



Consolidated Financial Results for the Fiscal Year Ended May 20, 2025 (Under Japanese GAAP)

July 3, 2025

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 Stock exchange listings: Tokyo Prime
 Securities code 3549 URL <http://www.kusuri-aoki-hd.co.jp/>
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 Date of general shareholders' meeting (as planned) August 19, 2025 Dividend payable date (as planned) August 4, 2025
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 Supplemental material of annual results : Yes
 Convening briefing of annual results : Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 20, 2025	501,470	14.8	26,601	43.3	27,513	36.9	17,786	44.5
May 20, 2024	436,875	15.3	18,569	21.4	20,101	5.1	12,307	(0.2)

(Note) Comprehensive income Twelve months ended May 20, 2025: ¥18,033 million [38.4%]
 Twelve months ended May 20, 2024: ¥13,026 million [3.9%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
May 20, 2025	175.42	174.27	13.9	8.4	5.3
May 20, 2024	130.11	126.86	11.8	7.0	4.3

(Note) Due to the achievement of the conditions for exercising the fifth series of share acquisition rights resolved at the Board of Directors meeting held on January 9, 2020, the Company has recorded share remuneration expenses of ¥6,810 million in the twelve months ended May 20, 2024 and ¥392 million in the twelve months ended May 20, 2025.

(Reference) The financial results excluding share remuneration expenses are as follows:

Operating profit: ¥26,994 million (up 6.4% year on year); ordinary profit: ¥27,906 million (up 3.7% year on year); profit attributable to owners of parent: ¥18,179 million (down 4.9% year on year)

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 20, 2025	352,464	145,759	41.4	1,441.69
May 20, 2024	303,453	117,420	36.4	1,168.74

(Reference) Owner's equity As of May 20, 2025 ¥145,759Million As of May 20, 2024 ¥110,557Million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
May 20, 2025	22,167	(31,079)	7,668	47,731
May 20, 2024	26,864	(21,104)	344	48,974

2. Cash dividends

	Dividend per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended May 20, 2024	—	16.00	—	5.50	—	1,024	8.3	1.0
Year ended May 20, 2025	—	7.00	—	7.00	14.00	1,415	8.0	1.1
Year ending May 20, 2026 (Forecast)	—	8.00	—	8.00	16.00		10.4	

(Note) The Company conducted a 3-for-1 share split of its common shares on November 21, 2023. Accordingly, the figures shown for the 2nd quarter-end of the year ended May 20, 2024 are the actual payment before the share split. The forecast for the total annual dividends is not shown because the implementation of the share split makes it impossible to perform a simple total. On a pre-split basis, the total annual dividends per share is ¥32.50.

3. Consolidated financial forecast for the fiscal year ending May 20, 2026 (from May 21, 2025 to May 20, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 20, 2025	272,000	12.0	11,300	(10.7)	11,170	(13.5)	8,000	(7.2)	79.13
Fiscal year ending May 20, 2026	560,000	11.7	23,000	(13.5)	22,700	(17.5)	15,500	(12.9)	153.31

* Notes

(1) Significant changes in the scope of consolidation during the period : No

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes

(ii) Changes in accounting policies due to other reasons : No

(iii) Changes in accounting estimates : Yes

(iv) Restatement : No

Note: Please refer to page 13 of the attached document, “3. Consolidated Financial Statements and Key Notes (5) Notes on Consolidated Financial Statements (Notes on Changes in Accounting Policies and Notes on Changes in Accounting Estimates),” for further details.

(3) Number of issued shares (common shares)

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

As of May 20, 2025	105,097,680shares	As of May 20, 2024	94,597,680shares
As of May 20, 2025	3,994,689shares	As of May 20, 2024	1,851shares
Fiscal year ended May 20, 2025	101,391,584shares	Fiscal year ended May 20, 2024	94,595,913shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Operating revenues		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended May 20, 2025	22,873	830.7	21,307	—	21,321	—	20,939	—
May 20, 2024	2,457	91.2	(5,331)	—	(5,262)	—	(5,452)	—

	Basic earnings per share	Diluted earnings per share
Fiscal year ended May 20, 2025	Yen 206.52	Yen 205.16
May 20, 2024	(57.64)	—

Note: The diluted net income per share for May 20, 2024 is not presented due to a net loss for the period.

〈Reason for Differences from Previous Fiscal Year’s Non-Consolidated Results〉

The main factors contributing to the increase in operating revenue, operating income, ordinary income, and net income compared to the previous fiscal year are dividend income from consolidated subsidiaries and the stock-based compensation expense of ¥6,810 million recorded in the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 20, 2025	75,324	67,902	90.1	671.62
May 20, 2024	43,791	36,656	68.0	314.96

Reference:Owner's equity As of May 20, 2025 ¥67,902Million As of May 20, 2024 ¥29,794Million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Cautionary Statement Regarding Forward-Looking Statements)

The forward-looking statements such as performance forecasts contained in this document are based on information currently available to the Company and certain assumptions that are deemed reasonable. They are not intended as a guarantee of the Company's future performance. Actual results may differ significantly due to various factors. For the assumptions underlying the performance forecasts and notes on their use, please refer to page 3 of the attached materials, "1. Overview of Operating Results,

(4) Future Outlook."

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*Omission of disclosure

The significance of disclosure of non-consolidated financial statements in the Summary of Consolidated Financial Results has been determined to be insubstantial, and their disclosure has thus been omitted.

1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025), the Japanese economy showed signs of a certain degree of recovery, as seen factors such as an increase in inbound demand and improvements in the employment and income environment due to wage increases, which led to an increase in domestic demand. Meanwhile, Japan's GDP is expected to experience downward pressure due to the strong impact on the global economy from the implementation of tariffs by the Trump administration. In addition, there are concerns regarding the impact of exchange rate fluctuations on the economy due to the continued increase in rice prices due to a nationwide shortage of rice, the prolonged Russia-Ukraine war, and a decision by the Bank of Japan to raise its policy interest rate, so the outlook remains unclear.

In the drugstore industry, a trend was seen for strong sales of products related to an increase in inbound demand and seasonal product demand. Despite that, the business environment surrounding the Company remains severe due to factors such as intensifying competition in terms of store openings and pricing with competitors (including those from other industries), integration of management between major companies, and aggressive expansion of scale through M&A.

In light of this environment, the Group has worked to provide customers with convenience and expertise by improving the ratio of stores with attached dispensing pharmacies serving as local community pharmacies, as well as by strengthening product lineups by introducing fresh foods. This fiscal year as well, we have been actively renovating existing stores, and completed the introduction of fresh produce, meat, and prepared foods to all stores (with the exception of some small stores). We will continue to pursue creation of sales floors that meet the changing needs of customers and their increasingly diverse lifestyles, and we will strive to create stores that are loved by the people of the local community.

With regard to the establishment of new stores, we opened a total of 68 new drugstores to further promote our establishment of a dominant presence: 15 in the Hokuriku and Shinetsu region, 12 in the Tohoku region, 12 in the Kanto region, 15 in the Tokai region, seven in the Kansai region and seven in the Shikoku region. In addition, we opened a total of 70 new dispensing pharmacies attached to drugstores: 15 in the Hokuriku and Shinetsu region, eight in the Tohoku region, 27 in the Kanto region, nine in the Tokai region, ten in the Kansai region and one in the Shikoku region.

On August 21, 2024, the Company acquired all shares of supermarket operator Kimuraya Co., Ltd. (Chiba Prefecture) (hereinafter "Kimuraya"), and on the same day, subsidiary KUSURI NO AOKI Co.,Ltd., absorbed Kimuraya. In addition, on September 1, 2024, subsidiary KUSURI NO AOKI Co.,Ltd. absorbed consolidated subsidiary Mamai Co., Ltd., which operates supermarkets. Furthermore, on September 30, 2024, we acquired the supermarket business of supermarket operator Mūmie Co., Ltd. (Kagawa Prefecture), and on December 20, 2024, we acquired all the shares of supermarket operator Happy Terada, K.K. (Shiga Prefecture) and made it a consolidated subsidiary. On February 28, 2025, the Company acquired all of the shares of Super Yoshimura Co., Ltd. (hereinafter "Super Yoshimura") and Hustle Co., Ltd. (hereinafter "Hustle") (Nara Prefecture), and the Company's subsidiary KUSURI NO AOKI CO.,Ltd. absorbed Super Yoshimura and Hustle by merger on the same day. Also on February 28, 2025, the Company's subsidiary KUSURI NO AOKI CO.,Ltd. received the transfer of the supermarket businesses, and other operations, operated by a target company group of food super market business operators comprising FUSHIMIYA Co., Ltd., Honma Bussan Co., Ltd., Top Mart Co., Ltd., and LogiPlanning Sendai Co., Ltd. (hereinafter the "Target Company Group"). With this, the Company acquired 72 new supermarket stores.

As a result, the number of stores in the Group at the end of the fiscal year under review was 1,036, comprising 1,004 drugstores (including 664 stores with attached dispensing pharmacies), 6 pharmacies specializing in dispensing, and 26 supermarkets.

As a result of the above, the financial results for the fiscal year under review were as follows: net sales of ¥501,470 million (up 14.8% year on year), operating profit of ¥26,601 million (up 43.3% year on year), ordinary profit of ¥27,513 million (up 36.9% year on year), and profit attributable to owners of parent of ¥17,786 million (up 44.5% year on year).

Breaking down net sales by product category, health product sales (pharmaceuticals and health foods, etc.) were ¥44,392 million (8.9% of net sales; up 5.3% year on year), beauty product sales (counseling cosmetics and face care products, etc.) were ¥60,243 million (12% of net sales; up 7.2% year on year), lifestyle product sales (household products, etc.) were ¥87,689 million (17.5% of net sales; up 8.3% year on year), food sales (food, beverages, etc.) were ¥257,260 million (51.3% of net sales; up 21.7% year on year), and dispensing pharmacy sales (prescription pharmaceuticals prepared at pharmacies) were ¥51,885 million (10.3% of net sales; up 12.4% year on year).

(2) Overview of the financial position for the fiscal year under review

Total assets as of May 20, 2025 were ¥352,464 million, an increase of ¥49,011 million over those of May 20, 2024. The main factors contributing to this increase were an increase of ¥12,257 million in buildings and structures, net, an increase of ¥9,327 million in accounts receivable - trade, and an increase of ¥9,018 million in merchandise.

Total liabilities as of May 20, 2025 were ¥206,705 million, an increase of ¥20,672 million over those of May 20, 2024. The main factors behind this increase were an increase of ¥9,359 million in notes and accounts payable - trade, an increase of ¥7,521 million in long-term borrowings, and an increase of ¥5,275 million in asset retirement obligations.

Total net assets as of May 20, 2025 amounted to ¥145,759 million, an increase of ¥28,338 million over those of May 20, 2024.

The equity ratio as of May 20, 2025 was 41.4%.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents at the end of the fiscal year stood at ¥47,731 million (down 2.54% year on year).

Cash flow positions and the factors affecting them during the fiscal year under review are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥22,167 million (compared with ¥26,864 million provided in the same period of the previous fiscal year).

This mainly resulted from profit before income taxes of ¥25,352 million, with the main inflow component being a non-cash expense—depreciation of ¥12,482 million, and the outflow components including an increase in trade receivables of ¥9,120 million and an increase in inventories of ¥8.8 billion.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥31,079 million (compared with ¥21,104 million used in the same period of the previous fiscal year).

This mainly resulted from outflows of ¥21,719 million for purchases of property, plant and equipment due to new store openings and so forth.

(Cash flows from financing activities)

Net cash provided by financing activities totaled ¥7,668 million (compared with ¥344 million provided by the same period of the previous fiscal year).

This mainly resulted from inflows of ¥23,908 million due to the issuance of shares due to the exercise of stock acquisition rights, proceeds from long-term borrowings of ¥25.5 billion for use in funding construction of buildings for new stores, and outflows of ¥18,332 million for repayments of long-term borrowings and ¥12,741 million for purchase of treasury shares.

(4) Future outlook

With regard to the outlook for the future, the consumption environment is expected to continue to have an uncertain future, with factors including continued increasing tension in the international situation due to the Trump administration's tariffs, high energy prices, ongoing inflation pressure, and a sharp increase in rice prices in Japan.

In the drugstore industry, competition with other companies, including in other industries, is increasing with respect to store openings, pricing, and competition for human resources. In addition, industry restructuring moves such as management integration and capital alliances between major drugstore companies are expected to accelerate, leading to a continued challenging business environment.

In this environment, the Company will continue to drive customer-oriented store development and sales floor creation, while working actively to increase customer satisfaction through measures including employee training, promotion of low-cost operations, and expansion of fresh food sales.

In the Company's store investment plan for the fiscal year ending May 20, 2026, we plan to open 110 drug stores as part of further strengthening our market dominance strategy; while our existing stores will continue reviewing product lineups and working to increase the composition ratio of food products, with an emphasis on fresh foods. Moreover, we have completed renovation work to enable handling of fruit and vegetables, fresh meat, and delicatessen items at all stores with the exception of 57 small stores. The Company will continue working to strengthen and expand its "food & drug" business. For dispensing pharmacies, the Company plans to open 37 new drug stores with attached dispensing pharmacies to expand its business in the dispensing pharmacy market. Looking ahead, the Company will work to increase the ratio of drug stores with attached dispensing pharmacies serving as local community pharmacies.

As a result of the above, the Company's forecast for consolidated financial results for the fiscal year ending May 20, 2026 is for net sales of ¥560.0 billion (up 11.7% year on year), operating profit of ¥23,000 million (down 13.5% year on year), ordinary profit of ¥22,700 million (down 17.5% year on year), and profit attributable to owners of parent of ¥15,500 million (down 12.9% year on year).

2. Basic policy regarding selection of accounting standards

The Group applies the Japanese GAAP for accounting standards in order to ensure comparability among other domestic companies in the same industry.

With respect to the adoption of International Financial Reporting Standards (IFRS), the Group follows a policy of responding in a suitable manner after giving consideration to various circumstances in Japan and overseas.

3. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of May 20, 2024	As of May 20, 2025
Assets		
Current assets		
Cash and deposits	49,125	47,731
Accounts receivable - trade	12,246	21,573
Merchandise	47,792	56,811
Accounts receivable - other	16,291	18,742
Other	334	570
Allowance for doubtful accounts	(2)	(61)
Total current assets	125,787	145,368
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	120,105	132,363
Machinery, equipment and vehicles, net	7,044	7,643
Land	6,578	8,980
Leased assets, net	6,650	6,710
Construction in progress	2,360	7,190
Other, net	5,315	5,991
Total property, plant and equipment	148,054	168,879
Intangible assets		
Goodwill	4,499	10,107
Other	3,342	3,572
Total intangible assets	7,842	13,679
Investments and other assets		
Investment securities	3,356	3,747
Leasehold and guarantee deposits	8,644	9,703
Deferred tax assets	4,538	5,531
Retirement benefit asset	85	—
Other	5,152	5,565
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	21,767	24,537
Total non-current assets	177,665	207,096
Total assets	303,453	352,464

(Millions of yen)

	As of May 20, 2024	As of May 20, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,242	63,602
Short-term borrowings	5,500	—
Current portion of bonds payable	336	—
Current portion of long-term borrowings	12,264	14,912
Accounts payable - other	9,607	11,470
Income taxes payable	3,884	5,177
Contract liabilities	2,342	2,637
Provision for bonuses	2,060	1,994
Provision for point card certificates	28	35
Provision for loss on disaster	119	5
Provision for loss on store closings	6	622
Other	7,656	6,591
Total current liabilities	98,050	107,049
Non-current liabilities		
Bonds payable	1,119	—
Long-term borrowings	70,795	78,317
Lease liabilities	6,398	6,090
Provision for retirement benefits for directors (and other officers)	257	280
Retirement benefit liability	—	22
Asset retirement obligations	9,145	14,420
Other	266	524
Total non-current liabilities	87,982	99,655
Total liabilities	186,032	206,705
Net assets		
Shareholders' equity		
Share capital	1,167	16,749
Capital surplus	2,166	17,748
Retained earnings	106,480	123,013
Treasury shares	(4)	(12,746)
Total shareholders' equity	109,810	144,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	747	993
Total accumulated other comprehensive income	747	993
Share acquisition rights	6,862	—
Total net assets	117,420	145,759
Total liabilities and net assets	303,453	352,464

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Fiscal year ended May 20, 2024	Fiscal year ended May 20, 2025
Net sales	436,875	501,470
Cost of sales	318,784	368,514
Gross profit	118,090	132,956
Selling, general and administrative expenses	99,521	106,354
Operating profit	18,569	26,601
Non-operating income		
Interest income	43	76
Dividend income	80	143
Commission income	281	315
Rental income	278	485
Subsidy income	1,237	411
Gain on receipt of donated non-current assets	11	15
Other	298	584
Total non-operating income	2,231	2,032
Non-operating expenses		
Interest expenses	359	614
Rental costs	148	152
Other	190	354
Total non-operating expenses	699	1,120
Ordinary profit	20,101	27,513
Extraordinary income		
Gain on sale of non-current assets	109	1
Total extraordinary income	109	1
Extraordinary losses		
Loss on sale of non-current assets	19	25
Loss on retirement of non-current assets	36	81
Impairment losses	370	1,329
Loss on disaster	92	—
Provision for loss on disaster	119	—
Provision for loss on store closings	—	622
Other	—	102
Total extraordinary losses	639	2,162
Profit before income taxes	19,570	25,352
Income taxes - current	6,541	8,538
Income taxes - deferred	720	(972)
Total income taxes	7,262	7,565
Profit	12,307	17,786
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	12,307	17,786

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Fiscal year ended May 20, 2024	Fiscal year ended May 20, 2025
Profit	12,307	17,786
Other comprehensive income		
Valuation difference on available-for-sale securities	718	246
Total other comprehensive income	718	246
Comprehensive income	13,026	18,033
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,026	18,033
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated statements of changes in equity
Fiscal year ended May 20, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,167	2,166	95,134	(4)	98,465
Changes during period					
Dividends of surplus			(961)		(961)
Profit attributable to owners of parent			12,307		12,307
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	11,346	(0)	11,345
Balance at end of period	1,167	2,166	106,480	(4)	109,810

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	28	28	52	98,546
Changes during period				
Dividends of surplus				(961)
Profit attributable to owners of parent				12,307
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	718	718	6,810	7,529
Total changes during period	718	718	6,810	18,874
Balance at end of period	747	747	6,862	117,420

Fiscal year ended May 20, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,167	2,166	106,480	(4)	109,810
Changes during period					
Issuance of new shares - exercise of share acquisition rights	15,582	15,582			31,164
Dividends of surplus			(1,253)		(1,253)
Profit attributable to owners of parent			17,786		17,786
Purchase of treasury shares				(12,741)	(12,741)
Net changes in items other than shareholders' equity					—
Total changes during period	15,582	15,582	16,533	(12,741)	34,955
Balance at end of period	16,749	17,748	123,013	(12,746)	144,765

	Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income		
Balance at beginning of period	747	747	6,862	117,420
Changes during period				
Issuance of new shares - exercise of share acquisition rights				31,164
Dividends of surplus				(1,253)
Profit attributable to owners of parent				17,786
Purchase of treasury shares				(12,741)
Net changes in items other than shareholders' equity	246	246	(6,862)	(6,616)
Total changes during period	246	246	(6,862)	28,338
Balance at end of period	993	993	—	145,759

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended May 20, 2024	Fiscal year ended May 20, 2025
Cash flows from operating activities		
Profit before income taxes	19,570	25,352
Depreciation	11,799	12,482
Amortization of goodwill	272	735
Share-based payment expenses	6,810	392
Impairment losses	370	1,329
Increase (decrease) in provision for loss on store closings	(261)	615
Increase (decrease) in provision for bonuses	43	(108)
Increase (decrease) in allowance for doubtful accounts	0	58
Increase (decrease) in provision for retirement benefits for directors (and other officers)	25	(99)
Increase (decrease) in provision for loss on disaster contract asset	119	(113)
	109	294
Increase (decrease) in provision for point card certificates	(3)	6
Loss on retirement of non-current assets	36	81
Loss on sale of non-current assets	19	25
Gain on sale of non-current assets	(109)	(1)
Subsidy income	(1,011)	(146)
Interest and dividend income	(123)	(219)
Interest expenses	359	614
Decrease (increase) in trade receivables	(1,849)	(9,120)
Decrease (increase) in inventories	(2,068)	(8,800)
Increase (decrease) in trade payables	1,443	8,320
Other, net	(1,846)	(1,849)
Subtotal	33,708	29,850
Interest and dividends received	80	176
Interest paid	(360)	(609)
Income taxes paid	(6,854)	(7,338)
Income taxes refund	290	88
Net cash provided by (used in) operating activities	26,864	22,167
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	—	180
Purchase of investment securities	(1,160)	(36)
Purchase of property, plant and equipment	(19,662)	(21,719)
Proceeds from sale of property, plant and equipment	156	56
Purchase of intangible assets	(634)	(491)
Payments of leasehold and guarantee deposits	(300)	(571)
Proceeds from refund of leasehold and guarantee deposits	74	403
Long-term loan advances	(64)	(402)
Proceeds from collection of long-term loans receivable	32	49
Payments of construction assistance fund receivables	(259)	(749)
Proceeds from collection of construction assistance fund receivables	33	31
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	349	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(870)
Purchase of shares of subsidiaries	—	(2,923)
Payments for acquisition of businesses	(555)	(5,073)
Subsidies received	1,011	146
Other, net	(127)	891
Net cash provided by (used in) investing activities	(21,104)	(31,079)

(Millions of yen)

	Fiscal year ended May 20, 2024	Fiscal year ended May 20, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,500	(5,500)
Proceeds from long-term borrowings	9,500	25,500
Repayments of long-term borrowings	(11,359)	(18,332)
Repayments of lease liabilities	(2,333)	(2,454)
Purchase of treasury shares	(0)	(12,741)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	—	23,908
Redemption of bonds	—	(1,455)
Dividends paid	(961)	(1,255)
Net cash provided by (used in) financing activities	344	7,668
Net increase (decrease) in cash and cash equivalents	6,104	(1,243)
Cash and cash equivalents at beginning of period	42,870	48,974
Cash and cash equivalents at end of period	48,974	47,731

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on changes in accounting policies)

Application of “Accounting Standard for Current Income Taxes,” etc.

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27 October 28, 2022; hereinafter the “Revised Accounting Standard of 2022”), etc. have been applied from the beginning of the current fiscal year.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, hereinafter the “Revised Guidance on Application of 2022”). This change in accounting policies has no impact on the consolidated financial statements.

In addition, regarding the revisions related to revised treatment in the consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Revised Guidance on Application of 2022 from the beginning of the current fiscal year. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. There is no impact on the consolidated financial statements for the previous fiscal year resulting from this change in accounting policies.

(Notes on changes to accounting estimates)

Changes in estimates of asset retirement obligations

During the current fiscal year, the Company changed its estimates regarding restoration costs required when vacating stores after obtaining new information about such costs with regard to asset retirement obligations that had been recorded as restoration obligations in connection with real estate lease contracts. An additional amount of ¥4,373 million due to this change in estimates has been added to the balance of asset retirement obligations prior to the change.

The impact of this change in estimates on consolidated profit and loss for the current fiscal year is negligible.

(Additional information)

Recording of provision for loss on store closings

During the current fiscal year, the Company recorded a provision for loss on store closings as the expected amount of future losses in order to prepare for losses arising from store closings. Accordingly, provision for loss on store closings of ¥622 million was recorded as provision for loss on store closings under extraordinary losses, and profit before income taxes was reduced by the same amount.

(Notes on segment information)

[Segment information]

As the Group is in a single segment of neighborhood-based retail business that includes pharmaceuticals, cosmetics, daily goods, food, and dispensing pharmacies, the information is omitted.

[Related information]

Fiscal year ended May 20, 2024 (from May 21, 2023 to May 20, 2024)

1. Information for each product or service
The information is omitted, because net sales of a single product and service to external customers accounted for more than 90% of net sales in the consolidated statement of income.
2. Information for each region
 - (1) Net sales
This information is omitted, as the Group has no sales from customers outside Japan.
 - (2) Property, plant and equipment
This information is omitted as there are no property, plant and equipment located outside Japan.
3. Information for each of main customers
This information is omitted since there are no customers who account for 10% or more of the amount of net sales in the consolidated statement of income within net sales to external customers.

Fiscal year ended May 20, 2025 (from May 21, 2024 to May 20, 2025)

1. Information for each product or service

The information is omitted, because net sales of a single product and service to external customers accounted for more than 90% of net sales in the consolidated statement of income.

2. Information for each region

(1) Net sales

This information is omitted, as the Group has no sales from customers outside Japan.

(2) Property, plant and equipment

This information is omitted as there are no property, plant and equipment located outside Japan.

3. Information for each of main customers

This information is omitted since there are no customers who account for 10% or more of the amount of net sales in the consolidated statement of income within net sales to external customers.

[Information about impairment loss of non-current assets by reportable segment]

As the Group is in a single segment of neighborhood-based retail business that includes pharmaceuticals, cosmetics, daily goods, food, and dispensing pharmacies, the information is omitted.

[Information about amortization and unamortized balance of goodwill by reportable segment]

As the Group is in a single segment of neighborhood-based retail business that includes pharmaceuticals, cosmetics, daily goods, food, and dispensing pharmacies, the information is omitted.

[Information about gain on bargain purchase by reportable segment]

As the Group is in a single segment of neighborhood-based retail business that includes pharmaceuticals, cosmetics, daily goods, food, and dispensing pharmacies, the information is omitted.

(Per share information)

(Yen)

	Fiscal year ended May 20, 2024	Fiscal year ended May 20, 2025
Net assets per share	1,168.74	1,441.69
Earnings per share	130.11	175.42
Diluted earnings per share	126.86	174.27

Note: As of the end of the current fiscal year, there were no potential shares since all rights issued under the fifth issuance of stock acquisition rights were exercised on August 21, 2024.

(Significant subsequent events)

Not applicable.

4. Other

Not applicable.