

Six Months Ended August 31, 2024

PAL GROUP HOLDINGS

# Materials for Financial Results Briefing

October 17, 2024

PAL GROUP Holdings CO., LTD.

Securities code: 2726

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Management dedicated to the happiness of all employees and shareholders



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# Financial Report

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Review of Financial Results  
for the Six Months Ended August 31, 2024  
Full-year Financial Results Forecast  
for the Fiscal Year Ending February 28, 2025

## Review on the first half of the fiscal year

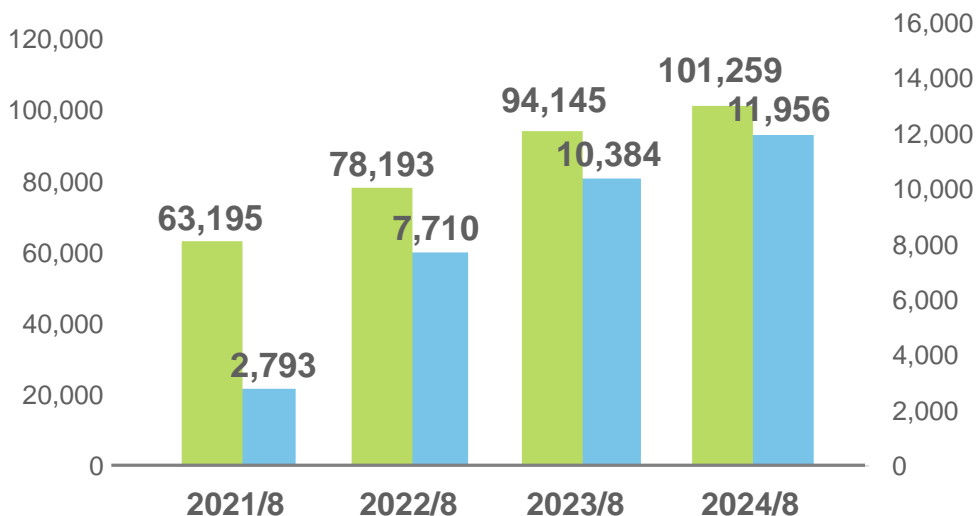
The yen had trended weakly against the US dollar since the previous fiscal year, but this finally corrected with an upward shift. The negative trajectory of real wages in Japan has also halted, and signs of improvement are being seen in the external environment. The server trouble that occurred in June is expected to have minimal impact on business performance, thanks to the completion of an overhaul of the infrastructural environment in the first half of the current fiscal year.

**Net sales** Although some casual brands struggled, the apparel business recorded its highest net sales ever, buoyed by growth in town brands (dress-up brands) and by PAL CLOSET's contribution to E-commerce (EC) sales. The miscellaneous goods/accessories business maintained double-digit growth along with the continued strong pace of new 3COINS+plus store openings.

**Profit** Although a drop in 1H operating profit had been forecasted due to the impact of the yen's weak trend, we were able to close out the first half with a record profit on account of successful initiatives such as strengthening the miscellaneous goods/accessories business's lineup of high-value-added products priced above 300 yen, and implementing measures for containing SG&A expenses.

### Consolidated

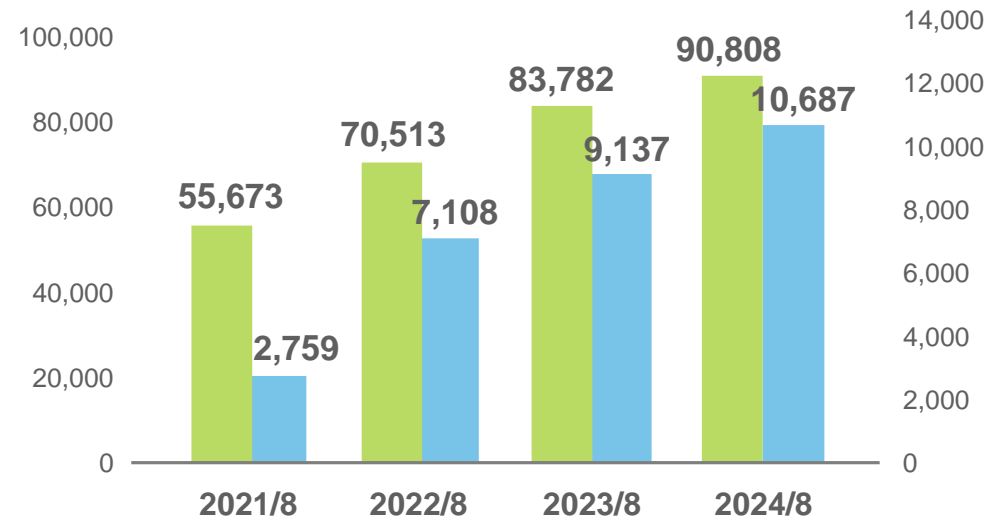
(Millions of yen)



### Non-consolidated

(PAL GROUP Holdings CO., LTD. + PAL CO., LTD.)

(Millions of yen)



Consolidated Statements of Income of PAL GROUP Holdings CO., LTD.  
for the Six Months Ended August 31, 2024

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2024			
			Forecast	Actual results		
				Changes from the previous corresponding period	Compared to forecast	
Net sales	<b>78,193</b>	<b>94,145</b>	<b>99,210</b>	<b>101,259</b>	<b>107.6%</b>	<b>102.1%</b>
Gross profit	<b>43,669</b>	<b>52,327</b>	<b>54,740</b>	<b>56,673</b>	<b>108.3%</b>	<b>103.5%</b>
(% of net sales)	<b>55.8%</b>	<b>55.6%</b>	<b>55.2%</b>	<b>56.0%</b>	<b>0.4%</b>	<b>0.8%</b>
Operating profit	<b>7,582</b>	<b>10,299</b>	<b>9,180</b>	<b>11,806</b>	<b>114.6%</b>	<b>128.6%</b>
(% of net sales)	<b>9.7%</b>	<b>10.9%</b>	<b>9.3%</b>	<b>11.7%</b>	<b>0.8%</b>	<b>1.4%</b>
Ordinary profit	<b>7,710</b>	<b>10,384</b>	<b>9,280</b>	<b>11,956</b>	<b>115.1%</b>	<b>128.8%</b>
(% of net sales)	<b>9.9%</b>	<b>11.0%</b>	<b>9.4%</b>	<b>11.8%</b>	<b>0.8%</b>	<b>2.4%</b>
Profit attributable to owners of parent	<b>4,808</b>	<b>7,001</b>	<b>5,880</b>	<b>7,668</b>	<b>109.5%</b>	<b>130.4%</b>
(% of net sales)	<b>6.1%</b>	<b>7.4%</b>	<b>5.9%</b>	<b>7.6%</b>	<b>0.2%</b>	<b>1.7%</b>

- 1H net sales surpassed the initial forecast by 2.1%, with growth driven by the miscellaneous goods/accessories business.
- We also performed strongly in terms of profit, exceeding the initial forecast by 30.4%. This was made possible by efforts to improve our gross profit ratio—such as expanding stores into large-scale establishments, optimizing of worker shifts, and introducing customer-pleasing products with high value-added—and by early rollout of measures for containing SG&A expenses.

Non-consolidated Statements of Income of PAL GROUP Holdings CO., LTD. PAL GROUP HOLDINGS  
and PAL CO., LTD. for the Six Months Ended August 31, 2024

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2024	
			Actual results	Changes from the previous corresponding period
Net sales	<b>70,513</b>	<b>83,782</b>	<b>90,808</b>	<b>108.4%</b>
Gross profit	<b>40,408</b>	<b>46,533</b>	<b>50,889</b>	<b>109.4%</b>
(% of net sales)	<b>57.3%</b>	<b>55.5%</b>	<b>56.0%</b>	<b>0.5%</b>
Operating profit	<b>7,051</b>	<b>9,166</b>	<b>10,680</b>	<b>116.5%</b>
(% of net sales)	<b>10.0%</b>	<b>10.9%</b>	<b>11.8%</b>	<b>0.9%</b>
Ordinary profit	<b>7,108</b>	<b>9,137</b>	<b>10,687</b>	<b>117.0%</b>
(% of net sales)	<b>10.1%</b>	<b>10.9%</b>	<b>11.8%</b>	<b>0.9%</b>
Profit	<b>4,589</b>	<b>6,623</b>	<b>7,921</b>	<b>119.5%</b>
(% of net sales)	<b>6.5%</b>	<b>7.9%</b>	<b>8.7%</b>	<b>0.8%</b>

- In the apparel business, consumer preferences have shifted more towards fashionable selections with the winding down of COVID-19. The town brands (dress-up brands) segment boosted its net sales, while some casual brands struggled.
- In the “3COINS” business, we continued opening new “3COINS+plus” large-scale stores, and strengthened our development of products priced above 300 yen, so as to transform the business structure into one less exposed to forex volatility. We also optimized work shifts in the first half by adopting a shift system that reflects the peak and low demand times of stores. This enabled us to control personnel expense increases to an extent that significantly expanded operating profit.

# Financial Situation of NICE CLAUP Co., LTD. for the Six Months Ended August 31, 2024

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2024	Changes from the previous fiscal year
Net sales	<b>7,603</b>	<b>8,526</b>	<b>8,352</b>	<b>98.0%</b>
Operating profit	<b>260</b>	<b>862</b>	<b>824</b>	<b>95.6%</b>
Ordinary profit	<b>271</b>	<b>864</b>	<b>826</b>	<b>95.6%</b>
Profit	<b>168</b>	<b>552</b>	<b>520</b>	<b>94.2%</b>

- The net sales of core brand “one after another NICECLAUP” and of OUTLET were 86% and 94% year on year (based on existing stores), respectively. Although these two segments struggled, “natural couture” grew its net sales to a core brand level, 106% year on year (based on existing stores), “OLIVE des OLIVE” achieved a recovery at 103% year on year, and “PUAL CE CIN” closed the first half with a robust performance of 161% year on year (based on existing stores). As a result of these brands’ contributions, net sales were nearly on par with the record high attained in the preceding fiscal year.
- Reorganization of our core brand is an urgent challenge. The division manager has returned to the position of brand manager and is working hard to advance this undertaking.
- We are steadily expanding the number of our social media followers, one of our focus business metrics. The company-wide total grew from 1.48 million to 1.90 million, a rise of 420,000. EC net sales for the first half amounted to ¥3.4 billion, or 106% versus the previous fiscal year.
- We are also making solid progress with expanding the number of large-scale stores. During the first half, three locations were converted into large-scale stores. Going forward, we will not only continue opening such establishments, but also strive to further grow sales by launching more stores for mainly new brands such as the strongly performing PUAL and LARUTA/natural couture.

# Overview of Sales Results and E-commerce Net Sales by Segment

PAL GROUP HOLDINGS

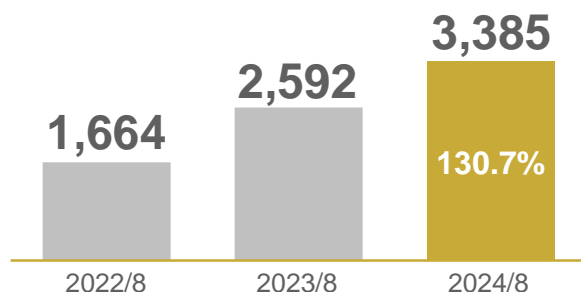
(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2024	Changes from the previous corresponding period
<b>Apparel</b>				
Net sales	49,869	57,673	59,857	103.8%
Composition %	63.8%	61.3%	59.2%	-2.1%
Operating profit	5,311	8,504	8,649	101.7%
Operating profit %	10.6%	14.7%	14.4%	-0.3%
<b>Miscellaneous Goods/Accessories</b>				
Net sales	28,261	36,375	41,244	113.4%
Composition %	36.1%	38.6%	40.8%	2.2%
Operating profit	2,258	1,784	3,173	177.9%
Operating profit %	8.0%	4.9%	7.7%	2.8%
<b>Other</b>				
Net sales	62	96	157	163.5%
	Six months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2024	Changes from the previous corresponding period
<b>E-commerce net sales</b>				
ZOZO TOWN	9,916	11,390	11,772	103.4%
PAL CLOSET (Our online store)	7,064	9,211	10,905	118.4%
Other	1,629	2,104	2,373	112.8%
Total	18,609	22,705	25,049	110.3%
Ratio to apparel net sales	37.3%	39.4%	41.8%	2.4P

- The miscellaneous goods/accessories business has robustly expanded sales, with its contribution to total net sales surpassing 40% for the first time ever. The operating profit margin was 7.7%, representing a return to the level before the yen's recent depreciation trend.
- The growth of E-commerce net sales was driven by PAL CLOSET. App membership set a new milestone by crossing into eight-digit territory, climbing to 10.54 million.



## Net sales (Millions of yen)



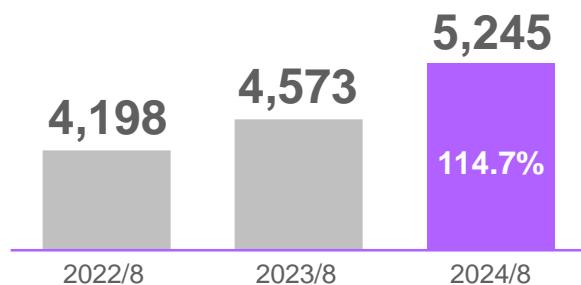
## BEARDSLEY

A commitment to comfortable forms and materials. Embroidery and original prints that lend a whimsical touch of handcrafting. A unique worldview. Seasonal themes of crafting inspired by words symbolizing images. We present a collection that invites you to read one story after another.

**BEARDSLEY** 17 stores



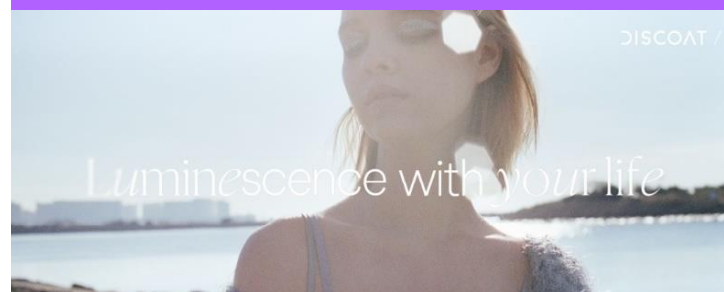
## Net sales (Millions of yen)



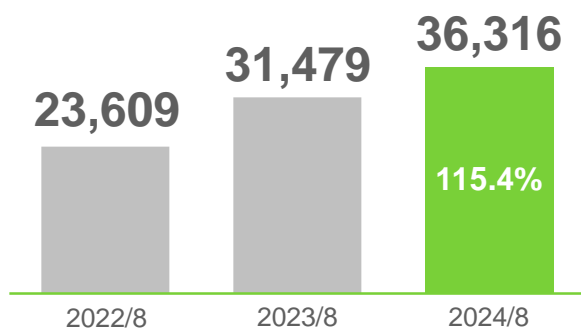
## DISCOAT /

“with your life”  
The tangible and intangible things that enrich your lifestyle.  
We offer “French casual meets vintage” fashion that enables you to enjoy trends in your own way, and lifestyle items that update your everyday.

**Discoat** 39 stores



## Net sales (Millions of yen)



## 3COINS

We have a wide range of products from basic lifestyle goods to goods for interior space design and products with intriguing designs. 3COINS, a miscellaneous goods store where there are always new discoveries whenever you visit, promises to bring you a spark of excitement every time. We offer a wide variety of 300-yen goods, everything from lifestyle goods to interior goods, fashion accessories, mobile items, kids' items and more.

**3COINS** 324 stores



# Selling, General and Administrative Expenses

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2024	Changes from the previous corresponding period
Non-consolidated PAL GROUP Holdings CO., LTD. + PAL CO., LTD.	<b>33,356</b>	<b>37,367</b>	<b>40,209</b>	<b>107.6%</b>
Consolidated	<b>36,087</b>	<b>42,027</b>	<b>44,866</b>	<b>106.8%</b>
SG&A ratio (consolidated)	<b>46.2%</b>	<b>44.6%</b>	<b>44.3%</b>	<b>-0.3P</b>
Personnel expenses ratio	<b>17.1%</b>	<b>16.3%</b>	<b>16.3%</b>	<b>—</b>
Rent expenses ratio	<b>12.2%</b>	<b>11.6%</b>	<b>11.3%</b>	<b>-0.3P</b>
Advertising expenses ratio	<b>1.0%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>-0.1P</b>

- The SG&A ratio fell by 0.3 points year on year.
- Although wages were hiked 6% as in the preceding fiscal year, we were able to control the rise in the personnel expenses ratio through various actions, including optimizing the shift system at 3COINS stores.
- We were also able to continue controlling rent expenses through efforts mainly focused on 3COINS stores. As a result, the rent expenses ratio shrank by 0.3 points year on year.

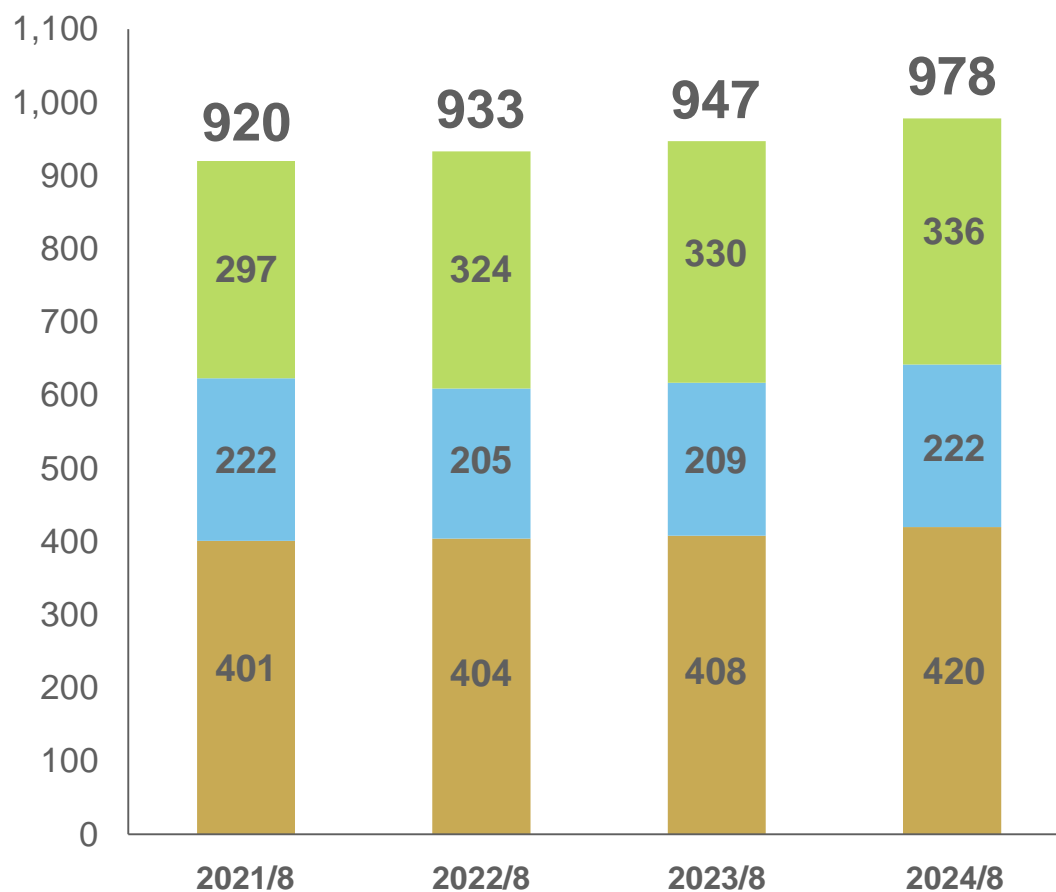
# Number of Stores

## Number of stores

as of August 31, 2024: 978

(+29 compared to the end of the previous fiscal year)

- Other regions
- Kansai region
- Kanto region



### ● Status of opening/closing stores

In the first half, the number of stores increased by 29 from the end of the previous fiscal year as a result of opening 51 new stores and closing 22 stores.

In the apparel business, we opened 28 stores and closed 14 stores, resulting in a net increase of 14 stores.

In the miscellaneous goods/accessories business, we opened 23 stores and closed 8 stores, resulting in a net increase of 15 stores.

### ● Store openings by each brand

In addition to taking over four Ray Cassin stores through a business transfer at the beginning of the fiscal year, the apparel business proactively pursued the launch of new stores. As a result, it achieved a net increase of 14 stores, including three LOCUST stores and two stores in Kastane, Discoat, and three other brands.

In the miscellaneous goods/accessories business, 3COINS+plus continued to aggressively open new sites, attaining a net increase of 18 stores, while also moving forward with the expansion of existing store floorspace.

# Extraordinary Income or Losses

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2024
Subsidy income	—	—	<b>220</b>
<b>Total extraordinary income</b>	<b>—</b>	<b>—</b>	<b>220</b>
Loss on tax purpose reduction entry of non-current assets	—	—	<b>220</b>
Loss on retirement of non-current assets	<b>13</b>	<b>90</b>	<b>45</b>
Impairment losses	<b>446</b>	<b>143</b>	<b>219</b>
<b>Total extraordinary losses</b>	<b>459</b>	<b>233</b>	<b>484</b>

- “KITO forest market shimoichi” was opened in Shimoichi Town in Nara Prefecture’s Yoshino County. This commercial facility was created through the renovation of a former elementary school, with the aim of helping to revitalize the local community. The renovation costs were funded in part by subsidies from the town and the national government. To neutralize the profit and loss impact, we recorded an amount equivalent to the total subsidy as a loss on tax purpose reduction entry of non-current assets. Impairment losses and loss on retirement of non-current assets have remained within the ranges forecasted at the beginning of the fiscal year.

# Consolidated Balance Sheets

PAL GROUP HOLDINGS

(Millions of yen)

	As of February 28, 2023	As of February 29, 2024	As of August 31, 2024	Changes from the end of the previous fiscal year	Remarks
Current assets	85,496	96,692	107,955	11,263	
Cash and deposits	63,845	67,228	78,329	11,101	
Accounts receivable - trade	8,554	10,374	12,556	2,182	
Inventories	12,542	16,523	15,685	-838	
Other	554	2,565	1,384	-1,181	
Non-current assets	27,014	30,230	31,939	1,709	
Property, plant and equipment	9,120	10,905	11,672	767	
Intangible assets	333	393	769	376	
Investments and other assets	17,561	18,931	19,497	566	
Total assets	112,510	126,922	139,894	12,972	
Current liabilities	43,237	45,023	53,772	8,749	
Non-current liabilities	14,082	18,453	19,336	883	
Total liabilities	57,319	63,477	73,109	9,632	
Total net assets	55,191	63,444	66,785	3,341	
Total liabilities and net assets	112,510	126,922	139,894	12,972	

# Consolidated Statements of Cash Flows

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2022	Six months ended August 31, 2023	Six months ended August 31, 2024
Cash flows from operating activities	<b>7,229</b>	<b>5,525</b>	<b>17,398</b>
Cash flows from investing activities	<b>(1,433)</b>	<b>(2,336)</b>	<b>(2,386)</b>
Cash flows from financing activities	<b>(2,047)</b>	<b>(5,130)</b>	<b>(3,912)</b>
Net increase (decrease) in cash and cash equivalents	<b>3,748</b>	<b>(1,941)</b>	<b>11,100</b>
Cash and cash equivalents at beginning of period	<b>52,250</b>	<b>63,845</b>	<b>67,228</b>
Cash and cash equivalents at end of period	<b>55,998</b>	<b>61,903</b>	<b>78,329</b>

# Revision to Consolidated Full-year Financial Results Forecast for the Fiscal Year Ending February 28, 2025

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	Fiscal year ending February 28, 2025 Previous forecast	Fiscal year ending February 28, 2025 Revised forecast	Changes from the previous forecast
Net sales	164,482	192,544	203,500	209,220	102.8%
Gross profit	90,221	106,283	112,400	116,330	103.5%
Operating profit	15,822	18,605	20,120	22,960	114.1%
Ordinary profit	16,061	18,839	20,370	23,260	114.2%
Profit attributable to owners of parent	9,955	12,845	12,940	14,820	114.5%
Gross profit ratio	54.9%	55.2%	55.2%	55.6%	0.4P

- We have revised the consolidated full-year financial results forecast for the fiscal year ending February 28, 2025 in light of our 1H performance. The numbers forecasted for 2H are unchanged; we expect higher profits from the implementation of measures for containing SG&A expenses. As indicated in the separately disclosed “Notice Concerning Change in Equity Method Affiliate (Conversion into Consolidated Subsidiary),” NOLLEY’S co., Ltd. will become a consolidated subsidiary in the fourth quarter of this fiscal year. The impact of this is reflected in the revised forecast, but only for the fourth quarter; the impact on the fiscal year as a whole is expected to be minimal.

# Premises for Full-year Financial Results Forecast for the Fiscal Year Ending February 28, 2025

PAL GROUP HOLDINGS

The full-year forecast includes the 18 “w closet” stores and 55 “NOLLEY’s” stores.

1. Number of stores	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	As of August 31, 2024	Fiscal year ending February 28, 2025 Forecast
Number of new stores	92	80	51	*141
Number of closed stores	67	58	22	24
Net increase in number of stores	25	22	29	*117
Number of stores at the end of the period	927	949	978	*1,066

2. Sales at existing stores (Total for the PAL Group companies)	Fiscal year ended February 28, 2023	Fiscal year ended February 29, 2024	First half ended August 31, 2024 Actual results	Second half ending February 28, 2025 Forecast	Fiscal year ending February 28, 2025 Forecast
Sales at existing stores	120.0	111.1	102.4	103.7	103.0
Of which, sales at existing retail stores	116.5	106.6	100.0	102.1	101.0
Of which, sales at existing stores via internet	128.8	124.6	108.5	133.5	121.0

	March 2023	March 2024	April	May	June	July	August
Sales at existing stores	110.9	103.5	107.0	101.5	100.7	95.0	104.6
Of which, sales at existing retail stores	108.5	98.1	104.7	97.5	98.4	92.0	102.9
Of which, sales at existing stores via internet	114.2	117.6	111.4	110.7	104.8	101.1	108.3

3. Sales at all stores	March 2023	March 2024	April	May	June	July	August	First half total
Sales at all stores	118.4	111.8	114.5	107.9	106.8	99.2	112.2	108.4
Of which, E-commerce	111.6	121.1	112.9	112.5	106.2	102.7	109.7	110.3

4. Number of customers and average spending per customer	Average spending per customer compared to the fiscal year ended February 29, 2024 (Accumulated figure for the first half)	Number of customers compared to the fiscal year ended February 29, 2024 (Accumulated figure for the first half)
Apparel Business	111.0%	94.4%
Miscellaneous Goods/Accessories Business	108.4%	105.4%
Overall	104.0%	104.3%



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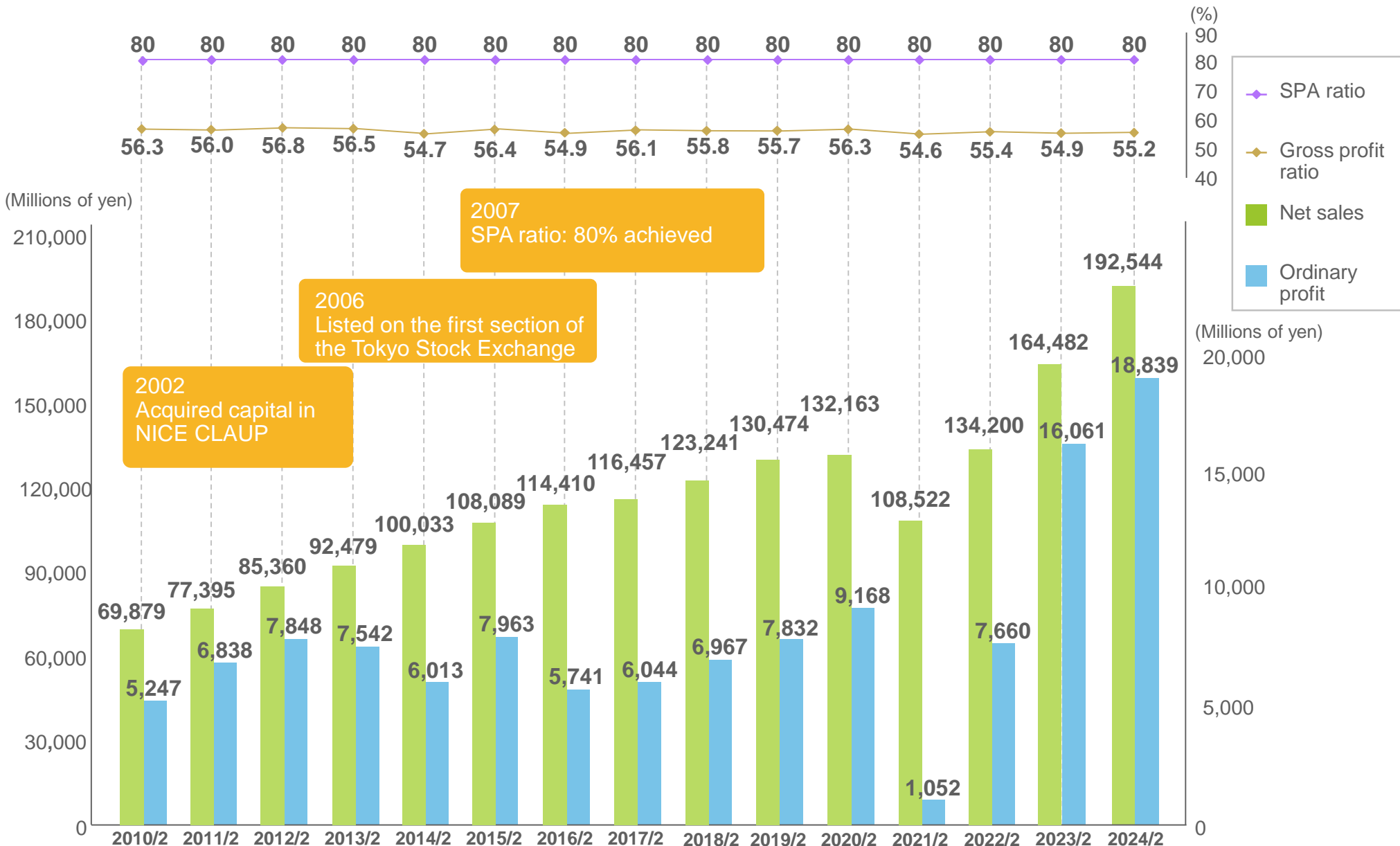
# Management Vision

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Business Results Trend  
Medium- to Long-term Vision

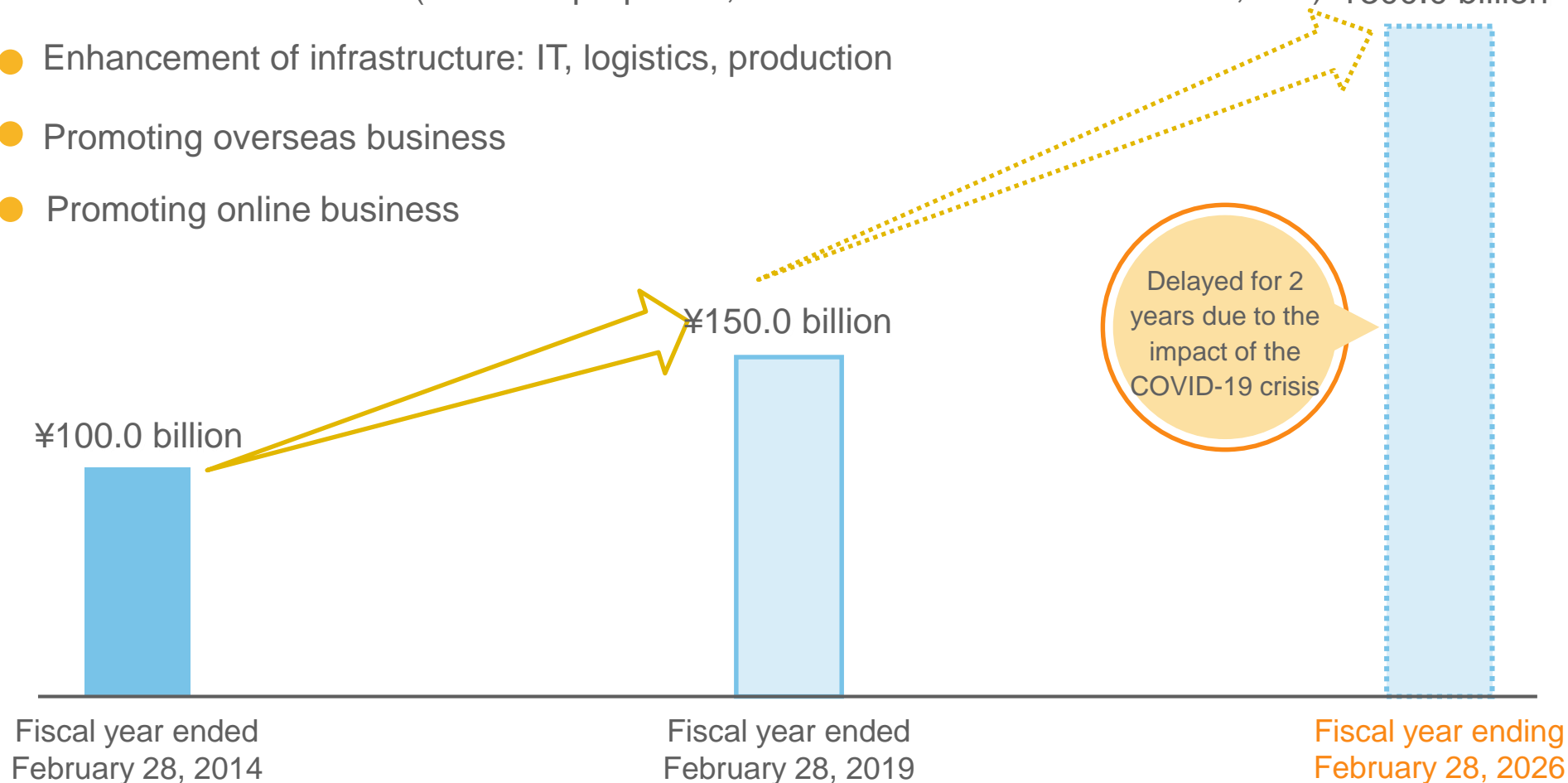


# Business Results Trend



## Business strategies

- Further penetration of “PAL-style” management to Group companies: transition to a holding company structure
- Creation of new brands (In-house proposals, external collaboration and M&A, etc.) ¥300.0 billion
- Enhancement of infrastructure: IT, logistics, production
- Promoting overseas business
- Promoting online business



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# Topics

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1. Progress of the Reform of MD
2. Enhancement of E-Commerce Sales
  - 1). Trend in EC net sales
  - 2). Trend in PAL App membership
3. Initiative for Sustainability
  - 1). Launch of “KITO forest market shimoichi”
  - 2). Answering the CDP questionnaire
4. Acquisition of “w closet” business

# 1. Progress of the Reform of MD



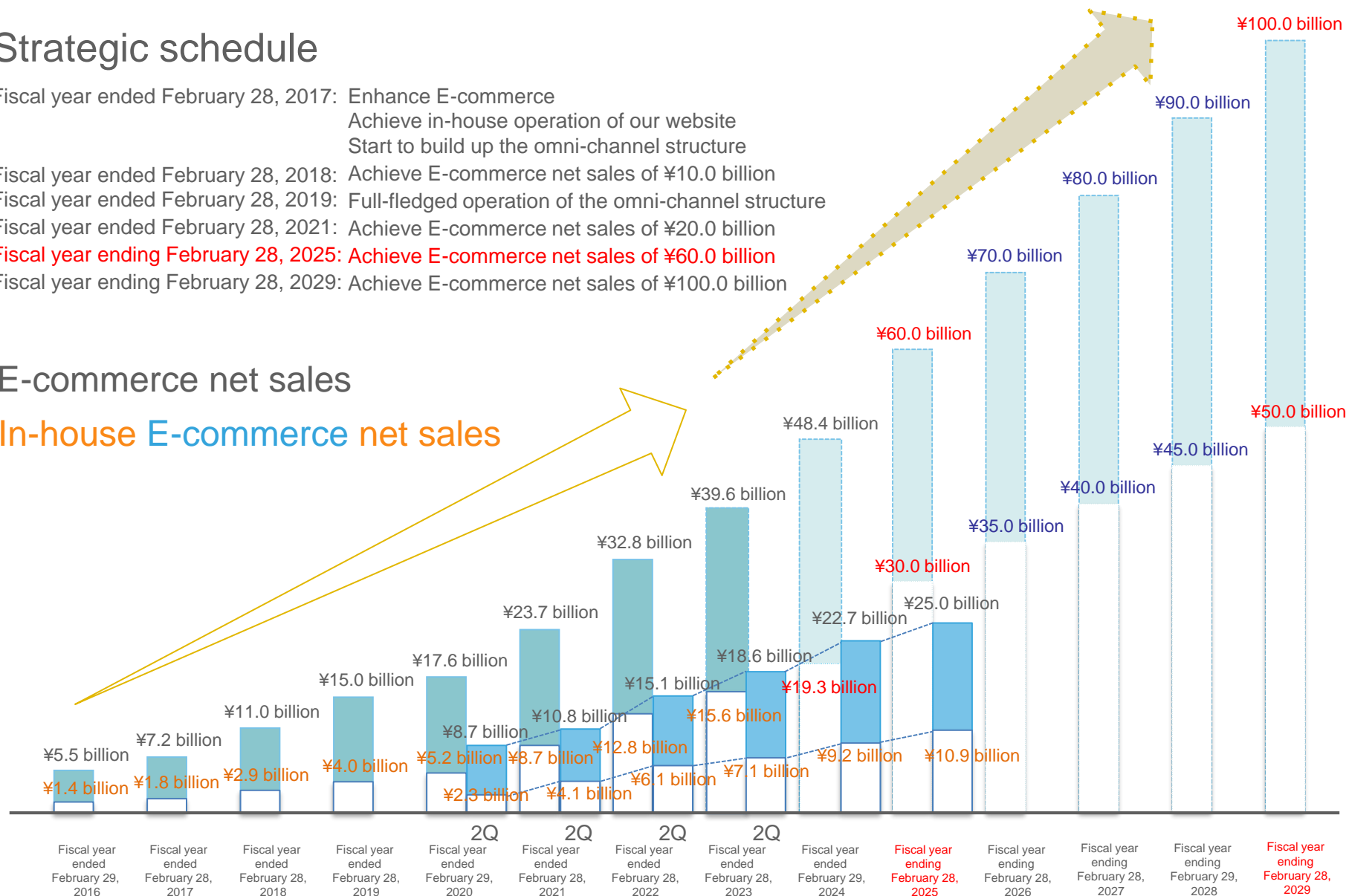
# 2-1). Trend in EC net sales

\* Figures for the fiscal year ended February 28, 2023 and beyond reflect the application of the "Accounting Standard for Revenue Recognition"

## Strategic schedule

- Fiscal year ended February 28, 2017: Enhance E-commerce  
Achieve in-house operation of our website  
Start to build the omni-channel structure
- Fiscal year ended February 28, 2018: Achieve E-commerce net sales of ¥10.0 billion
- Fiscal year ended February 28, 2019: Full-fledged operation of the omni-channel structure
- Fiscal year ended February 28, 2021: Achieve E-commerce net sales of ¥20.0 billion
- Fiscal year ending February 28, 2025: Achieve E-commerce net sales of ¥60.0 billion**
- Fiscal year ending February 28, 2029: Achieve E-commerce net sales of ¥100.0 billion

- E-commerce net sales
- In-house E-commerce net sales

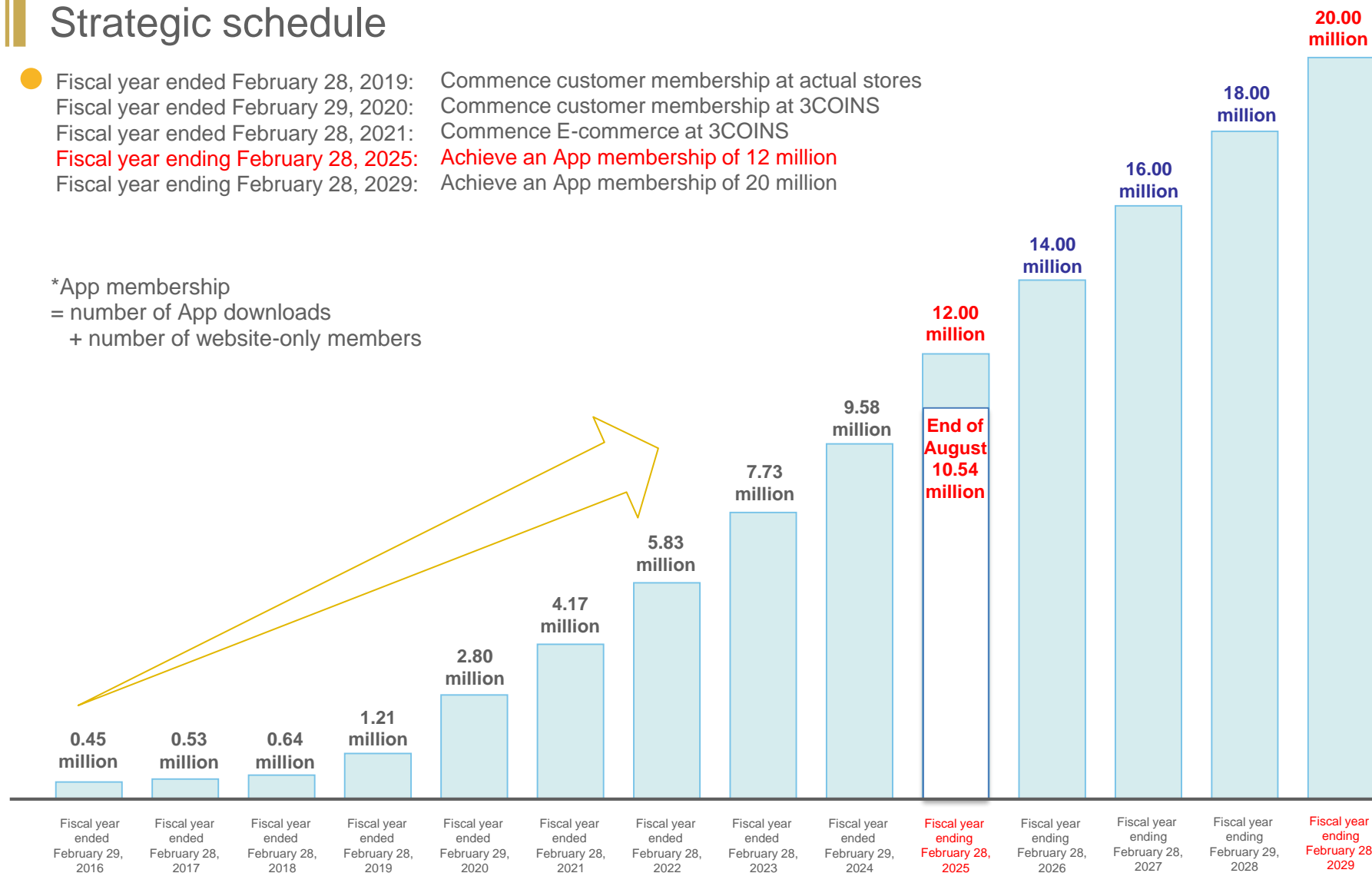


## 2-2). Trend in PAL App membership

### Strategic schedule

- Fiscal year ended February 28, 2019: Commence customer membership at actual stores
- Fiscal year ended February 29, 2020: Commence customer membership at 3COINS
- Fiscal year ended February 28, 2021: Commence E-commerce at 3COINS
- Fiscal year ending February 28, 2025: Achieve an App membership of 12 million**
- Fiscal year ending February 28, 2029: Achieve an App membership of 20 million

\*App membership  
= number of App downloads  
+ number of website-only members



## 3-1). Launch of “KITO forest market shimoichi”

### “KITO forest market shimoichi” has opened

#### Envisioned as a center for local revitalization

The grand opening of “KITO forest market shimoichi” was held on July 5.

This commercial facility offering hands-on experiences was created through the renovation of a former elementary school, with the aim of helping to revitalize the local community. It is located in Shimoichi Town in Nara Prefecture’s Yoshino County, the hometown of our founder and Advisor, Hidetaka Inoue.

The name KITO is a play on words expressing two concepts. One is the opportunity to experience “Ki to kyousei suru” (coexisting with trees) in a town with a forestry industry epitomized by Yoshino-sugi trees. The other is “Kitto nanika ni deaeru basho,” the wish that people will be sure to enjoy new encounters at the facility.

KITO has gotten off to a strong start, attracting many visitors since opening its doors.





### We have started disclosing information through responses to the CDP questionnaire

#### What's the CDP?

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The CDP, which stands for Carbon Disclosure Project, is a nongovernmental organization founded in the UK. As the definition of environmental issues has broadly expanded in recent years to encompass challenges such as deforestation and water security, the organization changed its official name to the abbreviated form.

The CDP scores the climate change actions and other environmental efforts of major corporations worldwide on the basis of information gathered through a questionnaire. It publishes the results of these evaluations, which are used as financial and nonfinancial information by many financial institutions, investors, and other stakeholders.

#### The significance of disclosure via responses to the CDP questionnaire

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Our Group established a Sustainability Committee in 2019, and has issued a Sustainability Report since 2020. We also began disclosing sustainability information in our securities report as of the report for the fiscal year ended February 29, 2024.

Our businesses are strongly impacted by climate change, and we have accordingly positioned climate change as the top priority in our sustainability initiatives. In particular, we are seeking to become carbon neutral by 2050.

We see our disclosures through the CDP questionnaire as not only an appropriate means of disclosure to financial institutions, investors, and other stakeholders, but also an opportunity to pinpoint the business risks and opportunities that we face as a company. By taking action on the challenges identified, we will strengthen our system of governance with respect to climate change response, and improve our medium- to long-term competitiveness.

## 4. Business transfer from WEARS INC.

We took over 18 stores and the EC business of WEARS INC.

Our Group has received from WEARS INC. the transfer of some “w closet” branded stores and EC-related business assets, etc.

“w closet” is a casual apparel brand targeted at our Group’s main clientele, young women. We will leverage our infrastructure and expertise to increase the enterprise value of this business.



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# Response to Shareholders

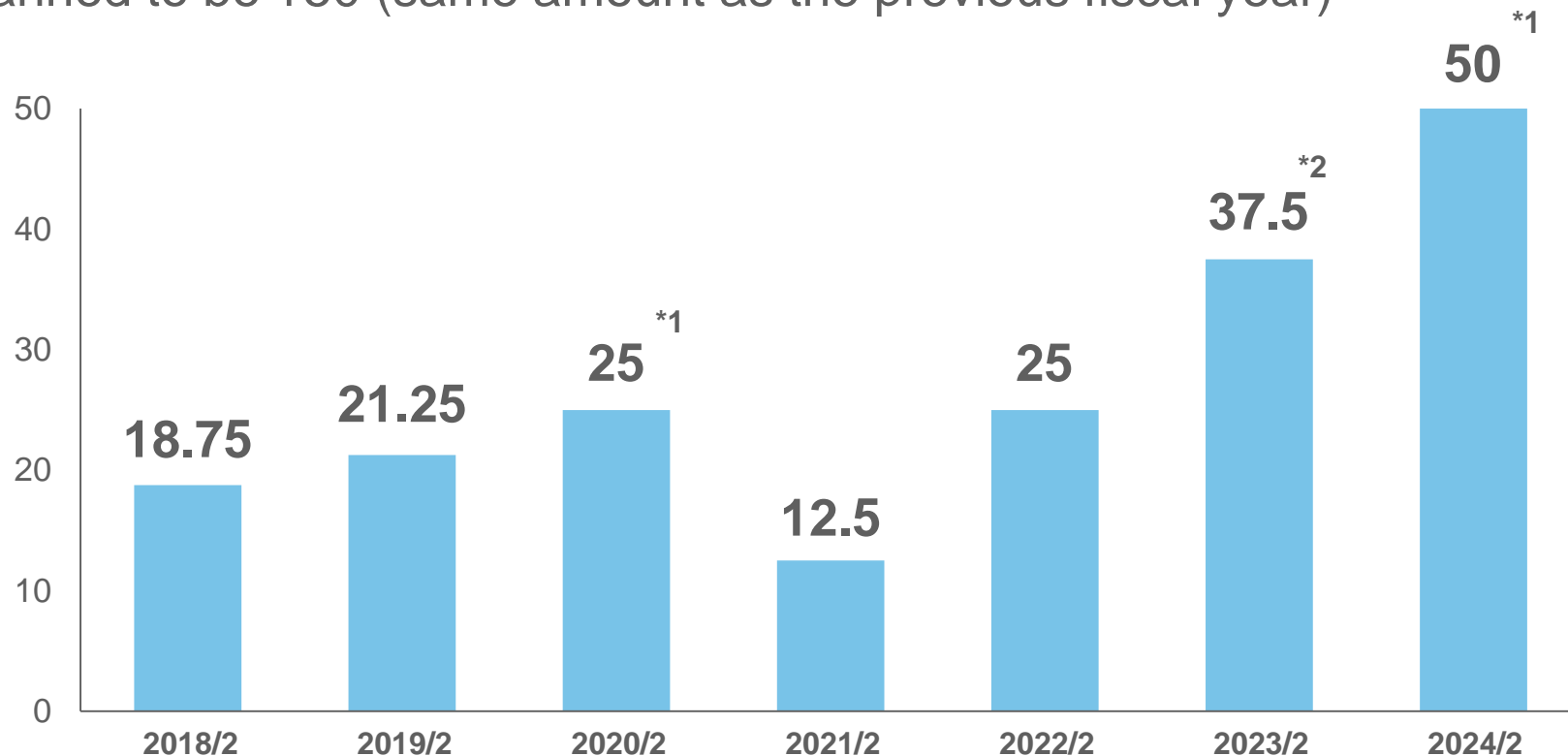
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- 1. Policy for Return to Shareholders
- 2. Shareholder Benefit Program



# 1. Policy for Return to Shareholders

- Basic policy for return of profits is to continue providing stable dividends.
- Year-end dividend per share for the fiscal year ending February 28, 2025 is planned to be ¥50 (same amount as the previous fiscal year)



\*1 On March 1, 2020 and September 1, 2023, the Company implemented a two-for-one share split. The above dividend per share is calculated based on February 2024.

\*2 The breakdown of the ¥37.5 dividend is an ordinary dividend of ¥30 and a commemorative dividend of ¥7.5 for our 50th anniversary.

## 2. Shareholder Benefit Program

**As of October, one of the shareholder benefit program accommodations has temporarily closed.**

“ASA VILLAGE” suspended service at the end of September due to aging of its facilities. As a result, “Kuroshio Sou” is now the only accommodation in western Japan available for shareholder discounts.

### Details of Benefit Program

#### ● Eligible shareholders

Shareholders recorded or registered on the Company’s shareholder registry as of the last day of February of each year who hold more than 100 shares (one unit) are eligible.

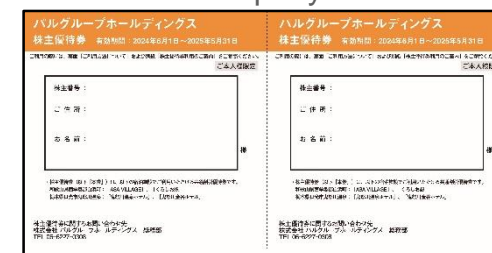
#### ● Details of Shareholder Benefits

Shareholders will receive common discount coupons which allow them to choose from the following two benefits according to the number of shares they hold. The coupons can be used from June 1 every year to May 31 of the following year.

- 1) 50% discount on accommodation course charges at “Kuroshio Sou” which is accommodation facility operated by Freegate Shirahama Co., Ltd., an affiliated subsidiary of the Company, in Shirahama-cho, Nishimuro-gun in Wakayama Prefecture
- 2) 50% discount on accommodation course charges at “Kinugawa Onsen Hotel” and “Kinugawa Kanaya Hotel” owned by Kanaya Hotel Kanko Co., Ltd. in the Nikko and Kinugawa area, in cooperation with the said company

#### ● Number of coupons to be granted: Remains unchanged from the previous fiscal year

Number of shares held	100 shares or more	200 shares or more	500 shares or more	1,000 shares or more
Number of coupons to be granted	2	4	6	10



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# Initiatives for ESG



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1. PAL's initiatives for ESG
  2. PAL Forest Project (Environment)
  - 3-1). Endowed courses at Kwansei Gakuin University (Social)
  - 3-2). Initiatives by PAL Inoue Scholarship Foundation (Social)
  4. Gender equality and work style reform (Governance)

# 1. PAL's initiatives for ESG

PAL's initiatives for ESG (Environment, Social, Governance) are to strive for achieving its management philosophy of "Management dedicated to the happiness of all employees and shareholders" and "Management dedicated to society and the globe into the future" through its daily corporate activities, i.e. continuously making profits, paying taxes, and maintaining employment.



## 2. PAL Forest Project (Environment)

### “PAL Forest Project” (Environment)

PAL has been engaged in tree-planting activities at the Yoshino Forest in Nara Prefecture, a World Heritage site, since 2012. Considering the origin of the wrapping materials we use in our daily operations, every year many employees and their families participate in these activities to share valuable experiences that recognize the importance of maintaining the global environment conservation.





## Endowed courses for the School of International Studies, Kwansei Gakuin University (Social)

Following the endowed courses provided at Osaka University for five years from 2013, PAL started a course for the School of International Studies, Kwansei Gakuin University in 2019. In addition to academic knowledge, we offer frontline experiences in management and distribution, aiming to contribute to developing future talents.



Kwansei Gakuin campus with a beautiful clock tower



### Hands-on SDGs program held as a joint project commemorating the 10th anniversary of the PAL Inoue Scholarship Foundation

#### Significance of hands-on SDGs program

The fashion industry of which we are part of recognizes the Sustainable Development Goals as critical challenges. The SDGs largely center upon on issues pertaining to human rights and environmental challenges such as climate change.

In celebration of the 10th anniversary of the PAL Inoue Scholarship Foundation we held a special SDGs program for students aspiring to pursue careers in the fashion industry. The program was designed to provide them with the opportunity to directly experience SDGs challenges, and in so doing learn about coexistence between humans and nature and how the bounty of nature can be utilized to enrich our lives.

#### Program overview

The participating students made hand fans using “Yasuda paper,” handmade traditional paper made in Kishu with a history of over 350 years. They also learned about projects to develop the paper for new applications such as interior items.

At “Kuroshio Sou”, they learned about efforts to locally produce cuisine and furnishings for local consumption and joined in a stargazing tour. These experiences brought them into contact with importance and appeal of nature.

On the following day, they traveled to Tabu, a city with a thriving forestry industry. There, they took a walking tour of a forest with a tree surgeon and learned about the state of the forest and its trees. They also went to “ASA VILLAGE” for a lunch that included vegetables grown at a farm that promotes agriculture-welfare collaboration. By offering activities such as these, the program served as a valuable opportunity to explore SDGs actions from diverse angles.



Above: Participants stayed at “Kuroshio Sou” and learned about local production for local consumption

Left: Making hand fans using “Yasuda paper”  
Below: Stargazing tour



## Human resources development through the “PAL Inoue Scholarship Foundation” (1) (Social)

PAL established the “PAL Inoue Scholarship Foundation” together with the Inoue family, the founder of the Company. After its establishment in 2013, it has been approved as a public interest incorporated foundation by the Cabinet Office, and operates public services.

Specifically, the foundation has been set up to offer scholarships to students with excellent academic records and personality who have financial difficulties in attending school, with the aim of developing promising human resources capable of contributing to the fashion industry and related fields in the future.

Currently, we offer scholarships to approximately 70 students at universities, colleges and technical schools studying fashion throughout Japan (including international students).

Website of the “PAL Inoue Scholarship Foundation”

Front page



About the PAL Inoue Scholarship Foundation

### Human resources development through the “PAL Inoue Scholarship Foundation” (2) (Social)

In addition to the scholarship program, from 2018 PAL Inoue Scholarship Foundation holds a role-playing contest participated by students majoring in distribution courses at fashion schools.

The event named PAL FOUNDATION CUP is a venue for students selected from fashion schools nationwide from Hokkaido to Kyushu, where they demonstrate their extraordinary role-playing performance in their own manner. PAL intends to make this event a goal for the students aiming for fashion business in the future.



## Thorough “gender equality” and “work style reform” (Governance)

### (1) Gender equality

PAL has a solid “Equal treatment for equal work” guideline for a transparent personnel evaluation system, creating an environment where each and every employee can work with a sense of security while being motivated.

	Sales	Gross profit	Personnel expenses	Inventory	Capital	Stocktaking	Total	Out of 100 points
1 <sup>st</sup> Division	396	116	84	71	...	...	...	98
2 <sup>nd</sup> Division	353	78	77	...	...	...	...	86
3 <sup>rd</sup> Division	310	93	...	...	...	...	...	...
4 <sup>th</sup> Division	378	...	...	...	...	...	...	...
§	...	...	...	...	...	...	...	...
7 <sup>th</sup> Division	...	...	...	...	...	...	...	...
8 <sup>th</sup> Division	...	...	...	...	...	...	...	...
9 <sup>th</sup> Division	...	...	...	...	...	...	...	...
Corporate total	382	82	66	61	...	...	...	85

### (2) Work style reform

PAL is working to foster a vibrant work environment by starting operations that allow flexible working hours not bound by the “8-hour system” and make it easier for the employees to take paid and long-term leaves.



Company motto

“Contributing to society by constantly proposing new fashionable ways of life”



Group management philosophy

“Management dedicated to the happiness of all employees and shareholders”

Company name	PAL GROUP Holdings CO., LTD.
Location	(Head Office) Keihanshin Midosuji Bldg. 10F, 3-6-1 Doshomachi, Chuo-ku, Osaka-shi, Osaka (Tokyo Office) Akita Bldg. 4F, 12-22 Jingumae 6-chome, Shibuya-ku, Tokyo
Representative	Isamu Matsuo
Capital	¥3,181,200,000
Establishment	October 1973
Description of business	Planning, manufacturing, and wholesale and retail sale of women’s clothing, men’s clothing, miscellaneous goods and accessories, etc.
Number of stores	978

## Public Affairs Office

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The plans, strategies, predictions, etc., contained in this document which are not matters of historical fact are forecasts related to future business results, etc., and include elements of risk and uncertainty. Please be advised that for various reasons actual results may differ from the results forecast herein.

In addition, this document has been produced for further understanding of the PAL GROUP, not for the purpose of soliciting investment in the Company. Readers are asked to rely on their own judgment when making decisions related to investment.