



## Consolidated Financial Results for the First Half (Interim Period) of the Fiscal Year Ending May 2025 (Japanese GAAP)

December 20, 2024

Company name:	SATUDORA HOLDINGS CO., LTD.	Listing:	Tokyo Stock Exchange, Sapporo Securities Exchange
Securities code:	3544	URL:	<a href="https://satudora-hd.co.jp">https://satudora-hd.co.jp</a>
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Scheduled date of semi-annual report submission:	December 23, 2024		
Scheduled date of payment of dividend:	-		
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 First Half (Interim Period) of the Fiscal Year Ending May 2025 (May 16, 2024-November 15, 2024)

## (1) Consolidated operating results (cumulative)

(Percentages represent changes from the same interim period of the previous year)

Six months ended	Net sales		Operating profit		Ordinary profit		Interim net profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 15, 2024	49,646	3.8	876	28.7	888	42.1	469	43.0
November 15, 2023	47,813	11.3	681	103.4	625	75.2	328	46.1

(Note) Comprehensive income Six months ended November 15, 2024: 489 million yen (39.9%)  
Six months ended November 15, 2023: 349 million yen (51.7%)

Six months ended	Interim net income per share		Diluted interim net income per share	
	Yen		Yen	
November 15, 2024	33.88		-	
November 15, 2023	23.77		23.76	

## (2) Consolidated financial position

As of	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
November 15, 2024	46,412		9,603		20.4	
May 15, 2024	44,905		9,240		20.3	

(Note) Equity As of November 15, 2024: 9,485 million yen  
As of May 15, 2024: 9,128 million yen

## 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year	Yen				
Ended May 15, 2024	-	0.00	-	10.00	10.00
Ending May 15, 2025	-	0.00	-	-	-
Ending May 15, 2025 (forecast)	-	-	-	10.00	10.00

(Note) Changes from the recently announced dividend forecast: None

## 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	34.65

(Note) Changes from the latest announced earnings forecast: None

## ※ Notes

## (1) Important changes in the scope of consolidation in the interim period: Yes

New : - companies (Company names) -

Excluded : 2 companies (Company names) RxR Innovation Initiative Co., Ltd., CoelaQanth, Inc.

(Note) For details, please refer to "2. Interim consolidated financial statements and notes, (4) Notes to interim consolidated financial statements (Notes on significant changes in the scope of consolidation)" on page 10 of the attached materials.

## (2) Application of special accounting methods in preparation of the interim consolidated financial statement: Yes

(Note) For details, please refer to "2. Interim consolidated financial statements and notes, (4) Notes to interim consolidated financial statements (Application of special accounting methods in preparation of the interim consolidated financial statement)" on page 10 of the attached materials.

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

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

(Note) For details, please refer to "2. Interim consolidated financial statements and notes, (4) Notes to interim consolidated financial statements (Changes in accounting policies)" on page 10 of the attached materials.

## (4) Number of shares outstanding (common shares)

① Number of shares outstanding as of the end of the period (including treasury shares)	As of November 15, 2024	14,236,564 shares	As of May 15, 2024	14,236,564 shares
② Number of treasury shares as of the end of the period	As of November 15, 2024	376,909 shares	As of May 15, 2024	391,177 shares
③ Average number of shares outstanding during the period (interim period)	Six months ended November 15, 2024	13,849,729 shares	Six months ended November 15, 2023	13,806,500 shares

※ Consolidated Financial Results for the First Half (Interim Period) are not subject to reviews 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. Overview of Operating Results

### (1) Overview of operating results for the interim period

In the interim consolidated accounting period (May 16, 2024 to November 15, 2024), the Japanese economy has recovered gradually due in part to a variety of government policies under improved employment and income conditions. However, the outlook remains uncertain due to such factors as rising prices and fluctuations in financial and capital markets.

In the drugstore industry, in which the Group mainly operates, while market size has expanded due to aggressive store openings and increased product range among a variety of companies, 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, oligopolistic consolidation through M&As, and increasing frugality due to price hikes and declining real wages.

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 with dispensing facilities while advancing efforts to handle fresh food as part of our line-robbing effort to expand product categories. The number of stores handling fresh foods was expanded to 44 this fiscal year. 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 2.2 million with over 290 affiliated stores (950 outlets) as of the end of October 2024, and the EZOCA economic zone continues to grow. Regarding the cooperation case with Tobetsu Town, we introduced "Tobetsu EZOCA," our third point card that gives back to the local community and our first in the Sapporo area. Implementing systems that return a portion of shopping expenses to the town is part of our effort toward sustainable community development support through collaboration between the government, the private sector, and local shopping districts. We also opened the Satudora Tobetsu Futomi store in Tobetsu Town, which houses the Tobetsu Town Nishi-Tobetsu branch office. For the cooperation case with Koshimizu Town, we launched a new regional transportation service pilot project, KOSHIMO Taxi (Koshi-Taku), through public-private collaboration, where residents support the region as drivers using their personal vehicles. To operate this project, we conduct EZO point grand service and others utilizing the EZOCA platform.

As our collaboration strategy, we entered into a new comprehensive cooperation agreement with Hidaka Town. This initiative aims to address regional social issues, such as promoting health among local residents and improving community services, to establish Satudora stores as sustainable and cherished within the community. As of November 2024, we have signed more than 40 different agreements with local governments, businesses, etc.

In terms of organizational strategy, we are proactively working to create and fortify the execution of human resource strategies that will help achieve our business strategies and promote health management, for which we have been 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." We have also strengthened our governance structure and applied all principles of the Corporate Governance Code.

As a result of the above, consolidated net sales for the interim consolidated accounting period were 49,646 million yen (up 3.8%, or 1,832 million yen, year on year), operating profit was 876 million yen (up 28.7%, or 195 million yen, year on year), ordinary profit was 888 million yen (up 42.1%, or 263 million yen, year on year), and interim net profit attributable to owners of parent was 469 million yen (up 43.0%, or 141 million yen, year on year).

An overview of the segment performance is as follows.

#### <Retail Business>

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 interim consolidated accounting period, despite a decrease in the number of items purchased per customer in response to conservative spending due to price hikes, the increase in product unit price and recovery of demand for cosmetics resulted in higher sales for the drugstore format compared to the same period last year.

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 stores with dispensing facilities and other factors led to higher sales compared to the same period last year.

As a result of the above, sales in the retail business segment amounted to 48,861 million yen (up 3.6%, or 1,694 million yen year on year), and segment profit amounted to 849 million yen (up 28.1%, or 186 million yen year on 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 May15, 2024	Openings	Closures	As of November 15, 2024
Drugstores	Drugstore format	179 stores	5 stores	4 stores	180 stores
	(Dispensing pharmacies within drugstores)	(17 stores)	(3 stores)	(-)	(20 stores)
	Inbound format	9 stores	-	-	9 stores
Standalone pharmacies	Standalone pharmacies	11 stores	-	-	11 stores
Other stores	The Kurashi Store of Hokkaido	1 store	-	1 store	0 store
Total		200 stores	5 stores	5 stores	200 stores

#### <Other Businesses>

The Group is engaged in the regional marketing and payment service businesses utilizing Hokkaido's common point card "EZOCA," development and sales of POS applications and other services aimed at solving issues from the user's perspective, and a CVC service to produce synergy between existing businesses as well as create new business. As of the end of October 2024, the membership of Hokkaido's common point card "EZOCA," which is our Group's strength, surpassed 2.2 million. In the payment service business, domestic cashless payment continued to perform well due to the increased need for contactless payment. Additionally, the corporate venture capital (CVC) firm, S Ventures Co., Ltd., established to create synergies with existing businesses and foster new ventures, celebrated its second anniversary in October 2024. Over the past two years, S Ventures has invested in a total of 12 companies, primarily in the fields of AI, retail tech, healthcare, and fintech. Among these, it has invested in six startups based in Hokkaido, contributing to the growth of the local economy and the development of new industries.

The net sales of other businesses amounted to 1,001 million yen (up 16.2%, or 139 million yen, year on year), while segment profit was 26 million yen (up 261.2%, or 19 million yen, year on year).

## (2) Overview of financial position for the interim period

Total assets at the end of the interim consolidated accounting period were 46,412 million yen, an increase of 1,507 million yen from the end of the previous consolidated fiscal year. This was due mainly to increases of 598 million yen in products, 525 million yen in property, plant, and equipment, and 213 million yen in intangible fixed assets.

Total liabilities were 36,809 million yen, an increase of 1,144 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 1,327 million yen in accounts payable and 1,608 million yen in long-term borrowings (including the current portion of long-term borrowings) despite a decrease of 2,000 million yen in short-term borrowings.

Total net assets were 9,603 million yen, an increase of 362 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 469 million yen in retained earnings due to interim net profit attributable to owners of parent despite the decrease of 138 million yen in retained earnings due to dividend payments.

### (Cash flow overview)

The balance of cash and cash equivalents (hereinafter referred to as "capital") as of the end of the interim consolidated accounting period was 2,674 million yen.

During the interim consolidated accounting period, capital obtained from operating activities amounted to 2,102 million yen (acquired 1,961 million yen in the same period of the previous fiscal year). This was mainly due to increasing factors, such as a depreciation of 649 million yen and an increase in notes and accounts payable-trade of 1,327 million yen, and decreasing factors, such as an increase in inventories of 615 million yen.

During the interim consolidated accounting period, capital used for investing activities amounted to 1,489 million yen (expenditures of 1,038 million yen in the same period of the previous fiscal year). This was mainly due to expenditures of 1,323 million yen for the acquisition of property, plant, and equipment and 227 million yen for the acquisition of intangible fixed assets.

During the interim consolidated accounting period, capital used for financing activities amounted to 614 million yen (expenditures of 578 million yen in the same period of the previous fiscal year). This was mainly due to a decrease in short-term borrowings of 1,990 million yen, proceeds from long-term borrowings of 2,100 million yen, and repayments of long-term borrowings amounting to 491 million yen.

## (3) Explanation of consolidated financial forecasts and other forward-looking statements

There are no changes to the forecast of consolidated financial results for the fiscal year ending May 15, 2025 from the forecast released on June 20, 2024.

**2. Interim consolidated financial statements and notes****(1) Interim consolidated balance sheet**

(Millions of yen)

	As of May 15, 2024	As of November 15, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	2,675	2,674
Accounts receivable-trade	2,810	2,901
Merchandise	10,657	11,256
Other	4,284	4,501
Total current assets	20,428	21,334
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,496	9,566
Land	4,051	4,082
Other, net	2,409	1,833
Total property, plant and equipment	14,957	15,483
Intangible assets	471	685
Investments and other assets		
Leasehold and guarantee deposits	6,683	6,536
Other	2,375	2,385
Allowance for doubtful accounts	△11	△11
Total investment and other assets	9,047	8,909
Total non-current assets	24,477	25,078
<b>Total assets</b>	<b>44,905</b>	<b>46,412</b>

(Millions of yen)

	As of May 15, 2024	As of November 15, 2024
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	9,276	10,603
Short-term borrowings	5,000	3,000
Current portion of long-term borrowings	966	1,091
Accounts payable - other	4,922	4,955
Income taxes payable	302	388
Provision for bonuses	643	758
Other	1,082	966
Total current liabilities	22,194	21,763
Non-current liabilities		
Long-term borrowings	10,173	11,657
Retirement benefit liability	737	767
Asset retirement obligations	819	832
Other	1,739	1,788
Total non-current liabilities	13,470	15,045
Total liabilities	35,664	36,809
Net assets		
Shareholders' equity		
Share capital	1,003	1,003
Capital surplus	2,105	2,107
Retained earnings	6,352	6,683
Treasury shares	△269	△259
Total shareholders' equity	9,192	9,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	4
Deferred gains or losses on hedges	△10	2
Foreign currency translation adjustment	△64	△64
Remeasurements of defined benefit plans	9	7
Total accumulated other comprehensive income	△63	△49
Non-controlling interests	112	118
Total net assets	9,240	9,603
Total liabilities and net assets	44,905	46,412



## (2) Interim consolidated statements of income and comprehensive income

## Interim consolidated statement of income

(Millions of yen)

	Six months ended November 15, 2023	Six months ended November 15, 2024
Net sales	47,813	49,646
Cost of sales	36,174	37,009
Gross profit	11,638	12,637
Selling, general and administrative expenses	10,957	11,761
Operating profit	681	876
Non-operating income		
Interest and dividend income	10	11
Gain on donation of non-current assets	7	4
Other	47	85
Total non-operating income	65	102
Non-operating expenses		
Interest expenses	71	81
Commission expenses	41	0
Other	7	6
Total non-operating expenses	121	89
Ordinary profit	625	888
Extraordinary income		
Gain on sales of non-current assets	0	-
Gain on sale of investment securities	12	-
Gain on sale of shares of subsidiaries and associates	-	1
Total extraordinary income	13	1
Extraordinary losses		
Loss on store closings	36	0
Loss on retirement of non-current assets	6	-
Total extraordinary losses	43	0
Profit before income taxes	595	889
Total income taxes	264	415
Profit	330	474
Profit attributable to non-controlling interests	2	5
Profit attributable to owners of parent	328	469

## Interim consolidated statement of comprehensive income

(Millions of yen)

	Six months ended November 15, 2023	Six months ended November 15, 2024
Profit	330	474
Other comprehensive income		
Valuation difference on available-for-sale securities	2	3
Deferred gains or losses on hedges	17	12
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans	△0	△1
Total other comprehensive income	19	14
Comprehensive income	349	489
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	347	483
Comprehensive income attributable to non-controlling interests	2	5

## (3) Interim consolidated statements of cash flows

(Millions of yen)

	Six months ended November 15, 2023	Six months ended November 15, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	595	889
Depreciation and amortization	636	649
Increase (decrease) in provision for bonuses	140	114
Increase (decrease) in retirement benefit liability	26	30
Loss (gain) on sales of non-current assets	△0	-
Interest and dividend income	△10	△11
Loss on retirement of non-current assets	6	-
Loss on store closings	36	0
Gain on donation of non-current assets	△7	△4
Loss (gain) on sale of investment securities	△12	-
Loss (gain) on sale of shares of subsidiaries and associates	-	△1
Interest expenses	71	81
Decrease (increase) in trade receivables	△191	△102
Decrease (increase) in inventories	△68	△615
Increase (decrease) in trade payables	966	1,327
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	67	△53
Other	62	164
Subtotal	2,320	2,469
Interest and dividends received	0	0
Interest paid	△72	△83
Income taxes paid	△302	△300
Income taxes refund	14	16
Net cash provided by (used in) operating activities	1,961	2,102
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△937	△1,323
Proceeds from sales of property, plant and equipment	0	-
Purchase of intangible assets	△100	△227
Purchase of investment securities	△95	△49
Proceeds from sales of investment securities	215	6
Payments of leasehold and guarantee deposits	△265	△60
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	△1
Proceeds from refund of leasehold and guarantee deposits	146	187
Guarantee deposits received	3	3
Refund of guarantee deposits received	△4	△4
Other	△1	△20
Net cash provided by (used in) investing activities	△1,038	△1,489
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	100	△1,990
Repayments of long-term borrowings	△497	△491
Proceeds from long-term borrowings	-	2,100
Dividends paid	△137	△138
Other	△43	△94
Net cash provided by (used in) financing activities	△578	△614
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	344	△1
Cash and cash equivalents at beginning of period	2,315	2,675
Cash and cash equivalents at end of period	2,660	2,674

#### (4) Notes to interim consolidated financial statements

(Going concern assumption)

Not applicable.

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

No applicable items.

(Application of special accounting methods in the preparation of the interim consolidated financial statement)

(Calculation of income tax expense)

Income tax expense is calculated by making a reasonable estimate of the effective tax rate after the application of tax effect accounting to the profit before income taxes for the consolidated fiscal year, including the current interim consolidated accounting period, and multiplying the interim net profit before income taxes by the relevant estimated effective tax rate.

(Changes in accounting policies)

(Application of the "Accounting Standard for Current Income Taxes " and others)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; "2022 Revised Accounting Standard") and other related standards from the beginning of the interim of the current consolidated fiscal year.

Regarding the revision of the accounting classification of corporation tax and others (taxation on other comprehensive income), the Company follows the transitional treatment in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to Paragraph 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; "2022 Revised Implementation Guidance"). This change in accounting policy has no effect on the interim consolidated financial statements.

Moreover, the Company has applied the 2022 Revised Implementation Guidance regarding the revision to the handling of deferred gains or losses on sales of subsidiary shares between consolidated companies for tax purposes in consolidated financial statements from the beginning of the interim of the current consolidated fiscal year. This change in accounting policy has been applied retrospectively, and the interim consolidated financial statements for the previous interim and the consolidated financial statements for the previous consolidated fiscal year have been adjusted retrospectively. This change in accounting policy has no effect on the interim consolidated financial statements for the previous interim and the consolidated financial statements for the previous consolidated fiscal year.

(Notes on significant changes in the scope of consolidation)

During the interim consolidated accounting period, the Company excluded RxR Innovation Initiative Co., Ltd. from the scope of consolidation due to the transfer of all its shares.

CoelaQanth, Inc., a consolidated subsidiary during the interim consolidated accounting period, was also excluded from the scope of consolidation as it was absorbed by a consolidated subsidiary SAPPORO DRUG STORE CO., LTD., as the surviving company.

## (Segment information)

## 【Segment Information】

## I. Previous interim consolidated accounting period (May 16, 2023 - November 15, 2023)

## Information on net sales and profits for each reportable segment, and information on revenue breakdown

(Millions of yen)

	Reportable Segment	Other (Note) 1	Total	Adjustments (Note)2	Amount shown in the interim consolidated statement of income (Note) 3
	Retail Business				
Net sales					
Drugstore	41,556	—	41,556	—	41,556
Inbound	2,621	—	2,621	—	2,621
Pharmacy	2,169	—	2,169	—	2,169
Other	431	641	1,073	—	1,073
Revenue arising from contracts with customers	46,778	641	47,420	—	47,420
Other revenues	360	33	393	—	393
External sales	47,138	675	47,813	—	47,813
Inter-segment sales and transfers	27	186	214	△214	—
Total	47,166	861	48,028	△214	47,813
Segment profit	663	7	670	10	681

(Notes)

1. 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.
2. The adjustments include the elimination of reportable inter-segment profit and loss transactions and expenses related to the operation of the holding company.
3. Segment profit is adjusted to be consistent with operating profit in the interim consolidated statement of income.

## II. Current interim consolidated accounting period (May 16, 2024 - November 15, 2024)

## Information on net sales and profits for each reportable segment, and information on revenue breakdown

(Millions of yen)

	Reportable Segment	Other (Note) 1	Total	Adjustments (Note)2	Amount shown in the interim consolidated statement of income (Note) 3
	Retail Business				
Net sales					
Drugstore	43,021	—	43,021	—	43,021
Inbound	2,733	—	2,733	—	2,733
Pharmacy	2,279	—	2,279	—	2,279
Other	434	776	1,211	—	1,211
Revenue arising from contracts with customers	48,468	776	49,244	—	49,244
Other revenues	370	31	402	—	402
External sales	48,838	808	49,646	—	49,646
Inter-segment sales and transfers	22	193	216	△216	—
Total	48,861	1,001	49,862	△216	49,646
Segment profit	849	26	876	△0	876

(Notes)

1. The "Other" category is a business segment that is not included in the reportable segments and includes the IT Solutions business, the marketing business, etc.
2. The adjustments include the elimination of reportable inter-segment profit and loss transactions and expenses related to the operation of the holding company.
3. Segment profit is adjusted to be consistent with operating profit in the interim consolidated statement of income.