

## 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.