

# Q3 Results for FY 2024

May 13, 2024

Pan Pacific International Holdings Corporation

## 1 Overview of Q3 results

## 2 Appendix

### Explanatory notes to this document

1. The values presented in this document are rounded to the nearest full unit.
2. The following abbreviations are used in this document: Pan Pacific International Holdings Corporation (7532) is abbreviated as "PPIH," Don Quijote Co., Ltd. and its stores as "DQ," UNY Co., Ltd. as "UNY," UD Retail Co., Ltd. as "UDR," Singapore as "SG," Hong Kong as "HK," Thailand as "TH," Taiwan as "TW," Malaysia as "MY," Macau as "MO," and Group as "GP."
3. PPIH applies the provisions of the "Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements," but there are sections in this document where account titles and other information have been simplified to the extent that such act does not change the intent or meaning of the information.
4. The exchange rates used for overseas operations are shown below. (Gelson's fiscal year ends in June, so it uses different exchange rates. )

Unit: Yen	USD U.S. dollar		USD (Gelson's)		SGD Singapore dollar		THB Thai baht		HKD Hong Kong dollar		TWD Taiwan dollar	
	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S	P/L	B/S
FY2023	136.85	132.70	137.58	133.54	98.61	98.76	3.82	3.82	17.46	17.02	4.50	4.33
FY2024	143.79	141.82	147.21	151.40	106.91	107.47	4.10	4.13	18.37	18.14	4.59	4.62

\*Exchange Rates

P/L uses the average exchange rate for the reporting period (Gelson's is from July 2023 to March 2024 , others are from April 2023 to December 2023).

B/S are based on the exchange rate at the end of March 2024 for Gelson's and at the end of December 2023 for all other companies.

# Overview of Q3 results

# Earnings summary for FY2024 Q3

- Record high sales and profits were achieved both in Q3 and Q1–Q3.
- Operating income for Q1–Q3 was 110.3 billion yen, surpassing the previous 12-month operating income of 105.3 billion yen in 9 months.
- Domestic retail sales continued to drive the overall performance, driven by the success of the tax-free sales, and PB and OEM strategy.

[Period: July 1, 2023–March 31, 2024]

(Unit: Billion yen, unless otherwise indicated)

	Q3 Results				Q1–Q3 Results			
	FY2023	FY2024			FY2023	FY2024		
	Amount (Sales ratio)	Amount (Sales ratio)	YoY Change		Amount (Sales ratio)	Amount (Sales ratio)	YoY Change	
			Amount	%			Amount	%
Net sales	478.8	<b>519.8</b>	<b>+41.0</b>	<b>+8.6%</b>	1,457.2	<b>1,567.4</b>	<b>+110.2</b>	<b>+7.6%</b>
Gross profit	148.1 (30.9%)	162.7 (31.3%)	+14.6	+9.9%	450.5 (30.9%)	493.7 (31.5%)	+43.2	+9.6%
SG&A	123.8 (25.9%)	127.9 (24.6%)	+4.1	+3.3%	368.8 (25.3%)	383.4 (24.5%)	+14.7	+4.0%
Operating income	24.3 (5.1%)	<b>34.8</b> <b>(6.7%)</b>	<b>+10.5</b>	<b>+43.3%</b>	81.7 (5.6%)	<b>110.3</b> <b>(7.0%)</b>	<b>+28.6</b>	<b>+34.9%</b>
Ordinary income	23.5 (4.9%)	<b>40.0</b> <b>(7.7%)</b>	<b>+16.5</b>	<b>+70.4%</b>	80.7 (5.5%)	<b>113.6</b> <b>(7.2%)</b>	<b>+32.9</b>	<b>+40.8%</b>
Profit attributable to owners of parent	14.7 (3.1%)	<b>23.9</b> <b>(4.6%)</b>	<b>+9.2</b>	<b>+62.2%</b>	51.5 (3.5%)	<b>72.1</b> <b>(4.6%)</b>	<b>+20.6</b>	<b>+40.0%</b>
EPS (yen/share)	24.66	<b>39.99</b>	<b>+15.33</b>	<b>+62.2%</b>	86.33	<b>120.80</b>	<b>+34.47</b>	<b>+39.9%</b>

# Full-year forecasts

- The operating income forecast for the full year has been revised upward to 135 billion yen (up 5 billion yen).
  - Strong Q3 results are reflected in the full-year forecast.
  - In addition to the revision of operating income, we have revised up its recurring profit and net income, taking into account the foreign exchange situation.

(Unit: Billion yen, unless otherwise indicated)

	FY2023	Full-year Forecast (announced at Q2)	
	Amount (Sales Ratio)	Amount (Sales Ratio)	Percentage Change (YoY)
<b>Net sales</b>	<b>1,936.8</b>	<b>2,070.0</b>	<b>+6.9%</b>
Gross profit	600.4 (31.0%)	653.0 (31.5%)	+8.8%
SG&A	495.1 (25.6%)	523.0 (25.3%)	+5.6%
<b>Operating income</b>	<b>105.3</b> (5.4%)	<b>130.0</b> (6.3%)	<b>+23.5%</b>
<b>Ordinary income</b>	<b>111.0</b> (5.7%)	<b>126.0</b> (6.1%)	<b>+13.5%</b>
<b>Net income</b>	<b>66.2</b> (3.4%)	<b>76.5</b> (3.7%)	<b>+15.6%</b>
<b>EPS (yen/share)</b>	<b>110.94</b>	<b>128.19</b>	<b>+15.5%</b>

Full-year Forecast (revised)			
Amount (Sales Ratio)	Change (from the forecast)	Percentage Change (YoY)	Percentage Change (from the forecast)
<b>2,086.0</b>	<b>+16.0</b>	<b>+7.7%</b>	<b>+0.8%</b>
658.0 (31.5%)	+5.0	+9.6%	+0.8%
523.0 (25.1%)	-	+5.6%	-
<b>135.0</b> (6.5%)	<b>+5.0</b>	<b>+28.2%</b>	<b>+3.8%</b>
<b>139.0</b> (6.7%)	<b>+13.0</b>	<b>+25.2%</b>	<b>+10.3%</b>
<b>80.0</b> (3.8%)	<b>+3.5</b>	<b>+20.9%</b>	<b>+4.6%</b>
<b>134.06</b>	<b>+5.87</b>	<b>+20.8%</b>	<b>+4.6%</b>

<Exchange Rates> \* USD changed from 138.09 yen in the initial forecast to 153.00 yen.

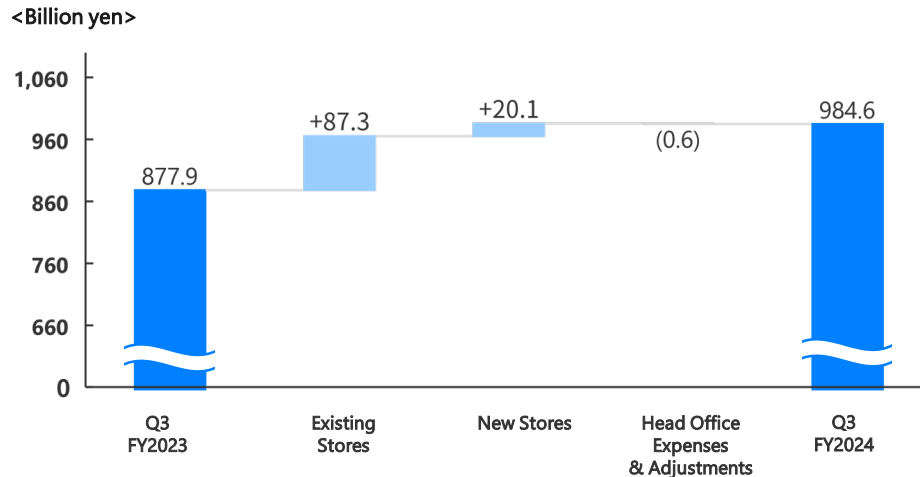
1 USD = 153.00 yen, 1 HKD = 17.64 yen, 1 SGD = 103.35 yen, 1 THB = 4.09 yen, 1 MYR = 31.73 yen, 1 TWD = 4.62 yen, 1 MOP = 17.21 yen

# Discount store (DS) business

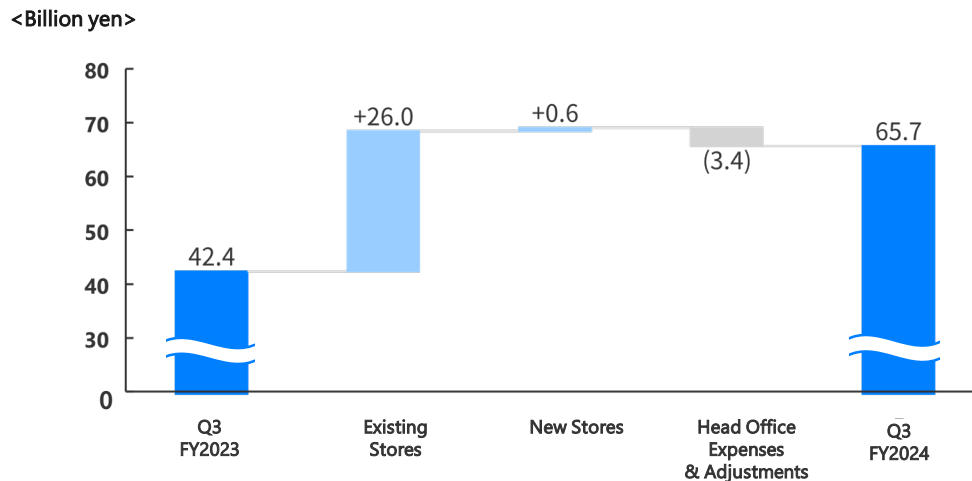
For Q1–Q3 FY2024, continued growth of the existing stores contributed to the results, which marked net sales of 984.6 billion yen (up 106.7 billion yen YoY) and operating income of 65.7 billion yen (up 23.3 billion yen YoY).

- ✓ Existing store sales landed at 110.5% of the previous Q1–Q3 level.
  - Sales continued to be strong thanks to growth in tax-free sales (existing stores up 7.0 pts) as well as non tax-free sales (up 3.5 pts) .
  - The number of majica members exceeded 14.1 million. Majica member sales grew to 109.4% of the previous Q3 level. The number of users of the majica app service increased (from 42.8% to 45.0% of total member sales) due to "Maji-kakaku (serious price)," and other member-oriented initiatives. The number of existing store member customers increased to 106.4%, showing increased support for the majica service. Membership growth contributed to sales figures.
- ✓ Existing store gross profit margin improved to 27.2% (up 0.8 pts YoY).
  - Sales composition ratio of PB and OEM accounted for 18.8% (up 1.9 pts YoY). In addition to the sales growth, growth in non-food categories such as products for going-out demand and character products contributed to the improvement of gross profit margin.
- ✓ Continued growth investments in new stores and human resources were controlled within budget. SG&A to sales ratio for Q1–Q3 was down by 1.0 pts YoY due to sales growth and a decrease in utilities costs.

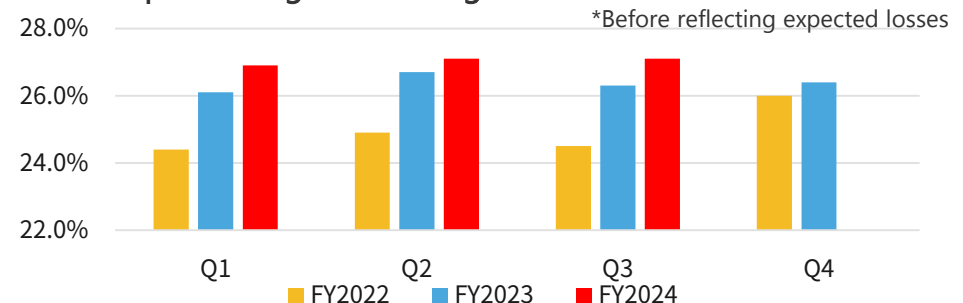
## Q1–Q3 FY2024 Change in Net Sales



## Q1–Q3 FY2024 Change in Operating Income



## Gross profit margin at existing stores FY2022–FY2024



# Discount store business: “hobo-shin (a “near-new” format)”

- ❑ “Hobo-shin,” a “near-new” type store format, which has the same appearance as MEGA Don Quijote on the outside but has been significantly updated on the inside, was launched as the newly opened MEGA Don Quijote Narimasu store.
  - ✓ Fresh food in the DS business has evolved owing to the effect of MD integration with the GMS business and the experience gained through UD Retail business. It has grown to the point where it has become a customer attracting device, thanks to its freshness, high quality, and price advantage over competitors.
  - ✓ Customer targets were set by floor, and by placing fresh food, the customer-attracting device, on the second floor, a flow line was established that led from the first to the second floor and attracting customers to the third and fourth floors. The non-food product composition ratio and gross profit margin remained at high level among MEGA stores. Succeeded in expanding the customer base from young adults to seniors.
  - ✓ We will make this a model new store format for rail-side stores, which will be a place where wide range of age groups can enjoy even with multi-story buildings, and strengthen store opening strategy.

	MEGA Don Quijote (openings mainly as a roadside store)	“Hobo-shin” (openings in large multi-story rail-side stores)
Customer Target	<ul style="list-style-type: none"> <li>• The customer base consists mainly of homemakers and new families.</li> </ul>	<ul style="list-style-type: none"> <li>• Target customers include not only homemakers and new families, but also students and office workers on their way home from work.</li> </ul>
Floor layout	<ul style="list-style-type: none"> <li>• Optimized for roadside store openings (basically two floors; a low-rise building).</li> <li>• Fresh produce and food products, the main product mix, are located on the first floor or the basement.</li> </ul>	<ul style="list-style-type: none"> <li>• Each floor has its own concept, covering the needs of a wide range of age groups.</li> <li>• 1st floor: drugstore, confectionery, liquor, and consumables</li> <li>• 2nd floor: fresh food not only secures the flow line from the 1st floor to the 2nd floor, but also contributes to leading customers to the upper floors</li> <li>• 3rd floor: strengthen downtown-style trend items targeting Generation Z</li> <li>• 4th floor: home appliances and toys for the new family demographic</li> </ul>

## Initiatives to strengthen fresh food

- |                       |  |
|-----------------------|--|
| Meat                  | <ul style="list-style-type: none"> <li>• Jointly use GMS meat centers to ensure stable procurement of frequent products such as chicken and pork.</li> <li>• Strengthened in-store processing to provide high-value-added products such as Wagyu beef barbecue sets and a wide variety of prepared meat dishes.</li> </ul> |
| Fruits and vegetables | <ul style="list-style-type: none"> <li>• Increased joint purchasing with GMS and direct purchasing from producers to provide highly fresh products.</li> </ul>   |
| Ready made food       | <ul style="list-style-type: none"> <li>• Kanemi Foods, which makes prepared foods and boxed lunches, will be a tenant shop that offers a variety of colorful prepared foods at reasonable prices.</li> </ul>   |



High freshness  
 High Quality  
 Price Advantage  
Become the “customer attraction device”

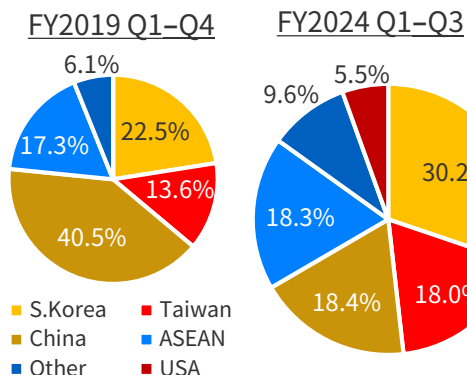
# Discount store (DS) business: number one tourist destination

Q1-Q3 tax-free sales totaled 81.3 billion yen (up 60.3 billion yen YoY), exceeding the annual tax-free sales of 68.4 billion yen marked before Covid-19 pandemic.

Although the nationalities of people visiting stores have changed compared to the pre-Covid period, we have expanded our market share ratio by demonstrating our ability to respond to change in creating stores that meet the needs of people from diverse countries and regions.

- The percentage of customers from China declined, but efforts to strengthen SNS sales promotions and infrastructure support led to an increase in customers from many countries and regions, including South Korea, Taiwan, and the U.S., resulting in a tax-free sales growth.
- In addition to our strength in one-stop product portfolio, we are keeping up with various information, including popular products and country-specific trends, and immediately reflect this information to create stores that meet customer needs.

## Tax-free sales by nationality



Aiming to make "Donki = the No. 1 place to visit in Japan," we will create stores capable of growing even in the face of changes in the external climate, such as the appreciation of yen. Strategies for before, during and after the trip are:

**Before the trip** Strengthen marketing strategies to motivate store visits.

More than 70% of tax-free customers who visited our stores learned about us through SNS prior to their visit to Japan. Therefore, we will strengthen promotions in collaboration with influencers and travel agencies.

**During the trip** Differentiate ourselves with original products that can be purchased only at our stores.

In addition to the established low-price appeal, develop products that meet nationality-specific trends. This will result in PB and OEM products that meet the needs of tax-free customers and give us superiority over our competitors. Also create an environment that makes customers want to come to the store again the next time they visit Japan by introducing seasonal, limited-time-only products and goods featuring characters popular in overseas markets.

**After the trip** Plan campaigns to encourage customers who have visited our stores to recommend us to their friends and acquaintances after they return home.



Bake Creamy Cheese

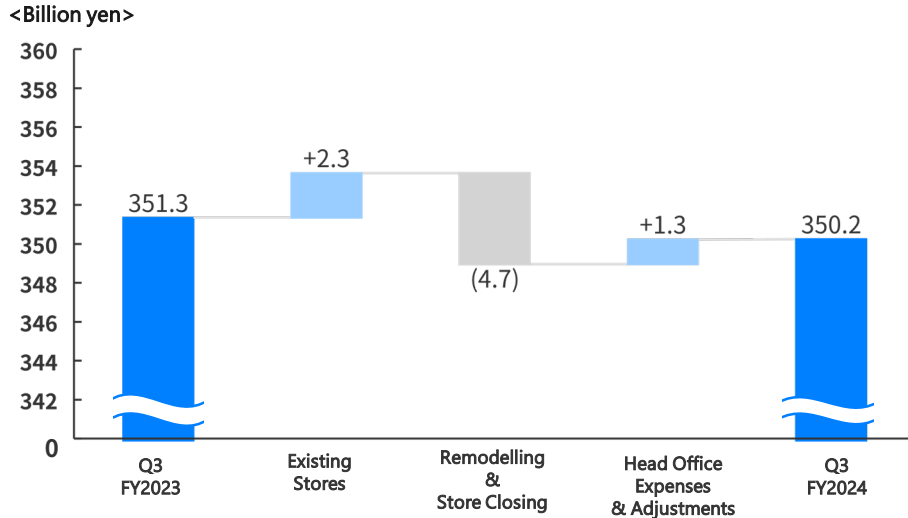
## No. 1 selling product in PB/OEM in terms of tax-free sales

- Surprisingly, the No. 1 selling product was "Bake," ahead of "Matcha" and "Sakura."
- Bake has become a popular product in Thailand, Taiwan, and South Korea, thanks to its recognition through word-of-mouth on SNS, saying it "does not melt easily even in hot countries," "has a new texture," and "has a rich cheese flavor."
- We will continue to strengthen the development of original products that meet the demand and pursue differentiation from our competitors.

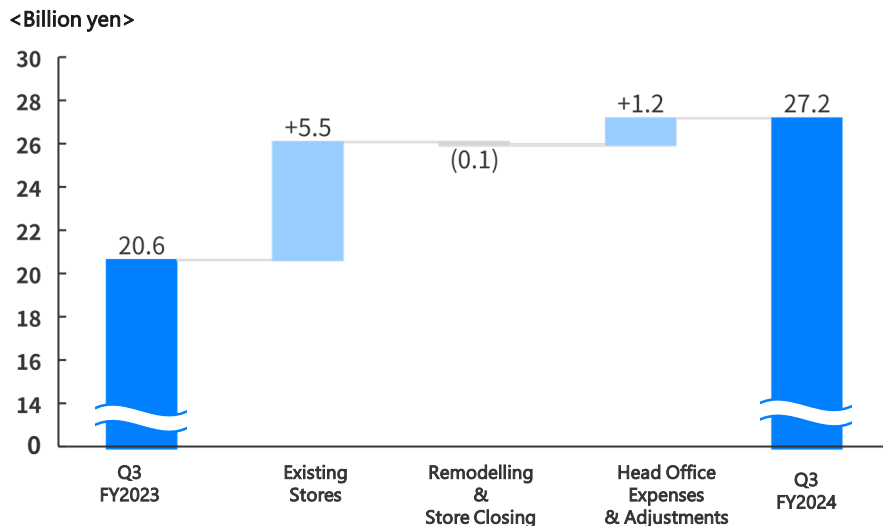
\*Based on a survey conducted by PPIH n=1,450



## Q3 FY2024 Change in Net Sales



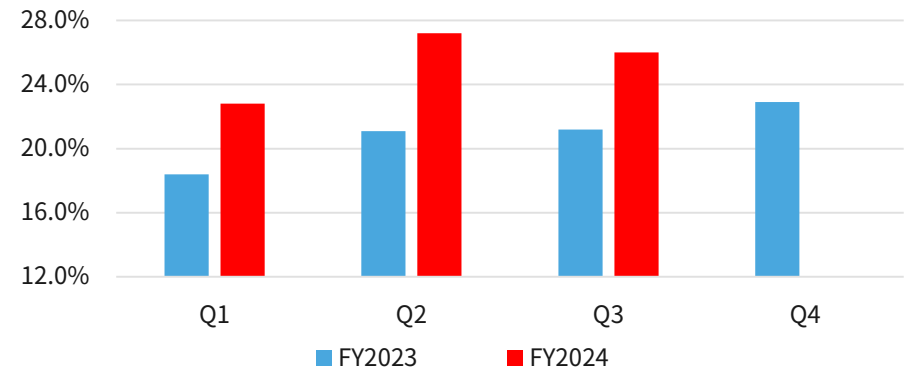
## Q3 FY2024 Change in Operating Income



Achieved record-high operating income of 27.2 billion yen (up 6.6 billion yen YoY) for Q1–Q3 FY2024. Operating profit margin was 7.8% (up 1.9 pts YoY), boasting a high profit margin compared to other GMS.

- ✓ Existing store achieved 100.7% of the previous Q1–Q3 level.
  - Customer numbers of existing stores in Q3 were 100.9% YoY due to the success of various sales promotion measures including price promotions for daily-delivery products conducted as a prelude to a price voting event starting from April.
- ✓ Existing store gross profit margin was 27.1% (up 0.5 pts YoY).
  - The sales composition ratio of PB and OEM grew to 25.4% (up 5.2 pts YoY), contributing to improved gross profit margin.
  - Conducted inventory strategy that incorporates DS business methods for winter seasonal products. Although there was a one-time factor of down 0.3 pts YoY deterioration in Q3, excluding this effect, sales exceeded the previous year's level.
- ✓ SG&A expenses largely down 4.8 billion yen YoY (SG&A to sales ratio: down 1.3 pts). SG&A expenses continued to be controlled by reducing utilities costs through government subsidies and by optimally allocating human resources.

### ▶ GMS business: PB and OEM ratio



# GMS business: price voting

□ We now have the earning power. The challenge is the number of customers.

- ✓ By integrating the head offices and adopting individual store management approach, the earnings structure has improved to a 7.8% operating profit margin in the latest Q1-Q3 period.
  - Improved the high-cost structure of the traditional GMS format by controlling SG&A expenses through integration of headquarter functions and productivity improvements.
  - Synergies from DS commercial distribution and strengthened PB and OEM led to increase in gross profit.
- ✓ While profitability improved as the Company refrained from excessive price cutting amid price hikes, due to the delay in measures to deal with customer defection, customer numbers continued to struggle until January 2024.
  - In addition to the traditional sales promotion plans, price voting was carried out in order to promote price superiority in addition to quality and freshness to compete extensively with the competition.
  - Continue to strengthen the development of PB and OEM and increase their composition ratio to expand sales while maintaining profitability.

	FY2019 Q1-Q4	FY2024 Q1-Q3	Change
Operating Income	21.7 bil yen	27.2 bil yen	+5.5 bil yen
Operating Margin	3.3%	7.8%	+4.5%
Number of stores	183	131	(52)

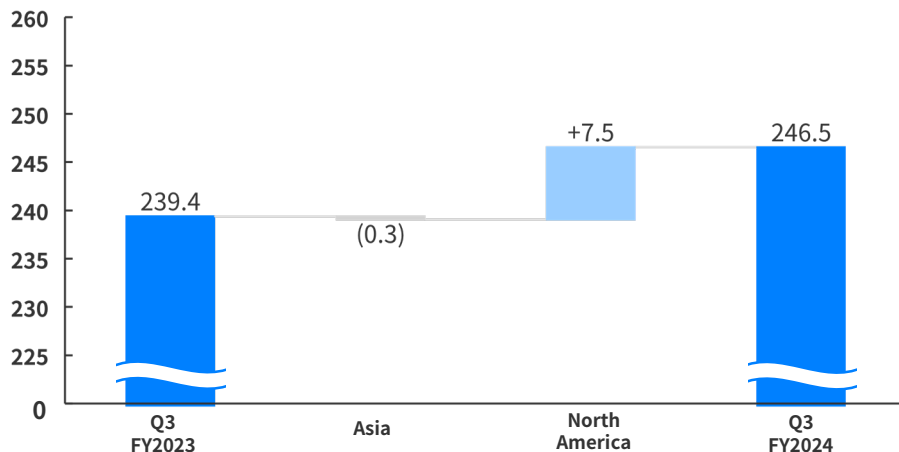
□ Price voting promotion: Meeting the customers' needs not only in quality and freshness, but also in prices.

- ✓ Announced a unique price cut that is unique to UNY. Employees, who are both employees and customers in the community, voted on the products and prices they "really want to see reduced," to "change the prices by everyone's voice" in different trading areas.
- ✓ The promotion was rolled out with the aim of offering the lowest prices in the region for up to 300 items.
  - The pricing strategy reflects the competition and popular products in each trading area to realize 130 different prices for 130 stores, making our stores the most convenient for customers.
- ✓ Voting was conducted once every three months. Products with low growth rates will be replaced every month to renew products that were subject to the promotion.



## Q1–Q3 FY2024 Change in Net Sales

<Billion yen>



No major change in trend from the first half of the year, but we are starting to see signs of improvement in both North America and Asia.

### ■ Asia Business

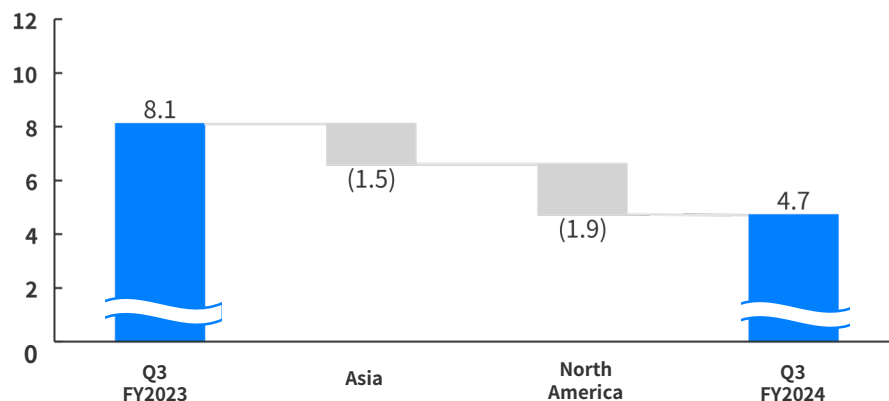
- ✓ Compared to the full-year forecast revised in Q2, operating profit trended upward.
- ✓ Gross profit margin is on an improving trend, with Q1–Q3 marking 37.4% (up 0.5 pts YoY) due to an increase in the sales composition of PB and OEM as well as directly traded products.
- ✓ Despite personnel cost control at existing stores and integration of head office functions, SG&A to sales ratio was 36.8% (up 2.9 pts YoY) due to the impact of investment costs for the nine new stores.

### ■ North America Business

- ✓ Delicatessen, sushi, and meat products, which are categories that are being strengthened, continued to perform well. Differentiation through development of original products and periodic product change were favored by customers.
- ✓ Gross profit margin was 37.3% (up 0.3 pts YoY), thanks to growth in high gross profit margin products such as delicatessen and sushi.
- ✓ Store personnel expenses were properly managed and were lower than the previous year, but SG&A to sales ratio landed at 34.9% (up 1.5 pts YoY) due to increased growth investments such as costs for new stores and central kitchens.

## Q1–Q3 FY2024 Change in Operating Income

<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 December 2023, while Gelson's is from July 2023 to March 2024.

\*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 cumulative for the period from April to December 2023.

\*3. Gelson's operating income is calculated after deducting amortization of goodwill (FY2024: 2.7 billion yen; FY2023: 2.6 billion yen).

# North America business: first store opening in Guam

- ❑ Opened the first DON DON DONKI shop format, "VILLAGE OF DONKI (Guam)," in North America as a single store that will bring significant value to the North American business (equivalent to 10 new stores).
- ❑ Leveraging our unique product supply network, the store will offer high quality products and lead in price setting.

## ✓ Established a new value chain in Guam

- Established a procurement network to source products from Japan. Shorter transportation days and the fact that many products are tariff-free enabled us to reduce purchase prices and improve freshness.
- Products purchased from the U.S. mainland are shipped directly from our warehouse in California to reduce intermediate margins and lower costs.
- By taking advantage of economies of scale in our North American operations, we were able to reduce procurement costs, which enabled us to secure high profit margin while maintaining price advantage over our competitors.

## ✓ Differentiation from competitors through unique products realized high gross profit margins. Successful cases will be deployed horizontally.

- Non-food merchandise such as Japanese cosmetics and character goods, which have high gross profit margins and are rarely handled by other companies, drove gross profit margin expansion. We will spread the highly successful products from Guam to other regions, taking into consideration local tastes and trends.
- Fresh food products, which are offered in a way not available locally and processed in a Japanese style, have gained popularity and high profit margins due to their unprecedented taste and product value.
  - Poke has become a big hit due to the adoption of the method of serving cold ingredients and warm rice separately, which greatly improves the taste of the dish. It was reimported to Hawaii, the home of poke.
  - Wagyu beef is differentiated from local products that are price-competitive by developing shabu-shabu and yakiniku using "Japan Style Cut," a processing method not used by other companies.
- The store will continue to take on various challenges, such as horizontal deployment of successful cases and serving as a foothold for future DON DON DONKI stores to open in North America.



Products purchased from Japan have an advantage in terms of freshness. We ensure price advantage over competitors while maintaining high quality.



Products from the U.S. mainland are purchased by taking advantage of economies of scale to achieve both price advantage and high profit margins.



Differentiate ourselves by offering popular cosmetics, character goods and a new way of serving poke. Successful cases will be deployed horizontally.

# Status of major assets, liabilities and net assets

(Unit: Billion yen)

	June 2023	March 2024	
	Amount	Amount	Change
<b>Current assets</b>	<b>551.8</b>	<b>497.2</b>	<b>(54.6)</b>
Cash and deposits	242.1	165.9	(76.2)
Account receivable - installment	55.4	58.7	3.3
Products	194.5	192.1	(2.4)
<b>Non-current assets</b>	<b>929.2</b>	<b>956.9</b>	<b>27.7</b>
Buildings, etc.	288.0	292.7	4.7
Land	318.7	334.4	15.7
Intangible assets	88.5	90.5	1.9
Lease and guarantee deposits	71.8	70.0	(1.9)
<b>Total assets</b>	<b>1,481.1</b>	<b>1,454.2</b>	<b>(26.9)</b>

(Unit: Billion yen)

	June 2023	March 2024	
	Amount	Amount	Change
<b>Total current liabilities</b>	<b>368.4</b>	<b>364.4</b>	<b>(4.1)</b>
Accounts payable - trade	168.7	194.5	25.9
Short-term interest-bearing debt *1	45.3	19.1	(26.2)
<b>Total non-current liabilities</b>	<b>649.1</b>	<b>562.0</b>	<b>(87.1)</b>
Corporate bonds	261.6	191.1	(70.6)
Long-term loans payable	272.5	255.8	(16.7)
<b>Total liabilities</b>	<b>1,017.5</b>	<b>926.4</b>	<b>(91.1)</b>
<b>Net assets</b>	<b>463.5</b>	<b>527.8</b>	<b>64.2</b>
<b>Liabilities and net assets</b>	<b>1,481.1</b>	<b>1,454.2</b>	<b>(26.9)</b>

\*1. Short-term interest-bearing debt

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

## <Status of major assets>

### • Non current asset

- ▶ Tangible fixed assets: 717.8 billion yen (up 28.6 billion yen)
- Investment related to store openings, etc.: 54.8 billion yen
- Depreciation: 27.4 billion yen

## <Status of major liabilities>

- ▶ Interest-bearing debt: 466.0 billion yen (down 113.4 billion yen)

## <Status of net assets>

- ▶ Net worth: 516.5 billion yen (up 63.2 billion yen from the previous year-end)
- ▶ Capital adequacy ratio: 35.5% (up 4.9% from the previous year-end)

## <Others>

- ▶ Net D/E ratio: 0.58x (down 0.16x from the previous year-end)
- ▶ ROE: 19.8% (up 4.1% from the previous year-end)

- ✓ Subordinated bonds of 140.0 billion yen were fully redeemed prior to maturity due to improved financial soundness. (The redemption was funded by the issuance of unsecured bonds of 70.0 billion yen and cash and deposits.)



# Status of cash flows and capital expenditure

## ► Cash Flow Status

(Unit: Billion yen)

	Q3 FY 2023	Q3 FY 2024	
	Amount	Amount	Change
Balance at beginning of period	180.4	246.2	65.8
Cash flows from operating activities	103.9	113.6	9.7
Cash flows from investing activities	(51.0)	(59.4)	(8.4)
Cash flows from financing activities	(20.9)	(127.7)	(106.8)
Changes during period	31.4	(66.5)	(97.9)
Balance at end of period	211.8	179.7	(32.2)
Free cash flow <sup>*1</sup>	52.9	54.2	1.3

\*1. Free cash flow = CF from operating activities + CF from investing activities

## ► Status of capital expenditures (Capex)

Capex	48.2	60.9	12.7
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### <Operating CF : up 113.6 billion yen>

► Cash in factors: 110.2 billion yen in profit before income taxes, 33.8 billion yen in depreciation, and 24.8 billion yen in increase in notes and accounts payable – trade

Cash out factors: 44.3 billion yen in income taxes paid

### <Investing CF: down 59.4 billion yen>

► Cash out factors: 54.3 billion yen in acquisition of tangible fixed assets associated with store openings and 5.6 billion yen in acquisition of intangible assets

### <Financing CF: down 127.7 billion yen>

► Cash in factors: 69.8 billion yen in proceeds from issuance of bonds and 50.0 billion yen in proceeds from long-term loans payable

Cash out factors: 150.9 billion yen in redemption of bonds, 83.0 billion yen in repayments of long-term loans payable, and 12.5 billion yen in cash dividends paid

### <Breakdown of Capex for FY2024 Q3>

► DS business: 32.4 billion yen  
 GMS business: 8.9 billion yen  
 Overseas business: 10.6 billion yen  
 Finance business: 1.9 billion yen  
 Others: 7.1 billion yen

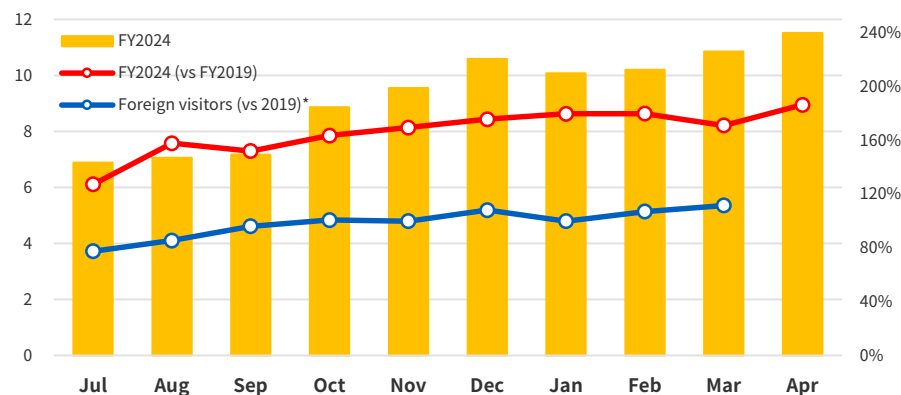
- ❑ In domestic retail, both the DS business and the GMS business performed well, with all product categories increasing YoY. Customer numbers also grew, excluding the impact of holidays.

## ▶ YoY comparison of existing store sales

Unit: %	Q1	Q2	Q3				Q4
	Cum.	Cum.	Jan	Feb	Mar	Cum.	Apr
<b>Japan</b>	<b>108.0</b>	<b>106.8</b>	<b>105.5</b>	<b>109.3</b>	<b>111.0</b>	<b>108.6</b>	<b>105.0</b>
<b>DS</b>	<b>110.9</b>	<b>110.0</b>	<b>107.9</b>	<b>111.0</b>	<b>112.8</b>	<b>110.5</b>	<b>106.5</b>
<b>GMS</b>	<b>100.3</b>	<b>98.8</b>	<b>99.3</b>	<b>104.6</b>	<b>106.3</b>	<b>103.3</b>	<b>100.9</b>

## ▶ Tax-free sales of domestic DS business

April marked the highest single-month record for tax-free results and the fourth consecutive month in which more than 10 billion yen was achieved.



## ■ DS business

- ✓ Sales of outdoor and leisure-related items, clothing accessories, and cosmetic accessories were strong due to increased opportunities to go out, such as spring break and major holidays.
- ✓ Items used in indoor entertainment including analog games, hobby-related items, and puzzles contributed to sales growth.
- ✓ As the weather continued to be sunny ahead of the season, sales of seasonal home appliances, bedding, cool-tasting food products, and ice cream grew.

## ■ GMS business

- ✓ As for housing-related products, sales of daily-use commodities such as consumables (paper products, detergents, and items for use in the bathroom) and kitchenware grew.
- ✓ Sales of many food items, especially fruits and vegetables such as seasonal onions, cabbage, and carrots, exceeded the previous year's levels. Sales of processed foods and food items delivered daily also performed well.

# Appendix



# Q3 results by business segment

【Period: January 1, 2024–March 31, 2024】

(Unit : Billion yen)

	DS business			GMS business			Asia business			North America business			Others / Adjustments		
	Q3 FY2023	Q3 FY2024	Change	Q3 FY2023	Q3 FY2024	Change	Q3 FY2023	Q3 FY2024	Change	Q3 FY2023	Q3 FY2024	Change	Q3 FY2023	Q3 FY2024	Change
<b>Sales</b>	288.2	324.1	35.9	111.9	114.1	2.2	21.7	21.6	(0.1)	60.4	63.8	3.4	(3.5)	(3.8)	(0.4)
Gross profit	75.4	87.5	12.1	38.6	38.9	0.3	8.1	8.0	(0.2)	22.2	23.6	1.4	3.7	4.7	1.0
Gross profit ratio	26.2%	27.0%	0.8%	34.5%	34.1%	(0.4%)	37.5%	36.9%	(0.6%)	36.7%	37.0%	0.3%	-	-	-
SG&A	63.3	66.6	3.3	32.2	31.0	(1.2)	7.5	7.9	0.4	19.9	22.3	2.4	0.9	0.2	(0.7)
<b>Operating income</b>	12.1	20.9	8.8	6.4	8.0	1.6	0.7	0.1	(0.6)	2.3	1.3	(1.0)	2.8	4.5	1.7
<b>Operating income ratio</b>	4.2%	6.4%	2.2%	5.7%	7.0%	1.3%	3.0%	0.3%	(2.7%)	3.8%	2.1%	(1.7%)	-	-	-

【Period: July 1, 2023–March 31, 2024】

(Unit : Billion yen)

	DS business			GMS business			Asia business			North America business			Others / Adjustments		
	Q3 FY2023 (Cum.)	Q3 FY2024 (Cum.)	Change	Q3 FY2023 (Cum.)	Q3 FY2024 (Cum.)	Change	Q3 FY2023 (Cum.)	Q3 FY2024 (Cum.)	Change	Q3 FY2023 (Cum.)	Q3 FY2024 (Cum.)	Change	Q3 FY2023 (Cum.)	Q3 FY2024 (Cum.)	Change
<b>Sales</b>	877.9	984.6	106.7	351.3	350.2	(1.1)	62.0	61.7	(0.3)	177.4	184.9	7.5	(11.4)	(14.0)	(2.6)
Gross profit	231.3	267.7	36.4	119.8	121.6	1.7	22.9	23.1	0.2	65.5	68.9	3.4	10.9	12.5	1.5
Gross profit ratio	26.3%	27.2%	0.9%	34.1%	34.7%	0.6%	36.9%	37.4%	0.5%	36.9%	37.3%	0.3%	-	-	-
SG&A	188.9	202.0	13.1	99.2	94.4	(4.8)	21.0	22.7	1.7	59.3	64.5	5.2	0.3	(0.2)	(0.5)
<b>Operating income</b>	42.4	65.7	23.3	20.6	27.2	6.6	1.9	0.4	(1.5)	6.2	4.4	(1.9)	10.6	12.7	2.1
<b>Operating income ratio</b>	4.8%	6.7%	1.9%	5.9%	7.8%	1.9%	3.0%	0.6%	(2.4%)	3.5%	2.4%	(1.2%)	-	-	-

\*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 December 2023, while Gelson's is from July 2023 to March 2024.

\*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 cumulative for the period from April to December 2023.

\*3. Gelson's operating income is calculated after deducting amortization of goodwill (Q3 FY2024: 0.9 billion yen; Q3 FY2023: 0.8 billion yen; FY2024 (cum.): 2.7 billion yen; FY2023 (cum.): 2.6 billion yen).

# Overview of Q3 results by business on a consolidated basis

[Period: July 1, 2023–March 31, 2024]

(Unit: Billion yen)

	Q3 FY2023 (Cum.)		Q3 FY2024 (Cum.)		
	Amount	Ratio	Amount	Ratio	YoY
<b>Domestic DS business</b>	<b>844.8</b>	<b>58.0%</b>	<b>952.1</b>	<b>60.7%</b>	<b>112.7%</b>
Home electrical appliances	63.3	4.3%	69.1	4.4%	109.2%
Miscellaneous household goods	224.4	15.4%	255.5	16.3%	113.9%
Food products	388.1	26.6%	426.7	27.2%	110.0%
Watches and fashion merchandise	111.6	7.7%	124.3	7.9%	111.4%
Sporting goods and leisure goods	45.4	3.1%	61.0	3.9%	134.4%
Other	12.1	0.8%	15.5	1.0%	128.3%
<b>Domestic GMS business</b>	<b>319.2</b>	<b>21.9%</b>	<b>311.6</b>	<b>19.9%</b>	<b>97.6%</b>
Clothing	36.0	2.5%	32.7	2.1%	90.9%
Household goods	56.3	3.9%	49.7	3.2%	88.2%
Foods	224.8	15.4%	229.0	14.6%	101.9%
Other	2.0	0.1%	0.2	0.0%	9.6%
<b>Overseas business</b>	<b>237.6</b>	<b>16.3%</b>	<b>244.9</b>	<b>15.6%</b>	<b>103.1%</b>
North America business	176.0	12.1%	183.4	11.7%	104.2%
Asia business	61.6	4.2%	61.5	3.9%	99.8%
<b>Other businesses <sup>*1</sup></b>	<b>55.5</b>	<b>3.8%</b>	<b>58.7</b>	<b>3.7%</b>	<b>105.7%</b>
<b>Total</b>	<b>1,457.2</b>	<b>100.0%</b>	<b>1,567.4</b>	<b>100.0%</b>	<b>107.6%</b>

\*1. Other businesses include tenant leasing business and credit card business.

# Breakdown of SG&A expenses

【Period: January 1, 2024–March 31, 2024】

(Unit : Billion yen)

	Q3 FY2023		Q3 FY2024		
	Amount	Ratio	Amount	Ratio	YoY
<b>SG&amp;A</b>	123.8	25.9%	127.9	24.6%	103.3%
Salaries and allowances	46.1	9.6%	48.6	9.3%	105.4%
Rent	15.1	3.1%	15.5	3.0%	103.0%
Commission paid	16.4	3.4%	15.5	3.0%	94.9%
Depreciation	8.7	1.8%	9.5	1.8%	108.6%
Utility	8.0	1.7%	6.4	1.2%	80.4%
Other	29.6	6.2%	32.4	6.2%	109.6%

【Period: July 1, 2023–March 31, 2024】

(Unit : Billion yen)

	Q3 FY2023		Q3 FY2024		
	Amount	Ratio	Amount	Ratio	YoY
<b>SG&amp;A</b>	368.8	25.3%	383.4	24.5%	104.0%
Salaries and allowances	138.4	9.5%	144.9	9.2%	104.7%
Rent	44.3	3.0%	46.3	3.0%	104.5%
Commission paid	47.0	3.2%	46.7	3.0%	99.3%
Depreciation	25.4	1.7%	27.7	1.8%	109.0%
Utility	25.8	1.8%	21.8	1.4%	84.7%
Other	87.9	6.0%	96.0	6.1%	109.3%

# FY2024 New store openings

Business	Format	Q1			Q2			Q3			Q4			Full-year Forecast
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
Discount Store	DQ		Takamatsu Marugame -Machi (Kagawa)			Tsurugashima (Saitama)	Imizu (Toyama)			Narimasu (Tokyo)	Kaizuka (Osaka)	Uenoshiba (Osaka)	5 stores	New store openings: 24 stores
	Small		DOMISE Shibuya Dogenzaka-dori (Tokyo)	DOMISE Ario Yao (Osaka)			Kirakira Donki Tanuki Koji (Hokkaido)					Kirakira Donki Yokohama World Porters (Kanagawa)		
Overseas *1	Asia		CITY LINK Nangang (Taiwan)		Fashion Island (Thailand)	Taichung Tiger city (Taiwan)	Tiong Bahru Plaza (Singapore)	Mid Valley Megamall (Malaysia)	Studio City (Macau)				1 store	New store openings: 12 stores *2
	North America						Gelson's West LA (California)				(Guam)		1 store	

\*1. Overseas stores are indicated in opening months.

\*2. Applicable period for Gelson's is from July 2023 to June 2024. Applicable period for other overseas companies is from April 2023 to March 2024.

# Store network

## Number of Domestic Retail Stores

	FY2022	FY2023	FY2024		
			Q1	Q2	Q3
<b>Discount store business</b>	<b>468</b>	<b>486</b>	<b>485</b>	<b>488</b>	<b>488</b>
Don Quijote	237	250	250	253	252
MEGA Don Quijote *1	140	140	140	140	142
(MEGA) Don Quijote UNY	59	63	63	63	62
Small Format *2	32	33	32	32	32
<b>GMS business *3</b>	<b>136</b>	<b>131</b>	<b>131</b>	<b>131</b>	<b>131</b>
<b>Domestic total</b>	<b>604</b>	<b>617</b>	<b>616</b>	<b>619</b>	<b>619</b>

## Number of Overseas Stores

	FY2022	FY2023	FY2024		
			Q1	Q2	Q3
<b>North America business</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>66</b>	<b>65</b>
California	37	37	37	38	37
Hawaii	28	28	28	28	28
<b>Asia business</b>	<b>30</b>	<b>36</b>	<b>38</b>	<b>38</b>	<b>43</b>
Singapore	12	15	16	15	16
Hong Kong	9	9	10	10	10
Thailand	4	6	6	6	8
Taiwan	2	2	2	3	5
Malaysia	2	3	3	3	3
Macau	1	1	1	1	1
<b>Overseas total *4</b>	<b>95</b>	<b>101</b>	<b>103</b>	<b>104</b>	<b>108</b>
<b>Total *5</b>	<b>699</b>	<b>718</b>	<b>719</b>	<b>723</b>	<b>727</b>



\*1. "MEGA Don Quijote" includes NEW MEGA.

\*2. "Small Format" includes Picasso, Essence, Kyoyasudo, Domise, Ekidonki, Soradonki, JonetzShokunin, and Nagasakiya.

\*3. "GMS business" includes Apita/Piago, U-STORE, PiagoPower, and Power Super Piagoetc.

\*4. From this fiscal year, "Sen Sen Sushi" in Thailand and Hong Kong are excluded from the store count.

\*5. As the fiscal year ends in March for overseas companies except Gelson's (ends in June), the number of stores for each quarter is adjusted for the applicable fiscal year.

## IR inquiries

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## IR Calendar

Announcement of Q4 results for the fiscal year ending June 2024 (scheduled)  
Date of announcement: August 16, 2024 (Friday)  
Venue: TBD (We will announce as soon as it is decided.)

## Cautionary information regarding forward-looking statements

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