

Results for FY 2023

August 16, 2023

Pan Pacific International Holdings Corporation

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Explanatory notes for these materials

1. The actual values presented in these materials are rounded 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” 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. The exchange rates used for overseas operations are shown below. (Gelson's fiscal year ends in June, so the exchange rate is different.)

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
	FY 2022	113.06	122.41	118.42	136.69	83.84	90.47	3.45	3.68	14.52
FY 2023	136.00	133.54	138.09	144.99	99.05	100.60	3.85	3.91	17.35	17.01

< Review of the fiscal year ended June 30, 2023 >

- For the fiscal year ended June 30, 2023, PPIH achieved its 34th consecutive year of growth in both sales and profits, with net sales of 1,936.8 billion yen (+105.5 billion yen/+5.8% YoY), operating profit of 105.3 billion yen (+16.6 billion yen/+18.7% YoY), and net income of 66.2 billion yen (+4.2 billion yen/+6.8% YoY).
- Operating profit exceeded 100 billion yen for the first time and the operating profit margin reached 5.4% (the first time since FY2018 that it exceeded 5%), confirming that PPIH's "earning power" has increased, thanks to the reforms to its earnings structure that have been implemented over several years.
 - ✓ Sales: We successfully adapted to changes in the external environment. By offering "CV+D+A" through capturing going-out demand, developing attractive products, and appealing to customers with low prices, we were able to gain and increase the popularity. Domestic retail sales grew significantly, driven by a recovery in tax-free sales.
 - ✓ Gross profit: Despite rising procurement costs, our efforts to improve product procurement capabilities, expand PB/OEM, improve pricing accuracy, and improve inventory turnover ratio have been successful. Gross profit margin grew significantly to 31.0% (+1.3% YoY, +57.0 billion yen in amount).
 - ✓ SG&A : Despite large increases in many costs, including labour and utilities, increases were controlled by improving labour productivity, optimizing personnel allocation, and controlling other expenses (+40.4 billion yen YoY; SG&A to sales ratio remained at +0.8% YoY).

<Visionary 2025 (fiscal year ending June 30, 2025): achieving 120 billion yen in operating income>

In the fiscal year ending June 30, 2024, we will maintain an operating margin of 5% or higher while focusing on investments for growth and human resource development, based on the performance expansion and improvement in profitability confirmed up to now.

- We will continue to grow as a "profitable" retail company that is not only "deflation-proof" but also "inflation-proof" in order to achieve an operating profit of 120 billion yen in the fiscal year ending June 30, 2025.
 - ✓ In the DS business, in addition to further increasing tax-free sales, we will actively introduce new products and prices that focus on "popularity" to attract more customers to existing stores. In addition, we will open new stores more aggressively than before to further expand the business.
 - ✓ In the GMS business, based on the success in improving the business structure (strengthening profitability), we aim to increase the number of customers and sales by implementing new sales promotions by business format and by customer, as well as strengthening non-food merchandising. In addition, we will promote further reforms such as integrating the Tenant Division and the MD Development Division along with the expansion of PB and OEM product development.
 - ✓ Overseas business is on track to resolve short-term issues. We will now enter an aggressive phase of business development through a series of hypotheses and verifications.
 - 【Asia】 We will continue to open new stores, and at the same time, will work to improve profitability of the stores which have opened by FY2023.
 - 【North America】 We will put our new store opening plan into action and look forward to significant growth from FY2025 onward

Fiscal year ended June 30, 2023

Overview of Financial Results

Financial Results for the Year Ended June 30, 2023

【Period : July 1, 2022~June 30, 2023】

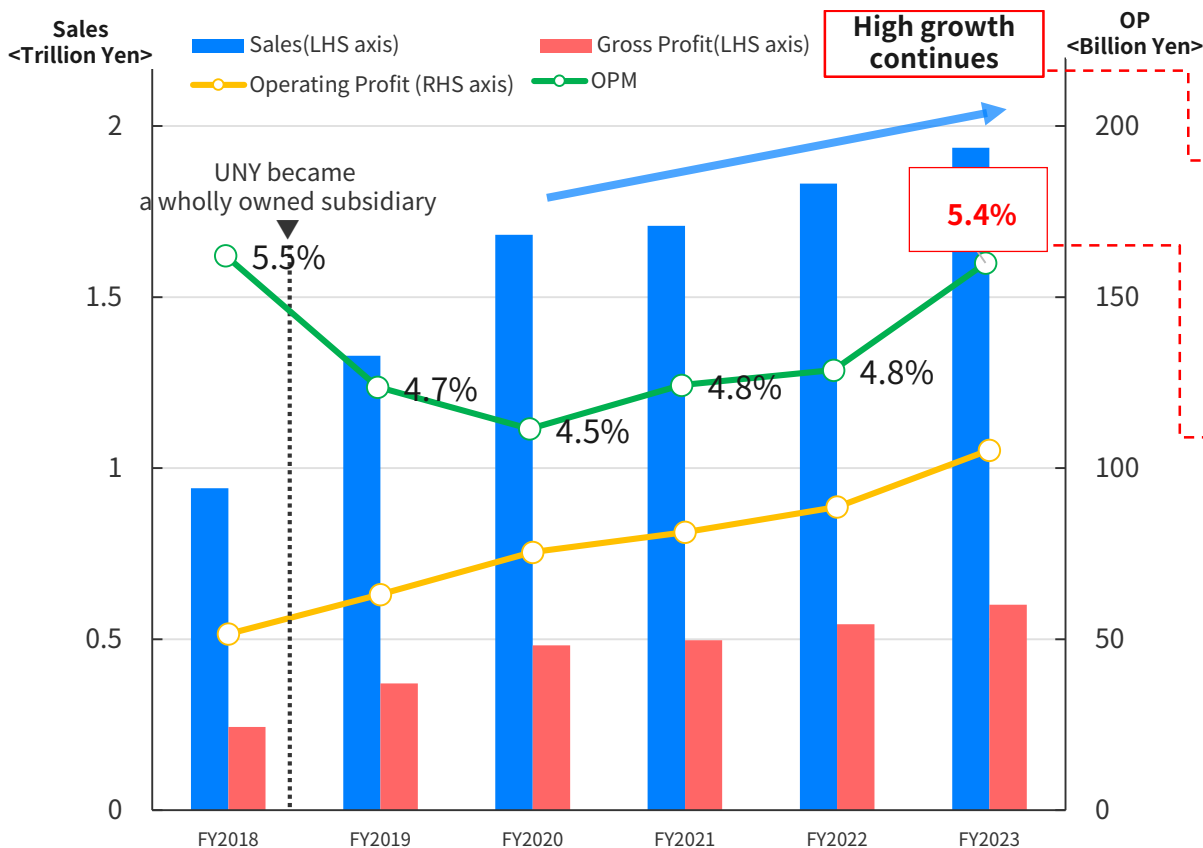
(Unit : Billion Yen)

	FY2022	FY2023			FY2023 Forecast	
	Amount (Ratio)	Amount (Ratio)	Change	YoY	Amount (Ratio)	Progress
Net sales	1,831.3	1,936.8	+105.5	+5.8%	1,920	100.9%
Gross profit	543.4 (29.7%)	600.4 (31.0%)	+57	+10.5%	587.5 (30.6%)	102.2%
SG&A	454.7 (24.8%)	495.1 (25.6%)	+40.4	+8.9%	489.8 (25.5%)	101.1%
Operating profit	88.7 (4.8%)	105.3 (5.4%)	+16.6	+18.7%	97.7 (5.1%)	107.7%
Ordinary profit	100.4 (5.5%)	111 (5.7%)	+10.6	+10.5%	94 (4.9%)	118.1%
Net income	61.9 (3.4%)	66.2 (3.4%)	+4.2	+6.8%	62 (3.2%)	106.7%
EPS (yen)	102.64 yen	110.94 yen	+8.3 yen	+8.1%	103.93 yen	106.7%

Evolution into a "profitable retailer" through management reform

- Over the past several years, sales and profits have continued to grow at a high rate, and we have achieved an operating margin of over 5% for the first time in five years by reforming its earnings structure even in an inflationary environment (= "earning power" has been strengthened).

<Performance trends since FY2018>



- Continuous growth in sales and profit.
- Especially in the past two years, we have strengthened its "earning power" by growing profit more than sales.

	Growth of past 4 years (FY2019→FY2023)	past 2 years (FY2021→FY2023)
Sales	+607.9 bil. yen (CAGR +9.9%)	+228.1 bil. yen (CAGR +6.5%)
Gross Profit	+229.9 bil. yen (CAGR +12.8%)	+103.1 bil. yen (CAGR +9.9%)
Operating Profit	+42.1 bil. yen (CAGR +13.6%)	+24 bil. yen (CAGR +13.8%)

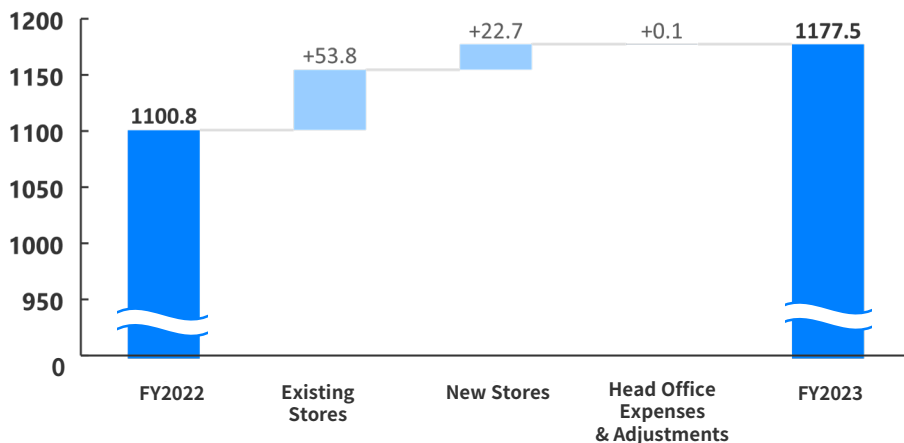
- In light of the external environment of various cost increases, we achieved an operating profit margin of over 5% at a new composition ratio by improving gross profit margin, productivity and SG&A control. (= Reform of the profit structure is achieved)

	FY2018	FY2023
GPM	25.9%	31.0%
SG&A ratio	20.4%	25.6%
OPM	5.5%	5.4%

Discount Store Business

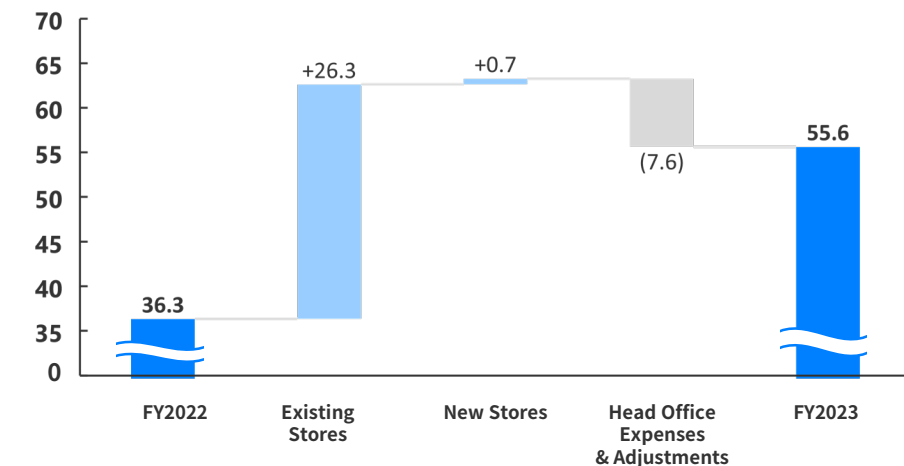
FY2023 Cumulative Change in Sales

<Billion Yen>



FY2023 Cumulative Change in Operating Profit

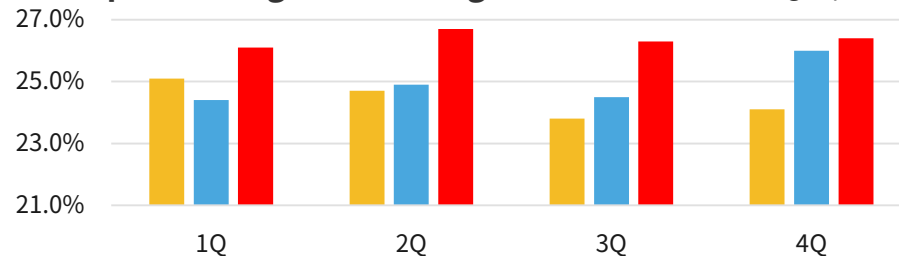
<Billion Yen>



Sales increased to 1.17 trillion yen (+76.7 billion yen YoY) and operating profit to 55.6 billion yen (+19.3 billion yen YoY), driving a significant increase in sales and profit to drive consolidated results.

- ✓ SSS were strong at 105.2% YoY due to increased demand for outings, continued recovery in tax-free sales, and growth in seasonal products.
 - In Q4, sales of travel goods, cosmetics, and seasonal cool-feeling accessories continued to grow due to demand for outings, and sales reached 107.1%.
- ✓ Gross profit margin at existing stores was 26.0%, up 1.5% YoY, and the PB/OEM ratio expanded to 17.3% for the full year (+3.1% YoY). Favourable procurement conditions obtained by narrowing down SKUs contributed to improved gross profit margin.
 - In addition, a quick sale of slow-moving products continued to be successful, and existing store inventories were down 19.6 billion yen YoY (34.8 billion yen compared to FY2021), realizing an improvement in gross profit margin due to a decrease in write-downs.
- ✓ SG&A expenses at existing stores increased by 3.5 billion yen YoY due to higher utility costs and increased labour costs resulting from the revision of the HR system in April, but the SG&A to sales ratio declined by 0.6% due to productivity improvements and cost controls in line with sales growth.

▶ Gross profit margin at existing stores *before reflecting expected losses



■ FY2021 ■ FY2022 ■ FY2023

Discount Store Business : Progress of initiatives

❑ The sales composition ratio of PB/OEM was 17.3% for the full year (up 3.1% YoY), about 0.5% above the initial target, thanks to increased brand recognition and the development and sale of products that meet demand.

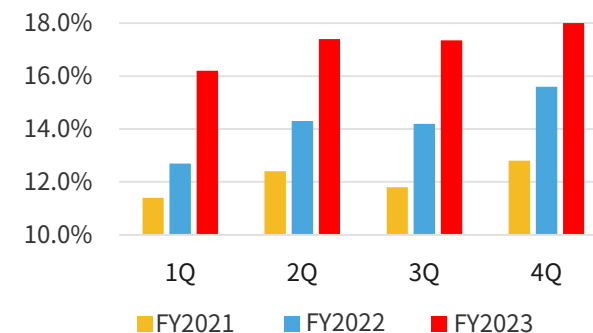
- ✓ To improve the brand recognition of "Jonetz," we aired its first-ever TV commercial and strengthened its SNS communications. In addition to the efforts made in the previous fiscal year to strengthen in-store promotions, the increased awareness of the brand contributed to higher sales.
- ✓ We have begun reviewing its product development process, including factories and raw materials, and improving the efficiency of direct trade logistics and other infrastructure improvements. We will strengthen efforts to further improve quality and control costs.

▶ A popular product



PB seasonal home appliances are a focus this summer. Mobile coolers performed well due to rising temperatures.

▶ DS business: PB/OEM composition



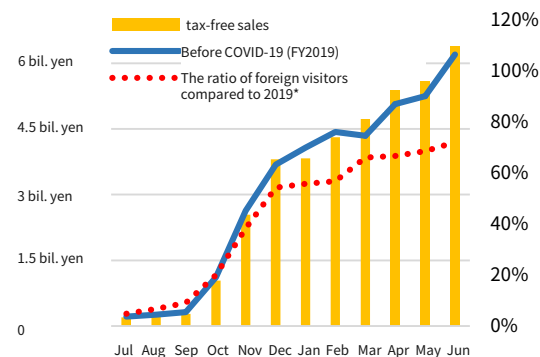
❑ Tax-free sales recovered sharply to 38.3 billion yen for the full year; Q4 sales were 94.3% of pre-Covid sales, and further growth is expected in the next fiscal year.

- ✓ Immediately after the easing of entry restrictions, we began aggressive efforts to acquire tax-free sales, and in Q4, increased the number of cash registers and strengthened staffing, resulting in a rapid recovery in sales to 38.3 billion yen for the full year. Even with the recovery rate of foreign visitors to Japan at just over 70%, the sales exceeded the pre-Covid level in June.

➢ Expansion of business in Asia also contributed to a sharp recovery in sales by raising awareness of our products, and sales of PB products also grew as a result of strengthened local distribution, creating synergistic effects throughout PPIH group.

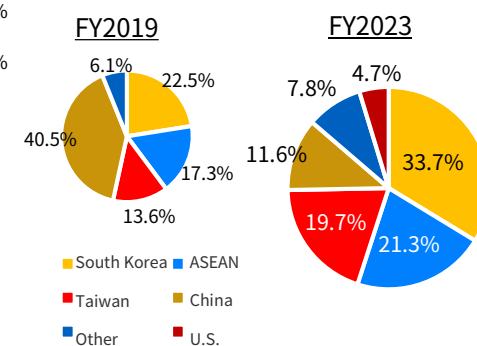
- ✓ The infrastructure will continue to be reviewed as appropriate to meet changes in customer numbers and demand, with the aim of further increasing sales.

▶ DS business tax-free sales



*Source: Japan National Tourism Organization

▶ Tax-free sales by nationality



Discount store business : New stores and conversion

MEGA Don Quijote UNY Ina (Nagano) (opened on June 6)

This is the 62nd store to change its business format. The latest MD package was introduced and the products and store concept matched the needs of the trade area, resulting in a significant increase in sales over the forecast.

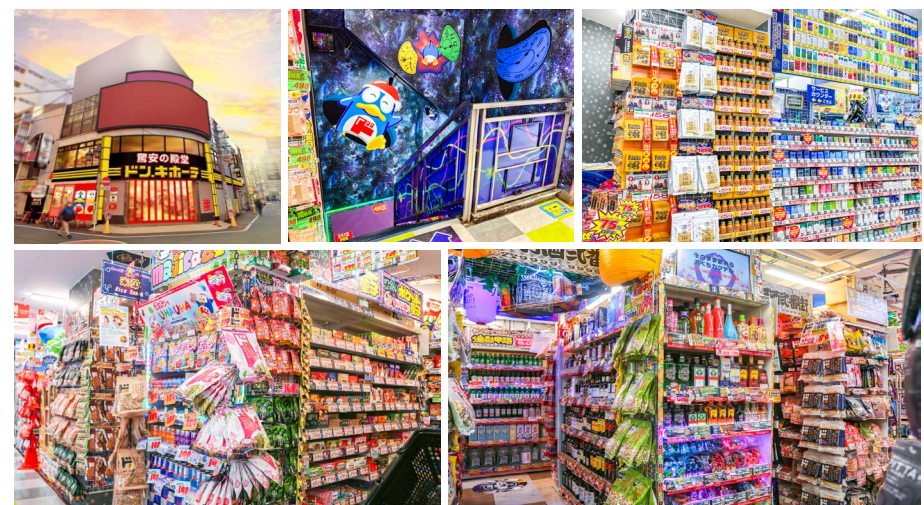
- The store concept is a discount supermarket for food and daily necessities on weekdays, while on weekends it is to offer an amusement and interactive shopping experience to capture a wide range of customers by offering a variety of experiences.
- Considering the local trade area, we aim to maximize customer acquisition by focusing on fresh produce, home electronics, pet goods, and kids' clothing.
- In particular, the consumer electronics corner offers a wide variety of PB and surprisingly low-priced products. The store is performing well thanks to its different approach from a conventional home electronics store.



Don Quijote Akabane Higashiguchi (Tokyo) (opened on June 30)

A test was conducted at the Akabane store for the purpose of creating a highly profitable model store in a narrow property in the station-front area. Sales and gross profit continued to exceed forecasts, leading to future growth.

- Experienced mate employees* are recruited and assigned from neighbouring stores. In order to create a store that suits the customer's needs, the store is managed primarily by the mate employees who are closest to the customer. By delegating the responsibility from the start-up of a new store, we have realized management with the mate employees taking the initiative.
- The Akabane area is a trade area with many bars, so the store offers a variety of highly compatible products, such as supplements and nutritional tonic products. In the basement, a retro Showa-era space has been created to capture local needs with an alcoholic beverage corner that combines the atmosphere of a shopping arcade.

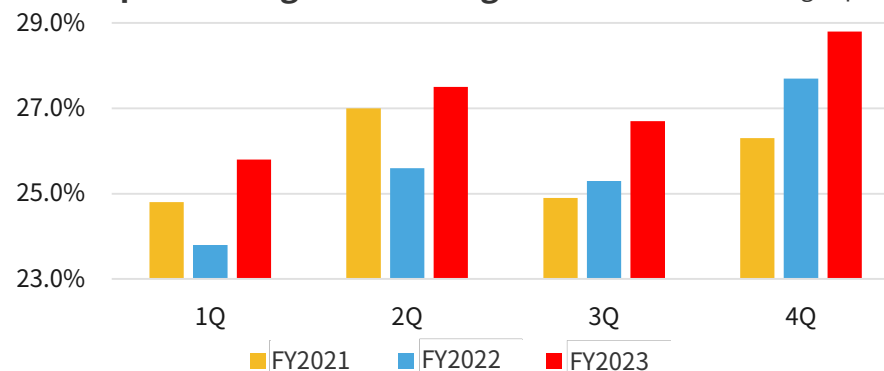


*Mate employee=A contract employee who work on a part-time basis

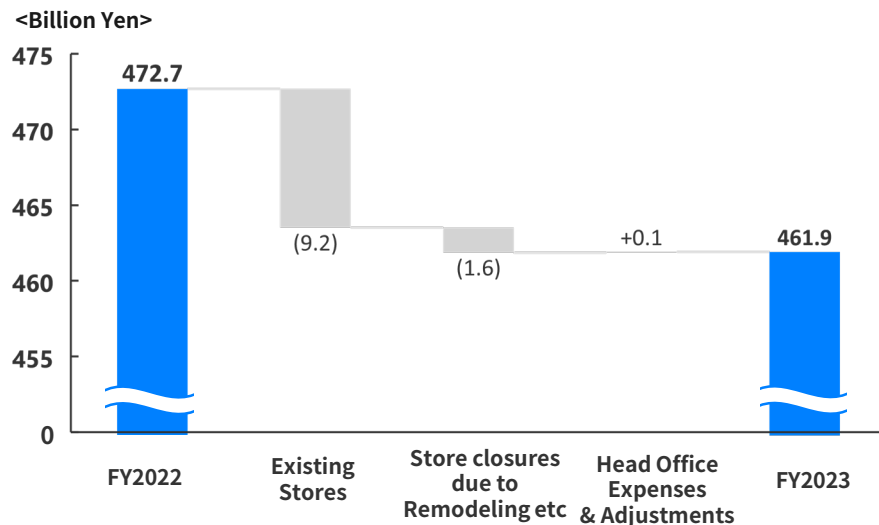
Promoted profit-oriented measures in light of the external environment. Operating profit increased significantly by 2.5 billion yen from the previous year (2.1 billion yen higher than the forecast) due to improved gross profit margin and continued control of SG&A expenses.

- ✓ SSS were 97.8% of the previous year's level. Gross profit was maintained throughout the year due to a sales promotion policy that refrained from excessive price reductions given the high prices of commodities.
- ✓ The gross profit margin at existing stores increased significantly to 26.9% (+1.4% YOY), contributing to higher operating profit. In addition to the promotion of pricing and sales promotion methods that emphasize added value, the PB/OEM ratio exceeded the forecast at 20.9% (+3.0% YoY), which also contributed to the increase.
 - To increase sales, in addition to improving pricing accuracy and strengthening merchandising, sales promotions to increase customer numbers will be introduced in Q4. Preparations are underway to increase sales and customer numbers from the next fiscal year.
- ✓ Existing stores SG&A expenses decreased by 2.9 billion yen (SG&A ratio -0.3% YoY) to contribute to operating income despite higher utility costs, due to a review of personnel allocation, including MD integration, and continued control by individual stores.

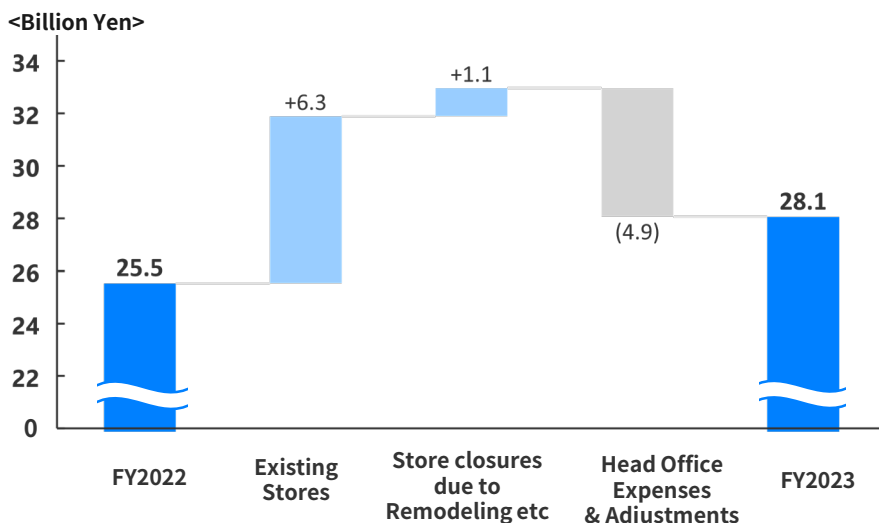
▶ Gross profit margin at existing stores *before reflecting expected losses



FY2023 Cumulative Change in Sales



FY2023 Cumulative Change in Operating Profit



Overseas Business

Due to the severe external environment and issues to be addressed, full-year operating profit declined. On the other hand, operating income in the Q4 was 0.5 billion yen higher than the previous year, and progress was as expected compared to the revised forecast. Continue to aim for profit growth in the mid- to long-term.

■ Asia Business

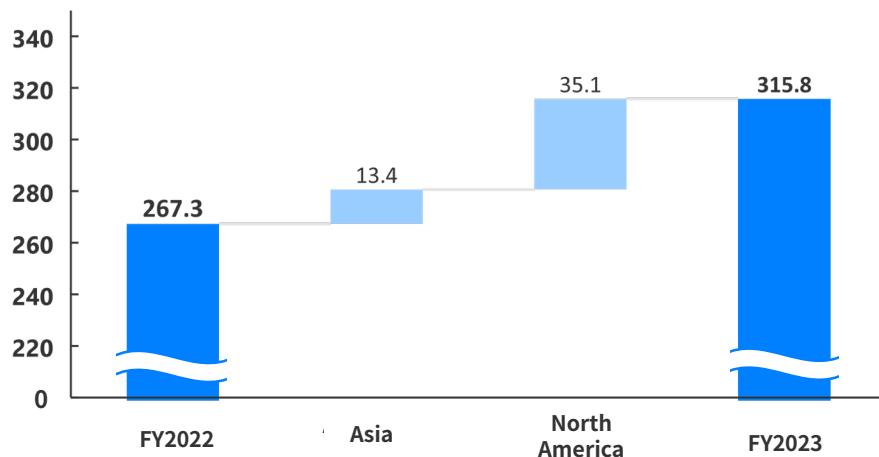
- ✓ Although net sales continued to grow by 13.4 billion yen YoY, operating income remained at the same level due to the lower-than-expected recovery of human flow, mainly in HK and MO, and higher costs during the inflationary phase.
 - Continued to expand business scale by opening 8 new stores (in 4 areas).
 - SG and HK operating profit margin at existing stores remained above 10% as in the previous period and also achieved profitability in TW.
- ✓ We started various improvements under a new management structure at the beginning of the year, including organizational changes to strengthen merchandising, competing against competitors with NB products and new products, and horizontal expansion of the ordering and inventory management system operated by SG, which should lead to higher profits in FY2024.

■ North America Business

- ✓ Net sales increased 35.1 billion yen YoY, while operating profit declined 2.2 billion yen YoY (Q4 operating profit increased 0.5 billion yen YoY).
- ✓ QSI, which was mentioned as an issue in Q2, resulted in operating income of -0.9 billion yen y-o-y, but improvements have already been initiated. Gross profit margin improved from 26.9% in Q3 to 30.4% in Q4 (Q4 operating profit increased 0.8 billion yen YoY) due to progress in inventory control and other measures.
- ✓ Gelson's landed on an operating profit of -1.1 billion yen YoY but +0.1 billion yen above forecast, and is also preparing for new store openings and future growth in FY2024.

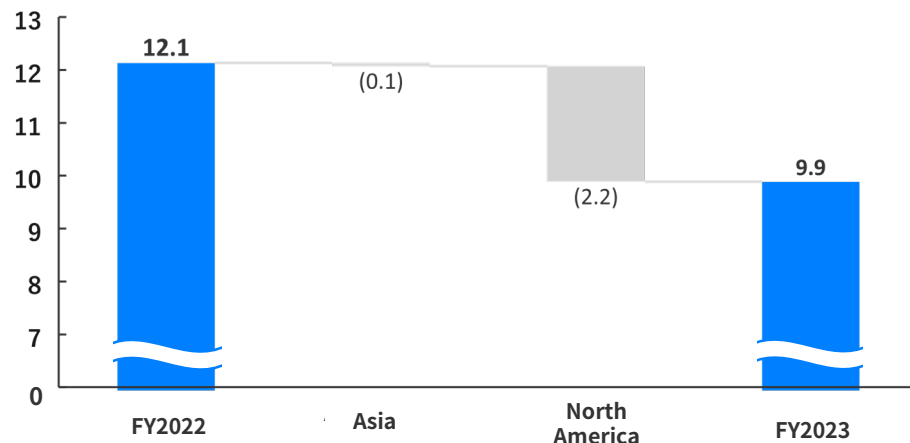
FY2023 Cumulative Change in Sales

<Billion Yen>



FY2023 Cumulative Change in Operating Profit

<Billion Yen>



*1. Figures for North America are the simple aggregate of DQ USA, MARUKAI, QSI and Gelson's. Results are for the period from April to March 2023, while Gelson's is from July 2022 to June 2023.

*2. Figures for Asia are the simple aggregate of PPRM (SG), PPRM (HK), DONKI Thailand, PPRM(TW), PPRM(MY), and Macau PPRM(MO). Results are the period from April to March 2023.

*3. Gelson's operating profit is calculated after deducting amortization of goodwill(FY2023: approx. 3.41 billion yen, FY2022: approx. 3 billion yen)

Status of major assets, liabilities and net assets

(Unit: Billion Yen)

	June 2022	June 2023	
	Actual ^{*2}	Actual	Change
Current Assets	486.5	551.8	65.3
Cash and Deposits	176.8	242.1	65.3
Account receivable-installment	52.1	55.4	3.2
Products	205.9	194.5	(11.4)
Non-Current Assets	897.1	929.2	32.1
Buildings, etc.	268.4	288	19.6
Land	314.7	318.7	4
Intangible Assets	86.2	88.5	2.3
Lease and Guarantee Deposits	73.2	71.8	(1.4)
Total Assets	1,383.7	1481.1	97.4

(Unit: Billion Yen)

	June 2022	June 2023	
	Actual	Actual	Change
Total Current Liabilities	326.4	368.4	42
Accounts Payable-Trade	152.9	168.7	15.8
^{*1} Short-Term Liabilities	38.3	45.3	7
Total Noncurrent Liabilities	658.1	649.1	(9)
Corporate Bonds	272.6	261.6	(10.9)
Long-Term Borrowings	276.2	272.5	(3.7)
Total Liabilities	984.4	1,017.5	33.1
Net Assets	399.2	463.5	64.3
Liabilities and Net Assets	1,383.7	1,481.1	97.4

<Status of major assets>

• Non current asset

- ▶ Tangible fixed assets : 689.2 billion yen (+24.1 billion yen)
 - Investment related to store openings, etc. 61.4 billion yen
 - Depreciation and amortization 34 billion yen

<Status of major liabilities>

- ▶ Interest-bearing debt : 579.4 billion yen (- 7.7 billion yen)

<Status of net assets>

- ▶ Net worth: 453.3 billion yen (+61.1 billion yen from the previous year-end)
- ▶ Capital adequacy ratio: 30.6 % (+2.3% from the previous year-end)

<Others>

- ▶ Net D/E ratio : 0.74 x (-0.31 x from the previous year-end)
- ▶ ROE: 15.7 % (+0.4% from the previous year-end)

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

Status of cash flows and capital expenditure

► Cash Flow Status

(Unit : Billion yen)

	FY 2022	FY 2023	
	Actual	Actual	Change
Balance at Beginning of Period	160.9	180.4	19.5
Cash Flows from Operating Activities	95.1	138.0	42.8
Cash Flows from Investing Activities	(44.8)	(62.0)	(17.2)
Cash Flows from Financing Activities	(53.9)	(18.2)	35.6
Changes During the Period	19.5	65.8	46.2
Balance at the End of the Period	180.4	246.2	65.8
Free Cash Flow ^{*1}	50.4	76.0	25.6

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

► Status of capital expenditures

Capital Expenditures	520	612	92
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< Operating CF : +138.0 bil. yen >

► Positive items: 100.7 billion yen in income before income tax, 42.3 billion yen in depreciation and amortization, and 14.3 billion yen in accounts payable.

Negative items: 6.4 billion yen in foreign exchange losses and 31.9 billion yen in income taxes paid.

< Investment CF : -62 bil. yen >

► Cash out factors included 51.7 billion yen for tangible fixed assets acquisition associated with store openings and 7.9 billion yen for intangible acquisition, and 3.4 billion yen acquisition of shares in affiliated companies.

< Financing Activity CF : -18.2 bil. yen >

► Positive items: 30 billion yen in proceeds from long-term loans payable.

Negative items: 27.2 billion yen in repayment of long-term debt, 11.4 billion yen in redemption of bonds, 10.7 billion yen in dividends payment.

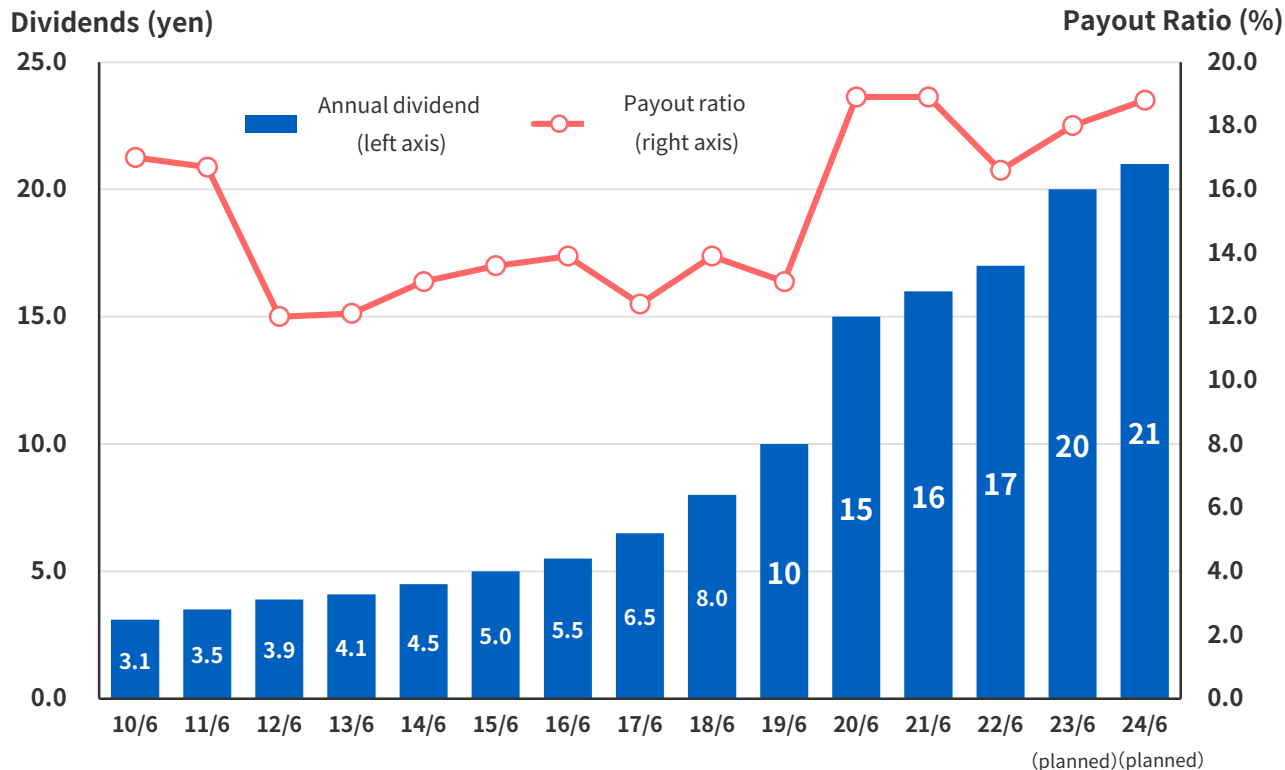
< Breakdown of Capex >

► DS business 17.7 billion yen, GMS Business 6.9 billion yen, Overseas business 13.3 billion yen, IT 4 billion yen, Others 19.3 billion yen

Shareholder Returns

Dividends

- ✓ For FY2023, we plan to increase the dividend from the initial forecast of 18 yen per share to 20 yen per share, marking the 20th consecutive year of dividend increases.
- ✓ For the next fiscal year, we expect to further increase the dividend to 21 yen, making it 21st consecutive fiscal year of dividend increases.
- ✓ We will continue to return profits to shareholders based on its "progressive dividend policy," aiming for a dividend payout ratio of 20% or more over the medium term, while maintaining a balance between investment in growth and shareholder returns.



**PPIH conducted a 2-for-1 common stock split on July 1, 2015 and a 4-for-1 common stock split on September 1, 2019.

*For prior periods, figures are retroactively adjusted.

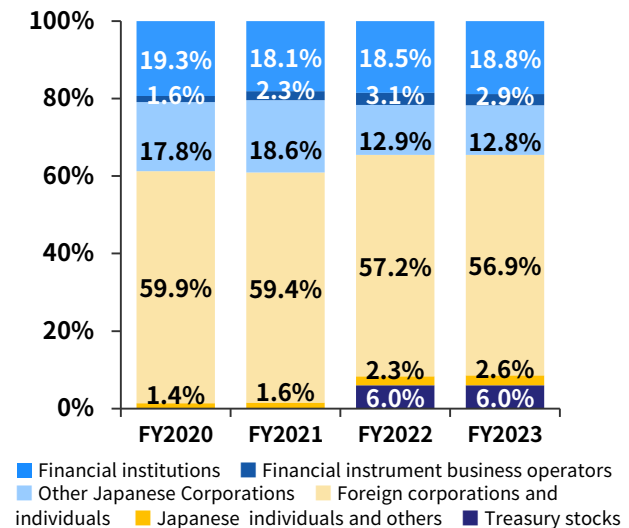
Shareholder Benefits

Shareholders who are listed or recorded in the shareholders' register as of the last day of June and December, and who hold at least 100 shares are awarded 2,000 yen worth of majica points through the majica app.

* Download and registration to the majica app are required to receive the points.

*The coupon code to receive points is enclosed with dividend-related documents which we send out at the end of September and March.

Share Ownership



Fiscal year ending June 30, 2024 targets and initiatives

Forecast of consolidated financial results for FY2024

- In the 2nd year of Visionary 2025, we target sales of 2,062.1 billion yen and an operating profit of 111 billion yen for FY2024, aiming to maintain the operating profit margin of over 5% and to increase sales and profits for 35 consecutive years.

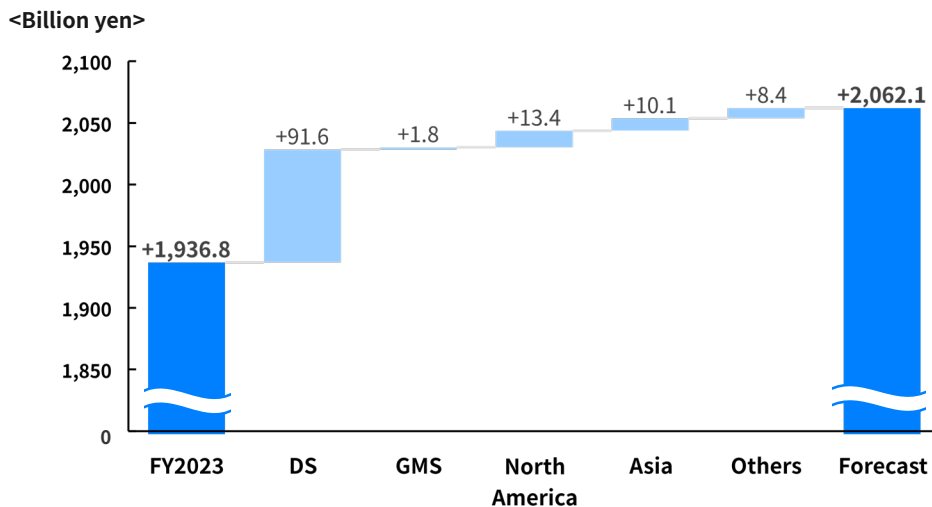
(Unit : Billion yen)

	FY2023	FY2024 1H		FY2024 full-year	
	Actual	Actual	YoY	Actual	YoY
Net sales	1,936.8	1,031.8	105.4%	2,062.1	106.5%
Gross profit	600.4 (31.0%)	321.9 (31.2%)	106.4%	648.3 (31.4%)	108.0%
SG&A	495.1 (25.6%)	263 (25.5%)	107.3%	537.3 (26.1%)	108.5%
Operating profit	105.3 (5.4%)	58.9 (5.7%)	102.5%	111 (5.4%)	105.5%
Ordinary profit	111 (5.7%)	56 (5.4%)	97.9%	107.4 (5.2%)	96.7%
Net income	66.2 (3.4%)	35 (3.4%)	95.1%	66.7 (3.2%)	100.8%
EPS (yen)	110.94 yen	58.67 yen	95.1%	111.86 yen	100.8%
CAPEX	61.2			70+α	

Assumed exchange rate : 1USD=133.40 yen, 1HKD=17.04 yen, 1SGD=99.85 yen, 1THB=3.95 yen, 1MYR=30.66 yen, 1TWD=4.47 yen, 1MOP=16.63 yen

Assumptions of the Forecasts for FY2024

Sales



■ Sales

- ✓ New store opening
Domestic : 25 stores+α, Oversea : 12 stores
- ✓ SSS
DS business : 104.0% YoY (Tax-free sales target=over 80 billion yen)
GMS business : 101.0% YoY

■ Gross profit margin : 31.4% (+0.4%)

- ✓ DS business : 26.5% (+0.1%) : The PB/OEM sales composition ratio will increase to 21.1% (+3.8%). At the same time, we will work to acquire more customers by developing strategic products.
- ✓ GMS business : 35.1% (+0.7%) : Work to improve gross profit margin by strengthening PB/OEM and improving pricing accuracy.

■ SG&A ratio : 26.1% (+0.5%)

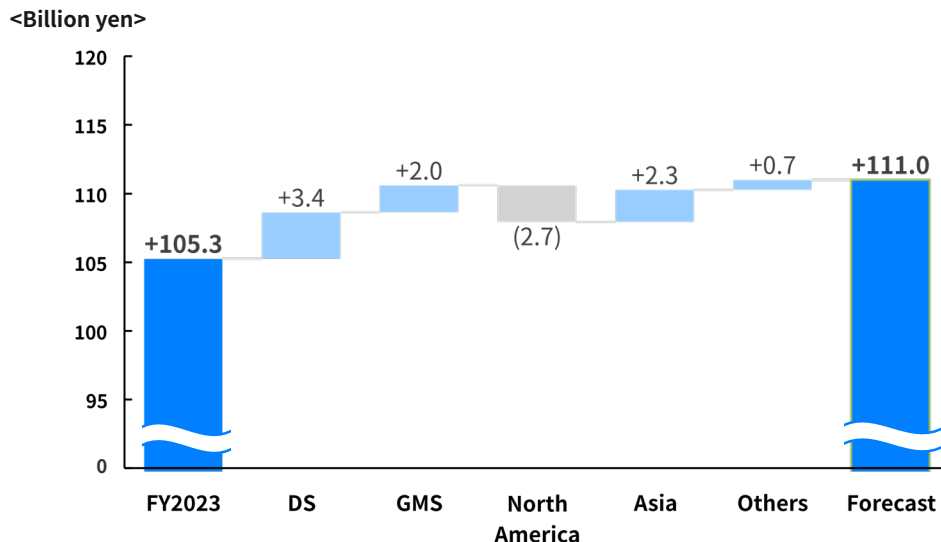
- ✓ DS business : We have factored in an approximately 3 billion yen increase in personnel expenses due to the new HR system implemented in April as well as continuing increase in utility costs. We will continue to control SG&A expenses and expect the ratio of SG&A expenses to be at about the same level as last year.
- ✓ North America : We invest approximately 2 billion yen in preparation and start-up costs for new stores, as well as upfront investments in warehouses, central kitchens, and human resources at the head office.

■ CAPEX : 70 billion yen +α

- ✓ Domestic DS business: approx. 26 billion yen, GMS business: approx. 10 billion yen, Overseas business: approx. 22 billion yen (including approx. 7 billion yen for new stores in Guam and Kapolei), Finance business: approx. 2 billion yen, Others: approx. 10 billion yen.

<Assumed exchange rate> 1USD= 138.09 yen, 1HKD= 17.64 yen, 1SGD= 103.35 yen, 1THB= 4.09 yen, 1MYR= 31.73 yen, 1TWD= 4.62 yen, 1MOP= 17.21 yen

Operating Profit



DS business

- ✓ In addition to further earning tax-free sales (sales target of over 80 billion yen), strengthen SSS by aggressively introducing merchandise that attracts customers.
 - Gross profit margin is expected to be +0.1% as a result of strategically developing merchandise that attracts customers, secured by gross profit earned through the continuation of key initiatives such as strengthening PB/OEM.
- ✓ Aggressively opening 25 new stores + α to expand business scale (Approx. 1.5 times increase when compared to 16 stores + format conversion in FY2023.)
- ✓ Despite the continued rise in labour and utility costs, SG&A expenses will remain under control, and the operating profit margin will be maintained at the same level as in FY 2023.

GMS business

- ✓ Aim for continuous improvement in gross profit margin(+0.7% YoY) by strengthening PB/OEM and other measures.
- ✓ Reinforce sales promotions to improve sales. We aim to increase sales and customer traffic through sales promotions and members-only programs for the entire building, including tenants.
- ✓ We will continue its efforts to control SG&A expenses, with a focus on labour costs, aiming for an operating margin of +0.4%.

Asia business

- ✓ In response to declining demand for eating in and increasing opportunities to go out, we will expand non-food products, mainly cosmetics, and strengthen products that meet the tax-free demand of tourists. We will also continue to improve gross profit margin by strengthening PB/OEM and direct trade products to improve the profitability of existing stores.
- ✓ Business expansion through new store openings will continue. Plans to open 10 new stores based on a cost-cutting store-opening model.
- ✓ Operating profit is expected to increase due to SG&A expenses controls, such as productivity improvement by reassigning personnel. Profit contributions can also be expected from the new stores opened in FY2023 which turns into existing stores.

North America business

- ✓ At the store level, although labour costs are expected to increase due to cost inflation, profit is expected to increase due to higher sales from strengthened prepared foods, and improved gross profit margin from expanded PB/OEM and direct trade products.
- ✓ New store openings are planned for future business expansion (Gelson's, Guam), and we expect to incur approximately 2.0 billion yen, including preparation costs for new stores from FY2025 onward.
- ✓ In addition, we will make upfront investments in the establishment of a central kitchen, expansion of warehouses, and hiring of human resources for further business expansion.

Flash report of domestic DS/GMS business in July

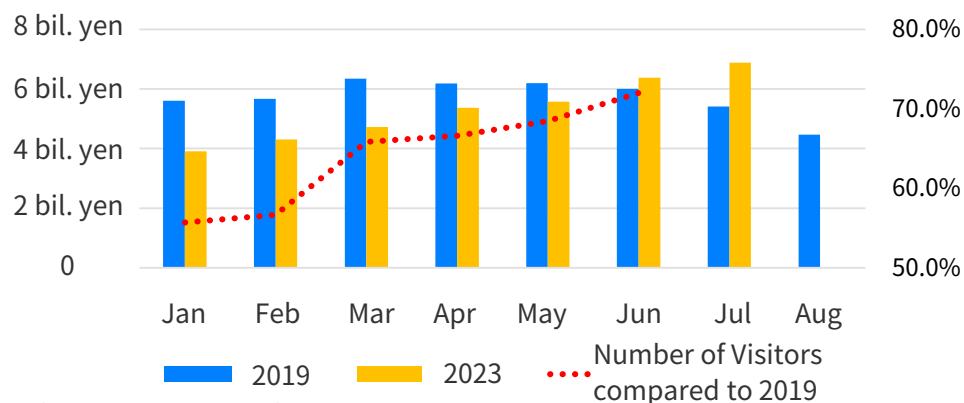
- In the domestic retail business, both the DS and GMS businesses performed well throughout the month due to growth in seasonal products and outing demand. Overall customer numbers for the domestic retail business exceeded the previous year's levels.

▶ Year on Year sales of existing store

Unit : %	Q1	Q2	Q3	Q4	FY2023	Jul
Japan	101.7	102.8	103.1	104.5	103.0	108.5
DS	103.3	104.7	105.6	107.1	105.2	111.0
GMS	97.5	98.6	97.1	98.0	97.8	101.8

▶ Number of Foreign Visitors to Japan and Tax Free Sales

While the number of foreign visitors* to Japan was 72% in June compared to 2019, the number of customers in our DS business exceeded the 2019 July level and monthly sales reached a record high.



*Source: Japan National Tourism Organization

■ DS business

- ✓ Sales of cosmetics, sunscreen, antiperspirants, portable fans, and other products were strong, as demand for going out in the hot weather continued to rise from June. In addition, the number of beach openings, fireworks festivals, and outdoor events increased from the previous year, contributing to sales growth of seasonal products such as Japanese summer kimonos, swimsuits, marine products, and fireworks, which are our speciality.
- ✓ Demand for travel and homecoming trip also increased, and sales of mobile batteries, carry-on bags, and instant cameras grew.

■ GMS business

- ✓ Due to the rising demand for summer seasonal products, sales of clothing in particular increased 114.1% YoY, with a wide range of growth in outerwear, loungewear, innerwear, etc., for both women's and men's wear.
- ✓ Seasonal home appliances such as electric fans and cool-feeling bedding continued to sell well due to a strong energy-saving desire as a result of the heat wave that has been continuing since June. In food products, sales of chilled products such as beverages, ice cream, and cold ramen noodles grew.

(Reference ①) ESG initiatives (1/2)

- ❑ Continue to promote and strengthen ESG initiatives to realize a sustainable society and company
- ❑ Aim to receive high scores from external evaluation organizations in order to ensure objectivity in the promotion of ESG initiatives.

	Medium-term target	Progress (FY2023)
E	<ul style="list-style-type: none"> • Reduce 50% of CO₂ emissions from stores compared to the FY2013 level (by FY2030) • Calculate CO₂ emissions of the each category of Scope 3 and set reduction targets • Reduce waste and plastic, and enhance recycling (targets to be set by the end of FY2023) • Enforce compliance with the Sustainable Procurement Policy and the Supply Chain Code of Conduct 	<ul style="list-style-type: none"> ✓ Reduction of CO₂ emission : approx. 17%(*) reduction (compared to FY2013) *Flash report ✓ Calculated and disclosed data on emissions in each Scope 3 category ✓ Set the reduction target on the use of plastic ✓ Conducted a self-check survey on human rights, labour, health and safety, etc. at approximately 2,200 factories of PB/OEM manufacturing contractors; 99.6% of the questionnaires have been collected.
S	<ul style="list-style-type: none"> • Increase the number of female Store Managers to 100 (by FY 2030) • Improve the retention rate of female employees: reduce turnover rate to 5.0% (by FY 2030) • Promote the operation of next-generation executive development program 	<ul style="list-style-type: none"> ✓ Number of female store manager: 31 (18 increased from FY2021) ✓ Improve the retention rate of female employees: turnover rate 9.7% (1.9% improvement from FY2021) ✓ Next-generation executive development : Conducted training for executives and executive candidates, with 120 participants
G	<ul style="list-style-type: none"> • Establish and operate the Nominating and Compensation Committee • Design business continuity planning (BCP) and disclosure 	<ul style="list-style-type: none"> ✓ Nomination and Compensation Committee established to enhance transparency of processes, and held 7 meetings ✓ Designed and disclosed the business continuity plan (BCP)

Evaluations from external evaluation organizations



FTSE Blossom Japan Sector Relative Index

A leading ESG index in which Japanese companies that practice excellent ESG initiatives are selected. PPIH has been selected as a part of this index consecutively since 2022.

2022 CONSTITUENT MSCI日本株女性活躍指数 (WIN)

MSCI Japan Empowering Women (WIN) Select Index

An index composed of Japanese companies that excel in gender diversity. **In June 2023, PPIH was selected as a constituent for the first time. In August 2023, PPIH received an overall ESG rating of "AA" from MSCI.**

Morningstar Japan ex-REIT Gender Diversity Tilt Index

The index focuses on Japanese companies that are committed to equal opportunities for all employees regardless of gender. **PPIH has been selected as a part of this index consecutively since 2022.**



The Gender Equality Index evaluates transparency of ESG data and efforts toward gender equality. **PPIH has been selected as a part of this index consecutively since 2019.**



Assesses the degree to which a company is exposed to significant ESG risks and scores it according to its risk management capabilities. PPIH has been rated **Low Risk since 2021.**

Initiatives for FY2024

Implementation of off-site CPPA

Recognizing the sourcing of renewable energy as an important initiative to achieve CO₂ emission reduction targets, PPIH is promoting the introduction of off-site CPPA.

In addition, we are considering expanding the introduction of on-site CPPA to stores that have not been able to do so in the past, as good contract terms are now available.



Setting a plastic reduction target and initiatives

Set a target to reduce the amount of plastic used in-store services, believing that it is our social responsibility as a retailer to address the global warming and ocean plastic waste problems caused by one-way plastic.

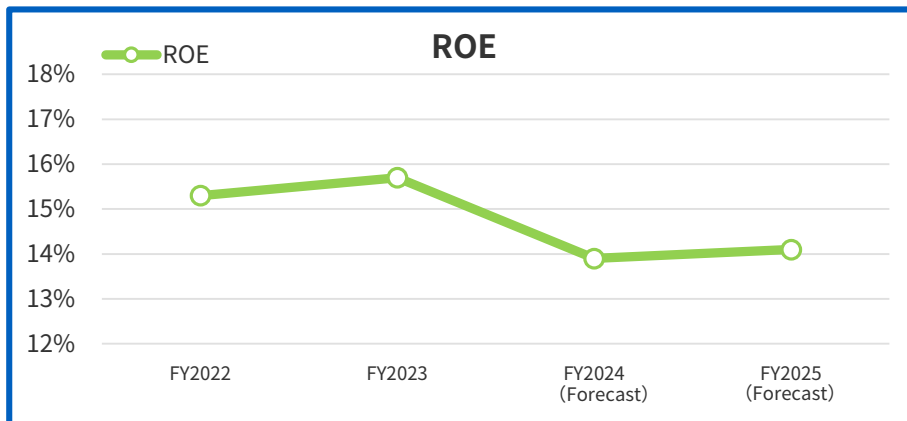
✓ Target : 50% reduction in plastic use by 2040
(Compared to FY2022, Domestic retail companies)

1. Thinning of the plastic portion of POP for store displays and change of material (started in May 2023)

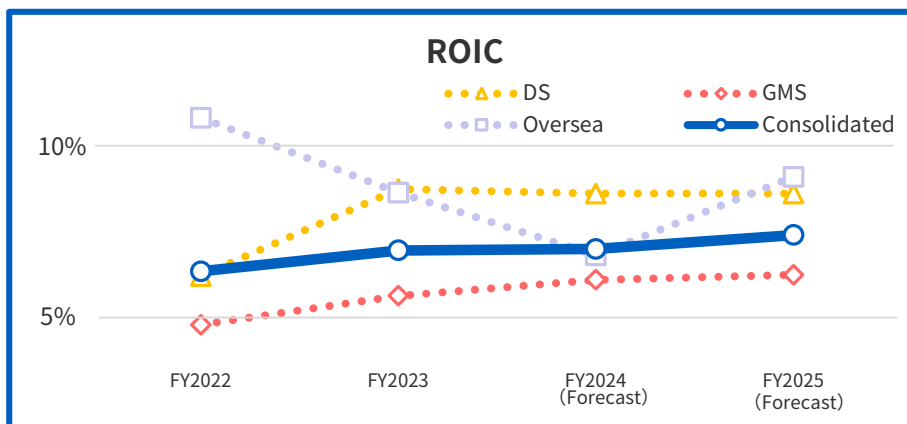
2. Change cutlery materials and charge for cutlery to encourage customers to decline (scheduled to start in September 2023).



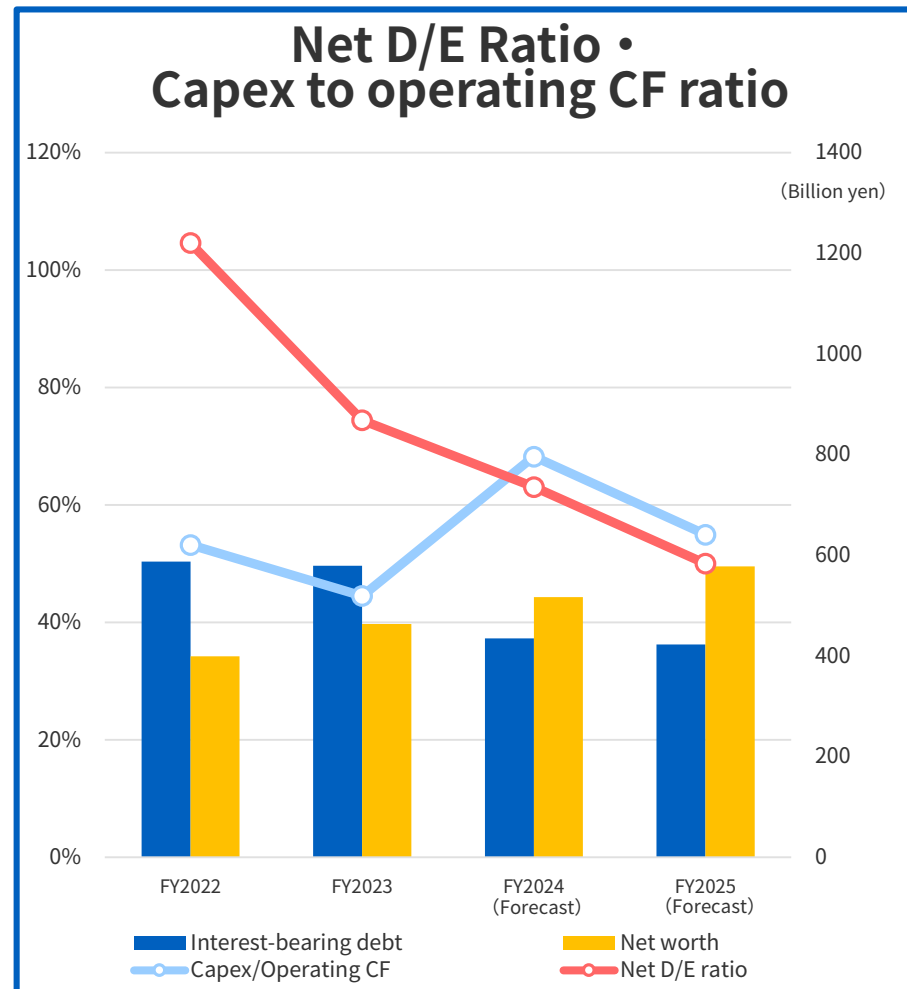
(Reference②) Trends in various management indexes



- The rate will be stable at around 14-15% despite the large foreign exchange gains in FY2022 and FY2023, and the decline in FY2024/6 due to foreign exchange losses.



- Consolidated ROIC is expected to continue to improve as per Visionary 2025.
- In particular, the DS and GMS businesses, which performed well in FY2023, are expected to improve significantly from FY2022. Overseas business is expected to temporarily decline due to the opening of new stores in FY2024, but is expected to improve from FY2025.



- Net assets are expected to increase steadily each year, and interest-bearing debt is expected to decrease significantly in FY2024. The net D/E ratio will temporarily rise in FY2022 due to the acquisition of treasury stock, but steadily improve in FY2023 and beyond.
- Capital expenditures are expected to be 65-75 billion yen per year during the medium-term management plan period. The ratio of free CF to operating CF will remain at around 60%, ensuring sufficient free CF.

Appendix

Financial Results for Q4

[Period: April 1, 2023 – June 30, 2023]

(Unit: Billion yen)

	Previous Q4 Results		Current Q4 Results			
	Actual	Ratio	Actual	Ratio	Change	YoY
Net sales	460.8	100.0%	479.6	100.0%	+18.8	104.1%
Gross profit	143.1	31.0%	149.9	31.3%	+6.8	104.8%
SG&A	117.5	25.5%	126.4	26.3%	+8.9	107.6%
Operating profit	25.6	5.6%	23.5	4.9%	(2.1)	91.9%
Ordinary profit	32.7	7.1%	30.3	6.3%	(2.4)	92.6%
Net income	15.9	3.5%	14.7	3.1%	(1.3)	92.1%

Q4 results by business segment

► Q4 [Period: April 1, 2023 – June 30, 2023]

(Unit : Billion yen)

	DS business			GMS business			Asia business			North America business			Others • Adjustments		
	FY2022 Q4	FY2023 Q4	Change	FY2022 Q4	FY2023 Q4	Change	FY2022 Q4	FY2023 Q4	Change	FY2022 Q4	FY2023 Q4	Change	FY2022 Q4	FY2023 Q4	Change
Sales	277.3	299.6	22.3	113.6	110.6	(3)	20.1	20.4	0.3	51.7	56.0	4.3	(2)	(7)	(5)
Gross profit	74	79.7	5.7	39.8	39	(0.7)	6.4	7.5	1.1	19.6	21.6	2.1	3.3	2	(1.3)
Gross profit ratio	26.7%	26.6%	(0.1%)	35.0%	35.3%	0.3%	31.8%	36.6%	4.8%	37.9%	38.7%	0.8%	-	-	-
SG&A	61	66.5	5.5	31.2	31.6	0.4	6.6	7.7	1.1	18	19.6	1.6	0.6	0.9	0.3
Operating profit	13	13.2	0.2	8.6	7.4	(1.1)	(0.2)	(0.2)	(0)	1.5	2	0.5	2.7	1.1	(1.6)
Operating profit ratio	4.7%	4.4%	(0.3%)	7.5%	6.7%	(0.8%)	(0.9%)	(1.0%)	(0.1%)	2.9%	3.6%	0.6%	-	-	-

► FY2023 [Period: July 1, 2022 – June 30, 2023]

(Unit : Billion yen)

	DS business			GMS business			Asia business			North America business			Others • Adjustments		
	FY2022 Q4	FY2023 Q4	Change	FY2022 Q4	FY2023 Q4	Change	FY2022 Q4	FY2023 Q4	Change	FY2022 Q4	FY2023 Q4	Change	FY2022 Q4	FY2023 Q4	Change
Sales	1,100.8	1,177.5	76.7	472.7	461.9	(10.8)	69	82.5	13.4	198.2	233.4	35.1	(9.5)	(18.4)	(9)
Gross profit	274.9	311	36.2	157.4	158.9	1.5	23.4	30.3	6.9	74.9	87.2	12.2	12.8	13.0	0.2
Gross profit ratio	25.0%	26.4%	1.4%	33.3%	34.4%	1.1%	33.9%	36.8%	2.9%	37.8%	37.4%	(0.4%)	-	-	-
SG&A	238.5	255.4	16.9	131.9	130.8	(1)	21.7	28.7	7	64.5	78.9	14.4	(1.9)	1.3	3.2
Operating profit	36.3	55.6	19.3	25.5	28.1	2.5	1.7	1.6	(0.1)	10.4	8.2	(2.2)	14.7	11.7	(3)
Operating profit ratio	3.3%	4.7%	1.4%	5.4%	6.1%	0.7%	2.5%	2.0%	(0.5%)	5.3%	3.5%	(1.7%)	-	-	-

*1. Figures for North America are the simple aggregate of DQ USA, MARUKAI, QSI and Gelson's. Results are for the period from April 2022 to March 2023, while Gelson's is from July 2022 to June 2023.

*2. Figures for Asia are the simple aggregate of PPRM (SG), PPRM (HK), DONKI Thailand, PPRM(TW), PPRM(MY), and Macau PPRM(MO). Results are the period from April to March 2023.

*3. Gelson's operating profit is calculated after deducting amortization of goodwill (860 million yen in the Q4, 890 million yen in the previous Q4, 3.41 billion yen for FY2023, and 3 billion yen for FY2022).

Overview of results by consolidated businesses

[Period: July 1, 2022 – June 30, 2023]

(Unit : Billion yen)

	FY2022		FY2023		
	Amount	Ratio	Amount	Ratio	YoY
Discount store business	1060.4	57.9%	1133.3	58.5%	106.9%
Home electrical appliances	85.2	4.7%	82.4	4.3%	96.8%
Miscellaneous household goods	263.1	14.4%	300.8	15.5%	114.4%
Food products	487.7	26.6%	520.5	26.9%	106.7%
Watches and fashion merchandise	141.2	7.7%	150.2	7.8%	106.4%
Sporting goods and leisure goods	64.7	3.5%	62.6	3.2%	96.7%
Other	18.5	1.0%	16.8	0.9%	91.0%
GMS business	429.6	23.5%	417.7	21.6%	97.2%
Clothing	50	2.7%	48.7	2.5%	97.3%
Household goods	65.8	3.6%	74.3	3.8%	112.9%
Food products	311.3	17.0%	292.4	15.1%	93.9%
Other	2.4	0.1%	2.3	0.1%	95.0%
Overseas business	267.1	14.6%	313.6	16.2%	117.4%
North America Business	198.2	10.8%	231.5	12.0%	116.8%
Asia Business	68.9	3.8%	82.0	4.2%	119.1%
Other businesses	74.2	4.1%	72.3	3.7%	97.4%
Total	1831.3	100.0%	1936.8	100.0%	105.8%

*1. Other businesses include tenant leasing business, credit card business, etc.

Breakdown of SG&A

[Period: April 1, 2023 – June 30, 2023]

(Unit : Billion yen)

	Q4 FY2022		Q4 FY2023		
	Amount	Ratio	Amount	Ratio	YoY
SG&A	117.5	25.5%	126.4	26.3%	107.6%
Salaries and allowances	44.8	9.7%	47.1	9.8%	105.1%
Rent	14.2	3.1%	15.1	3.2%	106.9%
Fees and commissions	15.9	3.4%	14.4	3.0%	90.9%
Depreciation	8.7	1.9%	8.9	1.9%	102.4%
Other	33.9	7.4%	40.8	8.5%	120.2%

✓ Utilities: Q4 7.7 billion yen (116.7 % YoY)

[Period: July 1, 2023 – June 30, 2023]

(Unit : Billion yen)

	FY2022		FY2023		
	Amount	Ratio	Amount	Ratio	YoY
SG&A	454.7	24.8%	495.1	25.6%	108.9%
Salaries and allowances	175.4	9.6%	185.5	9.6%	105.7%
Rent	55	3.0%	59.5	3.1%	108.2%
Fees and commissions	59.6	3.3%	61.5	3.2%	103.1%
Depreciation	31.3	1.7%	34.4	1.8%	110.0%
Other	133.5	7.3%	154.4	8.0%	115.6%

✓ Utilities: FY2023 33.5 billion yen (137.6% YoY)

New Store/Renovation

Business	Format	Q1			Q2			Q3			Q4			Result	
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun		
Discount	DQ			Arao (Kumamoto)	Yonezawa (Yamagata)	Kyobashi (Osaka)	Beppu (Oita)				Sunny-Side-Mall Kokura (Fukuoka)		Kirakira Donki Kintetsu Pass'e (Aichi)	New Store : 16 Conversion : 3	
					Kyoto Karasuma Shichijo (Kyoto)	Kichijoji (Tokyo)	Susukino (Hokkaido)				Chiba Port Town (Chiba)		Satsuma Sendai (Kagoshima)		
	^{*1} UDR		Niigata Kameda (Niigata)									Daikakuji (Shizuoka)	Ina (Nagano)		
													Ureshino (Mie)		
GMS	UNY (Renovation)	Niigata Kameda (Niigata)	Kagamihara (Gifu)				Higashi-kariya (Aichi)								
Over seas ^{*2}	Asia		Whampoa Garden (Hong Kong)	J-Park Sriracha (Thailand)	North Point (Singapore)	Jurong Point (Singapore)	Jewel Changi Airport (Singapore)	Thaniya Plaza (Thailand)				MBK Center (Thailand)	Plaza Hollywood (Hong Kong)	Paya Lebar Quarter (Singapore)	New Store : 8 ^{*3}
	North America					Sunway Pyramid (Malaysia)					IOI City Mall (Malaysia)				

* 1. Solid lines in the UDR format indicate a tenant-in type format conversion.

* 2. Overseas stores are indicated in the opening months.

* 3. For Gelson's, the period is July 2022 - June 2023. For all the others, the period is April 2022 - March 2023

= Format conversion

Store network

Number of Domestic Retail Stores

	FY2021	FY2022	FY2023			
			Q1	Q2	Q3	Q4
Discount store business	444	468	470	476	475	486
Don Quijote	226	237	238	244	243	250
MEGA Don Quijote ^{*1}	139	140	140	140	140	140
MEGA Don Quijote UNY	52	59	60	60	60	63
Picasso etc. ^{*2}	27	32	32	32	32	33
GMS business ^{*3}	139	136	134	134	134	131
Domestic Total	583	604	604	610	609	617

Number of Overseas Stores

	FY2021	FY2022	FY2023			
			Q1	Q2	Q3	Q4
North America Business	65	65	65	65	65	65
California	37	37	37	37	37	37
Hawaii	28	28	28	28	28	28
Asia Business	19	30	31	33	38	40
Singapore	8	12	12	12	15	15
Hong Kong ^{*5}	7	9	9	10	10	10
Thailand ^{*6}	2	4	5	6	7	9
Taiwan	1	2	2	2	2	2
Malaysia	1	2	2	2	3	3
Macau	-	1	1	1	1	1
Overseas Total	84	95	96	98	103	105
Total ^{*4}	667	699	700	708	712	722

Plaza Hollywood
(Hong Kong)



Kirakira Donki Kintetsu Pass'e
(Aichi)



*1. "MEGA Don Quijote" includes NEWMEGA.

*2. "Picasso etc." includes Picasso, Essence, Kyoyasudo, Ekidonki, Soradonki, JonetzShokunin and Nagasakiya etc.

*3. "GMS Business" includes Apita/Piagio, U-STORE, PiagioPower, Power Super Piagioetc.

*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. Peak Galleria in Hong Kong is counted as a store, which was renovated from a retail store to Sen Sen Sushi in 2022, April.

*6. The store count for Thailand includes Sen Sen Sushi (J-PARK Sriracha, DONKI Mall Thonglor, and Thaniya Plaza)

IR inquiries

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IR Calendar

Announcement of Q1 results for the fiscal year ending June 2024
Date of announcement: November 10, 2023 (Friday)
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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