

Medium-to-Long Term Management Plan

Achievements to date under Passion 2030

Before implementation of Passion 2030

- We achieved Vision 2020 one year ahead of schedule, but the scale of our business grew so large that it began to be difficult to ensure everything was operating in synch.
- We majorly shifted our plan from quantity to quality, and focused on refining existing stores.
- We accelerated store digitalization through AI-based pricing and other efforts.

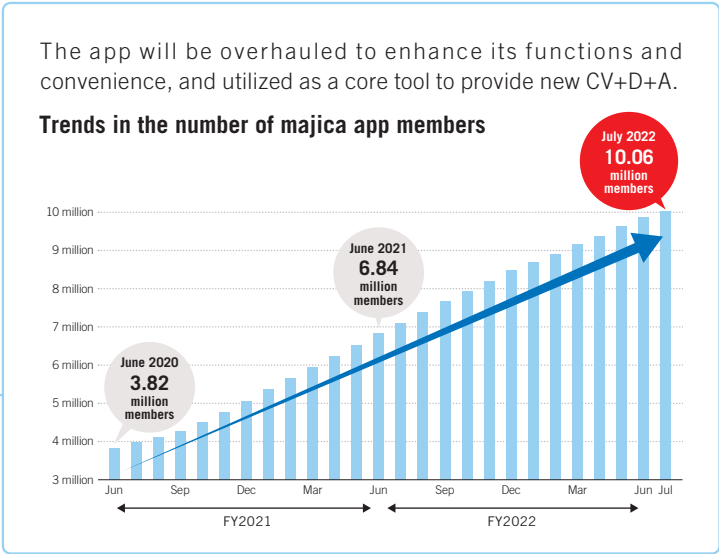
FY2019	Sales	1.3 trillion yen	OP	63.1 billion yen
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Under Passion 2030, the PPIH Group sought to achieve three overlapping aims: 1) promote business passionately, 2) become the world leader, and 3) harness business to become a driving force.

Passion 2030

FY2022	Sales	1.8 trillion yen	OP	88.7 billion yen
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	Measures	Results
Domestic Business	Continued growth in DS business	● Opening new stores+creation of business format such as UDR ● Expansion of PB ratio
	Profitability improvement in GMS business	● Operating income increased by approximately 14 billion yen (vs FY2019) Shift to individual store management has progressed
	Promotion of digital strategies	● 10 million registered app users (July 2022); preparations underway to enhance functionality.
	Strengthen Finance Business	● Aim to achieve operating income of 10 billion yen in FY2026
Overseas Business	Expansion of overseas business	● Asia business has grown to 30 stores with sales of 69 billion yen and OP of 1.7 billion yen. ● North America business has grown to 65 stores with sales of 198.2 billion yen and OP of 10.4 billion yen. ● Sushi and other restaurant and retail food business format has launched.
	Promote SPA of food	● Acceleration of PPIC activities, PB sales to 6.5% of total



Opened a new business format sushi store (restaurant and retail) in Hong Kong. It serves approximately 90 kinds of seasonal ingredients, as well as Japanese brand rice that is locally milled. It also features performances such as a fish filleting show and a grilling show.

*Gelson's operation income is calculated after deducting amortization of goodwill (approx. 0.7 billion yen in FY2021 and approx.3 billion yen in FY2022).

From Passion 2030 to Visionary 2025/2030

Immediately after the announcement of Passion 2030 in February 2020, there were major changes in the environment, mainly due to COVID-19, and the environment surrounding the retail industry and our company.

Major environmental changes

- ☑ Changes in consumer lifestyles/purchasing behavior due to COVID-19
- ☑ Cost inflation
- ☑ Growing social demand for ESG

We have revised our future growth strategies and numerical targets to reflect these changes in the environment, and are now announcing them as Visionary 2025/2030

Visionary 2025/2030

Vision

Based on “The Customer Matters Most,” PPIH will continue to serve changing customers and society.

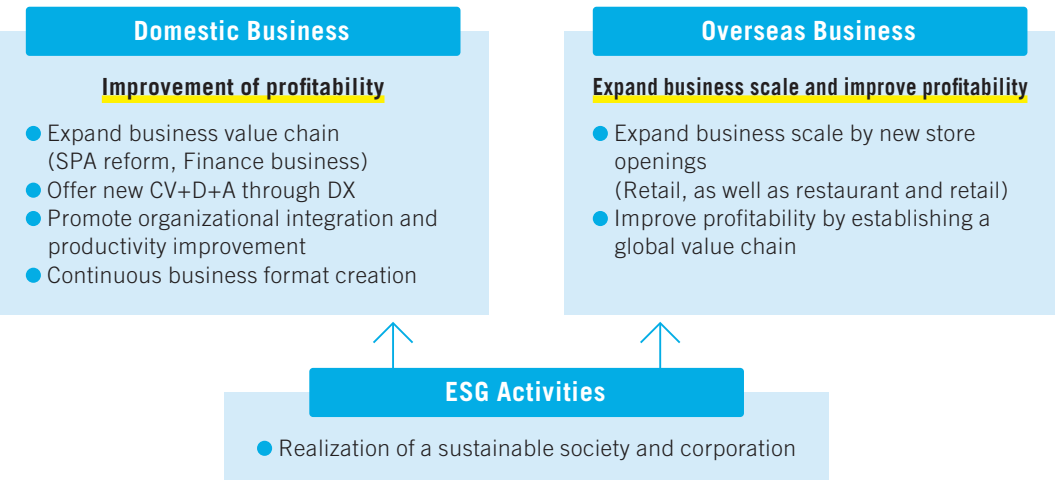
What we consider to be a visionary company

- ☑ A company that adheres to the PPIH corporate principle of “The Customer Matters Most” in every corner of the organization.
- ☑ A company that responds to change and takes on challenges boldly.
- ☑ A company that constantly grows and continues to set bold goals.
- ☑ A company that targets innovation to take its core values (name = branding, stores, products and human resources) to the next level.
- ☑ A management team that is ambitious for the growth of PPIH as a company, not for personal goals, and that can pass the baton of management and continuous growth to the next generation in a timely manner.

Numerical targets

FY2025	Sales	2 trillion yen	OP	120 billion yen (OPM 6.0%)
FY2030	OP	200 billion yen		

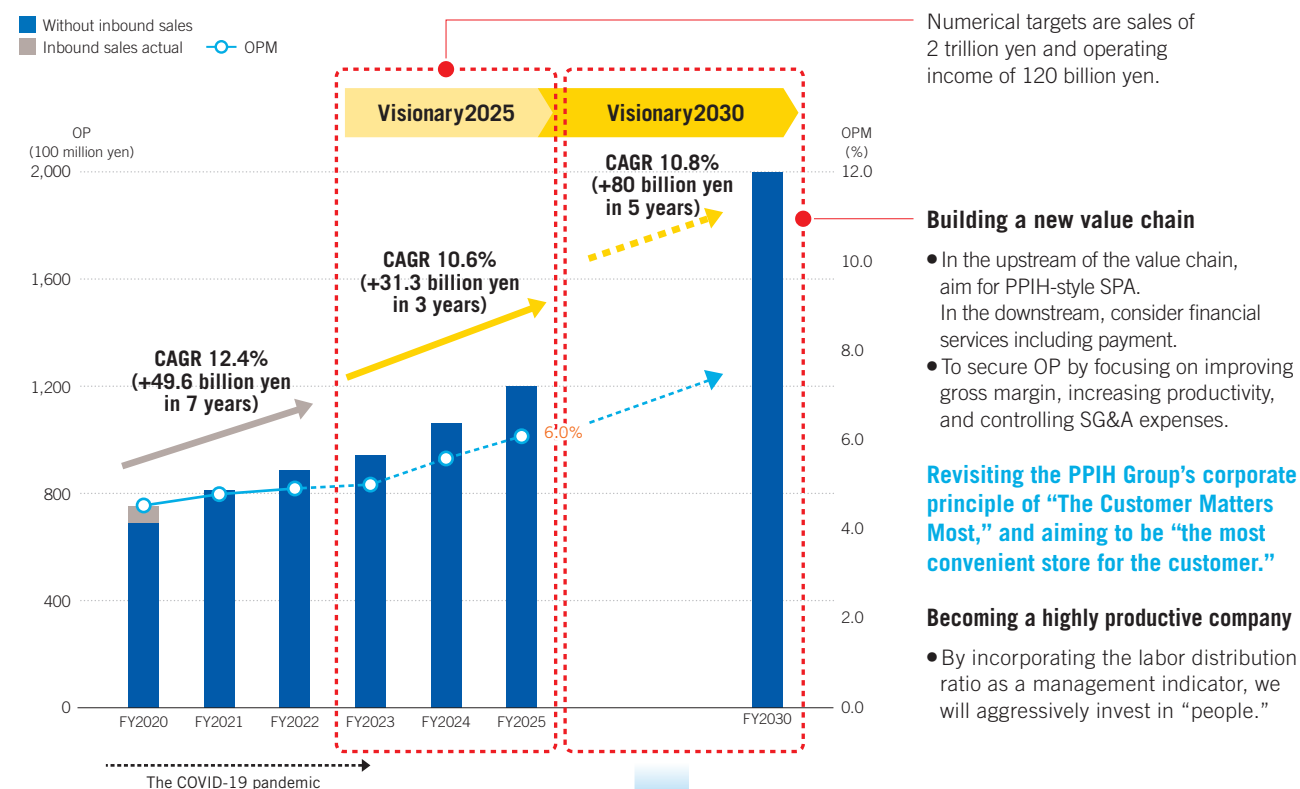
Measures



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Growth strategy of Visionary 2025/2030

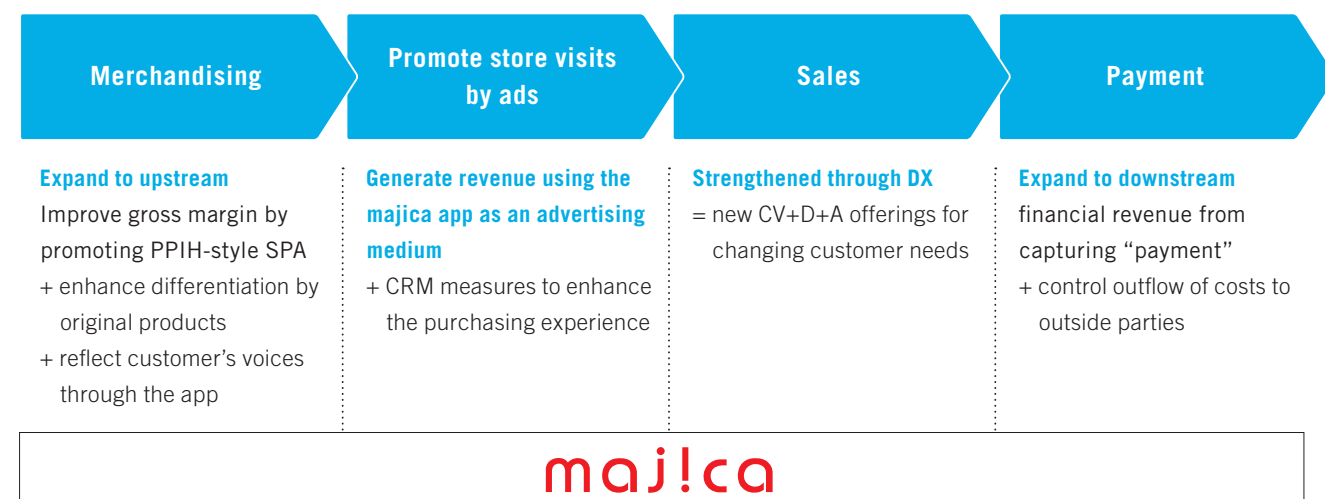
Continued annual growth of more than 10% toward operating income of 200 billion yen in FY2030



Way to increase operating income

Expand/restructure the business value chain

Focus on “revenue per customer,” which has been unattainable until now, and use the enhanced majica app as a core tool to achieve this goal.



Growth targets for Domestic Business

Target	Increase the profitability
Measures → Reference page: P.13	<ul style="list-style-type: none"> • Promote PPIH-style SPA • Offer “New CV+D+A” through DX • Organizational integration and promote efficiency improvement • Continuous creation of business formats • Strengthen Finance Business

<Quantitative targets>

Operating profit

FY	Domestic total	DS	GMS	Finance	Others
FY2022	76.6 bil. yen	36.3 bil. yen	25.5 bil. yen	0.6 bil. yen	14.1 bil. yen
FY2025	93 bil. yen (+16.4%)	45 bil. yen (+23.8%)	30 bil. yen (+17.5%)	6 bil. yen (+906.7%)	12 bil. yen (-14.9%)

<Reference>

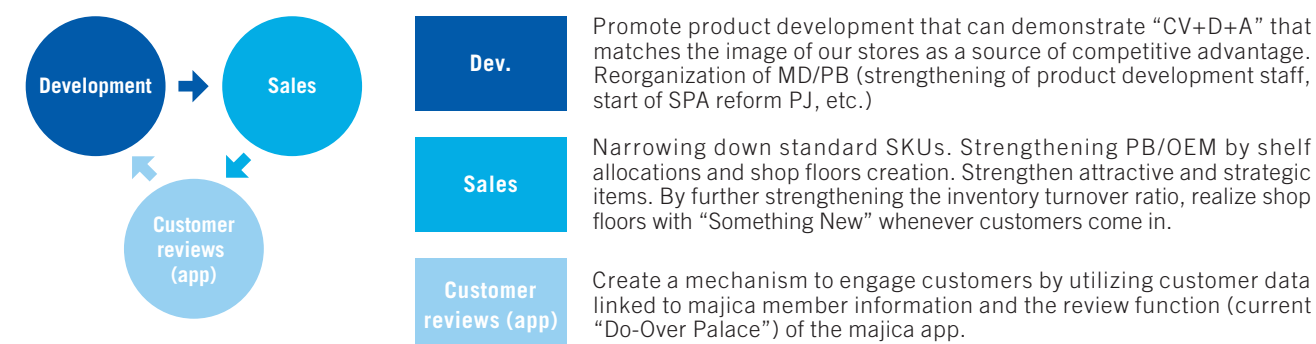
Metric	FY2022	FY2025
OPM	4.9%	5.7%
ROIC	6.2%	7.1%

Measure

PPIH-style SPA

	PB/OEM ratio		Gross margin ratio (directly managed stores)	
Domestic total	FY2022	FY2025	FY2022	FY2025
	15.3%	25.0%	25.5%	27.5%
DS Business	14.2%	25.0%	25.2%	27.5%
GMS Business	17.9%	25.0%	26.1%	27.5%

+ Including the effect of improved GPM of PB/OEM and NR products

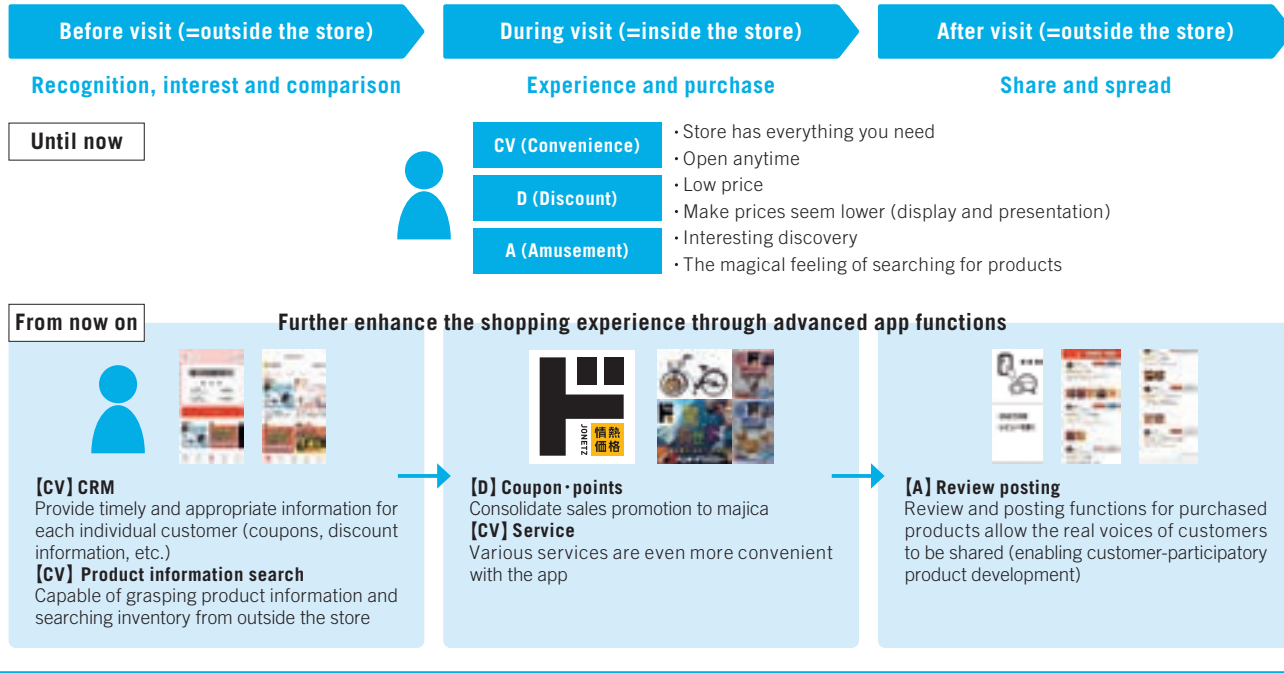


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Growth targets for Domestic Business

Measure Offer “New CV+D+A” through DX

Expand “CV+D+A” to outside of the store with the majica app as a core, further enhance the shopping experience, and realize a “new CV+D+A” with less or no stress.



Measure Promote organizational integration and productivity improvement

Improve company-wide cost efficiency by further promoting organizational integration

- Since the DS and GMS businesses differ only in customer base, establish a more efficient and robust operational structure while maintaining the business format
- Improving the efficiency of operations through consolidation of MD HQ, and further enhancing individual store management

Improve efficiency and manpower-saving in store operations through DX

- Areas where manpower is needed**
 - Store management (spot purchasing, creating shop floors, etc.)
 - Activities to provide feedback to HQ on PB/OEM product development and purchasing areas through gathering customer insights
- Areas where efficiency improvement is needed**
 - improve operational efficiency through automation and mechanization

Measure Expansion of financial revenue by capturing “payment”

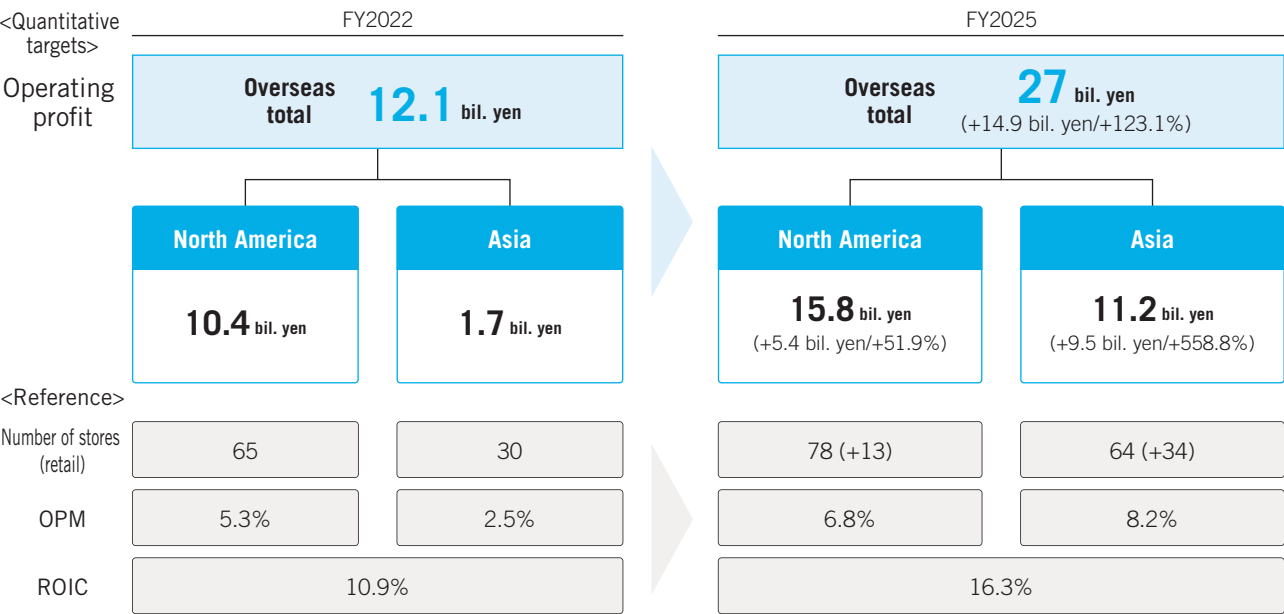
In-house payment ratio
FY 2022 39.0% → FY2025 50%+α

Operating income target for Finance Business
6 billion yen in FY2025

- (1) Reduce outflow of payment costs (0.5~1 billion yen)**
 - Increase in-house payment ratio = Reduce payment costs by reducing other companies' payment ratios (reflected in P/L of retail business)
 - In-house production of payment fees and cost reduction through the start of the merchant services (from June 2022)
 - Total cost reduction of about 1.3 billion yen in FY2023**
- (2) New financial revenue (5~5.5 billion yen)**
 - Expand earnings by offering revolving/deferred payment
 - Earning revenue through use of majica outside the group (Will be able to use more than 100 million VISA member stores worldwide)
 - Providing additional services such as mutual funds and insurance products
- (3) Contribute to the upstream of the value chain through data utilization**
 - Boost P/L of retail business by utilizing purchasing data for product development and generating advertising revenue.

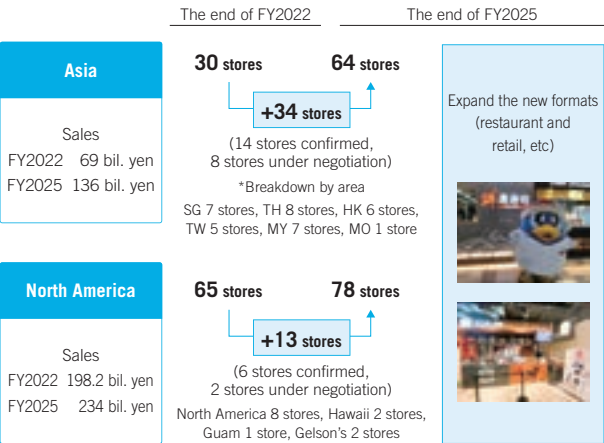
Growth targets for Overseas Business

Target	Business scale expansion and profit margin improvement
Measures	<ul style="list-style-type: none">Scale expansion by opening new stores (enhance efforts in the new business format (restaurant and retail, etc.))Improve profitability by establishing a global value chain



Measure Expanding business scale by continuing to open new stores

- In the retail business, the Company will expand store openings in both Asia and North America. In particular, efforts will be made to open “Japan Brand Specialty Stores” in North America to expand business potential.
- Put efforts to expand the new formats (restaurant and retail, etc.) in Asia and North America, led by “SEN SEN SUSHI.”



Measure Improving profitability by establishing a global value chain

Become a company that plays a central role in the “5 trillion yen export of Japanese agricultural and marine products,” with PPIC at the center, and promote business not only in retail stores but also in a variety of business formats/sales channels.

