



Consolidated Financial Results for the Fiscal Year Ended May 31, 2026 (Japan GAAP)

June 25, 2026

Company name: Pharmarise Holdings Corporation	Listed on: Tokyo Stock Exchange, Standard Market
Code number: 2796	URL https://www.pharmarise.com/en/
Representative: Masayuki Akiyama, President and Representative Director	
Inquiries: Yutaka Numata, Director	Phone: +81-3-3362-7130
Scheduled date of annual shareholders' meeting:	August 28, 2026
Scheduled date to commence dividend payments:	August 31, 2026
Scheduled date to file annual securities report:	August 20, 2026
Preparation of supplementary material on financial results:	None
Holding of financial results briefing:	Yes (for analysts and institutional investors)

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

1. Consolidated financial results for the fiscal year ended May 31, 2026 (from June 1, 2025 to May 31, 2026)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
May 31, 2026	69,512	9.5	979	233.5	715	422.4	114	–
May 31, 2025	63,508	16.6	293	(67.9)	136	(83.6)	(367)	–

(Note) Comprehensive income Fiscal year ended May 31, 2026: 125 million yen [–%]
 Fiscal year ended May 31, 2025: –370 million yen [–%]

	Earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
May 31, 2026	10.01	9.62	1.7	2.2	1.4
May 31, 2025	(32.48)	–	(5.3)	0.4	0.5

(Reference) Share of profit (loss) of entities accounted for using equity method

Fiscal year ended May 31, 2026: – million yen Fiscal year ended May 31, 2025: – million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
May 31, 2026	32,680	6,859	20.3	576.71
May 31, 2025	31,924	6,918	20.9	586.21

(Reference) Equity As of May 31, 2026: 6,633 million yen As of May 31, 2025: 6,659 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
May 31, 2026	3,278	(1,975)	(181)	6,012
May 31, 2025	1,311	(4,462)	939	4,891

2. Cash dividends

	Dividend per share					Total dividend payments (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
May 31, 2025	–	0.00	–	14.00	14.00	159	–	2.3
May 31, 2026	–	0.00	–	14.00	14.00	161	139.8	2.4
Fiscal year ending								
May 31, 2027 (forecast)	–	0.00	–	14.00	14.00		1,408.9	

3. Consolidated earnings forecasts for the fiscal year ending May 31, 2027 (from June 1, 2026 to May 31, 2027)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
Six months	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	35,181	4.7	359	(10.0)	276	(16.0)	(44)	–	(3.90)
	70,604	1.6	1,014	3.5	736	2.9	11	(90.0)	0.99

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New: 3 (company names) Sanko Medical Co., Ltd., etc., Exception: — (company name)

Note: Please see “3. Consolidated Financial Statements and Notes on Important Matters, (5) Notes on consolidated financial statements” on page 14 of the Accompanying Materials for more details.

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

(i) Changes in accounting policies due to the revision of accounting standards: No

(ii) Changes in accounting policies other than (i): No

(iii) Changes in accounting estimates: No

(iv) Retrospective restatement: No

(3) Number of issued shares (common shares)

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

As of May 31, 2026	12,060,381 shares	As of May 31, 2025	12,060,381 shares
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(ii) Total number of treasury shares at the end of the period:

As of May 31, 2026	557,856 shares	As of May 31, 2025	699,476 shares
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(iii) Average number of shares issued and outstanding in each period:

Fiscal year ended May 31, 2026	11,455,189 shares	Fiscal year ended May 31, 2025	11,321,567 shares
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* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

* Explanation regarding appropriate use of business forecasts and other special instructions

The forward-looking statements such as forecasts of financial results contained in this material are based on information available to the Company at the time of the publication of this document and certain assumptions that the Company considers to be reasonable, and may differ materially from the actual results due to various factors. For conditions regarding the assumptions for results forecasts and notes on the use of results forecasts, etc., please refer to page 5 of the accompanying materials “1. Overview of Operating Results, (4) Future outlook.”

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1. Overview of Operating Results

(1) Overview of operating results for the fiscal year under review

During the consolidated fiscal year under review (June 1, 2025 through May 31, 2026), the Japanese economy remained on a gradual recovery path due to improvement in the employment and income environment and the effects of various government policies. However, the outlook remained uncertain, reflecting concern over inflation in Japan in addition to the risk of global economic volatility due to the impacts of U.S. trade policies and the Middle East situation.

Under those conditions, Pharmarise Holdings Corporation (the “Company”) and its consolidated subsidiaries (the “Group”) announced the Medium-term Management Plan Make a Leap 2027-Strengthen Foothold for a Further Leap Forward (the “New Medium-term Management Plan”) on June 25, 2025. The Group is working to strengthen its management base by quickly completing the post-merger integration (PMI) of newly acquired companies and pharmacies and enhancing its functions as family pharmacists and pharmacies. It is also focusing on growth strategies centered on its core Dispensing Pharmacy Business, with the aim of achieving further growth.

Under the Medium-term Management Plan, the Group has redefined its mission, vision and values, set long-term goals of becoming a community-centered dispensing pharmacy group that is chosen and trusted by patients and a dispensing pharmacy group finely attuned to the health maintenance, medical and nursing care needs of all, especially the elderly, and implemented the following growth strategies.

Dispensing Pharmacy Business

- (1) Strengthen pharmacists’ family pharmacist function
- (2) Maintain patient-centered pharmacy operation
- (3) Thoroughly implement initiatives to increase the number of prescriptions filled

Other

- (4) Adopt a more sophisticated approach to M&A
- (5) Rebuild existing businesses except for Dispensing Pharmacy Business
- (6) Pursue sustainable corporate growth (sustainability)

The Company aims to achieve net sales of 70,000 million yen, operating profit of 1,600 million yen and an ROIC of 4.5% in FY28/5.

During the fiscal year under review, the Group achieved expansion in net sales and improvement in profitability thanks to M&A made in previous fiscal years to expand the scale of the Dispensing Pharmacy Business and rapid implementation of PMI.

The acquisition of Sanko Medical Co., Ltd. announced on January 30, 2026 is also expected to contribute to profitability going forward by strengthening the pharmaceutical distribution system and improving profitability through integration with Sanko Medical Co., Ltd.’s pharmaceutical wholesaler business and by expediting the Group’s strategy of achieving dominance in the Kanto region.

As a result, during the consolidated fiscal year under review, net sales totaled 69,512 million yen (up 9.5% year on year), with operating profit of 979 million yen (up 233.5%) and ordinary profit of 715 million yen (up 422.4%). Profit attributable to owners of parent came to 114 million yen (compared to a loss attributable to owners of parent of 367 million yen a year ago). For Group companies GOOD AID Co., Ltd. and next PH Corporation, the Company recorded the financial results of each for a 14-month period due to a change in fiscal year-end.

The increase in net sales is mainly attributable to an increase in dispensing pharmacy sales associated with an increase in the number of pharmacies, which was a result of M&A activity.

The Group also posted year-on-year increases in operating profit and ordinary profit, mainly attributable to factors such as the improved profitability of the Dispensing Pharmacy Business, the contributions of existing pharmacies and acquired pharmacies, and a decline in the selling, general and administrative expense ratio, which is attributable to the streamlining of headquarters operations across the entire group.

Segment performance was as follows.

Dispensing Pharmacy Business

Due to M&A activity in previous fiscal years and new pharmacy openings, the number of pharmacies increased, and the number of prescriptions filled rose. The Group also continued with efforts initiated the previous fiscal year to meet facility criteria for regional support structure premiums, etc. at existing pharmacies, thereby increasing the calculation of dispensing technical fees. Accordingly, both sales and profits held firm. The Group also worked to reduce the selling, general and administrative expense through operation integration and improvement in operating efficiency after the M&A.

As a result, in the fiscal year under review, sales for the Dispensing Pharmacy Business increased 12.7% year on year, to 59,331 million yen, and the segment profit increased 139.8%, to 1,386 million yen.

As of the end of the consolidated fiscal year under review, the Group operated 406 dispensing pharmacies. Since the end of the previous fiscal year, 23 pharmacies have been added to the Group (16 of which belong to the Medical Group Sanko Medical Co., Ltd. and its group companies, which joined the Pharmarise Group on February 13, 2026). 18 pharmacies have been closed.

In its operation of pharmacies, the Group advanced initiatives by establishing task forces following the growth strategies laid out in the Medium-term Management Plan, specifically (1) strengthen pharmacists’ family pharmacist function; (2) maintain patient-centered pharmacy operation; and (3) thoroughly implement initiatives to increase the number of prescriptions filled.

Under strategy (1), a dedicated family pharmacist education program was established. The Company developed online training aimed at instilling its distinct mindset and standards of conduct, and began providing it to each pharmacy. During the fiscal year under review, four training sessions were provided at all pharmacies, and efforts were made to raise frontline awareness by sharing examples of activities and presenting internal awards, etc.

Under strategy (2), the Group is implementing initiatives based on Japan's Pharmacy Vision for Patients and had 81 health support pharmacies, 86 pharmacies cooperating with local health care facilities and three pharmacies cooperating with specialized medical institutions as of the end of the fiscal year under review.

The Company is also continuing to roll out its original Café Nyamarise dementia café initiative. During the fiscal year under review, a total of 248 Café Nyamarise events were held at 109 pharmacies across the country, surpassing the updated target of 100 pharmacies. The creation of opportunities to seek advice has also led to a gradual increase in the number of people coming into pharmacies.

Furthermore, under strategy (3), the Group opened its official LINE account in December 2025 (approximately 5,300 individuals registered as "friends" as of the end of the fiscal year under review) and worked to increase the number of prescriptions filled through the submission of prescriptions online and the provision of discount coupons and other notifications about events, etc. to encourage more people to visit pharmacies. The Group also put effort into capturing demand for dispensing at home and at facilities, and the number of prescriptions filled for community healthcare (dispensing at home and at facilities) during the fiscal year under review was 597,000 (up 4.6% year on year), with net sales amounting to 4,585 million yen (up 5.4%).

Drug/Convenience Store Business

The Drug/Convenience Store Business was impacted by the closure of unprofitable stores in the previous fiscal year as well as the temporary suspension of business at profitable drugstores and competitors opening new pharmacies. The business also saw sluggish sales of seasonal pharmaceutical products. In response to this, the Group reviewed its marketing strategies and promotions and also stepped up pharmacy development and focused on opening highly profitable pharmacies.

Consequently, in the consolidated fiscal year under review, sales for the Drug/Convenience Store Business decreased 7.5% year on year, to 8,042 million yen, and the segment loss was 83 million yen (compared to a segment loss of 44 million yen a year ago).

As of the end of the fiscal year under review, the Group operated 40 stores (52 including those with a pharmacy section), reflecting an increase of one store due to a new opening and a decrease of 4 stores due to closure since the end of the previous fiscal year.

Storage and Management of Medical Documents Business

The Storage and Management of Medical Documents Business generated steady income from medical document storage fees and recorded one-time income related to the disposal of archival medical documents, as well as successfully reducing labor expenses and other expenses.

As a result, in the fiscal year under review, sales for the Storage and Management of Medical Documents Business increased 6.1% year on year, to 647 million yen, and the segment profit increased 95.1%, to 100 million yen.

Medical Mall Management Business

While income from medical institutions remained stable, sales fell temporarily due to a certain tenant medical institution moving out. The Company is conducting activities to find a tenant for the vacant space and expects to fill the vacant space soon due to its advantageous location. While labor expenses increased mainly as a result of higher salaries, the rise in depreciation expenses was curbed due to postponement of the planned replacement of medical equipment.

As a result, sales for the Medical Mall Management Business decreased 1.3% year on year, to 505 million yen, and the segment profit decreased 15.2%, to 87 million yen in the fiscal year under review.

Other

In the paid placement business, the number of contracts—especially for executive professional-level projects that have higher unit sales prices—decreased. The home-visit nursing business saw a reduction in the frequency of home visits. Meanwhile, upfront costs were incurred in the medical IT solutions business, mainly reflecting depreciation associated with the development of new products.

Consequently, in the fiscal year under review, sales for the businesses in the Other segment decreased 7.3% year on year, to 986 million yen, and the segment loss was 113 million yen (compared to a segment loss of 52 million yen a year ago).

(2) Overview of financial position for the fiscal year under review

(Current assets)

Current assets at the end of the consolidated fiscal year under review totaled 13,164 million yen, a decrease of 74 million yen from the end of the previous fiscal year. This was mainly attributable to a decrease of 1,351 million yen in merchandise and finished goods from the end of the previous fiscal year, to 2,713 million yen, which was partly offset by an increase in cash and deposits of 1,101 million yen from the end of the previous fiscal year, to 6,012 million yen.

(Non-current assets)

Non-current assets at the end of the consolidated fiscal year under review totaled 19,516 million yen, an increase of 831 million yen from the end of the previous fiscal year. This was chiefly due to land increasing 307 million yen from the end of the previous fiscal year to 3,227 million yen and goodwill increasing 457 million yen to 7,257 million yen.

(Current liabilities)

Current liabilities were 14,010 million yen at the end of the consolidated fiscal year under review, up 2,021 million yen from a year earlier. This was primarily due to an increase in current portion of long-term borrowings of 2,141 million yen, from the end of the previous fiscal year to 4,781 million yen at the end of the fiscal year under review.

(Non-current liabilities)

Non-current liabilities at the end of the fiscal year under review amounted to 11,810 million yen, a decrease of 1,206 million yen from the end of the previous fiscal year. This was primarily due to a decrease in long-term borrowings of 1,242 million yen, from the end of the previous fiscal year to 9,810 million yen at the end of the fiscal year under review.

(Net assets)

Net assets at the end of the consolidated fiscal year under review totaled 6,859 million yen, a decrease of 58 million yen from the end of the previous fiscal year. This was primarily due to non-controlling interests decreasing 32 million yen from the end of the previous fiscal year to 17 million yen, and retained earnings decreasing 95 million yen to 2,091 million yen, which were partly offset by treasury shares increasing 95 million yen from the end of the previous fiscal year to 376 million yen.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter “cash”) at the end of the consolidated fiscal year under review was 6,012 million yen (an increase of 1,121 million yen from the end of the previous fiscal year).

The cash flows in the fiscal year under review and factors relating to each are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 3,278 million yen (up 1,967 million yen year on year). This was attributable chiefly to the posting of profit before income taxes of 698 million yen, depreciation of 782 million yen, amortization of goodwill of 823 million yen and a decrease of 1,464 million yen in inventories, which were partially offset by a decrease of 409 million yen in cash due to income taxes refund (paid) and a decrease of 372 million yen in trade receivables.

(Cash flows from investing activities)

Net cash used in investing activities totaled 1,975 million yen, a decrease of 2,486 million yen from the previous fiscal year. This was mainly due to the purchase of property, plant and equipment of 696 million yen chiefly related to the opening of new pharmacies, and the purchase of shares of subsidiaries resulting in change in scope of consolidation of 1,192 million yen.

(Cash flows from financing activities)

Net cash used in financial activities was 181 million yen (up 939 million yen year on year). This primarily reflected proceeds from long-term borrowings of 3,000 million yen, repayments of long-term borrowings of 2,746 million yen, repayments of lease liabilities of 178 million yen, dividends paid of 158 million yen, and purchase of shares of subsidiaries not resulting in change in scope of consolidation of 97 million yen.

(Reference) Trends in cash flow indices

	FY May 2022	FY May 2023	FY May 2024	FY May 2025	FY May 2026
Equity ratio (%)	26.9	28.5	24.3	20.9	20.3
Equity ratio on a market-value basis (%)	28.7	24.6	24.6	17.3	17.8
Ratio of interest-bearing debt to cash flow (years)	13.9	3.6	4.7	10.9	4.6
Interest coverage ratio (times)	10.8	45.4	38.0	6.8	11.2

Equity ratio: Shareholders' equity/Total assets

Equity ratio on a market-value basis: Equity market capitalization/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest expenses paid

* Each indicator is calculated based on consolidated financial data.

* The calculation of the cash flow and interest payments used the cash flow from operating activities and interest expenses paid stated in the Consolidated Statement of Cash Flows. Interest-bearing debt is all liabilities posted in the consolidated balance sheet for which interest is paid.

(4) Future outlook

As result of implementation of various measures under the Medium-term Management Plan (FY26/5 to FY28/5), the Company achieved a v-shaped recovery in its financial results compared with the previous consolidated fiscal year, despite falling short of its initially expected forecasts, and succeeded in steadily improving its revenue base. In the next consolidated fiscal year, the Dispensing Pharmacy Business is expected to be impacted by the revision of dispensing fees and other factors but the Group will build on the business base and growth measures put in place to date and further accelerate initiatives for sustainable growth. Specifically, the Group will work to increase the number of prescriptions filled, which is key measure under the Medium-term Management Plan, by further expanding dispensing at home and at facilities and by promoting the development of pharmacies that people in communities are more likely to choose through thorough implementation of patient-centered pharmacy operations. The Group will also focus on improving profitability through efforts to change the cost structure by reducing selling, general and administrative expenses to a reasonable level and promote greater operational efficiency. Above all, the Group will work to strengthen the competitiveness of the Group as a whole and improve corporate value by creating synergy through increased integration with the pharmaceutical wholesale business acquired as part of M&A activity and by steadily implementing PMI.

Through these initiatives, the Group aims to generate stable revenue despite the impact of the business environment, and achieve growth over the medium and long term.

Regarding the financial results forecasts for the fiscal year ending March 31, 2027, the Company expects net sales to be 70,604 million yen (up 1.6% year on year), operating profit to be 1,014 million yen (up 3.5% year on year), ordinary profit to be 736 million yen (up 2.9% year on year), and profit attributable to owners of parent to be 11 million yen (down 90.0% year on year).

For details of the differences between the consolidated earnings forecasts and actual results for the consolidated fiscal year under review, please refer to the "Notice of Differences Between the Consolidated Earnings Forecasts and Actual Results for the Fiscal Year Ended May 31, 2026" released today.

(5) Important events related to the going concern assumption, etc.

Not applicable.

2. Basic Approach towards Selection of Accounting Standards

The Company applies, and will apply for some time to come, Japanese GAAP, partly because the Group operates almost exclusively in Japan. Most of its stakeholders are shareholders, creditors, and business partners, among others, in Japan. The Company does not raise funds overseas. Another reason is to ensure comparability with competitors in Japan. The Company will consider the application of IFRS (International Financial Reporting Standards), taking into consideration trends in IFRS adoption.

3. Consolidated Financial Statements and Notes on Important Matters

(1) Consolidated balance sheet

(Million yen)

	As of May 31, 2025	As of May 31, 2026
Assets		
Current assets		
Cash and deposits	4,911	6,012
Accounts receivable	738	1,120
Merchandise and finished goods	4,065	2,713
Raw materials and supplies	81	99
Accounts receivable - other	3,050	2,638
Investments in leases	4	4
Other	394	591
Allowance for doubtful accounts	(7)	(17)
Total current assets	13,239	13,164
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,692	9,024
Accumulated depreciation	(5,217)	(5,498)
Buildings and structures, net	3,474	3,525
Machinery, equipment and vehicles	124	126
Accumulated depreciation	(101)	(106)
Machinery, equipment and vehicles, net	22	19
Tools, furniture and fixtures	1,669	1,856
Accumulated depreciation	(1,337)	(1,536)
Tools, furniture and fixtures, net	332	320
Land	2,919	3,227
Leased assets	800	703
Accumulated depreciation	(451)	(344)
Leased assets, net	349	358
Construction in progress	111	169
Total property, plant and equipment	7,209	7,621
Intangible assets		
Goodwill	6,800	7,257
Leased assets	125	107
Other	341	238
Total intangible assets	7,266	7,602
Investments and other assets		
Investment securities	339	339
Long-term loans receivable	1	3
Guarantee deposits	1,809	1,859
Deferred tax assets	1,723	1,652
Investments in leases	163	158
Other	363	366
Allowance for doubtful accounts	(192)	(87)
Total investments and other assets	4,208	4,292
Total non-current assets	18,684	19,516
Total assets	31,924	32,680

(Million yen)

	As of May 31, 2025	As of May 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	6,647	6,627
Current portion of long-term borrowings	2,639	4,781
Lease liabilities	158	144
Accrued expenses	847	877
Income taxes payable	284	347
Provision for bonuses	46	8
Provision for loss on disaster	50	–
Other	1,314	1,224
Total current liabilities	11,988	14,010
Non-current liabilities		
Long-term borrowings	11,053	9,810
Lease liabilities	429	417
Retirement benefit liability	1,038	1,054
Asset retirement obligations	232	246
Other	264	280
Total non-current liabilities	13,017	11,810
Total liabilities	25,005	25,820
Net assets		
Shareholders' equity		
Share capital	1,961	1,961
Capital surplus	2,186	2,091
Retained earnings	2,938	2,893
Treasury shares	(471)	(376)
Total shareholders' equity	6,614	6,570
Accumulated other comprehensive income		
Remeasurements of defined benefit plans	45	63
Total accumulated other comprehensive income	45	63
Share acquisition rights	208	208
Non-controlling interests	49	17
Total net assets	6,918	6,859
Total liabilities and net assets	31,924	32,680

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Million yen)

	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Net sales	63,508	69,512
Cost of sales	54,542	60,053
Gross profit	8,965	9,459
Selling, general and administrative expenses	8,671	8,479
Operating profit	293	979
Non-operating income		
Interest income	10	13
Dividend income	0	0
Commission income	13	14
Rental income	19	55
Cancellation fee income	–	19
Other	61	25
Total non-operating income	105	129
Non-operating expenses		
Interest expenses	178	285
Commission expenses	51	62
Cost of lease revenue	10	33
Other	21	12
Total non-operating expenses	262	393
Ordinary profit	136	715
Extraordinary income		
Gain on sale of non-current assets	2	19
Reversal of provision for loss on store closings	36	–
Reversal of allowance for doubtful accounts	–	27
Insurance claim income	43	–
Subsidy income	74	61
Gain on bargain purchase	4	–
Other	3	–
Total extraordinary income	165	108
Extraordinary losses		
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	2	7
Loss on tax purpose reduction entry of non-current assets	72	60
Impairment losses	184	48
Loss on cancellation of rental contracts	22	7
Loss on disaster	11	–
Total extraordinary losses	293	125
Profit before income taxes	8	698
Income taxes - current	503	499
Income taxes - deferred	(112)	91
Total income taxes	390	591
Profit (loss)	(381)	107
Profit (loss) attributable to non-controlling interests	(13)	(6)
Profit (loss) attributable to owners of parent	(367)	114

Consolidated statements of comprehensive income

(Million yen)

	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Profit (loss)	(381)	107
Other comprehensive income		
Remeasurements of defined benefit plans, net of tax	10	17
Total other comprehensive income	10	17
Comprehensive income	(370)	125
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(357)	132
Comprehensive income attributable to non-controlling interests	(13)	(6)

(3) Consolidated statements of changes in equity

Fiscal year ended May 31, 2025

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,961	2,177	3,530	(550)	7,118
Changes during period					
Dividends of surplus			(224)		(224)
Purchase of shares of consolidated subsidiaries					-
Loss attributable to owners of parent			(367)		(367)
Disposal of treasury shares		(7)		79	71
Other		16			16
Net changes of items other than shareholders' equity					-
Total changes during period	-	8	(592)	79	(504)
Balance at end of period	1,961	2,186	2,938	(471)	6,614

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	34	34	208	80	7,442
Changes during period					
Dividends of surplus					(224)
Purchase of shares of consolidated subsidiaries					-
Loss attributable to owners of parent					(367)
Disposal of treasury shares					71
Other					16
Net changes of items other than shareholders' equity	10	10	-	(30)	(19)
Total changes during period	10	10	-	(30)	(524)
Balance at end of period	45	45	208	49	6,918

Fiscal year ended May 31, 2026

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,961	2,186	2,938	(471)	6,614
Changes during period					
Dividends of surplus			(159)		(159)
Purchase of shares of consolidated subsidiaries		(71)			(71)
Profit attributable to owners of parent			114		114
Disposal of treasury shares		(23)		95	71
Other					–
Net changes of items other than shareholders' equity					–
Total changes during period	–	(95)	(44)	95	(44)
Balance at end of period	1,961	2,091	2,893	(376)	6,570

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	45	45	208	49	6,918
Changes during period					
Dividends of surplus					(159)
Purchase of shares of consolidated subsidiaries				(25)	(97)
Profit attributable to owners of parent					114
Disposal of treasury shares					71
Other					–
Net changes of items other than shareholders' equity	17	17	–	(6)	11
Total changes during period	17	17	–	(32)	(58)
Balance at end of period	63	63	208	17	6,859

(4) Consolidated statements of cash flows

(Million yen)

	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Cash flows from operating activities		
Profit before income taxes	8	698
Depreciation	730	782
Impairment losses	184	48
Amortization of goodwill	763	823
Gain on bargain purchase	(4)	–
Increase (decrease) in allowance for doubtful accounts	0	(102)
Increase (decrease) in provision for bonuses	(16)	(37)
Increase (decrease) in provision for loss on store closings	(42)	–
Increase (decrease) in provision for loss on disaster	9	(50)
Increase (decrease) in retirement benefit liability	(124)	(12)
Interest and dividend income	(10)	(13)
Interest expenses	178	285
Subsidy income	(74)	(61)
Loss (gain) on sale of non-current assets	(2)	(17)
Loss on retirement of non-current assets	2	7
Loss on cancellation of rental contracts	22	7
Loss on tax purpose reduction entry of non-current assets	72	60
Decrease (increase) in trade receivables	392	186
Decrease (increase) in inventories	(1,091)	1,464
Increase (decrease) in trade payables	910	(372)
Decrease (increase) in consumption taxes refund receivable	(617)	225
Gain on sale of securities	(3)	–
Other	618	2
Subtotal	1,905	3,925
Interest and dividend income received	10	13
Interest paid	(191)	(293)
Income taxes refund (paid)	(436)	(409)
Subsidies received	74	61
Amount of consumption taxes paid in prior periods	(51)	(19)
Net cash provided by (used in) operating activities	1,311	3,278
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	30	20
Proceeds from sale of securities	19	–
Purchase of property, plant and equipment	(637)	(696)
Proceeds from sale of property, plant and equipment	3	20
Purchase of intangible assets	(65)	(25)
Purchase of shares of subsidiaries and associates	(271)	–
Payments of guarantee deposits	(69)	(55)
Proceeds from refund of guarantee deposits	101	64
Loan advances	(1)	(3)
Proceeds from collection of loans receivable	0	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(30)	(1,192)
Payments for acquisition of businesses	(3,622)	(115)
Proceeds from sale of businesses	–	9
Proceeds from acquisition of businesses	–	18
Other	79	(21)
Net cash provided by (used in) investing activities	(4,462)	(1,975)

(Million yen)

	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Cash flows from financing activities		
Proceeds from long-term borrowings	5,100	3,000
Repayments of long-term borrowings	(3,716)	(2,746)
Repayments of lease liabilities	(218)	(178)
Dividends paid	(224)	(158)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(97)
Net cash provided by (used in) financing activities	939	(181)
Net increase (decrease) in cash and cash equivalents	(2,211)	1,121
Cash and cash equivalents at beginning of period	7,100	4,891
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	2	–
Cash and cash equivalents at end of period	4,891	6,012

(5) Notes on consolidated financial statements

(Note on going concern premise)

Not applicable.

(Note on significant changes in scope of consolidation)

During the consolidated fiscal year under review, the Company acquired all shares of Sanko Medical Co., Ltd. As a result, Sanko Medical Co., Ltd. and its subsidiaries and associates TAIYO YAKUHHIN Co., LTD. and Heisei Yakuhin Co., Ltd. were added to the scope of consolidation.

(Business combinations)

Business combination through acquisition

The Company resolved at a meeting of its Board of Directors held on January 30, 2026 to acquire shares of Sanko Medical Co., Ltd. and make it a subsidiary, entering into a share transfer agreement on February 13, 2026.

(1) Outline of the business combination

(i) Names of the acquired companies and their business

Names of acquired companies: Sanko Medical Co., Ltd., TAIYO YAKUHHIN Co., LTD., Heisei Yakuhin Co., Ltd.

Business: Wholesaler, dispensing pharmacy business

(ii) Main reason for the business combination

The Company implemented the business combination as part of growth strategies under the Medium-term Management Plan “Make a Leap 2027” (FY2026/5 to FY2028/5) announced on June 25, 2025. It aims to strengthen the pharmaceutical distribution system and expand community-based medical services in the Kanto region.

(iii) Date of the business combination

February 13, 2026 (share acquisition date)

March 31, 2026 (deemed acquisition date)

(iv) Legal form of the business combination

Cash acquisition of shares

(2) Period of the operating results of the acquired business included in the consolidated statement of income

The deemed acquisition date is March 31, 2026 and the consolidated statement of income does not include the operating results of the acquired company because only the balance sheet is consolidated in the fiscal year under review.

(3) Acquisition cost for the acquired company, and the breakdown by type of consideration

Consideration for acquisition (cash): 1,530 million yen

Acquisition cost: 1,530 million yen

(4) Acquisition-related costs and amounts of costs

Advisory costs and others: 69 million yen

(5) Amount of goodwill, reason for goodwill, and method and period of amortization

(i) Amount of goodwill

1,232 million yen

The amount of goodwill has been provisionally calculated, as the identification of identifiable assets and liabilities has not yet been completed as of the end of the consolidated fiscal year.

(ii) Reason for goodwill

Mainly additional future income-generating power expected to be derived from business development going forward.

(iii) Method and period of amortization

Goodwill is amortized on a straight-line basis over its estimated useful life, not exceeding 20 years.

(6) Assets accepted and liabilities assumed as a result of the business transfer and a breakdown

Current assets: 926 million yen

Non-current assets: 557 million yen

Total assets: 1,483 million yen

Current liabilities: 642 million yen

Non-current liabilities: 542 million yen

Total liabilities: 1,185 million yen

(7) Approximate amount of impact on the consolidated statement of income for the consolidated fiscal year under review calculated as if the business combination was completed at the start of the consolidated fiscal year and its calculation method

Net sales: 2,711 million yen

Operating profit: 82 million yen

(Method for calculating the approximate amount)

Net sales and the profit and loss information calculated as if the business combination was completed at the start of the consolidated fiscal year are used for the approximate amount of impact. This note has not been subject to audit certification.

(Segment information, etc.)

1. Overview of reportable segment information

The reportable segments of the Company group are the units for which separate financial information can be obtained among the constituent units of the Company group and for which the Board of Directors of the Company group regularly carries out examinations to determine the allocation of management resources and assess the business performance. The Company's main reportable segments are the Dispensing Pharmacy Business, which manages dispensing pharmacies, the Drug/Convenience Store Business, which manages drugstores, convenience stores, etc., the Storage and Management of Medical Documents Business, a business peripheral to the Dispensing Pharmacy Business, which is entrusted to store and manage medical documents, and the Medical Mall Management Business, which operates medical malls.

The Dispensing Pharmacy Business manages dispensing pharmacies that act as insurance pharmacies under the Health Insurance Act, and dispense ethical drugs to general patients based on prescriptions prepared by medical institutions.

The Drug/Convenience Store Business sells products other than ethical drugs, including primarily over-the-counter drugs, sanitary products, cosmetics, and daily goods through drugstores and convenience stores.

The Storage and Management of Medical Documents Business stores and archives on behalf of medical institutions medical documents, including medical records created when patients are examined at medical institutions.

The Medical Mall Management Business is a business related to the medical mall that Pharmarise Corporation operates in JR Tower Office Plaza Sapporo at JR Sapporo Station.

2. Method for determining sales, profit or loss, assets, liabilities and other items for reportable segments

The accounting method of reported business segments complies with the accounting policy adopted for preparing consolidated financial statements.

Segment profit as reported in this section is based on operating profit. Inter-segment profits and transfers are valued at market prices.

3. Reportable segment sales, profit or loss, assets, liabilities and other information
Fiscal year ended May 31, 2025

(Million yen)

	Reportable segments					Other (Note 1)	Total	Adjustments (Note 2)	Amounts reported on the consolidated financial statements
	Dispensing Pharmacy	Drug/ Convenience Store	Storage and Management of Medical Documents	Medical Mall Management	Total				
Net sales									
Sales to external customers	52,625	8,696	609	511	62,443	1,064	63,508	–	63,508
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–	–
Total	52,625	8,696	609	511	62,443	1,064	63,508	–	63,508
Segment profit (loss)	578	(44)	51	103	688	(52)	636	(342)	293
Segment assets	26,655	1,969	1,261	299	30,186	1,691	31,878	45	31,924
Other items									
Depreciation	549	27	42	17	637	92	730	–	730
Amortization of goodwill	650	–	95	–	745	17	763	–	763
Impairment losses	149	14	–	–	164	20	184	–	184
Increase in property, plant and equipment and intangible assets	1,767	11	37	101	1,917	153	2,071	–	2,071

(Notes) 1. The “Other” segment includes the staffing services business and the system integration business for pharmaceutical companies.

2. Adjustments are as follows:

- (1) The adjustment to segment profit (loss) of (342) million yen is company expenses not distributed to the reportable segments. Company expenses are primarily expenses related to the administrative department of the reporting company that are not attributable to the reportable segments.
- (2) The adjustment to segment assets of 45 million yen is company assets not distributed to the reportable segments. Company assets are primarily cash and investment securities at the reporting company that are not attributable to the reportable segments.

Fiscal year ended May 31, 2026

(Million yen)

	Reportable segments					Other (Note 1,2)	Total	Adjustments (Note 3)	Amounts reported on the consolidated financial statements
	Dispensing Pharmacy (Note 2)	Drug/ Convenience Store	Storage and Management of Medical Documents	Medical Mall Management	Total				
Net sales									
Sales to external customers	59,331	8,042	647	505	68,526	986	69,512	–	69,512
Inter-segment net sales or transfers	–	–	–	–	–	–	–	–	–
Total	59,331	8,042	647	505	68,526	986	69,512	–	69,512
Segment profit (loss)	1,386	(83)	100	87	1,491	(113)	1,377	(397)	979
Segment assets	24,617	1,940	2,445	266	29,269	3,365	32,634	45	32,680
Other items									
Depreciation	565	27	38	32	663	125	789	–	789
Amortization of goodwill	728	–	95	–	823	–	823	–	823
Impairment losses	39	8	–	–	48	–	48	–	48
Increase in property, plant and equipment and intangible assets	864	0	22	24	912	377	1,289	–	1,289

(Notes) 1. The “Other” segment includes the staffing services business, the system integration business for pharmaceutical companies and others, and the pharmaceutical wholesale business, none of which are included in the reportable segments.

2. Segment assets include the amount of goodwill arising from the business combination through the acquisition of shares during the consolidated fiscal year under review, allocated between the "Dispensing Pharmacy Business" and "Other." The amount of such goodwill is provisional, as the identification of identifiable assets and liabilities, etc. had not been completed.

3. Adjustments are as follows:

(1) The adjustment to segment profit (loss) of (397) million yen is company expenses not distributed to the reportable segments. Company expenses are primarily expenses related to the administrative department of the reporting company that are not attributable to the reportable segments.

(2) The adjustment to segment assets of 45 million yen is company assets not distributed to the reportable segments. Company assets are primarily cash and investment securities at the reporting company that are not attributable to the reportable segments.

[Related information]

Fiscal year ended May 31, 2025

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information section.

2. Information by geographical area

(1) Net sales

Disclosure of sales by geographic area is omitted as sales outside Japan in the consolidated statements of income and comprehensive income do not exist.

(2) Property, plant and equipment

There are no property, plant and equipment outside Japan.

3. Information by a major customer

There is no information to state because net sales to any particular outside customer do not account for 10% or more of net sales on the consolidated statements of income.

Fiscal year ended May 31, 2026

1. Information by product and service

This information is omitted because the same information is disclosed in the segment information section.

2. Information by geographical area

(1) Net sales

Disclosure of sales by geographic area is omitted as sales outside Japan in the consolidated statements of income and comprehensive income do not exist.

(2) Property, plant and equipment

There are no property, plant and equipment outside Japan.

3. Information by a major customer

There is no information to state because net sales to any particular outside customer do not account for 10% or more of net sales on the consolidated statements of income.

[Information on impairment losses in non-current assets by reportable segment]

This information is omitted because the same information is disclosed in the segment information section.

[Information on the amortization of goodwill and the balance of unamortized goodwill by reportable segment]

Fiscal year ended May 31, 2025

(Million yen)

	Reportable segments					Other	Corporate or elimination	Total
	Dispensing Pharmacy	Drug/ Convenience Store	Storage and Management of Medical Documents	Medical Mall Management	Total			
Balance at end of period	6,284	–	515	–	6,800	–	–	6,800

(Note) Information on amortization of goodwill is omitted because the same information is disclosed in the segment information section.

Fiscal year ended May 31, 2026

(Million yen)

	Reportable segments					Other	Corporate or elimination	Total
	Dispensing Pharmacy	Drug/ Convenience Store	Storage and Management of Medical Documents	Medical Mall Management	Total			
Balance at end of period	6,021	–	420	–	6,441	815	–	7,257

(Notes) 1. Information on amortization of goodwill is omitted because the same information is disclosed in the segment information section.

2. Goodwill arising from business combinations resulting from the acquisition of shares during the consolidated fiscal year under review is included in the “Dispensing Pharmacy Business” and “Other” segments. The amount of such goodwill has been provisionally calculated, as the identification of identifiable assets and liabilities has not yet been completed.

[Information on gain on bargain purchase reportable segment]

Fiscal year ended May 31, 2025

The reporting company made Hikari Pharmacy LLC into a consolidated subsidiary through an acquisition of shares on September 24, 2024. As a result, the Company recognized a gain on bargain purchase of 4 million yen in the consolidated fiscal year under review. The gain on bargain purchase has not been allocated to the respective reportable segment.

Fiscal year ended May 31, 2026

Not applicable.

(Per share information)

Items	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Net assets per share	586.21 yen	576.71 yen
Earnings (loss) per share	(32.48) yen	10.01 yen
Diluted earnings per share	–	9.62 yen

(Note) Earnings (loss) per share and diluted earnings per share are calculated based on the following factors.

Items	Fiscal year ended May 31, 2025	Fiscal year ended May 31, 2026
Earnings (loss) per share		
Profit (loss) attributable to owners of parent (million yen)	(367)	114
Amount not attributable to common shareholders (million yen)	–	–
Profit (loss) attributable to owners of parent related to common shares (million yen)	(367)	114
Average number of common shares during the period	11,321,567	11,455,189
Diluted earnings per share		
Adjustment of profit attributable to owners of parent (million yen)	–	–
[Of that amount, interest expenses, net of tax (million yen)]	[–]	[–]
Number of increase in common shares	–	464,814
[Of which number of share acquisition rights (shares)]	[–]	[464,814]
Overview of dilutive shares not included in the calculation of diluted earnings per share due to the absence of dilution	–	–

(Note) The amount of diluted earnings per share for the previous fiscal year is not written, as earnings per share is negative although there are dilutive shares.

(Significant subsequent events)

Not applicable.