

Overview of Q&A Session at Analysts Briefing for Q4 FY June 2024

This document provides an overview of the Q&A session at the analysts briefing for the fourth quarter results. Questions and answers have been edited for clarity.

Q1. To what extent has PPIH's unique concepts, such as "The Source Management" and delegation of authority, spread in its business overseas compared to its operations in Japan?

A: While we initially struggled in North America, we have finally managed to spread our concepts to the local employees as well. We realize that employees on the frontlines have acquired the ability to think and put ideas into practice proactively, and have reached the stage where they are able to take action.

In Asia, we also struggled before the English edition of *Genryu* ("The Source") was issued. However, by advancing efforts to translate "The Source" into various languages and distribute it, the mindset of local employees has gradually moved closer to that of employees in Japan. Even when compared to other companies that have expanded their business overseas, we feel that there is less difference between the awareness of our overseas and domestic employees.

Q2. The subject of winning over customers in the younger demographics was mentioned anew in this briefing. What is the future direction and approach in this respect?

A: The younger demographics had been an important target generation to us from the beginning, but analysis has shown us anew that it is an extremely important demographic that should be targeted. Younger generations will go on to experience various stages of life in the future, and we believe that the future vision that we should work toward is to establish PPIH as the criteria for these experiences.

Q3. What is the background behind setting the numerical targets for PB/OEM?

A: The first reason is that PB is doing well. The greatest change lies in the fact that we have continuously been able to provide an answer to inflation, a major factor of change in the external environment. On the other hand, in our discussions on whether there were any other opportunities, we realized anew that there are "signature products." However, we could not do that if we reversed the order. It is important to first work on branding and improving recognition, followed by switching. The new concept that we will be introducing this time is basically switching, so we were able to have highly rational discussions and produce

accurate numbers in that process.

Q4. Will the significant fluctuations in exchange rates have any impact? There are also growing concerns among some about yen appreciation.

A: Going forward, the government of Japan will have no choice but to adopt a policy that supports the promotion of inbound visitors to Japan. We are not yet in a position to fully emphasize our prices, but inbound customers in our stores are saying unanimously that our products are "inexpensive." We should be able to highlight this point further, and we still have plenty of strategies that will allow us to compete against other companies.