

Summary Report of Consolidated Financial Results

For the Fiscal Year Ended June 30, 2021

(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: Naoki Yoshida, 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, 2021 (from July 1, 2020 to June 30, 2021)

(1) Results of Business Operations

(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, 2021	1,708,635	1.6	81,306	7.8	81,526	9.3	53,851	7.9
Fiscal year ended June 30, 2020	1,681,947	26.6	75,424	—	74,600	—	49,927	—

(Note) Comprehensive income: 58,344 million yen [17.1%] (FY 2021.6), 49,833 million yen [—%] (FY 2020.6)

	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, 2021	84.93	84.70	13.6	6.1	4.8
Fiscal year ended June 30, 2020	78.79	78.58	14.3	5.8	4.5

(Note) The accounting policy has been changed since the fiscal year ending June 2021, and the figures for the fiscal year ended June 2020 are the figures after the retroactive adjustment.

The year-on-year percentage change in the fiscal year ended June 2020 is not stated because it was retroactively revised due to changes in accounting policy.

(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, 2021	1,370,252	438,765	30.6	660.12
June 30, 2020	1,297,231	388,999	28.7	586.58

(Reference) Equity: 418,661 million yen (as of June 30, 2021), 371,839 million yen (as of June 30, 2020)

(Note) The accounting policy has been changed since the fiscal year ending June 2021, and the figures for the fiscal year ended June 2020 are the figures after the retroactive adjustment.

(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, 2021	79,054	(78,042)	(28,954)	160,875
Fiscal year ended June 30, 2020	65,135	(33,452)	(34,030)	183,602

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, 2020	3.00	12.00	15.00	9,508	19.0	2.7
Year Ended June 30, 2021	3.00	13.00	16.00	10,147	18.8	2.6
Year Ending June 30, 2022 (Forecast)	3.00	13.50	16.50		—	

3. Consolidated Business Forecast : For the year ending June 30, 2022 (From July 1, 2021 to June 30, 2022)

(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, 2021	929,000	8.9	44,500	(9.8)	43,700	(9.3)	30,300	(7.2)	47.78
Year Ending June 30, 2022	1,870,000	9.4	85,000	4.5	83,000	1.8	57,600	7.0	90.82

4. Others

(1) Significant changes in the scope of consolidation: None

Newly consolidated: — , Excluded:—

(2) Changes in accounting policies concerning preparation of consolidated financial statements

① Changes in line with revision to accounting standards: None

② Other changes: Yes

③ Changes in accounting estimates: None

④ Restatement: None

(3) Number of outstanding shares (Common share)

① Number of outstanding shares (Treasury share included)	June 30, 2021	634,239,440 shares
	June 30, 2020	633,929,040 shares
② Number of treasury share	June 30, 2021	18,924 shares
	June 30, 2020	18,924 shares
③ Average number of outstanding shares during the period	June 30, 2021	634,086,639 shares
	June 30, 2020	633,643,173 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 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 foreign currency exchange rates.

※The Company plans to hold a financial result briefing for security analysts and institutional investors on August 17, 2021. Presentation materials for the briefing will be available on the Company's website.

Consolidated Balance Sheets

	(Millions of yen)	
	As of June 30,	As of June 30,
	2020	2021
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥179,785	¥157,522
Notes and accounts receivables-trade	18,378	21,074
Accounts receivables - installment	68,293	65,491
Operating loans	8,076	7,658
Merchandise and finished goods	187,775	203,416
Prepaid expenses	6,772	7,671
Deposits paid	4,377	4,364
Other	21,572	29,577
Allowance for doubtful accounts	(890)	(1,276)
Total current assets	494,138	495,496
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	264,035	261,481
Tools, furniture and fixtures, net	29,898	32,848
Other, net	1,572	1,517
Land	325,499	317,402
Construction in progress	1,706	7,830
Right of use assets, net	—	22,672
Total property, plant and equipment	622,710	643,750
Intangible assets		
Goodwill	15,935	56,304
Other	20,948	23,255
Total intangible assets	36,883	79,559
Investments and other assets		
Investment securities	17,515	29,082
Long-term loan receivables	1,269	1,192
Long-term prepaid expenses	5,729	5,140
Retirement benefit asset	16,236	16,756
Deferred tax assets	23,150	23,713
Lease and guarantee deposits	78,624	73,882
Other	3,178	3,802
Allowance for doubtful accounts	(2,201)	(2,120)
Total investments and other assets	143,500	151,447
Total non-current assets	803,093	874,756
Total assets	¥1,297,231	¥1,370,252

	As of June 30, 2020	(Millions of yen) As of June 30, 2021
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payables - trade	¥148,226	¥149,984
Short-term loan payables	—	1,500
Current portion of long-term loan payables	13,201	33,613
Current portion of bonds	11,916	22,566
Payables under fluidity lease receivables	4,512	191
Accounts payables – other	53,481	46,508
Lease obligations	46	1,380
Accrued expenses	22,588	25,550
Deposits received	16,806	28,000
Income taxes payables	10,969	11,299
Provision for point card certificates	6,924	5,747
Other	23,558	27,211
Total current liabilities	312,227	353,550
Non-current liabilities		
Bond payables	226,542	203,976
Long-term loan payables	276,191	271,507
Long-term payables under fluidity lease receivables	191	—
Lease obligations	99	21,087
Asset retirement obligations	23,300	24,165
Negative goodwill	94	7
Other	69,588	57,195
Total non-current liabilities	596,005	577,937
Total liabilities	908,232	931,487
Net assets		
Shareholders' equity		
Capital stock	23,008	23,153
Capital surplus	16,977	17,121
Retained earnings	332,263	376,268
Treasury shares	(15)	(15)
Total shareholders' equity	372,233	416,527
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	529	1,165
Foreign currency translation adjustment	(865)	770
Remeasurements of defined benefit plans	(58)	199
Total accumulated other comprehensive income	(394)	2,133
Share acquisition rights	218	216
Non-controlling interests	16,942	19,888
Total net assets	388,999	438,765
Total liabilities and net assets	¥1,297,231	¥1,370,252

Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
	Amount	Amount
Net sales	¥1,681,947	¥1,708,635
Cost of sales	1,200,831	1,211,311
Gross profit	481,116	497,325
Selling, general and administrative expenses	405,692	416,018
Operating income	75,424	81,306
Non-operating income		
Interest and dividend income	705	617
Amortization of negative goodwill	86	86
Share of profit of entities accounted for using equity method	84	237
Foreign exchange gains	224	1,580
Other	4,222	4,426
Total non-operating income	5,322	6,945
Non-operating expenses		
Interest expenses paid on loans and bonds	5,175	5,704
Cost of claim's liquidation	162	49
Commission fee	111	61
Other	698	911
Total non-operating expenses	6,146	6,725
Ordinary income	74,600	81,526
Extraordinary income		
Gain on sales of non-current assets	801	94
Gain on bargain purchase	241	—
Gain on sale of businesses	494	—
Reversal of provision for loss on closing of stores	268	—
Gain on revision of retirement benefit plan	5,111	—
Gain on reversal of share acquisition rights	220	0
Gain on insurance claims	—	1,269
Other	425	75
Total extraordinary income	7,560	1,437
Extraordinary losses		
Impairment loss	4,195	16,711
Loss on retirement of non-current assets	3,513	1,024
Loss on sale of shares of subsidiaries and affiliates	145	—
Loss on closing of stores	1,046	630
Loss on disaster	220	76
Other	453	257
Total extraordinary losses	9,572	18,698
Profit before income taxes	72,588	64,265
Income taxes - current	20,637	19,408
Income taxes – deferred	1,471	(10,019)
Total income taxes	22,108	9,388
Profit	50,480	54,877
Profit attributable to non-controlling interests	553	1,026
Profit attributable to owners of parent	¥49,927	¥53,851

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
	Amount	Amount
Profit	¥50,480	¥54,877
Other comprehensive income		
Valuation difference on available-for-sale securities	379	1,181
Foreign currency translation adjustment	(1,423)	2,006
Remeasurements of defined benefit plans, net of tax	430	192
Share of other comprehensive income of affiliates accounted for using equity method	(33)	88
Total other comprehensive income	(647)	3,467
Comprehensive income	¥49,833	¥58,344
Comprehensive income attributable to:		
Owners of parent	¥49,283	¥56,378
Non-controlling interests	550	1,966

Consolidated statements of changes in Net Assets

(Millions of yen)

	Fiscal year ended	Fiscal year ended
	June 30, 2020	June 30, 2021
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at beginning of current period	¥22,675	¥23,008
Changes of items during period		
Issuance of new shares	333	144
Total changes of items during period	333	144
Balance at end of current period	23,008	23,153
Capital surplus		
Balance at beginning of current period	15,414	16,977
Changes of items during period		
Issuance of new shares	333	144
Capital increase of consolidated subsidiaries	43	—
Sales of shares of consolidated subsidiaries	3	—
Purchase of shares of consolidated subsidiaries	1,184	—
Total changes of items during period	1,563	144
Balance at end of current period	16,977	17,121
Retained earnings		
Balance at beginning of current period	290,034	332,263
Cumulative effects of changes in accounting policies	(1,341)	—
Changes of items during period		
Dividends of surplus	(6,651)	(9,509)
Profit attributable to owners of parent	49,927	53,851
Change in scope of consolidation	294	(336)
Total changes of items during period	43,570	44,005
Balance at end of current period	332,263	376,268
Treasury shares		
Balance at beginning of current period	(14)	(15)
Changes of items during period		
Purchase of treasury shares	(1)	—
Total changes of items during period	(1)	—
Balance at end of current period	(15)	(15)
Total shareholders' equity		
Balance at beginning of current period	328,109	372,233
Cumulative effects of changes in accounting policies	(1,341)	—
Changes of items during period		
Issuance of new shares	666	289
Dividends of surplus	(6,651)	(9,509)
Profit attributable to owners of parent	49,927	53,851
Purchase of treasury shares	(1)	—
Change in scope of consolidation	294	(336)
Capital increase of consolidated subsidiaries	43	—
Sales of shares of consolidated subsidiaries	3	—
Purchase of shares of consolidated subsidiaries	1,184	—
Total changes of items during period	45,465	44,294
Balance at end of current period	¥372,233	¥416,527

(Millions of yen)

	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
	Amount	Amount
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	¥173	¥529
Changes of items during period		
Net changes of items other than shareholders' equity	356	636
Total changes of items during period	356	636
Balance at end of current period	529	1,165
Foreign currency translation adjustment		
Balance at beginning of current period	554	(865)
Changes of items during period		
Net changes of items other than shareholders' equity	(1,419)	1,635
Total changes of items during period	(1,419)	1,635
Balance at end of current period	(865)	770
Remeasurements of defined benefit plans		
Balance at beginning of current period	(477)	(58)
Changes of items during period		
Net changes of items other than shareholders' equity	419	257
Total changes of items during period	419	257
Balance at end of current period	(58)	199
Total accumulated other comprehensive income		
Balance at beginning of current period	250	(394)
Changes of items during period		
Net changes of items other than shareholders' equity	(644)	2,528
Total changes of items during period	(644)	2,528
Balance at end of current period	(394)	2,133
Subscription rights to shares		
Balance at beginning of current period	724	218
Changes of items during period		
Net changes of items other than shareholders' equity	(506)	(2)
Total changes of items during period	(506)	(2)
Balance at end of current period	218	216
Non-controlling interests		
Balance at beginning of current period	23,217	16,942
Changes of items during period		
Change in scope of consolidation	—	(73)
Net changes of items other than shareholders' equity	(6,275)	3,019
Total changes of items during period	(6,275)	2,946
Balance at end of current period	16,942	19,888
Total net assets		
Balance at beginning of current period	352,300	388,999
Cumulative effects of changes in accounting policies	(1,341)	—
Changes of items during period		
Issuance of new shares	666	288
Dividends of surplus	(6,651)	(9,509)
Profit attributable to owners of parent	49,927	53,851
Purchase of treasury shares	(1)	—
Change in scope of consolidation	294	(409)
Capital increase of consolidated subsidiaries	43	—
Sales of shares of consolidated subsidiaries	3	—
Purchase of shares of consolidated subsidiaries	1,184	—
Net changes of items other than shareholders' equity	(7,425)	5,545
Total changes of items during period	38,040	49,766
Balance at end of current period	¥388,999	¥438,765

Consolidated Statements of Cash Flows

	(Millions of yen)	
	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥72,588	¥64,265
Depreciation and amortization	29,391	31,545
Impairment loss	4,195	16,711
Amortization of negative goodwill	(86)	(86)
Gain on bargain purchase	(241)	—
Increase (decrease) in allowance for doubtful accounts	(131)	235
Interest and dividend income	(705)	(617)
Interest expenses paid on loans and bonds	5,175	5,704
Share of profit of affiliates accounted for using equity method	(84)	(237)
Loss on sales and retirement of non-current assets	2,826	964
Gain on sale of businesses	(494)	—
Loss on closing of stores	1,046	630
Gain on insurance claims	—	(1,269)
Gain on revision of retirement benefit plan	(5,111)	—
Offset payments for house rental fee with lease and guarantee deposits	4,045	2,656
Increase in notes and accounts receivables – trade	(38)	(1,254)
Increase in inventories	(4,802)	(11,261)
Increase (decrease) in notes and accounts payables – trade	(10,082)	(2,373)
Decrease (increase) in accounts receivables – installment	(991)	2,727
Increase in retirement benefit asset	(4,145)	(513)
Decrease in accounts payables – other	(1,261)	(4,027)
Decrease in deposits received	(2,960)	(3,445)
Increase (decrease) in other current liabilities	(137)	982
Decrease in other non-current liabilities	(314)	(2,915)
Other, net	(1,624)	2,865
Subtotal	86,060	101,287
Interest and dividend income received	303	298
Interest expenses paid	(5,171)	(5,659)
Income taxes paid	(20,806)	(19,642)
Income taxes refund	4,889	1,127
Proceeds from insurance benefits	—	1,733
Proceeds from dividend income from affiliates accounted for using equity method	207	52
Payments for loss on disaster	(347)	(143)
Net cash provided by operating activities	65,135	79,054
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(31,562)	(40,445)
Proceeds from sales of property, plant and equipment	2,598	2,548
Payments for purchase of intangible assets	(3,949)	(4,529)
Payments for purchase of investment securities	(157)	(10,006)
Proceeds from sale of businesses	5,978	—
Payments for leasehold and guarantee deposits	(3,541)	(1,033)
Proceeds from collection of leasehold and guarantee deposits	1,121	3,732
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,723)	(26,442)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(52)	—
Payments for purchase of shares of subsidiaries and affiliates	(102)	(802)
Payments of loan receivables	(6)	(803)
Other, net	(57)	(259)
Net cash used in investing activities	(33,452)	(78,042)

	(Millions of yen)	
	Fiscal year ended June 30, 2020	Fiscal year ended June 30, 2021
	Amount	Amount
Cash flows from financing activities:		
Net decrease in short-term loan payables	¥(1,891)	¥(13,075)
Proceeds from long-term loan payables	32,500	28,864
Repayments of long-term loan payables	(20,570)	(19,756)
Proceeds from issuance of bonds	98	—
Redemption of bonds	(22,991)	(11,916)
Repayments of payables under fluidity lease receivables	(7,445)	(4,547)
Proceeds from issuance of common shares	380	287
Cash dividends paid	(6,651)	(9,509)
Proceeds from share issuance to non-controlling shareholders	627	1,052
Purchase of treasury shares of subsidiaries	(8,049)	—
Other, net	(38)	(355)
Net cash used in financing activities	(34,030)	(28,954)
Effect of foreign exchange rate change on cash and cash equivalents	(350)	4,009
Net decrease in cash and cash equivalents	(2,697)	(23,933)
Cash and cash equivalents at beginning of period	185,136	183,602
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,163	1,207
Cash and cash equivalents at end of period	¥183,602	¥160,875

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.

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, 2021

(Millions of yen)

	Reporting segment				Others (Note 1)	Total	Adjustm ent (Note 2)	Consolidated (Note 3)
	Discount Store business	GMS business	Rent business	Sub Total				
Sales, Segment income								
Sales								
Sales to third parties	¥1,183,526	¥449,989	¥60,927	¥1,694,442	¥14,193	¥1,708,635	¥-	¥1,708,635
Intersegment sales	7,026	8,966	1,190	17,183	4,493	21,676	(21,676)	-
Total	1,190,553	458,955	62,117	1,711,625	18,686	1,730,311	(21,676)	1,708,635
Segment income (losses)	55,335	16,599	13,362	85,296	(4,453)	80,843	464	81,306
Segment Assets	703,537	233,120	236,786	1,173,442	181,552	1,354,995	15,257	1,370,252
Others (Note 4)								
(1) Depreciation expenses	20,290	4,510	5,687	30,487	907	31,394	151	31,545
(2) Increase in property, plant and equipment, and intangible assets	¥30,258	¥5,205	¥7,469	¥42,932	¥1,557	¥44,488	¥1,319	¥45,807

Notes

- “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.
- The ¥464 million adjustment to segment income is an intersegment elimination.
The ¥15,257 million adjustment to segment assets includes ¥109,631 million of companywide assets not allocated to the respective reporting segments, and ¥(94,374) million of net eliminations for intersegment transaction.
- Segment income is adjusted to the consolidated operating income.
- Increase in property, plant and equipment, and intangible assets includes long-term prepaid expenses.

For the Fiscal Year Ended June 30, 2020

(Millions of yen)

	Reporting segment				Others (Note 1)	Total	Adjustm ent (Note 2)	Consolidated (Note 3)
	Discount Store business	GMS business	Rent business	Sub Total				
Sales, Segment income								
Sales								
Sales to third parties	¥1,117,507	¥491,621	¥58,229	¥1,667,357	¥14,590	¥1,681,947	¥—	¥1,681,947
Intersegment sales	5,184	6,721	2,994	14,899	6,248	21,147	(21,147)	—
Total	1,122,691	498,342	61,223	1,682,256	20,838	1,703,094	(21,147)	1,681,947
Segment income (losses)	46,738	16,992	13,579	77,309	(2,373)	74,936	488	75,424
Segment Assets	618,010	235,061	227,557	1,080,628	183,310	1,263,938	33,293	1,297,231
Others (Note 4)								
(1) Depreciation expenses	18,474	4,662	5,182	28,318	1,004	29,322	69	29,391
(2) Increase in property, plant and equipment, and intangible assets	¥27,914	¥2,465	¥4,117	¥34,496	¥1,242	¥35,738	¥678	¥36,416

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 ¥488 million adjustment to segment income is an intersegment elimination.
The ¥33,293 million adjustment to segment assets includes ¥136,744 million of companywide assets not allocated to the respective reporting segments, and ¥(103,451) 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.