

Top Message



Under our principle of “The Customer Matters Most,” we will refine our strengths and continue our profit growth to achieve operating profit of 200 billion yen in 2030

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Shifting gears from the COVID-19 era to the post-COVID-19 era
Reflecting on fiscal 2020-2022

First, I would like to express my deepest gratitude for the constant and generous support of all our Group’s stakeholders.

The PPIH Group announced its previous medium-term management plan, Passion 2030, in February 2020. However, the world plunged into the COVID-19 pandemic shortly after that. Our domestic business has continued to face a difficult business environment, including a major decline in sales as inbound tourist sales disappeared after March 2020. Despite this, the PPIH Group was able to achieve its 33rd consecutive fiscal year of sales and profit growth in the fiscal year ended June 30, 2022.

Having experienced rapid and unexpected changes to the business environment, this fiscal year, we shifted gears from prioritizing sales to a business strategy and policy focused on profits, in order to change our business model to one suited for the post-COVID-19 era. We feel that we have produced a level of tangible results in our preparations for the post-COVID-19 era.

**Our medium-to-long term management plan for becoming a visionary company
From Passion 2030 to Visionary 2025/2030**

Two-and-a-half years have passed since the announcement of Passion 2030. The PPIH Group has revised its future growth strategy and numerical targets to reflect the changes in the post-COVID-19 business environment, and newly announced Visionary 2025/2030. Even as we face a changing business environment, we aim to be a visionary company that is essential for consumers and society that have been transformed, based on our principle of “The Customer Matters Most.”

The term “visionary” was inspired by the book *Built to Last: Successful Habits of Visionary Companies* by Jim Collins. In the book, Collins writes, “Keep in mind that all products, services, and great ideas, no matter how visionary, eventually become obsolete. ... But a visionary company does not necessarily become obsolete, not if it has the

organizational ability to continually change and evolve beyond existing product life cycles.”

We understand that a visionary company is one that can continue to grow over a long period of time. We have incorporated this into the name of our Group’s medium-to-long term management plan, which calls for continued insatiable pursuit of profit and the promotion of ESG.

Our people are our greatest core value for becoming a visionary company

We believe that PPIH’s core values for becoming a visionary company are our name (branding), stores, products, and human resources.

Our Don Quijote and DON DON DONKI store names hold major value for our Group. The mere mention of them conjures up powerful images in our customers’ minds. Our stores and products constitute the brand. We have a wide variety of business formats, products, and services, but the fact that our brand, stores (for which we use the term “shop floors”), and products have a consistent image among customers is a great source of strength for us.

Within that, our greatest core value, our greatest source of strength, so to speak, is our human resources.

Our Group’s human resources are characterized by their independence and strong commitment to achieving goals. The overwhelming majority of our employees contribute to enhancing our corporate value by implementing our principle of putting the customer first with a frontline perspective. Furthermore, our Group’s management is founded on the “delegation of authority.” For people who are not proactive, this can be painful, but our human resources crave it and take on challenges with ingenuity. To implement our various measures, we need to have the unity and ability to get things done that they provide on the frontlines. When it comes to our medium-to-long term management plan as well, there is no doubt that maintaining the motivation of our employees, who are the engine of our business, is critical to determining its success or failure.

Initiatives to achieve operating profit of 200 billion yen in 2030

In Visionary 2025/2030, we removed the long-term sales target that we had previously set, and instead set numerical targets of 120 billion yen in operating profit (2 trillion yen in sales) for the fiscal year ending June 30, 2025, and 200 billion yen in operating profit for the fiscal year ending June 30, 2030. The plan for the fiscal year ending June 30, 2025 does not take into account inbound tourism sales. In addition, we set a goal of achieving operating profit of 200 billion yen in the fiscal year ending June 30, 2030 by continuing to grow profits at an average annual rate of more than 10% while responding to possible future changes to the business environment.

Visionary 2025/2030 sets forth three basic policies for achieving our targets: “Building a new value chain,” “Adhering to the principle of ‘The Customer Matters Most,’” and “Becoming a highly productive company.” We will implement various measures during each period of the plan. (→ P. 11 “Growth strategy of Visionary 2025/2030”)

Particularly with regard to productivity, we will make further improvements to enable active investment in our people. To achieve the targets of the another extremely important factor is improving the skills of our employees, who are one of our core values.

In addition, after implementing measures to control SG&A expenses and improve efficiency through IT and DX, we will focus our limited number of human resources on “areas where manpower is needed,” in order to offer convenience, discounts, and amusement (CV+D+A), which is our Group’s unique value. In particular, we will work on store creation, product lineups, and PB development that offer our customers amusement, which will result in increased profits.

Improving profit margins over the next three years with measures in Japan and overseas

For our domestic business, we aim to improve our profit margin and achieve operating profit of 93 billion yen in the fiscal year ending June 30, 2025 by implementing measures to adapt to market contraction and changes in the competitive environment. (→ P. 12 “Growth targets for Domestic Business”)

The first measure for our domestic business is to accelerate the shift to PB/OEM, which we refer to as promotion of SPA. We believe that, while securing gross profit by increasing the PB/OEM ratio, we can also continue to create appealing shop floors where customers can always find “something new” based on the perspective of “The Customer Matters Most.” We will strive to improve our know-how in planning, development, pricing, and other areas, and create a system that reflects customer feedback, to raise the PB/OEM ratio to 25% and the merchandise gross profit margin to 27.5% in three years.

Secondly, we will work on our digital CRM measures. We will intensively strengthen the functions of our majica app, then, mainly through the app, we will expand our offering of CV+D+A, the source of our Group’s competitive advantage, beyond our stores and provide people with new shopping experiences.

For our overseas business, we aim to achieve higher profitability and realize operating profit of 27 billion yen in the fiscal year ending June 30, 2025 by expanding the scale of operations through continued store openings and building

a global value chain. (→ P. 14 “Growth targets for Overseas Business”)

We will increase our stores in Asia and North America, not only for the DON DON DONKI business format, but also by developing, deepening, and expanding spin-off business formats such as SEN SEN SUSHI. We will also take on the challenge of building a new global value chain centered on PPIC. We will contribute to achieving Japan’s goal of five trillion yen in agricultural and marine product exports, and challenge ourselves to expand into more regions.

Solving environmental and social issues and realizing a sustainable society by adhering to the principle of “The Customer Matters Most”

The PPIH Group will work to solve environmental and social issues and contribute to realizing a sustainable society through our core business of general retail and based on our unchanging corporate principle of “The Customer Matters Most.” Centered on the Sustainability Committee, we have established a framework for promoting each ESG area, and are advancing initiatives to resolve the priority issues (materiality) we have identified. In terms of our major initiatives this fiscal year, we declared support the Task Force on Climate-Related Financial Disclosures (TCFD), conducted scenario analysis and disclosure based on the TCFD recommendations, and set the “PPIH Group decarbonization targets” to reduce CO₂ emissions from our stores by 50% from the fiscal 2013 level by 2030 and to achieve net-zero emissions by 2050. In addition, we established the PPIH Group Sustainable Procurement Policy and PPIH Group Supply Chain Code of Conduct to promote product procurement that addresses human rights and environmental issues in the supply chain. Moreover, we set goals to promote women’s participation and career advancement, including increasing the number of female store managers and improving the retention rate of female employees. Our project aimed at producing 100 female store managers has yielded results, with the number of female store managers doubling compared to the end of the previous fiscal year.

In recent years, global social and environmental issues have become more serious, and society is demanding that companies further promote sustainable initiatives. With more than half of our customers being women, promoting diversity is an urgent issue for the PPIH Group, both from the perspective of prioritizing customers and in terms of addressing chronic labor shortages and acquiring talented human resources. Our managers position diversity management as an important management strategy. We will take the responsibility to establish a diversity-oriented organization that respects and accepts the diverse values and individuality of all people involved in our corporate activities.

To our stakeholders

Our Group will achieve the Visionary 2025/2030 medium-to-long term management plan and maximize our corporate value by adhering to our principle of “The Customer Matters Most,” flexibly adapting our business model, and insatiably pursuing profit. We humbly request your continued kind support and encouragement.