

Fiscal Year Ended February 28, 2022

PAL GROUP HOLDINGS

Materials for Financial Results Briefing

April 20, 2022

PAL GROUP Holdings CO., LTD.

Securities code: 2726

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Management dedicated to the happiness of all employees and shareholders



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Table of Contents

Financial Report	2
Review of Financial Results	3
for the Fiscal Year Ended February 28, 2022	
Financial Results Forecast	14
for the Fiscal Year Ending February 28, 2023	
Management Vision	16
Topics	19
Response to Shareholders	28
Initiatives for ESG	31



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Financial Report

Review of Financial Results

for the Fiscal Year Ended February 28, 2022

Financial Results Forecast

for the Fiscal Year Ending February 28, 2023



Review on the previous fiscal year

As the spread of COVID-19 continued to have impact almost throughout the year, securing sales more than forecasted was a challenge during the previous fiscal year.

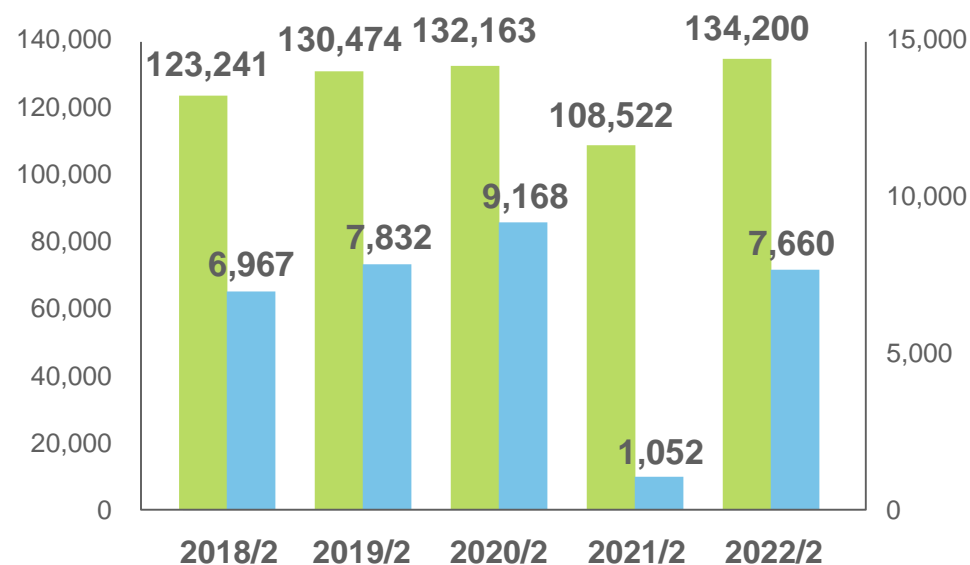
Amid such circumstances, we believe that the significant growth in our lifestyle miscellaneous goods brands such as 3COINS and Salut!, combined with the management approach to “living with COVID-19,” offset the decline in the apparel business and supported solid net sales.

Furthermore, E-commerce (EC) sales achieved a higher growth than the previous fiscal year. In particular, the growth in PAL CLOSET, the Company’s EC site, not only supported weak sales in the apparel business, but also facilitated regular sales through the enhancement of pre-order sales. This contributed to improving the gross profit ratio and reducing SG&A expenses and became a driver for raising overall profits.

Consolidated

■ Net Sales ■ Ordinary Profit

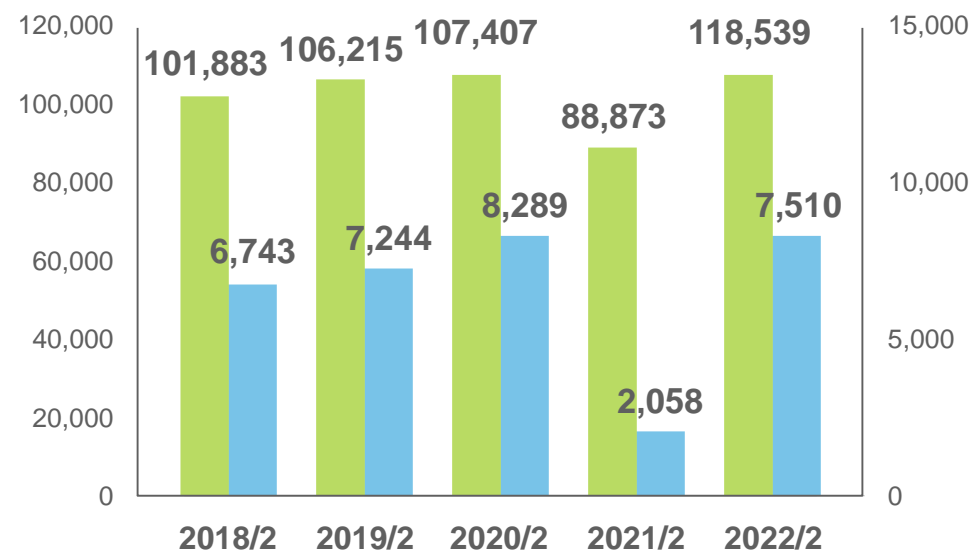
(Millions of yen)



Non-consolidated

(PAL GROUP Holdings CO., LTD. + PAL CO., LTD.) ■ Net Sales ■ Ordinary Profit

(Millions of yen)



Consolidated Statements of Income of PAL GROUP Holdings CO., LTD. for the Fiscal Year Ended February 28, 2022

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022			
			Forecast	Actual results	Changes from the previous corresponding period	Compared to forecast
Net sales	132,163	108,522	131,000	134,200	123.7%	102.4%
Gross profit	74,386	59,237	76,000	74,314	125.5%	97.8%
(% of net sales)	56.3%	54.6%	58.0%	55.4%	0.8%	-2.6%
Operating profit	9,067	1,383	7,400	7,520	543.7%	101.6%
(% of net sales)	6.9%	1.3%	5.6%	5.6%	4.3%	—
Ordinary profit	9,168	1,052	7,100	7,660	728.1%	107.9%
(% of net sales)	6.9%	1.0%	5.4%	5.7%	4.7%	0.3%
Profit attributable to owners of parent	7,028	270	3,900	4,001	1,481.9%	102.6%
(% of net sales)	5.3%	0.2%	3.0%	3.0%	2.8%	—

- Net sales exceeded the record-breaking net sales reported in the fiscal year ended February 29, 2020 and renewed a record high despite the ongoing harsh environment. While the recovery in the apparel business still remained around just over 70%, net sales were supported by the lifestyle business on which the entire Company is working in response to living with COVID-19.
- In terms of profit, there was a phase when gross profit fell due to inventory clearing as the state of emergency affected the seasons for summer and early autumn goods. However, with the growth in EC sales and a rebound during the year-end and New Year holidays, among others, we could sense a future recovery anticipating the post COVID-19 environment.

Non-consolidated Statements of Income of PAL GROUP Holdings CO., LTD. PAL GROUP HOLDINGS and PAL CO., LTD. for the Fiscal Year Ended February 28, 2022

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022			
			Forecast	Actual results	Changes from the previous corresponding period	Compared to forecast
Net sales	107,407	88,873	112,107	118,539	133.4%	105.7%
Gross profit	61,310	49,244	64,296	66,229	134.5%	103.0%
(% of net sales)	57.1%	55.4%	57.4%	55.9%	0.5%	-1.5%
Operating profit	8,321	2,116	6,760	7,296	344.8%	107.9%
(% of net sales)	7.8%	2.4%	6.0%	6.2%	3.8%	0.2%
Ordinary profit	8,289	2,058	6,518	7,510	364.9%	115.2%
(% of net sales)	7.7%	2.3%	5.8%	6.3%	4.0%	0.5%
Profit	7,000	791	3,608	4,230	534.8%	117.2%
(% of net sales)	6.5%	0.9%	3.2%	3.6%	2.7%	0.4%

- In terms of net sales, the 3COINS brand achieved a ¥12.0 billion annual net increase in net sales, making a big leap despite a harsh environment. We believe that the success was due to the simultaneous implementation of bold management strategies under the COVID-19 crisis environment, such as increased store size, a break away from the price of ¥300 per item, the expansion of the product lineup and the commencement of EC.
- In the apparel business, although the stock of summer and early autumn goods pushed down profit, PAL CO., LTD. secured profit exceeding forecasts thanks to the increase in net sales from EC, thorough control of purchasing volume, and other factors.

Financial Situation of NICE CLAUP Co., LTD. for the Fiscal Year Ended February 28, 2022

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 29, 2020 Actual results	Fiscal year ended February 28, 2021 Actual results	Fiscal year ended February 28, 2022 Actual results	Changes from the previous fiscal year
Net sales	15,862	12,701	12,843	101.1%
Operating profit	815	(58)	227	—
Ordinary profit	835	(41)	255	—
Profit	654	(78)	(155)	—

- Our core brand, one after another NICE CLAUP, made a recovery after November, and the company achieved a record monthly profit in December.
Ordinary profit of natural couture also increased over 800% year on year, and the brand is becoming the second pillar of the Company.
- We aim for a recovery in customer traffic by continuing to enhance EC and SNS even after the COVID-19 pandemic and expanding leads to physical stores. In addition, brands that remain in loss will be rebuilt by focusing on EC whose sales are growing.

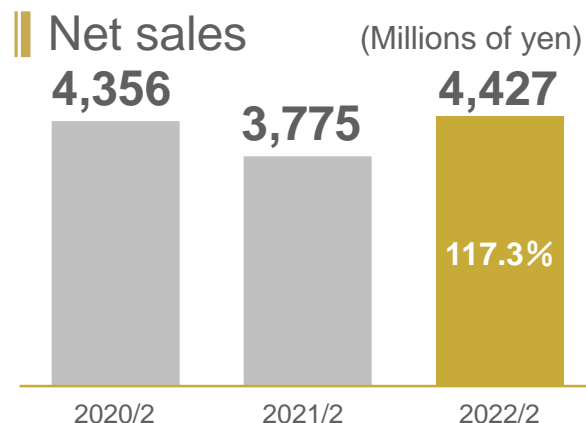
Overview of Sales Results and E-commerce Net Sales by Segment

PAL GROUP HOLDINGS

(Millions of yen)				
	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Changes from the previous fiscal year
Apparel				
Net sales	97,102	75,540	87,109	115.3%
Composition %	73.5%	69.6%	64.9%	
Operating profit	6,701	(759)	3,354	—
Operating profit %	6.9%	—	3.9%	
Miscellaneous Goods/Accessories				
Net sales	34,968	32,904	46,997	142.8%
Composition %	26.5%	30.3%	35.0%	
Operating profit	2,329	2,144	4,176	194.8%
Operating profit %	6.7%	6.5%	8.9%	
Other				
Net sales	92	77	93	120.8%
	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Changes from the previous fiscal year
E-commerce net sales				
ZOZO TOWN	11,340	13,560	17,424	128.5%
PAL CLOSET (Our online store)	4,168	7,440	11,554	155.3%
Other	2,082	2,698	3,911	145.0%
Total	17,591	23,698	32,889	138.4%
Ratio to apparel net sales	18.1%	31.4%	37.8%	6.4P

- EC net sales surpassed the ¥30.0 billion target and exceeded the last year's growth rate. In addition to the targets of ¥40.0 billion for the current fiscal year and ¥50.0 billion for the next fiscal year, we plan to raise the ratio of our online site PAL CLOSET to 50% in the next fiscal year. Furthermore, app membership reached 5.83 million, close to the target of 6 million. We have a target set at 8 million for the current fiscal year.

Main Brands

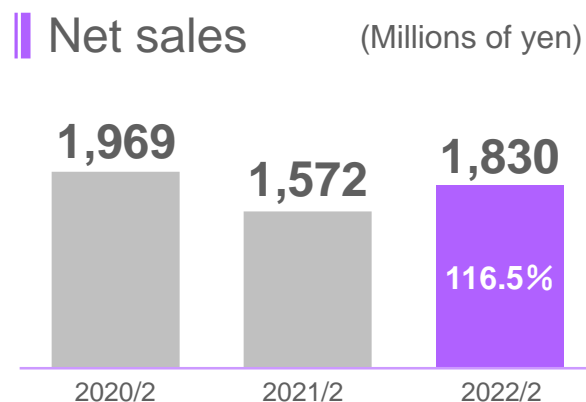


Kastane

Based on the American classic, we offer authentic styles beyond generations and genders. Express yourself as you find your own style.

Kastane

24 stores

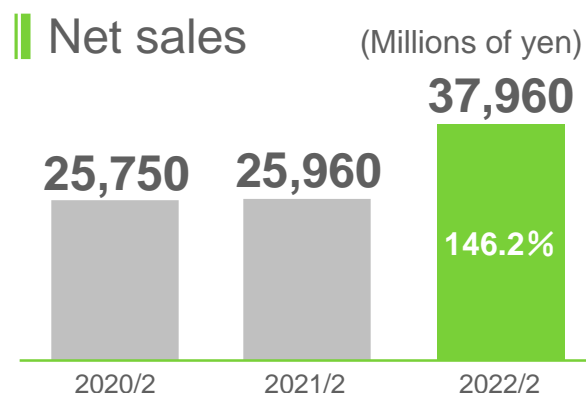


Lui's

Based on the concept "wardrobe for popular man," we propose a mixed coordinate between mode and street styles. We select products with a high regard for comfort, fabric cutting and materials and introduce them to both domestic and overseas markets.

Lui's

12 stores



3COINS

You will feel like visiting over and over again, where you can always find something new! 3COINS, a HAPPY STORE filled with fun, promises to bring you a spark of excitement every time. We offer a wide variety of 300-yen goods, everything from kitchen goods to those for bath, interior, as well as light household electrical appliances, food, and more.

3COINS

230 stores



Selling, General and Administrative Expenses

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Changes from the previous fiscal year
Non-consolidated PAL GROUP Holdings CO., LTD. + PAL CO., LTD.	52,989	47,127	58,933	125.1%
Consolidated	65,319	57,854	66,793	115.5%
SG&A ratio (consolidated)	49.4%	53.3%	49.8%	-3.5P
Personnel expenses ratio	18.5%	19.5%	17.6%	-1.9P
Rent expenses ratio	15.1%	14.6%	13.0%	-1.6P
Advertising expenses ratio	1.3%	2.2%	2.5%	0.3P

- SG&A expenses are breaking away from the unusual accounting situation under the COVID-19 crisis and returning to normal.

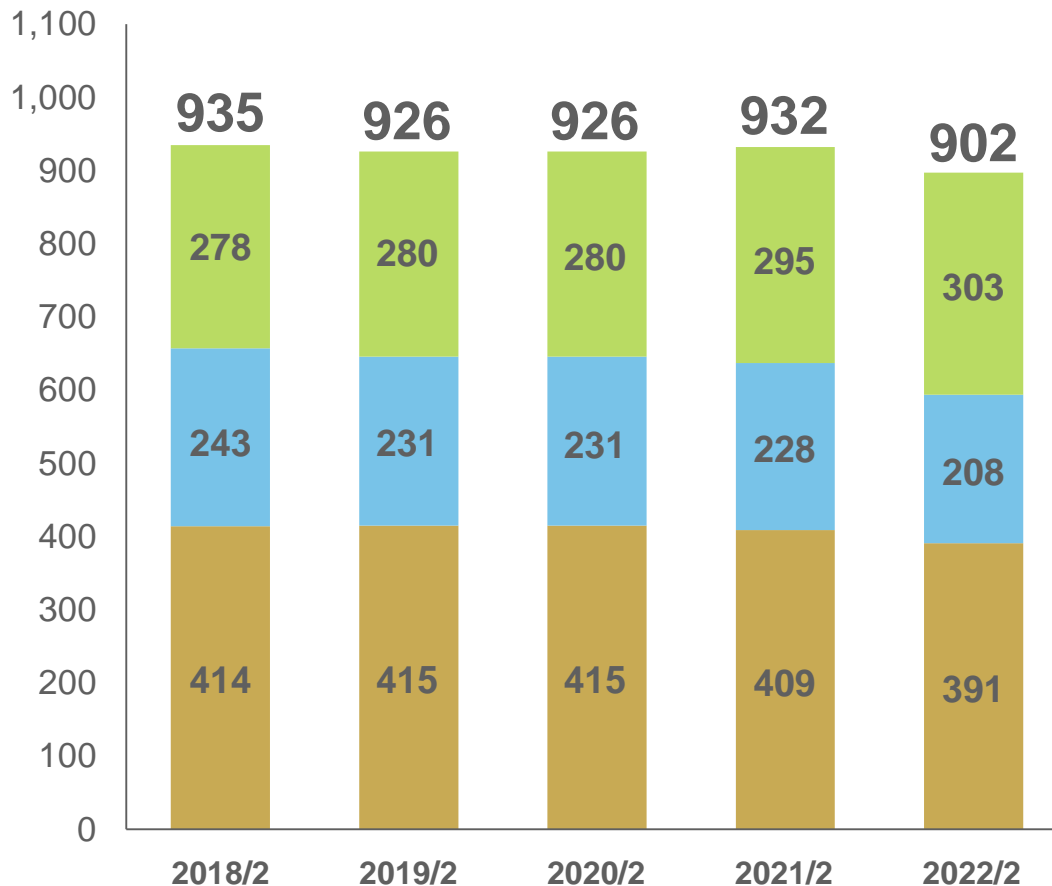
The SG&A ratio has settled down to the level seen the year before last, but the personnel expenses ratio was low even compared to the year before last due to items that will be reflected based on the growth of business performance, such as provision for bonuses.

In addition, the rent expenses ratio has declined significantly as a result of negotiations with many developers to reduce rents.

Number of Stores

Number of stores
as of February 28, 2022: 902
(-30 compared to the end
of the previous fiscal year)

Other regions
Kansai region
Kanto region



● Status of opening/closing stores

The number of stores decreased by 30 from the end of the previous fiscal year as a result of opening 47 new stores and closing 77 stores. We stepped up new store openings in regional areas again during the fiscal year ended February 28, 2022 in response to the COVID-19 crisis. We opened 19 new stores in the 3COINS business and scrapped 6 brands in the apparel business. In total, there were 22 store closures. In addition, we closed 9 small-scale stores such as ekinaka (shops inside train stations) for Discoat, a brand for which the Company will promote larger store sizes.

Extraordinary Income or Losses

PAL GROUP HOLDINGS

	(Millions of yen)		
	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Gain on sale of non-current assets	—	—	270
Gain on sale of golf membership	—	—	1
Gain on sale of investment securities	—	333	—
Total extraordinary income	—	333	272
Loss on retirement of non-current assets	162	87	202
Loss on cancellation of leases	3	1	—
Impairment losses	387	793	1,659
Loss on sales of shares of subsidiaries and associates	10	—	—
Total extraordinary losses	564	882	1,862

- While gain on sale of real estate owned was recorded, we also recorded large impairment losses of ¥1,659 million.

The Company followed its accounting rules and made no changes even during the COVID-19 crisis to account for impairment losses of stores that posted losses for two consecutive fiscal years. As a result, impairment losses significantly increased as more stores were affected by the COVID-19 crisis and reported losses the year before last and last year in a row.

Consolidated Balance Sheets

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Changes from the previous fiscal year	Remarks
Current assets	67,842	81,966	69,859	(12,107)	
Cash and deposits	52,727	63,088	52,250	(10,838)	
Accounts receivable -trade	6,435	7,310	6,342	(968)	
Inventories	7,847	9,740	10,766	1,026	
Other	830	1,826	500	(1,326)	
Non-current assets	27,112	26,220	23,868	(2,352)	
Property, plant and equipment	7,780	7,677	6,608	(1,069)	
Intangible assets	690	549	467	(82)	
Investments and other assets	18,641	17,992	16,792	(1,200)	
Total assets	94,954	108,186	93,728	(14,458)	
Current liabilities	36,004	52,181	36,334	(15,847)	Repaid short-term borrowings of ¥15,000 mil.
Non-current liabilities	12,323	11,652	10,004	(1,648)	
Total liabilities	48,327	63,834	46,339	(17,495)	
Total net assets	46,627	44,351	47,389	3,038	Equity ratio 50.5%
Total liabilities and net assets	94,954	108,186	93,728	(14,458)	

Consolidated Statements of Cash Flows

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Cash flows from operating activities	14,705	1,450	7,970
Cash flows from investing activities	(3,543)	(1,188)	(679)
Cash flows from financing activities	(4,068)	10,098	(18,128)
Net increase (decrease) in cash and cash equivalents	7,094	10,360	(10,838)
Cash and cash equivalents at beginning of period	45,633	52,727	63,088
Cash and cash equivalents at end of period	52,727	63,088	52,250

- In an effort to secure stable financing, we took out short-term borrowings of ¥15,000 million in 2020 when expenses were incurred upfront amid the COVID-19 crisis. As cash flows have started to improve steadily, we repaid the borrowings in full at the end of the first half of the previous fiscal year.

Consolidated and Non-consolidated Full-year Financial Results Forecast of PAL GROUP Holdings CO., LTD. + PAL CO., LTD. for the Fiscal Year Ending February 28, 2023

PAL GROUP HOLDINGS

(Millions of yen)

1. Consolidated

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	First half ending August 31, 2022	Second half ending February 28, 2023	Fiscal year ending February 28, 2023	Changes from the previous fiscal year
Net sales	132,163	108,522	134,200	70,000	80,000	150,000	15,800
Gross profit	74,386	59,237	74,314	38,800	44,300	83,100	8,786
SG&A expenses	65,319	57,853	66,793	35,600	38,800	74,400	7,607
Operating profit	9,067	1,383	7,520	3,200	5,500	8,700	1,180
Ordinary profit	9,168	1,052	7,660	3,000	5,300	8,300	640
Extraordinary income or losses	(564)	(548)	(1,590)	(400)	(400)	(800)	(790)
Profit attributable to owners of parent	7,028	270	4,001	1,600	3,000	4,600	599
Gross profit ratio	56.3%	54.6%	55.4%	55.4%	55.4%	55.4%	—

2. Non-consolidated

(PAL GROUP Holdings CO., LTD. + PAL CO., LTD.)	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Fiscal year ending February 28, 2023	Changes from the previous fiscal year
Net sales	107,407	88,873	118,539	130,000	11,461
Gross profit	61,310	49,244	66,229	72,700	6,471
SG&A expenses	52,989	47,127	58,933	65,100	6,167
Operating profit	8,321	2,116	7,296	7,600	304
Ordinary profit	8,289	2,058	7,510	7,600	90
Extraordinary income or losses	(193)	(667)	(1,647)	(750)	(897)
Profit	7,000	791	4,230	4,250	20
Gross profit ratio	57.1%	55.4%	55.9%	55.9%	—

- We will steadily pursue recovery in net sales and profits while assessing the impact of cost increases caused by the Russian military invasion in addition to the COVID-19 crisis.

Premises for Full-year Financial Results Forecast for the Fiscal Year Ending February 28, 2023

PAL GROUP HOLDINGS

1. Number of stores

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022	Fiscal year ending February 28, 2023 (those fixed as of today)
Number of new stores	48	72	47	68
Number of closed stores	48	66	77	29
Net increase in number of stores	0	6	(30)	39
Number of stores at the end of the period	926	932	902	941

2. Sales at existing stores (Total for the PAL Group companies)

	Fiscal year ended February 29, 2020		Fiscal year ended February 28, 2021		First half ended August 31, 2021 Actual results		Second half ended February 28, 2022 Actual results		Fiscal year ended February 28, 2022 Actual results		Fiscal year ending February 28, 2023 Forecast		
Sales at existing stores	100.1		79.7		161.6		110.4		136.0		108.0		
Of which, sales at existing retail stores	98.2		71.2		225.6		103.0		164.3		106.0		
Of which, sales at existing stores via internet	114.0		131.1		130.7		134.2		132.5		121.0		
	March 2020	March 2021	April	May	June	July	August	September	October	November	December	January 2022	February
Sales at existing stores	69.1	133.5	331.3	186.9	100.6	118.2	99.3	108.5	108.7	113.2	122.7	111.9	97.6
Of which, sales at existing retail stores	66.1	131.4	680.1	247.3	93.1	110.7	91.0	98.6	100.6	107.4	115.1	109.1	86.9
Of which, sales at existing stores via internet	101.9	144.2	131.4	129.3	122.8	136.9	123.6	150.1	141.6	134.8	143.9	113.5	129.9

3. Sales at all stores

	March 2020	March 2021	April	May	June	July	August	September	October	November	December	January 2022	February	Full year
Sales at all stores	71.7	143.6	389.3	203.9	105.8	124.7	106.8	113.5	111.3	117.0	126.0	112.5	100.1	128.8
Of which, E- commerce	98.8	153.7	143.9	137.1	129.4	146.0	136.9	151.5	143.9	137.1	146.7	116.9	133.8	138.4

4. Number of customers and average spending per customer

	Average spending per customer compared to the fiscal year ended February 29, 2020	Number of customers compared to the fiscal year ended February 29, 2020
Apparel Business	108.3%	104.9%
Miscellaneous Goods/ Accessories Business	107.4%	117.6%

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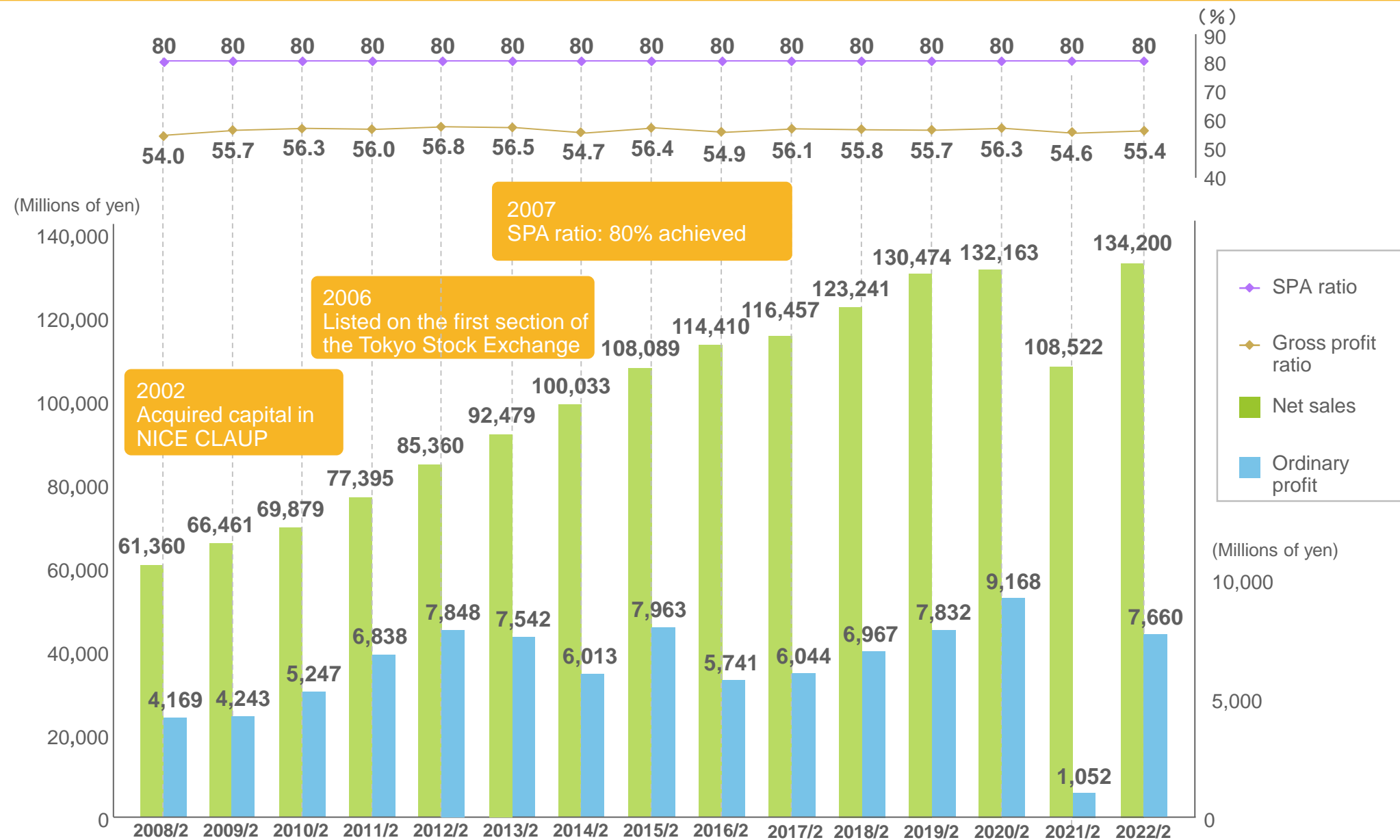
Management Vision

Business Results Trend
Medium- to Long-term Vision



Business Results Trend

PAL GROUP HOLDINGS

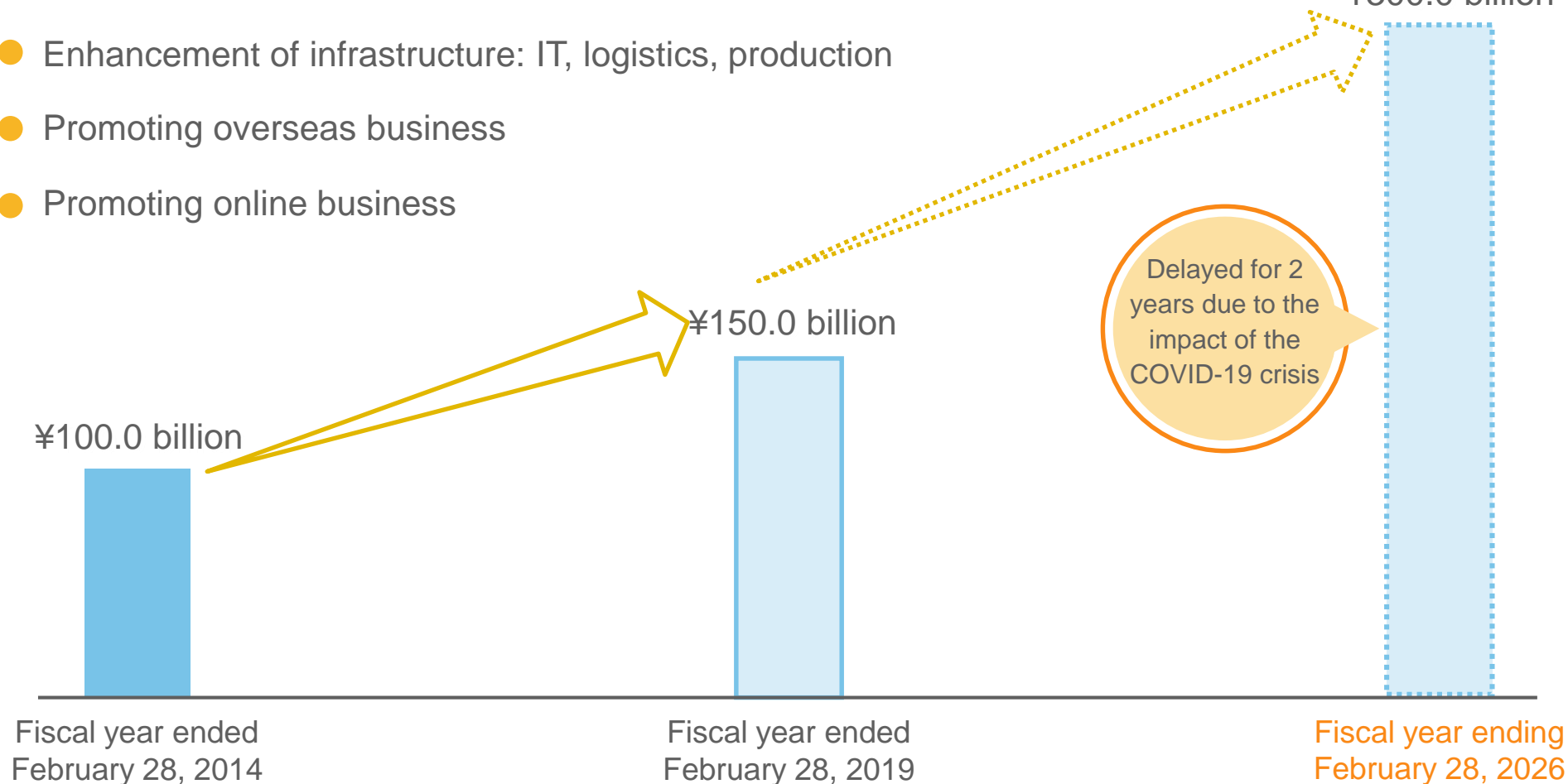


Medium- to Long-term Vision

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Business strategies

- Further penetration of “PAL-style” management to Group companies: transition to a holding company structure
- Creation of new brands (In-house proposals, external collaboration and M&A, etc.)
- Enhancement of infrastructure: IT, logistics, production
- Promoting overseas business
- Promoting online business



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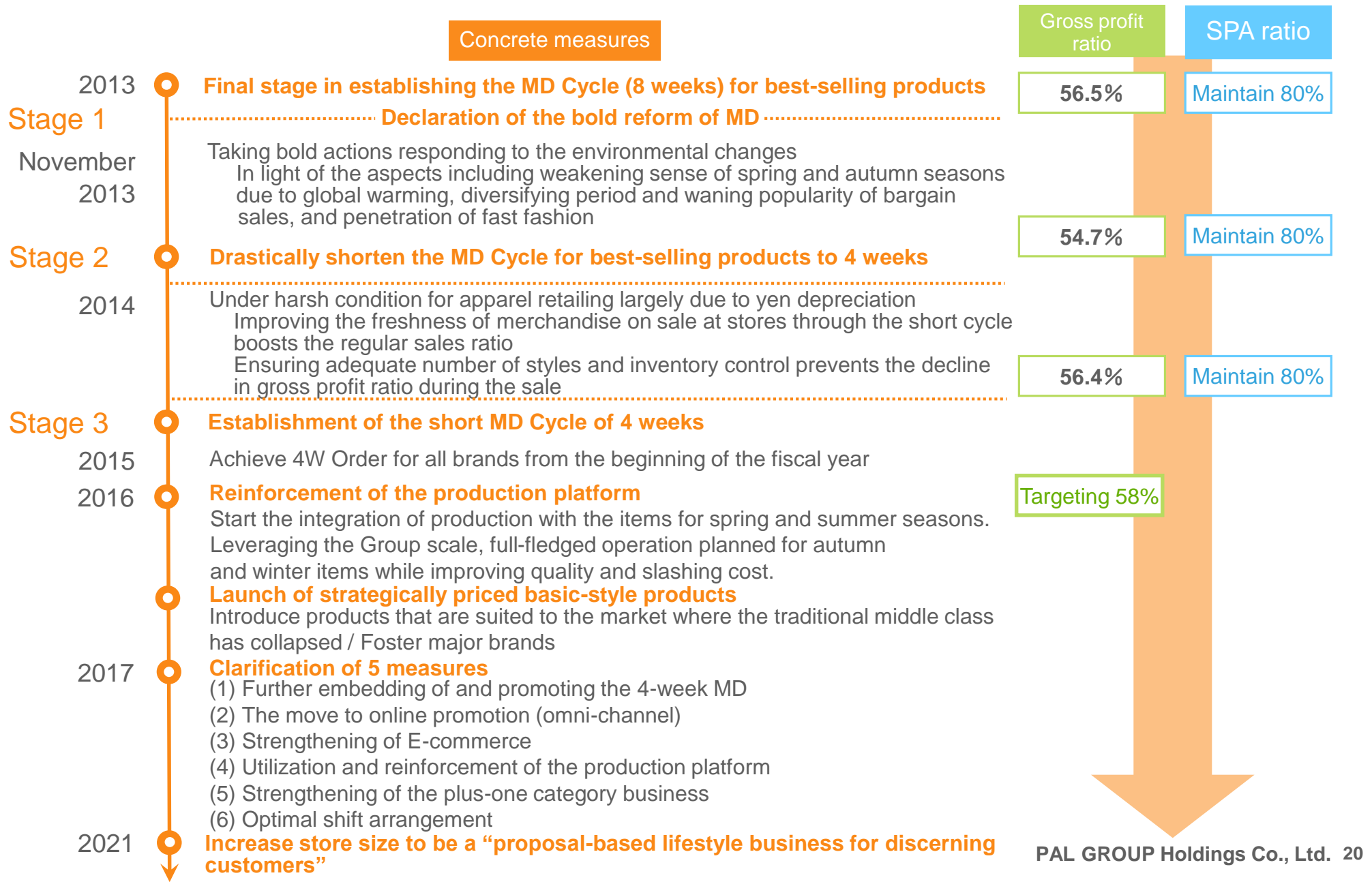
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Topics

1. Progress of the Reform of MD
2. Enhancement of E-commerce Sales
 - 1). Trend in EC net sales
 - 2). Trend in PAL App membership
3. Initiatives for Sustainability
 - 1). Publication of Sustainability Report 2022
 - 2). Response to climate change / Release of environmental data
4. Business Development of 3COINS
 - 1). Opening of a flagship store in Harajuku, Tokyo
 - 2). Collaboration with JAXA (Japan Aerospace Exploration Agency)
5. Full-scale Launch of Off-price Store “LOCUST”



1. Progress of the Reform of MD

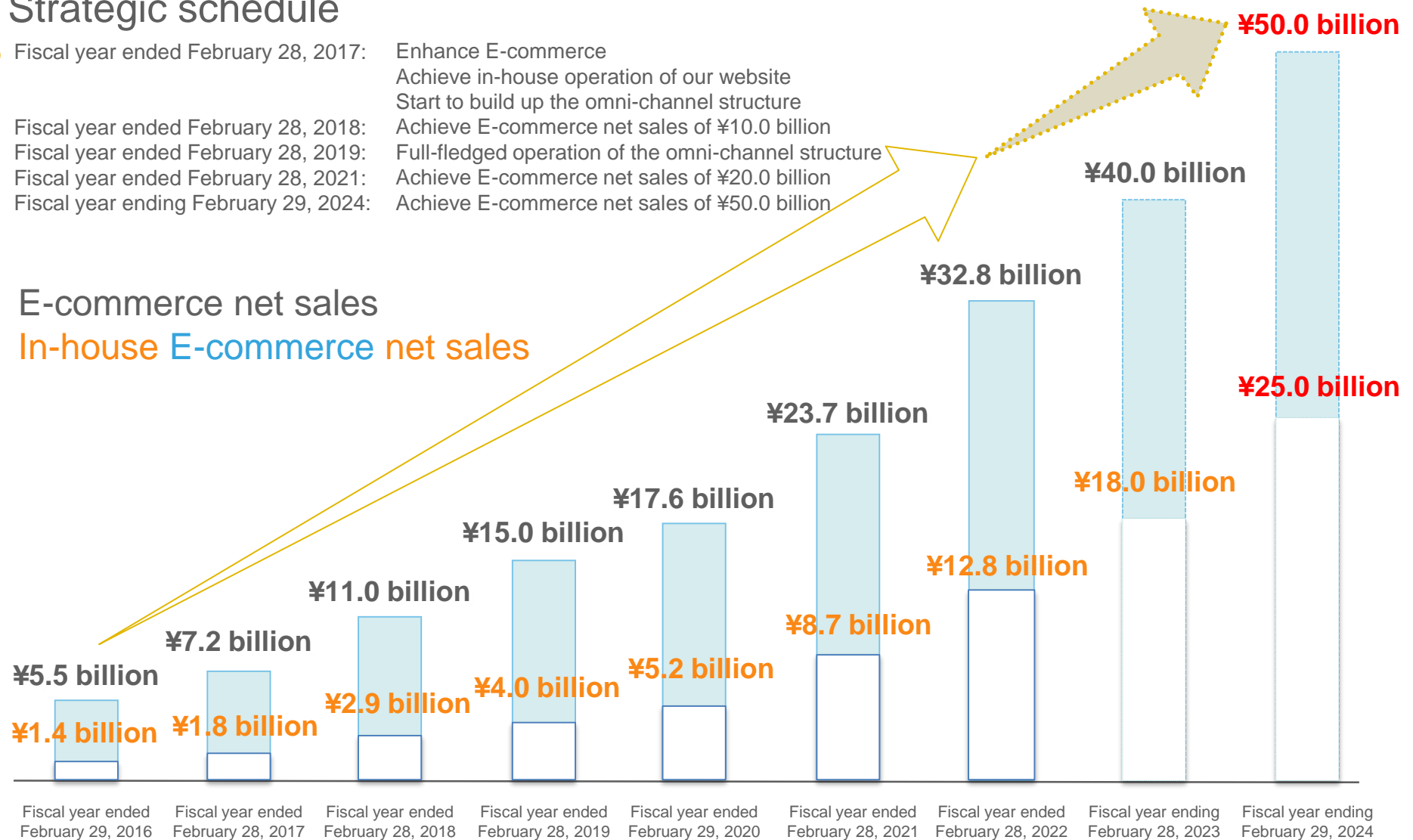


2-1). Trend in EC net sales

Strategic schedule

- Fiscal year ended February 28, 2017: Enhance E-commerce
Achieve in-house operation of our website
Start to build up the omni-channel structure
- Fiscal year ended February 28, 2018: Achieve E-commerce net sales of ¥10.0 billion
- Fiscal year ended February 28, 2019: Full-fledged operation of the omni-channel structure
- Fiscal year ended February 28, 2021: Achieve E-commerce net sales of ¥20.0 billion
- Fiscal year ending February 29, 2024: Achieve E-commerce net sales of ¥50.0 billion

- E-commerce net sales
- In-house E-commerce net sales

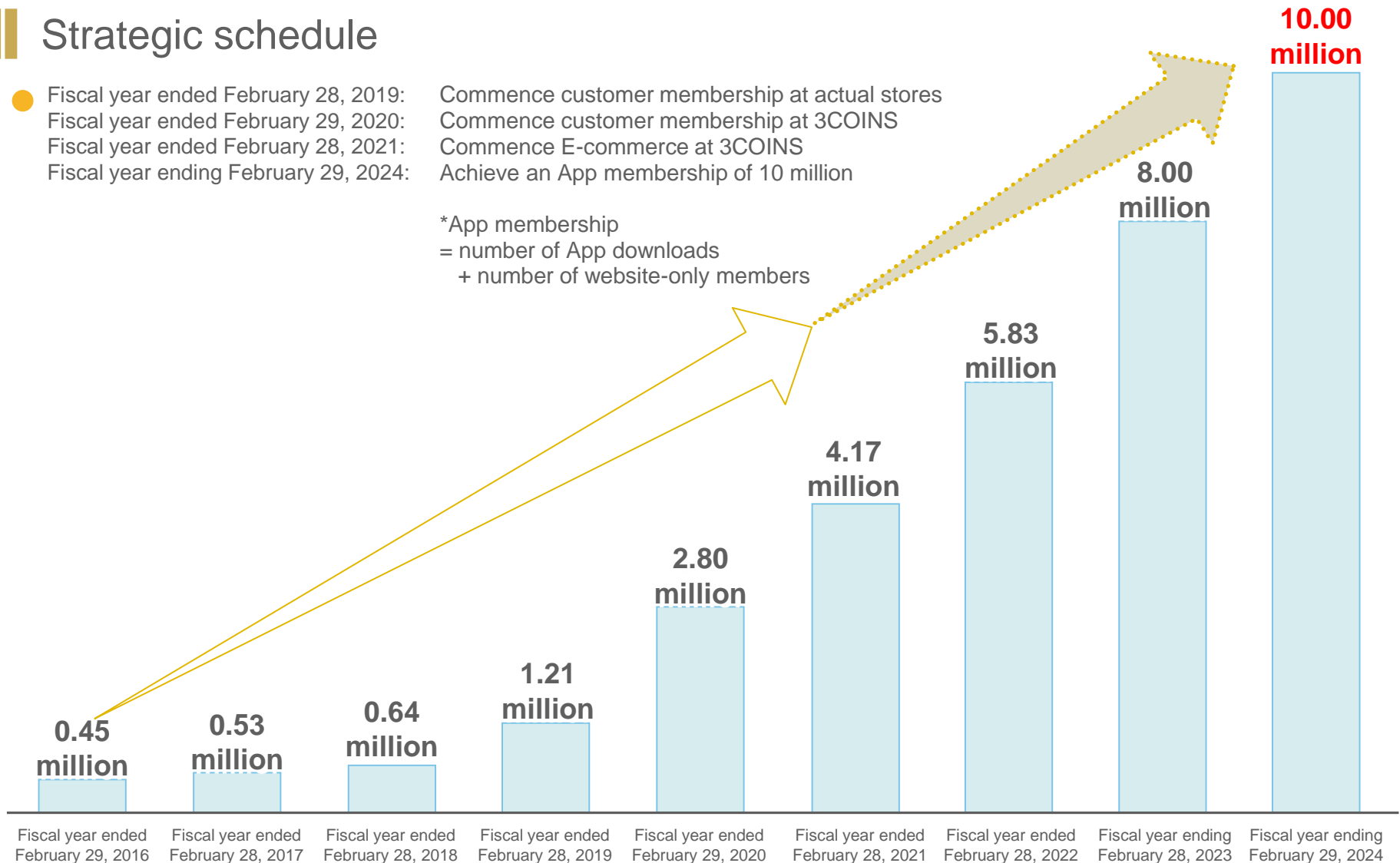


2-2). Trend in PAL App membership

Strategic schedule

- Fiscal year ended February 28, 2019: Commence customer membership at actual stores
- Fiscal year ended February 29, 2020: Commence customer membership at 3COINS
- Fiscal year ended February 28, 2021: Commence E-commerce at 3COINS
- Fiscal year ending February 29, 2024: Achieve an App membership of 10 million

*App membership
= number of App downloads
+ number of website-only members



3-1). Initiatives for sustainability

Publication of Sustainability Report 2022

We published the latest Sustainability Report on February 28. The report provides our customers, business partners, employees, and investors with information such as the PAL GROUP's approach to sustainability management and specific activities for this fiscal year. This fiscal year's report in particular details sustainability management, through which we aim at value co-creation while building strong relationships with upstream partners in our value chain.

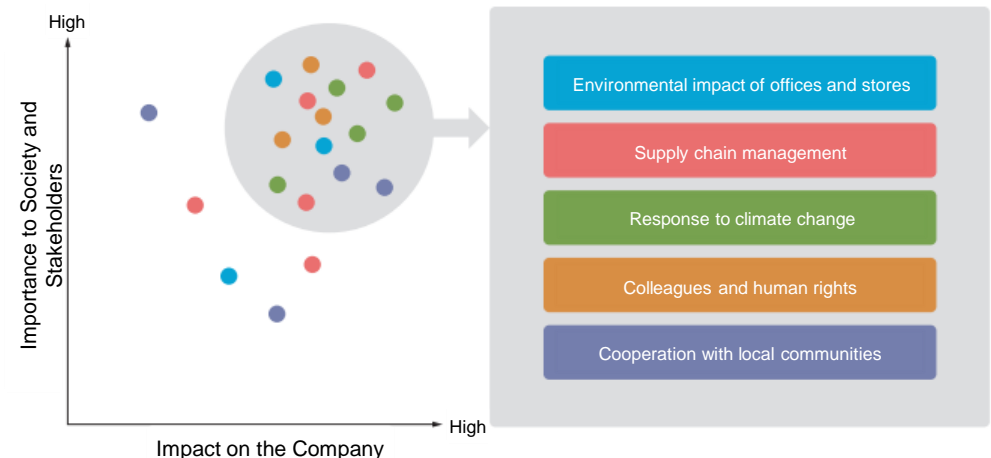


The Report can be downloaded from <http://www.palgroup.holdings/sustainability/>

Identification of materiality

We examined items that may pose management risks while paying attention to social issues related to our business activities. We then identified five areas of materiality as issues that are important to our stakeholders and have a large impact on the Company's management. To take specific actions, five working groups, tasked to address each of those materiality issues, were also organized within the Sustainability Committee.

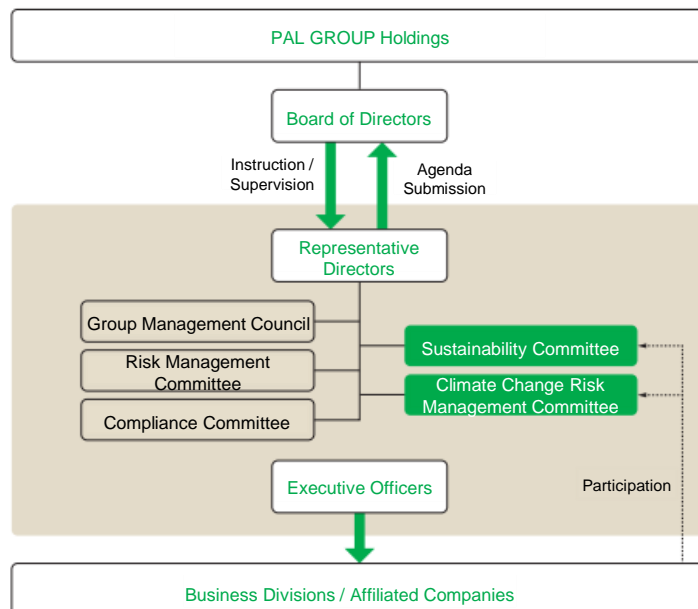
The details can be found in the report.



3-2). Initiatives for sustainability

Response to climate change

In addition to the Sustainability Committee, the new Climate Change Risk Management Committee was established in 2021 to further strengthen the risk management function of the entire PAL GROUP for climate change. Both committees are positioned as direct advisory bodies to the Board of Directors, discuss policy development and measures regarding ESG issues including climate change, and report to the Board of Directors on a regular basis.



Release of environmental data

The PAL GROUP recognizes that climate-related risks and opportunities in the value chain, including not just the direct operations but also upstream and downstream operations, are one of the risks that have a great impact on management. Therefore, we integrate those risks and opportunities into the company-wide risk management process to manage them.

To this end, during this fiscal year, we calculated the entire PAL GROUP's greenhouse gas (GHG) emissions in Scope 1 and Scope 2 for the fiscal year ended February 28, 2021.

Scope	Fiscal year ended February 28, 2021
Scope 1 (direct emissions from fuel consumption)	1,154
Scope 2 (indirect emissions from electricity and heat)	27,311

Going forward, we strive to reduce GHG emissions with reference to data for the fiscal year ended February 28, 2021.

Birth of 3COINS' first flagship store

3COINS' first flagship store was born in Harajuku on November 12, 2021. In addition to the familiar lineup at 3COINS' large stores, the flagship store sells limited products available only in the store and has a section dedicated to a miscellaneous goods brand "ASOKO."

As a flagship store, the new store drives the brand image of 3COINS, which has 232 stores (as of March 27, 2022).



4-2). Collaboration with JAXA (Japan Aerospace Exploration Agency)^{PAL GROUP HOLDINGS}

Selected as an idea in daily necessities to solve the challenges for both living in space and on earth

3COINS, the miscellaneous goods brand operated by PAL CO., LTD., submitted its proposal “Freely Customizable and Portable Wall Storage Solution” to the JAXA’s (Japan Aerospace Exploration Agency) second solicitation for new ideas in daily necessities that will help meet the challenges faced in both living in space and on earth. The proposal was selected among a total of 65 proposals as one of the ideas of daily necessities to be used in the International Space Station (ISS).



3COINS’ aim to realize development that provides “every day with a happiness” both on earth and in space

3COINS’ concept is to offer miscellaneous goods that make discoveries in life and enrich daily lives so that “uneventful every day” turns into “every day with a spark of happiness.”

In reference to the “Space Life Story Book” that summarizes the challenges and problems in living in space, we wondered whether any items of storage, which is a popular category at 3COINS, could solve living challenges common to space and on earth, and improve quality of life, and presented our idea. Going forward, we will work on product development with an aim to have it used in the International Space Station (ISS) after 2023. (March 15, 2022)

5. Full-scale Launch of Off-price Store “LOCUST”

PAL GROUP HOLDINGS

Joint development between PAL and a general trading company Sojitz

In March 2021, the Company established “LOCUSTco., Ltd.,” which operates new business format, off-price stores.

The company mostly sells products such as secondary market goods including apparel, fashion accessories, lifestyle miscellaneous goods, cosmetics, and home appliances of other companies, stock clearance goods, and secondhand clothing. We hope to create a platform where unsold products that used to be discarded or incinerated will be recirculated with new product value created.



With a capital investment from a general trading company Sojitz Corporation, LOCUSTco., Ltd. launched its full-scale operations in October 2021. The company is a joint development combining PAL's capabilities in sales, merchandising, and store design, with Sojitz's product procurement capabilities. The company opened its first KITE MITE MATSUDO store in Matsudo, Chiba Prefecture in autumn 2021 and PIERI MORIYAMA store in Moriyama, Shiga Prefecture in March 2022. We aim to open 50 stores in the next three years.



PIERI MORIYAMA store opened on March 18

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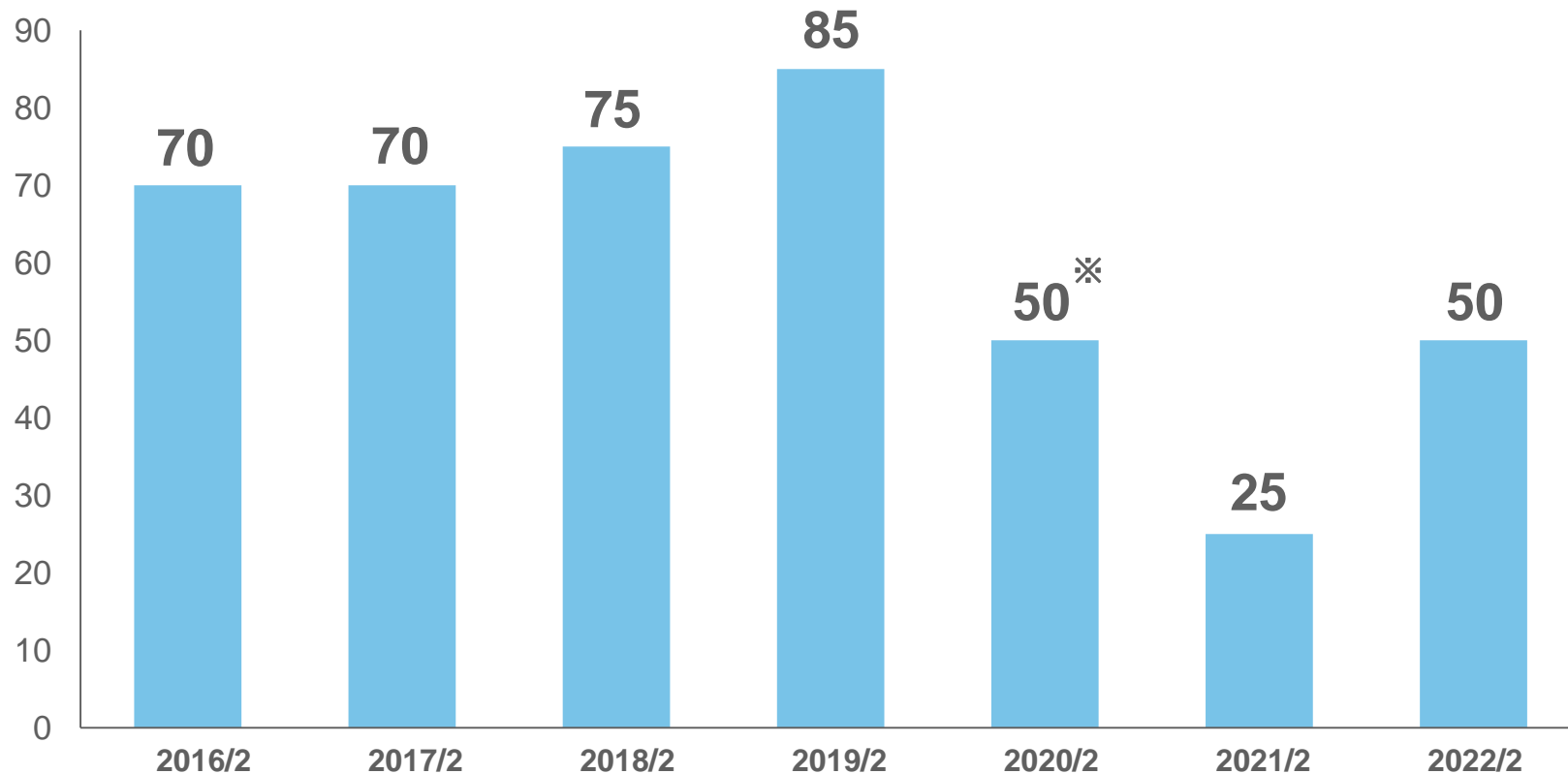
Response to Shareholders

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1. Policy for Return to Shareholders
 2. Shareholder Benefit Program



1. Policy for Return to Shareholders

- Basic policy for return of profits is to continue providing stable dividends.
- Year-end dividend per share for the fiscal year ended February 28, 2022 is ¥50 (increased ¥25 from the previous fiscal year)



* On March 1, 2020, the Company implemented a two-for-one share split. As a result, dividend per share, which was increased to ¥100 per share at the end of the year in February was automatically converted to ¥50.

2. Shareholder Benefit Program

“Decided to enhance the shareholder benefit program, aiming to increase the attractiveness of investing in the Company’s shares”

We have enhanced the shareholder benefit program as below for the purpose of expanding the number of new individual investors by increasing the attractiveness of investing in the Company’s shares and promoting the ownership of the Company’s shares over the medium to long term.

Details of Benefit Program

● Eligible shareholders

Shareholders recorded or registered on the Company’s shareholder registry as of the last day of February of each year who hold more than 100 shares (one unit) are eligible.

● Details of Shareholder Benefits

Shareholders will receive common discount coupons which allow them to choose from the following four benefits according to the number of shares they hold. The coupons can be used from June 1 every year to May 31 of the following year.

- 1) 15% discount on the amount purchased at the Company group’s stores throughout Japan
- 2) 15% discount on the amount purchased at the Company’s EC site “PAL CLOSET ONLINE STORE”
- 3) 50% discount on accommodation course charges at “Hamayu Kuroshio” and “Hostel no Asa,” which are accommodation facilities operated by Freegate Shirahama Co., Ltd., an affiliated subsidiary of the Company, in Shirahama-cho, Nishimuro-gun in Wakayama Prefecture
- 4) 50% discount on accommodation course charges at “Kinugawa Onsen Hotel” owned by Kanaya Hotel Kanko Co., Ltd. in the Nikko and Kinugawa area, in cooperation with the said company (Discount became available from June 1, 2020)

● Number of coupons to be granted: Remains unchanged even after the share split, which substantially doubled the number of coupons

Number of shares held	100 shares or more	200 shares or more	500 shares or more	1,000 shares or more
Number of coupons to be granted	2	4	6	10



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Initiatives for ESG

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1. PAL's initiatives for ESG
 2. PAL Forest Project (Environment)
 - 3-1). Employment of people with disabilities (Social)
 - 3-2). Endowed courses at Kwansei Gakuin University (Social)
 - 3-3). Initiatives by PAL Inoue Scholarship Foundation (Social)
 4. Gender equality and work style reform (Governance)



1. PAL's initiatives for ESG

PAL's initiatives for ESG (Environment, Social, Governance) are to strive for achieving its management philosophy of “Management dedicated to the happiness of all employees and shareholders” and “Management dedicated to society and the globe into the future” through its daily corporate activities, i.e. continuously making profits, paying taxes, and maintaining employment.



2. PAL Forest Project (Environment)

“PAL Forest Project” (Environment)

PAL has been engaged in tree-planting activities at the Yoshino Forest in Nara Prefecture, a World Heritage site, since 2012. Considering the origin of the wrapping materials we use in our daily operations, every year many employees and their families participate in these activities to share valuable experiences that recognize the importance of maintaining the global environment conservation.



Providing full support to Japan's first hotel and Japanese inn “operated by people with disabilities” (Social)

Since June 2011, PAL has been operating the hotel “Freegate Shirahama” for the purpose of employing people with disabilities. PAL purchased the neighboring accommodation facilities to expand operations and opened “Hamayu Kuroshio,” a traditional Japanese inn offering Japanese cuisine.

The majority of employees at both facilities have disabilities. Employing such people in the service sector to work at hotels and Japanese inns is still rare in Japan, but we impart our customer service know-how to employees with disabilities as they think for themselves and complete their duties by themselves.



Hamayu Kuroshio

▶ www.hamayu-kuroshio.com

Endowed courses for the School of International Studies, Kwansei Gakuin University (Social)

Following the endowed courses provided at Osaka University for five years from 2013, PAL started a course for the School of International Studies, Kwansei Gakuin University in 2019. In addition to academic knowledge, we offer frontline experiences in management and distribution, aiming to contribute to developing future talents.



Kwansei Gakuin campus with a beautiful clock tower



Human resources development through the “PAL Inoue Scholarship Foundation” (1) (Social)

PAL established the “PAL Inoue Scholarship Foundation” together with the Inoue family, the founder of the Company. After its establishment in 2013, it has been approved as a public interest incorporated foundation by the Cabinet Office, and operates public services.

Specifically, the foundation has been set up to offer scholarships to students with excellent academic records and personality who have financial difficulties in attending school, with the aim of developing promising human resources capable of contributing to the fashion industry and related fields in the future.

Currently, we offer scholarships to approximately 50 students at universities, colleges and technical schools studying fashion throughout Japan (including international students).

Website of the “PAL Inoue Scholarship Foundation

Front page



About the PAL Inoue Scholarship Foundation

Human resources development through the “PAL Inoue Scholarship Foundation” (2) (Social)

In addition to the scholarship program, from 2018 PAL Inoue Scholarship Foundation holds a role-playing contest participated by students majoring in distribution courses at fashion schools.

The event named PAL FOUNDATION CUP is a venue for students selected from fashion schools nationwide from Hokkaido to Kyushu, where they demonstrate their extraordinary role-playing performance in their own manner. PAL intends to make this event a goal for the students aiming for fashion business in the future.



Thorough “gender equality” and “work style reform” (Governance)

(1) Gender equality

PAL has a solid “Equal treatment for equal work” guideline for a transparent personnel evaluation system, creating an environment where each and every employee can work with a sense of security while being motivated.

	Sales	Gross profit	Personnel expenses	Inventory	Capital	Stocktaking	Total	Out of 100 points
1 st Division	396	116	84	71	...	...	...	98
2 nd Division	353	78	77	...	...	...	...	86
3 rd Division	310	93	...	...	...	...	...	...
4 th Division	378	...	...	...	...	...	...	...
5 th Division	...	...	...	...	...	...	...	...
6 th Division	...	...	...	...	...	...	...	...
7 th Division	...	...	...	...	...	...	...	...
Development Division	...	...	...	...	...	...	...	...
Corporate total	382	82	66	61	...	...	...	85

(2) Work style reform

PAL is working to foster a vibrant work environment by starting operations that allow flexible working hours not bound by the “8-hour system” and make it easier for the employees to take paid and long-term leaves.

Company motto

“Contributing to society by constantly proposing new fashionable ways of life”

Group management philosophy

“Management dedicated to the happiness of all employees and shareholders”

Company name	PAL GROUP Holdings CO., LTD.
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Location	(Head Office) Keihanshin Midosuji Bldg. 10F, 3-6-1 Doshomachi, Chuo-ku, Osaka-shi, Osaka (Tokyo Office) Akita Bldg. 4F, 12-22 Jingumae 6-chome, Shibuya-ku, Tokyo
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Representative	Ryuta Inoue
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Capital	¥3,181,200,000
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Establishment	October 1973
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Description of business	Planning, manufacturing, and wholesale and retail sale of women's clothing, men's clothing, miscellaneous goods and accessories, etc.
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Number of stores	902
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Public Affairs Office

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The plans, strategies, predictions, etc., contained in this document which are not matters of historical fact are forecasts related to future business results, etc., and include elements of risk and uncertainty. Please be advised that for various reasons actual results may differ from the results forecast herein.

In addition, this document has been produced for further understanding of the PAL GROUP, not for the purpose of soliciting investment in the Company. Readers are asked to rely on their own judgment when making decisions related to investment.