

Six Months Ended August 31, 2023

PAL GROUP HOLDINGS

Materials for Financial Results Briefing

October 18, 2023

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

Review of Financial Results
for the Six Months Ended August 31, 2023
Full-year Financial Results Forecast
for the Fiscal Year Ending February 29, 2024

Review on the first half of the fiscal year

With the movement restrictions caused by the COVID-19 crisis being fully lifted, personal consumption related to the apparel business and the miscellaneous goods/accessories business is recovering strongly. As a result of this, net sales and profits achieved new record highs in the first half, leading to upward revisions of the financial results forecast made at the beginning of the current fiscal year.

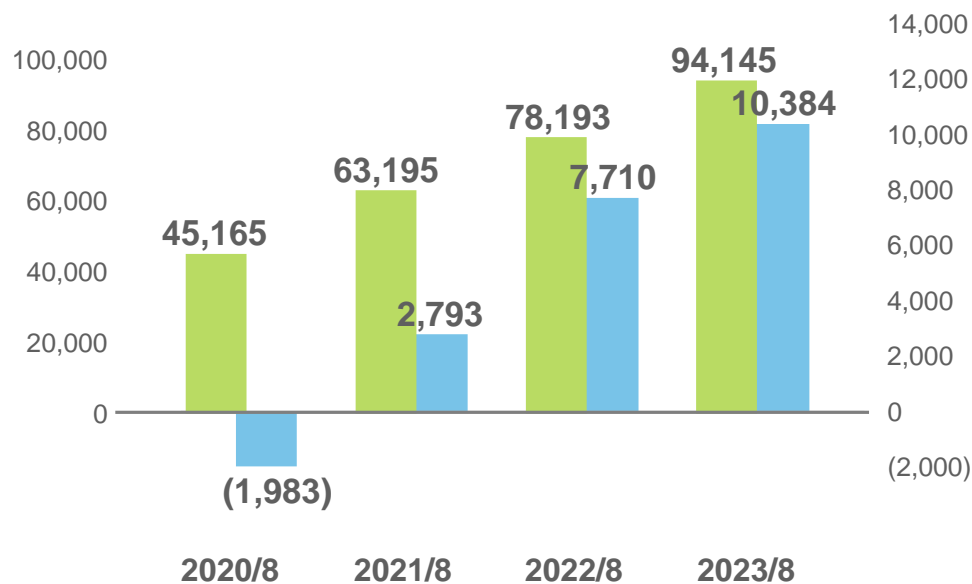
Net sales In addition to the significant growth of town (dress-up) brands in subsiding phase of COVID-19, casual brands on its way to recovery since last year drove sales without slowing down, thus leading to a big leap of the apparel business. The 3COINS business has also brought about positive effects of existing and new stores due to the expansion of large-sized “3COINS+plus” stores and has grown at a pace far exceeding the net increase of ¥10 billion in the current fiscal year.

Profit In the apparel business, regular-priced sales increased both at stores and on e-commerce (EC) platforms, pushing profit margins higher than expected and greatly contributing to achieving record profits.

Consolidated

■ Net Sales ■ Ordinary Profit

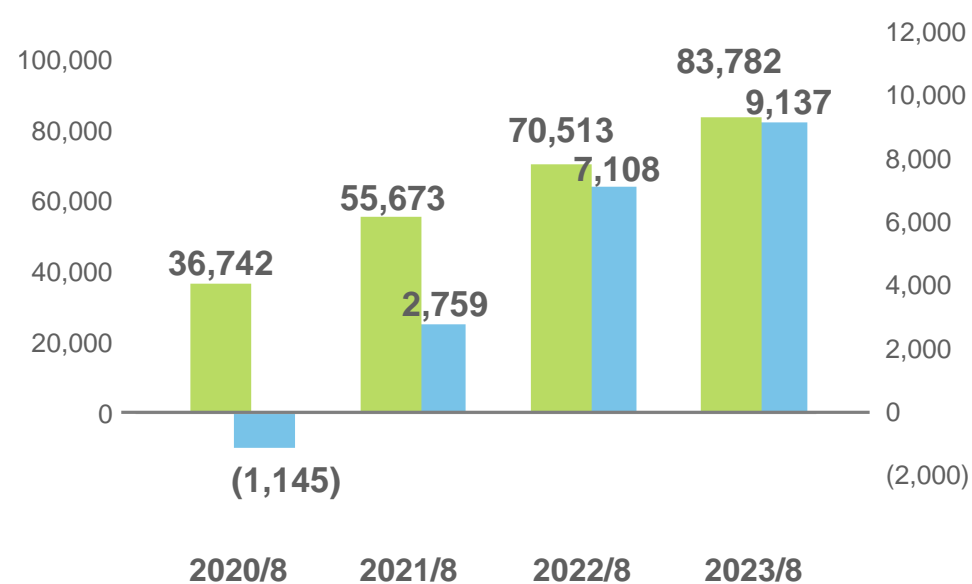
(Millions of yen)



Non-consolidated

(PAL GROUP Holdings CO., LTD. + PAL CO., LTD.) ■ Net Sales ■ Ordinary Profit

(Millions of yen)



Consolidated Statements of Income of PAL GROUP Holdings CO., LTD.
for the Six Months Ended August 31, 2023

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022	Six months ended August 31, 2023			
			Forecast	Actual results		
				Changes from the previous corresponding period	Compared to forecast	
Net sales	63,195	78,193	87,090	94,145	120.4%	108.1%
Gross profit	34,809	43,669	47,780	52,327	119.8%	109.5%
(% of net sales)	55.1%	55.8%	54.9%	55.6%	-0.2%	0.7%
Operating profit	2,838	7,582	7,950	10,299	135.8%	129.5%
(% of net sales)	4.5%	9.7%	9.1%	10.9%	1.2%	1.8%
Ordinary profit	2,793	7,710	7,960	10,384	134.7%	130.4%
(% of net sales)	4.4%	9.9%	9.1%	11.0%	1.1%	1.9%
Profit attributable to owners of parent	1,444	4,808	4,930	7,001	145.6%	142.0%
(% of net sales)	2.3%	6.1%	5.7%	7.4%	1.3%	1.7%

- At PAL CO., LTD., NICE CLAUP Co., LTD., and NOLLEY'S co., Ltd., the apparel business grew significantly in both the store and EC channels and became the driving force behind record highs in both net sales and profit.
- The implementation of a short MD cycle of 4 weeks has improved the accuracy of demand forecasts and led to the company-wide penetration of the management policy to not create or keep unnecessary inventory. We believe that the "PAL-style" sustainable business model is producing an effect.

Non-consolidated Statements of Income of PAL GROUP Holdings CO., LTD. and PAL CO., LTD. for the Six Months Ended August 31, 2023

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022	Six months ended August 31, 2023	
			Actual results	Changes from the previous corresponding period
Net sales	55,673	70,513	83,782	118.8%
Gross profit	30,914	40,408	46,533	115.2%
(% of net sales)	55.5%	57.3%	55.5%	-1.8%
Operating profit	2,701	7,051	9,166	130.0%
(% of net sales)	4.9%	10.0%	10.9%	0.9%
Ordinary profit	2,759	7,108	9,137	128.5%
(% of net sales)	5.0%	10.1%	10.9%	0.8%
Profit	1,642	4,589	6,623	144.3%
(% of net sales)	2.9%	6.5%	7.9%	1.4%

- In the apparel business, dress-up brands such as BEARDSLEY and Whim Gazette have made a major recovery, achieving figures higher than the pre-COVID level, while casual brands such as mystic and WHO'S WHO gallery have strongly advanced regular-priced sales both on EC platforms and at stores. As a result, net sales and profit have remained strong since last year.
- In the 3COINS business, a spate of new openings of large-scale stores "3COINS+plus" rushed, generating new store effects, and since the second half of last year, sales at these large-scale stores have continued to have an effect of boosting sales at existing stores. As such, we forecast a net increase of over ¥12 billion in the current fiscal year.

Financial Situation of NICE CLAUP Co., LTD. for the Six Months Ended August 31, 2023

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022	Six months ended August 31, 2023	Changes from the previous fiscal year
Net sales	6,196	7,603	8,526	112%
Operating profit	(60)	260	862	331%
Ordinary profit	(46)	271	864	318%
Profit	(40)	168	552	328%

- While our core brand, one after another NICE CLAUP, somewhat struggled, “natural couture” and the integrated “OUTLET” business performed strongly, resulting in record net sales and record profit for the first half. This is the fruit of our continuous efforts to strengthen EC, increase the utilization of SNS, and increase store sizes.
- EC sales amounted to ¥3.2 billion, accounting for 36.7% share and representing 115% year-on-year increase, or a double-digit increase. If we focus only on sales of regular-priced brands, the share of EC exceeded 50%, showing that strengthening EC has progressed steadily.
- The total number of followers of our staff’s personal SNS accounts has reached 1.24 million, an increase of 400,000 followers from the previous fiscal year. SNS has promoted customer visits to physical stores and become lines to EC sites.
- With regards to our efforts to increase store sizes, “one after another NICE CLAUP” opened 2 new stores: the HEP FIVE branch in Osaka and the Sotetsu JOINUS branch in Yokohama. In the “OUTLET” business, large-scale stores integrating NICE CLAUP and OLIVE were opened in SHISUI PREMIUM OUTLETS and MITSUI OUTLET PARK OSAKA KADOMA. We have increased the size of 4 stores in the current fiscal year. Our ongoing efforts to increase store sizes are progressing smoothly.
- Without changing our basic policy, we will strive to maintain strong performance and achieve our budget goals.

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

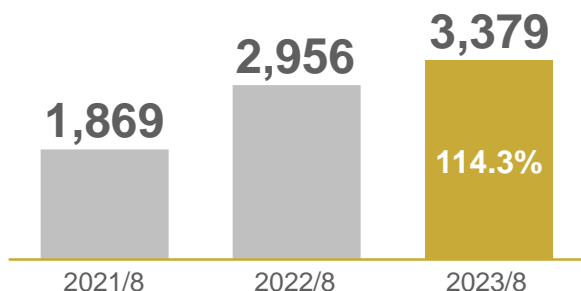
PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022	Six months ended August 31, 2023	Changes from the previous corresponding period
Apparel				
Net sales	39,824	49,869	57,673	115.6%
Composition %	63.0%	63.8%	61.3%	-2.5%
Operating profit	246	5,311	8,504	160.1%
Operating profit %	0.6%	10.6%	14.7%	4.1%
Miscellaneous Goods/Accessories				
Net sales	23,325	28,261	36,375	128.7%
Composition %	36.9%	36.1%	38.6%	2.5%
Operating profit	2,597	2,258	1,784	-21.0%
Operating profit %	11.1%	8.0%	4.9%	-3.1%
Other				
Net sales	45	62	96	154.8%
	Six months ended August 31, 2021	Six months ended August 31, 2022	Six months ended August 31, 2023	Changes from the previous corresponding period
E-commerce net sales				
ZOZO TOWN	7,874	9,916	11,390	114.9%
PAL CLOSET (Our online store)	5,429	7,064	9,211	130.4%
Other	1,834	1,629	2,104	129.2%
Total	15,137	18,609	22,705	122.0%
Ratio to apparel net sales	38.0%	37.3%	39.4%	2.1P

- While the profit margin of the apparel business has increased significantly, the miscellaneous goods/accessories business continues to face difficult conditions mainly due to rising costs and exchange rate factors.
- E-commerce net sales, as the axis of our own website, continued to be strong. App membership also reached 8.64 million at the end of August.

Net sales (Millions of yen)



Kastane

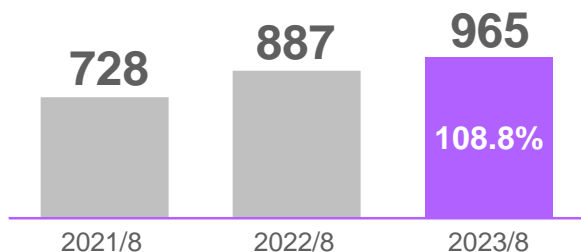
Based on the American classic, we offer authentic styles beyond generations and genders. Express yourself as you find your own style.

Kastane

27 stores



Net sales (Millions of yen)



Lui's

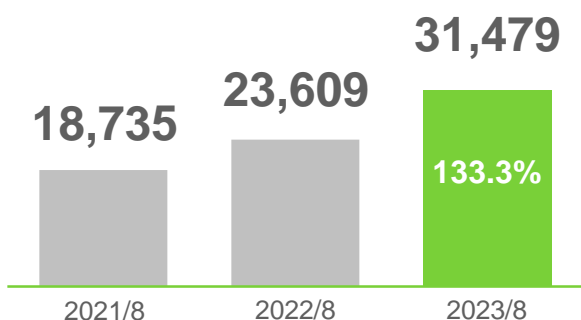
Based on the concept "wardrobe for popular man," we propose a mixed coordinate between mode and street styles. We select products with a high regard for comfort, fabric cutting and materials and introduce them to both domestic and overseas markets.

Lui's

12 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

296 stores



Selling, General and Administrative Expenses

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022	Six months ended August 31, 2023	Changes from the previous corresponding period
Non-consolidated PAL GROUP Holdings CO., LTD. + PAL CO., LTD.	28,213	33,356	37,367	112.0%
Consolidated	31,970	36,087	42,027	116.5%
SG&A ratio (consolidated)	50.6%	46.2%	44.6%	-1.6P
Personnel expenses ratio	17.7%	17.1%	16.3%	-0.8P
Rent expenses ratio	13.3%	12.2%	11.6%	-0.6P
Advertising expenses ratio	2.5%	1.0%	1.0%	—

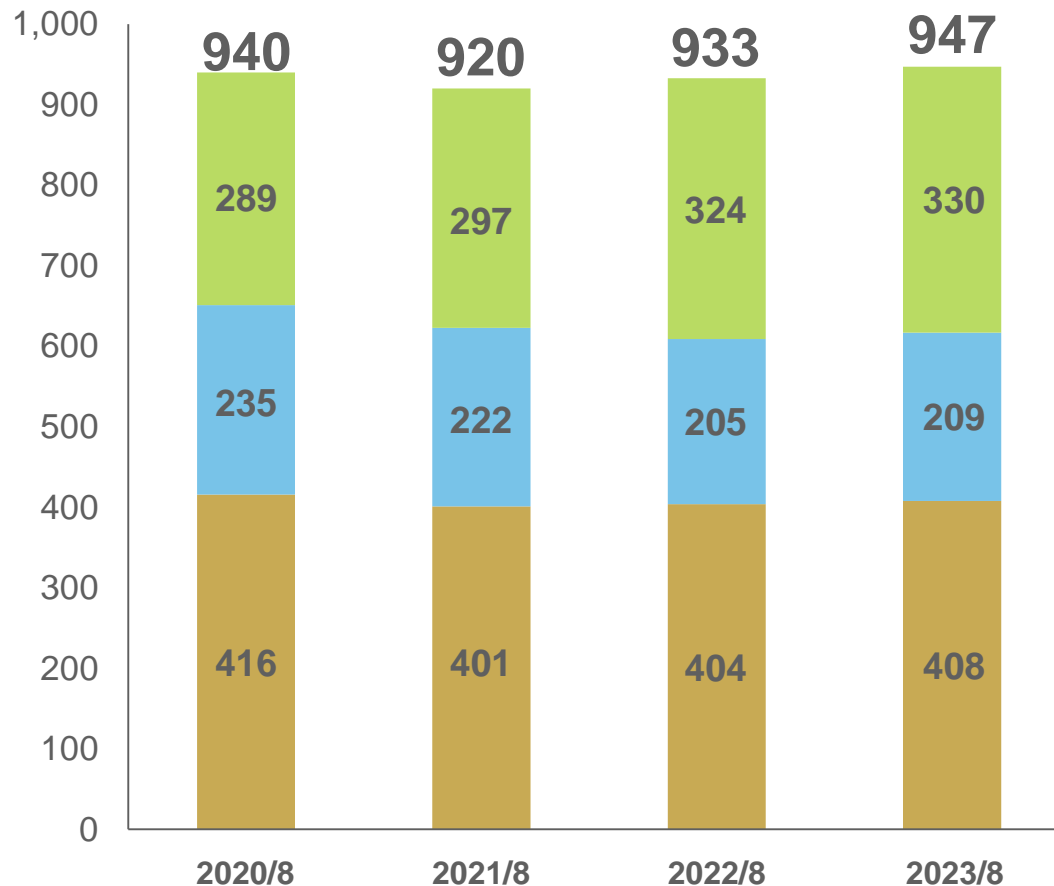
- The SG&A ratio has fallen significantly due to the growth of net sales and cost reductions in major items. In terms of personnel expenses, we have worked on to drastically reduce temporary staffing and overtime work. Also, the reduction in rents is starting to take effect, driven by 3COINS with the strong performance .

Number of Stores

Number of stores
as of August 31, 2023: 947

(+20 compared to the end of the previous fiscal year)

- Other regions
- Kansai region
- Kanto region



● Status of opening/closing stores

In the apparel business, we opened 13 new stores and closed 19 stores, resulting in a net decrease of 6 stores. In the miscellaneous goods/accessories business, we opened 35 new stores and closed 9 stores, resulting in a net increase of 26 stores.

● Status of new stores for each brand

In the miscellaneous goods/accessories business, 3COINS opened 23 new stores, Lattice opened 5 new stores, and Salut! closed 7 stores. In the apparel business, there were no major changes.

Extraordinary Income or Losses

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022	Six months ended August 31, 2023
Loss on retirement of non-current assets	83	13	90
Impairment losses	381	446	143
Total extraordinary losses	465	459	233

- Extraordinary losses decreased significantly due to a certain level of clear idea in reorganizing stores during the COVID-19 crisis and a major recovery in financial results owing to the return of customers to stores during the current fiscal year.

Consolidated Balance Sheets

PAL GROUP HOLDINGS

(Millions of yen)

	As of February 28, 2022	As of February 28, 2023	As of August 31, 2023	Changes from the end of the previous fiscal year	Remarks
Current assets	69,859	85,496	89,099	3,603	
Cash and deposits	52,250	63,845	61,903	(1,942)	
Accounts receivable - trade	6,342	8,554	10,328	1,774	
Inventories	10,766	12,542	14,489	1,947	
Other	530	554	2,378	1,824	
Non-current assets	23,868	27,014	28,648	1,634	
Property, plant and equipment	6,608	9,120	10,430	1,310	
Intangible assets	467	333	337	4	
Investments and other assets	16,792	17,561	17,879	318	
Total assets	93,728	112,510	117,748	5,238	
Current liabilities	36,334	43,237	42,706	(531)	
Non-current liabilities	10,004	14,082	17,637	3,555	
Total liabilities	46,339	57,319	60,344	3,025	
Total net assets	47,389	55,191	57,404	2,213	
Total liabilities and net assets	93,728	112,510	117,748	5,238	

Consolidated Statements of Cash Flows

PAL GROUP HOLDINGS

(Millions of yen)

	Six months ended August 31, 2021	Six months ended August 31, 2022	Six months ended August 31, 2023
Cash flows from operating activities	(1,115)	7,229	5,525
Cash flows from investing activities	(413)	(1,433)	(2,336)
Cash flows from financing activities	(16,824)	(2,047)	(5,130)
Net increase (decrease) in cash and cash equivalents	(18,352)	3,748	(1,941)
Cash and cash equivalents at beginning of period	63,088	52,250	63,845
Cash and cash equivalents at end of period	44,735	55,998	61,903

- While stabilizing financial cash flows by adjusting long-term and short-term borrowings, we also used cash for purchasing treasury shares to enhance stock value.

Consolidated Full-year Financial Results Forecast for the Fiscal Year Ending February 29, 2024

PAL GROUP HOLDINGS

(Millions of yen)

	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	First half ended August 31, 2023	Second half ending February 29, 2024	Fiscal year ending February 29, 2024	Changes from the previous fiscal year
Net sales	134,200	164,482	94,145	90,130	184,270	112.0%
Gross profit	74,314	90,221	52,327	49,340	101,667	112.7%
SG&A expenses	66,794	74,399	42,027	40,670	82,697	111.2%
Operating profit	7,520	15,822	10,299	8,670	18,970	119.9%
Ordinary profit	7,660	16,061	10,384	8,760	19,140	119.2%
Extraordinary income or losses	(1,590)	(831)	(233)	(400)	(634)	76.3%
Profit attributable to owners of parent	4,001	9,955	7,001	5,450	12,450	125.1%
Gross profit ratio	55.4%	54.9%	55.6%	54.7%	55.2%	0.3P

- Regarding the business performance for the period under review, EC sales were strong due to the success of various promotions aimed at strengthening them that we have conducted since the beginning of the outbreak of COVID-19. Furthermore, both the number of customers visiting and sales at physical stores increased as the flow of people picked up in response to the relaxation of self-restraint restrictions, and there was improvement in commercial facilities generating customer traffic. As a result, ordinary profit and profit attributable to owners of parent increased by 30% and 42%, respectively, than forecasted at the beginning of the current fiscal year. From the third quarter onward, the operating environment remains difficult for retailers that operate stores, due to the continuing impact of soaring utility costs and raw material prices as well as further price increases due to the weaker yen, coupled with rising wage costs resulting from labor shortages. Thus, we have decided to upwardly revise the full-year financial results forecast for the fiscal year ending February 29, 2024, incorporating sales and profits for the six months ended August 31, 2023, without changing the forecast for the second half.

Premises for Full-year Financial Results Forecast for the Fiscal Year Ending February 29, 2024

PAL GROUP HOLDINGS

1. Number of stores	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	As of August 31, 2023	Fiscal year ending February 29, 2024 Forecast
Number of new stores	47	92	48	79
Number of closed stores	77	67	28	54
Net increase in number of stores	(30)	25	20	25
Number of stores at the end of the period	902	927	947	972

2. Sales at existing stores (Total for the PAL Group companies)	Fiscal year ended February 28, 2022	Fiscal year ended February 28, 2023	First half ended August 31, 2023 Actual results	Second half ending February 29, 2024 Forecast	Fiscal year ending February 29, 2024 Forecast
Sales at existing stores	136.0	120.0	113.1	102.0	107.5
Of which, sales at existing retail stores	164.3	116.5	109.1	100.8	105.0
Of which, sales at existing stores via internet	132.5	128.8	124.1	114.3	119.2

	March 2022	March 2023	April	May	June	July	August
Sales at existing stores	111.1	110.9	117.6	108.7	110.3	119.1	112.3
Of which, sales at existing retail stores	104.0	108.5	109.1	105.2	107.5	117.4	109.8
Of which, sales at existing stores via internet	139.9	114.2	134.9	136.7	118.0	123.1	119.4

3. Sales at all stores	March 2022	March 2023	April	May	June	July	August	First half total
Sales at all stores	113.7	118.4	125.7	118.0	113.2	128.3	120.2	120.6
Of which, E-commerce	142.6	111.6	132.6	133.6	116.6	121.4	117.7	122.0

4. Number of customers and average spending per customer	Average spending per customer compared to the fiscal year ended February 28, 2023 (Accumulated figure for the first half)	Number of customers compared to the fiscal year ended February 28, 2023 (Accumulated figure for the first half)
Apparel Business	110.2%	102.5%
Miscellaneous Goods/Accessories Business	101.7%	105.0%
Overall	107.8%	104.8%

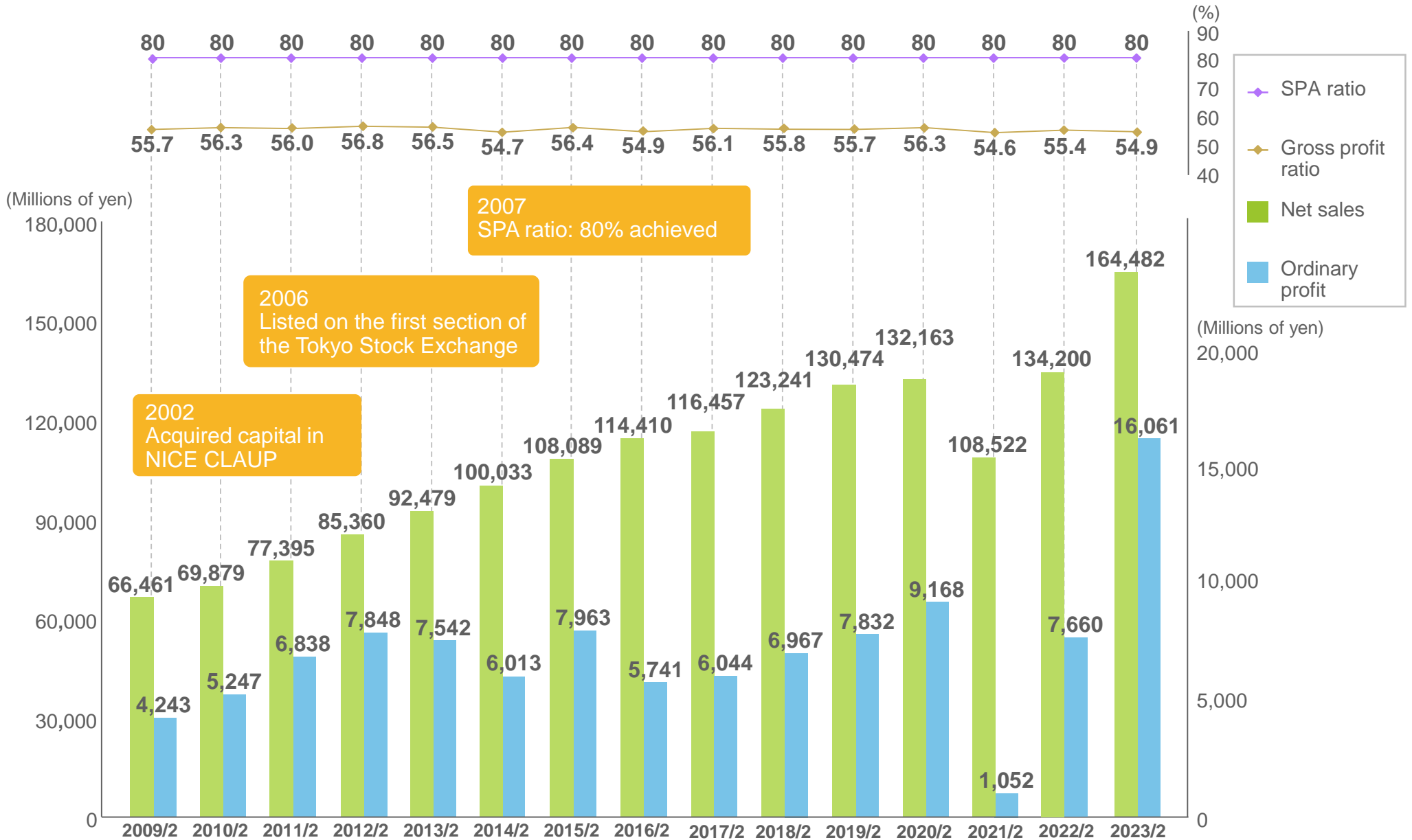
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Management Vision

Business Results Trend
Medium- to Long-term Vision

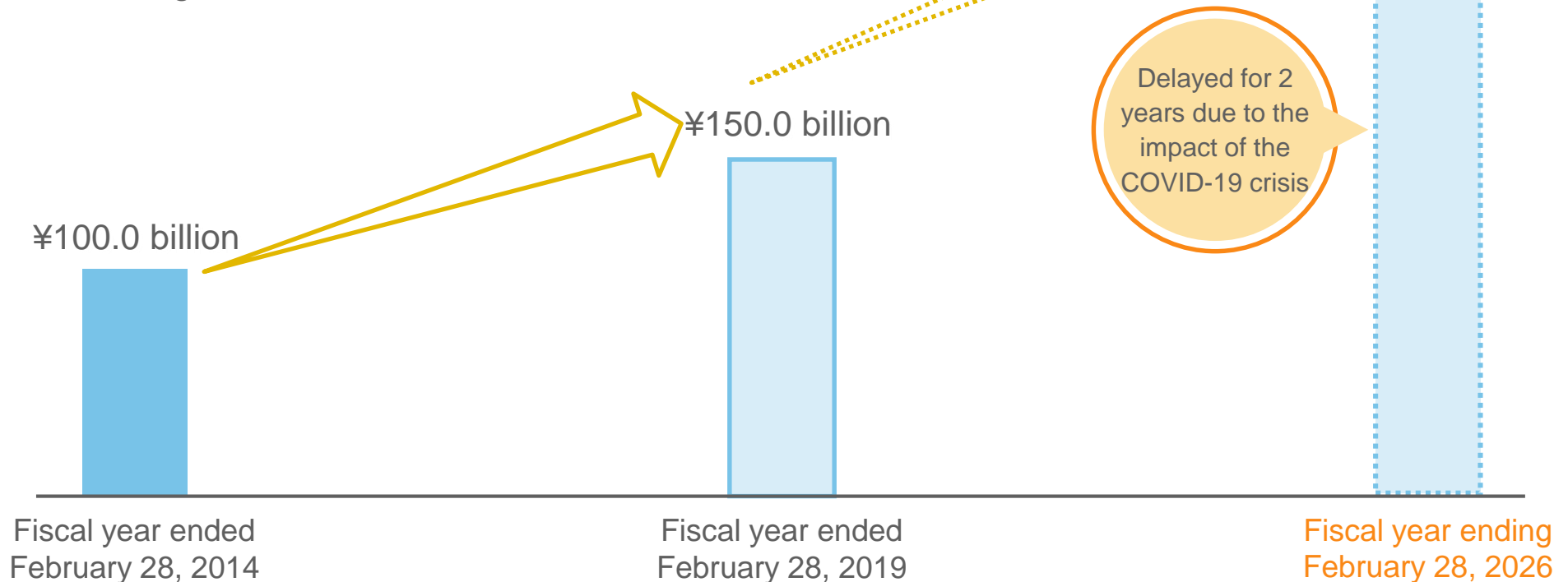


Business Results Trend



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.)
- Enhancement of infrastructure: IT, logistics, production
- Promoting overseas business
- Promoting online business



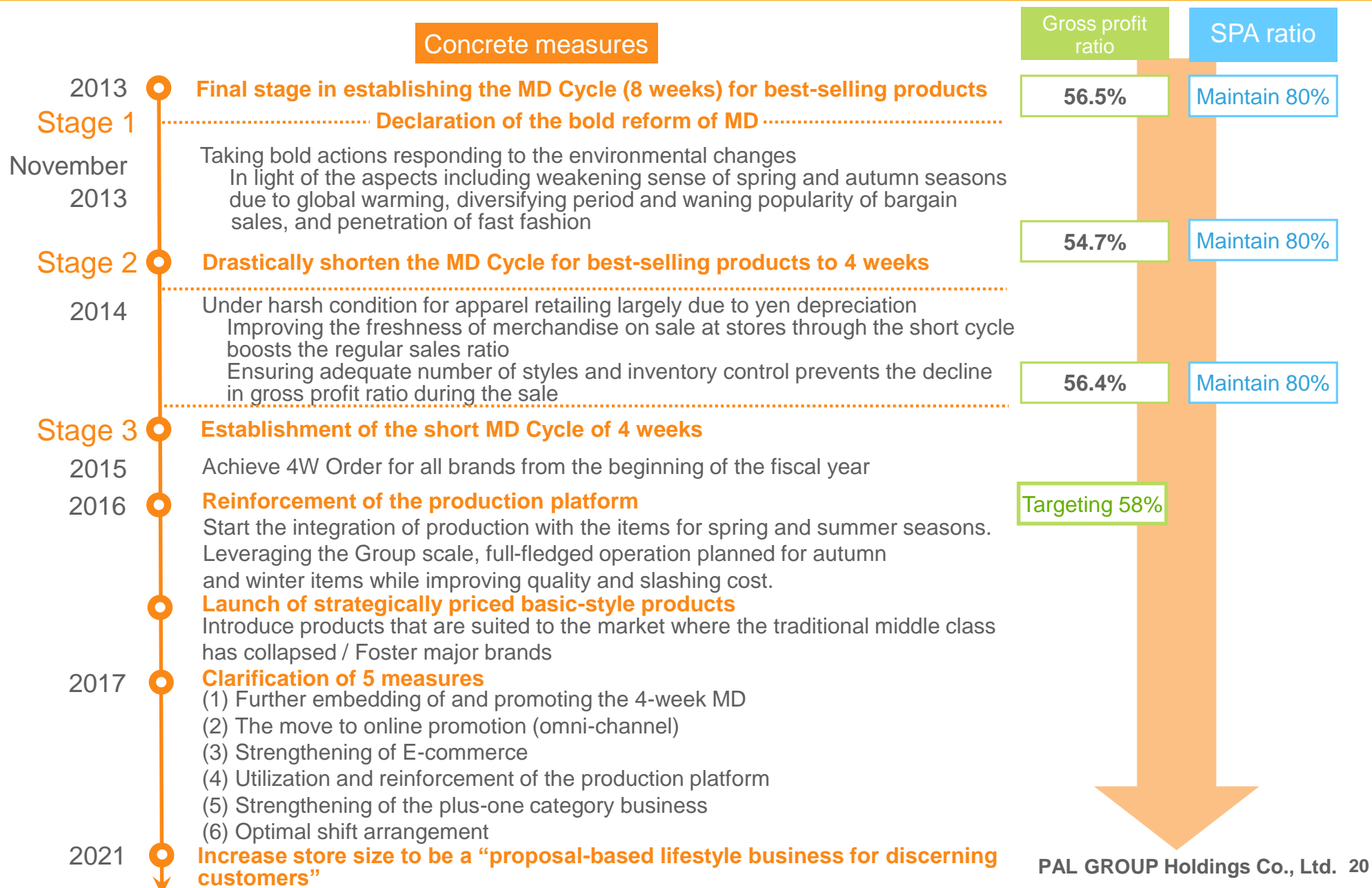
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Topics



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). Increased investment in automation of e-commerce distribution warehouse
3. Initiatives for Sustainability
 - 1). Opening of “Kuroshio Sou” in Shirahama
 - 2). Launch of local revitalization project “KITO”

1. Progress of the Reform of MD



2-1). Trend in EC net sales

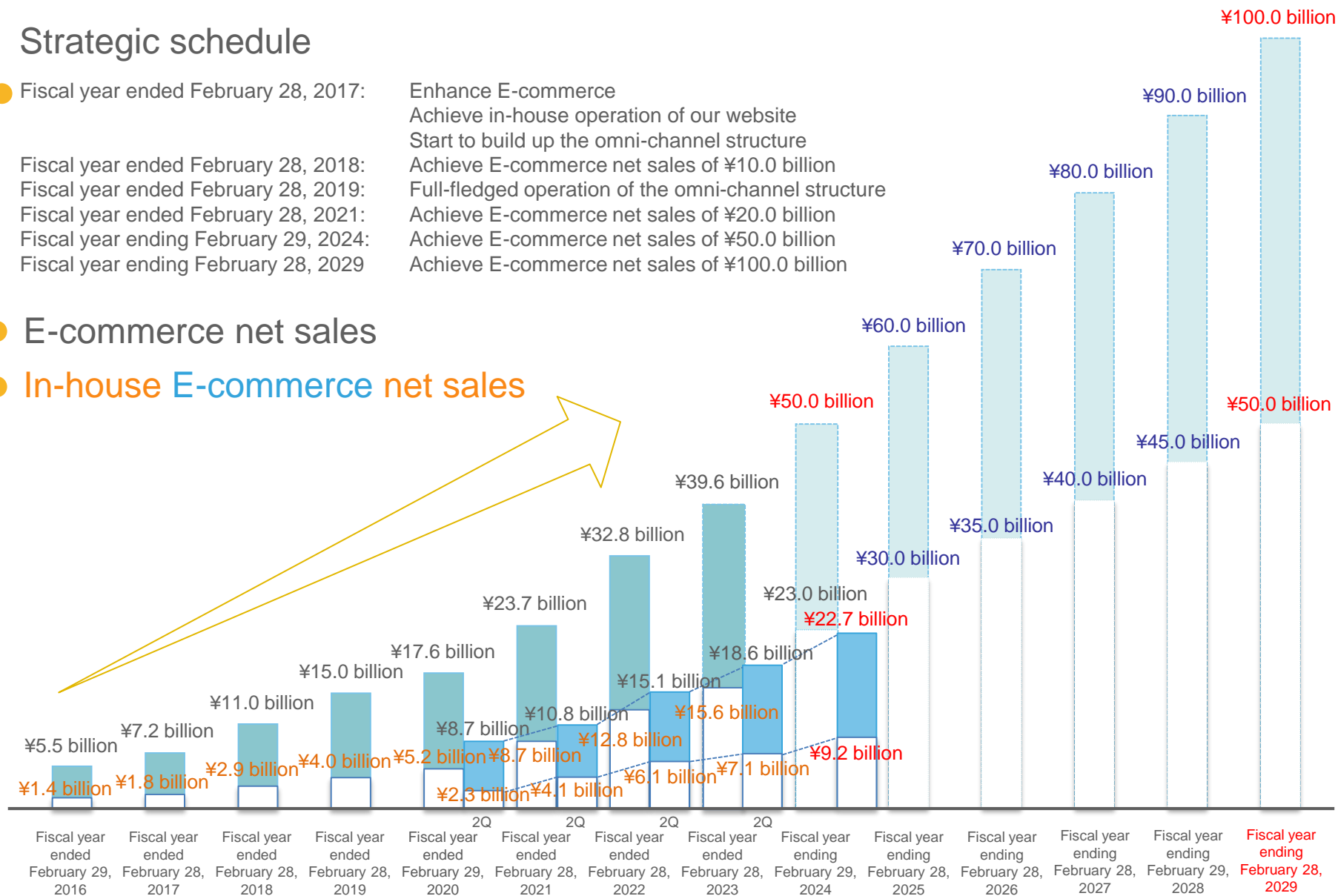
* Figures for the fiscal year ended February 28, 2023 and beyond reflect the application of the “Accounting Standard for Revenue Recognition” PAL GROUP HOLDINGS

Strategic schedule

- Fiscal year ended February 28, 2017: Enhance E-commerce
Achieve in-house operation of our website
Start to build up 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 29, 2024: Achieve E-commerce net sales of ¥50.0 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

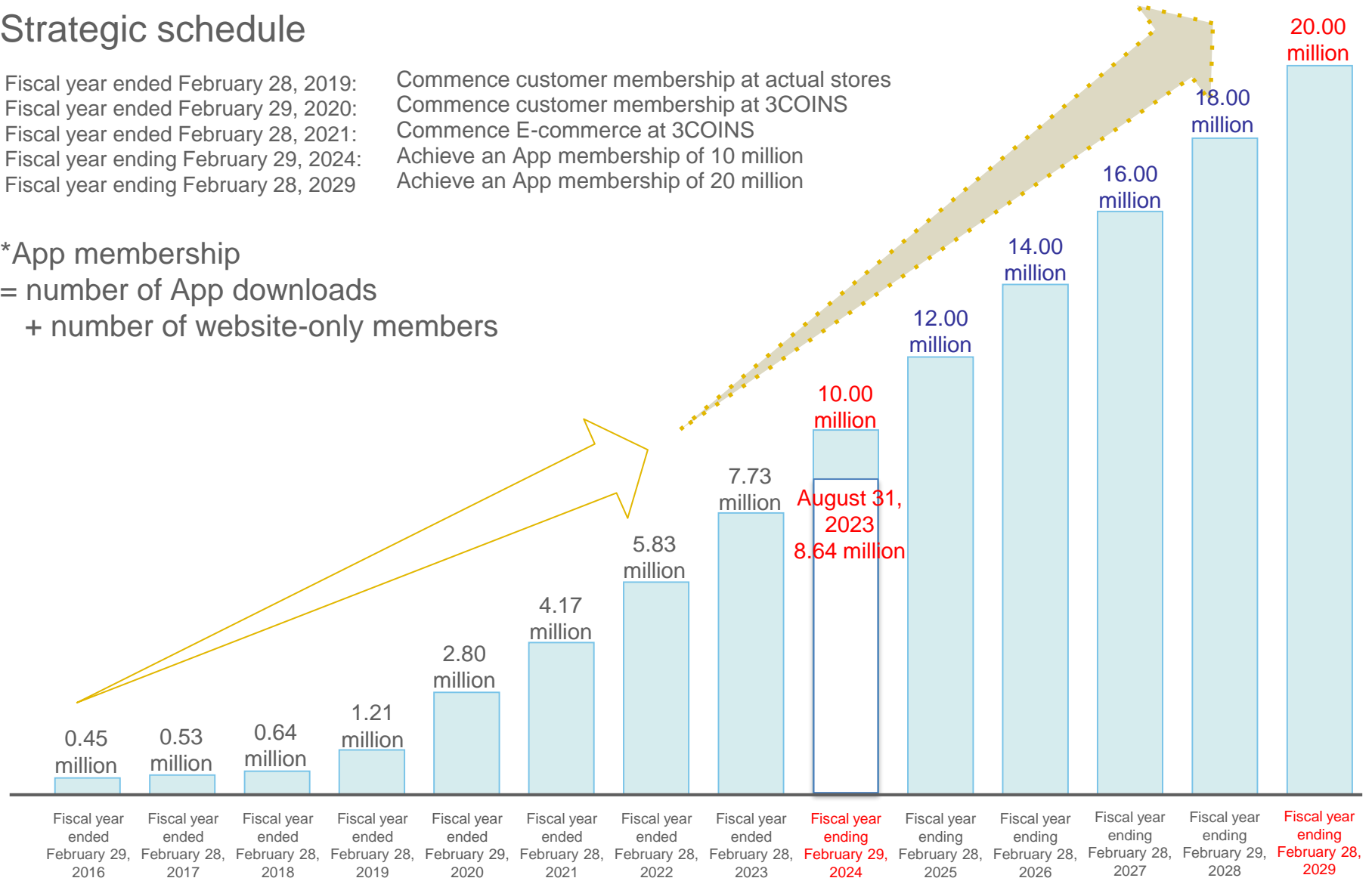


2-2). Trend in PAL App membership

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 29, 2024: Achieve an App membership of 10 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



2-3). Increased investment in automation of e-commerce distribution warehouse

Major capacity expansion and productivity improvement through moving to a new “warehouse and introduction of logistics robots”

March 2024: Operation launch of new warehouse [DPL Hiratsuka] and deployment of Exotec’s*1 Skypod (picking robot)f



Objective

In line with the plan to double the EC business compared to current sales (in the fiscal year ending February 29, 2024) in the fiscal year ending February 28, 2029, we will move our warehouse to a new distribution center, “DPL Hiratsuka,” and make capital invest in March 2024, expanding capacity and promoting operation automation.

Background

Issues such as

- Limits to expandability of the current warehouse capacity
 - Difficulty in securing warehouse personnel to meet increased volume of shipments
 - Rising labor costs
 - Increases in fuel costs and logistics costs
- have already emerged. Concerns are also rising for the 2024 problem.

→ Decided to move the warehouse and deploy robots with focusing attention to the automation of an e-commerce distribution warehouse, thus solving the above issues and enabling quick shipping to customers.

Expected effects

We expect scalability that can support up to approx. three times the current scale, operation productivity to approximately double, and inventory storage efficiency to improve approx. 1.5 times.

New distribution center: DPL Hiratsuka
Location: 3F, West Building, DPL Hiratsuka, 380-1 Okami, Hiratsuka, Kanagawa Prefecture
Start of operation: Scheduled for March 2024

*1 Exotec:

Established in 2015. Develops and manufactures robot picking systems for warehouses.

A French robot manufacturer that develops and manufactures flexible automation solutions for warehouses used by retail, e-commerce, and manufacturing industries. Opened its office in Tokyo in 2019.

Exotec’s systems are being deployed by major retailers and SPA companies in Japan.

“Kuroshio Sou” - luxury accommodation business to promote the appeal of local areas

Diversification of PAL GROUP’s business: “Accommodation business”

On July 7, 2023, Kuroshio Sou opened after renewal as a hot spring inn with 11 rooms in Nanki Shirahama, Wakayama Prefecture. Inspired by the 137th passage of Tsurezuregusa, we aimed to create an inn that resembles a flagship shop disseminating the appeal of local areas, by placing importance on “enjoying beauty not with the eyes, but with the heart” and using traditional crafts from Wakayama Prefecture and local building materials throughout. Meals are supervised by chef Hayashi Ryohei of one-Michelin star “Tenoshima.” With a commitment to using local ingredients whenever possible, the inn serves modernized Japanese cuisine based on Wakayama’s local specialties. We will work on new lifestyle proposals which PAL GROUP raises, with the form of the accommodation business which can express all aspects of food, clothing, and housing. We will aim for diversification to enable many staff who worked in apparel to demonstrate hospitality skills cultivated in apparel, thus providing new challenges and career advancement for employees.

Sustainability initiatives

In the dining room, tables made of “Akane wood” from Kishu, which has knots and insect-eaten marks, harnessing the natural qualities of the wood, and sustainable chairs made of “rush grass” from Shirahama, are used. In the lobby, “Yasuda paper,” handmade traditional paper made in Kishu with a history of over 350 years, is used. For guest room amenities, a challenge for the accommodation business, we have also introduced non-disposable amenities from “MiYO ORGANIC,” which use environmentally friendly bamboo materials, and hotel socks and towels from “REPAC,” which use yarn made from milk cartons and organic cotton. Vegetables and other ingredients harvested from “Smile Farm,” our own farm promoting agriculture-welfare collaboration, are used for meals.



The interior of the lobby uses a large 100-year-old cedar tree that was found buried in the ground along a local river.

Hotel amenities made from milk cartons and organic cotton are designed to be taken and used at home by guests.



A new initiative begins in Shimoichi-cho, Yoshino-gun, Nara Prefecture

The project to reutilize a closed-down elementary school aims to start operation in the summer of 2024

Background and history

Shimoichi-cho is located in the center of Nara Prefecture and is an attractive place where nature and industry thrive. However, the population decreases by about 100 people per year, and the town particularly faces the series issues of young people moving out of the town and the declining number of people moving into the town. To help solve these issues, we aim to contribute to the development of Shimoichi-cho by proposing commercial facilities that will revitalize the town and increase its appeal. This initiative is a new challenge that was born from the employees’ desire of revitalizing local areas by the PAL GROUP and Chairman Inoue’s wish of giving back to his hometown.

Local revitalization that the PAL GROUP aims for

As a first step in working together to resolve the issues facing the town, we will start making a commercial facility that will become a bustling place for locals to enjoy, and a symbolic facility for tourist destination with expectation of an increase of relevant population. That facility is called “KITO,” a complex facility that reutilizes a closed-down school.

Project members have visited the local area many times and repeated sincere conversations with local residents to build relationships. Through these processes, they have encountered many attractive contents (people, objects, and events) in Shimoichi, and embodied the vision of “KITO” as a complex facility.

For opening in the summer of 2024, we will carry out PAL’s unique local revitalization by leveraging our strengths in planning, know-how, and promotion of diverse brands.



Launch of product development using specialty products

Shimoichi-cho is home to many producers of fruits such as persimmons and peaches. In the current fiscal year, we have started developing original products that make best use of these fruits and leverage PAL’s planning capabilities. As a first product, we developed strawberry smoothie beer, which uses plenty of brand strawberries “Kotoka” and “Asuka Ruby.” It was sold out in less than two months after sales began, resulting in an encouraging result for the future.

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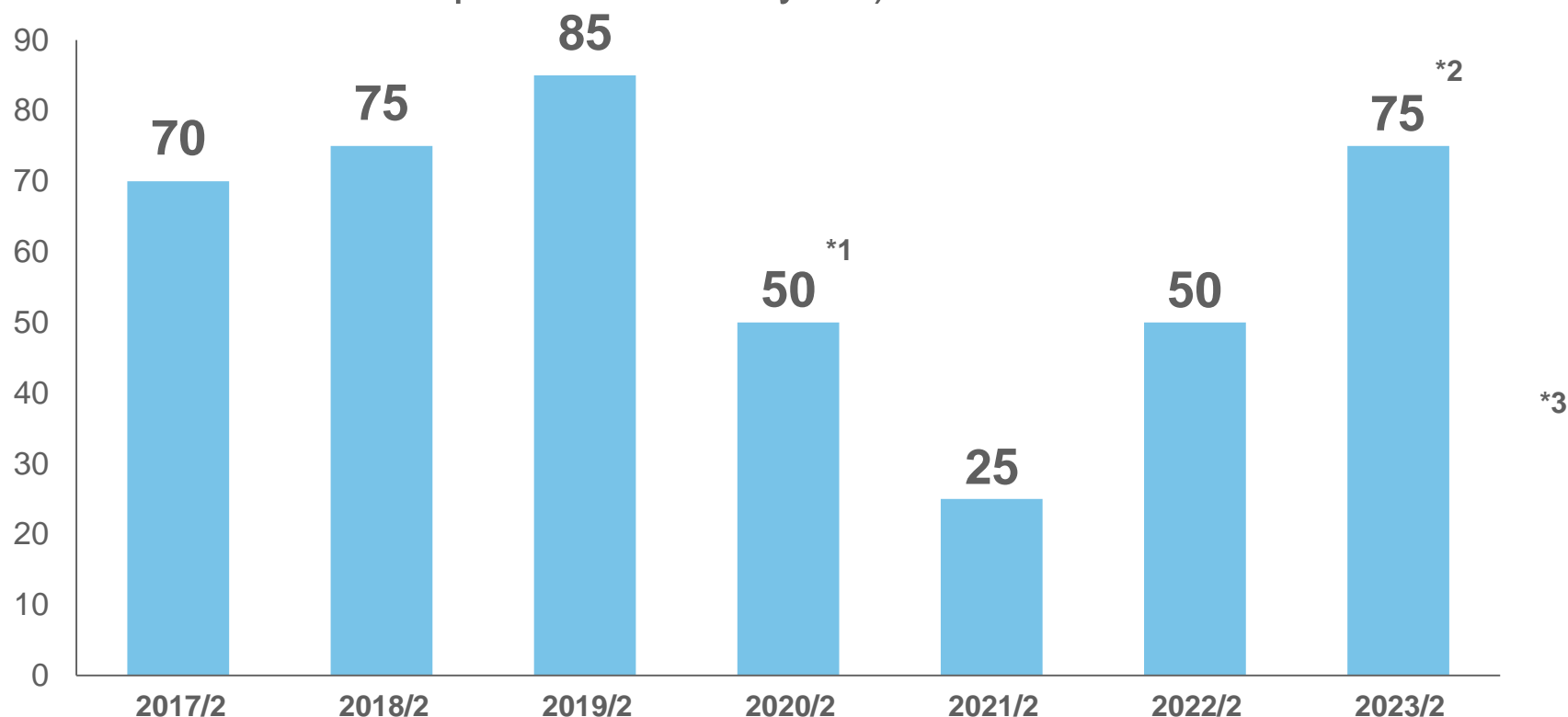


Response to Shareholders

-
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 ended February 28, 2023 is ¥30 (increased ¥5 from the previous fiscal year)



*1 On March 1, 2020, the Company implemented a two-for-one share split. As a result, dividend per share, which was increased to ¥100 per share at the end of the year in February was automatically converted to ¥50.

*2 The breakdown of the ¥75 dividend is an ordinary dividend of ¥60 and a commemorative dividend for our 50th anniversary of ¥15.

*3 On September 1, 2023, the Company implemented a two-for-one share split. As a result, dividend per common share, which was increased to ¥60 per share at the end of the year in February was automatically converted to ¥30.

2. Shareholder Benefit Program

“Decided to enhance the shareholder benefit program, aiming to increase the attractiveness of investing in the Company’s shares”

We have enhanced the shareholder benefit program as below for the purpose of expanding the number of new individual investors by increasing the attractiveness of investing in the Company’s shares and promoting the ownership of the Company’s shares over the medium to long term.

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” and “Hostel no Asa,” which are accommodation facilities 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 (Discount available from June 1, 2023)

- Number of coupons to be granted: Remains unchanged even after the share split, which substantially doubled the number of coupons

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). Employment of people with disabilities (Social)
 - 3-2). Endowed courses at Kwansei Gakuin University (Social)
 - 3-3). 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.



Providing full support to Japan's first hotel and Japanese inn “operated by people with disabilities” (Social)

Since June 2011, PAL has acquired “ASA VILLAGE,” a hotel aimed at employing people with disabilities, and neighboring accommodation facilities, which reopened as Kuroshio Sou in July 2023 after extensive renovations.

The majority of employees at both facilities have disabilities. Employing such people in the service sector to work at hotels and Japanese inns is still rare in Japan, but we impart our customer service know-how to employees with disabilities as they think for themselves and complete their duties by themselves.



The interior of the lobby uses a large 100-year-old cedar tree that was found buried in the ground along a local river.

Kuroshio Sou [▶ https://kuroshio-sou.com/](https://kuroshio-sou.com/)

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



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 50 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

3-3). Initiatives by PAL Inoue Scholarship Foundation (Social) PAL GROUP HOLDINGS

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 roleplaying 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.



4. Gender equality and work style reform (Governance) PAL GROUP HOLDINGS

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 st Division	396	116	84	71	...	...	...	98
2 nd Division	353	78	77	...	...	...	...	86
3 rd Division	310	93	...	...	...	...	...	...
4 th Division	378	...	...	...	...	...	...	...
5 th Division	...	...	...	...	...	...	...	...
6 th Division	...	...	...	...	...	...	...	...
7 th Division	...	...	...	...	...	...	...	...
Development 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.



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



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

Company name PAL GROUP Holdings CO., LTD.

Location

(Head Office) Keihanshin Midotsuji 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

Ryuta Inoue

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

947

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.