

# Summary Report of Consolidated Financial Results For the Second Quarter Ended December 31, 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 second quarter of fiscal 2022 (From July 1, 2021 to December 31, 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 (%)
Six Months Ended December 31, 2021	917,680	7.6	43,644	(11.5)	44,523	(7.6)	30,148	(7.6)
Six Months Ended December 31, 2020	852,861	(0.7)	49,329	11.3	48,192	7.7	32,638	15.1

(Note) Comprehensive income: 29,854 million yen [ $\Delta$ 9.7%] (FY 2022.6 2Q), 33,070 million yen [20.5%] (FY 2021.6 2Q)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Six Months Ended December 31, 2021	49.40	49.28
Six Months Ended December 31, 2020	51.48	51.34

(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 second 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 December 31, 2021	1,420,789	379,427	25.3
June 30, 2021	1,370,115	438,628	30.5

(Reference) Equity: 358,840 million yen (as of December 31, 2021), 418,524 million yen (as of June 30, 2021)

(Note) During the consolidated accounting period for the second quarter of the fiscal year ending June 2022, provisional accounting treatment for business combinations has been finalized. The figures for the fiscal year ended June 2021 reflect the content of the provisional accounting treatment.

## 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	—	3.00			
Year Ending June 30, 2022 (Forecast)			—	13.50	16.50

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

### 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)
Year Ending June 30, 2022	1,870,000	9.4	85,000	4.6	83,000	1.9	57,600	7.2	95.46

(Note) 1. Revision to the business forecast in the second quarter of fiscal 2022: None

2. The year-on-year percentage change for the whole financial year has been retroactively revised due to the finalization of provisional accounting treatment for business combinations. Therefore, the year-on-year percentage change is shown in comparison with the figures for the previous term after retroactive adjustment.

### 4. Others

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

Newly consolidated: — , Excluded:—

(2) Simplified accounting methods and special accounting methods for preparation of the quarterly consolidated financial statements: None

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

① Changes in line with revision to accounting standards: Yes

② Other changes: None

③ Changes in accounting estimates: None

④ Restatement: None

(4) Number of outstanding shares (Common share)

① Number of outstanding shares (Treasury share included)	December 31, 2021	634,321,440 shares
	June 30, 2021	634,239,440 shares
② Number of treasury share	December 31, 2021	38,073,224 shares
	June 30, 2021	18,924 shares
③ Average number of outstanding shares during the period	December 31, 2021	610,276,423 shares
	December 31, 2020	634,012,803 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 February 10, 2022. Presentation materials for the briefing will be available on the Company's website.

## Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of June 30, 2021	As of December 31, 2021
	Amount	Amount
<b>Assets</b>		
Current assets		
Cash and deposits	¥157,522	¥162,302
Notes and accounts receivables-trade	21,074	30,249
Accounts receivables - installment	65,491	80,978
Operating loans	7,658	7,703
Merchandise and finished goods	203,416	218,317
Prepaid expenses	7,671	8,533
Deposits paid	4,364	16,540
Other	29,488	18,993
Allowance for doubtful accounts	(1,276)	(1,540)
Total current assets	495,406	542,073
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	261,481	263,548
Tools, furniture and fixtures, net	32,848	34,654
Lands	317,402	317,414
Right of use assets, net	22,672	22,906
Other, net	9,347	13,807
Total property, plant and equipment	643,750	652,328
Intangible assets		
Goodwill	55,411	55,225
Other	23,255	23,628
Total intangible assets	78,667	78,853
Investments and other assets		
Investment securities	29,082	29,560
Long-term loan receivables	1,192	1,152
Long-term prepaid expenses	5,140	5,272
Retirement benefit assets	16,756	16,895
Deferred tax assets	24,558	20,089
Lease and guarantee deposits	73,882	73,054
Other	3,802	3,660
Allowance for doubtful accounts	(2,120)	(2,146)
Total investments and other assets	152,292	147,535
Total non-current assets	874,709	878,716
Total assets	¥1,370,115	¥1,420,789

	As of June 30, 2021	(Millions of yen) As of December 31, 2021
	Amount	Amount
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payables - trade	¥149,984	¥205,956
Short-term loan payables	1,500	690
Current portion of long-term loan payables	33,613	31,597
Current portion of bonds	22,566	21,514
Payables under fluidity lease receivables	191	—
Accounts payables - other	46,508	55,902
Lease obligations	1,380	1,496
Accrued expenses	25,550	21,169
Deposits received	28,000	20,583
Income taxes payables	11,299	9,930
Provision for point card certificates	5,747	2,406
Contract liabilities	—	11,273
Other	27,211	16,186
<b>Total current liabilities</b>	<b>353,550</b>	<b>398,702</b>
<b>Non-current liabilities</b>		
Bond payables	203,976	283,200
Long-term loan payables	271,507	258,530
Lease obligations	21,087	21,442
Asset retirement obligations	24,165	24,767
Negative goodwill	7	—
Other	57,195	54,721
<b>Total non-current liabilities</b>	<b>577,937</b>	<b>642,660</b>
<b>Total liabilities</b>	<b>931,487</b>	<b>1,041,362</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	23,153	23,191
Capital surplus	17,121	17,160
Retained earnings	376,152	398,055
Treasury shares	(15)	(80,956)
<b>Total shareholders' equity</b>	<b>416,411</b>	<b>357,449</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,165	1,365
Foreign currency translation adjustment	749	(157)
Remeasurements of defined benefit plans	199	184
<b>Total accumulated other comprehensive income</b>	<b>2,113</b>	<b>1,391</b>
Share acquisition rights	216	272
Non-controlling interests	19,888	20,315
<b>Total net assets</b>	<b>438,628</b>	<b>379,427</b>
<b>Total liabilities and net assets</b>	<b>¥1,370,115</b>	<b>¥1,420,789</b>

## Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Six months ended December 31, 2020	Six months ended December 31, 2021
	Amount	Amount
Net sales	¥852,861	¥917,680
Cost of sales	601,667	649,814
Gross profit	251,194	267,866
Selling, general and administrative expenses	201,865	224,222
Operating income	49,329	43,644
Non-operating income		
Interest and dividend income	297	604
Amortization of negative goodwill	43	7
Share of profit of entities accounted for using equity method	148	239
Foreign exchange gains	—	2,523
Other	2,610	2,027
Total non-operating income	3,098	5,401
Non-operating expenses		
Interest expenses paid on loans and bonds	2,505	3,695
Foreign exchange loss	1,493	—
Cost of claim's liquidation	38	1
Other	200	826
Total non-operating expenses	4,236	4,522
Ordinary income	48,192	44,523
Extraordinary income		
Gain on sales of non-current assets	96	6
Gain on insurance claims	822	—
Reversal of provision for environmental measures	1	73
Other	74	0
Total extraordinary income	993	79
Extraordinary losses		
Loss on retirement of non-current assets	379	656
Loss on closing of stores	214	49
Loss on disaster	9	15
Other	47	256
Total extraordinary losses	649	976
Profit before income taxes	48,536	43,626
Income taxes - current	10,805	9,852
Income taxes – deferred	4,297	3,272
Total income taxes	15,102	13,125
Profit	33,434	30,501
Profit attributable to non-controlling interests	795	353
Profit attributable to owners of parent	¥32,638	¥30,148

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six months ended December 31, 2020	Six months ended December 31, 2021
	Amount	Amount
Profit	¥33,434	<b>¥30,501</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	204	<b>184</b>
Foreign currency translation adjustment	(583)	<b>(812)</b>
Remeasurements of defined benefit plans, net of tax	3	<b>(6)</b>
Share of other comprehensive income of affiliates accounted for using equity method	12	<b>(12)</b>
Total other comprehensive income	(364)	<b>(647)</b>
Comprehensive income	¥33,070	<b>¥29,854</b>
Comprehensive income attributable to:		
Owners of parent	¥32,243	<b>¥29,427</b>
Non-controlling interests	827	<b>427</b>

## Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Six months ended December 31, 2020	Six months ended December 31, 2021
	Amount	Amount
<b>Cash flows from operating activities:</b>		
Profit before income taxes	¥48,536	¥43,626
Depreciation and amortization	14,877	18,453
Amortization of negative goodwill	(43)	(7)
Decrease in provisions	(3,535)	(6,201)
Interest and dividend income	(297)	(604)
Interest expenses paid on loans and bonds	2,505	3,695
Share of profit of entities accounted for using equity method	(148)	(239)
Loss on sales and retirement of property, plant and equipment	283	713
Gain on insurance claims	(822)	—
Increase in notes and accounts receivables – trade	(8,741)	(9,808)
Increase in inventories	(16,865)	(14,686)
Decrease in notes and accounts payables – trade	46,869	55,750
Increase in accounts receivables – installment	(6,525)	(15,534)
Increase in accounts payables – other	4,219	9,578
Increase in deposits received	4,947	6,868
Other, net	1,112	(9,647)
Subtotal	86,372	81,956
Interest and dividend income received	134	419
Interest expenses paid	(2,524)	(3,747)
Income taxes paid	(12,711)	(28,143)
Income taxes refund	1,127	15,421
Proceeds from insurance benefits	1,286	—
Payments for loss on disaster	(49)	(69)
Dividends received from entities accounted for using equity method	—	21
Net cash provided by operating activities	73,635	65,857
<b>Cash flows from investing activities:</b>		
Payments for purchase of property, plant and equipment	(18,756)	(21,707)
Proceeds from sales of property, plant and equipment	2,519	380
Payments for purchase of intangible assets	(1,557)	(1,808)
Purchase of shares of subsidiaries and affiliates	(784)	—
Payments for leasehold and guarantee deposits	(858)	(338)
Proceeds from collection of leasehold and guarantee deposits	3,300	766
Payments for store opening in progress	(261)	(546)
Loan advances	(801)	—
Other, net	46	(69)
Net cash used in investing activities	(17,153)	(23,321)
<b>Cash flows from financing activities:</b>		
Net increase (decrease) in short-term loan payables	1,000	(826)
Repayments of long-term loan payables	(6,289)	(15,919)
Proceeds from issuance of bonds	—	79,619
Redemption of bonds	(1,108)	(1,828)
Repayments of payables under securitization of lease receivables	(3,353)	(192)
Proceeds from issuance of common shares	163	76
Cash dividends paid	(7,607)	(8,245)
Proceeds from share issuance to non-controlling shareholders	1,052	—
Purchase of treasury shares	—	(80,941)
Other, net	(23)	(852)
Net cash used in financing activities	(16,165)	(29,108)
Effect of foreign exchange rate change on cash and cash equivalents	(2,184)	2,965
Net increase in cash and cash equivalents	38,133	16,393
Cash and cash equivalents at the beginning of period	183,602	160,875
Cash and cash equivalents at the end of period	¥221,734	¥177,268

## Segment Information

For the second quarter ended December 31, 2021

### 1. Information concerning sales and income by reporting segment

(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	¥658,233	222,317	29,820	910,370	7,310	917,680	—	917,680
Intersegment sales	3,713	5,886	642	10,241	2,095	12,337	(12,337)	—
Total	661,946	228,203	30,462	920,611	9,405	930,017	(12,337)	917,680
Segment income (loss)	¥35,162	¥6,417	¥5,357	¥46,936	¥(3,371)	¥43,565	¥79	43,644

Notes

- “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.
- The ¥79 million adjustment to segment income is an intersegment elimination.
- 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 ¥3,336 million and sales of the “GMS business” decreased by ¥830 million compared to the conventional method.

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

Significant change in goodwill

At the time of the business combination with GRCY Holdings, Inc. on April 21, 2021, the amount of goodwill was determined on a provisional basis as the allocation process of the acquisition cost was not completed. With completion of the allocation process in the second quarter of the fiscal year ending June 30, 2022, the Company adjusted the amount of goodwill in the Discount Store Business segment that had been accounted for on a provisional basis.

For the second quarter ended December 31, 2020

### 1. Information concerning sales and income by reporting segment

(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	¥579,345	¥234,539	¥31,834	¥845,719	¥7,142	¥852,861	¥—	¥852,861
Intersegment sales	3,825	4,207	563	8,595	2,282	10,877	(10,877)	—
Total	583,170	238,746	32,398	854,314	9,425	863,738	(10,877)	852,861
Segment income (loss)	¥32,254	¥11,317	¥7,489	¥51,060	¥(1,875)	¥49,185	¥144	¥49,329

Notes

- “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.
- The ¥144 million adjustment to segment income is an intersegment elimination.
- 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