



Integrated Report 2025

Pan Pacific International Holdings Corporation



PPIH Group Corporate Philosophy Collection

The Source

“The Source,” the collection of corporate principles, clearly articulates the thoughts and vision of founder Takao Yasuda. The corporate principles and management philosophy set forth in “The Source” are universal, timeless, and unwavering guidelines for all employees and executives of the PPIH Group. They embody the unique pride and enduring purpose of the PPIH Group, forming the foundation of its existence for generations to come.



PPIH Group Corporate Philosophy Collection “The Source”

Our Corporate Principle

The Customer Matters Most

- This is the unchanging principle of the PPIH Group.
- This principle motivates and defines each and every action this company takes.
- The realization of this principle requires strict adherence to our management philosophy.

The Six Precepts of Our Management Philosophy

- | Precept 1 | We commit ourselves to doing business in a manner that is unselfish, 100% honest, and grounded in a strong sense of morality and purpose.
- | Precept 2 | In every age, we create shop floors that evoke the anticipation and excitement of finding astonishingly cheap goods.
- | Precept 3 | Boldly granting authority to those at the center of things, we are always ready to move people around, to make sure they are in the best possible position.
- | Precept 4 | We are committed to creative destruction and the ability to adapt; we reject pre-established harmony and the hesitancy to do anything that might rock the boat.
- | Precept 5 | We are unhesitant in the face of daunting challenges, and unafraid to beat a rapid retreat when a cold, hard look at reality tells us this is the best course.
- | Precept 6 | Undistracted by easy profits, we hone to perfection the strengths that form our core business.



Founding Chairman Takao Yasuda

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Editorial Policy

The PPIH Group is an international corporation that continues to grow by practicing self-transformation in accordance with “The Source” and adhering to “The Customer Matters Most” philosophy at all times. As we pursue our vision of becoming a truly visionary company, we are deepening our commitment to “The Customer Matters Most” philosophy, and strengthening both our continuous growth and the sustainability that supports our corporate value.

In this Integrated Report, we have placed emphasis on greetings and messages marking the inauguration of our new CEO and COO, an introduction to the new long-term management plan, “Double Impact 2035” formulated in August 2025 under our new management team, and “sustainability” centered on “human capital,” who are the PPIH Group’s most important element of management capital and our strength. We have edited this report with a focus on key topics to provide a structure that is clear and understandable, enabling all stakeholders to gain a deeper understanding.

In preparing this report, we have referenced the disclosure framework of the International Integrated Reporting Council (IIRC).

Scope of Coverage

- Target organizations
- Every effort was made to provide coverage of all the domestic and overseas PPIH Group companies subject to consolidated accounts. However, the companies covered vary depending on the section of the report.
- Applicable period
- July 1, 2024 – June 30, 2025
- Some activities conducted after July 2025 have also been included.
- Disclaimer regarding forward-looking statements
- This report includes forecast or expected information about the future plans, strategies, and business results of the PPIH Group and affiliated companies. This information is based on forecasts made from currently available information and contains risks and uncertainties related to economic trends, personal consumption, market demand, tax systems, and various other systems. Please be aware that actual business results may therefore differ from the company forecast.

Cover Page Description



Coinciding with the new organizational structure that we launched in September 2025, we have redesigned the cover page to symbolize our progress toward a new stage. The corporate logo prominently displayed at the center embodies our commitment to sustainable development and growth in a greatly changing environment. The logo features a cityscape that represents the diverse formats of the PPIH Group, and it expresses our dedication to developing a community-rooted store network and supporting everyday life while providing customers with the joy of shopping.

Business Portfolio Management

The PPIH Group manages a diverse portfolio of businesses spanning multiple formats and regions in an integrated manner while pursuing both the principle of “The Customer Matters Most” and “optimization of management resources across the Group.” Our goal is to achieve stable growth through revenue diversification and sustainable value creation by balancing growth areas with restructuring areas. We practice portfolio management that enables flexible and rapid decision-making based on thorough implementation of individual store operation, striving to promote innovation, generate synergies between businesses, and diversify risks.

Domestic Discount Store Business

We provide a variety of store formats, including Don Quijote, MEGA Don Quijote, and Kirakira Donki, adapting shop floor areas and product lineups, and catering to regional characteristics. We offer attractive services to local customers and inbound tourists and strive to create stores that constantly win their favor.



Domestic UNY Business

We operate the general merchandise store “Apita,” food supermarket “Piago,” and “U-STORE.” Moving beyond the traditional “clothing, food, and housing” framework, we endeavor to offer a wide range of products needed for different aspects of customers’ lives at prices that bring them satisfaction. By striving for “uniqueness,” which was also the inspiration for the UNY name, we aim to create stores that earn the highest levels of support from our communities.



Overseas Business (North America Business)

We operate in 3 areas: California, Hawaii, and Guam. In California, we run stores carrying many Japanese products and established high-end supermarkets. In Hawaii, we operate community-based stores and tourist-oriented stores. In Guam, we run hybrid-format stores handling Japanese products, souvenirs, and local goods. Currently, we are building a foundation for further growth, including expanding our store network, primarily in California.

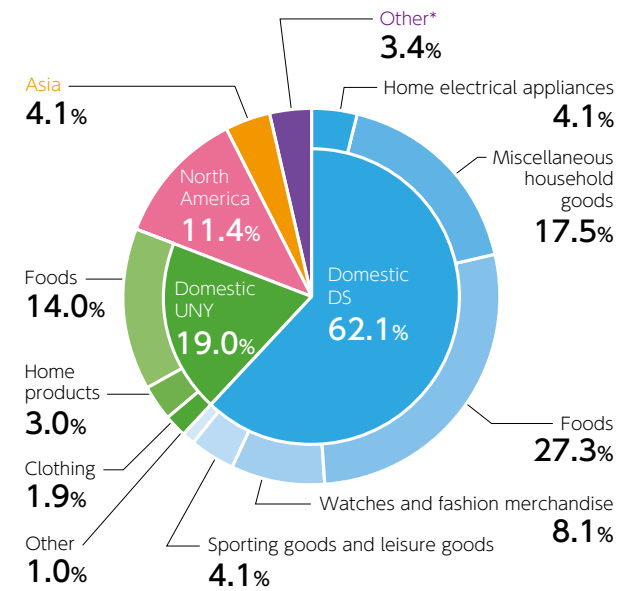


Overseas Business (Asia Business)

We are expanding “DON DON DONKI” in the Pacific Rim area as a “Japan brand specialty store” offering Japanese products and products targeted at the Japanese market. Based on the concept of “Delicious, Healthy, Eco-friendly,” we promote the appeal of Japanese food and culture while guaranteeing values such as high quality and safety.



Consolidated Business Segments Overview



* Includes tenant leasing business and credit card business.

Number of purchasing customers **703.16 million**

Number of Group employees **17,075**

Sales by Business Segment

Domestic Discount Store Business	¥1.4453 trillion
Domestic UNY Business	¥470.2 billion
North America Business	¥260.4 billion
Asia Business	¥91.5 billion
Total	¥2.2468 trillion

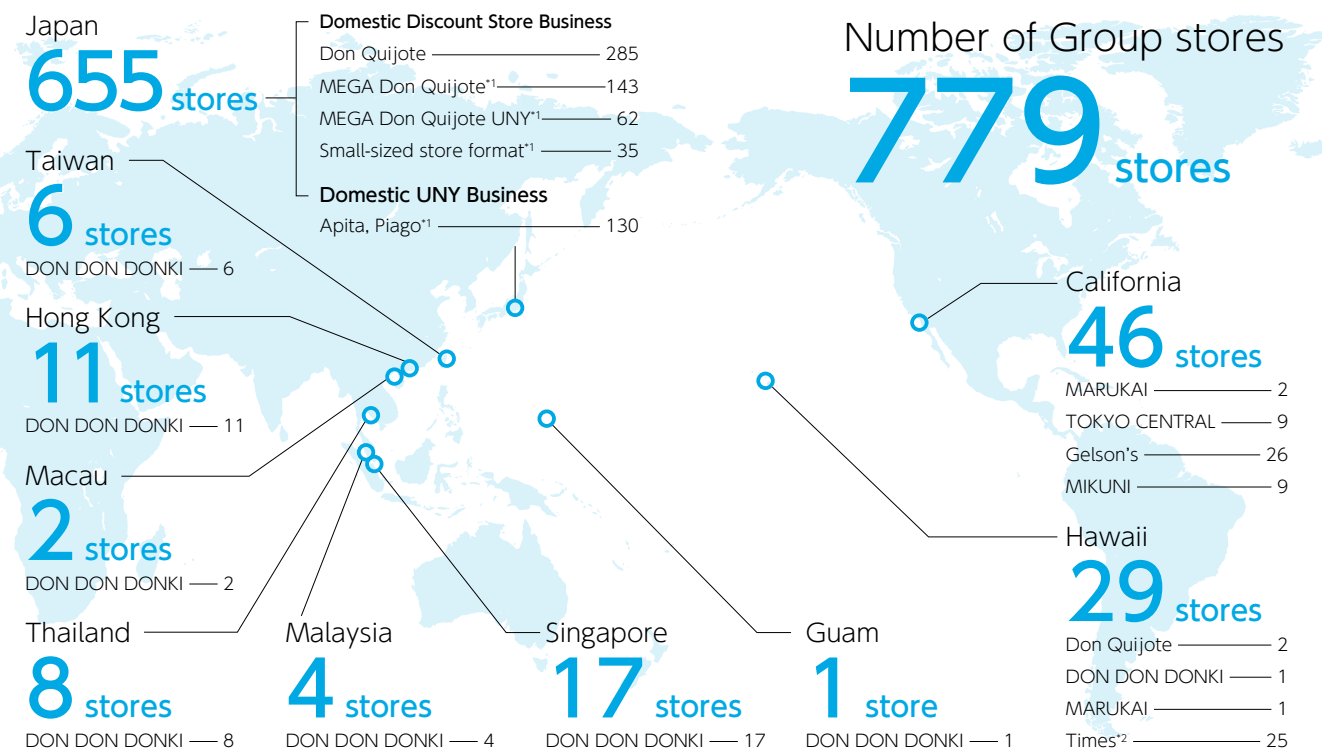
*Others: Consolidation adjustments: ¥(20.7) billion.

Number of majica app members **17.79 million**

Average number of temporary employees **47,016**

(annual average number of employees during the period)

Store network



*1“MEGA Don Quijote” includes NEW MEGA Don Quijote; “MEGA Don Quijote UNY” includes Don Quijote UNY; “small-sized store format” includes Picasso, Essence, Domise, Ekidonki, Soradonki, Jonetz Shokunin, Nagasakiya, etc.; “Apita, Piago” includes U-STORE, PiagoPower, Power Super Piago, etc.

*2 Big Save, TOKYO CENTRAL, DONPEN Times, and other stores operated by QSI, Inc. are included under the Times format.

*Information on this page is current as of the end of June 2025.

PPIH's Strengths

Based on "The Customer Matters Most," the PPIH Group practices store-led operations, leveraging our strengths of delegation of authority and adaptability to change.

Our corporate culture of "tolerating failure" and "meritocracy" encourages employees to take on challenges fostering autonomous growth. Additionally, by providing the convenience, low price, and enjoyment of shopping through our unique "CV+D+A" concept, we deliver exciting, thrilling, unconventional entertainment experiences to customers, achieving enhanced satisfaction and sustainable growth.

"Delegation of Authority" × "Ability to Adapt" = "Individual Store Operation"

The PPIH Group considers delegation of authority and adaptability to change—values passed down since our founding and part of our unchanging DNA—to be our greatest strengths and is developing store-led business operations based on "The Customer Matters Most."

Based on the philosophy of delegation of authority, employees have the discretion to make their own decisions regarding product procurement, pricing, display, promotions, and inventory management without waiting for instructions from headquarters. This structure for autonomous store and sales floor operations encourages each employee to take on ambitious challenges and fosters a positive corporate culture that views failure as a valuable opportunity for growth.

Moreover, adaptability to change is essential in a rapidly evolving market environment. By empowering employees to respond swiftly to change, we create unique stores adapted to regional characteristics and shifting market circumstances. Through this combination of delegation of authority and adaptability to change, we have cultivated individual store operation that maximizes each store's distinctive character,

enabling "100 different store concepts for 100 stores."

One critical element supporting our individual store operation is "customer affinity," whereby the staff doing the work have sensibilities and values that are closely aligned with the target customer base of each format.

For example, at "Kirakira Donki," which targets Generation Z customers, the majority of store staff are in their teens and 20s, belonging to Generation Z themselves. Similarly, at stores with high inbound demand, we actively recruit foreign employees to flexibly respond to diverse customer needs. Furthermore, in product development, personnel with a deep understanding of customer characteristics and a keen sense of trends drive product creation to deliver what customers "truly want."

In this way, by having employees with high customer affinity working on the frontlines across each format, store, and product, we achieve unique store operations that meet the diverse needs of local communities and customers.

This is the PPIH Group's greatest competitive advantage and the very driving force supporting our sustainable growth.



Store employees have full discretion in everything from product procurement and pricing to displays and sales.

Achieved through delegation of authority to stores and ability to adapt, and would not be possible through uniform store development based on typical franchising theories.

All store staff, or those who interact directly with our customers, are given flexibility when making decisions regarding store operations. This approach enables stores to swiftly adapt to changes in customer needs and the operating environment.

Stores as a Place to Spend Time: "CV+D+A"

"CV+D+A" is the PPIH Group's unique store concept that provides customers with convenience (CV), discount (D), and amusement (A) through shopping.

By basing store operations and merchandising strategies on this concept, we have built a business model of "stores as a place to spend time," where customers not only "buy what they need when they need it" but also enjoy the act of shopping itself. Furthermore, we continue to enhance "CV+D+A" through the development of unique and original products and value-oriented, convenient shopping experiences via the majica app.

We believe that our unique business model, which fills customers with the excitement of shopping and further enhances their satisfaction, is an effective way to appeal to the needs of today's customers and a powerful way to develop markets.



"The Customer Matters Most": Powered by Our Strength in Developing Talent

Based on "The Source," the PPIH Group promotes human capital management centered on the autonomous growth of each individual employee.

Rather than "developing" personnel, we are committed to "supporting growth" by trusting and delegating to subordinates. This has fostered a culture where employees proactively take on challenges and grow. Furthermore, by clearly putting into words the practice of managers "raising their own successors," we promote continuous talent growth.

Because we thoroughly ensure "full discretion on the front lines" via delegation of authority, employees gain abundant opportunities to think and make decisions independently, experiencing many challenges and failures. Our "corporate culture that tolerates failure" supports talent growth by creating an environment where learning from failures is encouraged.

Moreover, meritocracy based on quantitative results is deeply ingrained, and highly motivated individuals foster a competitive spirit, spreading a culture of competition throughout the company.

Based on this corporate culture centered on the three pillars of delegation of authority, meritocracy, and tolerance of failure, the PPIH Group views growth in sales and profits as evidence of talent growth. This environment that provides far more opportunities to gain experience compared to other companies is the source of the PPIH Group's sustainable growth.



The History of Creating Corporate Value

Our corporate philosophy

“*The Source*” opens a path to the future

Since the PPIH Group opened its first Don Quijote store in 1989, it has continued to grow, realizing the long-term enhancement of its corporate value.

This is the result of sustained efforts to act in accordance with “The Source” and uphold the corporate principle that “The Customer Matters Most,” regardless of the circumstances.

We will continue to uphold “The Customer Matters Most” principle and strive to further enhance our corporate value, positioning ourselves as a visionary company that meets the evolving needs of our customers and society.

■ Net sales
— Operating income
— Number of stores

1990 1995 2000 2005 2010 2015 2020 2025

1978
Founding Chairman Takao Yasuda opened the 18 *tsubo* (about 60 square meter) general merchandise store Dorobo Ichiba, the predecessor of our Group, in Suginami-ku, Tokyo with no experience in the retail business.



1989
Opened first Don Quijote store in Fuchu, Tokyo



2001
Commenced nationwide expansion of Don Quijote



2006
Commenced overseas business
Acquired Don Quijote (USA) Co. Ltd., as a consolidated subsidiary

2007
Expanded store network in Tokyo metropolitan area
Created family-oriented store format
Acquired Nagasakiya Co., Ltd. as a consolidated subsidiary



2009
Launched the private brand JONETZ



2011
Published “The Source,” a collection of corporate philosophies compiled by founder Takao Yasuda



2013
Accelerated expansion in the United States
Turned MARUKAI CORPORATION into a consolidated subsidiary



2014
Launched “majica” e-money service



2015
Launched “majica app”

2017
Commenced capital and business alliance with FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)

2017
Commenced Asia business
Opened first DON DON DONKI store in Singapore



2019
Acquired UNY Co., Ltd. as a consolidated subsidiary

2019
Changed name to Pan Pacific International Holdings Corporation
In February 2019, with the determination to create new and internationally competitive distribution channels, we changed our company name to one befitting a global group operating across the Pacific Rim area, not just within Japan

2021
Acquired Gelson's, a premium supermarket chain in California in the United States, as a consolidated subsidiary to bolster the foundations of the North America business



Announcement of New Long-Term Management Plan

“Double Impact 2035”

Viewing all external environmental changes as growth opportunities, continuing to take on bold challenges, and aiming for further growth

FY6/25

Net Sales

¥2.2468 trillion

Operating Income

¥162.3 billion

Number of Stores

779 stores

2021
Rebranded the private brand JONETZ
From Private Brand to People Brand



2022
Announced the medium- to long-term management plan (Visionary 2025/2030)

2022
Welcomed 100 refugee families from Ukraine

2023
Launched majica app service
“majl-voice (raw customer review)”



みんなの声で、ぜんぶが変わる。
マジボイス
by majica

2024
“Visionary 2025” plan achieved 1 year in advance

2025
Announced the long-term business plan (Double Impact 2035)

Our New Long-term Business Plan
“Double Impact 2035”

We view shifts in the external environment as growth opportunities and will accelerate domestic business growth through strategic initiatives, including expanding market share. Through these efforts, we aim to achieve net sales of 4.2 trillion yen and operating income of 330 billion yen in FY6/35, more than double that of FY6/25. A detailed overseas strategy will be announced separately in the future.

		FY6/25		FY6/35		
		Amount	Ratio	Amount	Growth rate	Ratio
Consolidated	Net sales	¥2.2468 trillion	-	¥4.2000 trillion	186.9%	-
	Operating income	¥162.3 billion	-	¥330.0 billion	203.3%	-
	Operating margin	7.2%	-	7.9%	+0.7 pts	-
Domestic	Net sales	¥1.8949 trillion	84.3%	¥3.7000 trillion	195.3%	88.1%
	Operating income	¥156.1 billion	96.2%	¥300.0 billion	192.2%	90.9%
	Operating margin	8.2%	-	8.1%	(0.1) pts	-
Overseas	Net sales	¥351.9 billion	15.7%	¥500.0 billion	142.1%	11.9%
	Operating income	¥6.2 billion	3.8%	¥30.0 billion	483.9%	9.1%
	Operating margin	1.8%	-	6.0%	+4.2 pts	-

New Growth Opportunities from External
Environment Shifts

- Japan's consumer market expected to see moderate growth
- Rising price sensitivity and declining income projected to expand the TAM* for discount formats across both food and non-food categories
- Changes in consumer behavior driven by shifts in external environment enable increased opportunities in adjacent markets, including food supermarkets

*TAM=Total Addressable Market

Forecasted shifts in the external environment	Anticipated shifts	Revenue opportunities
1. More low-income consumers	<ul style="list-style-type: none">• Stronger saving and defensive spending due to inflation and falling real wages• More dual-income households and demand for ready-to-eat, time-saving products	<ul style="list-style-type: none">▶ Demonstrate price competitiveness in discount retail and strengthen access to fresh food markets▶ Expand target markets like food supermarkets
2. Fewer retail players and industry consolidation	<ul style="list-style-type: none">• Population decline from aging and low birthrate, with losses outside Tokyo• Cost-push inflation continues, raising costs	<ul style="list-style-type: none">▶ Increase M&A opportunities due to market shrinkage, cost pressure, and succession issues▶ Grow same stores and open more locations as retail players consolidate
3. More foreign residents	<ul style="list-style-type: none">• Population growth from rising foreign resident ratio	<ul style="list-style-type: none">▶ Develop new revenue-generating markets
4. More foreign visitors	<ul style="list-style-type: none">• Government target: 60 million foreign visitors and ¥15 trillion in spending by 2030	<ul style="list-style-type: none">▶ Grow tax-free sales from foreign visitors to Japan
5. Rise of “Real Price™” * as consumers gain information advantage	<ul style="list-style-type: none">• Information gap between consumers and producers shrinks and accelerates• Consumers shift toward seeking “Real Price™” as real wages fall	<ul style="list-style-type: none">▶ Capture growth opportunities arising from consumer trade-down behavior, including shifts from national brands to equivalent products and from dining out to eating at home

*Real Price (RP™): Purchase price of the lowest available product in the market

Next-level Earnings Capability = TAM (Growth Opportunities) × Execution Model × Talent & Capabilities

Strategy to Expand Domestic Market Share = Growth Opportunity

- **Accelerating new store openings:** “cover Japan”
- **Same store growth:** phenomenal growth in net sales
- **Tax-free sales:** establish tourist-oriented retail
- **New format:** develop compact stores for small catchment areas (Food-Focused Don Quijote)
- **M&A strategy:** leverage strong track record with Nagasakiya and UNY

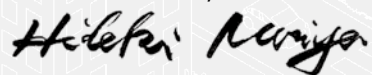
Merchandising Strategy Powers Growth + Extra = Execution Model × Talent & Capabilities

- **PB/OEM strategy:** NEXT Revolution – Driving a shopping frenzy with discount PB
- **National brand collaboration:** strengthen NPB strategy
- **Category development:** build brand identity as “XX? It’s Donki!”
- **Supply chain strategy:** strengthen upstream sourcing
- **Deli category enhancement:** strengthen deli as a key traffic driver
- **Productivity improvement:** PPIH-style digital × generative AI
- **Marketing strategy:** expand wallet share
- **Human capital strategy:** build multiple high-performing teams

CEO Message

Launching “Double Impact 2035:”
Maximizing corporate value
by leveraging the PPIH
Group’s collective wisdom and
stakeholder perspectives

Hideki Moriya



President and CEO, Representative Director



Assuming the Role of Chief Executive Officer (CEO)

Thank you for your continued strong support and understanding for the PPIH Group. My name is Hideki Moriya, and I have assumed the role of President, Representative Director and CEO.

I joined the company as a new graduate in 2000 and started my career as a store staff member. This was during the recession that followed the collapse of the bubble economy, an era called the “employment ice age,” when the unemployment rate was in the 4% range and companies prioritized efficiency and cost reduction, making low wages the norm. However, the Don Quijote store I joined was thriving, with cars queued up waiting for parking spaces and lines at cash registers lasting until 1 or 2 a.m. I vividly remember how much I enjoyed my daily work in purchasing and sales operations.

Subsequently, after working in sales positions such as store manager and branch general manager, I gained extensive experience in back-office divisions, including logistics network development, contract management with business partners, risk management, launching the majica app, developing management strategies as CSO, and managing IR activities and financial operations as acting CFO.

My strength lies in the “ability to build teams that make the most of our human capital.” I have worked in many departments and on a wide range of operations across the PPIH Group. Each time, I have built new teams. I take pride in the fact that, through my experiences, I have developed the most extensive human capital network, covering both executives and employees, of anyone. I believe I can form teams composed of many talented individuals through this network and provide them with opportunities to excel.

In the new management structure, I will work together with the Representative Director and COO, Kosuke Suzuki, in a dual-leadership system. By clearly separating the holding company functions from operational execution functions, we will promote team-based management that enables swift decision-making while maximizing the PPIH Group’s potential.

Management Policies Underpinning the New Structure

Recently, there has been much discussion of the dramatic changes in society and consumer behavior, often emphasizing the volatility, uncertainty, complexity, and ambiguity. However, with “The Source,” our collection of corporate principles at our core, we have continued to move forward while enjoying each change and the business environment itself, viewing these as growth opportunities. We have called this “the business of adapting to change.”

Therefore, we consider business environments filled with drastic changes to be the “battlefield where we can best excel,” and we have absolute confidence that we can continue to respond flexibly and boldly to all changes. We

will maintain policies based on “The Source” at all times, and under these unwavering policies, we will establish and execute the following “3 foundational management policies”:

1. Implementation of speedy decision-making

This is something that is not changing.

Even with sales exceeding 2 trillion yen and approximately 90,000 employees, we are confident that our “decision-making speed”—in other words “the number of people with decision-making authority”—is the best in Japan. Even during the next 10 years as we aim to approximately double our business scale, we will continue to develop systems that maintain and strengthen our No. 1 decision-making speed and not let it slow down.

2. Building countless optimal teams

This is something that will be accelerated.

Until now, we have concentrated on achieving an overwhelming “maximization of individual capabilities” through our division-based independent accounting system, our individual store manager system, and the Million-Star Program and we have achieved steady results under a “competitive meritocracy.” I will maintain this competitive meritocracy from the time of Messrs. Yasuda and Yoshida create a new philosophy by combining it with “meritocracy through resonating co-creation” (*Kyoso Seika Shugi* in Japanese) and elevating it to a higher level.

I have placed strong conviction in the term “resonating co-creation” (*Kyoso*). At PPIH, where individual talent has always been strong, ordinary collaboration and cooperation alone are not enough to elevate and maximize individual capabilities at the team level. I firmly believe that the greatest results are achieved when individuals influence each other and resonate with one another. We will place team formation through such “resonating co-creation” at the heart of our management philosophy and embody the “next-generation battle-ready PPIH Group.”

3. Strategic investment through selection and focus

Finally, this is something that will be changed.

Since becoming a publicly listed company, we have achieved 36 consecutive years of increases in both sales and profits through organic store expansion each year and investment decisions based on short-term investment recovery.

However, we recognize that we are now entering a stage aimed at greater corporate growth. We plan to invest over 1.2 trillion yen over the next 10 years and will review the recovery period standards that serve as investment decision criteria and revisit our approach to the “delegation of authority” for each business. We will make sufficient investments not only in growth businesses but also in projects and initiatives that are expected to grow in the future, while tolerating short-term failures. Additionally, we will clearly incorporate M&A, which has not been included in our strategy until now, into our management strategy to enhance corporate value. When executing these initiatives, we will also shift the timeframe over which we pursue increases in sales and profit from an annual basis to a medium-term basis.

“Double Impact 2035” as Our New Guideline

We believe the PPIH Group's growth to date can be expressed as “earnings capability” = “adaptability to change × “knowing our customers.”

Over the course of our growth, we really have experienced a great many social and economic changes. These include, for example, 30 years of deflation, shifts in economic policy, transition to inflation, declining real wages, rising Engel coefficients, increasing dual-income households, large-scale natural disasters, the global COVID-19 pandemic, mobile phone proliferation, IT technology evolution, rapid EC market growth, the proliferation and consolidation of the retail industry—the list goes on.

Even in this rapidly changing environment, we have consistently deepened our understanding of customers and continued to refine our products and services to meet local needs. We have continued to pursue and provide convenience and enjoyment that are unique to physical stores and, in our analysis, we believe this has been the key factor enabling us to steadily improve our “earnings capability.”

This “earnings capability” will give us the conviction that we can achieve further growth and evolve into “next-level earnings capability.”

Next-level Earnings Capability = TAM (Growth Opportunities) × Execution Model × Talent & Capabilities

We will formulate and execute our next growth strategy based on this new definition.

Regarding “TAM (growth opportunities),” as noted on the previous page, various environmental and market changes are predicted in Japan's consumer market over the next 10 years. We view all these future environmental and market changes as growth opportunities and are confident that there is ample room to further expand market share.

For “execution model,” we take pride in already having most of what we need, including the right mindset based on our collection of corporate principles “The Source” and appropriate business structures for procurement and sales. For strategy, approximately 40 people, centered on executive officers and the management team, held rigorous discussions and formulated “Double Impact 2035.” We encourage you to review the details.

On “talent & capabilities,” which will enable us to implement our model and strategy and generate results from them, we have seen the steady development of our human capital across several generations, ranging from people in their 20s to 50s, and we have great confidence in our execution capabilities.

“Double Impact 2035” focuses on growth strategies for our domestic business, which has significant growth potential. For our overseas business, while we currently aim for minimal growth, achieving medium- to long-term expansion

requires a clear store model that consistently earns customer support and an efficient operational framework to sustain it. Over the next year, we intend to determine the direction for our overseas business and disclose our strategy.

The quantitative targets for “Double Impact 2035” are 4.2 trillion yen in net sales and 330 billion yen in operating income.

These target figures and diverse growth strategies will become new guidelines for all employees and serve as the driving force powering our daily business activities.

We have long aimed for the following corporate ideals as part of our objectives (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 targets innovation to elevate core values to the next level

Under our new guideline, Double Impact 2035, we will pursue these ideas while maximizing the collective wisdom of the PPIH Group.

The PPIH Group’s Sustainability Management

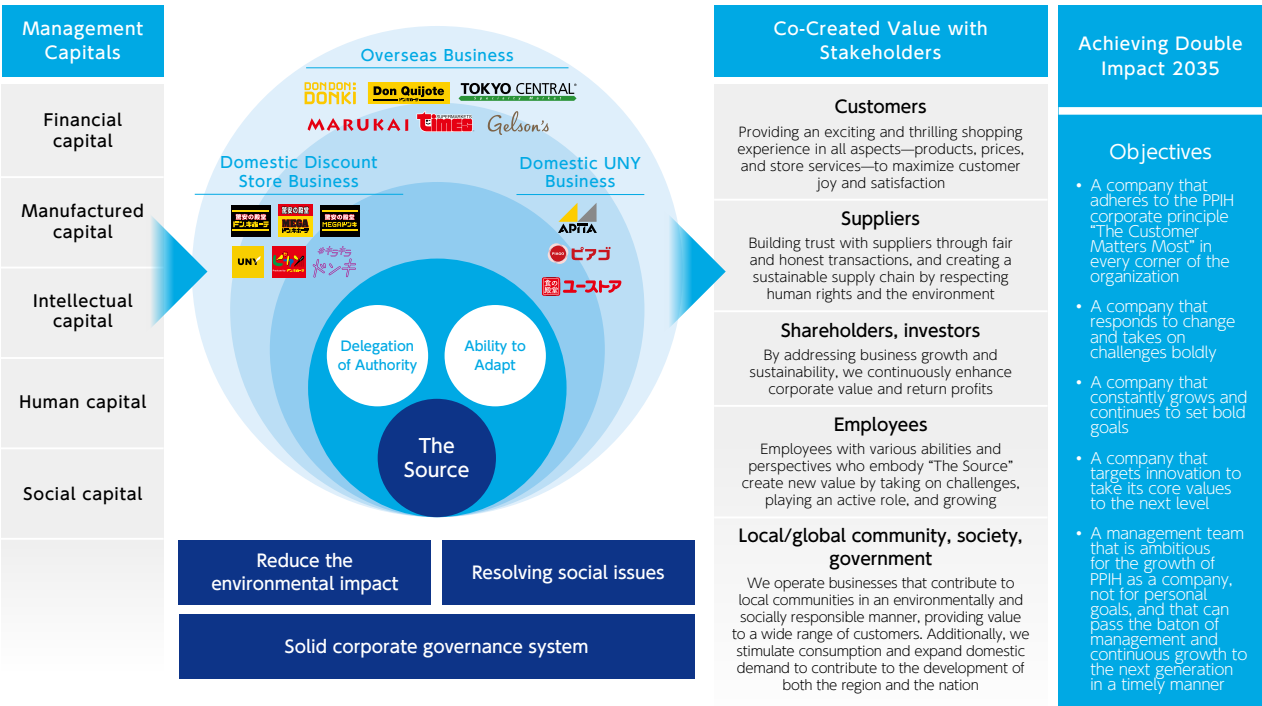
The PPIH Group has established growth strategies that include accelerating new store openings, strengthening PB/OEM products, and developing new formats. If we are to steadily advance these strategies, the strengthening of “human capital” and “supply chain management” will take on even greater importance than before.

In human capital, we have launched new personnel strategies and committed ourselves to becoming a company overflowing with talent that continues to take on bold challenges. We will strengthen individual capabilities by establishing an environment where all employees have many opportunities to step up to the plate, expanding systems that encourage the development of new leaders and self-initiated challenges, and increasing the number of “distinctive talents.” This will enable us to build numerous optimal teams and further enhance the competitiveness of the company as a whole.

In supply chain management, structures are becoming more complex with the expansion of PB/OEM products and development of new formats. We accept this responsibility and will strengthen collaboration with NGOs and business partners, enhance our ability to address human rights and environmental matters, and rigorously practice responsible sales, including enhancing quality control systems to improve product safety.

Furthermore, in addition to promoting initiatives in each field, we will continue to create opportunities for dialogue such as ESG briefings and accelerate the integrated promotion of growth strategies and sustainability management.

Value Creation Model at the PPIH Group



Capital Allocation Policy

In FY6/25, we achieved a good balance between stable operating cash flow generation and continuous growth investment.

In terms of debt, interest-bearing debt decreased by 60.6 billion yen, and the equity ratio reached 40.1%, an improvement of +4.3 pts compared to FY6/24. The net D/E ratio also improved to 0.38 times, a 0.16 pt improvement, further enhancing financial soundness. This financial foundation provides us with a solid base for vigorously promoting future growth strategies. We are also focusing on capital efficiency, stably maintaining ROE at the high level of 15.8%, above the cost of capital.

For growth strategies over the next 10 years, we have planned growth investments exceeding 1.2 trillion yen, which we will implement while continuing to give sufficient consideration to capital efficiency.

Alongside growth investments, we will also strengthen shareholder returns. Regarding dividend policy, while maintaining a progressive policy, we have adopted an approach targeting a 25% dividend payout ratio, and we will also consider increasing the dividend payout ratio in the long term, striving to achieve a balance between growth investments and shareholder returns.

Furthermore, we executed a stock split aimed at improving stock liquidity and expanding our investor base. We will also advance initiatives aimed at broadening our base of individual investors and creating fan shareholders.

Going forward, we will continue to engage in management that is conscious of cost of capital and stock price, aiming for long-term corporate value enhancement.

To All Our Stakeholders

Business activities under the next-generation management team are now fully underway. The current management structure includes not only executive officers capable of conceiving and executing diverse strategies but also a strong lineup of outside directors with extensive knowledge and experience who are responsible for further strengthening our governance structure.

As a visionary company, we aim to be an enterprise that continues to prosper for 100 years, 200 years, and beyond. To realize this, it is essential that we maintain and pass on a management structure that supports sustainable corporate growth. As CEO, I strongly recognize this responsibility and believe that one of my extremely important missions is to identify the next generation of managers and responsibly pass on the baton of management.

Furthermore, to maximize corporate value, besides executing growth strategies, it is important to reflect stakeholder perspectives in management. We have established a structure where management, including the CEO and COO, actively participate in dialogue with the market, and the IR team aggregates feedback obtained through meetings and reports to management. Going forward, we will further strengthen relationships built on trust with the market, accurately comprehend matters of high interest and potential risks, and reflect these in management decisions.

We will continue to fulfill our corporate responsibilities, strive to create value exceeding your expectations, and vigorously promote sustainable growth and transformation. We hope you will continue to expect even greater successes from the PPIH Group.

We sincerely ask for your continued support and encouragement.

COO Message

Implementing Diverse Strategies that Embody Growth Opportunities: Optimizing “store operations × merchandising” to maximize profits

Kosuke Suzuki

Kosuke Suzuki

COO and Representative Director



Assuming the Role of Chief Operating Officer (COO)

I wish to thank all our stakeholders for your deep understanding and warm support for the PPIH Group's business activities. My name is Kosuke Suzuki, and I have assumed the role of Representative Director and COO of the PPIH Group, as well as President and CEO of Don Quijote Co., Ltd.

Upon assuming the role of COO, I would first like to express my commitment to practicing “The Source (Genryu)” Management, the starting point and management philosophy of the PPIH Group, and to convey my determination to firmly pass this philosophy on to the next generation, handing over the baton when the time comes. Without ever forgetting this starting point, we will achieve sustainable growth and enhance corporate value even amid rapidly changing times.

My journey with PPIH began when I joined as a new graduate in 2000. Over the past 25 years, my career has focused entirely on sales operations. Starting as a store associate, I accumulated extensive frontline experience as store manager, merchandising manager, branch general manager and general manager of the Sales Headquarters. After UNY became a consolidated subsidiary, I served as the project leader for converting UNY stores to the discount business format, leading reforms across all 63 stores. I approached each store with a spirit of challenge, always pursuing new initiatives and promoting reforms led by the frontlines. Moreover, as General Manager of the Corporate Philosophy Promotion Headquarters, I worked to instill the philosophy of “The Source” Management throughout the company and devoted myself to training masters of “The Source.”

I take pride in the fact that my strength is understanding “the feelings of employees” on the frontlines. Having held leadership roles in both pillars of our sales operations—“store operations” and “merchandising”—I have taken actions that reflect both perspectives. I will leverage the experience and knowledge I have cultivated on the frontlines and continue to pursue strategies with an aggressive, never-defensive attitude to achieve “Double Impact 2035” and further growth beyond that. To this end, I will maintain a spirit of inquiry, embrace change, and exercise leadership. Going forward, as COO, I will combine my experience in sales operations with a management perspective and continue to challenge myself to achieve sustainable growth and enhance corporate value.

Growth Strategies in “Double Impact 2035”

We have announced our new long-term business plan, “Double Impact 2035.”

I am confident that the quantitative targets we have set

are achievable, even when viewed conservatively. I think of these targets as the destination that we will reach by making a significant leap from our current starting point during my tenure as COO. In other words, I consider them to be clear management objectives.

As Moriya explained on the previous page, in our domestic business, we view various external environmental changes as growth opportunities. In the discount retail market particularly, consumer consciousness has changed significantly due to recent inflation and declining real wages. With heightened price sensitivity and stronger budget consciousness, consumers are increasingly seeking “better products at lower prices,” highlighting the enduring relevance of the discount retail model.

We believe that discount market expansion can be expected not only in daily necessities such as food products and consumables but also in other non-food categories where we excel. If we can accurately respond to the needs of the times, we believe this will become our greatest tailwind and open up growth areas suited to a new era.

In last year's integrated report, I said that “our leadership continues to develop innovative strategies,” and these have now materialized as the diverse growth strategies for our domestic business in “Double Impact 2035.” This plan positions domestic market share expansion as one key theme, and we believe the following 3 pillars are essential to realize this:

- Expanding catchment area share through existing formats
- Strategies for phenomenal same-store growth
- New store format: “Food-Focused Don Quijote”

Regarding “strategies for phenomenal same-store growth,” Mr. Moritani has explained the evolution of our PB/OEM strategy, the strengthening of initiatives with national brand manufacturers, and the promotion of marketing strategies (see pages 21–22 for details).

As for “new store format,” Mr. Katagiri has provided an outline of “Food-Focused Don Quijote” and explained the strengthening of our deli strategies (see pages 23–24 for details).

I will explain “expanding catchment area share through existing formats” on the next page.

Store Opening Strategy to “Cover Japan”

The PPIH Group operated a total of 655 domestic stores as of the end of FY6/25.

In February 2025, we opened our first store in Kochi Prefecture, the remaining prefecture where we were not present, thereby achieving coverage across all 47 prefectures. However, there is still significant room for new store expansion domestically.

We are analyzing which regions could support catchment area expansion based on our proprietary logic for store openings and aim to open 250 new stores by FY6/35. We will implement our store opening strategy using the following 3 formats:

1. Roadside Stores

We will open stores in regions with sufficient catchment area population and high compatibility with our target customer base, taking into consideration future population dynamics. There are many areas where we have not yet opened stores, or where stores exist but more could be developed. We project 120 store openings under this model.



2. Urban Rail-Side Stores

This model, which we have been strengthening since FY6/25, includes stores such as Akabane Higashiguchi Store, Keikyu Kamata Store, and Chofu Ekimae Store in Tokyo. In addition to high convenience with easy access near stations, these stores also achieve high profitability. We project 80 store openings, primarily in urban areas including Tokyo, Kanagawa, Chiba, Saitama, and Osaka Prefectures.



3. Tourism-Oriented Stores

In FY6/25, we opened satellite stores near existing stores such as Shinjuku Tonanguchi Store (Tokyo) and

Kokusaidori Store (Okinawa) that meet tax-free sales demand and achieved the anticipated results. Going forward, in addition to satellite stores, we also envision opening stores in tourist destinations and regional downtown areas, projecting 50 store openings.



One of our strengths is "individual store management," which enables 100 different store concepts for 100 stores, regardless of floor area, region, or location. Based on these 3 stores opening formats, we will continue to engage in store development tailored to customer needs in each region, steadily filling up the gaps where we are not present across Japan and aiming to further expand catchment area share. By adding the new format, "Food-Focused Don Quijote," we aim to exceed 1,000 stores in our domestic business.

Tax-free Sales: Establishing Tourist-Oriented Retail

Having declared that "we will become the undisputed leader in tax-free sales," we achieved annual tax-free sales of 174.2 billion yen in FY6/25, ranking first in the domestic retail industry. Going forward, we will aim even higher, transitioning to a new stage where we establish "tourist-oriented retail," with the goal of building the kind of brand position where people think, "I'm going to Japan because Donki is there."

We are targeting tax-free sales of 400 billion yen in FY6/35.

The Japanese government has established goals to increase foreign visitors to Japan, and the increased spending from shopping in Japan resulting from more foreign visitors offers us a significant growth opportunity.

Leveraging our strengths, such as our comprehensive product lineup for all kinds of souvenirs, night market shopping after sightseeing or dinner, our unique amusement experience, and infrastructure development, we have raised our current store visit rate to 24.7% (calculated based on the number of foreign visitors to Japan and foreign visitors shopping at our stores). We aim to raise this store visit rate

further to 34.4% by FY6/35 through initiatives to increase repeat customers and acquire new customers.

Just as with domestic customers, we consider the voices of foreign customers who actually visit our stores to be the most important factor in aiming to expand our share rate. The results of surveys about these customers' motivation to visit our stores included many responses such as "because it looks fun" and "because I can experience Japanese culture," revealing that amusement is a major motivating factor for visiting Don Quijote. By deepening this factor further, we intend to create our own unique in-store atmosphere and use this to achieve further differentiation and greater customer loyalty. To realize this, we will leverage the PPIH Group's expertise in spatial presentation and explore systems for designing shop floors that express seasonality and regional characteristics and holding events where Japanese culture can be experienced year-round across Japan.



Furthermore, as strategies prior to customers' visits to Japan, we will strengthen promotional strategies that enhance store visit motivation, and as strategies during their visits, we will develop app functions that further improve convenience. In terms of merchandising, as a way to differentiate ourselves further, we also plan to create a process of developing products that customers cannot find anywhere else.

We will deploy strategies that capture foreign customers' consumption and needs and repeatedly implement various innovations that ensure visiting Don Quijote is a memorable experience. Additionally, we will aim to make Don Quijote "always the chosen destination" as an affordable, convenient place where customers can experience Japanese culture, and establish a business model for doing so.

Achieving Sustainable Growth Together with Communities

In Japan, population decline resulting from the low birthrate and aging of society is worsening, with

populations in all prefectures except Tokyo forecast to shrink. In addition, with costs continually increasing, retail industry consolidation is also expected. In this environment, we position "growing together with communities" as an important pillar of management.

To continue to strengthen "individual store management" rooted in each region, we must further deepen the "Million-Star Program," in which branch presidents (Million Stars) each oversee several stores within catchment areas of approximately 1 million people. Now that "Double Impact 2035" has become the common language for all Million Stars, over 150 Million-Stars need to combine and integrate "diverse growth strategies" with "store operations that are finely attuned to local customer needs." We expect this to create a virtuous cycle where we explore and execute numerous initiatives in each region, and the success stories spread nationwide through information-sharing among Million Stars.

Furthermore, through store opening strategies to "cover Japan" and the creation of the new format, "Food-Focused Don Quijote," we will contribute to regional economic revitalization, including regional employment creation and active participation in regional events. Transaction amounts with markets and farmers in each region are steadily improving, and opportunities for promoting local production for local consumption and collaboration with regional manufacturers are increasing. In terms of store interiors and exteriors as well, we will implement operations that leverage regional characteristics and resources and promote coexistence with local communities.

We will flexibly respond to any environmental changes and aim to be "the last man standing" (a store that continues to survive to the end) that communities need. Going forward, we will strive to achieve sustainable growth in each region in step with local communities.

A Corporate Group that Continues to Be Highly Motivated

With the reshuffling of management members and the announcement of the long-term business plan, "Double Impact 2035," 2025 has been a year of many changes, but internal motivation remains very high, and various project teams have already begun moving with speed toward new goals.

To achieve significant growth in the future as well, we will continue without stopping, always maintaining a customer perspective and upholding our corporate culture of taking on challenges while flexibly responding to change. I will lead the execution of these efforts, constantly pursuing the optimal balance of "store operations × merchandising" and maximizing profits.

We will push forward as one united company toward our goals and strive to meet your expectations for further growth. To all our stakeholders, we ask for your continued confidence in our future growth and appreciate your ongoing warm support and patronage.

Same-Store Growth Strategy

Each Growth Engine Advancing to the Next Stage: Driving strategic deepening for phenomenal same-store top line growth

Takeshi Moritani

Managing Executive Officer, Chief Marketing Officer (CMO)
Head of Marketing Strategy
President Representative Director of KaibaLab Corporation



This marks the third consecutive year that I am sharing our business strategies in the integrated report. This year, I will introduce our strategies for phenomenal same-store top line growth based on our new long-term business plan, "Double Impact 2035," as each growth engine advances to the next stage. I will focus particularly on our PB/OEM strategy and marketing strategy, presenting our future outlook.

Toward the "NEXT Revolution": Deepening our PB/OEM strategy co-created with customers!

Our private brand (PB) was rebranded in February 2021 as "a brand created together with customers = People Brand." Over the past 4 years, we have promoted unique product development based on clear concepts, creating numerous hit products. Furthermore, through strengthened media exposure via TV commercials and programs, PB product awareness has significantly improved from approximately 20% to over 70%.

While continuing our unique product development marked by the "Do (ド)" logo, we will also advance the following initiatives to further expand our PB/OEM composition ratio: (1) Driving a shopping frenzy with discount PB, and (2) Strengthening initiatives with national brand manufacturers.

1. Driving a Shopping Frenzy with Discount PB

As environmental changes transform customer behavior, customers are shifting toward greater price sensitivity and

price-focused behavior in their purchasing decisions. To respond to these environmental changes and achieve further growth, we believe it is essential to adapt to customer needs and gain "overwhelming customer preference." Therefore, we will promote product development that also focuses on "price" and deploy new PB strategies.

We will work on developing PB products with outstanding price appeal, newly adopting "EveryDay RealPrice™ (EDRP)" as our theme. While the conventional "EveryDay Low Price (EDLP)" concept aimed for relative affordability through price comparisons with competitors, "EveryDay RealPrice™ (EDRP)" aims to provide prices that customers feel are "truly valuable" based on their feedback, meaning the "Real Price." Inspired by "maji-kakaku," our majica member-exclusive initiative, we aim to offer popular products at overwhelmingly low prices. Specifically, we will select approximately 30 types of daily necessities and develop products with bold concepts that symbolize such overwhelmingly low prices.

2. Strengthening Initiatives with National Brand Manufacturers

We have continued to conduct unique product development in PB/OEM. Since FY6/25, we have engaged in the full-fledged promotion of a strategy of shifting staple products to OEM, and we will further strengthen this strategy going forward. Through supply chain reviews, including starting product development from raw materials, shifting production areas, improving logistics, and consolidating production facilities, we have made small-lot production possible. This enables us to steadily shift staple shelf products to OEM, focusing on categories where brand loyalty is low and functionality

and design are prioritized. Over the next 10 years, we will expand the categories for which we do this to approximately 10 times the current level, significantly increase our share of shop floor space, and continuously improve the PB/OEM sales composition ratio.

In terms of strengthening product development through collaboration with national brand manufacturers, we have created hit products such as "Mugen Sappari Spice by Ajipon," "Super Gorilla no Hitotsukami," and "Heroine Make Hot Eyelash Curler," and we will further expand these initiatives.

We have surpassed 2 trillion yen in net sales and have built strong, trust-based relationships with many national brand manufacturers. Going forward, we will go beyond simply "developing products that materialize customer feedback" with major manufacturers and actively engage in "developing new products and nurturing them into hit products," which is a common challenge for many manufacturers. Furthermore, through collaborative problem-solving, we aim to develop hit products and open up new markets. This will enable us to accelerate the development of "NPB" products that differentiate us from competitors by fusing "national brand power" with "our spirit of challenge."

In addition, we will further expand the initiative that we began in November 2023 to collect customer feedback through "maji-voice," a feature within the majica app, and feed it back to national brand manufacturers for use in product development, including functional improvements and adjustments.



We have positioned the establishment of product categories known as "XX? It's Donki!" as a pillar of our merchandising strategy. These are categories that epitomize the uniqueness of Donki, namely categories where we hold overwhelming market share and the products themselves motivate store visits.

By delegating authority to our many domestic employees, we have been able to generate strong product discovery capabilities and rapid deployment capabilities from the frontlines, our closest point of contact to customers, and we have created numerous "XX? It's Donki!" categories, including color contact lenses, protein, carry-on suitcases, and spirits. Going forward, we aim to further expand such categories. Currently, we have identified over 80 candidate categories for strengthening. While these are niche areas at present, they

hold potential to grow into categories that are symbolic of our company in the future.

For these promising product categories, we will gain top-of-mind awareness in customer purchasing decisions and also increase visit frequency and average transaction value for existing customers. Additionally, backed by our numerous market-leading categories and support from younger generations, we aim to build a win-win-win model for customers, manufacturers, and our company by leveraging the compatibility between our target audience and national brand manufacturers' target demographics.

By focusing on these strategies, we plan to increase PB/OEM net sales to 1.3 trillion yen, approximately 3 times FY6/25 levels, and raise the sales composition ratio to approximately 35%. PB/OEM will continue to be a driver of gross profit margin improvement and remain an important pillar supporting the creation of store visit motivation and earnings improvement. We will create the "NEXT Revolution" that delights customers to the point of driving a shopping frenzy and aim for further growth.

Marketing Strategy to Further Expand Customer Touchpoints

The PPIH Group is strengthening customer engagement through efforts centered on marketing strategy to achieve further same-store growth. We are particularly focused on the "passively averse segment," who are aware of our company but do not visit because they have "no reason to go" or "don't consider us for shopping." We estimate that this segment numbers approximately 30 million people, representing significant growth potential.

For this segment, we are expanding awareness of our broad product lineup to encourage them to consider us as an option for their regular shopping for various purposes. As part of these efforts, we are making large-scale and continuous investments in advertising with the theme "Why not just get everything at Donki?" In doing so, we aim to create store visit motivation and acquire new customers.

Furthermore, since approximately 80% of all customers are light users who visit less than once per month, we believe there is significant room to expand wallet share among existing customers. As of July 2025, majica membership surpassed 18 million, and we are promoting personalization based not only on a variety of data, including member purchase information, but also AI-powered pricing strategies.

This allows us to provide customers with new product discoveries and encounters by proposing products that they do not usually purchase, enables customer engagement that encourages more frequent store visits, and accelerates the conversion of existing customers into loyal customers.

Going forward, we will achieve sustainable same-store growth through these dual strategies: approaching the passively averse segment and deepening relationships with existing customers.

New Format Strategy

Competitive Advantage through New Format Creation: Food-Focused Don Quijote paves the way for market share expansion

Mikihira Katagiri
Head of New Format Development
Vice President and Director of UNY Co., Ltd.



Sustainable Transformation: The key challenge for our future evolution

I joined Don Quijote in 2000, strongly drawn to its culture of “delegation of authority” and “competitive meritocracy.” After joining, I started out as an apparel associate and gained extensive frontline experience as a product buyer, store manager, branch general manager, and general manager of MEGA Don Quijote Sales Headquarters before assuming the role of President and Representative Director of UD Retail Co., Ltd.

In the project to convert UNY stores to the discount store format, we did more than simply change the format. Rather, based on the concept of “100 different store concepts for 100 stores” we took on new challenges for each store, focusing on creating new community-based value. As a result, not only did UD Retail act as a growth engine for the PPIH Group, but it also became a breeding ground for the next generation of leaders.

Subsequently, as Vice President of UNY Co., Ltd., I worked to improve profitability, achieving an operating income margin of 7.5% in FY6/25 and transforming it into a highly profitable business. Through these experiences, I have promoted initiatives aimed at achieving sustainable growth by integrating frontline capabilities with management expertise.

New Community-Based Format in Response to Changes in the Consumer Environment

In recent years, there have been significant shifts in consumer behavior due to changes in the social environment, including inflation, declining real wages, and rising Engel coefficients. In

particular, the share of food spending continues to increase year by year, while the non-food market composition ratio is trending downward.

In our discount store business, we have further strengthened our existing product lineup of processed foods, daily items, and frozen foods, while leveraging the fresh food expertise gained from UNY, thereby turning the food category into a crucial pillar driving business growth.

We view these changes in consumer behavior as growth opportunities and are developing a new format called “Food-Focused Don Quijote.” This Food-Focused Don Quijote will combine “Don Quijote’s merchandising ” with “UNY’s fresh procurement capabilities,” while also incorporating discount elements into the format.

Let me now explain the catchment areas. Traditional Don Quijote stores (excluding urban downtown formats) target broad catchment areas of an approximately 5–10 km radius during daytime in urban areas and an approximately 20 km radius in regional cities or during nighttime, resulting in limited visit frequency per customer. In contrast, the new format targets primary catchment areas of an approximately 1–3 km radius. Through the introduction of fresh foods and price advantages, we aim to turn these into community-based stores and increase visit frequency.

Regarding shop floor composition, whereas food occupied approximately 35% in traditional Don Quijote stores, the new format will allocate approximately 60% of shop floor space to food, with a plan to increase the food sales composition ratio to approximately 70–75%. This will address daily shopping needs and further increase customer visit frequency. For the non-food category, we will introduce not only daily-use products but also the trend-driven products that the PPIH Group excels in, achieving a higher sales composition ratio than typical supermarkets.

The new format is projected to generate approximately 1.5

times the sales of traditional Don Quijote stores.

Unique New Format: Achieving high profitability through food × non-food × PB/OEM!

The value that Food-Focused Don Quijote provides includes overwhelming price competitiveness, convenience such as one-stop shopping and nighttime operations, and an optimized, trend-focused product lineup.

We are planning a wide product range, focusing our strategic product categories on fresh foods, deli, processed foods, confectionery, alcoholic beverages, and daily items, while also incorporating non-food items such as daily necessities, cosmetics, miscellaneous goods, and character merchandise. With changes in the consumer environment and the increase in dual-income households, demand for home-cooked meals and prepared foods is expected to further increase. In particular, we consider deli and other convenience-oriented needs to be key drivers of store visits and will therefore maximize the use of the PPIH Group’s resources in this area and invest in new deli initiatives. We will also devote greater efforts to PB/OEM products in order to create novel offerings and differentiate ourselves from competitors.

Declining gross profit margins due to increased food sales composition is a concern, but non-food and PB/OEM products will provide support and we will maintain the overall store gross profit margin balance.

Regarding SG&A expenses, while some increase in personnel costs is expected due to the need to handle fresh foods compared to traditional Don Quijote stores, improved SG&A expense ratio is anticipated through increased net sales driven by higher visit frequency. Through this unique business model, we aim to achieve both high customer traffic and high profitability.

The combination of Don Quijote and UNY fresh foods has already proven successful in stores converted to the MEGA Don Quijote UNY format since 2018. However, given their large store size and catchment areas extending 10–20 km radius, some customers find those stores slightly inconvenient for daily use.

For Food-Focused Don Quijote, we will maximize the expertise we have accumulated and set store sizes and product lineups suitable for daily use, thereby achieving differentiation from existing formats. We will promote store development that enables customers to use different formats for different needs, with Food-Focused Don Quijote for weekdays and MEGA Don Quijote or Apita for weekends.

For future rollout, we will start by converting the UNY business’s Piago stores in H2 FY6/26. After verifying the effectiveness of this and establishing the foundation for the new format, we will expand our store network through further format conversions, new store openings, and M&A. We plan to develop 200–300 stores by FY6/35, targeting net sales of 600 billion yen, operating income of 36 billion yen, and an operating income margin of 6.0%, positioning this as the core of the PPIH Group’s next growth strategy.

Enhancing the PPIH Group’s Competitiveness with Deli as a Core Strategy

The PPIH Group will implement a strategy of strengthening 3 values—“affordability,” “enjoyment,” and “deliciousness”—to create store visit motivation through our deli offerings. To realize these values, we will combine the PPIH Group’s procurement and planning capabilities with Kanemi Co., Ltd.’s manufacturing capabilities, and through the operation of dedicated factories and investment in human capital, we will build an integrated “food SPA model” from development to sales.

Additionally, by utilizing “maji-voice” as a mechanism to reflect customer feedback and continuously improving products, we will make signature deli items and aim to acquire passionate fans.

We will position the deli strategy at the core of the PPIH Group’s growth strategy and make it a pillar for enhancing the PPIH Group’s overall competitiveness. As a quantitative target, we aim to achieve net sales of 200 billion yen in FY6/35, compared to 63 billion yen in FY6/25.

Affordability	Enjoyment	Deliciousness
<ul style="list-style-type: none">Reducing raw material costs through raw material procurement in collaboration with the PPIH Group’s fresh food divisionCompetitive pricing conscious of cost per meal	<ul style="list-style-type: none">Accelerating product development speed and increasing production volume through dedicated factory operationsAccelerating product renewal by expanding manufacturing capacityProviding an assortment that offers something new every day and keeps customers coming back	<ul style="list-style-type: none">Strengthening the development system by securing diverse human capital and doubling SKUsBalancing profitability and freshness value by expanding semi-prepared productsFocusing on developing unique offerings that provide an extraordinary experience

Sustainability at the PPIH Group

The PPIH Group's basic sustainability policy
Based on our corporate principle of "The Customer Matters Most," the PPIH Group is committed to resolving important environmental and social issues (materiality) through its core business of general retailing, with a primary focus on supporting the lifestyles of local customers and providing them with the enjoyment of shopping. We aim to achieve both the realization of a sustainable society and medium- to long-term enhancement of corporate value through dialogue with our stakeholders.

Materiality

At the time of formulating the Visionary 2025/2030 medium- to long-term management plan, we discussed the expectations and significance of the Group to our stakeholders and the social issues that we can contribute to solving by leveraging our strengths, and re-identified the key issues (materiality) for the realization of a sustainable society and company.

We will further strengthen our materiality-based initiatives by incorporating perspectives from the long-term business plan "Double Impact 2035," newly formulated in August 2025.



Targets and Results for Priority Initiative Themes

Priority Initiative Theme	Indicators and Targets ^{*1}	FY6/25 Results
Promoting Human Capital Management	"The Source" General Level Exam: 100% pass rate	98.7%
	Master of "The Source" Certification Exam: 50% pass rate	32.5%
	Produce 200 MD planners from mate (part-time/temporary) employees every year ^{*2} (by FY6/30)	127 ^{*3}
	Promote the operation of next-generation executive development program	81 employees participated in the program
Promotion of Women's Activities	Increase the number of female store managers to 100 (by FY6/30)	46 (+33 from FY6/21)
	Improve the retention rate of female employees: reduce turnover rate to 5% (by FY6/30)	Turnover rate of female employees: 7.3% (4.3 pts improvement from FY6/21)
Sustainable Product Procurement and Responsible Sales with Consideration for Human Rights and the Environment	Thorough implementation of the PPIH Group Sustainable Procurement Policy and Supply Chain Code of Conduct for sustainable product procurement and responsible sales with consideration for human rights and the environment	<ul style="list-style-type: none">Conducted third-party CSR audits: 39 factories (22 domestic factories, 17 overseas factories)Conducted additional Self-Assessment Questionnaires (SAQs): 159 factories, response rate: 100%Conducted follow-up training sessions with external instructors for partner companies
Reduction of CO ₂ Emissions	Reduce 50% of CO ₂ emissions from stores by 2030, and to zero by 2050 ^{*Compared to 2013}	32.7% reduction (emissions intensity per million yen of sales)
	Calculate CO ₂ emissions in each Scope 3 category and set reduction targets	Conducted explanatory sessions for partners on the necessity of emissions reduction throughout the entire supply chain and support for emissions calculation
Reducing Plastic Usage	Reduce plastic usage in customer service by 70% (by 2030) ^{*Compared to 2019}	67.0% reduction (plastic intensity per million yen of sales)

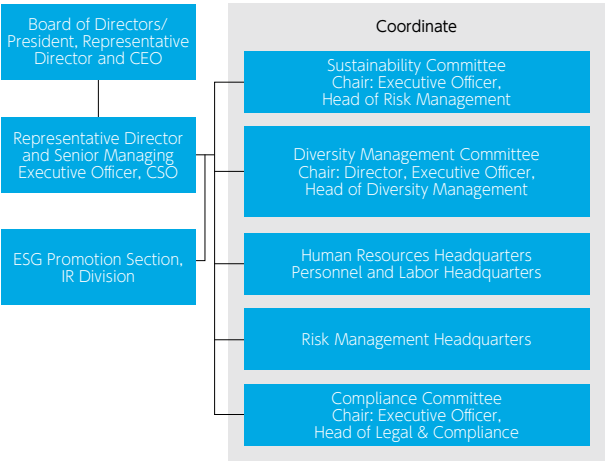
^{*1} Indicators, targets, and results are for domestic Group companies.
^{*2} The target for developing mate employees as MD planners covers Don Quijote Co., Ltd., Nagasakiya Co., Ltd., and Tachibana Department Store Co., Ltd.
^{*3} Training for developing mate employees as MD planners (twice a year) was conducted for 234 participants. Due to the timing of implementation, the number of people appointed after the second-half training will be counted in FY6/26.

Governance Framework (FY6/25)

Each sustainability promotion measure is planned and proposed by the committees and divisions in charge in each area under the supervision of the Executive Officer in charge, the Representative Director and Senior Managing Executive Officer, CSO (Chief Strategy Officer), and is reflected in the business activities of the Group companies.

In addition, we regularly report on our activities at board meetings in order to formulate policies and goals, with important initiatives being discussed and approved before being implemented.

■ For details on each committee, please visit: https://ppih.co.jp/en/sustainability/sustainability_governance/



Comment from an external expert

Anticipating the PPIH Group's Distinctive New Initiatives and Accelerated Information Disclosure
Advancing Toward Further Growth Under the New Long-Term Business Plan

PPIH's initiatives in FY6/25

The PPIH Group's "unwavering commitment to fully implementing what we set out to do" has shown steady progress in areas where we saw potential.

In addressing climate change, initiatives have expanded, including strengthening collaboration with suppliers toward Scope 3 reduction and holding workshops. In supply chain management, practical measures are advancing, such as collaboration with NGOs toward a risk-based approach and conducting training for suppliers. Furthermore, in the area of human resources—a hallmark of the PPIH Group—strategic approaches based on quantitative awareness surveys have been particularly successful in diversity efforts, including precise responses to employees at risk of leaving, demonstrating highly effective initiatives.

These efforts respond to points raised in last year's integrated report, and the PPIH Group's responsive and flexible attitude toward stakeholder voices—not limited to the sustainability domain—resonates with the fundamental concept of sustainability management: "listening to stakeholder voices." I believe this attitude is a key strength of PPIH and will lead to further growth.

Expectations for the future

The newly formulated long-term business plan signals the PPIH Group's continued leap forward. In particular, as PPIH expands into new business areas such as strengthening the food segment, it will need to flexibly consider introducing new measures while paying attention to sustainability risks that may not have been previously anticipated.

On the other hand, I feel there is room to further reflect the PPIH Group's unique character in its disclosure style. While solidly covering fundamentals such as SSBJ compliance, I believe both individuality and credibility can be achieved by evolving disclosures that bring the PPIH Group's distinctive qualities more to the forefront.

Going forward, I look forward to PPIH leveraging its unconventional thinking and sense of speed as strengths, pursuing growth and sustainability initiatives that capitalize on its uniqueness.



Hidemi Tomita
Representative Director, Institute for Sustainability Management
Sustainability Committee Outside Committee member

For the latest information on initiatives and ongoing numerical data, please visit:

Corporate website on sustainability
<https://ppih.co.jp/en/sustainability/>

ESG Databook
<https://ppih.co.jp/en/sustainability/esgdatabook/>

Human Capital Management

The PPIH Group aims to become a visionary company that is needed by changing customers and society, based on our principle that “The Customer Matters Most.” A visionary company is one that can achieve long-term growth, and we consider the following four core values essential for achieving this: name (brand), stores, products, and human resources (for realizing the vision). In particular, human resources, who are proactive and strongly commit to achieving their goals, are the Group’s greatest strength and driving force for growth. We see our foremost responsibility and social mission as continuing to foster a corporate culture that embodies our philosophy, “The Source,” and creating a vibrant organization where mate (part-time/temporary) employees take on challenges without fear of failure, fostering an environment where innovation continually emerges and enabling sustainable growth for both the company and its people.

Human Resources Strategy Under the Long-Term Business Plan “Double Impact 2035”

In the new long-term business plan, “Double Impact 2035,” we have outlined not only our management strategy based on changes in the external environment and growth opportunities for the PPIH Group, but also our human resources strategy to realize this vision and support our growth.

Objectives: We aim to become an organization of people who set ambitious goals and take bold actions

- Actively support, recognize, and reward individuals who take risks and pursue autonomous challenges to create a company filled with bold talent
- Generate leaders who drive challenges in new domains and build numerous strong teams capable of diverse initiatives

To achieve the above objectives, we will promote initiatives under the following themes in human resources development and produce the talent needed.

Cultivate a corporate culture and systems that embody “The Source”	Promote a mindset of taking risks through delegation of authority, meritocracy, and tolerance of failure to create an environment where innovation thrives.
Promote autonomous proactivity	Provide significantly more decision-making opportunities for employees at all career stages, starting from new hires, compared to other companies, through delegation of authority. Build an environment where employees can shape their careers by their own will, regardless of age, and take on daunting challenges. Expand internal job posting programs that allow entry to all positions as one example.
Support autonomous challenges	Provide growth opportunities to acquire new knowledge and skills, creating a culture where employees with store experience and strong execution capabilities identify successors and aim for the next stage of growth. Accelerate talent development and encourage further challenges by fostering a healthy tolerance of failure that recognizes numerous autonomous attempts.

TOPICS

To create an environment where employees can more readily raise their hands after objectively assessing their own careers and skills, we introduced the talent management system “TaleQue” (short for Talent Viewer: Quest Edition) in August 2025. Under the theme “Career is an Adventure,” the system visualizes one’s own career and those of surrounding colleagues, creating a mechanism where employees can consider their career paths in an enjoyable, game-like manner.

In a post-implementation survey, 72% of all employees responded that using “TaleQue” increased their interest in careers, with that figure rising to 83% among employees aged 34 and under, demonstrating high levels of engagement.

Toward Cultivating a Corporate Culture and Systems that Embody “The Source”

In our strategy to realize “Double Impact 2035,” “The Source” serves as the core foundation for drawing out and developing the capabilities of our human resources. Throughout PPIH’s growth to date, thorough adherence to the principles of “The Source” has been the source of individual and organizational strength, becoming a core competitive advantage that other companies cannot replicate. As a group that aims for philosophy-driven management, we will continue to position “The Source” at the core of our human resources strategy, working to develop talent, corporate culture, and systems that embody these principles.

Talent that embraces challenge, nurtured by “The Source”

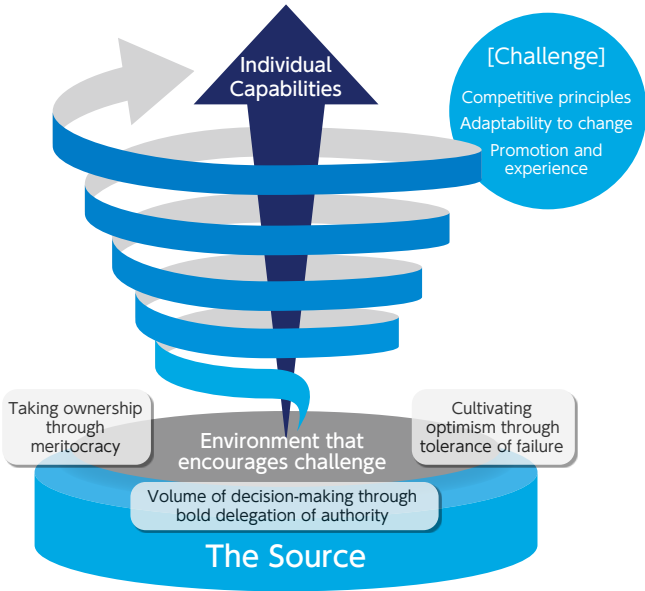
Based on our corporate philosophy collection, “The Source,” the PPIH Group emphasizes the power of each employee to think and act (challenge) on their own, learn, and continue growing, under a system of delegation of authority that trusts and empowers employees, combined with meritocracy. Behind this approach lies our history of adopting “individual store management” since our founding, entrusting bold discretion to frontline operations to respond agilely to customer needs that differ by catchment area and to changes in society. Within this culture, employees themselves consider and decide “how to succeed,” repeatedly taking on challenges to acquire experience and skills, cultivating organizational capabilities that enable flexible and rapid responses to evolving social conditions and markets.

Systems and corporate culture that draw out the strengths of our human resources

- A corporate culture that tolerates failures while enabling challenges and swift decision-making through delegation of authority and ability to adapt
- Shop floor design led by frontline employees to adapt to changes in the trade areas, through individual store operation and letting the people who actually run the stores take control by delegating authority
- Performance-based HR system with bold adjustments to promotions, demotions, and bonuses based on capability and semi-annual evaluations
- True meritocracy that clearly differentiates performance and eliminates seniority-based practices
- Update HR systems and award salary increases linked to productivity and business growth achievements

Initiatives to promote understanding of “The Source”

- By implementing initiatives to promote understanding of “The Source,” we clearly articulate the company’s objectives and enable employees to understand, interpret, and act independently based on it.
- The Master of “The Source” Certification Exam is conducted twice a year for management personnel who hold positions and responsibilities at or above a certain level
 - “The Source” General Level Exam is conducted twice a year for employees both domestically and overseas
 - Global Masters of “The Source,” responsible for promoting “The Source” overseas, conduct a 10-session lecture series for non-Japanese employees
 - “The Source Explanatory Training” is held once a month to deepen understanding of “The Source” and acquire knowledge for its practical application
 - “The Source” *karuta* card game events are held
 - To ensure employees worldwide work with a common perspective and direction, “The Source” is translated into multiple languages in addition to Japanese (English, Chinese (Simplified and Traditional), and Thai)
 - Implement “The Source” training for new graduates and mid-career hires upon joining



Masters of “The Source”

Masters of “The Source” are employees who understand the teachings of “The Source,” practice them in their daily work, and are responsible for developing human resources who contribute to realizing the philosophy and culture within their respective organizations. Even after passing the Master of “The Source” Certification Exam, they submit reports twice a year and present and share their own practices with other masters, continuously improving their interpretation and embodiment of “The Source” as we work toward becoming the visionary company we aspire to be.



For those eligible to take the Master of “The Source” Certification Exam, we also run the “The Source Academy” program, where supervisors and masters of “The Source” provide follow-up support to help candidates understand the essence of “The Source” and prepare for the exam.

Indicators and targets related to promoting “The Source”

Target	FY6/25 Results
“The Source” General Level Exam ————— 100% pass rate	“The Source” General Level Exam ————— 98.7% pass rate
Master of “The Source” Certification Exam ————— 50% pass rate	Master of “The Source” Certification Exam ————— 32.5% pass rate (Among “The Source Academy” program participants: 52.0% pass rate)
Master of “The Source” Certification Exam: 1,626 Examinees / 421 Passed Number of Masters of “The Source”: 2,757	

Human Capital Management: Employee Roundtable Discussion



Corporate Culture Embodying “The Source” Fosters Autonomous Challenges

The PPIH Group cultivates a corporate culture that encourages “daunting challenges” through delegation of authority and tolerance of failure. Our corporate philosophy collection, “The Source,” repeatedly emphasizes “unhesitant in the face of daunting challenges,” and this supportive culture is deeply rooted throughout the entire organization. In this roundtable discussion, employees who embody “The Source” and have accumulated autonomous proactive initiatives and challenges across various fields shared their experiences and discussed the corporate culture and workplace environment that supported their challenges.

■ Participants Kozai: Facilitator of this roundtable discussion. Experienced leading the business format conversion of Nagasakiya and UNY stores as a branch general manager and currently oversees the Group's human resources strategy as Head of Human Resources Headquarters
Oyama: Served as branch general manager and division head in his 20s, and despite experiencing setbacks, currently oversees product strategy as the category leader of Digital & Variety Goods
Ikedo: Responsible for planning and operating “Donki Cosmetics Fest,” an exhibition featuring trending cosmetics brands
Tanaka: Serves as deputy store manager at a store primarily staffed by mate employees

A Corporate Culture that Highlights Trust and Empowerment

Kozai: You have all taken on major challenges through your own initiative. What factors do you feel enabled you to do so—whether in terms of corporate culture, workplace environment, or relationships with others?

Ikedo: I feel that a key factor is our corporate culture that never denies what you want to take on. During a training session, I had an opportunity to speak with the president, so I prepared a proposal outlining the initiatives I wanted to

pursue to solve issues in the merchandising I was responsible for, and consulted with him directly. He listened attentively and said, “It’s amazing that you thought this through and raised your hand.” Both the president and my direct supervisor encouraged me, saying “Why don’t you give it a try?” That encouragement was what enabled me to bring the “Donki Cosmetics Fest” to life.

Oyama: I share the same view as Ikedo-san. Since joining the company, I’ve always felt that if you clearly communicate what you want to do and why, this company gives you the opportunity to take on challenges. I worked as a mate employee during my student days and later joined the

company as a new graduate, but I’ve never once been judged based on my age or position—whether for being young or for being a mate employee. Since joining, I’ve gained a wide range of experience: I served as a store manager, opened new stores, worked as a branch general manager, led an indirect department as division head, and acted as the category leader for Digital & Variety Goods. I believe I was able to take on these many challenges because of the company culture of “entrusting not because we know you can do it, but because we believe you have the potential to succeed.”

Tanaka: I feel that the presence of supervisors and colleagues who allay anxiety about taking on challenges has been truly significant. Although I work as a mate employee rather than a regular employee, I’ve been entrusted with the role of deputy store manager. At first, I had many worries and never even imagined challenging myself to become a deputy store manager. However, my supervisor’s words—“It’s okay to fail. If one out of 100 attempts succeeds, that’s enough”—along with the inspiring efforts of colleagues who continue to grow every day, motivated me to take that first step. The workplace atmosphere, which encouraged me without placing excessive pressure on me, also helped foster a positive mindset. Even now as deputy store manager, I still have much to learn, but I’m greatly supported by the people around me.

Oyama: There is certainly a culture here that embraces failure in a positive way. I don’t think I would have been able to challenge myself and grow this much without an environment that genuinely tolerates failure. And because we have a “comeback culture” that turns failure into a stepping stone to the next stage, I feel we can keep taking on new challenges one after another.

Kozai: That’s right. The PPIH Group has a deeply rooted culture that embraces a positive attitude toward taking on new challenges, and we’ve cultivated an atmosphere of trust and empowerment. It’s precisely because of this culture that employees avoid becoming conservative and instead grow to take on autonomous challenges. I believe this is what makes “meritocracy” truly work. Failure only occurs when one dares to try. Without challenge, there is neither failure nor growth. That is why I believe the PPIH Group values the very mindset of embracing challenges.

The Presence of “The Source” Supporting Challenges

Kozai: I believe this deeply rooted culture of encouraging challenges exists because each employee approaches their work with a shared set of values. “The Source” forms the foundation of these values. In your daily work, are you conscious of “The Source”?

Tanaka: Yes, I’m conscious of and practice the concept of “Think of what you do not as “work” but as a “game,” and have fun!” The store I belong to is a mate-led store where everyone except the store manager is a mate employee. Therefore, we implement game-like initiatives that allow all employees to take ownership of issues while enjoying themselves as we work toward our goals. I value creating an environment where we support one another while also challenging each other to improve, without being limited by assigned areas, so the entire store can operate with a strong sense of unity.

Ikedo: What I value is the concept of being “We are unhesitant in the face of daunting challenges, and unafraid

to beat a rapid retreat when a cold, hard look at reality tells us this is the best course.” By practicing this, I was able to challenge myself with launching a new series of PB cosmetics products. I’m conscious of this concept in all aspects of my work, and it serves as the foundation for my daily decisions and actions.

Oyama: It’s a bit different from my own challenges, but I’m conscious of “Make others the subject of the sentence” and thinking from the other person’s point of view. Since the form of challenge varies from person to person, I think it’s important to respect and support each person’s unique challenges. I think the fact that the PPIH Group accepts this is also one of its strengths.

Kozai: In the PPIH Group, each individual takes initiative, thinks proactively, and pursues challenges to turn their ideas into reality. Listening to all of you, I’m reminded that our corporate culture of trusting and empowering is firmly rooted. This culture has sparked a company-wide momentum for taking on challenges, leading to initiatives like “individual store management,” where employees apply their ingenuity with a management mindset and creating new opportunities for bold challenges. I believe this has become one of our greatest strengths.

Building a Future Fueled by Continuous Challenges—Future Challenges and Roles

Kozai: Going forward, I think you’ll all become leaders who drive the company. What do you want to challenge yourself with in the future, and what would you like to pass on to the next generation of employees?

Oyama: With gratitude for the many experiences and learning opportunities the company has given me, I want to continue taking on challenges eagerly and ultimately aim to become an executive officer. Also, just as I’ve been given many opportunities to take on challenges, I hope many others will experience various challenges as well. I’d really like people outside the company to know that this kind of corporate culture is deeply rooted in the PPIH Group.

Ikedo: Like Oyama-san, I also want to eventually aim to become an executive officer. To that end, I first want to advance initiatives that bring more customers to our stores and contribute to making Donki a “necessary presence” that is loved for a long time. Also, I aspire to be like Director Hitomi Ninomiya, who has steadily advanced her career while navigating major life events.

Tanaka: In the future, I hope to take on the role of store manager while staying in my part-time position. Beyond that, I want to convey to other mate employees that “there are many opportunities for us to thrive” and “the joy of taking on initiatives.” Also, regarding balancing childcare and work, I want to continue creating a workplace environment where we understand and support each other, just as I’ve been supported. While taking on my own challenges is important, supporting the efforts and growth of those around me is also a source of fulfillment for me. Just as many people have supported me, I now want to be in a position to support others, creating an environment where the next generation can take on challenges with confidence and helping shape the future.

Promotion of Diversity

The PPIH Group's collection of corporate philosophies, "The Source," emphasizes the importance of respecting and appreciating diversity of all employees. One of the strengths of our group, which has continued to be chosen by customers with diverse values who visit our stores, is that we have created a workplace where employees are diverse and respect one another.

To further harness this diversity, we are developing an environment in which all employees can feel secure and thrive fully, regardless of their diverse backgrounds and values, including gender, nationality, and disability. We also ensure equal opportunities in recruitment, promotion, and advancement, placing strong emphasis on fairness and equity based on meritocracy.

Approach to Women's Participation and Advancement

Given that more than half of the PPIH Group's customers are women, we believe it is important to incorporate female perspectives and sensibilities into store operations, as customer affinity is one of our strengths. Therefore, we have set targets for "fostering female store managers" and "retention rates (turnover rates)" to assess the status of creating a comfortable working environment for women.

We are advancing multifaceted approaches, including environmental improvements and promoting understanding among colleagues, to address challenges at each stage from recruitment to promotion to management positions and employee development.

■ Major initiatives implemented in FY6/25

"RISE!100," a training program for aspiring female store managers

Since 2021, we have annually conducted "RISE!100," a training program for female employees aspiring to advance their careers to store manager positions, where they learn the knowledge and skills required for store management over approximately 5 months. In addition to acquiring operational knowledge, this training program includes individual interviews aimed at providing career consultation and alleviating concerns. We have established a system to support future career development even for those who are not appointed as store managers. In FY6/25, 48 new participants joined the program, bringing the cumulative total to 253 participants.

Growth Awareness Seminar

Focusing on employees in their 20s with fewer than 3 years of service, a demographic with relatively high turnover among female employees, we conducted seminars led by external instructors aimed at improving retention rates and career development. In addition to providing opportunities to reflect on past experiences and consider approaches to future work and careers, we encourage participants to draw out their own motivation for growth through interactions with senior employees and peers. 98% of participants responded that "their enthusiasm and motivation for work had increased," and we will continue to analyze factors contributing to turnover while working on more effective measures.

For other initiatives on promoting women's participation and advancement, please visit our website.

https://ppih.co.jp/en/sustainability/materiality2/diversity_management/



Interview



Yuki Hiruma
RISE!100 First-Cohort
Graduate
Million-Star Branch
General Manager

I was attracted to the culture where frontline operations have significant authority, and thought "I want to be a store manager here," which led me to join PPIH. I gained hands-on experience through merchandising work, and when "RISE!100" was announced, I thought "This is what I've been waiting for!" and decided to participate without hesitation. While I was surprised by the breadth of store manager responsibilities, the knowledge I gained from the

program and interactions with female store managers further heightened my motivation to take on the challenge of becoming a store manager. After serving as a store manager, I now work as a branch general manager. Many female staff members work at our stores, and I've had many opportunities to encounter concerns unique to women, such as health issues. That's why I'm committed to creating a work environment where everyone can work with peace of mind, drawing on my experience. Our company operates various business formats and styles, providing many opportunities for women to thrive. I hope many people will take on challenges in this environment and culture that encourages them.

Support for Work Styles Aligned with Life Stages

The PPIH Group is working to improve the workplace environment so that each employee can demonstrate their abilities without giving up on their careers, regardless of life events. Through enhancing systems and mechanisms, we aim to create an environment where everyone can continue working with peace of mind.

Childbirth and Childcare Support

- Publication of articles encouraging childcare leave by the President and male executives (company newsletter)
- Publication of interviews with employees who have taken maternity/childcare leave*
- Establishment of a centralized information page to encourage male employees to take childcare leave*
- Distribution of a support book for taking maternity/childcare leave (women's edition/men's edition)
- Shorter working hours system (available until the child finishes elementary school)
- Babysitter and household support services

*Internal diversity promotion portal site

Flexible Employment and Work Systems

- Regional employee system
- Alumni hiring ("Welcome Back" hiring program)

Life Care Support

- Dissemination of information on menopause and andropause for both men and women
- Dissemination of information on caregiving and various systems based on the Childcare and Family Care Leave Act
- Full subsidy program for low-dose birth control pills

LGBTQ+ Initiatives

The PPIH Group is working to create a workplace environment that respects diversity so that all employees can demonstrate their individuality and abilities with peace of mind, regardless of sexual orientation or gender identity. In addition to conducting training to promote understanding of LGBTQ+, we distribute original stickers indicating "Ally" to those who wish, which employees can wear at their discretion to provide psychological reassurance to LGBTQ+ individuals.



Major Initiatives

- Implementation of training to deepen understanding of LGBTQ+ for all employees (attended by a total of about 68,000 people as of FY6/25)
- Application of the same internal systems and benefits to same-sex partners as legal spouses (excluding some companies)
- Use of business names upon request
- Establishment of external consultation services that ensure considerate handling to prevent outing
- Sponsorship of events that raise awareness of sexual minorities in society

Active Participation of Senior Staff

The PPIH Group has employees of a wide range of ages, from their teens to those in their 80s, actively contributing to our operations. Senior staff with diverse experiences—including those who continue to leverage their experience after retirement and those taking on new challenges from different industries—work in their own unique ways while collaborating

with employees of different ages and positions. Among mate (part-time/temporary) employees, over 17,000 staff members aged 60 and above are actively working, accounting for approximately 23% of all mate employees (FY6/25/domestic Group companies).

Interview



Tomio Yoshida (82)
Fresh Food Section,
MEGA Don Quijote
Omori Sanno Store

Since joining Daishin Department Store, which once stood on this same location, I have worked in the produce section for 64 years. In addition to stocking shelves, bagging, and serving customers, I'm mainly responsible for taking orders from restaurants and placing orders at the produce market. I work 5 days a week for 40 hours, but I rarely feel it's too demanding. Communication with customers

and colleagues is my daily enjoyment and source of fulfillment. Because it's an environment where opinions can be expressed easily regardless of age, we sometimes have conflicting views, but I feel it's a workplace where

we can grow while stimulating each other. I never thought I would be able to work until this age, so I'm filled with gratitude. I want to continue working as long as my body allows.

Comment from Colleague



Yosuke Nagasaki
MD Planner
MEGA Don Quijote
Omori Sanno Store

Yoshida-san has extensive experience and knowledge, and is someone people rely on and respect. His advice on pricing and sales methods is spot-on, and I learn many things from him every day. There are tasks I entrust entirely to him, and customers even ask, "Is Yoshida-san here today?" by name. He is an indispensable presence for our store.

Sustainable Procurement and Responsible Sales

Human rights and environmental considerations in supply chain management

The PPIH Group considers addressing human rights, labor conditions, and health and safety issues for all stakeholders involved in our business as our social responsibility as a retailer and an important challenge. As the risk structure of our supply chain becomes increasingly complex due to the expansion of PB/OEM products and globalization, we are promoting responsible procurement based on international guidelines and frameworks, including the Ministry of Economy, Trade and Industry's "Guidelines for Respecting Human Rights in Responsible Supply Chains," under a strong partnership with our business partners. Through these initiatives, we aim to achieve both the realization of a sustainable society and corporate growth.

Our response toward responsible procurement

FY6/22	<ul style="list-style-type: none">Establishment of the PPIH Group Sustainable Procurement Policy and the PPIH Group Supply Chain Code of ConductHolding of briefing sessions for business partnersIntroduction of Self-Assessment Questionnaires (SAQs) (for factories contracted to manufacture PB/OEM products)
FY6/23	<ul style="list-style-type: none">Introduction of follow-up seminars for business partners who have been identified through the SAQs as having issues
FY6/24	<ul style="list-style-type: none">Revision of the PPIH Group Supply Chain Code of ConductInitiation of third-party CSR auditsImplementation of seminars for those who are responsible for developing PB/OEM products
FY6/25	<ul style="list-style-type: none">Conducting additional SAQs, expansion of the scale of third-party CSR auditsConducting training sessions with external instructors
Response Measures for FY6/26 and Beyond	<ul style="list-style-type: none">Strengthening and expanding third-party CSR auditsEstablishing a risk-based supply chain management system through collaboration with NGOsEstablishing a grievance mechanismSupporting business partners in independently conducting human rights due diligence

Policy and Code of Conduct for Human Rights and the Environment Along the Supply Chain

Our Group established the PPIH Group Sustainable Procurement Policy and the PPIH Group Supply Chain Code of Conduct in January 2022 to promote procurement practices that take human rights and the environment into consideration.

These policies and codes are frameworks for promoting responsible procurement throughout the entire supply chain, and the cooperation of our business partners is essential.

Therefore, we ask new business partners and business partners who handle PB/OEM products to submit written pledges to endorse the PPIH Group Sustainable Procurement Policy and comply with the PPIH Group Supply Chain Code of Conduct through briefing sessions and other means. To date, we have received pledges from a cumulative total of over 1,800 business partners (as of the end of June 2025).

Initiatives Toward Building the Human Rights Due Diligence Cycle

Initiatives toward identifying human rights and environmental risks in the supply chain

To identify human rights and environmental risks in the supply chain and confirm the penetration of our Supply Chain Code of Conduct, we conduct third-party CSR audits and SAQs for

our business partners. For business partners where issues requiring strengthened efforts toward risk minimization have been identified, we share the results and take corrective actions through follow-up training sessions and re-audits or re-SAQs.

Results for FY6/25

The results of third-party CSR audits and SAQs in FY6/25 showed no serious risks related to human rights and labor, which we consider most critical, in either third-party CSR audits or SAQs. However, issues were discovered at some factories, and we plan to hold follow-up seminars and conduct re-audits to minimize risks (in FY6/26). Through confirming improvement status and implementing continuous corrective measures, we will work to enhance respect for human rights and safety throughout the entire supply chain.

	Target	Number Conducted
Third-party CSR Audits	Factories contracted to manufacture PB/OEM products deemed particularly important from a risk management perspective, such as transaction scale, product genre for which manufacturing is contracted, and country where the factory is located	39 factories (domestic: 22, overseas: 17)
SAQ	Factories contracted to manufacture PB/OEM products deemed important from a risk perspective based on the results of the first SAQ, regardless of transaction scale	159 factories (domestic: 96, overseas: 63) *Response rate: 100%

Third-party CSR Audit Evaluation Results

	A	B	C	D
Domestic	2	16	2	2
Overseas	3	8	6	0
Total	5	24	8	2

In third-party CSR audits, many issues were identified in the area of occupational health and safety. At factories that received a "D" rating, issues such as inadequate fire protection equipment were also found. For factories that received "C" or "D" ratings in third-party CSR audits, we will conduct re-audits in FY6/26.

Responsible Sales

Initiatives to provide safe and reliable products

The PPIH Group positions ensuring product safety as one of our key issues and is advancing initiatives so that customers can use our products with confidence.

For PB/OEM products, we ensure design and manufacturing based on quality standards from the development stage. In addition to conducting audits based on the PPIH Group's unique standards at new factories contracted to manufacture before commencing transactions, we hold quality training sessions for contract manufacturing partners approximately twice a year, working to ensure quality through collaboration with the entire supply chain. Furthermore, to improve quality from the customer's perspective even after product launch, we take swift action based on customer feedback received through the "maji-voice" function of the majica app and other channels.

Conducting training sessions for business partners

In June 2025, we held an explanatory session themed on advancing responses to human rights and environmental issues in the supply chain for business partners associated with factories subject to the next round of third-party CSR audits. This training aims to help business partners perceive potential human rights and environmental risks more closely and enhance their response capabilities in their own supply chains.

In the training, in addition to sharing issues identified in this fiscal year's third-party CSR audits, we held a lecture by an external instructor (NGO) on international trends related to "Business and Human Rights" and major issues and trends regarding occupational health and safety in Japan.



Establishment of a hotline exclusively for partners

The PPIH Group has established a dedicated hotline to receive consultations and reports from business partners.

This hotline has designated an internal contact for matters related to PPIH's response and contracts, and an external law firm as the reporting destination for cases that may involve legal violations, and can be used anonymously. The privacy of persons seeking advice and whistleblowers is strictly protected, and we have established a system that can be used with peace of mind. Contact information is posted in meeting rooms and other locations to inform all our business partners. We take the voices of our business partners seriously and, after conducting investigations, implement appropriate corrective measures to work toward improving safety and respect for human rights throughout the entire supply chain.

Going forward, we will continue to promote the strengthening of our quality control system and improvement activities from the customer's perspective to further enhance product safety.



Based on customer reviews received through "maji-voice," we improved our products, resulting in a 20-point increase in customer satisfaction for some items.

Home appliances under our PB, "Jonetz" undergo up to 14 reliability tests, and products that pass are marked with the "Quality Meister Certification" mark

Reduce the Environmental Impact of Our Business Activities

We recognize that addressing climate change is a pressing issue for the realization of a sustainable society and one of the social responsibilities that the entire PPIH Group must undertake. With the aim of realizing a decarbonized society, we are working to reduce the environmental impact of our business activities by advancing measures toward achieving reduction targets for CO₂ emissions and plastic usage, which contribute to global warming.

Climate Change Risks

Climate change and extreme weather caused by global warming affect all aspects of our business, including store operations and product procurement. To accelerate and ensure our efforts to address these environmental issues, the PPIH Group declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) in February 2022 and published disclosures based on the TCFD framework. Furthermore, in FY6/25, we began responding to the SSBJ climate-related disclosure standards, and newly disclosed our governance structure related to climate change

and reporting content to the Board of Directors. Additionally, the Sustainability Committee has reviewed the content of climate change-related risks and opportunities, analyzed financial impacts across short-, medium-, and long-term timeframes, and worked to enhance our disclosure content. Going forward, we will continue to strengthen governance related to climate change, aiming for sustainable business development and medium- to long-term enhancement of corporate value.

Governance structure, roles, and reporting/deliberation results related to climate change (FY6/25)

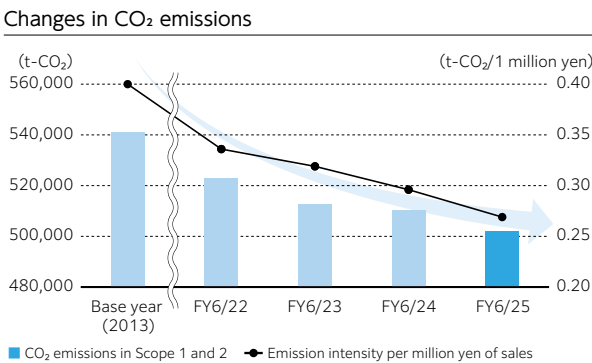
Organization	Members	Role	Number of Reports/ Meetings	Major Reporting and Deliberation Matters
Board of Directors	Directors	<ul style="list-style-type: none">Receive reports from the Sustainability Committee at least once a year on the progress of climate change response and the status of achieving targets, and supervise climate-related risks and opportunitiesApproval of climate change policies, strategies, and important initiatives	Twice a year	<ul style="list-style-type: none">Report on the status of compliance with SSBJ climate-related disclosure standards and California law (climate-related financial risks law)Progress report on environmental goals
Sustainability Committee	<p>[Chair] Executive Officer, Head of Risk Management</p> <p>[Members] Head of Related Departments (Environmental Measures, Design, Facility Management, Disaster Countermeasures, Crisis Management, Store Compliance, Product Procurement Department, Quality Control, Fair Trade Management, Legal Affairs)</p> <p>[Outside Committee Member] Hidemi Tomita (Representative Director, Institute for Sustainability Management)</p>	<ul style="list-style-type: none">Consider the PPIH Group's climate change policies and strategies, discuss risk management and countermeasures, and decide on the implementation of new initiativesPlanning and promotion of initiatives are led by subcommittees under the Sustainability Committee (climate-change scenario analysis, CO₂ reduction, waste reduction and plastic reduction), which are subordinate organizations of the Sustainability Committee, and are implemented by each Group companySustainability Committee members who serve as the heads of each subcommittee manage and monitor the progress of initiatives and report to the Sustainability Committee	Monthly (12 times per year)	<ul style="list-style-type: none">Report on the status of compliance with SSBJ climate-related disclosure standards and California law (climate-related financial risks law)Progress report on decarbonization goalsReport on the introduction status of solar power generation equipment and energy-saving equipmentReport on efforts to reduce food recycling and food lossProgress report on plastic reduction targets related to store servicesProgress report on human rights and environmental measures in the supply chainReport on initiatives to reduce Scope 3 emissionsReport on ESG evaluation

■ For details on disclosure based on the TCFD framework, please refer to our corporate website on sustainability. https://ppih.co.jp/en/sustainability/materiality1/climate_change/



Reduction of CO₂ Emissions (Scope 1 and 2)

As part of our measures to mitigate climate change, the PPIH Group has set a target of reducing CO₂ emissions from our stores by 50% by 2030, compared to 2013 levels (emission intensity per million yen of sales), and we are advancing initiatives such as improving energy efficiency and introducing renewable energy to achieve this goal. We are making steady progress toward our 2030 target, achieving a 26% reduction by FY6/24 and a 32.7% reduction by FY6/25, with total emissions also declining.



Major Initiatives Implemented in FY6/25

Utilization of renewable energy both in Japan and overseas

During this consolidated fiscal year, we began installing and operating solar power generation equipment through onsite CPPA at 5 domestic stores. We utilized approximately 10 million kWh of renewable energy at a cumulative total of 27 stores and 1 office building (aggregation period: April 2024 to March 2025).

Overseas as well, we have introduced solar power generation equipment at stores in Hawaii and Thailand, working to reduce CO₂ emissions.



MEGA Don Quijote UNY Kakegawa Store



Don Quijote Kaheka Store

Initiatives Toward Scope 3 Emissions Reduction

We are working to reduce CO₂ emissions not only from our stores but also across the entire supply chain, from procurement through distribution to consumption. In FY6/25, we worked to capture primary data on emissions related to purchased products and held explanatory sessions for business partners themed on the importance of addressing climate change, aiming to reduce emissions across the entire supply chain. Through these efforts, we are strengthening collaboration with business partners and accelerating initiatives toward the realization of a sustainable society.

In the distribution sector, we are cooperating with logistics partners to promote freight transportation that balances environmental considerations with productivity improvements through modal shifts, the utilization of electric vehicles and double-linked trucks, and the review of delivery plans through inventory optimization in the transportation and delivery of products.



Explanatory session for business partners (held in June 2025)



Operating double-linked trucks between Kanto and Kansai bases and between Kanto and Tokai bases (Photo: Senko Co., Ltd.)

Reduction of Plastic Usage

We regard addressing environmental pollution caused by plastics, such as global warming and marine plastic waste issues, as our social responsibility as a retailer. We are working to reduce the environmental impact of our business activities through initiatives such as reducing plastic produce bags used in customer service, changing materials for plastic cutlery, and reducing the thickness of laminated POP displays used in store presentations.



In-store poster encouraging customers to reduce use of plastic produce bags

■ Environmental initiatives for PB/OEM products
We are working on environmentally conscious product development, including reducing the thickness of product packaging materials and containers, adopting biomass materials, and utilizing environmentally friendly materials and technologies for package printing.



Adopting water-based flexographic printing for product packaging to reduce CO₂ emissions
Using 10% biomass materials in some plastic materials of products

Messages from the Outside Directors

“Turning Risks into Opportunities”
Leveraging Our Solid Financial Foundation
to Lead Change



Takaki Ono
Outside Director (Audit and Supervisory Committee Member)

Growth Power and Financial Strength
Supporting Record-High Profits

In FY6/25, despite headwinds from rising costs including inflation and higher personnel expenses, the PPIH Group achieved record-high net sales and operating income through the successful execution of multiple growth initiatives, including increased inbound demand, enhanced PB/OEM products, and aggressive new store openings. These results demonstrate the PPIH Group’s growth power and reflect the dedication of each employee. I highly commend how the strengths of the PPIH Group’s human capital were fully displayed. This represents the corporate attitude of taking on challenges flexibly and boldly even in difficult economic conditions, marking solid progress toward sustainable growth.

The PPIH Group’s financial position also maintains growth momentum while securing sufficient financing capacity, leaving significant potential for future strategic deployment. The equity ratio and cash flow stability demonstrate a robust financial foundation capable of withstanding external environmental changes. The PPIH Group’s initiatives to diversify fundraising methods and improve capital efficiency are progressing steadily. Furthermore, with the announcement of the new long-term business plan, “Double Impact 2035,” I feel that the foundation for sustainable growth is being firmly established.

Risks and Opportunities Expanding
Through Global Operations

On the other hand, amid heightening geopolitical risks such as trade tariffs and unstable international conditions, overseas expansion represents both financial risk and significant opportunity. The PPIH Group needs to strengthen global governance and appropriately control increased interest rate risks, and foreign exchange and currency risks while examining strategies and tactics from a medium- to long-term perspective.

Risk and opportunity are two sides of the same coin. By maintaining a market-in mindset, the PPIH Group can expand PB/OEM products in North American and Asian markets and open new markets through aggressive M&A to strategically expand business. I believe this will lead to diversification of long-term earnings sources and enhanced competitiveness.

Moreover, flexible and creative initiatives such as strengthening financial structure and diversifying fundraising

methods will be increasingly required going forward. Leveraging the PPIH Group’s strength of “turning risks into opportunities” and backed by our solid financial foundation, I continue to expect management that anticipates change.

Governance Assessment and
Expectations for Human Capital and
Risk Response

One year has passed since I assumed the position of Outside Director, and I have once again experienced the PPIH Group’s strengths and challenges. The PPIH Group’s strength lies in its management stance based on unwavering corporate ethics founded on “The Source,” and the recent change in president is one example of this. I rate the effectiveness of governance as very high. I strongly sense organizational momentum, with all officers and employees united toward achieving their goals.

However, the environment surrounding the retail industry is expected to become even more challenging. To prepare for the future, the PPIH Group needs investment in human capital including talent development and promotion of women’s participation and advancement, pursuit of sustainability, response to increasingly sophisticated and diverse risks such as cyberterrorism and natural disasters, and promotion of in-house digitalization using IT and AI. As these initiatives progress, more active discussion and heightened awareness are expected.

Toward Ethical Management and
Ensuring Transparency

Going forward, toward achieving the new long-term business plan “Double Impact 2035,” I will perform appropriate governance checks from the perspective of an Audit and Supervisory Committee member with an eye to the future, working to realize the PPIH Group’s transparency and ethical management. Furthermore, considering the rapidly changing market environment and regulatory trends, I intend to contribute to the PPIH Group’s sustainable growth and enhanced competitiveness through advice on identifying and evaluating domestic and international risks, and proposals for social value creation and social contribution.

Building Sound Corporate Governance and Effective
Compliance Systems Enhancing Social Trust
Through Addressing Challenges



Naoko Kishimoto
Outside Director (Audit and Supervisory Committee Member)

Expectations for Our New Management
Structure and the Evolution Toward a
Sound Organization

I have high expectations for the new management structure. I am confident that with Representative Directors Moriya and Suzuki—each bringing proven track records and leadership in different fields—at the helm and further strengthening the team structure, the PPIH Group will achieve even greater development.

This leadership change was carried out in a planned and smooth manner, serving as proof of sound organizational management and an important step in promoting organizational evolution. Furthermore, with Director Yoshida’s continued participation, I expect that while maintaining management stability, new perspectives will be added, generating even greater momentum.

Under the new structure, I hope that the PPIH Group will leverage its flexibility and sense of speed to deploy corporate activities that respond to the needs of society and customers.

Effectiveness of the Compliance System
and Areas for Future Enhancement

I have a very positive impression of the current compliance system. The Compliance Committee holds active exchanges of opinions, and incidents are handled with prompt and appropriate reporting, root cause investigations, and presentation of recurrence prevention measures. These responses demonstrate the execution capability and high improvement awareness at operational sites. The PPIH Group maintains awareness not only of increasing net sales but also of customer interests, safety, and legal compliance, and I commend its stance toward maintaining and enhancing corporate value.

Additionally, in a corporate culture that emphasizes delegation of authority, it is important that compliance awareness permeates throughout the company. Regular training is conducted for all employees, and by establishing an e-learning-based training system, participation rates are high, contributing to the entrenchment of awareness. Furthermore, the internal audit system is being systematically improved, and I expect more comprehensive audits to be conducted going forward.

On the other hand, I recognize challenges in risk management

accompanying overseas expansion. In particular, the PPIH Group needs to further strengthen overseas compliance and cybersecurity systems, establishing effective structures appropriate to local scale. Establishing early information-sharing systems from local operations and strengthening appropriate personnel placement, management, and support will be important points for future growth.

Assessment of the PPIH Group’s
Sustainability Management

In sustainability management, against the backdrop of soaring raw material prices and changes in legal systems, social demands are increasing for appropriate pricing throughout the supply chain and fair trade. Responsible procurement, including respect for human rights, is essential for maintaining corporate trust and brand power. The PPIH Group has established a “Supply Chain Code of Conduct” and is deploying effective measures such as self-check questionnaires and third-party CSR audits, and I expect continued improvement going forward.

In terms of human capital, I was impressed by the training for female employees held by the Diversity Management Committee, where interaction among participants from different backgrounds serves as stimulation, leading to a sense of achievement and fulfillment. Results are also evident in outcomes such as increases in female store managers and decreases in turnover rates, with the effectiveness of these initiatives appearing in the numbers. The PPIH Group’s culture of “delegation of authority,” “meritocracy,” and “tolerance of failure” creates an environment where young talent can find fulfillment, and I believe this is an approach suited to the times ahead.

Toward Further Enhancement of
Social Trust

Going forward, my role will be to contribute to enhancing corporate value from an external perspective, focusing on compliance, human capital, and diversity. Furthermore, as an Outside Director, I will approach matters that raise concerns with an attitude of seeking objective rationality, and while leveraging the PPIH Group’s individuality, I intend to contribute to further enhancing social trust.

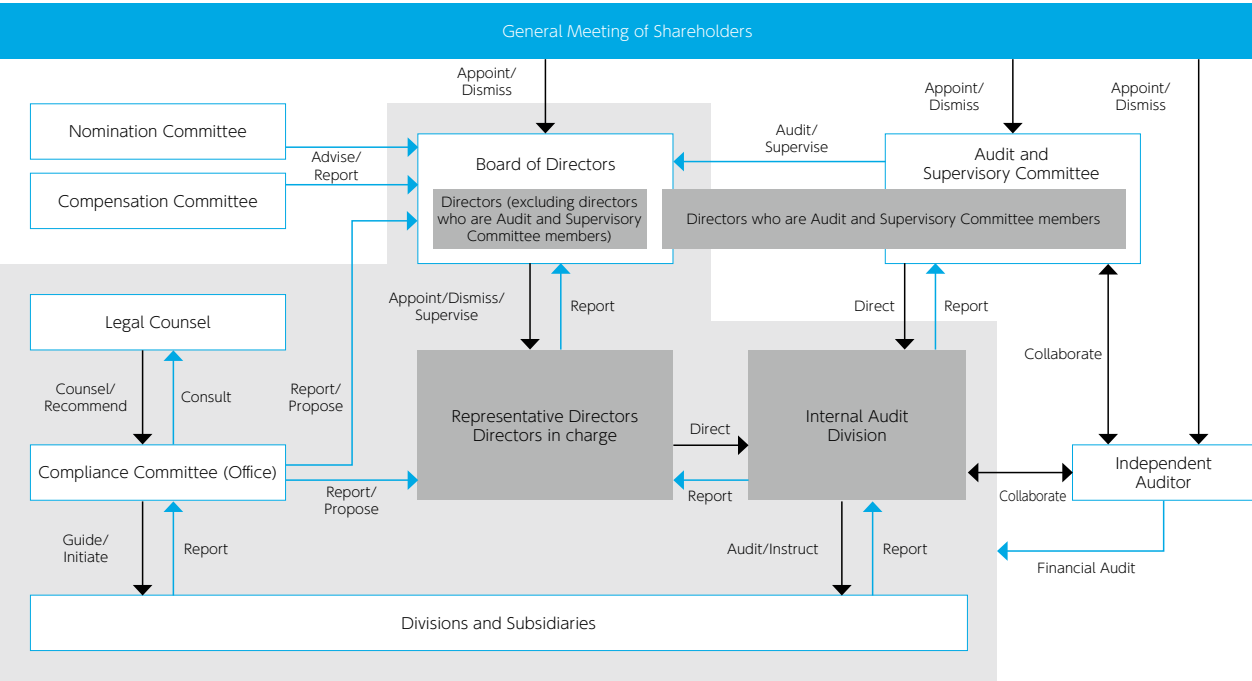
Corporate Governance

Basic policy on corporate governance

The Company firmly adheres to its corporate philosophy of “the Customer Matters Most” and strives to enhance corporate governance and compliance while actively carrying out disclosure practices and encouraging a deeper understanding of Pan Pacific International Holdings Corporation as a company coexisting with society. This commitment is integral to enhancing corporate value and is thus a top management priority. Business activities based on a high standard of ethics are crucial to the ongoing survival of a company. With this conviction, we will build and maintain our in-house structures to expedite problem-solving and, when necessary, seek advice from outside experts to establish and support internal controls and ensure that operations are conducted lawfully and properly. In regard to compliance, the Company will strive to foster an even stronger organizational framework and advance corporate activities while seeking to entrench and enhance initiatives for heightening compliance awareness and reinforcing the accounting, internal audit, monitoring, and auditing departments.

Our corporate governance structure at a glance

Institution	A group with an Audit and Supervisory Committee	Remuneration structure for directors (excluding outside directors)	(1) Basic remuneration (2) Performance-based monetary remuneration (3) Share-based compensation stock options
Number of directors (number of independent outside directors in parentheses)	15 (6)		
Number of Audit and Supervisory Committee members (number of independent outside directors in parentheses)	5 (5)	Number of meetings held by the Board of Directors (Average rate attended by directors)	13 (96.7%)
Term of office of directors	1 year (2 years for Audit and Supervisory Committee members)	Independent auditor	UHY Tokyo & Co.



Board of Directors

Overview		Directors
Board of Directors	<ul style="list-style-type: none">The Board of Directors, chaired by the President and Representative Director, meets at least once a month to discuss and decide on important matters related to business execution.All 6 outside directors are appointed as independent officers, which enables incorporation of a wide range of insight into important matters concerning company operations, including the formulation of company-wide management strategies, from an independent perspective with no risk of conflict of interest with general shareholders. This creates a system that enables appropriate management decisions to be made.	Listed on pp. 45–48

Scope of delegation from the Board of Directors to management

In conjunction with the transition to the Company with Audit and Supervisory Committee structure, the Board of Directors partially or entirely transfers authority for certain important operational execution decisions to directors. At the PPIH Group, a great deal of authority is delegated to frontline operations in order to facilitate swift and flexible responses to the ever-changing operating environment. However, the Group has also established regulations regarding the limits of authority that clearly stipulate the matters for which authority should be delegated to directors, other managers, and members of senior management based on materiality, transaction amounts, and other factors. Other measures are also implemented to enhance governance of business operations.

Operational execution by directors

To ensure that the execution of directors’ duties is conducted appropriately and efficiently, we have established the following internal control system.

- By continuously appointing outside directors, we aim to enhance the supervisory function of directors’ duties. Additionally, the Audit and Supervisory Committee, which includes outside directors, ensures fair and transparent audits from an independent standpoint (excluding directors who are Audit and Supervisory Committee members).
- To clarify the duties and authority of directors, reviewing and updating organizational regulations are as needed.
- Revise the organizational and operational structure in response to changes in the business environment.

Policy and procedures for election of directors

To ensure the PPIH Group’s continuous growth and increase in corporate value, and to enable swift and rational decision-making by the Board of Directors, the Board nominates candidates with excellent characteristics who, in addition to possessing extensive knowledge, experience, and abilities in various businesses including our core retail business, also respect diversity in terms of gender, age, career background, and international experience, for approval at the General Meeting of Shareholders. An appropriate number of directors are appointed. For outside directors, an appropriate number of individuals who have held important positions, managers, and experts in various fields are appointed to monitor the company’s management from a fair and neutral perspective.

Training policy for directors

The Company appoints directors that possess the prerequisite insight and experience pertaining to legal affairs, finance, accounting, and a wide variety of other fields and that are thereby able to effectively fulfill their roles and responsibilities. In addition, frameworks are in place to ensure that information is reported and supplied to directors as necessary after appointment, and directors are provided with opportunities to receive explanations directly from lawyers, accountants, and other specialists. We also hold training sessions as needed and appropriate.

Evaluation of Effectiveness of the Board of Directors

The Board of Directors shall evaluate the effectiveness of the Board of Directors at least once a year. In the fiscal year ended June, 2025, the Company assessed the effectiveness of the Board of Directors through the following process. The results showed the members of the Board of Directors play an effective role in improving the corporate value over the medium- and long-term by making appropriate and prompt decisions through active discussions based on the management philosophy, and by exercising strict supervisory functions including monitoring of the internal control system. While the balanced composition of the

Board of Directors, open discussions, and active involvement of outside directors are positively recognized, the evaluation identified areas for improvement including standardizing the process for discussions on future talent, strengthening medium- to long-term discussions, and further enhancing governance systems in line with business scale expansion. In the preparation, collection, and partial analysis of the questionnaire, we use an external organization to increase the transparency of the evaluation and ensure its effectiveness.

Evaluation process



Overview of the evaluation of effectiveness of the Board of Directors for FY6/25

Strengths	Issues to be addressed
<ul style="list-style-type: none">Balanced composition of the Board of Directors with diverse skills, knowledge, and experienceEnvironment where outside directors can fully perform their functionsStructure enabling open and active discussions and swift decision-making	<ul style="list-style-type: none">Enhancement of discussions on the medium- to long-term management strategies and talent developmentFurther enhancing governance systems in line with business scale expansion

Going forward, the Company will implement measures to address issues identified based on the evaluation in order to increase the effectiveness of the Board of Directors while enhancing the Company’s corporate governance structure.

Outside Directors

The outside directors are appointed with the expectation that they will provide opinions and suggestions on management from an external perspective, based on their specialized knowledge and experience in management, thereby enhancing the soundness and transparency of management. Additionally, all 6 outside directors are designated as independent directors in accordance with the regulations of the Tokyo Stock Exchange and have been registered with the Exchange. The Company has no explicitly defined criteria or policies regarding independence for appointing outside directors. However, in appointing outside directors, the Company ensures that they

can provide opinions and suggestions regarding management from an outside perspective based on their expertise and experience in management, thereby improving the soundness and transparency of the Company's management.

Support system

6 of the Company's 15 directors are outside directors, and 5 outside directors are Audit and Supervisory Committee members. The Board of Directors' Secretariat and the Audit and Supervisory Committee Secretariat assist outside directors in performing their duties as requested.

Director Compensation

Basic policy on director compensation

The compensation for our directors is designed to function as an incentive for the continuous enhancement of corporate value, taking into account shareholder interests. Additionally, the basic policy is to set individual director compensation at an appropriate level based on their responsibilities.

Structure of director compensation system (excluding outside directors and directors who are Audit and Supervisory Committee members)

Basic Compensation	Monthly fixed monetary compensation is determined based on the position and responsibilities of each director, considering the level of director compensation at other companies of similar size and the level of employee salaries.
Performance-linked monetary remuneration (annual bonus)	The performance-linked monetary remuneration (annual bonus) as a short-term incentive for the Representative Director shall be linked to the Company's performance for a single fiscal year. In the Company, the performance-linked KPI shall be "consolidated operating income" from the perspective of improving earnings in the core business. The amount to be paid shall be determined based on budget achievement and shall vary in a ratio of 0% to 150% depending on the degree of achievement. For Directors other than the Representative Director, 50% of their remuneration will be linked to the Company's performance, similar to the Representative Director, and an additional 50% will be linked to individual performance. The individual performance-linked portion will be assessed based on budget target achievement, reviewed by the Compensation Committee, and the final payment rate, ranging from 0% to 150%, will be determined by the President and Representative Director.
Share-based stock options	Share-based stock options do not have a specified ratio or timing of grants, as the necessity of each grant is determined based on past grant records and other factors. However, the frequency and other aspects of the options will continue to be reviewed within the framework of an appropriate executive compensation system.

The compensation structure for the outside directors and directors who are Audit and Supervisory Committee members consists solely of basic compensation, reflecting their roles. For other directors (excluding outside directors and directors who are Audit and Supervisory Committee members), the compensation structure is based on a ratio of 70% basic compensation and 30% short-term incentive compensation. Basic compensation is paid monthly, while short-term incentive compensation is paid after the annual general meeting of shareholders, following the determination of the company's performance.

Policy on determination of individual compensation

The Company consults its Compensation Committee regarding the determination of individual director compensation, etc., and the Board of Directors adopts a resolution based on the Compensation Committee's report. However, with respect to base remuneration for Directors other than the President and Representative Director, the Company delegates to the President and Representative Director the authority to determine the final amount of such remuneration, taking into consideration the roles and responsibilities of each individual director, within the maximum and minimum amounts separately determined by the Board of Directors. The Company also delegates to the President and Representative Director the authority to determine the final payment rate of the performance-linked cash remuneration (annual bonus) for the individual performance-linked portion. To ensure that the delegated authority is properly exercised, the President and Representative Director must fully consult with the independent outside directors through the Compensation Committee.

Total compensation by director category, total compensation by type, and the number of eligible directors (FY6/25)

Position	Total remuneration (million yen)	Total remuneration by type (million yen)				Number of applicable directors
		Fixed remuneration	Performance-based bonuses	Retirement benefits	Non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee members and outside directors)	276	165	111	-	-	6
Directors who are Audit and Supervisory Committee members (excluding outside directors)	-	-	-	-	-	-
Outside Directors	51	51	-	-	-	6
Total	327	216	111	-	-	12

Policy for Constructive Dialogue with Shareholders

As part of its efforts to realize sustainable growth and improved corporate value over the medium- to long-term, the Company engages in constructive dialogue with shareholders and other investors through investor relations activities to ensure that its management policies and performance are accurately understood.

- (1) The director overseeing IR and the information officer registered with the Tokyo Stock Exchange will establish a structure to consolidate information in coordination with the director to be aware of important information within the Company. The IR division works with Legal, Finance, Accounting, Sales, Property Development and other divisions as necessary to ensure appropriate disclosure of information.
- (2) The director overseeing IR and IR division response appropriately to requests for meetings from analysts and institutional investors and holds quarterly financial results briefings. The President and Representative Director also

take part in the financial results briefings. Furthermore, the investor relations section of the Company's corporate website (<https://ppih.co.jp/en/ir/>) provides timely disclosure information, financial information, and other reference materials (financial summaries, annual securities reports, annual integrated reports, PPIH reports, monthly sales reports, etc.). The Company strives to support the investment decisions of shareholders and other investors (some information is available only in Japanese).

(3) The valuable input received from shareholders and other investors is shared with the Board of Directors and management as necessary to incorporate this input into the Company's management.

(4) The Company designates a quiet period before the announcement of financial results, during which no comments on the results are made. Additionally, undisclosed material information (insider information) is strictly managed in compliance with laws and regulations, and an insider trading prevention policy is in place.

Strategic Management Focused on Capital Costs and Stock Price Optimization

The PPIH Group promotes management with awareness of capital costs and stock prices, aiming for long-term enhancement of corporate value. Under our long-term business plan "Double Impact 2035" toward 2035, the PPIH Group has set targets of 4.2 trillion yen in net sales and 330 billion yen in operating income, and while continuing growth investments, is working to stabilize ROE at a high level and strengthen dividend policies. In FY6/25, the PPIH Group

achieved sustainable growth in net profit, maintaining ROE of 15% or higher, exceeding capital costs, and PBR of 4 times or higher. Going forward, the PPIH Group will continue to strengthen trust with capital markets through further expansion of disclosure and IR activities, including active dialogue with the market by management, hosting IR events, publishing integrated reports, holding ESG briefings, and enhancing English disclosures.

Status of Each Committee

Overview		Members
Audit and Supervisory Committee	<ul style="list-style-type: none">The Audit and Supervisory Committee is composed entirely of 5 outside directors. It audits the execution of duties by directors and collaborates with the accounting auditor as necessary to ensure effective audits.	Yasunori Yoshimura (Chairman, Independent Outside Director) Jumpei Nishitani (Independent Outside Director) Masaharu Kamo (Independent Outside Director) Takaki Ono (Independent Outside Director) Naoko Kishimoto (Independent Outside Director)
Nomination Committee	<ul style="list-style-type: none">The Nomination Committee is established as a voluntary advisory body of the Board of Directors to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes related to the nomination of directors, thereby strengthening the corporate governance system. The majority of its members are outside directors.The role of the Nomination Committee, in response to consultations by the Board of Directors, is to deliberate and provide recommendations on matters such as the appointment and dismissal of directors, the selection and removal of representative directors, and other matters consulted by the Board of Directors.	Jumpei Nishitani (Chairman, Independent Outside Director) Yasunori Yoshimura (Independent Outside Director) Hideki Moriya (President and CEO, Representative Director)
Compensation Committee	<ul style="list-style-type: none">The Compensation Committee is established as a voluntary advisory body of the Board of Directors to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes related to the compensation of directors and other executives, thereby strengthening the corporate governance system. The majority of its members are outside directors.The role of our Compensation Committee, in response to consultations by the Board of Directors, is to deliberate and provide recommendations on compensation for directors, and others consulted by the Board of Directors.	Takaki Ono (Chairman, Independent Outside Director) Jumpei Nishitani (Independent Outside Director) Naoki Yoshida (Director)
Compliance Committee	<ul style="list-style-type: none">The Compliance Committee is responsible for planning fraud prevention, planning inspections and investigations, verifying the results of inspections and investigations, and sharing and verifying cases of fraud at other companies.	Executive Officer overseeing Legal Affairs and Compliance (Chairman) Satoshi Nakashima (Director, Senior Executive Officer and Acting CFO) Naoko Kishimoto (Independent Outside Director) Total of 9 other executive officers
Internal Audit Division	<ul style="list-style-type: none">Independent from the business execution divisionsBased on the audit plan, the Internal Audit Division audits the legality, effectiveness and efficiency of the operations of each department and the Group's subsidiaries and evaluates the internal control over financial reporting. In addition, the Internal Audit Division reports and collaborates with the Audit and Supervisory Committee as appropriate. For important matters, in addition to reporting to the Audit and Supervisory Committee, it also reports to the Board of Directors to ensure organizational cooperation.The Company has established regular information-sharing opportunities with the accounting auditors with regard to the maintenance and assessment of the operational status of internal control over financial reporting, to ensure accurate and efficient internal control audits.	8 employees

Initiatives to Enhance Risk Management

Status of risk management system development
As part of the PPIH Group's risk management system, a Compliance Officer is appointed to oversee matters related to compliance and internal controls across the organization. The Compliance Officer, in cooperation with the Compliance Committee and outside experts such as lawyers, analyzes and evaluates compliance risks across the organization, including our Group companies, and provides education on compliance-related matters. In addition, our Compliance Hotline system has been established to enable employees and business partners of the PPIH Group to report directly to external organizations and specialized internal departments any suspicious activities related to laws, regulations, and internal rules. The Compliance Committee deliberates on reports received through this system. The findings are then reported to the Company's directors and Audit and Supervisory Committee in a timely and appropriate manner. Moreover, accounting matters are regularly audited by an independent auditor, and advice and guidance are provided in a timely manner by lawyers for legal matters and tax accountants for tax matters.

Business risks (summary)

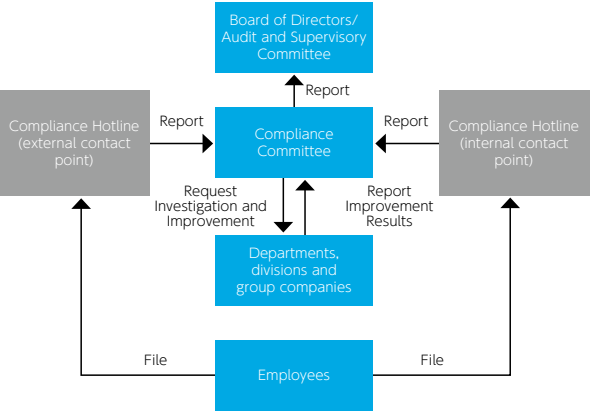
Major risks	Potential impact of the risks
Store expansion and talent acquisition	Failure to secure and develop the necessary personnel may undermine service quality, posing a risk to business success
Import and logistics/distribution	Possibility of delays in logistics and delivery due to the impact of political or economic conditions in importing and exporting countries, as well as the business condition of external contractors
Marketing	Failure to secure and develop staff for proper marketing, along with maintaining an organizational management system, may result in a risk to business success
Legal regulations	Changes in laws or stricter interpretations may lead to increased operational costs, potentially impacting on the Group's financial state and business performance
Act on Protection of Personal Information	Possibility of a significant impact on our business performance, including issues of social credibility and individual compensation, in the event of personal information leakage
Impairment of fixed assets	Possibility of an adverse effect on the Group's business as a result of the recognition and measurement of impairment losses with prediction of impairment loss on fixed assets
Business expansion via M&A	Possibility of an adverse effect on the Group's financial state and results of operations in the event of incurring contingent liabilities or discovering unknown debts after an M&A has taken place
Loss from closing stores	Possibility of negative impact on the Group's results in the event of losses associated with the closure of stores
Exchange rate risks	The PPIH Group faces general market risk from foreign exchange rate fluctuations, with no guarantee of completely avoiding foreign exchange risk
Natural disasters	Possibility of effects on the Group's financial state and operating results due to costs arising from restoring store facilities, temporarily closing stores, disruption in logistics and delivery of products, etc., in the event of a natural disaster, such as a large-scale earthquake or typhoon
Inventory risks	Possibility of effects on the Company's financial state and operating results through inventory disposal and inventory write-down
Response to climate change	Risk of higher-than-expected energy and countermeasure costs in the event of a sudden increase in social demands, such as a significant tightening of laws and regulations related to climate change
Infectious disease risks	Possibility of effects on the Group's financial state and operating results due to store closures, reduced operating hours, or a decrease in the number of visitors due to a decline in the number of inbound tourists visiting Japan
Information security risks	Possibility of negative impact on the Group's performance in the event of unforeseen circumstances leading to prolonged system outages

■ For details on business and other risks, please see p. 25 (Japanese only) .
https://ppih.co.jp/ir/library/report/pdf/PPIH_FY2025_Q4_Financial_Report.pdf

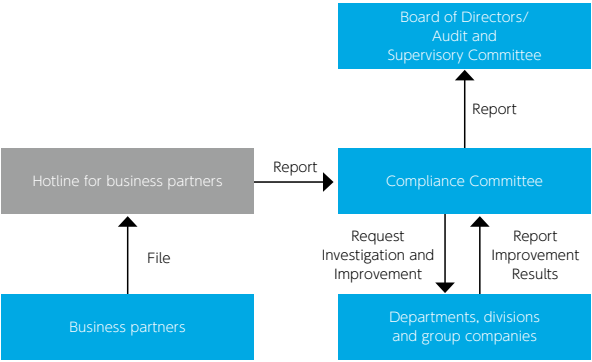


Whistle-blower hotline
As part of strengthening compliance, the PPIH Group has a "Compliance Hotline" for employees to report violations of laws, regulations, and internal rules and regulations. The "Compliance Hotline" has two contact points, one with an external law firm and the other with an internal contact point, from which employees can choose to make a report. In addition, in order to maintain a moderate and sound relationship with our business partners, we have established a hotline for them so that they are able to report any concerns they may have about the actions of our Group's account managers. We take the opinions of our business partners seriously and work to promptly make improvements, ensure fair transactions, and build stronger relationships of trust. These hotlines are operated in accordance with internal regulations, and the contents of reports are reviewed by the Compliance Committee. The findings are subsequently reported to the Board of Directors and the Audit and Supervisory Committee as appropriate. Matters reported through these hotlines are handled with strict confidentiality, and anonymous reporting is also allowed. Additionally, email reports are accepted 24 hours a day. Whistleblowers are thoroughly protected by the company regulations, which state that whistleblowers shall not be subject to any disadvantageous actions such as retaliation or worsening of the work environment because of their reporting. In addition, we actively introduce the "Compliance Hotline" in our company newsletter, monthly compliance training sessions, and internal posters to create an environment in which employees can use the hotline when necessary.

Whistle-blower system



Reporting framework for business partners



Compliance training for employees
Full-time and contract employees receive e-learning compliance training sessions each month. Compliance training is designed to improve each employee's understanding and awareness of key themes related to business risks and the Group's sustainability issues (materiality), as well as to inform and promote the use of the Group's compliance initiatives, including the whistle-blower system, to ensure the corporate compliance of the PPIH Group.

FY6/25 Compliance training participation	
Monthly average number of participants:	9,543
Monthly average participation rate:	86.7%

Anti-corruption initiatives
To ensure sound and fair business practices, the PPIH Group thoroughly implements anti-corruption initiatives across the Group in accordance with "The Source," the PPIH Group's corporate philosophy and code of conduct, and the "PPIH Group Anti-Corruption Policy," which was approved and established by the Board of Directors. To enhance understanding and awareness within the organization, in addition to compliance training for employees, the PPIH Group conducted executive officer training on harassment prevention and cybersecurity in 2025 with an outside lecturer. The PPIH Group requests that business partners who are contract manufacturers of PB/OEM products comply with the "PPIH Group Supply Chain Code of Conduct," and ensures thorough prevention of corruption by confirming their compliance status through submission of pledge letters and self-assessment questionnaires (SAQs).

Tax compliance initiatives
The PPIH Group has established the "PPIH Group Tax Compliance Policy" with the approval of the Board of Directors to fulfill its proper tax obligations in each of the regions in which the Group operates. In accordance with this policy, the PPIH Group discloses its tax status appropriately. We do not use tax havens for the purpose of tax avoidance.

Tax status by region (FY6/25)

Unit: millions of yen				
	Japan	North America	Asia	Total
Net sales*	1,896,113	259,437	91,209	2,246,758
Income before income taxes	147,444	(12,946)	2,412	136,910
Tax amount incurred	46,276	1,279	721	48,276

*Net sales are based on the location of customers and are classified into countries or regions

Board of Directors

Hideki Moriya

President and CEO,
Representative Director

Born in 1977



Mar. 2000 Graduated from the Faculty of Commerce, Chuo University
Joined the Company
Jul. 2007 General Manager of Chiba Branch, Sales Headquarters of the Company
Aug. 2009 Head of Logistics Division of the Company
Jul. 2010 Head of Promotion Strategy Division of the Company
Dec. 2010 Head of Fair Trade Division of the Company
Sep. 2019 Executive Officer of the Company
Nov. 2019 General Manager of Operation Management Headquarters of the Company
General Manager of Risk Management Headquarters of the Company
Jul. 2020 Managing Executive Officer, General Manager of Management Strategy
Headquarters and Head of Executive Committee of the Company
General Manager of IT Support Headquarters of the Company
Sep. 2020 Director, Managing Executive Officer, General Manager of Management Strategy
Headquarters and Head of Executive Committee of the Company
Jul. 2021 Director of Don Quijote Co., Ltd. (current position)
Oct. 2022 Director, Managing Executive Officer and CSO, General Manager of Management
Strategy Headquarters and Head of Executive Committee of the Company
Jan. 2024 Director, Managing Executive Officer, CSO, Acting CFO, General Manager of
Management Strategy Headquarters and Head of Executive Committee of the
Company
Sep. 2024 Representative Director, Senior Managing Executive Officer, CSO
General Manager of Management Strategy Headquarters and Head of the
Executive Committee of the Company
Sep. 2025 President and CEO, Representative Director of the Company (current position)

Kosuke Suzuki

COO and Representative Director

Born in 1976



Mar. 2000 Graduated from the Faculty of Engineering, Chiba Institute of Technology
Joined the Company
Oct. 2009 Category Leader of Section 1 Business Division, Sales Headquarters of the
Company
Feb. 2013 General Manager of Saikyo Branch, Sales Headquarters of the Company
Jul. 2015 Director of Don Quijote Holdings Retail Management Co., Ltd.
Sep. 2017 Director of the Company
Sep. 2018 Executive Officer of the Company
Jan. 2019 Director of UNY Co., Ltd.
Director of UD Retail Co., Ltd.
Jul. 2020 Vice President and Representative Director of UD Retail Co., Ltd.
Jul. 2021 Senior Executive Officer of the Company
Director of Don Quijote Co., Ltd.
Sep. 2022 Vice President and Representative Director of Don Quijote Co., Ltd.
Oct. 2022 Managing Executive Officer, Head of Corporate Philosophy Promotion
Headquarters and Head of New Format Development Headquarters of the
Company
Sep. 2023 President and Representative Director of UD Retail Co., Ltd. (current position)
Sep. 2024 Representative Director, Senior Managing Executive Officer, Head of Corporate
Philosophy Promotion Headquarters and Head of New Format Development
Headquarters of the Company
Sep. 2025 COO and Representative Director of the Company (current position)
President and Representative Director of Don Quijote Co., Ltd. (current position)

Satoshi Nakashima

Director, Senior Executive Officer
and Acting CFO

General Manager of Management
Strategy Headquarters
Manager of Finance Division

Born in 1984



Mar. 2007 Graduated from the Faculty of Economics and Business Administration, The
University of Kitakyushu
Apr. 2007 Joined the Company
Feb. 2016 Manager of Operation Support Division of Kyushu Branch of the Company
Apr. 2017 Manager of Operation Support Division and Manager of Inbound Support Division
of Western Japan Sales Headquarters of Pure Don Quijote of the Company
Nov. 2019 Manager of Editorial Planning Division of Cost Management Headquarters
Head of FamilyMart Project of the Company
Apr. 2020 Manager of Editorial Planning Division of Cost Management Headquarters of the
Company
Aug. 2020 Manager of Cost Management Division of Cost Management Headquarters of the
Company
Oct. 2020 Manager of Business Planning Division of Management Strategy Headquarters of
the Company
May 2023 Executive Officer of the Company
Jul. 2023 Manager of Management Strategy Headquarters Office of Management Strategy
Headquarters of the Company
Feb. 2025 Director of Japan Asset Marketing Co., Ltd. (current position)
Sep. 2025 Director, Senior Executive Officer and Acting CFO of the Company
Oct. 2025 Director, Senior Executive Officer and Acting CFO
General Manager of Management Strategy Headquarters
Manager of Finance Division (current position)


Hitomi Ninomiya

Director and Executive Officer

Head of Diversity Management and
Corporate Communications

Head of Design

Born in 1983



Mar. 2005 Graduated from the Faculty of Engineering, Chiba University
Joined the Company
Apr. 2014 General Manager of Space Creation Division of Don Quijote Co., Ltd.
Jul. 2018 General Manager of Store Solution Management Division of Don Quijote Co., Ltd.
Nov. 2019 Manager of Space Design Division of the Company
Nov. 2020 Executive Officer, Head of Design and Chairman of Diversity Management
Committee of the Company
Sep. 2021 Director and Executive Officer, Chairman of Diversity Management Committee and
Head of Design of the Company
Oct. 2025 Director, Executive Officer
Head of Diversity Management and Corporate Communications
Head of Design (current position)

Ken Sakakibara

Director, Senior Managing
Executive Officer

Head of GMS Business and
Domestic Co-CMO*

Born in 1971




Mar. 1997 Graduated from the Faculty of Business Administration, Tokyo Keizai University
Oct. 1997 Joined the Company
Jul. 2015 Director of Don Quijote Holdings Retail Management Co., Ltd
Jan. 2018 Executive Officer of the Company
Jun. 2019 General Manager of Food and Liquor Merchandising Development Headquarters
of Don Quijote Co., Ltd.
Sep. 2019 Director, Managing Executive Officer and Co-COO of the Company
Senior Managing Director of Don Quijote Co., Ltd.
Director of Nagasakiya Co., LTD.
Jul. 2020 Director, Managing Executive Officer and CMO (Non-Food) of the Company
Senior Managing Director and COO of Don Quijote Co., Ltd.
Sep. 2020 Director of UNY Co., Ltd.
Jul. 2021 Director of Don Quijote Co., Ltd.
Sep. 2021 Senior Executive Officer, Co-CMO and ANSWER MAN Committee Member of the
Company
Sep. 2022 Senior Executive Officer, Domestic Co-CMO and ANSWER MAN Committee
Member of the Company
Director of UNY Co., Ltd.
Director of REALIT Co., Ltd.
Sep. 2023 Vice President and Director of UNY Co., Ltd.
Oct. 2023 Managing Executive Officer, Head of GMS Business, Domestic Co-CMO and
ANSWER MAN Committee Member of the Company
President and Representative Director of UNY Co., Ltd. (current position)
Sep. 2024 Director, Senior Managing Executive Officer, Head of GMS Business, Domestic Co-
CMO* of the Company
Oct. 2025 Director, Senior Managing Executive Officer, Head of GMS Business & Domestic
Business Co-CMO* of the Company (current position)

Yuji Ishii

Director, Managing Executive
Officer and CAO

Head of Financial Accounting,
Accounting and General Affairs

Born in 1972



Mar. 1995 Graduated from the College of Humanities and Social Sciences, Ibaraki University
Sep. 2008 Joined the Company
Jan. 2013 Manager of Financial Accounting Division, Administration Headquarters of Don
Quijote Shared Services Co., Ltd.
Jul. 2015 Deputy General Manager of Administration Headquarters of Don Quijote Shared
Services Co., Ltd.
Director of Don Quijote Holdings Retail Management Co., Ltd.
Jul. 2016 General Manager of Administration Headquarters of Don Quijote Shared Services
Co., Ltd.
Sep. 2017 Director of the Company
Director of Don Quijote Shared Services Co., Ltd.
Oct. 2017 General Manager of General Accounting Headquarters of Don Quijote Shared
Services Co., Ltd.
Feb. 2018 Representative Director of Don Quijote Shared Services Co., Ltd.
May 2019 President and Representative Director of Pan Pacific Shared Service Co., Ltd.
Sep. 2019 Director and Executive Officer of the Company
Jul. 2021 Director, Managing Executive Officer, and CAO of the Company
Audit and Supervisory Board Member of Don Quijote Co., Ltd.
Jan. 2024 Director, Managing Executive Officer, and CAO of the Company
Head of Finance, Financial Accounting, Accounting and General Affairs of the
Company
Sep. 2024 Audit and Supervisory Board Member of Don Quijote Co., Ltd. (current position)
Audit and Supervisory Board Member of Nagasakiya Co., Ltd. (current position)
Audit and Supervisory Board Member of UD Retail Co., Ltd. (current position)
Oct. 2025 Director, Managing Executive Officer and CAO
Head of Financial Accounting, Accounting and General Affairs of the Company
(current position)

Isao Kubo

Outside Director

Born in 1958



Mar. 1982 Graduated from the School of Economics, Kwansei Gakuin University
Apr. 1982 Joined C. Itoh & Co., Ltd.
Apr. 2005 General Manager of Brand Marketing Department 3 of ITOCHU Corporation
Apr. 2008 General Manager of Planning & Coordinating Department, Textile Company of
ITOCHU Corporation
Apr. 2011 Vice President CAO of ITOCHU International Inc. and President & CEO of ITOCHU
Canada Ltd.
Apr. 2013 Executive Officer and General Manager of Corporate Planning & Administration
Division of ITOCHU Corporation
Apr. 2016 Managing Executive Officer and General Manager of Internal Audit Division of
ITOCHU Corporation
Apr. 2017 Director, Managing Executive Officer, General Manager of Management Division,
Chairman of Risk Management & Compliance Committee, Chairman of Corporate
Social Responsibility Committee and Assistant General Manager of Corporate
Planning Division of former FamilyMart Co., Ltd.
May 2017 Managing Executive Officer and Assistant General Manager of General Affairs and Human
Resources Division of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
Sep. 2017 Managing Executive Officer and General Manager of Corporate Planning Division of
FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
Mar. 2018 Senior Managing Executive Officer and General Manager of Corporate Planning
Division of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
Director, Senior Managing Executive Officer, General Manager of Corporate Planning
Division and General Manager of International Business Division of former FamilyMart
Co., Ltd.
May 2018 Director, Senior Managing Executive Officer and General Manager of Corporate
Planning Division of FamilyMart UNY Holdings Co., Ltd. (currently FamilyMart Co., Ltd.)
May 2019 Director, Senior Managing Executive Officer, Chief Strategy Officer and General
Manager of Corporate Planning Division of FamilyMart UNY Holdings Co., Ltd.
(currently FamilyMart Co., Ltd.)
Sep. 2020 Outside Director of the Company (current position)
Apr. 2021 Advisor of FamilyMart Co., Ltd.
Jun. 2021 Standing Audit and Supervisory Board Member (outside) of ITOCHU ENEX CO., LTD.
Jun. 2024 Senior Managing Executive Officer and Unit President of Corporate Administration
Unit of SKY Perfect JSAT Corporation
Apr. 2025 Board Director, Senior Managing Executive Officer and Unit President of Corporate
Administration Unit of SKY Perfect JSAT Corporation (current position)

Yasunori Yoshimura

Outside Director (Audit and
Supervisory Committee Member)

Born in 1949




Mar. 1975 Graduated from Keio University School of Medicine
Nov. 1995 Professor of Keio University (Department of Obstetrics and Gynecology, School of
Medicine)
Jun. 2007 Chairperson of the Executive Board of Japan Society of Obstetrics and
Gynecology
Nov. 2010 President of Japan Society for Reproductive Medicine
Jun. 2011 Outside Director of ASKA Pharmaceutical Co., Ltd.
Aug. 2011 President of Japan Society of Gynecologic and Obstetric Endoscopy and Minimally
Invasive Therapy
Oct. 2012 Chairman of YOSHIMURA BIOETHIC INSTITUTE (current position)
Mar. 2013 Special Advisor to the Cabinet (in charge of measures to counter the declining
birthrate and support for child-raising)
Nov. 2013 Outside Audit and Supervisory Board Member of the Company
Apr. 2014 Professor Emeritus of Keio University (Department of Obstetrics and Gynecology)
(current position)
Honorary Director of Shin-yurigaoka General Hospital (current position)
Jul. 2015 Vice President of Fukushima Medical University (current position)
Sep. 2015 Outside Director of the Company
Sep. 2016 Outside Director (Audit and Supervisory Committee Member) of the Company
(current position)
May 2019 Representative Director of Childbirth/Child-Raising Comprehensive Support
Promotion Organization
Dec. 2019 Chairman of the Board of "1 more Baby ohendan" Foundation
Apr. 2021 Outside Director of ASKA Pharmaceutical Holdings Co., Ltd.
May 2023 Outside Director of mederi Inc. (current position)

Board of Directors

Jumpei Nishitani

Outside Director (Audit and Supervisory Committee Member)

Born in 1971



Mar. 1995 Graduated from the Faculty of Economics, The University of Tokyo
Mar. 1997 Earned a master's degree from the Faculty of Economics, The University of Tokyo
Mar. 2000 Obtained scores for doctorate degree and resigned from Graduate School of Economics, The University of Tokyo
Apr. 2000 Assistant Professor, Faculty of Management and Economics, Aomori Public University
Apr. 2005 Assistant Professor, College of Business Administration, Ritsumeikan University
Aug. 2009 Visiting Fellow, The University of British Columbia
Apr. 2015 Professor, College of Business Administration, Ritsumeikan University (current position)
Sep. 2017 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
Jan. 2019 Member of the Defense Procurement Council of the Acquisition, Technology, & Logistics Agency (current position)

Masaharu Kamo

Outside Director (Audit and Supervisory Committee Member)

Born in 1967




Mar. 1992 Graduated from the Faculty of Law, The University of Tokyo
Apr. 1992 Joined McKinsey & Company
Jun. 1996 Director, Executive Vice President of Nikkodo Co., Ltd.
Nov. 2000 Director, Executive Vice President of USEN CORPORATION
Jun. 2010 Managing Executive Officer of Lawson, Inc.
Mar. 2014 Senior Managing Executive Officer of Lawson, Inc.
Nov. 2016 Representative Director of Office Kamo Co., Ltd. (current position)
Dec. 2016 Senior Advisor of Deloitte Tohmatsu Financial Advisory LLC
Jul. 2017 Partner of McKinsey & Company
Apr. 2020 Executive Officer, Corporate Senior Vice President of Toshiba Corporation
Sep. 2022 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
Mar. 2024 Outside Director of AGESt, Inc. (current position)
May 2024 Outside Director of JERA Cross Co., Inc. (current position)

Takao Yasuda

Director (non-standing)
Founding Chairman and Supreme Advisor

Born in 1949




Mar. 1973 Graduated from the Faculty of Law, Keio University
Sep. 1980 Established Just Co., Ltd. (currently Pan Pacific International Holdings Corporation) President and Representative Director
Sep. 2005 Chairman, Representative Director and CEO of the Company
Dec. 2005 Chairman of Yasuda Scholarship Foundation (current position)
Apr. 2013 Chairman, President, Representative Director and CEO of the Company
Aug. 2013 President, Representative Director of Don Quijote Preparatory Co., Ltd. (currently Don Quijote Co., Ltd.)
Dec. 2013 Chairman and Representative Director of Don Quijote Co., Ltd.
Jul. 2014 Chairman, Representative Director and CEO of the Company
Jul. 2015 Founding Chairman and Supreme Advisor of the Company (current position) Director (Chairman, President and CEO) of Pan Pacific International Holdings Pte. Ltd. (currently Pan Pacific Retail Management (Singapore) Pte. Ltd.)
Dec. 2018 President/Director of Pan Pacific Strategy Institute Pte. Ltd. (current position)
Jan. 2019 Director (non-standing) of the Company (current position)
Apr. 2019 President of Pan Pacific Retail Management (Asia) Pte. Ltd.
Jul. 2020 Director, Chairman and CEO of Pan Pacific Retail Management (Singapore) Pte. Ltd.
Mar. 2023 Chairman/Director of Pan Pacific Retail Management (Asia) Pte. Ltd. (current position)

Yusaku Yasuda

Director (non-standing)

Born in 2001



Jul. 2019 Participated in an internship at the Company
Jun. 2020 Graduated from Brillantmont International School
Aug. 2022 Admitted to EHL Swiss School of Tourism and Hospitality
Oct. 2023 Participated in an internship at Dogenzaka Hotel Management Inc. (Hotel Indigo Tokyo Shibuya)
Jan. 2024 Director of Pan Pacific Retail Management (Asia) Pte. Ltd. (current position) Director of Pan Pacific Retail Management (USA) Co. (current position)
Jun. 2024 Vice Chairman of Yasuda Scholarship Foundation (current position)
Sep. 2024 Director (non-standing) of the Company (current position)
Apr. 2025 Director of Mikuni Restaurant Group, Inc. (current position)

Takaki Ono

Outside Director (Audit and Supervisory Committee Member)

Born in 1965




Mar. 1988 Graduated from the Faculty of Economics and Business Administration, Yokohama City University
Apr. 1988 Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
Apr. 2016 Executive Officer, General Manager of Unit 1, Shinjuku Corporate Banking Sales Department of Sumitomo Mitsui Banking Corporation
Apr. 2017 Executive Officer, Head of Wholesale Banking Department of Sumitomo Mitsui Banking Corporation
Executive Officer, Head of Wholesale Banking Planning Department of Sumitomo Mitsui Financial Group, Inc.
Apr. 2018 Managing Executive Officer, Head of Wholesale Banking Department of Sumitomo Mitsui Banking Corporation
Managing Executive Officer, Assistant to General Manager of Wholesale Banking Business Division of Sumitomo Mitsui Financial Group, Inc.
Apr. 2019 Managing Executive Officer, Deputy Head of Wholesale Banking Unit (in charge of West Japan) of Sumitomo Mitsui Banking Corporation
Managing Executive Officer, Assistant to General Manager of Wholesale Banking Business Division of Sumitomo Mitsui Financial Group, Inc.
Apr. 2021 Managing Executive Officer, Deputy Head of Wholesale Banking Unit and General Manager of Corporate Banking Division of Sumitomo Mitsui Banking Corporation
Managing Executive Officer, Deputy General Manager of Wholesale Banking Business Division of Sumitomo Mitsui Financial Group, Inc.
Apr. 2022 Managing Executive Officer, in charge of Private Advisory Division and in charge of Transaction Business Division of Sumitomo Mitsui Banking Corporation
Managing Executive Officer, in charge of Settlement Planning Department of Sumitomo Mitsui Financial Group, Inc.
Apr. 2024 Advisor of Sumitomo Mitsui Banking Corporation
Aug. 2024 Outside Director of First-corporation Inc. (current position)
Sep. 2024 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

Naoko Kishimoto

Outside Director (Audit and Supervisory Committee Member)

Born in 1981



Mar. 2004 Graduated from the Faculty of Law, Keio University
Mar. 2007 Graduated from Graduate School of Law, Kyoto University
Jan. 2009 Joined Nobunori Ishizaki Law Offices
Jul. 2009 Joined Yamazaki Sogo Law Offices
Jan. 2011 Joined Abe, Mukaihata & Suzuki Law Offices
Sep. 2016 Visiting Researcher of Law School, Duke University, USA
Jan. 2019 Joined Yamazaki Sogo Law Offices
Jan. 2021 Joined Hombo Law Office
Sep. 2022 Established Kishimoto Law Office, Representative (current position)
Sep. 2024 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)

Naoki Yoshida

Director

Born in 1964



Mar. 1988 Graduated from College of Liberal Arts, International Christian University
Dec. 1995 Graduated from INSEAD (MBA)
Joined McKinsey & Company Inc. Japan
Mar. 1997 Joined Union Bancaire Privée
Aug. 2002 Established Alter Ego Consulting Co., Ltd.
President and Representative Director
Feb. 2003 President and Representative Director of T-ZONE HOLDINGS, INC.
Jul. 2007 Joined the Company
Head of Overseas Business Headquarters
President of Don Quijote (USA) Co., Ltd.
Sep. 2012 Director of the Company
Nov. 2013 Senior Managing Director of the Company
Dec. 2013 Director of Don Quijote Co., Ltd.
Director of Nagasakiya Co., Ltd.
Jul. 2015 Senior Managing Director and CCO of the Company
Jan. 2018 Senior Managing Director and CAO (Representative Director) of the Company
Jan. 2019 Director of UNY Co., Ltd. (current position)
Sep. 2019 President and CEO, Representative Director of the Company
President and Representative Director of Don Quijote Co., Ltd.
Sep. 2025 Director of the Company (current position)

Skill Matrix (Executive Officers)

Name	Position	Experience, etc. (reason for appointment)	Skill matrix						
			Management	Sales/ Merchandise/ Marketing	Legal affairs/ Compliance/Risk management	Treasury/ Accounting/ Finance	Global experience	Human resource management	ESG/Diversity
Hideki Moriya	President and CEO, Representative Director	He possesses abundant experience and a performance record in the Group's retail division, notably his store operational experience, and, subsequently, in various top positions related to back office operations, including logistics, sales promotion and trade management. He is currently in charge of constructing and promoting management strategies for the Group as a whole.	●	●	●	●	●	●	●
Kosuke Suzuki	COO and Representative Director	He was involved in product strategies and store operations in the retail division of the PPIH Group. Currently, he oversees the Group's discount business, bringing with him extensive experience and a proven track record.	●	●				●	●
Ken Sakakibara	Director, Senior Managing Executive Officer	He was involved in product strategies and store operations in the retail division of the PPIH Group. Currently, he oversees the Group's GMS business, bringing with him extensive experience and a proven track record.	●	●				●	
Yuji Ishii	Director, Managing Executive Officer and CAO	He possesses abundant experience and broad insight in relation to accounting, tax practices and corporate planning gained primarily by overseeing the accounting and general affairs division in the PPIH Group.	●		●	●		●	
Satoshi Nakashima	Director, Senior Executive Officer and Acting CFO	He worked primarily in store operations within the PPIH Group and gained sales experience before serving successively as Manager of the Operation Support Division and Cost Management Division. He currently serves as Manager of the Management Strategy Headquarters, possessing extensive experience and a proven track record in overseeing the entire PPIH Group and formulating strategic plans.	●	●		●			
Hitomi Ninomiya	Director and Executive Officer	She possesses abundant experience, having managed a broad range of design-related operations ranging from the exteriors and interiors of stores to merchandise at companies in the Group. At the same time, she serves as the Head of the Diversity Management Committee, which primarily promotes women's participation and advancement in the workplace, and works on initiatives such as support for LGBTQ+, promotion of seniors' and non-Japanese people's participation and advancement in the workplace, and promotion of the employment of people with disabilities.	●	●				●	●
Isao Kubo*	Outside Director	He possesses abundant insight related to corporate management, having engaged in corporate planning and audit-related services for many years at ITOCHU Corporation, and has held important posts such as Managing Executive Officer and General Manager of Internal Audit Division at that same company and Chief Strategy Officer and General Manager of the Corporate Planning Division of FamilyMart Co., Ltd.	●	●	●	●	●	●	
Yasunori Yoshimura*	Outside Director (Audit and Supervisory Committee Member)	He possesses experience that includes serving in such important positions as a Special Advisor to the Cabinet, Professor at a university, and President of various learned societies.	●				●	●	●
Jumpei Nishitani*	Outside Director (Audit and Supervisory Committee Member)	As a professor of business administration at a university, he has a high degree of expertise and extensive experience in accounting and economics.	●		●	●	●	●	●
Masaharu Kamo*	Outside Director (Audit and Supervisory Committee Member)	He served in important positions at a consulting company and at an operating company, and possesses abundant experience and broad insight related to corporate planning, etc., as a result of being involved in corporate management for many years.	●	●	●	●	●	●	
Takaki Ono*	Outside Director (Audit and Supervisory Committee Member)	He held key positions in the banking sector. He possesses extensive experience and broad insights in the finance and banking fields.	●	●	●	●		●	
Naoko Kishimoto*	Outside Director (Audit and Supervisory Committee Member)	She holds a law certification, advanced expertise, extensive experience, and insights into companies engaged in global transactions.			●		●	●	●
Takao Yasuda	Director (non-standing)	He is the founder of our company, created a new business format as a discounter, and has driven the development of the Group. He leads overseas business operations from Singapore.	●	●	●	●	●	●	●
Yusaku Yasuda	Director (non-standing)	As a member of the founding family, he leverages his youthful perspective and international experience to embody the qualities of a value provider aligned with our Group's philosophy.					●		●
Naoki Yoshida	Director	He has a performance record of playing a key role in supporting many aspects of the PPIH Group, such as the divisions responsible for compliance and governance including the Group's legal affairs and labor affairs, the divisions in charge of finance, accounting and tax affairs, and the Group's strategic planning division both in Japan and overseas. As President and CEO, Representative Director, he promoted a series of new strategies, including management integration, and organizational reforms to facilitate the delegation of authority and the development of the next generation of leaders. In addition, he possesses abundant experience and broad insight in relation to corporate management based on his successive service as president at various companies.	●	●	●	●	●	●	●

*All 6 outside directors are designated as independent officers in accordance with Tokyo Stock Exchange requirements and reported to the Exchange.

Domestic Discount Store Business

Main points of our strategy

- Tax-free sales continue to expand in popularity, becoming the “undisputed leader” overwhelming competitors
- Strengthening collaboration with national brand manufacturers, including switching to OEM for staple products
- Continuing new store openings with diverse formats, advancing the “Cover Japan” initiative

Reflecting on FY6/2025

Domestic discount store business achieved significant increases in both sales and profits in FY6/25, surpassing 100 billion yen in operating income for the first time.

Net sales reached 1.4453 trillion yen (126.7 billion yen increase YoY), with same-store sales growing by 7.1% YoY. Despite significant changes in the consumer environment, including inflation and shifts in purchasing behavior toward price consciousness, both tax-free and non-tax-free sales continued to show strong growth. This was particularly driven by the expansion of tax-free sales through product offerings capturing increasing inbound tourists and demand by nationality, successful marketing strategies centered on pricing strategies, successful merchandising strategies that captured seasonal product demand and trends, and 25 new store openings.

Gross profit amounted to 402.6 billion yen (42.4 billion yen increase YoY), with a gross profit margin of 27.9%

(+0.6 pts YoY). Sales of PB/OEM products increased to 317.0 billion yen (70.9 billion yen increase YoY), with their sales composition ratio increasing to 22.8% (+3.5 pts YoY). In addition, the gross profit margin improved due to the expansion of tax-free sales, and profitability continued to improve while reinvesting in pricing.

SG&A expenses increased to 298.8 billion yen (24.6 billion yen increase YoY) due to costs for opening 25 new stores, investments in human capital, and the recording of size-based business tax resulting from the capital increase. However, the SG&A ratio decreased to 20.7% (-0.1 pts YoY), below the previous year’s level, due to continued net sales growth and productivity improvements.

As a result, operating income reached 103.8 billion yen (17.8 billion yen increase YoY), and the operating income margin improved to 7.2% (+0.7 pts YoY), further strengthening our earning power.

Progress of Initiatives (Strategies)

*For future domestic business strategies, please refer to Double Impact 2035 (P11-12).

1. PB/OEM strategies

Enhanced media exposure through TV commercials and programs further expanded our brand strength and customer recognition. We continued developing unique hit products that captured customer needs, including our first beer and high-powered circulators. We also made progress in switching staple products to OEM, such as smartphone accessories and carry-on suitcases. Beyond utilizing customer feedback through “maji-voice (raw customer review),” the PPIH Group launched development of “NPB” products that combine “the brand power of national brand manufacturers with the PPIH Group’s unique challenge-driven approach” by forming strong partnerships with national brand manufacturers.

2. Tax-free sales strategies

In line with increasing inbound tourist numbers, store-specific merchandising strategies for diverse customers, development of hit products such as “TKG-style Rice Sauce” and enhanced promotions tailored to each country drove tax-free sales to 174.2 billion yen (48.6% increase YoY), achieving record-high sales. Our customer share among inbound tourists expanded to 24.7% (+2.3 pts YoY), with visitors from over 200 countries and regions.

3. New store opening strategy

The PPIH Group opened 25 stores in FY6/25. With the opening of the Don Quijote Kochi Store, which received significant media attention, we achieved store presence in all 47 prefectures across Japan. To meet growing inbound tourist demand, we opened our first tourism-oriented satellite stores in Shinjuku, Tokyo and in Okinawa. Our rail-side stores, where we are strengthening expansion, also confirmed high profitability. These diverse store formats have broadened the scope of our future store expansion strategies.

4. Customer acquisition strategy

Pricing strategies such as “maji-kakaku (exclusive price for app members),” which offers products customers want at astonishingly affordable prices, and campaigns like the “maji majica point rebate campaign” to support customers amid rising prices drove majica app membership to surpass 18 million in July 2025. Additionally, various strategies contributed to expanding our customer base, including “maji-katsu (a new initiative where customers can earn products as rewards by achieving in-app conditions)” to increase store visit frequency, and “U24 maji-wari (a promotion offering special deals for customers aged 24 and under).”

Domestic UNY Business

Main points of our strategy

- Pricing strategy initiatives centered on “maji-kakaku (exclusive price for app members)” drive further popularity
- Non-food reforms advance with the introduction of new categories, broadening customer base
- Accelerated collaboration with PPIH Group talent and products drives growth

Reflecting on FY6/2025

Domestic UNY business saw increases in both sales and profits in FY6/25. Net sales amounted to 470.2 billion yen (7.7 billion yen increase YoY). As part of strengthened sales promotion strategies, we carefully selected products that customers truly want, and diverse initiatives including “maji-kakaku,” seasonal events, campaigns, and enhanced in-store presentations proved effective, contributing to expanded customer traffic and sales.

We also launched non-food reforms leveraging the PPIH Group’s strengths, moving beyond the conventional “clothing, food, and housing” framework to develop a proposal-based product lineup evoking lifestyle needs such as “beauty, relaxation, entertainment, and time-saving.” We introduced growth categories such as character goods and seasonal appliances to make an impression with new products and expand the customer base.

Gross profit amounted to 161.6 billion yen (0.6 billion

yen increase YoY), with a gross profit margin of 34.4% (-0.4 pts YoY). While sales and customer traffic improved due to strengthened pricing strategies, the profit margin fell below the previous year’s level. However, PB/OEM sales expanded to 120.7 billion yen (10.8 billion yen increase YoY), supporting the gross profit margin.

SG&A expenses amounted to 126.3 billion yen (0.5 billion yen decrease YoY), with an SG&A ratio of 26.9% (-0.6 pts YoY). As a result of continued productivity improvements and sales growth that controlled the SG&A ratio, operating income reached 35.3 billion yen (1.1 billion yen increase YoY), achieving growth with an operating income margin of 7.5% (+0.1 pts YoY).

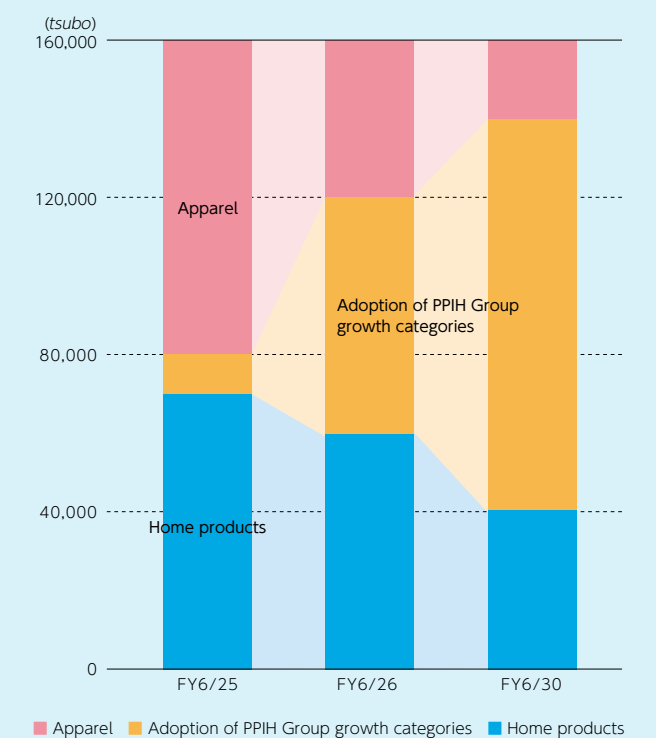
Future Strategy

As collaboration with PPIH Group talent and products becomes fully operational, we will advance merchandising renewal centered on the Apita business, focusing on “wide catchment area + price + added value” to further drive store visits. In the food category, we will leverage price competitiveness and add value under the theme of “color, seasonality, and rarity” to meet a wide range of demand from everyday meals to special occasions. For fresh foods, we will strengthen the provision of high-quality products through procurement capabilities and specialized technical expertise.

In the non-food category, targeting 85,000 *tsubo* (about 280,991 m²), we will proceed with the restructuring of apparel, the biggest challenge, implementing a complete overhaul of product composition over 5 years at 15,000 *tsubo* (about 49,586 m²) per year. In addition to deploying growth categories such as trend products, character goods, recovery wear, and seasonal and cooking appliances across all stores, we will actively introduce products that deliver “surprise,” “laughter,” and “excitement” that Apita has lacked, creating new appeal for upper-floor areas and increasing the desire to visit.

Additionally, while Piago will convert to a new format, Apita will serve as a destination for Piago customers. We aim to create stores that leverage our “large-format stores” to meet weekend bulk-buying demand, everyday discount demand, and special occasion demand.

Non-food sales floor area plan



Overseas Business

Main points of our strategy

- Overseas business emerges from its worst period, with increases in both sales and profits in the current fiscal year. Rebuilding the foundation for growth
- North America business promotes earnings improvement through store opening strategies for scaling and operational improvements
- Asia business drives store visits by strengthening its offering of astonishingly affordable products and trend products

Reflecting on FY6/2025

North America business recorded increased sales but decreased profits in FY6/25.

Net sales reached 260.4 billion yen (13.0 billion yen increase YoY) due to successful customer attraction initiatives such as TOKYO CENTRAL events and extended operating hours, 4 new store openings, and foreign exchange effects, despite the loss of 1 store due to wildfires in California.

Gross profit amounted to 96.7 billion yen (4.2 billion yen increase YoY), and the gross profit margin was 37.1% (-0.3 pts YoY) due to discounted sales and product disposal resulting from system failures in Hawaii and inventory operation deficiencies in Guam.

SG&A expenses were 92.5 billion yen (4.6 billion yen increase YoY) due to costs related to higher growth investments in new stores. While promotion of labor cost control at Gelson's, keeping the SG&A ratio at 35.5% (+0.0 pts YoY). Consequently, operating income declined to 4.1

billion yen (0.4 billion yen decrease YoY).

Asia business recorded increases in both sales and profits in FY6/25.

Net sales reached 91.5 billion yen (6.3 billion yen increase YoY) due to improved customer traffic through price appeals on spot products from strengthened negotiations with local companies and foreign exchange effects.

Gross profit amounted to 33.3 billion yen (1.6 billion yen increase YoY), and the gross profit margin was 36.3% (-0.8 pts YoY) as we pushed forward with pricing strategies.

SG&A expenses amounted to 31.2 billion yen (0.1 billion yen decrease YoY) with an SG&A ratio of 34.1% (-2.7 pts YoY) as we advanced productivity improvements across all of Asia, including workforce optimization and in-house operations. Consequently, operating income reached 2.1 billion yen (1.8 billion yen increase YoY).

Future Strategy

North America business aims to improve earnings by expanding through TOKYO CENTRAL store openings and improving operations.

TOKYO CENTRAL has gained support primarily from customers in Asian catchment areas for its product lineup, quality, and prices as a niche specialty store for Japanese products. With same-store operating income margins exceeding 13% for 2 consecutive years, it is becoming a highly profitable store format. We are verifying the effects of new stores in terms of operations such as central kitchens and distribution centers, as well as profitability, and are advancing expansion preparations with future store openings in new states.

In Hawaii and Guam, we will advance SG&A expense control and improve profitability by introducing operational improvements such as reducing product disposal and inventory adjustments, as well as managing labor hour productivity.

Asia business will restore popularity by increasing spot products through strengthened negotiations with local manufacturers, which proved effective in H2 FY6/24, and by spreading pricing strategies across all of Asia, such as price appeals for products popular with inbound tourists in Japan.

Additionally, toward establishing the business concept,

we aim to build a merchandising cycle that quickly captures changes in customer needs and rapidly introduces the trend products customers seek. The PPIH Group aims to create stores where the latest trend products are always available, including the introduction of a "JAPAN TREND INDEX" corner that highlights the newest trending items.



IR Activities

The PPIH Group actively engages with institutional investors and analysts to build trust and strengthen understanding of our management approach, business strategies, and sustainability efforts. Feedback received during dialogue opportunities such as individual meetings and store tours is shared with management and reflected in initiatives to further enhance corporate value.

Major dialogue activities (FY6/25)

Activity	Number of Times
Financial results briefings for analysts and institutional investors	4
Individual meetings with analysts and institutional investors (domestic and overseas)	530
Overseas roadshows	2
Store tours	15
Participation in securities firm conferences (domestic and overseas)	*97 meetings conducted

External ESG Evaluations (as of end of July 2025)



FTSE4Good



FTSE Blossom Japan Index



FTSE Blossom Japan Sector Relative Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



*FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index are designed by FTSE Russell, a global index provider, to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. These indexes are widely used in the creation and evaluation of responsible investment funds and other financial products.

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TOPICS

Selected as a constituent of all 6 ESG investment indexes adopted by GPIF

The PPIH Group was newly selected as a constituent of FTSE Blossom Japan Index, an ESG evaluation index. As a result, we have been selected as a constituent of all Japanese equity ESG indexes adopted by the Government Pension Investment Fund (GPIF).

PPIH first ESG briefing session

The PPIH Group held an ESG briefing session in July 2025. Based on our corporate philosophy collection "The Source," we introduced our sustainability initiatives across 5 themes (ESG management, human capital, diversity, supply chain management, and the environment).



Materials, videos, and Q&A from the ESG briefing session are available at the URL below:

<https://ppih.co.jp/en/sustainability/>



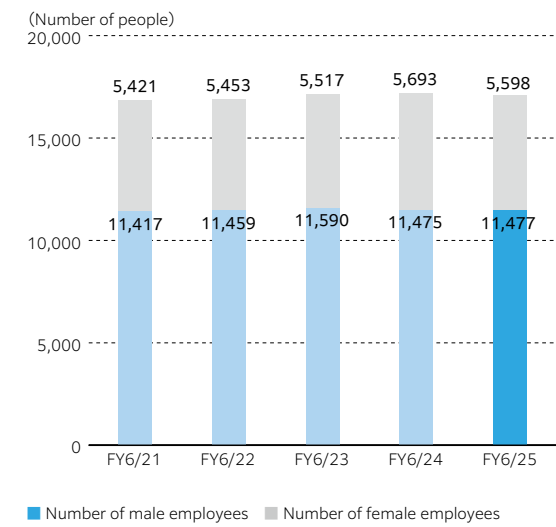
Financial and Non-Financial Highlights

	FY6/15	FY6/16	FY6/17	FY6/18	FY6/19 ^{*3}	FY6/20 ^{*4}	FY6/21 ^{*5}	FY6/22 ^{*6}	FY6/23	FY6/24	FY6/25
Net sales	683,981	759,592	828,798	941,508	1,328,874	1,681,947	1,708,635	1,831,280	1,936,783	2,095,077	2,246,758
Cost of sales	502,240	557,699	610,218	697,517	958,347	1,200,831	1,211,400	1,287,892	1,336,393	1,432,179	1,530,025
Selling, general and administrative expenses	142,638	158,708	172,395	192,423	307,417	405,692	416,003	454,701	495,131	522,705	554,437
Operating income	39,103	43,185	46,185	51,568	63,110	75,424	81,232	88,688	105,259	140,193	162,296
Ordinary income	40,160	43,797	45,523	57,218	68,240	74,600	81,452	100,442	110,994	148,709	158,542
Profit before income taxes	39,157	42,113	55,325	56,373	66,284	72,588	64,191	92,028	100,739	130,506	136,910
Profit attributable to owners of parent	23,148	24,938	33,082	36,405	47,066	49,927	53,734	61,928	66,167	88,701	90,512
Total assets	505,666	560,568	642,868	806,778	1,282,100	1,297,231	1,370,115	1,383,678	1,481,058	1,498,410	1,511,026
Total net assets	221,367	244,547	279,930	312,495	352,300	388,999	438,628	399,247	463,539	547,003	624,044
Basic earnings per share (yen) ^{*1}	36.77	39.44	52.30	57.53	74.36	78.79	84.74	102.64	110.94	148.64	151.59
Diluted earnings per share (yen) ^{*1}	36.65	39.41	52.26	57.41	74.13	78.58	84.52	102.41	110.67	148.09	150.95
Cash dividends per share (yen) ^{*1}	5.00	5.50	6.50	8.00	10.00	15.00	16.00	17.00	20.00	30.00	35.00
Consolidated dividend payout ratio (%)	13.6	13.9	12.4	13.9	13.4	19.0	18.9	16.6	18.0	20.2	23.1
Return on assets (ROA) (%)	4.9	4.7	5.5	5.0	4.5	3.8	4.0	4.5	4.6	6.0	6.0
Return on equity (ROE) (%)	11.6	11.2	13.5	13.3	15.2	14.3	13.6	15.3	15.7	17.9	15.8
Number of purchasing customers	283,039,023	304,899,600	333,215,267	370,829,179	528,888,368	660,601,089	646,894,352	663,998,892	663,919,818	682,155,462	703,156,276
Number of purchased items	1,824,446,232	2,039,829,666	2,313,489,393	2,662,827,579	4,108,663,303	5,315,271,867	5,374,521,949	5,457,684,270	5,242,121,439	5,271,392,381	5,339,713,844
Number of Group employees	6,029	6,857	6,708	7,876	13,546	14,186	16,838	16,912	17,107	17,168	17,075
Number of female store managers in Japan	-	-	-	-	-	-	13	26	31	39	46
Number of new graduate hires in Japan	-	-	-	225	385	380	277	466	433	286	296
% of female employees in new graduate hires in Japan	-	-	-	46.7	38.7	38.4	39.0	44.8	43.2	51.7	51.4
CO ₂ emissions (t-CO ₂) ^{*2}	-	-	-	268,880	381,608	567,357	534,349	522,868	512,505	510,253	501,766

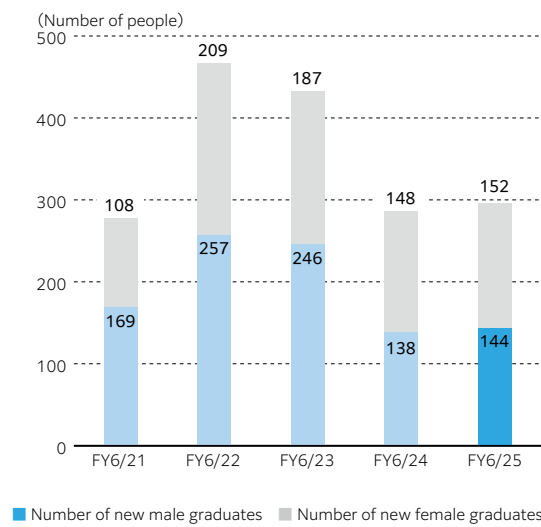
^{*1} Calculated information per share assuming that the share split (2-for-1) conducted on July 1, 2015 and share split (4-for-1) conducted on September 1, 2019 took place at the start of FY6/15.
^{*2} Total for Scopes 1 and 2 calculated on a market basis; Extent of data aggregation: major domestic Group companies; UNY Co., Ltd. was added from January 2019; Data aggregation period: April of the previous year to March of the current year; Scope 2 emission factors: adjusted emission factor for each electric power company
^{*3} Regarding the corporate integration with UNY, values related to FY6/19 utilize confirmed content following confirmation in FY6/20 statements of provisional accounting measures used in FY6/19.

^{*4} In FY6/21, the Group changed its accounting method for inventories. This change has been retroactively applied to the figures for FY6/20.
^{*5} Regarding the corporate integration with GRCY Holdings, Inc., the figures for FY6/21 are final figures taken from FY6/22 statements that confirm and finalize the provisional accounting measures used in FY6/21.
^{*6} From the beginning of FY6/22, the PPIH Group has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and others.

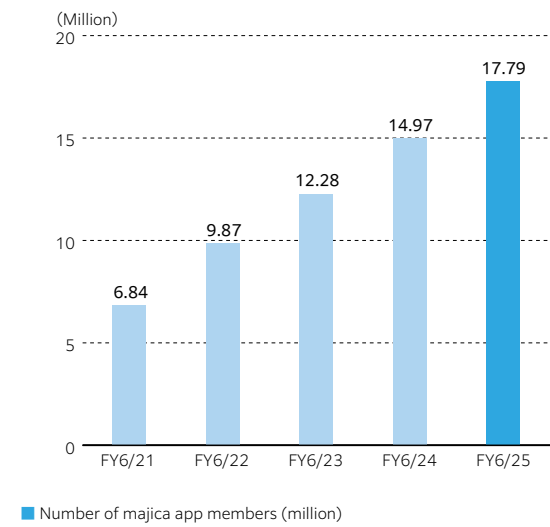
Number of Group employees by gender



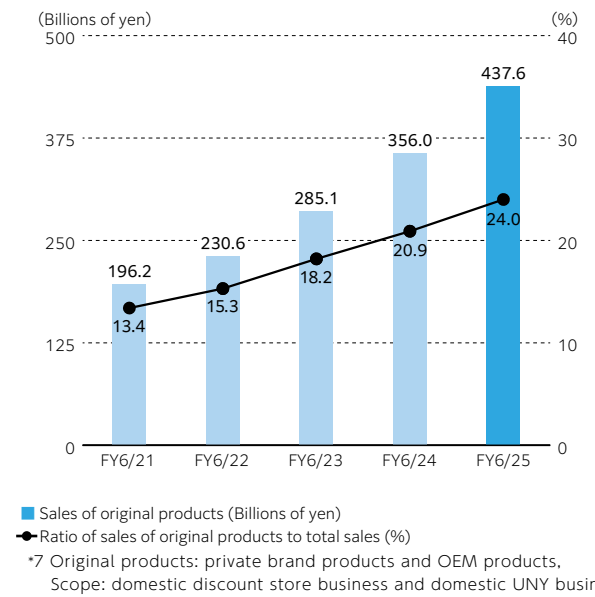
Number of new graduate hires by gender in Japan



Number of majica app members



Sales of original products^{*7} / Ratio of sales of original products to total sales



Financial Performance

Consolidated Balance Sheets

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
As of June 30, 2024 and 2025

		Millions of yen	Millions of U.S. dollars
	2024	2025	2025
Assets			
Current assets			
Cash and deposits (Note 3)	¥ 172,719	¥ 171,958	\$ 1,187
Notes and accounts receivables-trade (Note 1)	17,068	18,956	131
Accounts receivables-installment	57,333	57,749	399
Operating loans	9,613	9,456	65
Merchandise and finished goods (Note 3)	198,979	224,902	1,553
Prepaid expenses	8,695	9,476	65
Deposits paid	15,800	5,764	40
Other	36,452	35,367	244
Allowance for doubtful accounts	(3,227)	(5,637)	(39)
Total current assets	513,432	527,990	3,646
Non-current assets			
Property, plant and equipment			
Buildings and structures (Note 3)	540,773	559,008	3,860
Accumulated depreciation	(201,256)	(220,052)	(1,519)
Accumulated impairment loss	(30,843)	(43,243)	(299)
Buildings and structures, net	308,674	295,714	2,042
Tools, furniture and fixtures	135,202	144,664	999
Accumulated depreciation	(90,524)	(97,879)	(676)
Accumulated impairment loss	(6,707)	(8,889)	(61)
Tools, furniture and fixtures, net	37,971	37,895	262
Other	3,163	3,102	21
Accumulated depreciation	(1,629)	(1,535)	(11)
Accumulated impairment loss	(0)	(2)	(0)
Other, net	1,534	1,565	11
Land (Note 3)	356,663	354,219	2,446
Construction in progress	4,197	3,657	25
Right-of-use assets	40,985	39,752	274
Accumulated depreciation	(7,397)	(6,582)	(45)
Accumulated impairment loss	(7,166)	(8,236)	(57)
Right-of-use assets, net	26,423	24,934	172
Total property, plant and equipment	735,463	717,985	4,958
Intangible assets			
Goodwill	62,574	62,853	434
Other	32,074	40,738	281
Total intangible assets	94,647	103,590	715
Investments and other assets			
Investment securities (Note 2)	35,688	37,901	262
Long-term prepaid expenses	4,647	4,460	31
Retirement benefit asset	18,372	18,355	127
Deferred tax assets	25,609	28,042	194
Leasehold and guarantee deposits	68,737	68,226	471
Other (Note 3)	3,171	5,617	39
Allowance for doubtful accounts	(1,357)	(1,140)	(8)
Total investments and other assets	154,867	161,461	1,115
Total non-current assets	984,978	983,036	6,788
Total assets	¥ 1,498,410	¥ 1,511,026	\$ 10,434

		Millions of yen	Millions of U.S. dollars
	2024	2025	2025
Liabilities			
Current liabilities			
Notes and accounts payables-trade	¥ 197,151	¥ 194,883	\$ 1,346
Current portion of long-term loan payables (Note 8)	48,615	56,375	389
Current portion of bond payables	650	20,650	143
Accounts payables-other	60,874	57,483	397
Lease obligations	2,809	2,839	20
Accrued expenses	31,300	29,540	204
Deposits received	13,971	13,396	93
Income taxes payables	25,547	29,299	202
Provision for point card certificates	1,379	1,598	11
Contract liabilities	18,966	20,055	138
Other (Note 3)	17,958	15,475	107
Total current liabilities	419,220	441,593	3,049
Non-current liabilities			
Bond payables	191,075	170,425	1,177
Long-term loan payables (Note 8)	224,657	156,929	1,084
Lease obligations	32,897	35,370	244
Asset retirement obligations	31,395	32,077	221
Other (Note 3)	52,163	50,588	349
Total non-current liabilities	532,187	445,389	3,075
Total liabilities	951,407	886,982	6,125
Net assets			
Shareholders' equity			
Capital stock	23,538	23,689	164
Capital surplus	17,659	17,810	123
Retained earnings	559,538	629,753	4,349
Treasury shares	(80,956)	(80,957)	(559)
Total shareholders' equity	519,778	590,294	4,076
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,126	3,161	22
Foreign currency translation adjustment	13,857	11,656	80
Remeasurements of defined benefit plans	733	643	4
Total accumulated other comprehensive income	16,716	15,460	107
Share acquisition rights	1,442	2,080	14
Non-controlling interests	9,066	16,210	112
Total net assets	547,003	624,044	4,309
Total liabilities and net assets	¥ 1,498,410	¥ 1,511,026	\$ 10,434

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2024 and 2025

	2024	2025	2025
		Millions of yen	Millions of U.S. dollars
Net sales (Note 1)	¥2,095,077	¥2,246,758	\$15,514
Cost of sales (Note 2)	1,432,179	1,530,025	10,565
Gross profit	662,898	716,733	4,949
Selling, general and administrative expenses (Note 3)	522,705	554,437	3,828
Operating income	140,193	162,296	1,121
Non-operating income			
Interest and dividend income	1,063	1,326	9
Share of profit of affiliates accounted for using equity method	666	615	4
Foreign exchange gains	10,278	-	-
Penalty income	1,068	519	4
Other	4,039	5,788	40
Total non-operating income	17,114	8,249	57
Non-operating expenses			
Interest expenses paid on loans and bonds	6,986	6,403	44
Foreign exchange losses	-	4,619	32
Other	1,612	981	7
Total non-operating expenses	8,598	12,002	83
Ordinary income	148,709	158,542	1,095
Extraordinary income			
Gain on sale of non-current assets (Note 4)	15	216	1
Compensation income	550	-	-
Gain on reversal of asset retirement obligations	228	-	-
Reversal of provision for loss on store closings	-	798	6
Other	94	10	0
Total extraordinary income	887	1,023	7
Extraordinary losses			
Impairment loss (Note 5)	14,165	18,467	128
Loss on retirement of non-current assets (Note 6)	1,834	1,507	10
Loss on store closings (Note 7)	2,240	1,745	12
Loss on disaster	654	52	0
Other	196	884	6
Total extraordinary losses	19,089	22,655	156
Profit before income taxes	130,506	136,910	945
Income taxes-current	47,395	48,276	333
Income taxes-deferred	(4,085)	(2,718)	(19)
Total income taxes	43,309	45,558	315
Profit	87,197	91,352	631
Profit (loss) attributable to non-controlling interests	(1,504)	840	6
Profit attributable to owners of parent	¥88,701	¥90,512	\$625

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2024 and 2025

	2024	2025	2025
		Millions of yen	Millions of U.S. dollars
Profit	¥87,197	¥91,352	\$631
Other comprehensive income			
Valuation difference on available-for-sale securities	236	1,315	9
Foreign currency translation adjustment	6,580	(2,247)	(16)
Remeasurements of defined benefit plans, net of tax	221	(164)	(1)
Share of other comprehensive income of affiliates accounted for using equity method	65	73	1
Total other comprehensive income (Note)	7,101	(1,023)	(7)
Comprehensive income	¥94,298	¥90,329	\$624
Comprehensive income attributable to:			
Owners of parent	¥95,427	¥89,256	\$616
Non-controlling interests	(1,128)	1,073	7

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2024 and 2025

	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
2024												
Balance at beginning of current period	¥23,351	¥17,509	¥483,366	¥(80,956)	¥443,270	¥1,690	¥7,797	¥503	¥9,991	¥771	¥9,507	¥463,539
Changes of items during period												
Issuance of new shares	186	186			373							373
Dividends of surplus			(12,529)		(12,529)							(12,529)
Profit attributable to owners of parent			88,701		88,701							88,701
Purchase of treasury shares				(0)	(0)							(0)
Capital increase of consolidated subsidiaries		(37)			(37)							(37)
Net changes of items other than shareholders' equity						436	6,060	230	6,725	671	(441)	6,956
Total changes of items during period	186	149	76,172	(0)	76,508	436	6,060	230	6,725	671	(441)	83,464
Balance at end of current period	¥23,538	¥17,659	¥559,538	¥(80,956)	¥519,778	¥2,126	¥13,857	¥733	¥16,716	¥1,442	¥9,066	¥547,003

	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
2025												
Balance at beginning of current period	¥23,538	¥17,659	¥559,538	¥(80,956)	¥519,778	¥2,126	¥13,857	¥733	¥16,716	¥1,442	¥9,066	¥547,003
Changes of items during period												
Issuance of new shares	151	151			302							302
Dividends of surplus			(20,297)		(20,297)							(20,297)
Profit attributable to owners of parent			90,512		90,512							90,512
Purchase of treasury shares				(1)	(1)							(1)
Capital increase of consolidated subsidiaries											6,120	6,120
Decrease in consolidated subsidiaries - non-controlling interests											(86)	(86)
Net changes of items other than shareholders' equity						1,036	(2,201)	(90)	(1,256)	638	1,111	492
Total changes of items during period	151	151	70,215	(1)	70,516	1,036	(2,201)	(90)	(1,256)	638	7,144	77,041
Balance at end of current period	¥23,689	¥17,810	¥629,753	¥(80,957)	¥590,294	¥3,161	¥11,656	¥643	¥15,460	¥2,080	¥16,210	¥624,044

	Shareholders' equity					Accumulated other comprehensive income						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
2025												
Balance at beginning of current period	\$163	\$122	\$3,864	\$(559)	\$3,589	\$15	\$96	\$5	\$115	\$10	\$63	\$3,777
Changes of items during period												
Issuance of new shares	1	1			2							2
Dividends of surplus			(140)		(140)							(140)
Profit attributable to owners of parent			625		625							625
Purchase of treasury shares				(0)	(0)							(0)
Capital increase of consolidated subsidiaries											42	42
Decrease in consolidated subsidiaries - non-controlling interests											(1)	(1)
Net changes of items other than shareholders' equity						7	(15)	(1)	(9)	4	8	3
Total changes of items during period	1	1	485	(0)	487	7	(15)	(1)	(9)	4	49	532
Balance at end of current period	\$164	\$123	\$4,349	\$(559)	\$4,076	\$22	\$80	\$4	\$107	\$14	\$112	\$4,309

Consolidated Statements of Cash Flows

Pan Pacific International Holdings Corporation and Consolidated Subsidiaries
For the fiscal years ended June 30, 2024 and 2025

	2024	Millions of yen 2025	Millions of U.S. dollars 2025
Cash flows from operating activities			
Profit before income taxes	¥ 130,506	¥ 136,910	\$ 945
Depreciation and amortization	46,231	47,889	331
Impairment loss	14,165	18,467	128
Increase in allowance for doubtful accounts	716	2,212	15
Interest and dividend income	(1,063)	(1,326)	(9)
Interest expenses on borrowings and bonds	6,986	6,403	44
Foreign exchange losses (gains)	(9,763)	4,162	29
Share of profit of entities accounted for using equity method	(666)	(615)	(4)
Gain on sale and retirement of non-current assets	1,823	1,322	9
Loss on store closings	2,240	1,745	12
Offset payments for house rental fee with lease and guarantee deposits	2,111	2,035	14
Increase in trade receivables	(3,012)	(1,958)	(14)
Increase in inventories	(1,623)	(26,931)	(186)
Increase (decrease) in trade payables	26,106	(1,902)	(13)
Increase in accounts receivable – installment	(2,164)	(650)	(4)
Increase (decrease) in accounts payable – other	8,722	(4,182)	(29)
Decrease in deposits received	(69)	(602)	(4)
Increase (decrease) in other current liabilities	2,394	(637)	(4)
Increase (decrease) in other non-current liabilities	78	(1,063)	(7)
Other, net	(20,841)	189	1
Subtotal	202,878	181,467	1,253
Interest and dividend income received	800	1,087	8
Interest paid	(7,296)	(6,628)	(46)
Income taxes paid	(48,659)	(48,129)	(332)
Income taxes refund	3,284	3,383	23
Proceeds from insurance income	-	1,043	7
Payments associated with disaster loss	(630)	(434)	(3)
Dividends received from entities accounted for using equity method	178	179	1
Net cash provided by operating activities	150,554	131,968	911
Cash flows from investing activities			
Purchase of property, plant and equipment	(86,221)	(38,672)	(267)
Proceeds from sale of property, plant and equipment	124	3,160	22
Purchase of intangible assets	(8,372)	(13,461)	(93)
Payments of leasehold and guarantee deposits	(1,199)	(1,484)	(10)
Proceeds from refund of leasehold and guarantee deposits	1,532	673	5
Payment for store opening in progress	(159)	(512)	(4)
Purchase of shares of subsidiaries and associates	(93)	(387)	(3)
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 2)	-	(10,331)	(71)
Other, net	(345)	(67)	(0)
Net cash used in investing activities	(94,733)	(61,080)	(422)
Cash flows from financing activities			
Proceeds from long-term borrowings	50,000	40,000	276
Repayments of long-term borrowings	(84,820)	(99,257)	(685)
Proceeds from issuance of bonds	69,789	-	-
Redemption of bonds	(150,930)	(650)	(4)
Dividends paid	(12,529)	(20,297)	(140)
Proceeds from share issuance to non-controlling shareholders	407	6,120	42
Other, net	(1,862)	(1,830)	(13)
Net cash used in financing activities	(129,945)	(75,914)	(524)
Effect of exchange rate change on cash and cash equivalents	15,129	(6,336)	(44)
Net decrease in cash and cash equivalents	(58,995)	(11,362)	(78)
Cash and cash equivalents at beginning of period	246,195	187,199	1,293
Cash and cash equivalents at end of period (Note 1)	¥ 187,199	¥ 175,837	\$ 1,214

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

For the fiscal years ended June 30, 2024 and 2025

(Basis of Presenting Consolidated Financial Statements)

The accompanying consolidated financial statements of Pan Pacific International Holdings Corporation (“the Company”) and its consolidated subsidiaries (collectively, “the Group”) have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of the International Financial Reporting Standards (“IFRSs”). Foreign subsidiaries maintain their records of account in conformity with the accounting and relevant legal requirements in the respective countries, and there are no significant differences from the accounting standards adopted by the Company.

Each amount in the accompanying consolidated financial statements is rounded off to the nearest million yen. The U.S. dollar amounts are included solely for the convenience of readers outside Japan and are stated at the exchange rate of ¥144.82 to U.S.\$1, the rate prevailing on June 30, 2025. These translations should not be construed as representations that Japanese yen amounts actually represent or have been or could be converted into U.S. dollars at that or any other rate.

The consolidated financial statements are not intended to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(Significant Matters for the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries 73

Names of consolidated subsidiaries

Don Quijote Co., Ltd.
UNY Co., Ltd.
Nagasakiya Co., Ltd.
UD Retail Co., Ltd.
Japan Asset Marketing Co., Ltd.
Pan Pacific International Financial Service Corporation
UCS Co., Ltd.
Japan Commercial Establishment Co., Ltd.
Pan Pacific Retail Management (Singapore) Pte. Ltd.
Pan Pacific Retail Management (Hong Kong) Co., Ltd.
Don Quijote (USA) Co., Ltd.
Gelson’s Markets
MARUKAI CORPORATION
QSI, Inc.
And 59 other companies

During the fiscal year ended June 30, 2025, the Company acquired all shares of Mikuni Restaurant Group Inc. and included them in the scope of consolidation. In addition, the Company established Vanshow USA Co. and Vanshow California and included them in the scope of consolidation. Vanshow USA Co. and Vanshow California fall under specified subsidiaries.

During the fiscal year ended June 30, 2025, three companies were excluded from the scope of consolidation due to the completion of liquidation.

(2) Names, etc., of major non-consolidated subsidiaries

11 non-consolidated subsidiaries are excluded from the scope of consolidation due to the scale of their business, and total assets, net sales, profit or loss (amount corresponding to equity interest), and retained earnings (amount corresponding to equity interest) not having a material effect on the consolidated financial statements.

2. Application of the equity method

(1) Number of affiliates accounted for under the equity method 2
Names of affiliates accounted for under the equity method
Accretive Co., Ltd.
Kanemi Co., Ltd.

(2) Non-consolidated subsidiaries and affiliates not accounted for under the equity method

11 non-consolidated subsidiaries and five affiliates are not accounted for under the equity method because they are, individually or in aggregate, immaterial to the Group’s financial position and results of operation with respect to their profit or loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest).

3. Fiscal year-ends of consolidated subsidiaries

Of the consolidated subsidiaries, Don Quijote (USA) Co., Ltd. and 25 other companies have fiscal year-ends that differ from the consolidated fiscal year-end, but as the gap among the respective closing dates is not more than three months, the financial statements of these subsidiaries are used in the preparation of the consolidated financial statements.

However, necessary adjustments are made for the effects of significant transactions that occur during the gap between the fiscal year-ends of these subsidiaries and the consolidated fiscal year-end on June 30.

Of the consolidated subsidiaries, seven companies have fiscal year-ends that differ from the consolidated fiscal year-end by more than three months. Consequently, financial statements based on a provisional settlement of accounts on the consolidated closing date are used in the preparation of the consolidated financial statements.

Of the consolidated subsidiaries, Japan Asset Marketing Co., Ltd. and 13 other companies have fiscal year-ends that differ from the consolidated fiscal year-end. Consequently, financial statements based on a provisional settlement of accounts on the consolidated closing date are used in the preparation of the consolidate financial statements, as this would provide more appropriate management information.

4. Accounting policies

(1) Basis and method of valuation of significant assets

(a) Securities

Shares of subsidiaries and affiliates

Cost method by determining the cost using the moving average method

Available-for-sale securities

Securities other than stocks that do not have quoted market prices

Fair value method (The amounts of unrealized gains or losses from such securities, after accounting for tax effects, are presented in net assets. Costs of securities sold are calculated using the moving average method.)
Stocks that do not have quoted market prices
Cost method by determining the cost using the moving average method

(b) Derivatives
Fair value method

(c) Inventories
Cost method by determining the cost mainly using the moving average method (The amounts on the consolidated balance sheets are calculated using a method of writing down the book value due to a decline in profitability.)
For fresh food, cost method by determining the cost using the last purchased price method

(2) Depreciation method for significant depreciable assets
(a) Property, plant and equipment (excluding lease assets and right-of-use assets)
The declining-balance method is used for calculation of depreciation.

However, the Company and its domestic consolidated subsidiaries use the straight-line method for buildings (excluding fixtures) acquired on or after April 1, 1998 and tools, fixtures and structures acquired on or after April 1, 2016.

UNY Co., Ltd. and four other consolidated companies and foreign consolidated subsidiaries use the straight-line method.

The useful life and residual value are determined in accordance with the Corporation Tax Act of Japan.

(b) Intangible assets (excluding lease assets)
Straight-line method
Software for internal use is amortized using the straight-line method over an estimated internal useful life of five years.

(c) Lease assets and right-of-use assets
Lease assets and right-of-use assets are depreciated using the straight-line method over the lease term with no residual value.

(d) Long-term prepaid expenses
Straight-line method

(3) Accounting treatment for deferred assets

(a) Common stock issuance cost
Expense as incurred

(b) Bond issuance cost
Expense as incurred

(4) Basis for significant provision and allowance
(a) Allowance for doubtful accounts
Allowance for doubtful accounts is provided in amounts sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and the amount

calculated using the actual historical rate of losses and certain method based on the actual historical rate of losses. For foreign consolidated subsidiaries, the estimated uncollectible amount is provided mainly with respect to certain receivables.

(b) Provision for point card certificates
Provision for point card certificates is provided for the use of points given to members of credit cards, etc. at the amount expected to be used. The amount is estimated based on historical redemption experience and other factors.

(5) Accounting treatment for retirement benefits

(a) Allocation method of attributing expected benefits to period
In calculating retirement benefit obligations, the benefit formula method is used to allocate expected retirement payments to the period up to the current fiscal year-end.

(b) Treatment for actuarial differences and past service costs
Past service cost is amortized by the straight-line method over a period of 10 years which is shorter than the average remaining years of service of the eligible employees.

Actuarial differences are amortized commencing in the following years after the differences are recognized by the straight-line method over a period of 10 years which are shorter than the average remaining years of service of the eligible employees.

As of June 30, 2025, since the amount of pension assets exceeds the amount of retirement benefit obligations, the excess amount is recognized as a retirement benefit asset and presented on the consolidated balance sheets under investments and other assets.

(6) Significant revenue and expense recognition standards
The details of the main performance obligations in the major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries and the timing at which these performance obligations are typically satisfied (when revenue is typically recognized) are as follows:

(a) Sale of products
Revenue from sale of products in the Domestic business, North America business, and Asia business is recognized when products are transferred to a customer.
Revenue from sale of products in which the Company and its consolidated subsidiaries are deemed to be an agent is recognized at the net amount of the amount received in exchange for the products provided by the other party less the amount to be paid to the other party concerned.

(b) Rent business
In the Domestic business, North America business, and Asia business, the Company rents floor space in shopping malls and stores to tenants, and revenue is recognized from rental transactions in accordance with the ASBJ Statement No. 13 "Accounting Standard for Lease Transactions," and other standards.

(c) Financial income
Financial income in the Domestic business consists of credit fees and commissions from finance services, and revenue is recognized in accordance with the ASBJ Statement No. 10 "Accounting Standards for Financial Instruments" and other standards.

(7) Basis for foreign currency translation of significant assets and liabilities denominated in foreign currencies
All assets and liabilities denominated in foreign currencies are translated into Japanese yen at the prevailing rates of exchange at the consolidated balance sheet date except for shareholders' equity, which is translated at the historical rate. Exchange gains or losses resulting from translation of assets and liabilities are recognized in income or expenses.

The assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the prevailing rates of exchange at the respective balance sheet date. Income and expense items are translated at the average exchange rate prevailing during the fiscal year. Exchange gains or losses resulting from translation of financial statements are recognized as foreign currency translation adjustment and non-controlling interests under a separate component of net assets.

(8) Method and period of amortizing goodwill
Goodwill is amortized using the straight-line method over the reasonably estimated period in which investment effects will be revealed.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows
Funds (cash and cash equivalents) in the consolidated statements of cash flows comprise cash in hand, demand deposits, and short-term highly liquid investments with a maturity of three months or less from the time of purchase, which bear only low risks from fluctuations in value.

(Significant Accounting Estimates)

1. Loss on valuation of inventories

(1) Amount presented on the consolidated financial statements for the fiscal year ended June 30, 2025

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Merchandise and finished goods	¥198,979	¥224,902	\$1,553
Loss on valuation of inventories included in cost of sales	¥2,558	¥1,776	\$12

(2) Information on the details of significant accounting estimates of identified item

(i) Method of calculating the amount of loss on valuation of inventories

If the net selling value of inventories is lower than their book value, the difference is recognized as a loss on valuation of inventories. The Company writes down the book value of inventories on a systematic basis that have been unsold and no longer part of the normal operating cycle process, and records a loss on valuation.

(ii) Major assumptions used in significant accounting estimates
In calculating a loss on valuation of inventories that have been unsold and no longer part of the normal operating cycle process, the Company identifies products whose turnover ratio becomes lower than a certain ratio, and writes down the book value of the identified products on a systematic basis by a depreciation rate that is determined based on such factors as the previous sales record of the product group to which the identified products belong, the quantity of inventories, and future sales plans.

(iii) Impacts on the consolidated financial statements for the following fiscal year
The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by deterioration of market environments, changes in consumer preferences and lifestyles, and other factors. Therefore, depending on the future circumstances, an additional loss on valuation of inventories may arise in the following fiscal year.

2. Impairment of non-current assets

(1) Amount presented on the consolidated financial statements for the fiscal year ended June 30, 2025

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Property, plant and equipment	¥735,463	¥717,985	\$4,958
Intangible assets	¥94,647	¥103,590	\$715
Impairment loss	¥14,165	¥18,467	\$128

(2) Information on the details of significant accounting estimates of identified item

(i) Method of calculating the amount of impairment loss
The Group categorizes its assets by store and operating division as the smallest group of assets that generates cash flows. The Group determines whether or not there is any indication of impairment of rental properties and idle assets on an individual property basis. If any such indication exists, the Group determines whether or not it needs to recognize an impairment loss. As a result of such determination, if the Group needs to recognize an impairment loss, it reduces the book value of the asset to its recoverable amount, and recognizes the reduction as an impairment loss.

The Group determines that its assets have an indication of impairment when a store's profitability declines due to a seriously deteriorating operating environment and other factors; a store continuously generates losses from its operating activities; a property or store whose market price significantly declines; and a store that has been newly opened or is scheduled to be newly opened generates losses from its operating activities that exceed initial expectations, and is expected to continue to generate losses from its operating activities.

The Group determines that it needs to recognize an impairment loss of a property or store that has any indication of impairment when the total amount of undiscounted future cash flows is lower than the book value of the property or store.

The recoverable amount of each asset is determined

- to be the higher of either its net selling value or value in use. The net selling value is calculated based on factors such as the appraisal value by a real estate appraiser.
- (ii) Major assumptions used in significant accounting estimates Based on its past sales results, the Group takes into account changes in commercial zones, influences by competitors' stores, the operating environment, and other factors, forecasts future net sales and operating income and expenses by store, and calculates future cash flows.
- (iii) Impacts on the consolidated financial statements for the following fiscal year
- The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by the future operating environment and changes in market trends. Therefore, depending on the future circumstances, an additional impairment loss may arise in the following fiscal year.

3. Recoverability of deferred tax assets

(1) Amount presented on the consolidated balance sheet for the fiscal year ended June 30, 2025

		Millions of yen	Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Deferred tax assets	¥25,609	¥28,042	\$194

- (2) Information on the details of significant accounting estimates of identified item
- (i) Method of calculating the amount of deferred tax assets According to standards such as the "Accounting Standard for Tax Effect Accounting" and the "Implementation Guidance on Recoverability of Deferred Tax Assets," the Group assesses and calculates the recoverability of deferred tax assets for future deductible temporary differences and net operating loss carryforward, based on the estimates of the future taxable income predicted on a Group company basis.
- (ii) Major assumptions used in significant accounting estimates The Group calculates the future taxable income considering the impacts of such factors as individual sales initiatives and changes in customer trends based on the past sales results of each Group company.
- (iii) Impacts on the consolidated financial statements for the following fiscal year
- The aforementioned estimates and assumptions involve a high degree of uncertainty because they are affected by the future operating environment and changes in market trends. Therefore, depending on the future circumstances, deferred tax assets may fluctuate and impact income taxes-deferred in the following fiscal year.

(Change in Accounting Methods)

(Application of the "Accounting Standard for Current Income Taxes," etc.)

From the beginning of the fiscal year ended June 30, 2025, the Group has adopted the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "2022 Revised Accounting Standard"), etc.

Regarding the amendments to the classification of income taxes, etc. (taxation applicable to other

comprehensive income), the Group has followed the transitional treatment prescribed in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment prescribed in the proviso to Paragraph 65-2(2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Implementation Guidance"). This change in accounting methods has no impact on the consolidated financial statements.

In addition, with respect to the amendments related to the revision of the treatment in the consolidated financial statements when tax deferral is applied to gains and losses arising from the sale of shares of subsidiaries, etc. among consolidated companies, the Group has applied the 2022 Revised Implementation Guidance from the beginning of the fiscal year ended June 30, 2025. This change in accounting methods has been applied retrospectively, and the consolidated financial statements for the fiscal year ended June 30, 2024 have been prepared retrospectively. This change in accounting methods has no impact on the consolidated financial statements for the fiscal year ended June 30, 2024.

(Accounting Standards, etc. not yet Applied)

- "Accounting Standard for Leases" (ASBJ Statement No. 34, September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, September 13, 2024), as well as amendments related to accounting standards, implementation guidance, practical solution reports, and transfer guidance

(1) Overview

Consistent with international accounting standards, these set forth, the treatment requiring lessees to recognize assets and liabilities for all leases.

(2) Scheduled date of application

The standards will be scheduled to apply from the beginning of the fiscal year ending June 30, 2028.

(3) Impact of application of accounting standards, etc.

The impact of the application of the "Accounting Standard for Leases," etc. on the consolidated financial statements is currently being assessed.

(Changes in Presentation)

(Consolidated Statements of Cash Flows)

For the fiscal year ended June 30, 2024, the account "Increase in retirement benefit asset" under "Cash flows from operating activities," which was previously shown as a separate line item, is included in "Other, net" since the amount became immaterial. To reflect this change in presentation, certain reclassification was made to the consolidated financial statements for the fiscal year ended June 30, 2024.

As a result, the amount of ¥(275) million presented as "Increase in retirement benefit asset" under "Cash flows from operating activities" was reclassified to "Other, net" in the consolidated statement of cash flows for the fiscal year ended June 30, 2024.

(Notes to Consolidated Balance Sheets)

- Note 1 Of notes and accounts receivables-trade, the amount of receivables from contracts with customers is presented in "Notes (Revenue recognition), 3. Basic information in understanding the amount of revenue for the fiscal year ended June 30, 2025 and beyond, (i) Balance of receivables from contracts with customers and contract liabilities" in the consolidated financial statements.
- Note 2 The item relating to non-consolidated subsidiaries and affiliates is as follows:

	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Investment securities (shares)	¥17,829	¥18,245	\$126

- Note 3 Assets pledged as collateral and liabilities corresponding to assets pledged as collateral
- Assets pledged as collateral are as follows:

	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Cash and deposits	¥1,535	¥2,651	\$18
Merchandise and finished goods	438	526	4
Buildings and structures	791	742	5
Land	2,202	2,190	15
Other	200	342	2
Total	¥5,166	¥6,451	\$45

Liabilities corresponding to assets pledged as collateral are as follows:

	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Current liabilities (Other)	¥126	¥67	\$0
Non-current liabilities (Other)	1,101	797	6
Total	¥1,227	¥864	\$6

- Note 4 Retroactive obligations due to securitization of receivables

	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Retroactive obligations due to securitization of receivables	¥5,580	¥5,775	\$40

- Note 5 The Company and its consolidated subsidiaries entered into bank overdraft agreements with 40 banks as of June 30, 2024 and 39 banks as of June 30, 2025, respectively, to ensure the procurement of efficient funds as working capital. The balance of unused funds based on these agreements is as follows:

	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Total credit line for bank overdraft	¥37,410	¥36,910	\$255
Bank loans arranged	-	-	-
Unused balance	¥37,410	¥36,910	\$255

- Note 6 The Company has entered into loan commitment agreements with three banks to ensure the procurement of efficient funds as working capital.
- The balance of unused funds based on these agreements is as follows:

	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Total amount of loan commitment	¥30,000	¥30,000	\$207
Bank loans arranged	-	-	-
Unused balance	¥30,000	¥30,000	\$207

- Note 7 UCS Co., Ltd., a consolidated subsidiary of the Company, engages in the credit card cash advance service business.
- The unused amount of credit lines given is as follows:

	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Total amount of credit lines given	¥539,880	¥511,430	\$3,531
Loan receivables from cash advances	9,432	9,219	64
Unused balance	¥530,448	¥502,211	\$3,468

As the credit lines are mostly given to credit card holders of UCS Co., Ltd. for cash advances of credit cards, the amount of all unused balance is not always executed as loan receivables.

- Note 8 The Company signed syndicated loan agreements with 33 financial institutions totaling ¥40,000 million as of June 30, 2024 and 16 financial institutions totaling ¥20,000 million (\$138 million) as of June 30, 2025, respectively. These agreements include financial covenants based on certain indices calculated from net assets on the consolidated balance sheets.
- The balance of loan payables based on these agreements is as follows:

	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Balance of loan payables based on syndicated loan agreements	¥40,000	¥20,000	\$138

(Notes to Consolidated Statements of Income)

Note 1 Revenue from contracts with customers

The Company does not disaggregate revenue from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in “Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers” in the consolidated financial statements.

Note 2 The balance of inventories at the fiscal year-end shows the amount after writing down the book value due to a decline in profitability.

The following amount of loss on valuation of inventories is included in cost of sales.

Millions of yen		Millions of U.S. dollars	
Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
¥2,558	¥1,776		\$12

Note 3 Of selling, general and administrative expenses, major items and their amounts are as follows:

	Millions of yen		Millions of U.S. dollars	
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Payroll and allowances	¥194,409	¥202,974		\$1,402
Rent expenses on land and buildings	62,257	63,212		436
Commission expenses	64,557	71,553		494
Depreciation	37,805	39,591		273
Provision for point card certificates	5,484	5,899		41
Amortization of goodwill	4,964	4,991		34
Retirement benefit expenses	1,835	1,650		11

Note 4 The breakdown of gain on sale of non-current assets is as follows:

	Millions of yen		Millions of U.S. dollars	
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Buildings and structures	¥ –	¥179		\$1
Tools, furniture and fixtures	0	3		0
Land	5	21		0
Other	10	13		0
Total	¥15	¥216		\$1

Note 5 Impairment loss

The Group recognized impairment loss on the following asset groups:

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Millions of yen			
Region	Usage	Asset Type	Impairment
Hokkaido	Store facilities	Buildings and structures; tools, furniture, and fixtures	¥731
Tohoku	Idle assets	Construction in progress	492
Kanto	Store facilities	Buildings and structures; tools, furniture, and fixtures	531
Chubu	Store facilities	Buildings and structures; tools, furniture, and fixtures	36
Kinki	Store facilities	Buildings and structures; tools, furniture, and fixtures	51
Kyushu	Store facilities	Buildings and structures; tools, furniture, and fixtures	46
Asia	Store facilities	Buildings and structures; tools, furniture, and fixtures; intangible assets (other)	3,831
North America	Store facilities	Buildings and structures; tools, furniture, and fixtures; right-of-use assets	8,448
Total			¥14,165

The Group categorizes its assets by store and operating division, which are the minimum cash-generating units. For rental properties and idle assets, each property is regarded as a minimum cash-generating unit.

In the fiscal year ended June 30, 2024, the Group reduced the book value of assets to their recoverable amounts for stores whose profitability declined significantly or stores that continuously generated losses from their operating activities. The amounts of these reductions were recorded as an impairment loss (¥5,655

million for buildings and structures, ¥2,075 million for tools, furniture and fixtures, ¥5,879 million for right-of-use assets, and ¥64 million for intangible assets (other) under extraordinary losses). The recoverable amounts of these asset groups were determined to be the higher of their net selling value or value in use. The net selling value was based on the appraisal value by a real estate appraiser, whereas the value in use is calculated by discounting the estimated future cash flows by 3.1%. If the value in use based on estimated future cash flows

was negative, the Group recognized the recoverable amounts as zero. For idle assets, recoverable amounts were assessed as zero because the asset is not salable,

resulting in an impairment loss of ¥492 million for construction in progress.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

		Millions of yen		Millions of U.S. dollars	
Region	Usage	Asset Type	Impairment		
Hokkaido	Store assets	Buildings and structures; tools, furniture, and fixtures	¥546		\$4
Kanto	Store assets	Buildings and structures; tools, furniture, and fixtures; land; intangible assets (other); long-term prepaid expenses	1,063		7
Chubu	Store assets	Buildings and structures; tools, furniture, and fixtures	138		1
Kinki	Store assets	Buildings and structures; tools, furniture, and fixtures	736		5
Asia	Store assets	Buildings and structures; tools, furniture, and fixtures; intangible assets (other)	1,029		7
North America	Store assets	Buildings and structures; tools, furniture, and fixtures; property, plant and equipment (other); land;right-of-use assets; intangible assets (other)	14,955		103
Total			¥18,467		\$128

The Group categorizes its assets by store and operating division, which are the minimum cash-generating units. For rental properties and idle assets, each property is regarded as a minimum cash-generating unit.

In the fiscal year ended June 30, 2025, the Group reduced the book value of assets to their recoverable amounts for stores whose profitability declined significantly or stores that continuously generated losses from their operating activities. The amounts of these reductions were recorded as an impairment loss (¥13,060 million (\$90 million) for buildings and structures, ¥2,383 million (\$16 million) for tools, furniture and fixtures, ¥2 million (\$0 million) for

property, plant and equipment (other), ¥109 million (\$1 million) for land, ¥1,946 million (\$13 million) for right-of-use assets, ¥962 million (\$7 million) for intangible assets (other), ¥6 million (\$0 million) for long-term prepaid expenses under extraordinary losses).

The recoverable amounts of these asset groups were determined to be the higher of their net selling value or value in use. The net selling value was based on the appraisal value by a real estate appraiser, whereas the value in use is calculated by discounting the estimated future cash flows by 5.1%. If the value in use based on estimated future cash flows was negative, the Group recognized the recoverable amounts as zero.

Note 6 The breakdown of loss on retirement of non-current assets is as follows:

	Millions of yen		Millions of U.S. dollars	
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Buildings and structures	¥218	¥49		\$0
Tools, furniture and fixtures	125	104		1
Property, plant and equipment (other)	414	2		0
Construction in progress	10	–		–
Intangible assets (other)	36	3		0
Removal expenses	1,031	1,349		9
Total	¥1,834	¥1,507		\$10

Note 7 The breakdown of loss on store closings is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Buildings and structures	¥258	¥-	\$-
Tools, furniture and fixtures	270	-	-
Removal expenses, etc.	1,712	1,745	12
Total	¥2,240	¥1,745	\$12

(Notes to Consolidated Statements of Comprehensive Income)

Note The reclassification adjustments allocated to each component of other comprehensive income, and income taxes and tax effects are as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Valuation difference on available-for-sale securities: Amount arising during the fiscal year Reclassification adjustment to profit (loss)	¥320 (2)	¥2,013 -	\$14 -
Amount before income taxes and tax effects Amount of income taxes and tax effects	318 (81)	2,013 (698)	14 (5)
Valuation difference on available-for-sale securities	236	1,315	9
Foreign currency translation adjustment: Amount before income taxes and tax effects Amount of income taxes and tax effects	6,580 -	(2,234) (13)	(15) (0)
Amount before income tax and tax effects Amount of income taxes and tax effects	6,580 -	(2,247) -	(16) -
Foreign currency translation adjustment	6,580	(2,247)	(16)
Remeasurements of defined benefit plans: Amount arising during the fiscal year Reclassification adjustment to profit (loss)	366 (75)	(166) (111)	(1) (1)
Amount before income tax and tax effects Amount of income taxes and tax effects	291 (70)	(277) 113	(2) 1
Remeasurements of defined benefit plans	221	(164)	(1)
Share of other comprehensive income of affiliates accounted for using equity method: Amount arising during the fiscal year	65	73	1
Total other comprehensive income	¥7,101	¥(1,023)	\$(7)

(Notes to Consolidated Statements of Changes in Net Assets)

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

1. Matters regarding class and total number of outstanding shares, and class and number of treasury shares

Thousands of shares				
	Number of shares as of July 1, 2023	Increase	Decrease	Number of shares as of June 30, 2024
Outstanding shares Common shares (Note 1)	634,666	362	-	635,029
Total	634,666	362	-	635,029
Treasury shares Common shares (Note 2)	38,073	0	-	38,073
Total	38,073	0	-	38,073

(Note) 1. The increase of 362 thousand shares of common shares issued and outstanding is due to the exercise of stock options.
2. The increase of 0 thousand shares of common shares in treasury is due to the purchase of share less than one unit.

2. Matters regarding share acquisition rights and treasury share acquisition rights

Shares							Millions of yen
Category	Scheme of share acquisition rights	Class of shares subject to rights	Number of shares subject to share acquisition rights				As of June 30, 2024
			Number of shares as of July 1, 2023	Increase	Decrease	Number of shares as of June 30, 2024	
The Company	Share-based compensation stock options	-	-	-	-	-	¥246
The Company	Paid-in stock options	-	-	-	-	-	1,196
Total		-	-	-	-	-	¥1,442

3. Matters regarding dividends

(1) Dividend payment

Resolution	Share Types	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 27, 2023	Common shares	¥9,545	¥16.0	June 30, 2023	September 28, 2023
Board of Directors' meeting held on February 13, 2024	Common shares	2,984	5.0	December 31, 2023	March 22, 2024

(2) Dividends with a record date during the fiscal year ended June 30, 2024, but with an effective date subsequent to the fiscal year ended June 30, 2024

Resolution	Class of share	Source of dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on September 27, 2024	Common shares	Retained earnings	¥14,924	¥25.0	June 30, 2024	September 30, 2024

(Note) The dividends per share figure of ¥25.0 includes a commemorative dividend of ¥9.0 per share to celebrate consolidated net sales surpassing the ¥2 trillion mark.

4. Significant changes in net assets

Not applicable.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

1. Matters regarding class and total number of outstanding shares, and class and number of treasury shares

Thousands of shares				
	Number of shares as of July 1, 2024	Increase	Decrease	Number of shares as of June 30, 2025
Outstanding shares Common shares (Note 1)	635,029	325	-	635,353
Total	635,029	325	-	635,353
Treasury shares Common shares (Note 2)	38,073	0	-	38,073
Total	38,073	0	-	38,073

(Notes) 1. The increase of 325 thousand shares of common shares issued and outstanding is due to the exercise of stock options.
2. The increase of 0 thousand shares of common shares in treasury is due to the purchase of shares less than one unit.

2. Matters regarding share acquisition rights and treasury share acquisition rights

							Shares	Millions of yen	U.S. dollars
Category	Scheme of share acquisition rights	Class of shares subject to rights	Number of shares subject to share acquisition rights				As of June 30, 2025		
			Number of shares as of July 1, 2024	Increase	Decrease	Number of shares as of June 30, 2025			
The Company	Share-based compensation stock options	-	-	-	-	-	¥246	\$2	
The Company	Paid-in stock options	-	-	-	-	-	1,833	13	
Total		-	-	-	-	-	¥2,080	\$14	

3. Matters regarding dividends

(1) Dividend payment

		Millions of yen	Millions of U.S. dollars	Yen	U.S. dollars		
Resolution	Share type	Total amount of dividends	Dividends per share	Record date	Effective date		
Ordinary General Meeting of Shareholders held on September 27, 2024	Common shares	¥14,924	\$103	¥25.0	\$0.17	June 30, 2024	September 30, 2024
Board of Directors' meeting held on February 13, 2025	Common shares	5,374	37	9.0	0.06	December 31, 2024	March 25, 2025

(Note) The dividends per share figure of ¥25.0 (\$0.17) includes a commemorative dividend of ¥9.0 (\$0.06) per share to celebrate consolidated net sales surpassing the ¥2 trillion (\$13,810 million) mark.

(2) Dividends with a record date during the fiscal year ended June 30, 2025, but with an effective date subsequent to the fiscal year ended June 30, 2025

The following proposal is scheduled to be submitted at the Annual General Meeting of Shareholders to be held on September 26, 2025.

		Millions of yen		Millions of U.S. dollars	Yen	U.S. dollars		
Resolution	Share type	Source	Total amount of dividends	Dividends per share	Record date	Effective date		
Ordinary General Meeting of Shareholders held on September 26, 2025	Common shares	Retained earnings	¥15,529	\$107	¥26.0	\$0.18	June 30, 2025	September 29, 2025

4. Significant changes in net assets
Not applicable.

(Notes to Consolidated Statements of Cash Flows)

Note 1 The relationship between the fiscal year-end balances of cash and cash equivalents and the amounts of accounts on the consolidated balance sheets is as follows:

	Millions of yen		Millions of U.S. dollars	
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Cash and deposits	¥172,719	¥171,958		\$1,187
Deposits and time deposits pledged as collateral	—	(494)		(3)
Cash equivalents included in deposits paid	14,480	4,373		30
Cash and cash equivalents	¥187,199	¥175,837		\$1,214

Note 2 Breakdown of major assets and liabilities of a company which became a consolidated subsidiary due to the acquisition of shares
Fiscal year ended June 30, 2025

As a result of the share acquisition, Mikuni Restaurant Group, Inc. has become a newly consolidated subsidiary. The major components of its assets and liabilities at the time of consolidation, as well as the relationship between the acquisition cost of Mikuni Restaurant Group, Inc. shares and the net expenditure for the acquisition, are as follows:

	Millions of yen	Millions of U.S. dollars
Current assets	¥666	\$5
Non-current assets	3,452	24
Goodwill	10,050	69
Current liabilities	(1,842)	(13)
Non-current liabilities	(1,733)	(12)
Share acquisition cost	10,592	73
Cash and cash equivalents	(261)	(2)
Net expenditure for the acquisition	¥10,331	\$71

(Lease Transactions)

(As a lessee)

1. Finance lease transactions

Finance leases that do not transfer ownership

(a) Description of lease assets

Property, plant and equipment

Mainly store equipment and office equipment

(b) Depreciation method for lease assets

Stated in "4. Accounting policies, (2) Depreciation method for significant depreciable assets" in Significant Matters for the Preparation of Consolidated Financial Statements

2. Operating lease transactions

Future minimum lease payments under non-cancelable operating leases:

	Millions of yen		Millions of U.S. dollars	
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025	
Due within one year	¥11,539	¥11,427		\$79
Due after one year	27,443	42,438		293
Total	¥38,982	¥53,865		\$372

(Financial Instruments)

1. Status of financial instruments

(1) Policy on financial instruments

The Group's basic policy for management of surplus funds is to give priority to low risk financial assets, investing only in short-term financial instruments. For fund procurement, the Group raises funds mainly through bank loans. The Group uses derivative instruments to minimize exposure to fluctuations in foreign currency exchange and interest rates.

(2) Financial instruments, associated risks, and risk management systems

Notes and accounts receivables-trade are mainly due from credit companies. They are exposed to credit risk, although the Group believes that the credit risk related to these credit companies is minimal. For operating receivables other than

those due from credit companies, the Group monitors due dates and outstanding balances, respectively.

Accounts receivables-installment and operating loans are exposed to credit risk arising from customer default. The Group manages such risk by establishing the credit management system including credit approvals, credit limit setting, and credit information monitoring.

Securities are exposed mostly to market fluctuation risk, credit risk, and liquidity risk. The Group manages and controls exposures to the risks within acceptable limits in accordance with its internal rules for managing securities. Significant transactions of securities require prior consultation with the Investment Committee and approval of the Board of Directors.

Lease obligations are primarily for the purchase of right-of-use assets and exposed to liquidity risk.

Long-term loan payables and bond payables provide funds

primarily for capital investment and for working capital. Some long-term loan payables denominated in foreign currencies are exposed to foreign exchange risk. In order to avoid any losses arising from the fluctuation of foreign currencies, derivatives (interest rate currency swaps) are utilized for individual contracts as hedging instruments.

The Group manages derivative transactions in accordance with its policies and procedures for the risk management of derivative transactions. Significant transactions of derivative instruments require prior consultation with the Investment Committee and approval of the Board of Directors. The Group believes that the credit risk is limited since the only counterparties to such derivative transactions are financial institutions with a high credit rating.

Trade payables and loans are exposed to liquidity risk. The Group manages liquidity risk through such measures as monthly planning of cash flows.

2. Fair value of financial instruments

Carrying amounts on the consolidated balance sheets, fair values, and respective differences are presented below. Note that "Cash and deposits," "Notes and accounts receivables-trade," "Deposits paid," "Notes and accounts payables-trade," "Accounts payables-other," "Accrued expenses," "Deposits received," and "Income taxes payables" are omitted, because they are cash, and their carrying amounts approximate their fair value as they are settled in a short period of time.

As of June 30, 2024

	Millions of yen		
	Carrying amount	Fair value	Difference
(1) Accounts receivables-installment	¥57,333		
Allowance for doubtful accounts ⁽¹⁾	(2,685)		
Deferred installment income ⁽²⁾	(191)		
	54,457	¥60,490	¥6,033
(2) Operating loans	9,613		
Allowance for doubtful accounts ⁽¹⁾	(209)		
	9,404	10,849	1,445
(3) Investment securities			
(i) Available-for-sale securities	15,484	15,484	—
(ii) Shares of subsidiaries and affiliates	12,153	12,655	501
(4) Leasehold and guarantee deposits	68,737		
Allowance for doubtful accounts ⁽¹⁾	(1,132)		
	67,605	67,458	(147)
Total assets	159,103	166,936	7,833
(1) Current portion of long-term loan payables	48,615	48,666	51
(2) Current portion of bond payables	650	648	(2)
(3) Lease obligations (Current liabilities)	2,809	2,811	2
(4) Bond payables	191,075	189,229	(1,846)
(5) Long-term loan payables	224,657	227,956	3,298
(6) Lease obligations (Non-current liabilities)	32,897	33,292	395
Total liabilities	500,703	502,602	1,899
Derivative transactions ⁽³⁾	(955)	(955)	—

(1) Not including allowance for doubtful accounts corresponding to each item.

(2) Not including deferred installment income (liabilities account) related to accounts receivables-installment.

(3) Net credit (obligation) arising from derivative transactions is shown as a net amount. If the total is a net obligation, the figures are shown in brackets.

As of June 30, 2025

	Millions of yen			Millions of U.S. dollars		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(1) Accounts receivables-installment	¥57,749			\$399		
Allowance for doubtful accounts ⁽¹⁾	(4,484)			(31)		
Deferred installment income ⁽²⁾	(213)			(1)		
	53,053	¥60,086	¥7,034	366	\$415	\$49
(2) Operating loans	9,456			65		
Allowance for doubtful accounts ⁽¹⁾	(783)			(5)		
	8,673	10,801	2,128	60	75	15
(3) Investment securities						
(i) Available-for-sale securities	17,498	17,498	—	121	121	—
(ii) Shares of subsidiaries and affiliates	12,510	12,674	164	86	88	1
(4) Leasehold and guarantee deposits	68,226			471		
Allowance for doubtful accounts ⁽¹⁾	(878)			(6)		
	67,348	66,749	(600)	465	461	(4)
Total assets	159,081	167,808	8,726	1,098	1,159	60
(1) Current portion of long-term loan payables	56,375	56,341	(34)	389	389	(0)
(2) Current portion of bond payables	20,650	20,597	(53)	143	142	(0)
(3) Lease obligations (Current liabilities)	2,839	2,847	9	20	20	0
(4) Bond payables	170,425	168,590	(1,835)	1,177	1,164	(13)
(5) Long-term loan payables	156,929	156,220	(709)	1,084	1,079	(5)
(6) Lease obligations (Non-current liabilities)	35,370	35,176	(194)	244	243	(1)
Total liabilities	442,587	439,771	(2,816)	3,056	3,037	(19)
Derivative transactions ⁽³⁾	(530)	(530)	—	(4)	(4)	—

(1) Not including allowance for doubtful accounts corresponding to each item.

(2) Not including deferred installment income (liabilities account) related to accounts receivables-installment.

(3) Net credit (obligation) arising from derivative transactions is shown as a net amount. If the total is a net obligation, the figures are shown in brackets.

Leasehold and guarantee deposits are mainly related to leasing properties for stores. They are exposed to the credit risk of lessors.

The Group performs credit checks before concluding lease agreements and monitors creditworthiness of their counterparts regularly to limit the credit risk.

(3) Supplementary information on fair value of financial instruments

Since the valuation techniques for the fair values of financial instruments incorporate various assumptions, estimates may change depending on the different assumptions.

The contract amounts stated in matters regarding fair values in the note "Derivatives" indicate the nominal amounts of contracts or notional amounts for calculation purposes. Such amounts do not indicate the extent of market risk exposure of derivative transactions.

Note: Stocks that do not have quoted market prices are not included in "(3) Investment securities." The carrying amount of those financial instruments on the consolidated balance sheet are as follows:

	Millions of yen		Millions of U.S. dollars
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2025
Investment securities			
Unlisted equity securities	¥2,375	¥2,158	\$15
Shares of non-consolidated subsidiaries and affiliates	5,676	5,735	40

3. Maturity analysis for monetary claims and securities with contractual maturities

As of June 30, 2024

	Millions of yen			
	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	¥172,719	¥—	¥—	¥—
Notes and accounts receivables-trade	17,068	—	—	—
Accounts receivables-installment ⁽¹⁾	30,744	15,799	4,477	—
Operating loans	5,045	4,529	39	—
Deposits paid	15,800	—	—	—
Leasehold and guarantee deposits ⁽²⁾	1,929	5,793	4,429	3,710
Total	¥243,307	¥26,121	¥8,945	¥3,710

As of June 30, 2025

	Millions of yen			
	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	¥171,958	¥—	¥—	¥—
Notes and accounts receivables-trade	18,956	—	—	—
Accounts receivables-installment ⁽¹⁾	28,645	16,158	5,487	—
Operating loans	4,985	4,437	34	—
Deposits paid	5,764	—	—	—
Leasehold and guarantee deposits ⁽²⁾	1,695	5,352	4,344	3,153
Total	¥232,001	¥25,947	¥9,865	¥3,153

	Millions of U.S. dollars			
	Due in one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash and deposits	\$1,187	\$—	\$—	\$—
Notes and accounts receivables-trade	131	—	—	—
Accounts receivables-installment ⁽¹⁾	198	112	38	—
Operating loans	34	31	0	—
Deposits paid	40	—	—	—
Leasehold and guarantee deposits ⁽²⁾	12	37	30	22
Total	\$1,602	\$179	\$68	\$22

(1) The tables above do not include the amounts of accounts receivables-installment whose collections on maturity dates cannot be reasonably determined.

(2) Of leasehold and guarantee deposits, only those confirmed to be collected are presented. Entries without a determined date for collection are not included in the amount to be collected.

4. Redemption schedule for bond payables, long-term loan payables, and lease obligations

As of June 30, 2024

	Millions of yen					
	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	¥650	¥20,650	¥64,425	¥10,000	¥58,000	¥38,000
Long-term loan payables	48,615	60,797	32,142	19,452	4,338	107,928
Lease obligations	2,809	2,654	2,663	2,368	1,916	23,296
Total	¥52,074	¥84,102	¥99,229	¥31,820	¥64,254	¥169,224

As of June 30, 2025

	Millions of yen					
	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	¥20,650	¥64,425	¥10,000	¥58,000	¥—	¥38,000
Long-term loan payables	56,375	37,565	20,308	5,194	41,348	52,514
Lease obligations	2,839	3,261	2,882	2,440	2,536	24,251
Total	¥79,863	¥105,250	¥33,191	¥65,634	¥43,884	¥114,765

	Millions of U.S. dollars					
	Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Bond payables	\$143	\$445	\$69	\$400	\$—	\$262
Long-term loan payables	389	259	140	36	286	363
Lease obligations	20	23	20	17	18	167
Total	\$551	\$727	\$229	\$453	\$303	\$792

5. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

As of June 30, 2024

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥15,484	¥—	¥—	¥15,484
Derivative transactions				
Currency related	—	55	—	55
Total assets	15,484	55	—	15,538
Derivative transactions				
Interest rate and currency related	—	1,010	—	1,010
Total liabilities	¥—	¥1,010	¥—	¥1,010

As of June 30, 2025

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	¥17,498	¥—	¥—	¥17,498
Total assets	17,498	—	—	17,498
Derivative transactions				
Currency related	—	2	—	2
Interest rate and currency related	—	528	—	528
Total liabilities	¥—	¥530	¥—	¥530

	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	\$121	\$—	\$—	\$121
Total assets	121	—	—	121
Derivative transactions				
Currency related	—	0	—	0
Interest rate and currency related	—	4	—	4
Total liabilities	\$—	\$4	\$—	\$4

(2) Financial instruments other than those measured at fair value

As of June 30, 2024

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables-installment	¥ -	¥60,490	¥ -	¥60,490
Operating loans	-	10,849	-	10,849
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	12,655	-	-	12,655
Leasehold and guarantee deposits	-	67,458	-	67,458
Total assets	12,655	138,797	-	151,452
Current portion of long-term loan payables	-	48,666	-	48,666
Current portion of bond payables	-	648	-	648
Lease obligations (Current liabilities)	-	2,811	-	2,811
Bond payables	-	189,229	-	189,229
Long-term loan payables	-	227,956	-	227,956
Lease obligations (Non-current liabilities)	-	33,292	-	33,292
Total liabilities	¥ -	¥502,602	¥ -	¥502,602

As of June 30, 2025

Millions of yen

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables-installment	¥ -	¥60,086	¥ -	¥60,086
Operating loans	-	10,801	-	10,801
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	12,674	-	-	12,674
Leasehold and guarantee deposits	-	66,749	-	66,749
Total assets	12,674	137,636	-	150,310
Current portion of long-term loan payables	-	56,341	-	56,341
Current portion of bond payables	-	20,597	-	20,597
Lease obligations (Current liabilities)	-	2,847	-	2,847
Bond payables	-	168,590	-	168,590
Long-term loan payables	-	156,220	-	156,220
Lease obligations (Non-current liabilities)	-	35,176	-	35,176
Total liabilities	¥ -	¥439,771	¥ -	¥439,771

Millions of U.S. dollars

	Fair value			
	Level 1	Level 2	Level 3	Total
Accounts receivables-installment	\$ -	\$415	\$ -	\$415
Operating loans	-	75	-	75
Investment securities				
Shares of subsidiaries and affiliates				
Equity securities	88	-	-	88
Leasehold and guarantee deposits	-	461	-	461
Total assets	88	950	-	1,038
Current portion of long-term loan payables	-	389	-	389
Current portion of bond payables	-	142	-	142
Lease obligations (Current liabilities)	-	20	-	20
Bond payables	-	1,164	-	1,164
Long-term loan payables	-	1,079	-	1,079
Lease obligations (Non-current liabilities)	-	243	-	243
Total liabilities	\$ -	\$3,037	\$ -	\$3,037

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Derivative transactions

The fair value of interest rate swaps and forward exchange contracts is calculated based on prices obtained from financial institutions and is classified as Level 2.

Accounts receivables-installment and operating loans

The fair value of these items is measured using the discounted cash flow method based on estimated future cash flows of collectible principal and interest using market rates adjusted by an interest rate for expenses of collecting receivables and is classified as Level 2.

Doubtful receivables are stated at the book values after deducting allowance, since such amounts are assumed to approximate fair value.

Long-term loan receivables

The fair value of long-term loan receivables is categorized by a specified period and measured using the discounted cash flow method based on future cash flows and an interest rate obtained by adding the credit spread to government bond yields and other appropriate indicators, for each type of credit risk categorized for credit management purposes, and is classified as Level 2.

Leasehold and guarantee deposits

The fair value of leasehold and guarantee deposits is measured using the discounted cash flow method reflecting future cash flows based on an interest rate of government bond yields, etc., and is classified as Level 2.

Bond payables (including current portion)

The fair value of bond payables issued by the Company is measured using the discounted cash flow method based on the sum of principal and interest, remaining bond payables and an interest rate reflecting credit risk and is classified as Level 2.

Long-term loan payables (including current portion) and lease obligations

The fair value of these items is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities and an interest rate reflecting credit risk and is classified as Level 2.

(Securities)

1. Available-for-sale securities

As of June 30, 2024

Millions of yen

	Type	Carrying amount	Acquisition cost	Difference
Carrying amount exceeds acquisition cost	(1) Equity securities	¥15,465	¥12,083	¥3,382
	(2) Debt securities			
	(i) JGBs/muni bonds	-	-	-
	(ii) Corporate bonds	-	-	-
	(iii) Other	-	-	-
	(3) Other	-	-	-
	Subtotal	15,465	12,083	3,382
Carrying amount does not exceed acquisition cost	(1) Equity securities	18	19	(1)
	(2) Debt securities			
	(i) JGBs/muni bonds	-	-	-
	(ii) Corporate bonds	-	-	-
	(iii) Other	-	-	-
	(3) Other	-	-	-
	Subtotal	18	19	(1)
Total		¥15,484	¥12,102	¥3,382

(Note) Unlisted equity securities (carrying amount on the consolidated balance sheet: ¥2,375 million) and other items (carrying amount on the consolidated balance sheet: ¥0 million) are not included in the above table, since they are stocks that do not have quoted market prices.

As of June 30, 2025

Millions of yen

Millions of U.S. dollars

	Type	Carrying amount	Acquisition cost	Difference	Carrying amount	Acquisition cost	Difference
Carrying amount exceeds acquisition cost	(1) Equity securities	¥17,482	¥12,083	¥5,399	\$121	\$83	\$37
	(2) Debt securities						
	(i) JGBs/muni bonds	-	-	-	-	-	-
	(ii) Corporate bonds	-	-	-	-	-	-
	(iii) Other	-	-	-	-	-	-
	(3) Other	-	-	-	-	-	-
	Subtotal	17,482	12,083	5,399	121	83	37
Carrying amount does not exceed acquisition cost	(1) Equity securities	16	19	(3)	0	0	(0)
	(2) Debt securities						
	(i) JGBs/muni bonds	-	-	-	-	-	-
	(ii) Corporate bonds	-	-	-	-	-	-
	(iii) Other	-	-	-	-	-	-
	(3) Other	-	-	-	-	-	-
	Subtotal	16	19	(3)	0	0	(0)
Total		¥17,498	¥12,102	¥5,396	\$121	\$84	\$37

(Note) Unlisted equity securities (carrying amount on the consolidated balance sheet: ¥2,158 million (\$15 million)) and other items (carrying amount on the consolidated balance sheet: ¥0 million (\$0 million)) are not included in the above table, since they are stocks that do not have quoted market prices.

2. Sales amounts and gain (loss) on sales of available-for-sale securities

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Type	Millions of yen		
	Proceeds from sales	Gain on sales	Loss on sales
(1) Equity securities	¥11	¥2	¥-
(2) Debt securities			
(i) JGBs/muni bonds	-	-	-
(ii) Corporate bonds	-	-	-
(iii) Other	-	-	-
(3) Other	-	-	-
Total	¥11	¥2	¥-

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Type	Millions of yen			Millions of U.S. dollars		
	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
(1) Equity securities	¥2	¥2	¥-	\$0	\$0	\$-
(2) Debt securities						
(i) JGBs/muni bonds	-	-	-	-	-	-
(ii) Corporate bonds	-	-	-	-	-	-
(iii) Other	-	-	-	-	-	-
(3) Other	-	-	-	-	-	-
Total	¥2	¥2	¥-	\$0	\$0	\$-

3. Impaired securities

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Not applicable.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

We have recognized impairment losses on securities of 200 million yen (\$1 million) (200 million yen on shares and other securities without market quotations).

If the fair value of a security at the end of the fiscal year declined by approximately 50% from its acquisition cost, the Company reduced the acquisition cost to the fair value and recognized an impairment loss.

(Derivatives)

1. Derivative transactions to which hedge accounting is not applied

(1) Currency related

As of June 30, 2024

Category	Type of transaction	Millions of yen			
		Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	¥444	¥-	¥55	¥55

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

As of June 30, 2025

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	¥5,728	¥-	¥(2)	¥(2)

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Foreign exchange forward contract Buy USD	\$40	\$-	\$(0)	\$(0)

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

(2) Interest rate and currency related

As of June 30, 2024

Category	Type of transaction	Millions of yen			
		Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	¥5,707	¥5,707	¥(1,010)	¥(1,010)

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

As of June 30, 2025

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	¥5,707	¥5,707	¥(528)	¥(528)

Category	Type of transaction	Contract amount	Due after one year	Fair value	Unrealized gain (loss)
OTC transaction	Interest rate and currency transaction Receive fixed / Pay fixed Pay USD Receive JPY	\$39	\$39	\$(4)	\$(4)

(Note) As to fair value measurement, the Company uses the prices obtained from financial institutions that are counterparties to the transactions.

(Retirement Benefits)

1. Overview of retirement benefit plans

The Company and some of its consolidated subsidiaries maintain defined contribution pension plans.

UNY Co., Ltd. concurrently maintains a defined benefit plan. The defined benefit plan is a closed funded defined benefit plan consisting solely of beneficiaries and those waiting to receive benefits.

2. Defined benefit plans

(1) Reconciliation between the beginning balance and ending balance of retirement benefit obligations

	Millions of yen		Millions of U.S. dollars	
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Beginning balance of retirement benefit obligations	¥10,661	¥9,406		\$65
Interest costs	84	129		1
Increase/decrease in actuarial differences	(407)	182		1
Retirement benefit payments	(933)	(951)		(7)
Ending balance of retirement benefit obligations	¥9,406	¥8,766		\$61

(2) Reconciliation between the beginning balance and ending balance of pension assets

	Millions of yen		Millions of U.S. dollars	
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Beginning balance of pension assets	¥28,467	¥27,778		\$192
Expected return on assets	285	278		2
Increase/decrease in actuarial differences	(41)	16		0
Retirement benefit payments	(933)	(951)		(7)
Ending balance of pension assets	¥27,778	¥27,120		\$187

(3) Reconciliation between (i) the ending balance of retirement benefit obligations and pension assets and (ii) retirement benefit asset and retirement benefit liability on the consolidated balance sheet

	Millions of yen		Millions of U.S. dollars	
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Retirement benefit obligations (Funded plan)	¥9,406	¥8,766		\$61
Pension assets	(27,778)	(27,120)		(187)
Retirement benefit asset	(18,372)	(18,355)		(127)
Net of retirement benefit asset and retirement benefit liability on the consolidated balance sheet	¥(18,372)	¥(18,355)		\$(127)

(4) Retirement benefit expenses and their breakdown

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Interest costs	¥84	¥129	\$1
Expected return on assets	(285)	(278)	(2)
Amortization of actuarial differences	75	111	1
Retirement benefit expense on retirement benefit plan	¥(126)	¥(38)	\$(0)

(5) Retirement benefit adjustment

The breakdown of retirement benefit adjustment (before income taxes and tax effect adjustments) is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Actuarial differences	¥291	¥(277)	\$(2)
Total	¥291	¥(277)	\$(2)

(6) Remeasurements of defined benefit plans

The breakdown of remeasurements of defined benefit plans (before income taxes and tax effect adjustments)is as follows:

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Unrecognized actuarial differences	¥982	¥705	\$5
Total	¥982	¥705	\$5

(7) Matters regarding pension assets

(a) The major breakdown of pension assets

The following summarizes the ratio of assets by major category to total pension assets.

	As of June 30, 2024	As of June 30, 2025
Life insurance general accounts	100%	100%
Alternatives	0	0
Total	100%	100%

(b) Method to determine the long-term expected rate of return

The Company determines the long-term expected rate of return on pension assets by taking into account the current and future allocation of pension assets and the current and future long-term rate of return expected from various assets that compose the pension assets.

(8) Assumptions for actuarial calculation

Major assumptions for the actuarial calculation are as follows (weighted-average):

	As of June 30, 2024	As of June 30, 2025
Discount rate	1.4%	1.6%
Long-term expected rate of return	1.0	1.0

3. Defined contribution plans

The Company and some of its consolidated subsidiaries maintain defined contribution plans. The necessary contributions to such plans were, in total, ¥1,962 million for the fiscal year ended June 30, 2024 and ¥1,688 million (\$12 million) for the fiscal year ended June 30, 2025.

(Stock Options)

1. Amount of expenses recorded and name of account in connection with stock options

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Selling, general and administrative expenses	¥736	¥642	\$4

2. Amount recorded as income due to forfeitures resulting from the non-exercise of stock options

	Millions of yen		Millions of U.S. dollars
	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Gain on reversal of share acquisition rights	¥2	¥2	\$0

3. Details and number of stock options

(1) Details of stock options

	The 1st Share-based Compensation Stock Options	The 2nd Share-based Compensation Stock Options	The 1st Paid-in Stock Options
Eligible grantees	3 directors	3 directors	1,633 persons including directors, Audit & Supervisory Board members, and employees of the Company and its subsidiaries
Class and number of stock options (Note 1)	Common stock 10,400 shares	Common stock 10,000 shares	Common stock 3,878,800 shares
Grant date	June 26, 2015	December 28, 2015	September 23, 2016
Condition for vesting	None	None	(Note 3)
Required service period	None	None	None
Exercise period	From June 26, 2015 to June 25, 2045	From December 28, 2015 to December 27, 2045	From October 1, 2018 to September 30, 2026
Condition for exercise	(Note 2)	(Note 2)	(Note 3)

	The 3rd Share-based Compensation Stock Options	The 4th Share-based Compensation Stock Options	The 5th Share-based Compensation Stock Options
Eligible grantees	3 directors	3 directors	3 directors
Class and number of stock options (Note 1)	Common stock 56,000 shares	Common stock 200,000 shares	Common stock 236,000 shares
Grant date	June 1, 2017	June 29, 2018	April 10, 2019
Condition for vesting	None	None	None
Required service period	None	None	None
Exercise period	From June 1, 2017 to May 31, 2047	From June 29, 2018 to June 28, 2048	From April 10, 2019 to April 9, 2049
Condition for exercise	(Note 2)	(Note 2)	(Note 2)

	The 2nd Paid-in Stock Options	The 7th Share-based Compensation Stock Options
Eligible grantees	2,189 persons including directors and employees of the Company and its subsidiaries	9 directors and executive officers of the Company
Class and number of stock options (Note 1)	Common stock 3,705,300 shares	Common stock 18,500 shares
Grant date	December 1, 2022	August 4, 2023
Condition for vesting	(Note 4)	None
Required service period	None	None
Exercise period	From October 1, 2025 to November 30, 2029	From August 4, 2023 to August 3, 2053
Condition for exercise	(Note 4)	(Note 5)

(Notes)

- The number of stock options presents the number of shares to be issued. The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The number of shares for stock options reflects the effect of said stock splits.
- Conditions for exercise are as follows:
 - Share acquisition rights holders may exercise all of their share acquisition rights at once during the exercise period only within 10 days from the day following the day they lose their position as a director of the Company.
 - In cases where a share acquisition rights holder deceases, an heir may exercise the share acquisition rights. In this case, notwithstanding (1) above, the heir may exercise the share acquisition rights all at once during the exercise period only within one year from the day following the day the rights are inherited.
- Conditions for vesting and exercise are as follows:
 - Share acquisition rights holder may exercise their share acquisition rights, if and only when the amounts of net sales and operating income in the consolidated statements of income stated in the annual securities report, which had been submitted by the Company pursuant to the Financial Instruments and Exchange Act, satisfy all of the conditions stated in each of the items below:
 - Net sales exceed ¥820,000 million and operating income exceeds ¥45,000 million for the fiscal year ended June 30, 2017; and
 - Net sales exceed ¥880,000 million and operating income exceeds ¥48,000 million for the fiscal year ended June 30, 2018.However, in cases where a significant event, such as the major acquisition of a business, which has a significant impact on net sales and operating income on a consolidated basis, occurs during the aforementioned period (July 2016 to June 2018) and the Board of Directors of the Company determines that it is not appropriate to use the actual results stated in the annual securities report, the Company may make adjustments to the actual results used for the conditions for vesting and exercise by reducing the impact of the event to the extent deemed reasonable.

- (2) The share acquisition rights holder must be a director, Audit & Supervisory Board member, or employee of the Company or its subsidiaries and affiliates at the time the share acquisition rights are exercised. However, this condition shall not necessarily apply in the case of retirement due to the expiry of the term of office, compulsory retirement, or any other reason deemed valid by the Board of Directors.
- (3) An heir of the share acquisition rights holder is not allowed to exercise the share acquisition rights.
- (4) Share acquisition rights may not be exercised in the case where the total number of shares issued after the exercise of the share acquisition rights exceeds the authorized shares as of the date of exercise.
- (5) Acquisition rights of less than one unit may not be exercised.
4. Conditions for vesting and exercise are as follows:
- (1) Share acquisition rights holder may exercise their share acquisition rights, if the amount of operating income in the consolidated statements of income stated in the annual securities report for the fiscal year ending June 30, 2025, which will be submitted by the Company pursuant to the Financial Instruments and Exchange Act, exceeds ¥120,000 million.
- However, in cases where a significant event, such as the major acquisition of a business, which has a significant impact on operating income on a consolidated basis, occurs until the aforementioned period (the fiscal year ending June 30, 2025) ends and the Board of Directors of the Company determines that it is not appropriate to use the actual results stated in the annual securities report, the Company may make adjustments to the actual results used for the conditions for vesting and exercise by reducing the impact of the event to the extent deemed reasonable.
- (2) The share acquisition rights holder must be a director, Audit & Supervisory Board member, or employee of the Company or its subsidiaries and affiliates at the time the share acquisition rights are exercised. However, this condition shall not necessarily apply in the case of retirement due to the expiry of the term of office, compulsory retirement, or any other reason deemed valid by the Board of Directors.
- (3) An heir of the share acquisition rights holder is not allowed to exercise the share acquisition rights.
- (4) Share acquisition rights may not be exercised in the case where the total number of shares issued after the exercise of the share acquisition rights exceeds the authorized shares as of the date of exercise.
- (5) Acquisition rights of less than one unit may not be exercised.
5. Conditions for exercise are as follows:
- (1) Share acquisition rights holders may exercise all of their share acquisition rights at once during the exercise period only within 10 days from the day following the day they lose their position as (i) director of the Company if they are a director of the Company on the allotment date of the share acquisition rights, or (ii) executive officer of the Company if they are an executive officer of the Company on the allotment date of the share acquisition rights (excluding directors of the Company, in which case (i) above shall apply).
- (2) In cases where a share acquisition rights holder deceases, an heir may exercise the share acquisition rights. In this case, notwithstanding (1) above, the heir may exercise the share acquisition rights all at once during the exercise period only within one year from the day following the day the rights are inherited.

(2) Number and changes in number of stock options

Stock options as of the beginning of the fiscal year ended June 30, 2024 are stated below. The number of stock options presents the number of shares to be issued.

(i) Number of stock options

Shares			
	The 1st Share-based Compensation Stock Options	The 2nd Share-based Compensation Stock Options	The 1st Paid-in Stock Options
Grant date	June 26, 2015	December 28, 2015	September 23, 2016
Before vesting			
Balance as of June 30, 2024	-	-	-
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
Balance as of June 30, 2025	-	-	-
After vesting			
Balance as of June 30, 2024	2,400	2,400	1,566,800
Vested	-	-	-
Exercised	-	-	324,800
Forfeited	-	-	1,200
Balance as of June 30, 2025	2,400	2,400	1,240,800

Shares			
	The 3rd Share-based Compensation Stock Options	The 4th Share-based Compensation Stock Options	The 5th Share-based Compensation Stock Options
Grant date	June 1, 2017	June 29, 2018	April 10, 2019
Before vesting			
Balance as of June 30, 2024	-	-	-
Granted	-	-	-
Forfeited	-	-	-
Vested	-	-	-
Balance as of June 30, 2025	-	-	-
After vesting			
Balance as of June 30, 2024	20,000	40,000	80,000
Vested	-	-	-
Exercised	-	-	-
Forfeited	-	-	-
Balance as of June 30, 2025	20,000	40,000	80,000

Shares		
	The 2nd Paid-in Stock Options	The 7th Share-based Compensation Stock Options
Grant date	December 1, 2022	August 4, 2023
Before vesting		
Balance as of June 30, 2024	3,384,100	-
Granted	-	-
Forfeited	73,800	-
Vested	-	-
Balance as of June 30, 2025	3,310,300	-
After vesting		
Balance as of June 30, 2024	-	16,400
Vested	-	-
Exercised	-	-
Forfeited	-	-
Balance as of June 30, 2025	-	16,400

(Note) The number of stock options presents the number of shares to be issued. The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The number of shares for stock options reflects the effect of said stock splits.

(ii) Stock option price information

Yen		U.S. dollars		Yen		U.S. dollars		Yen		U.S. dollars	
	The 1st Share-based Compensation Stock Options			The 2nd Share-based Compensation Stock Options				The 1st Paid-in Stock Options			
Grant date	June 26, 2015			December 28, 2015				September 23, 2016			
Exercise price	¥1	\$0.01		¥1	\$0.01			¥925	\$6.39		
Average stock price at time of exercise	-	-		-	-			4,243	29.30		
Fair value at grant date	1,242.00	8.58		1,007.50	6.96			-	-		

Yen		U.S. dollars		Yen		U.S. dollars		Yen		U.S. dollars	
	The 3rd Share-based Compensation Stock Options			The 4th Share-based Compensation Stock Options				The 5th Share-based Compensation Stock Options			
Grant date	June 1, 2017			June 29, 2018				April 10, 2019			
Exercise price	¥1	\$0.01		¥1	\$0.01			¥1	\$0.01		
Average stock price at time of exercise	-	-		-	-			-	-		
Fair value at grant date	1,011.50	6.98		1,235.75	8.53			1,618.75	11.18		

Yen		U.S. dollars		Yen		U.S. dollars	
	The 2nd Paid-in Stock Options			The 7th Share-based Compensation Stock Options			
Grant date	December 1, 2022			August 4, 2023			
Exercise price	¥2,560	\$17.68		¥1	\$0.01		
Average stock price at time of exercise	-	-		-	-		
Fair value at grant date	-	-		2,554.00	17.64		

(Note) The Company executed a 2-for-1 stock split on July 1, 2015, and a 4-for-1 stock split on September 1, 2019. The exercise price for stock options reflects the effect of said stock splits.

4. Methods used to estimate fair value of stock options

Not applicable.

5. Methods used to estimate number of stock options vested

In general, it is difficult to reasonably estimate the forfeited number of stock options for future periods; thus, only the number of actually forfeited stock options in the past is reflected.

(Additional information)

Application of the Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc.

For the stock acquisition rights (share acquisition rights/stock options), which involve considerations, with vesting conditions granted to employees before the date of application of the "Practical Solution on Transactions Granting Employees and Others Stock Acquisition Rights, which Involve Considerations, with Vesting Conditions, etc." (Practical Issue Task Force ("PITF") No. 36, January 12, 2018, hereinafter "PITF No. 36"), the Company continues to apply the previous accounting treatment in accordance with PITF No. 36, 10-(3).

1. Overview of the stock acquisition rights, which involve considerations, with vesting conditions
The disclosure is omitted since the same information is stated in "3. Details and number of stock options" above.

2. Overview of accounting treatment applied
(Accounting treatment before the vesting date)

(1) The amounts received from employees for the granted stock acquisition rights, which involve considerations, with vesting conditions are recognized as share acquisition rights under net assets.

(2) Of the amounts recognized as share acquisition rights, the amounts corresponding to the unvested and forfeited portion are recognized as income.

(Accounting treatment after the vesting date)

(3) When the stock acquisition rights, which involve considerations, with vesting conditions are exercised and new shares are issued, the amounts corresponding to the exercised portion, of the amounts recognized as share acquisition rights, are transferred to capital stock.

(4) When unvested and forfeited, of the amounts recognized as share acquisition rights, the amounts corresponding to the unvested and forfeited portion are recognized as income. This treatment is made for the fiscal period when the rights are forfeited.

(Income Taxes)

1. Significant components of deferred tax assets and deferred tax liabilities

	Millions of yen		Millions of U.S. dollars	
	As of June 30, 2024	As of June 30, 2025	As of June 30, 2024	As of June 30, 2025
Deferred tax assets				
Accrued enterprise taxes not deductible for tax purposes	¥2,259	¥1,591	\$11	
Inventories	3,257	3,033	21	
Accrued bonus	2,349	2,079	14	
Excess depreciation and amortization over tax purposes	22,420	25,792	178	
Impairment loss	13,578	13,946	96	
Loss on store closings	649	694	5	
Net operating loss carryforward (Note)	4,653	4,422	31	
Loss on valuation of investment securities not deductible for tax purposes	103	157	1	
Long-term accounts payable	1,581	1,476	10	
Excess allowance for doubtful accounts over tax purposes	1,248	1,931	13	
Asset retirement obligations	5,227	5,834	40	
Provision for point card certificates	275	315	2	
Provision for loss on interest repayment	547	500	3	
Valuation difference of consolidated subsidiaries	18,824	18,563	128	
Other	9,426	10,050	69	
Deferred tax assets total	86,396	90,381	624	
Valuation allowance for net operating loss carryforward (Note)	(4,410)	(3,956)	(27)	
Valuation allowance for future deductible temporary differences	(34,470)	(35,793)	(247)	
Valuation allowance subtotal	(38,880)	(39,749)	(274)	
Deferred tax assets total	47,516	50,632	350	
Deferred tax liabilities				
Valuation of assets and liabilities of subsidiaries at market value for the purpose of consolidation	(14,432)	(14,341)	(99)	
Retirement benefit asset	(5,571)	(5,697)	(39)	
Reserve for advanced depreciation of non-current assets	(1,803)	(1,852)	(13)	
Valuation difference on available-for-sale securities	(1,220)	(1,959)	(14)	
Other	(203)	(245)	(2)	
Deferred tax liabilities total	(23,229)	(24,093)	(166)	
Net deferred tax assets	¥24,287	¥26,539	\$183	

(Note) Amounts of net operating loss carryforward and its corresponding deferred tax assets by carryover period

As of June 30, 2024

	Millions of yen						Total
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	
Net operating loss carryforward ^{(*)1}	¥35	¥223	¥447	¥178	¥98	¥3,671	¥4,653
Valuation allowance	(35)	(223)	(447)	(178)	(98)	(3,428)	(4,410)
Deferred tax assets	-	-	-	-	-	243	^{(*)2} 243

(*)1 The amounts of net operating loss carryforward are calculated by using a statutory tax rate.

(*)2 For the net operating loss carryforward of ¥4,653 million, calculated by using a statutory tax rate, deferred tax assets of ¥243 million are recognized. The Company does not recognize valuation allowance for the net operating loss carryforward expected to offset the future taxable income.

As of June 30, 2025

	Millions of yen						Total
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	
Net operating loss carryforward ^{(*)1}	¥132	¥289	¥169	¥182	¥469	¥3,180	¥4,422
Valuation allowance	(132)	(289)	(169)	(182)	(469)	(2,714)	(3,956)
Deferred tax assets	-	-	-	-	-	466	^{(*)2} 466

	Millions of U.S. dollars						Total
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years	
Net operating loss carryforward ^{(*)1}	\$1	\$2	\$1	\$1	\$3	\$22	\$31
Valuation allowance	(1)	(2)	(1)	(1)	(3)	(19)	(27)
Deferred tax assets	-	-	-	-	-	3	^{(*)2} 3

(*)1 The amounts of net operating loss carryforward are calculated by using a statutory tax rate.

(*)2 For the net operating loss carryforward of ¥4,422 million (\$31 million), calculated by using a statutory tax rate, deferred tax assets of ¥466 million (\$3 million) are recognized. The Company does not recognize valuation allowance for the net operating loss carryforward expected to offset the future taxable income.

2. Reconciliation of significant difference between statutory tax rate and effective tax rate

	As of June 30, 2024	As of June 30, 2025
Statutory tax rate	30.6%	30.6%
(Adjustments)		
Inhabitant tax per capital levy	0.9	0.9
Change in valuation allowance	(0.4)	1.0
Amortization of goodwill and other consolidation adjustments	1.0	0.9
Tax deduction	(2.8)	(1.4)
Difference in tax rate from consolidated subsidiaries	4.4	1.1
Other	(0.4)	0.2
Effective income tax rate after tax-effect accounting	33.2	33.3

3. Adjustments to deferred tax assets and deferred tax liabilities due to changes in rates for income taxes, etc.

In accordance with the enactment of the "Act on Partial Revision to the Income Tax Act" (Act No. 13 of 2025) by the Diet on March 31, 2025, the "Special Defense Corporate Tax" will be imposed from fiscal years beginning on or after April 1, 2026.

Accordingly, for deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in and after the fiscal year beginning on July 1, 2026, the statutory tax rate used in the calculations has been changed from 30.6% to 31.5%.

As a result of this change, in the fiscal year ended June 30, 2025, deferred tax assets (net of deferred tax liabilities) increased by ¥504 million (\$3 million), and accumulated adjustments related to defined benefit plans increased by ¥18 million (\$0 million), while income taxes-deferred decreased by ¥533 million (\$4 million) and valuation difference on available-for-sale securities decreased by ¥47 million (\$0 million).

(Business Combinations)

Business combination by acquisition

1. Overview of the business combination

(1) Name and description of business of the acquired company

Name of acquired company	Mikuni Restaurant Group, Inc.
Business description	Operation of sushi restaurants

(2) Main reason of the business combination

The acquisition is intended to expand and streamline the food service operations of the Group in North America, and to contribute to the increased recognition and consumption of Japan-branded products.

- (3) Date of business combination

April 1, 2025
- (4) Legal form of the business combination

Share acquisition in exchange for cash
- (5) Name of the entity after the business combination

There will be no change to be the name.
- (6) Percentage of voting rights acquired

Percentage of voting rights held immediately before the business combination

- %

Percentage of voting rights additionally acquired on the day of the business combination

100%

Percentage of voting rights held after the business combination

100%
- (7) Major basis for determining the acquiring company

Acquisition of shares in exchange for cash

2. The period of operations of the acquired company included in the consolidated financial statements
Mikuni Restaurant Group, Inc. has a fiscal year-end of December 31. For consolidation purposes, financial statements based on a provisional closing as of April 1, 2025 were used. Only the balance sheet is included in the fiscal year ended June 30, 2025.

3. The breakdown of the acquisition cost and the type of consideration given to acquire the acquired company

	Millions of yen	Millions of U.S. dollars
Consideration of acquisition	¥10,592	\$73
Acquisition cost	¥10,592	\$73

4.The description and amount of major acquisition-related cost
Advisory fees, etc. ¥682 million (\$5 million)

5. The amount of goodwill recognized, cause of recognition, amortization method and period

(1) Amount of goodwill recognized

¥10,050 million yen (\$69 million)

As of the end of the fiscal year ended June 30, 2025, the acquisition cost has not been finalized and the allocation of the acquisition cost has not been completed; therefore, the amount has been provisionally calculated.

(2) Cause of recognition

Because the acquisition cost exceeded the net amount allocated to the assets acquired and the liabilities assumed, the difference has been recognized as goodwill.

(3) Amortization method and period

Straight-line over 13 years

6. Amounts of assets acquired and liabilities assumed as of the business combination date and their principal components

	Millions of yen	Millions of U.S. dollars
Current assets	¥666	\$5
Non-current assets	3,452	24
Total assets	4,117	28
Current liabilities	1,842	13
Non-current liabilities	1,733	12
Total liabilities	¥3,576	\$25

7. Estimated impact on the consolidated statements of income for the fiscal year ended June 30, 2025, assuming the business combination had been completed at the beginning date of the fiscal year, and the method of calculation
This information is omitted due to its immateriality. The calculation of the impact has not received audit certification.

8. Description of contingent consideration stipulated in the business combination agreement and future accounting methods

(1) Description of the contingent consideration

The consideration for the acquisition does not include contingent consideration. The agreement provides for a contingent consideration (earn-out consideration) of up to 6 million U.S. dollars if specified conditions are met, but it has not been finalized at this time.

(2) Future accounting methods

If a change in the consideration occurs, then the acquisition cost will be adjusted as if the change had occurred at the acquisition date, and the amount of goodwill and the amount of goodwill amortization will be adjusted.

(Asset Retirement Obligations)
Asset retirement obligations recorded on the consolidated balance sheets
(1) Summary of asset retirement obligations
Asset retirement obligations recognized are mainly obligations to restore sites according to lease contracts for real estate used for stores.

(2) Calculation method for asset retirement obligations
Asset retirement obligations are calculated on the basis of estimated period of use of 1 to 42 years and discount rates of 0.00%–3.22%.

(3) Changes in asset retirement obligations

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
		Millions of yen	Millions of U.S. dollars
Beginning of the year	¥30,866	¥31,423	\$217
Increase due to acquisition of property, plant and equipment	559	709	5
Adjustments over time	306	320	2
Decrease due to performance of asset retirement obligations	(72)	(23)	(0)
Decrease due to settlement of asset retirement obligations	(389)	(28)	(0)
Other increase (decrease)	153	(12)	(0)
End of the year	¥31,423	¥32,389	\$224

(Investment and Rental Property)
The Company and some of its consolidated subsidiaries own commercial properties and facilities (including land) for lease in Tokyo and other areas. For the fiscal year ended June 30, 2024, rental income related to such properties and facilities was ¥6,940 million. (Rental income was recorded in net sales and significant rental expenses were recorded in cost of sales and selling, general and administrative expenses.)
For the fiscal year ended June 30, 2025, rental income related to such properties and facilities was ¥8,302 million (\$57 million). (Rental income was recorded in net sales and significant rental expenses were recorded in cost of sales and selling, general and administrative expenses), and gain on sale of such properties was ¥200 million (\$1 million), which was recorded in extraordinary income.

The carrying amounts on the consolidated balance sheets and the changes in and fair values of these assets for the fiscal years ended June 30, 2024 and 2025 are as follows:

	Fiscal year ended June 30, 2024	Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
		Millions of yen	Millions of U.S. dollars
Carrying amount			
Beginning of the year	¥171,926	¥166,182	\$1,148
Net change	(5,744)	(2,943)	(20)
End of the year	166,182	163,239	1,127
Fair value	189,504	193,625	1,337

(Notes) 1. The carrying amount on the consolidated balance sheets is the acquisition cost minus accumulated depreciation and accumulated impairment loss.
2. Net change for the fiscal year ended June 30, 2024 consisted of a major increase of ¥26,792 million from the acquisition of real estate, and major decreases of ¥32,329 million from a change in rentable ratios and ¥207 million (\$1 million) from impairment loss. Net change for the fiscal year ended June 30, 2025 consisted of a major increase of ¥28 million (\$0 million) from the acquisition of real estate, and major decreases of ¥2,034 million (\$14 million) from a change in rentable ratios and ¥925 million (\$6 million) from the sale of real estate.
3. Fair value is primarily an amount calculated by the Company based on Japanese Real Estate Appraisal Standards, including adjustments made using certain financial indicators.

(Revenue Recognition)
1. Disaggregation of revenue from contracts with customers
For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	¥ 90,178	¥ -	¥ -	¥ 90,178
Daily consumables	345,379	-	-	345,379
Food	569,108	-	-	569,108
Watches & fashion merchandise	168,431	-	-	168,431
Sporting good & leisure equipment	81,124	-	-	81,124
Other	20,902	-	-	20,902
(GMS business)				
Clothes	44,457	-	-	44,457
Household goods	65,113	-	-	65,113
Food	301,387	-	-	301,387
Other	197	-	-	197
(Overseas business)				
North America	-	244,671	-	244,671
Asia	-	-	84,973	84,973
Revenue from contracts with customers	1,686,276	244,671	84,973	2,015,920
Revenue from other sources (Note)	76,786	2,204	167	79,157
Sales to third parties	1,763,062	246,875	85,140	2,095,077

(Note) *Revenue from other sources* includes revenue based on the ASBJ Statement No. 13 *Accounting Standard for Lease Transactions* and the ASBJ Statement No. 10 *Accounting Standards for Financial Instruments.*

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	¥92,391	¥—	¥—	¥92,391
Daily consumables	393,490	—	—	393,490
Food	613,713	—	—	613,713
Watches & fashion merchandise	182,209	—	—	182,209
Sporting good & leisure equipment	92,288	—	—	92,288
Other	21,998	—	—	21,998
(GMS business)				
Clothes	43,789	—	—	43,789
Household goods	67,551	—	—	67,551
Food	313,828	—	—	313,828
Other	986	—	—	986
(Overseas business)				
North America	—	257,088	—	257,088
Asia	—	—	91,037	91,037
Revenue from contracts with customers	1,822,243	257,088	91,037	2,170,368
Revenue from other sources (Note)	73,869	2,348	172	76,390
Sales to third parties	1,896,113	259,437	91,209	2,246,758

	Reportable segment			
	Domestic business	North America business	Asia business	Total
(Discount store business)				
Household electrical appliances	\$638	\$—	\$—	\$638
Daily consumables	2,717	—	—	2,717
Food	4,238	—	—	4,238
Watches & fashion merchandise	1,258	—	—	1,258
Sporting good & leisure equipment	637	—	—	637
Other	152	—	—	152
(GMS business)				
Clothes	302	—	—	302
Household goods	466	—	—	466
Food	2,167	—	—	2,167
Other	7	—	—	7
(Overseas business)				
North America	—	1,775	—	1,775
Asia	—	—	629	629
Revenue from contracts with customers	12,583	1,775	629	14,987
Revenue from other sources (Note)	510	16	1	527
Sales to third parties	13,093	1,791	630	15,514

(Note) *Revenue from other sources" includes revenue based on the ASBJ Statement No. 13 "Accounting Standard for Lease Transactions" and the ASBJ Statement No. 10 "Accounting Standards for Financial Instruments."

2. Basic information in understanding revenue from contracts with customers

Basic information in understanding revenue is as presented in "(Significant Matters for the Preparation of Consolidated Financial Statements), 4. Accounting policies, (6) Significant revenue and expense recognition standards" in the Notes to Consolidated Financial Statements.

3. Basic information in understanding the amount of revenue for the fiscal year ended June 30, 2025 and beyond

(i) Balance of receivables from contracts with customers and contract liabilities

Balance of receivables from contracts with customers and contract liabilities are as follows:

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

	Fiscal year ended June 30, 2024	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Accounts receivables-trade	¥13,513	¥16,894
Contract liabilities	¥20,838	¥18,966

Contract liabilities include points given to customers when products, etc. are sold and advances received, etc. from payments into the Group's e-money service. These are balances for which the performance obligations have not been satisfied as of the fiscal year-end.

For points, contract liabilities are recognized when points are given to customers, and reversed when the performance obligation is satisfied upon their use or expiration.

For e-money, contract liabilities are recognized when payments into the service are made, and reversed when the performance obligation is satisfied upon products being transferred to a customer.

Revenue recognized in the fiscal year ended June 30, 2024 that was included in the contract liability balance at the beginning of the year was ¥20.838 million. Contract liabilities decreased by ¥1,872 million in the fiscal year ended June 30, 2024 mainly due to a decrease of ¥1,701 million in payments into the e-money service.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

	Fiscal year ended June 30, 2025	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Accounts receivables-trade	¥16,894	¥18,703
Contract liabilities	¥18,966	¥20,055

	Fiscal year ended June 30, 2025	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Accounts receivables-trade	\$117	\$129
Contract liabilities	\$131	\$138

Contract liabilities include points given to customers when products, etc. are sold and advances received, etc. from payments into the Group's e-money service. These are balances for which the performance obligations have not been satisfied as of the fiscal year-end.

For points, contract liabilities are recognized when points are given to customers, and reversed when the performance obligation is satisfied upon their use or expiration.

For e-money, contract liabilities are recognized when payments into the service are made, and reversed when the performance obligation is satisfied upon products being transferred to a customer.

Revenue recognized in the fiscal year ended June 30, 2025 that was included in the contract liability balance at the beginning of the year was ¥18,966 million (\$131 million). Contract liabilities increased by ¥1,089 million (\$8 million) in the fiscal year ended June 30, 2025 mainly due to a increase of ¥499 million (\$3 million) in payments into the e-money service and ¥498 million (\$3 million) in the issuance of company-issued gift certificates.

(ii) Transaction price allocated to the remaining performance obligations

The description is omitted because the Group has applied the practical expedient as there are no significant transactions with an original expected contract duration of more than one year.

There are no material amounts of compensation from contracts with customers that are not included in the transaction price.

(Segment Information)

Segment information

1. Overview of reportable segments

Reportable segments of the Company are components of the Company whose segregated financial information is available and that are subject to regular review by the Board of Directors for the purpose of determining the allocation of management resources and assessment of business results.

The Company is mainly engaged in merchandise sales and has three reportable segments: "Domestic business," "North America business," and "Asia business."

The Domestic business segment mainly operates the big discount convenience store "Don Quijote," the general discount store for families "MEGA Don Quijote," "MEGA Don Quijote UNY," and the general supermarket stores such as "APITA" and "PIAGO."

The "North America business" is a segment operates discount stores and supermarkets in the states of Hawaii and California in the United States.

The "Asia business" segment operates "DON DON DONKI" stores based on the concept of Japan brand specialty stores in the Asian region.

2. Method of calculating sales, profit or loss, assets, liabilities, and other items by reportable segment

Accounting procedures of reportable operating segments are as described in Significant Matters for the Preparation of Consolidated Financial Statements.

Profit in the reportable segments is operating income, and intersegment sales are mainly based on quoted market prices.

3. Information on amounts of sales, profit or loss, assets, liabilities, and other items by reportable segment

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

	Reportable segment				Adjustments (Note 1)	Consolidated (Note 2)
	Domestic business	North America business	Asia business	Total		
Sales						
Sales to third parties	¥1,763,062	¥246,875	¥85,140	¥2,095,077	¥ -	¥2,095,077
Intersegment sales and transfer	12,662	-	129	12,791	(12,791)	-
Total	1,775,724	246,875	85,269	2,107,868	(12,791)	2,095,077
Segment profit	136,606	3,442	146	140,193	-	140,193
Segment assets	1,162,700	200,996	28,890	1,392,586	105,824	1,498,410
Other items (Note 3)						
Depreciation and amortization	31,707	10,777	3,747	46,231	-	46,231
Increase in property, plant and equipment and intangible assets	77,884	13,538	4,383	95,804	-	95,804

(Notes) 1. The ¥105,824 million adjustment to segment assets includes surplus funds of ¥112,102 million of the Company, which are Companywide assets (cash and deposits and investment securities), and elimination of receivables between reportable segments of ¥(6,278) million.
2. Segment profit is the same as operating income in the consolidated statements of income.
3. Increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

	Reportable segment				Adjustments (Note 1)	Consolidated (Note 2)
	Domestic business	North America business	Asia business	Total		
Sales						
Sales to third parties	¥1,896,113	¥259,437	¥91,209	¥2,246,758	¥ -	¥2,246,758
Intersegment sales and transfer	14,140	33	245	14,418	(14,418)	-
Total	1,910,253	259,470	91,454	2,261,176	(14,418)	2,246,758
Segment profit	158,084	2,283	1,929	162,296	-	162,296
Segment assets	1,181,856	201,603	27,944	1,411,403	99,624	1,511,026
Other items (Note 3)						
Depreciation and amortization	34,179	10,916	2,794	47,889	-	47,889
Increase in property, plant and equipment and intangible assets	43,199	7,995	1,517	52,711	-	52,711

	Reportable segment				Adjustments (Note 1)	Consolidated (Note 2)
	Domestic business	North America business	Asia business	Total		
Sales						
Sales to third parties	\$13,093	\$1,791	\$630	\$15,514	\$ -	\$15,514
Intersegment sales and transfer	98	0	2	100	(100)	-
Total	13,191	1,792	632	15,614	(100)	15,514
Segment profit	1,092	16	13	1,121	-	1,121
Segment assets	8,161	1,392	193	9,746	688	10,434
Other items (Note 3)						
Depreciation and amortization	236	75	19	331	-	331
Increase in property, plant and equipment and intangible assets	298	55	10	364	-	364

(Notes) 1. The ¥99,624 million (\$688 million) adjustment to segment assets includes surplus funds of ¥104,122 million (\$719 million) of the Company, which are Companywide assets (cash and deposits and investment securities), and elimination of receivables between reportable segments of ¥(4,498) million (\$ (31) million).
2. Segment profit is the same as operating income in the consolidated statements of income.
3. Increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

Related information

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

1. Information by product and service

Description is omitted because the same information is stated in "Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers" in the consolidated financial statements.

2. Information by region

(1) Net sales

Millions of yen			
Japan	United States	Asia	Total
¥1,763,062	¥246,875	¥85,140	¥2,095,077

(Note) Net sales are classified by country or region based on the customer's location.

(2) Property, plant and equipment

Millions of yen			
Japan	United States	Asia	Total
¥637,114	¥87,715	¥10,634	¥735,463

3. Information by major customer

Description is omitted because there are no third-party customer accounts with 10% or more of net sales in the consolidated statements of income.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

1. Information by product and service

Description is omitted because the same information is stated in "Notes (Revenue Recognition), 1. Disaggregation of revenue from contracts with customers" in the consolidated financial statements.

2. Information by region

(1) Net sales

Millions of yen			
Japan	United States	Asia	Total
¥1,896,113	¥259,437	¥91,209	¥2,246,758

Millions of U.S. dollars			
Japan	United States	Asia	Total
\$13,093	\$1,791	\$630	\$15,514

(Note) Net sales are classified by country or region based on the customer's location.

(2) Property, plant and equipment

Millions of yen			
Japan	United States	Asia	Total
¥633,540	¥76,744	¥7,701	¥717,985

Millions of U.S. dollars			
Japan	United States	Asia	Total
\$4,375	\$530	\$53	\$4,958

3. Information by major customer

Description is omitted because there are no third-party customer accounts with 10% or more of net sales in the consolidated statements of income.

Information on the impairment loss of non-current assets by reportable segment
For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Impairment loss	¥1,886	¥8,448	¥3,831	¥14,165	¥ -	¥14,165

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Impairment loss	¥2,482	¥14,955	¥1,029	¥18,467	¥ -	¥18,467

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Impairment loss	\$17	\$103	\$7	\$128	\$ -	\$128

Information on amortization of goodwill and unamortized balance of goodwill by reportable segment
For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Amortization for the year	¥228	¥4,736	¥-	¥4,964	¥-	¥4,964
Balance at year-end	1,901	60,673	-	62,574	-	62,574

There is no amortization of negative goodwill nor unamortized balance of negative goodwill incurred by business combinations conducted before April 1, 2010.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Amortization for the year	¥228	¥4,763	¥ -	¥4,991	¥ -	¥4,991
Balance at year-end	1,673	61,179	-	62,853	-	62,853

	Reportable segment				Adjustments	Consolidated
	Domestic business	North America business	Asia business	Total		
Amortization for the year	\$2	\$33	\$ -	\$34	\$ -	\$34
Balance at year-end	12	422	-	434	-	434

There is no amortization of negative goodwill nor unamortized balance of negative goodwill incurred by business combinations conducted before April 1, 2010.

Information on gain on bargain purchase by reportable segment
For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)
Not applicable.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)
Not applicable.

(Information on related parties)

Transactions with related parties

Transactions between the Company and related parties

(1) The Company's parent and major shareholders (corporations)

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)
No significant matter to be disclosed.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)
No significant matter to be disclosed.

(2) The Company's non-consolidated subsidiaries and affiliates

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)
No significant matter to be disclosed.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)
No significant matter to be disclosed.

(3) The Company's directors and major shareholders (individuals)

For the fiscal year ended June 30, 2024 (From July 1, 2023 to June 30, 2024)

Category	Name	Location	Capital stock	Type of business	% of voting rights (owned)	Business relationship	Description of transactions	Transaction amount		Account	Balance at year-end	
			(Millions of yen)					(Millions of yen)			(Millions of yen)	(Millions of yen)
Foundation at which a director serves as chairman	Yasuda Scholarship Foundation	Meguro-ku, Tokyo	¥-	(Note 1)	(Own) Direct 2.41 Indirect -	Directors holding concurrent positions: 2	Compensation received for seconded employees (Note 2)	¥16		-	¥-	
Company at which the majority of voting rights are held by a director and/or his/her close relatives	Palau Coral Club Co., Ltd.	The Republic of Palau	90 millions of U.S. dollars	Hotel business	-	Directors holding concurrent positions: 1	Outsourcing fee income (Note 3)	¥11		-	¥-	

(Notes) The terms and conditions of transactions and their decisions are as follows:
1. The purpose of the foundation's activities is to provide scholarship support to students studying in Japan and overseas, as well as to students striving to train in athletic skills; to focus on the importance of motivating learning through exposure to foreign cultures and provide assistance and other support for primary and secondary education and cultural exchange programs; and thereby to contribute to the development of human resources and international goodwill.
2. The secondment fee for the dispatch of seconded employees is determined by agreement through mutual consultation based on the salary of the seconded employee.
3. Outsourcing fee income is determined by agreement through mutual consultation.

For the fiscal year ended June 30, 2025 (From July 1, 2024 to June 30, 2025)

Category	Name	Location	Capital stock		Type of business	% of voting rights (owned)	Business relationship	Description of transactions	Transaction amount		Account	Balance at year-end	
			(Millions of yen)	(Millions of U.S. dollars)					(Millions of yen)	(Millions of U.S. dollars)		(Millions of yen)	(Millions of U.S. dollars)
Foundation at which a director serves as chairman	Yasuda Scholarship Foundation	Shibuya-ku, Tokyo	¥-	\$-	(Note 1)	(Own) Direct 2.41 Indirect -	Directors holding concurrent positions: 3	Compensation received for seconded employees (Note 2)	¥14	\$0	-	¥-	\$-
Company at which the majority of voting rights are held by a director and/or his/her close relatives	Palau Coral Club Co., Ltd.	The Republic of Palau	¥-	\$90	Hotel business	-	Directors holding concurrent positions: 1	Outsourcing fee income (Note 3)	¥18	\$0	-	¥-	\$-
Company at which the majority of voting rights are held by a director and/or his/her close relatives	PAN PACIFIC PARTNERSHIP PTE. LTD. (Note 4)	Singapore	2,293 Millions of Singapore dollars	\$1,804	Asset Management	(Own) Direct Indirect 22.44 -	Directors holding concurrent positions: 2	Underwriting of investments (Note 5)	¥6,120	\$42	-	¥-	\$-

(Notes) The terms and conditions of transactions and their decisions are as follows:
1. The purpose of the foundation's activities is to provide scholarship support to students studying in Japan and overseas, as well as to students striving to train in athletic skills; to focus on the importance of motivating learning through exposure to foreign cultures and provide assistance and other support for primary and secondary education and cultural exchange programs; and thereby to contribute to the development of human resources and international goodwill.
2. The secondment fee for the dispatch of seconded employees is determined by agreement through mutual consultation based on the salary of the seconded employee.
3. Outsourcing fee income is determined by agreement through mutual consultation.
4. This is a company established by a close relative of Director Takao Yasuda.
5. At the time of the capital increase of Vanshow Holdings Co., Ltd., a joint investment was made together with the Company's consolidated subsidiary, PAN PACIFIC STRATEGY INSTITUTE PTE. LTD.

(Per Share Information)

		Yen		U.S. dollars
Fiscal year ended June 30, 2024		Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Net assets per share	¥898.72	Net assets per share	¥1,014.19	\$7.00
Profit per share	148.64	Profit per share	151.59	1.05
Diluted profit per share	148.09	Diluted profit per share	150.95	1.04

(Note) The basis for calculating profit per share and diluted profit per share is as follows:

		Millions of yen	Millions of U.S. dollars
Fiscal year ended June 30, 2024		Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025
Profit per share			
Profit attributable to owners of parent (millions of yen)	¥88,701	¥90,512	\$625
Profit not attributable to common stock owners (millions of yen)	-	-	-
Profit attributable to common stock owners of parent (millions of yen)	88,701	90,512	625
Weighted-average number of shares of common stock (shares)	596,760,042	597,073,234	-
Diluted profit per share			
Adjustment of profit attributable to owners of parent (millions of yen)	-	-	-
Increase in number of shares of common stock (shares)	2,219,538	2,546,715	-
(Of which, share acquisition rights)	(2,219,538)	(2,546,715)	-
Descriptions of potentially dilutive common shares not included in the calculation of diluted profit per share due to the absence of their dilutive effect	-	-	-

(Subsequent Events)

(Stock split and partial amendment to the Articles of Incorporation associated with the stock split)

On August 18, 2025, the Company's Board of Directors resolved to conduct a stock split and to partially amend the Articles of Incorporation in connection with the split, and to revise the shareholder benefit.

(1) Purpose of stock split

The stock split is intended to enhance the liquidity of the Company's shares and broaden the investor base by lowering amount per trading unit price.

(2) Overview of stock split

① Method

Each share held by shareholders listed or recorded in the final shareholder registry as of September 30, 2025, will be split at a ratio of 5 shares for every 1 share.

② Increase in number of shares

Total shares issued before the split:	635,370,940 shares
Increase in shares due to the split:	2,541,483,760 shares
Total shares issued after the split:	3,176,854,700 shares
Total authorized shares after the split:	9,360,000,000 shares

(Note)

The above figures are based on the status as of July 31, 2025. The number of shares may increase due to the exercise of share acquisition rights before the record date.

③ Schedule

Public notice of record date:	September 12, 2025
Record date:	September 30, 2025
Effective date:	October 1, 2025

④ Impact on per share information

If the stock split had been effective as of the beginning of the fiscal year ended June 30, 2024, per share figures would have been as follows:

		Yen		U.S. dollars
Fiscal year ended June 30, 2024		Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Net assets per share	¥179.74	Net assets per share	¥202.84	\$1.40
Fiscal year ended June 30, 2024		Fiscal year ended June 30, 2025	Fiscal year ended June 30, 2025	
Earnings per share	¥29.73	Earnings per share	¥30.32	\$0.21
Diluted earnings per share	29.62	Diluted earnings per share	30.19	0.21

(3) Partial amendment to Articles of Incorporation

① Reason for the Amendment

In accordance with Article 184, Paragraph 2 of the Companies Act of Japan, the Company will amend Article 6 of its Articles of Incorporation to reflect the change in authorized shares resulting from the stock split, effective as of October 1, 2025, pursuant to the Board resolution dated August 18, 2025.

② Details of the amendment

The underlined portions indicate the amendments.

Current Article	Amended Article
(Total Authorized Shares)	(Total Authorized Shares)
Article 6: The total number of shares authorized by the Company shall be <u>1,872,000,000</u> shares.	Article 6: The total number of shares authorized by the Company shall be <u>9,360,000,000</u> shares.

③ Effective date

October 1, 2025

(4) Changes to shareholder benefit

The Company currently grants points for the Group's electronic money service "majica" to shareholders who hold 100 shares or more and are listed in the shareholder register as of June 30 or December 31 each year. In connection with the stock split, the shareholder benefit will be revised as follows:

①Details of change

Before change:

Number of shares held	Benefits details
≥100 shares	2,000 yen worth of majica points

After change:

Number of shares held	Benefits details
100-300 shares	300 yen worth of majica points
300-500 shares	1,000 yen worth of majica points
≥500 shares	2,000 yen worth of majica points

② Timing of change

The revised criteria will apply to the post-split number of shares held by shareholders recorded in the shareholder registry as of the record date, December 31, 2025.

(5) Other

① Change in capital

No change in the amount of stated capital as a result of the stock split.

② Adjustment to exercise price of share acquisition rights

In connection with the stock split, the exercise price per share of the Company's share acquisition rights will be adjusted as follows, effective from October 1, 2025:

	Board resolution date	Pre-adjustment exercise price	Post-adjustment exercise price
1st Series of Paid-in Share Acquisition Rights	June 30, 2016	¥925 (\$6)	¥185 (\$1)
2nd Series of Paid-in Share Acquisition Rights	October 3, 2022	¥2,560 (\$18)	¥512 (\$4)

(Notes)

1.The pre-adjustment exercise price of the 1st series of paid-in share acquisition rights reflects the 4-for-1 stock split conducted on September 1, 2019.

2.The Company has issued multiple share-based compensation stock acquisition rights, each with an exercise price of ¥1 (\$ 0.01) per share. As the resolutions authorizing these rights did not include provisions for adjustment of the exercise price in the event of a stock split, no adjustment to the exercise price has occurred as a result of the stock split.

(Acquisition of treasury share by an equity-method affiliate)

Kanemi Co., Ltd., which had been an equity-method affiliate of the Company, acquired a portion of its issued shares as treasury share as of August 20, 2025.

As a result of this, because the Company came to hold 40.3% of the voting rights of Kanemi Co., Ltd., it has been treated as a consolidated subsidiary based on the substantive control standard.

(1) Overview of the business combination

① Name and description of business of the acquired company

Name of acquired company: Kanemi Co., Ltd.
Business description: Manufacture and sale of boxed lunches, sushi, rice balls, delicatessen items, etc.

② Main reason of the business combination

The Company determined that the delicatessen business operated by Kanemi Co., Ltd. is expected to achieve high growth going forward and that the corporate value of both companies can be enhanced by leveraging each company's strengths.

③ Date of business combination

August 20, 2025 (Deemed acquisition date: September 30, 2025)

④ Legal form of the business combination

Acquisition of treasury shares by the acquired company

- ⑤ Name of the entity after the business combination
There will be no change to be the name.
- ⑥ Percentage of voting rights changed
Percentage of voting rights held immediately before the business combination39.4%
Percentage of voting rights additionally acquired on the day of the business combination0.9%
Percentage of voting rights held after the business combination40.3%
- ⑦ Major basis for determining the acquired company
Because the Company's percentage of voting rights increased due to the acquisition of treasury shares that was carried out by Kanemi Co., Ltd.

- (2) Matters related to the calculation, etc. of the acquired company

① Acquisition cost of the acquired company
Fair value at the business combination date of the shares held immediately before the business combination
¥12,846 million (\$89 million)

② Difference between the acquisition cost of the acquired company and the total acquisition cost by transaction leading to the acquisition
Not yet determined at this time.
- (3) Amount of goodwill recognized, cause of recognition, amortization method and period
Not yet determined at this time.
- (4) Amounts of assets accepted and liabilities assumed as of the business combination date and their principal components
Not yet determined at this time.

(Supplemental information)
Corporate bonds

Issuer	Type of issue	Issue date	Balance at July 1, 2024 (Millions of yen)	Balance at June 30, 2025		Interest rate (%)	Collateral	Redemption date
				(Millions of yen)	(Millions of U.S. dollars)			
The Company	The 11th unsecured corporate bond	March 10, 2016	¥10,000 (¥-)	¥10,000 (¥10,000)	\$69 (\$69)	0.73	N/A	March 10, 2026
The Company	The 14th unsecured corporate bond	March 8, 2018	10,000 (-)	10,000 (-)	69 (-)	0.48	N/A	March 8, 2028
The Company	The 16th unsecured corporate bond	March 7, 2019	10,000 (-)	10,000 (10,000)	69 (69)	0.35	N/A	March 6, 2026
The Company	The 17th unsecured corporate bond	March 7, 2019	10,000 (-)	10,000 (-)	69 (-)	0.45	N/A	March 7, 2029
The Company	The 18th unsecured corporate bond	October 21, 2021	40,000 (-)	40,000 (-)	276 (-)	0.13	N/A	October 21, 2026
The Company	The 19th unsecured corporate bond	October 21, 2021	10,000 (-)	10,000 (-)	69 (-)	0.25	N/A	October 20, 2028
The Company	The 20th unsecured corporate bond	October 21, 2021	30,000 (-)	30,000 (-)	207 (-)	0.40	N/A	October 21, 2031
The Company	The 21st unsecured corporate bond	November 9, 2023	24,000 (-)	24,000 (-)	166 (-)	0.44	N/A	November 9, 2026
The Company	The 22nd unsecured corporate bond	November 9, 2023	38,000 (-)	38,000 (-)	262 (-)	0.73	N/A	November 9, 2028
The Company	The 23rd unsecured corporate bond	November 9, 2023	5,000 (-)	5,000 (-)	35 (-)	0.99	N/A	November 8, 2030
The Company	The 24th unsecured corporate bond	November 9, 2023	3,000 (-)	3,000 (-)	21 (-)	1.32	N/A	November 9, 2033
Japan Asset Marketing Co., Ltd.	The 6th unsecured corporate bond	September 21, 2016	625 (250)	375 (250)	3 (2)	0.18	N/A	September 18, 2026
Japan Asset Marketing Co., Ltd.	The 7th unsecured corporate bond	September 26, 2016	1,000 (400)	600 (400)	4 (3)	0.22	N/A	September 25, 2026
Other	-	-	100 (-)	100 (-)	1 (-)	-	-	-
Total	-	-	¥191,725 (¥650)	¥191,075 (¥20,650)	\$1,319 (\$143)	-	-	-

(Notes) 1. Figures in parentheses represent the current portion.
2. The annual redemption schedule for five years is as follows:

Millions of yen				
Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
¥20,650	¥64,425	¥10,000	¥58,000	¥-

Millions of U.S. dollars				
Due in one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
\$143	\$445	\$69	\$400	\$-

Loan payables, etc.

Classification	Balance at June 30, 2024 (Millions of yen)	Balance at June 30, 2025		Average interest rate(%)	Redemption date
		(Millions of yen)	(Millions of U.S. dollars)		
Current portion of long-term loan payables	¥48,615	¥56,375	\$389	0.39	-
Current portion of lease obligations	2,809	2,839	20	-	-
Long-term loan payables excluding current portion	224,657	156,929	1,084	0.64	From September 2026 to February 2033
Lease obligations excluding current portion	32,897	35,370	244	-	From August 2026 to November 2045
Other interest-bearing debt	-	-	-	-	-
Total	¥308,978	¥251,512	\$1,737	-	-

(Notes) 1. Average interest rate represents the weighted-average interest rate of loans as of June 30, 2025.
2. The average interest rate of lease obligations is not provided because the amount of lease obligations before deducting the interest amount included in the total amount of lease payments is presented on the consolidated balance sheet.
3. The annual repayment schedule for long-term loan payables and lease obligations excluding current portion for five years is as follows:

Millions of yen				
	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
Long-term loan payables	¥37,565	¥20,308	¥5,194	¥41,348
Lease obligations	3,261	2,882	2,440	2,536

Millions of U.S. dollars				
	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
Long-term loan payables	\$259	\$140	\$36	\$286
Lease obligations	23	20	17	18

Details of asset retirement obligations

The details of asset retirement obligations are omitted since the information is included in the notes to the accompanying financial statements as prescribed in Article 15-23 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements.

Others

Interim Information for the fiscal year ended June 30, 2025

	As of December 31, 2024	As of June 30, 2025
Net sales (millions of yen)	¥1,128,614	¥2,246,758
Profit before income taxes (millions of yen)	85,398	136,910
Profit attributable to owners of parent (millions of yen)	53,977	90,512
Profit per share (yen)	90.41	151.59

	As of December 31, 2024	As of June 30, 2025
Net sales (millions of U.S. dollars)	\$7,793	\$15,514
Profit before income taxes (millions of U.S. dollars)	590	945
Profit attributable to owners of parent (millions of U.S. dollars)	373	625
Profit per share (U.S. dollars)	0.62	1.05

Independent Auditor’s Report

To the Board of Directors
Pan Pacific International Holdings Corporation

Opinion
We have audited the accompanying consolidated financial statements of Pan Pacific International Holdings Corporation and its consolidated subsidiaries (“the Group”), which comprise the consolidated balance sheet as of June 30, 2025, and the consolidated statement of income and comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.
In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Ethics in Japan, and we have fulfilled our other responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter
Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment Loss on Non-current Assets	
Description of Key Audit Matter	Auditor’s Response
Property, plant and equipment amounted to 717,985 million yen, while intangible assets totaled 103,590 million yen in the company’s consolidated balance sheet, together accounting for 54.4% of total assets. In addition, as disclosed in the note “(Significant accounting estimate) Impairment of non-current assets”, an impairment loss of 18,467 million yen was recognized on non-current assets. The Group evaluated indicators of impairment for each store, division, and rental property unit. If any indicators of impairment were identified, the Group then assessed whether it was necessary to recognize an impairment loss. When the carrying amount of assets subject to impairment exceeded their recoverable amount, an impairment loss was recognized to reduce the carrying amount to the recoverable amount. The recoverable amount is determined as the higher of the value in use and the net realizable value, and the net realizable value is calculated based on factors including the valuation provided by the real estate appraiser. Future cash flow is estimated based on projections of each store’s future sales and operating income or loss, taking into account changes in the commercial area, competitive influences, and the business environment, with these projections derived from past performance. In examining impairment losses on non-current assets, we noted that the significant underlying assumptions involve inherent uncertainty and require management’s judgement. Accordingly, we have determined this to be a key audit matter.	The primary audit procedures we performed to assess the impairment loss on non-current assets include following, among others: <ul style="list-style-type: none">• We evaluated the effectiveness of the design and operational effectiveness of internal controls related to impairment loss on non-current assets.• We considered the consistency of the estimated period for future cash flows by reviewing the economic useful life of the main asset and inspecting the lease contract.• We considered the consistency between the future cash flow estimates and the budget, ensuring that the budget was prepared through an appropriate process.• We assessed the reasonableness of the assumptions through inquiries with the person responsible for operations regarding changes in the commercial area, competitive influences, and the business environment, all of which were considered in the future cash flow projections.• We compared the budget from the previous fiscal year with the actual results in order to assess the effectiveness of the estimation process conducted by management.

Valuation of Inventories in The Domestic Retail Business

Description of Key Audit Matter	Auditor’s Response
Merchandise and finished goods were recorded at 224,902 million yen in the Company’s consolidated balance sheet, representing 14.9% of total assets. In addition, as disclosed in the note “(Significant accounting estimate), the Group recognized a loss on valuation of inventory of 1,776 million yen, which was included in cost of sales for the year. Matters concerning accounting policy are disclosed in note 4. Basis and method of valuation of significant assets are disclosed in note (1)(C). The value of inventories in the consolidated balance sheet is calculated by the moving average method (writing down method based on decline in profitability). Regarding the recognition of inventory valuation losses, the Group recognizes a valuation loss in accordance with the general accounting principle when the net realizable value is lower than the carrying amount. Inventories that remain unsold and are no longer part of the normal operating cycle are systematically written down to reflect their diminished value. Furthermore, unsold inventories are periodically written down using a depreciation rate determined by historical sales performance, inventory levels, and future sales plans within the inventory group. This group comprises inventories identified as having low turnover ratios. In examining the valuation of inventories within the domestic retail business, we noted that significant underlying assumptions involve inherent uncertainty and require management’s judgment. Accordingly, we have determined this to be a key audit matter.	The primary audit procedures we performed to assess the valuation of inventories in the domestic retail business include following, among others: <ul style="list-style-type: none">• We evaluated the effectiveness of the design and operational effectiveness of internal controls over the valuation of inventories.• We considered the validity of unsold inventories when calculating a loss on valuation. Based on this, we examined whether the unsold inventories were extracted from the core system, and assessed the appropriateness of the data used in the loss calculation.• Regarding the depreciation rate used to calculate losses on unsold inventories, we recalculated the rate applied in the current fiscal year for inventories that were subject to valuation losses in the previous fiscal year. We then assessed the accuracy of the depreciation rate used last year. We also assessed the reasonableness of the depreciation rate used in the current fiscal year through discussions with the person responsible for stock management, inquiries with management, and comparisons with current fiscal year sales results and future sales strategies.• We confirmed the appropriateness of the write-down amount for unsold inventories in the domestic retail business for the current fiscal year by recalculating it, using both inventory data and the applicable depreciation rate.

Other Information
The other information comprises the information included in the disclosure documents that contain or accompany the audited consolidated financial statements, but does not include the consolidated financial statements and our auditor’s report thereon. Management is responsible for the preparation and presentation of the other information. The Audit and Supervisory Committee is responsible for overseeing the directors’ performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for the design, implementation and maintenance of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee are responsible for overseeing the Group’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level. From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

Fee-Related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries for the year ended June 30, 2025 are 277 million yen and none, respectively. The dependence of fees stipulated in the Code of Ethics of the Japanese Institute of Certified Public Accountants continued to exceed 15% from the fiscal year ended June 30, 2025.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act of Japan.
UHY Tokyo & Co
Tokyo, Japan
September 25, 2025

Convenience Translation

The accompanying consolidated financial statements expressed in Japanese yen have been translated into U.S. dollars on the basis set forth in notes to consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

STATEMENT ON ACCOUNTING PRINCIPLES AND AUDITING STANDARDS


This statement is to remind users that accounting principles and auditing standards and their application in practice may vary among nations and therefore could affect, possibly materially, the reported financial position and results of operations. The accompanying consolidated financial statements are prepared based on accounting principles generally accepted in Japan and filed with the local finance bureau of the Ministry of Finance (MOF) as required by the Financial Instruments and Exchange Act. The auditing standards and their application in practice are those generally accepted in Japan, and Report of Independent Auditors is translated into English from the statutory Japanese language consolidated financial statements.

Corporate Information (As of June 30, 2025)

Overview

Company name	Pan Pacific International Holdings Corporation
Head office	2-25-12 Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan TEL: +81-(0)3-5725-7532
Establishment	September 5, 1980
Paid-in capital	¥23.689 billion
Stock Exchange Listing	Tokyo Stock Exchange Prime Market
Securities Code	7532
Fiscal year-end	June 30
Number of employees	Non-consolidated: 3,580 Consolidated: 17,075
Number of Group stores	779 stores (Domestic: 655 stores, Overseas: 124 stores)
Website	Top https://ppih.co.jp/en/ Sustainability https://ppih.co.jp/en/sustainability/ Investor Relations https://ppih.co.jp/en/ir/

Major Companies and Business Domains

	Domestic Retail	Discount Store Business	Don Quijote	UD Retail Nagasakiya Tachibana Department Store
		UNY Business	UNY Co., Ltd.	
	Asia Business		PPRM ^{*1} (Singapore)	
			PPRM ^{*1} (Hong Kong)	
			PPRM ^{*1} (Malaysia)	
			Macau PPRM ^{*2}	
			DONKI (Thailand)	
	Overseas Retail		Taiwan PPRM ^{*1}	
			Don Quijote(USA)	
			Gelson's Markets	
			MARUKAI CORPORATION	
			Marukai Hawaii	
	North America Business		QSI	
			PPRM ^{*1} (Guam)	
	Distribution Division	Pan Pacific International Trading Co., Ltd. Pan Pacific Commerce Co., Ltd.		
	Real Estate Division	Japan Commercial Establishment Co., Ltd. Japan Asset Marketing Co., Ltd.		
	Financial Services Division	Pan Pacific International Financial Service Corporation	UCS	
	Retail Media Division	pHmedia Co., Ltd.		
	Advertising and Promotion Division	REALIT Co., Ltd.		
	Digital Division	KaibaLab Corporation		

*1 PPRM:Pan Pacific Retail Management

*2 PPRM:Pacific Rim Retail Management

Stock Information (As of June 30, 2025)

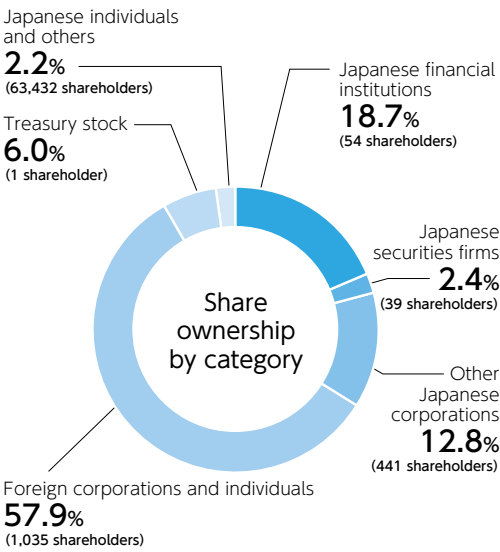
Stock and Shareholder Information

* 5-for-1 stock split executed on October 1, 2025; information shown is as of June 30, 2025, prior to the split.

Stock information

Shares authorized	1,872,000,000
Shares issued	635,353,340
Treasury stock	38,073,421
Number of shareholders	65,002

* The number of shareholders increased by 846 from June 30, 2024.

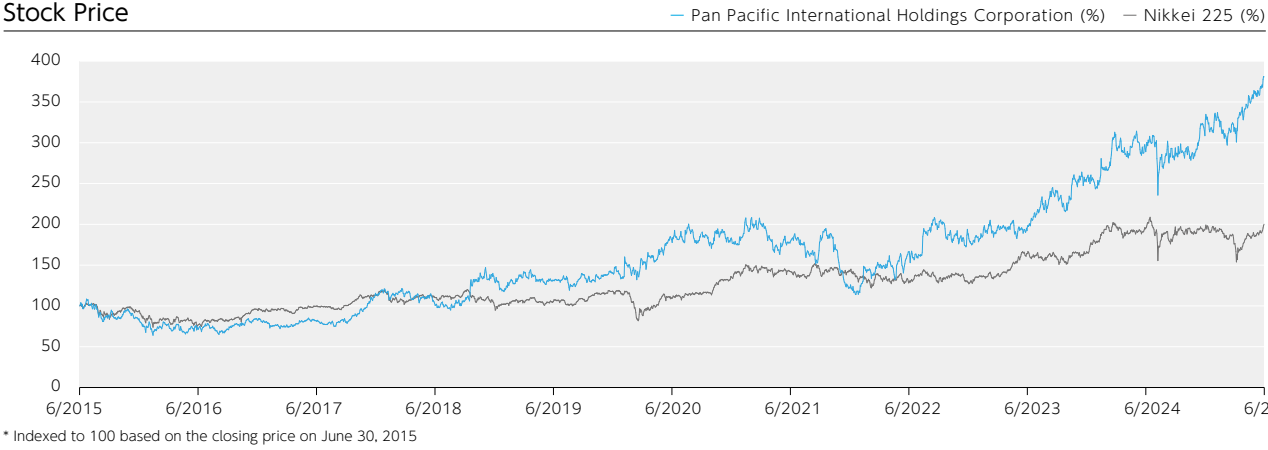


Principal shareholders

Name	Number of shares held	Percentage of total shares in issue (%)
DQ WINDMOLEN B.V.	134,028,000	22.44
The Master Trust Bank of Japan, Ltd. (Trust Account)*	68,000,400	11.39
Pan Pacific International Holdings Corporation	38,073,421	—
Custody Bank of Japan, Ltd. (Trust Account)*	36,575,400	6.12
Anryu Shoji Co., Ltd.	33,120,000	5.55
FamilyMart Co., Ltd.	33,057,384	5.53
Yasuda Scholarship Foundation	14,400,000	2.41
STATE STREET BANK AND TRUST COMPANY 505223	13,118,573	2.20
GOVERNMENT OF NORWAY	12,021,684	2.01
STATE STREET BANK AND TRUST COMPANY 505001	10,639,802	1.78

Note: Percentage of total shares does not include treasury stock (38,073,421 shares).
For shareholders marked with an asterisk (*), the share count includes shares held for trust-related purposes.
The numbers of shares held by shareholders whose actual shareholdings can be confirmed by our company are shown in the status of principal shareholders above.

Stock Price



Index Inclusion Status (As of November 2025)



JPX-Nikkei Index 400



JPX Prime 150 Index



Yomiuri 333



Pan Pacific International Holdings Corporation

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