

Translation

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Summary of Consolidated Financial Results for the Six Months Ended November 20, 2022 (Based on Japanese GAAP)

December 28, 2022

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
 Director for Administration and Head of the Accounting Office Ryoichi Yahata TEL 076-274-6115
 Scheduled date to file Quarterly Securities Report: December 28, 2022
 Scheduled date to commence dividend payments: January 26, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended November 20, 2022 (from May 21, 2022 to November 20, 2022)

(1) Consolidated operating results (cumulative)

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	%
Six months ended November 20, 2022	184,281	14.3	8,278	21.6	11,255	57.7	7,924	68.8
Six months ended November 20, 2021	161,192	—	6,805	—	7,137	—	4,694	—

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 20, 2022	251.31	—
Six months ended November 20, 2021	148.89	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 20, 2022	252,220	94,467	37.4
As of May 20, 2022	234,201	86,930	37.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended May 20, 2022	—	13.00	—	13.00	26.00
Year ending May 20, 2023	—	14.50	—	—	—
Year ending May 20, 2023 (Forecast)	—	—	—	14.50	29.00

3. Forecast of consolidated financial results for the year ending May 20, 2023 (from May 21, 2022 to May 20, 2023)

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
Full year	360,000	9.6	15,200	8.0	16,000	1.4	10,800	9.8	342.51

4. Notes

- (1) Changes in significant subsidiaries during the six months ended November 20, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) 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

(4) Number of issued shares (common shares)

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

As of November 20, 2022	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 November 20, 2022	462 shares	As of May 20, 2022	462 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended November 20, 2022	31,532,098 shares	Six months ended November 20, 2021	31,532,287 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of May 20, 2022	As of November 20, 2022
Assets		
Current assets		
Cash and deposits	26,348	31,307
Accounts receivable - trade	6,979	9,096
Merchandise	39,673	43,039
Accounts receivable - other	12,852	13,478
Other	694	1,039
Allowance for doubtful accounts	(0)	(1)
Total current assets	86,547	97,960
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	101,717	110,716
Land	4,966	4,769
Leased assets, net	7,619	8,297
Construction in progress	8,143	3,444
Other, net	3,958	5,354
Total property, plant and equipment	126,404	132,581
Intangible assets		
Goodwill	2,006	1,885
Other	2,068	2,314
Total intangible assets	4,075	4,199
Investments and other assets		
Leasehold and guarantee deposits	7,745	7,803
Deferred tax assets	3,239	3,462
Other	6,264	6,287
Allowance for doubtful accounts	(75)	(75)
Total investments and other assets	17,173	17,478
Total non-current assets	147,653	154,260
Total assets	234,201	252,220

(Millions of yen)

	As of May 20, 2022	As of November 20, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	41,701	50,723
Current portion of long-term borrowings	9,742	9,900
Income taxes payable	3,440	3,845
Provision for bonuses	1,108	991
Provision for point card certificates	51	33
Contract liabilities	2,348	2,301
Accounts payable - other	9,778	10,205
Other	4,610	5,896
Total current liabilities	72,781	83,898
Non-current liabilities		
Long-term borrowings	59,907	58,227
Lease liabilities	6,447	6,992
Provision for retirement benefits for directors (and other officers)	235	245
Retirement benefit liability	3	3
Asset retirement obligations	7,705	8,195
Other	189	190
Total non-current liabilities	74,489	73,855
Total liabilities	147,270	157,753
Net assets		
Shareholders' equity		
Share capital	1,167	1,167
Capital surplus	2,175	2,175
Retained earnings	83,675	91,189
Treasury shares	(3)	(3)
Total shareholders' equity	87,015	94,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(180)	(114)
Total accumulated other comprehensive income	(180)	(114)
Share acquisition rights	96	52
Total net assets	86,930	94,467
Total liabilities and net assets	234,201	252,220

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended November 20, 2021	Six months ended November 20, 2022
Net sales	161,192	184,281
Cost of sales	117,381	132,355
Gross profit	43,810	51,925
Selling, general and administrative expenses	37,004	43,647
Operating profit	6,805	8,278
Non-operating income		
Interest income	25	22
Dividend income	33	34
Commission income	107	120
Rent income	82	97
Subsidy income	2	2,686
Gain on receipt of donated non-current assets	28	13
Other	167	186
Total non-operating income	448	3,161
Non-operating expenses		
Interest expenses	70	115
Rental costs	30	30
Other	15	38
Total non-operating expenses	116	184
Ordinary profit	7,137	11,255
Extraordinary income		
Gain on sale of investment securities	12	0
Gain on sale of non-current assets	2	15
Gain on reversal of share acquisition rights	2	43
Total extraordinary income	17	59
Extraordinary losses		
Loss on sale of non-current assets	19	19
Loss on retirement of non-current assets	83	0
Impairment losses	–	295
Loss on valuation of investment securities	23	–
Other	32	5
Total extraordinary losses	159	320
Profit before income taxes	6,995	10,993
Income taxes - current	2,666	3,322
Income taxes - deferred	(366)	(252)
Total income taxes	2,300	3,069
Profit	4,694	7,924
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	4,694	7,924

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended November 20, 2021	Six months ended November 20, 2022
Profit	4,694	7,924
Other comprehensive income		
Valuation difference on available-for-sale securities	(38)	66
Total other comprehensive income	(38)	66
Comprehensive income	4,656	7,990
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,656	7,990
Comprehensive income attributable to non-controlling interests	—	—

Consolidated statements of cash flows

(Millions of yen)

	Six months ended November 20, 2021	Six months ended November 20, 2022
Cash flows from operating activities		
Profit before income taxes	6,995	10,993
Depreciation	4,125	5,003
Amortization of goodwill	108	121
Impairment losses	–	295
Increase (decrease) in provision for bonuses	(862)	(116)
Increase (decrease) in allowance for doubtful accounts	1	0
Increase (decrease) in provision for retirement benefits for directors (and other officers) contract asset	(74)	9
Increase (decrease) in provision for point card certificates	2,319	(46)
Loss on retirement of non-current assets	(2,716)	(17)
Loss on sale of non-current assets	83	0
Gain on sale of non-current assets	19	19
Gain on reversal of share acquisition rights	(2)	(15)
Interest and dividend income	(2)	(43)
Interest expenses	(59)	(56)
Decrease (increase) in trade receivables	70	115
Decrease (increase) in inventories	(1,760)	(2,116)
Increase (decrease) in trade payables	(894)	(3,365)
Other, net	3,688	9,022
Subtotal	2,333	1,344
Interest and dividends received	13,372	21,147
Interest paid	34	34
Income taxes paid	(55)	(115)
Income taxes refund	(2,359)	(2,999)
Net cash provided by (used in) operating activities	0	–
	10,992	18,066
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,883)	(9,747)
Proceeds from sale of property, plant and equipment	12	107
Purchase of intangible assets	(272)	(350)
Payments of leasehold and guarantee deposits	(348)	(132)
Proceeds from refund of leasehold and guarantee deposits	146	56
Long-term loan advances	(34)	(35)
Proceeds from collection of long-term loans receivable	3	28
Payments of construction assistance fund receivables	(243)	(77)
Income from merger	4	–
Expenditure due to absorption-type split	(422)	–
Other, net	(28)	(25)
Net cash provided by (used in) investing activities	(13,065)	(10,176)

(Millions of yen)

	Six months ended November 20, 2021	Six months ended November 20, 2022
Cash flows from financing activities		
Proceeds from long-term borrowings	12,000	3,500
Repayments of long-term borrowings	(4,095)	(5,022)
Repayments of lease liabilities	(678)	(998)
Purchase of treasury shares	(0)	–
Dividends paid	(370)	(410)
Net cash provided by (used in) financing activities	6,854	(2,930)
Net increase (decrease) in cash and cash equivalents	4,781	4,959
Cash and cash equivalents at beginning of period	15,734	26,348
Cash and cash equivalents at end of period	20,516	31,307