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## Consolidated Financial Results for the Six Months Ended September 30, 2020 <under Japanese GAAP>

November 13, 2020

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, General Manager of Finance and Accounting Department,  
 Administrative Division  
 TEL: +81-47-344-5110  
 Scheduled date to file Quarterly Securities Report: November 13, 2020  
 Scheduled date to commence dividend payments: December 2, 2020  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: None

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2020	273,846	(8.8)	14,496	(21.3)	15,541	(20.9)	9,729	(24.9)
September 30, 2019	300,415	4.6	18,424	8.6	19,637	6.8	12,952	11.8

Note: Comprehensive income Six months ended September 30, 2020 ¥14,091 million [7.3%]  
 Six months ended September 30, 2019 ¥13,136 million [(16.2%)]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2020	94.79	94.75
September 30, 2019	126.21	126.16

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2020	362,649	239,834	66.1	2,335.92
March 31, 2020	351,809	229,304	65.2	2,233.54

Reference: Equity As of September 30, 2020 ¥239,791 million  
 As of March 31, 2020 ¥229,261 million

## 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, 2020	–	35.00	–	35.00	70.00
Fiscal year ending March 31, 2021	–	35.00			
Fiscal year ending March 31, 2021 (forecast)			–	35.00	70.00

Note: Revisions to dividends forecasts most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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
Fiscal year ending March 31, 2021	570,000	(3.5)	35,000	(6.8)	37,700	(5.7)	23,800	(9.1)	231.86

Note: Revisions to earnings forecasts most recently announced: Yes

**\* Notes**

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020 (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: None
  - 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 September 30, 2020	109,272,214 shares
As of March 31, 2020	109,272,214 shares

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

As of September 30, 2020	6,618,216 shares
As of March 31, 2020	6,627,096 shares

c. Average number of shares during the period

Six months ended September 30, 2020	102,647,447 shares
Six months ended September 30, 2019	102,629,520 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 (127,754 shares as of September 30, 2020 and 127,754 shares as of March 31, 2020). 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.

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## 1. Qualitative Information

### (1) Details of operating results

Throughout the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020), the Japanese economy faced a difficult situation. Due to the effect of the novel coronavirus disease (COVID-19), corporate earnings and business confidence aggravated and capital investment remained weak. As the effect of COVID-19 continued, the employment and income environment also weakened.

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 continued the operation of many stores with shortened business hours and temporary close. At the same time, the Group worked on its three new key strategies of “further advancement of digitalization,” “further advancement of globalization,” and “expansion of business scale in specialized areas.” Aiming to survive the competition among drugstores in Japan by gaining a dominant presence in the health and beauty area, the Company started a capital and business alliance with cocokara fine Inc. in April 2020 in contemplation of management integration with the company.

More specifically, as part of further advancement of digitalization, the Group focuses on strengthening our digital marketing infrastructure so that we can accurately understand changes in the lifestyles of customers and their preference and needs and close the distance to and deepen ties with each customer by leveraging the rapidly advancing IT technologies. 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 73.0 million in total as of September 30, 2020.

In terms of further advancement of globalization, keeping in mind the immigration restrictions issued by the Japanese government in connection with the spread of COVID-19, the Group aims to early establish a franchise in Asia where the consciousness of health and beauty is rising. To this end, the Group will create a mechanism to support the expansion of the overseas store network particularly in Asia, such as coupon distribution using overseas SNS and cashless payment services, as well as the expansion of global membership and make the most of the knowhow accumulate through our active efforts to develop and provide products that become popular overseas. The number of stores overseas stood at 44 in total as of September 30, 2020, with 31 stores in Thailand and 13 stores in Taiwan. We are also preparing for the opening of the first store in Vietnam.

With regard to the expansion of business scale in specialized areas, in an increasingly competitive environment, the Group is working to establish next growth drivers as soon as possible by mainly focusing on the promotion of area dominance in the three largest metropolitan areas and the expansion of the next-generation healthcare and prescription business. We promoted coordination with local healthcare facilities at the 32 stores designated as Health Support Pharmacies by the Ministry of Health, Labour and Welfare, while expanding the member store network of the Community Pharmacy Support Program, which now includes 102 stores. As for the private brand product lineup, the Group strove to expand the lineup by including products with surprise and fun, which is characteristic of Matsumotokiyoshi. For example, we launched “BCAA7100 POWDER” obtaining the Informed Choice certification, which is an internationally recognized anti-doping certification, as “matsukiyo LAB” athlete lineup products, and “PREMIUM PROTEIN BAR CHOCOLATE,” which is the first protein bar product with functional claims in Japan, and “EXSTRONG ENERGY GUMMY” and “EXSTRONG HAPPY & SALT ENERGY DRINK” from our popular energy drink category. We also renewed the “ARGELAN” skincare series, organic cosmetics brand, into products that are even more friendly to the environment. In addition, the Company completely redesigned “Retinotime,” an aging care brand jointly developed with Naris Cosmetics Co., LTD., into “THE RETINOTIME” and

expanded it to include new products such as UV emulsion, toner and cream with wrinkle reduction effect. As a result, it became the first Japanese skincare brand to include five products with wrinkle reduction effect within the same brand, representing a lineup including the largest number of such products in Japan.

As for new store openings, with the opening of “Drugstore Matsumotokiyoshi Kino Wakayama Store,” our first store in Wakayama Prefecture, we have finally succeeded in having our stores in all 47 prefectures of Japan. The network of matsukiyo LAB stores has expanded to include 25 stores with the opening of “Drugstore Matsumotokiyoshi matsukiyo LAB Okayama Station B-1 Store,” which is the first store in the Chugoku region. During the six months ended September 30, 2020, we opened 35 stores, closed 14 stores, and renovated 21 stores. As a result, the number of Group stores as of September 30, 2020 was 1,738. (\* The total number of Group stores above does not include 31 stores managed by Central & Matsumotokiyoshi Ltd. in Thailand and 13 stores managed by Matsumotokiyoshi (Taiwan) Limited in Taiwan.)

In the area of environmental protection, the Group discontinued the free distribution of polyethylene shopping bags effective April 1, 2020 before it was mandated on July 1, 2020. Instead, we have made available for purchase shopping bags made of materials that include a plant-based biomass content of 30% and our original reusable bags made of 100% recycled polyester, in order to reduce CO2 emissions and protect the environment. In collaboration with ROHTO Pharmaceutical Co., Ltd., we launched the “Recycling Program to Moisturize Both the Earth and the Skin” toward a green Earth through the collection and recycling of empty containers of skincare products on September 1, 2020 for the implementation by Drugstore Matsumotokiyoshi “matsukiyo LAB” all over Japan.

In the area of employee programs, we paid “special allowances” to the store staff for their services in April and May, which fell within the period of the state of emergency declared by the government concerning COVID-19. This was in appreciation of the understanding and cooperation of the store staff who made it possible for many of the stores within the Group to continue to operate under such a nationwide declaration of the state of emergency. In addition, we are making efforts to improve the working environment of our employees. For example, we have introduced a new interest-free “Employee Emergency Loan Program” to support an environment in which employees working within the Group can lead their lives as securely as possible and continue to work.

As a result, net sales were ¥273,846 million (down 8.8% year on year), operating profit was ¥14,496 million (down 21.3% year on year), ordinary profit was ¥15,541 million (down 20.9% year on year), and profit attributable to owners of parent was ¥9,729 million (down 24.9% year on year).

Operating results by segment were as follows:

<Retail business>

In the first quarter, special procurement demand arose for masks, disinfectants, daily necessities, food, etc., due to the effect of COVID-19, particularly at suburban stores. On the other hand, due to the stay-home recommendations and the promotion of working from home, stores in central Tokyo and other downtown locations had decreased customer traffic. Sales were also affected mainly by shorter business hours, temporary close of tenant shops, and temporary close during weekends of near-distance opening stores. However, once the state of emergency declaration was lifted nationwide, customer traffic at stores in central Tokyo and other downtown locations started to increase. Inbound sales were small mainly due to the effect of immigration restrictions.

In the second quarter, special procurement demand continued to arise for masks, disinfectants, daily necessities, food, etc., particularly at suburban stores, as in the first quarter. The number of customers coming to stores in central Tokyo and other downtown locations has been recovering, and sales of medical and pharmaceutical products and cosmetics are struggling, but have shown signs of recovery. On the other hand, the second quarter has been subject to the reaction from the temporary surge in demand before the consumption tax rate hike last year. Inbound sales continued to be small mainly due to the effect of immigration restrictions.

The prescription business struggled with people's reluctance to go to medical institutions under the COVID-19 pandemic and a decrease in prescription drug sales, but its net sales were about the same as year earlier partly owing to new openings of prescription stores.

<Wholesale business>

In the wholesale business, we achieved a geographic expansion due to new openings of franchise stores and an increase in the number of member stores of the Community Pharmacy Support Program and a year-on-year sales growth.

As a result, net sales of the retail business segment were ¥262,016 million (down 9.3% year on year), net sales of the wholesale business segment were ¥9,974 million (up 2.0% year on year), and net sales of the management support business segment were ¥1,855 million (up 15.3% year on year).

## (2) Details of financial position

Total assets as of the end of the second quarter ended September 30, 2020 increased by ¥10,840 million from the end of the previous fiscal year to ¥362,649 million. This was mainly due to an increase of ¥5,464 million in cash and deposits and an increase of ¥4,989 million in merchandise.

Total liabilities increased by ¥310 million to ¥122,814 million. This was mainly due to an increase of ¥1,644 million in other non-current liabilities and a decrease of ¥1,566 million in income taxes payable.

Net assets increased by ¥10,529 million to ¥239,834 million. This was mainly due to an increase of ¥6,132 million in retained earnings.

### Cash flows

Cash and cash equivalents at the end of the second quarter ended September 30, 2020 increased by ¥5,468 million from the end of the previous fiscal year to ¥33,832 million.

The respective cash flow positions and the factors thereof in the six months ended September 30, 2020 are as follows.

*(Cash flows from operating activities)*

Net cash provided by operating activities was ¥13,265 million (¥21,215 million was provided in the corresponding period of previous fiscal year). This was mainly attributable to the recognition of profit before income taxes of ¥14,665 million.

*(Cash flows from investing activities)*

Net cash used in investing activities was ¥3,121 million (¥5,818 million was used in the corresponding period of previous fiscal year). This was mainly attributable to the purchase of property, plant and equipment of ¥1,845 million.

*(Cash flows from financing activities)*

Net cash used in financing activities was ¥4,675 million (¥4,581 million was used in the corresponding period of previous fiscal year). This was mainly attributable to dividends paid of ¥3,566 million.

*(Capital resources and funding liquidity)*

The Group mainly uses funds generated by operating activities to capital expenditures related to the opening of new stores.

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

In view of, among others, the trend in the operating results for the six months ended September 30, 2020, we have revised the full-year consolidated earnings forecasts announced on May 13, 2020.

For the details of the revision, please refer to the "Notice of the Difference between Consolidated Earnings Forecasts and Actual Results for the Six Month Ended September 30, 2020 and of Revision of Full-Year Forecasts for the Fiscal Year Ending March 31, 2021" announced today (November 13, 2020).

**2. Quarterly Consolidated Financial Statements and Significant Notes Thereto****(1) Quarterly consolidated balance sheet**

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	28,368	33,832
Notes and accounts receivable - trade	23,479	23,542
Merchandise	81,231	86,220
Supplies	673	648
Other	26,303	21,860
Allowance for doubtful accounts	(29)	(22)
Total current assets	160,027	166,083
Non-current assets		
Property, plant and equipment		
Land	40,073	40,071
Other	34,021	33,603
Total property, plant and equipment	74,095	73,674
Intangible assets		
Goodwill	4,870	4,450
Other	4,532	4,520
Total intangible assets	9,403	8,970
Investments and other assets		
Investment securities	63,345	69,245
Leasehold and guarantee deposits	37,858	37,661
Other	7,152	7,085
Allowance for doubtful accounts	(72)	(71)
Total investments and other assets	108,283	113,921
Total non-current assets	191,782	196,566
Total assets	351,809	362,649



(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	57,466	56,428
Income taxes payable	7,385	5,819
Provision for bonuses	3,871	4,218
Provision for point card certificates	2,531	3,237
Asset retirement obligations	13	6
Other	14,933	15,023
Total current liabilities	86,202	84,732
Non-current liabilities		
long-term borrowings	18,400	18,400
Provision for share-based remuneration	134	165
Provision for share-based remuneration for directors (and other officers)	39	39
Retirement benefit liability	255	268
Asset retirement obligations	7,518	7,609
Other	9,953	11,598
Total non-current liabilities	36,301	38,082
Total liabilities	122,504	122,814
<b>Net assets</b>		
Shareholders' equity		
Share capital	22,051	22,051
Capital surplus	22,996	23,003
Retained earnings	196,253	202,385
Treasury shares	(20,707)	(20,680)
Total shareholders' equity	220,593	226,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,667	13,026
Remeasurements of defined benefit plans	-	3
Total accumulated other comprehensive income	8,667	13,029
Share acquisition rights	43	43
Total net assets	229,304	239,834
Total liabilities and net assets	351,809	362,649

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

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	300,415	273,846
Cost of sales	206,449	184,593
Gross profit	93,966	89,252
Selling, general and administrative expenses		
Provision for point card certificates	427	706
Salaries and allowances	23,320	23,413
Provision for bonuses	4,146	4,218
Retirement benefit expenses	531	549
Rent expenses on land and buildings	18,134	17,824
Other	28,980	28,044
Total selling, general and administrative expenses	75,541	74,756
Operating profit	18,424	14,496
Non-operating income		
Interest income	51	44
Dividend income	171	181
Gain on donation of non-current assets	253	193
Order handling commission	547	542
Other	219	338
Total non-operating income	1,242	1,299
Non-operating expenses		
Interest expenses	9	22
Foreign exchange losses	4	0
Cash over and short	9	15
Share of loss of entities accounted for using equity method	-	208
Other	6	8
Total non-operating expenses	29	255
Ordinary profit	19,637	15,541
Extraordinary income		
Gain on sales of non-current assets	0	6
Gain on sales of investment securities	7	3
Subsidy income relating to COVID-19	-	32
Total extraordinary income	7	42
Extraordinary losses		
Loss on sales of non-current assets	1	-
Loss on retirement of non-current assets	91	83
Loss on store closings	30	37
Impairment loss	214	229
Loss relating to COVID-19	-	567
Other	1	-
Total extraordinary losses	339	917
Profit before income taxes	19,305	14,665
Income taxes - current	6,480	5,181
Income taxes - deferred	(127)	(245)
Total income taxes	6,352	4,935
Profit	12,952	9,729
Profit attributable to owners of parent	12,952	9,729

**Quarterly consolidated statement of comprehensive income****Year to quarter end consolidated statement of comprehensive income**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	12,952	9,729
Other comprehensive income		
Valuation difference on available-for-sale securities	184	4,356
Share of other comprehensive income of entities accounted for using equity method	–	5
Total other comprehensive income	184	4,362
Comprehensive income	13,136	14,091
Profit attributable to		
Comprehensive income attributable to owners of parent	13,136	14,091
Comprehensive income attributable to non-controlling interests	–	–

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	19,305	14,665
Depreciation	3,610	3,792
Impairment loss	214	229
Amortization of goodwill	455	420
Increase (decrease) in provision for bonuses	422	346
Increase (decrease) in allowance for doubtful accounts	0	(9)
Increase (decrease) in provision for point card certificates	427	706
Increase (decrease) in retirement benefit liability	13	13
Interest and dividend income	(222)	(225)
Interest expenses	9	22
Loss on retirement of non-current assets	91	83
Decrease (increase) in trade receivables	(2,490)	(62)
Decrease (increase) in inventories	(452)	(4,964)
Increase (decrease) in trade payables	5,428	(1,037)
Decrease (increase) in accounts receivable - other	(1,313)	1,039
Increase (decrease) in accounts payable - other	582	(12)
Other	2,389	3,142
Subtotal	28,472	18,148
Interest and dividends received	172	482
Interest paid	(8)	(22)
Income tax paid	(9,999)	(8,708)
Income taxes refund	2,579	3,365
Net cash provided by (used in) operating activities	21,215	13,265
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,328)	(1,845)
Purchase of intangible assets	(1,046)	(746)
Payments of leasehold and guarantee deposits	(1,195)	(569)
Proceeds from refund of leasehold and guarantee deposits	133	377
Purchase of investment securities	(1,034)	(0)
Other	(346)	(336)
Net cash provided by (used in) investing activities	(5,818)	(3,121)
Cash flows from financing activities		
Repayments of lease obligations	(1,060)	(1,108)
Purchase of treasury shares	(0)	-
Dividends paid	(3,541)	(3,566)
Other	21	-
Net cash provided by (used in) financing activities	(4,581)	(4,675)
Net increase (decrease) in cash and cash equivalents	10,815	5,468
Cash and cash equivalents at beginning of period	43,349	28,363
Cash and cash equivalents at end of period	54,165	33,832

**(4) Notes to quarterly consolidated financial statements***(Notes on going concern assumption)*

Not applicable.

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

Not applicable.

*(Segment information)*

[Segment information]

I Six months ended September 30, 2019

## 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	189,587	99,434	41	9,741	1,609	300,415	–	300,415
Intersegment sales or transfers	4	18	197,391	–	7,236	204,650	(204,650)	–
Total	189,591	99,452	197,432	9,741	8,846	505,065	(204,650)	300,415
Segment profit (loss)	12,793	5,400	746	175	(367)	18,748	(323)	18,424

Notes: 1. The adjustment of negative ¥323 million to segment profit (loss) includes negative ¥426 million of amortization of goodwill and ¥103 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 ¥214 million as an impairment loss under extraordinary losses.

The breakdown of the impairment loss is ¥109 million for Matsumotokiyoshi Retail, ¥86 million for Other Retail, ¥21 million for Management Support business and negative ¥1 million for consolidation eliminations and adjustments.

*(Significant change in the amount of goodwill)*

Not applicable.

## II Six months ended September 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)
	Matsumotokiyoshi Retail	Other Retail	Matsumotokiyoshi Holdings Wholesale	Other Wholesale				
Net sales								
Sales from external customers	163,138	98,877	266	9,707	1,855	273,846	–	273,846
Intersegment sales or transfers	6	6	179,782	–	5,805	185,601	(185,601)	–
Total	163,144	98,883	180,049	9,707	7,661	459,447	(185,601)	273,846
Segment profit (loss)	8,184	6,634	793	208	(1,057)	14,763	(267)	14,496

Notes: 1. The adjustment of negative ¥267 million to segment profit (loss) includes negative ¥389 million of amortization of goodwill and ¥122 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 ¥229 million as an impairment loss under extraordinary losses.

The breakdown of the impairment loss is ¥223 million for Matsumotokiyoshi Retail, ¥9 million for Other Retail, ¥2 million for Management Support business and negative ¥6 million for consolidation eliminations and adjustments.

*(Significant change in the amount of goodwill)*

Not applicable.

*(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 six months ended September 30, 2020 are as follows:

Segment name	Six months ended September 30, 2020	
	Amount (Millions of yen)	Change from the corresponding period of the previous fiscal year (%)
Retail business	262,016	90.7
Wholesale business	9,974	102.0
Management support business	1,855	115.3
Total	273,846	91.2

Notes: 1. Intersegment transactions are eliminated.

2. Consumption taxes pertaining to sales are accounted for under the tax exclusion method.

#### (2) Net sales by product

Net sales by product for the six months ended September 30, 2020 are as follows:

Products	Six months ended September 30, 2020	
	Amount (Millions of yen)	Change from the corresponding period of the previous fiscal year (%)
Retail business		
Medical and pharmaceutical products	76,883	84.7
Cosmetics	93,284	77.8
General merchandise	63,805	124.0
Food	27,489	104.9
Subtotal	261,462	90.6
Wholesale business	9,695	101.9
Total	271,158	91.0

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. Consumption taxes pertaining to sales are accounted for under the tax exclusion method.

#### (3) Purchases by product

Purchases by product for the six months ended September 30, 2020 are as follows:

Products	Six months ended September 30, 2020	
	Amount (Millions of yen)	Change from the corresponding period of the previous fiscal year (%)
Retail business		
Medical and pharmaceutical products	45,049	82.8
Cosmetics	64,502	79.0
General merchandise	46,287	121.2
Food	23,352	103.3
Subtotal	179,191	91.0
Wholesale business	9,339	98.3
Total	188,530	91.4

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

2. Consumption taxes pertaining to purchases are accounted for under the tax exclusion method.