

**Consolidated Financial Results**  
**for the Three Months Ended May 31, 2023**  
**[Japanese GAAP]**

July 11, 2023

Company name: PAL GROUP Holdings CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2726

URL: <http://www.palgroup.holdings/>

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Scheduled date of filing quarterly securities report: July 12, 2023

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Not available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Three Months Ended May 31, 2023 (March 1, 2023 to May 31, 2023)**

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended May 31, 2023	46,991	19.9	5,707	29.0	5,833	27.9	4,049	31.9
Three months ended May 31, 2022	39,183	—	4,423	146.6	4,561	159.5	3,069	198.0

(Note) Comprehensive income: Three months ended May 31, 2023: ¥4,048 million [32.2%]

Three months ended May 31, 2022: ¥3,062 million [194.1%]

	Basic earnings per share	Diluted earnings per share
	yen	yen
Three months ended May 31, 2023	92.20	—
Three months ended May 31, 2022	69.88	—

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the three months ended May 31, 2022.

Therefore, the change in net sales for the three months ended May 31, 2022 from the previous corresponding period is not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of May 31, 2023	117,467	55,945	47.6
As of February 28, 2023	112,510	55,191	49.0

(Reference) Equity: As of May 31, 2023: ¥55,945 million

As of February 28, 2023: ¥55,182 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended February 28, 2023	—	0.00	—	75.00	75.00
Fiscal year ending February 29, 2024	—				
Fiscal year ending February 29, 2024 (Forecast)		0.00	—	60.00	60.00

(Note) Revision of dividend forecast: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 to February 29, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half	87,090	11.4	7,950	4.8	7,960	3.2	4,930	2.5	112.24
Full year	177,220	7.7	16,620	5.0	16,720	4.1	10,380	4.3	236.31

(Note) Revision of consolidated financial results forecast: No

**\* Notes**

- (1) Changes in significant subsidiaries during the period under review: No
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statement: No
- (3) Changes in accounting policies, changes in accounting estimates and corrections of errors
- 1) Changes in accounting policies due to the revision of accounting standards: No
  - 2) Any changes other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Corrections of errors: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of May 31, 2023	46,272,000 shares
As of February 28, 2023	46,272,000 shares

2) Total number of treasury shares at the end of the period:

As of May 31, 2023	2,347,042 shares
As of February 28, 2023	2,346,914 shares

3) Average number of shares during the period:

Three months ended May 31, 2023	43,925,035 shares
Three months ended May 31, 2022	43,925,749 shares

\* These quarterly consolidated financial results are not covered by the quarterly review conducted by certified public accountants or audit corporations.

\* Explanation of the proper use of financial results forecast and other notes

The statements regarding financial results forecast in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication, and do not guarantee the achievement of the projections. Therefore, there might be cases in which actual results differ from forecast values.

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## 1. Qualitative Information on Consolidated Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the three months ended May 31, 2023 (March 1, 2023 to May 31, 2023), economic activities in Japan showed gradual recovery as social activities recovered due to the relaxation of various regulations including the reclassification of COVID-19 from Class 2 to Class 5 under the Infectious Diseases Control Law. However, the economic outlook remains uncertain primarily owing to the rising energy prices and soaring raw material prices caused by prolonged Russia's invasion of Ukraine, as well as the higher prices due to the depreciation of the Japanese yen.

Under such a business environment, the Company has made continued efforts to strengthen EC sales and online promotions ever since COVID-19 began spreading, and advanced the acceleration of new store openings and the expansion of existing stores in response to an increase in foot traffic and a turnaround in commercial facilities attracting customers.

Through these measures, net sales in the Apparel Business increased by ¥3,978 million year on year to ¥29,206 million and net sales in the Miscellaneous Goods/Accessories Business increased by ¥3,803 million year on year to ¥17,729 million.

As a result of the above, net sales for the three months ended May 31, 2023 increased by ¥7,807 million year on year to ¥46,991 million. In terms of profit, operating profit increased by ¥1,284 million year on year to ¥5,707 million, ordinary profit increased by ¥1,272 million year on year to ¥5,833 million, and profit attributable to owners of parent increased by ¥980 million year on year to ¥4,049 million.

### (2) Explanation of Financial Position

#### (Assets)

Current assets increased by ¥3,402 million compared with the end of the previous fiscal year, due mainly to increases in notes and accounts receivable - trade by ¥3,571 million and merchandise and finished goods by ¥2,405 million, despite a decrease in cash and deposits by ¥5,156 million.

Non-current assets increased by ¥1,554 million compared with the end of the previous fiscal year, due primarily to increases in buildings and structures by ¥1,131 million.

#### (Liabilities)

Current liabilities increased by ¥818 million compared with the end of the previous fiscal year, due mainly to increases in notes and accounts payable - trade by ¥2,908 million and provision for bonuses by ¥1,094 million, despite a decrease in current portion of long-term borrowings by ¥3,064 million.

Non-current liabilities increased by ¥3,385 million compared with the end of the previous fiscal year, due primarily to increases in long-term borrowings by ¥3,066 million and asset retirement obligations by ¥374 million.

#### (Net assets)

Net assets increased by ¥753 million compared with the end of the previous fiscal year, due mainly to an increase in retained earnings by ¥755 million.

(3) Explanation of Consolidated Financial Results Forecast and Other Future Projections

There is no change to the consolidated financial results forecast for the fiscal year ending February 29, 2024 from the financial results forecasts announced on April 11, 2023 in the “Consolidated Financial Results for the Fiscal Year Ended February 28, 2023.”

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	63,845	58,689
Notes and accounts receivable - trade	8,554	12,126
Merchandise and finished goods	12,518	14,923
Other	577	3,159
<b>Total current assets</b>	<b>85,496</b>	<b>88,898</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,940	8,072
Other, net	2,179	2,311
<b>Total property, plant and equipment</b>	<b>9,120</b>	<b>10,384</b>
Intangible assets	333	348
Investments and other assets		
Guarantee deposits	11,774	11,740
Other	5,840	6,149
Allowance for doubtful accounts	(54)	(54)
<b>Total investments and other assets</b>	<b>17,560</b>	<b>17,835</b>
<b>Total non-current assets</b>	<b>27,014</b>	<b>28,568</b>
<b>Total assets</b>	<b>112,510</b>	<b>117,467</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	24,335	27,243
Short-term borrowings	250	250
Current portion of long-term borrowings	3,064	-
Income taxes payable	4,828	1,790
Provision for bonuses	2,602	3,697
Provision for point card certificates	178	197
Provisions	546	206
Other	7,431	10,669
<b>Total current liabilities</b>	<b>43,237</b>	<b>44,055</b>
Non-current liabilities		
Long-term borrowings	8,118	11,184
Retirement benefit liability	1,337	1,356
Provisions	135	135
Asset retirement obligations	3,402	3,777
Other	1,088	1,012
<b>Total non-current liabilities</b>	<b>14,082</b>	<b>17,467</b>
<b>Total liabilities</b>	<b>57,319</b>	<b>61,522</b>

(Millions of yen)

	As of February 28, 2023	As of May 31, 2023
Net assets		
Shareholders' equity		
Share capital	3,181	3,181
Capital surplus	4,478	4,478
Retained earnings	49,703	50,458
Treasury shares	(2,174)	(2,174)
Total shareholders' equity	55,187	55,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Foreign currency translation adjustment	(13)	(5)
Remeasurements of defined benefit plans	6	6
Total accumulated other comprehensive income	(5)	2
Non-controlling interests	8	–
Total net assets	55,191	55,945
Total liabilities and net assets	112,510	117,467



## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Net sales	39,183	46,991
Cost of sales	16,585	20,191
Gross profit	22,598	26,799
Selling, general and administrative expenses	18,175	21,092
Operating profit	4,423	5,707
Non-operating income		
Interest income	0	0
Share of profit of entities accounted for using equity method	79	120
Royalty income	7	4
Subsidy income related to COVID	43	–
Other	37	34
Total non-operating income	167	160
Non-operating expenses		
Interest expenses	23	21
Other	6	12
Total non-operating expenses	29	34
Ordinary profit	4,561	5,833
Extraordinary losses		
Loss on retirement of non-current assets	0	38
Impairment losses	17	33
Total extraordinary losses	18	72
Profit before income taxes	4,543	5,761
Income taxes - current	1,824	1,872
Income taxes - deferred	(335)	(152)
Total income taxes	1,488	1,720
Profit	3,054	4,040
Loss attributable to non-controlling interests	(15)	(8)
Profit attributable to owners of parent	3,069	4,049

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Profit	3,054	4,040
Other comprehensive income		
Valuation difference on available-for-sale securities	(0)	(0)
Foreign currency translation adjustment	3	7
Remeasurements of defined benefit plans, net of tax	3	(0)
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	7	7
Comprehensive income	3,062	4,048
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,077	4,057
Comprehensive income attributable to non-controlling interests	(15)	(8)

### 3. Additional Information

#### (1) Sales Results by Segment (Consolidated)

	Three months ended May 31, 2022	Three months ended May 31, 2023	Percent change year-on-year
	million yen	million yen	%
Apparel Business	25,228	29,206	115.8
Miscellaneous Goods/ Accessories Business	13,925	17,729	127.3
Other	29	55	189.2
Total	39,183	46,991	119.9

#### (2) Status of Stores (Consolidated)

	Three months ended May 31, 2023
Number of stores as of February 28, 2023	927 stores
Number of new stores	42 stores
Number of closed stores	12 stores
Number of stores as of May 31, 2023	957 stores