

July 5th, 2023

Financial Results Briefing for The Fiscal Year Ended May 2023 Supplementary Material

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* Starting from the full-year results for the fiscal year ended May 2021, each value of the financial results includes that of NALX, Co., Ltd. and Fukuya Co., Ltd.

*The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29), etc., from the beginning of the first quarter of the fiscal year ending May 20, 2022.

KUSURI NO AOKI HOLDINGS CO., LTD.

1. Consolidated balance sheets

(Unit: Million Yen)

	FY May 2019 At the end of 2Q	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
Assets					
Cash and deposits	9,406	9,826	13,708	20,516	31,307
Merchandise	30,521	37,126	40,008	41,231	43,039
Total current assets	49,304	59,840	67,970	78,287	97,960
Tangible fixed assets	63,257	65,038	90,127	113,642	132,581
Intangible fixed assets	884	1,053	1,167	3,835	4,199
Non-current assets	74,914	90,082	111,345	134,217	154,260
Total assets	124,218	149,923	179,316	212,505	252,220
Liabilities					
Accounts payable	32,709	38,711	37,168	42,906	50,723
Current portion of long-term loans payabl	4,823	5,591	6,200	8,230	9,900
Current portion of lease obligations	862	1,013	1,183	1,689	2,242
Total current liabilities	50,651	60,797	64,560	70,135	83,898
Long-term loans payable	18,055	21,977	32,988	47,936	58,227
Lease obligations	2,577	3,512	4,051	5,297	6,992
Total non-current liabilities	24,328	29,998	42,221	60,102	73,855
Total liabilities	74,980	90,796	106,782	130,238	157,753
Net assets	49,238	59,126	72,533	82,266	94,467
Total liabilities and net assets	124,218	149,923	179,316	212,505	252,220

	As of May 20, 2019	As of May 20, 2020	As of May 20, 2021	As of May 20, 2022	As of May 20, 2023
Assets					
Cash and deposits	8,133	19,310	15,734	26,348	42,870
Merchandise	32,123	38,203	40,275	39,673	45,498
Total current assets	52,257	72,230	71,994	86,547	113,740
Tangible fixed assets	71,587	83,017	104,294	126,404	136,648
Intangible fixed assets	925	1,128	3,658	4,075	4,896
Non-current assets	83,952	98,134	123,923	147,653	160,561
Total assets	136,210	170,364	195,917	234,201	274,301
Liabilities					
Accounts payable	32,977	39,757	38,990	41,701	52,526
Current portion of long-term loans payabl	5,289	6,514	7,686	9,742	11,080
Lease obligations	913	1,143	1,378	2,029	2,328
Total current liabilities	53,714	66,082	66,320	72,781	90,669
Long-term loans payable	20,998	29,047	40,564	59,907	69,106
Lease obligations	3,003	4,040	4,765	6,447	6,982
Total non-current liabilities	28,051	38,056	51,927	74,489	85,086
Total liabilities	81,766	104,139	118,248	147,270	175,755
Net assets	54,443	66,224	77,669	86,930	98,546
Total liabilities and net assets	136,210	170,364	195,917	234,201	274,301

2. Consolidated statements of income

(Unit: Million Yen)

	FY May 2019 At the end of 2Q	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
Sales	122,217	146,435	150,716	161,192	184,281
Cost of sales	87,628	106,887	106,056	117,381	132,355
Gross profit on sales	34,589	39,547	44,660	43,810	51,925
Selling, general and administrative expenses	27,769	32,918	36,178	37,004	43,647
Operating income	6,819	6,629	8,481	6,805	8,278
Non-operating income	250	273	364	448	3,161
Non-operating expenses	58	79	97	116	184
Ordinary income	7,012	6,823	8,748	7,137	11,255
Extraordinary income	0	6	0	17	59
Extraordinary losses	62	17	5	159	320
Net income before income taxes for the current quarter	6,950	6,812	8,743	6,995	10,993
Tax expenses	1,800	1,923	2,307	2,300	3,069
Net income for the current quarter	5,150	4,889	6,435	4,694	7,924
Gross profit margin	28.3%	27.0%	29.6%	27.2%	28.2%
SGA ratio	22.7%	22.5%	24.0%	23.0%	23.7%
Operating profit margin	5.6%	4.5%	5.6%	4.2%	4.5%
Recurring profit margin	5.7%	4.7%	5.8%	4.4%	6.1%
Quarterly net profit margin	4.2%	3.3%	4.3%	2.9%	4.3%

	FY May 2019 Full-Year Results	FY May 2020 Full-Year Results	FY May 2021 Full-Year Results	FY May 2022 Full-Year Results	FY May 2023 Full-Year Results
Sales	250,885	300,173	305,880	328,335	378,874
Cost of sales	179,015	216,059	215,766	238,572	272,767
Gross profit on sales	71,869	84,114	90,114	89,762	106,107
Selling, general and administrative expenses	57,722	67,755	73,495	75,692	90,810
Operating income	14,147	16,359	16,619	14,070	15,296
Non-operating income	610	637	986	2,071	4,252
Non-operating expenses	136	166	261	356	420
Ordinary income	14,620	16,829	17,344	15,785	19,129
Extraordinary income	10	380	68	390	74
Extraordinary losses	154	19	587	1,597	2,442
Net income before income taxes for the current quarter	14,476	17,190	16,825	14,579	16,760
Tax expenses	3,828	4,774	4,762	4,739	4,434
Net income for the current quarter	10,648	12,416	12,062	9,839	12,326
Gross profit margin	28.6%	28.0%	29.5%	27.3%	28.0%
SGA ratio	23.0%	22.6%	24.0%	23.1%	24.0%
Operating profit margin	5.6%	5.4%	5.4%	4.3%	4.0%
Recurring profit margin	5.8%	5.6%	5.7%	4.8%	5.0%
Quarterly net profit margin	4.2%	4.1%	3.9%	3.0%	3.3%

3. Consolidated statements of cash flows

(Unit: Million Yen)

	FY May 2019	FY May 2020	FY May 2021	FY May 2022	FY May 2023
Cash flows from operating activities					
Profit before income taxes	14,476	17,190	16,825	14,579	16,760
Depreciation	5,542	6,275	7,295	8,786	11,464
Amortization of goodwill	-	-	189	233	248
Impairment losses	145	-	463	1,344	2,064
Increase (decrease) in provision for loss on store closings	-	-	-	-	261
Increase (decrease) in provision for bonuses	6	212	(457)	230	908
Increase (decrease) in allowance for doubtful accounts	11	9	80	(63)	11
Increase (decrease) in provision for retirement benefits for directors (and other officers)	28	28	(1)	(66)	(3)
contract asset	-	-	-	2,348	(252)
Increase (decrease) in provision for point card certificates	239	761	(1,372)	(2,719)	(19)
Gain on bargain purchase	-	-	-	(302)	-
Loss on retirement of non-current assets	0	16	122	132	82
Loss on sale of non-current assets	0	2	1	58	20
Gain on sale of non-current assets	(0)	(0)	(0)	(5)	(20)
Gain on reversal of share acquisition rights	(1)	(6)	(1)	(4)	(43)
Interest and dividend income	(50)	(52)	(103)	(108)	(102)
Interest expenses	74	88	120	175	268
Subsidy income	-	(263)	(67)	(67)	-
Decrease (increase) in trade receivables	(573)	(331)	(1,125)	(2,254)	(3,342)
Decrease (increase) in inventories	(5,599)	(6,079)	(1,819)	662	(5,824)
Increase (decrease) in trade payables	1,787	6,780	(1,548)	2,350	10,824
Other, net	(249)	1,118	860	(210)	3,695
Subtotal	15,837	25,639	19,452	25,093	37,001
Interest and dividends received	14	14	57	57	57
Interest paid	(73)	(89)	(118)	(178)	(269)
Income taxes paid	(4,635)	(4,233)	(5,378)	(4,686)	(5,540)
Income taxes refund	-	50	0	0	0
Net cash provided by (used in) operating activities	11,142	21,492	14,012	20,286	31,249
Cash flows from investing activities					
Purchase of investment securities	-	(1,000)	-	(0)	-
Purchase of property, plant and equipment	(16,335)	(15,415)	(22,041)	(26,542)	(20,410)
Proceeds from sale of property, plant and equipment	10	1	1	81	155
Purchase of intangible assets	(194)	(311)	(699)	(497)	(1,073)
Subsidies received	-	263	69	67	-
Payments of leasehold and guarantee deposits	(717)	(755)	(851)	(503)	(259)
Proceeds from refund of leasehold and guarantee deposits	1	3	7	174	76
Long-term loan advances	-	-	(816)	(53)	(51)
Proceeds from collection of long-term loans receivable	-	-	827	8	39
Payments of construction assistance fund receivables	(633)	(783)	(1,001)	(365)	(223)
Income from merger	-	-	-	371	-
Expenditure due to absorption-type split	-	-	-	(422)	-
Payments for acquisition of businesses	-	-	-	-	(507)
Other, net	2	(82)	(120)	(89)	(6)
Net cash provided by (used in) investing activities	(17,867)	(18,079)	(23,889)	(27,771)	(22,260)
Cash flows from financing activities					
Net increase (decrease) in short-term borrowings	-	-	-	(342)	-
Proceeds from long-term borrowings	8,000	15,000	19,800	30,188	20,975
Repayments of long-term borrowings	(4,998)	(5,726)	(1,676)	(9,223)	(10,438)
Repayments of lease liabilities	(920)	(1,007)	(1,158)	(1,741)	(2,127)
Purchase of treasury shares	(0)	(0)	(0)	(1)	(0)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	-	-	-	(8)
Dividends paid	(535)	(599)	(671)	(780)	(867)
Net cash provided by (used in) financing activities	1,618	7,763	6,302	18,098	7,533
Net increase (decrease) in cash and cash equivalents	(5,106)	11,176	(3,575)	10,613	16,521
Cash and cash equivalents at beginning of period	13,240	8,133	19,310	15,734	26,348
Cash and cash equivalents at end of period	8,133	19,310	15,734	26,348	42,870

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

Year-on-year monthly results comparison for the fiscal year ended 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 ended 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

Year-on-year monthly results comparison for the fiscal year ended May 2021 (from May 21, 2020 to May 20, 2021)

		June	July	Aug.	Sept.	Oct.	Nov.	1st Half
Sales (%)	All stores	109.7	108.6	104.6	100.5	91.7	102.6	102.8
	Existing stores	100.3	100.2	96.1	92.6	84.8	95.4	94.8
Number of customers (%)	All stores	106.2	103.7	102.1	99.6	94.5	96.9	100.5
	Existing stores	95.3	94.2	92.5	90.6	86.1	88.6	91.2
Average sale per customer (%)	All stores	103.2	104.7	102.4	100.8	97.1	105.9	102.3
	Existing stores	105.2	106.4	103.9	102.3	98.5	107.6	103.9

		Dec.	Jan.	Feb.	Mar.	Apr.	May	2nd Half	Full Year
Sales (%)	All stores	105.1	106.9	91.7	89.1	93.0	103.6	98.0	100.3
	Existing stores	97.1	98.4	84.6	81.7	83.9	93.6	89.7	92.2
Number of customers (%)	All stores	99.1	98.1	86.8	81.5	89.1	98.5	91.8	96.1
	Existing stores	90.4	88.9	78.9	73.7	79.4	88.0	82.9	86.9
Average sale per customer (%)	All stores	106.0	109.0	105.6	109.3	104.3	105.2	106.7	104.4
	Existing stores	107.5	110.7	107.2	110.8	105.6	106.4	108.2	106.0

5. Efficiency Indices

Changes in the cumulative Q2 results

		FY May 2019 2Q	FY May 2020 2Q	FY May 2021 2Q	FY May 2022 2Q	FY May 2023 2Q
Capital	(million yen)	1,123	1,162	1,167	1,167	1,167
Total number of shares outstanding	(shares)	31,523,460	31,531,560	31,532,560	31,532,560	31,532,560
Average number of shares outstanding during the period	(shares)	31,507,912	31,526,983	31,531,569	31,532,287	31,532,098
Amount of net assets	(million yen)	49,238	59,126	72,533	82,266	94,467
Amount of total assets	(million yen)	124,218	149,923	179,316	212,505	252,220

		FY May 2018 2Q	FY May 2019 2Q	FY May 2020 2Q	FY May 2021 2Q	FY May 2022 2Q
Dividend per share	(yen)	9.00	10.00	11.25	13.00	14.50
Quarterly net income per share	(yen)	163.46	155.08	204.09	148.89	251.31

Equity ratio	(%)	39.6%	39.4%	40.4%	38.7%	37.4%
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Trends in full-year results

		FY May 2019	FY May 2020	FY May 2021	FY May 2022	FY May 2023
Capital	(million yen)	1,127	1,162	1,167	1,167	1,167
Total number of shares outstanding	(shares)	31,524,260	31,531,560	31,532,560	31,532,560	31,532,560
Average number of shares outstanding during the period	(shares)	31,515,823	31,529,164	31,531,938	31,532,218	31,532,066
Amount of net assets	(million yen)	54,443	66,224	77,669	86,930	99,546
Amount of total assets	(million yen)	136,210	170,364	195,917	234,201	274,301

		FY May 2019	FY May 2020	FY May 2021	FY May 2022	FY May 2023
Net asset value per share	(thousand yen)	1,725.51	2,097.26	2,459.98	2,753.84	3,123.60
Dividend per share	(yen)	18.00	20.00	23.00	26.00	29.00
Earnings per share	(yen)	337.86	393.82	382.56	312.05	390.92
Dividend payout ratio	(%)	5.3%	5.1%	6.0%	8.3%	7.4%

Equity ratio	(%)	39.9%	38.8%	39.6%	37.1%	35.9%
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ROA (Return on assets)	(%)	11.5%	11.0%	9.5%	7.3%	7.5%
ROE (Return on equity)	(%)	21.6%	20.6%	16.8%	12.0%	13.3%

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

	As of May 20, 2019		As of May 20, 2020		As of May 20, 2021		As of May 20, 2022		As of May 20, 2023		
	Number of Stores	Composition Rate	Number of Stores	Composition Rate	Number of Stores	Composition Rate	Number of Stores	Composition Rate	Number of Stores	Composition Rate	
Ishikawa	Standalone drug stores	12	13	24	25	25					
	Drug stores with dispensaries	56	60	62	67	71					
	Dispensing pharmacies	1	1	1	1	1					
	Ishikawa total	69	12.8%	74	11.7%	87	11.9%	93	11.3%	97	10.7%
Toyama	Standalone drug stores	26	26	27	29	31					
	Drug stores with dispensaries	38	42	44	51	55					
	Dispensing pharmacies	4	4	4	4	4					
	Toyama total	68	12.6%	72	11.4%	75	10.2%	84	10.2%	90	10.0%
Fukui	Standalone drug stores	24	25	24	22	24					
	Drug stores with dispensaries	22	23	26	32	33					
	Dispensing pharmacies	1	1	1	1	1					
	Fukui total	47	8.7%	49	7.8%	51	7.0%	55	6.7%	58	6.4%
Niigata	Standalone drug stores	32	31	29	30	27					
	Drug stores with dispensaries	25	28	36	42	50					
	Niigata total	57	10.5%	59	9.4%	65	8.9%	72	8.7%	77	8.5%
Nagano	Standalone drug stores	4	4	3	5	6					
	Drug stores with dispensaries	20	22	24	25	28					
	Nagano total	24	4.4%	26	4.1%	27	3.7%	30	3.6%	34	3.8%
Gunma	Standalone drug stores	38	43	48	40	37					
	Drug stores with dispensaries	16	20	26	40	46					
	Gunma total	54	10.0%	63	10.0%	74	10.1%	80	9.7%	83	9.2%
Saitama	Standalone drug stores	23	22	19	13	13					
	Drug stores with dispensaries	7	13	19	26	26					
	Saitama total	30	5.5%	35	5.6%	38	5.2%	39	4.7%	39	4.3%
Tochigi	Standalone drug stores	26	30	26	22	24					
	Drug stores with dispensaries	6	9	14	22	27					
	Tochigi total	32	5.9%	39	6.2%	40	5.5%	44	5.3%	51	5.6%
Ibaraki	Standalone drug stores	25	34	35	36	33					
	Drug stores with dispensaries	3	5	9	16	20					
	Ibaraki total	28	5.2%	39	6.2%	44	6.0%	52	6.3%	53	5.9%
Chiba	Standalone drug stores	3	6	5	5	5					
	Drug stores with dispensaries	2	5	11	15	18					
	Chiba total	5	0.9%	11	1.7%	16	2.2%	20	2.4%	23	2.5%
Yamanashi	Standalone drug stores	0	0	1	1	1					
	Drug stores with dispensaries	0	0	0	1	2					
	Yamanashi total	0	0.0%	0	0.0%	1	0.1%	2	0.2%	3	0.3%
Gifu	Standalone drug stores	38	44	44	35	32					
	Drug stores with dispensaries	15	18	22	31	34					
	Gifu total	53	9.8%	62	9.8%	66	9.0%	66	8.0%	66	7.3%
Aichi	Standalone drug stores	14	20	22	18	19					
	Drug stores with dispensaries	9	12	16	24	26					
	Aichi total	23	4.3%	32	5.1%	38	5.2%	42	5.1%	45	5.0%
Mie	Standalone drug stores	13	14	14	17	18					
	Drug stores with dispensaries	5	7	10	11	14					
	Mie total	18	3.3%	21	3.3%	24	3.3%	28	3.4%	32	3.5%
Shizuoka	Standalone drug stores	1	2	5	8	13					
	Drug stores with dispensaries	0	1	2	4	5					
	Shizuoka total	1	0.2%	3	0.5%	7	1.0%	12	1.5%	18	2.0%
Shiga	Standalone drug stores	10	9	9	14	15					
	Drug stores with dispensaries	9	13	16	18	21					
	Shiga total	19	3.5%	22	3.5%	25	3.4%	32	3.9%	36	4.0%
Nara	Standalone drug stores	3	3	3	4	6					
	Drug stores with dispensaries	3	3	5	7	8					
	Nara total	6	1.1%	6	1.0%	8	1.1%	11	1.3%	14	1.6%
Kyoto	Standalone drug stores	1	0	5	9	7					
	Drug stores with dispensaries	3	5	5	5	8					
	Kyoto total	4	0.7%	5	0.8%	10	1.4%	14	1.7%	15	1.7%
Osaka	Standalone drug stores	0	0	0	2	3					
	Drug stores with dispensaries	0	0	0	1	3					
	Osaka total	0	0.0%	0	0.0%	3	0.4%	6	0.7%		
Fukushima	Standalone drug stores	3	3	8	7	12					
	Drug stores with dispensaries	0	3	5	8	11					
	Fukushima total	3	0.6%	6	1.0%	13	1.8%	15	1.8%	23	2.5%
Miyagi	Standalone drug stores	0	3	4	5	2					
	Drug stores with dispensaries	0	0	4	6	9					
	Miyagi total	0	0.0%	3	0.5%	8	1.1%	11	1.3%	11	1.2%
Iwate	Standalone drug stores	0	3	10	11	16					
	Drug stores with dispensaries	0	0	3	5	6					
	Iwate total	0	0.0%	3	0.5%	13	1.8%	16	1.9%	22	2.4%
Yamagata	Standalone drug stores	0	0	2	2	2					
	Drug stores with dispensaries	0	0	1	3	5					
	Yamagata total	0	0.0%	0	0.0%	3	0.4%	5	0.6%	7	0.8%
Total	Standalone drug stores	296	54.7%	335	53.2%	362	49.4%	359	43.5%	370	41.0%
	Drug stores with dispensaries	239	44.2%	289	45.9%	360	49.1%	460	55.7%	526	58.3%
	Dispensing pharmacies	6	1.1%	6	1.0%	6	0.8%	6	0.7%	6	0.7%
	Supermarket stores	-	-	-	-	5	0.7%	1	0.1%	1	0.1%
		541	100%	630	100%	733	100%	826	100%	903	100%

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

	As of May 20, 2019	As of May 20, 2020	As of May 20, 2021	As of May 20, 2022	As of May 20, 2023
	Results	Results	Results	Results	Results
Ratio of stores with dispensaries (%)*	44.7%	46.3%	49.9%	56.2%	58.7%
Ratio of stores with dispensaries = Stores with dispensaries/(Standalone drug stores + Drug stores with dispensaries)					
Total sales floor area at year end (m ²)	539,357	628,653	741,338	855,266	957,407
Number of employees (persons)	2,389	3,004	3,990	4,033	4,460
Average number of temporary employees (persons) (converted to 8-hour workday)	5,270	6,613	5,634	5,474	5,843

Capital Investment and Depreciation

(Unit: Million Yen)

	As of May 20, 2019		As of May 20, 2020		As of May 20, 2021		As of May 20, 2022		As of May 20, 2023	
	Results	Results	Results	Results	Results	Results	Results	Results	Results	
Investment to stores (new opening)	14,555	18,840	22,410	26,819	25,832					
Investment to stores (renovation)	872	37	376	839	2,257					
Capital investment	702	566	790	660	389					
Other	4,322	616	2,037	970	1,916					
Total	20,452	20,059	25,613	29,288	30,395					
Depreciation	5,447	6,156	7,058	8,645	11,374					

* 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 2019 2Q		FY May 2020 2Q		FY May 2021 2Q		FY May 2022 2Q		FY May 2023 2Q	
	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio
Hokushinetsu	75,898	62.1%	83,238	56.9%	80,592	53.5%	80,649	50.0%	87,722	47.6%
Tohoku	0	0.0%	755	0.5%	1,966	1.3%	6,361	4.0%	11,370	6.2%
Kanto	23,136	18.9%	33,207	22.7%	37,683	25.0%	39,958	24.8%	44,518	24.1%
Tokai	18,578	15.2%	22,606	15.4%	23,384	15.5%	25,186	15.6%	28,191	15.3%
Kansai	4,604	3.8%	6,626	4.5%	7,090	4.7%	9,036	5.6%	12,478	6.8%
Total	122,217	100.0%	146,435	100.0%	150,716	100.0%	161,192	100.0%	184,281	100.0%

	FY May 2019		FY May 2020		FY May 2021		FY May 2022		FY May 2023	
	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio
Hokushinetsu	153,184	61.1%	166,923	55.5%	161,614	52.9%	161,993	49.3%	178,733	47.2%
Tohoku	93	0.0%	2,085	0.7%	5,639	1.8%	14,641	4.5%	24,436	6.4%
Kanto	49,841	19.9%	70,100	23.4%	75,311	24.6%	81,817	24.9%	90,838	24.0%
Tokai	37,820	15.1%	47,101	15.7%	46,441	15.2%	50,670	15.4%	58,764	15.5%
Kansai	9,945	4.0%	13,963	4.7%	16,875	5.5%	19,215	5.9%	26,103	6.9%
Total	250,885	100.0%	300,173	100.0%	305,880	100.0%	328,335	100.0%	378,874	100.0%

8. Trends in Sales by Product Division

(Unit: Million Yen)

	FY May 2019 2Q		FY May 2020 2Q		FY May 2021 2Q		FY May 2022 2Q		FY May 2023 2Q	
	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio
Health	13,990	11.4%	15,790	10.8%	17,963	11.9%	17,751	11.0%	19,380	10.5%
Beauty	21,469	17.6%	24,677	16.9%	23,767	15.8%	23,769	14.7%	26,130	14.2%
Daily commodities	27,574	22.6%	32,657	22.3%	33,499	22.2%	35,242	21.9%	37,351	20.3%
Food	48,182	39.4%	60,164	41.1%	60,729	40.3%	67,331	41.8%	80,498	43.7%
Dispensing	11,000	9.0%	13,145	9.0%	14,757	9.8%	17,096	10.6%	20,921	11.3%
Total	122,217	100.0%	146,435	100.0%	150,716	100.0%	161,192	100.0%	184,281	100.0%

	FY May 2019		FY May 2020		FY May 2021		FY May 2022		FY May 2023	
	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio	Results	Composition Ratio
Health	30,077	12.0%	34,433	11.5%	35,983	11.7%	36,409	11.1%	41,021	10.8%
Beauty	43,427	17.3%	48,285	16.1%	47,306	15.5%	48,241	14.7%	51,710	13.6%
Daily commodities	55,024	21.9%	64,801	21.6%	64,741	21.2%	69,091	21.0%	73,542	19.4%
Food	99,294	39.6%	125,331	41.8%	127,365	41.6%	139,059	42.4%	169,748	44.8%
Dispensing	23,061	9.2%	27,322	9.1%	30,485	10.0%	35,531	10.8%	42,851	11.3%
Total	250,885	100.0%	300,173	100.0%	305,880	100.0%	328,335	100.0%	378,874	100.0%

9. Breakdown of Selling, General and Administrative Expenses

(Unit: Million Yen)

	FY May 2019 2Q	FY May 2020 2Q	FY May 2021 2Q	FY May 2022 2Q	FY May 2023 2Q
Labor cost	12,189	13,531	16,085	16,743	18,419
Sales promotion cost	3,547	5,195	4,099	1,391	1,392
Real estate costs	7,222	8,551	9,824	11,838	13,696
Other costs	4,812	5,639	6,169	7,031	10,139
Total SGA	27,769	32,918	36,178	37,004	43,647

	FY May 2019 Results	FY May 2020 Results	FY May 2021 Results	FY May 2022 Results	FY May 2023 Results
Labor cost	24,793	28,579	32,565	33,212	37,263
Sales promotion cost	7,922	10,414	7,091	2,847	2,875
Real estate costs	15,308	17,866	21,228	24,860	28,969
Other costs	9,696	10,894	12,611	14,771	21,701
Total SGA	57,722	67,755	73,495	75,692	90,810