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## Consolidated Financial Results for the Three Months Ended August 31, 2023 [Japanese GAAP]



October 11, 2023

Company name: Cosmos Pharmaceutical Corporation  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 3349  
 URL: <https://www.cosmospc.co.jp>  
 Representative: Hideaki Yokoyama, President  
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 Scheduled date of filing quarterly securities report: October 13, 2023  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary explanatory materials on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Three Months Ended August 31, 2023 (June 1, 2023 - August 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended August 31, 2023	241,653	17.2	8,990	1.0	9,699	0.8	6,508	0.4
August 31, 2022	206,122	8.8	8,900	4.0	9,626	3.5	6,481	3.8

(Note) Comprehensive income: Three months ended August 31, 2023: ¥6,507 million [0.4%]  
 Three months ended August 31, 2022: ¥6,483 million [3.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended August 31, 2023	164.35	–
August 31, 2022	163.68	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2023	435,129	215,302	49.5
As of May 31, 2023	420,967	211,072	50.1

(Reference) Equity: As of August 31, 2023: ¥215,302 million  
 As of May 31, 2023: ¥211,072 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2023	–	42.50	–	57.50	100.00
Fiscal year ending May 31, 2024	–				
Fiscal year ending May 31, 2024 (Forecast)		60.00	–	60.00	120.00

(Note) Revision to the forecast for dividends announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2024 (June 1, 2023 - May 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	450,400	11.5	14,100	(8.4)	15,600	(7.7)	10,577	(6.4)	267.10
Full year	916,000	10.7	30,200	0.2	33,200	0.3	23,800	0.0	601.03

(Note) Revision to the financial results forecast announced most recently: None

### \* Notes:

- (1) Changes in significant subsidiaries during the period: None  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)  
Newly included: – (Company name: –)  
Excluded: – (Company name: –)
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - August 31, 2023: 40,000,800 shares
    - May 31, 2023: 40,000,800 shares
  - 2) Total number of treasury shares at the end of the period:
    - August 31, 2023: 401,942 shares
    - May 31, 2023: 401,942 shares
  - 3) Average number of shares during the period:
    - Three months ended August 31, 2023: 39,598,858 shares
    - Three months ended August 31, 2022: 39,598,896 shares

\* These quarterly consolidated financial results are outside the scope of quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of financial results forecast and other notes

The statements about future projections contained in this document, including the outlook for financial results, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and actual financial results etc. may significantly differ from the projections due to various factors. As for matters concerning the financial results forecast, please see “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 2 of the attachments.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the three months ended August 31, 2023, the Japanese economy saw prices of various goods and services rise as global inflation continued its upward trend. In particular, living costs related to household budgets, such as for electricity, gasoline, and daily necessities, have been rising sharply since last year, and consumers are becoming even more budget-minded.

It was exactly because of these circumstances that the Group endeavored to make our drugstores “low priced, close and convenient” for consumers by strengthening price competitiveness through further pursuing low cost-operations.

As for the store opening strategy, the Group opened new stores one after another, regardless of the temporary decline in profitability caused by our own competition. At the same time, the Group also expanded its store networks in new catchment areas. As a result of opening new stores, the number of newly opened stores stood at 11 in Kanto region, 5 in Chubu region, 3 in Kansai region, 3 in Chugoku region, and 8 in Kyushu region, totaling 30. Furthermore, 1 store was closed due to scrap and build, and as a result, the number of stores at the end of the first quarter of the fiscal year ending May 31, 2024 became 1,387 in total.

As a result of the above measures, for the three months ended August 31, 2023 the Group’s net sales were 241,653 million yen (17.2% increase year-on-year), operating profit was 8,990 million yen (1.0% increase year-on-year), ordinary profit was 9,699 million yen (0.8% increase year-on-year) and profit attributable to owners of parent was 6,508 million yen (0.4% increase year-on-year).

Segment information is omitted because the Group is comprised of a single business segment.

### (2) Explanation of Financial Position

Total assets as of August 31, 2023 amounted to 435,129 million yen, an increase of 14,162 million yen from the end of the previous fiscal year. This was mainly due to increases of 2,336 million yen in merchandise, 2,286 million yen in other under current assets (including accounts receivable - other), and 9,308 million yen in property, plant and equipment.

Total liabilities amounted to 219,827 million yen, an increase of 9,931 million yen from the end of the previous fiscal year. This was mainly due to an increase of 11,130 million yen in accounts payable - trade, and decreases of 1,525 million yen in income taxes payable, and 685 million yen in long-term borrowings.

Total net assets amounted to 215,302 million yen, an increase of 4,230 million yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings.

### (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the consolidated financial results forecast for the fiscal year ending May 31, 2024, there is no change from the consolidated financial results forecast released on July 10, 2023.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of May 31, 2023	As of August 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	45,928	45,916
Accounts receivable - trade	452	493
Merchandise	77,253	79,589
Supplies	226	240
Other	13,224	15,510
Total current assets	137,085	141,751
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	198,513	203,959
Land	34,194	36,279
Other, net	26,756	28,533
Total property, plant and equipment	259,464	268,772
Intangible assets	547	513
Investments and other assets		
Leasehold and guarantee deposits	15,193	15,359
Construction assistance fund receivables	4,306	4,356
Other	4,369	4,377
Total investments and other assets	23,869	24,092
Total non-current assets	283,881	293,378
Total assets	420,967	435,129
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	161,852	172,982
Current portion of long-term borrowings	2,741	2,741
Income taxes payable	5,031	3,505
Provision for loss on store closings	223	244
Other	22,204	22,971
Total current liabilities	192,053	202,445
Non-current liabilities		
Long-term borrowings	10,018	9,333
Retirement benefit liability	1,636	1,689
Asset retirement obligations	2,028	2,062
Other	4,157	4,296
Total non-current liabilities	17,842	17,381
Total liabilities	209,895	219,827

(Million yen)

	As of May 31, 2023	As of August 31, 2023
Net assets		
Shareholders' equity		
Share capital	4,178	4,178
Capital surplus	4,610	4,610
Retained earnings	202,485	206,716
Treasury shares	(242)	(242)
Total shareholders' equity	211,031	215,262
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Remeasurements of defined benefit plans	39	38
Total accumulated other comprehensive income	40	39
Total net assets	211,072	215,302
Total liabilities and net assets	420,967	435,129

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended August 31

(Million yen)

	For the three months ended August 31, 2022	For the three months ended August 31, 2023
Net sales	206,122	241,653
Cost of sales	163,829	194,640
Gross profit	42,293	47,013
Selling, general and administrative expenses	33,393	38,022
Operating profit	8,900	8,990
Non-operating income		
Interest income	11	10
Commission income	327	346
Rental income from real estate	294	298
Gain on receipt of donated non-current assets	124	118
Other	114	96
Total non-operating income	872	871
Non-operating expenses		
Interest expenses	12	18
Rental costs on real estate	113	115
Other	20	28
Total non-operating expenses	146	162
Ordinary profit	9,626	9,699
Extraordinary losses		
Loss on retirement of non-current assets	26	29
Loss on store closings	2	5
Provision for loss on store closings	15	27
Total extraordinary losses	44	63
Profit before income taxes	9,581	9,636
Income taxes	3,099	3,128
Profit	6,481	6,508
Profit attributable to owners of parent	6,481	6,508



Quarterly Consolidated Statements of Comprehensive Income  
 Three Months Ended August 31

(Million yen)

	For the three months ended August 31, 2022	For the three months ended August 31, 2023
Profit	6,481	6,508
Other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Remeasurements of defined benefit plans, net of tax	2	(1)
Total other comprehensive income	2	(0)
Comprehensive income	6,483	6,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,483	6,507