41st Fiscal Year (Ending June 2021)

# Q1 Results for FY2021

November 10, 2020

Pan Pacific International Holdings Corporation

# INDEX

# Explanatory notes for these materials

1. The monetary values presented in these materials are rounded off to the nearest full unit.

2. The following abbreviations are used in these materials: 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," Singapore subsidiary as "PPRM (SG)," Hong Kong as "HK," Hong Kong subsidiary as "PPRM (HK)," Thailand as "TH," Thailand subsidiary as "Thonglor (TH), Japan Asset Marketing Co., Ltd. (8922) as "JAM," and Group as "GP."

3. PPIH applies the "Accounting Standard for Business Combinations," but there are sections in these materials 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. From the fiscal year ending June 2021, the method used for the valuation of inventories has been changed from the retail inventory method to the moving average method, and figures have been adjusted retroactively for comparison in these materials.

5. The exchange rates used for overseas operations are shown below.

| (Unit: Yen) | USD (U.S. dollars) | | SGD (Singapore dollars) | | THB (Thai baht) | | HKD (Hong Kong dollars) | |
|---|---|---|---|---|---|---|---|---|
| | P/L | B/S | P/L | B/S | P/L | B/S | P/L | B/S |
| Previous period | 109.83 | 107.75 | 80.32 | 79.64 | 3.48 | 3.51 | — | — |
| Current period | 107.38 | 107.74 | 76.30 | 77.32 | 3.39 | 3.49 | 13.85 | 13.90 |

# Overview of Q1 results
## for fiscal year ending June 2021

# Earnings summary for Q1

[Period: July 1, 2020 – September 30, 2020]

(Unit: Millions of yen)

| | 3 months to※1 September 2019 | | 3 months to September 2020 | | | | | Q2 cumulative published forecast※2 | |
|---|---|---|---|---|---|---|---|---|---|
| | Actual | Share | Actual | Share | Change | YoY | Progress rate※3 | Actual | Share |
| Net sales | 428,736 | 100.0% | 418,474 | 100.0% | (10,262) | 97.6% | 49.5% | 846,000 | 100.0% |
| Gross profit | 122,529 | 28.6% | 123,455 | 29.5% | 926 | 100.8% | 50.3% | 245,500 | 29.0% |
| SGA | 101,488 | 23.7% | 100,251 | 24.0% | (1,237) | 98.8% | 48.8% | 205,500 | 24.3% |
| Operating profit | 21,041 | 4.9% | 23,204 | 5.5% | 2,163 | 110.3% | 58.0% | 40,000 | 4.7% |
| Recurring profit | 20,358 | 4.7% | 22,806 | 5.4% | 2,448 | 112.0% | 57.7% | 39,500 | 4.7% |
| Profit attributable to owners of parent | 12,544 | 2.9% | 16,470 | 3.9% | 3,926 | 131.3% | 62.2% | 26,500 | 3.1% |
| EPS (Yen) | 19.81 | – | 25.98 | – | 6.17 | 131.1% | 62.2% | 41.80 | – |

*1. As the method for the valuation of inventories has been changed from the retail inventory method to the moving average method since the current period (FY ending June 2021), figures related to previous periods have been adjusted retroactively and reflected in these materials.
*2. The Q2 cumulative published forecast was published on August 12, 2020.
*3. Progress rate shows the rate of progress against the published forecast for the Q2 cumulative period.

# Summary report of consolidated financial results for Q1

Although sales declined by 2.4% year-on-year, the Group achieved a record high for its first quarter operating profit at 23.2 billion yen, 10.3% higher than in the same period last year.
Discount store operations fought an uphill battle mainly due to factors such as the loss of the domestic inbound market and station-front operations. However, a strategy based on bold challenges such as the UNY consolidation and change of business format to UDR, as well as opening of stores overseas, is gradually becoming a pillar for generating earnings.
Its function is to facilitate the shift toward active portfolio management.

With regard to discount store operations, Don Quijote is struggling with the loss of the domestic inbound market and customers who have not returned to station-front stores, while roadside stores have maintained their buoyant performance with a focus on food products, particularly for Nagasakiya and UDR.

UDR achieved positive operating profits for the first time since incorporation.

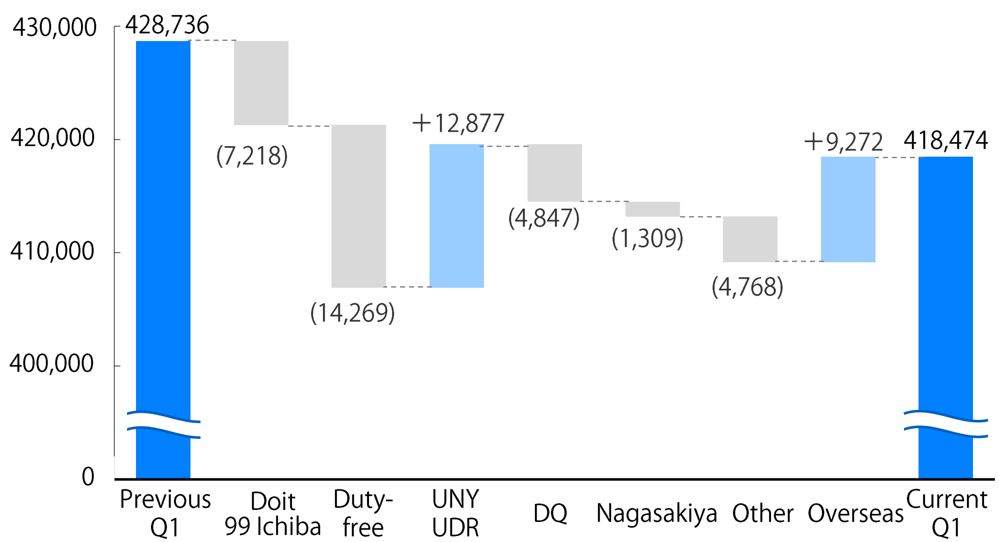
Integrated supermarket operations (UNY) continue to show strong performance driven by food products, with the capturing of alternative demand from customers who are refraining from dining out.

Overseas, sales are strong due to the capturing of demand from the stay-at-home lifestyle brought about by the coronavirus pandemic, and in particular, the popularity of Japanese agricultural products.

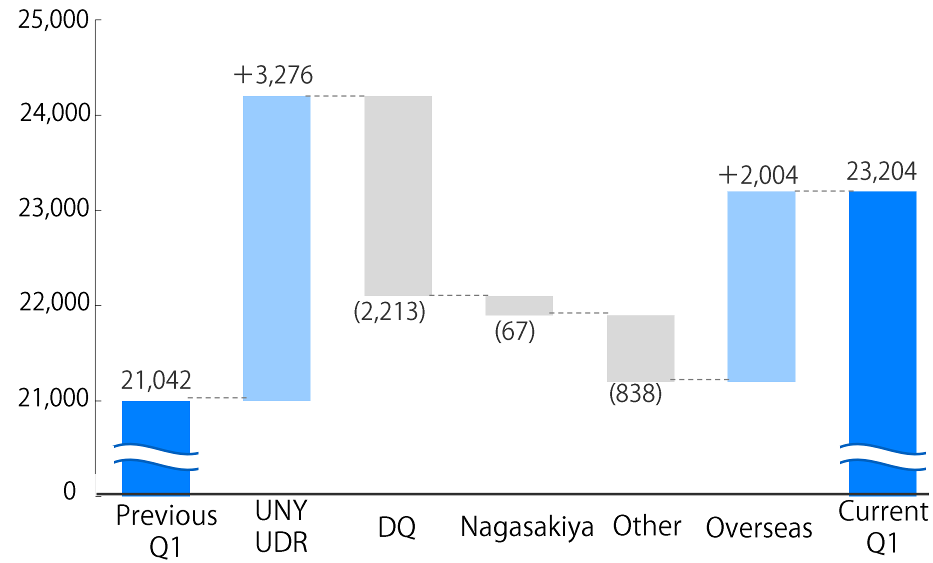
By experiencing these changes in the field, the Group will formulate clear policies to address management issues from the second quarter and after. (Details are provided from p.26)

# Year-on-year changes by retailer

## Changes in sales




## Changes in operating profit




・The figures for sales and operating profit presented here are the simple aggregate for each company, by corporation. Differences with the consolidated results are adjusted in other areas.

・DQ merged with Lilac in July 2020. Figures for current Q1 represent results after the merger.

・UNY merged with Unifood in July 2020. Figures for current Q1 represent results after the merger.

・Figures for overseas operations are the simple aggregate for DQ USA, MARUKAI, QSI, PPRM(SG), PPRM(HK), and Thonglor(TH). Results for overseas operations are for the period from April to June 2020.

# Q1 Retail operations information

(Unit: Millions of yen)

## Domestic retail

| | Don Quijote | | | Nagasakiya | | | UD Retail | | | UNY | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 3 months to Sep 2019 | 3 months to Sep 2020 | YoY | 3 months to Sep 2019 | 3 months to Sep 2020 | YoY | 3 months to Sep 2019 | 3 months to Sep 2020 | YoY | 3 months to Sep 2019 | 3 months to Sep 2020 | YoY |
| Sales | 186,590 | 167,474 | (19,116) | 49,488 | 48,179 | (1,309) | 19,036 | 42,406 | 23,370 | 134,333 | 123,840 | (10,493) |
| Gross profit ※1 | 45,994 | 43,033 | (2,961) | 11,947 | 11,858 | (89) | 4,216 | 11,021 | 6,805 | 43,604 | 40,982 | (2,622) |
| Gross profit ratio | 24.6% | 25.7% | 1.0% | 24.1% | 24.6% | 0.5% | 22.1% | 26.0% | 3.8% | 32.5% | 33.1% | 0.6% |
| SGA | 37,319 | 36,572 | (747) | 10,356 | 10,334 | (22) | 5,555 | 11,020 | 5,465 | 38,675 | 34,117 | (4,558) |
| Operating profit | 8,675 | 6,462 | (2,213) | 1,591 | 1,524 | (67) | (1,339) | 1 | 1,340 | 4,929 | 6,866 | 1,937 |
| Operating profit ratio | 4.6% | 3.9% | (0.8%) | 3.2% | 3.2% | (0.1%) | — | 0.0% | — | 3.7% | 5.5% | 1.9% |
| Total assets | 288,103 | 287,229 | (874) | 83,474 | 85,390 | 1,916 | 29,639 | 54,864 | 25,225 | 392,403 | 386,933 | (5,470) |
| Net assets | 139,685 | 146,491 | 6,806 | 53,616 | 56,180 | 2,564 | 2,675 | (76) | (2,751) | 67,614 | 101,336 | 33,722 |

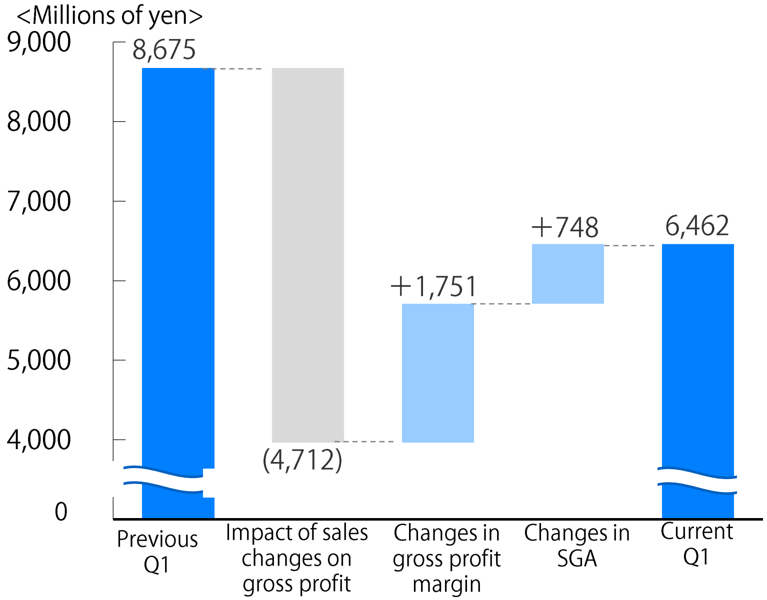
## Overseas retail

| | North America ※2 | | | Asia ※3 | | |
|---|---|---|---|---|---|---|
| | 3 months to Sep 2019 | 3 months to Sep 2020 | YoY | 3 months to Sep 2019 | 3 months to Sep 2020 | YoY |
| Sales | 22,309 | 25,438 | 3,129 | 3,029 | 9,172 | 6,143 |
| Gross profit ※1 | 6,984 | 8,258 | 1,274 | 993 | 3,106 | 2,113 |
| Gross profit ratio | 31.3% | 32.5% | 1.2% | 32.8% | 33.9% | 1.1% |
| SGA | 6,309 | 6,351 | 42 | 990 | 2,332 | 1,342 |
| Operating profit | 675 | 1,907 | 1,232 | 3 | 774 | 771 |
| Operating profit ratio | 3.0% | 7.5% | 4.5% | 0.1% | 8.4% | 8.3% |
| Total assets | 34,190 | 35,911 | 1,721 | 20,690 | 26,371 | 5,681 |
| Net assets | 23,504 | 27,175 | 3,671 | 5,074 | 6,637 | 1,563 |

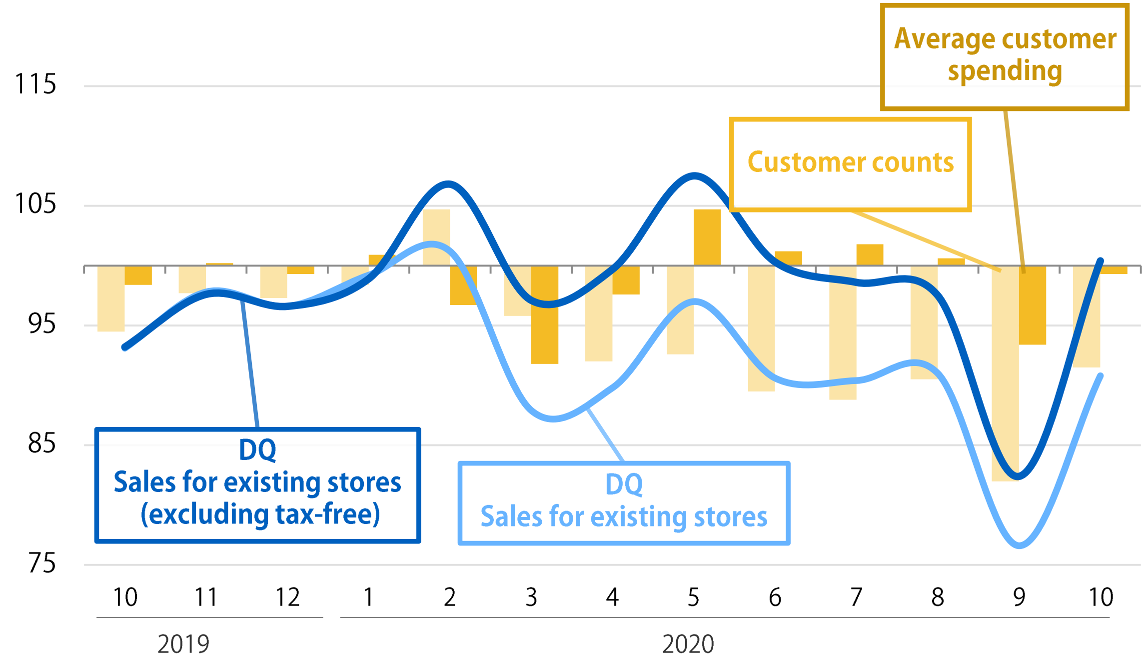
※1. As the method for the valuation of inventories has been changed from the retail inventory method to the moving average method since the current period (FY ending June 2021), figures related to previous periods have been adjusted retroactively and reflected in these materials.
※ 2. Figures for North America are the simple aggregate for DQ USA, MARUKAI, and QSI. Results are for the period from April to June 2020.
※ 3. Figures for Asia are the simple aggregate for PPRM (SG), PPRM (HK), and Thonglor (TH). Results are for the period from April to June 2020.

# Overview of results by corporation (Don Quijote)

## Changes in operating profit



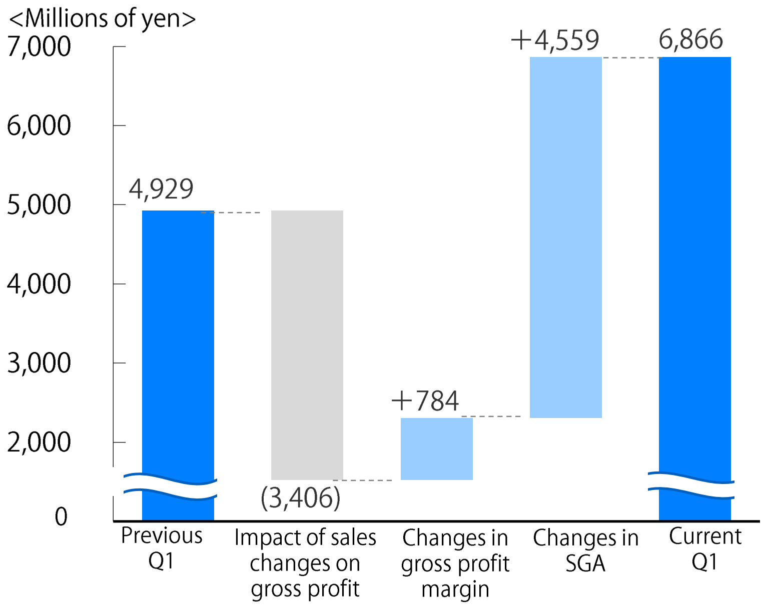

## Changes in sales/customer traffic for existing stores



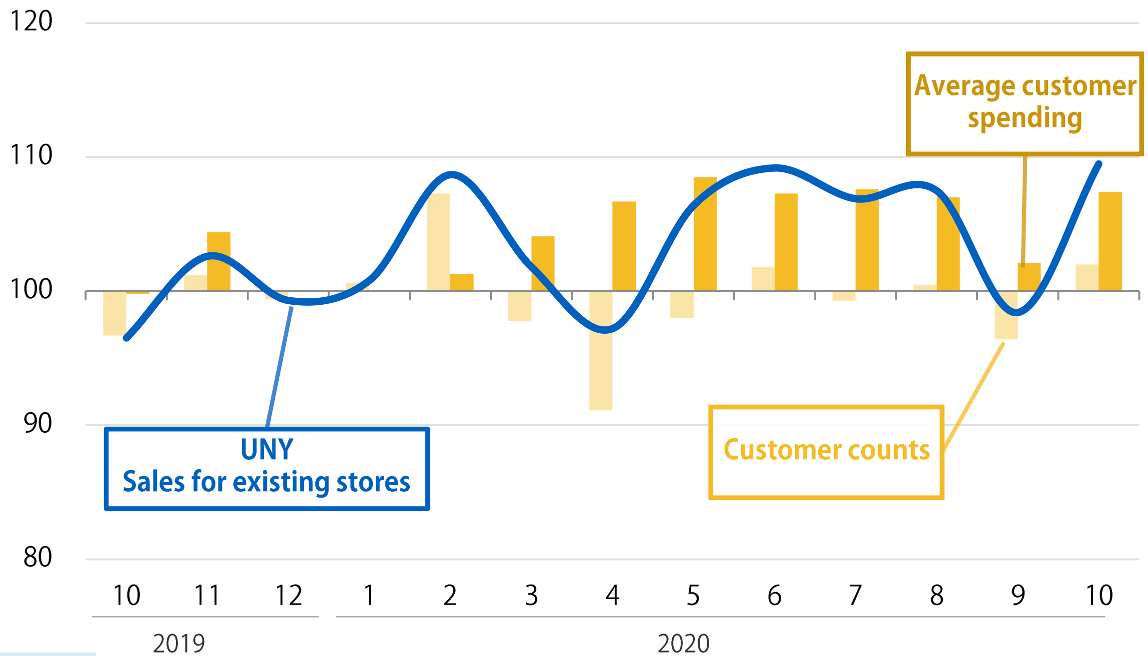

- DQ merged with Lilac in July 2020. Figures for current Q1 represent results after the merger.
- As the method for the valuation of inventories has been changed from the retail inventory method to the moving average method since the current period (FY ending June 2021), figures related to previous periods have been adjusted retroactively and reflected in these materials.

# Overview of results by corporation (UNY)

## Changes in operating profit




## Changes in sales/customer traffic for existing stores

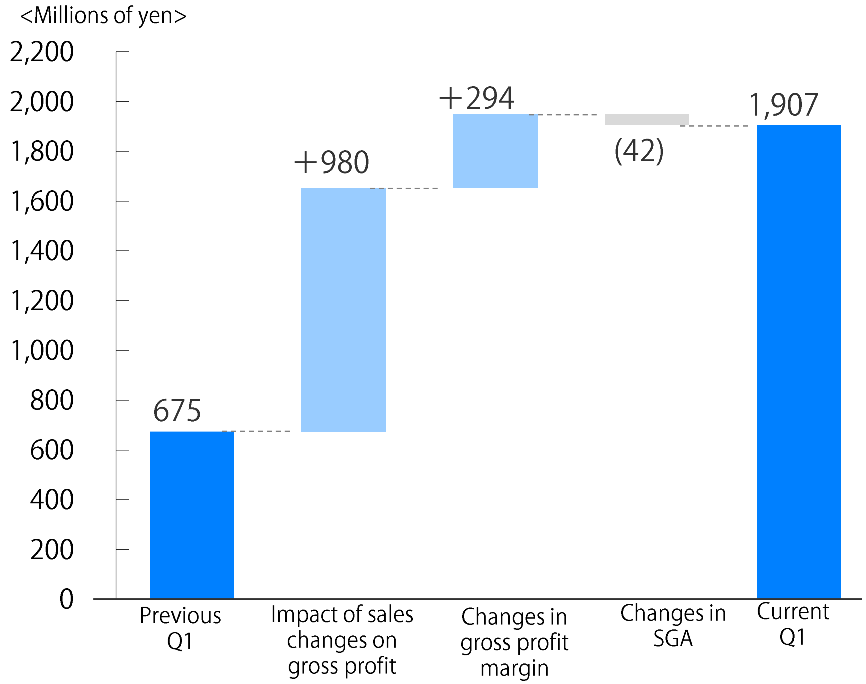



Sales for UNY's existing stores are 104.3% (change of +4.6 billion yen)

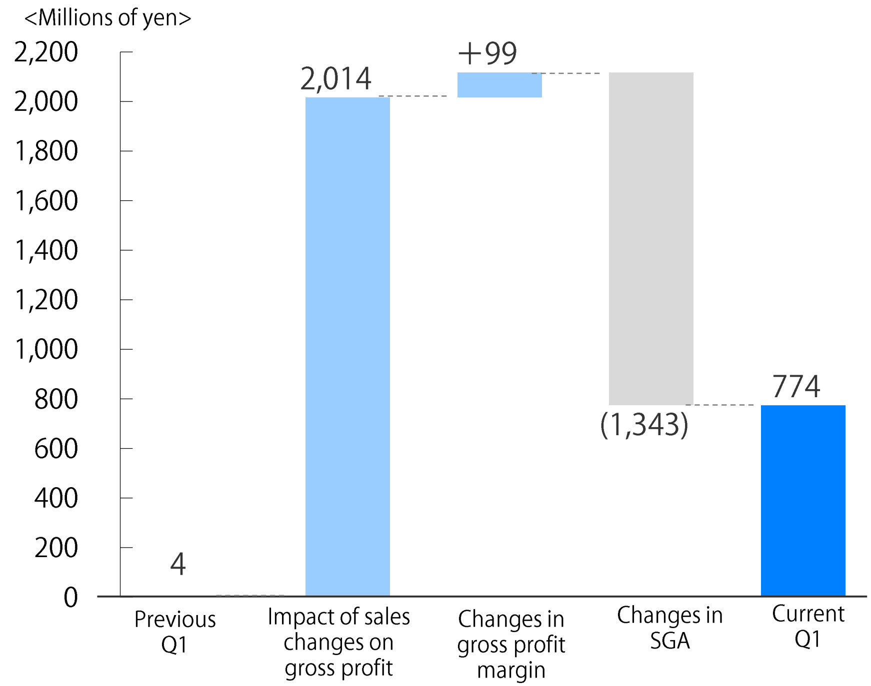
・UNY merged with Unifood in July 2020. Figures for current Q1 represent results after the merger.

# Overview of results for overseas operations (North America, Asia)

## Changes in operating profit (North America)




## Changes in operating profit (Asia)




・Figures for North America are the simple aggregate for DQ USA, MARUKAI, and QSI. Results are for the period from April to June 2020.
・Figures for Asia are the simple aggregate for PPRM (SG), PPRM (HK), and Thonglor (TH). Results are for the period from April to June 2020.

# Q1 Segment information (by business)

PPIH Pan Pacific International Holdings

### Segment overview by business for previous Q1 [Period: July 1, 2019 – September 30, 2019] ※1 ※3

(Unit: Millions of yen)

| | Discount store | GMS | Tenant leasing | Other ※2 | Total | Adjusted | Consolidated |
|---|---|---|---|---|---|---|---|
| Sales to external customers | 281,599 | 128,153 | 15,172 | 3,812 | 428,736 | – | 428,736 |
| Internal sales or transfers between segments | 1,404 | 992 | 1,024 | 1,566 | 4,986 | (4,986) | – |
| Total | 283,003 | 129,145 | 16,196 | 5,378 | 433,722 | (4,986) | 428,736 |
| Segment profit | 14,872 | 2,864 | 3,159 | 12 | 20,907 | 134 | 21,041 |

### Segment overview by business for current Q1 [Period: July 1, 2020 – September 30, 2020] ※1

(Unit: Millions of yen)

| | Discount store | GMS | Tenant leasing | Other ※2 | Total | Adjusted | Consolidated |
|---|---|---|---|---|---|---|---|
| Sales to external customers | 286,195 | 112,372 | 16,413 | 3,494 | 418,474 | – | 418,474 |
| Internal sales or transfers between segments | 1,874 | 2,618 | 280 | 1,059 | 5,831 | (5,831) | – |
| Total | 288,069 | 114,990 | 16,693 | 4,553 | 424,305 | (5,831) | 418,474 |
| Segment profit | 16,065 | 3,657 | 3,957 | (955) | 22,724 | 480 | 23,204 |

※1. Reported segments are organized by the format of service provision, and comprises discount store, GMS, and tenant leasing operations.
※2. "Other" includes holding company management, credit card business, etc.
※3. As the method for the valuation of inventories has been changed from the retail inventory method to the moving average method since the current period (FY ending June 2021), figures related to previous periods have been adjusted retroactively and reflected in these materials.

# Q1 Overview of results by consolidated businesses

[Period: July 1, 2020 – September 30, 2020]

(Unit: Millions of yen)

| | 3 months to Sep 2019 | | 3 months to Sep 2020 | | |
|---|---|---|---|---|---|
| | Actual | Share | Actual | Share | YoY |
| Discount store operations ※1 | 281,599 | 65.7% | 286,195 | 68.4% | 101.6% |
| Home electrical appliances | 21,696 | 5.1% | 22,136 | 5.3% | 102.0% |
| Miscellaneous household goods | 65,125 | 15.2% | 56,625 | 13.5% | 86.9% |
| Food products | 98,753 | 23.0% | 110,045 | 26.3% | 111.4% |
| Watches and fashion merchandise | 42,963 | 10.0% | 38,173 | 9.1% | 88.9% |
| Sporting goods and leisure goods | 16,199 | 3.8% | 17,687 | 4.2% | 109.2% |
| DIY goods | 4,033 | 0.9% | — | — | — |
| Overseas | 25,723 | 6.0% | 34,672 | 8.3% | 134.8% |
| Other | 7,107 | 1.7% | 6,857 | 1.6% | 96.5% |
| GMS ※1 | 128,153 | 29.9% | 112,372 | 26.9% | 87.7% |
| Clothing | 16,851 | 3.9% | 13,057 | 3.1% | 77.5% |
| Household goods | 19,764 | 4.6% | 16,896 | 4.0% | 85.5% |
| Food products | 86,779 | 20.3% | 82,059 | 19.6% | 94.6% |
| Other | 4,759 | 1.1% | 360 | 0.1% | 7.6% |
| Tenant leasing operations※1 | 15,172 | 3.5% | 16,413 | 3.9% | 108.2% |
| Other business operations | 3,812 | 0.9% | 3,494 | 0.8% | 91.7% |
| Total※2 | 428,736 | 100.0% | 418,474 | 100.0% | 97.6% |

※1. Reported segments are organized by the format of service provision, and comprises discount store, GMS, and tenant leasing operations.
※2. "Other" includes holding company management, credit card business, etc.

# Status of major assets

(Unit: Millions of yen)

| | June 2020 | September 2020 | |
|---|---|---|---|
| | Actual | Actual | Change |
| Current assets | 494,138 | 480,770 | (13,368) |
| Cash and deposits | 179,785 | 170,321 | (9,464) |
| Accounts receivable-installment | 68,293 | 63,637 | (4,656) |
| Products | 187,775 | 188,159 | 384 |
| Non-current assets | 803,093 | 797,420 | (5,673) |
| Buildings, etc. | 264,035 | 261,186 | (2,849) |
| Land | 325,499 | 323,208 | (2,291) |
| Intangible assets | 36,883 | 36,768 | (115) |
| Lease and guarantee deposits | 78,624 | 78,462 | (162) |
| Total assets | 1,297,231 | 1,278,190 | (19,041) |

## Status of major assets

- Total assets: 1,278.2 billion yen (decreased by 19 billion yen)

**< Current assets >**

- Cash and deposits: 170.3 billion yen (decreased by 9.5 billion yen)
- Accounts receivable-installment: 63.6 billion yen (decreased by 4.7 billion yen)

**< Non-current assets >**

- Property, plant and equipment: 617.9 billion yen (decreased by 4.8 billion yen)

The main factor contributing to the change was an increase in depreciation and amortization of 5.8 billion yen

- Intangible assets: 36.8 billion yen (decreased by 100 million yen)

# Status of major liabilities and net assets

(Unit: Millions of yen)

| | June 2020 | September 2020 | |
|---|---|---|---|
| | Actual | Actual | Change |
| Current liabilities | 312,227 | 296,641 | (15,586) |
| Notes and accounts payable | 148,226 | 141,503 | (6,723) |
| ※1 Short-term liabilities | 25,117 | 36,116 | 10,999 |
| Fixed liabilities | 596,005 | 583,081 | (12,924) |
| Corporate bonds | 226,542 | 224,714 | (1,828) |
| Long-term loan payables | 276,191 | 265,460 | (10,731) |
| Long-term payables under fluidity accounts receivable | 191 | — | (191) |
| Total liabilities | 908,232 | 879,722 | (28,510) |
| Total net assets | 388,999 | 398,468 | 9,469 |
| Total liabilities and net assets | 1,297,231 | 1,278,190 | (19,041) |

## Status of major liabilities and net assets

- Interest-bearing liabilities: 526.3 billion yen (decreased by 1.6 billion yen)
- Net D/E ratio: 0.93
- Interest coverage ratio: 18.3 ※2
- ROE: 17.5%　(annual basis)

**< Current liabilities >**

- Notes and accounts payable: 141.5 billion yen (decreased by 6.7 billion yen)
- Interest-bearing liabilities: 36.1 billion yen (increased by 11 billion yen)
- Other accounts payable: 43 billion yen (decreased by 10.5 billion yen)
- Income taxes, etc. payable: 5.9 billion yen (decreased by 5.1 billion yen)

**< Non-current liabilities >**

- Interest-bearing liabilities: 490.2 billion yen (decreased by 12.6 billion yen)
- Net assets: 398.5 billion yen (increased by 9.5 billion yen)
- Shareholders' equity: 380.9 billion yen (Capital-to-asset ratio: 29.8%)

※1. Short-term liabilities = Short-term loan payables, long-term loan payables to be repaid within one year, and corporate bonds to be redeemed within one year.

※2. Interest coverage ratio = (Operating profit + Dividends on interest earned) ÷ Interest paid

*As the method for the valuation of inventories has been changed from the retail inventory method to the moving average method since the current period (FY ending June 2021), figures related to previous periods have been adjusted retroactively and reflected in these materials.

# Status of cash flows and capital expenditure

(Unit: Millions of yen)

## Status of cash flows ※1

| | 3 months to Sep 2019 | 3 months to Sep 2020 | |
|---|---|---|---|
| | Actual | Actual | Change |
| Cash and equivalents at beginning of period | 185,136 | 183,602 | (1,534) |
| Cash flows from operating activities | 10,879 | 12,676 | 1,797 |
| Cash flows from investing activities | (9,909) | (10,734) | (825) |
| Free cash flow | 970 | 1,942 | 972 |
| Cash flows from financing activities | (17,682) | (10,867) | 6,815 |
| Net increase (decrease) in cash and equivalents | (17,234) | (9,719) | 7,515 |
| Cash and equivalents at end of period | 167,902 | 173,883 | 5,981 |

## Status of capital expenditure

| | 3 months to Sep 2019 | 3 months to Sep 2020 | |
|---|---|---|---|
| Capital expenditure | 10,306 | 12,375 | 2,069 |

## Cash flows

**< Cash flows from operating activities >**

- Factors that contributed to an increase in cash flow include profit before income taxes of 23.4 billion yen, depreciation and amortization of 7.4 billion yen, and decrease in accounts receivable (installment) of 4.6 billion yen. On the other hand, decrease in trade accounts payable of 6.7 billion yen, decrease in other accounts payable of 3.1 billion yen, and payment of income taxes, etc. of 9.4 billion yen were factors that contributed to a decrease in cash flow. As a result, net cash provided by operating activities was 12.7 billion yen.

**<Cash flows from investing activities>**

- Net cash used in investing activities was 10.7 billion yen, including payments for the acquisition of property, plant and equipment accompanying the establishment of new stores.

**<Cash flows from financing activities>**

- Increase in short-term loan payables: 5 billion yen
  Repayments of long-term loan payables: 5.4 billion yen
  Cash dividends paid: 7.6 billion yen
  These and other factors resulted in 10.9 billion yen of net cash used in financing activities.

## Capital expenditure

- Capital expenditure was 12.4 billion yen
  (DQ 2 billion yen, Nagasakiya 1 billion yen,
  UDR 2.5 billion yen, UNY 2.6 billion yen,
  JAM 700 million yen, PPIH 1.7 billion yen, etc.)

※1. As the method for the valuation of inventories has been changed from the retail inventory method to the moving average method since the current period (FY ending June 2021), figures related to previous periods have been adjusted retroactively and reflected in these materials.

# Toward sustainable growth

PPIH Pan Pacific International Holdings

## ▶ ESG initiatives aim at realizing sustainable growth and enhancing corporate value

### PPIH's materiality

**E** Environment

**Reducing the environmental burden arising from our business activities**

- Reduction in $CO_2$ emissions
- Reduction in use of packaging containers, and effective utilization of resources
- Reduction of food waste, and strengthening of recycling efforts

▶Adoption of renewable energy
Some stores have adopted the use of solar power and wind power, and we are reviewing the effectiveness of renewable energy as a future energy source.

▶Effective utilization of resources
At UNY stores, toilet paper made from recycled milk cartons that are collected through recycling stations set up in the stores, are sold under the original merchandise series [eco! On].

**S** Society

**Strengthening human resource and human rights management**

- Creating an employee-friendly and rewarding workplace

**Promoting diversity**

**Strengthening dialogue with the local community**

- Promotion of activities that contribute to the local community

▶ Establishment of the Diversity Management Committee

▶ Appointment of PPIH's first female executive officer

**G** Governance

**Strengthening the corporate governance system**

- Enhancing management transparency
- Nurturing the next CEO/managers for the next generation

**Strengthening risk management**

- Ensuring thorough compliance
- Strengthening information security
- Strengthening response to the risk of natural disasters

▶ The Preparatory Office for the Establishment of the Remunerations Committee has been reorganized as the Preparatory Office for the Nomination and Remuneration Committee

▶ The Nomination and Remuneration Committee will be established at the meeting of the Board of Directors in January 2021 (provisional)

# Strategy and measures
# for Q2 of the fiscal year
# ending June 2021, and beyond

# Reflecting on the first nine months of 2020

PPIH
Pan Pacific International Holdings

After the novel coronavirus infection began spreading rapidly in March, we were able to respond quickly to major changes in consumer behavior (refraining from going out, heightened awareness of hygiene) and the product supply situation. However, although we were mostly successful in addressing the changes observed since July (increased price sensitivity among consumers, sluggish demand due to the stay-at-home lifestyle), we perceive further response to changes in our discount store operations as a challenge going forward.

## Changes in the commercial environment

| | |
|---|---|
| Jul | A long rainy season and low temperatures. Renewed anxiety about the infection. |
| Aug | Sunny weather with excessive heat. Increased demand for coronavirus countermeasures in midsummer. |
| Sep | Changes in the approach to the coronavirus situation. Easing of regulations on outdoor events and leisure activities. |

**Jul**
- Mandatory charge for plastic shopping bags
- Launch of Go To travel campaign
- Second wave of coronavirus infections

**Aug**
- Mass cancellation of summer festivals and events
- Voluntarily refraining from returning to home province/Tokyo Olympics postponed
- Summer holidays shortened

**Sep**
- Request to restaurants, etc. to refrain from supplying alcoholic drinks
- Last-minute demand before alcohol and tobacco tax hike

Jan — Feb — Mar — Apr — May — Jun — Jul — Aug — Sep

## PPIH Looking back

**Jan–Feb**
- Strong inbound consumption

**Mar**
- Loss of inbound consumption from second half

**Apr–Jun**
- Continuation of business with thorough infection control measures
- Securing and supplying of hygiene products, etc. with special demand due to the coronavirus pandemic
- Capturing alternative demand as people refrain from dining out

**Jul–Sep**
- Crowds not returning to shopping districts near stations
- Gradual slowdown in numbers for the suburbs as special demand runs its course
- Reaction to last-minute demand before consumption tax hike last year

# Q1 topics (Overall)

## Creating a structure to accelerate decision-making

In addition to discount store operations, we expanded our business domains to general merchandise store (GMS) operations, overseas retail operations, and other (financial) services, transforming our structure in order to accelerate decision-making for the organization.

| | |
|---|---|
| (1) Introduction of a new system for the decision-making body (from July 1) | ・Reorganization of the PPIH Group along the three axes of stores, MD, and HLDGS, and introduction of an in-house company system<br>・Introduction of management conferences: Accelerating decision-making, and strengthening governance through Group business management<br>・Introduction of budget systems: Management of budget formulation and progress, reallocation of management resources, and changes to the evaluation system |
| (2) Reorganization of Group subsidiaries | ・Classification into profit centers (companies) and cost centers, and reduction in the number of affiliated companies through mergers and reorganization (anticipated reduction to 32 companies by March 2021)<br>・Redefining the role of cost centers to that of visualizing the costs of profit centers and maximizing revenue. Reducing transactions and dealings between affiliated companies to promote the acceleration of such activities.<br>・With regard to discount store operations, positioning of Don Quijote as an intermediate holding company, and transition to integrated management including Nagasakiya, UDR, and DAISHIN. |

## Going back to the roots as an organization that continues to tackle challenges

In our domestic discount store operations, we improved the competitive environment for sales, increased market share on the basis of commercial areas, and reorganized the structure to achieve a balance between the nurturing and discovery of managers for the next-generation.
→ There are plans to also introduce these into other business domains in the future.

| | |
|---|---|
| (3) Introduction of the "million stars" system (from September 1) | ・Reorganization of the discount stores in Japan to a structure of 102 subsidiaries, categorized into commercial areas with about 1 million population each<br>・Transformation to a system that increases market share within each commercial area and fosters a spirit of rivalry among the managers of the "million stars" subsidiaries |

# Q1 Topics (MD)

- Reaping the benefits of a growth in business scale.
- Responding to significant demand in the short-term and changes to supply, as a result of the coronavirus pandemic.
- Preparations toward breaking away from a product composition that is gradually becoming standardized (details on p.26)

| | |
|---|---|
| (1) Strengthening of MD corresponding to changes in trade conditions | ・Expansion of product categories with increased demand due to the stay-at-home lifestyle (frozen food, home exercises and training goods, peripheral parts for computers and mobile phones, fashionable masks)<br>・Strengthening of substitute measures for the loss of various events (fireworks, leisure, electric bicycles, and products that help prevent heatstroke) |
| (2) Development of new procurement routes as a result of the coronavirus pandemic | ・Purchase of the remaining inventory of domestic manufacturers and companies going through a business slump, with a focus on apparel<br>・Development of procurement routes and building of schemes through the establishment of a procurement team in North America |
| (3) Expanding PB initiatives | ・Joint product development with leading manufacturers<br>・Lateral spread across the Group of PB products that reflect the strengths of DQ and UNY respectively<br>・Expansion of the export of PB products to overseas subsidiaries, with a focus on non-food products |
| (4) Leveraging on the scale of PPIH Group | ・Improvement of terms of sales through the integration of balance accounts (terms of purchase/terms of rebate)<br>・Strengthening of plans for tie-ups with leading manufacturers |
| (5) New initiatives (“Try and Challenge”) | ・New MD initiatives (Oriental food, character tie-up)<br>・Online business negotiations in live meeting format |

# Q1 Topics (Marketing)

Review of the positioning of the marketing organization, which had existed in parallel with the sales organization; placing the relevant departments and business companies under the management of CMIO (Chief Marketing & Integration Officer), and integrating them with the sales organization. Building a system that can provide complete support for sales activities, from procurement to sales (see the figure on the next page for details).

Example 1. Analysis, sales promotion, and capturing new revenue sources through app members

Example 2. Unit control and demand forecast to strengthen sales activities in stores

## Specific example of Example 1

**Efforts to capture app members, and utilization**

Members acquired in last 3 months:
Approx. 500,000 people
*As of end October: 4,490,000

- Significant overhaul of the app to reduce stress when customers sign up (registration without the need of a physical card)
- Measures to increase the number of app members (attracting members through benefits/members-only coupons and Individual number card points)
- Transformation to an agile development system that can update the customer experience more quickly than before

## Validation of various measures in the field alongside the acquisition of members

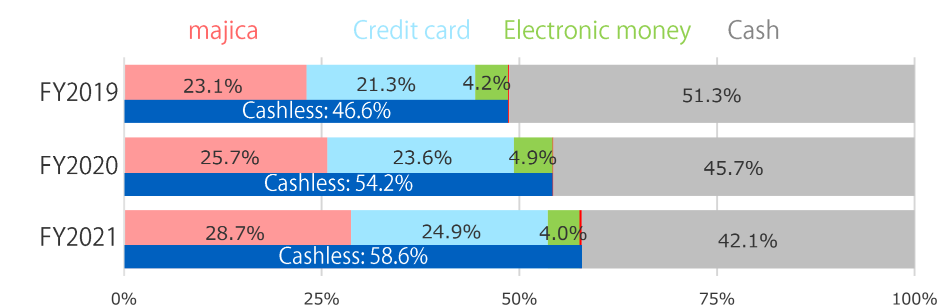
**Example of measures: Strengthening campaigns to win back customers**

- Experiment on “come back” measures for lost customers: Experiment ongoing with the goal of winning back 20% of customers

**Example of measures: Establishment of new methods for commercial area analysis**

- Support for MD/sales promotion strategy for stores through customer analysis
- Customer trend analysis for the capital region

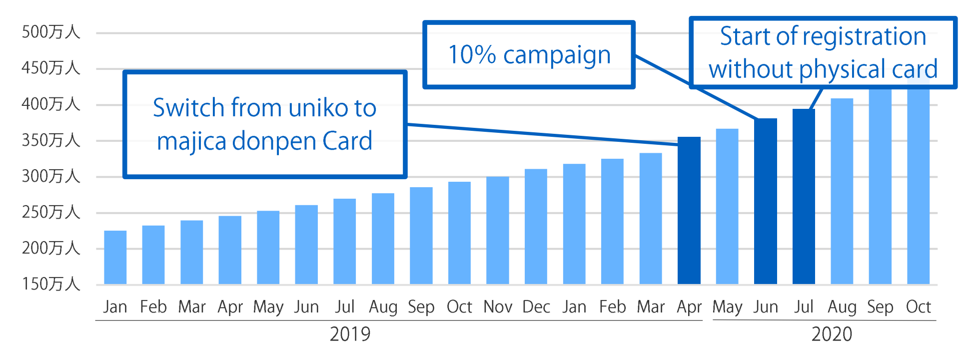
### Status of cashless payments ※1



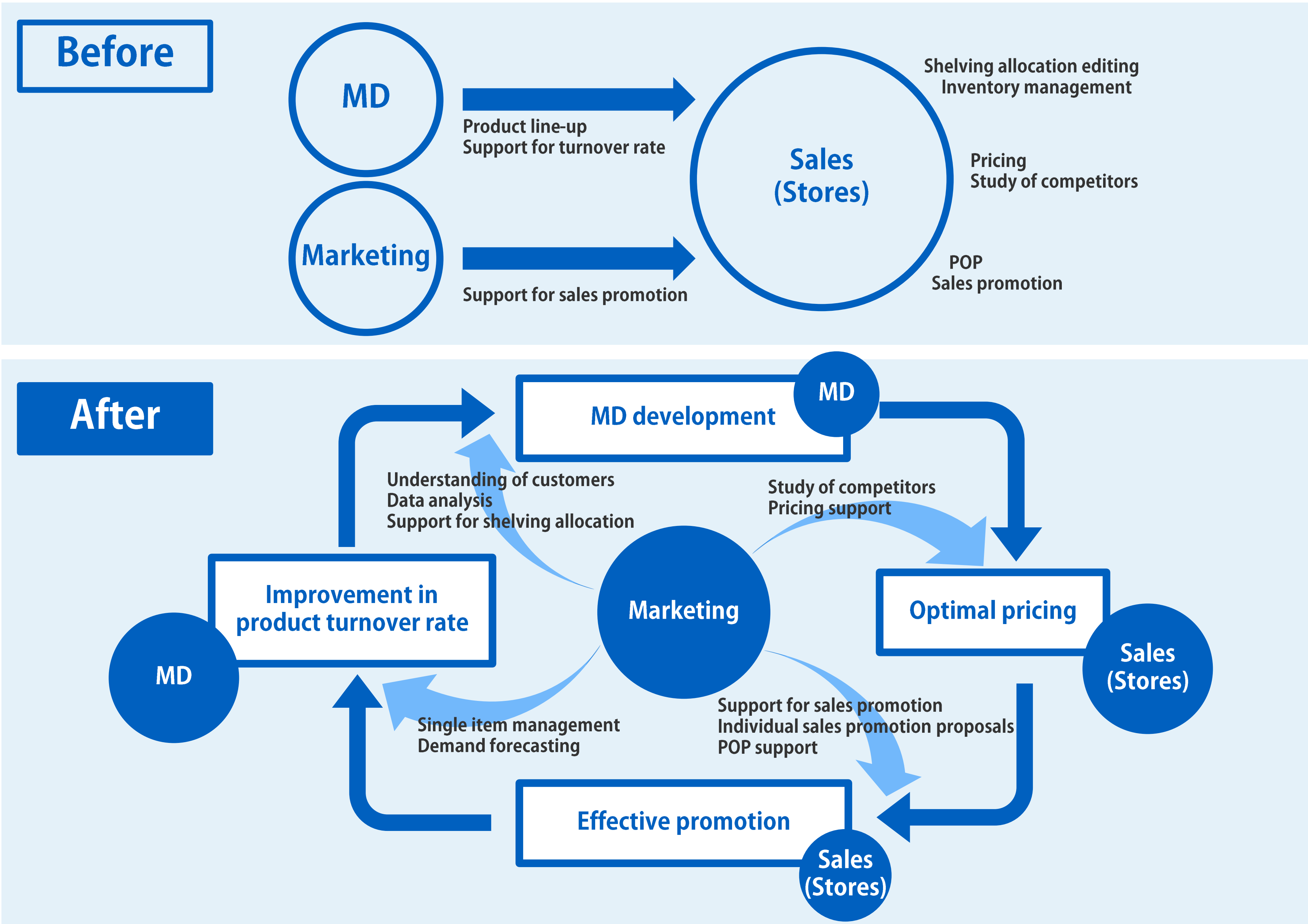

※1. Subject: All Don Quijote stores

Percentage of cashless payments increased to 58.6%

### Changes for majica app



# Approach for supporting stores in the aspect of marketing



# Q1 Topics (Domestic businesses)

## Discount store operations

To address the loss of the domestic inbound market and station-front operations due to the coronavirus pandemic, efforts were made to increase customer traffic at all stores.

| | |
|---|---|
| (1) Pricing strategy | ・Price appeal centered on products with low turnover rate (price reduction for 1,000 items)<br>・Adoption of new pricing strategy (as of September 2020: Adoption by 305 stores) |
| (2) Review of MD | ・Review of MD for station-front stores(expansion of products in demand in current commercial areas with a focus on food products)<br>・Thorough expansion of household demand(Food products, kitchenware, home exercises and training goods, trivial leisure activities, interior goods, computers and peripheral parts) |

## GMS operations

・Implemented sales and human resource development measures, with a view to maintaining the strong performance during the coronavirus pandemic and achieving further growth.
・ Implemented measures with a view to reducing headquarter costs.

| | |
|---|---|
| (1) Sales measures toward further growth for APITA and PIAGO | ・Promotion of New GMS stores<br>・Fostering and developing the capabilities of UNY employees and “mate” staff (non-regular employees) |
| (2) Review of MD | ・Active introduction of PB, OEM, and spot products handled by DQ (electronics, miscellaneous goods, consumables, alcohol) |
| (3) Streamlining headquarter costs | ・Decision on measures toward the reorganization of the headquarters<br>・Promotion of PMI project through group merger |

# Q1 Topics (Overseas businesses)

## Stores

| | |
|---|---|
| North American businesses | ・Responded to changes in consumer behavior as a result of the coronavirus pandemic, captured alternative demand, and sales are strong<br>・Commenced experiment on the introduction of knowhow to DON DON DONKI stores |
| Asian businesses | ・Launched three stores in Singapore and Hong Kong from July to October 2020<br>・The Pearl City store in Hong Kong, which opened in July, ranked first within the PPIH Group for monthly sales in the first month of its opening |

### No. of stores launched in Asia

Singapore ＋1 store

Hong Kong ＋2 stores

(As of end October)

### Examples of sales by Hong Kong stores


Rib sirloin
Monthly sales: 17 million yen
Marbled meat for grilling
Monthly sales: 30 million yen

Japanese beef
August sales: 180 million yen

Sales by Hong Kong stores in July 2020

(Unit: Yen)

| | Mira Place No. 2 | OP Mall main store | Pearl City store* |
|---|---|---|---|
| July sales | 579.89 million | 806.02 million | 1,088.02 million |

*Pearl City store opened on July 7, 2020

# Q1 Topics (Overseas businesses)

## MD

・With growing demand in each country by consumers staying at home due to the coronavirus pandemic, the popularity of Japanese agricultural products, especially in Asia, helped to maintain the strong performance.
・In pursuit of a balance between high quality and ease of purchase, an environment was created to allow producers to export their products confidently.

| | |
|---|---|
| (1) Expansion of product supply | ・Boosted the supply of products facing a shortfall in the market during lockdowns in each country (Volume of exports for groceries, hygiene products, and fresh ingredients from Japan increased significantly. The amount of exports from January to September 2020 was approximately 15 billion yen, 250% over that in the previous year)<br>・Along with the increase in export volume, cultivation of domestic producers and manufacturers that can support exports (producers and processing companies in areas such as Ehime, Kumamoto, Kagoshima, and Okinawa) |
| (2) Toward MD that can meet the demand from the stay-at-home lifestyle | ・Products targeted at the increased opportunities for home cooking<br>・Strengthening of sales promotion efforts for fruits and vegetables, Japanese beef, and sushi<br>・Strengthening of sales promotion efforts for ingredients (fruits and vegetables, meat) through the provision of recipes for Japanese dishes |

Strawberries
Thonglor store (first store in Thailand)
First day of opening: 3 million yen in sales
(3000 packs)

Sea urchin
Yearly: 270 million yen in sales
(All stores in Asia)


Baked sweet potatoes
Annual: 280 million yen in sales
(More than 400t across all stores in Asia)


Bluefin tuna
Annual: 700 million yen in sales
(All stores in Asia)

# Efforts to address issues (discount store operations)

## 1. Management's understanding

Customer numbers are not returning to previous levels, especially for Don Quijote stores in city centers, while "roadside" stores in the suburbs are also registering a gradual decline.

## 2. Result of analysis

Perhaps there is a failure to carry out operations in a way that secures price competitiveness?

Perhaps the impression of the stores as "low priced" is not being communicated to consumers? (Motivation for visiting a store)

Despite a fall in demand in specific "spots" such as masks and other hygiene products, perhaps standardization rate for MD is rising while spot ratio is falling?

Perhaps the stores are failing to meet customer needs after the special demand brought about by the coronavirus pandemic? (To begin with, Don Quijote is not a store for daily necessities.)

## 3. Background leading to this situation

The core human resources of Don Quijote had been assigned to overseas stores and UDR, resulting in a chronic shortage of personnel and experience in the DS business operations.

With the assignment of younger staff to cover the shortage, shelving allocation that is dependent on the head office and partners is adopted in many cases, and standardization ratio has increased=fall in spot ratio.

## 4. Policy for initiatives

The primary factors are related to human resources and operations in the field, so support will be provided from various aspects to reduce that burden.

## 5. Support in the field from the management

"Million stars" system (already implemented)

Personnel support.
Establishment of a follow-up system in which young employees with a lack of experience in the MD aspects are provided with support and guidance.

Support to improve productivity with "gemba" (field or site) as the keyword
Target of creating 1 million hours by June 2021, and 3 million hours by June 2022 (details will be announced during the release of the interim results)

Support for MD measures
(1) Drastic narrowing down of SKU (as a part of efforts to improve productivity, and creation of spot spaces)
(2) Expansion of spot products (while there are some stores with a low percentage of 20%, the aim is to reach 40%)
(3) Strengthening of PB (details will be announced during the release of the interim results)

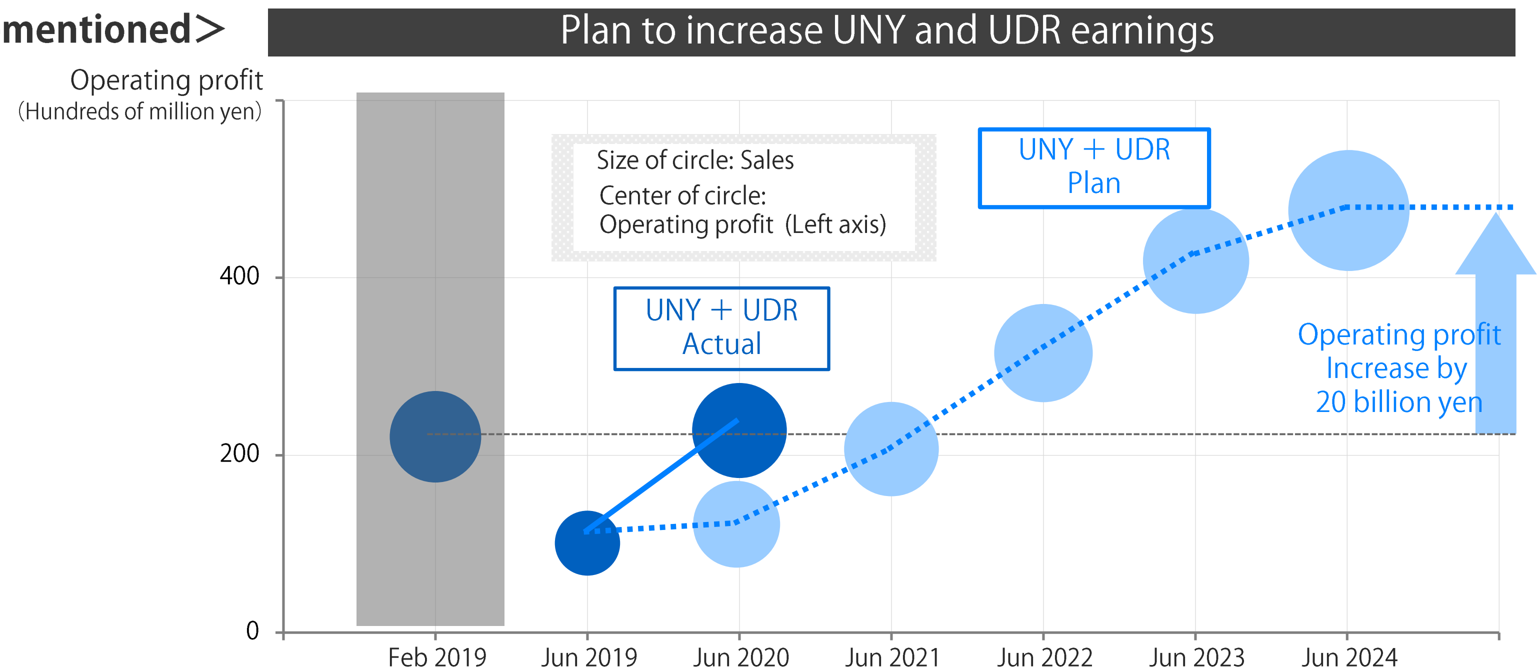
Pricing support
Striking a balance between popularity and profits through the adoption of new pricing strategy by all stores

# Future action plan (UNY, UDR)

We aim to double operating income, which was our previous target, through the group optimization of the indirect organizations of UNY and PPIH, as well as the creation of a general merchandise store business format (New GMS), in addition to promoting the transition of previous UNY stores to UDR business format.

| | |
|---|---|
| (1) Promotion of New GMS | ・Without limiting ourselves to the successful model of the Piagopurasu Myokoji Shop, we will continue to tackle the challenges of malls, APITA, and compact types as the New GMS, and to promote the development of business formats that are welcomed and supported by our customers.<br>・Successive opening of renovated and updated stores as the New GMS from the second quarter (three stores) |
| (2) Promotion of transition to UDR business format | ・In addition to continued efforts to promote the transition of business format, we aim to continue training staff seconded from UNY and expanding stores.<br>・With regard to stores for which one year or more has passed since transition, our policy is to manage them as branches under the Million Stars system, as a part of the discount store business. |

**＜Aforementioned＞**

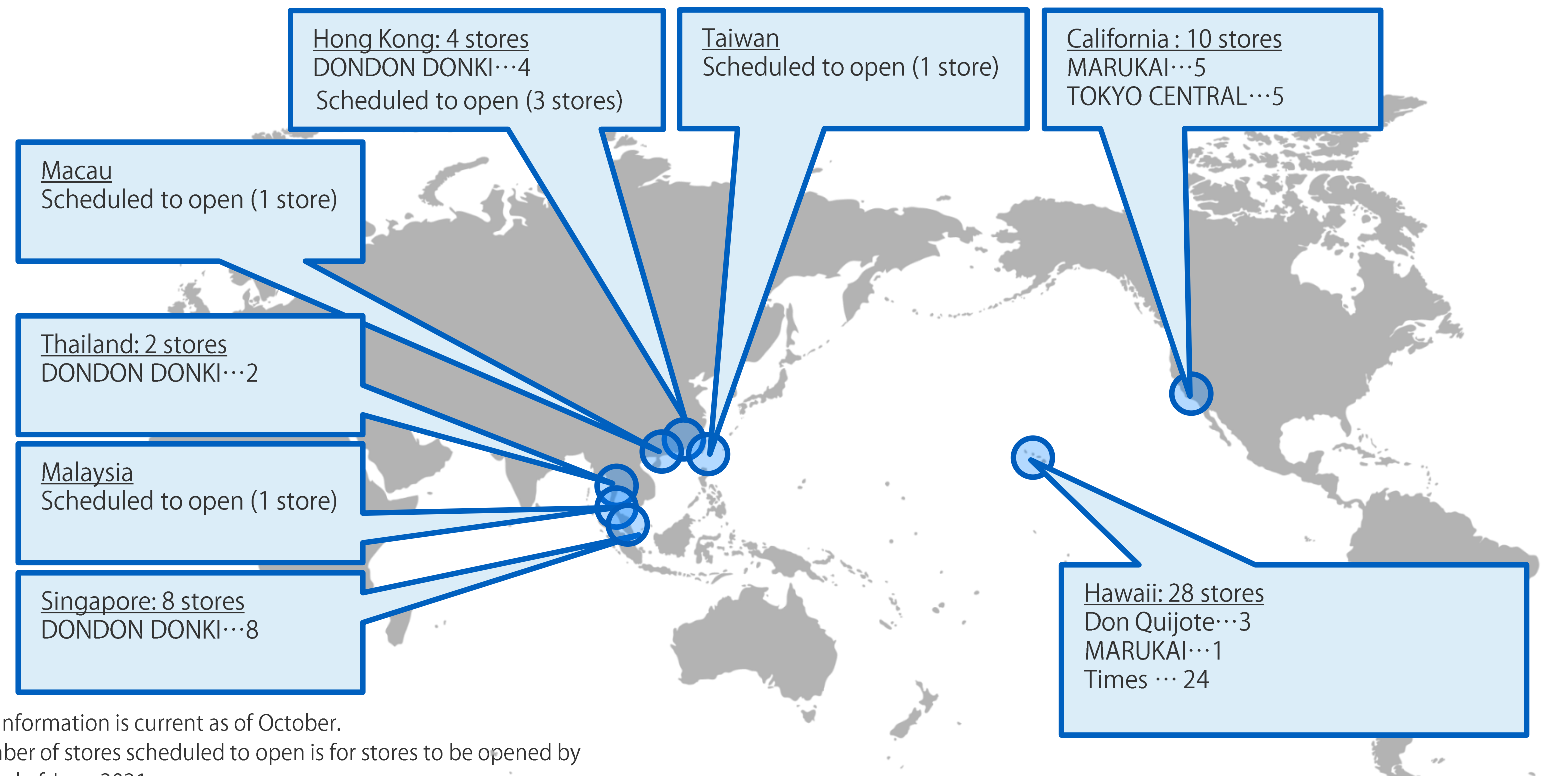


# Future action plan (Overseas businesses)

**Store expansion**

- Based on the concept of "specialty stores for Japanese brands," we aim to expand stores to give local customers a sense of convenience and ease of shopping, with a focus on Japanese agricultural products.
- Preparations for launching new stores in Asia (Taiwan, Malaysia, Macau, Guam)
- Preparations toward the development of a business format that incorporates DON DON DONKI's knowhow, and toward increasing the number of stores (America)

| Asian businesses | North American businesses |
|---|---|
| Promote establishment of DON DON DONKI stores | Business format development at TOKYO CENTRAL |




*The information is current as of October.
*Number of stores scheduled to open is for stores to be opened by the end of June 2021.

# Future action plan (Overseas businesses)

| Development of an ecosystem for overseas exports | ・Through the establishment of PPIC, we will build a system that consolidates the processes from product procurement to sales, with the integration of producers, national government, local governments, production organizations, and distributors.<br>・By reforming the previously complex and costly value-chain, we will refine independent pricing and sales strategies in each country outside of Japan. |
|---|---|

## PPIH's value-chain till now

Producer → Local wholesaler → Central market → Business negotiations → Storage Vanning → Export customs clearance → Import customs clearance → Storage Freight handling → Procurement → Overseas stores

- ・Market-dependent shipment volume
- ・Shipping prices that already include domestic logistics costs

- ・Piggybacking on existing logistics infrastructure
- ・Preparation of export documents across multiple processes

- ・Strict customs regulations of various countries
- ・High middle margin

## PPIH+PPIC's new value-chain

Producer → Domestic transportation Vanning → Import/Export customs clearance Transportation by sea → Local in-house warehouses Storage/Freight handling → Overseas stores

- ・Securing stable shipment volume
- ・Stabilization of shipping prices
- ・Producers/Manufacturers

PPIC Pan Pacific International Club

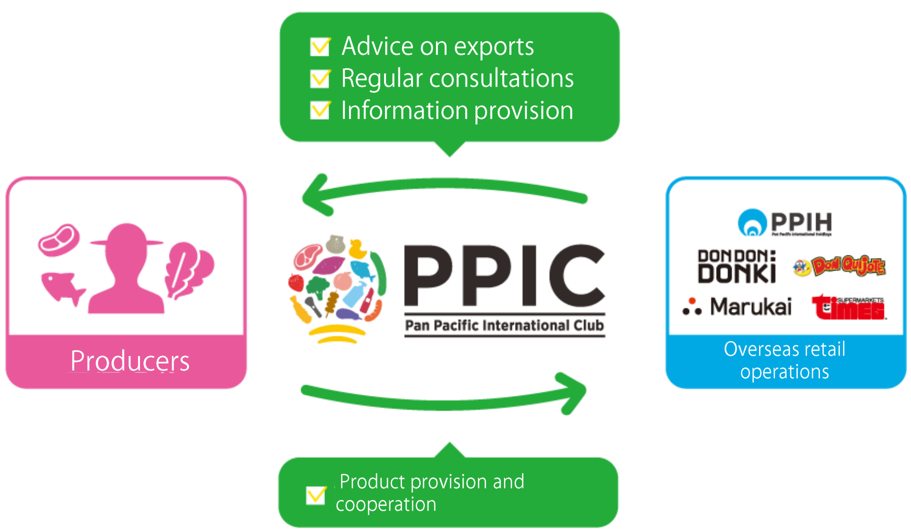
- ・Establishment of simple distribution system
- ・Promoting the easing of various import/export regulations
- ・Government/local government support

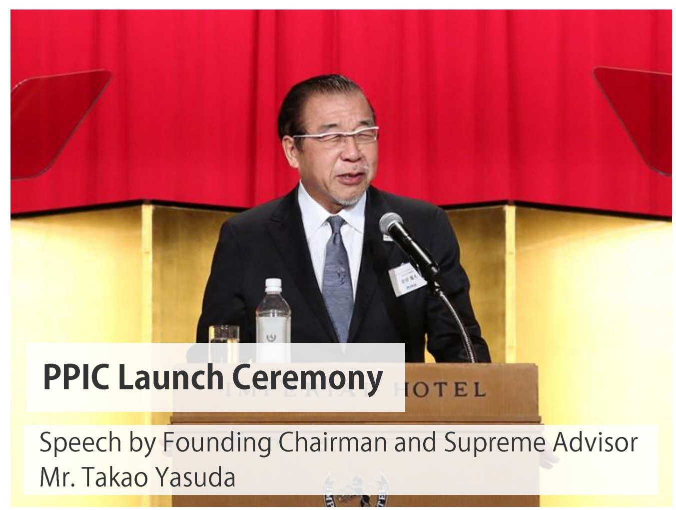
- ・Utilization of logistics developed within the Group
- ・Independent pricing and sales strategy
- ・PPRM

## About PPIC

Passion 2030, the new medium-to-long term management plan of the PPIH Group sets a target for international sales of 1 trillion yen by 2030. The major business driving international sales will be further expansion of the DON DON DONKI store format, with its focus on agricultural produce. The Government of Japan has also set a target of 5 trillion yen for annual exports of agricultural, livestock and marine produce by 2030. To achieve our goal of 300 billion yen in agricultural exports, we will work with producers, the government and producer-related organizations to export Japanese agricultural, livestock and marine produce overseas.

PPIC is a membership-based organization comprised of producers and related organizations that seek to export to the overseas stores of the PPIH Group. PPIC enables regular consultations and direct transaction agreements between producers and the PPIH Group, and producers can expect to secure stable shipment volumes and prices. The PPIH Group believes that by operating PPIC in collaboration with producers and by building an integrated value chain from upstream to downstream will make it possible to (1) secure a stable supply of products, (2) establish a simpler distribution system that in turn will create a competitive cost structure in comparison to competitors, and (3) offer a more attractive product mix and appealing prices to customers.



**PPIC Launch Ceremony**

Speech by Founding Chairman and Supreme Advisor Mr. Takao Yasuda

# Q2 Forecast of consolidated results

(Unit: Millions of yen)

| | 3 months to ※1 Dec 2019 (Actual) | | 3 months to Dec 2020 (Forecast) | | |
|---|---|---|---|---|---|
| | Actual | Share | Actual | Share | YoY |
| Sales | 858,789 | 100.0% | 846,000 | 100.0% | 98.5% |
| Gross profit | 246,989 | 28.8% | 245,500 | 29.0% | 99.4% |
| SGA | 202,680 | 23.6% | 205,500 | 24.3% | 101.4% |
| Operating profit | 44,309 | 5.2% | 40,000 | 4.7% | 90.3% |
| Recurring profit | 44,751 | 5.2% | 39,500 | 4.7% | 88.3% |
| Profit attributable to owners of parent | 28,363 | 3.3% | 26,500 | 3.1% | 93.4% |
| EPS (Yen) | 44.77 | — | 41.80 | — | 93.4% |
| Dividends per share (Yen) | 3.00 | — | 3.00 | — | 100.0% |
| Depreciation | 11,964 | 1.4% | 12,800 | — | 107.0% |

※1. As the method for the valuation of inventories has been changed from the retail inventory method to the moving average method since the current period (FY ending June 2021), figures related to previous periods have been adjusted retroactively and reflected in these materials.

# Appendix

# Q1 Overview of consolidated statement of income

PPIH
Pan Pacific International Holdings

[Period: July 1, 2020 – September 30, 2020]

(Unit: Millions of yen)

| | 3 months to Sep 2019 ※1 | | 3 months to Sep 2020 | | |
|---|---|---|---|---|---|
| | Actual | Share | Actual | Share | YoY |
| Sales | 428,736 | 100.0% | 418,474 | 100.0% | 97.6% |
| Gross profit | 122,529 | 28.6% | 123,455 | 29.5% | 100.8% |
| SGA | 101,488 | 23.7% | 100,251 | 24.0% | 98.8% |
| Salaries and allowances | 35,499 | 8.3% | 37,546 | 9.0% | 105.8% |
| Rent | 13,411 | 3.1% | 12,988 | 3.1% | 96.8% |
| Commission paid | 15,018 | 3.5% | 14,467 | 3.5% | 96.3% |
| Depreciation | 5,830 | 1.4% | 6,219 | 1.5% | 106.7% |
| Other | 31,730 | 7.4% | 29,031 | 6.9% | 91.5% |
| Operating profit | 21,041 | 4.9% | 23,204 | 5.5% | 110.3% |
| Recurring profit | 20,358 | 4.7% | 22,806 | 5.4% | 112.0% |
| Profit attributable to owners of parent | 12,544 | 2.9% | 16,470 | 3.9% | 131.3% |
| EPS (Yen) | 19.81 | — | 25.98 | — | 131.1% |

※1. As the method for the valuation of inventories has been changed from the retail inventory method to the moving average method since the current period (FY ending June 2021), figures related to previous periods have been adjusted retroactively and reflected in these materials.

# Q1 Segment information (by corporation)

PPIH
Pan Pacific International Holdings

**Segment overview by corporation for previous Q1 [Period: July 1, 2019 – September 30, 2019]**

(Unit: Millions of yen)

| | Don Quijote ※1 | Nagasakiya ※1 | UD Retail ※1 | UNY ※2 | Overseas ※1 ※3 | JAM ※1 ※4 | UCS ※5 | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Sales | 186,590 | 49,488 | 19,036 | 134,333 | 25,338 | 5,659 | 5,116 | 428,736 |
| Operating profit | 8,675 | 1,591 | (1,338) | 4,929 | 678 | 2,140 | 643 | 21,042 |
| Total assets | 288,103 | 83,474 | 29,639 | 392,403 | 54,880 | 178,184 | 110,209 | 1,297,231 |
| Net assets | 139,685 | 53,616 | 2,675 | 67,614 | 28,578 | 114,288 | 9,373 | 388,999 |

**Segment overview by corporation for current Q1 [Period: July 1, 2020 – September 30, 2020]**

(Unit: Millions of yen)

| | Don Quijote ※1 | Nagasakiya ※1 | UD Retail ※1 | UNY ※2 | Overseas ※1 ※3 | JAM ※1 ※4 | UCS ※5 | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Sales | 167,474 | 48,179 | 42,406 | 123,840 | 34,610 | 5,625 | 4,550 | 418,474 |
| Operating profit | 6,462 | 1,524 | 1 | 6,866 | 2,682 | 2,078 | 269 | 23,204 |
| Total assets | 287,229 | 85,390 | 54,864 | 386,933 | 62,282 | 163,531 | 168,813 | 1,278,190 |
| Net assets | 146,491 | 56,180 | (76) | 101,336 | 33,812 | 112,180 | 9,580 | 398,468 |

※1. The main businesses are discount store operations and its subsidiary operations.
※2. The main businesses are GMS and tenant leasing operations.
※3. Figures for overseas operations are the simple aggregate for DQ USA, MARUKAI, QSI, PPRM(SG), PPRM(HK), and Thonglor(TH).
Results for overseas operations are for the period from April to June 2020.
※4. PL items related to JAM are actual results from July 1, 2020 to September 30, 2020, while BS items are current as of September 30, 2020.
※5. The main business is credit card business.

# Overview of Q1 results by consolidated business (Comments)

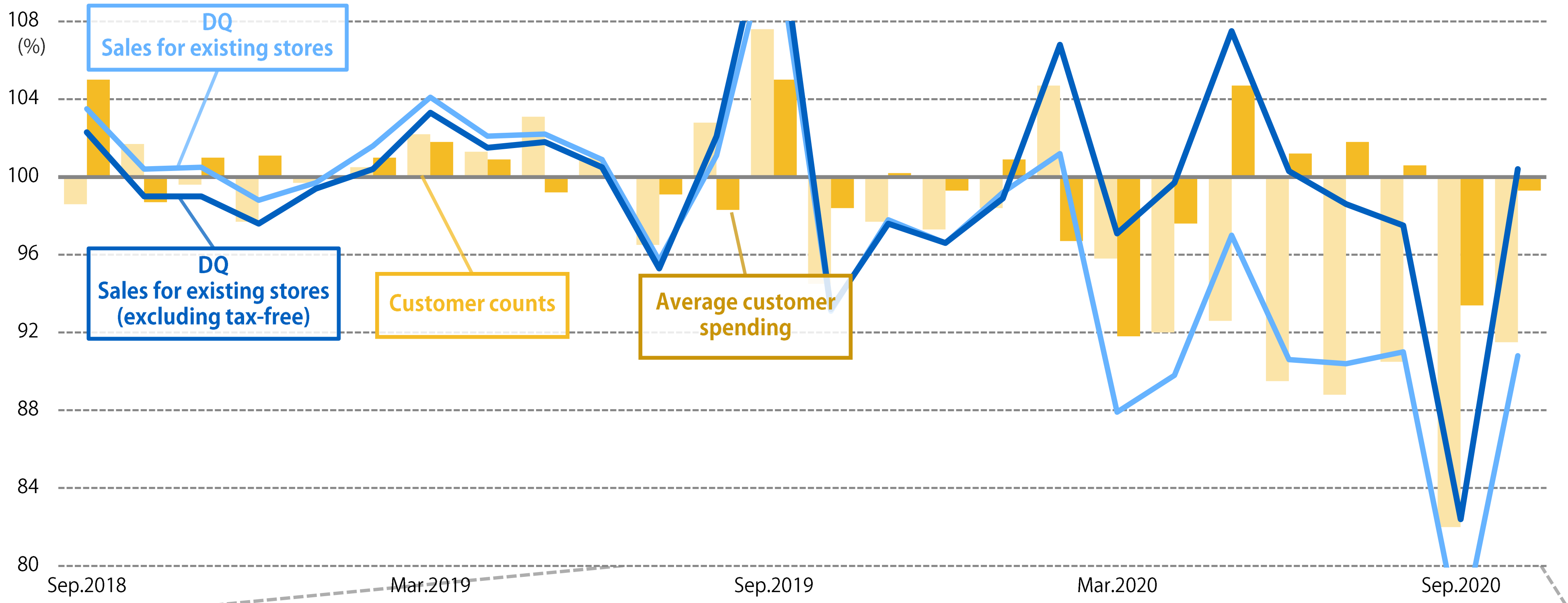
| | |
|---|---|
| Discount store operations: 286.2 billion yen (increased by +1.6% year-on-year) | The loss of the domestic inbound market was covered by earnings in hygiene products and food products. After the Bon Festival period, growth was also recorded in leisure products such as fireworks and outdoor goods. |
| ▶ Home electronics appliances: 22.1 billion yen +2.0% | Demand for telecommuting in midsummer led to an increase in demand for air-conditioners and fans. Gaming devices and software also recorded strong performance. |
| ▶ Daily necessities: 56.6 billion yen (13.1%) | Hygiene products such as masks and antibacterial products continued to perform well. Relaxing items such as cushions and aromatherapy goods were also strong earners. |
| ▶ Food products: 110 billion yen +11.4% | The effect of the Korean boom contributed to growth for products such as cooking vinegar, seasonings, and noodle products. Alcohol products continued to perform well due to the popularity of drinking at home and "lemon sour" drinks. Growth in demand for yakiniku and BBQ contributed to the strong performance of dressed meat and processed meat. |
| ▶ Clocks and fashion accessories: 38.2 billion yen (11.1%) | Cigarettes, which had been selling well, registered strong growth with the impact of a last-minute rush to purchase before the price hike. However, expensive products and apparel continue to struggle. |
| ▶ Sporting and leisure goods: 17.7 billion yen +9.2% | Growth was recorded for leisure goods such as fireworks and outdoor goods. Sale of popular manga goods and protein products remained steady. |
| ▶ Overseas: 34.7 billion yen +34.8% | With people refraining from going out due to the coronavirus pandemic, sale of fresh food and prepared dishes was strong. Sale of masks and hygiene products also contributed to the sale of non-food items. |

| | |
|---|---|
| General merchandise stores (GMS) operations: 112.4 billion yen ※1 (12.3%) year-on-year | Food and homeware sectors maintained steady performance as safe stores for daily essentials, even during the coronavirus pandemic. |
| ▶ Apparel: 13.1 billion yen (22.5%) | In addition to the slump in demand caused by the coronavirus pandemic, low temperatures in midsummer also had an adverse impact on the sale of seasonal apparel. "One mile wear" (casual outdoor clothing for wearing near the home) and nightwear registered favorable results. |
| ▶ Homeware: 16.9 billion yen (14.5%) | Demand for hygiene products such as masks remained steady. Consumables and general merchandise also performed well with a focus on daily necessities. Sales increased across a wide range of products such as home electronic appliances and toys. |
| ▶ Food products: 82.1 billion yen (5.4%) | In addition to the strong performance of sweets and processed foods, items such as alcohol and daily foods boosted the steady sale of food products. Fresh food products, meat, and fruit and vegetables also contributed to the strong sales. |

| | |
|---|---|
| Tenant leasing operations: 16.4 billion yen +8.2% year-on-year | With the introduction of the in-house company system, the business structure will be reviewed. Sales grew despite the difficult trading conditions brought about by the coronavirus pandemic. |

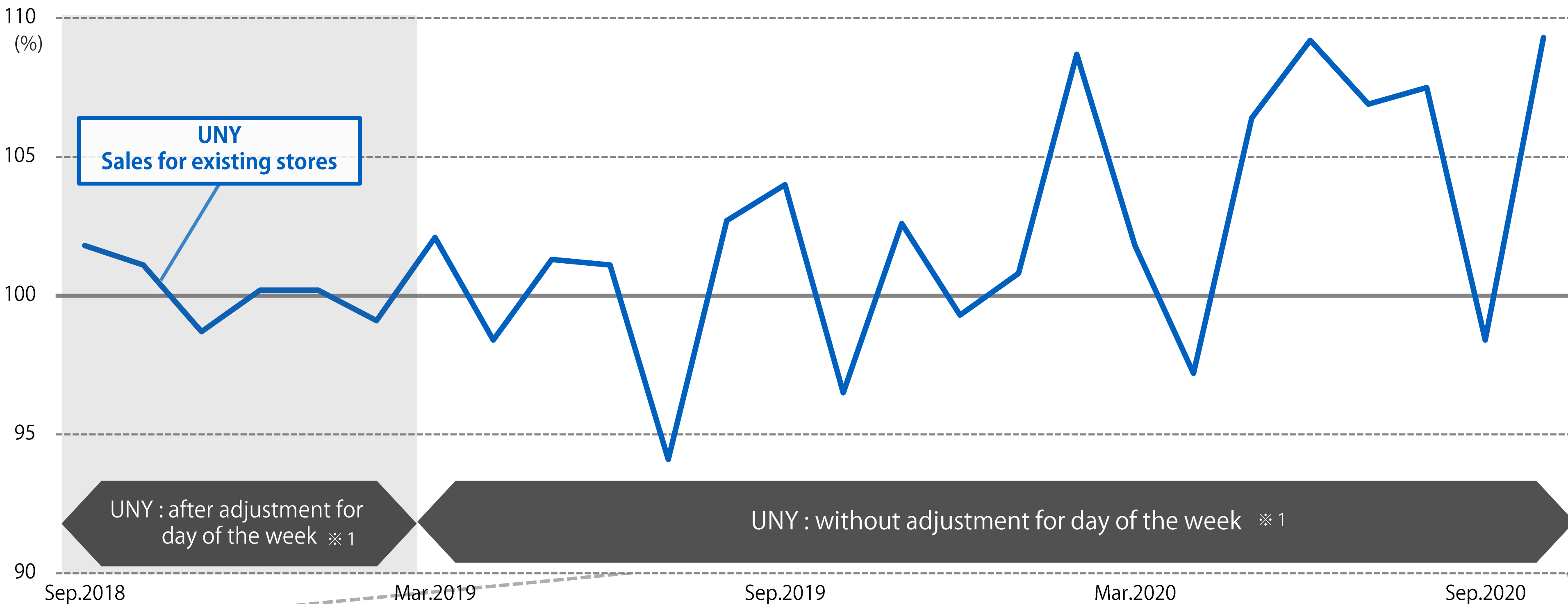
※1. Revenue recognition related to consumption purchase transactions have been presented as net figures. The impact from this is 19.5 billion yen.

# Monthly sales (Don Quijote)




| ▶DQ existing stores | 2019 Jul | Aug | Sep | Oct | Nov | Dec | 2020 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 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 | 91.0 | 76.6 | 90.8 |
| Customer traffic | 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 | 90.5 | 82.0 | 91.5 |
| Average customer spending | 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 | 100.6 | 93.4 | 99.3 |
| Target store count | 297 | 302 | 296 | 307 | 309 | 310 | 313 | 314 | 315 | 314 | 315 | 315 | 318 | 319 | 317 | 316 |
| Difference for Sat/Holidays | (1) | +2 | (1) | +1 | +1 | (2) | ±0 | +2 | (1) | (1) | +1 | (2) | +1 | +1 | (1) | (1) |

# Monthly sales (UNY)



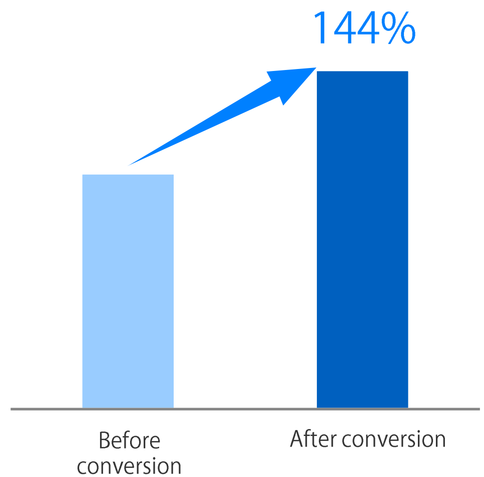

| ▶UNY existing stores | 2019 Jul | Aug | Sep | Oct | Nov | Dec | 2020 Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 94.1 | 102.7 | 104.0 | 96.5 | 102.6 | 99.3 | 100.8 | 108.7 | 101.8 | 97.2 | 106.4 | 109.2 | 106.9 | 107.5 | 98.4 | 109.9 |
| Customer traffic | 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 | 100.5 | 96.4 | 102.0 |
| Average customer spending | 99.5 | 101.6 | 101.9 | 99.8 | 101.4 | 100.0 | 100.1 | 101.3 | 104.1 | 106.7 | 108.5 | 107.3 | 107.6 | 107.0 | 102.1 | 107.7 |
| Target store count | 168 | 166 | 161 | 160 | 158 | 157 | 153 | 149 | 148 | 147 | 145 | 144 | 145 | 142 | 141 | 138 |
| Difference for Sat/Holidays | (1) | +2 | (1) | +1 | +1 | (2) | ±0 | +2 | (1) | (1) | +1 | (2) | +1 | +1 | (1) | (3) |

※1. Figures for sales for existing UNY stores have been adjusted for day of the week until February 2019, but are actual figures without adjustment for day of the week from March 2019. Customer traffic and average customer spending are actual figures without adjustment for day of the week for all months.
Actual figures are for accounts starting from 21st of the month to the 20th of the next month until November 2018, and for accounts starting from 1st of the month to the end of the month from December 2018.

# About UNY, UDR

## ▶ PIAGOPURASU Myokoji Shop (Reopened on June 27 after renovations)


**Changes to sales** *Period of comparison: YoY from July 1 – September 30

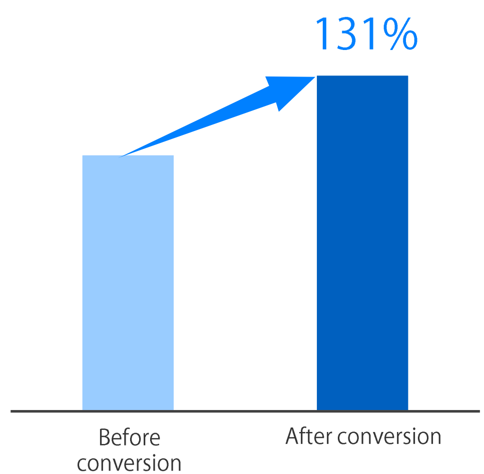



| | |
|---|---|
| Clothing | 138.9% YoY |
| Household | 198.3% YoY |
| Food | 135.9% YoY |

**Achieved 144.0% YoY**

## ▶ Don Quijote APITA Utsunomiya Shop (Reopened on July 17 after renovations)


**Changes to sales** *Period of comparison: YoY from July 1 – September 30




| | |
|---|---|
| Clothing | 81.5% YoY |
| Household | 199.0% YoY |
| Food | 124.3% YoY |

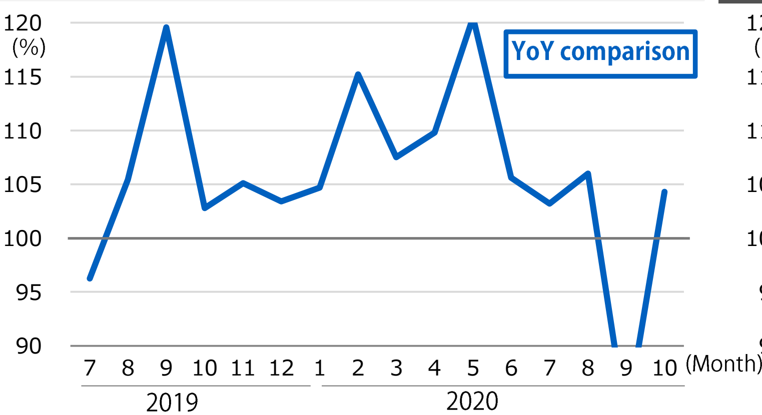
**Achieved 131.0% YoY**

# About UNY, UDR

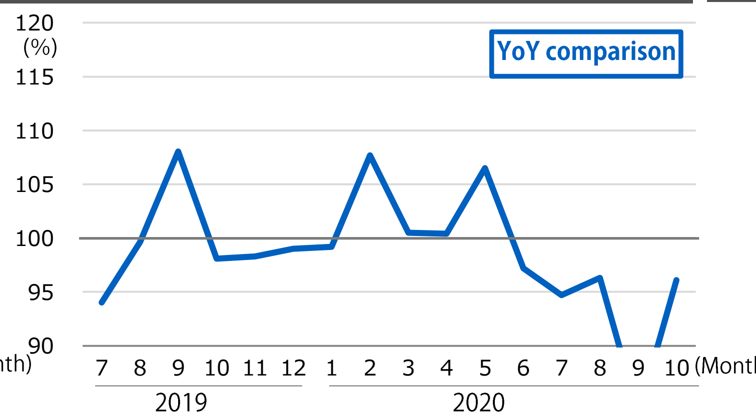


## [Stores operating for one year or more] 19 stores for conversion to double-name business format ※1

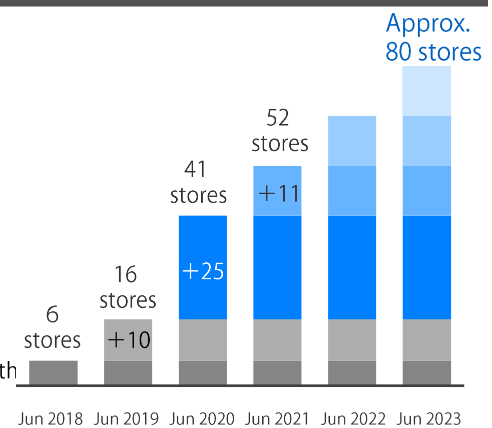
### Sales




### Customer traffic

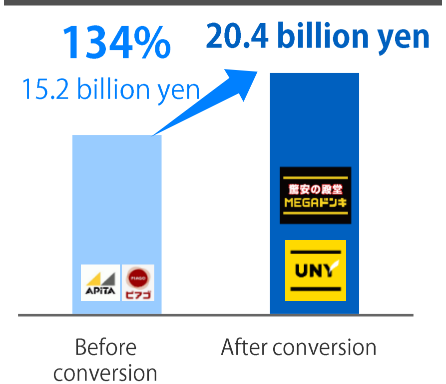



### Schedule of business transformation

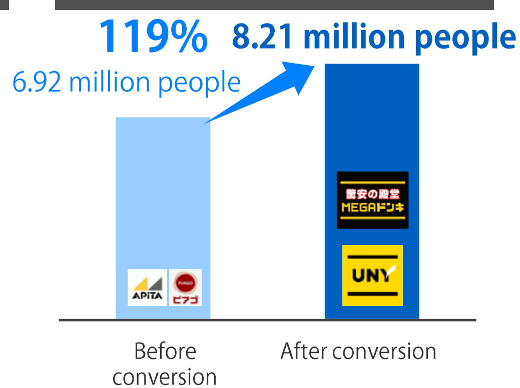



## [Stores operating for less than one year] 19 stores for conversion to double-name business format ※2

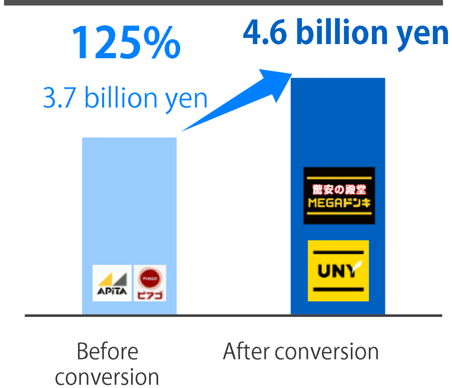
### Sales




### Customer traffic




### Gross profit




※1. Results of directly managed departments, excluding concept stores

※2. Before conversion: July 2019 – September 2019, After conversion: July 2020 – September 2020. Results of directly managed departments, excluding concept stores

# Store network

## No. of stores by format

| | FY2020 | FY2021 | Q1, FY2021 |
|---|---|---|---|
| Don Quijote | 212 | 225 | 225 |
| MEGA ※1 | 44 | 44 | 44 |
| New MEGA | 88 | 91 | 91 |
| MEGA Don Quijote UNY | 16 ※4 | 41 | 44 |
| APITA/Piago | 176 ※4 | 150 | 147 |
| Picasso ※2 | 25 | 26 | 25 |
| Mini Piago | 73 ※4 | 0 ※6 | 0 |
| Doito | 15 | 0 ※5 | 0 |
| Nagasakiya/Dept. store | 2 | 3 | 3 |
| Overseas | 42 | 49 | 49 |

## No. of stores by corporation

| | FY2020 | FY2021 | Q1, FY2021 |
|---|---|---|---|
| Don Quijote | 322 | 339 | 342 |
| Nagasakiya | 44 | 44 | 44 |
| UD Retail | 16 ※4 | 41 | 44 |
| UNY | 176 ※4 | 150 | 147 |
| Lilac | 4 | 4 | 0 ※7 |
| 99 Ichiba | 73 ※4 | 0 ※6 | 0 |
| Doito | 15 | 0 ※5 | 0 |
| Daishin /Tachibana Dept. Store | 1 | 2 | 2 |
| Domestic total | 651 | 580 | 579 |
| DQUSA | 4 | 4 | 4 |
| MARUKAI | 10 | 10 | 10 |
| QSI | 24 | 24 | 24 |
| PPRM (SG) | 3 | 7 | 7 |
| PPRM (HK) | - | 2 ※4 | 2 |
| DONKI Thonglor(TH) | 1 ※4 | 2 | 2 |
| Overseas total | 42 | 49 | 49 |
| Total | 693 | 629 | 628 |

## Stores launched in 3 months ended September 2020

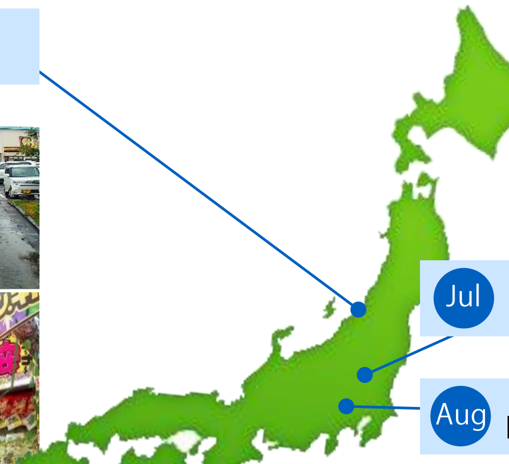
Hong Kong

Jul DON DON DONKI Pearl City store ※3

Sep Don Quijote Shibata store

▲ Store layout that highlights the wide variation of products, from food to clothing.

▲ A wide variety of seasonal vegetables and fruits for families!



Jul Don Quijote APITA Utsonomiya store

Aug Don Quijote Kawagoe Higashiguchi store

▲The "treasure corner" with a wide range of cheap products, is extremely popular!

※1. Business format conversion stores operated by Nagasakiya are all included in MEGA.
※2. Picasso includes Picasso, Essence, Kyoyasudo, Ekidonki, Soradonki, and Jonetsu Shokunin.
※3. As the fiscal year ends in March for overseas corporations, the number of stores for each quarter is adjusted for the applicable fiscal year.
※4. Newly consolidated.
※5. Number of stores has been reduced by 15 as of February 1, 2020 due to transfer of business.
※6. Number of stores has been reduced by 73 as of April 1, 2020 due to transfer of shares.
※ 7. Number of stores has been reduced by 4 as of July 1, 2020 due to absorption and merger with Don Quijote.

# Store openings for current period

New stores scheduled to be opened: 10 stores in Japan, 8 – 10 stores overseas, and 11 stores for double-name conversion

| Corporation | Business format | Q1 Jul | Q1 Aug | Q1 Sep | Q2 Oct | Q2 Nov | Q2 Dec | Q3 Jan | Q3 Feb | Q3 Mar | Q4 Apr | Q4 May | Q4 Jun |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DQ | DQ | | Kawagoe Higashiguchi (Saitama) | Shibata (Niigata) | Matsuyama Okaido (Ehime) | | | | | | | | |
| DQ | MEGA | | | | | | | | | | | | |
| DQ | Small stores (Picasso, etc.) | | | | | | | | | | | | |
| UNY | | 1 Picasso store Conversion | 1 APITA store Conversion | | | 1 APITA store 2 Piago stores Conversion | 1 APITA store Conversion | | | | 1 Piago store Conversion | 1 APITA store 1 Piago store Conversion | 1 APITA store Conversion |
| UDR | | Kaguyama (Aichi)<br>DQ APITA Utsunomiya (Tochigi) | Kakegawa (Shizuoka) | | | Kira (Aichi)<br>Takamori (Nagamo)<br>Aizuwakamatsu (Fukushima) | Seikadai (Kyoto) | | | | Konan (Aichi) | Tsuruga (Fukui) | |
| Domestic(Other) | | | | | | Miyazaki Tachibana-dori (Miyazaki) | | | | | | | |
| Overseas ※1 | | Pearl City (Hong Kong) | | | 100QRC (Hong Kong)<br>HarbourFront (Singapore) | | | | | | | | |

※1. As the fiscal year ends in March for overseas corporations, the number of stores for each quarter is adjusted for the applicable fiscal year.

[dashed box] = Conversion of business format

# Overview of results for listed subsidiaries

## Japan Asset Marketing (8922)

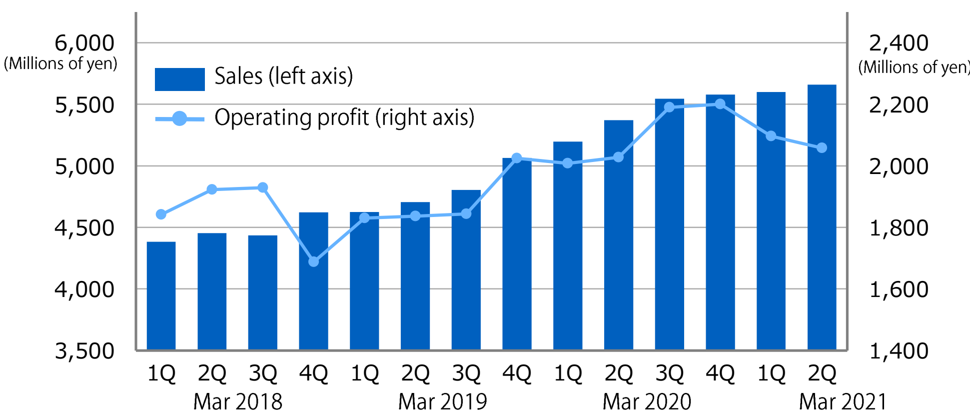
(Unit: Millions of yen)

| Profit statement | Previous Q2 April 1 – September 30, 2019 | | Current Q2 April 1 – September 30, 2020 | | |
|---|---|---|---|---|---|
| | Actual | Share | Actual | Share | YoY |
| Sales | 11,259 | 100.0% | 11,415 | 100.0% | 101.4% |
| Gross profit | 4,674 | 41.5% | 4,642 | 40.7% | 99.3% |
| SGA | 519 | 4.6% | 491 | 4.3% | 94.6% |
| Operating profit | 4,154 | 36.9% | 4,150 | 36.4% | 99.9% |
| Recurring profit | 4,156 | 36.9% | 4,195 | 36.7% | 100.9% |
| Profit attributable to owners of parent | 4,165 | 37.0% | 2,868 | 25.1% | 68.9% |

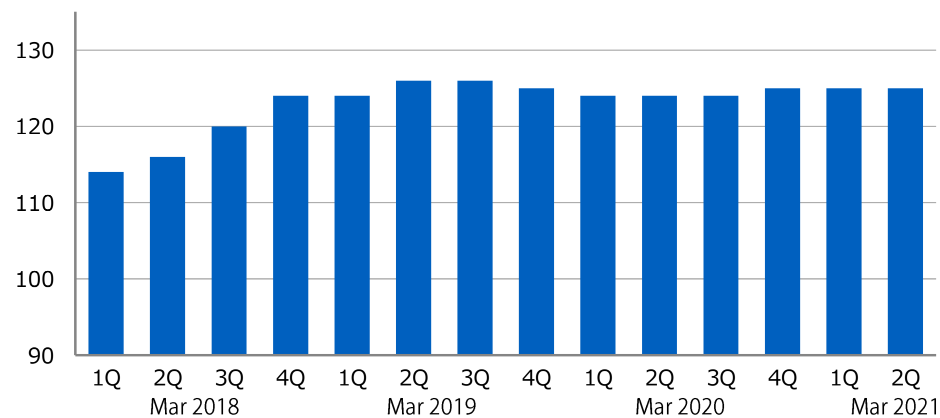
(Unit: Millions of yen)

| Balance sheet | End of previous period | End of current Q2 | |
|---|---|---|---|
| | Actual | Actual | Change |
| Current assets | 11,362 | 8,637 | (2,725) |
| Non-current assets | 158,539 | 156,281 | (2,258) |
| Total assets | 169,902 | 164,919 | (4,983) |
| Current liabilities | 14,817 | 9,010 | (5,807) |
| Non-current liabilities | 47,022 | 44,978 | (2,044) |
| Total liabilities | 61,839 | 53,988 | (7,851) |
| Total net assets | 108,062 | 110,930 | 2,868 |

### Sales and operating profit




### Changes in number of properties owned



# IR information

## IR inquiries

Pan Pacific International Holdings Corporation, IR Department
〒153-0042 2-19-10 Aobadai, Meguro-ku, Tokyo
TEL: 03-5725-7588 FAX: 03-5725-7024
e-mail : ir@ppih.co.jp

## IR calendar

Announcement of Q2 results for the fiscal year ending June 2021 (Scheduled)
Date of announcement: February 10, 2021 (Wednesday)
Venue: Station Conference Tokyo (Sapia Tower, 1-7-12, Marunouchi, Chiyoda-ku, Tokyo)

## Cautionary information regarding forward-looking statements

The purpose of these materials is solely to provide information to investors, and not for the solicitation of purchases and sales. The forward-looking statements set out in these materials are based on targets and forecasts, and do not provide any commitments or guarantees. While forward-looking statements are prepared based on various data that we consider to be reliable, we do not provide any guarantees on their accuracy or safety. These materials are presented based on the premise that they will be used at discretion and responsibility of the investor, regardless of the purposes that they use these materials for, and Pan Pacific International Holdings Corporation bears no responsibility in any circumstances.

# Memo

Pan Pacific International Holdings

# Memo

# Memo

PPIH
Pan Pacific International Holdings

〒153-0042 2-19-10 Aobadai, Meguro-ku, Tokyo
TEL: 03-5725-7588 / FAX: 03-5725-7024 / e-mail: ir@ppih.co.jp
https://ppih.co.jp/