



Top Message

As we enter the implementation stage for achieving Visionary 2030, we will promote our growth and sustainability strategies in tandem

President, Representative Director and CEO

Naoki Yoshida
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FY2024 results

First, I would like to express my deepest gratitude for the constant and generous support of all our Group's stakeholders. Looking back on the past year, despite drastic changes to the retail business environment, such as unstable global conditions, historic depreciation of the yen, and high commodity prices, the PPIH Group produced its best financial results ever.

In FY2024, we recorded 2.0951 trillion yen in net sales (an 8.2% increase year on year), 140.2 billion yen in operating income (a 33.2% increase year on year), and net income of 88.7 billion yen (a 34.1% increase year on year), thus achieving our 35th consecutive fiscal year of sales and operating income growth. We have also achieved the targets in Visionary 2025, our medium- to long-term management plan, of 2 trillion yen in net sales and 120 billion yen in operating income, a year ahead of schedule. Furthermore, we are only the fifth Japanese retailer to exceed 2 trillion yen in net sales. This is also the first time that the PPIH Group has surpassed 80 billion yen in net income.

One reason our net sales grew was because we were able to increase the number of customers visiting our existing stores. We greatly broadened our customer base not only by capturing inbound tourism demand to increase the number of overseas customers, but also through measures such as enhancing promotion of PB products and attracting more than 15 million majica

app members. Our accelerated efforts to increase our number of stores also contributed to sales growth, as we launched 24 new stores in a variety of formats in Japan, including the conventional Don Quijote, large-scale MEGA Don Quijote, and rail-side format as well as 12 new stores overseas, for a total of 36 new stores.

In terms of gross profit margin, we both increased the number of PB/OEM products and optimized inventory. We were therefore able to actively refresh our merchandise mix. This also created a positive cycle of being able to constantly introduce new products, including PB/OEM products, and that sense of there always being "something new" was popular among customers, contributing to increased profitability.

Our operating income margin improved significantly to 6.7% (a 1.3 pt increase year on year), and we have enhanced our "earning power" further thanks to active investment in our continued growth and various growth strategies producing quantitative results. We will continue to focus on investments for growth and human resources development and strive to grow even further.

Three outcomes from Visionary 2025

To describe the PPIH Group following the completion of Visionary 2025, we came up with the "three outcomes".

The first outcome is employee growth. By cultivating "the capability to turn environmental changes into opportunities to generate profit", we have been able

to achieve growth with greater certainty. Specifically, by establishing a business model that is also resilient to inflation, taking on the challenge of creating new business formats, and emphasizing the appeal of physical stores in terms of "CV+D+A (ConVenience +Discount+Amusement)", which are not offered by e-commerce, we have built up our ability to adapt in terms of recognizing environmental changes and each commercial zone's needs. Furthermore, we have raised our "earning power" through efforts that include expanding our offering of PB/OEM products, which has greatly transformed the support we receive from customers. Additionally, we have increased the number of products in which we have a dominant sales volume, captured inbound tourist demand, enhanced productivity through digital transformation and optimized personnel allocation, and improved our inventory turnover ratio. I am certain that employee growth in these areas will continue and that this will be the engine driving our performance in FY2025.

The second outcome is emerging insights. Because we have created so many different styles of stores, there is still potential for domestic store expansion. Furthermore, in terms of PB/OEM, we have shifted to the next step of OEM conversion of our staple products, and, from a marketing standpoint, we are also implementing initiatives to expand majica app members and gain new customers, with a focus on younger consumers. These initiatives, which I have previously mentioned, have started to shift into full gear, and I believe they will contribute to our growth from FY2025 and to our operating income from FY2026.

The third outcome is unachieved goals. We consider initiatives such as revenue generation in financial services, next-level growth in overseas business, and a shift in non-food in GMS as further growth opportunities, and we expect them to contribute to profits as new sales drivers in FY2027.

In these ways, the "three outcomes" will be the engine driving our performance in FY2025 and FY2026, as well as FY2027 and beyond. I am very confident that we will be able to achieve the Visionary 2030 target of reaching 200 billion yen in operating income within 6 years.

Sustainability initiatives

Under Visionary 2030, we have set both performance targets and also sustainability-related targets. To achieve these targets, each relevant committee and division leads the implementation of initiatives such as the reduction of CO₂ emissions and plastic usage,

and the promotion of women's active participation by increasing the number of female store managers and improving the retention rate of female employees and we are poised to make even greater progress.

While maintaining these initiatives, we will also focus on strengthening our human capital and supply chain management, which are themes linked to our strategies for achieving Visionary 2030, and promote our growth and sustainability strategies in tandem. For human capital, we will raise morale across the Group even higher by ensuring an environment that enables our staff to perform to the best of their abilities, and introducing a system that evaluates the contribution and motivation of mate employees (part-time or temporary employees) who work in stores, among other efforts. As for supply chain management, the restructuring of our supply chains and expanded sales of our PB/OEM products will lead to our increased social responsibility over procurement and sales. Therefore, we will rigorously implement initiatives to enhance product safety and quality, such as factory inspections, as well as other activities that contribute to reducing risks related to human rights and the environment.

To our stakeholders

Regarding shareholder returns, we issued a commemorative dividend of 9 yen per share to celebrate the PPIH Group surpassing 2 trillion yen in net sales and revised the dividend forecast upward to 30 yen, thereby realizing a dividend payout ratio of over 20% for the first time. Going forward, while adhering, in principle, to our existing progressive dividend policy, we will be mindful of raising the dividend payout ratio from the current 20% to 25%, and strive to balance growth investments and shareholder returns.

Furthermore, looking ahead to the next generation of management, following the annual shareholders' meeting in September 2024, we appointed Hideki Moriya and Kosuke Suzuki as new representative directors. Shaping the company around leaders who possess a wealth of experience while also having younger sensibilities, as they are both in their 40s, is essential and very important for the PPIH Group's business succession. At the same time, we welcomed two new outside directors and will view the whole PPIH Group from fresh perspectives, thereby striving to further strengthen our governance system. As we accelerate growth and continue to move forward towards the achievement of Visionary 2030 under a robust management structure consisting of members across a range of age groups and equipped with diverse insights, we humbly request your continued kind support and encouragement.