Business Overview by Segment

Overseas Business

Main points of our strategy

- Overseas business emerges from its worst period, with increases in both sales and profits in the current fiscal year. Rebuilding the foundation for growth
- North America business promotes earnings improvement through store opening strategies for scaling and operational improvements
- Asia business drives store visits by strengthening its offering of astonishingly affordable products and trend products

Reflecting on FY6/2025

North America business recorded increased sales but decreased profits in FY6/25.

Net sales reached 260.4 billion yen (13.0 billion yen increase YoY) due to successful customer attraction initiatives such as TOKYO CENTRAL events and extended operating hours, 4 new store openings, and foreign exchange effects, despite the loss of 1 store due to wildfires in California.

Gross profit amounted to 96.7 billion yen (4.2 billion yen increase YoY), and the gross profit margin was 37.1% (-0.3 pts YoY) due to discounted sales and product disposal resulting from system failures in Hawaii and inventory operation deficiencies in Guam.

SG&A expenses were 92.5 billion yen (4.6 billion yen increase YoY) due to costs related to higher growth investments in new stores. While promotion of labor cost control at Gelson's, keeping the SG&A ratio at 35.5% (+0.0 pts YoY). Consequently, operating income declined to 4.1 billion yen (0.4 billion yen decrease YoY).

Asia business recorded increases in both sales and profits in FY6/25.

Net sales reached 91.5 billion yen (6.3 billion yen increase YoY) due to improved customer traffic through price appeals on spot products from strengthened negotiations with local companies and foreign exchange effects.

Gross profit amounted to 33.3 billion yen (1.6 billion yen increase YoY), and the gross profit margin was 36.3% (-0.8 pts YoY) as we pushed forward with pricing strategies.

SG&A expenses amounted to 31.2 billion yen (0.1 billion yen decrease YoY) with an SG&A ratio of 34.1% (-2.7 pts YoY) as we advanced productivity improvements across all of Asia, including workforce optimization and in-house operations. Consequently, operating income reached 2.1 billion yen (1.8 billion yen increase YoY).

Future Strategy

North America business aims to improve earnings by expanding through TOKYO CENTRAL store openings and improving operations.

TOKYO CENTRAL has gained support primarily from customers in Asian catchment areas for its product lineup, quality, and prices as a niche specialty store for Japanese products. With same-store operating income margins exceeding 13% for 2 consecutive years, it is becoming a highly profitable store format. We are verifying the effects of new stores in terms of operations such as central kitchens and distribution centers, as well as profitability, and are advancing expansion preparations with future store openings in new states.

In Hawaii and Guam, we will advance SG&A expense control and improve profitability by introducing operational improvements such as reducing product disposal and inventory adjustments, as well as managing labor hour productivity.

Asia business will restore popularity by increasing spot products through strengthened negotiations with local manufacturers, which proved effective in H2 FY6/24, and by spreading pricing strategies across all of Asia, such as price appeals for products popular with inbound tourists in Japan.

Additionally, toward establishing the business concept, we aim to build a merchandising cycle that quickly captures changes in customer needs and rapidly introduces the trend products customers seek. The PPIH Group aims to create stores where the latest trend products are always available, including the introduction of a "JAPAN TREND INDEX" corner that highlights the newest trending items.