

Summary Report of Consolidated Financial Results

For the First Quarter Ended September 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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(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the first quarter of fiscal 2022 (From July 1, 2021 to September 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 (%)
Three Months Ended September 30, 2021	445,474	6.5	16,075	△30.7	16,447	△27.9	12,420	△24.6
Three Months Ended September 30, 2020	418,474	△2.4	23,204	10.3	22,806	12.0	16,470	31.3

(Note) Comprehensive income: 12,079 million yen [△28.8%] (FY 2022.6 1Q), 16,962 million yen [42.1%] (FY 2021.6 1Q)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Three Months Ended September 30, 2021	19.88	19.83
Three Months Ended September 30, 2020	25.98	25.91

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter under review, and each figure for the first quarter of the fiscal year ending June 30, 2022, is the figure after applying the accounting standard and relevant ASBJ regulations.

(2) Financial Position

(Millions of yen, except per-share data)

	Total Assets	Net assets	Ratio of Shareholders' Equity to Total Assets (%)
As of September 30, 2021	1,317,207	361,704	25.9
June 30, 2021	1,370,252	438,765	30.6

(Reference) Equity: 341,284 million yen (as of September 30, 2021), 418,661 million yen (as of June 30, 2021)

2. Dividends

	Annual Dividends per share				
	Three Months End of September 30	Six Months End of December 31	Nine Months End of March 31	Year End of June 30	Total
Year Ended June 30, 2021	—	3.00	—	13.00	16.00
Year Ending June 30, 2022	—				
Year Ending June 30, 2022 (Forecast)		3.00	—	13.50	16.50

(Note) Revision to the dividend forecast in the first quarter of fiscal 2022: None

Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of June 30, 2021	As of September 30, 2021
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥157,522	¥104,705
Notes and accounts receivables-trade	21,074	22,315
Accounts receivables - installment	65,491	62,819
Operating loans	7,658	7,660
Merchandise and finished goods	203,416	203,490
Prepaid expenses	7,671	8,077
Deposits paid	4,364	4,189
Other	29,577	29,181
Allowance for doubtful accounts	(1,276)	(1,418)
Total current assets	495,496	441,018
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	261,481	261,855
Tools, furniture and fixtures, net	32,848	33,355
Lands	317,402	317,410
Right of use assets, net	22,672	22,751
Other, net	9,347	11,567
Total property, plant and equipment	643,750	646,938
Intangible assets		
Goodwill	56,304	55,830
Other	23,255	23,461
Total intangible assets	79,559	79,291
Investments and other assets		
Investment securities	29,082	29,629
Long-term loan receivables	1,192	1,172
Long-term prepaid expenses	5,140	5,048
Retirement benefit assets	16,756	16,825
Deferred tax assets	23,713	22,128
Lease and guarantee deposits	73,882	73,489
Other	3,802	3,833
Allowance for doubtful accounts	(2,120)	(2,164)
Total investments and other assets	151,447	149,960
Total non-current assets	874,756	876,189
Total assets	¥1,370,252	¥1,317,207

	(Millions of yen)	
	As of June 30, 2021	As of September 30, 2021
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payables - trade	¥149,984	¥153,489
Short-term loan payables	1,500	70,000
Current portion of long-term loan payables	33,613	31,382
Current portion of bonds	22,566	21,514
Payables under fluidity lease receivables	191	—
Accounts payables - other	46,508	42,721
Lease obligations	1,380	1,420
Accrued expenses	25,550	22,577
Deposits received	28,000	14,115
Income taxes payables	11,299	5,059
Provision for point card certificates	5,747	2,294
Contract liabilities	—	11,138
Other	27,211	16,442
Total current liabilities	353,550	392,151
Non-current liabilities		
Bond payables	203,976	203,200
Long-term loan payables	271,507	259,072
Lease obligations	21,087	21,247
Asset retirement obligations	24,165	24,593
Negative goodwill	7	—
Other	57,195	55,240
Total non-current liabilities	577,937	563,352
Total liabilities	931,487	955,503
Net assets		
Shareholders' equity		
Share capital	23,153	23,176
Capital surplus	17,121	17,145
Retained earnings	376,268	380,443
Treasury shares	(15)	(80,956)
Total shareholders' equity	416,527	339,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,165	1,380
Foreign currency translation adjustment	770	(95)
Remeasurements of defined benefit plans	199	191
Total accumulated other comprehensive income	2,133	1,476
Share acquisition rights	216	216
Non-controlling interests	19,888	20,204
Total net assets	438,765	361,704
Total liabilities and net assets	¥1,370,252	¥1,317,207

Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Three months ended September 30, 2020	Three months ended September 30, 2021
	Amount	Amount
Net sales	¥418,474	¥445,474
Cost of sales	295,019	317,997
Gross profit	123,455	127,477
Selling, general and administrative expenses	100,251	111,402
Operating income	23,204	16,075
Non-operating income		
Interest and dividend income	165	514
Amortization of negative goodwill	22	7
Share of profit of entities accounted for using equity method	111	175
Foreign exchange gains	—	615
Other	1,387	1,140
Total non-operating income	1,685	2,451
Non-operating expenses		
Interest expenses paid on loans and bonds	1,277	1,937
Foreign exchange losses	671	—
Cost of claim's liquidation	23	1
Other	112	141
Total non-operating expenses	2,083	2,079
Ordinary income	22,806	16,447
Extraordinary income		
Gain on sales of non-current assets	94	2
Gain on insurance claims	822	—
Other	53	—
Total extraordinary income	969	2
Extraordinary losses		
Loss on retirement of non-current assets	129	142
Loss on closing of stores	202	20
Loss on disaster	8	6
Other	47	11
Total extraordinary losses	386	178
Profit before income taxes	23,389	16,271
Income taxes - current	4,568	3,239
Income taxes - deferred	1,966	396
Total income taxes	6,534	3,635
Profit	16,855	12,636
Profit attributable to non-controlling interests	385	216
Profit attributable to owners of parent	¥16,470	¥12,420

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three months ended September 30, 2020	Three months ended September 30, 2021
	Amount	Amount
Profit	¥16,855	¥12,636
Other comprehensive income		
Valuation difference on available-for-sale securities	241	249
Foreign currency translation adjustment	(135)	(799)
Remeasurements of defined benefit plans, net of tax	1	(3)
Share of other comprehensive income of affiliates accounted for using equity method	0	(3)
Total other comprehensive income	107	(557)
Comprehensive income	¥16,962	¥12,079
Comprehensive income attributable to:		
Owners of parent	¥16,547	¥11,763
Non-controlling interests	415	316

Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three months ended September 30, 2020	Three months ended September 30, 2021
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥23,389	¥16,271
Depreciation and amortization	7,374	9,067
Amortization of negative goodwill	(22)	(7)
Decrease in provisions	(1,948)	(5,187)
Interest and dividend income	(165)	(514)
Interest expenses paid on loans and bonds	1,277	1,937
Share of profit of entities accounted for using equity method	(111)	(175)
Loss on sales and retirement of property, plant and equipment	35	141
Gain on insurance claims	(822)	—
Increase in notes and accounts receivables - trade	(501)	(1,132)
Increase in inventories	(418)	(9)
Increase (decrease) in notes and accounts payables - trade	(6,744)	3,498
Decrease in accounts receivables - installment	4,625	2,646
Decrease in accounts payables - other	(3,138)	(2,684)
Other, net	(1,163)	(3,774)
Subtotal	21,668	20,077
Interest and dividend income received	82	364
Interest expenses paid	(915)	(1,630)
Income taxes paid	(9,441)	(22,545)
Income taxes refund	4	3
Proceeds from insurance benefits	1,286	—
Payments for loss on disaster	(8)	(13)
Net cash provided by (used in) operating activities	12,676	(3,744)
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(11,335)	(10,272)
Proceeds from sales of property, plant and equipment	2,516	2
Payments for purchase of intangible assets	(726)	(918)
Purchase of shares of subsidiaries and affiliates	(756)	—
Payments for leasehold and guarantee deposits	(419)	(245)
Proceeds from collection of leasehold and guarantee deposits	109	319
Payment for store opening in progress	(165)	(176)
Other, net	42	(9)
Net cash used in investing activities	(10,734)	(11,301)
Cash flows from financing activities:		
Net increase in short-term loan payables	5,000	68,500
Repayments of long-term loan payables	(5,392)	(14,947)
Redemption of bonds	(1,108)	(1,828)
Repayments of payables under fluidity lease receivables	(1,861)	(192)
Proceeds from issuance of common shares	113	48
Cash dividends paid	(7,607)	(8,245)
Purchase of treasury shares	—	(80,941)
Other, net	(12)	(340)
Net cash used in financing activities	(10,867)	(37,946)
Effect of foreign exchange rate change on cash and cash equivalents	(794)	85
Net decrease in cash and cash equivalents	(9,719)	(52,905)
Cash and cash equivalents at the beginning of period	183,602	160,875
Cash and cash equivalents at the end of period	¥173,883	¥107,970

Segment Information

For the first quarter ended September 30, 2021

1. Information concerning sales and income by reporting segment

(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	¥322,065	¥105,297	¥14,570	¥441,933	¥3,541	¥445,474	¥—	¥445,474
Intersegment sales	1,894	2,918	318	5,131	1,009	6,140	(6,140)	—
Total	323,960	108,216	14,889	447,064	4,550	451,614	(6,140)	445,474
Segment income (loss)	¥15,345	¥368	¥2,061	¥17,774	¥(1,730)	¥16,045	¥30	¥16,075

Notes

1. “Others” includes the service related to the operation of the Company (Holdings Company), Credit card service and so on, which does not belong to the Reporting segment.
2. The ¥30 million adjustment to segment income is an intersegment elimination.
3. Segment income is adjusted to the quarterly consolidated operating income.

2. Information concerning changes in reporting segment

The Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter under review, and changed the accounting method for revenue recognition. Accordingly, the Company has also changed the method of measuring profit or loss of reporting segments.

As a result of this change, sales of the “Discount Store business” for the first quarter of the current consolidated cumulative period decreased by ¥1,676 million and sales of the “GMS business” decreased by ¥393 million compared to the conventional method.

3. Information concerning impairment loss of fixed assets or goodwill by reporting segment

Not applicable

For the first quarter ended September 30, 2020

1. Information concerning sales and income by reporting segment

(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	¥286,195	¥112,372	¥16,413	¥414,980	¥3,494	¥418,474	¥—	¥418,474
Intersegment sales	1,874	2,618	280	4,772	1,059	5,831	(5,831)	—
Total	288,069	114,990	16,693	419,752	4,553	424,305	(5,831)	418,474
Segment income (loss)	¥16,065	¥3,657	¥3,957	¥23,679	¥(955)	¥22,724	¥480	¥23,204

Notes

1. “Others” includes the service related to the operation of the Company (Holdings Company), Credit card service and so on, which does not belong to the Reporting segment.
2. The ¥480 million adjustment to segment income is an intersegment elimination.
3. Segment income is adjusted to the quarterly consolidated operating income.

2. Information concerning impairment loss of fixed assets or goodwill by reporting segment

Not applicable