

## 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.

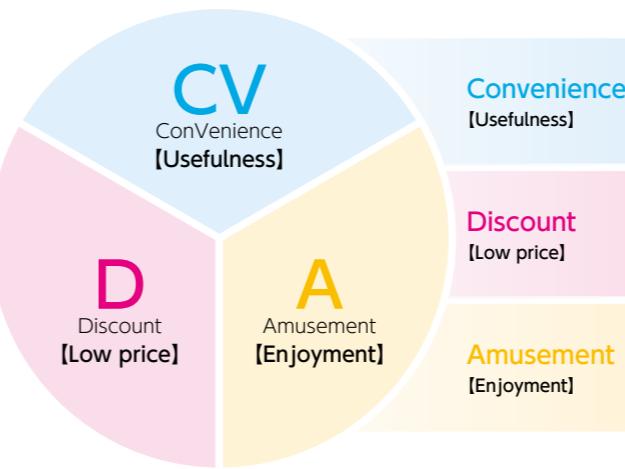


### Stores as a Place to Spend Time: "CV+D+A"

"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.



- Operating hours (late-night operations) that prioritize customer convenience
- Comprehensive product lineup, handling everything from miscellaneous household goods and foods to home electrical appliances, fashion merchandise, and leisure goods
- Nationwide store network with diverse locations and store formats adapted to catchment areas
- "Astonishingly affordable prices" achieved through competitive pricing that offers significant advantages over nearby competitors
- Implementation of "maj-i-kakaku (exclusive prices for app members)" through app features for products that are highly rated by customers
- Enjoyable shopping experiences provided by compression displays, handwritten POP advertisement cards, and other space production techniques that stimulate the senses
- Ever-changing product displays featuring astonishingly affordable products, new items, spot products, and seasonal products

### "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.

