

# Summary of Financial Statements for Fiscal Year Ended April 2023 【Japan GAAP】 (Consolidated)

June 2, 2023

Name of listed company: **AIN HOLDINGS INC.**  
Exchange listed on: Prime Market of Tokyo Stock Exchange and Sapporo Securities Exchange  
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Date of the ordinary general meeting of shareholders: July 28, 2023  
Date of scheduled payment of dividends: July 31, 2023  
Date of filing securities report: July 31, 2023  
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 2023 (from May 1, 2022 to April 30, 2023)

### (1) Consolidated operating results

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended April 30, 2023	358,742	13.4	16,004	5.7	17,064	6.4	9,234	30.2
Year ended April 30, 2022	316,247	6.4	15,139	38.5	16,041	26.8	7,092	5.9

(Note) Comprehensive income: Year ended April 30, 2023: ¥9,446 million (+32.5%)  
Year ended April 30, 2022: ¥7,126 million (+5.1%)

	Earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended April 30, 2023	262.87	—	7.5	7.7	4.5
Year ended April 30, 2022	201.47	—	6.0	7.7	4.8

(Reference) Share of profit of entities accounted for using equity method: Year ended April 30, 2023: ¥— million  
Year ended April 30, 2022: ¥2 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, 2023	231,750	126,546	54.6	3,599.47
As of April 30, 2022	212,461	119,010	56.0	3,385.51

(Reference) Equity capital: As of April 30, 2023: ¥126,449 million As of April 30, 2022: ¥118,923 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, 2023	20,267	(22,292)	(11,237)	46,217
Year ended April 30, 2022	26,156	(13,943)	(7,753)	59,470

## 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, 2022	—	0.00	—	55.00	55.00	1,932	27.3	1.7
Year ended April 30, 2023	—	0.00	—	60.00	60.00	2,107	22.8	1.7
Year ending April 30, 2024 (forecast)	—	0.00	—	60.00	60.00		25.5	

3. Consolidated financial forecast for the fiscal year ending April 30, 2024 (from May 1, 2023 to April 30, 2024)  
(Percentage figures show year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	183,459	7.2	6,087	(10.3)	6,421	(11.8)	3,185	(16.3)	90.66
Full year	375,000	4.5	15,663	(2.1)	16,302	(4.5)	8,250	(10.7)	234.84

\* Notes

(1) Major changes in subsidiaries during the fiscal year (changes in specified subsidiaries resulting in change 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.: Yes

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, 2023	35,428,212 shares	As of April 30, 2022	35,428,212 shares
2) Number of shares held in treasury:	As of April 30, 2023	298,188 shares	As of April 30, 2022	300,911 shares
3) Average number of shares outstanding:	Fiscal year ended April 30, 2023	35,129,116 shares	Fiscal year ended April 30, 2022	35,202,302 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.

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## 1. Operating Results and Other

### (1) Overview of operating results for the fiscal year under review

During the fiscal year under review (May 1, 2022 to April 30, 2023; fiscal 2023), the COVID-19 pandemic continued to have an impact on the Japanese economy, but there were signs of a moderate pickup due to an easing in mobility restrictions and other factors. However, the outlook remains uncertain amid rising prices and fluctuations in financial and capital markets.

In this economic environment, the AIN HOLDINGS Group (the Group) rigorously implemented measures to prevent the spread of COVID-19 and worked to provide healthcare and retail services. To help solve various social issues through its business activities, AIN HOLDINGS aims to be a company that "people welcome to their communities."

We have identified six issues material to the AIN Group (materiality): "Contribute to local healthcare," "Provide beauty and happiness," "Safety, peace of mind and trust," "Protect the environment and reduce environmental impact," "Ensure sound management base," and "Cooperate with local communities and businesses." We have also publicly disclosed KPIs and fiscal 2025 targets for initiatives in each area of materiality.

In July 2022, the Group endorsed the final report of the Task Force on Climate-related Financial Disclosure (TCFD)\* and adopted four disclosure items from the TCFD recommendations and published them on its website. In September 2022, as part of efforts to enhance communication with stakeholders, the Group published a new Integrated Report with information on specific steps it is taking to address materiality, as well as human resources strategy, DX strategy and other measures to increase value over the medium and long term. In November 2022, the Group formulated the CSR Procurement Policy and Guidelines in order to realize one of the Group's materiality goals: Cooperate with local communities and businesses. The Group also signed the United Nations Global Compact and joined the Global Compact Network Japan.

In March 2023, for the second consecutive year, the Group received certification as an Outstanding Health and Productivity Management Organization for 2023 (large enterprise category) under a program run jointly by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi that recognizes leading companies in health and productivity management. In addition, from the standpoint of human capital management, we are working to improve the health of employees to reduce the staff turnover rate and lift productivity by harnessing the performance of every employee, as part of our efforts to "Ensure sound management base."

By implementing a range of measures, the Group is working to realize sustainability management in order to generate sustainable growth and create social, environment and economic value.

TCFD :Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB) at the request of the G20 finance ministers and central bank governors. The task force published its recommendations in its final report in June 2017.

Results for fiscal 2023 (May 1, 2022 to April 30, 2023) are as follows.

(Million yen)	Fiscal 2022	Fiscal 2023	Change	Change (%)
Net sales	316,247	358,742	42,494	13.4
Operating profit	15,139	16,004	864	5.7
Ordinary profit	16,041	17,064	1,022	6.4
Profit attributable to owners of parent	7,092	9,234	2,142	30.2

Results by segment are as follows.

(Million yen)	Fiscal 2022	Fiscal 2023	Change	Change (%)	
Dispensing pharmacy business	Sales	283,111	321,577	38,465	13.6
	Segment profit	25,082	24,135	(946)	(3.8)
Cosmetic and drug store business	Sales	20,558	25,685	5,127	24.9
	Segment profit	(1,764)	1,214	2,978	—
Other businesses	Sales	12,677	11,540	(1,136)	(9.0)
	Segment profit	(146)	135	282	—

(Note) Segment sales include intersegment transactions.

(Dispensing pharmacy business)

The Group is working to leverage the primary care capabilities of its pharmacists and dispensing pharmacies to help patients access medical services in their local community with peace of mind. Specifically, the Group is cooperating with medical institutions, using patient medication notebooks to ensure integrated and continuous monitoring of patient medication, and providing services for home-based healthcare.

Ahead of the start of the Ministry of Health, Labour and Welfare's (MHLW) new digitalelectronic prescriptions management service in January 2023, the Group took part in a MHLW pilot project launched at the end of October 2022 to establish operational processes, implement advanced initiatives, build up good practice and develop guidelines. The Group's pharmacies nationwide are now progressively upgrading operating environments to ensure compatibility with the new digital prescriptions. Going forward, we will adapt our business to these and other developments in the sector to ensure patients can continue to reliably access prescription medication with peace of mind.

In business development, earnings were supported by new store openings and growth in store openings compared with the previous fiscal year, including the consolidation of approximately 100 stores operated by Pharmacy Holdings Co., Ltd. in May 2022. We continue to target further business expansion through a strategy of actively opening large pharmacies and pursuing M&A deals that emphasize investment returns, while also improving pharmacy operating efficiency.

During the fiscal year, the Group opened a total of 141 dispensing pharmacies, including those acquired through M&A deals, and closed 24 dispensing pharmacies and sold 7, resulting in a total of 1,209.

(Cosmetic and drug store business)

In the cosmetic and drug store business, the COVID-19 pandemic continued to impact performance, but we reviewed and overhauled our portfolio of original brands and optimized costs. In the fiscal year under review, the business moved into profit, supported by steady growth in the number of customers after mobility restrictions were eased, and by measures to optimize costs.

During the same period, the Group opened 8 cosmetic and drug stores and closed 8 stores, resulting in a total of 78 cosmetic and drug stores at the end of the fiscal year.

**(2) Overview of financial position for the fiscal year under review**

The balance of total assets at the end of the fiscal year increased ¥19,288 million from the end of the previous fiscal year to ¥231,750 million. This mainly reflected increases for goodwill, merchandise and other assets due to the opening of new stores and dispensing pharmacies, including locations acquired through M&A.

The balance of liabilities at the end of the fiscal year under review increased by ¥11,753 million to ¥105,204 million.

The balance of short- term and long-term debts increased by ¥233 million to ¥8,691 million.

Total net assets increased by ¥7,535 million to ¥126,546 million and the shareholders' equity ratio decreased 1.4 percentage points to 54.6%.

**(3) Overview of cash flows for the fiscal year under review**

In the fiscal year under review, cash on hand and in banks ("cash") decreased ¥13,252 million year on year to ¥46,217 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 ¥20,267 million, compared with net cash provided of ¥26,156 million in the previous fiscal year.

The main items that were positive for cash flow were income before income taxes of ¥15,882 million, as well as depreciation and amortization of ¥5,529 million and amortization of goodwill of ¥4,310 million related to

business expansion through new store openings and M&A.

Income taxes paid of ¥7,897 million and increase in inventories of ¥4,948 million were the main negative items for operating cash flow.

(Cash flows from investing activities)

Net cash used in investing activities was ¥22,292 million, compared with net cash used of ¥13,943 million in the previous fiscal year.

This mainly reflected payments of ¥14,614 million for purchases of shares in subsidiaries resulting in change in scope of consolidation related to shares acquired in nine companies through M&A deals, ¥9,549 million for purchases of property, plant and equipment related to the opening of new cosmetic and drug stores and dispensing pharmacies.

(Cash flows from financing activities)

Net cash used in financing activities was ¥11,237 million, compared with net cash used in ¥7,753 million in the previous fiscal year.

The main items were net proceeds of ¥9,038 million from short-term and long-term debt repayment and proceeds, and cash dividends paid of ¥1,932 million.

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

	Year ended April 30, 2020	Year ended April 30, 2021	Year ended April 30, 2022	Year ended April 30, 2023
Shareholders' equity ratio (%)	57.3	56.8	56.0	54.6
Equity ratio based on market value (%)	110.4	105.6	96.6	85.5
Debt redemption term (years)	0.4	0.8	0.3	0.4
Interest coverage ratio (times)	276.8	334.7	671.8	384.8

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 next fiscal year (May 1, 2023 to April 30, 2024; fiscal 2024), we will continue to expand the dispensing pharmacy business by developing new pharmacies and actively using M&A.

In the cosmetic and drug store business, we will continue to open AINZ & TULPE stores in prime locations, create appealing retail displays by strengthening product lineups in order to attract more customers, and optimize costs.

Amid heightened geopolitical risks, we forecast high raw material and fuel prices and sustained price inflation in various product categories. We also plan to invest in IT systems to enhance the functionality of apps to improve customer service, and invest in strengthening the management base and promoting human capital management. Costs are likely to increase due to these factors. As a result, we forecast higher sales but lower profits year on year.

Our forecasts for fiscal 2024 (May 1, 2023 to April 30, 2024) are as follows.

	Fiscal 2023 (Million yen)	Fiscal 2024 (Million yen)	Change (Million yen)	Change (%)
Net sales	358,742	375,000	16,257	4.5
Ordinary profit	17,064	16,302	(762)	(4.5)
Profit attributable to owners of parent	9,234	8,250	(984)	(10.7)

**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 and Major Notes****(1) Consolidated balance sheet**

(Million yen)

	Fiscal 2022 (As of April 30, 2022)	Fiscal 2023 (As of April 30, 2023)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	59,729	46,796
Notes and accounts receivable - trade	10,110	13,249
Merchandise	14,568	21,299
Supplies	222	286
Short-term loans receivable	306	355
Accounts receivable - other	11,832	11,969
Other	3,995	4,348
<b>Total current assets</b>	<b>100,765</b>	<b>98,305</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	34,876	41,127
Accumulated depreciation	(17,364)	(19,720)
Buildings and structures, net	17,512	21,407
Land	8,581	10,602
Construction in progress	1,804	3,904
Other property, plant and equipment	10,000	11,665
Accumulated depreciation	(7,262)	(8,120)
Other, net	2,737	3,545
<b>Total property, plant and equipment</b>	<b>30,636</b>	<b>39,459</b>
<b>Intangible assets</b>		
Goodwill	36,352	46,443
Other	4,866	5,900
<b>Total intangible assets</b>	<b>41,219</b>	<b>52,343</b>
<b>Investments and other assets</b>		
Investment securities	2,503	2,720
Long-term loans	196	704
Deferred tax assets	5,319	5,990
Net defined benefit asset	20	23
Leasehold and guarantee deposits	22,785	24,507
Other	10,309	8,007
Allowance for doubtful accounts	(1,294)	(312)
<b>Total investments and other assets</b>	<b>39,840</b>	<b>41,641</b>
<b>Total non-current assets</b>	<b>111,696</b>	<b>133,444</b>
<b>Total assets</b>	<b>212,461</b>	<b>231,750</b>



(Million yen)

	Fiscal 2022 (As of April 30, 2022)	Fiscal 2023 (As of April 30, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	50,756	58,698
Short-term borrowings	2,643	3,670
Income taxes payable	4,391	3,328
Deposits received	15,415	18,232
Provision for bonuses	2,713	3,215
Provision for bonuses for directors	18	22
Contract liabilities	544	532
Other	5,321	5,284
Total current liabilities	81,805	92,986
Non-current liabilities		
Long-term borrowings	5,815	5,021
Lease obligations	9	32
Retirement benefit liability	3,578	4,498
Other	2,242	2,664
Total non-current liabilities	11,645	12,218
Total liabilities	93,450	105,204
Net assets		
Shareholders' equity		
Share capital	21,894	21,894
Capital surplus	20,500	20,504
Retained earnings	78,661	85,963
Treasury shares	(2,018)	(2,000)
Total shareholders' equity	119,038	126,362
Accumulated other comprehensive income		
Valuation differences on available-for-sale securities	(39)	(7)
Remeasurements of defined benefit plans	(75)	95
Total accumulated other comprehensive loss	(114)	87
Non-controlling interests	86	96
Total net assets	119,010	126,546
Total liabilities and net assets	212,461	231,750

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

(Million yen)

	Fiscal 2022 (May 1, 2021 to April 30, 2022)	Fiscal 2023 (May 1, 2022 to April 30, 2023)
Net sales	316,247	358,742
Cost of sales	266,275	305,043
Gross profit	49,971	53,698
Selling, general and administrative expenses		
Advertising expenses	1,875	2,229
Promotion expenses	595	161
Salaries, allowances and bonuses	7,457	7,327
Provision for bonuses to employees	972	1,049
Provision for bonuses to directors	18	22
Retirement benefit expenses	281	327
Legal and employee benefits expenses	2,626	2,920
Correspondence and transportation expenses	997	1,168
Lease expenses	70	87
Rent expenses	5,042	5,528
Depreciation expenses	1,234	1,529
Amortization of goodwill	4,133	4,257
Taxes	1,587	2,222
Other	7,938	8,862
Total selling, general and administrative expenses	34,832	37,694
Operating profit	15,139	16,004
Non-operating income		
Interest income	41	54
Dividend income	45	62
Share of profit of entities accounted for using equity method	2	—
Gains on investments in partnership	83	28
Commissions received	22	17
Real estate rental revenue	384	222
Gains on donations of fixed assets	18	32
Consignment income	172	211
Technical advisory fee	74	68
Subsidies for employment adjustment	173	323
Other	303	356
Total non-operating income	1,323	1,379
Non-operating expenses		
Interest expenses	38	52
Loss on sales of receivables	87	103
Rental expenses on real estate	219	51
Provision of allowance for doubtful accounts	6	48
Other	69	62
Total non-operating expenses	421	318
Ordinary profit	16,041	17,064

(Million yen)

	Fiscal 2022 (May 1, 2021 to April 30, 2022)	Fiscal 2023 (May 1, 2022 to April 30, 2023)
Extraordinary income		
Gain on sales of non-current assets	200	11
Gain on sale of business	13	73
Surrender value of insurance	5	35
Gain on step acquisitions	131	—
Other	55	1
Total extraordinary income	406	121
Extraordinary losses		
Loss on sale and retirement of non-current assets	329	193
Impairment losses on fixed assets	2,302	906
Loss on valuation of investment securities	116	91
Loss on cancellation of rental contracts	493	—
Other	80	112
Total extraordinary losses	3,322	1,303
Income before income taxes	13,125	15,882
Income taxes – current	6,925	6,844
Income taxes – deferred	(899)	(205)
Total income taxes	6,025	6,638
Profit	7,100	9,244
Profit attributable to non-controlling interests	8	9
Profit attributable to owners of parent	7,092	9,234

**Consolidated statement of comprehensive income**

(Million yen)

	Fiscal 2022 (May 1, 2021 to April 30, 2022)	Fiscal 2023 (May 1, 2022 to April 30, 2023)
Profit	7,100	9,244
Other comprehensive income		
Unrealized holding gains (losses) on securities	(26)	31
Remeasurements of defined benefit plans, net of tax	52	170
Total other comprehensive gain	26	201
Total comprehensive income	7,126	9,446
Comprehensive income attributable to owners of parent	7,118	9,436
Comprehensive income attributable to non-controlling interests	8	9

**(3) Consolidated statement of changes in net assets**

Fiscal 2022 (May 1, 2021 to April 30, 2022)

(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	73,506	(3)	115,899
Cumulative effect of accounting change			10		10
Balance at the beginning of current year reflecting changes in accounting policies	21,894	20,500	73,517	(3)	115,909
Net changes during the year					
Cash dividends paid			(1,948)		(1,948)
Profit attributable to owners of parent			7,092		7,092
Acquisition of treasury stock				(2,015)	(2,015)
Net change in items other than shareholders' equity					
Total changes during the year	-	-	5,143	(2,015)	3,128
Balance at the end of current year	21,894	20,500	78,661	(2,018)	119,038

	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	(12)	(128)	(141)	78	115,837
Cumulative effect of accounting change					10
Balance at the beginning of current year reflecting changes in accounting policies	(12)	(128)	(141)	78	115,847
Net changes during the year					
Cash dividends paid					(1,948)
Profit attributable to owners of parent					7,092
Acquisition of treasury stock					(2,015)
Net change in items other than shareholders' equity	(26)	52	26	8	34
Total changes during the year	(26)	52	26	8	3,162
Balance at the end of current year	(39)	(75)	(114)	86	119,010

Fiscal 2023 (May 1, 2022 to April 30, 2023)

(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	78,661	(2,018)	119,038
Net changes during the year					
Cash dividends paid			(1,932)		(1,932)
Profit attributable to owners of parent			9,234		9,234
Disposal of treasury stock		3		18	21
Net change in items other than shareholders' equity					
Total changes during the year	-	3	7,302	18	7,323
Balance at the end of current year	21,894	20,504	85,963	(2,000)	126,362

	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	(39)	(75)	(114)	86	119,010
Net changes during the year					
Cash dividends paid					(1,932)
Profit attributable to owners of parent					9,234
Disposal of treasury stock					21
Net change in items other than shareholders' equity	31	170	201	9	211
Total changes during the year	31	170	201	9	7,535
Balance at the end of current year	(7)	95	87	96	126,546

**(4) Consolidated statement of cash flows**

(Million yen)

	Fiscal 2022 (May 1, 2021 to April 30, 2022)	Fiscal 2023 (May 1, 2022 to April 30, 2023)
Cash flows from operating activities		
Profit before income taxes	13,125	15,882
Depreciation and amortization	4,792	5,529
Amortization of goodwill	4,133	4,310
Impairment losses on fixed assets	2,302	906
Increase (decrease) in allowance for doubtful accounts	(2)	(27)
Gain on step acquisitions	(131)	—
Increase in defined benefit liability	364	(393)
Increase in contract liabilities	105	(12)
Gain on transfer of business	(13)	(72)
Increase in allowance for bonuses to employees	109	41
Decrease in allowance for bonuses to directors	2	3
Interest and dividend income	(87)	(116)
Interest expenses	38	52
Share of profit of entities accounted for using equity method	(2)	—
Gains on investments in partnerships	(83)	(22)
Gains on donations of property, plant and equipment	(18)	(32)
Gains on sales of investments in securities	(34)	16
Loss on valuation of investment securities	116	91
Losses on disposal and sales of fixed assets	128	182
Decrease in accounts receivable	4,111	795
(Increase) decrease in inventories	(171)	(4,948)
Increase in other assets	(359)	(231)
Increase in other accounts receivable	(2,376)	1,007
Increase (decrease) in accounts payable	3,235	3,013
Increase (decrease) in other liabilities	1,217	2,032
Other, net	—	86
Subtotal	30,502	28,094
Interest and dividends received	89	123
Interest paid	(38)	(52)
Income taxes paid	(4,396)	(7,897)
Net cash provided by operating activities	26,156	20,267

(Million yen)

	Fiscal 2022 (May 1, 2021 to April 30, 2022)	Fiscal 2023 (May 1, 2022 to April 30, 2023)
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(5,880)	(9,549)
Proceeds from sales of property, plant and equipment	2,131	1,509
Payments for purchases of investments in securities	(905)	(511)
Proceeds from sales of investments in securities	819	555
Purchases of subsidiaries' shares resulting in obtaining controls	(2,322)	(14,614)
Payments for loans receivable	(53)	(122)
Proceeds from collections of loans receivable	340	294
Payments for purchase of intangible fixed assets	(2,535)	(2,606)
Proceeds from sales of intangible assets	10	3
Payments of leasehold and guarantee deposits	(3,842)	(2,444)
Proceeds from refund of leasehold and guarantee deposits	1,442	1,169
Increase in other investments	(3,186)	1,238
Proceeds from withdrawal of time deposits	47	2,993
Payments for time deposits	(9)	(209)
Other, net	1	0
Net cash used in investing activities	(13,943)	(22,292)
Cash flows from financing activities		
Net decrease in short-term loans payable	(6)	(484)
Proceeds from long-term debts	300	10
Repayments of long-term debts	(3,842)	(8,564)
Payments for purchase of treasury stock	(2,015)	–
Cash dividends paid	(1,948)	(1,932)
Other, net	(241)	(266)
Net cash provided by (used in) financing activities	(7,753)	(11,237)
Net increase (decrease) in cash and cash equivalents	4,460	(13,262)
Cash and cash equivalents at beginning of the year	55,009	59,470
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	9
Cash and cash equivalents at end of the year	59,470	6,217



**(5) Notes to consolidated financial statements**

**(Notes on the premise of a going concern)**

There are no applicable matters to be reported.

**(Changes in accounting policies)**

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021; "Fair Value Measurement Standard"), etc. from the beginning of the fiscal year under review. In accordance with the transitional treatment stipulated in Paragraph 27-2 of the "Fair Value Measurement Standard", the Company has decided to apply the new accounting policies in the Accounting Standard for Fair Value Measurement going forward. These changes have no impact on the Company's consolidated financial statements.

**(Changes in presentation of financial statements)**

(Consolidated statement of cash flow)

In cash flows from investing activities, "Payments for investments in capital" and "Proceeds from returns of investments in capital" shown as separate items in the previous fiscal year, are included in "Other" from the fiscal year under review. In addition, in cash flows from financing activities, "Redemption of bonds" and "Repayments of lease obligations" shown as separate items in the previous fiscal year, are included in "Other" from the fiscal year under review.

The consolidated financial statements for the previous fiscal year have been restated to reflect these non-material changes.

As a result, in the consolidated statement of cash flow for the previous fiscal year, in cash flows from investing activities, "Payments for investments in capital" of ¥(0) million and "Proceeds from returns of investments in capital" of ¥1 million have been reclassified as "Other, net" of ¥1 million, and in cash flows from financing activities, "Redemption of bonds" of ¥(134) million and "Repayments of lease obligations" of ¥(107) million have been reclassified as "Other, net" of ¥(241) million.

**(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.

Based on the above, the Company has classified its business into three reportable segments – the dispensing pharmacy business, the cosmetic and drug store business, and other businesses.

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 profit 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. Fiscal 2022 (May 1, 2021 to April 30, 2022)

(Million yen)

	Reportable segments				Adjustments (Note) 1	Consolidated (Note) 2
	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Total		
<b>Sales</b>						
Sales to third parties	283,111	20,558	12,576	316,247	–	316,247
Intersegment sales and transfers	–	–	100	100	(100)	–
<b>Total sales</b>	<b>283,111</b>	<b>20,558</b>	<b>12,677</b>	<b>316,347</b>	<b>(100)</b>	<b>316,247</b>
Segment profit (loss)	25,082	(1,764)	(146)	23,170	(7,128)	16,041
Segment assets	166,198	12,810	9,269	188,279	24,181	212,461
<b>Other</b>						
Depreciation and amortization	2,531	534	287	3,352	517	3,870
Amortization of goodwill	3,985	6	140	4,133	–	4,133
Impairment losses	1,121	1,021	127	2,270	32	2,302
Increase of tangible and intangible assets	6,162	1,028	435	7,626	1,287	8,913

- Notes: 1. Segment profit (loss) in “Adjustments” totaling ¥(7,128) million includes ¥8,170 million in corporate expenses, ¥(1,164) million in (income) losses that may not be allocated to the reporting segments, and ¥121 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 ¥24,181 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 profit (loss) is adjusted with the ordinary profit of consolidated statements of income.

## II. Fiscal 2023 (May 1, 2022 to April 30, 2023)

(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	321,577	25,685	11,479	358,742	—	358,742
Intersegment sales and transfers	—	—	61	61	(61)	—
Total sales	321,577	25,685	11,540	358,803	(61)	358,742
Segment profit (loss)	24,135	1,214	135	25,484	(8,420)	17,064
Segment assets	195,327	13,628	9,638	218,595	13,155	231,750
Other						
Depreciation and amortization	3,118	426	232	3,777	767	4,545
Amortization of goodwill	4,163	6	140	4,310	—	4,310
Impairment losses	730	175	—	906	—	906
Increase of tangible and intangible assets	8,317	551	1,021	9,891	2,039	11,931

Notes: 1. Segment profit (loss) in "Adjustments" totaling ¥(8,420) million includes ¥9,695 million in corporate expenses, ¥(1,304) million in (income) losses that may not be allocated to the reporting segments, and ¥29 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 ¥13,155 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 profit (loss) is adjusted with the ordinary profit of consolidated statements of income.

**Related information**

Fiscal 2022 (May 1, 2021 to April 30, 2022)

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.

Fiscal 2023 (May 1, 2022 to April 30, 2023)

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**

Fiscal 2022 (May 1, 2021 to April 30, 2022)

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

Fiscal 2023 (May 1, 2022 to April 30, 2023)

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

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

Fiscal 2022 (May 1, 2021 to April 30, 2022)

(Million yen)

	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Corporate / Eliminations	Total
Amortization of fiscal year	3,985	6	140	–	4,133
Balance at the end of fiscal year	35,263	47	1,041	–	36,352

Fiscal 2023 (May 1, 2022 to April 30, 2023)

(Million yen)

	Dispensing pharmacy business	Cosmetic and drug store business	Other businesses	Corporate / Eliminations	Total
Amortization of fiscal year	4,163	6	140	–	4,310
Balance at the end of fiscal year	45,500	41	900	–	46,443

**Information about gains on bargain purchase for each reported segment**

Fiscal 2022 (May 1, 2021 to April 30, 2022)

There are no applicable matters to be reported.

Fiscal 2023 (May 1, 2022 to April 30, 2023)

There are no applicable matters to be reported.

**(Per-share information)**

	Fiscal 2022 (May 1, 2021 to April 30, 2022)	Fiscal 2023 (May 1, 2022 to April 30, 2023)
Net assets per share	3,385.51 yen	3,599.47 yen
Earnings per share	201.47 yen	262.87 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.

	Fiscal 2022 (May 1, 2021 to April 30, 2022)	Fiscal 2023 (May 1, 2022 to April 30, 2023)
Profit attributable to owners of parent (million yen)	7,092	9,234
Amount not attributable to ordinary shareholders (million yen)	–	–
Profit attributable to owners of the parent pertaining to common stock (million yen)	7,092	9,234
Average number of shares outstanding (shares)	35,202,302	35,129,116

**(Material subsequent events)**

There are no applicable matters to be reported.