

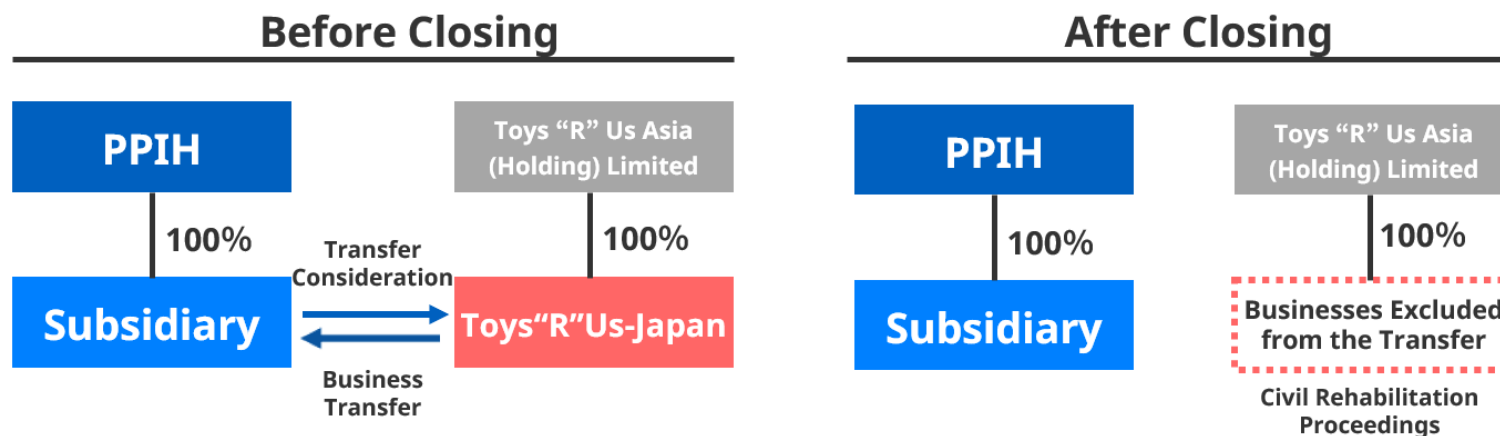
Execution of Business Transfer Agreement with Toys“R”Us-Japan, Ltd.

October 1, 2026
Pan Pacific International Holdings Corporation

Transaction Overview

Transaction Overview

- PPIH and its wholly owned subsidiary, Operation Shared Service Co., Ltd. (OSS), entered into a business transfer agreement as a sponsor agreement with Toys“R”Us-Japan, Ltd. on October 1, 2026, when Toys“R”Us-Japan filed a petition with the Tokyo District Court for the commencement of civil rehabilitation proceedings.
- Under the agreement, OSS plans to acquire Toys“R”Us-Japan’s retail businesses for toys, children’s products and other merchandise operated through stores and online channels through a business transfer.
- PPIH aims to retain as many Toys“R”Us-Japan employees as possible and plans to seek the cooperation of each landlord in obtaining consent to assume all Toys“R”Us-Japan stores, excluding stores scheduled for closure.
- Closing of the business transfer is subject to court approval pursuant to Article 42, Paragraph 1, Item 1 of the Civil Rehabilitation Act and other conditions, with closing scheduled for October 30, 2026.
- The financial impact on the PPIH Group will be disclosed with this fiscal year’s H1 results.

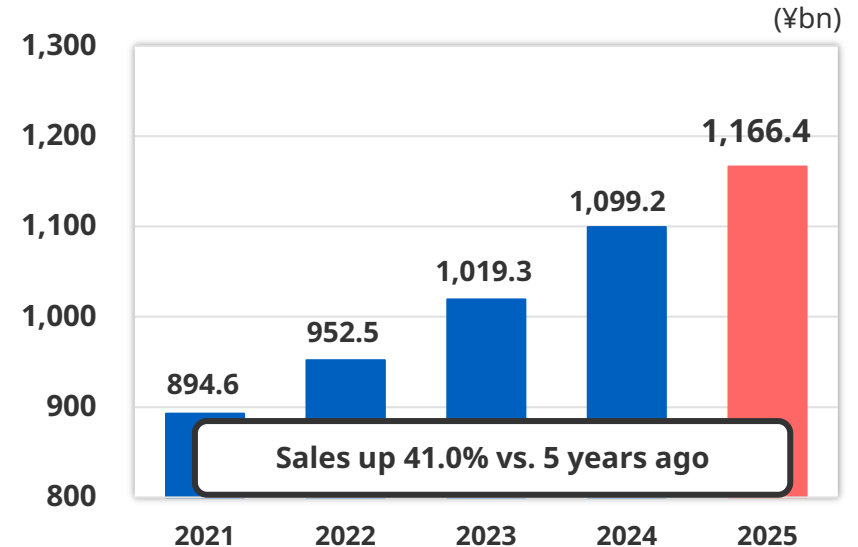


Significance of the Transaction

Unlocking New Earnings Growth

- Japan's toy market has grown to over ¥1 tn despite the declining birthrate, offering significant headroom for growth.
- The toy market is expanding beyond toys for children to encompass IP, character merchandise, trading cards and hobby products, as consumers spend more time and money on what they love.
- The growing kidult market is expanding the toy customer base beyond babies, children and families to students, younger consumers and adults, enabling PPIH to reach new customer segments with which it has had limited engagement.

➤ Japan Toy Market Size



Source: The Japan Toy Association

**Growing Market × Broader Customer Base =
New Earnings Growth Opportunities**

Why Toys“R”Us?

- While PPIH continues to strengthen its food category through M&A and other initiatives, further enhancing its non-food category, a key competitive advantage, remains critical to sustainable growth.
- Build an unrivaled presence in a specific category and turn the category itself into a customer magnet, consistent with PPIH’s long-standing philosophy of making Don Quijote synonymous with key categories.
- Achieve the scale of the No. 1 player in Japan’s toy market by combining Toys“R”Us’ toy expertise with PPIH’s business platform
- Enhance the unique experiential value of physical stores by offering convenient and affordable entertainment amid changing consumer conditions, including a rising share of household spending on food and higher leisure costs



Make PPIH Synonymous with Toys
Toys“R”Us Makes PPIH Even More Distinctive

Strategic Positioning

- Strengthen PPIH's merchandising capabilities
 - Enhance Product Offerings
- Expand existing operations
 - Strengthen the Store Network
- Expand customer touchpoints
 - Build Broader, Longer-Lasting and Deeper Customer Relationships



Strengthen Products × Stores × Customer Relationships
Build Toys into a New Growth Pillar

Strengthen Merchandising Capabilities

Become the No. 1 player in Japan's toy market and leverage economies of scale to strengthen product sourcing



- Expand sourcing scale to ensure a stable supply of new and best-selling products
- Improve purchasing terms to enhance price competitiveness and profitability

Strengthen strategic partnerships with toy manufacturers

- Deepen collaboration with major manufacturers across merchandising, promotions and other areas
- Differentiate through expanded PB/OEM development, exclusive products and early product launches

Build unrivaled merchandising capabilities that make PPIH synonymous with toys

- Enhance assortments tailored to micro-communities and niche consumer segments united by specific interests, including IP, character merchandise and hobbies
- Expand into new product categories, including strollers and educational toys

Expand Existing Operations

- Create new reasons to visit existing stores by opening Toys“R”Us locations at APITA, which is reshaping its non-food strategy through measures including reductions in traditional apparel selling space, and at MEGA Don Quijote.
- Integrate Toys“R”Us’ category expertise and brand strength into existing stores to attract new customer segments and improve store profitability.

Expand Customer Touchpoints

- Gain new customer touchpoints through 158 stores in major catchment areas nationwide as of June 30, 2026.
- Expand customer engagement across all life stages, from babies, children and students to adults, families and seniors, maximizing lifetime customer relationships and LTV.
- Provide convenient and affordable entertainment experiences amid rising leisure costs and enhance the unique in-store experience of seeing, touching and playing with products.



Build the No. 1 Platform in the Toy Category

Transforming Toys“R”Us Stores

- Strengthen IP, kidult and related non-toy offerings, evolving Toys“R”Us beyond a traditional toy store into a play-focused retail format and expanding its customer base from children to adults.
- Enhance in-store experiences, transforming stores from places to shop into places to play and creating community hubs through events and engagement.
- Create welcoming, trusted destinations for customers with limited engagement with PPIH’s existing stores.

01 IP

Strengthen IP Offerings

Sanrio



Universal



Leverage PPIH’s character IP expertise while expanding family-focused IP offerings

02 Kidult

Tap into the Growing Kidult Market

GUNPLA



Hot Wheels



Expand kidult offerings, including die-cast cars, model kits and figures, creating stores for all generations

03 Non-Toy

Drive Traffic with Non-Toy Categories

Snacks



Cosmetics



Leverage PPIH’s expertise to expand related non-toy offerings and drive sales growth through higher traffic and units per transaction

Our Three Commitments

Preserve the culture Toys“R”Us has built over decades while evolving the business for a new era through three commitments.

1. Preserve jobs by keeping stores open

Toys“R”Us employees are its greatest asset and the driving force behind future growth. Assume and continue operating the maximum possible number of Toys“R”Us stores, with the aim of retaining the greatest possible number of employees.

2. Create a new place to play at the heart of every community

Evolve beyond a place to shop into a new place to play where all generations can feel welcome and safe.

3. Deliver happy Toys“R”Us experiences to customers of all ages across Japan

Evolve the Happy Toys“R”Us Experience in step with customers' changing needs.

Launch Christmas promotions at all stores in November, earlier than anywhere else, as the first initiative.

Make wishes come true for adults as well as children.

Appendix

Toys“R”Us-Japan Company Overview

Trade name	Toys“R”Us-Japan, Ltd.
Head office	Muza Kawasaki Central Tower 25F, 1310 Omiya-cho, Saiwai-ku, Kawasaki-shi, Kanagawa 212-8566, Japan
Representative	Pieter Schats, Representative Director and President *All officers, including the other three officers, are secondees from the shareholder.
Business overview	Sales of toys, children’s products, and other merchandise; real estate leasing and related businesses
Capital	¥10 million (as of June 30, 2026)
Established	November 21, 1989
Fiscal year end	December
Employees	Approx. 3,911 (as of June 30, 2026)

Group Store Count: 158 (as of June 30, 2026)

