

Domestic Discount Store Business

Main points of our strategy

- Tax-free sales continue to expand in popularity, becoming the “undisputed leader” overwhelming competitors
- Strengthening collaboration with national brand manufacturers, including switching to OEM for staple products
- Continuing new store openings with diverse formats, advancing the “Cover Japan” initiative

Reflecting on FY6/2025

Domestic discount store business achieved significant increases in both sales and profits in FY6/25, surpassing 100 billion yen in operating income for the first time.

Net sales reached 1.4453 trillion yen (126.7 billion yen increase YoY), with same-store sales growing by 7.1% YoY. Despite significant changes in the consumer environment, including inflation and shifts in purchasing behavior toward price consciousness, both tax-free and non-tax-free sales continued to show strong growth. This was particularly driven by the expansion of tax-free sales through product offerings capturing increasing inbound tourists and demand by nationality, successful marketing strategies centered on pricing strategies, successful merchandising strategies that captured seasonal product demand and trends, and 25 new store openings.

Gross profit amounted to 402.6 billion yen (42.4 billion yen increase YoY), with a gross profit margin of 27.9%

(+0.6 pts YoY). Sales of PB/OEM products increased to 317.0 billion yen (70.9 billion yen increase YoY), with their sales composition ratio increasing to 22.8% (+3.5 pts YoY). In addition, the gross profit margin improved due to the expansion of tax-free sales, and profitability continued to improve while reinvesting in pricing.

SG&A expenses increased to 298.8 billion yen (24.6 billion yen increase YoY) due to costs for opening 25 new stores, investments in human capital, and the recording of size-based business tax resulting from the capital increase. However, the SG&A ratio decreased to 20.7% (-0.1 pts YoY), below the previous year's level, due to continued net sales growth and productivity improvements.

As a result, operating income reached 103.8 billion yen (17.8 billion yen increase YoY), and the operating income margin improved to 7.2% (+0.7 pts YoY), further strengthening our earning power.

Progress of Initiatives (Strategies)

*For future domestic business strategies, please refer to Double Impact 2035 (P11-12).

1. PB/OEM strategies

Enhanced media exposure through TV commercials and programs further expanded our brand strength and customer recognition. We continued developing unique hit products that captured customer needs, including our first beer and high-powered circulators. We also made progress in switching staple products to OEM, such as smartphone accessories and carry-on suitcases. Beyond utilizing customer feedback through “maji-voice (raw customer review),” the PPIH Group launched development of “NPB” products that combine “the brand power of national brand manufacturers with the PPIH Group’s unique challenge-driven approach” by forming strong partnerships with national brand manufacturers.

2. Tax-free sales strategies

In line with increasing inbound tourist numbers, store-specific merchandising strategies for diverse customers, development of hit products such as “TKG-style Rice Sauce” and enhanced promotions tailored to each country drove tax-free sales to 174.2 billion yen (48.6% increase YoY), achieving record-high sales. Our customer share among inbound tourists expanded to 24.7% (+2.3 pts YoY), with visitors from over 200 countries and regions.

3. New store opening strategy

The PPIH Group opened 25 stores in FY6/25. With the opening of the Don Quijote Kochi Store, which received significant media attention, we achieved store presence in all 47 prefectures across Japan. To meet growing inbound tourist demand, we opened our first tourism-oriented satellite stores in Shinjuku, Tokyo and in Okinawa. Our rail-side stores, where we are strengthening expansion, also confirmed high profitability. These diverse store formats have broadened the scope of our future store expansion strategies.

4. Customer acquisition strategy

Pricing strategies such as “maji-kakaku (exclusive price for app members),” which offers products customers want at astonishingly affordable prices, and campaigns like the “maji majica point rebate campaign” to support customers amid rising prices drove majica app membership to surpass 18 million in July 2025. Additionally, various strategies contributed to expanding our customer base, including “maji-katsu (a new initiative where customers can earn products as rewards by achieving in-app conditions)” to increase store visit frequency, and “U24 maji-wari (a promotion offering special deals for customers aged 24 and under).”

Domestic UNY Business

Main points of our strategy

- Pricing strategy initiatives centered on “maji-kakaku (exclusive price for app members)” drive further popularity
- Non-food reforms advance with the introduction of new categories, broadening customer base
- Accelerated collaboration with PPIH Group talent and products drives growth

Reflecting on FY6/2025

Domestic UNY business saw increases in both sales and profits in FY6/25. Net sales amounted to 470.2 billion yen (7.7 billion yen increase YoY). As part of strengthened sales promotion strategies, we carefully selected products that customers truly want, and diverse initiatives including “maji-kakaku,” seasonal events, campaigns, and enhanced in-store presentations proved effective, contributing to expanded customer traffic and sales.

We also launched non-food reforms leveraging the PPIH Group’s strengths, moving beyond the conventional “clothing, food, and housing” framework to develop a proposal-based product lineup evoking lifestyle needs such as “beauty, relaxation, entertainment, and time-saving.” We introduced growth categories such as character goods and seasonal appliances to make an impression with new products and expand the customer base.

Gross profit amounted to 161.6 billion yen (0.6 billion

yen increase YoY), with a gross profit margin of 34.4% (-0.4 pts YoY). While sales and customer traffic improved due to strengthened pricing strategies, the profit margin fell below the previous year’s level. However, PB/OEM sales expanded to 120.7 billion yen (10.8 billion yen increase YoY), supporting the gross profit margin.

SG&A expenses amounted to 126.3 billion yen (0.5 billion yen decrease YoY), with an SG&A ratio of 26.9% (-0.6 pts YoY). As a result of continued productivity improvements and sales growth that controlled the SG&A ratio, operating income reached 35.3 billion yen (1.1 billion yen increase YoY), achieving growth with an operating income margin of 7.5% (+0.1 pts YoY).

Future Strategy

As collaboration with PPIH Group talent and products becomes fully operational, we will advance merchandising renewal centered on the Apita business, focusing on “wide catchment area + price + added value” to further drive store visits. In the food category, we will leverage price competitiveness and add value under the theme of “color, seasonality, and rarity” to meet a wide range of demand from everyday meals to special occasions. For fresh foods, we will strengthen the provision of high-quality products through procurement capabilities and specialized technical expertise.

In the non-food category, targeting 85,000 *tsubo* (about 280,991 m²), we will proceed with the restructuring of apparel, the biggest challenge, implementing a complete overhaul of product composition over 5 years at 15,000 *tsubo* (about 49,586 m²) per year. In addition to deploying growth categories such as trend products, character goods, recovery wear, and seasonal and cooking appliances across all stores, we will actively introduce products that deliver “surprise,” “laughter,” and “excitement” that Apita has lacked, creating new appeal for upper-floor areas and increasing the desire to visit.

Additionally, while Piago will convert to a new format, Apita will serve as a destination for Piago customers. We aim to create stores that leverage our “large-format stores” to meet weekend bulk-buying demand, everyday discount demand, and special occasion demand.

Non-food sales floor area plan

