

Summary Report of Consolidated Financial Results

For the Fiscal Year Ended June 30, 2019

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

Pan Pacific International Holdings Corporation

Securities Code No.: 7532
 Shares Listed: Tokyo Stock Exchange
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 Representative: Koji Ohara, President and CEO
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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the fiscal year ended June 30, 2019

(1) Consolidated Results

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)
Fiscal year ended June 30, 2019	1,328,874	41.1	63,110	22.4	68,240	19.3	48,253	32.5
Fiscal year ended June 30, 2018	941,508	13.6	51,568	11.7	57,218	25.7	36,405	10.0

(Note) Comprehensive income: 51,114 million yen [37.8%] (FY 2019.6), 37,098 million yen [(7.5)%] (FY 2018.6)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)	Return on Equity (%)	Ordinary Income on Total Assets (%)	Operating Income on Net Sales (%)
Fiscal year ended June 30, 2019	304.93	304.00	15.6	6.5	4.7
Fiscal year ended June 30, 2018	230.14	229.66	13.3	7.9	5.5

(Reference) Equity in earnings of affiliates: 5,957 million yen (FY 2019.6), 4,579 million yen (FY 2018.6)

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)	Net Assets per Share (Yen)
As of June 30, 2019	1,278,567	353,487	25.8	2,081.55
June 30, 2018	806,778	312,495	36.0	1,835.55

(Reference) Equity: 329,546 million yen (as of June 30, 2019), 290,363 million yen (as of June 30, 2018)

(Note) Starting with the beginning of the first quarter of fiscal 2019, we are applying "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No.28, February 16, 2018).

Prior-year figures have been adjusted retroactively to conform with this accounting standard.

(3) The Consolidated Statements of Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents
Fiscal year ended June 30, 2019	101,978	(37,113)	43,456	185,136
Fiscal year ended June 30, 2018	46,081	(164,443)	116,083	75,883

2. Dividends

	Dividend per share (yen)			Dividends in total (annual, Millions of yen)	Dividend payout ratio (consolidated basis, %)	Dividends on net assets (consolidated basis, %)
	Six Months Ended December 31	Year Ended June 30	Total			
Year Ended June 30, 2018	5.00	27.00	32.00	5,062	13.9	1.8
Year Ended June 30, 2019	10.00	30.00	40.00	6,333	13.1	2.0
Year Ending June 30, 2020 (Forecast)	2.50	8.50	11.00		—	

(Note) The Breakdown of Dividends for the Six Months Ended December 31, 2018: Ordinary dividend 5.00 Yen, Commemorative dividend 5.00 Yen

It was resolved to conduct a 4-for-1 common stock split effective on September 1, 2019 at the Board of Directors meeting held on July 12, 2019. The forecast information about Dividends for the fiscal year ending June 30, 2020 is provided after taking into consideration the effect of the stock split. Without considering the stock split, the annual

dividend per share for the fiscal year ending June 2020 (forecast) will be 44.00 yen.

3. Consolidated Business Forecast : For the year ending June 30, 2020 (From July 1, 2019 to June 30, 2020)

(Millions of yen, except per-share data)

	Net Sales	Change (%)	Operating Income	Change (%)	Ordinary Income	Change (%)	Profit Attributable to Owners of Parent	Change (%)	Net Income per Share(Yen)
Six Months Ending December 31, 2019	830,000	61.7	34,000	13.3	34,000	(3.8)	21,000	(11.1)	33.16
Year Ending June 30, 2020	1,650,000	24.2	66,000	4.6	66,000	(3.3)	45,000	(6.7)	71.06

(Note) The forecast information about net income per share for the fiscal year ending June 30, 2020 is provided after taking into consideration the effect of the stock split.

Without considering the stock split, net income per share for the fiscal year ending June 2020 (forecast) will be 282.24 yen.

4. Others

(1) Significant changes in the scope of consolidation: Yes

Newly consolidated: 3 companies (PAN PACIFIC STRATEGY INSTITUTE PTE. LTD., UNY Co., Ltd., PAN PACIFIC RETAIL MANAGEMENT (ASIA) PTE.LTD.)

Excluded: None

(2) Changes in accounting policies, procedures, and methods of presentation for preparing the consolidated financial statements

- ① Changes in line with revision to accounting standards: None
- ② Other changes: None
- ③ Changes in accounting estimates: None
- ④ Restatements: None

(3) Number of outstanding shares (Common stock)

① Number of outstanding shares (Treasury shares included)	June 30, 2019	158,321,760 shares
	June 30, 2018	158,193,160 shares
② Number of treasury shares	June 30, 2019	4,680 shares
	June 30, 2018	4,633 shares
③ Average number of outstanding shares during the period	June 30, 2019	158,242,778 shares
	June 30, 2018	158,185,966 shares

※This financial summary is not subject to audit conducted by certified public accountants or an audit corporation.

※Explanation regarding the appropriate use of forecasts of business results

The financial forecasts of business results are developed based on judgments and estimates that have been made using currently available information. By nature, such financial forecasts are subject to uncertainties and risks. Therefore, actual results might be significantly different from the aforementioned forecasts for a variety of reasons including changes in economic environments related to our business, market trends and exchange rates.

※The Company plans to hold financial result briefing for securities analysts and institutional investors on August 13, 2019. Presentation materials for the briefing will be available on the Company's website.

Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30, 2018	As of June 30, 2019
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥71,973	¥172,673
Notes and Accounts receivables-trade	12,848	18,744
Accounts receivables - installment	—	67,417
Operating loans	—	8,966
Merchandise and finished goods	135,781	188,510
Prepaid expenses	3,749	7,036
Deposits paid	4,347	12,986
Other	7,919	20,790
Allowance for doubtful accounts	(4)	(717)
Total current assets	236,613	496,405
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	133,415	262,955
Tools, furniture and fixtures, net	19,718	25,471
Lands	188,866	315,047
Other, net	213	1,593
Construction in progress	5,701	5,814
Total property, plant and equipment	347,913	610,880
Intangible assets		
Goodwill	17,600	17,216
Other	10,647	20,386
Total intangible assets	28,247	37,602
Investments and other assets		
Investment securities	31,606	16,681
Long-term loan receivables	95,815	2,962
Long-term prepaid expenses	3,531	6,105
Retirement benefit assets	—	6,362
Deferred tax assets	15,389	19,668
Lease and guarantee deposits	46,494	80,443
Other	2,848	3,965
Allowance for doubtful accounts	(1,678)	(2,506)
Total investments and other assets	194,005	133,680
Total non-current assets	570,165	782,162
Total assets	¥806,778	¥1,278,567

	As of June 30, 2018 Amount	(Millions of yen) As of June 30, 2019 Amount
Liabilities		
Current liabilities		
Accounts payables - trade	¥93,030	¥159,064
Short-term loan payables	—	123
Current portions of long-term loans payable	17,788	19,721
Current portions of bonds	3,616	22,816
Payables under fluidity lease receivables	7,262	7,304
Accounts payables - other	16,590	49,580
Accrued expenses	13,242	22,684
Deposits received	3,740	19,407
Income taxes payables	8,821	9,841
Provisions for point card certificates	1,892	5,227
Other	5,905	22,218
Total current liabilities	171,886	337,985
Non-current liabilities		
Bond payables	91,274	238,458
Long-term loan payables	200,668	256,777
Long-term payables under fluidity lease receivables	12,104	4,703
Asset retirement obligations	6,538	23,083
Negative goodwill	267	180
Other	11,546	63,894
Total non-current liabilities	322,397	587,095
Total liabilities	494,283	925,080
Net assets		
Shareholders' equity		
Capital stock	22,436	22,675
Capital surplus	19,975	15,414
Retained earnings	248,940	291,221
Treasury shares	(14)	(14)
Total shareholders' equity	291,337	329,296
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	244	173
Foreign currency translation adjustment	(1,218)	554
Remeasurements of defined benefit plans	—	(477)
Total accumulated other comprehensive income	(974)	250
Subscription rights to shares	345	724
Non-controlling interests	21,787	23,217
Total net assets	312,495	353,487
Total liabilities and net assets	¥806,778	¥1,278,567

Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
	Amount	Amount
Net sales	¥941,508	¥1,328,874
Cost of sales	697,517	958,347
Gross profit	243,991	370,527
Selling, general and administrative expenses	192,423	307,417
Operating income	51,568	63,110
Non-operating income		
Interest and dividend income	1,604	1,777
Amortization of negative goodwill	86	86
Equity in earnings of affiliates	4,579	5,957
Commission fees	457	403
Other	2,915	4,665
Total non-operating income	9,641	12,888
Non-operating expenses		
Interest expenses paid on loans and bonds	2,912	4,780
Bond issuance cost	90	1,253
Cost of claim's liquidation	382	274
Commission fees	300	500
Other	307	951
Total non-operating expenses	3,991	7,758
Ordinary income	57,218	68,240
Extraordinary income		
Gain on sales of non-current assets	93	2,085
Gain on step acquisitions	—	1,424
Gain on bargain purchase	—	9,315
Compensation income for expropriation	457	11
Other	100	123
Total extraordinary income	650	12,958
Extraordinary losses		
Impairment loss	1,007	10,305
Loss on retirement of non-current assets	172	509
Loss on closing of stores	189	1,698
Other	127	1,215
Total extraordinary losses	1,495	13,727
Profit before income taxes	56,373	67,471
Income taxes - Current	16,986	19,292
Income taxes - Deferred	543	(1,740)
Total income taxes	17,529	17,552
Profit	38,844	49,919
Profit attributable to non-controlling interests	2,439	1,666
Profit attributable to owners of parent	¥36,405	¥48,253

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
	Amount	Amount
Profit	¥38,844	¥49,919
Other comprehensive income		
Valuation difference on available-for-sale securities	(86)	(66)
Foreign currency translation adjustment	(1,663)	1,743
Remeasurements of defined benefit plans, net of tax	—	(477)
Share of other comprehensive income of affiliates accounted for using equity method	3	(5)
Total other comprehensive income	(1,746)	1,195
Comprehensive income	¥37,098	¥51,114
(Breakdown)		
Comprehensive income attributable to owners of parent	¥34,659	¥49,476
Comprehensive income attributable to non-controlling interests	2,439	1,638

Consolidated statements of changes in Net Assets

	(Millions of yen)	
	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	¥22,425	¥22,436
Changes of items during the period		
Issuance of new shares	11	239
Total changes of items during the period	11	239
Balance at the end of current period	22,436	22,675
Capital surplus		
Balance at the beginning of current period	19,425	19,975
Changes of items during the period		
Issuance of new shares	11	239
Capital increase of consolidated subsidiaries	539	—
Increase of consolidated subsidiaries - non-controlling interests	—	736
Purchase of shares of consolidated subsidiaries	—	(5,536)
Total changes of items during the period	550	(4,561)
Balance at the end of current period	19,975	15,414
Retained earnings		
Balance at the beginning of current period	216,446	248,940
Changes of items during the period		
Dividends of surplus	(4,113)	(5,854)
Profit attributable to owners of parent	36,405	48,253
Change of scope of consolidation	—	(118)
Other	202	—
Total changes of items during the period	32,494	42,281
Balance at the end of current period	248,940	291,221
Treasury shares		
Balance at the beginning of current period	(14)	(14)
Changes of items during the period		
Purchase of treasury shares	—	(0)
Total changes of items during the period	—	(0)
Balance at the end of current period	(14)	(14)
Total shareholders' equity		
Balance at the beginning of current period	258,282	291,337
Changes of items during the period		
Issuance of new shares	22	478
Dividends of surplus	(4,113)	(5,854)
Profit attributable to owners of parent	36,405	48,253
Purchase of treasury shares	—	(0)
Change of scope of consolidation	—	(118)
Increase of consolidated subsidiaries - non-controlling interests	—	736
Capital increase of consolidated subsidiaries	539	—
Purchase of shares of consolidated subsidiaries	—	(5,536)
Other	202	—
Total changes of items during the period	33,055	37,959
Balance at the end of current period	¥291,337	¥329,296

	(Millions of yen)	
	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
	Amount	Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	¥326	¥244
Changes of items during the period		
Net changes of items other than shareholders' equity	(82)	(71)
Total changes of items during the period	(82)	(71)
Balance at the end of current period	244	173
Foreign currency translation adjustment		
Balance at the beginning of current period	445	(1,218)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,663)	1,772
Total changes of items during the period	(1,663)	1,772
Balance at the end of current period	(1,218)	554
Remeasurements of defined benefit plans		
Balance at the beginning of current period	—	—
Changes of items during the period		
Net changes of items other than shareholders' equity	—	(477)
Total changes of items during the period	—	(477)
Balance at the end of current period	—	(477)
Total accumulated other comprehensive income		
Balance at the beginning of current period	771	(974)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,745)	1,224
Total changes of items during the period	(1,745)	1,224
Balance at the end of current period	(974)	250
Subscription rights to shares		
Balance at the beginning of current period	98	345
Changes of items during the period		
Net changes of items other than shareholders' equity	247	379
Total changes of items during the period	247	379
Balance at the end of current period	345	724
Non-controlling interests		
Balance at the beginning of current period	20,779	21,787
Changes of items during the period		
Net changes of items other than shareholders' equity	1,008	1,430
Total changes of items during the period	1,008	1,430
Balance at the end of current period	21,787	23,217
Total net assets		
Balance at the beginning of current period	279,930	312,495
Changes of items during the period		
Issuance of new shares	22	478
Dividends of surplus	(4,113)	(5,854)
Profit attributable to owners of parent	36,405	48,253
Purchase of treasury shares	—	(0)
Change of scope of consolidation	—	(118)
Increase of consolidated subsidiaries	—	736
- non-controlling interests		
Capital increase of consolidated subsidiaries	539	—
Purchase of shares of consolidated subsidiaries	—	(5,536)
Other	202	—
Net changes of items other than shareholders' equity	(490)	3,033
Total changes of items during the period	32,565	40,992
Balance at the end of current period	¥312,495	¥353,487

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥56,373	¥67,471
Depreciation and amortization	17,378	23,722
Impairment losses	1,007	10,305
Amortization of negative goodwill	(86)	(86)
Gain on bargain purchase	—	(9,315)
Increase (decrease) in allowance for doubtful accounts	(36)	147
Interest and dividend income	(1,604)	(1,777)
Interest expenses paid on loans and bonds	2,912	4,780
Equity in earnings of affiliates	(4,579)	(5,957)
Gain on step acquisitions	—	(1,424)
Loss (gain) on sales and retirement of property, plant and equipment	119	(1,342)
Loss on closing of stores	189	1,698
Compensation income for expropriation	(457)	(11)
Offset payments for house rental fees with lease and guarantee deposits	1,777	2,775
Decrease (increase) in notes and accounts receivables-trade	(3,816)	3,258
Increase in inventories	(9,235)	(14,489)
Increase in notes and accounts payables-trade	4,638	3,924
Decrease in accounts receivables - installment	—	59,700
Decrease in accounts payables - other	(585)	(10,343)
Increase (decrease) in deposits received	1,015	(5,583)
Increase (decrease) in other current liabilities	(509)	1,508
Increase in other non-current liabilities	308	490
Other, net	327	(202)
Subtotal	65,136	129,249
Interest and dividend income received	1,102	1,521
Interest expenses paid	(2,274)	(4,555)
Income taxes paid	(19,152)	(27,462)
Income taxes refund	637	3,520
Proceeds from compensation for expropriation	582	11
Dividends received from affiliates accounted for using equity method	50	56
Payments for loss on disaster	—	(362)
Net cash provided by operating activities	46,081	101,978
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(53,341)	(43,835)
Proceeds from sales of property, plant and equipment	1,225	7,579
Payments for purchase of intangible assets	(695)	(2,298)
Payments for lease and guarantee deposits	(2,123)	(3,394)
Proceeds from collection of lease and guarantee deposits	153	1,163
Payments for purchase of shares of subsidiaries result that in change in scope of consolidation	(16,283)	(5,423)
Payments for purchase of shares of subsidiaries and affiliates	(19,976)	(7,936)
Payments of loan receivables	(77,979)	(1,613)
Proceeds from collections of loan receivables	4,601	19,125
Other, net	(25)	(481)
Net cash used in investing activities	¥(164,443)	¥(37,113)

	(Millions of yen)	
	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
	Amount	Amount
Cash flows from financing activities:		
Net decrease in short-term loans payables	¥(281)	¥—
Proceeds from long-term loans payables	134,689	90,000
Repayments of long-term loans payables	(6,057)	(196,594)
Proceeds from issuance of bonds	19,903	168,647
Redemption of bonds	(19,316)	(3,616)
Repayments of payables under fluidity lease receivables	(7,514)	(7,612)
Proceeds from issuance of common shares	23	478
Cash dividends paid	(4,113)	(5,854)
Cash dividends paid to non-controlling interests	(892)	(808)
Payments for purchase of stocks of subsidiaries that do not result in change in scope of consolidation	—	(4,322)
Proceeds from share issuance from non-controlling shareholders	—	3,569
Other, net	(359)	(432)
Net cash provided by financing activities	116,083	43,456
Effect of foreign exchanges rate change on cash and cash equivalents	68	318
Net increase (decrease) in cash and cash equivalents	(2,211)	108,639
Cash and cash equivalents at the beginning of the period	78,094	75,883
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	614
Cash and cash equivalents at the end of the period	¥75,883	¥185,136

Segment Information

1. Overview of Reporting Segments

The reportable segments of the Group are constituent units of the Group for which separate financial information is available and which are subject to periodic examination by the Board of Directors and management meetings of the Company for the purpose of deciding the allocation of management resources and evaluating business results.

The Group consists of segments by business and has determined that “Discount Store business”, “GMS business” and “Rent business” are its reportable segments taking into accounts the business form.

The “Discount Store business” presents stores such as "Don Quijote", "MEGA Don Quijote", "MEGA Don Quijote UNY".

The “GMS business” presents stores such as "APITA", "PIAGO".

The “Rent business” operates tenant invitations, lease and facility management of shopping malls.

(Information concerning changes in reporting segment)

UNY Co., Ltd. became a wholly owned subsidiary of the Company since we acquired additional shares on January 4, 2019. Therefore, we added a business segment and reviewed the classification method, in the third quarter ended March 31, 2019. The two Reporting segments “Retail business” and “Rent business” have been reconciled into three Reporting segments “Discount Store business”, “GMS business” and “Rent business”. In addition, Japan Asset Marketing Co., Ltd., which was formerly included in the “Rent business”, and Realit Co., Ltd., which was formerly included in the “Others” were reclassified into the “Discount Store business” since the nature of the business has been related “Discount Store business”.

Segment information for the previous fiscal year is presented after reclassification that incorporates this reclassifications.

2. Calculation of net sales, profit and loss, and assets, etc.

The same accounting method with which is applied to the consolidated financial statements is applied to segment accounting.

Income of reporting segment and others are calculated based on operating income.

Intersegment sales and transfers are calculated based on market value.

3. Information related to net sales, profit and loss, and assets, etc. by reporting segment

For the Fiscal Year Ended June 30, 2019

(Millions of yen)

	Reporting segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Discount Store business	GMS business	Rent business	Sub Total				
Sales, Segment income								
Sales								
Sales to third parties	¥1,015,924	¥266,058	¥39,132	¥1,321,114	¥7,760	¥1,328,874	¥—	¥1,328,874
Intersegment sales	3,567	551	1,762	5,880	3,153	9,033	(9,033)	—
Total	1,019,491	266,609	40,894	1,326,994	10,913	1,337,907	(9,033)	1,328,874
Segment income (losses)	49,589	7,039	7,795	64,423	(1,240)	63,183	(73)	63,110
Segment Assets	633,193	233,372	232,544	1,099,109	123,967	1,223,076	55,491	1,278,567
Others (Note 4)								
(1) Depreciation expenses	18,186	2,390	3,095	23,671	32	23,703	19	23,722
(2) Increase in property, plant and equipment, and intangible assets	¥39,461	¥1,105	¥4,886	¥45,452	¥1,287	¥46,739	¥246	¥46,985

Notes

1. "Others" includes the service related to the operation of the Company (Holdings Company) and so on, which does not belong to the Reporting segment.
2. The ¥(73) million adjustment to segment income is an intersegment elimination.
The ¥55,491 million adjustment to segment assets includes ¥135,311 million of companywide assets not allocated to the respective reporting segments, and ¥(79,820) million of net eliminations for intersegment transaction.
3. Segment income is adjusted to the consolidated operating income.
4. Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.

For the Fiscal Year Ended June 30, 2018

(Millions of yen)

	Reporting segment				Others (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Discount Store business	GMS business	Rent business	Sub Total				
Sales, Segment income								
Sales								
Sales to third parties	¥923,042	¥—	¥17,420	¥940,462	¥1,046	¥941,508	¥—	¥941,508
Intersegment sales	2,581	—	1,874	4,455	—	4,455	(4,455)	—
Total	925,623	—	19,294	944,917	1,046	945,963	(4,455)	941,508
Segment income (losses)	51,508	—	2,768	54,276	(2,691)	51,585	(17)	51,568
Segment Assets	600,270	—	58,622	658,892	71,986	730,878	75,900	806,778
Others (Note 4)								
(1) Depreciation expenses	15,989	—	1,358	17,347	28	17,375	3	17,378
(2) Increase in property, plant and equipment, and intangible assets	¥50,778	¥—	¥3,746	¥54,524	¥145	¥54,669	¥28	¥54,697

Notes

1. "Others" includes the service related to the operation of the Company (Holdings Company) and Credit Card business and so on, which does not belong to the Reporting segment.
2. The ¥(17) million adjustment to segment income is an intersegment elimination.
The ¥75,900 million adjustment to segment assets includes ¥53,822 million of companywide assets not allocated to the respective reporting segments, and ¥22,078 million of net eliminations for intersegment transaction.
3. Segment income is adjusted to the consolidated operating income.
4. Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.