Pan Pacific International Holdings Corporation
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Overview of Q&A Session at the 2026 ESG Briefing

Respondents
Yuichi Watanabe, Executive Officer and Head of IR Headquarters
Jumpei Nishitani, Outside Director (Audit and Supervisory Committee Member)
Yuria Kondo, Million Star General Manager

This document provides an overview of the Q&A session at the 2026 ESG Briefing.
Questions and answers have been edited for clarity.

Q1. With delegation of authority, how do you communicate with subordinates? Also, do you find it important to strengthen teamwork to achieve results?

Respondent: Kondo

- I focus on communication guided by the collection of our corporate principles, *The Source*. When I first assumed a management role, I read *The Source* repeatedly and re-examined my management approach — such as by shifting my perspective to the other side — to engage others more effectively.
- PPIH's strength lies in the power of the individual. Through delegation of authority, every employee, including mate employees, can take pride in their work and act independently. This increases the collective strength of individuals and improves overall team performance as well.
- I believe the role of a General Manager is to bring together the strengths of each individual and take the lead in turning them into a successful team to drive organizational results.

Q2. During your eight years as an outside director, how do you perceive the turning point in the company's evolution? Additionally, what do you see as the challenges for future growth?

Respondent: Nishitani

- From the time when the company was aiming for one trillion yen in sales to the present, we have been strengthening the corporate organization and governance structure in line with the expanding scale of our business.
- Under the leadership of former CEO Naoki Yoshida, we made significant strides in building an organizational structure befitting a major corporation, resulting in a stronger organization.
- Looking ahead, I see the critical challenges as strengthening governance and enhancing compliance in line with the expansion of operations outside Japan. Governance must evolve in step with the pace of corporate growth, and I believe we must rise to meet these challenges.

Q3. As the core spirit underpinning the growth of operations outside Japan, how well has *The Source* been promoted among employees working in the countries?

Respondent: Watanabe

- Following the decline in overseas business earnings about two and a half years ago, we moved to strengthen the development of local talent.
- In Asia, *The Source* is available in multiple languages. In Thailand, we conducted training and implemented management reforms based on *The Source*, and then expanded these initiatives to other countries as well.
- As a result, the approximately 15 employees serving as regional managers in Asia are now all local hires, demonstrating the success of our efforts to instill our corporate philosophy and develop talent. We believe this has also had a positive impact on the staff working with them.
- Furthermore, we believe that this has led to operational improvements in Asia, contributing to an operating profit margin exceeding 5% in the region for the current fiscal year.
- However, the United States remains a challenge. While we have seen some operational improvements by leveraging our successful approach in Asia, promoting *The Source* in the country continues to be an issue that we must address going forward.

Q4. In the external evaluation scores, there appear to be issues related to compliance and mutual respect among employees. What is your perspective as an outside director?

Respondent: Nishitani

- We recognize compliance awareness as an issue requiring attention and have strengthened our Compliance Committee. We are implementing measures such as risk mapping and training, but it may take some time for the results to become apparent.
- As for the results concerning mutual respect among employees, I believe they reflect, to some extent, the corporate culture, which emphasizes meritocracy and performance-based evaluation. I do not feel that the environment is one in which employees undermine or hold each other back.

Respondent: Kondo

- With regard to mutual respect among employees, we have a deeply rooted culture of growth through healthy competition, where store employees view each other as colleagues and rivals at the same time.

Q5. How do you promote *The Source* to the companies you have acquired?

Respondent: Watanabe

- At the time of consolidation with UNY Co., Ltd., there were significant differences in corporate culture and values. However, we translated the philosophy of *The Source* into actionable operational practices and promoted them in a clear and accessible manner.
- We place importance not only on communicating the philosophy itself, but also on breaking it down into a format that can be easily understood by store staff and sharing it frequently.
- We gradually established the PPIH corporate culture — including the practice of delegating authority — through constant communication among merchandising staff. Store managers at both companies supported the process through on-the-job training, *The Source* training, daily recitations, and other engagements.

Q6. From your perspective, Mr. Nishitani, what is the significance of Mr. Yusaku Yasuda — a member of the founding family — joining the Board of Directors?

Respondent: Nishitani

- First, it helped lower the average age of the Board of Directors.
- Second, it provided reassurance that the current management structure, in which the

founding family and the management team fulfill their respective roles, can continue without major changes to the capital structure.

- At present, he is not directly involved in management but is in a position to keep a close watch over the company as a major shareholder and member of the founding family. He is currently in a growth phase, gaining a wide range of experiences in order to fulfill his role as a founding family member. We hope that you will follow not only PPIH’s future growth but also his development as a next-generation leader from the founding family.

Q7. From the standpoint of an outside director, what expectations do you have of the owner (founding family)?

Respondent: Nishitani

- Speaking personally, I believe that mutual understanding between the founding family and the management team is crucial. At other companies, we have seen instances where differences in opinion between owners and management have led to conflict or other issues. Since the founding family is also a major shareholder, it is important for them to correctly understand the content of discussions and the policies that management intends to pursue, and to reach a general consensus.
- At Board meetings, the direct sharing of discussions on management issues and decision-making deepens communication between the management team and the founding family. I look forward to the participation of the founding family in discussions as directors, deepening mutual understanding with the management team, and sharing a common vision for the company's direction.