

January 10, 2024

Financial Results Briefing for The Second Quarter of The Fiscal Year Ending May 2024

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*Starting from the full-year results for the fiscal year ended May 2021, NALX, Co., Ltd. and Fukuya Co., Ltd. which were made subsidiaries through M&A, are included in the scope of consolidation.

*Due to a change in accounting standards in the fiscal year ended May 2022, the Accounting Standard for Revenue Recognition was applied from the beginning of the same period.

KUSURI NO AOKI HOLDINGS CO., LTD.

1. Balance Sheet (consolidated)

(Unit: Million Yen)

	FY May 2020 At the end of 2Q	FY May 2021 At the end of 2Q	FY May 2022 At the end of 2Q	FY May 2023 At the end of 2Q	FY May 2024 At the end of 2Q
Assets					
Cash and deposits	9,826	13,708	20,516	31,307	41,888
Merchandise	37,126	40,008	41,231	43,039	46,639
Total current assets	59,840	67,970	78,287	97,960	112,550
Tangible fixed assets	76,648	90,127	113,642	132,581	142,883
Intangible fixed assets	1,053	1,167	3,835	4,199	5,008
Non-current assets	90,082	111,345	134,217	154,260	166,704
Total assets	149,923	179,316	212,505	252,220	279,255
Liabilities					
Accounts payable	38,711	37,168	42,906	50,570	53,110
Current portion of long-term loans payable	5,591	6,200	8,230	9,900	11,217
Lease obligations	1,013	1,183	1,689	2,242	2,439
Total current liabilities	60,797	64,560	70,135	83,898	89,061
Long-term loans payable	21,977	32,988	47,936	58,227	66,352
Lease obligations	3,512	4,051	5,297	6,992	6,779
Total non-current liabilities	29,998	42,221	60,102	73,855	82,319
Total liabilities	90,796	106,782	130,238	157,753	171,380
Net assets	59,126	72,533	82,266	94,467	107,874
Total liabilities and net assets	149,923	179,316	212,505	252,220	279,255

	As of May 20, 2020	As of May 20, 2021	As of May 20, 2022	As of May 20, 2023	As of May 20, 2024
Assets					
Cash and deposits	19,310	15,734	26,348	42,870	-
Merchandise	38,203	40,275	39,673	45,498	-
Total current assets	72,230	71,994	86,547	113,740	-
Tangible fixed assets	83,017	104,294	126,404	136,648	-
Intangible fixed assets	1,128	3,658	4,075	4,896	-
Non-current assets	98,134	123,923	147,653	160,561	-
Total assets	170,364	195,917	234,201	274,301	-
Liabilities					
Accounts payable	39,757	38,990	41,701	52,526	-
Current portion of long-term loans payable	6,514	7,686	9,742	11,080	-
Lease obligations	1,143	1,378	2,029	2,328	-
Total current liabilities	66,082	66,320	72,781	90,669	-
Long-term loans payable	29,047	40,564	59,907	69,106	-
Lease obligations	4,040	4,765	6,447	6,982	-
Total non-current liabilities	38,056	51,927	74,489	85,086	-
Total liabilities	104,139	118,248	147,270	175,755	-
Net assets	66,224	77,669	86,930	98,546	-
Total liabilities and net assets	170,364	195,917	234,201	274,301	-

2. Income Statement (consolidated)

(Unit: Million Yen)

	FY May 2020 At the end of 2Q	FY May 2021 At the end of 2Q	FY May 2022 At the end of 2Q	FY May 2023 At the end of 2Q	FY May 2024 At the end of 2Q
Sales	146,435	150,716	161,192	184,281	215,622
Cost of sales	106,887	106,056	117,381	132,355	156,785
Gross profit on sales	39,547	44,660	43,810	51,925	58,836
Selling, general and administrative expenses *	32,918	36,178	37,004	43,647	52,016
Operating income*	6,629	8,481	6,805	8,278	6,820
Non-operating income	273	364	448	3,161	517
Non-operating expenses	79	97	116	184	354
Ordinary income*	6,823	8,748	7,137	11,255	6,983
Extraordinary income	6	0	17	59	51
Extraordinary losses	17	5	159	320	13
Net income before income taxes for the current quarter	6,812	8,743	6,995	10,993	7,021
Tax expenses	1,923	2,307	2,300	3,069	3,599
Net income for the current quarter*	4,889	6,435	4,694	7,924	3,422
Gross profit margin	27.0%	29.6%	27.2%	28.2%	27.3%
SGA ratio	22.5%	24.0%	23.0%	23.7%	24.1%
Operating profit margin	4.5%	5.6%	4.2%	4.5%	3.2%
Recurring profit margin	4.7%	5.8%	4.4%	6.1%	3.2%
Quarterly net profit margin	3.3%	4.3%	2.9%	4.3%	1.6%

*(Reference) Cumulative financial results for the second quarter of the fiscal year ending May 2024 excluding the stock based compensation expenses are as follows:

Selling, general and administrative expenses:46,000million (SGA ratio:21.3%);Operating income:12,836million (Operating profit margin:6.0%);Ordinary income:12,999million (Recurring profit margin:6.0%);Net income for the current quarter:9,438million (Quarterly net profit margin:4.4%)

	FY May 2020 Full-Year Results	FY May 2021 Full-Year Results	FY May 2022 Full-Year Results	FY May 2023 Full-Year Results	FY May 2024 Full-Year Plans
Sales	300,173	305,880	328,335	378,874	435,000
Cost of sales	216,059	215,766	238,572	272,767	317,139
Gross profit on sales	84,114	90,114	89,762	106,107	117,861
Selling, general and administrative expenses*	67,755	73,495	75,692	90,810	100,662
Operating income*	16,359	16,619	14,070	15,296	17,200
Non-operating income	637	986	2,071	4,252	1,893
Non-operating expenses	166	261	356	420	693
Ordinary income*	16,829	17,344	15,785	19,129	18,400
Extraordinary income	380	68	390	74	52
Extraordinary losses	19	587	1,597	2,442	613
Net income before income taxes	17,190	16,825	14,579	16,760	17,838
Tax expenses	4,774	4,762	4,739	4,434	6,538
Net income*	12,416	12,062	9,839	12,326	11,300
Gross profit margin	28.0%	29.5%	27.3%	28.0%	27.1%
SGA ratio	22.6%	24.0%	23.1%	24.0%	23.1%
Operating profit margin	5.4%	5.4%	4.3%	4.0%	4.0%
Recurring profit margin	5.6%	5.7%	4.8%	5.0%	4.2%
Net profit margin	4.1%	3.9%	3.0%	3.3%	2.6%

*(Reference) Full year plans of the fiscal year ending May 2024 excluding the stock based compensation expenses are as follows:

Selling, general and administrative expenses: 93.852million (SGA ratio: 21.6%); Operating income: 24,010million (Operating profit margin: 5.5%); Ordinary income: 25,210million (Recurring profit margin: 5.8%); Net income: 18,110million (Net profit margin: 4.2%)

3. Cash Flow Statement

(Unit: Million Yen)

	(consolidated)	(consolidated)	(consolidated)	(consolidated)	(consolidated)
	FY May 2020	FY May 2021	FY May 2022	FY May 2023	FY May 2024
	2Q	2Q	2Q	2Q	2Q
Cash flows from operating activities					
Quarterly net income before income taxes	6,812	8,743	6,995	10,933	7,021
Depreciation	2,979	3,340	4,125	5,003	5,642
Amortization of goodwill	-	-	108	121	130
The stock based compensation expenses	-	-	-	-	6,015
Impairment loss	-	-	-	295	-
Net change in allowance for bonus	▲ 1,111	▲ 1,182	▲ 862	▲ 116	▲ 1,769
Net change in allowance for bad debts	1	80	1	0	▲ 0
Net change in reserve for retirement benefits for officers	14	▲ 6	▲ 74	9	12
Gain on contract liability	-	-	2,319	▲ 46	▲ 89
Net change in allowance for points	695	109	▲ 2,716	▲ 17	▲ 1
Loss on retirement of non-current assets	16	4	83	0	0
Loss on sale of non-current assets	1	0	19	19	12
Gain on sale of non-current assets	-	0	▲ 2	▲ 15	▲ 51
Gain on reversal of stock acquisition right	-	-	▲ 2	▲ 43	-
Interest and dividends income	▲ 19	▲ 60	▲ 59	▲ 56	▲ 57
Interest expenses	40	52	70	115	172
Net change in trade receivables	226	▲ 575	▲ 1,760	▲ 2,116	▲ 454
Net change in inventory assets	▲ 5,003	▲ 1,805	▲ 894	▲ 3,365	▲ 1,141
Net change in trade payables	5,734	▲ 2,589	3,688	9,022	584
Other (operating activities)	1,617	3,055	2,333	1,344	2,311
Subtotal	11,998	9,165	13,372	21,147	18,338
Interest and dividends income received	1	41	34	34	36
Interest expenses paid	▲ 40	▲ 52	▲ 55	▲ 115	▲ 171
Income taxes paid	▲ 2,184	▲ 3,080	▲ 2,359	▲ 2,999	▲ 3,660
Refund of income taxes	32	0	0	-	270
Cash flows from operating activities	9,806	6,073	10,992	18,066	14,812
Cash flows from investing activities					
Purchase of investment securities	-	-	-	▲ 0	▲ 34
Purchase of tangible fixed assets	▲ 7,721	▲ 8,570	▲ 11,883	▲ 9,747	▲ 10,824
Gain on sale of tangible fixed assets	-	0	12	107	69
Purchase of intangible fixed assets	▲ 154	▲ 128	▲ 272	▲ 350	▲ 315
Payments for lease and guarantee deposits	▲ 328	▲ 424	▲ 348	▲ 132	▲ 111
Proceeds from collection of lease and guarantee deposits	0	6	146	56	52
Payments for long-term loans	▲ 28	▲ 5,336	▲ 34	▲ 35	▲ 33
Proceeds from collection of long-term loans receivable	4	805	3	28	9
Payments for construction assistance fund	▲ 294	▲ 535	▲ 243	▲ 77	▲ 167
Payments for acquisition of businesses	-	-	-	-	▲ 102
Other (investing activities)	▲ 46	▲ 253	▲ 28	▲ 25	▲ 110
Cash flows from investing activities	▲ 8,682	▲ 14,436	▲ 13,065	▲ 10,176	▲ 11,567
Cash flows from financing activities					
Proceeds from long-term loans payable	4,000	7,000	12,000	3,500	3,000
Repayments of long-term loans payable	▲ 2,719	▲ 3,373	▲ 4,095	▲ 5,022	▲ 5,616
Payments for lease obligations	▲ 473	▲ 557	▲ 678	▲ 998	▲ 1,153
Purchase of treasury stock	-	0	0	-	▲ 0
Payments of dividends	▲ 283	▲ 316	▲ 370	▲ 410	▲ 457
Cash flows from financing activities	568	2,761	6,854	▲ 2,930	▲ 4,227
Net change in cash and cash equivalents	1,692	▲ 5,601	4,781	4,959	▲ 982
Cash and cash equivalents at beginning of period	8,133	19,310	15,734	26,348	42,870
Cash and cash equivalents at end of period	9,826	13,708	20,516	31,307	41,888

4. Changes in Monthly Sales, Number of Customers, and Average Sale Per Customer

Year-on-year monthly results comparison for the fiscal year ending May 2024 (from May 21, 2023 to May 20, 2024)

		June	July	Aug.	Sept.	Oct.	Nov.	1st Half
Sales (%)	All stores	117.9%	120.6%	113.3%	117.8%	116.3%	116.9%	117.1%
	Existing stores	111.1%	113.5%	107.2%	111.4%	110.3%	111.0%	110.7%
Number of customers (%)	All stores	113.9%	115.7%	112.4%	114.8%	114.9%	115.2%	114.5%
	Existing stores	106.6%	108.3%	106.2%	108.2%	108.7%	109.1%	107.9%
Average sale per customer (%)	All stores	103.5%	104.3%	100.8%	102.6%	101.2%	101.5%	102.3%
	Existing stores	104.2%	104.7%	100.9%	102.9%	101.4%	101.8%	102.6%

Year-on-year monthly results comparison for the fiscal year ending May 2023 (from May 21, 2022 to May 20, 2023)

		June	July	Aug.	Sept.	Oct.	Nov.	1st Half
Sales (%)	All stores	112.6%	116.3%	117.0%	114.5%	113.5%	118.3%	115.4%
	Existing stores	100.3%	105.0%	105.1%	102.8%	102.0%	107.0%	103.7%
Number of customers (%)	All stores	111.7%	114.3%	114.3%	113.0%	111.2%	114.7%	113.2%
	Existing stores	98.6%	102.1%	101.5%	100.4%	98.8%	102.7%	100.7%
Average sale per customer (%)	All stores	100.8%	101.8%	102.3%	101.3%	102.0%	103.1%	101.9%
	Existing stores	101.7%	102.8%	103.5%	102.4%	103.2%	104.2%	103.0%

		Dec.	Jan.	Feb.	Mar.	Apr.	May	2nd Half	Full Year
Sales (%)	All stores	115.6%	119.8%	111.9%	116.7%	115.2%	119.0%	116.3%	115.9%
	Existing stores	104.8%	108.9%	102.0%	107.6%	106.9%	109.3%	106.5%	105.2%
Number of customers (%)	All stores	112.4%	117.0%	110.9%	115.0%	113.1%	115.3%	113.9%	113.6%
	Existing stores	101.0%	105.5%	100.4%	105.2%	104.3%	105.6%	103.6%	102.2%
Average sale per customer (%)	All stores	102.8%	102.4%	101.0%	101.5%	101.9%	103.3%	102.1%	102.0%
	Existing stores	103.8%	103.2%	101.6%	102.2%	102.5%	103.5%	102.8%	102.9%

Year-on-year monthly results comparison for the fiscal year ending May 2022 (from May 21, 2021 to May 20, 2022)

		June	July	Aug.	Sept.	Oct.	Nov.	1st Half
Sales (%)	All stores	104.7	105.2	108.1	112.1	118.9	111.5	109.9
	Existing stores	93.2	93.9	95.1	97.9	103.0	96.7	96.5
Number of customers (%)	All stores	104.9	106.3	106.4	110.7	117.6	112.7	109.6
	Existing stores	92.6	93.8	93.0	96.1	100.9	96.4	95.4
Average sale per customer (%)	All stores	99.8	99.0	101.6	101.3	101.1	99.0	100.3
	Existing stores	100.7	100.1	102.2	102.0	102.1	100.3	101.2

		Dec.	Jan.	Feb.	Mar.	Apr.	May	2nd Half	Full Year
Sales (%)	All stores	111.8	111.3	123.0	118.0	119.1	106.7	114.8	112.4
	Existing stores	98.6	97.2	106.0	101.0	103.0	93.9	99.8	98.2
Number of customers (%)	All stores	111.8	112.8	120.5	117.0	118.4	110.3	115.1	112.3
	Existing stores	97.1	97.6	102.9	99.2	101.4	96.2	99.0	97.2
Average sale per customer (%)	All stores	100.0	98.7	102.1	100.9	100.6	96.8	99.8	100.1
	Existing stores	101.6	99.5	103.0	101.9	101.5	97.6	100.8	101.0

5. Efficiency Indices

Changes in the cumulative Q2 results

		FY May 2020 At the end of 2Q	FY May 2021 At the end of 2Q	FY May 2022 At the end of 2Q	FY May 2023 At the end of 2Q	FY May 2024 At the end of 2Q
Capital	(million yen)	1,162	1,167	1,167	1,167	1,167
Total number of shares outstanding *	(shares)	31,531,560	31,532,560	31,532,560	31,532,560	94,597,680
Average number of shares outstanding during the period *	(shares)	31,526,983	31,531,569	31,532,287	31,532,098	94,595,990
Amount of net assets	(million yen)	59,126	72,533	82,266	94,467	107,874
Amount of total assets	(million yen)	149,923	179,316	212,505	234,201	279,255

*KUSURI NO AOKI HOLDINGS CO., LTD. (the "Company") conducted a 3-for-1 share split of its common shares on November 21, 2023. Total number of issued shares at the end of the period and average number of shares for the second quarter of the fiscal year ending May 2024 are calculated on the assumption that said share split was conducted at the beginning of the previous fiscal year.

		FY May 2020 At the end of 2Q	FY May 2021 At the end of 2Q	FY May 2022 At the end of 2Q	FY May 2023 At the end of 2Q	FY May 2024 At the end of 2Q
Dividend per share	(yen)	10.00	11.25	13.00	14.50	16.00
Quarterly net income per share *	(yen)	51.69	68.03	49.63	83.77	36.18

Equity ratio	(%)	39.4%	40.4%	38.7%	37.4%	36.5%
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*The Company conducted a 3-for-1 share split of its common shares on November 21, 2023. Quarterly net income per share are calculated on the assumption that said share split was conducted.

Trends in full-year results

		FY May 2020	FY May 2021	FY May 2022	FY May 2023	FY May 2024
Capital	(million yen)	1,162	1,167	1,167	1,167	-
Total number of shares outstanding	(shares)	31,531,560	31,532,560	31,532,560	31,532,560	-
Average number of shares outstanding during the period	(shares)	31,529,164	31,531,938	31,532,218	31,532,066	-
Amount of net assets	(million yen)	66,224	77,669	86,930	98,546	-
Amount of total assets	(million yen)	170,364	195,917	234,201	274,301	-

		FY May 2020	FY May 2021	FY May 2022	FY May 2023	FY May 2024
Net asset value per share	(thousand yen)	2,097.26	2,459.98	2,753.84	3,123.60	-
Dividend per share	(yen)	20.00	23.00	26.00	29.00	-
Earnings per share*	(yen)	131.27	127.52	104.02	130.31	-
Dividend payout ratio	(%)	5.1%	6.0%	8.3%	7.4%	-

Equity ratio	(%)	38.8%	39.6%	37.1%	35.9%	-
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ROA (Return on assets)	(%)	11.0%	9.5%	7.3%	7.5%	-
ROE (Return on equity)	(%)	20.6%	16.8%	12.0%	13.3%	-

*The Company conducted a 3-for-1 share split of its common shares on November 21, 2023. Earnings per share are calculated on the assumption that said share split was conducted.

6. Number of Stores at Year End, Sales Floor Area, Number of Employees, Capital Investment and Depreciation

	FY May 2020		FY May 2021		FY May 2022		FY May 2023		FY May 2024 2Q		
	Number of Stores	Composition Ratio	Number of Stores	Composition Ratio	Number of Stores	Composition Ratio	Number of Stores	Composition Ratio	Number of Stores	Composition Ratio	
Ishikawa	Standalone drug stores	13	24	25	25	24					
	Drug stores with dispensaries	60	62	67	71	75					
	Dispensing pharmacies	1	1	1	1	1					
	Ishikawa total	74	11.7%	87	11.9%	93	11.3%	97	10.7%	100	10.9%
Toyama	Standalone drug stores	26	27	29	31	31					
	Drug stores with dispensaries	42	44	51	55	58					
	Dispensing pharmacies	4	4	4	4	4					
	Toyama total	72	11.4%	75	10.2%	84	10.2%	90	10.0%	93	10.1%
Fukui	Standalone drug stores	25	24	22	24	21					
	Drug stores with dispensaries	23	26	32	33	37					
	Dispensing pharmacies	1	1	1	1	1					
	Fukui total	49	7.8%	51	7.0%	55	6.7%	58	6.4%	59	6.4%
Niigata	Standalone drug stores	31	29	30	27	27					
	Drug stores with dispensaries	28	36	42	50	51					
	Niigata total	59	9.4%	65	8.9%	72	8.7%	77	8.5%	78	8.5%
Nagano	Standalone drug stores	4	3	5	6	5					
	Drug stores with dispensaries	22	24	25	28	29					
	Nagano total	26	4.1%	27	3.7%	30	3.6%	34	3.8%	34	3.7%
Gunma	Standalone drug stores	43	48	40	37	36					
	Drug stores with dispensaries	20	26	40	46	48					
	Gunma total	63	10.0%	74	10.1%	80	9.7%	83	9.2%	84	9.2%
Saitama	Standalone drug stores	22	19	13	13	12					
	Drug stores with dispensaries	13	19	26	26	27					
	Saitama total	35	5.6%	38	5.2%	39	4.7%	39	4.3%	39	4.2%
Tochigi	Standalone drug stores	30	26	22	24	23					
	Drug stores with dispensaries	9	14	22	27	28					
	Tochigi total	39	6.2%	40	5.5%	44	5.3%	51	5.6%	51	5.6%
Ibaraki	Standalone drug stores	34	35	36	33	31					
	Drug stores with dispensaries	5	9	16	20	22					
	Ibaraki total	39	6.2%	44	6.0%	52	6.3%	53	5.9%	53	5.8%
Chiba	Standalone drug stores	6	5	5	5	5					
	Drug stores with dispensaries	5	11	15	18	20					
	Chiba total	11	1.7%	16	2.2%	20	2.4%	23	2.5%	25	2.7%
Yamanashi	Standalone drug stores	0	1	1	1	2					
	Drug stores with dispensaries	0	0	1	2	3					
	Yamanashi total	0	0.0%	1	0.1%	2	0.2%	3	0.3%	5	0.5%
Gifu	Standalone drug stores	44	44	35	32	31					
	Drug stores with dispensaries	18	22	31	34	35					
	Gifu total	62	9.8%	66	9.0%	66	8.0%	66	7.3%	66	7.2%
Aichi	Standalone drug stores	20	22	18	19	16					
	Drug stores with dispensaries	12	16	24	26	29					
	Aichi total	32	5.1%	38	5.2%	42	5.1%	45	5.0%	45	4.9%
Mie	Standalone drug stores	14	14	17	18	17					
	Drug stores with dispensaries	7	10	11	14	16					
	Mie total	21	3.3%	24	3.3%	28	3.4%	32	3.5%	33	3.6%
Shizuoka	Standalone drug stores	2	5	8	13	10					
	Drug stores with dispensaries	1	2	4	5	7					
	Shizuoka total	3	0.5%	7	1.0%	12	1.5%	18	2.0%	17	1.9%
Shiga	Standalone drug stores	9	9	14	15	15					
	Drug stores with dispensaries	13	16	18	21	22					
	Shiga total	22	3.5%	25	3.4%	32	3.9%	36	4.0%	37	4.0%
Nara	Standalone drug stores	3	3	4	6	4					
	Drug stores with dispensaries	3	5	7	8	8					
	Nara total	6	1.0%	8	1.1%	11	1.3%	14	1.6%	12	1.3%
Kyoto	Standalone drug stores	0	5	9	7	4					
	Drug stores with dispensaries	5	5	5	8	11					
	Kyoto total	5	0.8%	10	1.4%	14	1.7%	15	1.7%	15	1.6%
Osaka	Standalone drug stores			2	3	3					
	Drug stores with dispensaries			1	3	5					
	Osaka total	0	0.0%	0	0.0%	3	0.4%	6	0.7%	8	0.9%
Fukushima	Standalone drug stores	3	8	7	12	11					
	Drug stores with dispensaries	3	5	8	11	12					
	Fukushima total	6	1.0%	13	1.8%	15	1.8%	23	2.5%	23	2.5%
Miyagi	Standalone drug stores	3	4	5	2	1					
	Drug stores with dispensaries	0	4	6	9	10					
	Miyagi total	3	0.5%	8	1.1%	11	1.3%	11	1.2%	11	1.2%
Iwate	Standalone drug stores	3	10	11	16	13					
	Drug stores with dispensaries	0	3	5	6	9					
	Iwate total	3	0.5%	13	1.8%	16	1.9%	22	2.4%	22	2.4%
Yamagata	Standalone drug stores		2	2	2	3					
	Drug stores with dispensaries		1	3	5	5					
	Yamagata total	0	0.0%	3	0.4%	5	0.6%	7	0.8%	8	0.9%
Total	Standalone drug stores	335	53.2%	362	49.4%	359	43.5%	370	41.0%	344	37.5%
	Drug stores with dispensaries	289	45.9%	360	49.1%	460	55.7%	526	58.3%	567	61.8%
	Dispensing pharmacies	6	1.0%	6	0.8%	6	0.7%	6	0.7%	6	0.7%
	Supermarket stores	-	-	5	0.7%	1	0.1%	1	0.1%	1	0.1%
		630	100%	733	100%	826	100%	903	100%	918	100%

Supermarket stores are included in the Standalone drug stores in the number of stores by prefecture.

	FY May 2020 Results	FY May 2021 Results	FY May 2022 Results	FY May 2023 Results	FY May 2024 2Q Results
Ratio of stores with dispensaries (%) ※	46.3%	49.9%	56.2%	58.7%	62.2%
Ratio of stores with dispensaries = Stores with dispensaries / (Standalone drug stores + Drug stores with dispensaries)					
Total sales floor area at year end (m ²)	628,653	741,338	855,266	957,407	977,724
Number of employees (persons)	3,004	3,990	4,033	4,460	4,121
Average number of temporary employees (persons) (converted to 8-hour workday)	6,613	5,634	5,474	5,842	6,282

Capital Investment and Depreciation

	FY May 2020 Results	FY May 2021 Results	FY May 2022 Results	FY May 2023 Results	FY May 2024 2Q Results
Investment to stores (new opening)	18,840	22,410	26,819	25,832	5,671
Investment to stores (renovation)	37	376	839	2,257	1,671
System	566	790	660	389	260
Other	616	2,037	970	1,916	3,768
Total	20,059	25,613	29,288	30,395	11,370
Depreciation	6,156	7,058	8,645	11,374	5,610

※ Lease refers to the amount of lease asset worth 3 million yen or more.

※ Depreciation indicates the amount actually depreciated including those reclassified to non-operating expenses (rent cost) but excluding asset retirement obligations.

7. Trends in Sales by Area

(Unit: Million Yen)

	FY May 2020 2Q		FY May 2021 2Q		FY May 2022 2Q		FY May 2023 2Q		FY May 2024 2Q	
	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio
Hokushinetsu	83,238	56.8%	80,592	53.5%	80,649	50.0%	87,722	47.6%	99,255	46.0%
Touhoku	755	0.5%	1,966	1.3%	6,361	4.0%	11,370	6.2%	14,544	6.8%
Kantou	33,207	22.7%	37,683	25.0%	39,958	24.8%	44,518	24.1%	50,647	23.5%
Toukai	22,606	15.4%	23,384	15.5%	25,186	15.6%	28,191	15.3%	35,436	16.4%
Kansai	6,626	4.5%	7,090	4.7%	9,036	5.6%	12,478	6.8%	15,737	7.3%
Total	146,435	100.0%	150,716	100.0%	161,192	100.0%	184,281	100.0%	215,622	100.0%

	FY May 2020		FY May 2021		FY May 2022		FY May 2023		FY May 2024	
	Full-year Results	Composition Ratio	Full-year Results	Composition Ratio	Full-year Results	Composition Ratio	Full-year Results	Composition Ratio	Revised Full-year Plans	Composition Ratio
Hokushinetsu	166,923	55.5%	161,614	52.9%	161,993	49.3%	178,733	47.2%	198,816	45.7%
Touhoku	2,085	0.7%	5,639	1.8%	14,641	4.5%	24,436	6.4%	29,896	6.9%
Kantou	70,100	23.4%	75,311	24.6%	81,817	24.9%	90,838	24.0%	102,359	23.5%
Toukai	47,101	15.7%	46,441	15.2%	50,670	15.4%	58,763	15.5%	71,360	16.4%
Kansai	13,963	4.7%	16,875	5.5%	19,215	5.9%	26,102	6.9%	32,569	7.5%
Total	300,173	100.0%	305,880	100.0%	328,335	100.0%	378,874	100.0%	435,000	100.0%

8. Trends in Sales by Product Division

(Unit: Million Yen)

	FY May 2020 2Q		FY May 2021 2Q		FY May 2022 2Q		FY May 2023 2Q		FY May 2024 2Q	
	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio
Health	15,790	10.8%	17,963	11.9%	17,751	11.0%	19,380	10.5%	20,730	9.6%
Beauty	24,677	16.9%	23,767	15.8%	23,769	14.7%	26,130	14.2%	28,415	13.2%
Daily commodities	32,657	22.3%	33,499	22.2%	35,242	21.9%	37,351	20.3%	41,042	19.0%
Food	60,164	41.1%	60,729	40.3%	67,331	41.8%	80,498	43.7%	102,952	47.8%
Dispensing	13,145	9.0%	14,757	9.8%	17,096	10.6%	20,921	11.3%	22,480	10.4%
Total	146,435	100.0%	150,716	100.0%	161,192	100.0%	184,281	100.0%	215,622	100.0%

	FY May 2020		FY May 2021		FY May 2022		FY May 2023		FY May 2024	
	Full-year Results	Composition Ratio	Full-year Results	Composition Ratio	Full-year Results	Composition Ratio	Full-year Results	Composition Ratio	Revised Full-year Plans	Composition Ratio
Health	34,433	11.5%	35,983	11.7%	36,409	11.1%	41,021	10.8%	41,884	9.6%
Beauty	48,285	16.1%	47,306	15.5%	48,241	14.7%	51,710	13.6%	56,660	13.0%
Daily commodities	64,801	21.6%	64,741	21.2%	69,091	21.0%	73,542	19.4%	80,961	18.6%
Food	125,331	41.8%	127,365	41.6%	139,059	42.4%	169,748	44.8%	209,507	48.2%
Dispensing	27,322	9.1%	30,485	10.0%	35,531	10.8%	42,851	11.3%	45,985	10.6%
Total	300,173	100.0%	305,880	100.0%	328,335	100.0%	378,874	100.0%	435,000	100.0%

9. Breakdown of Selling, General and Administrative Expenses

(Unit: Million Yen)

	FY May 2020 2Q	FY May 2021 2Q	FY May 2022 2Q	FY May 2023 2Q	FY May 2024 2Q
Labor cost	13,531	16,085	16,743	18,419	25,654
Sales promotion cost	5,195	4,099	1,391	1,392	1,347
Real estate costs	8,551	9,824	11,838	13,696	14,397
Other costs	5,639	6,169	7,031	10,139	10,616
Total SGA	32,918	36,178	37,004	43,647	52,016

*Cumulative financial results for the second quarter of the fiscal year ending May 2024, personnel expenses include 6,015 million yen in the stock based compensation expenses.

	FY May 2020 Full-year Results	FY May 2021 Full-year Results	FY May 2022 Full-year Results	FY May 2023 Full-year Results	FY May 2024 Revised Full-year Plans
Labor cost	28,579	32,565	33,212	37,263	47,010
Sales promotion cost	10,414	7,091	2,847	2,875	2,892
Real estate costs	17,866	21,227	24,860	28,969	29,850
Other costs	10,894	12,611	14,771	21,701	20,910
Total SGA	67,755	73,495	75,692	90,810	100,662

*Full year plans of the fiscal year ending May 2024, personnel expenses include 6,810 million yen in the stock based compensation expenses.