



This document is an English translation of a statement written originally in Japanese. The Japanese original should be considered as the primary version.

## Consolidated Financial Results for the Fiscal Year Ended May 31, 2024 (Japanese GAAP)

July 8, 2024

Name of Listed Company: CREATE SD HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange  
Securities code: 3148 URL: <https://www.createshd.co.jp/English/tabid/129/Default.aspx>

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Scheduled date of the Ordinary General Meeting of Shareholders: August 23, 2024  
Scheduled date of start of dividend payment: August 26, 2024

Scheduled filing date of Securities Report: August 26, 2024

Supplementary materials for the financial results: Yes

Financial results briefing sessions: Yes (For securities analysts and institutional investors)

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for Fiscal Year Ended May 31, 2024 (June 1, 2023 to May 31, 2024)

(1) Consolidated Operating Results (Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended May 31, 2024	422,330	10.9	20,227	7.0	20,882	7.5	13,691	5.9
Fiscal year ended May 31, 2023	380,963	8.6	18,912	4.1	19,428	4.1	12,925	2.6

(Note) Comprehensive income: Fiscal year ended May 31, 2024: ¥13,967 million (6.5%)  
Fiscal year ended May 31, 2023: ¥13,121 million (4.6%)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended May 31, 2024	215.61	215.61	11.1	10.2	4.8
Fiscal year ended May 31, 2023	204.46	—	11.6	10.4	5.0

(Reference) Share of profit of entities accounted for using equity method:

Fiscal year ended May 31, 2024: ¥— million

Fiscal year ended May 31, 2023: ¥— million

(2) Consolidated Financial Position

	Total assets	Total net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2024	216,481	130,243	60.2	2,027.07
As of May 31, 2023	194,941	116,409	59.7	1,841.39

(Reference) Net assets: As of May 31, 2024: ¥130,224 million  
As of May 31, 2023: ¥116,409 million

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended May 31, 2024	21,034	(20,207)	(140)	37,812
Fiscal year ended May 31, 2023	18,985	(20,491)	(3,034)	37,126

## 2. Dividend Payments

	Dividends per share					Total dividends paid (annual)	Dividend payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	First quarter	Second quarter	Third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended May 31, 2023	—	25.00	—	27.00	52.00	3,287	25.4	3.0
Fiscal year ended May 31, 2024	—	27.00	—	37.00	64.00	4,083	29.7	3.3
Fiscal year ending May 31, 2025 (forecast)	—	34.00	—	34.00	68.00		30.3	

## 3. Consolidated Financial Forecast (From June 1, 2024 to May 31, 2025)

(Figures in percentages denote the year-on-year change)

	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
Six months ending November 30, 2024	227,300	9.6	10,700	8.6	10,900	7.0	7,300	6.2	113.63
Full-year	457,600	8.4	22,000	8.8	22,400	7.3	14,400	5.2	224.15

### Notes

(1) Significant changes of subsidiaries in fiscal year ended May 31, 2024 (changes in specific subsidiaries accompanied by a change in the scope of consolidation): None

Newly consolidated: — companies (company name(s)); Deconsolidated: — companies (company name(s))

(2) Changes in accounting policies, changes of accounting estimates and restatement

(i) Changes in accounting policies due to amendments to accounting standards: None

(ii) Other changes in accounting policies: None

(iii) Changes in accounting estimates: None

(iv) Restatements: None

(3) Issued shares (common shares)

(i) Issued shares (including treasury shares) at period-end:

Fiscal year ended May 31, 2024	66,819,342 shares	Fiscal year ended May 31, 2023	66,819,342 shares
Fiscal year ended May 31, 2024	2,576,458 shares	Fiscal year ended May 31, 2023	3,600,857 shares
Fiscal year ended May 31, 2024	63,500,165 shares	Fiscal year ended May 31, 2023	63,218,523 shares

(ii) Treasury shares at period-end:

(iii) Average issued shares during period:

Note on issued shares

(Reference) Overview of Non-Consolidated Results

1. Non-Consolidated Results for Fiscal Year Ended May 31, 2024 (June 1, 2023 to May 31, 2024)

(1) Non-Consolidated Operating Results

(Figures in percentages denote the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended May 31, 2024	8,195	3.9	7,709	4.7	7,794	5.8	7,232	5.7
Fiscal year ended May 31, 2023	7,890	2.3	7,362	1.8	7,368	2.6	6,840	2.7

  

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended May 31, 2024	113.90	113.90
Fiscal year ended May 31, 2023	108.21	—

(2) Non-Consolidated Financial Position

	Total assets	Total net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2024	60,760	60,607	99.7	943.13
As of May 31, 2023	53,655	53,509	99.7	846.42

(Reference) Net assets: As of May 31, 2024: ¥60,589 million

As of May 31, 2023: ¥53,509 million

This financial summary is not subject to audits by certified public accountants or audit firms.

Cautionary statement regarding business results forecasts and special notes

The financial forecasts and other forward-looking statements contained herein are based on currently available information and certain assumptions considered by the Company to be reasonable. Actual financial results may differ materially due to various factors. Refer to “1. Operating Results (4) Future Outlook” on page 3 of the supplementary material for the underlying assumptions and proper use of the forecasts.

## Contents

1. Operating Results.....	2
(1) Operating Results for the Fiscal Year under Review .....	2
(2) Financial Position.....	3
(3) Cash Flows.....	3
(4) Future Outlook .....	3
2. Basic Concept of Selecting Accounting Standards .....	4
3. Consolidated Financial Statements and Notes .....	5
(1) Consolidated Balance Sheet .....	5
(2) Consolidated Statements of Income and Comprehensive Income .....	7
Consolidated Statement of Income .....	7
Consolidated Statement of Comprehensive Income.....	9
(3) Consolidated Statements of Changes in Equity.....	10
(4) Consolidated Statements of Cash Flows.....	12
(5) Notes to Consolidated Financial Statements .....	13
Going concern assumption.....	13
Changes to accounting policies.....	13
Segment information.....	13
Per share information.....	13
Significant subsequent events .....	14
4. Other.....	15
(1) Changes in Officers .....	15
(2) Other.....	15

## 1. Operating Results

### (1) Operating Results for the Fiscal Year under Review

During the fiscal year ended May 31, 2024, the Japanese economy continued its return to normal in line with the reclassification of COVID-19 and the domestic economy showed a gradual recovering trend. However, the economic outlook remains uncertain. This is due notably to a fall in consumer sentiment as real wages stagnate while the cost of living continues to rise due to soaring resource prices.

In the drug store industry, while demand did recover for cosmetics due to a rebound in footfall and more opportunities to go out, and for medical and health products due to the spread of colds and influenza, business conditions for the Group became increasingly difficult due to a range of factors. There was a drop in sales for products to contain the spread of the coronavirus, including masks and antigen test kits, households increasingly sought to save money owing to the rising cost of living, while revised medical fees and drug prices resulted in lower prescription unit prices. These impacts were further compounded by competitors from other industries opening new stores, intensifying price competition, and restructuring within the industry involving a number of major operators.

Under these circumstances, the Group is promoting comprehensive health care support for regional contribution in the domains of daily life, prevention, medical care, and nursing care as we continue to strengthen our dominant position in existing areas, mainly in in-store prescription drug stores, to achieve the Medium-term Management Plan.

#### **Drug Stores**

The drug store business faced a further strengthening of the tendency among households to seek money savings and consume selectively. This was due mainly to the continuing rise in the cost of living, and particularly of food products, driven by soaring resource prices. In response, the Group continued its everyday low prices (EDLP) strategy offering affordable prices at all times, thus acting as a lifeline to support the health and lifestyles of local customers and patients. We also continued our efforts to realize quick, one-stop shopping by promoting in-store prescription drug stores and improving convenience and expertise in small trade areas by expanding the lineup of fresh foods and other food products.

During the fiscal year ended May 31, 2024, while there was a fall in demand for products to contain the spread of the coronavirus, such as masks and antigen test kits, the recovery in demand for common cold medicines and cosmetics, as well as our successful efforts on competitive pricing, particularly for food products, led to a significant increase in sales and customer numbers at existing stores. In the prescriptions division, despite the impact of price reductions due to revisions in medical service fees and drug prices, the number of prescriptions filled remained steady due to factors such as an increase in the number of in-store prescription drug stores, a rise in prescriptions for acute medical conditions due to the spread of colds and influenza, and a recovery from the reluctance to seek medical attention following the reclassification of COVID-19 as a Class 5 disease. As a result of the above factors, while sales and customer numbers remained strong, the gross profit margin was lower than the previous year. However, due to securing gross profits through increased sales and controlling SG&A expenses, including personnel costs, we were able to increase both revenue and profit.

During the period, we opened 43 new drug stores. On the other hand, we closed eight stores, one for renovation works, five due to expiration of contracts, and two from the standpoint of improving management efficiency. New prescription drug store openings consisted of 47 new in-store prescription drug stores and one dedicated prescription drug store in a medical mall.

#### **Nursing Care**

Regarding the nursing care business, amid an aging population, we operate two paid assisted living facilities characterized by delicious meals for elderly people who want to live safely and securely under the care of nursing staff, as well as 37 half-day rehabilitative adult care centers for those who want to continue living at home. For our paid assisted living facilities and adult day care services we have put every effort into customer service, which is one of the distinctive characteristics of our Group, to increase user satisfaction and improve occupancy rates.

Owing to the efforts above, the number of Group stores as of May 31, 2024, was as follows: 752 drug stores, two supermarkets, and four combination drug store/fresh produce stores. The total number of prescription drug stores was 418, consisting of 38 dedicated prescription drug stores and 380 in-store prescription drug stores. The Group also has two paid assisted living facilities and 37 half-day adult care centers in the nursing care business.

As a result, the financial results for the fiscal year under review were as follows: Net sales came in at 422,330 million yen (up 10.9% year on year), operating profit was 20,227 million yen (up 7.0%), ordinary profit was 20,882 million yen (up 7.5%), and profit attributable to owners of parent was 13,691 million yen (up 5.9%).

## (2) Financial Position

Total assets were 216,481 million yen, up 21,540 million yen from the end of the previous fiscal year. The main factors were an increase of 2,118 million yen in accounts receivable, 3,518 million yen in merchandise, and 13,983 million yen in non-current assets due to an increase in new and soon to be opened stores.

Total liabilities were 86,238 million yen, up 7,706 million yen from the end of the previous fiscal year. The main factors were an increase of 5,872 million yen in accounts payable, 57 million yen in income taxes payable, and 346 million yen in long-term asset retirement obligations.

Net assets were 130,243 million yen, up 13,833 million yen from the end of the previous fiscal year. The main factors were a 3,413 million yen decrease due to dividends paid, an increase of 2,011 million yen in capital surplus due to exercise of share options, a decrease of 1,249 million yen in treasury shares, and the recording of 13,691 million yen in profit attributable to owners of parent.

## (3) Cash Flows

Cash and cash equivalents at the end of the fiscal year under review was 37,812 million yen, up 686 million yen from the end of the previous fiscal year.

Cash flows for the fiscal year ended May 31, 2024 were as follows:

### **Cash flows from operating activities**

Net cash provided by operating activities amounted to 21,034 million yen, up 2,049 million yen year on year. The main factors of the increase were profit before income taxes of 19,352 million yen, depreciation of 4,995 million yen, impairment losses of 1,284 million yen, and income tax refunds of 837 million yen, which offset cash outflows such as an increase in trade receivables of 2,118 million yen, an increase in inventories of 3,578 million yen, and income taxes paid of 7,074 million yen.

### **Cash flows from investing activities**

Net cash used in investing activities amounted to 20,207 million yen, down 284 million yen year on year. This was mainly due to 15,772 million yen of purchase of property, plant and equipment associated with the store openings, 792 million yen of loan advances, and 3,960 million yen for store openings in progress.

### **Cash flows from financing activities**

Net cash used in financing activities amounted to 140 million yen, down 2,893 million yen year on year. This is the result of dividends paid of 3,413 million yen and proceeds from disposal of treasury shares of 3,250 million yen.

### **Capital resources and liquidity of funds**

Regarding the Group's capital resources and liquidity of funds, cash obtained mainly from operating activities are used for capital investment for the opening of new stores.

## (4) Future Outlook

In the next fiscal year, while the Japanese economy is expected to experience a gradual recovery, the outlook still remains uncertain owing to soaring raw material and energy prices, and a fall in consumer sentiment resulting from a continued rise in the cost of living and stagnant growth in real wages.

The harsh business environment in the drug store industry is expected to continue as competition further intensifies across industries and industry reorganization moves heat up, as well as with the risk of downward pressure due to revisions to medical fees and drug prices.

Under these circumstances, the Group will continue to open stores with a focus on in-store prescription drug stores to achieve

the medium-term management plan, and will continue to build market share in local areas by forming a strong and dominant position.

In the drug store division, while we aim to increase the number of customers and items purchased by continuing to offer competitive pricing primarily for food products, in response to the growing need for households to save money, we will also strengthen sales, particularly in the health and beauty sectors, and work on controlling our gross profit margin through the development and renewal of private branded products. In the prescriptions division, in addition to promoting in-store prescription drug stores, we will work to strengthen our primary care functions through initiatives such as enhancing pharmacists' interpersonal skills, collaborating with nearby medical institutions, and establishing a system to handle electronic prescriptions, aiming to become the stores and pharmacies of choice for customers and patients. Additionally, we aim to maintain an ordinary profit margin of 5.0% by rigorously implementing low-cost operations and striving to control expenses, including personnel costs.

Based on the above, we forecast the financial results for the fiscal year ending May 31, 2025 as follows:

Consolidated Financial Forecast (From June 1, 2024 to May 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Full-year	Millions of yen 457,600	Millions of yen 22,000	Millions of yen 22,400	Millions of yen 14,400

(Reference) Forecast earnings per share: 224.15 yen, average number of shares during the forecast period: 64,242,884 shares

(Note) The above forecasts, which include risks and uncertainties, are made by the Company based on information available at the time. Actual results may differ from these forecasts due to various factors.

## 2. Basic Concept of Selecting Accounting Standards

The Group presently intends to prepare consolidated financial statements based on Generally Accepted Accounting Principles in Japan (Japanese GAAP), taking into account the comparability of consolidated financial statements over the period and the comparability between companies.

Regarding the application of International Financial Reporting Standards (IFRS), we will take appropriate measures in consideration of domestic and overseas circumstances.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheet

(Millions of yen)

	FY2022 (As of May 31, 2023)	FY2023 (As of May 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	37,526	38,212
Accounts receivable—trade	13,312	15,431
Merchandise	38,497	42,015
Supplies	55	115
Other	10,239	11,415
Total current assets	99,631	107,191
Non-current assets		
Property, plant and equipment		
Buildings and structures	49,271	60,364
Accumulated depreciation	(21,509)	(23,870)
Buildings and structures, net	27,762	36,493
Land	25,211	27,274
Construction in progress	—	3,019
Other	27,119	29,582
Accumulated depreciation	(22,261)	(24,189)
Other, net	4,858	5,392
Total property, plant and equipment	57,832	72,180
Intangible fixed assets		
Goodwill	473	372
Other	1,055	770
Total intangible assets	1,529	1,142
Investments and other assets		
Investment securities	183	182
Long-term loans receivable	9,654	10,024
Deferred tax assets	6,394	6,878
Leasehold and guarantee deposits	11,576	11,939
Other	8,180	7,002
Allowance for doubtful accounts	(40)	(60)
Total investments and other assets	35,948	35,967
Total non-current assets	95,310	109,290
<b>Total assets</b>	<b>194,941</b>	<b>216,481</b>



(Millions of yen)

	FY2022 (As of May 31, 2023)	FY2023 (As of May 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Accounts payable—trade	50,485	56,357
Contract liabilities	3,580	3,600
Accrued income taxes	3,386	3,444
Accrued bonuses	378	387
Provision for bonuses for directors (and other officers)	145	157
Provision for point card certificates	171	160
Asset retirement obligations	89	6
Provision for loss on store closings	8	36
Other	11,907	13,374
Total current liabilities	70,152	77,524
Non-current liabilities		
Net defined benefit liability	3,310	3,234
Asset retirement obligations	3,579	3,925
Provision for loss on subleasing	30	24
Other	1,459	1,529
Total non-current liabilities	8,379	8,714
Total liabilities	78,532	86,238
Net assets		
Equity capital		
Share capital	1,000	1,000
Capital surplus	934	2,945
Retained earnings	118,741	129,019
Treasury shares	(4,393)	(3,144)
Total shareholders' equity	116,282	129,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39	39
Remeasurements of defined benefit plans	87	363
Total accumulated other comprehensive income	126	403
Share options	—	18
Total net assets	116,409	130,243
Liabilities and net assets	194,941	216,481

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statement of Income

(Millions of yen)

	FY2022 (From June 1, 2022 to May 31, 2023)	FY2023 (From June 1, 2023 to May 31, 2024)
Net sales	380,963	422,330
Cost of sales	277,975	312,143
Gross profit	102,987	110,187
Selling, general and administrative expenses		
Provision for point card certificates	171	160
Salaries and allowances	34,243	36,131
Provision of allowance for doubtful accounts	—	21
Provision for bonuses	349	387
Provision for directors' bonuses	140	153
Retirement benefit expenses	826	777
Depreciation and amortization	4,195	4,847
Land/office rent	16,647	17,385
Other	27,502	30,095
Total selling, general and administrative expenses	84,075	89,959
Operating profit	18,912	20,227
Non-operating profit		
Interest income	89	85
Dividend income	1	1
Gain on receipt of donated non-current assets	34	30
Rent income	328	364
Subsidy income	89	166
Other	173	186
Total non-operating income	716	835
Non-operating expenses		
Provision of allowance for doubtful accounts	—	1
Compensation expenses	2	5
Rental expenses	166	163
Loss on abandonment of goods	20	—
Other	11	10
Total non-operating expenses	200	180
Ordinary profit	19,428	20,882
Extraordinary profit		
Subsidy income	9	73
Other	—	1
Total extraordinary income	9	74
Extraordinary losses		
Loss on sale of non-current assets	—	26
Impairment losses	744	1,284
Provision for loss on store closings	8	36
Loss on retirement of non-current assets	—	165
Loss on tax purpose reduction entry of non-current assets	9	73
Other	13	18
Total extraordinary losses	776	1,604

(Millions of yen)

	FY2022 (From June 1, 2022 to May 31, 2023)	FY2023 (From June 1, 2023 to May 31, 2024)
Profit before income taxes	18,661	19,352
Income taxes—current	6,116	6,250
Income taxes—deferred	(381)	(588)
Total income taxes	5,735	5,661
Profit	12,925	13,691
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	12,925	13,691

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2022 (From June 1, 2022 to May 31, 2023)	FY2023 (From June 1, 2023 to May 31, 2024)
Profit	12,925	13,691
Other comprehensive income		
Valuation difference on available-for-sale securities	15	0
Remeasurements of defined benefit plans, net of tax	179	275
Total other comprehensive income	195	276
Comprehensive income:	13,121	13,967
Comprehensive income attributable to:		
Owners of parent	13,121	13,967
Non-controlling interests	—	—

### (3) Consolidated Statements of Changes in Equity

FY2022 (June 1, 2022 to May 31, 2023)

(Millions of yen)

	Equity capital				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,000	934	108,850	(4,393)	106,391
Changes during period					
Dividends of surplus			(3,034)		(3,034)
Profit attributable to owners of parent			12,925		12,925
Purchase of treasury shares				(0)	(0)
Exercise of share options					—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	9,891	(0)	9,891
Balance at end of period	1,000	934	118,741	(4,393)	116,282

	Accumulated other comprehensive income			Share options	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	23	(91)	(68)	—	106,323
Changes during period					
Dividends of surplus					(3,034)
Profit attributable to owners of parent					12,925
Purchase of treasury shares					(0)
Exercise of share options					—
Net changes in items other than shareholders' equity	15	179	195	—	195
Total changes during period	15	179	195	—	10,086
Balance at end of period	39	87	126	—	116,409

FY2023 (June 1, 2023 to May 31, 2024)

(Millions of yen)

	Equity capital				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,000	934	118,741	(4,393)	116,282
Changes during period					
Dividends of surplus			(3,413)		(3,413)
Profit attributable to owners of parent			13,691		13,691
Purchase of treasury shares				(0)	(0)
Exercise of share options		2,011		1,249	3,261
Net changes in items other than shareholders' equity					
Total changes during period	—	2,011	10,277	1,249	13,538
Balance at end of period	1,000	2,945	129,019	(3,144)	129,821

	Accumulated other comprehensive income			Share options	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	39	87	126	—	116,409
Changes during period					
Dividends of surplus					(3,413)
Profit attributable to owners of parent					13,691
Purchase of treasury shares					(0)
Exercise of share options					3,261
Net changes in items other than shareholders' equity	0	275	276	18	295
Total changes during period	0	275	276	18	13,833
Balance at end of period	39	363	403	18	130,243

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2022 (From June 1, 2022 to May 31, 2023)	FY2023 (From June 1, 2023 to May 31, 2024)
<b>Cash flows from operating activities</b>		
Profit before income taxes	18,661	19,352
Depreciation and amortization	4,351	4,995
Impairment losses	744	1,284
Increase (decrease) in allowance for doubtful accounts	(2)	19
Increase in provision for bonuses	21	8
Increase in provision for bonuses for directors (and other officers)	0	12
Increase (decrease) in provision for point card certificates	6	(10)
Increase (decrease) in provision for loss on subleasing	(6)	(6)
Increase in provision for loss on store closings	8	36
Increase in retirement benefit liability	418	322
Interest and dividend income	(90)	(87)
Decrease in trade receivables	(2,154)	(2,118)
Decrease in inventories	(2,878)	(3,578)
Increase in trade payables	6,256	5,872
Increase in advances received	277	240
Other	(746)	924
Subtotal	24,867	27,268
Interest and dividends received	3	3
Income taxes paid	(6,684)	(7,074)
Income taxes refund	798	837
Net cash provided by operating activities	18,985	21,034
<b>Net cash used in investing activities</b>		
Purchase of property, plant and equipment	(15,959)	(15,772)
Purchase of intangible assets	(346)	(45)
Long-term loan advances	(559)	(792)
Proceeds from collection of long-term loans receivable	1,022	1,076
Proceeds from sale of investment securities	—	2
Purchase of long-term prepaid expenses	(117)	(338)
Payments of leasehold and guarantee deposits	(149)	(233)
Proceeds from refund of leasehold and guarantee deposits	133	177
Payments for store openings in progress	(4,426)	(3,960)
Payments into deposit money	(88)	(310)
Other	(1)	(10)
Net cash used in investing activities	(20,491)	(20,207)
<b>Net cash used in financing activities</b>		
Dividends paid	(3,034)	(3,413)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	—	3,250
Other	—	22
Net cash used in financing activities	(3,034)	(140)
Net increase (decrease) in cash and cash equivalents	(4,541)	686
Cash and cash equivalents at beginning of period	41,667	37,126
Cash and cash equivalents at end of period	37,126	37,812

## (5) Notes to Consolidated Financial Statements

### Going concern assumption

Not applicable

### Changes to accounting policies

Not applicable

### Segment information

Since the Group has a high proportion of drug store business which is considered to be of little importance as disclosed information, segment information has been omitted.

### Per share information

	FY2022 (From June 1, 2022 to May 31, 2023)	FY2023 (From June 1, 2023 to May 31, 2024)
Net assets per share	¥1,841.39	¥2,027.07
Earnings per share	¥204.46	¥215.61
Diluted earnings per share	—	¥215.61

Notes: 1. Diluted earnings per share not stated for the previous fiscal year because there were no diluted shares.  
2. The basis for calculating earnings per share is as follows:

	FY2022 (From June 1, 2022 to May 31, 2023)	FY2023 (From June 1, 2023 to May 31, 2024)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	12,925	13,691
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	12,925	13,691
Average number of common shares during period	63,218,523	63,500,165
Diluted earnings per share		
Adjusted profit attributable to owners of parent (millions of yen)	—	—
Increase in number of common shares	—	1,638
(of which, share options)	(—)	(—)
Summary of dilutive shares that are not included in the calculation of diluted earnings per share because they do not have a dilutive effect		—



### Significant subsequent events

(Acquisition and cancellation of second and third round share options (with provision for exercising price revision) through third-party allotment using treasury shares)

At a meeting of the Board of Directors held on June 3, 2024, CREATE SD HOLDINGS CO., LTD. resolved to acquire on June 18, 2024, and cancel on June 30, 2024, all of the second and third share options (the “Share Options”) of the first through third rounds issued on November 22, 2023 with EVO FUND as the allottee on the premise of appropriation of treasury shares.

#### 1. Overview of the Share Options to be acquired and canceled

(1) Name of share options	1. CREATE SD HOLDINGS CO., LTD. second share options 2. CREATE SD HOLDINGS CO., LTD. third share options
(2) Number of share options to be acquired and canceled	1. 10,170 2. 12,000
(3) Acquisition price and total amount	1. 770 yen per share option, total 7,000,000 yen 2. 635 yen per share option, total 7,000,000 yen Total: 15,000,000 yen
(4) Date of acquisition	June 18, 2024
(5) Date of cancellation	June 30, 2024
(6) Number of share options remaining after cancellation	1. 0 2. 0

#### 2. Reasons for acquisition and cancellation of Share Options

As stated in the “Notice Concerning the Issuance of the 1st to 3rd Share Options through Third-Party Allotment Using Treasury Shares and Conclusion of the Share Option Purchase Agreement (with Exercise Price Correction Clause)” dated November 6, 2023 (hereinafter referred to as the “Disclosure Dated November 6, 2023”), CREATE SD HOLDINGS issued the first round of share options and the Share Options through a third-party allotment to allocate treasury shares on November 22, 2023, for the purpose of raising funds for investment in new stores and investment in logistics facilities. The allottee, EVO FUND (Cayman Islands, Representatives: Michael Lerch and Richard Chisholm), exercised the share options with the utmost care based on the terms of the agreement with CREATE SD HOLDINGS. As a result, the exercise of share options went more smoothly than expected, raising a total amount of 4,449 million yen through the exercise of 13,838 options (1,383,800 shares).

As stated in the Disclosure Dated November 6, 2023, CREATE SD HOLDINGS aims to achieve sustainable growth by further expanding its business scale and improving performance. Although there is no change in its funding requirements, CREATE SD HOLDINGS has judged that these requirements have been met for the time being and has decided to acquire and cancel all remaining Share Options in accordance with the terms of issue.

Going forward, we aim to achieve optimal funding that takes into account the cost of shareholder’s equity for any new funding requirements.

#### 3. Future Outlook

The impact of the acquisition and cancellation of the Share Options on the Company’s financial results is minimal.

#### 4. Other

##### (1) Changes in Officers

To be disclosed when details are concluded.

##### (2) Other

###### Purchases and Sales

###### (i) Sales results by product division

Product division	FY2023 (From June 1, 2023 to May 31, 2024)	
	Amount (millions of yen)	YoY change (%)
Drug Stores		
Medical and health products	111,686	106.8
OTC	61,169	100.1
Prescription drug stores	50,517	116.2
Cosmetics	47,768	107.3
Food products	176,791	116.5
Daily products	62,070	108.9
Other	19,598	108.9
Subtotal	417,915	111.1
Supermarkets	2,078	74.9
Nursing Care		
Paid assisted living facilities	701	101.7
Adult day care services	1,467	105.9
Subtotal	2,169	104.5
Revenue from contracts with customers	422,163	110.8
Other revenue (Note)	167	147.6
Total	422,330	110.9

(Note) Other revenue includes rent income based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13).

###### (ii) Sales results by region

Sales results by region for the fiscal year ended May 31, 2024 were as follows:

	FY2022 (From June 1, 2022 to May 31, 2023)		FY2023 (From June 1, 2023 to May 31, 2024)	
	Amount (millions of yen)	Share (%)	Amount (millions of yen)	Share (%)
Kanagawa	235,809	61.9	258,601	61.2
Tokyo	55,224	14.5	59,593	14.1
Shizuoka	41,903	11.0	45,988	10.9
Chiba	28,586	7.5	36,540	8.7
Other	19,439	5.1	21,605	5.1
Total	380,963	100.0	422,330	100.0

(iii) Purchase results

Purchase results by product division for the fiscal year ended May 31, 2024 were as follows:

Product division	FY2023 (From June 1, 2023 to May 31, 2024)	
	Amount (millions of yen)	YoY change (%)
Drug Stores		
Medical and health products	66,467	108.1
OTC	35,376	98.9
Prescription drug stores	31,090	120.8
Cosmetics	30,699	107.5
Food products	153,637	117.1
Daily products	45,807	110.7
Other	15,472	108.9
Subtotal	312,083	112.8
Supermarkets	1,560	75.0
Nursing Care		
Paid assisted living facilities	—	—
Adult day care services	—	—
Subtotal	—	—
Purchases for revenue from contracts with customers	313,644	112.5
Other purchases	—	—
Total	313,644	112.5