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Consolidated Financial Results for the Three Months Ended August 31, 2024 [Japanese GAAP]



October 11, 2024

Company name: COSMOS Pharmaceutical Corporation
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3349
 URL: <https://www.cosmospc.co.jp>
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 Scheduled date of commencing dividend payments: –
 Supplementary explanatory materials on financial results: None
 Schedule of financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended August 31, 2024 (June 1, 2024 - August 31, 2024)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2024	261,841	8.4	11,580	28.8	12,293	26.7	8,143	25.1
August 31, 2023	241,653	17.2	8,990	1.0	9,699	0.8	6,508	0.4

(Note) Comprehensive income: Three months ended August 31, 2024: ¥8,140 million [25.1%]

Three months ended August 31, 2023: ¥6,507 million [0.4%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
August 31, 2024	102.74	—
August 31, 2023	82.17	—

(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 August 31, 2024	485,031	237,204	48.9
As of May 31, 2024	476,546	231,442	48.6

(Reference) Equity: As of August 31, 2024: ¥237,204 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	—				
Fiscal year ending May 31, 2025 (Forecast)		32.50	—	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
First half	515,200	8.1	16,000	1.0	17,470	0.7	11,790	1.7	148.76
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 quarterly 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):

August 31, 2024: 80,001,600 shares

May 31, 2024: 80,001,600 shares

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

August 31, 2024: 744,160 shares

May 31, 2024: 743,968 shares

3) Average number of shares during the period:

Three months ended August 31, 2024: 79,257,540 shares

Three months ended August 31, 2023: 79,197,716 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.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 2 of the attachments.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the three months ended August 31, 2024, the Japanese economy experienced instability due to volatile exchange rates and stock prices 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 8 in Kanto region, 5 in Chubu region, 3 in Kansai region, 2 in Chugoku region, 4 in Shikoku region, and 7 in Kyushu region, totaling 29. Furthermore, 1 store was closed due to scrap and build. As a result, the number of stores at the end of the first quarter of the fiscal year ending May 31, 2025 became 1,518 in total.

As a result of the above measures, the Group's financial results for the three months ended August 31, 2024 were net sales of 261,841 million yen (8.4% increase year-on-year), operating profit of 11,580 million yen (28.8% increase year-on-year), ordinary profit of 12,293 million yen (26.7% increase year-on-year), and profit attributable to owners of parent of 8,143 million yen (25.1% increase year-on-year).

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

(2) Explanation of Financial Position

Total assets as of August 31, 2024 amounted to 485,031 million yen, an increase of 8,484 million yen from the end of the previous fiscal year. This was mainly due to a decrease of 880 million yen in cash and deposits and increases of 764 million yen in merchandise, 2,273 million yen in other under current assets (including accounts receivable - other), and 6,442 million yen in property, plant and equipment.

Total liabilities amounted to 247,827 million yen, an increase of 2,723 million yen from the end of the previous fiscal year. This was mainly due to increases of 2,138 million yen in accounts payable - trade and 2,795 million yen in other under current liabilities (including accounts payable - other), and decreases of 1,229 million yen in income taxes payable and 1,120 million yen in long-term borrowings.

Total net assets amounted to 237,204 million yen, an increase of 5,761 million yen from the end of the previous fiscal year. This was mainly due to an increase in retained earnings.

(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. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of May 31, 2024	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	52,301	51,420
Accounts receivable - trade	637	658
Merchandise	85,821	86,585
Supplies	352	256
Other	15,219	17,493
Total current assets	154,333	156,415
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	226,514	231,268
Land	42,111	43,493
Other, net	27,173	27,477
Total property, plant and equipment	295,798	302,240
Intangible assets	497	474
Investments and other assets		
Leasehold and guarantee deposits	16,172	16,376
Construction assistance fund receivables	4,382	4,439
Other	5,363	5,085
Total investments and other assets	25,917	25,900
Total non-current assets	322,213	328,616
Total assets	476,546	485,031
Liabilities		
Current liabilities		
Accounts payable - trade	179,549	181,688
Current portion of long-term borrowings	4,581	4,556
Income taxes payable	5,572	4,342
Provision for loss on store closings	112	45
Other	23,413	26,208
Total current liabilities	213,229	216,841
Non-current liabilities		
Long-term borrowings	23,385	22,264
Retirement benefit liability	1,751	1,805
Asset retirement obligations	2,141	2,149
Other	4,596	4,766
Total non-current liabilities	31,874	30,985
Total liabilities	245,104	247,827

(Million yen)

	As of May 31, 2024	As of August 31, 2024
Net assets		
Shareholders' equity		
Share capital	4,178	4,178
Capital surplus	5,101	5,101
Retained earnings	222,284	228,050
Treasury shares	(225)	(226)
Total shareholders' equity	231,339	237,103
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1	1
Remeasurements of defined benefit plans	101	99
Total accumulated other comprehensive income	102	100
Total net assets	231,442	237,204
Total liabilities and net assets	476,546	485,031

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three Months Ended August 31, 2023 and Three Months Ended August 31, 2024

(Million yen)

	For the three months ended August 31, 2023	For the three months ended August 31, 2024
Net sales	241,653	261,841
Cost of sales	194,640	207,278
Gross profit	47,013	54,562
Selling, general and administrative expenses	38,022	42,982
Operating profit	8,990	11,580
Non-operating income		
Interest income	10	11
Commission income	346	348
Rental income from real estate	298	294
Gain on receipt of donated non-current assets	118	127
Other	96	139
Total non-operating income	871	920
Non-operating expenses		
Interest expenses	18	49
Rental costs on real estate	115	113
Other	28	44
Total non-operating expenses	162	207
Ordinary profit	9,699	12,293
Extraordinary losses		
Loss on retirement of non-current assets	29	154
Loss on disaster	–	49
Loss on store closings	5	2
Provision for loss on store closings	27	20
Total extraordinary losses	63	227
Profit before income taxes	9,636	12,066
Income taxes	3,128	3,922
Profit	6,508	8,143
Profit attributable to owners of parent	6,508	8,143

Quarterly Consolidated Statements of Comprehensive Income

Three Months Ended August 31, 2023 and Three Months Ended August 31, 2024

(Million yen)

	For the three months ended August 31, 2023	For the three months ended August 31, 2024
Profit	6,508	8,143
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Remeasurements of defined benefit plans, net of tax	(1)	(2)
Total other comprehensive income	(0)	(2)
Comprehensive income	6,507	8,140
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,507	8,140