

Overview of Q&A session at analysts briefing for FY June 2019. (July,2018-June,2019)

This document illustrates an overview of Q&A session at analysts briefing for the first quarter results. Questions and answers are edited for clarity.

Q1. Why CEO change announced at this timing?

A : The fact that PPIH accomplished its medium-term target “Vision 2020” ahead of schedule triggered to announce the CEO change. We believe the person who announce the medium-term target should be achieve it, thus it was the right timing to announce. It is important to establish a robust structure whoever the CEO is going forward. It is necessary to shift team management gradually. PPIH grows by forming operational organization that support new CEO, Mr. Naoki Yoshida.

Q2. How is Mr. Yoshida going to manage PPIH as a new CEO?

A : Four new directors will be appointed from store operation division and they will play their roles. Board member is making final decisions for resolution matters in the group, managing balance sheet and financing. We will do the same in a team.

Q3. How will be the performance of conversion stores from UNY in the fiscal years in 2020 and 2021?

A : The sales for UNY and UD retail combined in FY 2024 will be 50% more than FY 2019 as it is shown on page 34 of presentation slides (Japanese). Operation profit stood at about 21 billion yen in FY February 2019. About 20 plus billion yen of OP will be added in FY June 2023.

Q4. Is the US business going to be accelerated as Mr. Ohara focuses on it?

A : The term “accelerate” in the US business means to open 1,000 store units and it is too early to say. The expansion target for the time being is to build 100 store structure. Cost inflation is happening in the US, however, rent is in deflation. It means that it is relatively easy to secure profit. Wage inflation in Japan doesn't link to consumption, but wage growth is pushing up consumption in the US. That is why we believe the US is very attractive market.

Q5. What will be the biggest priority for Mr. Yoshida as a new CEO?

A : First priority is to increase profit mainly by converting UNY stores.

It is also necessary to plant seeds for next growth. We have 13 million memberships in our E-money “majica” and UNY membership cards in total.

How do we make the most use of this asset is one of the issues that I work on.

It is important for me to allocate the resources appropriately for further business expansion.

Q6. What are the strengths for Mr. Yoshida as a corporate leader? What would you like to do after being CEO?

A : My strengths are being honest and the fact that I match my words and action.

I have a desire that the company aims at being a third pole in the retail industry.

It is about to come true. My motto is “Fluidity and immutability”.

We always have to be keen to changes and flexible while we should protect things that we should not change. I would like to do this in a team.

Q7. Is Mr. Ohara not going to be involved in Asian business ? How does Mr. Ohara train people in the US business.

A : Mr. Yasuda (founder) lives in Singapore and he is developing the real estate for stores locally. I (Mr. Ohara) will be concentrating on the US business. I would like to understand deeply the lifestyle, consumption, consumer sentiment and diversified value in the US. Then I would like to create a new business format.