

# Non-consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2024 <under Japanese GAAP>

October 30, 2023

Company name: PALTAC CORPORATION  
(URL: <https://www.paltac.co.jp/>)  
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Scheduled date to submit the Quarterly Securities Report: November 13, 2023  
Scheduled date to commence dividend payments: December 1, 2023  
Preparation of supplementary material on quarterly financial results: Yes  
Holding of quarterly financial results presentation meeting: Yes (for institutional investors, analysts and media)

(Figures are rounded down to the nearest million yen)

## 1. Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2024 (From April 1, 2023 to September 30, 2023)

(1) Operating Results (% increase/(decrease) figures indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
Six months ended								
September 30, 2023	583,420	5.1	13,769	15.1	15,613	15.9	10,892	17.2
September 30, 2022	554,898	4.4	11,959	(10.4)	13,469	(8.5)	9,293	(11.3)

	Earnings per share	Diluted earnings per share
Six months ended	(¥)	(¥)
September 30, 2023	173.32	—
September 30, 2022	147.87	—

## (2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
September 30, 2023	495,155	269,782	54.5	4,292.71
March 31, 2023	476,936	259,700	54.5	4,132.28

Reference: Equity As of September 30, 2023: ¥269,782 million As of March 31, 2023: ¥259,700 million

## 2. Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2023	–	41.00	–	41.00	82.00
Fiscal year ending March 31, 2024	–	45.00			
Fiscal year ending March 31, 2024 (Forecast)			–	45.00	90.00

Note: Revision to the forecasts most recently announced: No

## 3. Forecasts of Financial Results for the Fiscal Year Ending March 31, 2024

(From April 1, 2023 to March 31, 2024)

(% increase figures indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
Fiscal year	1,142,000	3.4	26,500	8.3	29,500	7.5	20,300	5.4	323.01

Note: Revision to the forecasts most recently announced: No

**\* Notes**

(1) Adoption of Accounting Treatments Specific to Preparation of Quarterly Financial Statements: No

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

- 1) Changes in accounting policies due to revisions to accounting standards, and other regulations: No
- 2) Changes in accounting policies due to other reasons: No
- 3) Changes in accounting estimates: No
- 4) Restatements: No

(3) Number of Issued Shares (common stock)

1) Number of issued shares at the end of the period (including treasury stock)

As of September 30, 2023	63,553,485 shares
As of March 31, 2023	63,553,485 shares

2) Number of treasury shares at the end of the period

As of September 30, 2023	706,796 shares
As of March 31, 2023	706,698 shares

3) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

For the six months ended September 30, 2023	62,846,745 shares
For the six months ended September 30, 2022	62,846,919 shares

\* This quarterly financial results report is not subject to the quarterly review procedures by certified public accountants or audit firms.

\* Information regarding proper use of the forecasts of financial results, and other special instructions (Cautionary notes to the forward-looking statements)

The forward-looking statements contained in this report, including forecasts of financial results, are based on information currently available and assumptions that management believes to be reasonable. Actual financial and other results may differ substantially due to various factors. Please refer to the section “1. Qualitative Information for the Six Months Ended September 30, 2023 (3) Forecasts and Other Projections” on page 4 of the attached material to this quarterly financial results report for the suppositions that form the assumptions for the forecasts and cautions concerning the use thereof.

\* How to access the presentation (Presentation Material for this quarterly financial results)

The Company will hold financial results online briefing for institutional investors, financial analysts and media on November 9, 2023. Presentation (Presentation Material for this financial results) is posted on the Company's website (<https://www.paltac.co.jp/tomorrow/index.html>).

\* Information regarding this report (including the attached material)

None of the information in this report constitutes solicitation to purchase or sell the stock of PALTAC CORPORATION. It was not prepared with the intention of providing investment advice about the stock of PALTAC CORPORATION.

Furthermore, this report is an English translation of the original, which was prepared in Japanese.

In the event of any discrepancies between the Japanese original and the English translation, the Japanese original shall prevail.

## Attached Material

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## 1. Qualitative Information for the Six Months Ended September 30, 2023

### (1) Operating Results

#### Results highlights

In the six months ended September 30, 2023, although the impact of price rise arising from soaring raw material prices and energy prices continued, business condition slightly improved due to increases in people's outing and in foreign tourists to Japan thanks to acceleration of the trend in breaking away from COVID-19.

In terms of sales results, after the reclassification of COVID-19's category to Class 5 infection, although the demand for sanitary related products such as face masks and disinfectant continued to decrease, PALTAC CORPORATION (the "Company") achieved net sales well above the same period of the previous fiscal year in the six months under review, by steadily implementing measures that met the market changes including increased foot traffic such as leisure and going for work, recovery of inbound demand and growing self-care awareness.

In terms of profits, the gross profit increased mainly due to sales expansion, and SG&A expenses rate declined with effects such as expenses absorption from higher sales and improvement of logistics efficiency. There were also one-time expenses recorded in the same period of the previous fiscal year for the start of operation of Tochigi distribution center. As a result of these effects, operating profit exceeded that of the same period of the previous fiscal year.

Results highlights for the six months ended September 30, 2023 are as follows:

(Millions of yen, unless otherwise noted)

	Six months ended September 30, 2022	Six months ended September 30, 2023	Change	
			Amount	Rate (%)
Net sales	554,898	583,420	28,522	5.1
Gross profit	41,033	43,331	2,298	5.6
[Gross profit margin (%)]	[7.39]	[7.43]	[0.04]	
SG&A expenses	29,073	29,561	488	1.7
[SG&A expenses ratio (%)]	[5.24]	[5.07]	[-0.17]	
Operating profit	11,959	13,769	1,809	15.1
[Operating profit ratio (%)]	[2.16]	[2.36]	[0.20]	
Ordinary profit	13,469	15,613	2,143	15.9
[Ordinary profit ratio (%)]	[2.43]	[2.68]	[0.25]	
Profit	9,293	10,892	1,599	17.2
[Profit margin (%)]	[1.67]	[1.87]	[0.20]	

## Sales highlights

Sales results for the six months ended September 30, 2023 by product category are as follows:

(Millions of yen, unless otherwise noted)

Product category	Six months ended September 30, 2022	Six months ended September 30, 2023	Change	
			Amount	Rate (%)
Cosmetics	125,536	137,934	12,397	9.9
Daily necessities	250,890	253,953	3,062	1.2
OTC pharmaceuticals	67,897	75,194	7,296	10.7
Health and sanitary related products	103,384	107,052	3,667	3.5
Others	7,188	9,286	2,098	29.2
Total	554,898	583,420	28,522	5.1

Sales results for the six months ended September 30, 2023 by customer category are as follows:

(Millions of yen, unless otherwise noted)

Customer category	Six months ended September 30, 2022	Six months ended September 30, 2023	Change	
			Amount	Rate (%)
Drugstores (Pharmacies)	348,282	366,852	18,569	5.3
Home centers (DIY stores)	47,125	45,346	-1,779	-3.8
Discount stores	44,290	48,433	4,142	9.4
Convenience stores	40,147	46,103	5,955	14.8
Supermarkets	27,077	27,098	20	0.1
General merchandising stores	19,948	19,543	-404	-2.0
Export, EC business and others	28,026	30,043	2,016	7.2
Total	554,898	583,420	28,522	5.1

(Note) From the first quarter of the fiscal year under review, the Company has changed some of composition in customer category and has reclassified the figures for the six months ended September 30, 2022 into the classification after this change.

As the Company has one reportable segment, disclosure by segment information has been omitted.

## (2) Financial Position

### 1) Assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023	Change in amount
Total assets	476,936	495,155	18,219
Total liabilities	217,235	225,373	8,137
Net assets	259,700	269,782	10,081

(Assets)

Total assets as of the end of the second quarter were ¥495,155 million, an increase of ¥18,219 million from the end of the previous fiscal year. This was primarily the result of increases in notes and accounts receivable-trade and in merchandise and finished goods.

(Liabilities)

Total liabilities as of the end of the second quarter were ¥225,373 million, an increase of ¥8,137 million from the end of the previous fiscal year. This was primarily the result of increases in notes and accounts payable-trade and in income taxes payable.

(Net assets)

Net assets as of the end of the second quarter were ¥269,782 million, an increase of ¥10,081 million from the end of the previous fiscal year. This was primarily the result of an increase in retained earnings.

2) Cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities	176	6,359
Cash flows from investing activities	(4,420)	(4,584)
Cash flows from financing activities	(2,526)	(2,637)

(Cash flows from operating activities)

Net cash provided by operating activities was ¥6,359 million. Main factors were an increase in notes and accounts receivable-trade and an increase in notes and accounts payable-trade.

(Cash flows from investing activities)

Net cash used in investing activities was ¥4,584 million. Main factor was purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2,637 million. Main factor was cash dividends paid.

Cash and cash equivalents as of the end of the second quarter were ¥45,130 million, a decrease of ¥862 million from the end of the previous fiscal year.

(3) Forecasts and Other Projections

There is no revision to the forecasts of financial results for the fiscal year ending March 31, 2024 and dividend forecast, which were announced on May 11, 2023.



**2. Quarterly Financial Statements and Notes to Quarterly Financial Statements****(1) Quarterly Balance Sheets**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	45,993	45,130
Notes and accounts receivable-trade	207,081	222,713
Merchandise and finished goods	51,273	52,859
Other	23,447	25,612
Allowance for doubtful accounts	(7)	(8)
Total current assets	<u>327,788</u>	<u>346,307</u>
Non-current assets		
Property, plant and equipment		
Buildings, net	47,946	46,795
Land	47,446	47,446
Other	27,619	26,069
Total property, plant and equipment	<u>123,013</u>	<u>120,312</u>
Intangible assets	821	782
Investments and other assets		
Investments and other assets	25,317	27,757
Allowance for doubtful accounts	(4)	(4)
Total investments and other assets	<u>25,312</u>	<u>27,753</u>
Total non-current assets	<u>149,147</u>	<u>148,848</u>
Total assets	<u>476,936</u>	<u>495,155</u>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	170,723	178,002
Income taxes payable	4,582	5,257
Provision for bonuses	1,514	1,695
Other	30,696	30,062
Total current liabilities	<u>207,517</u>	<u>215,018</u>
Non-current liabilities		
Provision for retirement benefits	2,870	2,936
Other	6,847	7,417
Total non-current liabilities	<u>9,718</u>	<u>10,354</u>
Total liabilities	<u>217,235</u>	<u>225,373</u>

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Net assets		
Shareholders' equity		
Capital stock	15,869	15,869
Capital surplus	27,827	27,827
Retained earnings	208,501	216,817
Treasury shares	(3,490)	(3,490)
Total shareholders' equity	248,707	257,023
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,985	12,736
Deferred gains or losses on hedges	6	22
Total valuation and translation adjustments	10,992	12,759
Total net assets	259,700	269,782
Total liabilities and net assets	476,936	495,155

## (2) Quarterly Statements of Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	554,898	583,420
Cost of sales	513,865	540,089
Gross profit	41,033	43,331
Selling, general and administrative expenses	29,073	29,561
Operating profit	11,959	13,769
Non-operating income		
Dividend income	208	256
Research fee income	930	949
Real estate rent	76	79
Other	318	584
Total non-operating income	1,534	1,871
Non-operating expenses		
Interest expenses	2	2
Rent cost of real estate	15	15
Other	4	7
Total non-operating expenses	23	26
Ordinary profit	13,469	15,613
Extraordinary income		
Gain on sales of investment securities	–	140
Total extraordinary income	–	140
Extraordinary losses		
Loss on retirement of non-current assets	2	3
Loss on disaster	20	–
Total extraordinary losses	22	3
Profit before income taxes	13,447	15,750
Income taxes-current	4,048	4,818
Income taxes-deferred	105	40
Total income taxes	4,153	4,858
Profit	9,293	10,892

## (3) Quarterly Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	13,447	15,750
Depreciation and amortization	2,772	3,277
Increase (decrease) in allowance for doubtful accounts	(0)	0
Increase (decrease) in provision for bonuses	7	180
Increase (decrease) in provision for loss on disaster	(405)	–
Increase (decrease) in provision for retirement benefits	45	44
Interest and dividend income	(209)	(257)
Interest expenses	2	2
Loss (gain) on sales of investment securities	–	(140)
Loss on disaster	20	–
Decrease (increase) in notes and accounts receivable-trade	(16,950)	(15,631)
Decrease (increase) in inventories	(3,120)	(1,585)
Increase (decrease) in notes and accounts payable-trade	9,537	7,279
Decrease (increase) in consumption taxes refund receivable	(246)	1,484
Increase (decrease) in accrued consumption taxes	(190)	1,839
Other, net	(38)	(1,961)
Subtotal	4,669	10,284
Interest and dividend income received	209	257
Interest expenses paid	(0)	–
Payments for loss on disaster	(584)	–
Income taxes paid	(4,117)	(4,181)
Net cash provided by (used in) operating activities	176	6,359
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,229)	(4,749)
Purchase of intangible assets	(136)	(54)
Purchase of investment securities	(38)	(39)
Proceeds from sales of investment securities	–	260
Other, net	(16)	(1)
Net cash provided by (used in) investing activities	(4,420)	(4,584)
Cash flows from financing activities		
Repayments of lease obligations	(75)	(60)
Cash dividends paid	(2,450)	(2,576)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(2,526)	(2,637)
Net increase (decrease) in cash and cash equivalents	(6,770)	(862)
Cash and cash equivalents at beginning of period	40,670	45,993
Cash and cash equivalents at end of period	33,900	45,130

(4) Notes to Quarterly Financial Statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

No items to report