Non-consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2025 <under Japanese GAAP>

July 29, 2024

Company name: PALTAC CORPORATION
(URL: https://www.paltac.co.jp/)
Listing: Tokyo Stock Exchange (Code number: 8283)
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: No

(Figures are rounded down to the nearest million yen)

1. Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to June 30, 2024)

(1) Operating Results (% increase figures indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
June 30, 2024	302,914	3.2	7,428	6.5	8,305	5.9	6,076	10.0
June 30, 2023	293,519	6.3	6,972	7.0	7,840	6.9	5,525	9.2

	Earnings per share	Diluted earnings per share
Three months ended	(¥)	(¥)
June 30, 2024	96.68	–
June 30, 2023	87.92	–

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	(¥ million)	(¥ million)	%	(¥)
June 30, 2024	497,926	280,467	56.3	4,462.73
March 31, 2024	495,697	277,962	56.1	4,422.87

Reference: Equity As of June 30, 2024: ¥280,467 million As of March 31, 2024: ¥277,962 million

2. Dividends

	Annual dividends per share				
	First quarter	Second quarter	Third quarter	Year-end	Total
	(¥)	(¥)	(¥)	(¥)	(¥)
Fiscal year ended March 31, 2024	–	45.00	–	49.00	94.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		50.00	–	55.00	105.00

Note: Revision to the forecasts most recently announced: No

3. Forecasts of Financial Results for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(% increase figures indicate year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit		Earnings per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥)
First six months	604,000	3.5	13,900	1.0	16,100	3.1	11,200	2.8	178.21
Fiscal year	1,190,000	3.3	28,000	3.0	31,700	3.8	22,000	6.6	350.06

Note: Revision to the forecasts most recently announced: No

*** Notes**

(1) Adoption of Accounting Treatments Specific to Preparation of Quarterly Financial Statements: No

(2) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatements

1) Changes in accounting policies due to revisions to accounting standards, and other regulations: No
2) Changes in accounting policies due to other reasons: No
3) Changes in accounting estimates: No
4) Restatements: No

(3) Number of Issued Shares (common stock)

1) Number of issued shares at the end of the period (including treasury stock)

As of June 30, 2024	63,000,000 shares
As of March 31, 2024	63,553,485 shares

2) Number of treasury shares at the end of the period

As of June 30, 2024	153,311 shares
As of March 31, 2024	706,796 shares

3) Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

For the three months ended June 30, 2024	62,846,689 shares
For the three months ended June 30, 2023	62,846,766 shares

Note: The Company retired its treasury shares on June 3, 2024. As a result, number of issued shares and number of treasury shares at the end of the first quarter under review both decreased by 553,485 shares.

* The quarterly review procedures for quarterly financial statements and notes to quarterly financial statements by certified public accountants or audit firms: No

* Information regarding proper use of the forecasts of financial results, and other special instructions

(Cautionary notes to the forward-looking statements)
The forward-looking statements contained in this report, including forecasts of financial results, are based on information currently available and assumptions that management believes to be reasonable. Actual financial and other results may differ substantially due to various factors. Please refer to the section "1. Qualitative Information for the Three Months Ended June 30, 2024 (3) Forecasts and Other Projections" on page 4 of the attached material to this quarterly financial results report for the suppositions that form the assumptions for the forecasts and cautions concerning the use thereof.

(How to access the presentation material for this quarterly financial results)
Presentation (Presentation Material for this financial results) is posted on the Company's website (https://www.paltac.co.jp/tomorrow/index.html).

(The quarterly review procedures by certified public accountants or audit firms)
The Company will plan to receive the quarterly review procedures for quarterly financial statements and notes to quarterly financial statements by certified public accountants or audit firms. And after those procedures noted above, the Company will disclose the financial results report with the quarterly review report attached on August 1, 2024.

(Information regarding this results report written in English)
None of the information in this report constitutes solicitation to purchase or sell the stock of PALTAC CORPORATION. It was not prepared with the intention of providing investment advice about the stock of PALTAC CORPORATION.
Furthermore, this report is an English translation of the original, which was prepared in Japanese.
In the event of any discrepancies between the Japanese original and the English translation, the Japanese original shall prevail.

Attached Material

Contents

1. Financial Results Information for the Three Months Ended June 30, 2024 2
(1) Operating Results 2
(2) Financial Position 3
(3) Forecasts and Other Projections 4

2. Quarterly Financial Statements and Notes to Quarterly Financial Statements 5
(1) Quarterly Balance Sheets 5
(2) Quarterly Statements of Income 7
(3) Quarterly Statements of Cash Flows 8
(4) Notes to Quarterly Financial Statements 9
(Notes on premise of going concern) 9
(Notes on significant changes in the amount of shareholders' equity) 9
(Notes on quarterly balance sheets) 9
(Notes on quarterly statements of cash flows) 9
(Notes on changes in equity) 10
(Segment information) 10
(Revenue recognition) 11
(Per share information) 12
(Significant subsequent event) 12

1. Financial Results Information for the Three Months Ended June 30, 2024

(1) Operating Results

Results highlights

In the three months ended June 30, 2024, business conditions remained difficult due to the ongoing tendency of consumers to reduce spending and soaring logistics costs, despite a certain level of growth of demand reflecting a pick-up in people's movement and an increase in foreign tourists to Japan.

In terms of sales results, although the impact from the declining demand for the COVID-19 related products was still continued, PALTAC CORPORATION (the "Company") has achieved year-on-year growth of net sales by steadily carrying out sales activities including using data against the market conditions including the tendency of consumers to reduce spending and increases in demand due to increasing foot traffic such as leisure and in inbound demand.

In terms of profits, despite an increase in the SG&A expenses due to the soaring logistics costs and active investment in human resources, operating profit was up year over year due to an increase in gross profit accompanying sales expansion and decline in the SG&A expenses ratio from the effects of fixed expenses absorption.

Results highlights for the three months ended June 30, 2024 are as follows:

(Millions of yen, unless otherwise noted)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	
			Amount	Rate (%)
Net sales	293,519	302,914	9,395	3.2
Gross profit	21,702	22,349	646	3.0
[Gross profit margin (%)]	[7.39]	[7.38]	[-0.01]	
SG&A expenses	14,730	14,920	190	1.3
[SG&A expenses ratio (%)]	[5.02]	[4.93]	[-0.09]	
Operating profit	6,972	7,428	456	6.5
[Operating profit ratio (%)]	[2.38]	[2.45]	[0.07]	
Ordinary profit	7,840	8,305	465	5.9
[Ordinary profit ratio (%)]	[2.67]	[2.74]	[0.07]	
Profit	5,525	6,076	550	10.0
[Profit margin (%)]	[1.88]	[2.01]	[0.13]	

Sales highlights

Sales results for the three months ended June 30, 2024 by product category are as follows:

(Millions of yen, unless otherwise noted)

Product category	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	
			Amount	Rate (%)
Cosmetics	69,435	72,849	3,414	4.9
Daily necessities	130,180	136,783	6,603	5.1
OTC pharmaceuticals	36,451	36,218	-232	-0.6
Health and sanitary related products	52,857	52,351	-505	-1.0
Others	4,594	4,710	116	2.5
Total	293,519	302,914	9,395	3.2

Sales results for the three months ended June 30, 2024 by customer category are as follows:

(Millions of yen, unless otherwise noted)

Customer category	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	
			Amount	Rate (%)
Drugstores (Pharmacies)	183,687	193,608	9,921	5.4
Discount stores	24,113	26,506	2,393	9.9
Convenience stores	23,391	22,519	-872	-3.7
Home centers (DIY stores)	23,391	23,926	535	2.3
Supermarkets	13,689	13,664	-24	-0.2
General merchandising stores	9,886	10,374	488	4.9
Export, EC business and others	15,360	12,313	-3,046	-19.8
Total	293,519	302,914	9,395	3.2

As the Company has one reportable segment, disclosure by segment information has been omitted.

(2) Financial Position

1) Assets, liabilities and net assets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024	Change in amount
Total assets	495,697	497,926	2,229
Total liabilities	217,734	217,458	-276
Net assets	277,962	280,467	2,505

(Assets)

Total assets as of the end of the first quarter were ¥497,926 million, an increase of ¥2,229 million from the end of the previous fiscal year. This was primarily the result of a decrease in cash and deposits and increases in notes and accounts receivable-trade and in merchandise and finished goods.

(Liabilities)

Total liabilities as of the end of the first quarter were ¥217,458 million, a decrease of ¥276 million from the end of the previous fiscal year. This was primarily the result of increases in notes and accounts payable-trade and in provision for bonuses and a decrease in income taxes payable.

(Net assets)

Net assets as of the end of the first quarter were ¥280,467 million, an increase of ¥2,505 million from the end of the previous fiscal year. This was primarily the result of an increase in retained earnings.

2) Cash flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities	(1,934)	(4,448)
Cash flows from investing activities	(4,311)	130
Cash flows from financing activities	(2,600)	(3,097)

(Cash flows from operating activities)

Net cash used in operating activities was ¥4,448 million. Main factors were an increase in notes and accounts receivable-trade and income taxes paid.

(Cash flows from investing activities)

Net cash provided by investing activities was ¥130 million. Main factors were purchase of property, plant and equipment and proceeds from sales of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was ¥3,097 million. Main factor was cash dividends paid.

Cash and cash equivalents as of the end of the first quarter were ¥53,578 million, a decrease of ¥7,415 million from the end of the previous fiscal year.

(3) Forecasts and Other Projections

There is no revision to the forecasts of financial results for the fiscal year ending March 31, 2025 and dividend forecast, which were announced on May 13, 2024.

2. Quarterly Financial Statements and Notes to Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	60,994	53,578
Notes and accounts receivable-trade	* 213,163	* 223,589
Merchandise and finished goods	51,352	54,464
Other	21,651	19,706
Allowance for doubtful accounts	(3)	(3)
Total current assets	347,158	351,335
Non-current assets		
Property, plant and equipment		
Buildings, net	47,867	47,218
Land	46,827	46,827
Other	22,893	22,332
Total property, plant and equipment	117,588	116,379
Intangible assets	731	711
Investments and other assets		
Investments and other assets	30,222	29,504
Allowance for doubtful accounts	(3)	(3)
Total investments and other assets	30,218	29,501
Total non-current assets	148,538	146,591
Total assets	495,697	497,926
Liabilities		
Current liabilities		
Notes and accounts payable-trade	* 169,643	* 176,540
Income taxes payable	5,415	2,756
Provision for bonuses	1,923	2,747
Provision for loss on disaster	403	274
Other	29,927	24,709
Total current liabilities	207,313	207,029
Non-current liabilities		
Provision for retirement benefits	3,012	3,048
Other	7,408	7,381
Total non-current liabilities	10,421	10,429
Total liabilities	217,734	217,458

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Capital stock	15,869	15,869
Capital surplus	27,827	25,093
Retained earnings	223,735	226,732
Treasury shares	(3,490)	(757)
Total shareholders' equity	263,941	266,937
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,001	13,512
Deferred gains or losses on hedges	19	17
Total valuation and translation adjustments	14,021	13,529
Total net assets	277,962	280,467
Total liabilities and net assets	495,697	497,926

(2) Quarterly Statements of Income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	293,519	302,914
Cost of sales	271,816	280,564
Gross profit	21,702	22,349
Selling, general and administrative expenses	14,730	14,920
Operating profit	6,972	7,428
Non-operating income		
Dividend income	154	179
Research fee income	486	487
Real estate rent	39	41
Other	199	179
Total non-operating income	880	888
Non-operating expenses		
Interest expenses	1	1
Rental expenses on real estate	8	7
Other	3	1
Total non-operating expenses	13	11
Ordinary profit	7,840	8,305
Extraordinary income		
Gain on sales of investment securities	140	466
Total extraordinary income	140	466
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	7,980	8,772
Income taxes-current	2,313	2,527
Income taxes-deferred	141	169
Total income taxes	2,454	2,696
Profit	5,525	6,076

(3) Quarterly Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	7,980	8,772
Depreciation and amortization	1,638	1,613
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for bonuses	794	823
Increase (decrease) in provision for loss on disaster	–	(129)
Increase (decrease) in provision for retirement benefits	11	(10)
Interest and dividend income	(154)	(179)
Interest expenses	1	1
Loss (gain) on sales of investment securities	(140)	(466)
Decrease (increase) in notes and accounts receivable-trade	(11,427)	(10,425)
Decrease (increase) in inventories	(2,154)	(3,111)
Increase (decrease) in notes and accounts payable-trade	3,832	6,897
Decrease (increase) in consumption taxes refund receivable	1,484	–
Increase (decrease) in accrued consumption taxes	1,294	(1,642)
Other, net	(1,069)	(1,758)
Subtotal	2,092	383
Interest and dividend income received	154	179
Interest expenses paid	–	(2)
Payments associated with disaster loss	–	(44)
Income taxes paid	(4,181)	(4,964)
Net cash provided by (used in) operating activities	(1,934)	(4,448)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,516)	(319)
Purchase of intangible assets	(26)	(36)
Purchase of investment securities	(27)	(29)
Proceeds from sales of investment securities	260	517
Other, net	0	(1)
Net cash provided by (used in) investing activities	(4,311)	130
Cash flows from financing activities		
Repayments of lease obligations	(27)	(30)
Cash dividends paid	(2,571)	(3,067)
Purchase of treasury shares	(0)	–
Net cash provided by (used in) financing activities	(2,600)	(3,097)
Net increase (decrease) in cash and cash equivalents	(8,846)	(7,415)
Cash and cash equivalents at beginning of period	45,993	60,994
Cash and cash equivalents at end of period	* 37,146	* 53,578

(4) Notes to Quarterly Financial Statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

(Cancellation of treasury stock)

By resolution at the Board of Directors' meeting held on May 13, 2024, the Company has retired 553,485 of its treasury shares on June 3, 2024. As a result, in the first quarter under review additional paid-in capital and treasury shares both decreased by ¥2,733 million.

(Notes on quarterly balance sheets)

* Notes with maturity date as of the end of the fiscal year

In the accounting treatment of notes with maturity date as of the end of the quarter, although the end of the first quarter ended June 30, 2024 was a holiday for financial institutions, the notes were treated assuming that settlement occurred on the day of maturity. The amounts of notes with maturity date as of the end of the quarter under review and previous fiscal year are as follows.

	As of March 31, 2024	As of June 30, 2024
Notes receivable-trade	762 million yen	915 million yen
Electronically recorded obligations-operating	4,186	4,230

(Notes on quarterly statements of cash flows)

* Reconciliation of cash and cash equivalents to those in the quarterly balance sheets

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash and deposits	37,146 million yen	53,578 million yen
Time deposits with a deposit period of over three months	–	–
Cash and cash equivalents	37,146	53,578

(Notes on changes in equity)

I. Three months ended June 30, 2023

Dividends paid

Resolution	Class of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Sources for dividends
Board of Directors meeting held on May 11, 2023	Common stock	2,576	41	March 31, 2023	June 2, 2023	Retained earnings

II. Three months ended June 30, 2024

Dividends paid

Resolution	Class of shares	Total dividend amount (Millions of yen)	Dividend per share (Yen)	Record date	Effective date	Sources for dividends
Board of Directors meeting held on May 13, 2024	Common stock	3,079	49	March 31, 2024	March 31, 2024	Retained earnings

(Segment information)

I. Three months ended June 30, 2023

Information on “a. Segment information” was omitted since the Company’s reportable segment is single segment of the “wholesale business.”

II. Three months ended June 30, 2024

Information on “a. Segment information” was omitted since the Company’s reportable segment is single segment of the “wholesale business.”

(Revenue recognition)

The disaggregation of revenue recognized from contracts with customers

Sales results by product category are as follows:

Product category	Three months ended June 30, 2023	Three months ended June 30, 2024
	Amount (Millions of yen)	Amount (Millions of yen)
Cosmetics	69,435	72,849
Daily necessities	130,180	136,783
OTC pharmaceuticals	36,451	36,218
Health and sanitary related products	52,857	52,351
Others	4,594	4,710
Total sales	293,519	302,914

Sales results by customer category are as follows:

Customer category	Three months ended June 30, 2023	Three month ended June 30, 2024
	Amount (Millions of yen)	Amount (Millions of yen)
Drugstores (Pharmacies)	183,687	193,608
Discount stores	24,113	26,506
Convenience stores	23,391	22,519
Home centers (DIY stores)	23,391	23,926
Supermarkets	13,689	13,664
General merchandising stores	9,886	10,374
Export, EC-business and others	15,360	12,313
Total sales	293,519	302,914

Note: There is no revenue resulting from other resources of revenue.

(Per share information)

Net income per share and the basis for calculation of the net income per share amounts are as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net income per share	87.92 yen	96.68 yen
(The basis for calculation)		
Profit (Millions of yen)	5,525	6,076
Amount not attributable to common stock (Millions of yen)	–	–
Profit attributable to common stock (Millions of yen)	5,525	6,076
Average number of shares during the period (thousands of shares)	62,846	62,846

Note: Diluted earnings per share for the first quarter is not disclosed, as there are no residual shares having a dilution effect.

(Significant subsequent event)

(Acquisition of treasury stock)

The Company resolved matters related to the acquisition of its treasury stock based on Article 459, Paragraph 1 of the Companies Act and the Company's Articles of Incorporation at a meeting of the Board of Directors held on July 29, 2024.

(1) Reason for the acquisition of treasury stock

The Company has decided to execute share buy back in order to enhance shareholder return, improve capital efficiency and make it possible to carry out an agile capital management in response to the changing environment.

(2) Details of the acquisition

1) Class of shares to be acquired

Common stock of the Company

2) Total number of shares to be acquired

1,500,000 shares (maximum)

(The ratio of the total number of shares to be acquired to the total number of shares issued (excluding treasury stock): 2.39%)

3) Total amount of shares to be acquired

¥5,000 million (maximum)

4) Acquisition period

From July 30, 2024 to March 31, 2025

5) Method of acquisition Purchases

Through market purchase on the Tokyo Stock Exchange