

Top Message

We will continue to grow as a “profitable” retail company that is not only “deflation-proof” but also “inflation-proof.”



President, Representative Director and CEO

Naoki Yoshida
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Results for the fiscal year ended June 2023

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

In FY2023, we recorded 1.9368 trillion yen in net sales (a 5.8% increase year on year), 105.3 billion yen in operating profit (an 18.7% increase year on year), and net income of 66.2 billion yen (a 6.8% increase year on year), thus achieving our 34th consecutive fiscal year of sales and operating profit growth. This is also the first time that the PPIH Group has surpassed 100 billion yen in operating profit.

Domestically, we benefited from changes in the business environment, such as the recovery of inbound tourism demand and changes in consumer behavior in the post-COVID-19 era. At the same time, however, our analysis indicates that, in these inflationary times, our strategy, centered on a diverse merchandizing portfolio that does not focus solely on discounts, was able to provide customers with amazement and amusement, and simultaneously ensure both sales and profit.

As for our overseas business, we had to deal with a difficult business environment and challenges and ended the fiscal year with a decline in profits. Going forward, we intend to implement an achievable level of investment across our entire portfolio in both the Asia and North America businesses, while taking measures to ameliorate short-term issues, in order to set ourselves up for future growth.

If I could share an overall observation, I think the biggest change we have experienced over the past two years is that we have firmly built up our “earning power.”

The golden ratio under our existing profit structure was to keep our gross profit margin above 25%, limit our selling, general, and administrative (SG&A) ratio to 20%, and, as a result, achieve an operating profit margin of over 5%. However, contrary to our expectation that as we scaled our business, we would enjoy greater economies of scale and therefore a lower SG&A ratio, our SG&A expenses have actually increased, particularly as a result of making UNY a wholly-owned subsidiary. Furthermore, due to recent inflationary pressures, our SG&A expenses are increasing in absolute terms as well. This means that our golden earnings ratio is no longer viable. Moreover, SG&A expenses include many aspects that are beyond our control, such as rents, utility costs and per capita labor costs. Under such circumstances, our efforts, over the past few years, to improve our profit structure, including raising our gross profit margin, increasing our productivity, and reducing our SG&A expenses, have borne fruit. They have enhanced our “earning power” in the form of even greater profit growth than sales growth, despite major external changes, particularly rising procurement costs and increased SG&A expenses, and produced an operating profit margin in the 5% range for the first time in 5 years.

As we work towards our target of 120 billion yen in operating profit in FY2025, we will continue to grow as a “profitable” retail company that is not only “deflation-proof” but also “inflation-proof.”

In FY2024, the second year of Visionary 2025, we are poised to reach 2 trillion yen in net sales for the first time ever. We have set business targets of 2.0621 trillion yen in net sales and 111 billion yen in operating profit, and we will aim to maintain our operating profit margin at over

5% and achieve a 35th consecutive fiscal year of sales and operating profit growth. In addition, we will focus on investments for growth and human resources development and strive to grow even further.

Creating leaps that are crucial for sustainable growth

In order to achieve the target of 200 billion yen in operating profit by FY2030, as set out in Visionary 2030, and to ensure sustainable growth beyond that, I believe we need to come up with additional innovations.

Looking back at the growth of our company from the time of its founding, we see countless successful leaps, such as the conception of the Don Quijote format and the nationwide expansion of our discount store business, the inclusion of fresh foods in our operations and store creation leading eventually to the acquisition of UNY, and the creation of the new DON DON DONKI business model and its expansion into Asia. To continue to grow, companies must constantly make successive leaps. I recognize that one of my important responsibilities is to come up with mechanisms that will produce the leaps that are essential for sustainable growth. I will provide novel training and development opportunities for potential leaders of the future and strive to foster a corporate culture where leaps are commonplace and generated on an everyday basis.

Sustainability initiatives

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.”

In FY2023, our main initiatives have been enhanced efforts to address human rights issues in the supply chain, as well as efforts to strengthen our governance, namely disclosure of the policy and system for determining directors’ remuneration, and the formulation of the PPIH Group Anti-Corruption Policy and implementation of related training for directors. In addition, we have made continuous efforts to promote women’s participation and career advancement, including increasing the number of female store managers by 18 compared to the end of FY2021 as part of our project aimed at producing 100 female store managers.

As part of Visionary 2025/2030, which we announced in August 2022, we included quantitative targets for our ESG activities, including “reduce 50% of CO₂ emissions from stores” and “increase the number of female store managers to 100,” as our vision for 2030, and we are taking measures to achieve those goals.

In our efforts to accomplish both business growth and sustainability, and achieve our business targets as well as the aforementioned sustainability targets, by 2030, we will need many innovative and unconventional ideas. The important resource for our starting point is opinions and ideas not only from management, but also from the people on the frontlines.

We will identify the right sustainability initiatives, while engaging in regular dialog with our stakeholders, and strive to make them a success through the collective efforts of our human resources, which are the PPIH Group’s greatest core value.

To our stakeholders

In the face of the major changes posed by the COVID-19 pandemic, the PPIH Group was able to achieve major growth and transformation because we made the absolute most of our strengths as a company that has the ability to adapt. What I felt most strongly during the pandemic was that all our employees worked as one to tackle these changes head on. They then adapted admirably to these major changes. That is what it all comes down to.

Every employee in the PPIH Group faced up to this unprecedented situation, exercised leadership, and took on difficult challenges. The growth of the PPIH Group is driven by the combination of the daily efforts and insight of the people on the frontlines, who go about their work with passion.

Because we have such a talented workforce, I believe our stakeholders can rest assured that the PPIH Group is a company that is supported by excellent employees and that can enjoy sustained growth without being unduly influenced by management.

As my PPIH colleagues and I continue to move forward towards our goals, we humbly request your continued kind support and encouragement.