Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# Consolidated Financial Results for the Six Months Ended November 15, 2024 (Under Japanese GAAP)

April 4, 2024

Company name: TSURUHA HOLDINGS INC.
Listing: Tokyo Stock Exchange (Prime Market)
Securities code: 3391
URL: https://www.tsuruha-hd.com
Representative: Tsuruha Jun, President and Representative Director
Inquiries: Miyake Ryutaro, Executive Officer and General Manager of Accounting and Finance Division
Telephone: +81-11-783-2755
Scheduled date to file semi-annual securities report: April 4, 2025
Scheduled date to commence dividend payments: January 10, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and financial analysts)

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

## 1. Consolidated financial results for the six months ended November 15, 2024 (May 16, 2024–November 15, 2024)

### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | |
|---|---|---|---|---|---|---|---|---|
| Six months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| November 15, 2024 | 536,329 | 4.0 | 26,776 | (1.4) | 27,026 | (1.8) | 8,404 | (47.7) |
| November 15, 2023 | 515,713 | 6.5 | 27,147 | 9.9 | 27,511 | 10.8 | 16,071 | 9.8 |

(Note) Comprehensive income: Six months ended November 15, 2024: ¥9,491 million [(55.4)%]
Six months ended November 15, 2023: ¥21,271 million [2.1 %]

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| Six months ended | Yen | Yen |
| November 15, 2024 | 172.77 | 172.29 |
| November 15, 2023 | 330.66 | 329.51 |

### (2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| November 15, 2024 | 553,923 | 306,861 | 50.9 | 5,794.95 |
| May 15, 2024 | 549,551 | 305,297 | 50.9 | 5,748.63 |

(Reference) Equity (Shareholders' equity + Accumulated other comprehensive income):
As of November 15, 2024: ¥282,033 million
As of May 15, 2024: ¥279,564 million

## 2. Dividends

| | Annual dividends per share | | | | |
|---|---|---|---|---|---|
| | First quarter-end | Second quarter-end | Third quarter-end | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended May 15, 2024 | – | 133.50 | – | 133.50 | 267.00 |
| Fiscal year ending February 28, 2025 | – | 155.00 | | | |
| Fiscal year ending February 28, 2025 (Forecast) | | | – | 112.00 | 267.00 |

(Note) Revisions to the most recently announced dividend forecast during the period: None

## 3. Consolidated financial results forecast for the fiscal year ending February 28, 2025 (May 16, 2024–February 28, 2025)

(Percentages represent year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of the parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Full year | 845,600 | – | 38,200 | – | 38,100 | – | 17,400 | – | 357.64 |

(Note) Revisions to the most recently announced earnings forecast during the period: Yes

The Company has changed its fiscal year-end (business year-end) from May 15 to the end of February, starting with the fiscal year ending February 28, 2025. Following this change, the fiscal year ending February 28, 2025 will be a transitional period for the change in the fiscal year-end, and will be a 9.5-month period. Accordingly, year-on-year changes are not presented in the full-year consolidated financial forecasts.

**Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of the specific accounting methods for preparing the semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and restatement
- (i) Changes in accounting policies due to revision of accounting standard and other regulations: None
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of shares issued (common shares)

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

| | |
|---|---|
| As of November 15, 2024 | 49,556,068 shares |
| As of May 15, 2024 | 49,518,268 shares |

(ii) Number of treasury shares at the end of the period

| | |
|---|---|
| As of November 15, 2024 | 887,324 shares |
| As of May 15, 2024 | 886,797 shares |

(iii) Average number of shares outstanding during the period

| | |
|---|---|
| Six months ended November 15, 2024 | 48,645,056 shares |
| Six months ended November 15, 2023 | 48,604,368 shares |

* Semi-annual financial results reports are not subject to review by certified public accountants or an audit firm.

* Note on use of financial forecasts and other special items

This document contains projections of performance based on information currently available. Actual results may differ from the above figures due to changes in business conditions. Please refer to page 3 of the supplementary materials for further details about the above financial forecasts.

Contents of supplementary materials

1. Qualitative Information on Semi-annual Financial Results ..... 2
(1) Consolidated Financial Results ..... 2
(2) Consolidated Financial Position ..... 3
(3) Consolidated Financial Forecasts and Other Forward-Looking Statements ..... 3
2. Semi-annual Consolidated Financial Statements and Notes ..... 4
(1) Semi-annual Consolidated Balance Sheets ..... 4
(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income ..... 6
(Semi-annual Consolidated Statements of Income) ..... 6
(Semi-annual Consolidated Statements of Comprehensive Income) ..... 7
(3) Semi-annual Consolidated Statements of Cash Flows ..... 8
(4) Notes on Semi-annual Consolidated Financial Statements ..... 10
(Application of the Specific Accounting Methods for Preparing the Semi-annual Consolidated Financial Statements) ..... 10
(Significant Changes in Shareholders' Equity) ..... 10
(Going Concern Assumption) ..... 10

## 1. Qualitative Information on Semi-annual Financial Results

### (1) Consolidated Financial Results

During the first six months of the current fiscal year (May 16, 2024 to November 15, 2024)(the "period under review"), the economy continued on a path of gradual recovery, supported by a rebound in capital investment and production activities, as well as improved corporate earnings. While the decline in real wages appears to have bottomed out, personal consumption remains sluggish, partly due to a rising savings rate as households prepare for the future. Geopolitical tensions, including the US-China conflict and instability in the Middle East, are heightening uncertainty about the future.

In the drugstore sector, the polarization of consumption and the competition to open new drugstores continues to be intense, amid indications that the increase in sales due to the effects of the recovery in human flow and demand for inbound tourism, rising prices, and other factors have run their course.

Under these circumstances, the Group has made progress in the following areas during the current fiscal year, which marked the final year of our Medium-Term Management Plan, in order to achieve the plan's objectives. In our store strategy, we have promoted store openings through the use of company-owned buildings and scrap-and-build initiatives. In our dispensing strategy, we have strengthened the functionality of our pharmacies. In our private brand (PB) strategy, we worked on product development with a focus on food products and improvement of store loyalty. In our DX strategy, we worked to expand our app membership and leveraged MA tools to drive customer visits while enhancing management visibility through BI tools. In the performance management aspect, we focused on improving profitability and reducing selling, general and administrative expenses.

In terms of store development, we have worked to establish even more dominant positions in existing areas and renovated or eliminated unprofitable stores to boost competitiveness. Since the start of the fiscal year under review, we have carried out 46 new store openings and closed 63 stores. This resulted in a total of 2,636 directly managed stores as of the end of the fiscal year under review. In Thailand, the Group opened three new stores, resulting in a total of 22 stores in Thailand as of November 15, 2024.

**TSURUHA Group: Store Openings and Closures**

(Number of stores)

| | Beginning number of stores (May 16, 2024) | Openings | Acquired, etc. | Closures | Net change | Ending number of stores (Nov. 15, 2024) | Of which dispensing pharmacies |
|---|---|---|---|---|---|---|---|
| Hokkaido | 432 | 10 | – | 9 | 1 | 433 | 145 |
| Tohoku | 604 | 6 | – | 19 | (13) | 591 | 162 |
| Kanto, Koshinetsu | 533 | 5 | – | 15 | (10) | 523 | 222 |
| Chubu, Kansai | 269 | 7 | – | 9 | (2) | 267 | 167 |
| Chugoku | 366 | 5 | – | 1 | 4 | 370 | 140 |
| Shikoku | 225 | 4 | – | 5 | (1) | 224 | 69 |
| Kyushu, Okinawa | 224 | 9 | – | 5 | 4 | 228 | 50 |
| Total for Japan | 2,653 | 46 | – | 63 | (17) | 2,636 | 955 |

(The figures above exclude 22 overseas stores and seven franchise stores.)

As a result of the above, for the six-month period under review, TSURUHA Holdings reported net sales of ¥536,329 million (up 4.0% year on year), operating income of ¥26,776 million (down 1.4%), and ordinary income of ¥27,026 million (down 1.8%). After assessing the profitability of primarily our stores, the Company recorded an impairment loss of ¥10,578 million, reflecting the shortfall between the recoverable amount and the book value. In addition, we recorded a loss on store closings of ¥3,110 million for anticipated future losses on cancellations and subleasing in connection with the store closures. Consequently, net income attributable to owners of the parent amounted to ¥8,404 million (down 47.7%).

(2) Consolidated Financial Position

As of the end of the second quarter, assets totaled ¥553,923 million, an increase of ¥4,371 million compared with the previous fiscal year-end. Current assets totaled ¥279,528 million, an increase of ¥6,045million compared with the previous fiscal year-end. This was mainly due to increases of ¥5,768 million in cash and deposits and ¥1,889 in accounts receivable – trade. Non-current assets totaled ¥274,394 million, a decrease of ¥1,674 million compared with the previous fiscal year-end. This was primarily due to the recording of impairment loss.

Liabilities totaled ¥247,061 million, an increase of ¥2,807 million compared with the previous fiscal year-end. This was mainly due to increases of ¥5,739 million in accounts payable - trade and ¥4,294 million in provision for loss on store closings, which were partly offset by a decrease of ¥2,975 million in long-term loans payable.

Net assets totaled ¥306,861 million, an increase of ¥1,563 million compared with the previous fiscal year-end.

As a result, the equity ratio was 50.9%, the same as at the previous fiscal year-end.

(Cash Flows)

As of the end of the second quarter, cash and cash equivalents (net cash) totaled ¥64,323 million, an increase of ¥5,768 million from the end of the previous fiscal year.

The Group's cash flow position and their factors during the six-month period under review are as follows:

(Cash Flows from Operating Activities)

For the six-month period under review, net cash provided by operating activities totaled ¥34,226 million (up 11.8% year on year). This mainly reflected income before income taxes of ¥14,462 million, and other positive factors were depreciation of ¥7,715 million, impairment loss of ¥10,578 million, amortization of goodwill of ¥1,420 million, an increase of ¥4,294 in provision for loss on store closings, and an increase of ¥5,739 in notes and accounts payable - trade. The main negative factors were an increase ¥1,889 million of in notes and accounts receivable - trade and income taxes paid of ¥7,798 million.

(Cash Flows from Investing Activities)

For the six-month period under review, net cash used in investing activities totaled ¥17,674 million (down 12.2% year on year). This was mainly due to purchase of property, plant and equipment of ¥15,160 million for new store openings, payments for guarantee deposits of ¥2,138 million, and purchase of software of ¥1,916 million.

(Cash Flows from Financing Activities)

For the six-month period under review, net cash used in financing activities totaled ¥10,775 million (down 54.3% year on year). This was mainly due to repayment of long-term loans payable of ¥3,600 million and cash dividends paid of ¥6,492 million.

(3) Consolidated Financial Forecasts and Other Forward-Looking Statements

The Company has revised the forecasts for the Fiscal Year Ending February 28, 2025, announced September 20, 2024. For details, please refer to "Notice of Difference Between Forecast and Actual Results for the Second Quarter of the Fiscal Year Ending February 28, 2025, and Revision of Forecasts for the Fiscal Year Ending February 28, 2025" announced separately today.

## 2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

| | As of May 15, 2024 | As of November 15, 2024 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 58,688 | 64,457 |
| Accounts receivable – trade | 47,504 | 49,394 |
| Merchandise | 147,076 | 148,101 |
| Raw materials and supplies | 97 | 86 |
| Other | 20,116 | 17,488 |
| Total current assets | 273,482 | 279,528 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 83,437 | 81,005 |
| Tools, furniture and fixtures, net | 16,583 | 16,184 |
| Land | 15,797 | 16,223 |
| Leased assets, net | 13,466 | 12,360 |
| Construction in progress | 2,335 | 3,699 |
| Other | 0 | 0 |
| Total property, plant and equipment | 131,621 | 129,474 |
| Intangible assets | | |
| Goodwill | 21,944 | 20,607 |
| Software | 2,828 | 6,423 |
| Other | 4,564 | 2,035 |
| Total intangible assets | 29,337 | 29,066 |
| Investments and other assets | | |
| Investment securities | 34,181 | 35,026 |
| Deferred tax assets | 6,458 | 5,739 |
| Guarantee deposits | 70,215 | 70,360 |
| Other | 4,304 | 4,777 |
| Allowance for doubtful accounts | (49) | (49) |
| Total investments and other assets | 115,110 | 115,854 |
| Total non-current assets | 276,069 | 274,394 |
| Total assets | 549,551 | 553,923 |

(Millions of yen)

| | As of May 15, 2024 | As of November 15, 2024 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable – trade | 114,143 | 119,883 |
| Current portion of long-term loans payable | 7,200 | 6,575 |
| Accounts payable – other | 19,415 | 18,546 |
| Lease obligations | 1,437 | 1,561 |
| Income taxes payable | 8,794 | 6,420 |
| Contract liability | 16,608 | 17,989 |
| Provision for bonuses | 6,766 | – |
| Provision for directors' bonuses | 665 | 299 |
| Provision for point card certificates | 285 | 290 |
| Provision for loss on subleasing business | 166 | – |
| Provision for loss on store closings | – | 1,467 |
| Other | 5,876 | 12,952 |
| Total current liabilities | 181,362 | 185,987 |
| Non-current liabilities | | |
| Long-term loans payable | 25,075 | 22,100 |
| Lease obligations | 16,327 | 16,338 |
| Deferred tax liabilities | 6,235 | 5,690 |
| Net defined benefit liability | 3,014 | 2,613 |
| Asset retirement obligations | 7,270 | 7,365 |
| Provision for loss on subleasing business | 942 | – |
| Provision for loss on store closings | – | 2,826 |
| Other | 4,025 | 4,139 |
| Total non-current liabilities | 62,891 | 61,074 |
| Total liabilities | 244,254 | 247,061 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 11,535 | 11,621 |
| Capital surplus | 21,449 | 21,536 |
| Retained earnings | 229,535 | 231,447 |
| Treasury shares | (5,314) | (5,318) |
| Total shareholders' equity | 257,205 | 259,286 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 22,150 | 22,624 |
| Remeasurements of defined benefit plans | 207 | 122 |
| Total accumulated other comprehensive income | 22,358 | 22,746 |
| Share acquisition rights | 2,017 | 873 |
| Non-controlling interests | 23,715 | 23,954 |
| Total net assets | 305,297 | 306,861 |
| Total liabilities and net assets | 549,551 | 553,923 |

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income

(Semi-annual Consolidated Statements of Income)

(Millions of yen)

| | Six months ended November 15, 2023 | Six months ended November 15, 2024 |
|---|---|---|
| Net sales | 515,713 | 536,329 |
| Cost of sales | 358,953 | 373,668 |
| Gross profit | 156,760 | 162,661 |
| Selling, general and administrative expenses | 129,612 | 135,884 |
| Operating income | 27,147 | 26,776 |
| Non-operating income | | |
| Interest income | 59 | 56 |
| Dividend income | 190 | 210 |
| Subsidy income | 328 | 157 |
| Gain on donation of equipment | 297 | 329 |
| Rent income | 121 | 136 |
| Other | 294 | 405 |
| Total non-operating income | 1,292 | 1,295 |
| Non-operating expenses | | |
| Interest expenses | 753 | 832 |
| Early withdrawal penalty | 62 | 140 |
| Other | 111 | 73 |
| Total non-operating expenses | 928 | 1,045 |
| Ordinary income | 27,511 | 27,026 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 0 |
| Gain on reversal of share acquisition rights | – | 1,165 |
| Gain on termination of retirement benefit plan | – | 27 |
| Total extraordinary income | 0 | 1,193 |
| Extraordinary losses | | |
| Loss on retirement of non-current assets | 113 | 65 |
| Loss on sales of non-current assets | – | 3 |
| Impairment loss | 205 | 10,578 |
| Provision for loss on store closings | – | 3,110 |
| Loss on disaster | 134 | – |
| Total extraordinary losses | 453 | 13,757 |
| Income before income taxes | 27,058 | 14,462 |
| Income taxes | 9,568 | 5,375 |
| Net income | 17,489 | 9,086 |
| Net income attributable to non-controlling interests | 1,418 | 682 |
| Net income attributable to owners of the parent | 16,071 | 8,404 |

(Semi-annual Consolidated Statements of Comprehensive Income)

(Millions of yen)

| | Six months ended November 15, 2023 | Six months ended November 15, 2024 |
|---|---|---|
| Net income | 17,489 | 9,086 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,794 | 487 |
| Remeasurements of defined benefit plans | (13) | (83) |
| Total other comprehensive income | 3,781 | 404 |
| Comprehensive income | 21,271 | 9,491 |
| (Comprehensive income attributable to) | | |
| Owners of the parent | 19,825 | 8,792 |
| Non-controlling interests | 1,445 | 698 |

(3) Semi-annual Consolidated Statement of Cash Flows

(Millions of yen)

| | Six months ended November 15, 2023 | Six months ended November 15, 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | 27,058 | 14,462 |
| Depreciation | 6,328 | 7,715 |
| Impairment loss | 205 | 10,578 |
| Loss on disaster | 134 | – |
| Amortization of goodwill | 2,150 | 1,420 |
| Increase (decrease) in provision for bonuses | 475 | (6,766) |
| Increase (decrease) in provision for directors' bonuses | (412) | (365) |
| Increase (decrease) in net defined benefit liability | 117 | (401) |
| Increase (decrease) in provision for point card certificates | 8 | 4 |
| Increase (decrease) in provision for loss on subleasing business | – | (1,109) |
| Increase (decrease) in provision for loss on store closings | – | 4,294 |
| Interest and dividend income | (249) | (266) |
| Subsidy income | (328) | (157) |
| Compensation income | (33) | (123) |
| Insurance income | (105) | (40) |
| Interest expenses | 753 | 832 |
| Gain on donation of equipment | (297) | (329) |
| Loss on retirement of non-current assets | 113 | 65 |
| Loss (gain) on sales of non-current assets | (0) | 3 |
| Gain on reversal of share acquisition rights | – | (1,165) |
| Decrease (increase) in notes and accounts receivable - trade | (2,191) | (1,889) |
| Decrease (increase) in inventories | (6,116) | (1,014) |
| Increase (decrease) in notes and accounts payable - trade | 8,274 | 5,739 |
| Increase (decrease) in contract liability | 1,531 | 1,381 |
| Increase (decrease) in accrued consumption taxes | (343) | 520 |
| Other | 1,861 | 8,930 |
| Subtotal | 38,932 | 42,317 |
| Interest and dividend income received | 192 | 213 |
| Subsidy received | 328 | 157 |
| Proceeds from compensation | 33 | 123 |
| Proceeds from insurance income | 105 | 40 |
| Interest expenses paid | (750) | (826) |
| Income taxes paid | (8,239) | (7,798) |
| Net cash provided by (used in) operating activities | 30,602 | 34,226 |

(Millions of yen)

| | Six months ended November 15, 2023 | Six months ended November 15, 2024 |
|---|---|---|
| Cash flows from investing activities | | |
| Payments into time deposits | (0) | (0) |
| Purchase of property, plant and equipment | (16,920) | (15,160) |
| Proceeds from sales of property, plant and equipment | 0 | 7 |
| Purchase of software | (2,375) | (1,916) |
| Purchase of investment securities | (54) | (141) |
| Payments of loans receivable | (0) | (1) |
| Collection of loans receivable | 2 | 3 |
| Payments for guarantee deposits | (2,058) | (2,138) |
| Proceeds from collection of guarantee deposits | 1,452 | 1,365 |
| Other | (171) | 306 |
| Net cash provided by (used in) investing activities | (20,126) | (17,674) |
| Cash flows from financing activities | | |
| Proceeds from short-term loans payable | – | 5,000 |
| Repayment of short-term loans payable | – | (5,000) |
| Repayment of long-term loans payable | (3,600) | (3,600) |
| Repayments of lease obligations | (602) | (327) |
| Proceeds from issuance of new shares | 0 | 108 |
| Purchase of treasury shares | (0) | (4) |
| Cash dividends paid | (6,974) | (6,492) |
| Dividends paid to non-controlling interests | (627) | (459) |
| Purchase of shares of subsidiaries not resulting in change in scope of consolidation | (11,768) | – |
| Net cash provided by (used in) financing activities | (23,573) | (10,775) |
| Effect of exchange rate change on cash and cash equivalents | – | (7) |
| Net increase (decrease) in cash and cash equivalents | (13,096) | 5,768 |
| Cash and cash equivalents at beginning of the period | 78,916 | 58,554 |
| Cash and cash equivalents at end of the period | 65,820 | 64,323 |

(4) Notes on Semi-annual Consolidated Financial Statements

(Application of the Specific Accounting Methods for Preparing the Semi-annual Consolidated Financial Statements)

*Calculation of Tax Expenses*

Regarding tax expenses, the Group has reasonably estimated the effective tax rate on income before income taxes for the consolidated fiscal year (including the period under review) after the application of tax-effect accounting, which is calculated by multiplying income before income taxes by the said estimated effective tax rate.
However, in cases where calculating tax expenses using the said estimated effective tax rate would result in a significant lack of rationality, the Group uses the statutory effective tax rate.
"Income taxes – deferred" are included under income taxes.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Going Concern Assumption)

Not applicable.