

Summary Report of Consolidated Financial Results For the Third Quarter Ended March 31, 2023

(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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 URL: <https://ppih.co.jp/>

(Amounts in million yen are rounded off to the nearest million)

1. Overview of Business Results and Financial Position for the third quarter of fiscal 2023 (From July 1, 2022 to March 31, 2023)

(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 (%)
Nine Months Ended March 31, 2023	1,457,204	6.3	81,713	29.5	80,695	19.2	51,489	12.0
Nine Months Ended March 31, 2022	1,370,479	8.1	63,080	(5.7)	67,707	0.2	45,984	1.7

(Note) Comprehensive income: 57,867 million yen [26.4%] (FY 2023.6 3Q), 45,769 million yen [2.5%] (FY 2022.6 3Q)

	Net Income Per Share (Yen)	Net Income Per Share-fully diluted (Yen)
Nine Months Ended March 31, 2023	86.33	86.12
Nine Months Ended March 31, 2022	75.92	75.74

(2) Financial Position

	Total Assets	Net assets	Ratio of Shareholder's Equity to Total Assets(%)
As of March 31, 2023	1,437,140	444,419	30.5
June 30, 2022	1,383,678	399,247	28.3

(Reference) Equity: 438,646 million yen (as of March 31, 2023), 392,220 million yen (as of June 30, 2022)

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, 2022	—	3.00	—	14.00	17.00
Year Ending June 30, 2023	—	4.00	—		
Year Ending June 30, 2023 (Forecast)				14.00	18.00

(Note) Revision to the dividend forecast in the Third quarter of fiscal 2023: None

3. Consolidated Business Forecast : For the year ending June 30, 2023 (From July 1, 2022 to June 30, 2023)

(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, 2023	1,920,000	4.8	97,700	10.2	94,000	(6.4)	62,000	0.1	103.93

(Note) Revision to the business forecast in the Third quarter of fiscal 2023: Yes

4. Others

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

Newly consolidated: — , Excluded: 1 company (B'CAUSE Pte. Ltd.)

(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 consolidated financial statements

① Changes in line with revision to accounting standards: None

② Other changes: None

③ Changes in accounting estimates: None

④ Restatement: None

(4) Number of outstanding shares (Common shares)

① Number of outstanding shares (Treasury shares included)	March 31, 2023	634,617,840 shares
	June 30, 2022	634,378,640 shares
② Number of treasury shares	March 31, 2023	38,073,224 shares
	June 30, 2022	38,073,224 shares
③ Average number of outstanding shares during the period	March 31, 2023	596,410,850 shares
	March 31, 2022	605,670,375 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 May 10, 2023. Presentation materials for the briefing will be available on the Company's website.

Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of June 30, 2022	As of March 31, 2023
	Amount	Amount
Assets		
Current assets		
Cash and deposits	¥176,777	¥208,063
Notes and accounts receivables-trade	12,728	14,508
Accounts receivables - installment	52,122	54,425
Operating loans	8,115	8,715
Merchandise and finished goods	205,893	192,407
Prepaid expenses	7,904	8,367
Deposits paid	4,768	4,852
Other	20,052	26,976
Allowance for doubtful accounts	(1,828)	(2,349)
Total current assets	486,531	515,964
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	268,358	288,427
Tools, furniture and fixtures, net	35,022	34,767
Land	314,711	318,995
Construction in progress	19,649	13,404
Right of use assets, net	25,913	28,872
Other, net	1,412	1,367
Total property, plant and equipment	665,065	685,832
Intangible assets		
Goodwill	61,759	58,433
Other	24,458	28,303
Total intangible assets	86,217	86,736
Investments and other assets		
Investment securities	27,226	33,399
Long-term loan receivables	966	353
Long-term prepaid expenses	4,859	4,405
Retirement benefit asset	17,455	17,565
Deferred tax assets	20,840	18,885
Lease and guarantee deposits	73,225	72,607
Other	3,422	3,520
Allowance for doubtful accounts	(2,129)	(2,125)
Total investments and other assets	145,864	148,608
Total non-current assets	897,146	921,176
Total assets	¥1,383,678	¥1,437,140

(Millions of yen)

	As of June 30, 2022	As of March 31, 2023
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payables - trade	¥152,885	¥161,487
Current portion of long-term loan payables	26,918	33,906
Current portion of bonds	11,421	10,930
Accounts payables – other	49,128	49,610
Lease obligations	1,804	1,968
Accrued expenses	25,182	22,585
Deposits received	13,485	15,913
Income taxes payables	13,492	15,533
Provision for point card certificates	1,935	1,506
Contract liabilities	11,361	12,974
Other	18,765	18,507
Total current liabilities	326,378	344,920
Non-current liabilities		
Bond payables	272,555	261,625
Long-term loan payables	276,201	273,162
Lease obligations	25,471	28,678
Asset retirement obligations	30,338	30,900
Other	53,488	53,437
Total non-current liabilities	658,053	647,801
Total liabilities	984,431	992,721
Net assets		
Shareholders' equity		
Capital stock	23,217	23,329
Capital surplus	17,376	17,487
Retained earnings	428,044	468,688
Treasury shares	(80,956)	(80,956)
Total shareholders' equity	387,681	428,547
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	520	1,007
Foreign currency translation adjustment	3,532	8,648
Remeasurements of defined benefit plans	487	443
Total accumulated other comprehensive income	4,539	10,099
Share acquisition rights	271	604
Non-controlling interests	6,755	5,169
Total net assets	399,247	444,419
Total liabilities and net assets	¥1,383,678	¥1,437,140

Consolidated Quarterly Statements of Income

	(Millions of yen)	
	Nine months ended March 31, 2022	Nine months ended March 31, 2023
	Amount	Amount
Net sales	¥1,370,479	¥1,457,204
Cost of sales	970,161	1,006,717
Gross profit	400,318	450,487
Selling, general and administrative expenses	337,238	368,774
Operating income	63,080	81,713
Non-operating income		
Interest and dividend income	714	673
Amortization of negative goodwill	7	—
Share of profit of entities accounted for using equity method	387	468
Foreign exchange gains	7,211	17
Other	2,956	3,781
Total non-operating income	11,276	4,939
Non-operating expenses		
Interest expenses paid on loans and bonds	5,505	5,709
Cost of claim's liquidation	1	—
Other	1,144	248
Total non-operating expenses	6,649	5,957
Ordinary income	67,707	80,695
Extraordinary income		
Gain on sales of non-current assets	923	12
Reversal of provision for environmental measures	85	3
Other	46	31
Total extraordinary income	1,055	46
Extraordinary losses		
Loss on retirement of non-current assets	877	738
Loss on closing of stores	84	627
Loss on disaster	195	38
Loss on litigation	542	—
Other	237	271
Total extraordinary losses	1,936	1,673
Profit before income taxes	66,826	79,067
Income taxes – current	17,849	25,635
Income taxes – deferred	2,445	1,490
Total income taxes	20,294	27,124
Profit	46,532	51,943
Profit attributable to non-controlling interests	548	454
Profit attributable to owners of parent	¥45,984	¥51,489

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Nine months ended March 31, 2022	Nine months ended March 31, 2023
	Amount	Amount
Profit	¥46,532	¥51,943
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,117)	835
Foreign currency translation adjustment	344	5,125
Remeasurements of defined benefit plans, net of tax	(9)	(31)
Share of other comprehensive income of affiliates accounted for using equity method	20	(6)
Total other comprehensive income	(762)	5,924
Comprehensive income	¥45,769	¥57,867
Comprehensive income attributable to:		
Owners of parent	¥45,546	¥57,049
Non-controlling interests	224	818

Consolidated Quarterly Statements of Cash Flows

	(Millions of yen)	
	Nine months ended March 31, 2022	Nine months ended March 31, 2023
	Amount	Amount
Cash flows from operating activities:		
Profit before income taxes	¥66,826	¥79,067
Depreciation and amortization	28,210	31,199
Decrease in provisions	(6,301)	(2,587)
Interest and dividend income	(714)	(673)
Interest expenses paid on loans and bonds	5,505	5,709
Foreign exchange gains	(7,211)	(17)
Share of profit of affiliates accounted for using equity method	(387)	(468)
Loss on sales and retirement of non-current assets	23	734
Loss on store closings	84	627
Increase in notes and accounts receivables – trade	(4,376)	(1,766)
Decrease (increase) in inventories	(1,764)	14,566
Increase in notes and accounts payables – trade	5,322	7,700
Decrease (increase) in accounts receivable - installment	11,992	(2,379)
Increase in accounts payables - other	1,919	1,304
Increase in deposits received	1,819	2,431
Other, net	(10,300)	1,033
Subtotal	90,645	136,480
Interest and dividend income received	469	619
Interest expenses paid	(5,253)	(5,338)
Income taxes paid	(36,046)	(28,433)
Income taxes refund	15,421	575
Payments for loss on disaster	(655)	(91)
Dividends received from affiliates accounted for using equity method	21	53
Net cash provided by operating activities	64,602	103,864
Cash flows from investing activities:		
Payments for purchase of property, plant and equipment	(33,771)	(40,463)
Proceeds from sale of property, plant and equipment	4,944	13
Payments for purchase of intangible assets	(2,961)	(6,592)
Payments for purchase of shares of subsidiaries and affiliates	–	(3,386)
Payments for leasehold and guarantee deposits	(477)	(786)
Proceeds from collection of leasehold and guarantee deposits	993	652
Payment for store opening in progress	(666)	(405)
Other, net	(230)	(26)
Net cash used in investing activities	¥(32,167)	¥(50,992)

	(Millions of yen)	
	Nine months ended March 31, 2022	Nine months ended March 31, 2023
	Amount	Amount
Cash flows from financing activities:		
Net decrease in short-term loan payables	¥(1,500)	¥-
Proceeds from long-term loan payables	30,000	30,000
Repayments of long-term loan payables	(35,119)	(25,593)
Proceeds from issuance of bonds	79,619	-
Redemption of bonds	(22,566)	(11,421)
Cash dividends paid	(10,034)	(10,734)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(80,941)	-
Purchase of treasury shares	(10,361)	(2,239)
Other, net	(1,137)	(922)
Net cash used in financing activities	(52,039)	(20,909)
Effect of foreign exchange rate change on cash and cash equivalents	9,981	1,212
Net increase (decrease) in cash and cash equivalents	(9,624)	33,176
Cash and cash equivalents at the beginning of period	160,875	180,418
Decrease in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	(1,852)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	104
Cash and cash equivalents at the end of period	¥151,252	¥211,845

Segment Information

For the third Quarter Ended March 31, 2023

1. Information concerning sales and income by reporting segment

(Millions of yen)

	Reporting segment				Adjustment	Consolidated
	Domestic business	North America business	Asia business	Total		
Sales, Segment income						
Sales						
Sales to third parties	¥1,217,778	¥177,509	¥61,918	¥1,457,204	¥-	¥1,457,204
Intersegment sales	8,130	-	103	8,233	(8,233)	-
Total	1,225,908	177,509	62,021	1,465,438	(8,233)	1,457,204
Segment income	¥74,255	¥5,598	¥1,861	¥81,713	¥-	¥81,713

Note

Segment income is adjusted to the quarterly consolidated operating income.

2. Information concerning changes in reporting segments

The group will strive to improve profitability in domestic business by (1) expanding business value chain, (2) providing new CV (Convenience) + D (Discount) + A (Amusement) through DX, (3) promoting organizational integration and productivity improvement, and (4) systematically creating new business categories, while overseas, also aims to expand its scale by continuing to open new stores in both Asia and North America.

In addition, we have formulated a new medium- to long-term management plan, "Visionary 2025/2030," which aims to improve profitability through the establishment of a global value chain.

Therefore, we added business segment and reviewed the classification method, in the first quarter ended September 30, 2022. The three reporting segments "Discount Store business", "GMS business" and "Rent business" have been reconciled into three "Domestic business", "North America business" and "Asia business".

Segment information for the previous fiscal year is disclosed based on this reclassifications.

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

Not applicable

For the third Quarter Ended March 31, 2022

1. Information concerning sales and income by reporting segment

(Millions of yen)

	Reporting segment				Adjustment	Consolidated
	Domestic business	North America business	Asia business	Total		
Sales, Segment income						
Sales						
Sales to third parties	¥1,173,296	¥148,054	¥49,129	¥1,370,479	¥-	¥1,370,479
Intersegment sales	8,769	-	-	8,769	(8,769)	-
Total	1,182,065	148,054	49,129	1,379,248	(8,769)	1,370,479
Segment income	¥53,178	¥8,340	¥1,561	¥63,080	¥-	¥63,080

Note

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