



## Consolidated Financial Results for the Fiscal Year Ended May 2024 [Japanese GAAP]

June 20, 2024

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 Scheduled date of holding the ordinary general meeting of shareholders: August 8, 2024  
 Scheduled date of payment of dividend: August 9 2024  
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 Preparation of supplementary materials for financial results: Yes  
 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 2024 (May 16, 2023-May 15, 2024)

#### (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 2024	95,520	9.2	1,384	362.2	1,336	308.3	470	439.2
FY May 2023	87,481	5.5	299	△ 59.9	327	△ 58.7	87	△ 72.5

(Note) Comprehensive income FY May 2024: 512 million yen (659.3%) FY May 2023: 67 million yen (△78.0%)

	Net income per share	Diluted net income per share	Return on equity	Return on Asset	Operating profit margin
	Yen	Yen	%	%	%
FY May 2024	34.07	-	5.3	3.0	1.4
FY May 2023	6.33	6.32	1.0	0.8	0.3

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY May 2024	44,905	9,240	20.3	659.31
FY May 2023	43,027	8,834	20.3	632.18

(Note) Equity FY May 2024: 9,128 million yen FY May 2023: 8,726 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 2024	3,542	△ 1,921	△ 1,261	2,675
FY May 2023	△ 1,769	△ 2,873	4,000	2,315

### 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 2023	-	0.00	-	10.00	10.00	138	158.1	1.6
FY May 2024	-	0.00	-	10.00	10.00	138	29.4	1.5
FY May 2025 (forecast)	-	0.00	-	10.00	10.00		28.8	

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending May 2025 (May 16, 2024 - May 15, 2025)

(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	100,000	4.7	1,400	1.1	1,350	1.0	480	2.0	34.67

## ※ Notes

(1) Changes in significant subsidiaries during the period (changes in the 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)

FY May 2024	14,236,564 shares	FY May 2023	14,236,564 shares
FY May 2024	391,177 shares	FY May 2023	432,803 shares
FY May 2024	13,815,182 shares	FY May 2023	13,800,035 shares

② Number of treasury shares as of the end of the period

③ Average number of shares outstanding during the period

※ 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 current consolidated fiscal year (May 16, 2023 to May 15, 2024), the Japanese economy has gradually recovered as socioeconomic activities normalized due to the downgrade of the legal status of COVID-19 to a Class 5 infectious disease. However, the outlook remains uncertain due to such factors as the prolonged war in Ukraine and other geopolitical risks, rising prices due to energy and raw material price hikes, the lifting of the negative interest rate policy by the Bank of Japan, the weak yen in the currency market, and more.

In the drugstore industry, in which the Group mainly operates, signs of recovery in demands from inbound travelers and for cosmetics due to increased people flow have been observed despite decreased sales of products related to COVID-19 as the pandemic subsides. Meanwhile, the business environment surrounding the Group continues to be challenging due to intensifying competition across industry boundaries, competition to open new stores among existing companies, and oligopolistic consolidation through M&As.

In response to these circumstances, under the theme of "evolving into a regional integrated lifestyle group" in its medium-term management plan ending in May 2026, the Group is engaged in three growth strategies of "integrated lifestyle store strategy," "regional platform strategy," and "collaboration strategy" and organizational strategies, aiming to grow as a group while differentiating ourselves from our competitors by expanding our business domain from retail that only "sells goods" to the area of lifestyle services that provide "goods × services" while strengthening the earnings base of our core retail business.

In the integrated lifestyle store strategy, we expanded stores handling fresh foods, as part of our effort to expand stores with dispensing facilities and our line-robbing effort to expand product categories. We are also working to strengthen our earnings base by promoting a price strategy centered on Everyday Same Low Price (ESLP) and digital marketing with the Satudora app.

As for the regional platform strategy, the membership of Hokkaido's common point card "EZOCA" surpassed 2.15 million with over 250 affiliated stores (1,000 outlets) as of the end of April 2024, and the EZOCA economic zone continues to grow. Additionally, the "Esashi EZOCA," which was launched as part of a comprehensive cooperation agreement with Esashi Town, has introduced a mechanism to return a portion of shopping expenses to the town, aiming to contribute to the revitalization of the local economy. We are also engaged in a MaaS demonstration experiment in the same town to improve mobility, as we aim to implement a revenue cycle model within society by utilizing and verifying data acquired from the Esashi EZOCA.

As part of our collaboration strategy, we have entered into a new partnership agreement with Yamato Transport Co., Ltd. to contribute to the sustainable development of the region and resolution of social issues by supporting the shopping environment in small commercial areas and streamlining logistics. As of May 2024, we have signed more than 40 different agreements with local governments, businesses, etc.

In terms of organizational strategy, while developing an environment in which diverse human resources can play an active role, we established the new position of CHRO (Chief Human Resource Officer) to work to strengthen the creation and execution of human resource strategies that will help achieve our business strategies. Also, we are actively promoting health management through the establishment of a Chief Health Officer (CHO) and the enactment of the Satsudora Group Health and Productivity Management Declaration, for which we were certified by the Ministry of Economy, Trade and Industry, and the Nippon Kenko Kaigi as a "2024 Certified Health & Productivity Management Outstanding Organization White 500" on March 11, 2024. We have also strengthened our governance structure and applied all principles of the Corporate Governance Code.

As a result of the above, net sales were 95,520 million yen (up 9.2%, or 8,038 million yen, year on year), operating profit was 1,384 million yen (up 362.2%, or 1,084 million yen, year on year), ordinary profit was 1,336 million yen (up 308.3%, or 1,009 million yen, year on year), and profit attributable to owners of parent was 470 million yen (up 439.2%, or 383 million yen, year on year).

An overview of the segment performance is as follows.

## &lt;Retail Business&gt;

Our operations center on drugstore format stores aimed at becoming a dominant player primarily in Hokkaido and dispensing pharmacies, as well as inbound format stores in tourist areas that many foreign visitors to Japan frequent. As for dispensing pharmacies, in addition to the operation of standalone pharmacies, we have also established them within drugstores.

On the drugstore format store sales front, we aim to promote a price strategy centered on ESLP in order to gain more customer support and to improve operational efficiency by leveling work operations, as well as expand product categories by strengthening line-robbing, including fresh foods. In addition, we are working to promote digital marketing with the Satudora app.

During the consolidated fiscal year under review, despite a decrease in the number of purchases per person due to heightened awareness of the cost of living amid inflation and a decline in sales of infection-related products following stabilization of the COVID-19 pandemic, net sales in the drugstore format exceeded that of the same period last year, driven by the recovery of foot traffic and strong performance of seasonal products.

As for the inbound format, net sales exceeded that of the same period last year as a result of capturing demand from inbound foreign tourists visiting Japan. As for dispensing pharmacies, increased revenue from newly opened dispensing pharmacies as well as increased premiums for the local support system and for the generics dispensing system led to higher sales compared to the same period last year.

The status of store openings and closures is as shown in the table below.

## (Status of store openings and closures)

Store classification	Format classification	As of May 15, 2023	Openings	Closures	As of May 15, 2024
Drugstores	Drugstore format	176 stores	5 stores	2 stores	179 stores
	(Dispensing pharmacies within drugstores)	(15 stores)	(2 stores)	(-)	(17 stores)
	Inbound format	13 stores	-	4 stores	9 stores
Standalone pharmacies	Standalone pharmacies	10 stores	2 stores	1 store	11 stores
Other stores	The Kurashi Store of Hokkaido	3 stores	-	2 stores	1 store
Total		202 stores	7 stores	9 stores	200 stores

As a result of the above, sales in the retail business segment amounted to 94,142 million yen (up 9.0%, or 7,795 million yen year on year), and segment profit amounted to 1,321 million yen (up 360.0%, or 1,033 million yen year on year).

## &lt;Other Businesses&gt;

The Group is engaged in the regional marketing and payment service businesses utilizing the Hokkaido's common point card "EZOCA", development and sales of POS applications and other services aimed at solving issues from the user's perspective, operation of programming schools for elementary and junior high school students, and information provision services for domestic and overseas corporations, a CVC service to produce synergy between existing businesses as well as create new business, and more.

As of the end of April 2024, the membership of Hokkaido's common point card "EZOCA," which is our Group's strength, surpassed 2.15 million. In the payment service business, domestic cashless payment performed well amid increasing demand for contactless payment.

The net sales of other businesses amounted to 1,801 million yen (up 17.9%, or 273 million yen, year on year), while segment profit was 43 million yen (up 226.0%, or 30 million yen, year on year).

## (2) Explanation of financial position

### (Assets)

Current assets at the end of the current consolidated fiscal year were 20,428 million yen, an increase of 807 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 360 million yen in cash and deposits and an increase of 436 million yen in accounts receivable-other. Non-current assets amounted to 24,477 million yen, an increase of 1,070 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 760 million yen in property, plant, and equipment and 171 million yen in leasehold and guarantee deposits.

As a result, total assets were 44,905 million yen, an increase of 1,877 million yen from the end of the previous consolidated fiscal year.

### (Liabilities)

Current liabilities at the end of the current consolidated fiscal year were 22,194 million yen, an increase of 1,398 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 745 million yen in accounts payable-trade and 905 million yen in accounts payable-other despite a decrease of 500 million yen in short-term borrowings. Non-current liabilities amounted to 13,470 million yen, an increase of 73 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 295 million yen in lease obligations and 207 million yen in other non-current liabilities despite a decrease of 566 million yen in long-term borrowings.

As a result, total liabilities were 35,664 million yen, an increase of 1,471 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 9,240 million yen, an increase of 406 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 138 million yen in retained earnings due to dividends of surplus, and also an increase of 470 million yen due to profit attributable to owners of parent.

As a result, the equity ratio was 20.3% (20.3% 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 2,675 million yen.

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

### (Cash flows from operating activities)

Capital obtained for operating activities amounted to 3,542 million yen (expenditures of 1,769 million yen, in the same period of the previous fiscal year). This was mainly due to increasing factors such as depreciation of 1,327 million yen, a decrease of 197 million yen in inventories, and an increase of 745 million yen in notes and accounts payable-trade, and decreasing factors such as an increase of 177 million yen in notes and accounts receivable-trade.

### (Cash flows from investing activities)

Capital used for investing activities amounted to 1,921 million yen (expenditures of 2,873 million yen, in the same period of the previous fiscal year). This was mainly due to expenditures of 1,447 million yen for purchasing property, plant, and equipment and 518 million yen for payments for leasehold and guarantee deposits.

### (Cash flows from financing activities)

Capital used for financing activities amounted to 1,261 million yen (acquired 4,000 million yen, in the same period of the previous fiscal year). This was mainly due to proceeds from long-term borrowings of 400 million yen, a decrease of 500 million yen in short-term borrowings, repayments of long-term borrowings of 994 million yen, and cash dividends paid of 138 million yen.

#### (4) Future outlook

Regarding the outlook for the Japanese economy in the coming consolidated fiscal year, while moderate recovery is expected due to the effects of government policies as the employment and income environment improves, uncertainties remain due to price increases, the crisis in the Middle East, and fluctuations in financial and capital markets, and other factors.

Regarding the environment surrounding the Group, while the drugstore industry's market size is expanding due to the aggressive opening of new stores and expansion of product lineups by various companies, the business environment is expected to remain severe due to intensified competition across industry boundaries, competition among existing companies for store openings, and market consolidation through M&A in addition to increasing frugality due to rising prices and declining real wages.

Under these circumstances, in the coming consolidated fiscal year, we will strengthen the earnings base of our core retail business by opening new stores, expanding the efficient handling of fresh food through process center operations, pursuing ESLP, and promoting digital marketing based on the Satsudora app to "evolve into a regional integrated lifestyle group," the theme of our medium-term management plan ending May 15, 2026. By expanding our business domain from a retailer that only "sells goods" to a lifestyle services provider that provides "goods × services" by expanding the EZOCA ecosystem and further expanding cloud POS and cashless payments, we will strive for the growth of the entire group while differentiating ourselves from our competitors.

Expenses are expected to increase compared to the fiscal year ending May 2024 due to an increase in electricity fees following the price hikes in dues for renewable energy and the end of subsidy policies, and higher labor costs due to base pay increases and labor shortages. However, the whole Group aims for a stable profitability and an enhancement of the corporate value by improving productivity and reducing costs through the promotion of digital transformation and business process reforms.

Based on the above, for the coming fiscal year, we forecast consolidated net sales of 100,000 million yen, operating profit of 1,400 million yen, ordinary profit of 1,300 million yen, and profit attributable to owners of parent of 450 million.

#### (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, 2023)	Current consolidated fiscal year (May 15, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	2,315	2,675
Accounts receivable - trade	2,632	2,810
Merchandise	10,852	10,657
Accrued receivable - other	3,372	3,809
Income taxes receivable	14	15
Other	431	459
<b>Total current assets</b>	<b>19,620</b>	<b>20,428</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	14,269	15,034
Accumulated depreciation	△5,896	△6,537
Buildings and structures, net	8,373	8,496
Tools, furniture and fixtures	4,186	4,199
Accumulated depreciation	△3,405	△3,628
Tools, furniture and fixtures, net	780	570
Land	3,972	4,051
Leased assets	1,878	2,159
Accumulated depreciation	△1,072	△1,035
Leased assets, net	805	1,124
Construction in progress	264	714
<b>Total property, plant and equipment</b>	<b>14,197</b>	<b>14,957</b>
Intangible assets	397	471
Investments and other assets		
Investment securities	708	716
Leasehold and guarantee deposits	6,512	6,683
Deferred Tax Assets	1,215	1,275
Other	387	383
Allowance for doubtful accounts	△11	△11
<b>Total investment and other assets</b>	<b>8,812</b>	<b>9,047</b>
<b>Total non-current assets</b>	<b>23,406</b>	<b>24,477</b>
<b>Total assets</b>	<b>43,027</b>	<b>44,905</b>



(Millions of yen)

	Previous consolidated fiscal year (May 15, 2023)	Current consolidated fiscal year (May 15, 2024)
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	8,531	9,276
Short-term borrowings	5,500	5,000
Current portion of long-term borrowings	994	966
Accounts payable - other	4,017	4,922
Lease obligations	82	165
Income taxes payable	289	302
Accrued consumption taxes	20	26
Provision for bonuses	592	643
Other	768	891
Total current liabilities	20,795	22,194
Non-current liabilities		
Long-term borrowings	10,740	10,173
Lease obligations	794	1,089
Retirement benefit liability	689	737
Asset retirement obligations	729	819
Other	442	649
Total non-current liabilities	13,397	13,470
Total liabilities	34,192	35,664
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,003	1,003
Capital surplus	2,098	2,105
Retained earnings	6,019	6,352
Treasury shares	△299	△269
Total shareholders' equity	8,822	9,192
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△0	1
Deferred gains or losses on hedges	△35	△10
Foreign currency translation adjustment	△65	△64
Remeasurements of defined benefit plans	3	9
Total accumulated other comprehensive income	△96	△63
Share acquisition rights	4	-
Non-controlling interests	103	112
Total net assets	8,834	9,240
Total liabilities and net assets	43,027	44,905

## (2) Consolidated statements of income and comprehensive income

## Consolidated statement of income

(Millions of yen)

	Previous consolidated fiscal year (May 16, 2022 - May 15, 2023)	Current consolidated fiscal year (May 16, 2023 - May 15, 2024)
Net sales	87,481	95,520
Cost of sales	66,244	71,962
Gross profit	21,236	23,557
Selling, general and administrative expenses	20,937	22,173
Operating profit	299	1,384
Non-operating income		
Interest and dividend income	20	23
Gain on donation of non-current assets	17	9
Foreign exchange gains	5	1
Gain on sale of goods	19	19
Other	101	102
Total non-operating income	163	154
Non-operating expenses		
Interest expenses	126	146
Commission expenses	1	42
Other	8	13
Total non-operating expenses	136	202
Ordinary profit	327	1,336
Extraordinary income		
Gain on sales of non-current assets	2	0
Gain on sale of investment securities	29	12
Total extraordinary income	32	13
Extraordinary losses		
Loss on retirement of non-current assets	1	13
Loss on sale of non-current assets	-	0
Loss on valuation of investment securities	2	-
Impairment losses	177	344
Loss on store closings	2	99
Total extraordinary losses	183	458
Profit before income taxes	176	891
Income taxes-current	380	487
Income taxes-deferred	△302	△75
Total income taxes	77	411
Profit	98	479
Profit attributable to non-controlling interests	11	9
Profit attributable to owners of parent	87	470

## Consolidated statement of comprehensive income

(Millions of yen)

	Previous consolidated fiscal year (May 16, 2022 - May 15, 2023)	Current consolidated fiscal year (May 16, 2023 - May 15, 2024)
Profit	98	479
Other comprehensive income		
Valuation difference on available-for-sale securities	△1	1
Deferred gains or losses on hedges	△35	25
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	4	5
Total other comprehensive income	△31	32
Comprehensive income	67	512
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	55	503
Comprehensive income attributable to non-controlling interests	11	9

## (3) Consolidated statement of changes in equity

Previous consolidated fiscal year (May 16, 2022 - May 15, 2023)

(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	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,000	2,095	6,061	△299	8,857	1	-	△65	△0	△65	4	91	8,888
Changes during period													
Dividends of surplus			△128		△128								△128
Profit attributable to owners of parent			87		87								87
Purchase of treasury shares				△0	△0								△0
Disposal of treasury shares					-								-
Capital increase of consolidated subsidiaries					-								-
Issuance of new stock	3	3			6								6
Net changes of items other than shareholders' equity					-	△1	△35	0	4	△31	-	11	△19
Total changes during period	3	3	△41	△0	△34	△1	△35	0	4	△31	-	11	△54
Balance at end of period	1,003	2,098	6,019	△299	8,822	△0	△35	△65	3	△96	4	103	8,834

Current consolidated fiscal year (May 16, 2023 - May 15, 2024)

(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	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	1,003	2,098	6,019	△299	8,822	△0	△35	△65	3	△96	4	103	8,834
Changes during period													
Dividends of surplus			△138		△138								△138
Profit attributable to owners of parent			470		470								470
Purchase of treasury shares				-	-								-
Disposal of treasury shares		2		30	32								32
Capital increase of consolidated subsidiaries		3			3								3
Issuance of new stock		-			-								-
Net changes of items other than shareholders' equity					-	1	25	0	5	32	△4	8	36
Total changes during period	-	6	332	30	369	1	25	0	5	32	△4	8	406
Balance at end of period	1,003	2,105	6,352	△269	9,192	1	△10	△64	9	△63	-	112	9,240

## (4) Consolidated statements of cash flows

(Millions of yen)

	Previous consolidated fiscal year (May 16, 2022 - May 15, 2023)	Current consolidated fiscal year (May 16, 2023 - May 15, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	176	891
Depreciation and amortization	1,279	1,327
Impairment loss	177	344
Increase (decrease) in Allowance for doubtful accounts	△6	-
Increase (decrease) in provision for bonuses	56	50
Increase (decrease) in retirement benefit liability	55	47
Interest and dividend income	△20	△23
Gain on donation of non-current assets	△17	△9
Loss (gain) on sales of non-current assets	△2	0
Interest expenses	126	146
Loss on retirement of non-current assets	1	13
Loss on store closings	2	99
Loss (gain) on sale of investment securities	△29	△12
Decrease (increase) in trade receivables	453	△177
Decrease (increase) in inventories	7	197
Increase (decrease) in trade payables	△3,803	745
Increase (decrease) in accrued consumption taxes	△82	19
Other	51	484
Subtotal	△1,574	4,145
Interest and dividends received	1	1
Interest paid	△125	△146
Income taxes paid	△158	△473
Income taxes refund	88	14
Net cash provided by (used in) operating activities	△1,769	3,542
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△2,036	△1,447
Proceeds from sales of property, plant and equipment	25	0
Purchase of intangible assets	△134	△240
Purchase of investment securities	△460	△222
Proceeds from sales of investment securities	34	215
Payments of leasehold and guarantee deposits	△612	△518
Proceeds from refund of leasehold and guarantee deposits	320	295
Guarantee deposits received	9	8
Refund of guarantee deposits received	△13	△10
Other	△5	△2
Net cash provided by (used in) investing activities	△2,873	△1,921

(Millions of yen)

	Previous consolidated fiscal year (May 16, 2022 - May 15, 2023)	Current consolidated fiscal year (May 16, 2023 - May 15, 2024)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	5,200	△500
Proceeds from long-term borrowings	-	400
Repayments of long-term borrowings	△1,014	△994
Proceeds from sale and leaseback transactions	-	67
Repayments of lease obligations	△56	△120
Proceeds from exercise of employee share options	-	21
Dividends paid	△128	△138
Proceeds from share issuance to non-controlling shareholders	-	3
Other	△0	-
Net cash provided by (used in) financing activities	4,000	△1,261
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	△641	360
Cash and cash equivalents at beginning of period	2,957	2,315
Cash and cash equivalents at end of period	2,315	2,675

## (5) Notes to consolidated financial statements

(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 one business: the "retail business" that operates drug stores and dispensing pharmacies.

## 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 net sales, profits or losses, assets, liabilities, and other items for each reportable segment and information on revenue breakdown.

Previous consolidated fiscal year (May 16, 2022 - May 15, 2023)

(Millions of yen)

	Reportable Segment	Other (Note) 1	Total	Adjustments (Note)2	Amount shown in consolidated financial statements (Note) 3
	Retail Business				
Net sales					
Drugstore	78,229	—	78,229	—	78,229
Inbound	2,534	—	2,534	—	2,534
Pharmacy	4,155	—	4,155	—	4,155
Other	663	1,132	1,795	—	1,795
Revenue arising from contracts with customers	85,582	1,132	86,715	—	86,715
Other revenues	709	56	766	—	766
External sales	86,292	1,188	87,481	—	87,481
Inter-segment sales and transfers	54	338	393	△393	—
Total	86,346	1,527	87,874	△393	87,481
Segment profit	287	13	300	△1	299
Segment assets	40,156	4,283	44,440	△1,412	43,027
Other					
Depreciation	1,260	20	1,280	△1	1,279
Impairment loss	177	—	177	—	177
Increase in property, plant and equipment and intangible assets	2,233	310	2,544	△4	2,540

(Notes)

- The "Other" category is a business segment that is not included in the reportable segments and includes the IT Solutions business, the marketing business, the education business, etc.
- The -1 million yen adjustment to segment profit includes elimination of income and loss inter-segment transactions of 650 million yen and expenses related to the operation of the holding company of -652 million yen.  
The -1,412 million yen adjustment to segment assets was eliminated by offsetting with consolidated subsidiaries of -10,565 million yen and the assets of the holding company not allocated to the reportable segment which were 9,152 million yen.
- Segment profit is adjusted to be consistent with operating profit shown on the consolidated income statement.

## Current consolidated fiscal year (May 16, 2023- May 15, 2024)

(Millions of yen)

	Reportable Segment	Other (Note) 1	Total	Adjustments (Note)2	Amount shown in consolidated financial statements (Note) 3
	Retail Business				
Net sales					
Drugstore	82,323	—	82,323	—	82,323
Inbound	5,863	—	5,863	—	5,863
Pharmacy	4,395	—	4,395	—	4,395
Other	797	1,362	2,159	—	2,159
Revenue arising from contracts with customers	93,380	1,362	94,742	—	94,742
Other revenues	706	71	777	—	777
External sales	94,086	1,433	95,520	—	95,520
Inter-segment sales and transfers	55	368	424	△424	—
Total	94,142	1,801	95,944	△424	95,520
Segment profit	1,321	43	1,364	19	1,384
Segment assets	40,968	5,221	46,190	△1,284	44,905
Other					
Depreciation	1,295	31	1,326	0	1,327
Impairment loss	344	—	344	—	344
Increase in property, plant and equipment and intangible assets	2,421	195	2,617	△4	2,612

(Notes)

- The “Other” category is a business segment that is not included in the reportable segments and includes the IT Solutions business, the marketing business, the education business, etc.
- The 19 million yen adjustment to segment profit includes elimination of income and loss inter-segment transactions of 664 million yen and expenses related to the operation of the holding company of -644 million yen.  
The -1,284 million yen adjustment to segment assets was eliminated by offsetting with consolidated subsidiaries of -10,251 million yen and the assets of the holding company not allocated to the reportable segment which were 8,966 million yen.
- Segment profit is adjusted to be consistent with operating profit shown on the consolidated income statement.



## (Information about earning per share)

	Previous consolidated fiscal year (May 16, 2022 - May 15, 2023)	Current consolidated fiscal year (May 16, 2023 - May 15, 2024)
Net assets Per Share	632.18 yen	659.31 yen
Net income per share	6.33 yen	34.07 yen
Diluted net income per share	6.32 yen	—

## (Note)

1. The diluted net income per share for the current consolidated fiscal year is not mentioned due to the absence of share dilution.
2. The basis for calculating net income per share and diluted net income per share is as follows.

Items	Previous consolidated fiscal year (May 16, 2022 - May 15, 2023)	Current consolidated fiscal year (May 16, 2023 - May 15, 2024)
Net income per share		
Net income attributable to owners of the parent (millions of yen)	87	470
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)	87	470
Average number of shares of common shares during the period	13,800,035	13,815,182
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	5,319	—

## (Important subsequent event)

Not applicable.