

# Consolidated Financial Results for the Nine Months Ended November 30, 2024 [Japanese GAAP]

January 14, 2025

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 commencing dividend payments: —

Availability of supplementary briefing material on financial results: Not available

Schedule of financial results briefing session: Not scheduled

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

## 1. Consolidated Financial Results for the Nine Months Ended November 30, 2024 (March 1, 2024 to November 30, 2024)

(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	%
Nine months ended November 30, 2024	152,531	7.0	18,277	17.5	18,513	17.5	8,960	(13.5)
Nine months ended November 30, 2023	142,545	18.1	15,548	25.5	15,761	25.1	10,353	29.5

(Note) Comprehensive income: Nine months ended November 30, 2024: ¥8,950 million [(13.6)%]

Nine months ended November 30, 2023: ¥10,360 million [29.9%]

	Basic earnings per share	Diluted earnings per share
	yen	yen
Nine months ended November 30, 2024	103.21	—
Nine months ended November 30, 2023	118.55	—

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
As of November 30, 2024	147,769	68,053	46.1
As of February 29, 2024	126,922	63,444	50.0

(Reference) Equity: As of November 30, 2024: ¥68,053 million

As of February 29, 2024: ¥63,444 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 29, 2024	—	0.00	—	50.00	50.00
Fiscal year ending February 28, 2025	—	0.00	—		
Fiscal year ending February 28, 2025 (Forecast)				60.00	60.00

(Note) Revision of dividend forecast: Yes

For revision of the dividend forecast, please refer to the “Notice Concerning Dividends of Surplus (Dividend Increase)” released today (January 14, 2025).

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2025 (March 1, 2024 to February 28, 2025)

(% 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
Full year	209,220	8.7	22,960	23.4	23,260	23.5	14,820	15.4	170.69

(Note) Revision of consolidated financial results forecast: No

**\* Notes**

- (1) Significant changes in the scope of consolidation 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 November 30, 2024	92,544,000 shares
As of February 29, 2024	92,544,000 shares

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

As of November 30, 2024	5,720,784 shares
As of February 29, 2024	5,720,704 shares

3) Average number of shares during the period:

Nine months ended November 30, 2024	86,823,270 shares
Nine months ended November 30, 2023	87,336,658 shares

\* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

\* 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 nine months ended November 30, 2024 (March 1, 2024 to November 30, 2024), the Japanese economy remained in a state of restrained buying from early spring until around June, when real wage increases were not felt due to soaring energy costs and raw material prices. However, consumer sentiment improved around July, when salaries and bonuses began to rise in response to the government's strong demand for higher wages, and the apparel consumption environment also took a quick turn for the better. This year also saw a long summer, extending even into the period after September. However, temperatures finally started to drop from mid-November, at which point purchases of autumn and winter gear began to pick up.

Under such a business environment, the Company, as in the previous year, have worked on building a strong business less exposed to forex volatility. As for the Miscellaneous Goods/Accessories Business, the Company continued to increase store sizes in the 3COINS+plus format and aggressively introduced a lineup of products priced over 300 yen, while a review of staffing shifts in stores proved to be an effective measure, resulting in an early improvement in profit margins.

As for the Apparel Business, the Company is pushing ahead with multi-brand development. On March 1, 2024, it took over some Ray Cassin brand stores and EC-related business assets from Ray Cassin Co., Ltd., which was subject to the Civil Rehabilitation Act. Subsequently, on September 1, 2024, it took over some w closet brand stores and EC-related business assets from WEARS INC.

In line with the increase in store sizes, a number of sub-brands have been offered within existing brands, and NICE CLAUP Co., LTD opened the first RMAF brand physical store on September 20, 2024.

The Company has made continued efforts to strengthen EC sales and online promotions ever since COVID-19 began spreading, and the number of registered members of the PAL CLOSET app has exceeded 11 million. Using social networking services including Instagram, we have actively disseminated information from individual staff accounts with a large number of followers, making promotions more effective by exploring products that received a good response. These measures played a major role in increasing not only EC sales but also sales at physical stores.

Through these measures, net sales in the Apparel Business increased by ¥3,739 million year on year to ¥92,236 million and net sales in the Miscellaneous Goods/Accessories Business increased by ¥6,130 million year on year to ¥60,034 million.

As a result of the above, net sales for the nine months ended November 30, 2024 increased by 7.0% year on year to ¥152,531 million. In terms of profit, operating profit increased by 17.5% year on year to ¥18,277 million and ordinary profit increased by 17.5% year on year to ¥18,513 million. Extraordinary income included subsidy income, and extraordinary losses included special retirement payments and impairment losses. As a result, profit attributable to owners of parent decreased by 13.5% year on year to ¥8,960 million.

On June 16, 2024, some of the Company's servers were illegally accessed by a third party, resulting in server failure. An internal task force was set up to deal with this incident, and with the advice of outside experts, we have been investigating the extent of the impact and other issues, and have been taking steps to restore the system. As a result of this incident, we were forced to postpone the announcement of first quarter financial results, and we sincerely apologize to our shareholders and all other concerned parties for the inconvenience caused.

Regarding the server failure, we have rebuilt our infrastructure environment and have been able to fully restore it in early August. The direct loss is expected to be within the range of the extraordinary losses that the Company anticipates.

## (2) Explanation of Financial Position

### (Assets)

Current assets increased by ¥18,276 million compared with the end of the previous fiscal year, due mainly to increases in cash and deposits by ¥11,908 million, notes and accounts receivable - trade by ¥5,506 million, and merchandise and finished goods by ¥2,145 million.

Non-current assets increased by ¥2,570 million compared with the end of the previous fiscal year, due primarily to increases in buildings and structures by ¥1,698 million and intangible assets by ¥337 million.

### (Liabilities)

Current liabilities increased by ¥12,347 million compared with the end of the previous fiscal year, due mainly to an increase in notes and accounts payable - trade by ¥9,474 million.

Non-current liabilities increased by ¥3,890 million compared with the end of the previous fiscal year, due primarily to increases in long-term borrowings by ¥411 million, asset retirement obligations by ¥577 million, and provision for retirement benefits for directors (and other officers) by ¥2,967 million.

### (Net assets)

Net assets increased by ¥4,608 million compared with the end of the previous fiscal year, due mainly to an increase in retained earnings by ¥4,619 million.

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

There is no change to the full-year consolidated financial results forecast announced on October 15, 2024.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	67,228	79,136
Notes and accounts receivable - trade	10,374	15,880
Merchandise and finished goods	16,505	18,650
Other	2,584	1,300
<b>Total current assets</b>	<b>96,692</b>	<b>114,968</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,387	10,085
Other, net	2,518	2,514
<b>Total property, plant and equipment</b>	<b>10,905</b>	<b>12,600</b>
Intangible assets	393	731
Investments and other assets		
Guarantee deposits	12,315	12,786
Other	6,670	6,737
Allowance for doubtful accounts	(54)	(54)
<b>Total investments and other assets</b>	<b>18,931</b>	<b>19,469</b>
<b>Total non-current assets</b>	<b>30,230</b>	<b>32,801</b>
<b>Total assets</b>	<b>126,922</b>	<b>147,769</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	28,845	38,319
Short-term borrowings	250	500
Income taxes payable	3,480	2,642
Provision for bonuses	3,315	2,025
Provision for point card certificates	212	230
Provisions	741	811
Other	8,179	12,842
<b>Total current liabilities</b>	<b>45,023</b>	<b>57,371</b>
Non-current liabilities		
Long-term borrowings	10,962	11,373
Retirement benefit liability	1,255	1,326
Provision for retirement benefits for directors (and other officers)	1,208	4,176
Asset retirement obligations	3,877	4,455
Other	1,149	1,012
<b>Total non-current liabilities</b>	<b>18,453</b>	<b>22,344</b>
<b>Total liabilities</b>	<b>63,477</b>	<b>79,716</b>

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
Net assets		
Shareholders' equity		
Share capital	3,181	3,181
Capital surplus	4,478	4,478
Retained earnings	59,254	63,873
Treasury shares	(3,672)	(3,672)
Total shareholders' equity	63,241	67,860
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	7
Foreign currency translation adjustment	(5)	3
Remeasurements of defined benefit plans	204	181
Total accumulated other comprehensive income	203	192
Total net assets	63,444	68,053
Total liabilities and net assets	126,922	147,769



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

## Quarterly Consolidated Statements of Income

Nine months ended November 30

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Net sales	142,545	152,531
Cost of sales	62,818	66,375
Gross profit	79,726	86,155
Selling, general and administrative expenses	64,177	67,878
Operating profit	15,548	18,277
Non-operating income		
Interest income	0	1
Share of profit of entities accounted for using equity method	264	281
Royalty income	8	8
Foreign exchange gains	3	2
Other	65	51
Total non-operating income	342	346
Non-operating expenses		
Interest expenses	64	81
Commission for purchase of treasury shares	30	–
Other	35	28
Total non-operating expenses	129	109
Ordinary profit	15,761	18,513
Extraordinary income		
Subsidy income	–	220
Total extraordinary income	–	220
Extraordinary losses		
Loss on retirement of non-current assets	118	60
Impairment losses	239	262
Loss on tax purpose reduction entry of non-current assets	–	220
Special retirement payments	–	3,158
Total extraordinary losses	358	3,702
Profit before income taxes	15,403	15,030
Income taxes - current	4,962	5,625
Income taxes - deferred	95	444
Total income taxes	5,058	6,070
Profit	10,344	8,960
Loss attributable to non-controlling interests	(8)	–
Profit attributable to owners of parent	10,353	8,960

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended November 30

(Millions of yen)

	Nine months ended November 30, 2023	Nine months ended November 30, 2024
Profit	10,344	8,960
Other comprehensive income		
Valuation difference on available-for-sale securities	1	3
Foreign currency translation adjustment	13	8
Remeasurements of defined benefit plans, net of tax	(0)	(18)
Share of other comprehensive income of entities accounted for using equity method	1	(3)
Total other comprehensive income	16	(10)
Comprehensive income	10,360	8,950
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,369	8,950
Comprehensive income attributable to non-controlling interests	(8)	–