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## [FY6/25 Q4 Financial Results Briefing: Remarks as Incoming CEO]

Representative Director & Senior Managing Executive Officer, CSO

Hideki Moriya

Good afternoon. I'm Hideki Moriya, and I'm honored to be stepping into the role of CEO.

As for my vision statement, the long-term business plan "Double Impact 2035," that will be explained later is in itself the expression of my vision, as well as those of Kosuke Suzuki, who will speak after me. I would therefore like to share my thoughts while touching on key elements of this plan.

When I joined PPIH in 2000, Japan was in the midst of a deep recession following the collapse of the bubble economy. The unemployment rate hovered around 4%, companies were focused on cost-cutting, and wages were low. It was a time often referred to as the "employment ice age."

Despite this, the Don Quijote store where I was first assigned was thriving. Every weekend, customers waited in long lines just to enter the parking lot, and the registers stayed busy well past midnight. I vividly remember the excitement of tackling buying and sales challenges each day.

In recent years, as signified by the acronym VUCA (volatility, uncertainty, complexity, ambiguity), there is much talk about our rapidly changing society and shifts in consumer behavior. These changes are often perceived through a negative lens, evoking a troubling sense of uncertainty and ambiguity.

However, at PPIH, we ourselves have been driving rapid change within the company on a daily basis. This spirit is best expressed in "The Source": "Think of what you do not as 'work' but as a 'game,' and have fun!" As the saying goes, we embrace change with enthusiasm, viewing it as a daily opportunity for growth and expansion.

Internally, we have long referred to our industry as "the business of adapting to change." That is why we consider a business environment marked by intense change to be the battlefield where we can best excel. We are absolutely confident and proud of our ability to continue adapting to any changes that lie ahead.

Now, I would like to express management policy.

Through now, we have been advancing our medium-term management plan Visionary 2025/2030. This time, we have decided to formulate and execute a new 10-year management plan, the aforementioned “Double Impact 2035.”

As will be explained later, the major theme of this plan is to grow our domestic business to generate an operating income of 300 billion yen within the next 10 years, which will place us at the top level among domestic retailers.

To achieve this, I will base our management on the following three policies.

#### 1. Implementation of speedy decision-making

This is something that is not changing. Our sales surpassed 2 trillion yen in the previous fiscal year, and the number of employees has reached a scale of 90,000 during this fiscal year. I believe that PPIH has the fastest decision-making speed in Japan, as well as the largest number of people delegated with decision-making authority. Even as we aim to double the scale of our business over the next 10 years, we will build a system that ensures our “No. 1 decision-making speed” does not slow down.

#### 2. Transition to optimal team-based management

##### **Evolving from competitive meritocracy to meritocracy through resonating co-creation**

This is something that I believe will be accelerated. Through now, PPIH has achieved results under competitive meritocracy, focusing overwhelmingly on the maximization of individual capabilities through mechanisms such as the division-based independent accounting system, the individual store manager system, and the Million Star Program. While carrying forward the legacy of my predecessors, Founding Chairman Yasuda and current President and CEO Naoki Yoshida, I intend to evolve this approach into a new model by combining competitive meritocracy with what I call “meritocracy through resonating co-creation,” or *kyoso seika shugi* (響創成果主義) in Japanese. The term *kyoso* is a coined word of my own creation. I chose the character “響” (resonate) with strong conviction, as it reflects a core belief I hold deeply.

At our company, where the strength of the individual is overwhelming, I believe that mere terms such as “cooperation” or “collaboration” are not strong enough when it comes to elevating and maximizing individual capabilities on a team level. I am convinced that it is when individuals exert influence on each other and resonate together that the greatest results can be achieved. We will place the formation of such synergistic teams—teams that resonate and amplify each other’s strengths—at the center of

our management approach, and embody this as the next generation of competitive PPIH.

### 3. Selection and concentration to continue active investment

#### **From continuous growth to discontinuous growth**

Lastly, this is something that will be changed. Until now, we have expanded and grown each business organically year by year, making investment decisions based on short-term returns. As a result, we have achieved 36 consecutive fiscal years of increases in both sales and profits.

However, I believe that we are now entering a stage where it is necessary to review these decision-making criteria in order to achieve even greater corporate growth. Over the next 10 years, we plan to invest over 1.2 trillion yen. We will review the criteria for investment, such as the investment return period and the investment amounts delegated to each business, and ensure that we can make sufficient investments not only in growth businesses but also in projects and plans that may involve many failures yet are promising for future growth.

In addition, we will clearly incorporate M&A into our strategy, something we have not done until now. In carrying out these initiatives, we will change our policy from continuous growth to discontinuous growth in terms of sales and profit increases.

Finally, I would like to touch on our overseas business.

In the long-term business plan we are presenting today, we have disclosed only minimum targets for overseas business. As I have stated before, success in overseas business requires a clear store model that can continually win customer support, along with optimal operations to sustain it. Some of our stores are gaining popularity, and we are also beginning to see profit in certain stores and categories as a result of partial progress in building up operations. Signs of progress are becoming visible.

Over the next year, we will take the time to determine the direction of our overseas strategy so that we can advance to a new stage where it will become a core business within our future corporate growth strategy.

I sincerely look forward to your continued support and guidance in the times ahead.