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Consolidated Financial Results for the Six Months Ended November 30, 2024 [Japanese GAAP]



January 10, 2025

Company name: COSMOS Pharmaceutical Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3349
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 Scheduled date of filing semi-annual securities report: January 14, 2025
 Scheduled date of commencing dividend payments: February 12, 2025
 Supplementary explanatory materials on financial results: Available
 Schedule of financial results briefing session: Scheduled (for the media, analysts and institutional investors)

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

1. Consolidated Financial Results for the Six Months Ended November 30, 2024 (June 1, 2024 - November 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
November 30, 2024	505,936	6.2	20,344	28.5	21,777	25.5	14,428	24.5
November 30, 2023	476,430	17.9	15,836	2.9	17,346	2.6	11,587	2.6

(Note) Comprehensive income: Six months ended November 30, 2024: ¥14,423 million [24.5%]

Six months ended November 30, 2023: ¥11,585 million [2.5%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
November 30, 2024	182.05	—
November 30, 2023	146.27	—

(Note) The Company conducted a 2-for-1 stock split effective September 1, 2024. Basic earnings per share have been calculated on the assumption that such stock split took place at the beginning of the fiscal year ended May 31, 2024.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2024	486,571	243,486	50.0
As of May 31, 2024	476,546	231,442	48.6

(Reference) Equity: As of November 30, 2024: ¥243,486 million

As of May 31, 2024: ¥231,442 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended May 31, 2024	Yen —	Yen 60.00	Yen —	Yen 60.00	Yen 120.00
Fiscal year ending May 31, 2025	—	32.50			
Fiscal year ending May 31, 2025 (Forecast)			—	32.50	65.00

(Note) Revision to the forecast for dividends announced most recently: None

The Company conducted a 2-for-1 stock split effective September 1, 2024. Dividends per share for the fiscal year ended May 31, 2024 are based on the number of shares before such stock split.

Annual dividends per share for the fiscal year ending May 31, 2025 (forecast), without considering the effect of such stock split, will be ¥130.00.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending May 31, 2025 (June 1, 2024 - May 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full year	1,037,000	7.5	31,600	0.3	34,400	0.3	24,500	0.2
								309.12

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

Basic earnings per share in the consolidated financial results forecast for the fiscal year ending May 31, 2025 take into account the effect of the stock split as noted in “2. Dividends.”

* Notes:

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

Newly included: – (Company name: –)

Excluded: – (Company name: –)

(2) Accounting methods adopted particularly for the preparation of semi-annual consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

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

November 30, 2024: 80,001,600 shares

May 31, 2024: 80,001,600 shares

2) Total number of treasury shares at the end of the period:

November 30, 2024: 744,264 shares

May 31, 2024: 743,968 shares

3) Average number of shares during the period:

Six months ended November 30, 2024: 79,257,441 shares

Six months ended November 30, 2023: 79,221,650 shares

The Company conducted a 2-for-1 stock split effective September 1, 2024. The numbers of shares above have been calculated on the assumption that such stock split took place at the beginning of the fiscal year ended May 31, 2024.

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The statements about future projections contained in this document, including the outlook for financial results, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and actual financial results etc. may significantly differ from the projections due to various factors. As for matters concerning the financial results forecast, please see “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” on page 3 of the attachments.

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1. Qualitative Information on Semi-annual Financial Results

(1) Explanation of Operating Results

During the six months ended November 30, 2024, the Japanese economy experienced instability due to domestic issues, overseas unrest, and other factors. Despite a slight slowdown in global inflation, prices of various goods and services still have been rising in Japan.

It was exactly because of these circumstances that the Group pursued even lower cost operations and strived to offer products of high quality at the lowest prices possible. As for the store opening policy, the Group opened new stores one after another, regardless of the temporary decline in profitability caused by our own competition. At the same time, the Group also expanded its store networks in new catchment areas. As a result, the number of newly opened stores stood at 13 in the Kanto region, 14 in the Chubu region, 7 in the Kansai region, 4 in the Chugoku region, 4 in the Shikoku region, and 15 in the Kyushu region, totaling 57. Furthermore, 1 store was closed due to scrap and build. As a result, the number of stores at the end of the six months ended November 30, 2024 became 1,546 in total.

As a result of the above measures, the Group's financial results for the six months ended November 30, 2024 were net sales of 505,936 million yen (6.2% increase year-on-year), operating profit of 20,344 million yen (28.5% increase year-on-year), ordinary profit of 21,777 million yen (25.5% increase year-on-year), and profit attributable to owners of parent of 14,428 million yen (24.5% increase year-on-year).

Segment information is omitted because the Group is comprised of a single business segment.

(2) Explanation of Financial Position

(i) Assets, Liabilities, and Net Assets

Total assets at the end of the six months ended November 30, 2024 amounted to 486,571 million yen, an increase of 10,024 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 13,172 million yen in cash and deposits and increases of 7,757 million yen in merchandise, 1,137 million yen in other under current assets (including accounts receivable - other), and 13,907 million yen in property, plant and equipment.

Total liabilities amounted to 243,085 million yen, a decrease of 2,018 million yen from the end of the previous fiscal year. This was mainly due to decreases of 5,610 million yen in accounts payable - trade and 2,040 million yen in long-term borrowings, and increases of 2,301 million yen in income taxes payable and 3,228 million yen in other under current liabilities (including accounts payable - other).

Total net assets amounted to 243,486 million yen, an increase of 12,043 million yen from the end of the previous fiscal year. This was mainly due to an increase of 12,050 million yen in retained earnings resulting from a report of profit attributable to owners of parent.

(ii) Cash Flows

The balance of cash and cash equivalents (hereinafter "cash") at the end of the six months ended November 30, 2024 decreased by 13,172 million yen from the end of the previous fiscal year to 39,129 million yen.

The status of consolidated cash flows for the six months ended November 30, 2024 and contributing factors were as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to 15,087 million yen (down 11.0% year-on-year).

This was mainly due to positive factors such as profit before income taxes of 21,443 million yen, depreciation of 10,586 million yen, and negative factors such as an increase in inventories of 7,708 million yen, an decrease in trade payables of 5,610 million yen, and income taxes paid of 4,823 million yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to 22,511 million yen (down 21.1% year-on-year).

This was mainly due to purchase of property, plant and equipment of 21,475 million yen.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to 5,748 million yen (up 24.0% year-on-year).

This was due to repayments of long-term borrowings of 2,290 million yen, repayments of finance lease liabilities of 1,075 million yen, and dividends paid of 2,380 million yen.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Regarding the consolidated financial results forecast for the fiscal year ending May 31, 2025, there is no change from the consolidated financial results forecast released on July 12, 2024.

2. Semi-annual Consolidated Financial Statements

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of May 31, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	52,301	39,129
Accounts receivable - trade	637	683
Merchandise	85,821	93,578
Supplies	352	272
Other	15,219	16,357
Total current assets	154,333	150,020
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	226,514	236,428
Land	42,111	44,359
Other, net	27,173	28,918
Total property, plant and equipment	295,798	309,706
Intangible assets	497	453
Investments and other assets		
Leasehold and guarantee deposits	16,172	16,554
Construction assistance fund receivables	4,382	4,427
Other	5,363	5,409
Total investments and other assets	25,917	26,391
Total non-current assets	322,213	336,550
Total assets	476,546	486,571
Liabilities		
Current liabilities		
Accounts payable - trade	179,549	173,939
Current portion of long-term borrowings	4,581	4,331
Income taxes payable	5,572	7,874
Provision for loss on store closings	112	46
Other	23,413	26,641
Total current liabilities	213,229	212,833
Non-current liabilities		
Long-term borrowings	23,385	21,344
Retirement benefit liability	1,751	1,857
Asset retirement obligations	2,141	2,156
Other	4,596	4,893
Total non-current liabilities	31,874	30,251
Total liabilities	245,104	243,085

(Million yen)

	As of May 31, 2024	As of November 30, 2024
Net assets		
Shareholders' equity		
Share capital	4,178	4,178
Capital surplus	5,101	5,101
Retained earnings	222,284	234,335
Treasury shares	(225)	(227)
Total shareholders' equity	231,339	243,388
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Remeasurements of defined benefit plans	101	96
Total accumulated other comprehensive income	102	97
Total net assets	231,442	243,486
Total liabilities and net assets	476,546	486,571

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

Semi-annual Consolidated Statements of Income

Six Months Ended November 30, 2023 and Six Months Ended November 30, 2024

(Million yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Net sales	476,430	505,936
Cost of sales	383,498	399,862
Gross profit	92,931	106,074
Selling, general and administrative expenses	77,094	85,730
Operating profit	15,836	20,344
Non-operating income		
Interest income	21	22
Commission income	696	705
Rental income from real estate	596	589
Gain on receipt of donated non-current assets	268	259
Other	263	342
Total non-operating income	1,846	1,919
Non-operating expenses		
Interest expenses	35	97
Rental costs on real estate	231	228
Other	70	159
Total non-operating expenses	337	486
Ordinary profit	17,346	21,777
Extraordinary income		
Insurance claim income	—	8
Total extraordinary income	—	8
Extraordinary losses		
Loss on retirement of non-current assets	50	277
Loss on disaster	—	37
Loss on store closings	45	4
Provision for loss on store closings	37	22
Total extraordinary losses	132	342
Profit before income taxes	17,213	21,443
Income taxes	5,625	7,014
Profit	11,587	14,428
Profit attributable to owners of parent	11,587	14,428

Semi-annual Consolidated Statements of Comprehensive Income

Six Months Ended November 30, 2023 and Six Months Ended November 30, 2024

(Million yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Profit	11,587	14,428
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Remeasurements of defined benefit plans, net of tax	(2)	(5)
Total other comprehensive income	(1)	(5)
Comprehensive income	11,585	14,423
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,585	14,423

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended November 30, 2023	For the six months ended November 30, 2024
Cash flows from operating activities		
Profit before income taxes	17,213	21,443
Depreciation	9,408	10,586
Increase (decrease) in retirement benefit liability	103	98
Increase (decrease) in provision for loss on store closings	37	22
Interest and dividend income	(21)	(22)
Interest expenses	35	97
Loss on disaster	—	37
Insurance claim income	—	(8)
Loss on retirement of non-current assets	50	277
Loss on store closings	45	4
Decrease (increase) in trade receivables	(67)	(45)
Decrease (increase) in inventories	(7,835)	(7,708)
Increase (decrease) in trade payables	5,198	(5,610)
Other, net	(2,848)	669
Subtotal	21,318	19,843
Interest and dividends received	0	0
Interest paid	(35)	(97)
Income taxes paid	(4,335)	(4,823)
Payments associated with disaster loss	—	(33)
Proceeds from insurance income	—	49
Proceeds from compensation	—	149
Net cash provided by (used in) operating activities	16,948	15,087
Cash flows from investing activities		
Purchase of property, plant and equipment	(27,506)	(21,475)
Proceeds from sale of property, plant and equipment	3	—
Payments of construction assistance fund receivables	(298)	(301)
Proceeds from collection of construction assistance fund receivables	213	214
Payments of leasehold and guarantee deposits	(592)	(619)
Proceeds from refund of leasehold and guarantee deposits	95	205
Other, net	(461)	(535)
Net cash provided by (used in) investing activities	(28,545)	(22,511)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,370)	(2,290)
Purchase of treasury shares	—	(1)
Repayments of finance lease liabilities	(984)	(1,075)
Dividends paid	(2,279)	(2,380)
Net cash provided by (used in) financing activities	(4,634)	(5,748)
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	(16,232)	(13,172)
Cash and cash equivalents at beginning of period	45,928	52,301
Cash and cash equivalents at end of period	29,696	39,129