

Six Months Ended August 31, 2022

PAL GROUP HOLDINGS

Materials for Financial Results Briefing

October 20, 2022

PAL GROUP Holdings CO., LTD.

Securities code: 2726

SMILE
IS
POWER.

Management dedicated to the happiness of all employees and shareholders



SMILE
IS
POWER.

PAL GROUP HOLDINGS

Table of Contents

Financial Report	2
Review of Financial Results	3
for the Six Months Ended August 31, 2022	
Full-year Financial Results Forecast	14
for the Fiscal Year Ending February 28, 2023	
Management Vision	16
Topics	19
Response to Shareholders	26
Initiatives for ESG	29



SMILE
IS
POWER.

PAL GROUP HOLDINGS

Financial Report

Review of Financial Results

for the Six Months Ended August 31, 2022

Full-year Financial Results Forecast

for the Fiscal Year Ending February 28, 2023



Review on the first half of the fiscal year

As there were factors creating uncertainty for business performance at the beginning of the fiscal year, such as (1) the spread of COVID-19 variants, (2) increased costs due to soaring resources prices following the Russian military invasion, (3) a sharp yen depreciation, and (4) delivery delays due to the lockdowns in Shanghai, we started the fiscal year with fairly conservative forecasts for both net sales and profits.

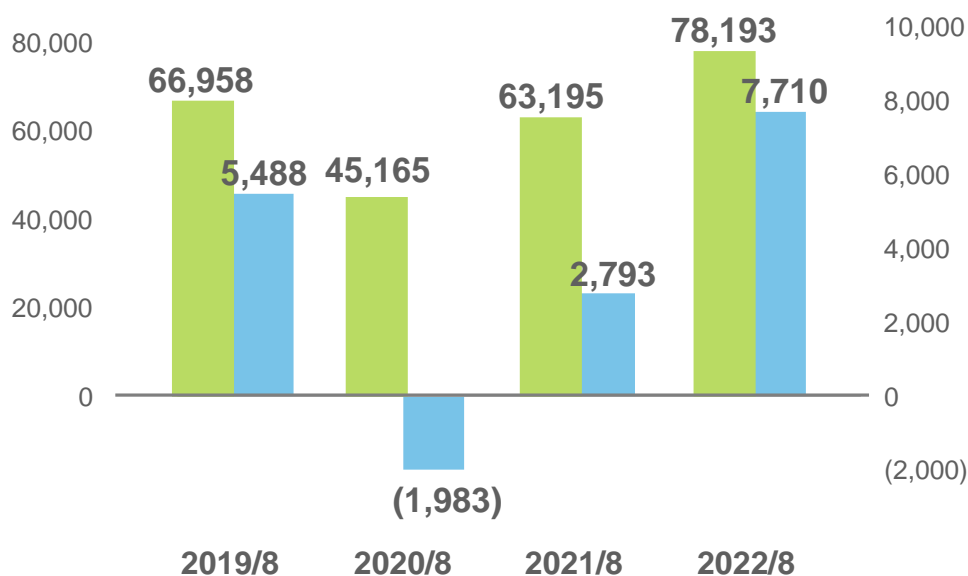
However, the recovery of personal consumption in the COVID-19 containment phase encouraged store visits by customers that had been severely affected. This caused a significant increase in the net sales of the apparel business, and together with a steady growth of the miscellaneous goods/accessories business centering on 3COINS, resulted in record high net sales.

In terms of profits, discount sales declined during the period under review, as we curbed purchases in response to the impact of the lockdowns in Shanghai. Pre-orders on EC platforms were also strong, leading to the improvement of the gross profit ratio and record high profits in all categories.

Consolidated

■ Net Sales ■ Ordinary Profit

(Millions of yen)

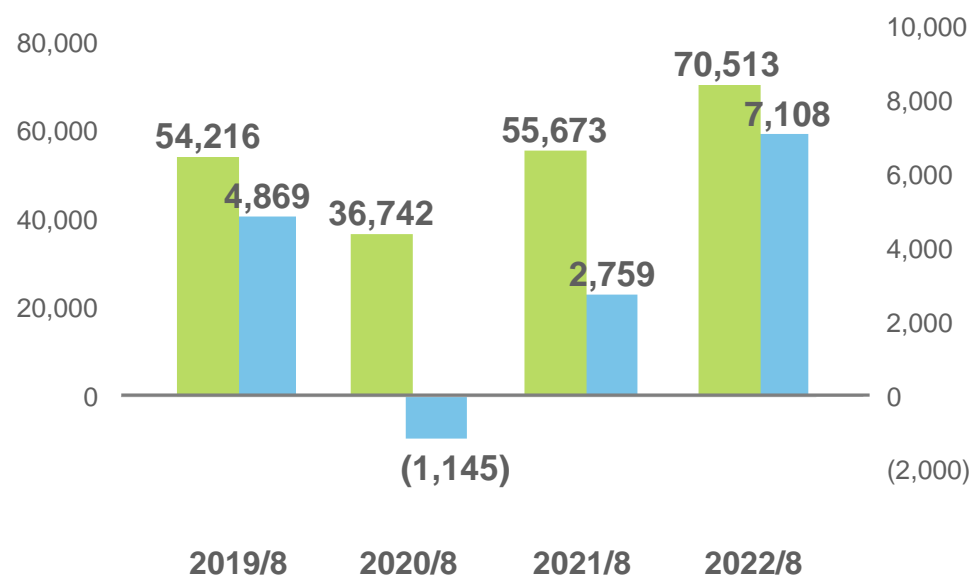


Non-consolidated

(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 Six Months Ended August 31, 2022

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2021	Six months ended August 31, 2022			
			Forecast	Actual results		
					Changes from the previous corresponding period	Compared to forecast
Net sales	66,958	63,195	76,000	78,193	123.7%	102.9%
Gross profit	38,209	34,809	42,550	43,669	125.5%	102.6%
(% of net sales)	57.1%	55.1%	56.0%	55.8%	0.7%	-0.2%
Operating profit	5,524	2,838	6,500	7,582	267.1%	116.6%
(% of net sales)	8.2%	4.5%	8.6%	9.7%	5.2%	1.1%
Ordinary profit	5,488	2,793	6,600	7,710	276.0%	116.8%
(% of net sales)	8.2%	4.4%	8.7%	9.9%	5.5%	1.2%
Profit attributable to owners of parent	3,468	1,444	4,100	4,808	332.8%	117.3%
(% of net sales)	5.2%	2.3%	5.4%	6.1%	3.8%	0.7%

- A rapid recovery in the apparel business of major Group companies such as PAL CO., LTD., NICE CLAUP Co., LTD., and NOLLEY'S co., Ltd. boosted net sales and profits significantly. However, each company's recovery is still in progress considering the 2019 performance levels, and we are further stepping up our efforts for the future.
- The gross profit ratio has continued to improve owing to a steady growth in EC sales for the entire PAL GROUP, and as a result, the SG&A ratio has fallen significantly as well. This has had a positive impact on our earnings structure.

Non-consolidated Statements of Income of PAL GROUP Holdings CO., LTD. and PAL CO., LTD. for the Six Months Ended August 31, 2022

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2021	Six months ended August 31, 2022	
			Actual results	Changes from the previous corresponding period
Net sales	54,216	55,673	70,513	126.7%
Gross profit	31,271	30,914	40,408	130.7%
(% of net sales)	57.7%	55.5%	57.3%	1.8%
Operating profit	4,866	2,701	7,051	261.1%
(% of net sales)	9.0%	4.9%	10.0%	5.1%
Ordinary profit	4,869	2,759	7,108	257.6%
(% of net sales)	9.0%	5.0%	10.1%	5.1%
Profit	7,271	1,642	4,589	279.5%
(% of net sales)	13.4%	2.9%	6.5%	3.6%

- Although almost all apparel brands saw a recovery in sales, some of our town brands fell short of a full recovery in comparison to the 2019 results, and as such, we are committed to taking further steps for the future. In terms of profit, the rapid recovery in sales at stores as well as strong pre-order sales on EC platforms have greatly increased the gross profit ratio.
- In the 3COINS business, a net increase of about ¥10 billion in net sales on a full-year basis is expected for the current fiscal year as we continue to open new large-scale stores “3COINS+plus” and expand the floor space of existing stores. However, primarily due to the effects of a sharp yen depreciation and higher costs, we are being forced to accept lower profits.

Financial Situation of NICE CLAUP Co., LTD. for the Six Months Ended August 31, 2022

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2021	Six months ended August 31, 2022	Changes from the previous fiscal year
Net sales	8,295	6,196	7,603	122.7%
Operating profit	598	(60)	260	
Ordinary profit	609	(46)	271	
Profit	516	(40)	168	

- We finished the first half of the fiscal year ending February 28, 2023 in the black. Our core brand, one after another NICE CLAUP, has been performing well, and the second business pillar, natural couture, has also been steadily growing. Consequently, the sales budget has been met. The company-wide EC sales have also continued to expand, up 20% year on year.
- However, the outlet business, which accounts for 30% of the Company's sales, remains in a difficult situation for the following two main reasons:
 - (1) Price-conscious customers are shifting to cheap, easy, and quick EC
 - (2) Inbound demand has not returned
 As measures to attract more customers, we will:
 - Utilize SNS to broaden and deepen our connections with individual customers and encourage them to visit our stores.
 - Enhance the presence of our stores in each facility by increasing store sizes and increase customer traffic.

Our large 100-tsubo store in THE OUTLETS KITAKYUSHU that opened during the current fiscal year is performing well.

We will expand store sizes going forward.

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

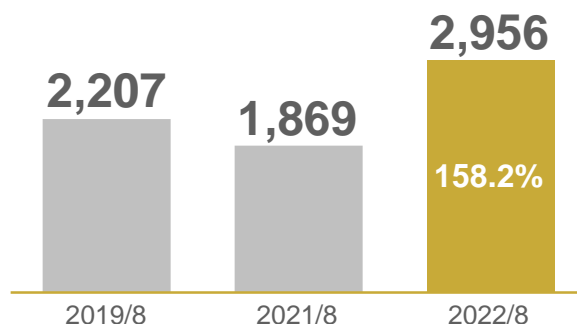
PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2021	Six months ended August 31, 2022	Changes from the previous corresponding period
Apparel				
Net sales	48,714	39,824	49,869	125.2%
Composition %	72.8%	63.0%	63.8%	0.8%
Operating profit	4,068	246	5,311	2,158.9%
Operating profit %	8.4%	0.6%	10.6%	10.0%
Miscellaneous Goods/Accessories				
Net sales	18,194	23,325	28,261	121.2%
Composition %	27.2%	36.9%	36.1%	-0.8%
Operating profit	1,433	2,597	2,258	86.9%
Operating profit %	7.9%	11.1%	8.0%	-3.1%
Other				
Net sales	49	45	62	137.7%
	Six months ended August 31, 2019	Six months ended August 31, 2021	Six months ended August 31, 2022	Changes from the previous corresponding period
E-commerce net sales				
ZOZO TOWN	5,794	7,874	10,647	135.2%
PAL CLOSET (Our online store)	1,850	5,429	7,058	130.0%
Other	1,076	1,834	2,136	116.5%
Total	8,720	15,137	19,841	131.1%
Ratio to apparel net sales	17.9%	38.0%	39.8%	1.8P

- The miscellaneous goods/accessories business is expected to achieve a net increase of over ¥10 billion in net sales for the full year and secure profits, despite the difficult situation of declining profit margins.
- EC net sales are expected to exceed the target of ¥40 billion. App membership reached 6.83 million as of August 31, 2022. The target is set at 8 million.

Net sales (Millions of yen)



Kastane

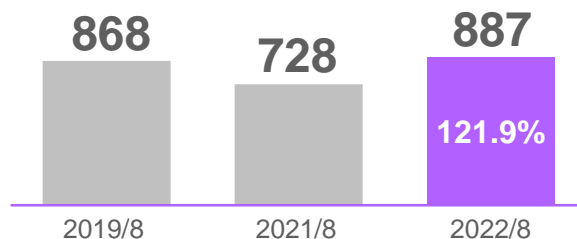
Based on the American classic, we offer authentic styles beyond generations and genders. Express yourself as you find your own style.

Kastane

27 stores



Net sales (Millions of yen)



Lui's

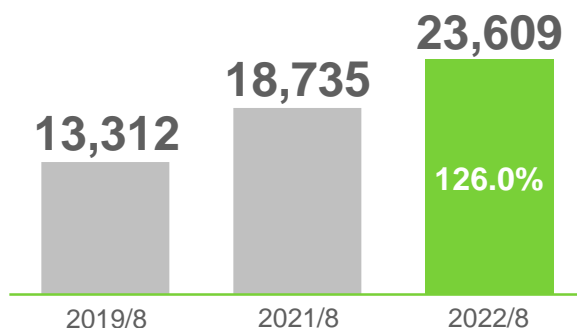
Based on the concept "wardrobe for popular man," we propose a mixed coordinate between mode and street styles. We select products with a high regard for comfort, fabric cutting and materials and introduce them to both domestic and overseas markets.

Lui's

12 stores



Net sales (Millions of yen)



3COINS

We have a wide range of products from basic lifestyle goods to goods for interior space design and products with intriguing designs. 3COINS, a miscellaneous goods store where there are always new discoveries whenever you visit, promises to bring you a spark of excitement every time. We offer a wide variety of 300-yen goods, everything from lifestyle goods to interior goods, fashion accessories, mobile items, kids' items and more.

3COINS

251 stores



Selling, General and Administrative Expenses

PAL GROUP HOLDINGS

(Millions of yen)

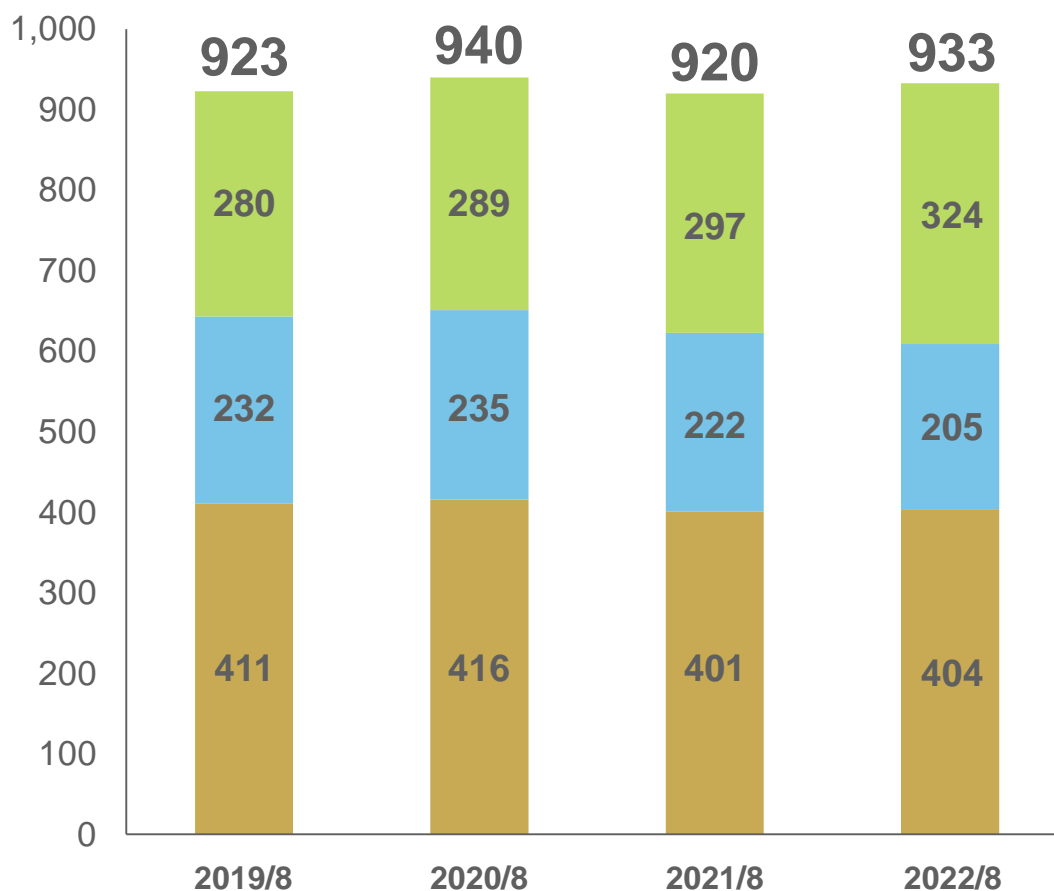
	Six months ended August 31, 2019	Six months ended August 31, 2021	Six months ended August 31, 2022	Changes from the previous corresponding period
Non-consolidated PAL GROUP Holdings CO., LTD. + PAL CO., LTD.	26,404	28,213	33,356	118.2%
Consolidated	32,685	31,970	36,087	112.9%
SG&A ratio (consolidated)	48.8%	50.6%	46.2%	-4.4P
Personnel expenses ratio	18.2%	17.7%	17.1%	-0.6P
Rent expenses ratio	15.0%	13.3%	12.2%	-1.1P
Advertising expenses ratio	1.2%	2.5%	1.0%	-1.5P

- While SG&A expenses, which fluctuated considerably under the COVID-19 crisis, have returned to an almost normal level, the SG&A ratio has been falling significantly due to the sharp increase in net sales.
- The rent expenses ratio is expected to continue to decline as a result of negotiations with many developers to change terms.

Number of stores
as of August 31, 2022: 933

(+31 compared to the end of the previous fiscal year)

- Other regions
- Kansai region
- Kanto region



● Status of opening/closing stores

The number of stores increased by 31 as of August 31, 2022 as a result of opening 52 new stores and closing 21 stores.

● Status of new stores for each brand

For the strong-performing 3COINS business, we opened 33 new stores and closed 2 stores, resulting in a net increase of 31 stores and accounting for the majority of the net increase in stores during the period under review. As for the apparel brands, the closedown of loss-making stores affected by the COVID-19 crisis has come to a halt, and we will be making a major shift toward store openings.

Extraordinary Income or Losses

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2021	Six months ended August 31, 2022
Loss on retirement of non-current assets	72	83	13
Impairment losses	80	381	446
Total extraordinary losses	152	465	459

- Impairment losses for the period under review landed at an average level, as we had accounted for most of the impairment losses stemming from the COVID-19 crisis at the end of the previous fiscal year.

Consolidated Balance Sheets

PAL GROUP HOLDINGS

(Millions of yen)

	As of February 29, 2020	As of February 28, 2022	As of August 31, 2022	Changes from the end of the previous fiscal year	Remarks
Current assets	67,842	69,859	77,213	7,354	
Cash and deposits	52,727	52,250	55,998	3,748	
Accounts receivable - trade	6,435	6,342	8,707	2,365	
Inventories	7,829	10,766	11,933	1,167	
Other	849	530	573	43	
Non-current assets	27,112	23,868	25,299	1,431	
Property, plant and equipment	7,780	6,608	7,845	1,237	
Intangible assets	690	467	425	(42)	
Investments and other assets	18,641	16,792	17,028	236	
Total assets	94,954	93,728	102,512	8,784	
Current liabilities	36,004	36,334	41,198	4,864	
Non-current liabilities	12,323	10,004	11,325	1,321	
Total liabilities	48,327	46,339	52,524	6,185	
Total net assets	46,627	47,389	49,988	2,599	
Total liabilities and net assets	94,954	93,728	102,512	8,784	

Consolidated Statements of Cash Flows

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2019	Six months ended August 31, 2021	Six months ended August 31, 2022
Cash flows from operating activities	9,417	(1,115)	7,229
Cash flows from investing activities	(2,636)	(413)	(1,433)
Cash flows from financing activities	388	(16,824)	(2,047)
Net increase (decrease) in cash and cash equivalents	7,169	(18,352)	3,748
Cash and cash equivalents at beginning of period	45,633	63,088	52,250
Cash and cash equivalents at end of period	52,802	44,735	55,998

- As the COVID-19 crisis has begun to fade, our cash flows are becoming healthier, as evident from steadily rising sales and increased investment in new store openings.

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

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2022	First half ended 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	134,200	78,193	75,807	154,000	114.8%
Gross profit	74,386	74,314	43,669	41,081	84,750	114.0%
SG&A expenses	65,319	66,794	36,087	37,863	73,950	110.7%
Operating profit	9,067	7,520	7,582	3,218	10,800	143.6%
Ordinary profit	9,168	7,660	7,710	3,290	11,000	143.6%
Extraordinary income or losses	(564)	(1,590)	(459)	(341)	(800)	-50.3%
Profit attributable to owners of parent	7,028	4,001	4,808	1,792	6,600	165.0%
Gross profit ratio	56.3%	55.4%	55.8%	54.2%	55.0%	-0.4P

- The financial results forecasts for the second quarter under review were revised upward at the time of the announcement of the first quarter financial results in July. Subsequently, the apparel business, which was expected to recover gradually, has improved faster than anticipated, and as a result, we were able to meet revised forecasts for net sales and all profit items.
- Our forecasts for the second half of the fiscal year ending February 28, 2023 were made at the beginning of the current fiscal year based on an assumption that the impact of COVID-19 would subside. However, consumer sentiment has been dampened by a series of price hikes in food, electricity, gas, and so on triggered by the sharp depreciation of the yen. Furthermore, the impact of soaring raw material prices on purchase prices has started to weigh heavily, causing uncertainty over how changes in the external environment will affect the Company. Accordingly, we have revised down our forecasts made at the beginning of the current fiscal year and will continue to operate with a conservative outlook.

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, 2022	As of August 31, 2022	Fiscal year ending February 28, 2023 Forecast
Number of new stores	48	47	52	97
Number of closed stores	48	77	21	40
Net increase in number of stores	0	(30)	31	57
Number of stores at the end of the period	926	902	933	959

2. Sales at existing stores (Total for the PAL Group companies)	Fiscal year ended February 29, 2020	Fiscal year ended February 28, 2022	First half ended August 31, 2022 Actual results	Second half ending February 28, 2023 Forecast	Fiscal year ending February 28, 2023 Forecast
Sales at existing stores	100.1	136.0	121.6	101.5	111.6
Of which, sales at existing retail stores	98.2	164.3	117.7	98.5	108.0
Of which, sales at existing stores via internet	114.0	132.5	130.1	118.5	124.3

	March 2021	March 2022	April	May	June	July	August
Sales at existing stores	133.5	111.1	121.9	140.8	117.2	114.9	127.0
Of which, sales at existing retail stores	131.4	104.0	121.3	134.8	112.4	106.3	122.9
Of which, sales at existing stores via internet	144.2	139.9	123.2	116.5	127.9	139.4	137.1

3. Sales at all stores	March 2021	March 2022	April	May	June	July	August	First half total
Sales at all stores	143.6	113.7	125.5	151.6	123.3	119.5	132.2	126.7
Of which, E-commerce	153.7	142.6	125.8	118.8	127.7	138.9	136.5	131.1

4. Number of customers and average spending per customer	Average spending per customer compared to the fiscal year ended February 28, 2021 (Accumulated figure for the first half)	Number of customers compared to the fiscal year ended February 28, 2021 (Accumulated figure for the first half)
Apparel Business	107.4%	122.4%
Miscellaneous Goods/Accessories Business	102.1%	98.8%
Overall	105.8%	118.8%

SMILE
IS
POWER.

PAL GROUP HOLDINGS

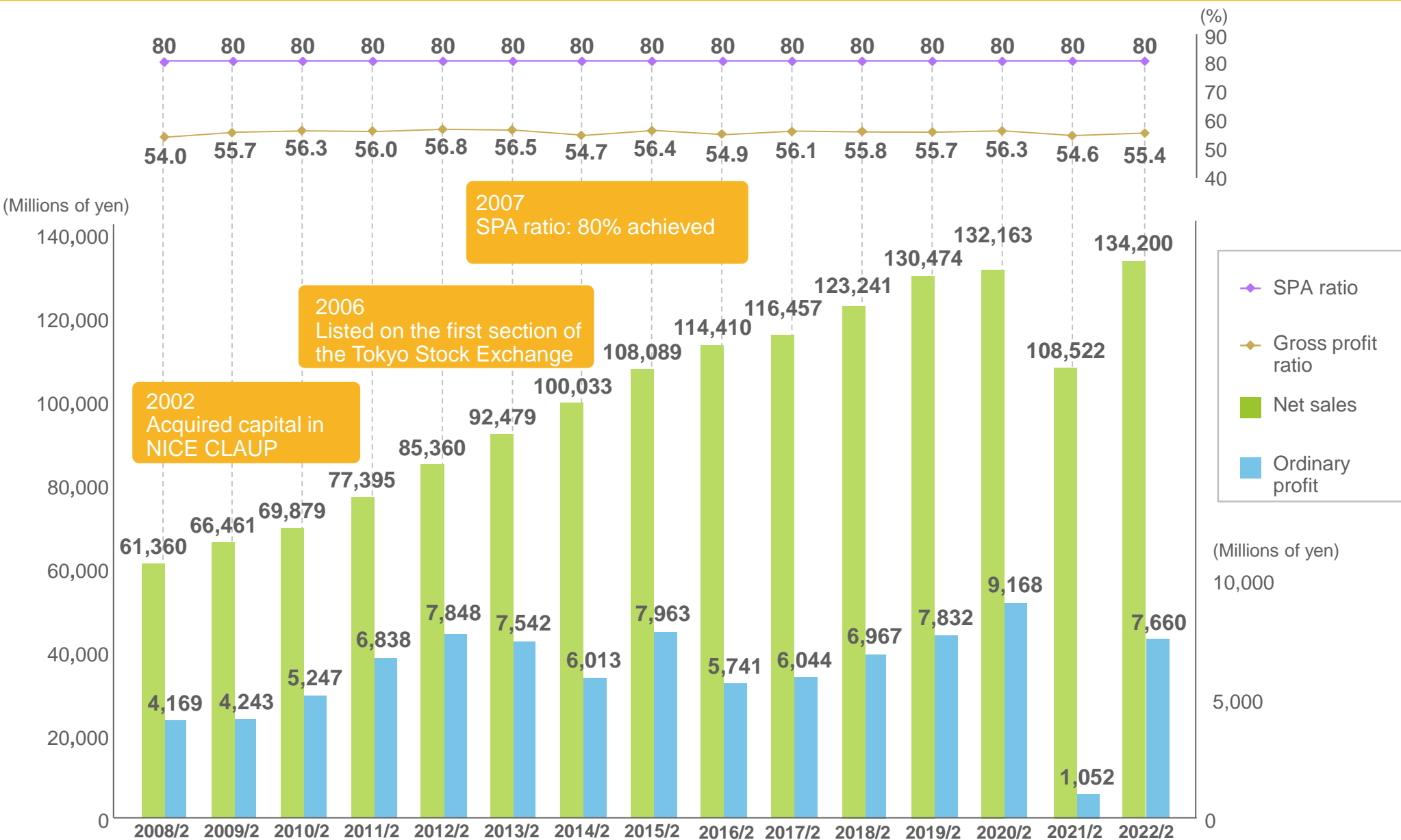
Management Vision

Business Results Trend
Medium- to Long-term Vision



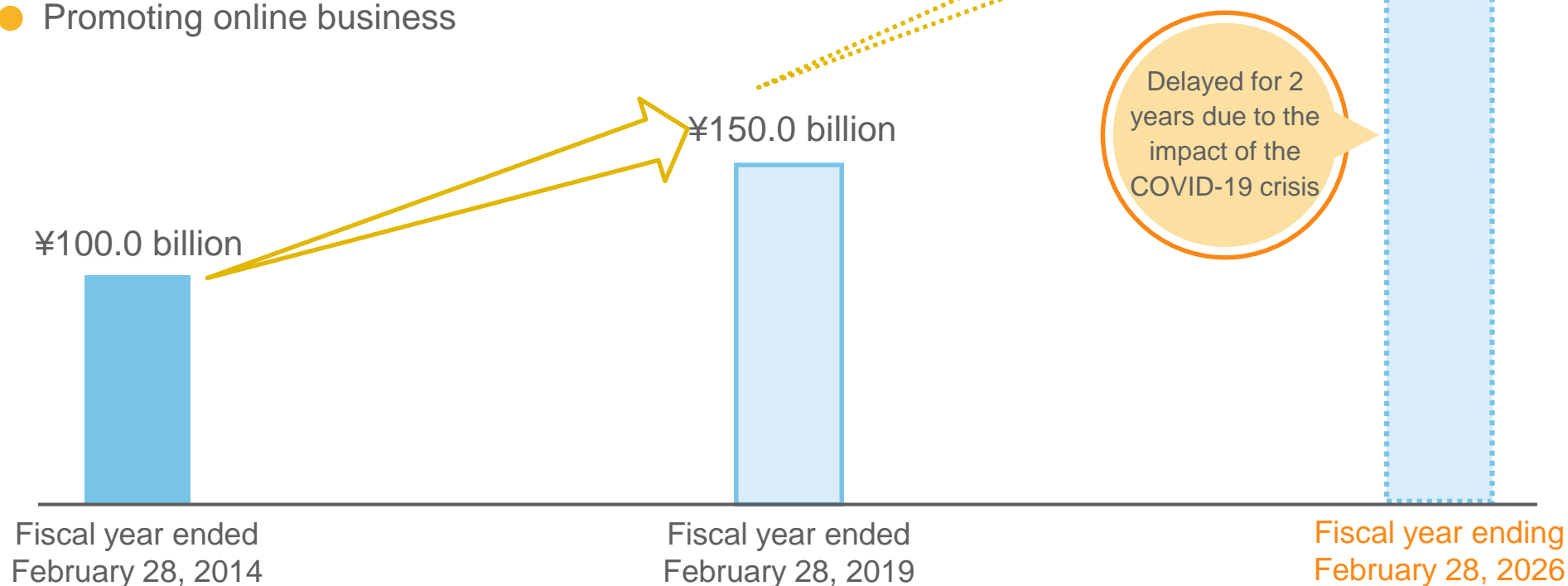
Business Results Trend

PAL GROUP HOLDINGS



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



SMILE
IS
POWER.

PAL GROUP HOLDINGS

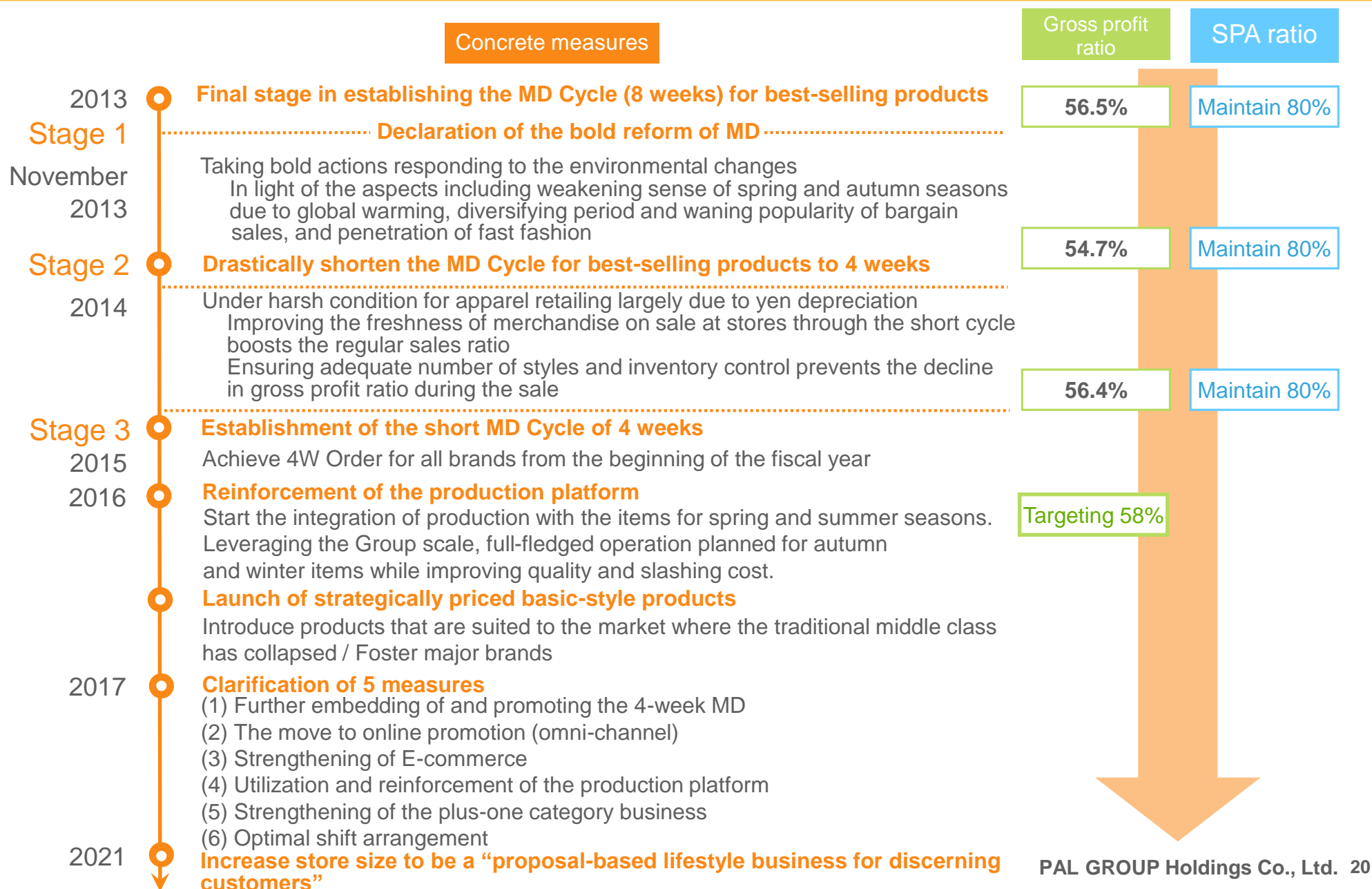
Topics

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). Launch of the “Poke Uni” shop in EC
3. Report on Sustainability Activities
 - 1). 2). Commencement of the Local Revitalization Project



1. Progress of the Reform of MD

PAL GROUP HOLDINGS



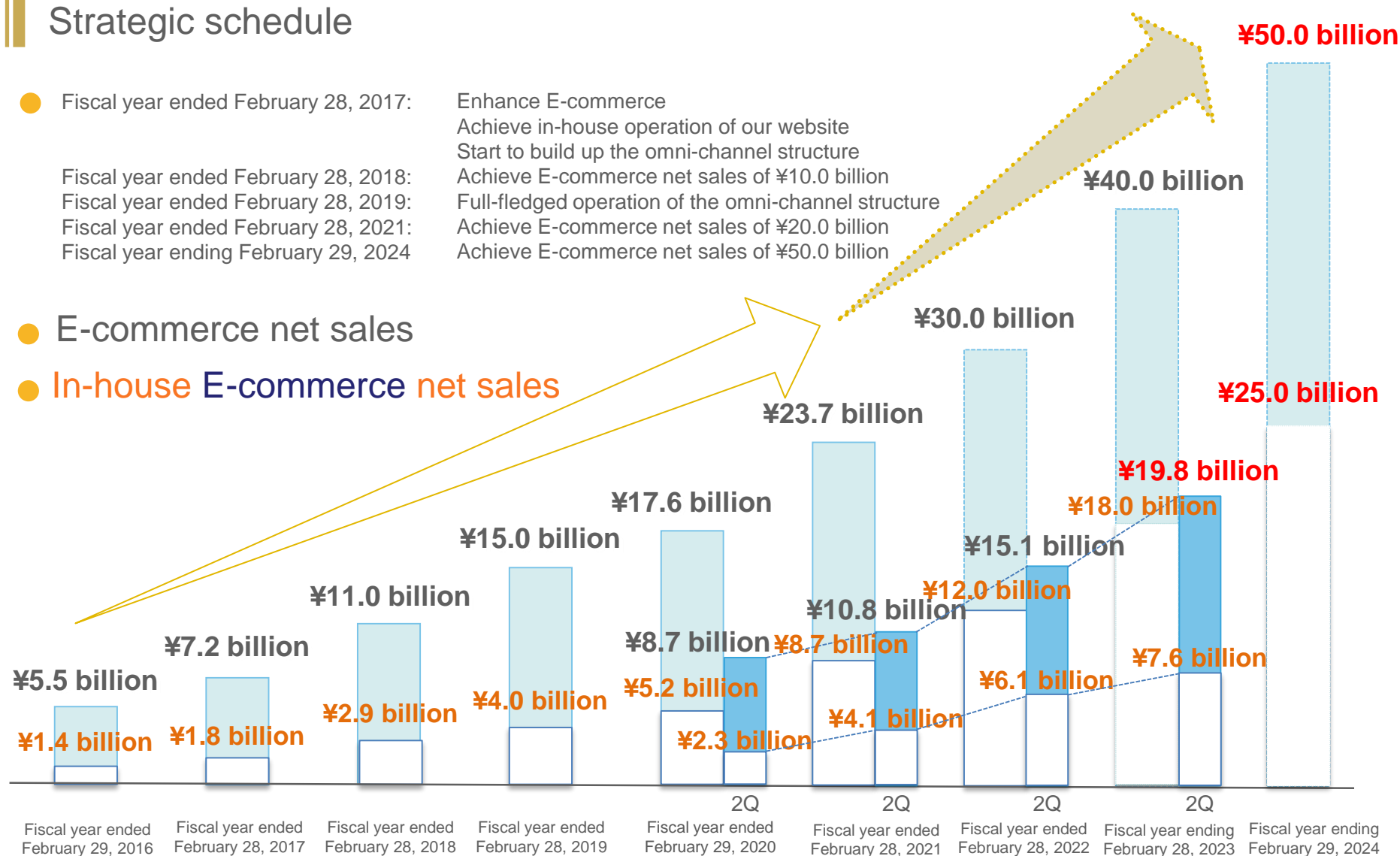
2-1). Trend in EC net sales

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

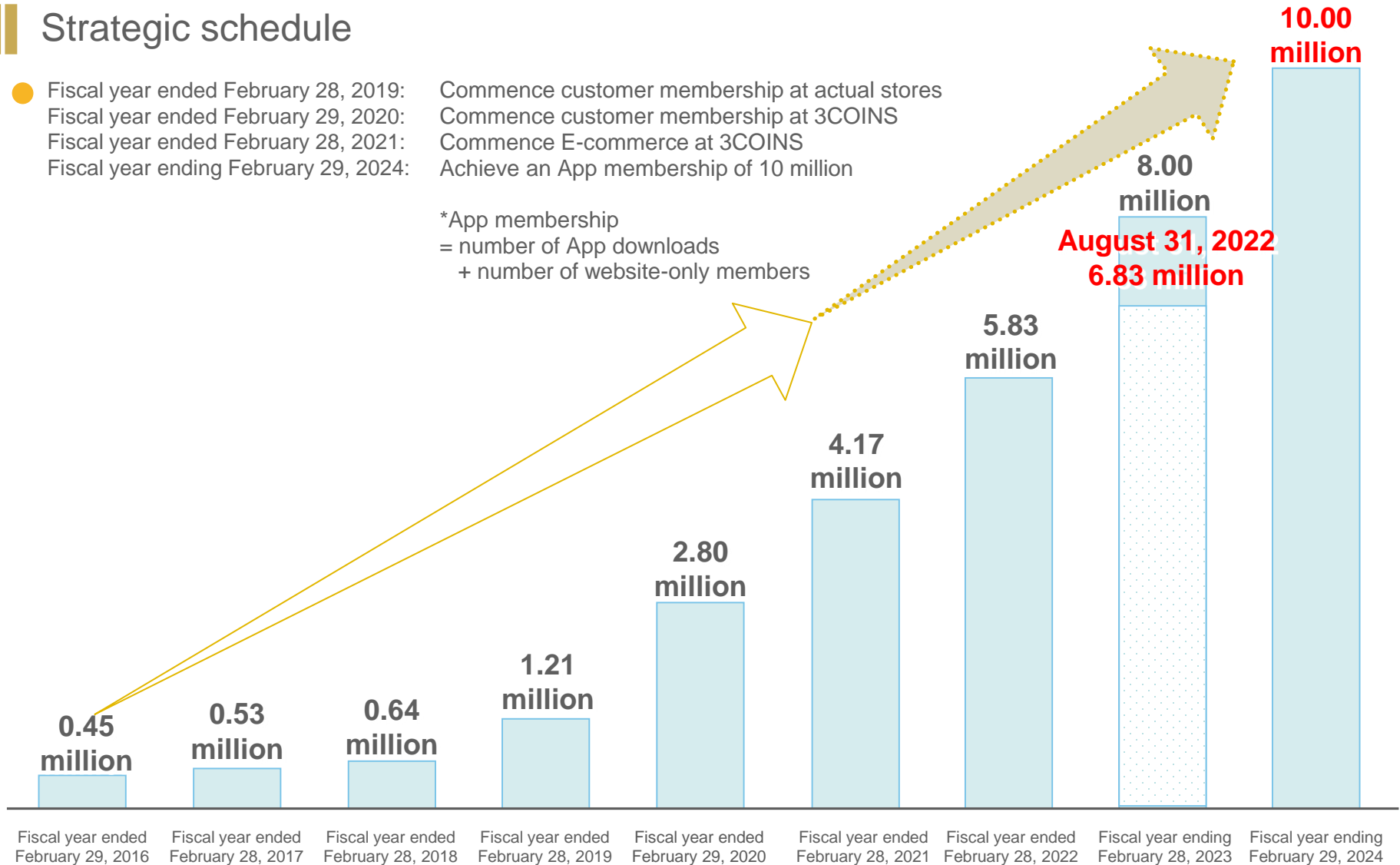


2-2). Trend in PAL App membership

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



Launch of “Poke Uni” in March 2023

The world’s first flagship store will open in Jingumae, Shibuya-ku. It will also be launched in PAL CLOSET.



Poke Uni

A multi-character brand with a collection of various popular characters of Universal Pictures, designed in a pocket-sized form.

“Uni” represents various meanings such as Universal, unit, unisex, and unique.

Mini characters will be presented as “Uni friends” with matching heart marks.

- Exclusive roll out of a new multi-character brand “Poke Uni/Pocket Universal” created by NBCUniversal Entertainment Japan LLC
- Items to be rolled out
Fashion goods / stuffed toys / toys/ home goods / mobile related goods / kids’ goods / food / baby goods, etc.
- Main characters
E.T. / Felix the Cat / Blue (Jurassic World) / Boss Baby / Casper / JAWS / Curious George / Woody the Woodpecker / Chucky (Child’s Play) / Marty (Back to the Future) / Poppy (Trolls) / Where's Waldo?

3-1). Report on Sustainability Activities

Commencement of the “Local Revitalization Project” in Shimoichi-cho, Yoshino-gun, Nara Prefecture

Background and history of the commencement of PAL’s Local Revitalization Project

“Local Revitalization Project” initiated by a proposal from employees

The PAL Group has been contributing to the SDGs with the management philosophy of “Management dedicated to the happiness of all employees and shareholders and management dedicated to society and the globe into the future.” We are committed to a wide range of initiatives, such as a tree planting project in Yoshino-gun, Nara Prefecture, a special subsidiary company that employs people with disabilities in Shirahama Town, Wakayama Prefecture, and the Inoue Scholarship Foundation that provides scholarships.

Amid such efforts, this year, a number of employees newly expressed their wish that the PAL Group get involved in local revitalization. During the COVID-19 crisis, they questioned consumer society and rediscovered the attraction of rural and local areas. They proposed a new challenge for the Company to aim to solve social problems through its business and to create new value together with stakeholders. This is how PAL’s Local Revitalization Project started.

The activities that started from the bottom up accorded with the desire of the PAL Group’s Chairman to give back to his hometown and support the new challenges taken on by the younger generation. This led to a decision to reutilize Shimoichi Minami Elementary School in Shimoichi-cho, Yoshino-gun, Nara Prefecture, which is the hometown of the Chairman.



Shimoichi Minami Elementary School, which is scheduled to close down, will be reused and refurbished as an integrated commercial facility for food, clothing, housing, leisure, work, and learning, contributing to the revitalization of the whole town.

Bringing together 50 years of know-how

Local revitalization that PAL aims for in Shimoichi-cho

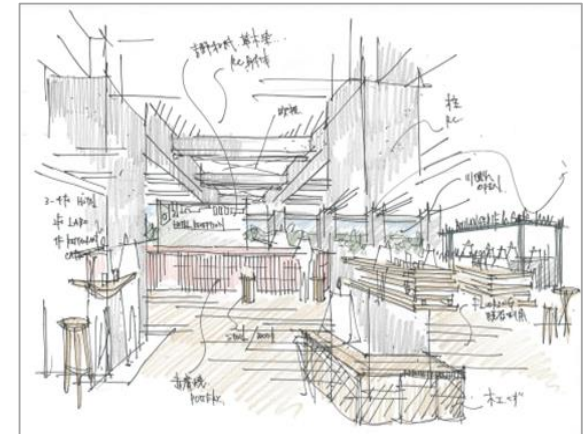
Promoting the attraction of Shimoichi-cho

Shimoichi-cho is located almost in the center of Nara Prefecture and is the gateway to Okuyamato. Blessed with an abundance of nature, the town is home to the woodworking industry to make offering stands and disposable chopsticks, as well as agriculture to produce fruits such as peaches and persimmons. Shimoichi also has many historical and cultural attractions, including Niukawakami Shrine, the oldest shrine in Japan that enshrines a water deity.

Integrated commercial facility proposed by PAL

Shimoichi's population is declining at a pace of about 100 people a year, and the town particularly faces the issues of young people moving out of the town who would otherwise develop and support the town for the next generation and a lack of people moving to Shimoichi. PAL shares Shimoichi's passion for passing on its history, culture, and community to the next generation, and has been holding town meetings with the town government, relevant organizations, local businesses, and residents to listen to their opinions and have discussions on the town's vision.

To work together on the issues facing the town, we plan to develop a commercial facility that will become a bustling place for locals to enjoy and create a symbolic facility that will become a tourist destination with a hope to increase relevant population. Together with local creators and craftsmen based in Kansai and Nara, we will create an integrated commercial facility for food, clothing, housing, leisure, work, and learning, where people can experience new lifestyle proposals. Through this process, we will contribute to the revitalization of local people, companies, and the town as a whole.



Minami Elementary School renewal plan

The PAL Group will celebrate its 50th anniversary in October 2023 next year. We are determined to make a company-wide effort to carry out the large-scale local revitalization project by leveraging PAL's strengths in planning various brands and know-how in the retail industry.

Based on the Company motto, "Contributing to society by constantly proposing new fashionable ways of life," we aim to develop a creative facility that will become the focus of tourism in Shimoichi-cho and make contribution to the community that will be appreciated by locals.

SMILE
IS
POWER.

PAL GROUP HOLDINGS

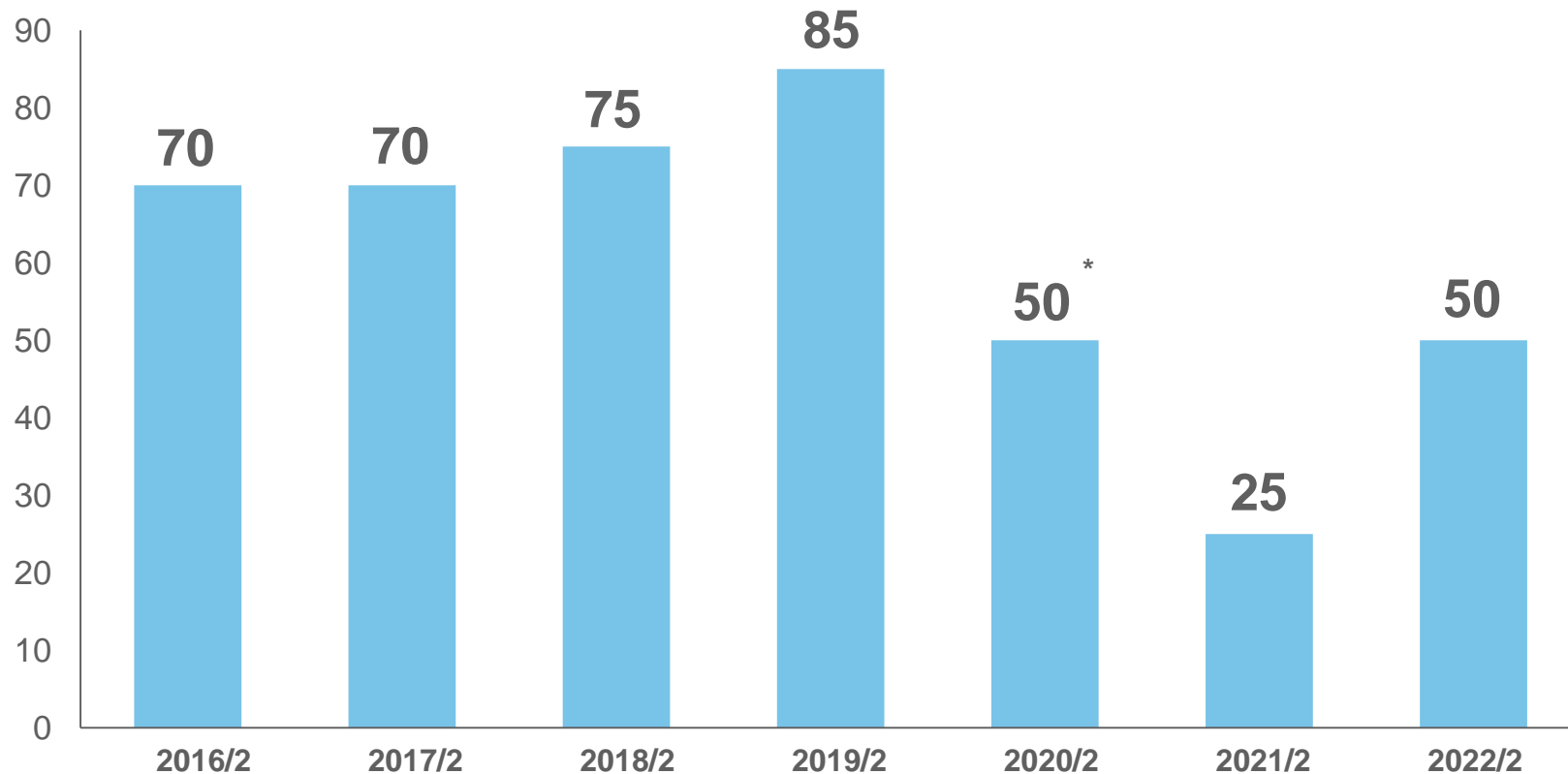
Response to Shareholders

-
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
 (“Hamayu Kuroshio” will be temporarily closed on January 4, 2023 for renovation and reopen in the summer of the same year.)
- 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



SMILE
IS
POWER.

PAL GROUP HOLDINGS

Initiatives for ESG

-
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 (Environnment)

“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.



3-1). Employment of people with disabilities (Social)

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

3-2). Endowed courses at Kwansei Gakuin University (Social)^{PAL GROUP HOLDINGS}

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



3-3). Initiatives by PAL Inoue Scholarship Foundation (Social) PAL GROUP HOLDINGS

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

3-3). Initiatives by PAL Inoue Scholarship Foundation (Social)^{PAL GROUP HOLDINGS}

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.



4. Gender equality and work style reform (Governance) PAL GROUP HOLDINGS

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.

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

Representative Ryuta Inoue

Capital ¥3,181,200,000

Establishment October 1973

Description of business Planning, manufacturing, and wholesale and retail sale of women's clothing, men's clothing, miscellaneous goods and accessories, etc.

Number of stores 933

Public Affairs Office

TEL +81-6-6227-0308

FAX +81-6-6231-1056

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.