

Fiscal Year Ended February 28, 2025

PAL GROUP HOLDINGS

Materials for Financial Results Briefing

April 8, 2025

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, 2025

 Financial Results Forecast 15
 for the Fiscal Year Ending February 28, 2026

Management Vision 17

Topics 20

Response to Shareholders 29

Initiatives for ESG 32



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PAL GROUP HOLDINGS

Financial Report

Review of Financial Results
for the Fiscal Year Ended February 28, 2025
Financial Results Forecast
for the Fiscal Year Ending February 28, 2026



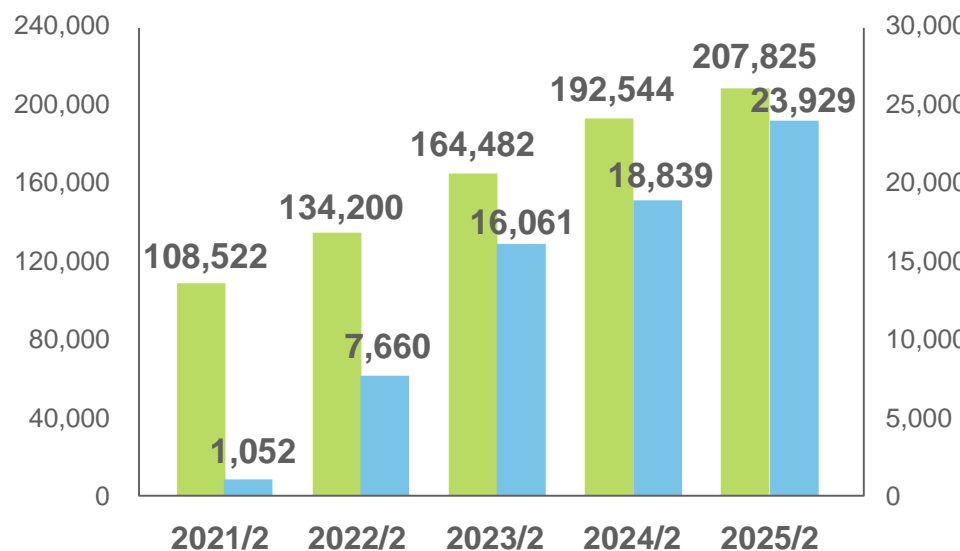
Review on the previous fiscal year

In the previous fiscal year, despite the impact of restrained purchase due to the server failure, the “3COINS” business continued to grow in the Miscellaneous Goods/Accessories Business and town brands (dress-up brands) drove sales in the Apparel Business. Conversion of NOLLEY’S into a consolidated subsidiary also contributed to sales. As a result, record high sales were attained for four consecutive periods. In terms of profits, profits increased significantly in the first half of the fiscal year as the effects of measures generated early results for our focusing on optimizing staffing shifts at stores and strengthening the development of products priced above 300 yen, leading to upward revisions of the financial results forecast at the time of the announcement of the financial results for the first half of the fiscal year. Also, in the Apparel Business, both operating profit and ordinary profit attained record highs for three consecutive periods due to the improved ratios of gross profit and SG&A as a result of the increased regular sales ratio and an increase in E-commerce (EC) sales. Granting of special retirement payments was announced due to the retirement of Director, the founder of the Company. As a result of posting ¥3,158 million as extraordinary losses for the provision, profit decreased compared with the fiscal year ending February 29, 2024.

Consolidated

■ Net Sales ■ Ordinary Profit

(Millions of yen)

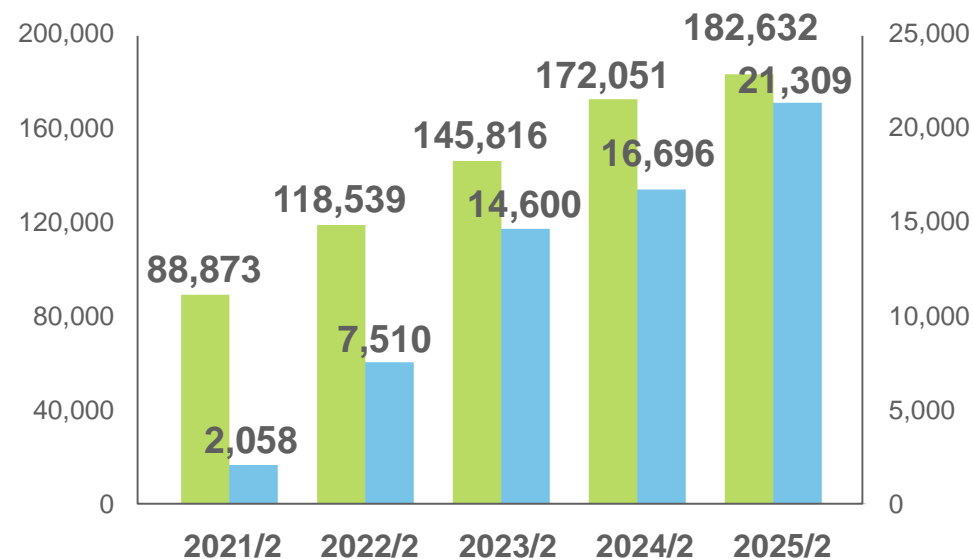


Non-consolidated

(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, 2025

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025			
			Forecast	Actual results		Compared to forecast
				Changes from the previous corresponding period		
Net sales	164,482	192,544	209,220	207,825	107.9%	99.3%
Gross profit	90,221	106,283	116,330	116,256	109.4%	99.9%
(% of net sales)	54.9%	55.2%	55.6%	55.9%	0.7%	0.3%
Operating profit	15,822	18,605	22,960	23,656	127.1%	103.0%
(% of net sales)	9.6%	9.7%	11.0%	11.4%	1.7%	0.4%
Ordinary profit	16,061	18,839	23,260	23,929	127.0%	102.9%
(% of net sales)	9.8%	9.8%	11.1%	11.5%	1.7%	0.4%
Profit attributable to owners of parent	9,955	12,845	14,820	11,848	92.2%	79.9%
(% of net sales)	6.1%	6.7%	7.1%	5.7%	-1.0%	-1.4%

- Net sales attained a record high due mainly to the increased number of stores as a result of store openings and mergers and acquisitions (M&A). Both operating profit and ordinary profit attained record highs due to the improvement of the gross profit ratio to net sales by 0.7 points as a result of pursuing both pricing corresponding to added values of products and the increase of the regular sales ratio.
- Profit for the fiscal year ended February 28, 2025 decreased compared with the fiscal year ended February 29, 2024 as a result of posting of ¥3,158 million as extraordinary losses for special retirement payments associated with the retirement of the founder. This extraordinary loss will not be recorded in the fiscal year ending February 28, 2026.

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, 2025

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025			
			Forecast	Actual results		Compared to forecast
				Changes from the previous corresponding period		
Net sales	145,816	172,051	180,300	182,632	106.1%	101.3%
Gross profit	80,383	95,038	98,470	102,609	108.0%	104.2%
(% of net sales)	55.1%	55.2%	54.6%	56.2%	1.0%	1.6%
Operating profit	14,529	16,728	17,300	21,284	127.2%	123.0%
(% of net sales)	10.0%	10.4%	9.6%	11.7%	1.3%	2.1%
Ordinary profit	14,600	16,696	17,110	21,309	127.6%	124.5%
(% of net sales)	10.0%	10.3%	9.5%	11.7%	1.4%	2.2%
Profit	9,316	11,826	10,640	11,630	98.3%	109.3%
(% of net sales)	6.4%	6.9%	5.9%	6.4%	-0.5%	0.5%

- In the Apparel Business, while casual brands struggled, of which sales had sharply increased with the winding down of COVID-19, sales and profit of town brands (dress-up brands) were very strong. Sales in the second half were weak due to restrained purchase as a result of the impact of the server failure and, in addition, sluggish sales of spring items caused by a heavy snow and a cold spell in January and February.
- We were able to reduce the SG&A ratio of the “3COINS” business by our successful efforts with bold changes in staffing shifts at stores in response to personnel expenses of part-time workers, which had been our issues. The gross profit ratio improved with the development of products priced above 300 yen and the revision of prices to the ones fairly corresponding to the values of products. Along with the depreciation of the yen coming to an end, the operating profit margin significantly improved in the Miscellaneous Goods/Accessories Business.

Financial Situation of NICE CLAUP Co., LTD.
for the Fiscal Year Ended February 28, 2025

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 28, 2023 Actual results	Fiscal year ended February 29, 2024 Actual results	Fiscal year ended February 28, 2025 Actual results	Changes from the previous fiscal year
Net sales	15,460	16,638	16,991	102.1%
Operating profit	742	1,422	1,596	112.2%
Ordinary profit	756	1,427	1,598	112.0%
Profit	497	1,040	1,012	97.3%

- Both net sales and operating profit increased and attained a record high again for the fiscal year ended February 28, 2025. The core brand “one after another NICECLAUP,” which were struggling, is also on a recovery path.
- EC sales exceeded ¥7.0 billion, with the sales ratio of EC exceeding the target of 40%, and shows a steady increase. The total number of social media individual followers, which we have been strengthening, has achieved the target of 2.20 million, an increase of 700,000 followers from the previous fiscal year.
- Regarding initiatives for sustainability, a Sustainable Committee was established in the company in the fiscal year ended February 28, 2025, the policy was put into practices of all its employees, and the company started activities from what it is able to engage. For details, please refer to the website (<https://www.niceclaup.co.jp/sustainability/>).
- On March 1, 2025, we conducted an absorption-type merger and absorbed mag style., a Group subsidiary which our Group had held 100% of its shares. We aim for expanding stores into large-scale establishments and strengthening the management base as well as further expanding the scale of the sales, by integrating brands of miscellaneous goods and accessories into the Company and increasing items with which we offer lifestyle.

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

PAL GROUP HOLDINGS

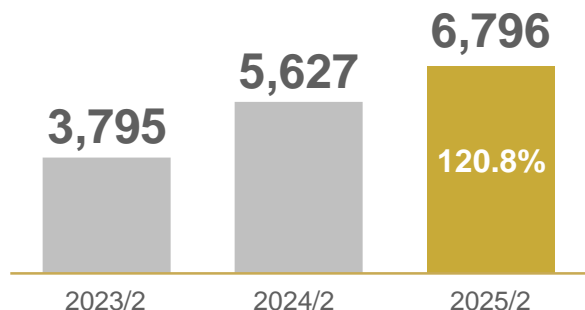
(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025	Changes from the previous fiscal year
Apparel				
Net sales	105,781	119,767	127,795	106.7%
Composition %	64.3%	62.2%	61.5%	-0.7%
Operating profit	12,516	16,609	18,161	109.3%
Operating profit %	11.8%	13.9%	14.2%	0.3%
Miscellaneous Goods/Accessories				
Net sales	58,559	72,577	79,680	109.8%
Composition %	35.6%	37.7%	38.3%	0.6%
Operating profit	3,285	1,978	5,537	279.8%
Operating profit %	5.6%	2.7%	6.9%	4.2%
Other				
Net sales	141	198	348	175.5%
	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025	Changes from the previous fiscal year
E-commerce net sales				
ZOZO TOWN	20,789	24,715	25,613	103.6%
PAL CLOSET (Our online store)	15,373	19,277	22,409	116.2%
Other	3,421	4,405	5,177	117.5%
Total	39,583	48,397	53,199	109.9%
Ratio to apparel net sales	37.4%	40.4%	41.6%	1.2P

- Despite a decreasing factor of the server failure, sales of both apparel and miscellaneous goods and accessories increased. The operating profit margin also increased due to the improved gross profit ratio. EC sales also increased centered on our website of PAL CLOSET, with the sales taking further upturn through the consolidation of NOLLEY'S in the fourth quarter. App. membership as of the end of previous fiscal year increased to 11.45 million and the number of social media followers set another milestone by exceeding 20 million.

Main Brands

Net sales (Millions of yen)



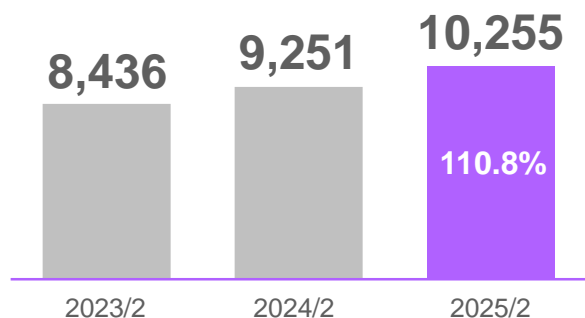
BEARDSLEY

A commitment to comfortable forms and materials. Embroidery and original prints that lend a whimsical touch of handcrafting. A unique worldview. Seasonal themes of crafting inspired by words symbolizing images. We present a collection that invites you to read one story after another.

BEARDSLEY 17 stores



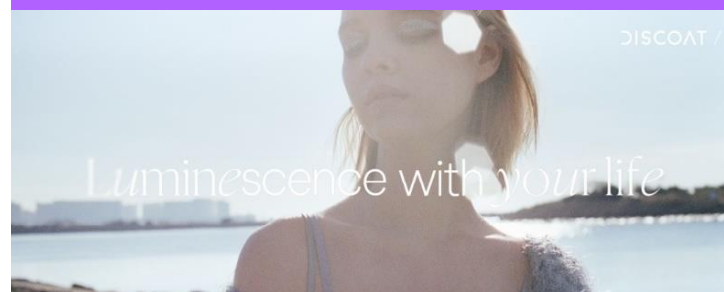
Net sales (Millions of yen)



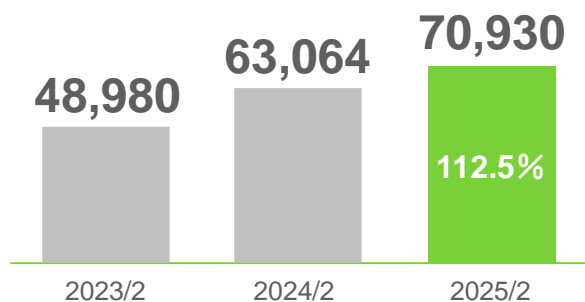
DISCOAT /

with your life
The tangible and intangible things that enrich your lifestyle.
We offer "French casual meets vintage" fashion that enables you to enjoy trends in your own way, and lifestyle items that update your everyday.

Discoat 41 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 344 stores



Selling, General and Administrative Expenses

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025	Changes from the previous fiscal year
Non-consolidated PAL GROUP Holdings CO., LTD. + PAL CO., LTD.	65,853	78,310	81,336	103.9%
Consolidated	74,399	87,677	92,599	105.6%
SG&A ratio (consolidated)	45.2%	45.5%	44.6%	-0.9P
Personnel expenses ratio	16.4%	17.0%	16.1%	-0.9P
Rent expenses ratio	12.0%	11.4%	11.3%	-0.1P
Advertising expenses ratio	0.9%	0.9%	0.9%	0.0P

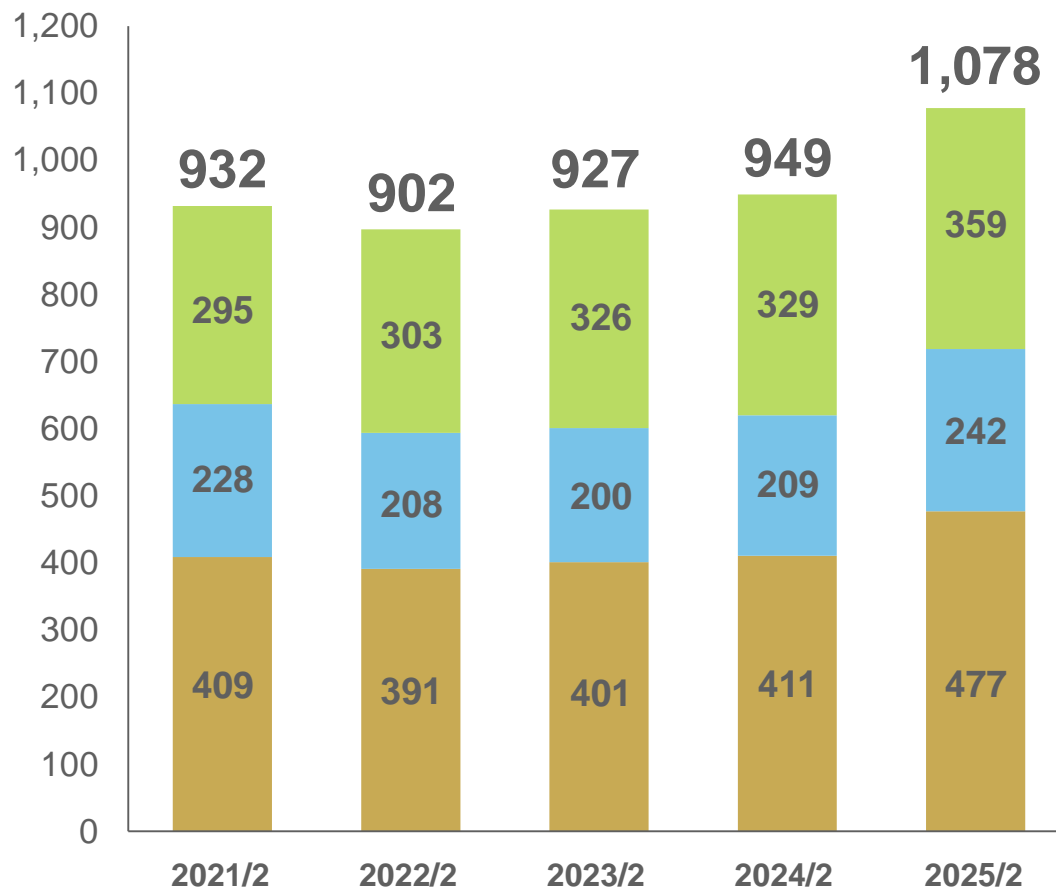
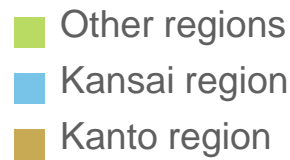
- The SG&A ratio fell by 0.9 point due mainly to a decline in the personnel expenses ratio. Personnel expenses fell by 0.9 points, absorbing wage hikes for three consecutive periods. This was due mainly to the facts that posting of retirement benefits for directors (and other officers) in the fiscal year ended February 29, 2024 was a temporally factor and optimalization of shifts significantly reduced expenses of part-time workers. As for rent expenses, we successfully continue to contain the cost of store openings with 3COINS+plus driving this effort. As for advertising expenses, we are able to control its level to the same as the increase ratio of sales.

Number of Stores

Number of stores

as of February 28, 2025: 1,078

(+129 compared to the end of the previous fiscal year)



● Status of opening/closing stores

The number of stores increased by 55 from the end of the previous fiscal year as a result of opening 89 stores and closing 34 stores. In addition, 3 stores of Ray Cassin, 18 stores of w closet, and 53 stores of NOLLEY'S were newly included through the business transfer. With the inclusion of these new stores acquired by M&A, the number of stores increased by 129.

In the Apparel Business, we opened 46 new stores and closed 25 stores, resulting in a net increase of 21 stores.

In the Miscellaneous Goods/Accessories Business, we opened 35 3COINS+plus stores and 8 3COINS and other stores, and closed 9 Salut! and other stores, resulting in a net increase of 34 stores.

Extraordinary Income or Losses

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Subsidy income	—	—	220
Gain on bargain purchase			235
Total extraordinary income	—	—	455
Loss on tax purpose reduction entry of noncurrent assets	—	—	220
Special retirement payments	—	—	3,158
Impairment losses	801	480	551
Loss on retirement of non-current assets	30	120	91
Loss on step acquisition	—	—	196
Total extraordinary losses	831	600	4,218

- Subsidy income and loss on tax purpose reduction entry of noncurrent assets were recorded as the accounting treatment to offset the subsidy for opening of KITO.
- Special retirement payments were posted due to the retirement of Director, the founder of the Company, and the payment of 3,158 million subject to approval of a general meeting of shareholders was posted for the fiscal year ended February 28, 2025.
- Gain on bargain purchases and loss on step acquisition were recorded due to the consolidation on NOLLEY'S.

Consolidated Balance Sheets

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025	Changes from the previous fiscal year	Remarks
Current assets	85,496	96,692	114,287	17,595	
Cash and deposits	63,845	67,228	85,715	18,487	NOLLEY'S +6,090
Accounts receivable - trade	8,554	10,374	10,472	100	
Inventories	12,542	16,523	16,743	221	
Other	554	2,565	1,358	-1,207	
Non-current assets	27,014	30,230	33,642	3,412	
Property, plant and equipment	9,120	10,905	12,965	2,059	
Intangible assets	333	393	816	422	
Investments and other assets	17,561	18,931	19,861	929	
Total assets	112,510	126,922	147,929	21,007	
Current liabilities	43,237	45,023	50,586	5,562	
Non-current liabilities	14,082	18,453	23,989	5,535	
Total liabilities	57,319	63,477	74,576	11,098	
Total net assets	55,191	63,444	73,353	9,908	Equity ratio 47.9%
Total liabilities and net assets	112,510	126,922	147,929	21,007	

Consolidated Statements of Cash Flows

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025
Cash flows from operating activities	17,029	13,460	22,038
Cash flows from investing activities	(2,599)	(4,404)	792
Cash flows from financing activities	(2,835)	(5,672)	(4,364)
Effect of exchange rate change on cash and cash equivalents	—	—	20
Net increase (decrease) in cash and cash equivalents	11,595	3,383	18,487
Cash and cash equivalents at beginning of period	52,250	63,845	67,228
Cash and cash equivalents at end of period	63,845	67,228	85,715

- While sales have increased significantly, operating cash flows continue to steadily expand.
- As special factors, an increase in provision for retirement benefits for directors (and other officers) of ¥2,950 million was posted in cash flows from operating activities, and proceeds from purchase of shares of subsidiaries of ¥5,124 million associated with conversion of NOLLEY'S into a consolidated subsidiary was posted in cash flows from investing activities.
As a result of the above, cash and cash equivalents at the end of the period increased by ¥18,487 million.

Assumptions	As of February 29, 2024	As of February 28, 2025
Market risk premium	6.00%	6.00%
Risk free rate	0.741%	1.391%
Beta (β)	0.814	0.561
Year-end share price (yen)	2,271	3,090
Market capitalization of shares (millions of yen)	197,177	268,286
ROE	21.7%	17.6%
Results of calculation	As of February 29, 2024	As of February 28, 2025
Cost of capital	5.62%	4.76%
WACC	5.32%	4.57%

Provisionally assuming a risk premium normally used

Yield of 10-year government bonds

5-year weekly basis indexed to TOPIX

(Calculation formula) Cost of capital = Risk free rate + Market risk premium x β

The two-year average of capital cost = 5.2% < The two-year average of ROE of the Company = 19.7%

Therefore, the Company generate profit which significantly exceeds the cost of capital.

Going forward, the Company aims for efficient management that is conscious of cost of capital with its periodic reporting cost of capital to the Board of Directors.

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, 2026

PAL GROUP HOLDINGS

(Millions of yen)

1. Consolidated

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28 2025	First half ending August 31, 2025	Second half ending February 28, 2026	Fiscal year ending February 28, 2026	Changes from the previous fiscal year
Net sales	164,482	192,544	207,825	113,500	117,500	231,000	111.2%
Gross profit	90,221	106,283	116,256	63,700	66,100	129,800	111.7%
SG&A expenses	74,399	87,677	92,599	51,000	52,400	103,400	111.7%
Operating profit	15,822	18,605	23,656	12,700	13,700	26,400	111.6%
Ordinary profit	16,061	18,839	23,929	12,700	13,700	26,400	110.3%
Extraordinary income or losses	(831)	(600)	(3,763)	(300)	(400)	(700)	18.7%
Profit attributable to owners of parent	9,955	12,845	11,848	8,130	8,720	16,850	142.2%
Gross profit ratio	54.9%	55.2%	55.9%	56.1%	56.3%	56.2%	0.3P

2. Non-consolidated

(PAL GROUP Holdings CO., LTD. + PAL CO., LTD.)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025	Fiscal year ending February 28, 2026	Changes from the previous fiscal year
Net sales	145,816	172,051	182,632	195,000	106.8%
Gross profit	80,383	95,038	102,609	110,200	107.4%
SG&A expenses	65,853	78,310	81,325	87,000	107.0%
Operating profit	14,529	16,728	21,284	23,200	109.0%
Ordinary profit	14,600	16,696	21,309	23,200	108.9%
Extraordinary income or losses	(826)	(464)	(3,530)	(500)	14.2%
Profit	9,316	11,826	11,630	14,900	128.1%
Gross profit ratio	55.1%	55.2%	56.2%	56.5%	0.3%

- Increases in net sales and profit are expected due to the effect of boosting net sales and profit with M&A of NOLLEY's and other companies, a reactionary rise arising from a decline in net sales caused by the server failure in the previous fiscal year, calming down of foreign exchange rates, and continued effects of containing SG&A expenses.

Premises for Full-year Financial Results Forecast for the Fiscal Year Ending February 28, 2026

1. Number of stores

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ended February 28, 2025	Fiscal year ending February 28, 2026 (those fixed as of today)
Number of new stores	92	80	163	89
Number of closed stores	67	58	34	12
Net increase in number of stores	25	22	129	77
Number of stores at the end of the period	927	949	1,078	1,155

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

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	First half ended August 31, 2024 Actual results	Second half ended February 28, 2025 Actual results	Fiscal year ended February 28, 2025 Actual results	Fiscal year ending February 28, 2026 Forecast
Sales at existing stores	120.0	111.1	102.4	98.8	100.4	105.0
Of which, sales at existing retail stores	116.5	106.6	100.0	96.2	97.6	100.5
Of which, sales at existing stores via internet	128.8	124.6	108.5	103.4	105.8	113.2

	March 2023	March 2024	April	May	June	July	August	September	October	November	December	January 2025	February
Sales at existing stores	110.9	103.5	107.0	101.5	100.7	95.0	104.6	101.4	97.9	101.6	101.4	95.1	95.4
Of which, sales at existing retail stores	108.5	98.1	104.7	97.5	98.4	92.0	102.9	99.2	93.2	99.8	99.7	94.1	91.0
Of which, sales at existing stores via internet	114.2	117.6	111.4	110.7	104.8	101.1	108.3	105.6	106.8	104.5	108.0	95.6	99.5

3. Sales at all stores

	March 2023	March 2024	April	May	June	July	August	September	October	November	December	January 2025	February	Full year
Sales at all stores	118.4	111.8	114.5	107.9	106.8	99.2	112.2	107.5	107.6	106.3	116.4	109.9	103.1	107.9
Of which, E- commerce	111.6	121.1	112.9	112.5	106.2	102.7	109.7	108.1	109.3	106.6	114.3	108.3	109.7	109.9

4. Number of customers and average spending per customer

	Average spending per customer compared to the fiscal year ended February 29, 2024	Number of customers compared to the fiscal year ended February 29, 2024
Apparel Business	112.5%	88.6%
Miscellaneous Goods/Accessories Business	107.3%	104.6%

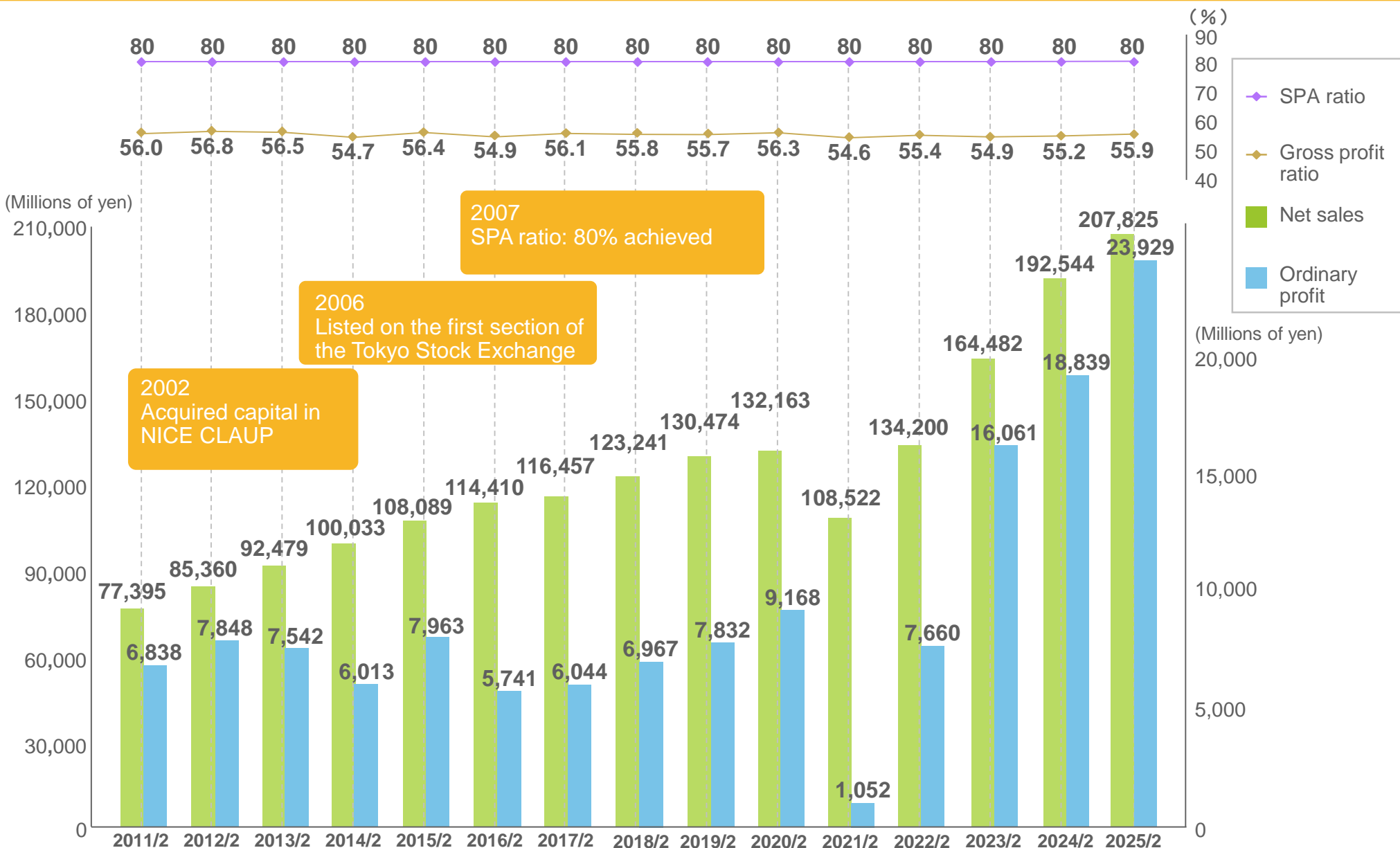
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Management Vision

Business Results Trend
Medium- to Long-term Vision

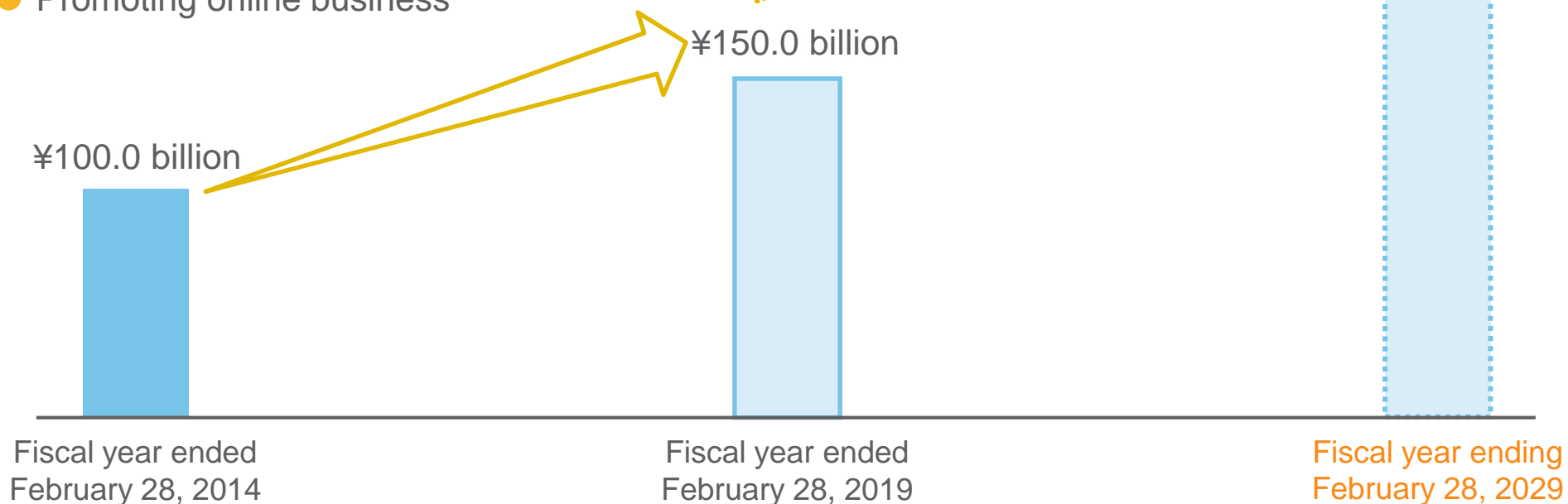


Business Results Trend



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.)
- Increasing the scales of brands and stores
- Enhancement of infrastructure: IT, logistics, production
- Promoting overseas business
- Promoting online business



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Topics



1. Retirement of the Founder and Transition to the New Management Structure
2. Progress of the Reform of MD
3. Enhancement of E-Commerce Sales
 - 1). Trend in EC net sales
 - 2). Trend in PAL App membership
4. Initiative for Sustainability
 - 1). Sustainability Report 2025
 - 2). Initiative for regional revitalization activities
5. Proactive Investment in Human Capital (Raising a Starting Salary)
6. Conversion of NOLLEY'S co., Ltd. into a Consolidated Subsidiary

1. Retirement of the Founder and Transition to the New Management Structure

We have announced the retirement of Advisor Hidetaka Inoue, a member of the founding family, and the appointment of Vice Chairman Takayo Watanabe and President Ryuta Inoue as Directors and Vice President Hirofumi Kojima as President and Representative Director.

In January 2025, we have announced the retirement from all positions of Advisor Hidetaka Inoue, the founder of the Company and was retired as Chairman and Representative Director last year, the appointment of Vice Chairman Takayo Watanabe and President Ryuta Inoue as Directors, who are members of the founding family, and the promotion of Vice President Hirofumi Kojima of PAL GROUP Holdings to President and Representative Director.



[Career summary]

- 1983 Joined PAL. CO, LTD.
- 1993 Brand Manager, DISCOAT
- 2001 General Manager, 1st and 5th Divisions
- 2016 President and Representative Director, Vallery Co., Ltd.
- 2019 Senior Managing Director, Deputy General Manager, Sales Division, the Company
- 2024 Vice President and Director, General Manager, Administrative Division, and General Manager, Group Business Development Division

[Message from President Kojima]

Fulfilling corporate social responsibility has been closely scrutinized nowadays. Fulfilling corporate social responsibility and achieving sustainability of business at the same have become an important management issue with the initiatives for SDGs and ESG accelerated.

I believe that the PAL GROUP, which is engaged in retail sale of apparel and miscellaneous goods and accessories, has to play our part in assuming the responsibility of formulating the sustainable future as environment and social issues are increasingly significant in this day and age. With the company motto of our Group of “Contributing to society by constantly proposing new fashionable ways of life” as a driving force, we have been conducting our corporate activities aiming for sustainable development with employees, shareholders, customers and local communities.

2. Progress of the Reform of MD



3-1). Trend in EC net sales

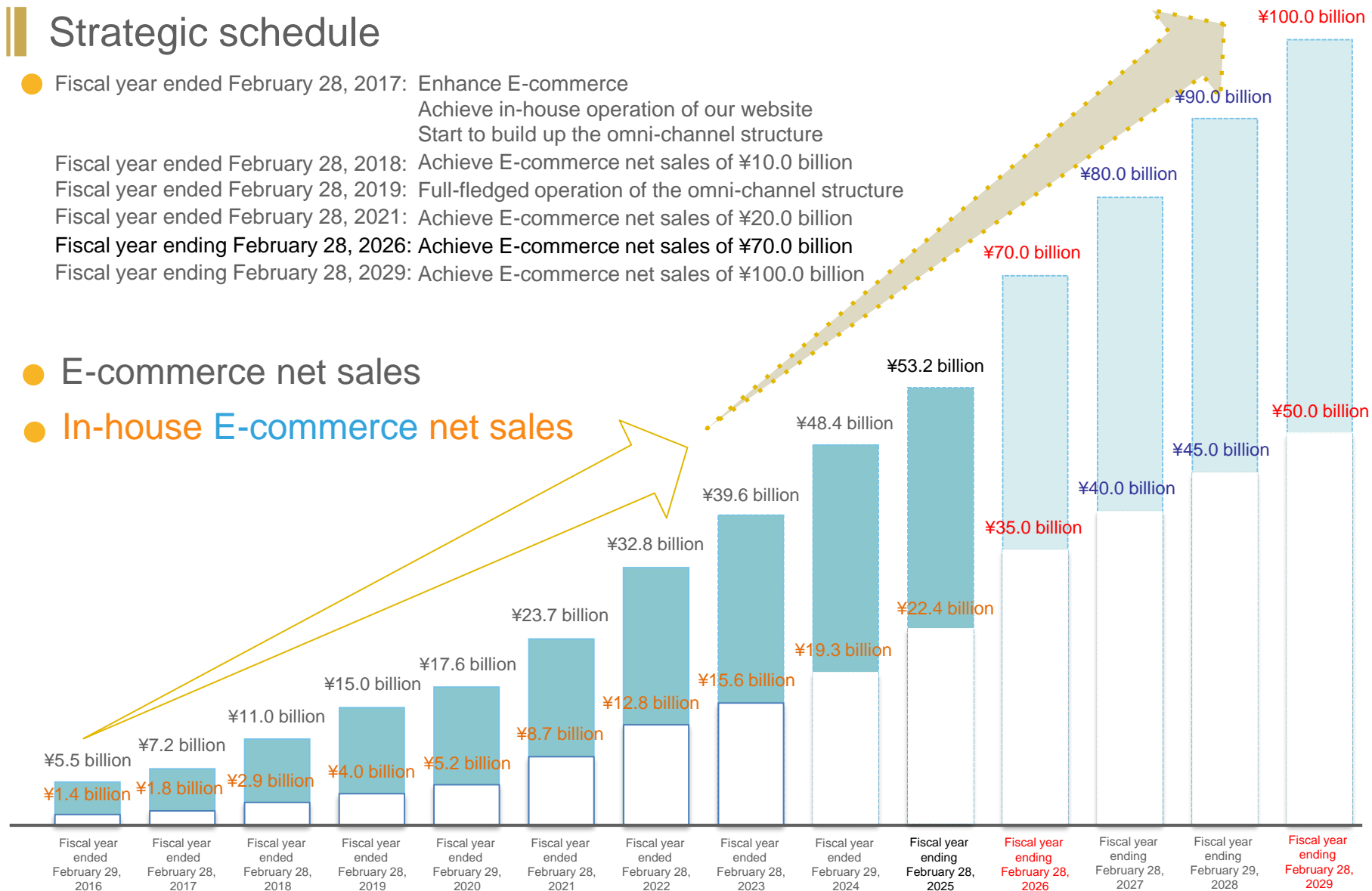
* Figures for the fiscal year ended February 28, 2023 and beyond reflect the application of the “Accounting Standard for Revenue Recognition”

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 28, 2026: Achieve E-commerce net sales of ¥70.0 billion
- Fiscal year ending February 28, 2029: Achieve E-commerce net sales of ¥100.0 billion

● E-commerce net sales

● In-house E-commerce net sales

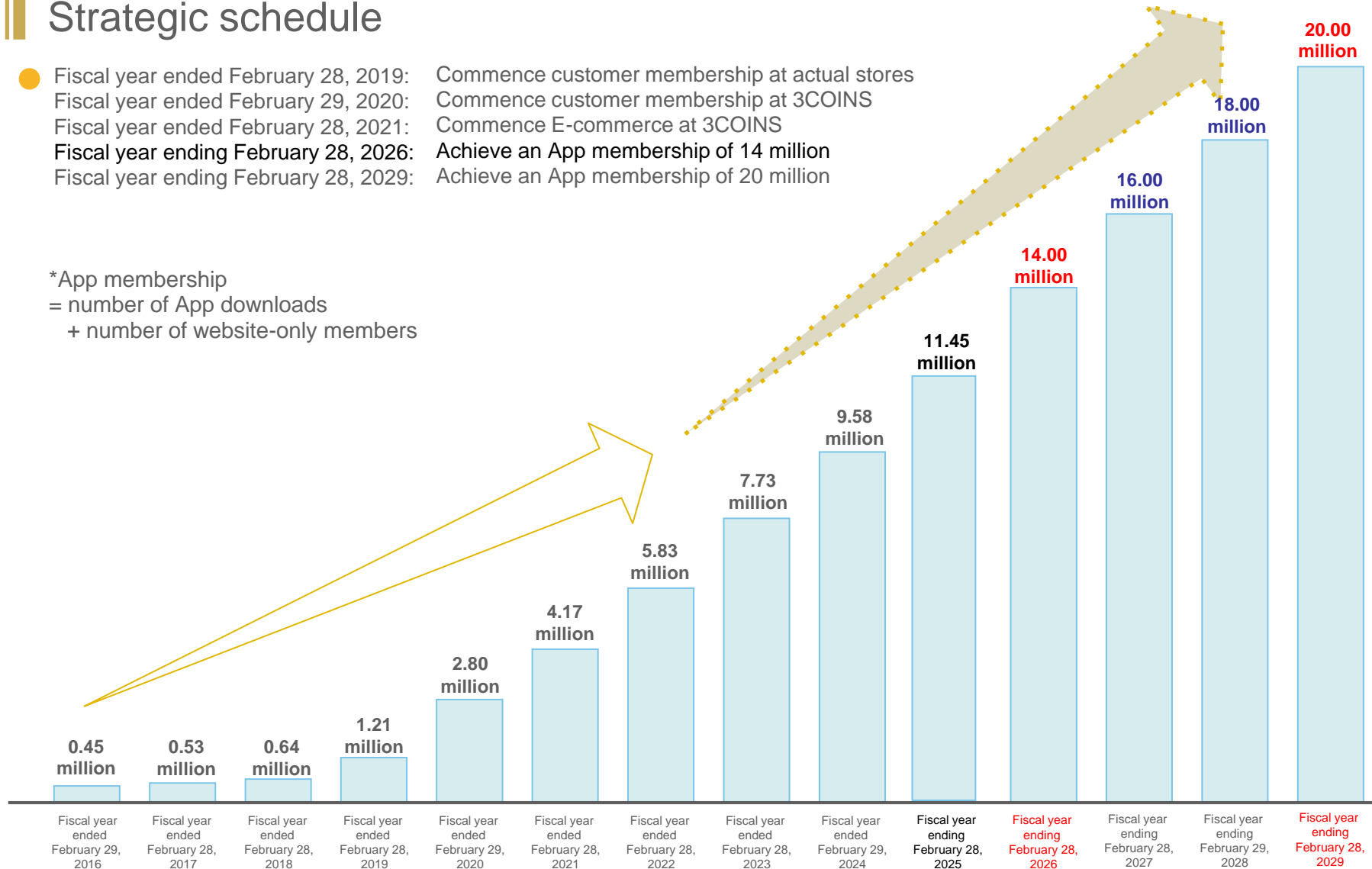


3-2). Trend in PAL App membership

Strategic schedule

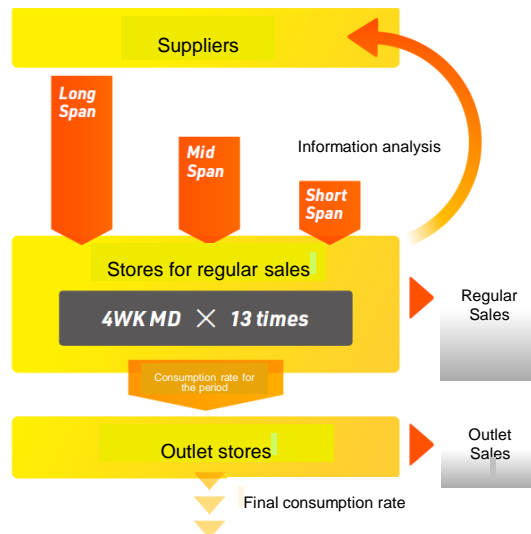
- Fiscal year ended February 28, 2019: Commence customer membership at actual stores
- Fiscal year ended February 29, 2020: Commence customer membership at 3COINS
- Fiscal year ended February 28, 2021: Commence E-commerce at 3COINS
- Fiscal year ending February 28, 2026: Achieve an App membership of 14 million**
- Fiscal year ending February 28, 2029: Achieve an App membership of 20 million

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



MD measures to improve the final consumption rate

The PAL GROUP established its own short MD cycle at an early stage to improve the final consumption rate of products. One MD cycle is shortened to four weeks and MD cycles are implemented 13 times a year, through shortening a whole delivery period by dividing a lead time of procurement into long-, mid-, and short-span. This measure refines sales forecast and improves the final consumption rate. Such optimization of the volume of production reduces surplus inventory, and the volume of products for final disposal is decreasing year by year. These measures increase the regular sales ratio and contribute to improving the gross profit ratio.



Acquisition of CDP score

The PAL GROUP established a Sustainability Committee in 2019, and has started to issue a Sustainability Report from 2020. We also began disclosing sustainability information in our securities report as of the report for the fiscal year ended

February 29, 2024. The Apparel Business is strongly impacted by climate change, and we have accordingly positioned climate change as the top priority in our sustainability initiatives. In particular, we are seeking to become carbon neutral by 2050.

We see our disclosures through the CDP questionnaire as not only an appropriate means of disclosure to financial institutions, investors, and other stakeholders, but also an opportunity to pinpoint the business risks and opportunities that our Group faces. By taking action on the challenges identified, we will strengthen our system of governance with respect to climate change response, and improve our medium- to long-term competitiveness.

CDP score of the Company in 2024

B

To the CDP questionnaire in 2024, responses were made by 24,800 companies, which accounted for 66% or more of the total market capitalization in the world. In Japan, disclosures were made through the CDP by over 2,100 companies including over 70% or more of companies listed on the Prime Market.

4-2). Initiative for regional revitalization activities

“Kuroshio Sou”

In July 2023, we opened newly renovated “Kuroshio Sou” in Shirahama-cho, Wakayama Prefecture. By carefully selecting traditional crafts, local industries, and ingredients in the prefecture with the world view of “Kuroshio Sou,” we have aimed to impart them to customers.

In April 2024, two local students joined our staff members as newly hired employees. The cycle to disseminate the region’s appeal by local young people started.

Visits by agents for foreign wealthy visitors to Japan also increased, which were referred to our facility by the Wakayama prefectural office. We hope “Kuroshio Sou” will evolve to a destination hotel for overseas customers to contribute to Wakayama Prefecture.



“KITO forest market shimoichi”

“Kito forest market shimoichi,” which was opened in Shimoich-cho, Yoshino-gun in Nara Prefecture in July 2024, is a multi-purpose complex with clothing, food, shelter, play, learning, and health, which was created through the renovation of a former school.

It has various facilities such as “Marche” offering local agricultural products, a gallery holding sales exhibition by local wood craft artists, and office rooms for rental for people moving from other prefectures to work. In addition, we have developed a restaurant and cafe as well as bookshelves that one can climb, in response to the voices of locals that there are not enough restaurants and that they want to let children read books more as there are no bookstores nearby.

Since its opening, many customers have visited the complex. We will continue to work on new initiatives for the complex as the new base for the regional revitalization in the Yoshino region.



5. Proactive Investment in Human Capital (Raising a Starting Salary) PAL GROUP HOLDINGS

A starting salary has been increased to ¥300,000 for newly hired employees who will join the Company in April 2026

PAL CO., LTD., the core subsidiary of the PAL GROUP, announced the increase of a starting salary for newly hired employees who will join the Company in April 2026. At the same time, the same amount of wage hikes, in principle, are planned for existing employees.

Our Group’s management philosophy is “Management dedicated to the happiness of all employees and shareholders.”

Since its foundation, our Group has conducted management to maximize the values of human resources by recognizing human resources as the utmost important capital for corporate management. In addition, we aim to enhance the corporate value by the development and sales of products which customers recognize the values of our products, with our management target of “Management to achieve adding high value” declared. We believes that human resources are the important factor to nurture the uniqueness of corporate culture and ensure sustainable growth.

We will continue our proactive investment in human capital.

[Starting Salary
for new graduates]

	Before revision	After revision	Amount raised (ratio)
Undergraduates and postgraduates	¥234,000	¥300,000	¥66,000 (28%)
Graduates of junior colleges and technical schools	¥227,000	¥293,000*	¥66,000 (29%)

*A starting salary for graduates of junior colleges and technical schools will be changed to ¥300,000 when they reach 22 years old after joining the Company. (Timing of change: February and August)

*A starting salary for graduates of junior colleges and technical schools who are already not less than 22 years old at the time of joining the Company is ¥300,000.

6. Conversion of NOLLEY'S co., Ltd. into a Consolidated Subsidiary PAL GROUP HOLDINGS

The PAL GROUP converted NOLLEY'S co., Ltd. into a consolidated subsidiary through an additional acquisition of 20% of its shares.

By starting a capital and business alliance with NOLLEY'S co., Ltd. in August 2019, the PAL GROUP brought in NOLLEY'S, soft and dress-up brand, which we had not been equipped with in the brand portfolio of PAL map, our Group's indicator.

As five years have passed since the starting of the capital and business alliance, we acquired 20 % of the company with the aim for further accelerating the enhancement of the corporate value through measures such as further expansion of EC business. Accordingly, NOLLEY'S co., Ltd. has become a consolidated subsidiary of our Group since December 1, 2024.

NOLLEY'S



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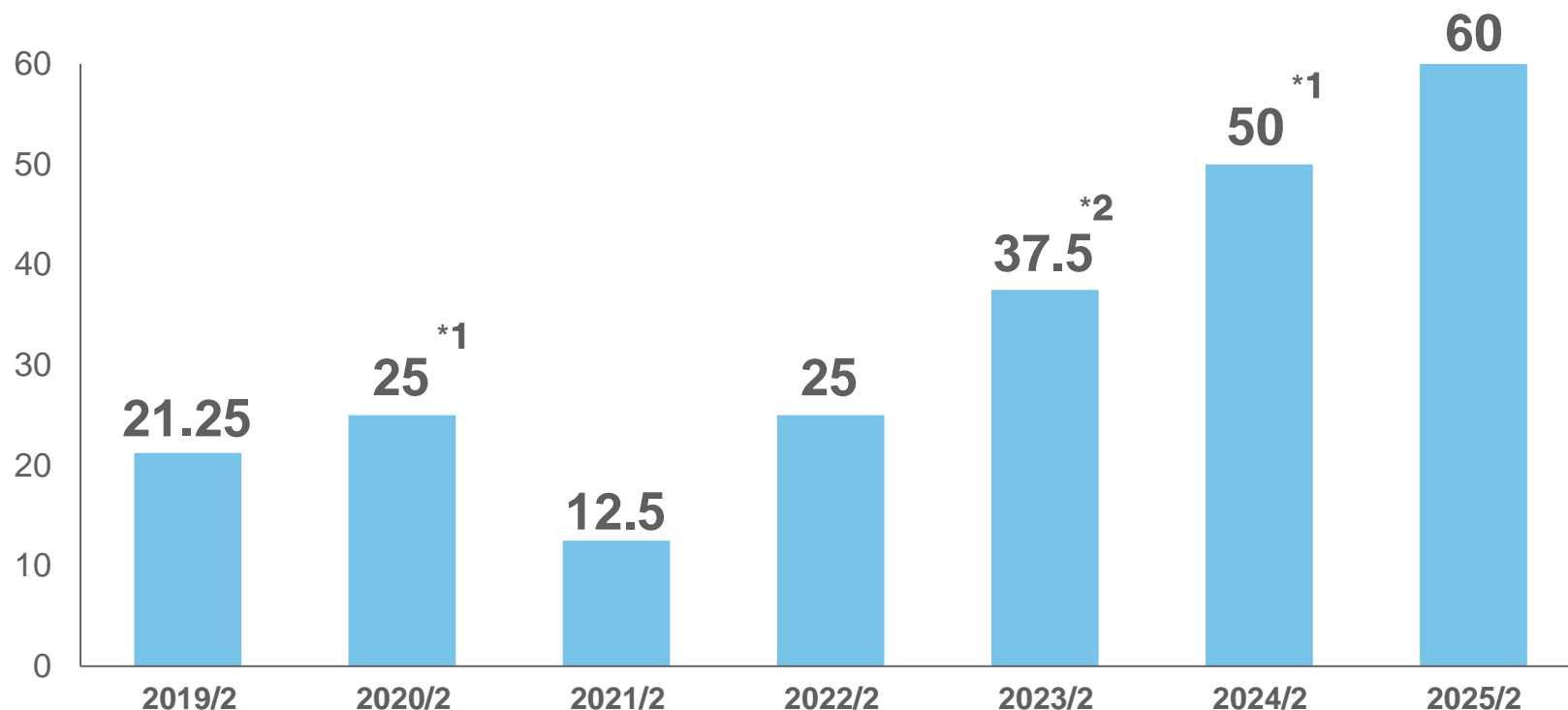


Response to Shareholders

- 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, 2025 is ¥60 (increased ¥10 from the previous fiscal year)



*1 On March 1, 2020 and September 1, 2023, the Company implemented a two-for-one share split. The above dividend per share is calculated based on February 2024.

*2 The breakdown of the ¥37.5 dividend is an ordinary dividend of ¥30 and a commemorative dividend of ¥7.5 for our 50th anniversary.

2. Shareholder Benefit Program

From October 2024, three accommodations have been available in the shareholder benefit program.

“ASA VILLAGE” suspended service at the end of September 2024 due to aging of its facilities. As a result, “Kuroshio Sou” is now the only accommodation in western Japan available for shareholder discounts. We are considering the increase of affiliated accommodations to continue to enhance the shareholder benefit program.

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.

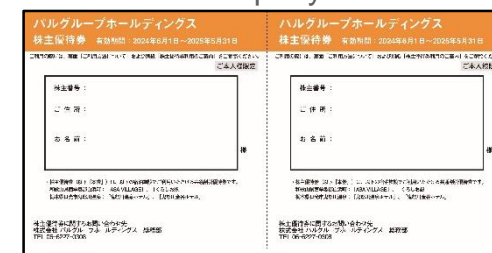
- Details of Shareholder Benefits

Shareholders will receive common discount coupons which allow them to choose from the following two 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) 50% discount on accommodation course charges at “Kuroshio Sou” which is accommodation facility operated by Freegate Shirahama Co., Ltd., an affiliated subsidiary of the Company, in Shirahama-cho, Nishimuro-gun in Wakayama Prefecture
- 2) 50% discount on accommodation course charges at “Kinugawa Onsen Hotel” and “Kinugawa Kanaya Hotel” owned by Kanaya Hotel Kanko Co., Ltd. in the Nikko and Kinugawa area, in cooperation with the said company

- Number of coupons to be granted: Remains unchanged from the previous fiscal year

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



-
- 1. PAL's initiatives for ESG
 - 2. PAL Forest Project (Environment)
 - 3-1). Endowed courses at Kwansei Gakuin University (Social)
 - 3-2). 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.



The screenshot shows the PAL GROUP website with the following content:

- トップページ** (Top Page)
- バル井上財団** (PAL GROUP)
- バル井上財団とは** (About PAL GROUP) | **奨学金制度について** (About the Scholarship System) | **ニュース・イベント** (News & Events)
- バル井上財団は**
将来ファッション産業に貢献しうる
人材の育成を支援いたします
- ニュース・イベント**
 - 2014.02.28 **ニュース**
奨学生奨学金委員会の日程が決まりました。
 - 2014.02.28 **ニュース**
バル井上財団のWebサイトができました。
- バル井上財団とは**
バル井上財団は、CioponicPrussatなどの
ヤングレディースブランドや縫製を中心に多ブランド
を展開する/リリグループの傘下第一級である井
上ファミリーにより、平成26年9月に設立され
ました。 [詳しく見る](#)
- 奨学金について**
バル井上財団では学費、入寮共に優秀で経済的
理由により進学が困難とみられる学生に対し、
奨学金制度を設けております。 [詳しく見る](#)
- すべて見る**

Footer: **バル井上財団とは** | **奨学金制度について** | **ニュース・イベント** | **お問い合わせ**

一級財団法人バル井上財団 事務局
大阪府中央区北浜3-9-29 日本生命ビル4F
06-6227-0900

2. PAL Forest Project (Environment)

“PAL Forest Project (Environment)”

“PAL Forest Tree-Planting Project” started in 2011 and since then more than 400 broadleaf trees have been planted for 13 years. Tree-planting was cancelled due to the COVID-19 pandemic in 2020 and 2021; however, it was resumed in 2022, and the activities have continued to the present. In 2024, PAL, NICE CLAUP, and THE PACK CORPORATION jointly conducted the activities. Participants trimmed underbrush in tree-planting area, while struggling with steep slopes. Every year many employees participate in the activities to recognize the importance of maintaining the global environment conservation as well as share valuable experiences.



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



Hands-on SDGs program held as a joint project commemorating the 10th anniversary of the PAL Inoue Scholarship Foundation

Significance of hands-on SDGs program

The fashion industry of which we are part of recognizes the Sustainable Development Goals as critical challenges. The SDGs largely center upon on issues pertaining to human rights and environmental challenges such as climate change.

In celebration of the 10th anniversary of the PAL Inoue Scholarship Foundation we held a special SDGs program for students aspiring to pursue careers in the fashion industry. The program was designed to provide them with the opportunity to directly experience SDGs challenges, and in so doing learn about coexistence between humans and nature and how the bounty of nature can be utilized to enrich our lives.

Program overview

The participating students made hand fans using “Yasuda paper,” handmade traditional paper made in Kishu with a history of over 350 years. They also learned about projects to develop the paper for new applications such as interior items.

At “Kuroshio Sou”, they learned about efforts to locally produce cuisine and furnishings for local consumption and joined in a stargazing tour. These experiences brought them into contact with importance and appeal of nature.

On the following day, they traveled to Tabo, a city with a thriving forestry industry. There, they took a walking tour of a forest with a tree surgeon and learned about the state of the forest and its trees. They also went to “ASA VILLAGE” for a lunch that included vegetables grown at a farm that promotes agriculture-welfare collaboration. By offering activities such as these, the program served as a valuable opportunity to explore SDGs actions from diverse angles.



Above: Participants stayed at “Kuroshio Sou” and learned about local production for local consumption

Left: Making hand fans using “Yasuda paper”
Below: Stargazing tour



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 70 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	...	...	...	...	...	...	...
§
7 th Division	...	...	...	...	...	...	...	...
8 th Division	...	...	...	...	...	...	...	...
9 th 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 Isamu Matsuo

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 1,078

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.