

Translation

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Summary of Consolidated Financial Results for the Year Ended May 20, 2023 (Based on Japanese GAAP)

June 30, 2023

Company name: KUSURI NO AOKI HOLDINGS CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 3549 URL <http://www.kusuri-aoki-hd.co.jp/>
 Representative: Representative Director and President Hironori Aoki
 Inquiries: Director for Administration Ryoichi Yahata TEL 076-274-6115
 Scheduled date of ordinary general meeting of shareholders: August 17, 2023
 Scheduled date to file Securities Report: August 17, 2023
 Scheduled date to commence dividend payments: August 3, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended May 20, 2023 (from May 21, 2022 to May 20, 2023)

(1) Consolidated operating results

Percentages indicate 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	%
Year ended May 20, 2023	378,874	15.4	16,225	15.3	20,058	27.1	12,972	31.8
Year ended May 20, 2022	328,335	–	14,070	–	15,785	–	9,839	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended May 20, 2023	411.40	–	14.0	7.9	4.3
Year ended May 20, 2022	312.05	–	12.0	7.3	4.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 20, 2023	274,947	99,192	36.1	3,144.09
As of May 20, 2022	234,201	86,930	37.1	2,753.84

(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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended May 20, 2023	31,249	(22,260)	7,533	42,870
Year ended May 20, 2022	20,286	(27,771)	18,098	26,348

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended May 20, 2022	–	13.00	–	13.00	26.00	819	8.3	1.0
Year ended May 20, 2023	–	14.50	–	14.50	29.00	914	7.0	1.0
Year ending May 20, 2024 (Forecast)	–	16.00	–	16.00	32.00		7.8	

3. Forecast of consolidated financial results for the year ending May 20, 2024 (from May 21, 2023 to May 20, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 20, 2023	200,000	8.5	8,000	(3.4)	8,200	(27.1)	5,950	(24.9)	188.70
Full year	410,000	8.2	17,800	9.7	18,200	(9.3)	13,000	0.2	412.28

4. Notes

(1) Changes in significant subsidiaries during the year ended May 20, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of May 20, 2023	31,532,560 shares	As of May 20, 2022	31,532,560 shares
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Number of treasury shares at the end of the period

As of May 20, 2023	535 shares	As of May 20, 2022	462 shares
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Average number of shares during the period

Year ended May 20, 2023	31,532,066 shares	Year ended May 20, 2022	31,532,218 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 20, 2022	As of May 20, 2023
Assets		
Current assets		
Cash and deposits	26,348	42,870
Accounts receivable - trade	6,979	10,322
Merchandise	39,673	45,498
Accounts receivable - other	12,852	14,013
Other	694	1,037
Allowance for doubtful accounts	(0)	(2)
Total current assets	86,547	113,740
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	101,717	115,566
Land	4,966	5,116
Leased assets, net	7,619	8,245
Construction in progress	8,143	2,821
Other, net	3,958	5,828
Total property, plant and equipment	126,404	137,577
Intangible assets		
Goodwill	2,006	1,946
Other	2,068	2,949
Total intangible assets	4,075	4,896
Investments and other assets		
Leasehold and guarantee deposits	7,745	7,909
Deferred tax assets	3,239	4,459
Other	6,264	6,374
Allowance for doubtful accounts	(75)	(10)
Total investments and other assets	17,173	18,733
Total non-current assets	147,653	161,207
Total assets	234,201	274,947

(Millions of yen)

	As of May 20, 2022	As of May 20, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,701	52,526
Current portion of long-term borrowings	9,742	11,080
Income taxes payable	3,440	3,872
Provision for bonuses	1,108	2,017
Provision for point card certificates	51	31
Provision for loss on store closings	–	261
Contract liabilities	2,348	2,095
Accounts payable - other	9,778	10,806
Other	4,610	7,977
Total current liabilities	72,781	90,669
Non-current liabilities		
Long-term borrowings	59,907	69,106
Lease liabilities	6,447	6,982
Provision for retirement benefits for directors (and other officers)	235	232
Retirement benefit liability	3	–
Asset retirement obligations	7,705	8,558
Other	189	206
Total non-current liabilities	74,489	85,086
Total liabilities	147,270	175,755
Net assets		
Shareholders' equity		
Share capital	1,167	1,167
Capital surplus	2,175	2,166
Retained earnings	83,675	95,780
Treasury shares	(3)	(4)
Total shareholders' equity	87,015	99,111
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(180)	28
Total accumulated other comprehensive income	(180)	28
Share acquisition rights	96	52
Total net assets	86,930	99,192
Total liabilities and net assets	234,201	274,947

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended May 20, 2022	Fiscal year ended May 20, 2023
Net sales	328,335	378,874
Cost of sales	238,572	272,767
Gross profit	89,762	106,107
Selling, general and administrative expenses	75,692	89,881
Operating profit	14,070	16,225
Non-operating income		
Interest income	51	44
Dividend income	56	57
Commission income	240	247
Rental income	174	214
Subsidy income	1,163	3,349
Gain on receipt of donated non-current assets	43	24
Other	341	314
Total non-operating income	2,071	4,252
Non-operating expenses		
Interest expenses	175	268
Rental costs	61	70
Other	119	81
Total non-operating expenses	356	420
Ordinary profit	15,785	20,058
Extraordinary income		
Gain on sale of non-current assets	5	20
Gain on bargain purchase	302	–
Gain on sale of investment securities	12	3
Gain on reversal of share acquisition rights	4	43
Subsidy income	67	–
Other	–	6
Total extraordinary income	390	74
Extraordinary losses		
Loss on sale of non-current assets	58	20
Loss on retirement of non-current assets	132	82
Impairment losses	1,344	2,064
Provision for loss on store closings	–	261
Other	60	13
Total extraordinary losses	1,597	2,442
Profit before income taxes	14,579	17,689
Income taxes - current	5,358	5,946
Income taxes - deferred	(618)	(1,229)
Total income taxes	4,739	4,717
Profit	9,839	12,972
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	9,839	12,972

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended May 20, 2022	Fiscal year ended May 20, 2023
Profit	9,839	12,972
Other comprehensive income		
Valuation difference on available-for-sale securities	(106)	209
Total other comprehensive income	(106)	209
Comprehensive income	9,732	13,181
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,732	13,181
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of changes in equity

Fiscal year ended May 20, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,167	2,175	74,301	(1)	77,642
Cumulative effects of changes in accounting policies			314		314
Restated balance	1,167	2,175	74,616	(1)	77,957
Changes during period					
Dividends of surplus			(780)		(780)
Profit attributable to owners of parent			9,839		9,839
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	9,059	(1)	9,057
Balance at end of period	1,167	2,175	83,675	(3)	87,015

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(73)	(73)	100	77,669
Cumulative effects of changes in accounting policies				314
Restated balance	(73)	(73)	100	77,984
Changes during period				
Dividends of surplus				(780)
Profit attributable to owners of parent				9,839
Purchase of treasury shares				(1)
Net changes in items other than shareholders' equity	(106)	(106)	(4)	(111)
Total changes during period	(106)	(106)	(4)	8,946
Balance at end of period	(180)	(180)	96	86,930

Fiscal year ended May 20, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,167	2,175	83,675	(3)	87,015
Changes during period					
Dividends of surplus			(867)		(867)
Profit attributable to owners of parent			12,972		12,972
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(8)			(8)
Net changes in items other than shareholders' equity					-
Total changes during period	-	(8)	12,105	(0)	12,096
Balance at end of period	1,167	2,166	95,780	(4)	99,111

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	(180)	(180)	96	86,930
Changes during period				
Dividends of surplus				(867)
Profit attributable to owners of parent				12,972
Purchase of treasury shares				(0)
Change in ownership interest of parent due to transactions with non-controlling interests				(8)
Net changes in items other than shareholders' equity	209	209	(43)	165
Total changes during period	209	209	(43)	12,261
Balance at end of period	28	28	52	99,192

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 20, 2022	Fiscal year ended May 20, 2023
Cash flows from operating activities		
Profit before income taxes	14,579	17,689
Depreciation	8,786	10,535
Amortization of goodwill	223	248
Impairment losses	1,344	2,064
Increase (decrease) in provision for loss on store closings	–	261
Increase (decrease) in provision for bonuses	230	908
Increase (decrease) in allowance for doubtful accounts	(63)	11
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(66)	(3)
contract asset	2,348	(252)
Increase (decrease) in provision for point card certificates	(2,719)	(19)
Gain on bargain purchase	(302)	–
Loss on retirement of non-current assets	132	82
Loss on sale of non-current assets	58	20
Gain on sale of non-current assets	(5)	(20)
Gain on reversal of share acquisition rights	(4)	(43)
Interest and dividend income	(108)	(102)
Interest expenses	175	268
Subsidy income	(67)	–
Decrease (increase) in trade receivables	(2,254)	(3,342)
Decrease (increase) in inventories	662	(5,824)
Increase (decrease) in trade payables	2,350	10,824
Other, net	(210)	3,695
Subtotal	25,093	37,001
Interest and dividends received	57	57
Interest paid	(178)	(269)
Income taxes paid	(4,686)	(5,540)
Income taxes refund	0	0
Net cash provided by (used in) operating activities	20,286	31,249
Cash flows from investing activities		
Purchase of investment securities	(0)	–
Purchase of property, plant and equipment	(26,542)	(20,410)
Proceeds from sale of property, plant and equipment	81	155
Purchase of intangible assets	(497)	(1,073)
Subsidies received	67	–
Payments of leasehold and guarantee deposits	(503)	(259)
Proceeds from refund of leasehold and guarantee deposits	174	76
Long-term loan advances	(53)	(51)
Proceeds from collection of long-term loans receivable	8	39
Payments of construction assistance fund receivables	(365)	(223)
Income from merger	371	–
Expenditure due to absorption-type split	(422)	–
Payments for acquisition of businesses	–	(507)
Other, net	(89)	(6)
Net cash provided by (used in) investing activities	(27,771)	(22,260)

(Millions of yen)

	Fiscal year ended May 20, 2022	Fiscal year ended May 20, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(342)	–
Proceeds from long-term borrowings	30,188	20,975
Repayments of long-term borrowings	(9,223)	(10,438)
Repayments of lease liabilities	(1,741)	(2,127)
Purchase of treasury shares	(1)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(8)
Dividends paid	(780)	(867)
Net cash provided by (used in) financing activities	18,098	7,533
Net increase (decrease) in cash and cash equivalents	10,613	16,521
Cash and cash equivalents at beginning of period	15,734	26,348
Cash and cash equivalents at end of period	26,348	42,870