

Integrated Report 2025 Briefing

February 26, 2026

Pan Pacific International Holdings Corporation



Key Contents and Improvement Points

- Designed for “disclosures that better convey PPIH’s uniqueness,” in response to investors feedback.
- Focused on our strengths, new CEO/COO messages, and human capital management.

□ Deepening Corporate Understanding

▶ Integrated Report P.7-8

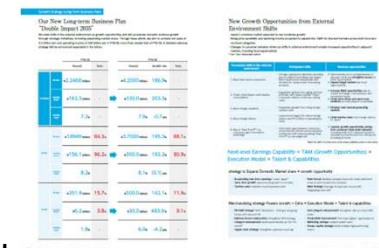
- Detailed the PPIH Group’s strengths across a two-page spread
- Emphasizes unique terminology and concepts through rich visuals and articles for better clarity



□ Alignment with Long-Term Business Plan

▶ Integrated Report P.13-17

- CEO/COO messages
- Strategies linked to the Long-Term Business Plan
 - Growth Strategy
 - Human Capital Management
 - Future Strategies by Segment



□ Enhanced Human Capital Disclosure

▶ Integrated Report P.27-31

- Human resource strategy
- Roundtable discussions with employees
- Voice from our employees



□ Improved Information Accessibility

- Interactive table of contents with direct links to each section
- Linked index on every page for seamless navigation

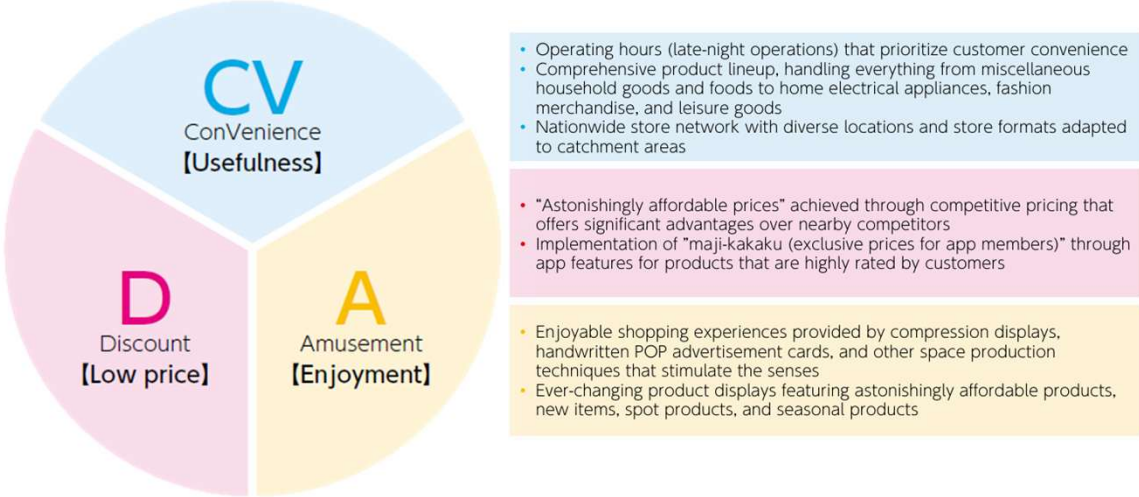


- Organized our core strengths to deepen understanding of the PPIH Group.
- Positioned these three strengths as the foundation to support the feasibility of our subsequent strategies.

“Delegation of Authority” × “Ability to Adapt” = “Individual Store Operation”



Stores as a Place to Spend Time: “CV+D+A”



Developing human capital that embodies “The Customer Matters Most.”



- Details the quantitative targets, growth opportunities, and growth policies of our Long-term Business Plan “Double Impact 2035”.
- Connects these metrics and policies to the specific strategies presented in the following sections.

Our New Long-term Business Plan “Double Impact 2035”

We view shifts in the external environment as growth opportunities and will accelerate domestic business growth through strategic initiatives, including expanding market share. Through these efforts, we aim to achieve net sales of 4.2 trillion yen and operating income of 330 billion yen in FY6/35, more than double that of FY6/25. A detailed overseas strategy will be announced separately in the future.

	FY6/25		FY6/35		
	Amount	Ratio	Amount	Growth rate	Ratio
Consolidated	Net sales	¥2.2468 trillion	¥4.2000 trillion	186.9%	-
	Operating income	¥162.3 billion	¥330.0 billion	203.3%	-
	Operating margin	7.2%	7.9%	+0.7 pts	-
Domestic	Net sales	¥1.8949 trillion	¥3.7000 trillion	195.3%	88.1%
	Operating income	¥156.1 billion	¥300.0 billion	192.2%	90.9%
	Operating margin	8.2%	8.1%	(0.1) pts	-
Overseas	Net sales	¥351.9 billion	¥500.0 billion	142.1%	11.9%
	Operating income	¥6.2 billion	¥30.0 billion	483.9%	9.1%
	Operating margin	1.8%	6.0%	+4.2 pts	-

New Growth Opportunities from External Environment Shifts

- Japan's consumer market expected to see moderate growth
- Rising price sensitivity and declining income projected to expand the TAM* for discount formats across both food and non-food categories
- Changes in consumer behavior driven by shifts in external environment enable increased opportunities in adjacent markets, including food supermarkets

*TAM=Total Addressable Market

Forecasted shifts in the external environment	Anticipated shifts	Revenue opportunities
1. More low-income consumers	<ul style="list-style-type: none"> Stronger saving and defensive spending due to inflation and falling real wages More dual-income households and demand for ready-to-eat, time-saving products 	<ul style="list-style-type: none"> Demonstrate price competitiveness in discount retail and strengthen access to fresh food markets Expand target markets like food supermarkets
2. Fewer retail players and industry consolidation	<ul style="list-style-type: none"> Population decline from aging and low birthrate, with losses outside Tokyo Cost-push inflation continues, raising costs 	<ul style="list-style-type: none"> Increase MMA opportunities due to market shrinkage, cost pressure, and succession issues Grow same stores and open more locations as retail players consolidate
3. More foreign residents	<ul style="list-style-type: none"> Population growth from rising foreign resident ratio 	<ul style="list-style-type: none"> Develop new revenue-generating markets
4. More foreign visitors	<ul style="list-style-type: none"> Government target: 60 million foreign visitors and ¥15 trillion in spending by 2030 	<ul style="list-style-type: none"> Grow tax-free sales from foreign visitors to Japan
5. Rise of “Real Price”** as consumers gain information advantage	<ul style="list-style-type: none"> Information gap between consumers and producers shrinks and accelerates Consumers shift toward seeking “Real Price” as real wages fall 	<ul style="list-style-type: none"> Capture growth opportunities arising from consumer trade-down behavior, including shifts from national brands to equivalent products and from dining out to eating at home

**Real Price (RP): Purchase price of the lowest available product in the market

Next-level Earnings Capability = TAM (Growth Opportunities) × Execution Model × Talent & Capabilities

Strategy to Expand Domestic Market Share = Growth Opportunity

- Accelerating new store openings: “cover Japan”
- Same store growth: phenomenal growth in net sales
- Tax-free sales: establish tourist-oriented retail
- New format: develop compact stores for small catchment areas (Food-Focused Don Quijote)
- MMA strategy: leverage strong track record with Nagasakiya and LNH

Merchandising Strategy Powers Growth + Extra = Execution Model × Talent & Capabilities

- PB/OEM strategy: NEXT Revolution - Driving a shopping frenzy with discount PB
- National brand collaboration: strengthen NPB strategy
- Category development: build brand identity as “OOT it's Donki!”
- Supply chain strategy: strengthen upstream sourcing
- Deli category enhancement: strengthen deli as a key traffic driver
- Productivity improvement: PPH-style digital × generative AI
- Marketing strategy: expand wallet share
- Human capital strategy: build multiple high-performing teams

Identifies forecasted shifts in the external environment and the resulting revenue opportunities.

Outline the growth strategies and supporting mechanisms required to achieve our goals.

- Executing the three core management policies under the new leadership structure.
- Advancing our growth strategy, sustainability management, and capital policy in unison, guided by our Long-term Business Plan “Double Impact 2035”, to enhance corporate value.



Summary

- **Message upon appointment and commitment to stakeholders**
 - Expressed our determination to drive the growth of the PPIH Group through swift decision-making and team-based management.
⇒“Ability to build teams that make the most of our human capital”
- **Management Policies: Forming the foundation of the new structure**
 - Presented “Three Foundational Management Policies” that support the new structure:
 - ① Implementation of speedy decision-making
 - ② Building countless optimal teams: “meritocracy through resonating co-creation” (Kyoso Seika Shugi in Japanese)
 - ③ Strategic investment through selection and focus
- **New Action Guidelines: “Double Impact 2035”**
 - Presented the future vision and roadmap toward realization.
- **The PPIH Group’s Sustainability Management**
 - Driving growth strategy through “human capital” and “SCM”.
- **Capital Allocation Policy**
 - Strengthening large-scale growth investments and shareholder returns.

- Expanding domestic share through area dominance, same-store growth, and new format innovation.
- Capture inbound demand and establish a tourist-oriented retail model.
- Strengthen community-based store management and establish a sustainable growth model that contributes to revitalizing local economies.



Summary

- **Message upon appointment and commitment to stakeholders**
 - Achieve sustainable growth through the practice and succession of “The Source(Genryu) ” Management.
 - Integrate store-driven and product-driven strategies by drawing on insights from both sides to maximize profitability.
- **Expand domestic market share by viewing heightened price sensitivity amid inflation as a growth opportunity.**
 - Open 250 new stores across three key formats by FY2035.
- **Strengthen inbound strategy by establishing a tourist-oriented retail model.**
 - Build a brand position where customers say, “I come to Japan because there is Donki”.
- **Achieve sustainable growth together with local communities.**
 - Promote community-centric store management through the advancement of the “ Million Star Program ”.
 - Contribute to revitalizing local economies through job creation and promotion of local production for local consumption.

1. “Double Impact 2035” has become a common language across the organization

Employees are aligned toward the same direction

2. Embedding a team-based management Structure

Cultivating ownership in cross-departmental

3. Ongoing commitment to “The Source (Genryu)” Management

The company maintains a consistent atmosphere and unwavering management even under the new structure.

- Organized the Human resources strategy outlined in “Double Impact 2035.”
- Featured the introduction of the new talent management system as a key topic.
- Presented talent development initiatives and efforts based on our corporate philosophy collection, “The Source,” together with indicators, targets, and results.

Human Resources Strategy Under the Long-Term Business Plan “Double Impact 2035”

In the new long-term business plan, “Double Impact 2035,” we have outlined not only our management strategy based on changes in the external environment and growth opportunities for the PPIH Group, but also our human resources strategy to realize this vision and support our growth.

Objectives: We aim to become an organization of people who set ambitious goals and take bold actions

- Actively support, recognize, and reward individuals who take risks and pursue autonomous challenges to create a company filled with bold talent
- Generate leaders who drive challenges in new domains and build numerous strong teams capable of diverse initiatives



To achieve the above objectives, we will promote initiatives under the following themes in human resources development and produce the talent needed.

Cultivate a corporate culture and systems that embody “The Source”	Promote a mindset of taking risks through delegation of authority, meritocracy, and tolerance of failure to create an environment where innovation thrives.
Promote autonomous proactivity	Provide significantly more decision-making opportunities for employees at all career stages, starting from new hires, compared to other companies, through delegation of authority. Build an environment where employees can shape their careers by their own will, regardless of age, and take on daunting challenges. Expand internal job posting programs that allow entry to all positions as one example.
Support autonomous challenges	Provide growth opportunities to acquire new knowledge and skills, creating a culture where employees with store experience and strong execution capabilities identify successors and aim for the next stage of growth. Accelerate talent development and encourage further challenges by fostering a healthy tolerance of failure that recognizes numerous autonomous attempts.

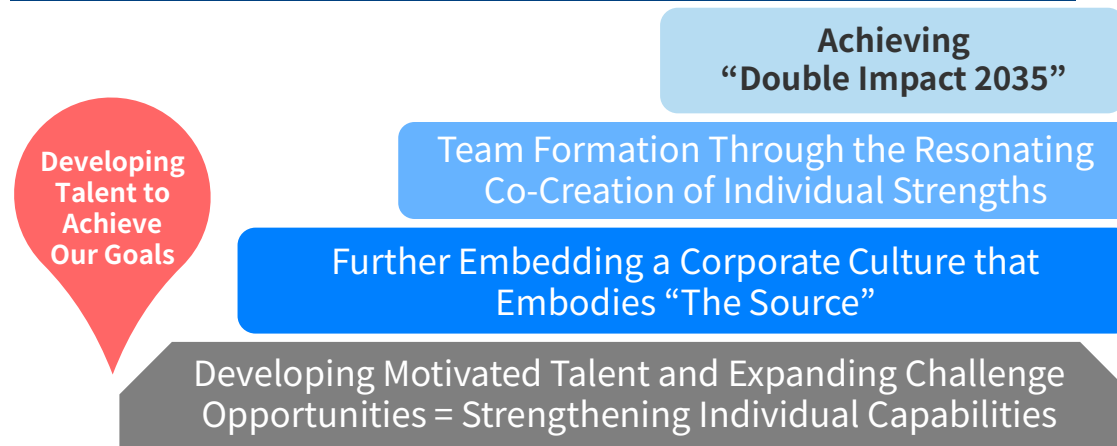
TOPICS

To create an environment where employees can more readily raise their hands after objectively assessing their own careers and skills, we introduced the talent management system “TaleQue” (short for Talent Viewer: Quest Edition) in August 2025. Under the theme “Career is an Adventure,” the system visualizes one’s own career and those of surrounding colleagues, creating a mechanism where employees can consider their career paths in an enjoyable, game-like manner.

In a post-implementation survey, 72% of all employees responded that using “TaleQue” increased their interest in careers, with that figure rising to 83% among employees aged 34 and under, demonstrating high levels of engagement.



A Story Built Around Our Human Resources Strategy



Key Focus Areas (Selected)

- Securing Talent for Store Expansion
Implementing “Advanced Training” programs for aspiring store managers.
- Developing Talent to Strengthen the Prepared Deli Category
Assigned employees certified in the internal “Ironman of Deli” contest to the product development division.
→Outcomes:
 - Developed motivated talent through optimal placement.
 - Strengthening and development of deli dishes. (Some already commercialized)

Employee Introduction

Responsible for planning and operating “Donki Cosmetics Fest,” an exhibition featuring trending cosmetics brands.

Driving event growth while continuously tackling new challenges, from Gen Alpha initiatives to innovative collaborations.



Merchandiser of
Trends & Cosmetics
Miyu Ikedo

- 2014 : Joined the company as a mate (part-time/temporary) employee
- 2019 : Transferred to the MD Development Division (Trend & Cosmetics)
- 2024 : First Donki Cosmetics Fest (24 participating stores)
Donki Cosmetics Festival 2024 AW (44 participating stores)
- 2025 : Donki Cosmetics Festival 2025 SS (73 participating stores)
Donki Cosmetics Festival 2025 AW (126 participating stores)



Donki Cosmetics Fest 2025 AW



Donki Cosmetics Fest 2024 AW

- Focusing our disclosure on women’s participation and advancement, and the active participation of senior staff.
- Sharing real employee insights on job satisfaction and the workplace.

The Importance of Promoting Women’s Participation and Advancement

- Customer affinity :
 - Some stores have more than 70% women customers, making female store managers indispensable for creating sales floors that truly reflect customer perspectives.
- Building a better work environment informed by women’s perspectives :
 - With many part-time "mate" employees being women, the presence of female store and regional managers is crucial for creating a supportive work environment, including health-related considerations.

Active Participation of Senior Staff

- Flat, cross-generational dialogue :
 - An egalitarian culture that fosters intergenerational.
 - Leveraging diverse discussions to drive individual and organizational growth.
- Exemplifying knowledge legacy and serving as an internal hub :
 - Experienced guidance that supports the growth of junior and mid-career employees.
- Openness to diverse perspectives :
 - A culture that listens to and incorporates opinions from employees of all generations.

Approach to Women’s Participation and Advancement

Given that more than half of the PPIH Group’s customers are women, we believe it is important to incorporate female perspectives and sensibilities into store operations, as customer affinity is one of our strengths. Therefore, we have set targets for “fostering female store managers” and “retention rates (turnover rates)” to assess the status of creating a comfortable working environment for women.

We are advancing multifaceted approaches, including environmental improvements and promoting understanding among colleagues, to address challenges at each stage from recruitment to promotion to management positions and employee development.

Major initiatives implemented in FY6/25

■ **“RISE1100,” a training program for aspiring female store managers**

Since 2021, we have annually conducted “RISE1100,” a training program for female employees aspiring to advance their careers to store manager positions, where they learn the knowledge and skills required for store management over approximately 5 months. In addition to acquiring operational knowledge, this training program includes individual interviews aimed at providing career consultation and alleviating concerns. We have established a system to support future career development even for those who are not appointed as store managers. In FY6/25, 48 new participants joined the program, bringing the cumulative total to 253 participants.

Growth Awareness Seminar

Focusing on employees in their 20s with fewer than 3 years of service, a demographic with relatively high turnover among female employees, we conducted seminars led by external instructors aimed at improving retention rates and career development. In addition to providing opportunities to reflect on past experiences and consider approaches to future work and careers, we encourage participants to draw out their own motivation for growth through interactions with senior employees and peers. 98% of participants responded that “their enthusiasm and motivation for work had increased,” and we will continue to analyze factors contributing to turnover while working on more effective measures.

For other initiatives on promoting women’s participation and advancement, please visit our website.
<https://ppih.co.jp/en/sustainability/materials/2/diversity/management/>

Interview

I was attracted to the culture where frontline operations have significant authority, and thought “I want to be a store manager here,” which led me to join PPIH. I gained hands-on experience through merchandising work, and when “RISE1100” was announced, I thought “This is what I’ve been waiting for!” and decided to participate without hesitation. While I was surprised by the breadth program and interactions with female store managers further heightened my motivation to take on the challenge of becoming a store manager. After serving as a store manager, I now work as a branch general manager. Many female staff members work at our stores, and I’ve had many opportunities to encounter concerns unique to women, such as health issues. That’s why I’m committed to creating a work environment where everyone can work with peace of mind, drawing on my experience. Our company operates various business formats and styles, providing many opportunities for women to thrive. I hope

Active Participation of Senior Staff

The PPIH Group has employees of a wide range of ages, from their teens to those in their 80s, actively contributing to our operations. Senior staff with diverse experiences—including those who continue to leverage their experience after retirement and those taking on new challenges from different industries—work in their own unique ways while collaborating with employees of different ages and positions. Among mate (part-time/temporary) employees, over 17,000 staff members aged 60 and above are actively working, accounting for approximately 23% of all mate employees (FY6/25/domestic Group companies).

Interview

Since joining Dashin Department Store, which once stood on this same location, I have worked in the produce section for 64 years. In addition to stocking shelves, bagging, and serving customers, I’m mainly responsible for taking orders from restaurants and placing orders at the produce market. I work 5 days a week for 40 hours, but I rarely feel it’s too demanding. Communication with customers and colleagues is my daily enjoyment and source of fulfillment. Because it’s an environment where opinions can be expressed easily regardless of age, we sometimes have conflicting views, but I feel it’s a workplace where we can grow while stimulating each other. I never thought I would be able to work until this age, so I’m filled with gratitude. I want to continue working as long as my body allows.

Comment from Colleague

Yoshida-san has extensive experience and knowledge, and is someone people rely on and respect. His advice on pricing and sales methods is spot-on, and I learn many things from him every day. There are tasks I entrust entirely to him, and customers even ask, “Yoshida-san here today?” by name. He is an indispensable presence for our store.

Interview

Yoshi Hironaka
RISE1100 First-Cohort Graduate
Mitsun-Sai Branch General Manager

Interview

Tomio Yoshida 40
Fresh Food Section, MEGA Don Quijote, Omiya-Sai Store

Interview

Yoshida-san has extensive experience and knowledge, and is someone people rely on and respect. His advice on pricing and sales methods is spot-on, and I learn many things from him every day. There are tasks I entrust entirely to him, and customers even ask, “Yoshida-san here today?” by name. He is an indispensable presence for our store.

Interview

Yosuke Nagasaki
MEGA Don Quijote, Omiya-Sai Store

Talk Session : The Talent Management System “TaleQue”



Start Screen After Login



Personal Dashboard



Visualizing career paths by role to serve as a reference for future progression.

- Amid complex risks from PB/OEM expansion and globalization, we are strengthening responsible procurement and sales, focusing on human rights and the environment.
- To identify risks, we disclose audit scopes, the number of audits conducted, and evaluation results.
- We newly disclose our initiatives on product safety for PB/OEM products.

Conducting Third-party CSR Audits and SAQ

	Target	Number Conducted
Third-party CSR Audits	Factories contracted to manufacture PB/OEM products deemed particularly important from a risk management perspective, such as transaction scale, product genre for which manufacturing is contracted, and country where the factory is located	39 factories (domestic: 22, overseas: 17)
SAQ	Factories contracted to manufacture PB/OEM products deemed important from a risk perspective based on the results of the first SAQ, regardless of transaction scale	159 factories (domestic: 96, overseas: 63) *Response rate: 100%

FY6/26
Plan to conduct
over 50
CSR audits

Training Session for Business Partners

Scheduled participation: 50 companies

- Sharing findings from audits
- Lecture on human rights

※Planned for April

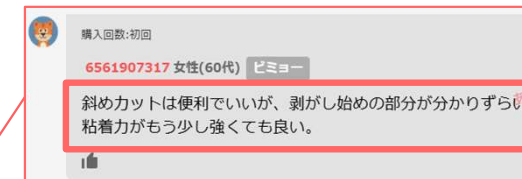
Third-party CSR Audit Evaluation Results

	A	B	C	D
Domestic	2	16	2	2
Overseas	3	8	6	0
Total	5	24	8	2

Responsible Sales (Quality Improvement)

Quality Improvements Utilizing the majica App "Maji-Voice"

- FY6/25 : ~30 product improvements



"The diagonal cut is convenient, but it's hard to see where to start peeling. The adhesive could also be a bit stronger."

Improvement Examples

Product	Feedback	Areas for Improvement
	The tape cut position is difficult to identify.	Print an arrow or other marker to clearly indicate the cut position.
	<ul style="list-style-type: none"> • High breakage rate • Flavor is too strong or too weak • Difficult to sort for disposal 	<ul style="list-style-type: none"> • Improve stacking methods and cushioning materials during transportation • Improve manufacturing equipment.

- Launched a IR Activities page
- Visualized our strengthened communication with investors by presenting our engagement records.
- Reflected our ESG initiatives and disclosures in a way that contributes to external evaluations.

Dialogue activities

Data Section

IR Activities

The PPIH Group actively engages with institutional investors and analysts to build trust and strengthen understanding of our management approach, business strategies, and sustainability efforts. Feedback received during dialogue opportunities such as individual meetings and store tours is shared with management and reflected in initiatives to further enhance corporate value.

Major dialogue activities (FY6/25)

Activity	Number of Times
Financial results briefings for analysts and institutional investors	4
Individual meetings with analysts and institutional investors (domestic and overseas)	530
Overseas roadshows	2
Store tours	15
Participation in securities firm conferences (domestic and overseas) *97 meetings conducted	20

PPIH first ESG briefing session

The PPIH Group held an ESG briefing session in July 2025. Based on our corporate philosophy collection "The Source," we introduced our sustainability initiatives across 5 themes (ESG management, human capital, diversity, supply chain management, and the environment).



Materials, videos, and Q&A from the ESG briefing session are available at the URL below:

<https://ppih.co.jp/en/sustainability/>



External ESG Evaluations

External ESG Evaluations (as of end of July 2025)



FTSE4Good



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index



Morningstar Japan ex-REIT Gender Diversity Tilt Index



2025 CONSTITUENT MSCI ESG SELECT LEADERS INDEX



S&P/JPX Carbon Efficient Index



2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



2025 Sompo Sustainability Index

*FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index are designed by FTSE Russell, a global index provider, to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. These indexes are widely used in the creation and evaluation of responsible investment funds and other financial products.

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Selected as a constituent of all 6 ESG investment indexes adopted by GPIF

The PPIH Group was newly selected as a constituent of FTSE Blossom Japan Index, an ESG evaluation index. As a result, we have been selected as a constituent of all Japanese equity ESG indexes adopted by the Government Pension Investment Fund (GPIF).



PPIH
Pan Pacific International Holdings



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