discount store business (Former Don Quijote HD stores)	1,117,507	66.4%	110.0%	1,015,924	76.5%
Clothings	61,863	3.7%	173.2%	35,719	2.7%
Household goods	75,698	4.5%	233.8%	32,378	2.4%
Foods	340,595	20.3%	183.6%	185,532	14.0%
Other products	13,465	0.8%	108.3%	12,429	0.9%
Total GMS business (Former UNY group stores)	491,621	29.2%	184.8%	266,058	20.0%
Tenant leasing business	58,229	3.5%	148.8%	39,132	2.9%
Other business	14,590	0.9%	188.0%	7,760	0.6%
Total sales	1,681,947	100.0%	126.6%	1,328,874	100.0%

*1. PPIH divested Doit which handles DIY goods on February 1, 2020.

Sales breakdown by product category

Home electrical appliances	While beauty appliances were sluggish, home appliances such as air purifiers and cooking appliances were good.
Miscellaneous household goods	Needs for daily consumables such as detergents and paper products increased. Hygienic products such as masks and sterilization products recorded high growth rates.
Foods	Preserved groceries such as instant noodles and canned food topped the sales. Eggs, dairies, rice, and alcoholic beverages contributed considerably.
Watches & fashion merchandise	Items for going out, such as clothing and shoes struggled mainly due to stay-at-home movement. Luxury goods for indoor use contributed.
Sporting goods & leisure goods	Indoor fitness equipment such as yoga mats and dumbbells grew. Popular animation goods and puzzles were strong.
DIY goods	Needs for disaster prevention supplies increased in the event of natural disasters. Exterior products such as construction parts slumped.
Overseas	Fresh foods, processed and prepared foods were strong. Sanitary products and daily consumables recorded high growth.
Total discount store business (Former Don Quijote HD stores)	With demonstrating the adapting ability to the rapidly changing external environment, domestic sales took the lead while outdoor and inbound demands struggled.
Clothing	Unusual weather and cancellation of graduation events had a negative impact on outer clothing. Underwear and dressing gowns were good.
Household goods	Daily consumables such as shampoos and seasonal appliances were positive. With swift supply of hygienic products, customer loyalty increased.
Foods	Processed foods such as frozen and instant foods grew. Bread and dairies were popular.
Total GMS business (Former UNY group stores)	While clothing struggled, housing-related products performed well due to growth in home appliances and hygienic products. In food, preserved foods were strong.

Balance sheet

(Millions of yen)

Consolidated	As of June 30, 2020	Change from June 30, 2019
Total current assets	496,760	355
Cash and deposits	179,785	7,112
Installment account receivable	68,293	876
Merchandise	190,397	1,887
Total non-current assets	802,188	16,493
Buildings	264,035	1,080
Land	325,499	6,919
Intangible assets	36,883	(719)
Lease and guarantee deposits	78,624	(1,819)
Total assets	1,298,948	16,848

(Millions of yen)

Consolidated	As of June 30, 2020	Change from June 30, 2019
Total current liabilities	312,227	(29,547)
Accounts payable	148,226	(10,838)
Short-term liabilities*	25,117	(17,543)
Total noncurrent liabilities	596,005	7,979
Long-term bonds	226,542	(11,916)
Long-term borrowings	276,191	19,414
Long-term payables under fluidity lease receivables	191	(4,512)
Total liabilities	908,232	(21,568)
Net assets	390,716	38,416
Liabilities and net assets	1,298,948	16,848

* Short-term liabilities = Short-term loans payable + Current portion of long-term loans payable + Current portion of bonds

- **Assets** : Major reasons for increase in assets were cash and deposits (+7.1 bil yen), merchandise (+1.9 billion yen), non-current asset (+16.5 bil yen).
- **Liabilities** : Decreased items; Accounts payables – trade (-13.4 bil yen), deposits received (-2.6 bil yen), interest bearing debt (-10 bil yen) and payables under fluidity lease receivables (-7.3 bil yen). Interest bearing debt stood at 527.9 billion yen with 40.6% dependency rate. Net D/E ratio: 0.93 times. Net asset was 390.7 bil yen.

Cash flows and capital expenditure

(Millions of yen)

Consolidated Cash Flows	12 months to June 2020	12 months to June 2019	Change
Cash and equivalents at beginning of period	185,136	75,883	109,253
Cash flows from operating activities	65,135	101,978	(36,843)
Cash flows from investing activities	(33,452)	(37,113)	3,661
Cash flows from financing activities	(34,030)	43,456	(77,486)
Net increase (decrease) in cash and equivalents	(1,534)	109,253	(110,787)
Cash and equivalents at end of period	183,602	185,136	(1,534)

(Millions of yen)

Consolidated Capital Expenditures	12 months to June 2020	12 months to June 2019	Change
Capital expenditures	38,455	49,908	(11,453)
Cash flows ^{*1}	77,819	74,951 ^{*2}	2,868
Net increase (decrease)	39,364	26,230	13,134

*1. Cash flows = Net profit + Depreciation and amortization + Extraordinary loss – Dividend

*2. With regard to UNY consolidation as of January 4, 2019, the provisional accounting conducted in the previous fiscal year was finalized in 2Q FY2020, and the figures has been updated to the confirmed data.

- Cash flow from operating activities was 65.1 billion yen positive. Increase items : 73.2 billion yen of income before income taxes, 29.4 billion yen of depreciation and amortization. Decrease items : 5.4 billion yen of Increase in inventories, 10.1 billion yen of decrease in accounts payable, 20.8 billion yen of income taxes paid.
- Cash flow from financing activities was 34 billion yen negative. 20.6 billion yen of long-term loans payables repayments, 23 billion yen of bonds redemption, 7.4 billion yen of payables under fluidity lease receivables repayments, 8 billion yen of treasury stock and 6.7 billion yen of cash dividends paid were major factors.
- Capex was 38.5 billion yen (DQ:11.4 bil, Nagasakiya:3.5 bil, UDR:11.4 bil, UNY:3.6 bil, JAM:1.3 bil, HD:4.5 bil.).
- Free cash flow was 39.4 billion yen.

Sales and profit by business

Sales, profit and loss by segment from July 1, 2019, to June 30, 2020

(Millions of yen)

Consolidated	Discount store	GMS	Tenant leasing	Others	Total	Adjusted	Consolidated
Sales to external customers	1,117,507	491,621	58,229	14,590	1,681,947	—	1,681,947
Internal sales or transfers between segments	5,184	6,721	2,994	6,248	21,147	(21,147)	—
Total	1,122,691	498,342	61,223	20,838	1,703,094	(21,147)	1,681,947
Segment profit	47,311	16,992	13,579	(2,373)	75,509	488	75,997

Sales, profit and loss by segment from July 1, 2018, to June 30, 2019^{*1}

(Millions of yen)

Consolidated	Discount store	GMS	Tenant leasing	Others	Total	Adjusted	Consolidated
Sales to external customers	1,015,924	266,058	39,132	7,760	1,328,874	—	1,328,874
Internal sales or transfers between segments	3,567	551	1,762	3,153	9,033	(9,033)	—
Total	1,019,491	266,609	40,894	10,913	1,337,907	(9,033)	1,328,874
Segment profit	49,589	7,039	7,795	(1,240)	63,183	(73)	63,110

- Segment profit : 47.3 billion yen from discount store business, 17 billion yen from GMS business and 13.6 billion yen from tenant leasing business.

*1. With regard to UNY consolidation as of January 4, 2019, the provisional accounting conducted in the previous fiscal year was finalized in 2Q FY2020, and the figures has been updated to the confirmed data.

Sales and profit by company

Sales, profit and loss by segment from July 1, 2019, to June 30, 2020

(Millions of yen)

Consolidated	DQ	Nagasakiya	UD retail	UNY	Overseas	JAM	UCS	Consolidated
Sales	704,047	193,563	109,200	521,944	115,127	22,534	19,943	1,681,947
Operating profit	22,214	6,225	(5,322)	28,156	3,063	8,428	1,653	75,997
Total asset	291,941	89,086	55,488	400,644	65,248	167,557	173,331	1,298,948
Net asset	148,536	57,000	283	94,582	31,659	110,599	9,411	390,716

Sales, profit and loss by segment from July 1, 2019, to June 30, 2020

(Millions of yen)

Consolidated	DQ	Nagasakiya	UD retail	UNY	Overseas	JAM	UCS	Consolidated
Sales	704,810	185,440	19,236	276,825	97,093	22,093	9,876	1,328,874
Operating profit	22,749	5,400	(1,261)	11,407	2,558	8,808	1,416	63,110
Total asset	290,054	84,709	25,078	400,574	55,781	179,040	104,131	1,278,567
Net asset	138,236	53,851	3,570	64,018	28,919	112,666	8,974	353,487

- Each company promoted multi-business portfolio management in terms of business category and store opening location in the unprecedented external environment.

The number of stores

Breakdown by format

(stores)

	FY2018	FY2019	FY2020
Don Quijote	209	212	225
MEGA	43	44	44
New MEGA	80	88	91
MEGA DQ UNY (Conversion Store)	-	16	41
Apita / Piago	-	176	150
Picasso	27	25	26
mini Piago	-	73	0 ^{*1}
Doit	18	15	0 ^{*2}
Nagasakiya etc.	2	2	3
Total stores in Japan	379	651	580
Overseas	39	42	49
Global Total	418	693	629

*1. PPIH transferred stocks of 99 Ichiba (mini-piago operator) on April 1, 2020.

*2. PPIH divested Doit on February 1, 2020.

*3. 3 stores have been closed during FY2020.

The number of stores

(stores)

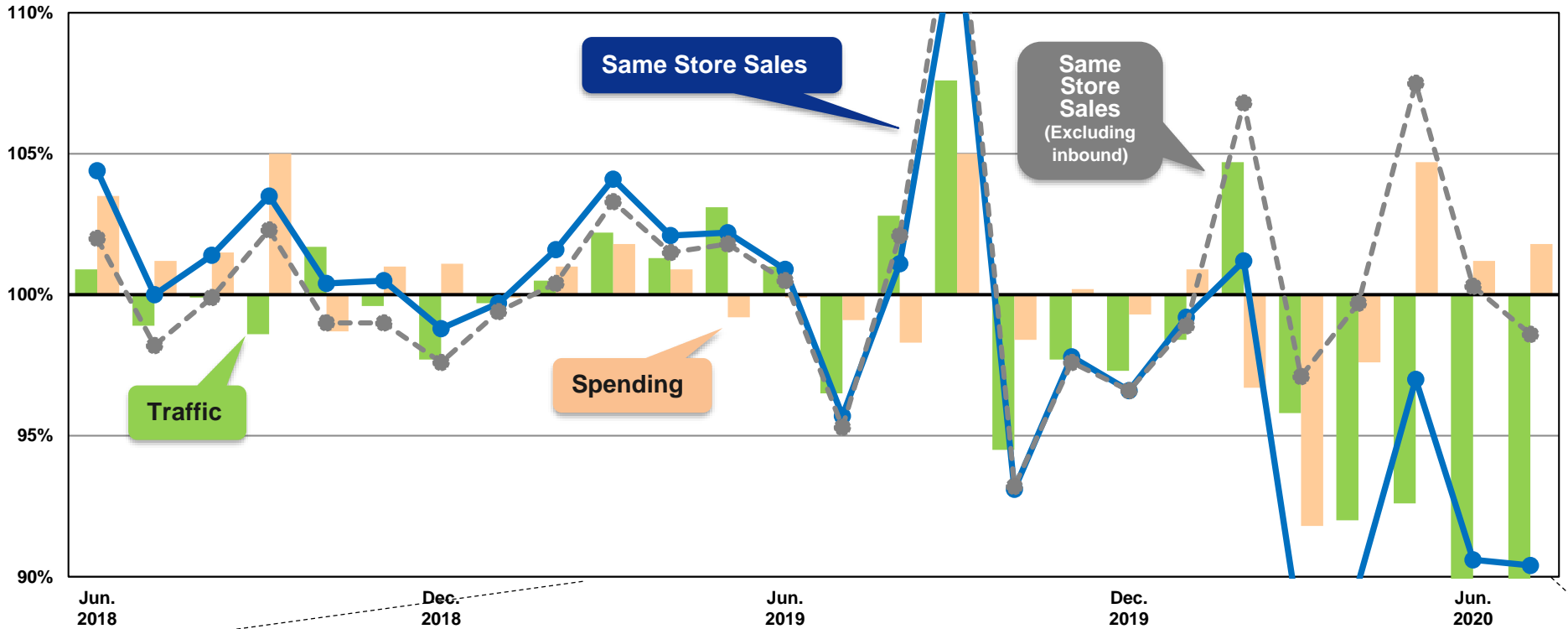
Breakdown by company

	FY2018	FY2019	FY2020
Don Quijote Co., Ltd. (DQ, New MEGA and small format)	313	322	339
Nagasakiya Co., Ltd. (MEGA)	43	44	44
UD Retail Co., Ltd. (MEGA UNY; conversion store from UNY)	—	16	41
UNY Co., Ltd. (Apita, Piago)	—	176	150
Lirack Co., Ltd. (Kyo-yasu-do)	4	4	4
99 Ichiba Co., Ltd. (mini-piago)	—	73	0 ^{*1}
Doit Co., Ltd. (Doit)	18	15	0 ^{*2}
Daishin Co., Ltd. (MEGA Omori sanno) etc.	1	1	2
Domestic Total	379	651	580
DQ USA (Stores in Hawaii)	4	4	4
MARUKAI (California)	9	10	10
QSI (Hawaii)	24	24	24
PPRM (Singapore)	2	3	7
PPRM (Hong Kong)	—	—	2
DONKI Thonglor (Thailand)	—	1	2
Overseas Total	39	42	49
Global Total	418	693	629

*1. PPIH transferred stocks of 99 Ichiba (mini-piago operator) on April 1, 2020.

*2. PPIH divested Doit on February 1, 2020.

Same-store sales (Don Quijote Co., Ltd.)

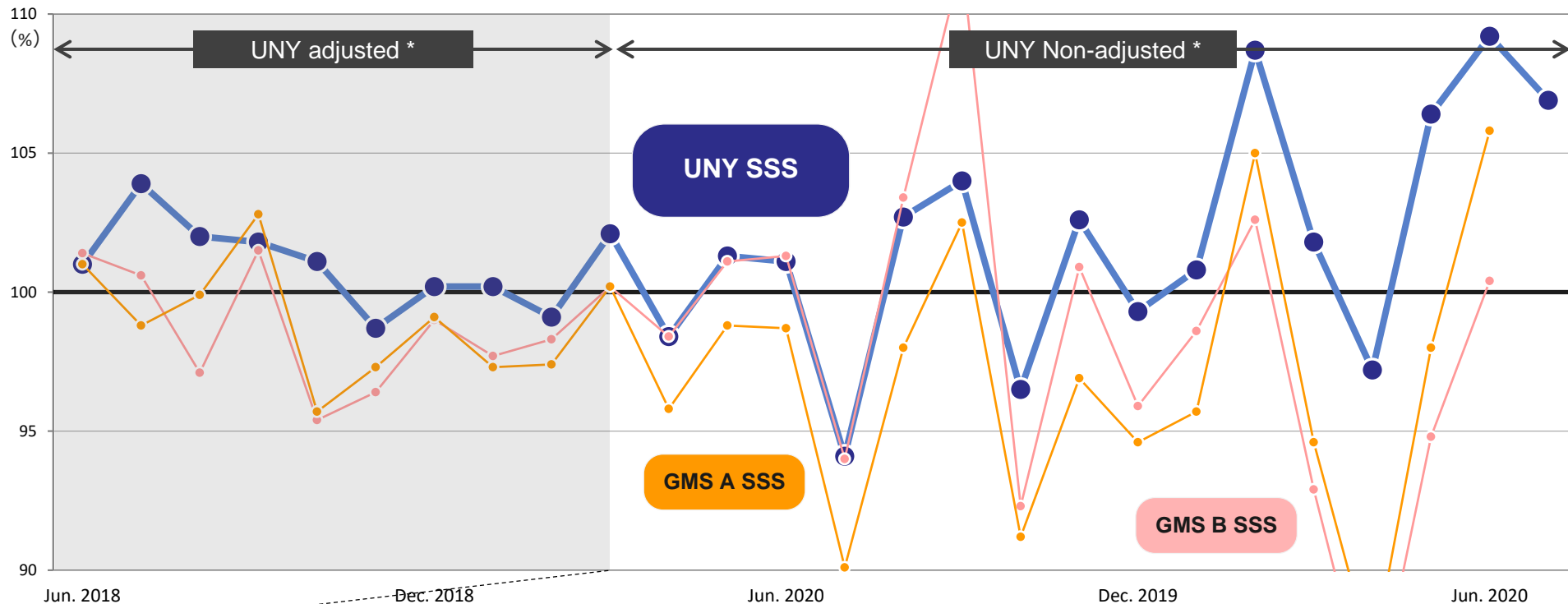


	Jun. 2018	Dec. 2018	Jun. 2019	Dec. 2019	Jun. 2020
DQ Existing Stores	301	295	296	297	297
Sales	104.1	102.1	102.2	100.9	95.7
Customer traffic	102.2	101.3	103.1	101.0	96.5
Customer spending	101.8	100.9	99.2	99.9	99.1
Existing store count	301	295	296	297	297

	Mar. 2019	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 2020	Feb.	Mar.	Apr.	May	Jun.	Jul.
Sales	104.1	102.1	102.2	100.9	95.7	101.1	113.0	93.1	97.8	96.6	99.2	101.2	87.9	89.8	97.0	90.6	90.4
Customer traffic	102.2	101.3	103.1	101.0	96.5	102.8	107.6	94.5	97.7	97.3	98.4	104.7	95.8	92.0	92.6	89.5	88.8
Customer spending	101.8	100.9	99.2	99.9	99.1	98.3	105.0	98.4	100.2	99.3	100.9	96.7	91.8	97.6	104.7	101.2	101.8
Existing store count	301	295	296	297	297	302	296	307	309	310	313	314	315	314	315	315	318

- DQ SSS went down 2.9% (increase from domestic (1.2pt) and decrease from tax-free (4.1pt)) .Traffic went down 2.7% and spending went down 0.2%.
- Domestic sales kept in the positive territory excluding tax-free sales under dramatically changing consumption environment.

Same-store sales (UNY Co., Ltd.)



DQ Existing Stores	Mar. 2019	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan. 2020	Feb.	Mar.	Apr.	May	Jun.	Jul.
Sales	102.1	98.4	101.3	101.1	94.1	102.7	104.0	96.5	102.6	99.3	100.8	108.7	101.8	97.2	106.4	109.2	106.9
Customer traffic	100.9	98.0	100.3	99.8	94.5	101.1	102.0	96.7	101.2	99.4	100.6	107.3	97.8	91.1	98.0	101.8	99.3
Customer spending	101.1	100.5	101.0	101.3	99.5	101.6	102.0	99.8	101.4	100.0	100.1	101.3	104.1	106.7	108.5	107.3	107.7
Existing store count	177	173	173	169	168	166	161	160	158	157	153	149	148	147	145	144	145

* In terms of SSS sales of UNY, day of the week has been adjusted until Feb. 2019. From Mar. 2019, the figures are of non-adjusted. For the customer traffic and spending, all the figures are of non-adjusted.
 * The fiscal month are from 21th to 20th of next month until the figure of Nov. 2018. From Dec. 2018, the fiscal month has been revised from 1st to the end of the month.

- UNY SSS went up 1.7%, with traffic went down 0.8% and spending went up 2.5%.
- With the good product composition and affordable price appeal, the customer's support became stable.

Earnings summary for Q4

Consolidated (Millions of yen)	3 months to June 2020			3 months to June 2019 ^{*1}	
	Actual	Share	YoY	Actual	Share
Net sales	416,188	100.0%	101.5%	409,884	100.0%
Gross profit	117,046	28.1%	98.8%	118,410	28.9%
SG&A	101,468	24.4%	99.8%	101,712	24.8%
Salary allowance	36,631	8.8%	101.8%	35,979	8.8%
Rent	13,395	3.2%	99.0%	13,535	3.3%
Commission paid	15,435	3.7%	100.0%	15,428	3.8%
Depreciation and amortization	6,706	1.6%	108.0%	6,210	1.5%
Others	29,301	7.0%	95.9%	30,560	7.5%
Operating profit	15,578	3.7%	93.3%	16,698	4.1%
Recurring profit	15,256	3.7%	93.0%	16,401	4.0%
Profit attributable to owners of parent	11,936	2.9%	132.1%	9,038	2.2%

*1. With regard to UNY consolidation as of January 4, 2019, the provisional accounting conducted in the previous fiscal year was finalized in 2Q FY2020, and the figures has been updated to the confirmed data.

Sales breakdown by product category for Q4

Consolidated (Millions of yen)	3 months to June 2020			3 months to June 2019	
	Actual	Share	YoY	Actual	Share
Home electrical appliances	21,905	5.3%	120.1%	18,239	4.4%
Miscellaneous household goods	59,851	14.4%	100.3%	59,672	14.6%
Foods	113,127	27.2%	121.3%	93,273	22.8%
Watches & fashion merchandise	33,864	8.1%	83.6%	40,504	9.9%
Sporting goods & leisure goods	15,648	3.8%	117.5%	13,318	3.2%
DIY goods	(21)	0.0%	(0.5%)	3,906	1.0%
Overseas	33,064	7.9%	133.7%	24,727	6.0%
Other products	8,384	2.0%	143.6%	5,836	1.4%
Total discount store business (Former Don Quijote HD stores)	285,822	68.7%	73.0%	391,581	95.5%
Clothings	13,205	3.2%	72.3%	18,274	4.5%
Household goods	17,737	4.3%	136.3%	13,008	3.2%
Foods	82,563	19.8%	88.7%	93,032	22.7%
Other products	(149)	0.0%	(1.9%)	7,792	1.9%
Total GMS business (Former UNY group stores)	113,356	27.2%	85.8%	132,106	32.2%
Tenant leasing business	13,700	3.3%	91.5%	14,976	3.7%
Other business	3,310	0.8%	99.5%	3,327	0.8%
Total sales	416,188	100.0%	101.5%	409,884	100.0%

Forecast for FY June 2021

Consolidated (Millions of yen)	FY2021 Full Year Revised Forecast			FY2021 1H Forecast		
	Plan	Share	YoY	Plan	Share	YoY
Net sales	1,700,000	100.0%	101.1%	846,000	100.0%	98.5%
Gross profit	492,000	28.9%	102.1%	245,500	29.0%	99.1%
SG&A	415,000	24.4%	102.3%	205,500	24.3%	101.4%
Operating profit	77,000	4.5%	101.3%	40,000	4.7%	88.7%
Recurring profit	76,000	4.5%	101.1%	39,500	4.7%	86.7%
Net profit	51,000	3.0%	101.4%	26,500	3.1%	91.7%
EPS (Yen)	80.45	—	101.4%	41.80	—	91.6%
Dividend Per Share (Yen)	16.00	—	106.7%	3.00	—	100.0%
Capex	50,000	—	130.0%	22,000	—	114.9%
Depreciation	26,500	1.6%	107.7%	12,800	1.5%	107.0%



PPIH

Pan Pacific International Holdings