

Messages from the Outside Directors



Human resources are the source of our ability to adapt: Achieving meaningful communication with investors through human capital disclosures

Outside Director (Audit and Supervisory Committee Member)
Jumpei Nishitani

High evaluation of the rise in our “earning power” amid the COVID-19 pandemic

Our operating profit of 105.3 billion yen and operating profit margin of 5.4% for the fiscal year ended June 30, 2023 demonstrate our Group’s overall strength in the sense that we have maintained growth throughout the approximately three years of the COVID-19 pandemic by leveraging our innate “ability to adapt.” I perceive this as an important point from the perspective of sustainable growth over the medium to long term. In particular, the driving force behind the improvement in our operating profit margin, or “earning power,” was first the improvement in the profitability of our GMS business, and then the improvement in gross profit margins, centered on PB products, through the promotion of SPA reform in our discount business. I cannot help but feel amazed that both of these were achieved in the midst of the pandemic.

Going forward, we will continue to promote our PPIH-style SPA reform in our GMS business, following on from our discount business. In this regard, the results of the management reforms undertaken during the pandemic will not fully blossom until the fiscal year ending June 30, 2024. I hope that all of you stakeholders can expect even greater profitability in the future.

Expectations for the Sustainability Committee’s Group-wide activities

Amid the current situation, we are still taking the preliminary steps for establishing an integrated sustainability management system for the entire PPIH Group. Under these circumstances, the Group’s sustainability response must include on-site oriented efforts, such as sharing good practices in each market and sustainability-conscious products within the Group. In this regard, I have high expectations for the role of the Sustainability Committee, which operates as a cross-Group organization that transcends the boundaries of divisions and areas.

With regard to ESG (environmental, social, and governance), I highly appreciate the fact that PPIH is moving steadily forward based on the evaluations from various rating agencies and making solid progress. I have high expectations for the future promotion of PPIH-style ESG, and hope that the high evaluation of these activities will lead to further expansion of ESG investment in our company.

Going forward, our Group will continue to expand the scale of our overseas business, and its ratio within our

Group’s overall business will continue to rise. PPIH’s overseas business is not only an expansion of our business domain, but also has a social significance in that it is an expansion of excellent Japanese commercial products into overseas markets. On the other hand, the significance of such business development is not easy to incorporate into ESG discussions. I hope that investors will gain a broad, deep understanding of our business and support our business development in pursuit of expanding social value.

Securing human resources and improving our system for supply chain management

With regard to supply chain management, we must take responsibility as a manufacturer, moving one step beyond the retail industry, in part because we have engaged in SPA reform since 2021. This matter has been pointed out by the Board of Directors from the outset. The PPIH Group Supply Chain Code of Conduct has been established to take this into account, and capacity-building initiatives have been implemented after conducting risk assessments.

In addition to the social aspect of ESG (such as human rights issues), the environmental aspect (environmental issues, as exemplified by COP3) is expected to become a more full-fledged issue in the future. Because companies will be required to take even greater care with their supply chains, I believe it is necessary for us to urgently secure expert human resources and establish a proper system.

Improving human capital disclosures for meaningful dialogue with stakeholders

With increasing uncertainty in international affairs, no one knows what changes will occur in Japan’s economic environment in the future. However, as was the case with the COVID-19 pandemic, I expect that our “ability to adapt” will be especially demonstrated in the future uncertain environment.

The source of this ability is the human resources at PPIH. Although we began our human capital disclosures from the fiscal year ended June 30, 2023, my impression is that we have not fully communicated the excellence of our company, which offers a workplace where people can work and thrive through the thorough delegation of authority. I hope that future improvements will make dialogues with stakeholders even more meaningful.



Achieve sustainable growth by maintaining the strengths that have been cultivated since our company’s founding and voraciously incorporating outside wisdom

Outside Director (Audit and Supervisory Committee Member)
Masaharu Kamo

Making “The Customer Matters Most,” “delegation of authority,” and “individual store operation” our greatest weapons

I became an Outside Director in 2022 and have been observing the Group from an objective perspective from the inside. I now realize anew that PPIH is a one-of-a-kind retailer whose greatest characteristics are its philosophy of “The Customer Matters Most,” delegation of authority, and the resulting “individual store operation,” and that these characteristics are its greatest weapons for adapting to changes in the market. As people on both the front and end lines, all the personnel in the stores continue to work hard together in friendly competition as they must put all their efforts into dealing with customers. This friendly competition leads to each member’s growth, which in turn builds PPIH’s strengths and achievements as a company. The backbone that supports these activities is our corporate philosophy compilation “The Source,” and I feel that each member is able to move forward precisely because of this backbone.

Using my experience to help the executive divisions to enhance corporate value

As an Outside Director, I recognize that my responsibilities are to monitor and supervise management, as well as to provide advice on organizational management and business reform based on my experience in corporate management in various industries, including the retail industry, and to help the executive divisions to enhance corporate value over the medium to long term.

The Board of Directors is generally considered to be effective, with the four Outside Directors freely expressing their opinions about the company based on their different backgrounds and appropriately stimulating discussion. Furthermore, I believe that the Board of Directors will become even more effective in the future by deepening discussions on themes such as the future direction of the company and inherent risks, beyond just the supervision of day-to-day operations.

Voraciously incorporating outside wisdom and linking it to the creation of new business formats

By my evaluation, the profit targets in the medium-to-long term management plan “Visionary 2025/2030” are not reckless compared to our growth potential to date. They are at a

well-balanced level as they are moderately feasible and moderately difficult.

In order to achieve the 2030 targets, it will be necessary to adapt to the changes of the times and voraciously incorporate existing business in order to append added value unique to PPIH and create new business formats. Naturally, the use of M&A should also be considered. However, in doing so, what is required is not simply acquiring sales, profits, or assets, but rather a management approach of bringing new businesses into the Group, nurturing them, and expanding them.

In particular, overseas business is not straightforward, and we expect to face many challenges, including the acquisition of new human resources, organizational management specific to each region, and the creation of peripheral ecosystems. If we continue to directly tackle these challenges, I am confident that we will overcome them.

Focus on human resources development and acquisition of human resources from external sources for sustainable growth

One of my expectations for the company is to strengthen human resources development and acquisition of human resources from external sources (including non-Japanese human resources). For sustainable growth in the future, in addition to adhering to the PPIH vision symbolized by “The Source” and checking its permeation on a daily basis, we must further strengthen internal and external stimuli so that we can gain new insight and create new added value without simply resting on our laurels.

The PPIH Group is now growing to be a global group with sales of more than 2 trillion yen, and with the expansion of our scale, the content of our business is also changing significantly. We are working to deepen our supply chain by strengthening our PB products and foods, including fresh food ingredients (which we purchase directly from the production areas). In the process, we must simultaneously strengthen our “vertical line” and “horizontal line” by incorporating an internal system with division of labor and roles while at the same time preserving our unique strengths in delegation of authority and individual store operation.

I feel that we are now at the most critical point in our history in terms of whether we can overcome the challenges we face, upgrade the system that has been in place since the company’s founding, and achieve mature growth as an organization. As a member of our company working to the best of my ability, I will make every effort to ensure that PPIH continues to be a one-of-a-kind company.