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[Speech Summary for FY2025 Third Quarter Financial Results Briefing]

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Representative Director & Senior Managing Executive Officer, CSO/ Hideki Moriya
Representative Director & Senior Managing Executive Officer,
Vice President & Representative Director of Don Quijote Co., Ltd./ Kosuke Suzuki
Director, Senior Managing Executive Officer,
President & Representative Director of UNY Co., Ltd./ Ken Sakakibara
Managing Executive Officer,
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General Manager, IR Headquarters/ Yuichi Watanabe

1. FY2025 third quarter financial status

✓ Representative Director & Senior Managing Executive Officer, CSO, Hideki Moriya

- ✓ Achieved record-high net sales, operating income, and operating margin for the third quarter alone and cumulatively.
    1. The decline in ordinary profit and subsequent items in the third quarter alone was due to the absence of foreign exchange gains recorded in the previous year, and not due to negative factors related to operations. Profits are progressing in line with the published budget.

<Results by business segment>

- ✓ The Discount Store business performed above forecasts. In tax-free sales, we are progressing steadily toward the target sales figure of 170 billion yen through successful efforts to capture inbound tourism demand during the Lunar New Year and cherry blossom season. In non-tax-free sales, sales of food and household essentials increased, driven by a successful response to the rising price sensitivity among customers through the majica strategy. Sales of seasonal items and PB/OEM product sales also increased, contributing to the improvement in gross profit margin.
- ✓ The UNY business turned positive from a decline in H1 to a profit increase for the cumulative third quarter. Performance is in line with forecasts. Pricing strategy had some level of impact on the net sales of food and household essentials. Non-food category reforms contributed to net sales by expanding the introduction of new product offerings. SG&A was maintained at the same level as in the previous fiscal year as a result of improved productivity, despite the inflationary environment.
- ✓ The Asia business is on track to meet the full-year target. The improvement is attributed to the effective introduction of the Japan business's approach to labor share of income across Asia, as well as the progress made in the reorganization of unprofitable stores. Furthermore, customer numbers and net sales recovered in Thailand, Hong Kong, and Macau as a result of effective pricing achieved through strengthened business negotiations with local partners, along with other measures. We will ensure that the ripple effects from good practices will reach low-performing areas and lead to improving customer numbers in the next fiscal year and beyond.

- ✓ The North America business is moving upward to the downward-revised plans. Marukai CA has continued to perform solidly due to the extension of opening hours in response to customer demand and the introduction of Electronic Benefits Transfer (EBT) cards, in addition to the sales growth for sushi and deli items. At Gelson’s, sales increased as a result of visits by customers to nearby Gelson’s locations following wildfire-related store losses. Performance in Hawaii improved slightly with a reduction in waste and losses due to system stabilization. In Guam, the business is progressing as planned.

2. Solid growth trajectory and confidence in the future

- ✓ President & CEO, Representative Director, Naoki Yoshida

  - ✓ We will announce the new Long-Term Management Plan at the financial results briefing in August.
  - ✓ An operating margin of 5% used to be our standard, but this dropped to around 4% from 2019 when we acquired UNY. Afterwards, it recovered to around 5% in FY6/23, improving to 6.7% in FY6/24, and reached the 7% range this quarter and cumulatively thanks to various operating efforts. This is the message we wish to convey.
    1. This means that PPIH's new standard for operating margin has now been established at 7% or higher. This signifies that we will have no problems even if interest rates were to fall temporarily when we conduct M&A or make other large-scale investments in the future.
    2. Regarding UNY, we have achieved our initial targets, and the time has now come to set ourselves new targets. We will ensure that we achieve our targets in the strengthening of non-food categories. Further reinforcement of the food categories is another key point. The time has also come for us to combine the Discount Store business and UNY business and leverage their respective strengths.
    3. The overseas business still accounts for a relatively small portion of operating income. Going forward, it is necessary to commit to significant income growth over several years.
  - ✓ We are very optimistic about the future. We perceive changes as opportunities, and there is still much more room for responding to Japan's population decline and for PPIH's overseas growth. For example, changes in consumer behavior have been observed amid weakened consumer sentiment caused by rising prices.
    1. On beverage products, discounters are seeing an increase in their market share. This is a typical example of the shift observed in consumer behavior.
    2. PPIH's alcohol sales are growing significantly, even though the younger generation is said to be moving away from alcohol.
    3. There is still great growth potential in the foods category as a market that PPIH has not yet fully tapped, if we can increase the number of people who associate us with food products.
  - ✓ We hypothesize that changes in U.S. tariff policy may offer new opportunities for collaboration with Chinese companies. We aim to strengthen our product procurement capabilities by leveraging the technological prowess and dexterity of Chinese companies. We are also considering expanding our touchpoints with Chinese consumers by deepening our inbound strategy.

3. Regarding our inbound strategy

- ✓ Managing Executive Officer, Shinichiro Akagi

  - ✓ On track to become the undisputed leader in inbound tourism demand — 1 year after declaring No. 1.
  - ✓ There is no cause for concern about tax-free sales even with the impact of changes in the global situation and exchange rate fluctuations. We achieved record highs for average daily sales in the third quarter, as well as for April alone (16.8 billion yen), and we are on track to meet the full-year target of 170 billion yen.
  - ✓ The following are 3 factors outlining the Company's fundamental strength in the inbound business and how we can

further expand our market share even if the growth rate of inbound visitors were to slow down.

- The first factor is merchandising power, which boosts customers' store traffic. Our strength lies in offering a product lineup for a one-stop shopping experience for foreign visitors. It is possible to change the product assortment flexibly at each store. Moreover, we are less susceptible to the impact of yen appreciation, as demand is focused on souvenirs. PB/OEM products are also growing in popularity. Going forward, we aim not only to increase our share of consumer spending, but also to expand our market share in the category of food expenditures.
- The second factor is in-store experience as a Satisfaction Driver. We are gaining repeat customers through our night market, which offers a relaxed shopping experience after sightseeing and dinner, and by improving our checkout operations. Going forward, we aim to enhance customer satisfaction by implementing improvements that lead to an even smoother shopping experience.
- The third factor is customer attraction. Efforts to enhance our promotional activities, including publicity through travel agencies and social media, have been effective. Tax-free sales are growing not only in the major cities, but also in suburban cities. There is still room for growth in the future, such as by holding nighttime events that are unique to PPIH and implementing competitive pricing strategies against rival retailers.

4. Regarding the new Long-Term Management Plan

✓ Representative Director & Senior Managing Executive Officer, Kosuke Suzuki

- ✓ For the domestic business, we are also considering a new growth strategy, in addition to advancing the 4 strategies of inbound, PB/OEM, new store openings, and customer acquisition.
- ✓ We will move the domestic business forward into the next phase over the next 5 to 10 years. For now, it is vital to formulate the new Long-Term Management Plan with the next-generation management team and have it be a compass for all employees.
- ✓ With the resolve that "the biggest risk is not taking any risk," we will make proactive investments aimed at realizing significant growth. We will announce many sources of growth for our domestic business at the financial results briefing in August.

5. Regarding UNY business

✓ Director, Senior Managing Executive Officer, Ken Sakakibara

- ✓ We launched non-food category reforms, and successful cases are beginning to generate positive ripple effects to many stores.
- ✓ A competitive mindset has permeated throughout UNY through the introduction of the Million Star Branch Program. As result, young UNY employees are increasingly being promoted, and human resource development is picking up pace.
- ✓ In non-food category reforms, the trial introduction of products at pilot stores has been successful, generating sales of products that were previously not available at UNY. We are now moving forward with their introduction widely across many stores.

- ✓ The direction for strengthening the non-food category is to conduct trials in both large-format and small-format Piago stores, following on from the successful cases of renovating large-format Apita stores. Net sales are increasing in both stores through the reduction of conventional products, particularly apparel, and the introduction of new products. Small-format stores in particular are gaining popularity thanks to the simultaneous expansion of their food retail areas.
- ✓ Going forward, we will spread UNY's strength in the food category outward to the domestic business as a whole. In the future, we will integrate the domestic business, in which the Discount Store business and UNY business are currently separated, and leverage the collective strength of the PPIH Group to begin developing a new business format.

6. Regarding the North America business

✓ General Manager, IR Headquarters, Yuichi Watanabe

- ✓ 3 key drivers underpinning the strong growth of Tokyo Central are as follows.
  - The first is a clear business model. As a Japanese product specialty store, its business format targets food and beverage demand. It offers sushi and deli items at reasonable prices while maintaining Japan-level quality and taste. Its price competitiveness and convenience as a one-stop shop for food and daily necessities has made it popular especially among customers in Asian commercial zones.
  - The second is stable operations. The central kitchen's product supply system supports Tokyo Central's growth. Production volume has grown about 20% annually for 2 consecutive years, and improved culinary skills help to maintain and enhance product quality. Tokyo Central has also built a merchandising cycle of astonishingly affordable products by establishing a product supply system based on procurement from local Japanese vendors.
  - The third is strong leadership. Talent dispatched from Japan has demonstrated strong leadership, instilled the PPIH culture, and empowered local talent to become the core drivers of the business. More employees are accountable for numerical targets, propelling their personal growth.
- ✓ We have successfully developed a niche market in California. We are now entering a phase of preparing for expansion into other states.