Pan Pacific International Holdings Corporation
August 18, 2026

**Overview of Q&A Session at Small Meeting for Sell-Side Analysts for Q4 FY6/26**

The following is a summary of the questions and answers from the full-year financial results small meeting for sell-side analysts. Certain revisions have been made for clarity.

| Q1: For the format conversion of Olympic Group Corporation stores, will PPIH assign a large number of personnel, as it did during the UNY format conversions? |
|---|

A:

- A key difference from the UNY conversions is the approach to personnel allocation. PPIH deployed a substantial number of personnel for the UNY conversions. For the Olympic Group Corporation conversions, however, many stores are located in central Tokyo near PPIH's head office and existing stores, allowing for close coordination without the same level of personnel deployment.
- PPIH will provide hands-on support through a two-person structure, pairing store managers assigned by PPIH with their Olympic Group Corporation counterparts. The same structure will apply to each merchandising function, while Olympic Group takes the lead in store operations and format conversions.
- We plan to initially assign approximately 30 personnel and gradually increase staffing as the number of converted stores expands, while transferring the know-how over a 3-year period.
- Personnel assignments from the Discount store business will be limited, and we do not anticipate any material impact on its existing operations or new store development.

| Q2: Please explain the investment required for the format conversion of Olympic Group stores and the expected payback period. |
|---|

A:

- We expect total investment over the 3-year period beginning in FY6/27 to be approximately ¥32.0 billion, or just under ¥400 million per store. In addition to sales floor renovations, facility upgrades and construction work to meet regulatory requirements will also be needed.
- In FY6/27, we plan to convert 18 stores and make upfront investments totaling approximately ¥5.0 billion, including format conversion costs, repair and renovation expenses, and PMI-related costs.
- Converted stores are expected to begin contributing to profits in their second year, with stores converted in the early phases expected to contribute to earnings from FY6/28 onward.
- We will proceed with the conversion schedule while taking into account factors such as the progress of discussions with property owners. Our policy is to convert stores sequentially where we determine that the investment can be recovered.

Q3: How do you plan to grow Robin Hood and expand its store network going forward?

A:

- We plan to begin by converting 6 Olympic Group stores to Robin Hood and then take sufficient time to evaluate their performance before proceeding with further conversions.
- The acquisition of Olympic Group Corporation will allow us to establish the Robin Hood format in the Tokyo metropolitan area. If the format proves viable in this market, we believe it could open up expansion opportunities through the properties we had not previously considered, including former small supermarket and drugstore sites, as well as properties near train stations.
- The 5 stores converted from Piago that are currently performing well are primarily located at roadside sites. We will continue assessing their profitability and customer acceptance as we work to establish the store format.

Q4: What was the background to the disclosure of the capital allocation plan, and what has changed over the past year?

A:

- Although we had already established a basic capital allocation policy, our long-term business plan for the Overseas business had not yet been determined 1 year ago, and we were therefore not in a position to disclose the capital allocation plan.
- In the Domestic business, the investment priorities and required investment amounts for achieving our growth targets have now become clearer, enabling us to present an overall capital allocation plan that includes both investments and shareholder returns.
- This disclosure does not reflect a change in our approach to capital allocation. Rather, we are providing greater detail now that our investment plans and growth drivers have become clearer. We will continue to update our capital allocation plan as we further develop our Overseas business strategy.

Q5: The capital allocation plan includes ¥450.0 billion in investments in existing businesses, a substantial increase from historical levels. What factors are driving this increase?

A:

- Investments in existing businesses primarily comprise: (1) expansion of the store network, (2) increased investment in IT and AI, and (3) renovations and reconstruction of existing stores.
- We plan to expand our store network in Japan from 676 stores to more than 1,000, including Olympic Group Corporation stores. Supporting a store network of this size will require additional infrastructure investment.
- We are also increasing investment in IT and AI to improve productivity, in addition to our systems investments.
- We also expect investment to increase due to renovations of existing stores and the rebuilding or relocation of stores.
- In FY6/26, we plan to invest approximately ¥35.0 billion in store renovations, repairs and

maintenance, facilities and equipment, and IT and infrastructure to support future growth. As these investment needs will increase with the expansion of our store network, we have set our annual investment plan at approximately ¥45.0 billion.

Q6: What assumptions underline the ordinary profit and net income guidance for FY6/27, and what are the main differences from FY6/26?

A:
- Foreign exchange is the largest factor affecting the YoY change in ordinary profit. We recorded foreign exchange gains in FY6/26 but expect foreign exchange losses in FY6/27, resulting in a negative impact of approximately ¥6.0 billion to ¥7.0 billion.
- FY6/26 also included temporary factors that boosted profit, such as equity-method investment income from Kanemi Co., Ltd. and gains on the sale of certain properties. These factors are not included in the FY6/27 guidance.
- For net income, the FY6/27 guidance assumes that higher taxes will reduce profit by approximately ¥3.5 billion, mainly due to the expiration of the tax credit for wage increases and the special corporate tax for defense funding. This will be partially offset by lower impairment losses than in FY6/26.

Q7: The gross profit margin of the Discount Store business appears to have improved in Q4. Has there been any change in your approach? Also, what is your pricing strategy for FY6/27?

A:
- In Q4, the improvement in gross profit margin was primarily attributable to the introduction of new PB/OEM products and progress in inventory valuation and inventory sell-through. It did not reflect a significant change in our business strategy or pricing policy.
- As we expanded our PB/OEM product offerings from FY6/25, we expected slow-moving inventory to increase despite maintaining overall inventory turnover. We therefore changed our inventory management practices in FY6/26 to avoid significant losses when clearing such inventory. As a result, the impact on gross profit margin leveled out in Q4.
- In FY6/27, we will continue to focus on price appeal and EDLP. We believe we can achieve both competitive pricing and profit growth if the gross profit margin remains at around the FY6/26 level.

Q8: What are the hyper-personalization initiatives intended to increase traffic in the Discount store business?

A:
- In August 2026, we launched hyper-personalization initiatives to provide promotional offers optimized for each of approximately 21 million majica members.
- We are shifting from promotions based on gender and age group to individualized communication using AI and machine learning, with the aim of increasing visit frequency and average ticket.
- At the same time, we are increasing our advertising investment to attract approximately 30

million consumers who are not currently active Don Quijote customers.

Q9: What key challenges were identified through the structural reforms at UNY's Apita stores, and what measures will be taken to address them going forward?

A:
- In the structural reforms at Apita, particularly in non-food categories, we initially introduced products targeting younger consumers and single-person households. However, this created a mismatch between the merchandise mix and Apita's actual customer base, which consists mainly of active seniors.
- Although the newly introduced products delivered a certain level of results, they did not provide a sufficient reason for new customers to visit or lead to sustained traffic. Meanwhile, lifestyle-focused merchandising renovated under a new hypothesis at the Chiyodabashi store have produced encouraging results. In FY6/27, we will expand these successful practices to other stores.
- Going forward, we will continuously review our merchandising and sales floors in line with changes in the values and lifestyles of target customers and strengthen merchandising proposals that respond to evolving customer needs.

Q10: What is the Overseas business's store opening plan, and what are the key challenges for medium- to long-term growth?

A:
- In FY6/27, the North America business plans to open 1 store in California, while the Asia business plans to open 2 stores in Thailand.
- In the Asia business, we have established the Urban Commercial District Model as a successful format. However, the limited availability of suitable prime locations constrains store expansion. We will therefore continue to develop and test new formats that can be replicated, including the Station-Front Model and Suburban Residential Store Model.
- The key to growth in the Overseas business is developing the same ability as the Discount store business in Japan to quickly introduce new products and replace underperforming ones. By establishing replicable store formats that encourage repeat visits, we aim to open more stores and expand into other countries.

Q11: Regarding the Other segment, what factors affected profit in Q4, and what is the outlook for FY6/27?

A:
- Q4 reflected several factors, including additional provisions in the Financial Services business, M&A-related expenses associated with the share exchange with Olympic Group Corporation, and upfront investment expenses related to AI and systems.
- Although some of these expenses were temporary, we intend to continue making growth investments in areas such as AI and marketing.
- The Hotel business and Tenant Leasing business included in the Other segment have stable earnings structures and are not generally subject to significant profit fluctuations. For FY6/27,

we expect profit for this segment to remain stable.

Q12: What impact do you expect from the introduction of the refund-based tax-free system, and how will the Company respond?

A:

- The average ticket for our tax-free sales is approximately ¥18,000, and customers visit our stores primarily for convenience and an enjoyable shopping experience. We therefore expect the impact of the transition to the refund method on customers to be limited.
- From a store operations perspective, the current tax-free procedures require considerable administrative work. The refund-based tax-free system is therefore expected to simplify store operations.
- While taking into account the requirements of the tax-free system, we are taking steps to improve customer convenience and reduce their burden through pricing and services.