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Consolidated Financial Results for the Three Months Ended June 30, 2021 <under Japanese GAAP>

August 12, 2021

Company name: **Matsumotokiyoshi Holdings Co., Ltd.**
Listing: Tokyo Stock Exchange
Securities code: 3088
URL: https://www.matsumotokiyoshi-hd.co.jp/
Representative: Kiyoo Matsumoto, President
Inquiries: Hiroshi Nishida, Executive Officer and General Manager of Finance and Accounting Department
TEL: +81-47-344-5110
Scheduled date to file Quarterly Securities Report: August 12, 2021
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: None
Holding of quarterly financial results presentation meeting: None

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2021	137,486	6.8	7,356	33.3	8,194	31.7	5,217	36.8
June 30, 2020	128,742	–	5,520	–	6,221	–	3,814	–

Note: Comprehensive income
Three months ended June 30, 2021 ¥5,450 million [(4.1)%]
Three months ended June 30, 2020 ¥5,680 million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	51.03	51.01
June 30, 2020	37.16	37.14

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the general rules for accounting treatment, the new accounting policy has been applied retrospectively to all the prior periods, and the consolidated operating results for the three months ended June 30, 2021 have been reclassified. Accordingly, year-on-year percentage changes for the three months ended June 30, 2021 are not presented.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2021	365,191	244,067	66.8	2,395.82
March 31, 2021	368,936	246,220	66.7	2,398.12

Reference: Equity
As of June 30, 2021 ¥244,024 million
As of March 31, 2021 ¥246,177 million

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the general rules for accounting treatment, the new accounting policy has been applied retrospectively to all the prior periods, and the consolidated financial position for the fiscal year ended March 31, 2021 has been reclassified.

2. Cash dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	35.00	–	35.00	70.00
Fiscal year ending March 31, 2022	–				
Fiscal year ending March 31, 2022 (forecast)		35.00	–	–	–

Note: Revisions to dividends forecasts most recently announced: None

The Company is scheduled to complete a management integration with cocokara fine Inc. on October 1, 2021, and the forecast of year-end dividend is to be determined at a later date. The forecast will be announced as soon as it is finalized.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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
For the six months ending September 30, 2021	274,000	2.4	15,000	5.4	17,000	11.3	11,000	15.2	107.60

Note: Revisions to earnings forecasts most recently announced: None

1. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and relevant ASBJ regulations from the beginning of the fiscal year ending March 31, 2022, and the forecasts above have been prepared based on the standard. The year-on-year percentage changes above have been calculated based on the assumption that the accounting standard, etc. had been applied from the beginning of the fiscal year ended March 31, 2021.
2. The Company is scheduled to complete a management integration with cocokara fine Inc. on October 1, 2021, and the full-year consolidated earnings forecast is to be determined at a later date. The forecast will be announced as soon as it is finalized.

*** Notes**

(1) Changes in significant subsidiaries during the three months ended June 30, 2021 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of special accounting treatments for preparing quarterly consolidated financial statements: None

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

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2021	109,272,214 shares
As of March 31, 2021	109,272,214 shares

b. Number of treasury shares at the end of the period

As of June 30, 2021	7,418,051 shares
As of March 31, 2021	6,618,022 shares

c. Average number of shares during the period

Three months ended June 30, 2021	102,232,208 shares
Three months ended June 30, 2020	102,645,118 shares

Note: The number of treasury shares at the end of each period includes shares of the Company held by the BIP (Board Incentive Plan) Trust Account and the Share Grant ESOP (Employee Stock Ownership Plan) Trust Account (127,394 shares as of June 30, 2021 and 127,394 shares as of March 31, 2021). The shares of the Company held by the BIP (Board Incentive Plan) Trust Account and the Share Grant ESOP (Employee Stock Ownership Plan) Trust Account are included in the number of treasury shares deducted in the calculation of average number of shares during each period.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

*Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The earnings forecasts shown above are prepared based on the information available to us as of the date of this release. Actual results may be different from these forecasts due to various factors. For the assumptions related matters concerning the earnings forecasts, please refer to page 4 of the attachment.

○Attached Material

1. Qualitative Information

(1) Details of operating results

(1) Operating results

During the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021), the Japanese economy continued to face a difficult situation due to the effect of the novel coronavirus disease (COVID-19), although corporate earnings and capital investment continued to recover and the employment and income environment showed some resilient.

The drugstore industry in which the Company operates also continues to face a challenging business environment, with new store openings by competitors across industries and business lines. This is also due to entrance into new areas aimed for commercial area expansion, expansion of scale through M&A, an increasingly homogeneous competition between different industries, as well as the narrowing of the commercial area of individual stores caused by all of these factors.

In such an environment, prioritizing the security and safety of its customers and employees as a mission of drugstores that are a “life line” and a “social infrastructure,” the Group is working to realize responses that are considerate of diverse customer needs at deeper levels. Setting separate key strategies for domestic and global markets, the Group has adopted key strategies of (1) pursuit of convenience – deeper ties with customers, (2) pursuit of uniqueness – renewal of experience and service provisions, and (3) pursuit of specialization – evolution of total care under the strategic theme of “provision of values that correspond to the life stages of customers” as domestic strategies and (4) further expansion of global business under the strategic theme of “further increase in presence in Asian markets” as a global strategy. In addition, based on the capital and business alliance agreement with cocokara fine Inc., the Company is working to realize synergy as soon as possible primarily through mutual supply of private brand products in the main and the unification of merchandizing of national brand products, including medical and pharmaceutical products.

More specifically, as part of (1) pursuit of convenience – deeper ties with customers, the Group considers it necessary to become our customers’ closest partner by building deeper ties with each customer to understand their needs accurately amid increasing digitalization in the society as a whole and changes in the lifestyles of customers. For this reason, we aim to become a company that is more deeply considerate of customer needs by pursuing convenience for them, including the creation of a mechanism to deliver products and services to customers using both digital approaches and the network of physical stores and the provision of a wide variety of shopping style. The number of customer contact points (point card members, LINE friends, and downloads of official apps), which are among the strengths of the Group, has exceeded 80.0 million in total as of June 30, 2021.

As part of (2) pursuit of uniqueness – renewal of experience and service provisions, in this highly competitive environment, the Group aims to become a company of our customers’ choice by pursuing its own unique strengths, such as the development of products/services and store models based on customers’ values and the expansion of advertisement delivery business for manufacturers, leveraging the data accumulated from various contact points with customers and its strong marketing analysis capability. As for the private brand product lineup, the Group launched “EXSTRONG RUN&GUN ENERGY GUMMY” and “EXSTRONG NEW SUN KING” as a new lineup of our popular energy drink category. The Group also started to offer “Sustainable Low Carb Line” as a new lineup of “matsukiyo LAB” and released “70% LESS SUGAR BISCUIT MAPLE FLAVOR” as a new product.

As part of (3) pursuit of specialization – evolution of total care, in Japan, which aims to realize a healthy longevity society in response to declining birth rates and aging population, our mission is to continue to offer larger security and joy to local communities by providing high-quality services that correspond to and fit various life stages of customers. To this end, the Group has worked to support the community-based integrated care system and to help all people to enjoy beauty, health, and a fulfilling lifestyle for as long as they like by pursuing specialization in, for example, beauty care for both mind and body, which is one of the areas of our strength, as well as the promotion of the concept of self-medication where people protect their own health and the provision of online medication instructions and customer services. We promoted coordination with local healthcare facilities at the 36 stores designated as Health Support Pharmacies by the Ministry of Health, Labour and Welfare. We also expanded the member store network of the Community Pharmacy Support Program, which is a pharmacy management support service, to include 129 stores.

As part of (4) further expansion of global business, the Group aims to expand the scale of its business and to increase its presence in Asia where people are becoming more conscious of one's beauty and health by actively engaging in the effective use of overseas SNS and the strengthening of approaches by the acquisition of global members, the development of human resources that can play an active role in overseas markets, and the development of products that will become popular in overseas markets, in order to enter new countries particularly in Asia, to expand the network of overseas stores, and to expand cross-border EC business. We currently operate 48 stores overseas in total, with 30 stores in Thailand, 17 stores in Taiwan, and one store in Vietnam.

As for the status of store openings, closures, etc. in Japan, during the three months ended June 30, 2021, we opened 22 stores, closed 10 stores, and renovated 18 stores. As a result, the number of Group stores as of June 30, 2021 was 1,776.

As a result, net sales were ¥137,486 million (up 6.8% year on year), operating profit was ¥7,356 million (up 33.3% year on year), ordinary profit was ¥8,194 million (up 31.7% year on year), and profit attributable to owners of parent was ¥5,217 million (up 36.8% year on year).

Operating results by segment were as follows:

<Retail business>

In the first quarter, special procurement demand for masks, disinfectants, daily necessities, food, etc., which existed in the same quarter year earlier, has subsided. On the other hand, most of stores that had shortened business hours or closed temporarily have returned to normal operations and sales of stores in central Tokyo and other downtown locations started to recover. As for sales by product category, sales of medical and pharmaceutical products and cosmetics achieved a year on year growth.

The pharmacy business achieved a year-on-year sales growth as people's reluctance to go to medical institutions has been abated somewhat and prescription drug sales were also on a recovery trend, although it has been affected by the COVID-19 pandemic.

<Wholesale business>

In the wholesale business, we achieved a year-on-year sales growth due to new openings of franchise stores and an increase in the number of member stores of the Community Pharmacy Support Program as well as the supply of private brand products to cocokara fine Inc.

As a result, net sales of the retail business segment were ¥128,081 million (up 4.0% year on year), net sales of the wholesale business segment were ¥8,398 million (up 83.7% year on year), and net sales of the management support business segment were ¥1,006 million (down 2.5% year on year).

(2) Details of financial position

Total assets as of the end of the first quarter ended June 30, 2021 decreased by ¥3,745 million from the end of the previous fiscal year to ¥365,191 million. This was mainly due to an increase in merchandise by ¥2,292 million and decreases in notes and accounts receivable-trade and cash and deposits by ¥2,738 million and ¥2,000 million, respectively.

Total liabilities decreased by ¥1,592 million to ¥121,123 million. This was mainly due to an increase in accounts payable-trade by ¥3,761 million and decreases in income taxes payable and provision for bonuses by ¥3,478 million and ¥2,127 million, respectively.

Net assets decreased by ¥2,152 million to ¥244,067 million. This was mainly due to an increase of ¥1,181 million in retained earnings, and a decline in net assets owing to an increase of ¥3,400 million in treasury shares.

(3) Consolidated earnings forecasts and other forward-looking statements

No changes have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2022 that were announced on May 13, 2021.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	38,517	36,517
Notes and accounts receivable - trade	27,417	24,678
Merchandise	85,788	88,080
Supplies	655	636
Other	23,380	22,833
Allowance for doubtful accounts	(62)	(39)
Total current assets	175,696	172,705
Non-current assets		
Property, plant and equipment		
Land	39,933	39,933
Other	32,856	33,349
Total property, plant and equipment	72,789	73,283
Intangible assets		
Goodwill	4,029	3,819
Other	4,861	4,739
Total intangible assets	8,891	8,558
Investments and other assets		
Investment securities	66,909	66,709
Leasehold and guarantee deposits	37,766	38,000
Other	6,972	6,043
Allowance for doubtful accounts	(89)	(108)
Total investments and other assets	111,559	110,643
Total non-current assets	193,240	192,485
Total assets	368,936	365,191

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Accounts payable - trade	55,515	59,276
Income taxes payable	5,660	2,181
Short-term borrowings	–	1,078
Provision for bonuses	3,872	1,745
Provision for point card certificates	64	76
Contract liabilities	2,843	3,541
Asset retirement obligations	–	4
Other	17,295	15,986
Total current liabilities	85,251	83,890
Non-current liabilities		
Long-term borrowings	18,400	18,400
Provision for loss on guarantees	349	349
Provision for share-based remuneration	164	171
Provision for share-based remuneration for directors (and other officers)	39	39
Retirement benefit liability	282	288
Asset retirement obligations	7,731	7,834
Other	10,496	10,149
Total non-current liabilities	37,464	37,232
Total liabilities	122,715	121,123
Net assets		
Shareholders’ equity		
Share capital	22,051	22,051
Capital surplus	23,003	22,867
Retained earnings	210,385	211,567
Treasury shares	(20,679)	(24,079)
Total shareholders’ equity	234,761	232,407
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,393	11,635
Foreign currency translation adjustment	–	(41)
Remeasurements of defined benefit plans	22	23
Total accumulated other comprehensive income	11,415	11,617
Share acquisition rights	43	43
Total net assets	246,220	244,067
Total liabilities and net assets	368,936	365,191

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income

Quarterly consolidated statement of income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	128,742	137,486
Cost of sales	89,044	95,172
Gross profit	39,698	42,314
Selling, general and administrative expenses		
Provision for point card certificates	12	11
Salaries and allowances	11,589	11,868
Provision for bonuses	2,058	1,745
Retirement benefit expenses	270	281
Rent expenses on land and buildings	8,739	9,422
Other	11,506	11,627
Total selling, general and administrative expenses	34,178	34,957
Operating profit	5,520	7,356
Non-operating income		
Interest income	22	19
Dividend income	142	157
Gain on receipt of donated non-current assets	92	152
Order handling commission	271	271
Share of profit of entities accounted for using equity method	60	140
Other	137	122
Total non-operating income	725	862
Non-operating expenses		
Interest expenses	11	13
Foreign exchange losses	1	–
Cash over and short	5	1
Other	5	9
Total non-operating expenses	23	24
Ordinary profit	6,221	8,194
Extraordinary income		
Gain on sale of non-current assets	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on sales of non-current assets	–	14
Loss on retirement of non-current assets	43	58
Loss on store closings	19	22
Impairment losses	6	74
Loss on COVID-19	557	106
Total extraordinary losses	627	276
Profit before income taxes	5,594	7,918
Income taxes - current	890	1,821
Income taxes - deferred	890	879
Total income taxes	1,780	2,701
Profit	3,814	5,217
Profit attributable to owners of parent	3,814	5,217

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	3,814	5,217
Other comprehensive income		
Valuation difference on available-for-sale securities	1,862	246
Foreign currency translation adjustment	–	(10)
Share of other comprehensive income of entities accounted for using equity method	3	(2)
Total other comprehensive income	1,866	232
Comprehensive income	5,680	5,450
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,680	5,450
Comprehensive income attributable to non-controlling interests	–	–

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes when there are significant changes in amounts of shareholders' equity)

Pursuant to the resolution passed at the meeting of the Board of Directors held on May 13, 2021, the Company purchased 800,000 treasury shares. Mainly as a result of this purchase, treasury shares increased by ¥3,400 million during the three months ended June 30, 2021 to ¥24,079 million at the end of the first quarter ended June 30, 2021.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, Etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter ended June 30, 2021, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

Under its point card program the purpose of which is sales promotion, the Company provides point card members with goods or services that correspond to the number of points used. In the past, the Company estimated an amount expected to be used in the future based on historical rates of use and recognized it as provision for point card certificates to provide for the use of granted points, and recognized changes in provision for point card certificates as selling, general and administrative expenses. Following the change of the accounting policy, for contracts that are subject to the Accounting Standard for Revenue Recognition, the Company has changed the previous accounting method to a new method in which performance obligations for these points are identified and transaction price is allocated based on stand-alone selling price calculated in consideration of, among others, historical rates of use. As a result, part of promotion expenses has been deducted from net sales.

For certain transactions in which the Company acts as an agent, the Company recognizes the net amount after deducting the amounts payable to other parties as net sales.

The change in the accounting policy has been applied retrospectively, in principle. Therefore, the new accounting policy was reflected in the consolidated financial statements for the same period of the previous fiscal year and for the previous fiscal year.

For the three months of the previous fiscal year, as a result of this change, and compared with the figures before the retrospective application, net sales decreased by ¥2,871 million, cost of sales decreased by ¥327 million and selling, general and administrative expenses decreased by ¥2,455 million, while operating profit, ordinary profit and profit before income taxes each decreased by ¥89 million. In addition, because the cumulative effect was reflected in net assets as of the beginning of the previous fiscal year, retained earnings as of the beginning of the previous fiscal year decreased by ¥275 million.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, for contracts that are subject to the Accounting Standard for Revenue Recognition, "Provision for point card certificates" under current liabilities of the consolidated balance sheet as of March 31, 2021 has been included in "Contract liabilities" under current liabilities from the quarterly consolidated balance sheet as of June 30, 2021.

Furthermore, the information on disaggregation of revenue from contracts with customers during the three months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

(Accounting Standard for Fair Value Measurement)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter ended June

30, 2021, the new accounting policies provided in the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations will be applied going forward in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44–2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application has no impact on quarterly consolidated financial statements.

(Additional information)

(Approval of share exchange agreement, etc. in relation to management integration)

On February 26, 2021, the Company and cocokara fine Inc. (hereinafter “cocokara fine”) executed a business management agreement for management integration between them and a share exchange agreement for a share exchange wherein the Company is the wholly-owning parent company in the share exchange and cocokara fine is the wholly-owned subsidiary in the share exchange as part of a series of transactions for the implementation of the management integration. They were subsequently approved by shareholders at the Annual General Meeting of Shareholders held on June 29, 2021. In addition, pursuant to the resolutions passed at the meetings of the Boards of Directors of both companies held on April 28, 2021, the following incorporation-type company split plan was formulated and absorption-type company split agreements were executed as part of a serious of transactions to implement the management integration. They were subsequently approved by shareholders at the Annual General Meeting of Shareholders held on June 29, 2021.

(i) An incorporation-type company split plan for an incorporation-type company split wherein effective as of October 1, 2021, subject to the effectuation of the share exchange, the Company will establish Matsumotokiyoshi Group Co., Ltd., a company whose principal purpose is to hold shares in, and to manage the operations of, Matsumotokiyoshi Co., Ltd. and other subsidiaries or the like, and the Company will be the split company.

(ii) An absorption-type company split agreement for an absorption-type company split wherein effective as of October 1, 2021, subject to the effectuation of the share exchange, the Company will be the split company and MKCF Succeeding Company (hereinafter “Synergy Generator”), a wholly-owned subsidiary of the Company established on February 18, 2021, will be the succeeding company for the purpose of causing Synergy Generator to succeed to the Company’s sales planning, operational support and other functions.

(iii) An absorption-type company split agreement for an absorption-type company split wherein effective as of October 1, 2021, subject to the effectuation of the share exchange, cocokara fine will be the split company and the Company will be the succeeding company for the purpose of causing the Company to succeed to cocokara fine’s headquarters functions.

(iv) An absorption-type company split agreement for an absorption-type company split wherein effective as of October 1, 2021, subject to the effectuation of the share exchange, cocokara fine will be the split company and the Synergy Generator will be the succeeding company for the purpose of causing the Synergy Generator to succeed to cocokara fine’s sales planning and operation support functions, etc.

(v) An absorption-type company split agreement for an absorption-type company split wherein effective as of October 1, 2021, subject to the effectuation of the share exchange, cocokara fine Healthcare Inc. (hereinafter “cocokara fine Healthcare”), a wholly-owned subsidiary of cocokara fine, will be the split company and the Company will be the succeeding company for the purpose of causing the Company to succeed to cocokara fine Healthcare’s headquarters functions.

(vi) An absorption-type company split agreement for an absorption-type company split wherein effective as of October 1, 2021, subject to the effectuation of the share exchange, cocokara fine Healthcare will be the split company and the Synergy Generator will be the succeeding company for the purpose of causing the Synergy Generator to succeed to cocokara fine Healthcare’s sales planning and operation support functions, etc.

(Assumptions underlying accounting estimates concerning COVID-19)

There has been no significant change in the assumptions underlying accounting estimates concerning COVID-19 that were stated in "(Significant accounting estimates)" the Securities Report for the previous fiscal year.

(Segment information)

[Segment information]

I Three months ended June 30, 2020

1. Disclosure of net sales and profit (loss) by reportable segment

(Millions of yen)

	Retail business		Wholesale business		Management support business	Total	Adjustments (Note 1)	Amounts in the quarterly consolidated statement of income (Note 2)
	Matsumoto-kiyoshi Retail	Other Retail	Matsumoto-kiyoshi Holdings Wholesale	Other Wholesale				
Net sales								
Sales from external customers	76,217	46,920	43	4,528	1,032	128,742	–	128,742
Intersegment sales or transfers	1,155	772	87,388	–	2,809	92,126	(92,126)	–
Total	77,373	47,692	87,431	4,528	3,842	220,869	(92,126)	128,742
Segment profit (loss)	3,215	2,839	280	76	(664)	5,747	(227)	5,520

Notes: 1. The adjustment of negative ¥227 million to segment profit (loss) includes negative ¥194 million of amortization of goodwill and negative ¥32 million of intersegment transaction elimination.

2. Segment profit (loss) is adjusted with operating profit stated in the quarterly consolidated statement of income.

2. Disclosure of impairment loss on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

The Group regards primarily stores as a base unit for its minimum cash flow-generating unit, while grouping idle assets according to each property unit. With regard to the asset groups whose operating profit has consistently been negative and asset groups for which the market prices fell considerably, such as land, the Group wrote off their carrying amount to the recoverable amount and recognized the amount of the write-off of ¥6 million as an impairment loss under extraordinary losses.

The breakdown of the impairment loss is ¥6 million for Matsumotokiyoshi Retail, ¥0 million for Other Retail, and negative ¥0 million for consolidation eliminations and adjustments.

(Significant change in the amount of goodwill)

Not applicable.

II Three months ended June 30, 2021

1. Disclosure of net sales and profit (loss) by reportable segment

(Millions of yen)

	Retail business		Wholesale business		Management support business	Total	Adjustments (Note 1)	Amounts in the quarterly consolidated statement of income (Note 2)
	Matsumoto-kiyoshi Retail	Other Retail	Matsumoto-kiyoshi Holdings Wholesale	Other Wholesale				
Net sales								
Sales from external customers	79,976	48,104	2,529	5,869	1,006	137,486	–	137,486
Intersegment sales or transfers	1,446	924	89,128	–	2,866	94,366	(94,366)	–
Total	81,422	49,029	91,657	5,869	3,873	231,852	(94,366)	137,486
Segment profit (loss)	4,722	3,074	315	108	(634)	7,586	(229)	7,356

Notes: 1. The adjustment of negative ¥229 million to segment profit (loss) includes negative ¥194 million of amortization of goodwill and negative ¥34 million of intersegment transaction elimination.

2. Segment profit (loss) is adjusted with operating profit stated in the quarterly consolidated statement of income.

2. Disclosure of impairment loss on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

The Group regards primarily stores as a base unit for its minimum cash flow-generating unit, while grouping idle assets according to each property unit. With regard to the asset groups whose operating profit has consistently been negative and asset groups for which the market prices fell considerably, such as land, the Group wrote off their carrying amount to the recoverable amount and recognized the amount of the write-off of ¥74 million as an impairment loss under extraordinary losses.

The breakdown of the impairment loss is ¥30 million for Matsumotokiyoshi Retail, ¥44 million for Other Retail, and negative ¥0 million for consolidation eliminations and adjustments.

(Significant change in the amount of goodwill)

Not applicable.

3. Matters related to changes, etc. in reportable segments

As described in the changes in accounting policies, the Company has applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations from the beginning of the first quarter ended June 30, 2021, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed the method of measuring profit or loss of operating segments.

Please note that the segment information for the three months of the previous fiscal year were prepared based on the new method of measuring segment profit or loss.

(Revenue recognition)

Information on disaggregation of revenue from contracts with customers

First quarter ended June 30, 2021

(Millions of yen)

Segment	Amount
Retail business	
Medical and pharmaceutical products	39,840
Cosmetics	46,723
General merchandise	28,457
Food	12,768
Other	291
Subtotal	128,081
Wholesale business	8,398
Management support	1,006
Total	137,486

(Significant events after reporting period)

Not applicable.

3. Supplementary information

Net sales and purchases

(1) Net sales by operating segment

Net sales by segment for the three months ended June 30, 2021 are as follows:

Segment name	Three months ended June 30, 2021	
	Amount (Millions of yen)	Change from the corresponding period of the previous fiscal year (%)
Retail business	128,081	104.0
Wholesale business	8,398	183.7
Management support business	1,006	97.5
Total	137,486	106.8

Notes: 1. Intersegment transactions are eliminated.

2. As described in the changes in accounting policies, the Company has applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations from the beginning of the first quarter ended June 30, 2021, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed net sales by operating segment.
The changes from the corresponding period of the previous fiscal year are calculated based on the revised net sales by operating segment.

(2) Net sales by product

Net sales by product for the three months ended June 30, 2021 are as follows:

Products	Three months ended June 30, 2021	
	Amount (Millions of yen)	Change from the corresponding period of the previous fiscal year (%)
Retail business		
Medical and pharmaceutical products	39,840	110.0
Cosmetics	46,723	106.9
General merchandise	28,457	97.0
Food	12,768	94.0
Subtotal	127,789	104.0
Wholesale business	8,229	185.3
Total	136,019	106.9

Notes: 1. Net sales by product do not include sales of the management support business. In addition, the amounts above do not include operating revenue (rent income from tenants and royalty income from franchisees).

2. As described in the changes in accounting policies, the Company has applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations from the beginning of the first quarter ended June 30, 2021, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed net sales by product.
The changes from the corresponding period of the previous fiscal year are calculated based on the revised net sales by product.

(3) Purchases by product

Purchases by product for the three months ended June 30, 2021 are as follows:

Products	Three months ended June 30, 2021	
	Amount (Millions of yen)	Change from the corresponding period of the previous fiscal year (%)
Retail business		
Medical and pharmaceutical products	25,261	108.9
Cosmetics	31,341	105.3
General merchandise	20,317	91.1
Food	11,254	94.8
Subtotal	88,175	101.2
Wholesale business	5,716	130.5
Total	93,892	102.6

Notes: 1. Purchases by product do not include purchases of the management support business.

2. As described in the changes in accounting policies, the Company has applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations from the beginning of the first quarter ended June 30, 2021, and changed the accounting treatment for revenue recognition. Accordingly, the Company has changed purchases by product.
The changes from the corresponding period of the previous fiscal year are calculated based on the revised purchases by product.