



Consolidated Financial Results for the Fiscal Year Ended May 2021 [Japanese GAAP]

June 22, 2021

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 Holding of financial results explanation meeting: Yes (For institutional investors and analysts)

(Rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended May 2021 (May 16, 2020-May 15, 2021)

(1) Consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY May 2021	83,240	△ 6.8	640	△ 22.0	607	△ 31.4	574	396.5
FY May 2020	89,304	5.5	820	90.7	885	97.4	115	293.6

(Note) Comprehensive income FY May 2021: 544 million yen (480.0%) FY May 2020: 93 million yen (△53.4%)

	Net income per share	Diluted net income per share	Return on equity	Return on Asset	Operating profit margin
	Yen	Yen	%	%	%
FY May 2021	125.10	125.08	6.8	1.6	0.8
FY May 2020	25.19	-	1.4	2.4	0.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY May 2021	38,299	8,672	22.5	1,876.77
FY May 2020	36,642	8,251	22.4	1,787.69

(Note) Equity FY May 2021: 8,622 million yen FY May 2020: 8,213 million yen

(3) Consolidated cash flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY May 2021	3,372	1,201	△ 3,394	2,659
FY May 2020	1,651	△ 2,163	204	1,518

2. Dividends

	Dividend per share					Total dividend (Total)	Dividend payout ratio (consolidated)	Net asset dividend rate (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY May 2020	-	0.00	-	28.00	28.00	128	111.1	1.5
FY May 2021	-	0.00	-	28.00	28.00	128	22.4	1.5
FY May 2022 (forecast)	-	0.00	-	28.00	28.00		64.3	

3. Consolidated Earnings Forecast for the Fiscal Year Ending May 2022 (May 16, 2021 - May 15, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	85,000	2.1	700	9.3	700	15.2	200	△ 65.2	43.53

※ Notes

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

- | | |
|---|------|
| ① Changes in accounting policies due to revisions in accounting standards : | None |
| ② Changes in accounting policies other than ① : | None |
| ③ Changes in accounting-based estimates : | None |
| ④ Restatements : | None |

(3) Number of shares outstanding (common shares)

- ① Number of shares outstanding as of the end of the period (including treasury shares)
- ② Number of treasury shares as of the end of the period
- ③ Average number of shares outstanding during the period

FY May 2021	4,742,000 shares	FY May 2020	4,742,000 shares
FY May 2021	147,474 shares	FY May 2020	147,474 shares
FY May 2021	4,594,526 shares	FY May 2020	4,594,554 shares

※ This summary report is not subject to review by certified public accountants or auditing firms

※ Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to our company's management at the time these materials were prepared, but are not promises regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

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1. Qualitative Information on Consolidated Financial Results for the Full Year

(1) Explanation of operating results

In the fiscal year under review (May 16, 2020, to May 15, 2021), the Japanese economy experienced severe conditions due to the effects of COVID-19, including a deterioration in corporate earnings and business sentiment, a decline in personal consumption, and disappearance of inbound demand due to travel restrictions. After the state of emergency declaration by the government was lifted in May 2020, there were signs of a partial recovery in individual consumption and corporate economic activities. However, due to the subsequent reemergence of the infection and the multiple declarations of a state of emergency, the outlook remains uncertain.

In the drugstore industry, where the Group mainly operates, sales trends have undergone significant changes, including a shift toward high demand for hygiene-related products such as masks and disinfectants as a result of the prevalence of new lifestyles aimed at preventing COVID-19 infections, as well as increased demand for food and daily necessities due to the expansion of “stay-at-home” consumption. Additionally, the digital shift by consumers has progressed, including an increase of cashless payment usage due to the growing tendency toward non-contact. On the other hand, the business environment is changing drastically, with declining demand for cosmetics due to change of consumer lifestyle including the prevalence of remote work, disappearance of inbound demand, intensifying competition across industry boundaries, and signs of industry restructuring through M&A.

Under these circumstances, the Group continued store operation while taking measures to prevent infections and ensuring hygiene management in order to fulfill its role of supplying products in the community and to remain an important part of the local infrastructure. We also responded flexibly to changes in the external environment by liquidating unprofitable stores, revising sales promotions and working to expand the number of affiliated stores for cashless payments in response to growing non-contact tendency.

In September 2020, our headquarters were relocated to a new building with offices and store annex where we aim to promote an exchange of diverse human resources inside and outside the company and utilize it as a place to solve social challenges in Hokkaido. At the store located on the 1st floor, we are promoting in-store digital transformation including the utilization of AI camera solutions and others.

In December 2019, we entered into a comprehensive business alliance agreement with Coop Sapporo and have cooperated with the goal to revitalize the Hokkaido economy and improve the convenience of the local community. As a part of these efforts, we have established a joint venture in December 2020 with the aim to reduce distribution costs by demonstrating economies of scale with consolidation of product purchases by both companies. Furthermore, we have concluded various agreements with local governments and educational institutions in Hokkaido and are promoting efforts to revitalize the region.

In addition to the above, from the perspective of efficient utilization of management resources and strengthening of the financial structure, in September 2020, we transferred non-current assets related to the new office building, and we have entered into a syndicated loan agreement with a financial institution in order to strengthen our medium- to long-term management base through the stabilization of finances and the reduction of financial costs. Furthermore, in August 2020, we transitioned to a company with an audit and supervisory committee in order to strengthen the supervisory function of the Board of Directors and enhance corporate governance. As a result, with the aim to further improve corporate value, business execution and supervision parts were separated and management decision-making became expedited.

As a result of the above, net sales were 83,240 million yen (down 6.8% year on year), operating profit was 640 million yen (down 22.0% year on year), ordinary profit was 607 million yen (down 31.4% year on year), and profit attributable to owners of parent was 574 million yen (up 396.5% year on year).

An overview of the segment performance is as follows.

<Retail Business>

We operate a chain of drugstore-format stores aimed at becoming a dominant player primarily in Hokkaido, as well as inbound-format stores in tourist areas and other locations which many foreign visitors to Japan frequent. On the strategic front, by promoting

our low-pricing strategy centering on Everyday Same Low Price (ESLP) we are aiming to create stores that are supported by customers and to improve work efficiency by leveling work operations. We are also continuing to improve the quality and speed of decision-making through the area divisional organization. In addition, we are working to develop lifestyle services, such as fitness business and specific health guidance by registered dietitians.

During the consolidated fiscal year under review, the trend in demand for hygiene-related products, food, and daily necessities continued to be high because of the impact of COVID-19, but while the number of customers has decreased due to growing needs for one-stop shopping, the sales in the drugstore format have expanded, as a result of the increase in the average spending per customer due to the growth in the number of items purchased. On the other hand, sales in the inbound format were minimal as the number of foreign visitors to Japan fell significantly from the previous year. With regard to pharmacies, although the number of prescriptions declined at many stores as a result of the widespread trend of avoiding visits to medical institutions due to the impact of COVID-19, sales were higher than in the same period of the previous year. This was mainly due to a rise in the unit price of prescriptions due to a transition to long-term prescriptions.

In terms of store openings and closings, the table below shows the results of our efforts to close unprofitable stores, primarily in the inbound format.

(Status of store openings and closures)

Store classification	Format classification	End of FY May 2020	Openings	Closures	End of FY May 2021
Drugstores	Drugstore format	172 stores	1 store	2 stores	171 stores
	Inbound format	25 stores	2 stores	10 stores	17 stores
Pharmacies	Near hospital pharmacies	10 stores	-	-	10 stores
Other stores	The Kurashi Store of Hokkaido	3 stores	1 store	2 stores	2 stores
Total		210 stores	4 stores	14 stores	200 stores

As a result of the above, sales in the retail business amounted to 82,761 million yen (down 6.9% year on year), and segment profit amounted to 590 million yen (a decline of 22.7% year on year).

<IT Solutions Business>

Based on the technology developed for the Group, we are engaged in the sale of POS applications and other products that aim to solve issues from the user's point of view. This segment performance until the previous fiscal year included the performance figures of AWL, Inc. and its wholly owned subsidiary AWL VIETNAM CO., LTD. A portion of the shares of this company were transferred as of September 30, 2019 and have been excluded from the Company's consolidation since the second quarter consolidated accounting period of the previous fiscal year.

As a result of the above, sales in the IT Solutions business amounted to 106 million yen (down 13.9% year on year), and segment profit amounted to 19 million yen (a segment loss of 55 million yen in the same period of the previous fiscal year).

<Other Businesses>

The Group is engaged in the regional marketing business that utilizes the Hokkaido common point card "EZOCA", payment service business and the operation of programming schools for elementary and junior high school students. As of the end of April 2021, the number of members of EZOCA, Hokkaido's common point card, which is the Group's strength, surpassed 1.96 million. In the payment service business, cashless payment targeted at inbound customers was sluggish due to the disappearance of inbound demand, but domestic cashless payment expanded due to increased needs for contactless payment.

Other Business segment sales amounted to 743 million yen (up 14.3% year on year), and segment loss amounted to 22 million yen (a segment loss of 30 million yen in the same period of the previous fiscal year).

(2) Explanation of financial position

(Assets)

Current assets at the end of the current consolidated fiscal year were 18,267 million yen, an increase of 3,827 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in merchandise of 1,236 million yen and the fact that the last day of the current consolidated fiscal year was a holiday for financial institutions, resulting in accounts receivable increase of 845 million yen. Non-current assets were 20,030 million yen, a decrease of 2,162 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 2,425 million yen in property, plant and equipment due to the sale of assets.

As a result, total assets were 38,299 million yen, an increase of 1,656 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

Current liabilities at the end of the current consolidated fiscal year were 16,617 million yen, a decrease of 692 million yen from the end of the previous consolidated fiscal year. This was mainly due to the fact that the last day of the current consolidated fiscal year was a holiday for financial institutions, resulting in a decrease in short-term borrowings by 2,400 million yen, an increase in accounts payable by 3,575 million yen. In addition to that, refinancing of long-term borrowings reduced current portion of long-term borrowings by 2,715 million yen.

Non-current liabilities amounted to 13,009 million yen, an increase of 1,928 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase in long-term borrowings of 1,895 million yen due to the refinancing.

As a result, total liabilities were 29,627 million yen, an increase of 1,236 million yen from the end of the previous consolidated fiscal year.

(Net Assets)

Total net assets at the end of the current consolidated fiscal year were 8,672 million yen, an increase of 420 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 128 million yen in retained earnings due to dividends of surplus, and also an increase of 574 million yen due to profit attributable to owners of parent.

As a result, the equity ratio was 22.5% (22.4% at the end of the previous consolidated fiscal year).

(3) Overview of current fiscal year's cash flows

The balance of cash and cash equivalents (hereinafter referred to as “capital”) for the current consolidated fiscal year was 2,659 million yen.

The status of each cash flow and their factors in the current consolidated fiscal year are as follows.

(Cash flows from operating activities)

Capital obtained as a result of operating activities amounted to 3,372 million yen (acquired 1,651 million yen, in the same period of the previous fiscal year). This was mainly due to factors such as profit before income taxes of 974 million yen, increase in accounts payable of 3,575 million yen due to financial institutions holidays, depreciation and amortization of 1,164 million yen and decrease in inventories of 1,338 million yen.

(Cash flows from investing activities)

Capital obtained as a result of investing activities amounted to 1,201 million yen (expenditure of 2,163 million yen, in the same period of the previous fiscal year). This was mainly due to an 3,910 million yen in income from the sale of property, plant and equipment, an increase in proceeds from refund of leasehold and guarantee deposits of 261 million yen and expenditures for the purchase of property, plant and equipment of 2,113 million, and expenditures for the payments for leasehold and guarantee deposits of 639 million yen.

(Cash flows from financing activities)

Capital spent on financing activities amounted to 3,394 million yen (acquired 204 million yen, in the same period of the previous fiscal year). This was mainly due to a net decrease in short-term borrowings of 2,400 million yen, proceeds from long-term

borrowings of 11,800 million yen and expenditures for repayment of long-term borrowings of 12,619 million yen.

(4) Future outlook

The Group, in the "second founding period" has been working on the medium-term management plan with the final fiscal year ending in May 2021, under the theme of "digging deeper into Hokkaido and establishing the foundation for further growth". We have been actively implementing scrap and build strategy with our stores but due to the disappearance of inbound demand resulting from the COVID-19 pandemic, the target numbers were not achieved. On the other hand, we did succeed in laying the foundation for further growth by acquiring a network of 200 stores, more than 1.96 million EZOCA members and collaborating with local governments and educational institutions.

Based on the results of the previous medium-term management plan, the Group has formulated a new medium-term management plan for the five-year period from the fiscal year ending May 2022 to the fiscal year ending May 2026, on the assumption that the effects of COVID-19, including the absence of inbound demand, will continue for a certain period of time.

Under the theme of "evolving into a regional integrated lifestyle group" in the new medium-term management plan, we will leverage the Group's management resources built in the previous medium-term management plan to the fullest and strive to improve corporate value with three growth strategies: (1) an integrated lifestyle store strategy, (2) a regional platform strategy, and (3) a collaboration strategy.

As for the outlook for the Japanese economy for the coming fiscal year, while there is a sense of hope for vaccination amidst the continued spread of COVID-19, the timing of its end remains uncertain. We expect the severe business environment to continue as there remain concerns over the cooling of consumer confidence, and it may take time for social and economic activities to fully recover.

In terms of the surrounding environment of the Group, in the drugstore industry the market size is expanding due to companies aggressively opening new stores and expanding their product lineups, but the market is expected to continue to remain severe due to fierce competition among existing companies to open new stores and M&A resulting in oligopoly. In regard to infection prevention, the growing need for one-stop shopping and cashless payments is expected to continue.

Under this environment, for the coming fiscal year, we will work on the pursuit of ESLP, strengthening of the business alliance with Coop Sapporo, the promotion of digital marketing, cooperation of local municipalities and further expansion of cashless payment business. It is still uncertain when the COVID-19 pandemic will end, and we anticipate that inbound demand will continue to be absent.

Based on the above, for the coming fiscal year, we forecast consolidated sales of 85,000 million yen, operating profit of 700 million yen, ordinary profit of 700 million yen, and profit attributable to shareholders of parent of 200 million yen.

(5) Material events related to going concern assumptions

Not applicable.

2. Basic policy regarding selection of accounting standards

The Group applies Japanese accounting standards to ensure comparability with other companies in the same industry in Japan.

3. Consolidated financial statements and notes

(1) Consolidated balance sheet

(Millions of yen)

	Previous consolidated fiscal year (May 15, 2020)	Current consolidated fiscal year (May 15, 2021)
Assets		
Current assets		
Cash and deposits	1,518	2,659
Accounts receivable-trade	1,922	2,768
Merchandise	9,171	10,407
Income taxes receivable	7	15
Other	1,819	2,415
Total current assets	14,439	18,267
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,410	11,578
Accumulated depreciation	△5,331	△4,757
Buildings and structures, net	7,078	6,821
Tools, furniture and fixtures	4,271	3,706
Accumulated depreciation	△3,395	△2,846
Tools, furniture and fixtures, net	876	859
Land	5,168	4,013
Leased assets	1,413	1,273
Accumulated depreciation	△963	△938
Leased assets, net	449	334
Construction in progress	1,148	267
Total property, plant and equipment	14,721	12,296
Intangible assets	418	428
Investments and other assets		
Investment securities	71	75
Leasehold and guarantee deposits	5,681	5,958
Deferred Tax Assets	796	815
Other	580	532
Allowance for doubtful accounts	△76	△76
Total investment and other assets	7,052	7,305
Total non-current assets	22,193	20,030
Deferred assets		
Organization expenses	9	1
Total deferred assets	9	1
Total assets	36,642	38,299

(Millions of yen)

	Previous consolidated fiscal year (May 15, 2020)	Current consolidated fiscal year (May 15, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	8,058	11,634
Short-term borrowings	2,500	100
Current portion of long-term borrowings	3,091	375
Accounts payable - other	1,861	2,396
Lease obligations	98	48
Income taxes payable	295	227
Accrued consumption taxes	150	488
Provision for bonuses	512	519
Other	742	826
Total current liabilities	17,310	16,617
Non-current liabilities		
Long-term borrowings	9,253	11,148
Lease obligations	380	332
Retirement benefit liability	517	573
Asset retirement obligations	470	472
Other	459	481
Total non-current liabilities	11,080	13,009
Total liabilities	28,390	29,627
Net assets		
Shareholders' equity		
Share capital	1,000	1,000
Capital surplus	2,099	2,099
Retained earnings	5,427	5,873
Treasury shares	△306	△306
Total shareholders' equity	8,220	8,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	4
Foreign currency translation adjustment	△4	△42
Remeasurements of defined benefit plans	△5	△5
Total accumulated other comprehensive income	△6	△43
Share acquisition rights	2	4
Non-controlling interests	35	44
Total net assets	8,251	8,672
Total liabilities and net assets	36,642	38,299

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Millions of yen)

	Previous consolidated fiscal year (May 16, 2019 - May 15, 2020)	Current consolidated fiscal year (May 16, 2020 - May 15, 2021)
Net sales	89,304	83,240
Cost of sales	67,698	62,757
Gross profit	21,606	20,483
Selling, general and administrative expenses	20,785	19,842
Operating profit	820	640
Non-operating income		
Interest and dividend income	25	19
Gain on donation of non-current assets	42	29
Foreign exchange gains	1	40
Other	92	98
Total non-operating income	161	187
Non-operating expenses		
Interest expenses	71	62
Commission expenses	1	146
Amortization of business commencement expenses	6	-
Other	17	10
Total non-operating expenses	96	220
Ordinary profit	885	607
Extraordinary income		
Gain on sales of non-current assets	172	740
Total extraordinary income	172	740
Extraordinary losses		
Loss on retirement of non-current assets	86	80
Loss on sale of non-current assets	9	-
Impairment losses	354	183
Loss on store closings	62	108
Loss on sales of shares of subsidiaries and associates	85	-
Loss on valuation of investment securities	7	-
Total extraordinary losses	605	373
Profit before income taxes	452	974
Income taxes-current	395	413
Income taxes-deferred	△46	△20
Total income taxes	349	393
Profit	102	581
Profit (loss) attributable to non-controlling interests	△12	6
Profit (loss) attributable to owners of parent	115	574

Consolidated statement of comprehensive income

(Millions of yen)

	Previous consolidated fiscal year (May 16, 2019 - May 15, 2020)	Current consolidated fiscal year (May 16, 2020 - May 15, 2021)
Profit	102	581
Other comprehensive income		
Valuation difference on available-for-sale securities	△0	1
Foreign currency translation adjustment	△8	△38
Remeasurements of defined benefit plans	△0	0
Total other comprehensive income	△9	△36
Comprehensive income	93	544
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	106	537
Comprehensive income attributable to non-controlling interests	△12	6

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (May 16, 2019 - May 15, 2020)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,000	2,099	5,474	△305	8,267	3	4	△5	2	0	193	8,463
Changes during period												
Dividends of surplus			△128		△128							△128
Profit attributable to owners of parent			115		115							115
Purchase of treasury shares				△0	△0							△0
Decrease in retained earnings due to non-consolidation			△34		△34							△34
Net changes of items other than shareholders' equity						△0	△8	△0	△9	2	△157	△164
Total changes during period	-	-	△47	△0	△47	△0	△8	△0	△9	2	△157	△212
Balance at end of period	1,000	2,099	5,427	△306	8,220	3	△4	△5	△6	2	35	8,251

Current consolidated fiscal year (May 16, 2020 - May 15, 2021)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,000	2,099	5,427	△306	8,220	3	△4	△5	△6	2	35	8,251
Changes during period												
Dividends of surplus			△128		△128							△128
Profit attributable to owners of parent			574		574							574
Purchase of treasury shares					-							-
Decrease in retained earnings due to non-consolidation					-							-
Net changes of items other than shareholders' equity						1	△38	0	△36	2	9	△25
Total changes during period	-	-	446	-	446	1	△38	0	△36	2	9	420
Balance at end of period	1,000	2,099	5,873	△306	8,666	4	△42	△5	△43	4	44	8,672

(4) Consolidated statements of cash flows

(Millions of yen)

	Previous consolidated fiscal year (May 16, 2019 - May 15, 2020)	Current consolidated fiscal year (May 16, 2020 - May 15, 2021)
Cash flows from operating activities		
Profit before income taxes	452	974
Depreciation and amortization	1,213	1,164
Impairment loss	354	183
Increase (decrease) in provision for bonuses	68	6
Increase (decrease) in retirement benefit liability	53	55
Interest and dividend income	△25	△19
Gain on donation of non-current assets	△42	△29
Loss (gain) on sales of non-current assets	△163	△740
Interest expenses	71	62
Loss (gain) on sales of shares of subsidiaries and associates	85	-
Loss on retirement of non-current assets	86	80
Loss on store closings	62	108
Loss (gain) on valuation of investment securities	7	-
Amortization of deferred assets	13	7
Decrease (increase) in trade receivables	△97	△845
Decrease (increase) in inventories	△335	△1,338
Increase (decrease) in trade payables	△90	3,575
Increase (decrease) in accrued consumption taxes	376	340
Other	△273	316
Subtotal	1,818	3,905
Interest and dividends received	2	2
Interest paid	△71	△61
Income taxes paid	△163	△481
Income taxes refund	66	7
Net cash provided by (used in) operating activities	1,651	3,372
Cash flows from investing activities		
Purchase of property, plant and equipment	△2,301	△2,113
Proceeds from sales of property, plant and equipment	737	3,910
Purchase of intangible assets	△202	△165
Payments of leasehold and guarantee deposits	△584	△639
Proceeds from refund of leasehold and guarantee deposits	363	261
Guarantee deposits received	163	36
Refund of guarantee deposits received	△23	△13
Loan advances	△100	△220
Collection of loans receivable	100	200
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	△273	-
Other	△42	△54
Net cash provided by (used in) investing activities	△2,163	1,201

(Millions of yen)

	Previous consolidated fiscal year (May 16, 2019 - May 15, 2020)	Current consolidated fiscal year (May 16, 2020 - May 15, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△300	△2,400
Proceeds from long-term borrowings	3,700	11,800
Repayments of long-term borrowings	△3,015	△12,619
Repayments of lease obligations	△51	△48
Dividends paid	△128	△128
Other	△0	2
Net cash provided by (used in) financing activities	204	△3,394
Effect of exchange rate change on cash and cash equivalents	△8	△38
Net increase (decrease) in cash and cash equivalents	△315	1,140
Cash and cash equivalents at beginning of period	1,834	1,518
Cash and cash equivalents at end of period	1,518	2,659

(5) Consolidated financial statements and notes

(Going concern assumption)

Not applicable.

(Segment Information)

【Segment Information】**1. Overview of reportable segments**

Our reportable segments have separate financial information available from our constituent units and are subject to regular review by the Board of Directors to determine resource allocation decisions and assess performance.

The Group is engaged in two businesses: the "retail business" that operates drug stores and dispensing pharmacies, and the "IT solution business" that sells POS applications and others. Therefore, the reportable segments are "Retail Business" and "IT Solution Business".

2. Calculation method for the amount of sales, profit or loss, assets, liabilities and other items for each reportable segment

The method of accounting for the reported business segments is in line with the accounting policies adopted to prepare the consolidated financial statements.

Profit for the reportable segments is based on operating profit. Internal rates of return and transfers between segments are based on prevailing market prices.

3. Information on the amount of sales, profits or losses, assets, liabilities and other items for each reportable segment.

Previous consolidated fiscal year (May 16, 2019 - May 15, 2020)

(Millions of yen)

	Reportable Segment			Other (Note) 1	Total Adjustment	Amount shown on consolidated financial statements (Note) 2	Amount shown in consolidated financial statements (Note) 3
	Retail Business	IT Solutions Business	Total				
Net Sales							
External sales	88,924	102	89,027	277	89,304	-	89,304
Inter-segment sales and transfers	12	20	32	373	406	△406	-
Total	88,937	123	89,060	650	89,711	△406	89,304
Segment profit or loss	763	△55	708	△30	677	143	820
Segment assets	35,993	60	36,053	1,188	37,242	△600	36,642
Other							
Depreciation	1,197	5	1,203	9	1,213	0	1,213
Impairment loss	354	-	354	-	354	-	354
Increase in property, plant and equipment and intangible assets	2,463	5	2,469	14	2,483	△94	2,389

(Notes)

- The "Other" category is a business segment that is not included in the reportable segments and includes the marketing business and the education business.
- The 143 million yen adjustment to segment profit includes elimination of income and loss inter-segment transactions of 695 million yen and expenses related to the operation of the holding company of -552 million yen. The -600 million yen adjustment to segment assets was eliminated by offsetting with consolidated subsidiaries of -9,239 million yen and the assets of the holding company not allocated to the reportable segment which were 8,639 million yen.
- Segment profit or loss are adjusted to be consistent with operating profit shown on the consolidated income statement.

Current consolidated fiscal year (May 16, 2020 - May 15, 2021)

(Millions of yen)

	Reportable Segment			Other (Note) 1	Total Adjustment	Amount shown on consolidated financial statements (Note) 2	Amount shown in consolidated financial statements (Note) 3
	Retail Business	IT Solutions Business	Total				
Net Sales							
External sales	82,726	98	82,824	416	83,240	-	83,240
Inter-segment sales and transfers	34	8	42	327	370	△370	-
Total	82,761	106	82,867	743	83,611	△370	83,240
Segment profit or loss	590	19	609	△22	587	53	640
Segment assets	36,522	84	36,606	1,944	38,551	△251	38,299
Other							
Depreciation	1,150	4	1,155	9	1,164	△0	1,164
Impairment loss	183	-	183	-	183	-	183
Increase in property, plant and equipment and intangible assets	2,125	0	2,125	6	2,132	12	2,145

(Notes)

- The "Other" category is a business segment that is not included in the reportable segments and includes the marketing business and the education business.
- The adjusted amount of 53 million yen includes elimination of income and loss transactions between reported segments of 625 million yen and expenses related to the operation of the holding company of -571 million yen. The -251 million yen adjustment to segment assets was eliminated by offsetting with consolidated subsidiaries of -8,914 million yen and the assets of the holding company not allocated to the reportable segment which were 8,662 million yen.
- Segment profit or loss are adjusted to be consistent with operating profit shown on the consolidated income statement.

(Information about earning per share)

	Previous consolidated fiscal year (May 16, 2019 - May 15, 2020)	Current consolidated fiscal year (May 16, 2020 - May 15, 2021)
Book value Per Share	1,787.69 yen	1,876.77 yen
Net income per share	25.19 yen	125.10 yen
Diluted net income per share	-	125.08 yen

(Note) The basis for calculating net income per share and diluted net income per share is as follows.

Items	Previous consolidated fiscal year (May 16, 2019 - May 15, 2020)	Current consolidated fiscal year (May 16, 2020 - May 15, 2021)
Net income per share		
Net income attributable to owners of the parent (millions of yen)	115	574
Amount not attributable to common shareholders (millions of yen)	-	-
Net income attributable to the owners of the parent company in relation to common shares (millions of yen)	115	574
Average number of shares of common shares during the period	4,594,554	4,594,526
Diluted net income per share		
Net income adjustment amount attributable to owners of the parent company (millions of yen)	-	-
Increase in the number of common shares	-	749

(Important subsequent event)

Not applicable.