Pan Pacific International Holdings Corporation
August 18, 2026

Overview of Q&A Session at Analysts Briefing for Q4 FY6/26

This document summarizes the Q&A session from the full-year financial results briefing.
Some questions and responses have been edited or supplemented for clarity.

Q1: One year has passed since your appointment as President and CEO. How would you assess your performance to date? Also, what changes have taken place within the Company, including shifts in employee engagement and mindset?

A:
- In assessing my first year, I do not yet consider my performance satisfactory.
- The organization has become noticeably more dynamic. An increasing number of employees are proactively stepping forward to participate in a wide range of projects, including initiatives related to Olympic Group Corporation.
- When launching new projects, we invite employees to apply through an internal open recruitment process, and the number of applicants has increased substantially compared with the past.
- Through our human capital development efforts, we have largely put in place the capabilities needed to advance the PMI of Olympic Group Corporation more rapidly than before.
- The Company is becoming more energized and growth-oriented, and we believe stakeholders can take confidence in the progress being made.

Q2: You have described the consumer environment as challenging. What measures do you plan to take in response? You have also indicated that you may accept a temporary decline in gross profit margin. Could you explain the rationale behind this approach?

A:
- In FY6/26, we prioritized increasing traffic and implemented pricing strategies centered on *maji-kakaku* (app member-exclusive pricing) and *EDRP* (EveryDayRealPrice).
- Although the situation in the Middle East has shown signs of stabilizing, further price increases are expected across a range of products, including food. We therefore expect the business environment to remain challenging.
- PB/OEM products account for approximately 26% of domestic sales. However, there is further growth potential in Direct-Sourced PB/OEM Products, which are

planned and sourced directly by PPIH, as well as NPB products jointly developed with manufacturers.

- In particular, the gross profit margin on Direct-Sourced PB/OEM Products is approximately 10 pt higher than the average for PB/OEM products. We intend to improve our overall gross profit margin by increasing the sales mix of these products.

Q3: In FY6/27 guidance, the Company appears to expect some pressure on the gross profit margin of existing businesses, excluding Olympic Group Corporation, while seeking to maintain the operating profit margin by controlling the SG&A expense ratio. As the Company prioritizes increasing traffic, how long is it prepared to accept pressure on the gross profit margin?

A:

- We do not intend to cut necessary investments and expenses simply to secure profit. While costs are expected to increase, we plan to generate sales growth that outpaces the increase in costs and thereby improve productivity.
- We expect the gross profit margin to fluctuate to some extent in line with the progress of the long-term business plan.
- At the beginning of FY6/26, we targeted an improvement in gross profit margin. However, following subsequent developments in the Middle East, we responded by making agile price investments.
- In FY6/27, we will continue to respond with similar agility to customer needs arising from changes in the business environment, including higher procurement costs and tax system changes. Our plan incorporates a certain level of contingency to provide for such actions.
- We have not set a specific timeframe for accepting pressure on gross profit margin and will make decisions flexibly based on the business environment.

Q4: In FY6/26, the Company indicated that consumers had become more budget-conscious amid increasing uncertainty regarding economic conditions. Does the Company continue to hold this view?

A:

- Consumer behavior has evolved since then. While consumers remain budget-conscious, we believe a growing number are also becoming more willing to spend.
- This is particularly evident among consumers in their 20s and 30s living alone, Robin Hood’s core target demographic.

- However, stronger spending appetite among some consumers does not translate into broad-based demand across all products. As consumers become increasingly selective in their spending, it is critical to accurately identify their needs and deliver products and value that meet those needs.

Q5: You stated that the corporate philosophy of Olympic Group Corporation has much in common with PPIH's origins. What organizational changes do you expect?

A:

- We plan to convert the formats of all stores over a period of 2 to 3 years.
- The converted stores will initially operate under a two-person structure, pairing a store manager assigned from PPIH with an Olympic Group store manager. The same approach will be adopted for each merchandising function, helping embed PPIH-style store execution through hands-on collaboration.
- We will move forward with the format conversions while deepening Olympic Group employees' understanding of PPIH's merchandising and product assortment.

Q6: Regarding the format conversion of Olympic Group Corporation stores, do you expect sales to approximately double across all formats, including MEGA Donki, Pure (Traditional) Donki, and Robin Hood?

A:

- While results varied by store, UNY's format conversions delivered significant changes and strong results overall. Similarly, we do not expect sales at every store to roughly double following the current conversions.
- For Olympic Group Corporation, we believe that sales at MEGA Donki and Pure (Traditional) Donki stores could double or come close to doubling.
- We also have high expectations for Robin Hood, as its relatively small store size offers substantial growth potential and the opportunity to deliver significant results.

Q7: What investment payback period do you expect for Olympic Group Corporation? Please also explain your approach to return on investment.

A:

- Consistent with our new store investment criteria and the approach taken for UD Retail's format conversions, we expect an investment payback period of 5 to 6 years for the format conversion of Olympic Group Corporation stores.
- We aim to steadily generate returns from investments in format conversions and store renovations, leading to medium- to long-term earnings growth.

Q8: What risks or potential considerations do you currently anticipate in implementing the growth strategy for Olympic Group Corporation?

A:

- Although the stores are favorably located, many of the buildings have been in operation for many years and will require repair and maintenance investments.
- As a result, some stores may require additional work before their format conversions, and implementation may therefore require additional time.
- The principal considerations are incremental investment requirements associated with maintaining and upgrading the facilities and the possibility of longer construction periods.

Q9: Regarding capital allocation, planned investment totals approximately ¥1.6 trillion over 10 years, equivalent to approximately ¥160.0 billion per year. This represents a substantial increase from the previous annual level of approximately ¥60.0 billion. In particular, the plan includes approximately ¥45.0 billion per year in reinvestment in existing businesses. Please explain the reasons for this increase.

A:

- The primary factor behind the increase in investment is M&A. We plan to make growth investments aimed at expanding our geographic footprint and strengthening supply chain management.
- In addition to organic growth, we intend to actively pursue M&A opportunities to achieve a step change in growth. We expect to allocate approximately ¥400.0 billion to M&A-related investments.
- Investment amounts will vary depending on the nature and scale of individual

transactions and should not be viewed simply on an annualized basis. We intend to invest flexibly as growth opportunities arise.

- Regarding reinvestment in existing businesses, we expect increased expenditures for maintaining the business foundation, renovating stores, conducting repairs and maintenance to support growth, making capital expenditures, and investing in IT and infrastructure. We invested approximately ¥35.0 billion in these areas in FY6/26. Taking into account the anticipated expansion of our store network, we have set the plan at approximately ¥45.0 billion per year.
- In recent years, investments associated with store relocations and replacements have increased. The plan also includes investments intended to expand sales and support growth in existing businesses.

Q10: Regarding the approximately ¥400.0 billion allocated to M&A investment, how achievable do you currently believe this level of investment to be? Also, how would the Company use the funds if M&A opportunities were not pursued?

A:

- We will refrain from commenting on specific M&A opportunities, but the current industry environment and various media reports suggest that such opportunities are likely to increase.
- We regard M&A as an important strategy for expanding our growth opportunities. We have moved beyond a transaction-by-transaction approach and established a dedicated M&A team.
- If M&A opportunities are not pursued, the funds may be allocated to other growth investments.
- The aggregate value of potential transactions currently under consideration exceeds the allocated budget. We will prioritize these opportunities and make investment decisions accordingly.