



## Consolidated Financial Results for the First Six Months of the Fiscal Year Ending May 31, 2024 (Japan GAAP)

December 25, 2023

Company name: Pharmarise Holdings Corporation      Listed on: Tokyo Stock Exchange, Prime Market  
 Code number: 2796      URL: <https://www.pharmarise.com/en/>  
 Representative: Masayuki Akiyama, President & COO  
 Inquiries: Yutaka Numata, Director      Phone: +81-3-3362-7130  
 Scheduled date to file quarterly securities report: January 10, 2024  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results briefing: Yes (for analysts and institutional investors)

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

### 1. Consolidated financial results for the first six months of the fiscal year ending May 31, 2024 (from June 1, 2023 to November 30, 2023)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended November 30, 2023	26,948	4.7	710	23.9	701	23.9	273	276.6
November 30, 2022	25,745	(0.6)	573	(27.3)	566	(30.4)	72	(71.0)

(Note) Comprehensive income Six months ended November 30, 2023: 283 million yen [267.7%]  
 Six months ended November 30, 2022: 77 million yen [-69.5%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended November 30, 2023	28.29	26.99
November 30, 2022	7.76	5.93

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2023	22,966	8,391	35.3
May 31, 2023	23,421	6,987	28.5

(Reference) Equity As of November 30, 2023: 8,103 million yen As of May 31, 2023: 6,673 million yen

### 2. Cash dividends

	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended May 31, 2023	—	0.00	—	14.00	14.00
Fiscal year ending May 31, 2024	—	0.00	—	—	—
Fiscal year ending May 31, 2024 (forecast)	—	—	—	20.00	20.00

(Notes) 1 Revision to the dividend forecast announced most recently: None

2 Breakdown of fiscal year-end dividend for the year ending March 31, 2024 (Forecast): ordinary dividend of 14 yen and commemorative dividend of 6 yen (40th anniversary commemorative dividend)

### 3. Consolidated earnings forecasts for the fiscal year ending May 31, 2024 (from June 1, 2023 to May 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	53,546	2.9	1,477	2.7	1,423	(0.6)	449	34.9	41.99

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

\* Notes

- (1) Changes in significant subsidiaries during the first six months of the fiscal year under review (changes in specified subsidiaries accompanying changes in the scope of consolidation): No  
New: — (company name) Exception: — (company name)
- (2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements: Yes  
Note: Please see “2. Consolidated Financial Statements and Notes on Important Matters, (4) Notes on quarterly consolidated financial statements” on page 11 of the Supplementary Information for more details.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- |   |    |
|---|----|
| (i) Changes in accounting policies due to the revision of accounting standards: | No |
| (ii) Changes in accounting policies other than (i):                             | No |
| (iii) Changes in accounting estimates:  | No |
| (iv) Retrospective restatement:   | No |
- (4) Number of issued shares (common shares)
- |  |                   |                                    |                  |
|--|-------------------|------------------------------------|------------------|
| (i) Total number of issued shares at the end of the period (including treasury shares):                                  |                   |                                    |                  |
| As of November 30, 2023  | 12,060,381 shares | As of May 31, 2023                 | 9,746,645 shares |
| (ii) Total number of treasury shares at the end of the period:   |                   |                                    |                  |
| As of November 30, 2023  | 321,100 shares    | As of May 31, 2023                 | 321,100 shares   |
| (iii) Average number of shares issued and outstanding in each period (cumulative from the beginning of the fiscal year): |                   |                                    |                  |
| Six months ended November 30, 2023   | 9,680,142 shares  | Six months ended November 30, 2022 | 9,375,777 shares |

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

\* Explanation regarding appropriate use of business forecasts and other special instructions

The forward-looking statements such as the forecasts of financial results stated in this document are based on the information currently available to the Company and certain assumptions that the Company judges as rational. These statements are not guarantees of future performance. Actual results may differ materially, depending on a range of factors. For assumed conditions underlying the earnings forecast and cautionary statements in using the earnings forecast, please refer to “Explanation about the future outlook, including forecast for consolidated earnings” on page 5.

The Company issued 109,870 shares of its common stock as new shares to be provided as restricted stock remuneration on September 29, 2023. On November 13, 2023, it also issued 2,203,866 shares of its common stock as new shares in response to the exercise of share convertible bond-type bonds with stock acquisition rights by the AG No. 2 investment business limited partnership. In the consolidated financial forecast, the average number of shares outstanding during the fiscal year, which is the denominator in the calculation of earnings per share, is calculated by incorporating the increase in the number of said outstanding shares.

## Accompanying Materials – Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review.....	4
(1) Explanation regarding operating results .....	4
(2) Explanation regarding financial position.....	5
(3) Explanation regarding cash flows.....	5
(4) Explanation about the future outlook, including forecast for consolidated earnings .....	5
2. Consolidated Financial Statements and Notes on Important Matters .....	6
(1) Quarterly consolidated balance sheet .....	6
(2) Quarterly consolidated statements of income and quarterly comprehensive income.....	8
(3) Quarterly consolidated statement of cash flows .....	10
(4) Notes on quarterly consolidated financial statements.....	11
(Note on going concern premise).....	11
(Notes in the case of significant changes in shareholders' equity).....	11
(Application of particular accounting treatments concerning preparation of quarterly consolidated financial statements) .....	11
(Segment information, etc.) .....	11

## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation regarding operating results

During the first six months of the consolidated fiscal year under review (June 1, 2023 through November 30, 2023), the Japanese economy gradually recovered, albeit with some signs of sluggishness. Looking ahead, the gradual recovery is expected to continue with the improvement in employment and income conditions, partly attributable to governmental policies. However, deteriorating overseas economies, such as the impact of monetary tightening measures around the world and concerns about the outlook of the Chinese economy, have become a risk that is exerting downward pressure on the Japanese economy. Moreover, close attention needs to be paid to the effects of rising prices, the situation in the Middle East and fluctuations in the financial and capital markets, among other developments.

In this environment, Pharmarise Holdings Corporation (“the Company”) and its consolidated subsidiaries (“the Group”) announced the Medium-term Management Plan LSG (Leading to Sustainable Growth) 2024 on December 24, 2021. Under Medium-term Management Plan LSG 2024, the Group will endeavor to strengthen competitiveness and achieve growth to enhance shareholder value by (i) increasing efforts to become the corporate group preferred by investors, (ii) developing business, primarily the dispensing business, to enhance revenue, and (iii) enhancing the profit structure by strengthening the management infrastructure. In the first three months of the consolidated fiscal year under review, the Group reviewed quantitative targets in response to changes in the management environment, among other things. However, there is no change in the basic policies and the current qualitative targets.

During the first six months of the consolidated fiscal year under review, net sales totaled 26,948 million yen (up 4.7% year on year), with operating profit of 710 million yen (up 23.9%) and ordinary profit of 701 million yen (up 23.9%). Profit attributable to owners of parent came to 273 million yen (up 276.6%).

Segment performance was as follows.

#### Dispensing Pharmacy Business

In the first six months of the fiscal year under review, both net sales and segment profit increased in the Dispensing Pharmacy Business, to 21,876 million yen (up 4.5% year on year) and 831 million yen (up 11.6%), respectively. This was attributable to a recovery in the number of prescriptions, which largely reflected the easing of restrictions on hospital visits due to COVID-19, and the increased determination of dispensing technical fees, in addition to the effects of M&A and new pharmacy openings. In the first six months of the fiscal year under review, 12 pharmacies were opened, and two pharmacies was closed. The number of pharmacies operated by the Group was 310. New additions were three pharmacies (Tokyo) under Sankyo Pharmaceutical Co., Ltd. acquired by the Company through share transfer, six pharmacies (one in Fukushima Prefecture and five in Niigata Prefecture) under Mit Inc. and three pharmacies (Ibaraki, Kanagawa and Osaka Prefectures) under Pharmarise Co., Ltd.

In operating pharmacies, the Group endeavors to (i) pursue its mission of promoting medical care, nursing care and health care to meet the needs of a super-aged society and contributing to community healthcare as family pharmacies, (ii) provide support for campaigns to maintain and improve the health of the Japanese people on the theme “physical, mental and social wellness” through its healthy life advisors accredited and qualified based on the Company’s unique system, and (iii) promote online medication guidance through the establishment of centers for greater operational efficiency and digital transformation.

The number of health support pharmacies was 78 at the end of the first six months of the fiscal year under review (decreasing 4 from the end of the previous fiscal year), and the number of the Group’s pharmacies cooperating with local health care facilities increased to 121 (increasing 4 from the end of the previous fiscal year). Moreover, two pharmacies acquired certification as pharmacy cooperating with specialized medical institutions.

#### Drug/Convenience Store Business

In the first six months of the fiscal year under review, net sales came to 4,127 million yen (up 7.0% year on year), attributable to increased sales in the Drug/Convenience Store Business against a backdrop of a resumption of economic activity given the mitigating impacts of COVID-19. The segment loss was 38 million yen (compared to a segment loss of 129 million yen a year ago), representing a decrease of 90 million yen year on year. The number of the Group’s stores without any pharmacy section was 46 at the end of the first six months of the fiscal year under review (57 including 11 stores with pharmacy section).

#### Storage and Management of Medical Documents Business

In the first six months of the fiscal year under review, sales for the Storage and Management of Medical Documents Business decreased 8.0% year on year, to 301 million yen, and the segment profit decreased 45.2%, to 21 million yen, mainly affected by cost-cutting efforts at medical institutions to shorten the storage period of paper medical records, etc. On the other hand, needs for storage and management of paper medical records, etc., continue to arise, and we are developing sales activities to acquire these needs and provide new services.

#### Medical Mall Management Business

Business performance of the Medical Mall Management Business remained stable, with sales decreasing 0.0% year on year, to 252

million yen and the segment profit rising 22.6%, to 56 million yen due to a decrease in depreciation in the first six months of the consolidated fiscal year under review.

#### Other

In the first six months of the fiscal year under review, sales for the businesses in the Other segment increased 3.8% year on year, to 389 million yen, thanks to a robust temporary help business. Meanwhile, segment profit decreased 90.4% year on year, to 2 million yen, mainly due to lower profits in medical IT solutions business, and decreased sales in drug wholesale transactions.

## (2) Explanation regarding financial position

### (Assets)

Assets at the end of the first six months of the fiscal year under review totaled 22,966 million yen, a decrease of 454 million yen from the end of the previous fiscal year. This reflected increases in cash and deposits of 181 million yen from the end of the previous fiscal year, to 4,923 million yen, and merchandise and finished goods of 199 million yen, to 2,425 million yen, which was partly offset by a decrease of 929 million yen in accounts receivable – other, to 2,482 million yen.

### (Liabilities)

Liabilities amounted to 14,574 million yen, a decrease of 1,858 million yen from the end of the previous fiscal year. This was chiefly due to decreases in long-term borrowings of 311 million yen from the end of the previous fiscal year, to 4,905 million yen, and in the current portion of long-term borrowings of 269 million yen, to 1,738 million yen, as well as 1,482 million yen resulting from the redemption and conversion of total amount of current portion of bonds payable, which was partly offset by an increase in accounts payable-trade of 165 million yen, to 4,417 million yen.

### (Net assets)

Net assets amounted to 8,391 million yen, an increase of 1,403 million yen from the end of the previous fiscal year. This was mainly attributable to an increase in share capital of 662 million yen from the end of the previous fiscal year, as well as 1,961 million yen due to the conversion of current portion of bonds payable and an increase of 624 million yen in capital surplus, to 2,177 million yen.

## (3) Explanation regarding cash flows

Cash and cash equivalents (hereinafter “cash”) at the end of the first six months of the fiscal year under review was 4,923 million yen (an increase of 619 million yen from the end of the previous fiscal year).

The cash flows in the first six months of the fiscal year under review and factors relating to each are as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 1,860 million yen (up 307 million yen year on year). This was attributable chiefly to the posting of profit before income taxes of 662 million yen, depreciation of 295 million yen and amortization of goodwill of 276 million yen and a decrease of 860 million yen in trade receivables, which were partially offset by a decrease of 360 million yen in cash due to income taxes refund (paid).

### (Cash flows from investing activities)

Net cash used in investing activities totaled 543 million yen, an increase of 95 million yen from the previous fiscal year. This was mainly due to the purchase of property, plant and equipment of 317 million yen chiefly related to the opening of new pharmacies, the acquisition of intangible assets of 90 million yen accompanying internal IT system development, etc. and the purchase of shares of subsidiaries resulting in change in scope of consolidation of 67 million yen.

### (Cash flows from financing activities)

Net cash used in financial activities was 1,128 million yen (up 336 million yen year on year). This primarily reflected proceeds from long-term borrowings of 700 million yen, repayments of long-term borrowings of 1,296 million yen, repayments of lease liabilities of 103 million yen, redemption of bonds of 228 million yen, and dividends paid of 127 million yen.

## (4) Explanation about the future outlook, including forecast for consolidated earnings

No changes have been made to the consolidated earnings forecasts for fiscal year ending May 2024, which was announced in the summary of financial results as of July 11, 2023.

## 2. Consolidated Financial Statements and Notes on Important Matters

### (1) Quarterly consolidated balance sheet

(Million yen)

	As of May 31, 2023	As of November 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	4,742	4,923
Accounts receivable	611	632
Merchandise and finished goods	2,225	2,425
Raw materials and supplies	65	69
Accounts receivable - other	3,412	2,482
Other	320	348
Allowance for doubtful accounts	(6)	(6)
Total current assets	11,372	10,875
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,902	2,935
Land	2,587	2,587
Other, net	519	574
Total property, plant and equipment	6,010	6,098
Intangible assets		
Goodwill	2,748	2,602
Other	502	531
Total intangible assets	3,250	3,133
Investments and other assets		
Other	2,940	3,032
Allowance for doubtful accounts	(152)	(173)
Total investments and other assets	2,787	2,858
Total non-current assets	12,048	12,090
Deferred assets		
	0	—
Total assets	23,421	22,966

(Million yen)

	As of May 31, 2023	As of November 30, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	4,252	4,417
Current portion of bonds payable	1,482	—
Current portion of long-term borrowings	2,008	1,738
Income taxes payable	333	402
Provision for bonuses	45	45
Provision for loss on store closings	21	20
Other	1,691	1,616
Total current liabilities	9,835	8,241
Non-current liabilities		
Long-term borrowings	5,216	4,905
Retirement benefit liability	791	867
Asset retirement obligations	111	117
Other	478	444
Total non-current liabilities	6,598	6,333
Total liabilities	16,433	14,574
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,298	1,961
Capital surplus	1,553	2,177
Retained earnings	4,014	4,156
Treasury shares	(210)	(210)
Total shareholders' equity	6,655	8,084
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(0)	1
Remeasurements of defined benefit plans	18	17
Total accumulated other comprehensive income	17	19
Share acquisition rights	208	208
Non-controlling interests	105	79
Total net assets	6,987	8,391
<b>Total liabilities and net assets</b>	<b>23,421</b>	<b>22,966</b>

## (2) Quarterly consolidated statements of income and quarterly comprehensive income

### Quarterly consolidated statement of income

For six-month period

(Million yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Net sales	25,745	26,948
Cost of sales	21,759	22,677
Gross profit	3,986	4,270
Selling, general and administrative expenses	3,412	3,560
Operating profit	573	710
Non-operating income		
Interest income	0	0
Dividend income	0	0
Commission income	14	9
Rental income	8	8
Other	11	9
Total non-operating income	35	28
Non-operating expenses		
Interest expenses	28	28
Cost of lease revenue	4	4
Other	9	4
Total non-operating expenses	42	37
Ordinary profit	566	701
Extraordinary income		
Gain on sale of non-current assets	0	0
Subsidy income	42	37
Total extraordinary income	42	37
Extraordinary losses		
Loss on sale of non-current assets	5	—
Loss on retirement of non-current assets	27	4
Loss on tax purpose reduction entry of non-current assets	41	32
Impairment losses	36	16
Provision of allowance for doubtful accounts	—	22
Loss on cancellation of rental contracts	103	3
Total extraordinary losses	213	77
Profit before income taxes	394	662
Income taxes	317	379
Profit	77	282
Profit attributable to non-controlling interests	4	8
Profit attributable to owners of parent	72	273



Quarterly consolidated statement of comprehensive income

For six-month period

(Million yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Profit	77	282
Other comprehensive income		
Valuation difference on available-for-sale securities	0	2
Remeasurements of defined benefit plans, net of tax	(0)	(0)
Total other comprehensive income	(0)	1
Comprehensive income	77	283
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	72	275
Comprehensive income attributable to non-controlling interests	4	8

## (3) Quarterly consolidated statement of cash flows

(Million yen)

	Six months ended November 30, 2022	Six months ended November 30, 2023
Cash flows from operating activities		
Profit before income taxes	394	662
Depreciation	295	295
Impairment losses	36	16
Amortization of goodwill	327	276
Increase (decrease) in allowance for doubtful accounts	(11)	(1)
Increase (decrease) in provision for loss on store closings	(1)	(0)
Increase (decrease) in retirement benefit liability	20	30
Interest and dividend income	(1)	(1)
Interest expenses	28	28
Subsidy income	(42)	(37)
Loss (gain) on sale of non-current assets	4	(0)
Loss on retirement of non-current assets	27	4
Loss on cancellation of rental contracts	103	3
Loss on tax purpose reduction entry of non-current assets	41	32
Decrease (increase) in trade receivables	566	860
Decrease (increase) in inventories	(186)	(171)
Increase (decrease) in trade payables	80	46
Increase (decrease) in provision for bonuses	(6)	(2)
Other	299	168
Subtotal	1,976	2,210
Interest and dividend income received	1	1
Interest paid	(28)	(28)
Income taxes refund (paid)	(437)	(360)
Subsidies received	42	37
Net cash provided by (used in) operating activities	1,553	1,860
Cash flows from investing activities		
Purchase of property, plant and equipment	(201)	(317)
Proceeds from sale of property, plant and equipment	11	–
Purchase of intangible assets	(51)	(90)
Purchase of long-term prepaid expenses	(33)	(36)
Payments of guarantee deposits	(113)	(57)
Proceeds from refund of guarantee deposits	101	17
Loan advances	–	(0)
Proceeds from collection of loans receivable	0	0
Refund of guarantee deposits received	–	(0)
Guarantee deposits received	0	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(161)	(67)
Other	(0)	7
Net cash provided by (used in) investing activities	(448)	(543)
Cash flows from financing activities		
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(73)
Proceeds from long-term borrowings	700	700
Repayments of long-term borrowings	(1,243)	(1,296)
Repayments of lease liabilities	(115)	(103)
Redemption of bonds	–	(228)
Dividends paid	(132)	(127)
Net cash provided by (used in) financing activities	(792)	(1,128)
Net increase (decrease) in cash and cash equivalents	312	188
Cash and cash equivalents at beginning of period	3,991	4,734
Cash and cash equivalents at end of period	4,303	4,923

#### (4) Notes on quarterly consolidated financial statements

(Note on going concern premise)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Application of particular accounting treatments concerning preparation of quarterly consolidated financial statements)

(Calculation of tax expense)

Taxes are calculated by multiplying profit before income taxes by a reasonable estimate of the effective tax rate after adjustments for tax-effect accounting for profit before income taxes in the current fiscal year. However, in cases where the calculation of taxes using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the effective statutory tax rate is used.

(Segment information, etc.)

(Segment information)

First six months ended November 30, 2022

1. Reportable segment sales, profit or loss

(Million yen)

	Reportable segments					Other (Note 1)	Total	Adjustments (Note 2)	Amount in quarterly consolidated statement of income (Note 3)
	Dispensing Pharmacy	Drug/Conven- ience Store	Storage and Management of Medical Documents	Medical Mall Management	Total				
Net sales									
Sales to external customers	20,932	3,857	328	252	25,370	375	25,745	—	25,745
Inter-segment net sales or transfers	—	—	—	—	—	—	—	—	—
Total	20,932	3,857	328	252	25,370	375	25,745	—	25,745
Segment profit (loss)	744	(129)	38	45	699	26	726	(153)	573

(Notes) 1. The Other segment includes the temporary help business and the system integration business for pharmaceutical companies.

2. The adjustment to segment profit (loss), (153 million yen), is corporate costs that are not allocated to any of the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with the operating profit reported in the consolidated statements of income.

2. Information on impairment loss in non-current assets and goodwill by reported segment

(Important impairment loss on non-current assets)

The Dispensing Pharmacy Business posted an impairment loss of 36 million yen. The amount of the posted impairment loss was 36 million yen for the first six months of the fiscal year under review.

First six months ended November 30, 2023

1. Reportable segment sales, profit or loss

(Million yen)

	Reportable segments					Other (Note 1)	Total	Adjustments (Note 2)	Amount in quarterly consolidated statement of income (Note 3)
	Dispensing Pharmacy	Drug/ Convenience Store	Storage and Management of Medical Documents	Medical Mall Management	Total				
Net sales									
Sales to external customers	21,876	4,127	301	252	26,558	389	26,948	–	26,948
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–	–
Total	21,876	4,127	301	252	26,558	389	26,948	–	26,948
Segment profit (loss)	831	(38)	21	56	870	2	872	(162)	710

(Notes) 1. The Other segment includes the temporary help business and the system integration business for pharmaceutical companies.

2. The adjustment to segment profit (loss) of -162 million yen is company expenses not distributed to the reportable segments.

3. Segment profit (loss) is adjusted to be consistent with the operating profit reported in the consolidated statements of income.

2. Information on impairment loss in non-current assets and goodwill by reported segment

The Dispensing Pharmacy Business posted an impairment loss of 16 million yen. The amount of the posted impairment loss was 16 million yen for the first six months of the fiscal year under review.