



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

KUSURI NO AOKI HOLDINGS CO., LTD.

(TSE Prime Section Code 3549)

January 10, 2024

Hironori Aoki



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**Summary of Financial Results for the First Half of the Fiscal Year Ending May 2024 and Earnings Forecast for the Fiscal Year Ending May 2024**

2

**Progress Status of the Third Medium-term Management Plan (for five years)**



# 1

## **Summary of Financial Results for the First Half of the Fiscal Year Ending May 2024 and Earnings Forecast for the Fiscal Year Ending May 2024**

### | 1

**Summary of Financial Results for the First Half of the Fiscal Year Ending May 2024**

### | 2

Earnings Forecast for the Fiscal Year Ending May 2024

# Store Opening/Closing Results



	No. of stores at end of FY May 2023	Store opening and closing results First half of FY May 2024							No. of stores at end of 1H FY May 2024
		Hokushinetsu	Tohoku	Kanto	Tokai	Kansai	Opening total	Closing	
[1] Drugstores	896	8	1	5	1	3	18	3	911
[2] Attached dispensing pharmacies	526	13	5	9	8	7	42	1	567
[3] Dispensing pharmacies	6	-	-	-	-	-	0	0	6
[4] Other (SM)	1	-	-	-	-	-	0	0	1
<b>Total number of stores ([1]+[3]+[4])</b>	<b>903</b>	<b>8</b>	<b>1</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>18</b>	<b>3</b>	<b>918</b>

**Ratio of stores with dispensaries**

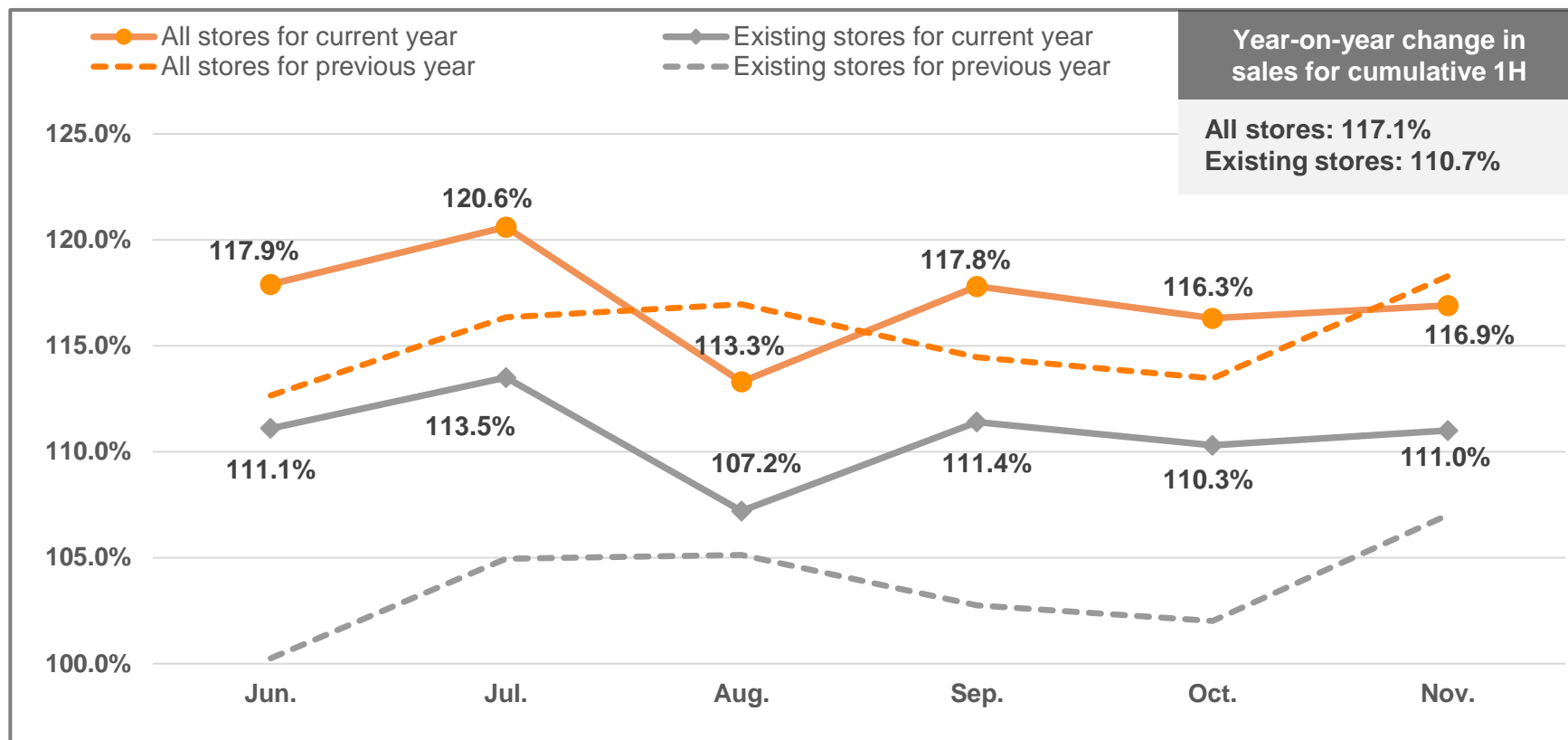
**62.2%**

\* Ratio of stores with dispensaries is calculated based on the number of drugstores (excluding SM and dispensing pharmacies).

## Point

- Number of stores opened in the first half of FY May 2024: 18
- With 42 pharmacies newly opened, the ratio of stores with dispensaries came to 62.2% (58.7% at the end of the previous fiscal year).

# Year-on-Year Change in Sales by the Month

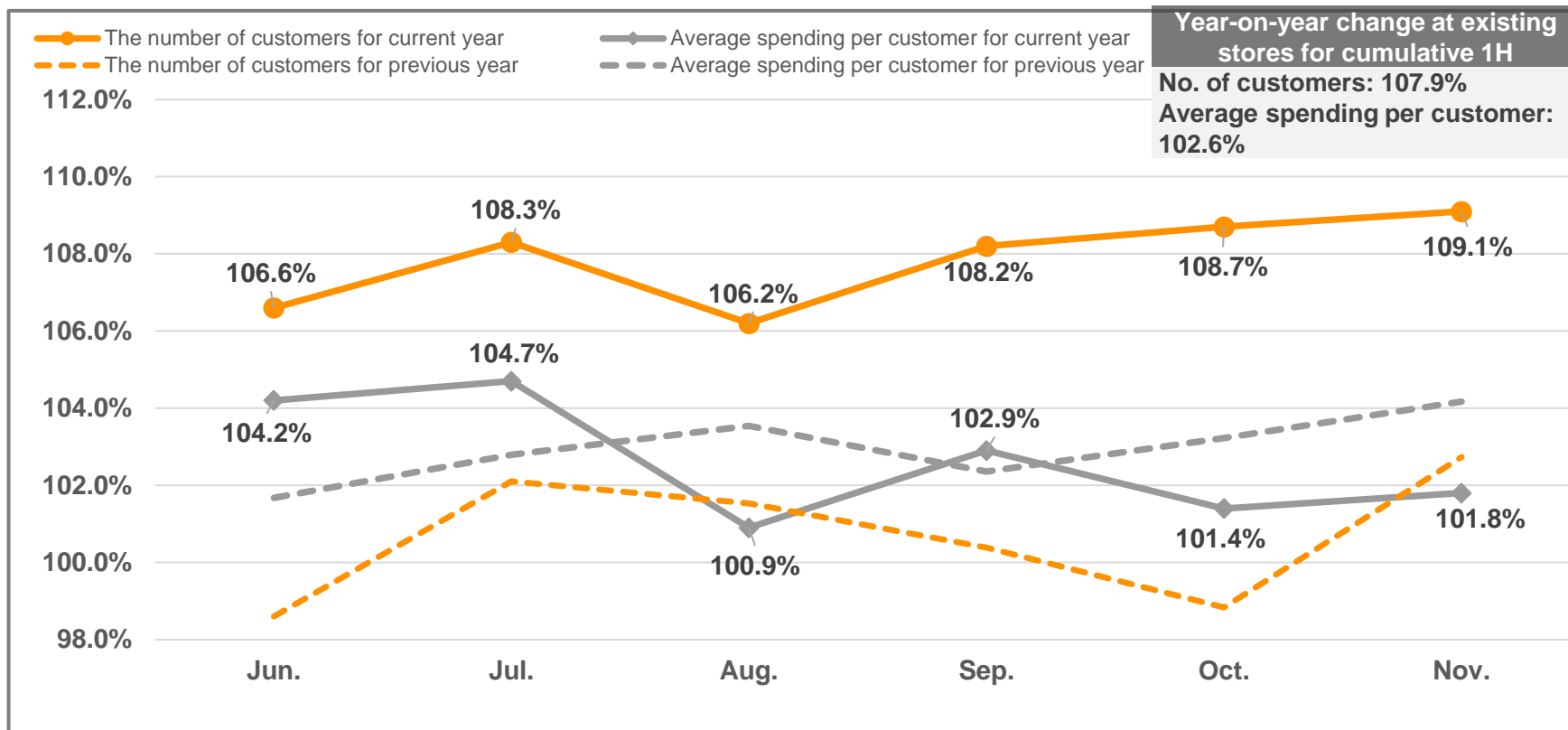


\* Values of monthly sales performance do not include any of those for NALX Co., Ltd. and Fukuya Co., Ltd. in the business category of supermarket.

## Point

- Existing stores showed strong performance following the remodeling for introducing fresh food as well as EDLP measures.
- Seasonal goods did well due to the hot summer and lingering heat.

# Year-on-Year Change in the Number of Customers and Average Spending per Customer by the Month at Existing Stores



\* Values of monthly sales performance do not include any of those for NALX Co., Ltd. and Fukuya Co., Ltd. in the business category of supermarket.

## Point

- The number of customers increased substantially following the remodeling for introducing fresh food as well as EDLP measures at existing stores.

# Consolidated Profit and Loss Statement (Year-on-Year Change)



	FY May 2023		FY May 2024			FY May 2024		
	1H results		1H results			Reference: 1H results (excluding stock-based compensation expense)		
	Million yen	Sales ratio	Million yen	Sales ratio	YoY change	Million yen	Sales ratio	YoY change
Sales	184,281	100.0%	215,622	100.0%	117.0%	215,622	100.0%	117.0%
Gross profit	51,925	28.2%	58,837	27.3%	113.3%	58,837	27.3%	113.3%
SGA expenses	43,647	23.7%	52,016	24.1%	119.2%	46,000	21.3%	105.4%
Operating income	8,278	4.5%	6,820	3.2%	82.4%	12,836	6.0%	155.1%
Ordinary income	11,255	6.1%	6,983	3.2%	62.0%	12,999	6.0%	115.5%
Net income	7,924	4.3%	3,422	1.6%	43.2%	9,438	4.4%	119.1%

## Point

- Sales: 117.0% year-on-year
- Gross profit margin: -0.9pt year-on-year
- SGA ratio: -2.4pt year-on-year (excluding stock-based compensation expense)
- Recurring profit margin: +1.5pt year-on-year (excluding stock-based compensation expense)

# Consolidated Profit and Loss Statement (Versus Plan)



	FY May 2024		FY May 2024			FY May 2024		
	1H plan		1H results			Reference: 1H results (excluding stock-based compensation expense)		
	Million yen	Sales ratio	Million yen	Sales ratio	vs. Plan	Million yen	Sales ratio	vs. Plan
Sales	200,000	100.0%	215,622	100.0%	107.8%	215,622	100.0%	107.8%
Gross profit	55,472	27.7%	58,837	27.3%	106.1%	58,837	27.3%	106.1%
SGA expenses	47,472	23.7%	52,016	24.1%	109.6%	46,000	21.3%	96.9%
Operating income	8,000	4.0%	6,820	3.2%	85.3%	12,836	6.0%	160.5%
Ordinary income	8,200	4.1%	6,983	3.2%	85.2%	12,999	6.0%	158.5%
Net income	5,950	3.0%	3,422	1.6%	57.5%	9,438	4.4%	158.6%

## Point

- Sales: 107.8% vs Plan
- Gross profit margin: -0.4pt vs Plan
- SGA ratio: -2.4pt vs Plan (excluding stock-based compensation expense)
- Recurring profit margin: +2.0pt vs Plan (excluding stock-based compensation expense)





	FY May 2023				FY May 2024				
	1H results				1H results				
	Million yen	Composition ratio	Number of stores	Ratio of stores with dispensaries	Million yen	Composition ratio	YoY change	Number of stores	Ratio of stores with dispensaries
Hokushinetsu	87,722	47.6%	345	68.3%	99,255	46.0%	113.1%	364	70.0%
Tohoku	11,370	6.2%	57	52.6%	14,544	6.8%	127.9%	64	56.3%
Kanto	44,518	24.1%	239	54.8%	50,647	23.5%	113.8%	257	57.6%
Tokai	28,191	15.3%	157	49.7%	35,436	16.4%	125.7%	161	54.0%
Kansai	12,478	6.8%	69	58.0%	15,737	7.3%	126.1%	72	63.9%
<b>Total</b>	<b>184,281</b>	<b>100.0%</b>	<b>867</b>	<b>59.3%</b>	<b>215,622</b>	<b>100.0%</b>	<b>117.0%</b>	<b>918</b>	<b>62.2%</b>

\* Ratio of stores with dispensaries is calculated based on the number of drugstores (excluding SM and dispensing pharmacies).

## Point

- Sales composition of new areas (Tohoku, Kanto, Tokai, and Kansai) exceeded 50%.
- Sales remained strong in all areas.



	FY May 2023		FY May 2024			
	1H results		1H results			
	Million yen	Composition ratio	Million yen	Composition ratio	Composition difference	YoY change
Health	19,380	10.5%	20,730	9.6%	-0.9%	107.0%
Beauty	26,130	14.2%	28,415	13.2%	-1.0%	108.7%
Daily commodities	37,351	20.3%	41,042	19.0%	-1.3%	109.9%
Food	80,498	43.7%	102,952	47.8%	4.1%	127.9%
Dispensing	20,921	11.3%	22,480	10.4%	-0.9%	107.5%
<b>Total</b>	<b>184,281</b>	<b>100.0%</b>	<b>215,622</b>	<b>100.0%</b>	-	<b>117.0%</b>

## Point

- Strong sales of medicines for cold due to the cold and flu epidemic.
- Cosmetic sales recovered as the number of people going out rebounded, and seasonal products performed well due to the hot summer.
- The food composition ratio increased thanks to the strengthened fresh food sales.

# Results of SGA Expenses (Year-on-Year Change)



	FY May 2023		FY May 2024			FY May 2024		
	1H results		1H results			Reference: 1H results (excluding stock-based compensation expense)		
	Million yen	Sales ratio	Million yen	Sales ratio	YoY change	Million yen	Sales ratio	YoY change
Labor cost	18,419	10.0%	25,654	11.9%	139.3%	19,639	9.1%	106.6%
Sales promotion cost	1,392	0.8%	1,347	0.6%	96.8%	1,347	0.6%	96.8%
Real estate cost	13,696	7.4%	14,397	6.7%	105.1%	14,397	6.7%	105.1%
Other expenses	10,139	5.5%	10,616	4.9%	104.7%	10,616	4.9%	104.7%
<b>SGA expenses</b>	<b>43,647</b>	<b>23.7%</b>	<b>52,016</b>	<b>24.1%</b>	<b>119.2%</b>	<b>46,000</b>	<b>21.3%</b>	<b>105.4%</b>

## Point

Labor cost ratio: -0.9pt year-on-year (excluding stock-based compensation expense)

Sales promotion cost ratio: -0.2pt year-on-year

Real estate cost ratio: -0.7pt year-on-year

Other expenses ratio: -0.6pt year-on-year

# Results of SGA Expenses (Versus Plan)



	FY May 2024		FY May 2024			FY May 2024		
	1H plan		1H results			Reference: 1H results (excluding stock-based compensation expense)		
	Million yen	Sales ratio	Million yen	Sales ratio	vs. Plan	Million yen	Sales ratio	vs. Plan
Labor cost	19,544	9.8%	25,654	11.9%	131.3%	19,639	9.1%	100.5%
Sales promotion cost	1,540	0.8%	1,347	0.6%	87.5%	1,347	0.6%	87.5%
Real estate cost	14,563	7.3%	14,397	6.7%	98.9%	14,397	6.7%	98.9%
Other expenses	11,826	5.9%	10,616	4.9%	89.8%	10,616	4.9%	89.8%
<b>SGA expenses</b>	<b>47,472</b>	<b>23.7%</b>	<b>52,016</b>	<b>24.1%</b>	<b>109.6%</b>	<b>46,000</b>	<b>21.3%</b>	<b>96.9%</b>

## Point

- Labor cost ratio: -0.7pt vs Plan (excluding stock-based compensation expense)
- Sales promotion cost ratio: -0.2pt vs Plan
- Real estate cost ratio: -0.6pt vs Plan
- Other expenses ratio: -1.0pt vs Plan

# Consolidated Balance Sheet



		As of May 20, 2023		As of November 20, 2023			
		Million yen	Composition ratio	Million yen	Composition ratio	Change from May 20, 2023	Increase/Decrease
Assets	Cash and deposits	42,870	15.6%	41,888	15.0%	97.7%	-982
	Inventory assets	45,498	16.6%	46,639	16.7%	102.5%	1,141
	Current assets	113,740	41.5%	112,550	40.3%	99.0%	-1,190
	Tangible fixed assets	136,648	49.8%	142,883	51.2%	104.6%	6,235
	Intangible fixed assets	4,896	1.8%	5,008	1.8%	102.3%	112
	Non-current assets	160,561	58.5%	166,704	59.7%	103.8%	6,143
	Assets	274,301	100.0%	279,255	100.0%	101.8%	4,954
	Notes and accounts payable	52,526	19.1%	53,110	19.0%	101.1%	584
	Current portion of long-term loans payable	11,080	4.0%	11,217	4.0%	101.2%	137
	Current portion of lease obligations	2,328	0.8%	2,439	0.9%	104.8%	112
Current liabilities	90,669	33.1%	89,061	31.9%	98.2%	-1,608	
Long-term loans payable	69,106	25.2%	66,352	23.8%	96.0%	-2,754	
Lease obligations	6,982	2.5%	6,779	2.4%	97.1%	-203	
Non-current liabilities	85,086	31.0%	82,319	29.5%	96.7%	-2,767	
Net assets	98,546	35.9%	107,874	38.6%	109.5%	9,328	
Liabilities and net assets	274,301	100.0%	279,255	100.0%	101.8%	4,954	



(Million yen)

	FY May 2023/1H	FY May 2024/1H	Increase/ Decrease
<b>Cash flows from operating activities</b>	<b>18,066</b>	<b>14,812</b>	<b>-3,254</b>
<b>Cash flows from investing activities</b>	<b>-10,176</b>	<b>-11,567</b>	<b>-1,391</b>
<b>Cash flows from financing activities</b>	<b>-2,930</b>	<b>-4,227</b>	<b>-1,297</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>31,307</b>	<b>41,888</b>	<b>10,581</b>

<b>Free cash flow</b>	<b>7,890</b>	<b>3,245</b>	<b>-4,645</b>
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## **Summary of Financial Results for the First Half of the Fiscal Year Ending May 2024 and Earnings Forecast for the Fiscal Year Ending May 2024**

### | 1

Summary of Financial Results for the First Half of the Fiscal Year Ending May 2024

### | 2

**Earnings Forecast for the Fiscal Year Ending May 2024**



	No. of stores at end of FY May 2023	Store opening and closing plan FY May 2024							No. of stores at end of FY May 2024
		Hokushin etsu	Tohoku	Kanto	Tokai	Kansai	Opening total	Closing	
[1] Drugstores	896	18	3	10	4	10	45	5	936
[2] Attached dispensing pharmacies	526	15	13	20	11	11	70	2	594
[3] Dispensing pharmacies	6	-	-	-	-	-	0	0	6
[4] Other (SM)	1	-	-	-	-	-	0	0	1
<b>Total number of stores ([1]+[3]+[4])</b>	<b>903</b>	<b>18</b>	<b>3</b>	<b>10</b>	<b>4</b>	<b>10</b>	<b>45</b>	<b>5</b>	<b>943</b>

**Ratio of stores with dispensaries**

**63.5%**

\* Ratio of stores with dispensaries is calculated based on the number of drugstores (excluding SM and dispensing pharmacies).

## Point

Revised downward the number of new drugstores to be opened to 45 from the initially planned 70. 70 attached dispensing pharmacies to be opened. (42 have already been opened in the first half year.)





(Million yen)

	FY May 2023			FY May 2024				FY May 2024			
	Full-year results			Initial full-year plan				Revised full-year plan			
	Acquisition	Lease assets	Total	Acquisition	Lease assets	Total	YoY change	Acquisition	Lease assets	Total	YoY change
Store investment (New opening)	23,124	2,709	25,832	17,028	2,083	19,111	74.0%	10,687	1,385	12,072	46.7%
Store investment (Renovation)	2,228	29	2,257	2,367	-	2,367	104.9%	2,053	-	2,053	91.0%
System investment	389	-	389	506	-	506	130.1%	405	-	405	104.1%
Other	1,926	-	1,916	9,614	-	9,614	501.8%	9,187	437	9,624	502.3%
<b>Total</b>	<b>27,658</b>	<b>2,738</b>	<b>30,395</b>	<b>29,515</b>	<b>2,083</b>	<b>31,598</b>	<b>104.0%</b>	<b>22,332</b>	<b>1,822</b>	<b>24,154</b>	<b>79.5%</b>

<b>Depreciation</b>	<b>11,374</b>	<b>11,615</b>	<b>11,778</b>
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\* 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).

\* Depreciation represents the amount excluding the portion associated with asset retirement obligations.

# Full-Year Earnings Forecast



	FY May 2023		FY May 2024			FY May 2024		
	Full-year results		Initial full-year plan			Revised full-year plan		
	Million yen	Sales ratio	Million yen	Sales ratio	YoY change	Million yen	Sales ratio	YoY change
Sales	378,874	100.0%	410,000	100.0%	108.2%	435,000	100.0%	114.8%
Gross profit	106,107	28.0%	113,325	27.6%	106.8%	117,861	27.1%	111.1%
SGA expenses	90,810	24.0%	95,525	23.3%	105.2%	100,662	23.1%	110.8%
Operating income	15,296	4.0%	17,800	4.3%	116.4%	17,200	4.0%	112.4%
Ordinary income	19,129	5.0%	18,200	4.4%	95.1%	18,400	4.2%	96.2%
Net income	12,326	3.3%	13,000	3.2%	105.5%	11,300	2.6%	91.7%

## Point

Sales: 114.8% year-on-year (Existing stores: 109.6% year-on-year)  
 Gross profit margin: -0.9pt year-on-year  
 SGA ratio: -0.9pt year-on-year  
 Recurring profit margin: -0.0pt year-on-year

# Full-Year Earnings Forecast (Excluding Stock-based Compensation Expense)



	FY May 2023		FY May 2024			FY May 2024		
	Full-year results		Initial full-year plan			Reference: Revised full-year plan (excluding stock-based compensation expense)		
	Million yen	Sales ratio	Million yen	Sales ratio	YoY change	Million yen	Sales ratio	YoY change
Sales	378,874	100.0%	410,000	100.0%	108.2%	435,000	100.0%	114.8%
Gross profit	106,107	28.0%	113,325	27.6%	106.8%	117,861	27.1%	111.1%
SGA expenses	90,810	24.0%	95,525	23.3%	105.2%	93,852	21.6%	103.3%
Operating income	15,296	4.0%	17,800	4.3%	116.4%	24,010	5.5%	157.0%
Ordinary income	19,129	5.0%	18,200	4.4%	95.1%	25,210	5.8%	131.8%
Net income	12,326	3.3%	13,000	3.2%	105.5%	18,110	4.2%	146.9%

## Point

Sales: 114.8% year-on-year  
 Gross profit margin: -0.9pt year-on-year  
 SGA ratio: -2.4pt year-on-year  
 Recurring profit margin: +1.5pt year-on-year



	FY May 2023				FY May 2024		FY May 2024				
	Full-year results				Initial full-year plan		Revised full-year plan				
	Million yen	Composition ratio	Number of stores	Ratio of stores with dispensaries	Million yen	Composition ratio	Million yen	Composition ratio	YoY change	Number of stores	Ratio of stores with dispensaries
Hokushinetsu	178,733	47.2%	356	67.9%	191,298	46.7%	198,816	45.7%	111.2%	374	68.7%
Tohoku	24,436	6.4%	63	49.2%	28,055	6.8%	29,896	6.9%	122.3%	66	66.7%
Kanto	90,838	24.0%	252	55.2%	97,027	23.7%	102,359	23.5%	112.7%	260	61.2%
Tokai	58,764	15.5%	161	49.1%	64,068	15.6%	71,360	16.4%	121.4%	164	54.9%
Kansai	26,103	6.9%	71	56.3%	29,552	7.2%	32,569	7.5%	124.8%	79	62.0%
Total	378,874	100.0%	903	58.7%	410,000	100.0%	435,000	100.0%	114.8%	943	63.5%

# Plan by Product Division



	FY May 2023		FY May 2024				FY May 2024			
	Full-year results		Initial full-year plan				Revised full-year plan			
	Million yen	Composition ratio	Million yen	Composition ratio	Sales ratio difference	YoY change	Million yen	Composition ratio	Sales ratio difference	YoY change
Health	41,021	10.8%	40,967	10.0%	-0.8%	99.9%	41,884	9.6%	-1.2%	102.1%
Beauty	51,710	13.6%	56,519	13.8%	0.1%	109.3%	56,660	13.0%	-0.6%	109.6%
Daily commodities	73,542	19.4%	78,736	19.2%	-0.2%	107.1%	80,961	18.6%	-0.8%	110.1%
Food	169,748	44.8%	188,277	45.9%	1.1%	110.9%	209,507	48.2%	3.4%	123.4%
Dispensing	42,851	11.3%	45,500	11.1%	-0.2%	106.2%	45,985	10.6%	-0.7%	107.3%
<b>Total</b>	<b>378,874</b>	<b>100.0%</b>	<b>410,000</b>	<b>100.0%</b>	<b>-</b>	<b>108.2%</b>	<b>435,000</b>	<b>100.0%</b>	<b>-</b>	<b>114.8%</b>



	FY May 2023		FY May 2024		FY May 2024			FY May 2024		
	Full-year results		Initial full-year plan		Revised full-year plan			Reference: Revised full-year plan (excluding stock-based compensation expense)		
	Million yen	Sales ratio	Million yen	Sales ratio	Million yen	Sales ratio	YoY change	Million yen	Sales ratio	YoY change
Labor cost	37,263	9.8%	39,470	9.6%	47,010	10.8%	126.2%	40,200	9.2%	107.9%
Sales promotion cost	2,875	0.8%	3,162	0.8%	2,892	0.7%	100.6%	2,892	0.7%	100.6%
Real estate cost	28,969	7.6%	30,160	7.4%	29,850	6.9%	103.0%	29,850	6.9%	103.0%
Other expenses	21,701	5.7%	22,731	5.5%	20,910	4.8%	96.4%	20,910	4.8%	96.4%
SGA expenses	90,810	24.0%	95,525	23.3%	100,662	23.1%	110.8%	93,852	21.6%	103.3%

#### Point

- Labor cost increase will be curbed by creating a sales floor that reduces workload and remodeling for introducing fresh food at the same time.
- Other expenses will be reduced by a downturn in electricity unit price and power-saving efforts such as the use of energy-saving fixtures.



# 2

## Progress Status of the Third Medium-term Management Plan (for five years)

| 1 Overview

| 2 Results of Efforts Made in the First Half and Outlook for the Second Half

# Make Life More Convenient, Smile All the Times

Aiming to become a drugstore that supports “convenient life”  
and “health that makes you smile” in your town







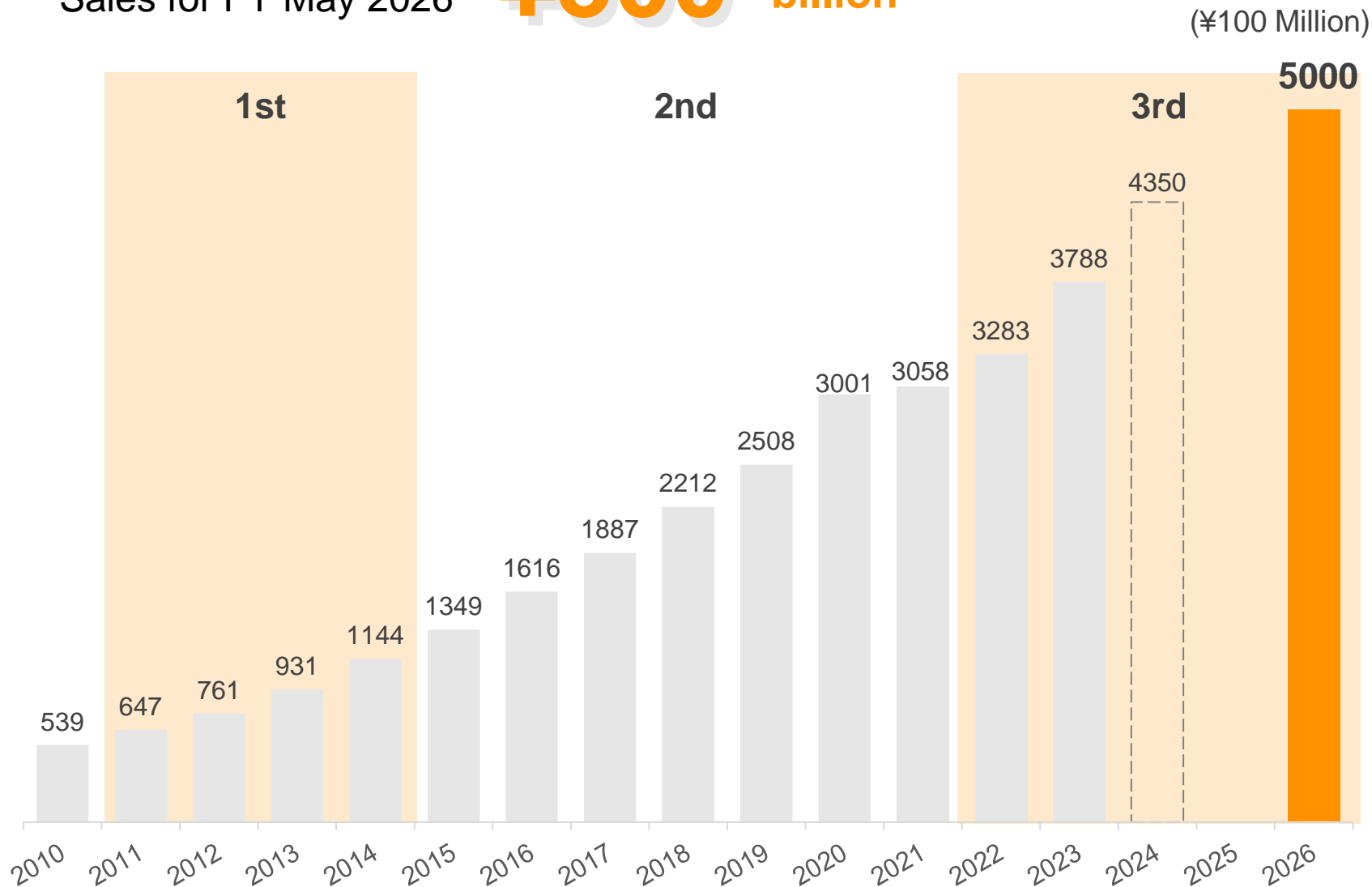
**1** Transformation to Food & Drug

**2** Parallel establishment rate 70%

**3** Shift toward the dominant strategy



# Sales for FY May 2026 **¥500** billion



\* Effective from the beginning of the fiscal year ended May 2022, the Company adopted the "Accounting Standard for Revenue Recognition".



# 2

## Progress Status of the Third Medium-term Management Plan (for five years)

| 1 Overview

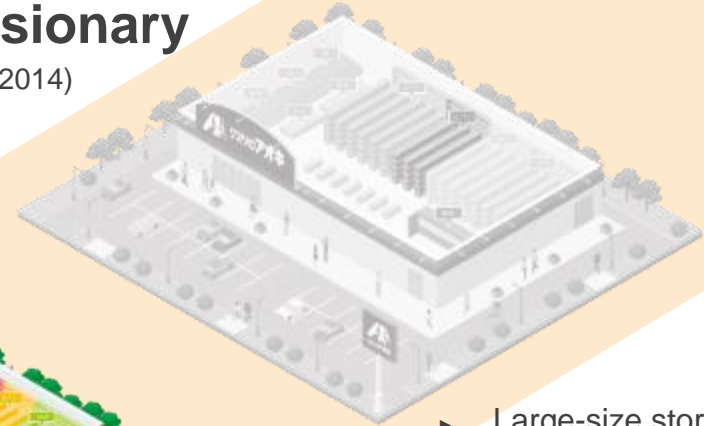
| 2 **Results of Efforts Made in the First Half and Outlook for the Second Half**



- Starting from October 2020, the 400-tsubo-format has been added as a next-generation format.

## 450-tsubo-format concessionary

(From 2014)



- ▶ Large-size store
- ▶ Store opening rate: 10%
- ▶ Suburb, countryside

# NEW

## 400 tsubo

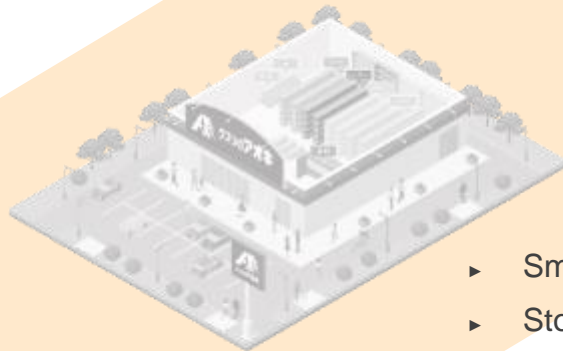
(From 2020)



- ▶ Medium-size store
- ▶ Store opening rate: 50% (ideal)
- ▶ Suburb, countryside

## 300 tsubo

(From 2010)



- ▶ Small-size store
- ▶ Store opening rate: 40%
- ▶ Suburb, residential district

## Strong Point of 400-tsubo-format



- Offering fresh food has enabled our customers to enjoy one-stop shopping.
- Covering the drugstore market as well as the dispensing and supermarket markets (markets exceeding 30 trillion yen)
- Standardized format that allows for multiple store expansion



## Fresh Food Roll-out in Existing Stores



- Fresh food know-how acquired through the development of the 400-tsubo-format has been applied to the 300-tsubo-format
- Renovation plan to introduce fresh food into existing 300-tsubo stores over 3 years (approx. 600 stores)

### 400 tsubo



Produce

Meat



### 300 tsubo



No. of renovated stores (at the end of 1H of FY May 2024)

# 473 stores

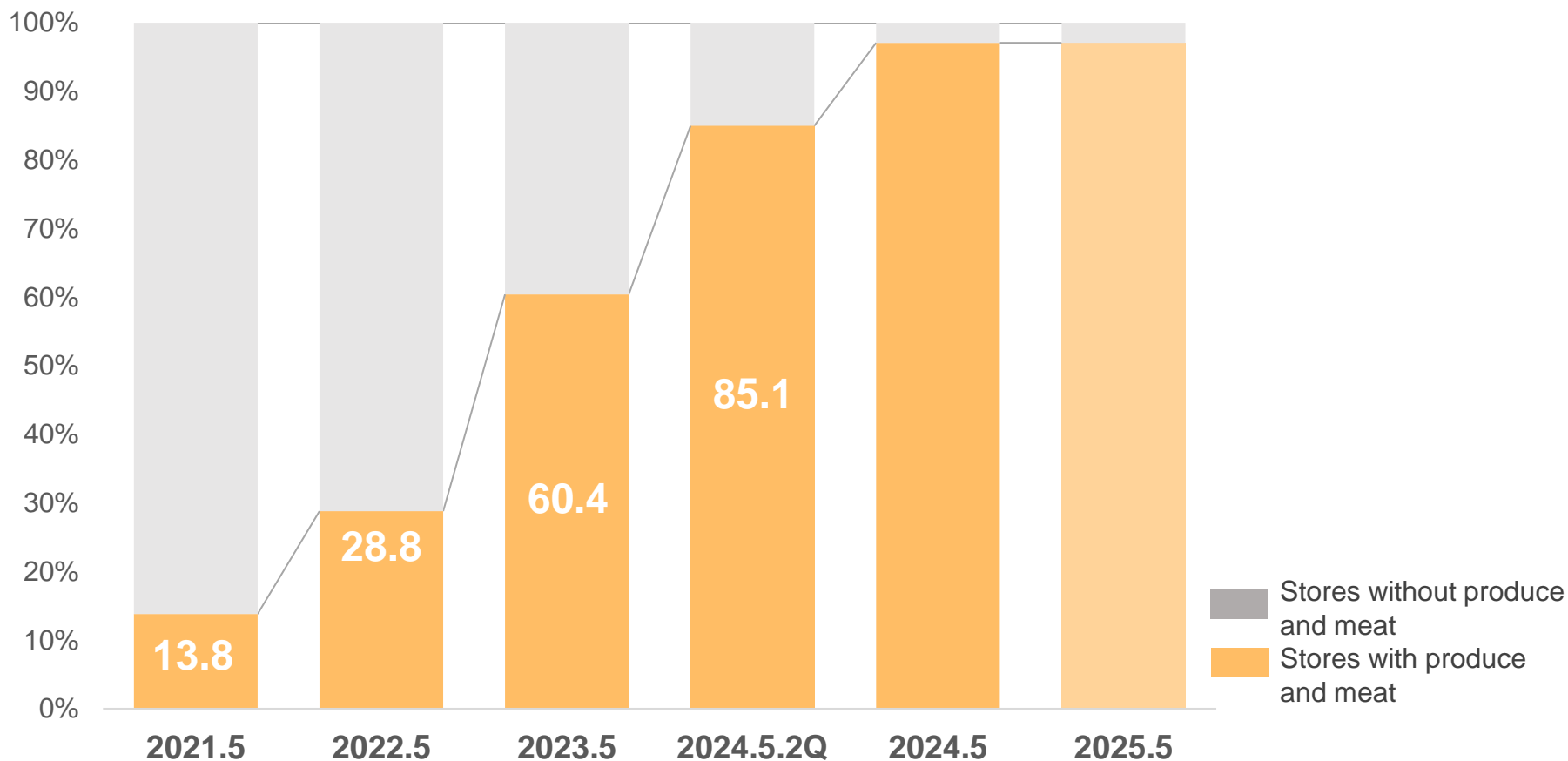


## Percentage of Produce and Meat Sections Introduced

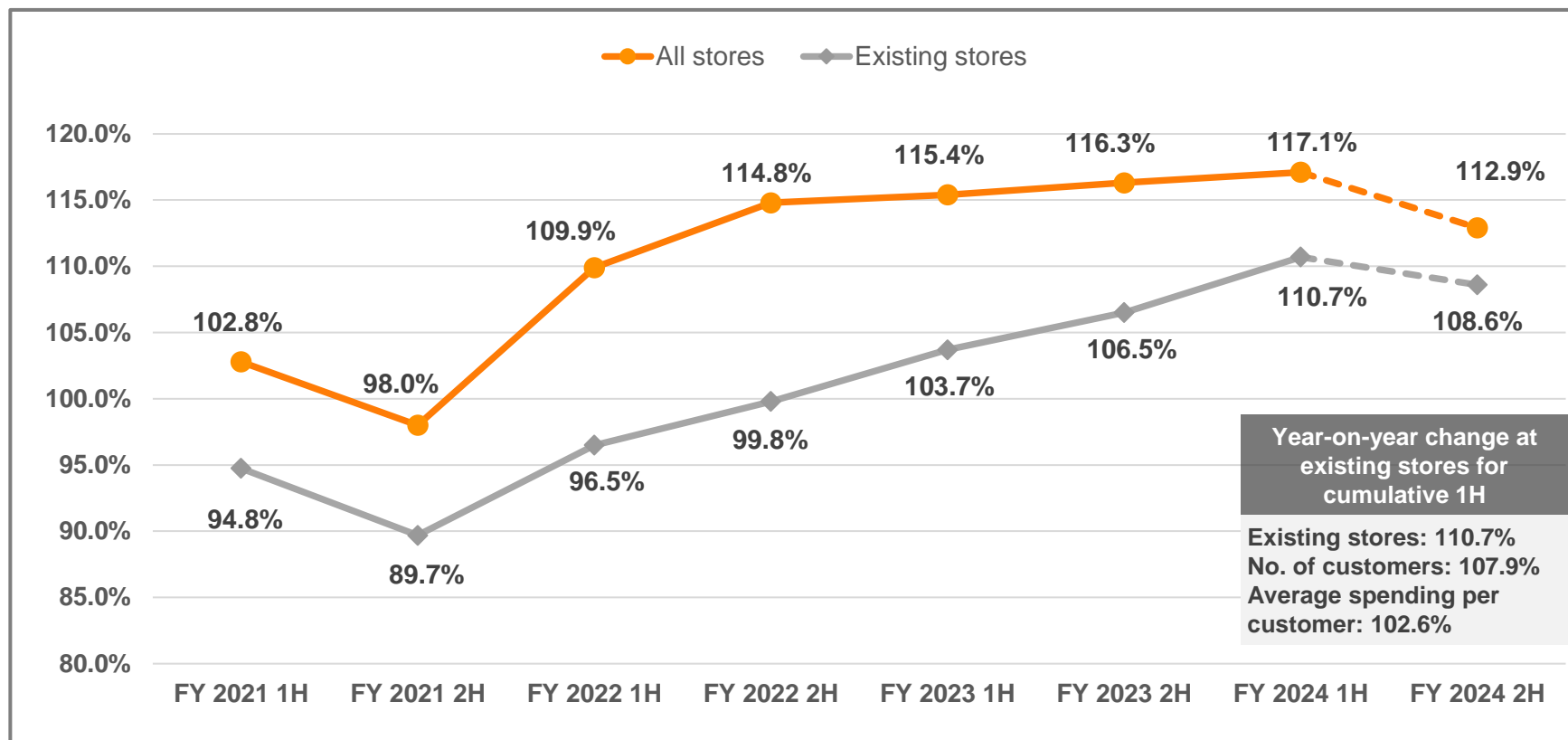


- Renovate 300-tsubo format and introduce produce and meat sections.
- By the end of FY May 2025, make all stores, except small stores, food and drug stores.

Ratio of stores with produce and meat sections to total number of stores



# Semiannual Trend for Year-on-Year Change in Sales



\* Values of monthly sales performance do not include any of those for NALX Co., Ltd. and Fukuya Co., Ltd. in the business category of supermarket.

## Point

- The number of customers and sales increased remarkably with the introduction of fresh food after remodeling and the shift to the EDLP measures.
- With the recovery in our competitiveness even in the narrow trade areas, strong sales are expected to continue into the second half year.





- Review store man-hours (shift initiative from headquarters to store operations department) to lower labor cost ratio
- Reduce man-hours required for sales floor changes by shifting to EDLP and strengthening regular item sales floors

Sales promotion measures



## Transition from High-Low to EDLP (Everyday Low Price)

- Promote “Bargain basement prices, everyday” in flyers.
- Expand fresh food space in flyers.

Sales floor



## Strengthening regular item sales floor

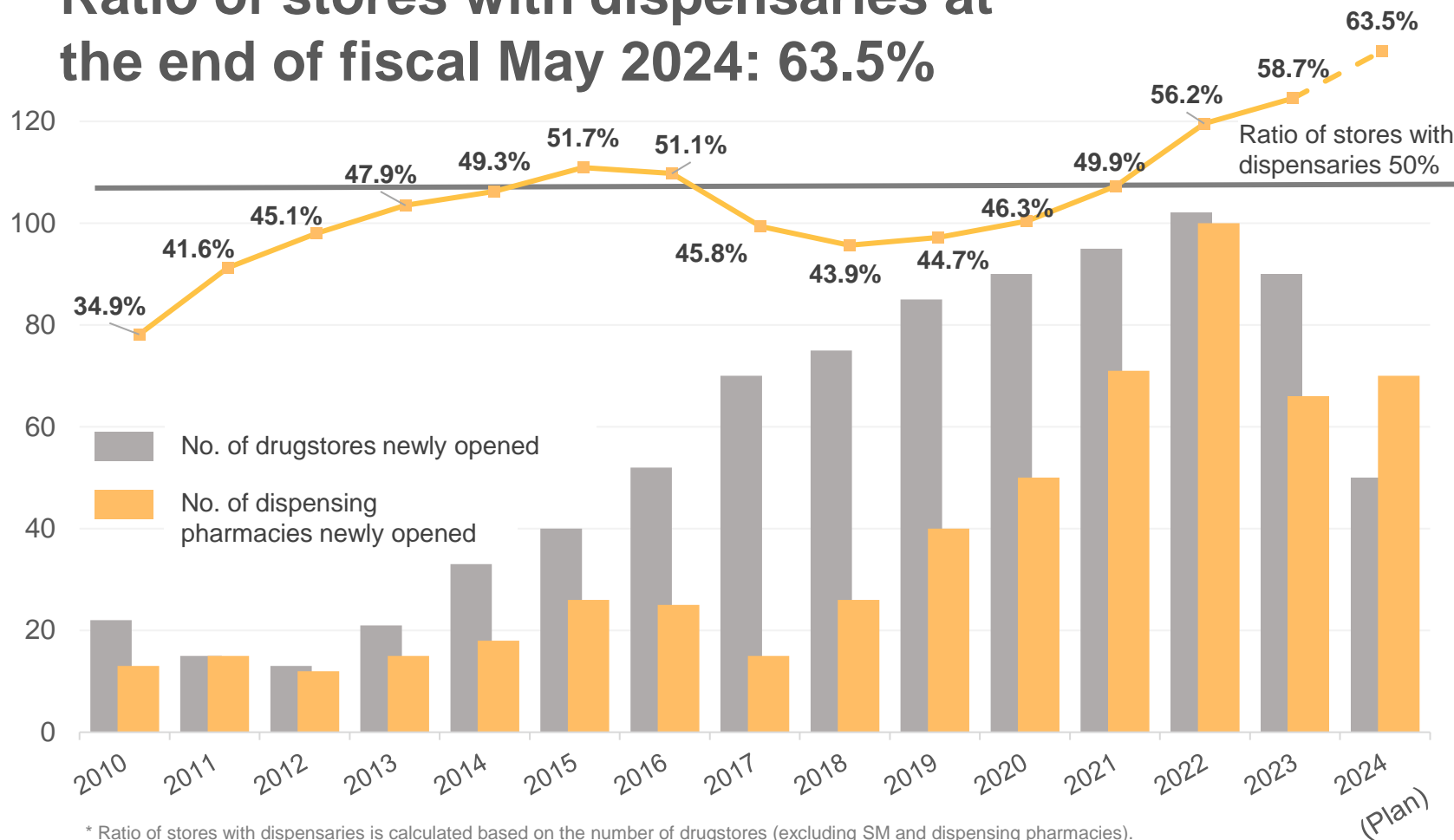
- Reduce space for promotional products and expand space for regular items.
- Reduce man-hours required for sales floor changes.

# Accelerating Opening of Dispensing Pharmacies



- Aim to achieve ratio of stores with dispensaries of 70% by fiscal May 2026.
- 42 dispensing pharmacies opened in the first half of fiscal May 2024 (ratio of stores with dispensaries: 62.2%), 70 dispensing pharmacies are planned to be opened in the whole fiscal year.

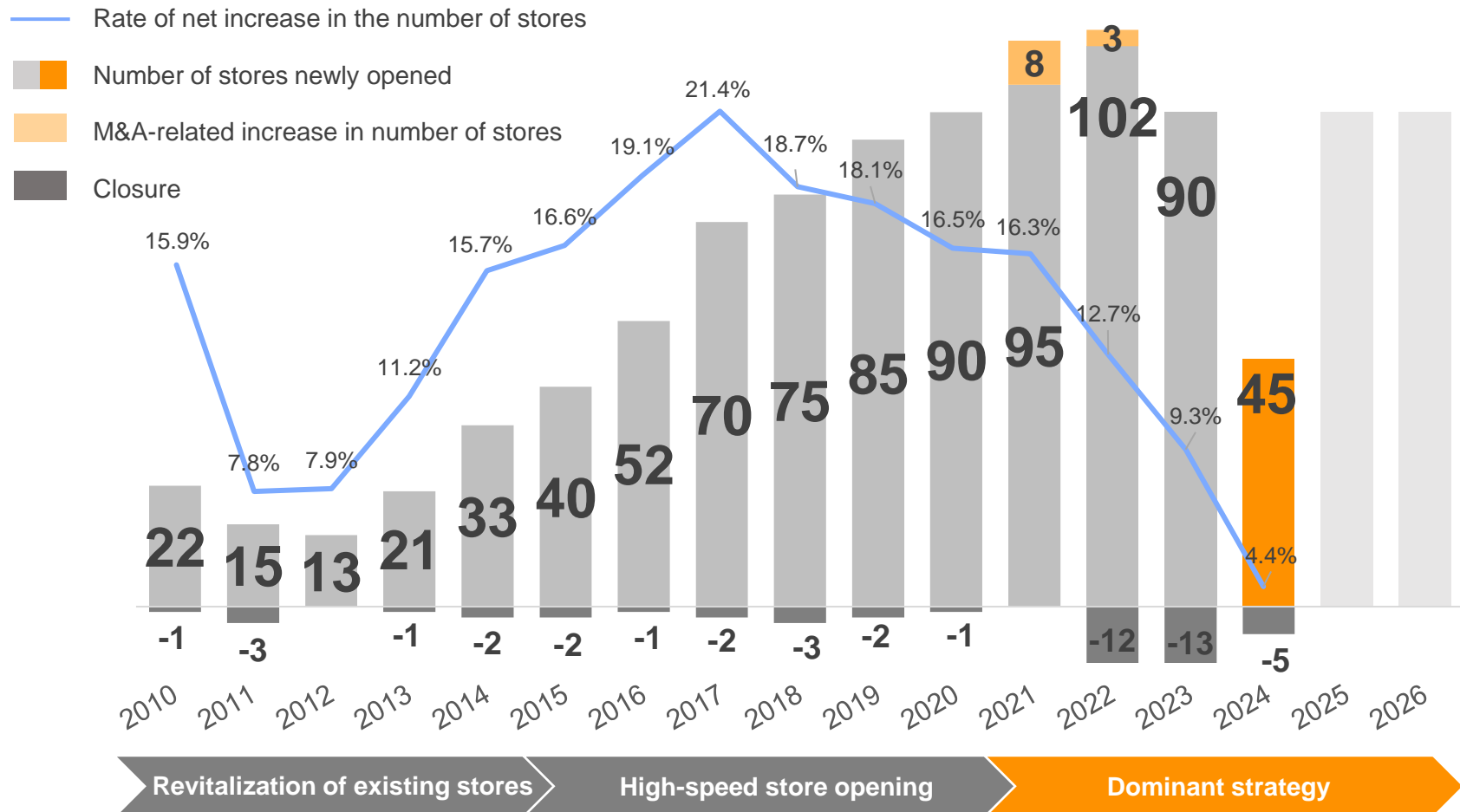
## Ratio of stores with dispensaries at the end of fiscal May 2024: 63.5%



# Trends in Number of Newly Opened Stores and Store Opening/Closing Rate



- Revised downward the full-year store opening plan to 45 (-25 stores).
- Announced unplanned M&A of 4 companies (SM/HC +20 stores).
- Planned to install solar panels at 500 stores (at the end of FY May 2024).



## Recent M&A Status



- Four M&A transactions are underway in the first half of the fiscal year (No. of stores: 20).
- The acquisition of shares in Mamai (to be converted into an equity-method affiliate) enables our first entry into the Shikoku area.

### Mamai

Head office location	: Shikokuchuo, Ehime
Representative	: Kazuhiko Goto
Sales	: 8,654 million yen
Ordinary income	: -69 million yen
Number of stores	: 15



### Nakao

Head office location	: Nomi, Ishikawa
Representative	: Atsushi Nakao
Sales	: 286 million yen
Ordinary income	: -12 million yen
Number of stores	: 2



### Yodobashi

Head office location	: Fujinomiya, Shizuoka
Representative	: Fusanori Kishiyama
Sales	: 2,340 million yen
Ordinary income	: -68 million yen
Number of stores	: 3



### Woodpecker

Head office location	: Fuwa-gun, Gifu
Representative	: Shiro Kitagawa
Sales	: 119 million yen
Ordinary income	: -2 million yen
Number of stores	: 1

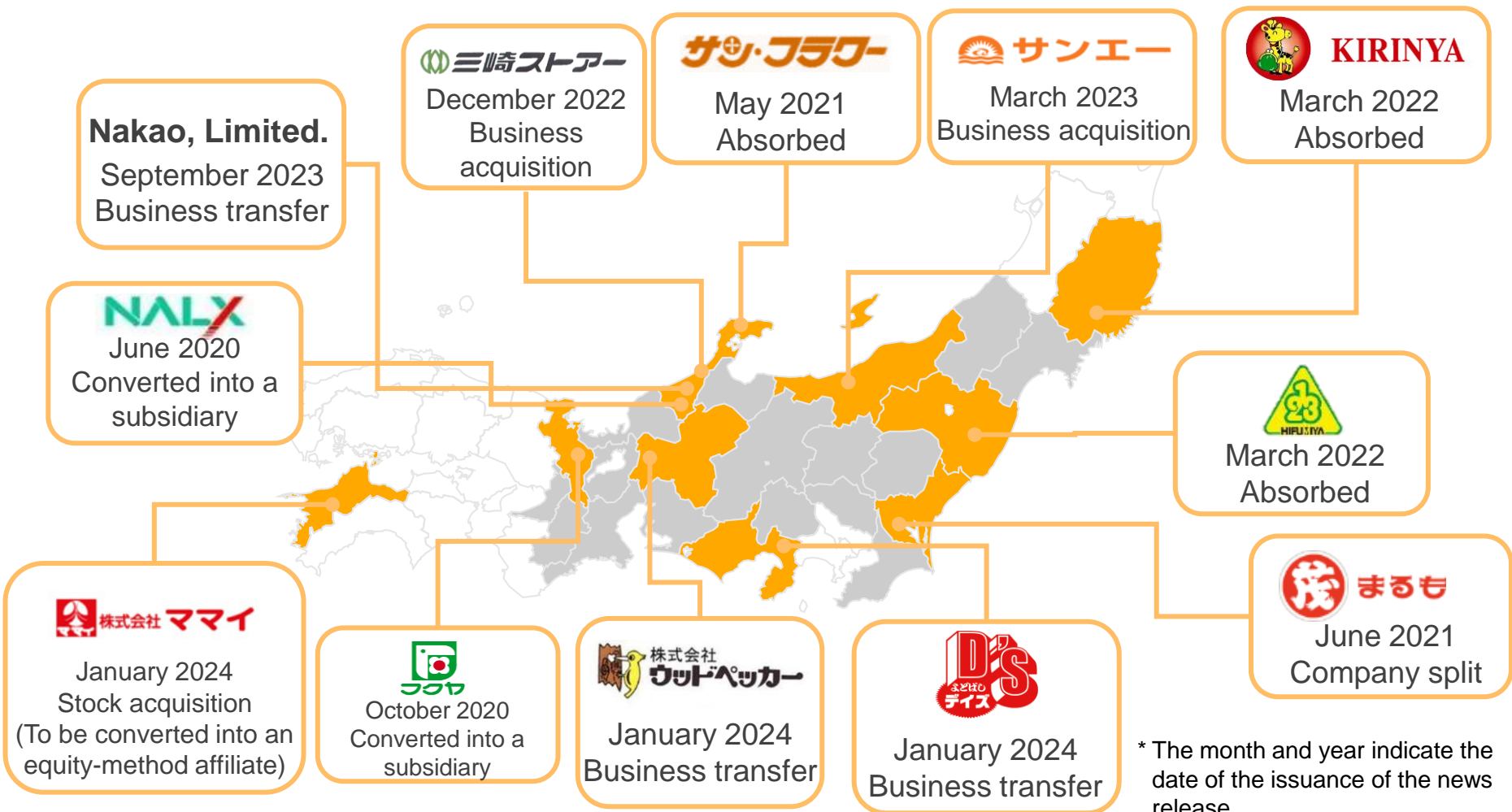


Entry into the Shikoku area,  
our first new area in five years!

# M&A Execution



- Since fiscal May 2021, M&A transactions with local supermarkets have been executed.
- The purpose is to strengthen fresh food merchandizing in each area and to secure well-located properties.
- Total sales of 12 companies: 37.3 billion yen, total number of stores: 58

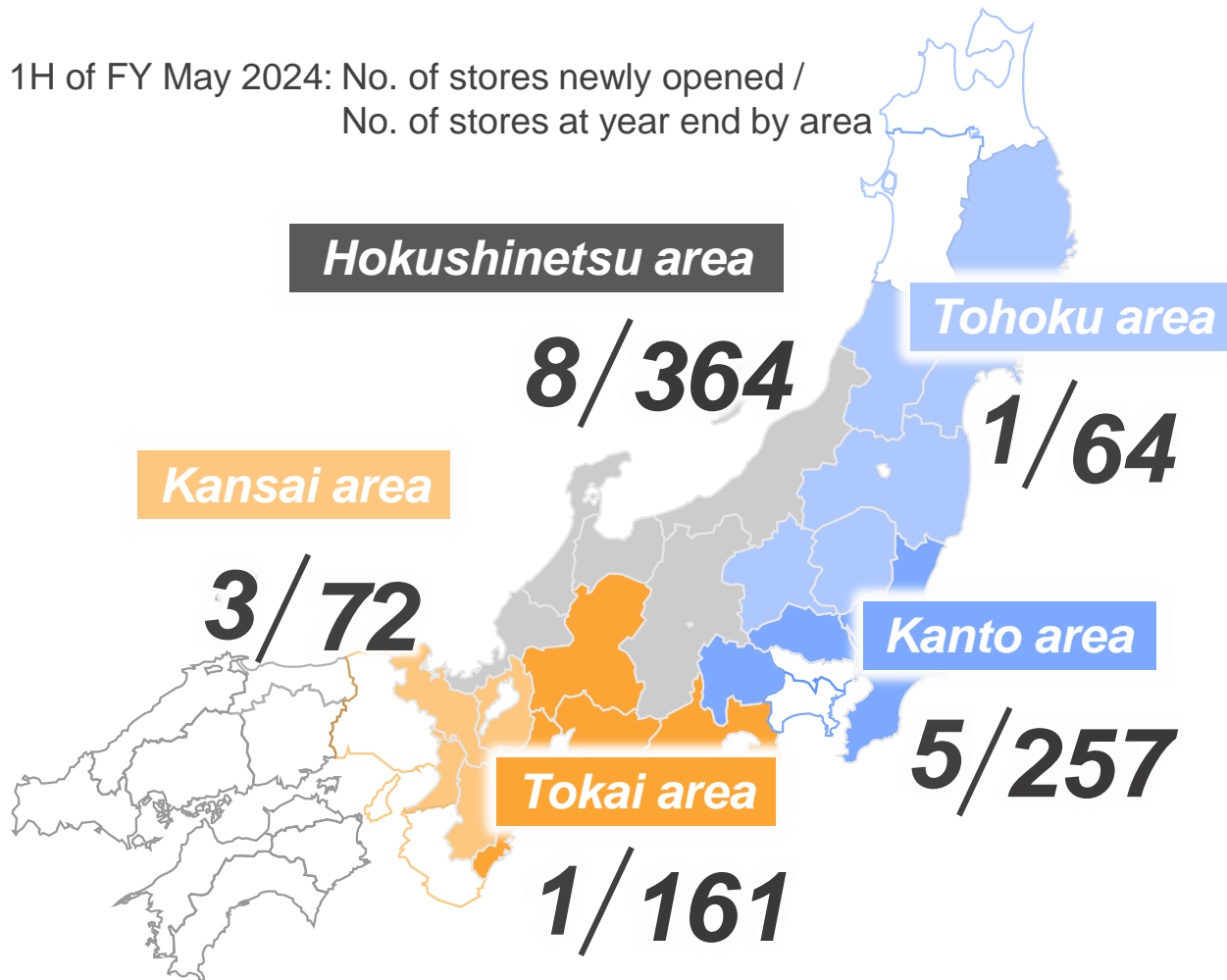


# Store Opening Results for the First Half of FY May 2024



- Strengthened dominant strategy in our sales areas.
- Higher store opening rates in the Hokushinetsu and Kanto areas.

1H of FY May 2024: No. of stores newly opened / No. of stores at year end by area



## All areas

Newly Opened	Year End
18	918

## Dispensing

Opened	Year End
42	573

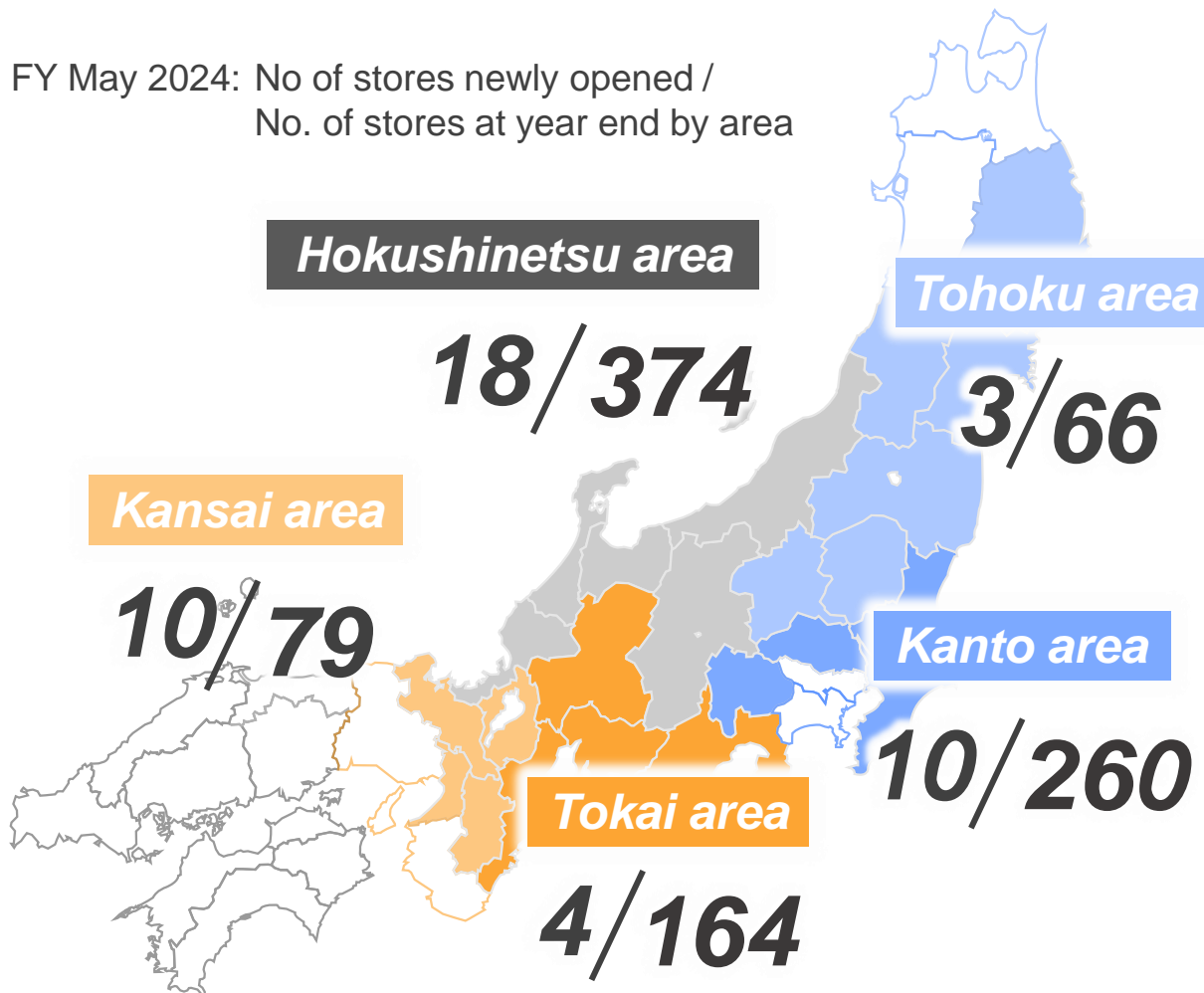
Including 6 dedicated dispensing pharmacies

# Full-Year Store Opening Plan for FY May 2024 (Revised Initial Plan)



- Revised downward the number of new drugstores to be opened to 45 from the initially planned 70.
- Announced unplanned M&A of 4 companies (20 stores in total).

FY May 2024: No of stores newly opened /  
No. of stores at year end by area



**All** areas

To Be Newly Opened	Year End
<b>45</b>	<b>943</b>

**Dispensing**

Opened	Year End
<b>70</b>	<b>600</b>

Including 6 dedicated dispensing pharmacies

# Introduction of Solar Power Generation System



- Initiatives for environmental conservation and measures to address rising electricity costs
- The system will be introduced to 800 stores over three years (by the end of FY May 2026).
- Operated at 247 stores as of the end of the first half of FY May 2024.

No. of stores with the system installed in FY May 2024

**500**  
stores

Investment amount for FY May 2024

 **¥8.0**  
billion

CO2 reduction in FY May 2026

  
**50,000** t/year







- Disclosure of sustainability-related information
- Identification of material issues (Materiality) and implementation of ESG initiatives



## Initiatives for environmental conservation

- ▶ CO<sub>2</sub> emissions reduction by installing solar panels
- ▶ Use of highly energy-efficient equipment (Refrigerated/frozen stockers, air conditioning, lighting)
- ▶ Waste loss reduction



## Supporting a convenient and healthy life

- ▶ Regional revitalization by opening new stores
- ▶ Providing medical services by opening dispensing pharmacies
- ▶ CSR activities



## Providing a comfortable work environment

- ▶ Development of human resources
- ▶ Creation of a comfortable workplace
- ▶ Promotion of activities to maintain and enhance health



## Developing appropriate governance

- ▶ Disclosure of skills matrix and establishment of a voluntary nomination and compensation committee
- ▶ Providing compliance training for a thorough understanding
- ▶ Strengthening of the risk management system



# 株式会社クスリのアオキホールディングス

**Make Life More Convenient, Smile All the Times**



The forward-looking statements in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions that the Company believes to be reasonable and are not intended as a guarantee that the Company will achieve these goals. Actual results may differ materially due to a variety of factors.