

Q2 Results for FY 2022

February 10, 2022

Pan Pacific International Holdings Corporation

1 Fiscal year ending June 2022,
Overview of Q2 results and initiatives for Q3 and onwards

2 Initiatives related to ESG

3 Appendix

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,” Taiwan as “TW,” Malaysia as “MY,” Macau as “MO,” Japan Asset Marketing Co., Ltd. (8922) as “JAM,” and Group as “GP.”
3. PPIH applies the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements,” 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. PPIH has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the 1st quarter of fiscal year ending in June 30, 2022. As a result, comparisons with the same period of the previous fiscal year are based on figures calculated using different standards.
5. The exchange rates used for overseas operations are shown below. (Gelson's fiscal year ends in June, so the exchange rate is different.)
6. For the business integration with GRCY Holdings, Inc. that took place on April 21, 2021, provisional accounting treatment was applied in the previous consolidated fiscal year. This was finalized in the second quarter of the current consolidated fiscal year. Following the determination of this provisional accounting treatment, comparative analysis has been conducted using figures after retroactive adjustments.

Unit : Yen	USD U.S. dollar		USD (Gelson's)		SGD Singapore dollar		THB Thai baht		HKD Hong Kong dollar	
	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S
FY2021	106.33	105.81	-	-	76.69	77.34	3.37	3.34	13.72	13.65
FY2022	110.13	111.95	112.31	115.02	82.05	82.25	3.41	3.30	14.17	14.38

Fiscal year ending June 2022

**Overview of Q2 results
and initiatives for Q3 and onwards**

Financial Results for Q2

[Period: July 1, 2021 –December 31, 2021]

(Unit: 100 Million yen)

	6 months ended in Dec 30 2020	6 months ended in Dec 31 , 2021			6 months ended in Dec 31,2021 Earnings Forecast	
	Actual (Sales ratio)	Actual (Sales ratio) ^{*1}	Change	YoY	Actual (Sales ratio)	Progress
Net sales	8,529	9,177	+648	107.6%	9,290	98.8%
Gross profit	2,512 (29.5%)	2,679 (29.2%)	+167	106.6%	2,758 (29.7%)	97.1%
SG&A	2,019 (23.7%)	2,242 (24.4%)	+224	111.1%	2,313 (24.9%)	96.9%
Operating profit	493 (5.8%)	436 (4.8%)	(57)	88.5%	445 (4.8%)	98.1%
Recurring profit	482 (5.7%)	445 (4.9%)	(37)	92.3%	437 (4.7%)	101.9%
Net income	326 (3.8%)	301 (3.3%)	(25)	92.3%	303 (3.3%)	99.5%
EPS (Yen) ^{*2}	51.48	49.40	(2.08)	96.0%	49.63	99.5%

*1. PPIH has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the 1st quarter of fiscal year ending in June 30, 2022. Compared to the case without this accounting standard, Gross profit and SG&A expenses decreased by 4.2 billion yen and gross profit margin decreased by 0.3 %.

* 2. PPIH repurchased 38,054,300 shares of treasury stock based on the resolution of the Board of Directors meeting held on September 6, 2021. Net income per share in the consolidated earnings forecast takes into account the impact of the share buyback. If this share buyback had not occurred, actual results of net income per share would have been 47.53 yen in the 2nd quarter of the fiscal year ending June 30, 2022, and the forecast would be 47.78 yen in the first half of the fiscal year ending June 30, 2022.

1. Summary of Consolidated Business Results

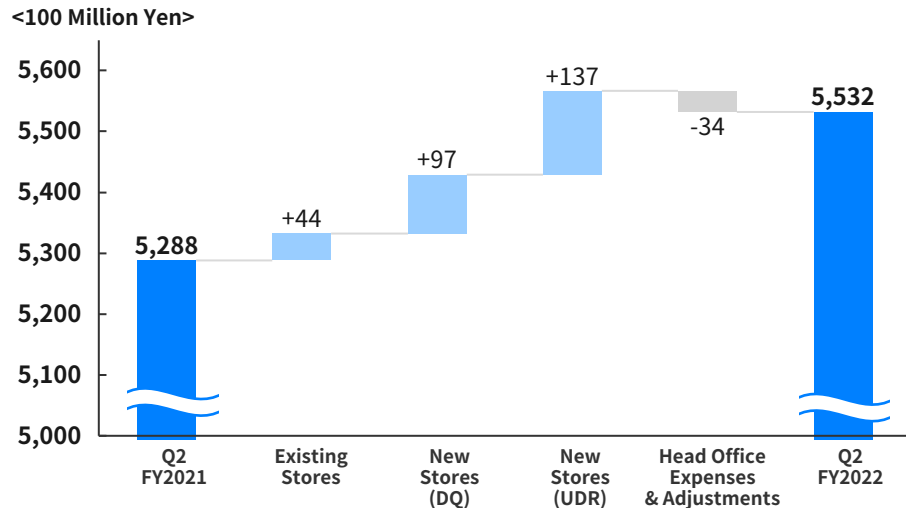
- First-half results were generally in line with forecasts.
- Net sales increased by 64.8 billion yen (107.6% YoY) in the first half. In addition to the contribution of Gelson's and new store openings and format conversions in Japan and overseas, comparable-store sales recovered in Q2 (100.3% in the first half) due to a recovery in human traffic in domestic retail, strengthened merchandising, and proactive capture of event demand.
- Operating profit declined by 5.7 billion yen (88.5% YoY), but rose by 1.4 billion yen in the Q2 alone, a record high on a quarterly basis. In particular, the DS business contributed to the improvement in gross profit margins due to steady progress in measures set forth at the beginning of the term, such as strengthening PB and optimizing pricing. The new consolidation of Gelson's also contributed.
 - ✓ We were also able to recover a large part of our behind forecast from Q1.
(Q1 :-3 billion yen, Q2 cumulative :-0.9 billion yen)
- In the second half of the fiscal year, we will continue to achieve our full-year targets by continuing to build on the results of the second quarter and by continuing to implement measures that we have already started.

2. Other achievements

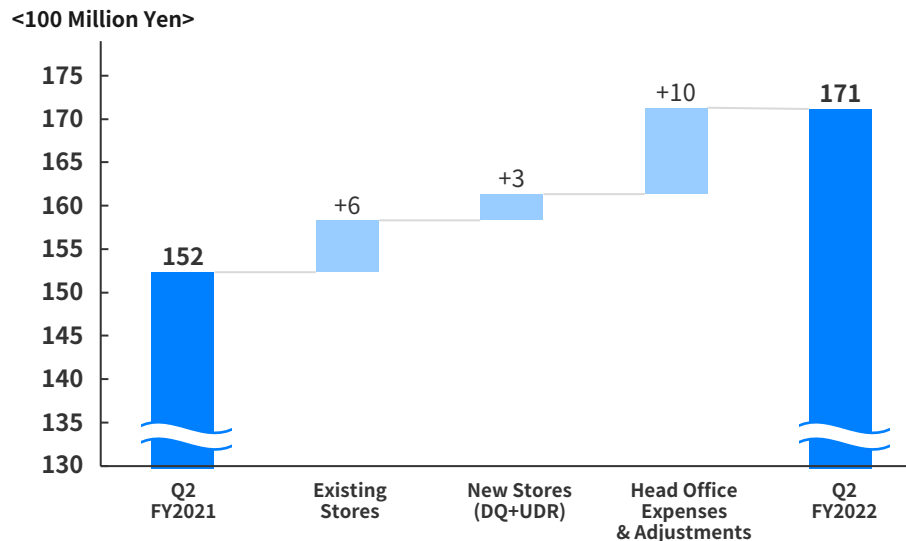
- With regard to ESG-related initiatives, which we have been strengthening since the beginning of the current fiscal year, we have established mid-term targets for "respect for diversity" and "coexistence with society based on a customer-matters-most policy," which we place importance on. (see page 19- for details)
- Introduction of a shareholder special benefit plan to strengthen engagement with individual shareholders (see page 18 for details)

Domestic Discount Store Business

FY2022 Q2 Change in Sales



FY2022 Q2 Change in Operating Profit



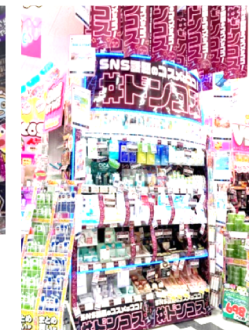
Recovery of human flow, and the various measures focused on from the beginning of the term had been successful. Both sales and profits increased, making up for the difficult Q1 due to external factors.

- ✓ In addition to the recovery in the flow of people following the lifting of the state of emergency, the company strengthened MD for cosmetics, alcoholic beverages, etc., and captured demand for Halloween and other events, resulting in a recovery in comparable store sales to 100.9% in the first half.
- ✓ Operating profit also increased significantly from Q1 due to steady progress in strengthening PB and improving pricing accuracy, which are important measures for this fiscal year.
 - The gross profit margin in Q2 was up 0.2% from Q1 and up 0.3% from the previous Q2. *After adjusting for revenue recognition standards
- ✓ On the digital front, the data analysis environment is in place, and trial measures have been launched.
- ✓ New store openings (3 stores in Q2) and conversion to UDR (3 stores in Q2, including 2 tenant-in type) progressed as planned.

<Initiatives to strengthen MD>

(e.g.) Cosmetics
(Q2 cumulative total:
122% of the previous Q2)

(e.g.) Alcoholic beverages
(Q2 cumulative total:
108.5% of the previous Q2)



**Steady progress in reinforcing PB, sales composition ratio rose to over 14% ⇒
Contributed to increase in gross profit margin by about 0.4%**

- ✓ Since the brand renewal in February, approximately 1,100 SKUs have been released, and the ratio of renewed products in the total PB sales has already increased to over 30%.
- ✓ Due to the synergistic effect of media promotion and strengthening of in-store sales, PB sales achieved 120% YoY in Q2 cumulative sales.
- ✓ The ratio of PB sales to total sales increased to 14.6% in December, resulting in a gross profit improvement of about 0.4%.

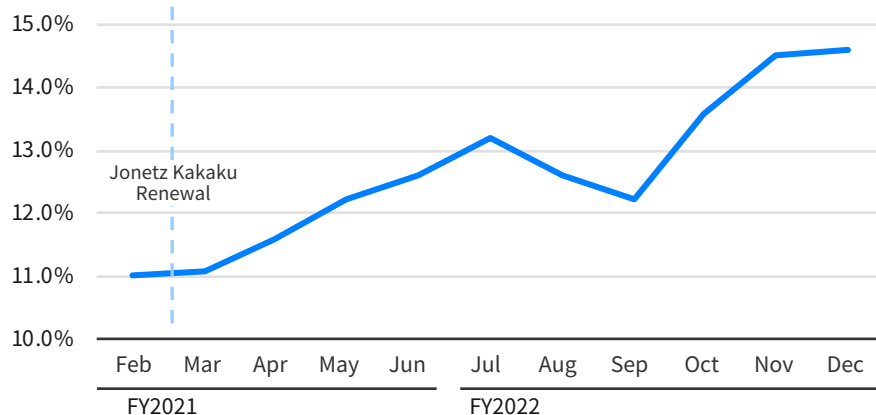
< Examples of new products >



▲ Equipped with Android TV function
Tunerless Smart TV
(Since its launch on December 10, it has become a popular product with sales exceeding 100 million yen)

▲ Gaming mattress "Goroge".
(Product characteristics and sales promotion (SNS/video ads) were well-matched. It became a hot topic on the Internet news, etc.)

▶ Domestic DS business PB/OEM sales composition ratio



< Examples of promotion >



▲ National Newspaper (December)



▲ SNS/video ads (as needed)



▲ Tie-up with a comedian Display Contest (~October)

Established an environment for analyzing customer data and started trial measures for some segments.
The company will continue to accelerate hypothesis and verification through various measures.

< Summary of measures in the first half >

Analyze purchasing data and set up segments

To increase the frequency of customer visits and purchase value, launched the various trial measures

Never made a purchase

Come to the store irregularly

Regularity in intervals between visits

Long term members

High annual purchase

Purchase amount
Large

▶ Measure① : First-time use promotion(July 2021-)

Time-limited points to encourage first-time purchases upon member registration (implemented for approximately 300,000 newly registered members since July)



Improved new member utilization rate

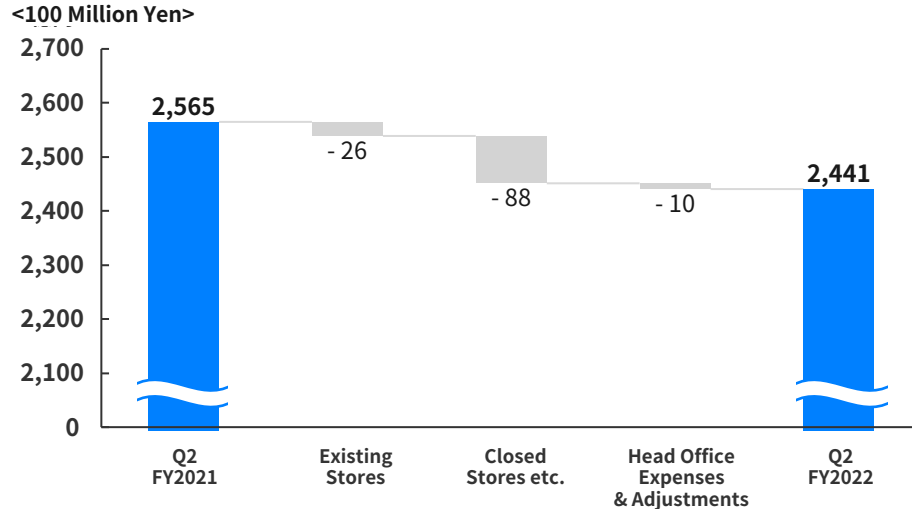
▶ Measure② : Promotion of store visits(Nov 2021-)

Time-limited points are given to irregularly visiting customers living within a 3km trading area at the time of purchase. (Implemented for over 500,000 customers)

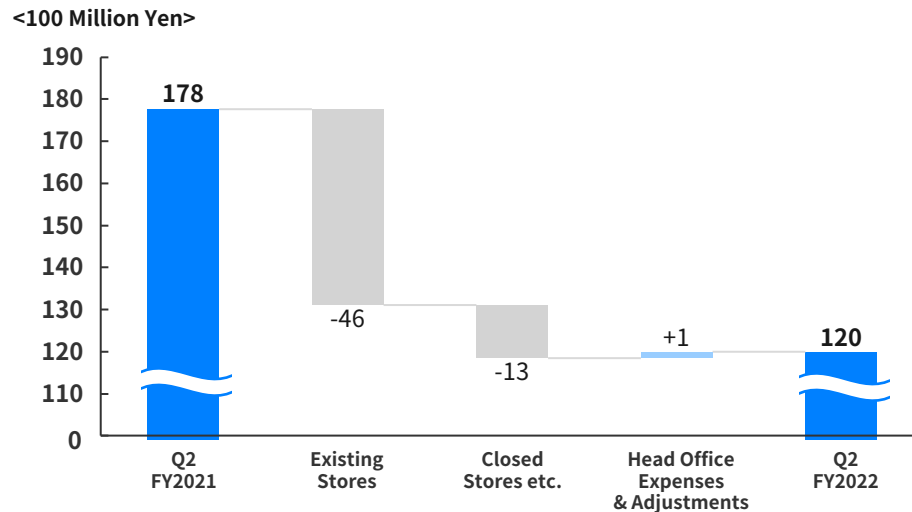


Increased number of store visits

FY2022 Q2 Change in Sales



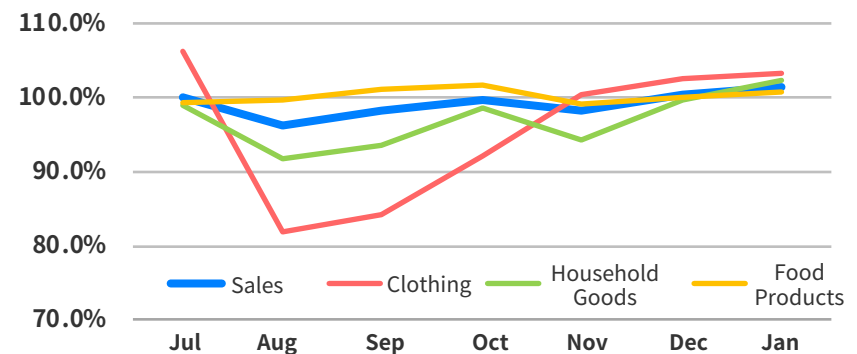
FY2022 Q2 Change in Operating Profit



Compared to Q1, the YoY decline in both sales and operating profit narrowed. Sales and operating profit of apparel also bottomed out and are on a recovery track.

- ✓ Existing-store YoY was 98.8% in 1H (98.1% in Q1 → 99.5% in Q2), but it was above the level before the pandemic (+2.1% from FY2019 1H).
- ✓ In Q2, the customer traffic is on a recovery trend due to strengthened price promotion (YoY customer traffic: 99.1% in Q1 → 99.9% in Q2). In addition to strong food products, apparel sales also turned positive from late November, and YoY decline in gross profit margin narrowed (-1.5% in Q1 → -0.4% in Q2). *After adjusting for revenue recognition standards
- ✓ We continue to focus on human resource development to strengthen individual store management. Established a new certification system for customer service level. Develop human resources capable of serving and selling high unit price and high gross profit margin products.
- ✓ Renovation of 3 stores into New GMS was carried out in Q2 (see next page for details).

Existing stores sales by product category

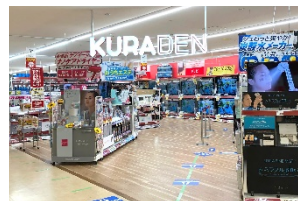
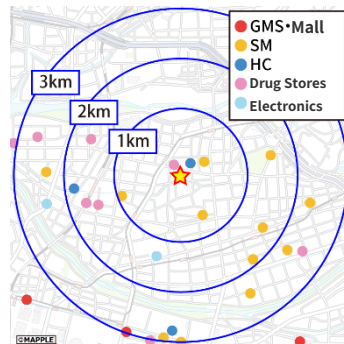


Piigo Power Nishishiro (Aichi) (Open on July 21, 2021)

Increase sales by converting some of the tenant areas into directly managed selling floors that meet the needs of the trade area.

<After Renovation> YoY Sales 124.1% (Aug-Dec)

- A relatively uncompetitive trade area. The company reviewed the customer base, prices, and product mix and shifted to a highly profitable supermarket.
- While strengthening the food products to meet the needs of the child-rearing generation, approximately 15 mini-shops selling products directly from producers were placed throughout the store.
- Introduced directly-managed retail stores of bicycles and small home appliances in response to strong demand from the local community.

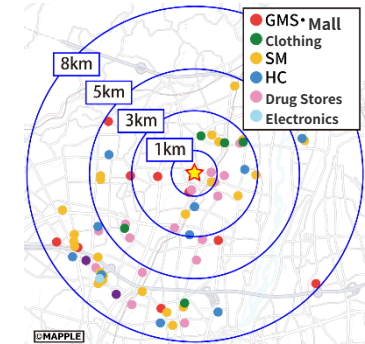


Apita Hamakita (Shizuoka) (Open on November 19, 2021)

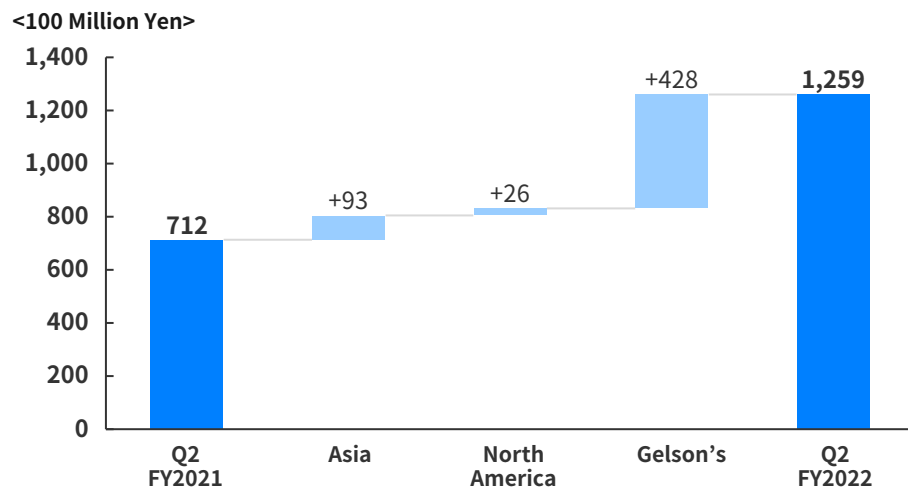
Strengthen directly-managed selling floor for full-age, full-category support to further revitalize the best stores in the region.

<After Renovation> YoY Sales 110.5% (Dec)

- Aim to meet the needs of new families and younger customers while maintaining the existing customer base.
- The food product lineup was expanded by 10%. In addition to the existing housewives and senior customer base, the directly-managed clothing department offers a wide variety of clothing and sundries for ladies and men in their 20s and 30s.
- Introduce five directly-managed specialty retail stores (drugstores, household goods, etc.).



FY2022 Q2 Change in Sales



In addition to the newly acquired Gelson's, existing businesses also performed well, resulting in increased sales and profits.

■ Asia Business

- ✓ Continued to open new stores in Asia (2 stores between July and September). At the same time, we are strengthening the creation of content to further penetrate the local market with Japanese food.
- ✓ Despite the cannibalization effect of opening new stores and temporary store opening costs, the operating profit margin of existing stores has maintained at 10% or higher.

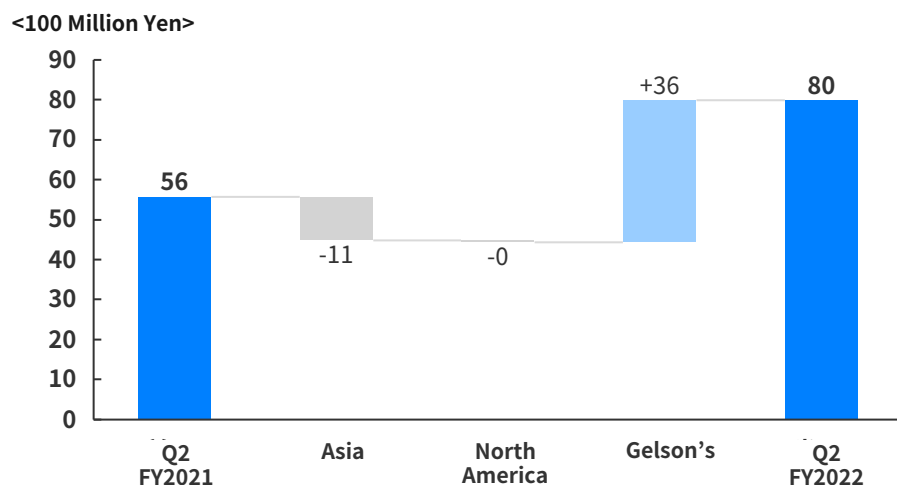
■ North America Business

- ✓ Existing businesses performed well. Operating profit returned to flat YoY in Q2 cumulative results due to improvement in gross profit margin, especially in Q2.
- ✓ Gelson's contributed to increased sales and profit (figures are before deducting goodwill amortization). The top line sales grew and gross profit was secured by responding to the sharp rise in cost of goods sold through strict price control. SG&A expenses were also controlled within budget.

■ PPIC Initiatives

- ✓ Expanded the area of direct delivery to improve freshness and cost (in Q2, started direct delivery from Hokkaido to Singapore and Hong Kong)

FY2022 Q2 Change in Operating Profit



*1. Figures for North America are the simple aggregate for DQ USA, MARUKAI, QSI and Gelson's. Results are for the period from April to September 2021, while Gelson's is from July to December.

*2. Figures for Asia are the simple aggregate for PPRM(SG), PPRM(HK), DONKI Thailand, PPRM(TW), PPRM(MY) and Macau PPRM(MO). Results are for the period from April to September 2021.

*3. Change in Operating Profit for Gelson's does not include the amortization of goodwill(1.4 billion yen)

Overseas Business : Progress in opening new stores

DON DON DONKI (Macau) (Open on September 9, 2021)

The company has opened the first store in Macau to expand its business area. Due to the effects of the pandemic, the new store was launched with local members only .

<After Opening> Sales 580million yen (Sep. 9-30)

- First store in Macau. With the concept of "Real Japan", we express the deliciousness of Japanese food through POP and in-store presentation.
⇒ Open kitchen in the side dish corner for a live atmosphere, and "Japanese taste" in the food stall area.
- We do not use plastic shopping bags and are environmentally conscious. We are also working to reduce food loss.



DON DON DONKI Seacon Square (Thailand) (Open on October 1, 2021)

Resumed expansion in Thailand, an area where we already have a presence. Work to expand customer base by opening new stores in local areas.

<After opening > Sales 250 million yen (Oct.)

- Opened the third store in Thailand in a large commercial facility located in the eastern part of Bangkok (and the fourth store in December).
- By opening stores in local areas that do not rely on Japanese demand, we aim to expand the potential for future development.
- The store will offer Japanese local gourmet food stalls in a live kitchen and a Japanese cosmetics corner to introduce the appeal of Japan.



Status of major assets, liabilities and net assets

(Unit: 100 Million yen)

	June 2021 ^{*2}	December 2021	
	Actual	Actual	Change
Current Assets	4,954	5,421	467
Cash and Deposits	1,575	1,623	48
Account receivable-installment	655	810	155
Products	2,034	2,183	149
Non-Current Assets	8,747	8,787	40
Buildings, etc.	2,615	2,635	20
Land	3,174	3,174	0
Intangible Assets	787	789	2
Lease and Guarantee Deposits	739	731	(8)
Total Assets	13,701	14,208	507

(Unit: 100 Million yen)

	June 2021 ^{*2}	December 2021	
	Actual	Actual	Change
Total Current Liabilities	3,536	3,987	451
Accounts Payable-Trade	1,500	2,060	560
Short-Term Liabilities ^{*1}	577	538	(39)
Total Noncurrent Liabilities	5,779	6,427	648
Corporate Bonds	2,040	2,832	792
Long-Term Borrowings	2,715	2,585	(130)
Total Liabilities	9,315	10,414	1,099
Net Assets	4,386	3,794	(592)
Liabilities and Net Assets	13,701	14,208	507

<Status of major assets>

• Non current asset

- ▶ Tangible fixed assets : 652.3 billion yen (+8.6 billion yen)
 - Investment related to store openings, etc. 21.7 billion yen
 - Depreciation and amortization 15 billion yen

<Status of major liabilities>

- ▶ Interest-bearing debt : 595.5 billion yen (+62.4 billion yen)

< Status of net assets>

- ▶ Net worth: 358.8 billion yen (Capital adequacy ratio: 25.3 %)

<Others>

- ▶ Net D/E ratio: 1.21x
- ▶ ROE : 15.5 %(annualized)

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

*2. In the Q2 of the FY2022, the Company finalized the provisional accounting treatment for business acquisitions. The figures for FY2021 reflect the details of the finalization of the provisional accounting treatment.

Status of cash flows and capital expenditure

► Cash Flow Status

(Unit: 100 Million yen)

	3 months ended Dec 31, 2020	3 months ended Dec 31, 2021	
	Actual	Actual	Change
Balance at Beginning of Period	1,836	1,609	(227)
Cash Flows from Operating Activities	736	659	(77)
Cash Flows from Investing activities	(172)	(233)	(61)
Free Cash Flow *1	564	426	(138)
Cash Flows from Financing Activities	(162)	(291)	(129)
Changes During the Period	381	164	(217)
Balance at End of Period	2,217	1,773	(444)

*1. Free Cash Flow = CF from operating activities + CF from investing activities.

► Status of capital expenditures

Capital Expenditures	208	244	36
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<Operating Cash Flows>

► Positive items: 43.6 billion yen in income before income tax, 18.5 billion yen in depreciation and amortization, and increase of 55.8 billion yen in accounts payable.

Negative items: decrease of 6.2 billion yen in allowance and 28.1 billion yen in income taxes paid, resulting in 65.9 billion yen of cash in.

<Investment Cash Flows>

► 21.7 billion yen for tangible fixed assets acquisition associated with store openings and 1.8 billion yen for intangible acquisition, resulting in 23.3 billion yen in cash out.

<Financing Activity Cash Flows>

► Income from the issuance of bonds of 79.6 billion yen contributed to the increase, while 80.9 billion yen in repurchasing of own stocks, 16.7 billion yen decrease in short-term and long-term borrowings, resulting in 29.1 billion yen of cash out.

<Breakdown of Q2>

► DS business 7.5 billion yen, GMS Business 5.8 billion yen, Overseas business 5.2 billion yen, IT 2.9 billion yen, Others 2.9 billion yen

We aim to achieve the full-year performance target by continuously carrying out the achievements of Q2 and promoting measures that are still in progress.

Discount Store Business

- Further enhancement and expansion of PB and OEM business.
- Improve the accuracy of pricing and roll it out.
- Setting our own “interest expiration date” for non-food products as a management standard for product newness. Improve the speed of product change and turnover rate.

GMS Business

- Responding to the increase of customer traffic in Q2, focus on improving gross profit margins from Q3 onwards
- New GMS will increase the number of small-scale remodeled stores and accelerate the speed of development.
- Implement organizational restructuring to evolve to individual store management, which is our mid-term theme. In order to compete in the local trade area, we will change the system to further delegate authority to each area.

Overseas Business

- In Asia, continue to accelerate store openings (opened 7 stores in October-January) Work on measures to increase demand for Japanese brands at the same time.
- In North America, while continuing to work on cost control in response to rising costs, maintain solid performance and work on creating business formats that make the most of the Japanese brands.

Domestic Discount Store/GMS Business Overview for January (Flash Report)

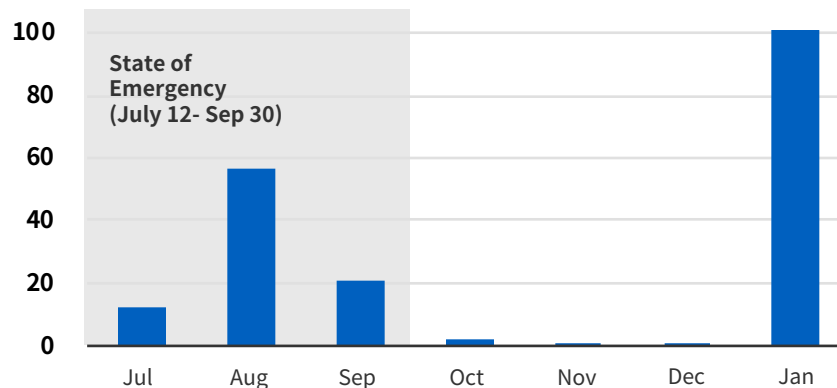
Comparable store sales in January were YoY 101.6% in DS business and 101.2% in GMS business, continuing the strong performance in Q2.

▶ Year-on-year change (existing stores)

Unit : %		Jul	Aug	Sep	Oct	Nov	Dec	Jan
DS Business	Sales	103.4	95.5	101.0	105.3	99.0	101.7	101.6
GMS Business	Sales	100.1	96.2	98.1	99.8	98.3	100.2	101.2

▶ Number of Covid-19 positive cases.

<10,000 people>



* "Trend in the number of newly confirmed cases (daily)", Ministry of Health, Labour, and Welfare

■ Discount Store business

- ✓ YoY comparisons at existing stores in January were also higher than the previous year for all Group companies.
- ✓ New year's first sales and special sales grew significantly. Strengthened MDs for cosmetics and alcoholic beverages also continued to perform well.
- ✓ The 6th wave of the new Coronavirus caused many prefectures to apply pre-emergency measures. From the second half of January, there has been a negative impact on nighttime sales.
- ✓ Gross profit margin maintained an improving trend, up 0.5pt YoY.

■ GMS business

- ✓ The New Year period got off to a strong start with sales of grab bags and other sales for the first time in two years, driving overall sales in January.
- ✓ Sales in all categories of food, clothing, and housing increased YoY.
- ✓ Gross profit margin, which is a priority for the second half of the fiscal year, also improved due to growth in clothing and household goods and improved pricing accuracy (+0.4pt YoY).

Full-year forecast for the consolidated results

No change from the beginning of the fiscal year.

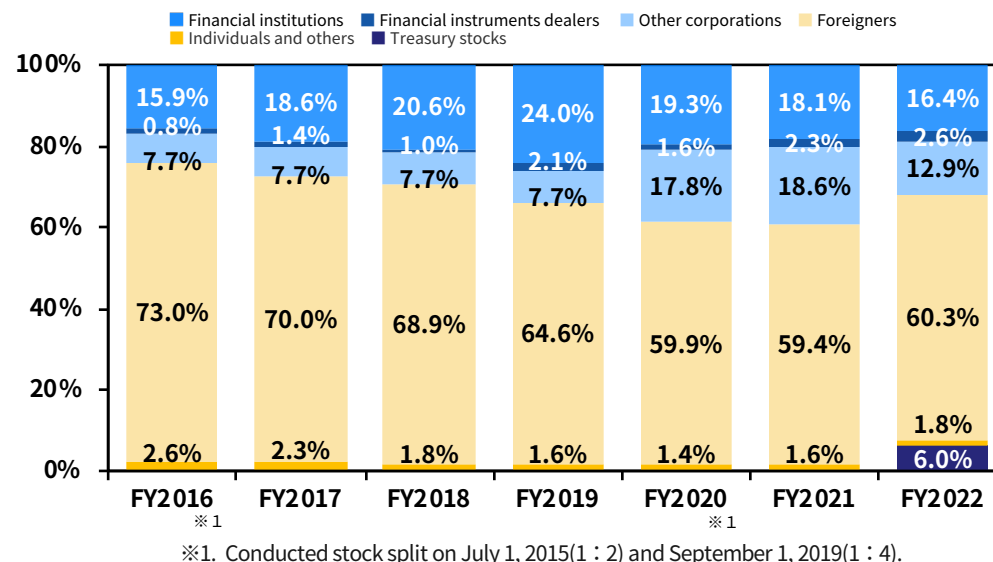
	Half-year result		Full-year forecast			(Unit: 100 Million yen)
	Actual	Ratio	Actual	Ratio	YoY	
Sales	9,177	100.0%	18,700	100.0%	109.4%	
Gross profit	2,679	29.2%	5,539	29.6%	111.4%	
SG&A	2,242	24.4%	4,689	25.1%	112.7%	
Operating profit	436	4.8%	850	4.5%	104.5%	
Recurring profit	445	4.9%	830	4.4%	101.8%	
Profit attributable to owners of parent	301	3.3%	576	3.1%	107.0%	
EPS (Yen) *1	49.40	-	95.46	-	112.4%	
Dividends per share (Yen)	3	-	16.50	-	103.1%	
Capital Expenditure	244	2.7%	750	4.0%	163.1%	
Depreciation	150	1.6%	308	1.6%	116.3%	

*1. PPIH repurchased 38,054,300 shares of treasury stock based on the resolution of the Board of Directors meeting held on September 6, 2021. Net income per share in the consolidated earnings forecast takes into account the impact of the share buyback. If this share buyback had not occurred, net income per share would have forecasted as 90.82 yen for the full year.

Distribution of Share Ownership by Shareholder Type

(1,000 shares)		June, 2021		December, 2021	
Number of shareholders at the end of the period		15,664		18,168	
Total number of shares issued		634,239	100.0%	634,321	100.0%
By owner	Financial institutions	114,706	18.1%	104,269	16.4%
	Financial instruments dealers	14,773	2.3%	16,593	2.6%
	Other corporations	118,016	18.6%	81,712	12.9%
	Foreigners	376,695	59.4%	382,337	60.3%
	Individuals and others	10,030	1.6%	11,337	1.8%
	Treasury Stocks	19	0.0%	38,073	6.0%

(Note: The number of treasury stock increased by 38,054,300 shares due to the acquisition of treasury stock in September 2021.)



Introduction of shareholder benefit program

On January 11, the Board of Directors passed a resolution to introduce a shareholder special benefit program. The purpose of this program is to respond to the support of our shareholders, to increase the attractiveness of investing in our company's shares, to encourage more investors to hold our company's shares over the medium to long term, and to further deepen their understanding of our group through shopping at our group companies.

Eligible shareholders: Shareholders holding at least 100 shares recorded in the shareholders' register at the end of the fiscal year (end of June) and at the end of the second quarter (end of December).

Shareholder benefits: 2,000 yen worth of majica points

Scheduled date of delivery: At the end of September and March, when the dividend becomes effective, the method of acquiring majica points will be enclosed with the dividend-related documents.

Scheduled start of the program: To be introduced to shareholders whose names are recorded in the final shareholder registry as of June 30, 2022. Thereafter, eligible shareholders will be determined semiannually.

ESG-related initiatives

Steady progress has been made on the ESG promotion roadmap set out in Passion 2030, and we will move into the second phase from this fiscal year.

Platform establishment phase

(~FY ending in June 2021)

- Organize information
- Enhanced disclosure
- Internal education

What we have done

- ▶ Collect and organize information on ESG activities of the entire Group
- ▶ Organization of ESG promotion framework, including the establishment of committees
- ▶ Implemented ESG training for executive officers.
- ▶ Conduct diversity study and training for employees.
- ▶ Expand information disclosure through publications such as integrated reports and websites.

Innovation building phase

(FY ending in June 2022~)

- Strengthening of initiatives
- Verification and improvement
- Expansion of activities

Future initiatives/Today's presentation

- ▶ **Through the activities of the Sustainability Committee established this fiscal year, we are now ready to respond to climate change (TCFD, etc.) and have formulated our policy for sustainable product procurement, which will be announced today.**
- ▶ **The Diversity Management Committee, which was established in the previous fiscal year, has also re-understood the actual situation of the Company and re-set the mid-term targets.**

Brush-up continuation phase

- Transition analysis
- Deepening of initiatives
- Industry leadership

Future initiatives

- ▶ Deepen initiatives in each ESG category
- ▶ Become a leading company in ESG activities

Response to climate change and realization of a decarbonized society (1)

We recognize that tackling the issue of climate change is an important issue for the sustainable development of the PPIH Group and the enhancement of corporate value over the medium and long term. In order to accelerate and ensure these efforts, we declared support for the Task Force on Climate-Related Financial Disclosure (TCFD), and conducted scenario analysis and disclosure based on the TCFD recommendations.

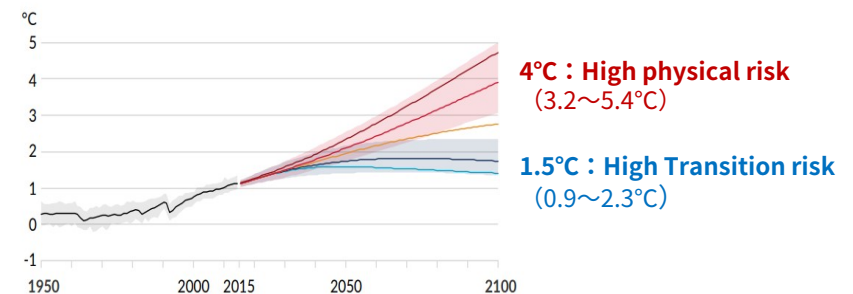
Initiatives



2022 February Declaration of support for the TCFD
⇒ Disclosure based on the TCFD recommendations

Please refer to the following URL for disclosure details.
<https://ppih.co.jp/en/csr/>

As for the risks and opportunities identified by the scenario analysis that will have a significant impact on our business, we will consider countermeasures, closely monitor future global and domestic trends related to climate change, and respond flexibly by reflecting the changing needs of our customers in our business strategies.



Physical risk

The main source is the IPCC. Domestic data was supplemented by government documents (e.g., MLIT "Study Group on Flood Control Planning in Light of Climate Change").
• IPCC AR6 Interactive-atlas

Transition risk

Less than 2°C // 4°C Based on IEA scenarios

• World Energy Outlook2021 • Net Zero by 2050 • Energy Technology Perspectives

According to the Intergovernmental Panel on Climate Change (IPCC), the changes in global average temperature until 2100 will follow five scenarios depending on the fluctuation of CO2 emissions.

The scenario with the highest emissions causes a temperature rise of about 4.3°C which increases the physical risks due to the frequent occurrence of super typhoons.

On the other hand, the scenario with the lowest emissions will only rise by about 1.6°C. At this time, the world is said to be dramatically shifting to a decarbonized society, with the introduction of new regulations such as carbon taxes and the mainstreaming of EVs.

Although there are scenarios in between, (1) it is not strategic to plan countermeasures for all possible multiple futures, and (2) if countermeasures are taken at both ends, it will be easier to deal with the situation when the outcome falls in between (called a bookend scenario), so in this scenario analysis, we used the future projections of 4°C and 1.5°C

The PPIH Group has been striving to reduce CO₂ emissions through its business activities with the aim of realizing a decarbonized society. After verifying the results of these efforts and examining the measures to be taken by each operating company and store operation, we have set the PPIH Group decarbonization targets. In order to achieve the decarbonization target, the entire Group companies will work together and disclose the progress on a regular basis.

PPIH Group decarbonization targets

2030

50% reduction of CO₂ emissions from stores (compared to FY2013)

2050

Reduce the total amount of CO₂ emissions from stores to zero

Subject: Domestic, including offices and a logistics center



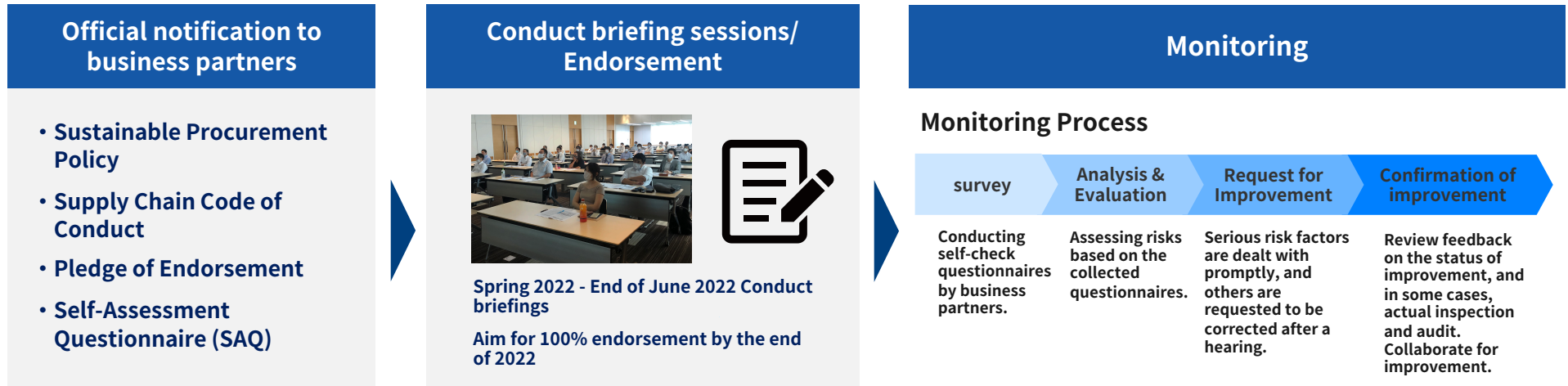
solar panels (MEGA Don Quijote Kofu)

Major initiatives to achieve the target

- Energy conservation in store operations through the introduction of energy-saving equipment and eco-tuning
- Creation of renewable energy through the use of solar panels and other store facilities
- Replacement with renewable energy through the use of non-fossil certificate transactions

In order to fulfill our social responsibilities in the supply chain, such as addressing human rights and environmental issues, we have formulated the PPIH Group Sustainable Procurement Policy and the PPIH Group Supply Chain Code of Conduct, which are published on our website and notified to our partners (suppliers). The policy and the code of conduct have been formulated to ensure that the PPIH Group complies with all laws and regulations, respects human rights, establishes corporate ethics, protects the environment and reduces environmental impact.

▶ Future Initiatives



The PPIH Group has traditionally built strong partnerships with its business partners and has always conducted store building and manufacturing (product development) based on the principle of putting the customer first while engaging in friendly competition on an equal footing. In the future, we will continue to strengthen our supply chain management based on the relationships of trust we have built with our business partners so that both our business partners and the PPIH Group can grow and contribute to the realization of a sustainable society.

The PPIH Group aims to establish a diversity-oriented organization that respects and recognizes the diverse values and individuality of all people involved in its corporate activities. The Diversity Management Committee (DM Committee), established in November 2020, is leading the planning and implementation of various measures to promote diversity, particularly focusing on the advancement of women.

Target for promotion of women's participation and advancement

Improve the retention rate of female employees

Numerical targets (turnover rate): 8.8% by the FY2026 and 5% by the FY2030

* As of FY 2021 : 11.6%

Increased the number of female store managers to 100

Numerical targets: 50 employees by the FY2026, 100 employees by the FY2030

* As of FY 2021 : 13 employees

Subject: Domestic






















Major promotion activities and results to date

- | | |
|---|--|
| • Training for managers on ESG and promotion of women's participation and advancement | Over 500 managers have taken the training. |
| • Launched "RISE! 100", a training program aiming to produce 100 female store managers | Created 9 female store managers in the first phase (May-October 2021). |
| • Workshops and web-based training by external instructors to promote understanding of LGBTQ+ | Over 18,000 employees have finished the training. |
| • Introduce female employees who are successful on the company portal site | Number of views on internal portal site: 6,230PV |
| • "DM Certification Test" aimed at promoting understanding of diversity | More than 3,000 people have passed each of the three types of certification tests. |

Sustainability Basic Policy

Based on our corporate principle, "The Customer Matters Most," we aim to realize a sustainable society by working to solve environmental and social issues through our core retail business activities, with the priority of supporting the lives of our customers and providing them with the enjoyment of shopping at all times.

► Materiality

1	Reduce the environmental impact of our business activities	<p>【 Responding to climate change and realization of a decarbonized society 】 【 Reducing waste and enhancing recycling 】</p>	    
2	Acceptance of diversity and creating a rewarding workplace	<p>【 Establishing a diversity-oriented organization 】 【 Promoting human resource management 】</p>	   
3	Sustainable procurement and responsible sales	<p>【 Procuring products manufactured in a supply chain that respect human rights and the environment, and selling responsibly 】 【 Resolving social and environmental issues through supply chains 】</p>	   
4	Resolving social issues through coexistence with local communities	<p>【 Resolving social issues through coexistence with local communities 】</p>	  
5	Establishing a solid governance system	<p>【 Strengthening Corporate Governance 】 【 Strengthening risk management 】</p>	  

Appendix

Q2 cumulative information by corporation

▶ Domestic retail

(Unit: 100 Million yen)

	Don Quijote			Nagasakiya			UD Retail			UNY		
	FY 2021 Q2	FY2022 Q2	Change	FY 2021 Q2	FY2022 Q2	Change	FY 2021 Q2	FY2022 Q2	Change	FY 2021 Q2	FY2022 Q2	Change
Sales *1	3,380	3,482	102	977	998	21	887	1,052	165	2,565	2,441	(124)
Gross profit	842	850	8	240	239	(1)	228	259	31	867	797	(70)
Gross profit ratio	24.9%	24.4%	(0.5%)	24.6%	23.9%	(0.7%)	25.7%	24.6%	(1.1%)	33.8%	32.6%	(1.2%)
SG&A	739	729	(10)	201	206	5	221	242	21	690	677	(13)
Operating profit	103	121	18	39	33	(6)	7	17	10	177	120	(57)
Operating profit ratio	3.0%	3.5%	0.5%	4.0%	3.3%	(0.7%)	0.8%	1.6%	0.8%	6.9%	4.9%	(2.0%)
Total Assets	3,306	3,298	(8)	930	964	34	656	718	62	4,088	4,108	20
Net Assets	1,731	1,150	(581)	579	603	24	5	18	13	1,092	1,310	218

▶ Overseas retail

▶ Non- retail

(Unit: 100 Million yen)

	North America *2			Asia *3			Japan Asset Marketing			UCS		
	FY 2021 Q2	FY2022 Q2	Change	FY 2021 Q2	FY2022 Q2	Change	FY 2021 Q2	FY2022 Q2	Change	FY 2021 Q2	FY2022 Q2	Change
Sales *1	502	956	454	210	303	93	110	105	(5)	94	95	1
Gross profit	161	362	201	72	105	33	44	37	(7)	94	95	1
Gross profit ratio	32.2%	37.8%	5.6%	34.5%	34.8%	0.3%	39.6%	35.2%	(4.4%)	100.0%	100.0%	0.0%
SG&A	127	292	165	51	96	45	3	4	1	86	85	(1)
Operating profit	35	70	35	21	9	(12)	41	33	(8)	8	10	2
Operating profit ratio	6.9%	7.3%	0.4%	10.0%	3.1%	(6.9%)	36.6%	31.4%	(5.2%)	8.2%	10.5%	2.3%
Total Assets	371	745	374	276	418	142	1,628	1,638	10	1,833	1,881	48
Net Assets	275	123	(152)	78	133	55	1,136	1,185	49	99	112	13

*1. PPIH has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the 1st quarter of fiscal year ending in June 30, 2022. As a result, comparisons with the same period of the previous fiscal year are based on figures calculated using different standards.

*2. Figures for North America are the simple aggregate for DQ USA, MARUKAI, QSI and Gelson's. Results are for the period from April to September 2021, while Gelson's is from July to December.

*3. Figures for Asia are the simple aggregate for PPRM(SG), PPRM(HK), DONKI Thailand, PPRM(TW), PPRM(MY) and Macau PPRM(MO). Results are for the period from April to September 2021.

Q2 Segment Information by business

► Segments Overview [Period: July 1, 2020 – December 31, 2020] ^{*1} ^{*2}

(Unit: 100 Million yen)

	Discount Store Business	GMS Business	Tenant leasing	Others ^{*3}	Total	Adjustment	Consolidated
External Sales	5,793	2,345	318	71	8,529	-	8,529
Inter Company Sales	38	42	6	23	109	(109)	-
Total	5,832	2,387	324	94	8,637	(109)	8529
Segment Profit	323	113	75	(19)	492	1	493

► Segments Overview [Period: July 1, 2021 – December 31, 2021] ^{*1} ^{*2}

(Unit: 100 Million yen)

	Discount Store Business	GMS Business	Tenant leasing	Others ^{*3}	Total	Adjustment	Consolidated
External Sales	6,582	2,223	298	73	9,177	-	9,177
Inter Company Sales	37	59	6	21	123	(123)	-
Total	6,619	2,282	305	94	9,300	(123)	9177
Segment Profit	352	64	54	(34)	436	1	436

*1. Reported segments are organized by the format of service provision, and comprises discount store business, GMS business and tenant leasing business.

*2. PPIH has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the 1st quarter of fiscal year ending in June 30, 2022. Figures related to previous periods will not be adjusted retroactively nor reflected.

*3. “Others” includes holding company management, credit card business, etc.

Breakdown of SG&A

[Period: October 1, 2021 – December 31, 2021]

(Unit: 100 Million yen)

	3 months ended Sep 30, 2020 ^{*1}		3 months ended Sep 30, 2021		
	Actual	Ratio	Actual	Ratio	YoY
SG&A	1,016	23.4%	1,128	23.9%	111.0%
Salaries and allowances	378	8.7%	436	9.2%	115.5%
Rent	133	3.1%	135	2.9%	101.7%
Commission paid	147	3.4%	151	3.2%	102.8%
Depreciation	65	1.5%	76	1.6%	116.9%
Other	293	6.7%	330	7.0%	112.4%

[Period: July 1, 2021 – December 31, 2021]

(Unit: 100 Million yen)

	6 months ended Dec 31, 2020		6 months ended Dec 31, 2021		
	Actual	Ratio	Actual	Ratio	YoY
SG&A	2,019	23.7%	2,242	24.4%	111.1%
Salaries and allowances	753	8.8%	867	9.5%	115.1%
Rent	263	3.1%	271	2.9%	103.0%
Commission paid	292	3.4%	296	3.2%	101.2%
Depreciation	127	1.5%	148	1.6%	116.5%
Other	583	6.8%	661	7.2%	113.3%

*1. PPIH has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. effective from the beginning of the 1st quarter of fiscal year ending in June 30, 2022. As a result, comparisons with the same period of the previous fiscal year are based on figures calculated using different standards.

Overview of results by consolidated businesses

[Period : July 1, 2021 – December 31, 2021]

(Unit: 100 Million yen)

	6 months ended Dec 31, 2020		6 months ended Dec 31, 2021		
	Actual	Ratio	Actual	Ratio	YoY
Discount store business *1	5,793	67.9%	6,582	71.7%	113.6%
Home electrical appliances	453	5.3%	434	4.7%	95.7%
Miscellaneous household goods	1,120	13.1%	1,297	14.1%	115.8%
Food products	2,262	26.5%	2,240	26.6%	107.8%
Watches and fashion merchandise	769	9.0%	720	7.8%	93.6%
Sporting goods and leisure goods	335	3.9%	353	3.8%	105.4%
North America Business	502	5.9%	956	10.4%	190.5%
Asia Business	212	2.5%	303	3.3%	143.1%
Other	140	1.6%	80	0.9%	57.4%
GMS business *1	2,345	27.5%	2,223	24.2%	94.8%
Clothing	290	3.4%	258	2.8%	88.8%
Household goods	376	4.4%	353	3.8%	94.0%
Food products	1,657	19.4%	1,601	17.4%	96.6%
Other	22	0.3%	12	0.1%	54.4%
Tenant leasing business *1	318	3.7%	298	3.2%	93.7%
Others *2	71	0.8%	73	0.8%	102.3%
Total	8,529	100.0%	9,177	100.0%	107.6%

*1. Reported segments are organized by the format of service provision, and comprises discount store business, GMS business and tenant leasing business.

*2. "Others" includes holding company management, credit card business, etc.

Store network

Corpo-ration	Business Format	Q1			Q2			Q3			Q4			Full Year Target
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Discount	DQ	Kita Senjyu West Exit (Tokyo) Nanao (Ishikawa)				Inage Naganuma (Chiba) Kinshicho North Exit (Tokyo) Koshi (Kumamoto)		Teradamachi Eki (Osaka)	Okachimachi (Tokyo)	Rifu (Miyagi) 2 stores	1 store		2 stores	Opening : 25 stores+α Renovation : 30 stores+α
	MEGA		Matsunaga (Hiroshima)											
	UDR *1		Shin-Moriyama (Aichi)	Hekinan (Aichi)	APITA Yokkaichi (Mie)	Haibara (Shizuoka)	Nagakute (Aichi)				1 store	1 store		
GMS	UNY (NewGMS)	Nishishiro (Aichi)		Moriyama (Aichi) Kimitsu (Chiba)	Obu (Aichi) Ogaki (Gifu)	Hamakita (Shizuoka)			Futaba (Yamanashi)		1 store			Renovation: 11 stores+α
Overseas *2		TMT Plaza (Hong Kong)		DON DON DONKI (Macau)	Seacon Square (Thailand) Tampines 1 (Singapore)		Tropicana Gardens Mall (Malaysia) MBK Center (Thailand)	Waterway (Singapore) Amoy Plaza (Hong Kong) Zhongxiao Xincheng (Taiwan)		1 store				Opening : 12 stores+α Renovation : 13 stores+α

*1. Includes tenant-in type business conversion. *2. Overseas stores are indicated in the opening months as well.

 = Format conversion, NewGMS

Store network

No. of stores by format

	FY2020	FY2021	FY2022	
			Q1	Q2
Don Quijote	225	226	226	229
MEGA ^{*1}	44	45	46	46
New MEGA	91	94	94	94
MEGA Don Quijote UNY	41	52	54	57
APITA/Piago ^{*2}	150	139	138	137
Picasso etc. ^{*3}	26	25	28	29
Nagasakiya etc.	3	2	2	2
Overseas ^{*4}	49	84	86	88

Tampines 1
(Singapore)



Oct

MBK Center
(Thailand)



Dec

- * 1. Business format conversion stores operated by Nagasakiya are all included in "MEGA".
- * 2. "Apita/Piago" includes "U-STORE", "Piago Power", "Power Super Piago" format.
- * 3. "Picasso etc." includes Picasso, Essence, Kyoyasudo, Ekidonki, Soradonki, and Jonetsu Shokunin.
- * 4. As the fiscal year ends in March for overseas corporations except Gelson's (ends in June), the number of stores for each quarter is adjusted for the applicable fiscal year.
- * 5. 4 stores decreased as of July 1, 2020 due to absorption and merger with Don Quijote.
- * 6. 1 store decreased as of July 1, 2020 due to absorption and merger with Don Quijote.

No. of stores by corporation

	FY2020	FY2021	FY2022	
			Q1	Q2
Don Quijote	339	346	350	354
Nagasakiya	44	44	45	45
UD Retail	41	52	54	57
UNY	150	139	138	137
Lilac	4	0 ^{*5}	0	0
Daishin /Tachibana Dept. Store ^{*6}	2	2	1	1
Domestic total	580	583	588	594
DQUSA	4	4	4	4
MARUKAI	10	10	10	10
QSI	24	24	24	24
Gelson's	-	27	27	27
PPRM (SG)	7	8	10	10
PPRM (HK)	2	7	7	8
DONKI Thailand	2	2	2	2
PPRM (Taiwan)	-	1	1	1
PPRM (Malaysia)	-	1	1	1
Macau PRRM(Macau)	-	-	-	1
Overseas total ^{*4}	49	84	86	88
Total	629	667	674	682

Overview of results for listed subsidiaries

▶ Japan Asset Marketing (8922)

(Unit: Millions of yen)

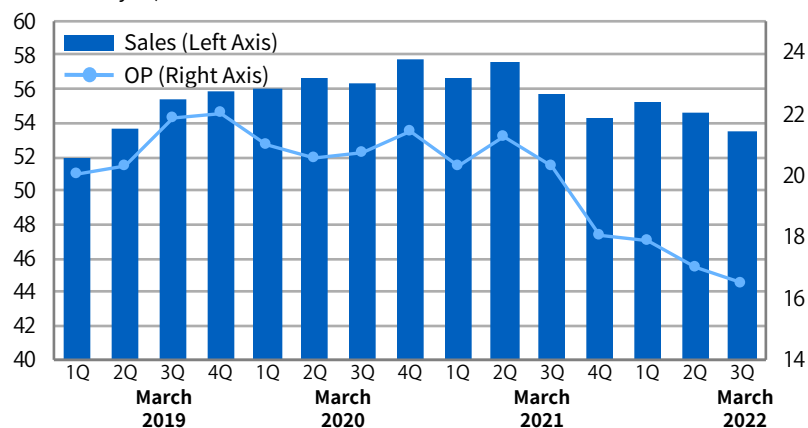
Profit&Loss Overview	Previous 3 quarters Apr 1 ~ Dec 31, 2020		Current 3 quarters Apr 1 ~ Dec 31, 2021		
	Actual	Share	Actual	Share	YoY
	Sales	170	100.0%	163	100.0%
Gross profit	69	40.6%	59	36.2%	85.5%
SG&A	7	4.1%	7	4.3%	100.0%
Operating profit	62	36.5%	51	31.3%	82.3%
Recurring profit	62	36.5%	50	30.7%	80.6%
Profit attributable to owners of parent	42	24.7%	34	20.9%	81.0%

(Unit: Millions of yen)

Balance sheet Overview	Mar 31, 2021	December 31, 2021	
	Actual	Actual	Change
Current assets	94	126	32
Non-current assets	1,547	1,525	(22)
Total assets	1,641	1,651	10
Current liabilities	94	107	13
Non-current liabilities	412	375	(37)
Total liabilities	506	482	(24)
Total net assets	1,135	1,169	34

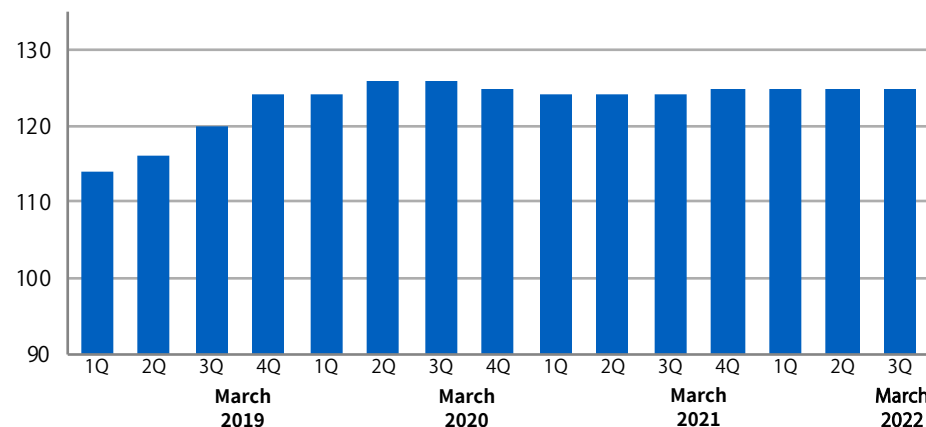
Sales and operating profit

(Unit: Millions of yen)



(Unit: Millions of yen)

Changes in number of properties owned



IR inquiries

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

IR Calendar

Announcement of Q3 results for the fiscal year ending June 2022 (Scheduled)
Date of announcement: May10, 2022 (Tuesday)
Venue: TBD

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.



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