

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”

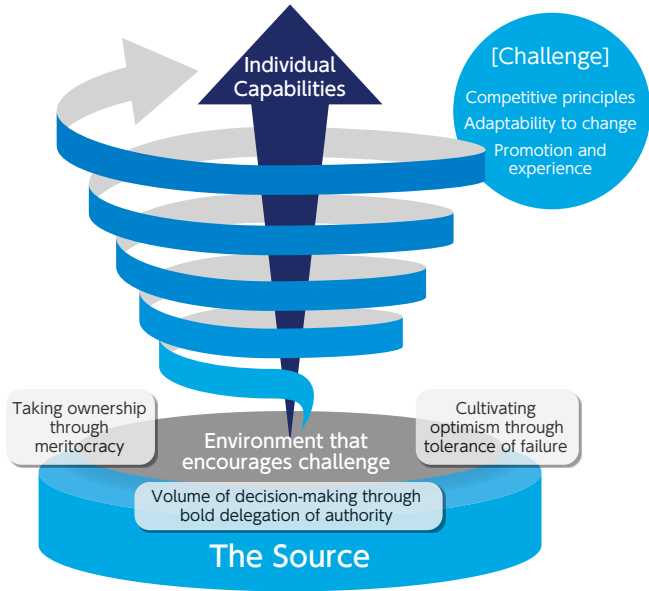
Based on our corporate philosophy collection, “The Source,” the PPIH Group emphasizes the power of each employee to think and act (challenge) on their own, learn, and continue growing, under a system of delegation of authority that trusts and empowers employees, combined with meritocracy. Behind this 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	