

February 24, 2021

To whom it may concern

Company name: Pan Pacific International Holdings Corporation
Representative: Naoki Yoshida, Representative Director,
President and CEO
Securities code: 7532 First Section, Tokyo Stock Exchange
Address: 2-19-10 Aobadai, Meguro-ku, Tokyo
Information disclosed by: Seiji Shintani, Director, Senior Managing
Executive Officer, CSO & CFO
Phone: +81-3-5725-7588

Announcement of Acquisition of Shares of GRCY Holdings, Inc.

Pan Pacific International Holdings Corporation (“the Company”) announced that it has resolved to acquire all of the shares of GRCY Holdings, Inc. (“the Target Company”), the holding company of a corporate group that operates Gelson’s, premium supermarket chain, in California, U.S. (The acquisition of the Target Company's shares is hereinafter referred to as "the Transaction").

1. Overview of the Target Company / Purpose of the Transaction

The Target Company, which operates 27 stores of Gelson’s, premium supermarket chain in Southern California, generates net sales of \$872 million (fiscal year ended December 31, 2020) as well as a long history of 70 years. This chain had significant market share gains as its reputation for reliability and the strong support of its loyal customer base proved beneficial during the COVID-19 pandemic. The Target Company’s business area and the surrounding areas continue to experience ongoing population growth, a large portion of which is in communities with consumers seeking high quality products. We therefore see potential for continuous growth to be achieved by opening new stores and attracting new customers at existing stores.

This transaction is slated to expand PPIH’s overseas sales to approximately ¥200 billion, equivalent to around 10% of the Company’s consolidated net sales. The Company thus anticipates that overseas operations will grow into a third pillar of earnings alongside the existing pillars of its discount store and general merchandise store businesses. Moreover, the addition of the Target Company, which benefits from strong brand recognition, a loyal customer base, and an experienced management team well versed in its market, will be a powerful asset to the Company for overcoming the challenges faced in North American operations, namely the need to strengthen management foundations, develop new store formats, and expand store networks. Meanwhile, the Japanese government aims to raise Japan’s volume of agriculture, livestock, and aquaculture exports to ¥5 trillion by 2030. The Company’s establishment of Pan Pacific International Club will lay the groundwork for the achievement of the agricultural product export target of ¥300 billion. After the acquisition, the Company will explore how the Target Company consumers may benefit from stocking a thoughtfully curated selection of the high-quality Japanese products supplied by the Company. In addition, we anticipate synergies with the Company’s existing operations to be achieved by facilitating improvements in management efficiency and by allowing for economies of scale to be utilized with regard to the procurement of materials and other articles. These benefits are anticipated to accelerate the growth of the Target Company.

Medium/Long-Term Management Plan “Passion 2030,” unveiled on February 5, 2020, puts forth the vision of “enhancing corporate value by deepening our understanding of customers and thoroughly implementing our philosophy of ‘The Customer Matters Most.’” Under this plan, the Company is working to create value to accomplish the plan’s targets of ¥3 trillion for net sales, comprising ¥2 trillion in domestic sales and ¥1 trillion in overseas sales, and ¥200 billion for operating income. Overseas sales rose to ¥115.1 billion in the fiscal year ended June 30, 2020, and both sales and profit showed a massive

year-on-year increase in the six-month period ended December 31, 2020. Moreover, the Company had 38 stores in North America and 17 stores in Asia as of January 31, 2021. Overall, the three-year Medium/Long-Term Management Plan targets 126 stores, net sales of ¥300 billion, and an operating margin of 8% in overseas operations in the fiscal year ending June 30, 2024. Going forward, the Company will enact a policy of building foundations and creating new store formats to achieve growth in North America while expanding its operations in Asia through new store openings in order to continue developing and growing “Japanese brand specialty stores.”

Prior initiatives in North America have included effective use of mergers and acquisitions to build foundations and grow operations. For example, we created our first overseas base for opening stores through the establishment of THE DAI’EI (USA) Inc. (operating in Hawaii, currently Don Quijote (USA) Co., Ltd.) and acquired all shares in Oriental Seafoods, Inc., in 2006, and then acquired all shares in MARUKAI CORPORATION (operating in Hawaii and California) in 2013 and later in QSI, Inc. (operating in Hawaii), in 2017.

Looking ahead, the Company plans to accelerate growth through new store openings and through mergers and acquisitions in Asia and in other areas of overseas operations in order to drive medium- to long-term improvements in the Company’s enterprise value.

2. Outline of Transaction

(1) Outline of the Target Company (GRCY Holdings, Inc.)

(1)	Name	GRCY Holdings, Inc.
(2)	Location	16400 Ventura Boulevard, Suite 240, Encino, CA 91436-2123 USA
(3)	Representative	Robert McDougall, CEO
(4)	Description of business	Premium supermarket operation
(5)	Establishment	2013
(6)	Number of stores	27
(7)	Number of employees	2,864
(8)	Major shareholders and ownership percentages	Fund operated by TPG Global, LLC; majority-owned
(9)	Consolidated net sales	U.S.\$872.3 million (fiscal year ended December 31, 2020) *

* It is the estimated figure as this news release was issued prior to the finalization of performance figures.

(2) Outline of Major Party from Which Shares Will Be Acquired (TPG Global, LLC)

(1)	Name	TPG Global, LLC *
(2)	Location	345 California Street, Suite 3300, San Francisco, CA 94104 USA
		301 Commerce Street, Suite 3300, Fort Worth, TX 76102 USA
(3)	Representatives	James Coulter, Co-CEO; Jon Winkelried, Co-CEO
(4)	Description of business	Global alternative asset firm
(5)	AUM	U.S.\$85 billion
(6)	Establishment	1992

* Shares will be acquired from TPG Capital, the private equity platform of TPG. Also, parties from which shares will be acquired include employees of the Target Company and other individuals and investors. Accordingly, information on individual parties from which shares will be acquired has not been disclosed in order to protect the personal information of the respective individuals and investors.

3. Schedule

(1)	Date of execution of contract	February 24, 2021
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(2)	Date of consummation of share acquisition	April, 2021 (expected)
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4. Future Outlook

The impact of this transaction on performance in fiscal year ending June 30, 2021, is expected to be minimal. If subsequent events warranting disclosure occur, separate notification will be provided.