

Summary of Financial Statements for Fiscal Year Ended April 2021 【Japan GAAP】 (Consolidated)

June 4, 2021

Name of listed company: **AIN HOLDINGS INC.**
Exchange listed on: First Section of Tokyo Stock Exchange and Sapporo Securities Exchange
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Date of the ordinary general meeting of shareholders: July 29, 2021
Date of scheduled payment of dividends: July 30, 2021
Date of filing securities report: July 30, 2021
Supplementary documents for this summary of financial statements: Yes (Supplementary materials are disclosed on the Company's website appropriately as the financial statements.)
Explanation meeting for financial results: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated results for the fiscal year ended April 2021 (from May 1, 2020 to April 30, 2021)

(1) Consolidated operating results

(Percentage figures show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2021	297,305	1.6	10,932	(32.0)	12,649	(24.8)	6,697	(27.0)
Year ended April 30, 2020	292,615	6.2	16,068	—	16,822	1.1	9,179	1.7

(Note) Comprehensive income: Year ended April 30, 2021: ¥6,783 million (-24.9%)
Year ended April 30, 2020: ¥9,030 million (+0.8%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended April 30, 2021	189.04	—	5.9	6.4	3.7
Year ended April 30, 2020	259.11	—	8.5	8.8	5.5

(Reference) Share of profit of entities accounted for using equity method: Year ended April 30, 2021: ¥ 10 million, Year ended April 30, 2020: ¥ – million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of April 30, 2021	203,662	115,837	56.8	3,267.49
As of April 30, 2020	193,451	111,003	57.3	3,130.77

(Reference) Equity capital: As of April 30, 2021: ¥115,758 million As of April 30, 2020: ¥110,915 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Million yen	Million yen	Million yen	Million yen
Year ended April 30, 2021	14,928	(9,493)	3,643	55,009
Year ended April 30, 2020	17,747	(11,474)	(7,837)	45,931

2. Dividends

	Dividends per share					Total dividends (annual)	Dividends payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended April 30, 2020	—	0.00	—	55.00	55.00	1,948	21.2	1.8
Year ended April 30, 2021	—	0.00	—	55.00	55.00	1,948	29.1	1.7
Year ending April 30, 2022 (forecast)	—	0.00	—	55.00	55.00		23.5	

3. Consolidated financial forecast for the fiscal year ending April 30, 2022 (from May 1, 2021 to April 30, 2022)
(Percentage figures show year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	147,900	1.8	5,300	35.0	5,600	24.0	2,780	5.7	78.47
Full year	315,000	6.0	15,000	37.2	15,500	22.5	8,300	23.9	234.28

* Notes

(1) Major changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly consolidated: – Excluded: –

(2) Changes in accounting principles, changes in accounting estimates, and restatement of revisions

1) Changes in accounting principles as a result of revisions to accounting standards, etc.: No

2) Changes in accounting principles other than 1): No

3) Changes in accounting estimates: No

4) Restatement of revisions: No

(3) Number of outstanding shares (common stock):

1) Number of outstanding shares (including treasury stock):	As of April 30, 2021	35,428,212 shares	As of April 30, 2020	35,428,212 shares
2) Number of shares held in treasury:	As of April 30, 2021	891 shares	As of April 30, 2020	728 shares
3) Average number of shares outstanding:	Fiscal year ended April 30, 2021	35,427,408 shares	Fiscal year ended April 30, 2020	35,427,484 shares

*This Summary of Financial Statements is outside the scope of audit procedures.

*Statement regarding the proper use of financial forecasts and other special remarks

(Caution concerning forward-looking statements)

The above forecasts are calculated based on the information available as of the publication date of this material, and actual financial results may vary due to change in future economic conditions and others.

Contents of Attachment

1. Operating Results and Other.....	2
(1) Overview of operating results for the current fiscal year	2
(2) Overview of financial position for the current fiscal year	3
(3) Overview of cash flows for the current fiscal year	3
(4) Future outlook	5
(5) Risk information related to the COVID-19 outbreak	5
2. Basic Stance on Selection of Accounting Standards	5
3. Consolidated Financial Statements	6
(1) Consolidated balance sheet	6
(2) Consolidated statement of income and comprehensive income	8
Consolidated statement of income	8
Consolidated statement of comprehensive income	10
(3) Consolidated statement of changes in net assets	11
(4) Consolidated statement of cash flows	13
(5) Notes to consolidated statements	15
(Notes on the premise of a going concern)	15
(Matters related to consolidated statements of income)	15
(Segment information, etc)	15
(Per-share information)	19
(Important subsequent events)	19

1. Operating Results and Other

(1) Overview of operating results for the current fiscal year

During the fiscal year ended April 30, 2021, conditions in the Japanese economy remained challenging due to the impact of the COVID-19 pandemic. There was also continued uncertainty in the economic outlook.

In this economic environment, the AIN HOLDINGS Group (the Group) worked to expand its business and increase earnings. Specifically, the Group opened new dispensing pharmacies, used M&A to grow its operations and developed its cosmetic and drug store business.

In pharmacy and store operations, the Group rigorously enforced measures to prevent infection to reassure patients and customers, and worked to ensure the continued provision of healthcare and retail services by implementing strict measures to protect employees from infection.

In addition, in October 2020, the Group established a Sustainability Committee, and in December 2020 identified key sustainability issues that need to be tackled by the Group (materiality) in order to achieve the sustainable development goals (SDGs). Through businesses that support human health and beauty, the Group will work to achieve sustainability management with the aim of generating sustainable growth and creating social, environmental and economic value.

For the fiscal year under review, net sales rose 1.6% year on year to ¥297,305 million, operating income decreased 32.0% to ¥10,932 million, ordinary income decreased 24.8% to ¥12,649 million and profit attributable to owners of parent decreased 27.0% year on year to ¥6,697 million.

(Dispensing pharmacy business)

In September 2020, under partial revisions to the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices (Revised Pharmaceuticals and Medical Devices Act), which are being implemented incrementally, dispensing pharmacies were given approval to provide online pharmaceutical treatment guidance nationwide in accordance with certain rules. In line with this change, the Group established a system to provide online pharmaceutical treatment guidance via all its dispensing pharmacies nationwide. In addition, we actively conducted various field trials to prepare for an expected increase in the ways that patients receive medicines. The trials included using drones and automated shipping robots to deliver medicines, same-day delivery schemes, and home delivery storage lockers.

To ensure our pharmacists and dispensing pharmacies fulfill their primary care role, the Group continues to reinforce pharmaceutical management and guidance based on the integrated and continuous management of drug-related information through cooperation with local medical service providers, the use of patient medication notebooks and other means. The Group is also working to help patients access medical services in their local community with peace of mind by providing online pharmaceutical treatment guidance and home-based dispensing and by training specialist dispensing pharmacists.

In business development, the Group is pushing ahead with further business expansion and measures to improve the efficiency of pharmacy operations, including actively opening large pharmacies and tightening the criteria for M&A deals, as well as using its pharmacy opening strategy to withdraw from small-scale locations.

Sales and profits declined year on year, reflecting an increase in the duration of prescriptions during the COVID-19 pandemic, which led to a rise in the average unit price per prescription but a decline in the number of prescriptions. The closure and business transfer of 64 pharmacies in the previous fiscal year to improve the efficiency of pharmacy operations also had an impact. However, the number of prescriptions is now recovering.

As a result, for the fiscal year under review, the dispensing pharmacy business reported sales of ¥263,095 million, down 0.2% year on year, and segment income of ¥20,947 million, up 0.5%.

During the fiscal year, the Group opened a total of 29 dispensing pharmacies, including those acquired through M&A deals, and closed 18 dispensing pharmacies and sold 34 as part of an overhaul of pharmacy operations, resulting in a total of 1,065.

(Cosmetic and drug store business)

The cosmetic and drug store business continued to face a challenging market environment due to the impact of the COVID-19 pandemic and other factors.

The Group continued to open *ainz & tulpe* cosmetic and drug stores, as well as strategically develop retail displays tailored to the characteristics of each store. Following the release of the official *ainz & tulpe* app, the Group launched the official AINZ & TULPE WEBSTORE in May 2020 to improve convenience and lift service levels for customers.

However, many stores reduced their opening hours or closed temporarily to prevent the spread of COVID-19 infections. As a result, the cosmetic and drug store business reported a decline in sales of 21.4% year on year to ¥19,419 million and a segment loss of ¥1,999 million, compared with segment income of ¥262 million in the previous fiscal year.

During the same period, the Group opened 11 *ainz & tulpe* stores and closed five stores, resulting in a total of 69 cosmetic and drug stores at the end of the fiscal year.

(Other businesses)

Net sales from other businesses increased 248.2% year on year to ¥14,894 million, mainly reflecting the acquisition of retail shop business in March 2020, and segment loss was ¥721 million compared with the loss of ¥342 million a year earlier.

(2) Overview of financial position for the current fiscal year

The balance of total assets at the end of the fiscal year increased ¥10,211 million from the end of the previous fiscal year to ¥203,662 million. That mainly reflected declines for goodwill and merchandise, outweighed by increases for cash on hand and in banks and for deposits and guarantees.

The balance of liabilities at the end of the fiscal year under review increased by ¥5,378 million to ¥87,825 million.

The balance of short- term and long-term debts increased by ¥5,892 million to ¥11,967 million.

Total net assets increased by ¥4,833 million to ¥115,837 million and the shareholders' equity ratio decreased 0.5 percentage points to 56.8%.

(3) Overview of cash flows for the current fiscal year

In the fiscal year under review, cash on hand and in banks ("cash") increased ¥9,078 million year on year to ¥55,009 million.

Cash flows from each category and their relevant factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥14,928 million, compared with net cash provided of ¥17,747 million in the previous fiscal year.

The main items that were positive for cash flow were income before income taxes of ¥11,767 million, as well as depreciation and amortization of ¥4,243 million and amortization of goodwill of ¥4,436 million related to business expansion through new store openings and M&A.

The main item negative for cash flow was income taxes paid of ¥6,595 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥9,493 million, compared with net cash used of ¥11,474 million in

the previous fiscal year.

This mainly reflected payments of ¥997 million for purchases of shares in subsidiaries due to changes in the scope of consolidation related to shares acquired in 8 companies through M&A deals, ¥3,930 million for purchases of property, plant and equipment related to the opening of new cosmetic and drug stores and dispensing pharmacies, ¥2,219 million for payments of leasehold and guarantee deposits and ¥3,110 million for increase in other investments.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥3,643 million, compared with net cash used in ¥7,837 million in the previous fiscal year.

The main items were net proceeds of ¥5,811 million from short-term and long-term debt repayment and proceeds, and ¥1,948 million for cash dividends paid.

Changes in the Group's cash flow indicators are shown below.

	Year ended April 30, 2018	Year ended April 30, 2019	Year ended April 30, 2020	Year ended April 30, 2021
Shareholders' equity ratio (%)	52.7	54.9	57.3	56.8
Equity ratio based on market value (%)	141.0	165.7	110.4	105.6
Debt redemption term (years)	0.9	0.8	0.4	0.8
Interest coverage ratio (times)	184.5	117.8	276.8	334.7

Notes: Shareholders' equity ratio = Equity capital / total assets

Equity ratio based on market value = market capitalization / total assets

Debt redemption term = interest-bearing debt / operating cash flows

Interest coverage ratio = operating cash flows / interest paid

*All indicators are calculated based on consolidated financial data.

*Interest-bearing debt includes all liabilities recorded on the balance sheet on which interest is being paid.

*Operating cash flows and interest paid are calculated using the cash flows from operating activities and the interest paid on the consolidated statements of cash flows.

(4) Future outlook

In the fiscal year ending April 30, 2022, the pharmacy business will continue to develop new dispensing pharmacies and actively seek M&A opportunities. In addition, the retail business will work to expand its operations by continuing to open *ainz & tulpe* cosmetic and drug stores in prime locations and by implementing measures to raise brand visibility.

The COVID-19 pandemic is impacting our operations in a number of ways. For example, the dispensing pharmacy business is seeing a decline in the number of prescriptions due to an increase in prescription duration, while the retail business has been affected by weaker consumer confidence amid calls for people to stay at home. While those factors are likely to continue affecting our operations for the remainder of 2021, we expect the impact to gradually moderate.

Based on that outlook, the Group forecasts net sales for the fiscal year ending April 30, 2022 of ¥315,000 million, up 6.0% year on year, ordinary income of ¥15,500 million, up 22.5%, and profit attributable to owners of parent of ¥8,300 million, an increase of 23.9%.

At this stage, there are no clear indications of when the COVID-19 pandemic will be contained. If conditions change dramatically, the Group will revise its forecasts as necessary and disclose them in a timely manner.

(5) Risk information related to the COVID-19 outbreak

Amid the widening COVID-19 outbreak, the duration of prescriptions in the dispensing pharmacy business has lengthened due to factors such as limits on medical consultations to prevent the spread of infection. As a result, the business is likely to see an increase in the average unit price per prescription but a decline in the number of prescriptions.

The cosmetic & drug store business has already been affected by a drop in customer footfall due to factors such as calls for people to stay at home, shorter opening hours and temporary store closures and a contraction in inbound tourist demand. We anticipate an impact on the Group's operating results if the current situation persists or escalates.

2. Basic Stance on Selection of Accounting Standards

The Group has adopted Japanese accounting standards in order to facilitate comparison with other domestic companies in the same sector. The Group plans to appropriately address the adoption of International Financial Reporting Standards (IFRS) while taking into account trends in Japan and overseas.

3. Consolidated Financial Statements**(1) Consolidated balance sheet**

(Million yen)

	Previous fiscal year (As of April 30, 2020)	Current fiscal year (As of April 30, 2021)
Assets		
Current assets		
Cash on hand and in banks	46,321	55,271
Notes and accounts receivable	13,653	13,475
Merchandise	15,035	14,018
Supplies	286	266
Short-term loans	208	144
Other accounts receivable	8,997	9,284
Other current assets	3,299	3,936
Allowance for doubtful accounts	(1)	—
Total current assets	87,802	96,398
Fixed assets		
Property, plant and equipment		
Buildings and structures	32,388	32,561
Accumulated depreciation	(15,779)	(16,290)
Buildings and structures, net	16,609	16,270
Land	10,960	10,390
Construction in progress	143	638
Other property, plant and equipment	10,260	10,017
Accumulated depreciation	(7,098)	(7,087)
Other property, plant and equipment, net	3,161	2,930
Total property, plant and equipment	30,874	30,229
Intangible fixed assets		
Goodwill	42,123	39,057
Other intangible fixed assets	2,792	3,609
Total intangible fixed assets	44,916	42,666
Investments and other assets		
Investments in securities	2,295	2,697
Long-term loans	554	422
Deferred tax assets	4,211	4,415
Net defined benefit asset	111	60
Deposits and guarantees	19,144	20,319
Other investments and other assets	5,168	8,198
Allowance for doubtful accounts	(1,644)	(1,743)
Total investments and other assets	29,841	34,368
Total fixed assets	105,632	107,264
Deferred assets		
Share issuance cost	15	—
Total deferred assets	15	—
Total assets	193,451	203,662

(Million yen)

	Previous fiscal year (As of April 30, 2020)	Current fiscal year (As of April 30, 2021)
Liabilities		
Current liabilities		
Accounts payable	47,187	46,758
Short-term debt	3,642	3,670
Accrued income taxes	3,356	2,157
Deposits received	13,094	13,979
Allowance for bonuses to employees	2,338	2,594
Allowance for bonuses to directors	16	16
Reserve for reward obligations	463	461
Other current liabilities	4,600	4,522
Total current liabilities	74,700	74,160
Long-term liabilities		
Long-term debt	2,432	8,297
Lease obligations	154	37
Net defined benefit liability	3,124	3,329
Other long-term liabilities	2,035	2,000
Total long-term liabilities	7,747	13,664
Total liabilities	82,447	87,825
Net assets		
Shareholders' equity		
Common stock	21,894	21,894
Capital surplus	20,500	20,500
Retained earnings	68,758	73,506
Treasury stock	(2)	(3)
Total shareholders' equity	111,151	115,899
Accumulated other comprehensive income		
Unrealized holding gains on securities	(77)	(12)
Remeasurements of defined benefit plans	(159)	(128)
Total accumulated other comprehensive income	(236)	(141)
Non-controlling interests	88	78
Total net assets	111,003	115,837
Total liabilities and net assets	193,451	203,662

(2) Consolidated statement of income and comprehensive income**Consolidated statement of income**

(Million yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal year (May 1, 2020 to April 30, 2021)
Net sales	292,615	297,305
Cost of sales	245,753	251,150
Gross profit	46,861	46,155
Selling, general and administrative expenses		
Advertising expenses	2,004	1,998
Promotion expenses	1,260	1,103
Salaries, allowances and bonuses	5,560	7,693
Provision of allowance for doubtful accounts	–	33
Provision for bonuses to employees	668	902
Provision for bonuses to directors	16	16
Retirement benefit expenses	203	261
Provision for reward obligations	463	461
Legal and employee benefits expenses	2,046	2,397
Correspondence and transportation expenses	879	894
Lease expenses	81	91
Rent expenses	4,950	4,708
Depreciation expenses	766	1,178
Amortization of goodwill	4,242	4,245
Taxes	1,762	1,490
Other	5,885	7,746
Total selling, general and administrative expenses	30,793	35,222
Operating income	16,068	10,932
Non-operating income		
Interest income	55	38
Dividend income	37	44
Share of profit of entities accounted for using equity method	–	10
Gains on investments in partnership	10	68
Commissions received	25	18
Real estate rental revenue	368	185
Gains on donations of fixed assets	48	28
Consignment income	184	193
Technical advisory fee	64	68
Subsidies for employment adjustment	138	1,182
Other non-operating income	292	472
Total non-operating income	1,226	2,308
Non-operating expenses		
Interest expenses	63	44
Losses on sales of accounts receivables	67	79
Real estate rental expenses	134	220
Provision of allowance for doubtful accounts	–	182
Other non-operating expenses	205	64
Total non-operating expenses	472	590
Ordinary income	16,822	12,649

(Million yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal year (May 1, 2020 to April 30, 2021)
Extraordinary income		
Gains on sales of fixed assets	36	19
Gain on transfer of business	496	408
Surrender value of insurance	78	53
Gain on contribution of securities to retirement benefit trust	223	–
Gain on sales of shares of subsidiaries and associates	–	111
Other extraordinary income	1	31
Total extraordinary income	835	624
Extraordinary losses		
Losses on disposal and sales of fixed assets	916	410
Impairment losses on fixed assets	263	804
Loss on valuation of investment securities	218	37
Loss on temporary store closures	97	52
Other extraordinary losses	231	202
Total extraordinary losses	1,727	1,506
Income before income taxes	15,930	11,767
Income taxes – current	6,648	5,251
Income taxes – deferred	81	(172)
Total income taxes	6,729	5,079
Profit	9,201	6,687
Profit (loss) attributable to non-controlling interests	21	(9)
Profit attributable to owners of parent	9,179	6,697

Consolidated statement of comprehensive income

(Million yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal year (May 1, 2020 to April 30, 2021)
Profit	9,201	6,687
Other comprehensive income		
Unrealized holding gains (losses) on securities	(71)	64
Remeasurements of defined benefit plans, net of tax	(99)	31
Total other comprehensive gain (loss)	(170)	95
Total comprehensive income	9,030	6,783
Comprehensive income attributable to owners of parent	9,008	6,792
Comprehensive income attributable to non-controlling interests	21	(9)

(3) Consolidated statement of changes in net assets

Previous fiscal year (May 1, 2019 to April 30, 2020)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current year	21,894	20,500	61,526	(2)	103,920
Net changes during the year					
Cash dividends paid			(1,948)		(1,948)
Profit attributable to owners of parent			9,179		9,179
Acquisition of treasury stock					–
Net change in items other than shareholders' equity					
Total changes during the year	–	–	7,231	–	7,231
Balance at the end of current year	21,894	20,500	68,758	(2)	111,151

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current year	(6)	(59)	(65)	67	103,922
Net changes during the year					
Cash dividends paid					(1,948)
Profit attributable to owners of parent					9,179
Acquisition of treasury stock					–
Net change in items other than shareholders' equity	(71)	(99)	(170)	21	(149)
Total changes during the year	(71)	(99)	(170)	21	7,081
Balance at the end of current year	(77)	(159)	(236)	88	111,003

Current fiscal year (May 1, 2020 to April 30, 2021)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current year	21,894	20,500	68,758	(2)	111,151
Net changes during the year					
Cash dividends paid			(1,948)		(1,948)
Profit attributable to owners of parent			6,697		6,697
Acquisition of treasury stock				(1)	(1)
Net change in items other than shareholders' equity					
Total changes during the year	–	–	4,748	(1)	4,747
Balance at the end of current year	21,894	20,500	73,506	(3)	115,899

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at the beginning of current year	(77)	(159)	(236)	88	111,003
Net changes during the year					
Cash dividends paid					(1,948)
Profit attributable to owners of parent					6,697
Acquisition of treasury stock					(1)
Net change in items other than shareholders' equity	64	31	95	(9)	85
Total changes during the year	64	31	95	(9)	4,833
Balance at the end of current year	(12)	(128)	(141)	78	115,837

(4) Consolidated statement of cash flows

(Million yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal year (May 1, 2020 to April 30, 2021)
Cash flows from operating activities		
Profit before income taxes	15,930	11,767
Depreciation and amortization	4,087	4,243
Amortization of goodwill	4,357	4,436
(Gain) loss on sales of shares of subsidiaries and associates	34	(111)
Impairment losses on fixed assets	263	804
Increase (decrease) in allowance for doubtful accounts	(2)	210
(Decrease) increase in reserve for reward obligations	13	(1)
Increase in defined benefit liability	256	304
Gain on transfer of business	(419)	(399)
Gain on contribution of securities to retirement benefit trust	(223)	-
Increase in allowance for bonuses to employees	183	249
Decrease in allowance for bonuses to directors	(1)	(0)
Interest and dividend income	(92)	(82)
Interest expenses	63	44
Share of profit of entities accounted for using equity method	-	(10)
Gains on investments in partnerships	(10)	(68)
Gains on donations of property, plant and equipment	(48)	(28)
Gains on sales of investments in securities	-	(9)
Loss on valuation of investment securities	218	37
Losses on disposal and sales of fixed assets	880	391
Decrease (increase) in accounts receivable	(429)	138
Decrease (increase) in inventories	(1,939)	1,172
Increase in other assets	(1,237)	(539)
Increase in other accounts receivable	(530)	(221)
(Decrease) increase in accounts payable	1,793	(844)
(Decrease) increase in other liabilities	745	(2)
Subtotal	23,893	21,482
Interest and dividends received	92	86
Interest paid	(64)	(44)
Income taxes paid	(6,174)	(6,595)
Net cash provided by operating activities	17,747	14,928

(Million yen)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal year (May 1, 2020 to April 30, 2021)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(4,913)	(3,930)
Proceeds from sales of property, plant and equipment	1,014	1,001
Payments for purchases of investments in securities	(874)	(557)
Proceeds from sales of investments in securities	39	293
Purchases of subsidiaries' shares resulting in obtaining controls	(1,442)	(997)
Payments for loans receivable	(189)	(20)
Proceeds from collections of loans receivable	939	680
Payments for investments in capital	(0)	(0)
Proceeds from returns of investments in capital	1	0
Payments for purchase of intangible fixed assets	(1,465)	(1,811)
Proceeds from sales of intangible assets	188	7
Payments of leasehold and guarantee deposits	(4,710)	(2,219)
Proceeds from refund of leasehold and guarantee deposits	662	1,070
Increase in other investments	(924)	(3,110)
Proceeds from withdrawal of time deposits	314	146
Payments for time deposits	(109)	(12)
Other, net	(4)	(34)
Net cash used in investing activities	(11,474)	(9,493)
Cash flows from financing activities		
Net decrease in short-term loans payable	(15)	(21)
Proceeds from long-term debts	100	12,625
Repayments of long-term debts	(5,598)	(6,792)
Repayments of lease obligations	(375)	(218)
Payments for purchase of treasury stock	—	(1)
Cash dividends paid	(1,948)	(1,948)
Net cash provided by (used in) financing activities	(7,837)	3,643
Net increase (decrease) in cash and cash equivalents	(1,564)	9,078
Cash and cash equivalents at beginning of the year	47,495	45,931
Cash and cash equivalents at end of the year	45,931	55,009

(5) Notes to consolidated statements

(Notes on the premise of a going concern)

There are no applicable matters to be reported.

(Matters related to consolidated statement of income)

In response to requests from local and national governments, the Group has temporarily closed or shortened the opening hours of many stores in the cosmetic and drug business to prevent the spread of COVID-19. Fixed expenses (personnel expenses, depreciation, rent and others) incurred by stores during the closures have been booked as "Loss on temporary store closures" under "Extraordinary losses."

(Segment information, etc.)

Segment information

1. Description of the reportable segments

The Company's reportable segments consist of those of its components for which it is possible to obtain separate financial information that is examined by its Board of Directors on a regular basis for the purpose of deciding on the allocation of corporate resources and assessing business performance.

The Group's business comprises three units that together represent its main business units, namely, dispensing pharmacy business that consists of operation of dispensing pharmacies, selling of generic drugs, recruiting and consulting services, and cosmetic and drug store business that consists of the management of cosmetic and drug stores as well as other businesses, which includes a retail store business and a real-estate leasing business. The formulation and examination of business strategy is conducted individually for each business.

Accordingly, the reportable segments of the Group are composed of three units, namely, dispensing pharmacy business, cosmetic and drug store business and other businesses.

Due to a realignment of consolidated subsidiaries, WHOLESAL STARS Co., Ltd., which was classified as a company in the pharmacy business reportable segment in the previous fiscal year, has been reclassified as a consolidated subsidiary associated with multiple reportable segments from the fiscal year under review. As a result, based on the revised classifications for reportable segments, some assets have been transferred from the pharmacy business to administrative divisions, which are not part of reportable segments.

2. Methods to determine the amounts of net sales, income or losses, assets, liabilities and other items by reportable segment

The methods used for accounting for the reportable business segments are generally similar to those described in the Basic Important Matters for Preparation of Consolidated Financial Statements.

The income figures for the reportable segments are expressed at the ordinary income level. Intersegment sales and transfers are based on prevailing market prices.

3. Sales, income (loss), assets, liabilities and other items for each reportable segment

I. Previous fiscal year (May 1, 2019 to April 30, 2020)

(Million yen)

	Reportable segments				Adjustments (Note) 1	Consolidated (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
Sales						
Sales to third parties	263,750	24,701	4,163	292,615	–	292,615
Intersegment sales	–	–	114	114	(114)	–
Total sales	263,750	24,701	4,277	292,729	(114)	292,615
Segment income (loss)	20,850	262	(342)	20,771	(3,948)	16,822
Segment assets	163,667	12,771	11,869	188,308	5,143	193,451
Other						
Depreciation and amortization	2,676	391	279	3,347	199	3,547
Amortization of goodwill	4,336	3	18	4,357	–	4,357
Impairment losses	91	172	–	263	–	263
Increase of tangible and intangible assets	3,688	1,488	311	5,488	337	5,825

Notes: 1. Segment income (loss) in "Adjustments" totaling (¥3,948 million) includes ¥5,777 million in corporate expenses, (¥1,923 million) in (income) losses that may not be allocated to the reporting segments, and ¥94 million in elimination due to intersegment transactions.

Corporate expenses consist mainly of expenses associated with the administrative divisions and the system logistics division of the parent company, which are not part of the reportable segments.

Segment assets in "Adjustments" totaling ¥5,143 million consist mainly of assets associated with the administrative divisions and the system logistics division of the parent company, which are not part of the reportable segments, and the difference in elimination of intersegment transactions.

2. Segment income (loss) is adjusted with the ordinary income of consolidated statements of income.

II. Current fiscal year (May 1, 2020 to April 30, 2021)

(Million yen)

	Reportable segments				Adjustments (Note) 1	Consolidated (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
Sales						
Sales to third parties	263,095	19,419	14,791	297,305	–	297,305
Intersegment sales	–	–	103	103	(103)	–
Total sales	263,095	19,419	14,894	297,408	(103)	297,305
Segment income (loss)	20,947	(1,999)	(721)	18,227	(5,577)	12,649
Segment assets	161,497	13,326	9,469	184,293	19,368	203,662
Other						
Depreciation and amortization	2,571	536	303	3,411	291	3,702
Amortization of goodwill	4,278	6	151	4,436	–	4,436
Impairment losses	516	288	–	804	–	804
Increase of tangible and intangible assets	3,299	1,218	352	4,871	1,031	5,903

Notes: 1. Segment income (loss) in "Adjustments" totaling (¥5,577 million) includes ¥6,684 million in corporate expenses, (¥1,278 million) in (income) losses that may not be allocated to the reporting segments, and ¥171 million in elimination due to intersegment transactions.

Corporate expenses consist mainly of expenses associated with the administrative divisions and the system logistics division of the parent company, which are not part of the reportable segments.

Segment assets in "Adjustments" totaling ¥19,368 million consist mainly of assets associated with the administrative divisions and the system logistics division of the parent company, which are not part of the reportable segments, and the difference in elimination of intersegment transactions.

2. Segment income (loss) is adjusted with the ordinary income of consolidated statements of income.

Related information

Previous fiscal year (May 1, 2019 to April 30, 2020)

1. Information by product and service

This disclosure has been omitted because the same information is disclosed under Segment Information.

2. Information by region

(1) Net sales

This disclosure has been omitted as the Group's sales to external customers in Japan accounted for more than 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

This disclosure has been omitted because the Group had no property, plant and equipment located outside Japan at the balance sheet date.

Current fiscal year (May 1, 2020 to April 30, 2021)

1. Information by product and service

This disclosure has been omitted because the same information is disclosed under Segment Information.

2. Information by region

(1) Net sales

This disclosure has been omitted as the Group's sales to external customers in Japan accounted for more than 90% of sales on the consolidated statement of income.

(2) Property, plant and equipment

This disclosure has been omitted because the Group had no property, plant and equipment located outside Japan at the balance sheet date.

Information regarding impairment losses of fixed assets for each reported segment

Previous fiscal year (May 1, 2019 to April 30, 2020)

This disclosure has been omitted because the same information is disclosed under Segment Information.

Current fiscal year (May 1, 2020 to April 30, 2021)

This disclosure has been omitted because the same information is disclosed under Segment Information.

Information about goodwill amortization amount and year-end balance for each reportable segment

Previous fiscal year (May 1, 2019 to April 30, 2020)

(Million yen)

	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Corporate / Eliminations	Total
Amortization of current fiscal year	4,336	3	18	–	4,357
Balance at the end of current fiscal year	40,699	60	1,363	–	42,123

Current fiscal year (May 1, 2020 to April 30, 2021)

(Million yen)

	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Corporate / Eliminations	Total
Amortization of current fiscal year	4,278	6	151	–	4,436
Balance at the end of current fiscal year	37,821	54	1,182	–	39,057

Information about gains on bargain purchase for each reported segment

Previous fiscal year (May 1, 2019 to April 30, 2020)

There are no applicable matters to be reported.

Current fiscal year (May 1, 2020 to April 30, 2021)

There are no applicable matters to be reported.

(Per-share information)

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal year (May 1, 2020 to April 30, 2021)
Net assets per share	3,130.77 yen	3,267.49 yen
Earnings per share	259.11 yen	189.04 yen

Notes: 1. Diluted earnings per share is not mentioned since dilutive shares do not exist.

2. The basis of calculation of net assets per share and earnings per share is as follows.

	Previous fiscal year (May 1, 2019 to April 30, 2020)	Current fiscal year (May 1, 2020 to April 30, 2021)
Profit attributable to owners of parent (million yen)	9,179	6,697
Amount not attributable to ordinary shareholders (million yen)	–	–
Net income attributable to owners of the parent pertaining to common stock (million yen)	9,179	6,697
Average number of shares outstanding (shares)	35,427,484	35,427,408

(Important subsequent events)

There are no applicable matters to be reported.