

Summary Report of Consolidated Financial Results

For the Fiscal Year Ended June 30, 2022

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Pan Pacific International Holdings Corporation

Securities Code No.: 7532
 Shares Listed: Tokyo Stock Exchange
 Address: 2-19-10 Aobadai, Meguro-ku, Tokyo
 Representative: Naoki Yoshida, President and CEO
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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the fiscal year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(1) Results of Business Operations

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)
Fiscal year ended June 30, 2022	1,831,280	7.2	88,688	9.2	100,442	23.3	61,928	15.2
Fiscal year ended June 30, 2021	1,708,635	1.6	81,232	7.7	81,452	9.2	53,734	7.6

(Note) Comprehensive income: 64,081 million yen [10.1%] (FY 2022.6), 58,207 million yen [16.8%] (FY 2021.6)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)	Return on Equity (%)	Ordinary Income on Total Assets (%)	Operating Income on Net Sales (%)
Fiscal year ended June 30, 2022	102.64	102.41	15.3	7.3	4.8
Fiscal year ended June 30, 2021	84.74	84.52	13.6	6.1	4.8

(Reference) Equity in earnings of affiliates: 498 million yen (FY 2022.6), 237 million yen (FY 2021.6)

(Note) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year ended June 30, 2022 and each figure for the fiscal year ended June 30, 2022 is the figure after applying the accounting standard and relevant ASBJ regulations.

During the consolidated accounting period for the second quarter of the fiscal year ended June 30, 2022, provisional accounting treatment for business combinations has been finalized. The figures for the fiscal year ended June 30, 2021 reflect the content of the provisional accounting treatment.

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)	Net Assets per Share (Yen)
As of June 30, 2022	1,383,678	399,247	28.3	657.75
June 30, 2021	1,370,115	438,628	30.5	659.90

(Reference) Equity: 392,220 million yen (as of June 30, 2022), 418,524 million yen (as of June 30, 2021)

(Note) During the consolidated accounting period for the second quarter of the fiscal year ended June 30, 2022, provisional accounting treatment for business combinations has been finalized. The figures for the fiscal year ended June 30, 2021 reflect the content of the provisional accounting treatment.

(3) The Consolidated Statements of Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Fiscal year ended June 30, 2022	95,136	(44,756)	(53,854)	180,418
Fiscal year ended June 30, 2021	79,143	(78,131)	(28,954)	160,875

(Note) During the consolidated accounting period for the second quarter of the fiscal year ended June 30, 2022, provisional accounting treatment for business combinations has been finalized. The figures for the fiscal year ended June 30, 2021 reflect the content of the provisional accounting treatment.

2. Dividends

	Dividend per share (yen)			Dividends in total (annual, Millions of yen)	Dividend payout ratio (consolidated basis, %)	Dividends on net assets (consolidated basis, %)
	Six Months Ended December 31	Year Ended June 30	Total			
Year Ended June 30, 2021	3.00	13.00	16.00	10,147	18.9	2.6
Year Ended June 30, 2022	3.00	14.00	17.00	10,137	16.6	2.6
Year Ending June 30, 2023 (Forecast)	4.00	14.00	18.00		—	

3. Consolidated Business Forecast : For the year ending June 30, 2023 (From July 1, 2022 to June 30, 2023)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)	Net Income per Share(Yen)
Six Months Ending December 31, 2022	958,300	4.4	53,700	23.0	47,800	7.4	33,000	9.5	55.34
Year Ending June 30, 2023	1,890,000	3.2	94,000	6.0	82,500	(17.9)	56,900	(8.1)	95.42

4. Others

(1) Significant changes in the scope of consolidation: Yes

Newly consolidated: 1 company (Pan Pacific International Financial Service Corporation) , Excluded:—

(2) Changes in accounting policies concerning preparation of consolidated financial statements

- ① Changes in line with revision to accounting standards: Yes
- ② Other changes: None
- ③ Changes in accounting estimates: Yes
- ④ Restatement: None

(3) Number of outstanding shares (Common shares)

① Number of outstanding shares (Treasury shares included)	June 30, 2022	634,378,640 shares
	June 30, 2021	634,239,440 shares
② Number of treasury shares	June 30, 2022	38,073,224 shares
	June 30, 2021	18,924 shares
③ Average number of outstanding shares during the period	June 30, 2022	603,329,167 shares
	June 30, 2021	634,086,639 shares

※This financial summary is not subject to audit conducted by certified public accountants or an audit corporation.

※Explanation regarding the appropriate use of forecasts of business results

The financial forecasts of business results are based on judgments and estimates that have been made using currently available information. By nature, such financial forecasts are subject to uncertainties and risks. Therefore, actual results might be significantly different from the aforementioned forecasts for a variety of reasons, including changes in economic environments related to our business, market trends and foreign currency exchange rates.

※The Company plans to hold a financial result briefing for security analysts and institutional investors on August 12, 2022. Presentation materials for the briefing will be available on the Company's website.

Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30,	As of June 30,
	2021	2022
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥157,522	¥176,777
Notes and accounts receivables-trade	21,074	12,728
Accounts receivables - installment	65,491	52,122
Operating loans	7,658	8,115
Merchandise and finished goods	203,416	205,893
Prepaid expenses	7,671	7,904
Deposits paid	4,364	4,768
Other	29,488	20,052
Allowance for doubtful accounts	(1,276)	(1,828)
Total current assets	495,406	486,531
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	261,481	268,358
Tools, furniture and fixtures, net	32,848	35,022
Other, net	1,517	1,412
Land	317,402	314,711
Construction in progress	7,830	19,649
Right of use assets, net	22,672	25,913
Total property, plant and equipment	643,750	665,065
Intangible assets		
Goodwill	55,411	61,759
Other	23,255	24,458
Total intangible assets	78,667	86,217
Investments and other assets		
Investment securities	29,082	27,226
Long-term loan receivables	1,192	966
Long-term prepaid expenses	5,140	4,859
Retirement benefit asset	16,756	17,455
Deferred tax assets	24,558	20,840
Lease and guarantee deposits	73,882	73,225
Other	3,802	3,422
Allowance for doubtful accounts	(2,120)	(2,129)
Total investments and other assets	152,292	145,864
Total non-current assets	874,709	897,146
Total assets	¥1,370,115	¥1,383,678

	As of June 30, 2021	(Millions of yen) As of June 30, 2022
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payables - trade	¥149,984	¥152,885
Short-term loan payables	1,500	—
Current portion of long-term loan payables	33,613	26,918
Current portion of bonds	22,566	11,421
Payables under fluidity lease receivables	191	—
Accounts payables – other	46,508	49,128
Lease obligations	1,380	1,804
Accrued expenses	25,550	25,182
Deposits received	28,000	13,485
Income taxes payables	11,299	13,492
Provision for point card certificates	5,747	1,935
Contract liabilities	—	11,361
Other	27,211	18,765
Total current liabilities	353,550	326,378
Non-current liabilities		
Bond payables	203,976	272,555
Long-term loan payables	271,507	276,201
Lease obligations	21,087	25,471
Asset retirement obligations	24,165	30,338
Negative goodwill	7	—
Other	57,195	53,488
Total non-current liabilities	577,937	658,053
Total liabilities	931,487	984,431
Net assets		
Shareholders' equity		
Capital stock	23,153	23,217
Capital surplus	17,121	17,376
Retained earnings	376,152	428,044
Treasury shares	(15)	(80,956)
Total shareholders' equity	416,411	387,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,165	520
Foreign currency translation adjustment	749	3,532
Remeasurements of defined benefit plans	199	487
Total accumulated other comprehensive income	2,113	4,539
Share acquisition rights	216	271
Non-controlling interests	19,888	6,755
Total net assets	438,628	399,247
Total liabilities and net assets	¥1,370,115	¥1,383,678

Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
	Amount	Amount
Net sales	¥1,708,635	¥1,831,280
Cost of sales	1,211,400	1,287,892
Gross profit	497,236	543,388
Selling, general and administrative expenses	416,003	454,701
Operating income	81,232	88,688
Non-operating income		
Interest and dividend income	617	855
Amortization of negative goodwill	86	7
Share of profit of entities accounted for using equity method	237	498
Foreign exchange gains	1,580	15,468
Other	4,426	4,145
Total non-operating income	6,945	20,973
Non-operating expenses		
Interest expenses paid on loans and bonds	5,704	7,509
Cost of claim's liquidation	49	1
Commission fee	61	450
Other	911	1,260
Total non-operating expenses	6,725	9,219
Ordinary income	81,452	100,442
Extraordinary income		
Gain on sales of non-current assets	94	924
Gain on insurance claims	1,269	—
Reversal of provision for environmental measures	1	85
Other	74	95
Total extraordinary income	1,437	1,105
Extraordinary losses		
Impairment loss	16,711	5,720
Loss on retirement of non-current assets	1,024	1,433
Loss on closing of stores	630	952
Loss on disaster	76	174
Loss on litigation	—	548
Other	257	692
Total extraordinary losses	18,698	9,519
Profit before income taxes	64,191	92,028
Income taxes - current	19,408	26,812
Income taxes – deferred	(9,977)	3,469
Total income taxes	9,430	30,281
Profit	54,761	61,747
Profit attributable to non-controlling interests	1,026	(182)
Profit attributable to owners of parent	¥53,734	¥61,928

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
	Amount	Amount
Profit	¥54,761	¥61,747
Other comprehensive income		
Valuation difference on available-for-sale securities	1,181	(1,289)
Foreign currency translation adjustment	1,985	3,335
Remeasurements of defined benefit plans, net of tax	192	284
Share of other comprehensive income of affiliates accounted for using equity method	88	5
Total other comprehensive income	3,447	2,334
Comprehensive income	¥58,207	¥64,081
Comprehensive income attributable to:		
Owners of parent	¥56,242	¥64,148
Non-controlling interests	1,966	(67)

Consolidated statements of changes in Net Assets

(Millions of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at beginning of current period	¥23,008	¥23,153
Changes of items during period		
Issuance of new shares	144	65
Total changes of items during period	144	65
Balance at end of current period	23,153	23,217
Capital surplus		
Balance at beginning of current period	16,977	17,121
Changes of items during period		
Issuance of new shares	144	65
Purchase of shares of consolidated subsidiaries	—	189
Total changes of items during period	144	254
Balance at end of current period	17,121	17,376
Retained earnings		
Balance at beginning of current period	332,263	376,152
Changes of items during period		
Dividends of surplus	(9,509)	(10,034)
Profit attributable to owners of parent	53,734	61,928
Change in scope of consolidation	(336)	(2)
Total changes of items during period	43,889	51,892
Balance at end of current period	376,152	428,044
Treasury shares		
Balance at beginning of current period	(15)	(15)
Changes of items during period		
Purchase of treasury shares	—	(80,941)
Total changes of items during period	—	(80,941)
Balance at end of current period	(15)	(80,956)
Total shareholders' equity		
Balance at beginning of current period	372,233	416,411
Changes of items during period		
Issuance of new shares	289	129
Dividends of surplus	(9,509)	(10,034)
Profit attributable to owners of parent	53,734	61,928
Purchase of treasury shares	—	(80,941)
Change in scope of consolidation	(336)	(2)
Purchase of shares of consolidated subsidiaries	—	189
Total changes of items during period	44,178	(28,730)
Balance at end of current period	¥416,411	¥387,681

(Millions of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
	Amount	Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	¥529	¥1,165
Changes of items during period		
Net changes of items other than shareholders' equity	636	(644)
Total changes of items during period	636	(644)
Balance at end of current period	1,165	520
Foreign currency translation adjustment		
Balance at beginning of current period	(865)	749
Changes of items during period		
Net changes of items other than shareholders' equity	1,614	2,783
Total changes of items during period	1,614	2,783
Balance at end of current period	749	3,532
Remeasurements of defined benefit plans		
Balance at beginning of current period	(58)	199
Changes of items during period		
Net changes of items other than shareholders' equity	257	288
Total changes of items during period	257	288
Balance at end of current period	199	487
Total accumulated other comprehensive income		
Balance at beginning of current period	(394)	2,113
Changes of items during period		
Net changes of items other than shareholders' equity	2,507	2,427
Total changes of items during period	2,507	2,427
Balance at end of current period	2,113	4,539
Share acquisition rights		
Balance at beginning of current period	218	216
Changes of items during period		
Net changes of items other than shareholders' equity	(2)	55
Total changes of items during period	(2)	55
Balance at end of current period	216	271
Non-controlling interests		
Balance at beginning of current period	16,942	19,888
Changes of items during period		
Change in scope of consolidation	(73)	—
Net changes of items other than shareholders' equity	3,019	(13,133)
Total changes of items during period	2,946	(13,133)
Balance at end of current period	19,888	6,755
Total net assets		
Balance at beginning of current period	388,999	438,628
Changes of items during period		
Issuance of new shares	289	129
Dividends of surplus	(9,509)	(10,034)
Profit attributable to owners of parent	53,734	61,928
Purchase of treasury shares	—	(80,941)
Change in scope of consolidation	(409)	(2)
Purchase of shares of consolidated subsidiaries	—	189
Net changes of items other than shareholders' equity	5,524	(10,651)
Total changes of items during period	49,629	(39,381)
Balance at end of current period	¥438,628	¥399,247

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥64,191	¥92,028
Depreciation and amortization	31,530	38,229
Impairment loss	16,711	5,720
Amortization of negative goodwill	(86)	(7)
Increase in allowance for doubtful accounts	235	523
Interest and dividend income	(617)	(855)
Interest expenses paid on loans and bonds	5,704	7,509
Foreign exchange gains	(1,580)	(15,468)
Share of profit of affiliates accounted for using equity method	(237)	(498)
Loss on sales and retirement of non-current assets	964	729
Loss on closing of stores	630	952
Gain on insurance claims	(1,269)	—
Offset payments for house rental fee with lease and guarantee deposits	2,656	2,289
Decrease (increase) in notes and accounts receivables – trade	(1,254)	8,274
Decrease (increase) in inventories	(11,172)	109
Increase (decrease) in notes and accounts payables – trade	(2,373)	595
Decrease in accounts receivables – installment	2,727	13,265
Increase in retirement benefit asset	(513)	(279)
Increase (decrease) in accounts payables – other	(4,027)	394
Decrease in deposits received	(3,445)	(268)
Increase (decrease) in other current liabilities	982	(14,499)
Decrease in other non-current liabilities	(2,915)	(1,932)
Other, net	4,534	(11,126)
Subtotal	101,376	125,682
Interest and dividend income received	298	532
Interest expenses paid	(5,659)	(7,803)
Income taxes paid	(19,642)	(39,111)
Income taxes refund	1,127	15,424
Proceeds from insurance benefits	1,733	1,051
Proceeds from dividend income from affiliates accounted for using equity method	52	82
Payments for loss on disaster	(143)	(722)
Net cash provided by operating activities	79,143	95,136
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(40,445)	(46,577)
Proceeds from sales of property, plant and equipment	2,548	6,125
Payments for purchase of intangible assets	(4,529)	(4,139)
Payments for purchase of investment securities	(10,006)	(10)
Payments for leasehold and guarantee deposits	(1,033)	(825)
Proceeds from collection of leasehold and guarantee deposits	3,732	1,062
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	(26,531)	(145)
Payments for purchase of shares of subsidiaries and affiliates	(802)	—
Payments of loan receivables	(803)	(601)
Other, net	(259)	354
Net cash used in investing activities	¥(78,131)	¥(44,756)

	(Millions of yen)	
	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
	Amount	Amount
Cash flows from financing activities:		
Net decrease in short-term loan payables	¥(13,075)	¥(1,500)
Proceeds from long-term loan payables	28,864	30,000
Repayments of long-term loan payables	(19,756)	(36,394)
Proceeds from issuance of bonds	—	79,619
Redemption of bonds	(11,916)	(22,566)
Repayments of payables under fluidity lease receivables	(4,547)	(192)
Proceeds from issuance of common shares	287	129
Cash dividends paid	(9,509)	(10,034)
Proceeds from share issuance to non-controlling interests	1,052	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(10,646)
Purchase of treasury shares	—	(80,941)
Other, net	(355)	(1,328)
Net cash used in financing activities	(28,954)	(53,854)
Effect of foreign exchange rate change on cash and cash equivalents	4,009	22,849
Net increase (decrease) in cash and cash equivalents	(23,933)	19,376
Cash and cash equivalents at beginning of period	183,602	160,875
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,207	166
Cash and cash equivalents at end of period	¥160,875	¥180,418

Segment Information

1. Overview of Reporting Segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is available and which are subject to periodic examination by the Board of Directors and management meetings of the Company for the purpose of deciding the allocation of management resources and evaluating business results.

The Group consists of segments by business and has determined that “Discount Store business”, “GMS business” and “Rent business” are its reportable segments taking into accounts the business form.

The “Discount Store business” presents stores such as "Don Quijote", "MEGA Don Quijote", "MEGA Don Quijote UNY".

The “GMS business” presents stores such as "APITA", "PIAGO".

The “Rent business” operates tenant invitations, lease and facility management of shopping malls.

2. Calculation of net sales, profit and loss, and assets, etc.

The same accounting method with which is applied to the consolidated financial statements is applied to segment accounting.

Income of reporting segment and others are calculated based on operating income.

Intersegment sales and transfers are calculated based on market value.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment

For the Fiscal Year Ended June 30, 2022

(Millions of yen)

	Reporting segment				Others (Note 1)	Total	Adjustm ent (Note 2)	Consolidated (Note 3)
	Discount Store business	GMS business	Rent business	Sub Total				
Sales, Segment income								
Sales								
Sales to third parties	¥1,327,451	¥429,598	¥59,558	¥1,816,607	¥14,673	¥1,831,280	¥-	¥1,831,280
Intersegment sales	7,886	11,717	1,256	20,859	4,173	25,032	(25,032)	-
Total	1,335,338	441,314	60,814	1,837,465	18,846	1,856,312	(25,032)	1,831,280
Segment income (losses)	72,230	14,579	10,366	97,175	(8,627)	88,547	140	88,688
Segment Assets	724,568	233,291	240,390	1,198,249	180,717	1,378,966	4,712	1,383,678
Others (Note 4)								
(1) Depreciation expenses	26,226	4,990	5,888	37,105	1,113	38,217	12	38,229
(2) Increase in property, plant and equipment, and intangible assets	¥32,527	¥7,312	¥8,486	¥48,324	¥2,662	¥50,986	¥159	¥51,145

Notes

- “Others” includes the service related to the operation of the Company (Holdings Company) and Credit Card business and so on, which does not belong to the Reporting segment.
- The ¥140 million adjustment to segment income is an intersegment elimination.
The ¥4,712 million adjustment to segment assets includes ¥125,831 million of companywide assets not allocated to the respective reporting segments, and ¥(121,119) million of net eliminations for intersegment transaction.
- Segment income is adjusted to the consolidated operating income.
- Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.

For the Fiscal Year Ended June 30, 2021

(Millions of yen)

	Reporting segment				Others (Note 1)	Total	Adjustm ent (Note 2)	Consolidated (Note 3)
	Discount Store business	GMS business	Rent business	Sub Total				
Sales, Segment income								
Sales								
Sales to third parties	¥1,183,526	¥449,989	¥60,927	¥1,694,442	¥14,193	¥1,708,635	¥—	¥1,708,635
Intersegment sales	7,026	8,966	1,190	17,183	4,493	21,676	(21,676)	—
Total	1,190,553	458,955	62,117	1,711,625	18,686	1,730,311	(21,676)	1,708,635
Segment income (losses)	55,261	16,599	13,362	85,221	(4,453)	80,769	464	81,232
Segment Assets	703,489	233,120	236,786	1,173,395	181,463	1,354,858	15,257	1,370,115
Others (Note 4)								
(1) Depreciation expenses	20,290	4,510	5,687	30,487	907	31,394	151	31,545
(2) Increase in property, plant and equipment, and intangible assets	¥30,258	¥5,205	¥7,469	¥42,932	¥1,557	¥44,488	¥1,319	¥45,807

Notes

1. "Others" includes the service related to the operation of the Company (Holdings Company) and Credit Card business and so on, which does not belong to the Reporting segment.
2. The ¥464 million adjustment to segment income is an intersegment elimination.
The ¥15,257 million adjustment to segment assets includes ¥109,631 million of companywide assets not allocated to the respective reporting segments, and ¥(94,374) million of net eliminations for intersegment transaction.
3. Segment income is adjusted to the consolidated operating income.
4. Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.