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, 2023 (Japanese GAAP)

July 10, 2023

Name of Listed Company: CREATE SD HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange
Securities code: 3148 URL: https://www.createsdhd.co.jp/English/tabid/129/Default.aspx
Representative: Taizo Hirose, Representative Director and President
Contact: Tetsuya Yamazaki, Executive Officer and General Manager, Finance and Accounting Dept. Tel: +81-45-914-8241
Scheduled date of the Ordinary General Meeting of Shareholders: August 25, 2023
Scheduled date of start of dividend payment: August 28, 2023
Scheduled filing date of Securities Report: August 28, 2023
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, 2023 (June 1, 2022 to May 31, 2023)

(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, 2023	380,963	8.6	18,912	4.1	19,428	4.1	12,925	2.6
Fiscal year ended May 31, 2022	350,744	3.6	18,176	–2.4	18,665	–2.1	12,595	1.8

(Note) Comprehensive income: Fiscal year ended May 31, 2023: ¥13,121 million (4.6%)
Fiscal year ended May 31, 2022: ¥12,544 million (0.2%)

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended May 31, 2023	204.46	—	11.6	10.4	5.0
Fiscal year ended May 31, 2022	199.24	—	12.4	11.0	5.2

(Reference) Share of profit of entities accounted for using equity method:
Fiscal year ended May 31, 2023: ¥— million
Fiscal year ended May 31, 2022: ¥— 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, 2023	194,941	116,409	59.7	1,841.39
As of May 31, 2022	176,910	106,323	60.1	1,681.84

(Reference) Net assets: As of May 31, 2023: ¥116,409 million
As of May 31, 2022: ¥106,323 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, 2023	18,985	(20,491)	(3,034)	37,126
Fiscal year ended May 31, 2022	16,101	(10,808)	(2,908)	41,667

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, 2022	—	23.00	—	23.00	46.00	2,908	23.1	2.9
Fiscal year ended May 31, 2023	—	25.00	—	27.00	52.00	3,287	25.4	3.0
Fiscal year ending May 31, 2024 (forecast)	—	27.00	—	27.00	54.00		26.3	

3. Consolidated Financial Forecast (From June 1, 2023 to May 31, 2024)

(% indicates changes from the previous corresponding period.)

	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, 2023	197,460	5.4	8,440	–8.6	8,720	–7.7	5,930	–7.5	93.80
Full-year	404,100	6.1	19,240	1.7	19,800	1.9	13,000	0.6	205.64

Notes

(1) Significant changes of subsidiaries in fiscal year ended May 31, 2023 (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, 2023	66,819,342 shares	Fiscal year ended May 31, 2022	66,819,342 shares
(ii) Treasury shares at period-end:	Fiscal year ended May 31, 2023	3,600,857 shares	Fiscal year ended May 31, 2022	3,600,755 shares
(iii) Average issued shares during period:	Fiscal year ended May 31, 2023	63,218,523 shares	Fiscal year ended May 31, 2022	63,218,593 shares

(Reference) Overview of Non-Consolidated Results

1. Non-Consolidated Results for Fiscal Year Ended May 31, 2023 (June 1, 2022 to May 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended May 31, 2023	7,890	2.3	7,362	1.8	7,368	2.6	6,840	2.7
Fiscal year ended May 31, 2022	7,711	–2.6	7,232	–1.5	7,185	–2.2	6,660	–2.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended May 31, 2023	108.21	—
Fiscal year ended May 31, 2022	105.35	—

(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, 2023	53,655	53,509	99.7	846.42
As of May 31, 2022	49,845	49,703	99.7	786.21

(Reference) Net assets: As of May 31, 2023: ¥53,509 million
As of May 31, 2022:¥49,703 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
(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
Changes to presentation 13
Segment information 13
Per share data 13
Significant subsequent events 13
4. Other 14
(1) Changes in Officers 14
(2) Other 14

1. Operating Results

(1) Operating Results for the Fiscal Year under Review

During the fiscal year ended May 31, 2023, although the impact of the COVID-19 pandemic continued to be felt, Japan's economy showed signs of normalization of economic activities thanks to an easing of restrictions on movement and border control measures. However, the economic outlook remained uncertain due to the rising cost of living brought about by soaring raw material and energy prices.

In the drug store industry, while there are signs of a recovery in inbound demand thanks to the easing of restrictions on movements, the business environment remains harsh due to new store openings by competitors and intensification of price competition, as well as an increase in the number of new competitors entering the market from other industries and greater consolidation and restructuring. This is on top of less demand for products to contain the spread of the coronavirus and the growing need for households to save money owing to the rising cost of living.

Under these circumstances, the Group will promote comprehensive health care support for regional contribution in the domains of daily life, prevention, medical care, and nursing care.

Drug Stores

In the drug store business, while promoting everyday low prices (EDLP), we focused on enhancing our fresh and frozen food offerings, promoting in-store prescription drug stores, and improving convenience and expertise in small trade areas. These efforts were implemented in order to address the need for one-stop shopping in which the necessities for daily life are available in one place and to provide a location for everyday consultations related to healthy living.

During the fiscal year ended May 31, 2023, net sales exceeded projections and those of the previous year as a result of the success of EDLP measures, including for daily necessities, in addition to demand for products to limit the spread of the coronavirus. In the prescriptions division, despite the impact of regulatory revisions to remuneration, the number of prescriptions filled remained steady as a result of efforts to promote in-store prescription drug stores. In terms of expenses, although utility costs increased significantly as a result of soaring energy prices, they were kept within projections by thoroughly implementing measures to save as much electricity as possible and optimizing person-hours at workplaces.

During the period, we opened 34 new drug stores. Meanwhile, we also closed three for which the contract expired. While we opened 59 new in-store prescription drug stores and one new dedicated prescription drug store, we closed one dedicated prescription drug store for which the contract expired.

Supermarkets

We are gradually renovating and converting existing Yuri Store supermarkets into combination drug store/fresh produce stores in order to enhance the competitiveness of individual stores and create synergy with our drug store business. During the fiscal year ended May 31, 2023, we converted one existing supermarket into a combination drug store/fresh produce store as in the previous fiscal year and opened a new combination drug store/fresh produce store in Chigasaki City, Kanagawa. Meanwhile, we also closed one supermarket from the standpoint of improving management efficiency.

Nursing Care

As society ages, we are operating 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 half-day adult care centers characterized by training to improve and maintain bodily functions such as muscle strength for those who want to live at home as long as possible. 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. During this period, we closed two adult day care centers from the standpoint of improving management efficiency.

Owing to the efforts above, as of May 31, 2023, the number of the Group’s drug stores came to 717, the number of dedicated prescription drug stores to 36, and the number of in-store prescription drug stores to 334, for a total of 370 stores. The Group also has two supermarkets and three combination drug store/fresh produce stores in the supermarket business as well as 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 380,963 million yen (up 8.6% year on year), operating profit was 18,912 million yen (up 4.1%), ordinary profit was 19,428 million yen (up 4.1%), and profit attributable to owners of parent was 12,925 million yen (up 2.6%).

(2) Financial Position

Total assets were 194,941 million yen, up 18,030 million yen from the end of the previous fiscal year. The main factors were an increase of 2,154 million yen in accounts receivable, 2,881 million yen in merchandise, and 16,514 million yen in non-current assets due to an increase in new and soon to be opened stores, and a decrease of 4,541 million yen in cash and deposits.

Total liabilities were 78,532 million yen, up 7,944 million yen from the end of the previous fiscal year. The main factors were an increase of 6,256 million yen in accounts payable, 316 million yen in income taxes payable, 159 million yen in retirement benefit liability, and 161 million yen in long-term asset retirement obligations.

Net assets were 116,409 million yen, up 10,086 million yen from the end of the previous fiscal year. The main factors were a 3,034 million yen decrease in dividends paid and recording of 12,925 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 37,126 million yen, down 4,541 million yen from the end of the previous fiscal year.

Cash flows for the fiscal year ended May 31, 2023 were as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to 18,985 million yen, up 2,884 million yen year on year. The main factors of the increase were profit before income taxes of 18,661 million yen, depreciation of 4,351 million yen, and income tax refunds of 798 million yen, which offset cash outflows such as an increase in trade receivables of 2,154 million yen, an increase in inventories of 2,878 million yen, and income taxes paid of 6,684 million yen.

Cash flows from investing activities

Net cash used in investing activities amounted to 20,491 million yen, up 9,683 million yen year on year. This was mainly due to 15,959 million yen of purchase of property, plant and equipment associated with the store openings, 559 million yen of loan advances, and 4,426 million yen for store openings in progress.

Cash flows from financing activities

Net cash used in financing activities amounted to 3,034 million yen, up 126 million yen year on year. This is the result of dividends paid of 3,034 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, Japan's economy is expected to recover in line with the reclassification of COVID-19 as a Class 5 disease, but the outlook still remains uncertain owing to soaring raw material and energy prices and a fall in consumer sentiment due to the rise in the cost of living.

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 rooted in comprehensive health care support in the community.

In the drug store division, in response to changes in consumer behavior and growing need for households to save money post-COVID, we will not only continue to promote EDLP measures and work on product proposals and lineups that include private brands, but we will also make every effort to continue to improve convenience in small trade areas by expanding the lineup of fresh foods and frozen foods with our aim for quick, one-stop shopping. In the prescriptions division, in addition to promoting in-store prescription drug stores, we will work to develop family pharmacists who are trusted by patients, further strengthen interpersonal work, and expand demand for home-based services, aiming to become the stores and pharmacies of choice for customers and patients.

Based on the above, we forecast the financial results for the fiscal year ending May 31, 2024 as follows:

Consolidated Financial Forecast (From June 1, 2023 to May 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Full-year	404,100	19,240	19,800	13,000

(Reference) Forecast earnings per share: 205.64 yen, average number of shares during the forecast period: 63,218,485 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)

	FY2021 (As of May 31, 2022)	FY2022 (As of May 31, 2023)
Assets		
Current assets		
Cash and deposits	42,067	37,526
Accounts receivable - trade	11,158	13,312
Merchandise	35,615	38,497
Supplies	59	55
Other	9,214	10,239
Total current assets	98,115	99,631
Non-current assets		
Property, plant and equipment		
Buildings and structures	43,328	49,209
Accumulated depreciation	(20,162)	(21,447)
Buildings and structures, net	23,166	27,762
Land	17,196	25,211
Other	25,006	27,119
Accumulated depreciation	(20,598)	(22,261)
Other, net	4,407	4,858
Total property, plant and equipment	44,770	57,832
Intangible fixed assets		
Goodwill	593	473
Other	918	1,055
Total intangible assets	1,511	1,529
Investments and other assets		
Investment securities	161	183
Long-term loans receivable	9,868	9,654
Deferred tax assets	6,024	6,394
Leasehold and guarantee deposits	11,251	11,576
Other	5,251	8,180
Allowance for doubtful accounts	(43)	(40)
Total investments and other assets	32,513	35,948
Total non-current assets	78,795	95,310
Total assets	176,910	194,941

(Millions of yen)

	FY2021 (As of May 31, 2022)	FY2022 (As of May 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	44,228	50,485
Contract liabilities	3,580	3,580
Accrued income taxes	3,070	3,386
Accrued bonuses	357	378
Provision for bonuses for directors (and other officers)	145	145
Provision for point card certificates	164	171
Asset retirement obligations	4	89
Provision for loss on store closings	—	8
Other	11,048	11,907
Total current liabilities	62,598	70,152
Non-current liabilities		
Net defined benefit liability	3,150	3,310
Asset retirement obligations	3,417	3,579
Provision for loss on subleasing	37	30
Other	1,383	1,459
Total non-current liabilities	7,988	8,379
Total liabilities	70,587	78,532
Net assets		
Equity capital		
Share capital	1,000	1,000
Capital surplus	934	934
Retained earnings	108,850	118,741
Treasury shares	(4,393)	(4,393)
Total shareholders' equity	106,391	116,282
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	23	39
Remeasurements of defined benefit plans	(91)	87
Total accumulated other comprehensive income	(68)	126
Total net assets	106,323	116,409
Liabilities and net assets	176,910	194,941

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY2021 (From June 1, 2021 to May 31, 2022)	FY2022 (From June 1, 2022 to May 31, 2023)
Net sales	350,744	380,963
Cost of sales	255,165	277,975
Gross profit	95,578	102,987
Selling, general and administrative expenses		
Provision for point card certificates	164	171
Salaries and allowances	32,361	34,243
Provision for bonuses	328	349
Provision for directors' bonuses	135	140
Retirement benefit expenses	480	826
Depreciation and amortization	3,822	4,195
Land/office rent	15,984	16,647
Other	24,125	27,502
Total selling, general and administrative expenses	77,402	84,075
Operating profit	18,176	18,912
Non-operating profit		
Interest income	92	89
Dividend income	1	1
Gain on receipt of donated non-current assets	45	34
Rent income	317	328
Subsidy income	50	89
Other	160	173
Total non-operating income	668	716
Non-operating expenses		
Compensation expenses	1	2
Rental expenses	169	166
Loss on abandonment of goods	—	20
Other	8	11
Total non-operating expenses	178	200
Ordinary profit	18,665	19,428
Extraordinary profit		
Subsidy income	5	9
Total extraordinary income	5	9
Extraordinary losses		
Impairment losses	623	744
Provision for loss on store closings	—	8
Loss on tax purpose reduction entry of non-current assets	5	9
Other	3	13
Total extraordinary losses	632	776

(Millions of yen)

	FY2021 (From June 1, 2021 to May 31, 2022)	FY2022 (From June 1, 2022 to May 31, 2023)
Profit before income taxes	18,038	18,661
Income taxes - current	5,868	6,116
Income taxes - deferred	(425)	(381)
Total income taxes	5,442	5,735
Profit	12,595	12,925
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	12,595	12,925

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2021 (From June 1, 2021 to May 31, 2022)	FY2022 (From June 1, 2022 to May 31, 2023)
Profit	12,595	12,925
Other comprehensive income		
Valuation difference on available-for-sale securities	0	15
Remeasurements of defined benefit plans, net of tax	(51)	179
Total other comprehensive income	(51)	195
Comprehensive income:	12,544	13,121
Comprehensive income attributable to:		
Owners of parent	12,544	13,121
Non-controlling interests	—	—

(3) Consolidated Statements of Changes in Equity

FY2021 (From June 1, 2021 to May 31, 2022)

(Millions of yen)

	Equity capital				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,000	934	99,114	(4,393)	96,655
Cumulative effects of changes in accounting policies			48		48
Restated balance	1,000	934	99,162	(4,393)	96,704
Changes during period					
Dividends of surplus			(2,908)		(2,908)
Profit attributable to owners of parent			12,595		12,595
Purchase of treasury shares				(0)	(0)
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	9,687	(0)	9,687
Balance at end of period	1,000	934	108,850	(4,393)	106,391

	Accumulated other comprehensive income			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	(40)	(17)	96,638
Cumulative effects of changes in accounting policies				48
Restated balance	23	(40)	(17)	96,686
Changes during period				
Dividends of surplus				(2,908)
Profit attributable to owners of parent				12,595
Purchase of treasury shares				(0)
Net changes in items other than shareholders' equity	0	(51)	(51)	(51)
Total changes during period	0	(51)	(51)	9,636
Balance at end of period	23	(91)	(68)	106,323

FY2022 (From 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
Cumulative effects of changes in accounting policies					—
Restated balance	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)
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			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
Cumulative effects of changes in accounting policies				—
Restated balance	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)
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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2021 (From June 1, 2021 to May 31, 2022)	FY2022 (From June 1, 2022 to May 31, 2023)
Cash flows from operating activities		
Profit before income taxes	18,038	18,661
Depreciation and amortization	3,983	4,351
Impairment losses	623	744
Increase (decrease) in allowance for doubtful accounts	(2)	(2)
Increase (decrease) in provision for bonuses	29	21
Increase (decrease) in provision for bonuses for directors (and other officers)	16	0
Increase (decrease) in provision for point card certificates	38	6
Increase (decrease) in provision for loss on subleasing	5	(6)
Increase (decrease) in provision for loss on store closings	—	8
Increase (decrease) in retirement benefit liability	359	418
Interest and dividend income	(93)	(90)
Decrease (increase) in trade receivables	(1,476)	(2,154)
Decrease (increase) in inventories	(2,175)	(2,878)
Increase (decrease) in trade payables	2,529	6,256
Increase (decrease) in advances received	288	277
Other	(26)	(746)
Subtotal	22,137	24,867
Interest and dividends received	3	3
Income taxes paid	(6,963)	(6,684)
Income taxes refund	923	798
Net cash provided by operating activities	16,101	18,985
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,473)	(15,959)
Purchase of intangible assets	(205)	(346)
Long-term loan advances	(762)	(559)
Proceeds from collection of long-term loans receivable	1,043	1,022
Proceeds from sale of investment securities	0	—
Purchase of long-term prepaid expenses	(75)	(117)
Payments of leasehold and guarantee deposits	(174)	(149)
Proceeds from refund of leasehold and guarantee deposits	109	133
Payments for store openings in progress	(2,714)	(4,426)
Payments into deposit money	(183)	(88)
Other	(371)	(1)
Net cash used in investing activities	(10,808)	(20,491)
Cash flows from financing activities		
Dividends paid	(2,908)	(3,034)
Purchase of treasury shares	(0)	(0)
Net cash used in financing activities	(2,908)	(3,034)
Net increase (decrease) in cash and cash equivalents	2,384	(4,541)
Cash and cash equivalents at beginning of period	39,282	41,667
Cash and cash equivalents at end of period	41,667	37,126

(5) Notes to Consolidated Financial Statements

Going concern assumption

Not applicable

Changes to accounting policies

Not applicable

Changes to presentation

Subsidy income, which was included in the Other section of Non-operating Income in the previous fiscal year has been recorded separately from this fiscal year owing to its increased quantitative significance. In order to reflect this change in how it is presented, we have reorganized the consolidated financial statements for the previous fiscal year.

As a result, the 211 million yen shown in the Other section of Non-operating Income in the consolidated statement of income for the previous fiscal year has been reclassified as 50 million yen for Subsidy Income and 160 million yen for Other.

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

FY2021 (From June 1, 2021 to May 31, 2022)		FY2022 (From June 1, 2022 to May 31, 2023)	
Net assets per share	¥1,681,84	Net assets per share	¥1,841,39
Earnings per share	¥199,24	Earnings per share	¥204,46

(Notes) 1. Diluted earnings per share is not stated because there are no diluted shares.

2. The basis for calculating earnings per share is as follows:

	FY2021 (From June 1, 2021 to May 31, 2022)	FY2022 (From June 1, 2022 to May 31, 2023)
Earnings per share		
Profit attributable to owners of parent (millions of yen)	12,595	12,925
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	12,595	12,925
Average issued shares during period	63,218,593	63,218,523

Significant subsequent events

Not applicable

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		FY2022 (From June 1, 2022 to May 31, 2023)	
		Amount (millions of yen)	YoY change (%)
Drug Stores			
Medical and health products		104,590	111.1
	OTC	61,110	106.6
	Prescription drug stores	43,479	118.1
Cosmetics		44,519	105.8
Food products		151,719	111.2
Daily products		57,172	104.3
Other		17,999	107.4
Subtotal		376,000	109.2
Supermarkets		2,774	65.0
Nursing Care			
Paid assisted living facilities		689	93.0
Adult day care services		1,385	100.8
Subtotal		2,075	98.0
Revenue from contracts with customers		380,850	108.6
Other revenue (Notes)		113	96.4
Total		380,963	108.6

(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, 2023 were as follows:

	FY2021 (From June 1, 2021 to May 31, 2022)		FY2022 (From June 1, 2022 to May 31, 2023)	
	Amount (millions of yen)	Share (%)	Amount (millions of yen)	Share (%)
Kanagawa	218,549	62.3	235,809	61.9
Tokyo	49,885	14.2	55,224	14.5
Shizuoka	39,460	11.3	41,903	11.0
Chiba	24,847	7.1	28,586	7.5
Other	18,000	5.1	19,439	5.1
Total	350,744	100.0	380,963	100.0

(iii) Purchase results

Purchase results by product division for the fiscal year ended May 31, 2023 were as follows:

Product division		FY2022 (From June 1, 2022 to May 31, 2023)	
		Amount (millions of yen)	YoY change (%)
Drug Stores			
Medical and health products		61,507	110.3
	OTC	35,779	107.1
	Prescription drug stores	25,727	115.2
Cosmetics		28,552	106.8
Food products		131,156	111.9
Daily products		41,367	105.2
Other		14,201	109.3
Subtotal		276,785	109.8
Supermarkets		2,080	64.2
Nursing Care			
Paid assisted living facilities		—	—
Adult day care services		—	—
Subtotal		—	—
Purchases for revenue from contracts with customers		278,866	109.3
Other purchases		—	—
Total		278,866	109.3