

Summary Report of Consolidated Financial Results

For the First Quarter Ended September 30, 2023

(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, Representative Director
 Contact: Yuji Ishii, Director, Managing Executive Officer and CAO (Phone:+81-3-5725-7588)
 URL: <https://ppih.co.jp/>

(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the first quarter of fiscal 2024 (From July 1, 2023 to September 30, 2023)

(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 (%)
Three Months Ended September 30, 2023	509,329	7.5	32,886	37.8	36,062	25.7	24,609	33.4
Three Months Ended September 30, 2022	473,694	6.3	23,870	48.4	28,685	74.2	18,449	48.8

(Note) Comprehensive income: 30,143 million yen [22.0%] (FY 2024.6 1Q), 24,702 million yen [105.1%] (FY 2023.6 1Q)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Three Months Ended September 30, 2023	41.25	41.13
Three Months Ended September 30, 2022	30.94	30.86

(2) Financial Position

	Total Assets	Net assets	Ratio of Shareholder's Equity to Total Assets(%)
As of September 30, 2023	1,491,602	484,421	31.8
June 30, 2023	1,481,058	463,539	30.6

(Reference) Equity: 473,665 million yen (as of September 30, 2023), 453,261 million yen (as of June 30, 2023)

2. Dividends

	Annual Dividends per share				
	Three Months End of September 30	Six Months End of December 31	Nine Months End of March 31	Year End of June 30	Total
Year Ended June 30, 2023	—	4.00	—	16.00	20.00
Year Ending June 30, 2024	—				
Year Ending June 30, 2024 (Forecast)		5.00	—	16.00	21.00

(Note) Revision to the dividend forecast in the first quarter of fiscal 2024: None

3. Consolidated Business Forecast : For the year ending June 30, 2024 (From July 1, 2023 to June 30, 2024)

(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, 2023	1,031,800	5.5	58,900	2.5	56,000	(2.1)	35,000	(4.8)	58.67
Year Ending June 30, 2024	2,062,100	6.5	111,000	5.5	107,400	(3.2)	66,700	0.8	111.80

(Note) Revision to the business forecast in the first quarter of fiscal 2024: None

4. Others

(1) Significant changes in the scope of consolidation: None

Newly consolidated: — , Excluded: —

(2) Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements: None

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

① Changes in line with revision to accounting standards: None

② Other changes: None

③ Changes in accounting estimates: None

④ Restatement: None

(4) Number of outstanding shares (Common shares)

① Number of outstanding shares (Treasury shares included)	September 30, 2023	634,734,240 shares
	June 30, 2023	634,666,240 shares
② Number of treasury shares	September 30, 2023	38,073,224 shares
	June 30, 2023	38,073,224 shares
③ Average number of outstanding shares during the period	September 30, 2023	596,625,538 shares
	September 30, 2022	596,333,503 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 November 10, 2023. Presentation materials for the briefing will be available on the Company's website.

Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of June 30, 2023	As of September 30, 2023
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥242,088	¥240,752
Notes and accounts receivables-trade	13,782	15,657
Accounts receivables - installment	55,350	53,514
Operating loans	9,047	9,208
Merchandise and finished goods	194,537	189,831
Prepaid expenses	8,629	8,911
Deposits paid	5,357	8,397
Other	25,541	30,290
Allowance for doubtful accounts	(2,496)	(2,694)
Total current assets	551,836	553,867
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	287,975	287,131
Tools, furniture and fixtures, net	35,027	35,616
Land	318,721	319,867
Construction in progress	15,532	20,705
Right of use assets, net	30,561	31,903
Other, net	1,393	1,447
Total property, plant and equipment	689,209	696,669
Intangible assets		
Goodwill	61,002	62,345
Other	27,528	28,500
Total intangible assets	88,530	90,845
Investments and other assets		
Investment securities	34,643	34,615
Long-term prepaid expenses	4,370	4,381
Retirement benefit asset	17,806	17,824
Deferred tax assets	20,686	19,552
Lease and guarantee deposits	71,845	71,584
Other	3,476	3,669
Allowance for doubtful accounts	(1,342)	(1,405)
Total investments and other assets	151,484	150,221
Total non-current assets	929,222	937,735
Total assets	¥1,481,058	¥1,491,602

(Millions of yen)

	As of June 30, 2023	As of September 30, 2023
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payables - trade	¥168,661	¥189,776
Current portion of long-term loan payables	34,364	22,548
Current portion of bonds	10,930	150,750
Accounts payables – other	49,475	44,266
Lease obligations	2,263	2,475
Accrued expenses	26,991	24,383
Deposits received	14,012	20,577
Income taxes payables	23,169	9,579
Provision for point card certificates	1,962	2,299
Contract liabilities	20,838	17,952
Other	15,756	17,202
Total current liabilities	368,422	501,807
Non-current liabilities		
Bond payables	261,625	121,300
Long-term loan payables	272,499	268,171
Lease obligations	31,036	32,336
Asset retirement obligations	30,835	31,029
Other	53,101	52,538
Total non-current liabilities	649,097	505,375
Total liabilities	1,017,519	1,007,181
Net assets		
Shareholders' equity		
Share capital	23,351	23,383
Capital surplus	17,509	17,541
Retained earnings	483,366	498,429
Treasury shares	(80,956)	(80,956)
Total shareholders' equity	443,270	458,396
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,690	1,727
Foreign currency translation adjustment	7,797	13,073
Remeasurements of defined benefit plans	503	469
Total accumulated other comprehensive income	9,991	15,269
Share acquisition rights	771	1,004
Non-controlling interests	9,507	9,751
Total net assets	463,539	484,421
Total liabilities and net assets	¥1,481,058	¥1,491,602

Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
	Amount	Amount
Net sales	¥473,694	¥509,329
Cost of sales	329,417	351,106
Gross profit	144,277	158,223
Selling, general and administrative expenses	120,407	125,337
Operating income	23,870	32,886
Non-operating income		
Interest and dividend income	340	473
Share of profit of affiliates accounted for using equity method	150	243
Foreign exchange gains	5,594	3,054
Other	857	1,862
Total non-operating income	6,940	5,632
Non-operating expenses		
Interest expenses paid on loans and bonds	1,952	1,993
Other	173	463
Total non-operating expenses	2,125	2,456
Ordinary profit	28,685	36,062
Extraordinary income		
Gain on sales of non-current assets	4	2
Reversal of provision for environmental measures	3	—
Other	3	0
Total extraordinary income	10	3
Extraordinary losses		
Loss on retirement of non-current assets	196	192
Loss on closing of stores	—	102
Loss on disaster	21	3
Other	1	5
Total extraordinary losses	218	302
Profit before income taxes	28,477	35,763
Income taxes - current	7,157	9,756
Income taxes – deferred	2,346	1,210
Total income taxes	9,503	10,966
Profit	18,973	24,797
Profit attributable to non-controlling interests	525	189
Profit attributable to owners of parent	¥18,449	¥24,609

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended September 30, 2022	Three months ended September 30, 2023
	Amount	Amount
Profit	¥18,973	¥24,797
Other comprehensive income		
Valuation difference on available-for-sale securities	(120)	(239)
Foreign currency translation adjustment	5,862	5,592
Remeasurements of defined benefit plans, net of tax	(10)	(22)
Share of other comprehensive income of affiliates accounted for using equity method	(4)	15
Total other comprehensive income	5,728	5,345
Comprehensive income	¥24,702	¥30,143
Comprehensive income attributable to:		
Owners of parent	¥24,125	¥29,887
Non-controlling interests	577	256

Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥28,477	¥35,763
Depreciation	10,170	10,837
Increase (decrease) in provisions	(1,776)	52
Interest and dividend income	(340)	(473)
Interest expenses paid on loans and bonds	1,952	1,993
Foreign exchange gains	(5,594)	(3,054)
Share of profit of affiliates accounted for using equity method	(150)	(243)
Loss on sales and retirement of non-current assets	192	189
Increase in notes and accounts receivables – trade	(991)	(1,791)
Decrease in inventories	8,045	6,180
Increase in notes and accounts payables – trade	3,158	19,893
Decrease (increase) in accounts receivables – installment	(2,004)	1,793
Decrease in accounts payables – other	(2,465)	(310)
Other, net	(5,793)	(7,601)
Subtotal	32,882	63,228
Interest and dividend income received	437	407
Interest expenses paid	(1,578)	(1,579)
Income taxes paid	(12,023)	(21,035)
Payments for loss on disaster	(41)	(5)
Net cash provided by operating activities	19,677	41,016
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(18,921)	(15,094)
Payments for purchase of intangible assets	(2,367)	(1,804)
Payments for purchase of shares of subsidiaries and affiliates	(3,386)	–
Payments for leasehold and guarantee deposits	(369)	(77)
Proceeds from collection of leasehold and guarantee deposits	40	212
Payment for store opening in progress	(258)	(428)
Other, net	(16)	3
Net cash used in investing activities	¥ (25,276)	¥ (17,188)

	(Millions of yen)	
	Three months ended September 30, 2022	Three months ended September 30, 2023
	Amount	Amount
Cash flows from financing activities:		
Net increase in short-term loan payables	¥976	¥–
Repayments of long-term loan payables	(11,484)	(16,604)
Redemption of bonds	(776)	(505)
Cash dividends paid	(8,348)	(9,545)
Proceeds from issuance of common shares	67	63
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,239)	–
Other, net	(463)	(787)
Net cash used in financing activities	(22,268)	(27,378)
Effect of foreign exchange rate change on cash and cash equivalents	9,547	5,274
Net increase (decrease) in cash and cash equivalents	(18,320)	1,724
Cash and cash equivalents at the beginning of period	180,418	246,195
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries in consolidation	(1,852)	–
Cash and cash equivalents at the end of period	¥160,246	¥247,919

Segment Information

For the First Quarter Ended September 30, 2022

1. Information concerning sales and income by reporting segment

(Millions of yen)

	Reporting segment				Adjustment	Consolidated
	Domestic Business	North America business	Asia business	Total		
Sales, Segment income						
Sales						
Sales to third parties	¥398,294	¥55,665	¥19,735	¥473,694	¥-	¥473,694
Intersegment sales	2,429	-	18	2,447	(2,447)	-
Total	400,723	55,665	19,752	476,141	(2,447)	473,694
Segment income	¥21,563	¥1,741	¥565	¥23,870	¥-	¥23,870

Note: Segment income is adjusted to the quarterly consolidated operating income.

For the First Quarter Ended September 30, 2023

1. Information concerning sales and income by reporting segment

(Millions of yen)

	Reporting segment				Adjustment	Consolidated
	Domestic Business	North America business	Asia business	Total		
Sales, Segment income						
Sales						
Sales to third parties	¥431,511	¥58,230	¥19,587	¥509,329	¥-	¥509,329
Intersegment sales	2,750	-	30	2,780	(2,780)	-
Total	434,261	58,230	19,617	512,109	(2,780)	509,329
Segment income	¥31,657	¥1,157	¥72	¥32,886	¥-	¥32,886

Note: Segment income is adjusted to the quarterly consolidated operating income.