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[Speech Summary for FY2026 Fourth Quarter Financial Results Briefing]

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1. Opening Remarks

Hideki Moriya - President & CEO, Representative Director

One year has passed since the announcement of the long-term management plan, "Double Impact 2035," and the business environment is now at a major inflection point:

Key Point 1: Responding quickly to changing consumer behavior

- Responding to increased price sensitivity and more selective consumer spending
- Leveraging agility and adaptability to turn changes in the business environment into growth opportunities

Key Point 2: Investing and taking on new challenges to drive significant growth

- Prioritizing price investments that address customer needs and strategic investments aimed at expanding market share and building a stronger customer base over the medium and long term
- PPIH is prepared to accept temporary pressure on gross profit margin and operating margin during this investment phase.

- Continuing bold initiatives and investments toward achieving the targets set out in "Double Impact 2035"

Confidence remains strong in expanding and embedding PPIH-style operational excellence throughout the organization while maintaining operating margin at a solid level through continued productivity improvements.

- Further changes are expected in the business environment, including a potential consumption tax reduction on food, the transition to a refund-based tax-free shopping system, AI-driven changes in the competitive landscape, and increased M&A opportunities. These changes are viewed as growth opportunities and will be addressed proactively.

2. FY6/26 Financial Highlights

Hideki Moriya - President & CEO, Representative Director
Yuichi Watanabe, Executive Officer, Head of IR Headquarters

Record net sales of ¥2.4453 trillion, up 8.8% YoY

- Higher customer traffic and same-store sales in Japan and overseas, driven by the successful shift in pricing strategy
- Record tax-free sales of ¥228.6 billion, contributing 2.4 pt to net sales growth
- 30 new store openings in Japan and overseas, contributing 1.3 pt to net sales growth
- Consolidation of Kanemi Co., Ltd. (Kanemi) as a subsidiary, contributing 2.9 pt to net sales growth

Gross profit margin of 31.4%, down 0.5 pt YoY

- Gross profit margin down 0.1 pt YoY and broadly in line with the prior year, excluding the impact of consolidating Kanemi
  - More aggressive pricing beginning in Q2, with customer acquisition prioritized
  - Expansion of directly sourced PB/OEM products and stronger collaboration with manufacturers. Growth in PB/OEM and tax-free sales helped offset margin pressure from more aggressive pricing.

SG&A ratio of 24.3%, improved by 0.4 pt YoY

- SG&A ratio improved by 0.2 pt YoY, excluding the impact of consolidating Kanemi.
  - Productivity gains and operating leverage from higher net sales supported the improvement in the SG&A ratio, even as cost inflation continued and growth investments in personnel and new store openings increased.
  - Higher SG&A expenses in Q4, driven by format conversion expenses, M&A-related costs, and marketing expenses

Record operating income of ¥174.8 billion, up 7.7% YoY

- Operating margin remained strong at 7.3%, excluding the impact of consolidating Kanemi

Profit attributable to owners of parent exceeding ¥100.0 billion for the first time. Stronger earnings power and a strengthened balance sheet will support future growth investments and enhanced shareholder returns.

3. Segment Overview

Yuichi Watanabe - Executive Officer, Head of IR Headquarters

Discount Store Business

- Same-store sales increased 5.0% YoY, driven by the pricing strategy and growth in tax-free sales.
- Gross profit margin remained broadly in line with the prior year despite more aggressive pricing, supported by growth in PB/OEM and tax-free sales.
- SG&A expenses increased, while productivity improvements kept the SG&A ratio broadly flat YoY. Operating income increased ¥6.9 billion YoY.

UNY Business

- Customer traffic increased 2.0% YoY and same-store sales increased 3.2% YoY, supported by the continued impact of the pricing strategy.
- Gross profit margin fell short of the target, reflecting the rebound from the prior-year spike in rice prices and weak seasonal merchandise sales.
- Productivity gains from PMI lowered the SG&A ratio. Operating income decreased ¥1.3 billion YoY for the full year, reflecting ¥1.4 billion in factor-based business taxes, while operating margin remained strong.

North America Business

- Net sales increased despite lower customer traffic at Gelson's due to a delayed response to changes in consumer behavior. New store contributions and improving performance in Guam drove growth.
- Operating income increased ¥1.5 billion YoY, supported by continued operational improvements in Hawaii and Guam.

Asia Business

- Same-store customer traffic and net sales both increased more than 6% YoY, accelerating business growth.
- Operating income increased ¥3.5 billion YoY and operating margin improved to 5.5%, driven by the rationalization of underperforming stores and continued operational reforms.

4. Dividend Policy

Yuichi Watanabe - Executive Officer, Head of IR Headquarters

- Planned 23rd consecutive annual dividend increase in FY6/26. Full-year dividend of ¥9.5 per share, up 35.7% YoY, following an increase in the year-end dividend.
- Planned full-year dividend of ¥10.0 per share in FY6/27, marking the 24th consecutive annual dividend increase
- Achieved the targeted 25% dividend payout ratio. PPIH will continue to enhance shareholder returns through steady dividend increases and share repurchases.

5. FY6/27 Guidance

Hideki Moriya - President & CEO, Representative Director

Yuichi Watanabe - Executive Officer, Head of IR Headquarters

Planned net sales of ¥2.6870 trillion, up 9.9% YoY, and operating income of ¥179.0 billion, up 2.4% YoY

- Planned ordinary profit of ¥175.3 billion and profit attributable to owners of parent of ¥110.5 billion, based on an assumed exchange rate of ¥150 to the U.S. dollar
- Operating income of ¥184.0 billion, up 5.2% YoY on a comparable basis excluding the Olympic Group
- Planned operating loss of ¥5.0 billion for the Olympic Group

FY6/2027 positioning: Fully launching transformation initiatives and accelerating growth investments to drive a major leap forward, recognizing and accepting that growth may not be linear along the way

- Advancing the transformation of the newly consolidated Olympic Group while accelerating new store openings in the domestic business
- Validating the Robin Hood store model to establish a scalable format
- Launching PPIH's AI strategy and building a foundation for future net sales growth, with further details planned for the Q2 FY6/27 results briefing
- Advancing the PB/OEM strategy as a core earnings driver and moving into the next phase
- Expanding and strengthening the customer base through increased marketing investments
- Implementing measures for the transition to a refund-based tax-free shopping system for foreign visitors to Japan and introducing new overseas promotional initiatives

FY6/27 will be a year for defining the future direction of the overseas business. PPIH plans to present its long-term direction during FY6/27.

- Advancing business restructuring in North America while assessing the sustainable growth potential of each store format
- Continuing to test and validate hypotheses in Asia, with the goal of establishing the 3 business models for the next stage of growth outlined on page 16 of the FY6/26 financial results presentation, ahead of accelerated store openings from FY6/28 onward

6. Progress Assessment for Year 1 of the Long-Term Management Plan "Double Impact 2035"

Hideki Moriya - President & CEO, Representative Director

Kosuke Suzuki - COO and Representative Director, President and Representative Director of Don Quijote Co., Ltd.

Steady overall progress under "Double Impact 2035"

- The UNY business advanced Apita's non-food structural reform, but the impact on broadening the target customer base was limited. As a result, Apita's positioning within the PPIH Group has been redefined.
    - Developing a new lifestyle-focused retail model that continually engages today's consumers around age 50 who combine mature values with a modern sensibility and enjoy life on their own terms, creating an "ageless" retail concept
- Steady progress in the marketing and PB/OEM strategies, with new initiatives and growth investments now moving into full-scale execution
- Particularly strong progress in the M&A strategy, with potential targets being evaluated across the following 2 categories:
    - Retail companies with meaningful scale that can accelerate market share expansion
    - Companies that can strengthen supply chain capabilities, including merchandising and manufacturing

7. Olympic Group Mid-Term Plan

Kosuke Suzuki - COO and Representative Director, President and Representative Director of Don Quijote Co., Ltd.

Mikihira Katagiri - Managing Executive Officer, Head of New Format Development, Vice President & Director of UNY Co., Ltd.

Kazuma Hirata - Senior Executive Officer, Vice President & Representative Director of Olympic Group Corporation

Advancing format conversions across all 98 Olympic Group stores

- At the April 2026 briefing on the business integration with the Olympic Group through a share exchange, we stated that 122 stores would be subject to format conversion. The store count was subsequently redefined as 98 under PPIH's counting methodology, which excludes very small specialty stores such as pet stores and bicycle shops.
- Planned conversions of 21 stores to MEGA Don Quijote, 21 stores to (Traditional) Don Quijote, and 56 stores to Robin Hood. Cannibalization of existing PPIH stores from the format conversions is expected to be limited.

The Olympic Group's 3 KPIs: The "2, 3, 6 Strategy"

- <u>Doubling</u> net sales to ¥200.0 billion by FY6/31
- Completing format conversions and PMI within <u>3</u> years

- Achieving operating income of ¥12.0 billion and an operating margin of 6% by FY6/31.

Executing Olympic Group format conversions and new store openings in the existing business concurrently

- Experienced talent with expertise developed through UD Retail and Robin Hood will ensure effective project execution.
- New store openings in the existing business were suspended during the conversions from UNY to MEGA Don Quijote UNY. This time, new store openings and Olympic Group format conversions will proceed concurrently.
- Store development capabilities and the infrastructure needed to support new store openings and format conversions have been strengthened. Younger talent has also developed, further enhancing organizational capabilities.
- Planned opening of 25 new stores in the existing business in FY6/27, with a similar number planned for FY6/28. More than 40 stores annually, combining new store openings in the existing business and format conversions from the Olympic Group, representing the largest store development challenge in PPIH's history.

Takaido was selected as the first Olympic Group store to be converted to MEGA Don Quijote, and Kita-Shinjuku was selected as the first store to be converted to Robin Hood, with both stores scheduled to open in December 2026.

- Takaido will serve as the flagship for the Olympic Group format conversions. The large store is located near a train station in one of Tokyo's most densely populated areas.
- Kita-Shinjuku has a sales floor of approximately 290 tsubo, or approximately 957 sqm, and has the potential to establish Robin Hood's 300-tsubo, or approximately 990 sqm, store model for Greater Tokyo.

3 reasons PPIH expects to complete PMI within 3 years

- Reason 1: Expertise developed through the UNY PMI process
- Reason 2: Strong alignment between the Olympic Group's fundamental principles and PPIH's corporate philosophy
- Reason 3: Close collaboration across departments and teams, supported by the Olympic Group's headquarters location in Tokyo
- Additionally, strong commitment to the transformation among Olympic Group employees. Approximately 350 employees, representing around 30% of the total workforce, applied to participate in the format conversion initiative under PPIH's voluntary internal recruitment program.

Improving existing Olympic Group stores concurrently, with a target of returning the business to profitability in Year 2

- Increasing customer traffic in Year 1 through optimized pricing and stronger promotions of KVI items.
- Introducing PPIH's PB/OEM products to improve gross profit margin.
- Improving profitability in Year 2 by streamlining procurement channels to reduce costs and implementing PPIH-style productivity initiatives.
- Integrating systems as part of each format conversion to maximize implementation efficiency.
- Prioritizing and implementing repairs in a disciplined and planned manner, given the large number of older stores.

Targeting net sales of ¥1.0 trillion in Greater Tokyo by FY6/35 following the consolidation of the Olympic Group

- Strengthening food offerings through format conversions to acquire new customers and increase buying power in Greater Tokyo
- Expanding the number of stores offering a full range of fresh foods, including produce, meat, seafood, and prepared foods, from 41 currently, including only 3 in Tokyo, to 118, highlighting significant growth potential in Greater Tokyo
- Strengthening competitiveness in Greater Tokyo through a larger customer base and enhanced sourcing and purchasing capabilities
- Expanding Kanemi's presence in Greater Tokyo and strengthening prepared food offerings to enhance brand value across the food and prepared food categories

8. Robin Hood Progress Update

Kosuke Suzuki - COO and Representative Director, President and Representative Director of Don Quijote Co., Ltd.

Mikihira Katagiri - Managing Executive Officer, Head of New Format Development, Vice President & Director of UNY Co., Ltd.

All 5 Robin Hood stores opened to date are performing well.

- Net sales increased 78.9% YoY and customer traffic increased 48.6% YoY at the 3 stores that have been open for 2 months. Net sales have remained 40% to 50% above the prior-year level following the initial post-opening boost, exceeding the target.
- Strong new customer acquisition, particularly among students, singles, and dual-income households, with the share of customers aged 40 and under increasing 11.2 pt
- Non-food sales increased 143.4% YoY.
    - Everyday essentials gained stronger customer acceptance than discretionary, hobby-oriented products.
    - Optimizing the sales floor layout and product assortment to capture cross-category purchases alongside food

- Accelerating hypothesis testing and improvements to establish the 500-tsubo, or approximately 1,650 sqm, store model
- Profitability will be disclosed in a future financial results announcement, as results currently include one-time expenses.

Developing the Robin Hood 300-tsubo, or approximately 990 sqm, store model

- Focusing primarily on locations within walking distance of train stations in Greater Tokyo, targeting customers traveling on foot or by bicycle along their daily commuting and school routes.
- Targeting primarily students, singles, and dual-income households, consistent with the 500-tsubo, or approximately 1,650 sqm, store model, while excluding young families as a core target segment.
- Expanding non-food offerings beyond frequently purchased items to include seasonal categories that leverage Don Quijote's strengths, such as bedding, portable appliances, and fashion accessories.
- Maximizing productivity in the limited sales floor space through planograms and fixtures designed to deliver high shelf productivity.

Roadmap for expanding the Robin Hood store network

- Prioritizing validation and establishment of the 500-tsubo and 300-tsubo store models.
- Expanding the store network primarily through Olympic store conversions, supplemented by Piago conversions and new store openings.
- Accelerating format conversions and expanding the network to more than 60 stores by FY6/29.

Deploying Olympic Group stores under 200 tsubo, or approximately 660 sqm, selectively, as these stores fall outside Robin Hood's core format models

9. Capital Allocation Framework

Hideki Moriya - President & CEO, Representative Director

Satoshi Nakashima - Director, Senior Executive Officer, Acting CFO

The capital allocation framework applies to the domestic business, as the future direction of the overseas business is still under review.

Establishing 6 investment pillars for the domestic business to achieve "Double Impact 2035"

- Investing over ¥800.0 billion in market share expansion through new store openings, new format development, and M&A; over ¥100.0 billion in supply chain enhancement; over ¥150.0 billion in customer-focused marketing and human capital, both priority areas for AI investment; and over ¥50.0 billion in branding across formats, stores, and products.
- Reinvesting over ¥450.0 billion in existing businesses to strengthen the foundation for sustainable

growth, including store renovations, repairs, and infrastructure development.

Maintaining a progressive dividend policy centered on steady dividend increases, while enhancing shareholder returns through flexible share repurchases when they contribute to improved capital efficiency.

- Planned shareholder returns totaling ¥600.0 billion over 10 years
- Balancing growth investments with enhanced shareholder returns, supported by strong cash flow generation

Driving growth investments and enhancing earnings power while maintaining financial discipline, with the aim of maximizing shareholder value by maintaining and further improving ROE at 15% or higher.

- Maintaining financial discipline aligned with target credit ratings and continuing to manage a healthy balance sheet while actively pursuing growth investments
- Optimizing capital allocation across the 6 investment pillars to expand market share and strengthen earnings power
- Enhancing earnings power through PPIH-style operational excellence, including PB/OEM expansion, greater buying power, and productivity improvements, while improving asset efficiency through post-M&A format conversions and PMI, expansion of the majica app membership base, and improved inventory turnover.

10. **Closing Remarks**

Hideki Moriya - President & CEO, Representative Director

Today's presentation can be summarized in 4 key points.

- An exceptionally strong start in Year 1 toward achieving "Double Impact 2035"
- Fully launching growth investments in FY6/27 as the first year of aggressive investment to drive a major leap forward, recognizing that growth may not be linear along the way
- Fully activating the next engines of growth in the domestic business
- Defining a clear long-term direction for the overseas business during FY6/27

We have a strong management foundation capable of supporting growth investments at an unprecedented scale.

- The seeds of growth planted under "Visionary 2025," our previous long-term management plan, have now developed into powerful growth drivers, even after the unprecedented disruption caused by COVID-19.
- Our greatest strengths are our experience in overcoming adversity and its talent and organizational capabilities to find its own answers.
- We will steadily execute the strategic initiatives laid out today and continue taking on new challenges to deliver a step change in growth.