Pan Pacific International Holdings Corporation
May 14, 2025

Overview of Q&A Session at Analysts Briefing for Q3 FY June 2025

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

Q1. Please tell us how much the operating income has exceeded the plan in each business segment.

A: No business fell below the plan. In particular, the operating income of both the Discount Store business and North America business have exceeded the plan by more than 1 billion yen.

Q2. Please share with us the impact of U.S. tariff policy on the North America business.

A: The monetary and other impacts on PPIH as a whole are limited at this time, although imported items are expected to be affected to some extent. As the situation is changing daily, we would like to provide explanations as appropriate in the future.

Q3. How do you view opportunities for the domestic business in relation to U.S. tariff policy?

A: The elimination of duty exemptions for personal imports into the U.S. has changed the environment for imports from China. We see mid- to long-term business opportunities for collaboration with Chinese companies, given the collapse in the balance of supply and demand and the creation of an oversupply situation.

Q4. Do you have any plans for new store openings in China?

A: We are not considering opening stores in China at this time. Since China is so vast, we believe it is possible to reach Chinese people in ways other than new store openings. Meanwhile, we see room for future growth in the purchase amount by Chinese people as part of inbound sales in Japan, because the proportion remains low compared to pre-COVID levels.

Q5. A long-term management plan will be announced in August, but is there anything you can state at this time?

A: I would like to share 3 things we are discussing internally:

- First is store opening potential. We believe the business can succeed even in small commercial zones. As consumer behavior evolves, we need to reconsider the concept of "food" from a slightly different perspective. Additionally, macroeconomic factors such as shifts in real wages and the increasing proportion of income spent on food by middle-income households are creating favorable conditions for our business. At present, our existing store formats do not fully address these opportunities.
- Second is increasing market share. Growing existing stores is one of our challenges. We can increase share from 3 perspectives: first, we can strengthen existing stores; then, if we can do that, we can also promote new store openings and develop new business formats.
- Third is merchandising. We are considering how to develop PB/OEM going forward, and how to respond to social changes. As part of this, in the lead-up to August, we are making preparations such as discussing collaboration with Kanemi Co., Ltd., in which we have a 39% shareholding.

Q6. In your earlier answer, you mentioned that collaboration with Chinese companies could represent a mid- to long-term business opportunity. Given that, could Chinese e-commerce companies—particularly those offering a wide range of products and recently impacted by the removal of duty exemptions on personal imports into the U.S.—be considered beneficial partners for your business?

A: It's a stretch to say that products intended for the U.S. will immediately be redirected for import into Japan, but there is indeed an oversupply of products. It would also not be difficult from a regulation standpoint. Hypothetically, we are considering what we can do in small lots. We believe that we will get the answer once we understand the production capacity in China.