



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending May 2026〔Japanese GAAP〕

March 19, 2026

Company name: SATUDORA HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange, Sapporo Securities Exchange
 Securities code: 3544 URL: <https://satudora-hd.co.jp>
 Representative: Hiroki Tomiyama, President, CEO
 Contact: Noriaki Konishi, Director, CFO, TEL 011-788-5166
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results explanation meeting: No

(Rounded down to the nearest million yen)

1. Consolidated financial results for the third quarter of the fiscal year ending May 2026 (May 16, 2025-February 15, 2026)

(1) Consolidated operating results (cumulative)

(Percentages represent changes from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
February 15, 2026	75,865	0.2	932	△27.7	850	△33.1	485	△31.0
February 15, 2025	75,684	4.9	1,288	39.8	1,271	45.9	703	48.1

(Note) Comprehensive income Nine months ended February 15, 2026: 476 million yen (△35.7%)

Nine months ended February 15, 2025: 741 million yen (49.6%)

	Quarterly net income per share		Diluted quarterly net income per share	
	Yen		Yen	
Nine months ended				
February 15, 2026		35.25		-
February 15, 2025		50.83		-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of						
February 15, 2026		50,373		10,278		20.1
May 15, 2025		46,194		9,922		21.2

(Note) Equity As of February 15, 2026: 10,149 million yen

As of May 15, 2025: 9,795 million yen

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year	Yen		Yen		Yen
Ended May 15, 2025	-	0.00	-	10.00	10.00
Ending May 15, 2026	-	0.00	-		
Ending May 15, 2026 (forecast)				12.00	12.00

(Note) Changes from the recently announced dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending May 2026 (May 16, 2025 - May 15, 2026)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	100,500	0.3	1,100	△34.3	1,000	△39.4	400	△47.9	29.04

(Note) Changes from the latest announced earnings forecast: Yes

※ Notes

(1) Important changes in the scope of consolidation in the current consolidated cumulative quarter: None

(2) Application of special accounting methods in preparation of the quarterly consolidated financial statement: Yes

(Note) For details, please refer to "2. Quarterly consolidated financial statements and notes, (3) Notes to quarterly consolidated financial statements (Application of special accounting methods in preparation of the quarterly consolidated financial statement)" on page 9 of the attached materials.

(3) Changes in accounting policies and accounting-based estimates, and restatements

① Changes in accounting policies due to revisions in accounting standards : None

② Changes in accounting policies other than ① : None

③ Changes in accounting-based estimates : None

④ Restatements : None

(4) Number of shares outstanding (common shares)

① Number of shares outstanding as of the end of the period (including treasury shares)	As of February 15, 2026	14,236,564 shares	As of May 15, 2025	14,236,564 shares
② Number of treasury shares as of the end of the period	As of February 15, 2026	456,289 shares	As of May 15, 2025	475,909 shares
③ Average number of shares outstanding during the period (quarterly cumulative)	Nine months ended February 15, 2026	13,770,820 shares	Nine months ended February 15, 2025	13,848,734 shares

※ Review by a certified public accountant or audit firm of the attached quarterly consolidated financial statements: None

※ Cautionary statement with respect to forecasts

Forecasts of future performance in these materials are based on assumptions judged to be valid and information available to our company's management at the time these materials were prepared but are not promises regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons.

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1. Overview of Operating Results

(1) Overview of operating results for the current quarter

During the third quarter consolidated cumulative period (May 16, 2025 to February 15, 2026), the Japanese economy experienced a moderate recovery, supported by improvements in the employment and income environment as well as the effects of various policy measures. However, the outlook remains uncertain due to ongoing inflation, policy developments in the United States, fluctuations in financial and capital markets, and concerns about the impact on inbound tourism demand, including the Chinese government's request in November that its citizens refrain from traveling to Japan.

In the drugstore industry, in which the Group mainly operates, while market size has expanded due to aggressive store openings and increased product range among a variety of companies, the business environment surrounding the Group continues to be challenging due to intensifying competition across industry boundaries, competition to open new stores among existing companies, oligopolistic consolidation through M&As, and increasing frugality due to price hikes and declining real wages.

In response to these circumstances, the Group has formulated a medium-term management plan covering the fiscal years ending May 2026 through May 2028. Under the theme of “Building a Structure to Generate Profits Locally,” the plan promotes four key initiatives: “improving gross profit margin,” “controlling selling, general and administrative expenses,” “enhancing capital efficiency,” and “strengthening shareholder returns.”

With respect to “improving gross profit margin,” we are working to build stores that customers choose and enhance motivation to visit by offering a distinctive line of competitively priced products under our pricing strategy, while also implementing price reductions on 80 items, mainly products that support customers’ daily lives. At the same time, we are striving to enhance profitability through fair pricing on par with market levels and by curbing unnecessary discounts, thereby improving gross profit margins. We have also launched a new private brand incorporating a sense of comfort in daily life and Hokkaido-inspired characteristics, thereby differentiating ourselves by offering products that customers will want to use in their everyday lives.

With respect to “controlling selling, general and administrative expenses,” despite the impact of rising personnel and material costs, we have established a dedicated department to drive business process reforms and are promoting company-wide digital transformation initiatives to enhance operational efficiency and reduce costs. As part of these efforts, we have implemented an integrated collaboration tool across the entire organization, consolidating previously fragmented internal communications and administrative procedures. Utilizing this tool to create an environment in which on-site employees can build and operate mechanisms that improve operational efficiency, we are building a framework that enables a continuous cycle of operational improvement while keeping implementation and development costs under control.

With respect to “enhancing capital efficiency,” we are selecting and concentrating business resources, and in the current fiscal year, we closed two underperforming stores. In growth areas, we have been enhancing our business portfolio by developing ecommerce, we relaunched the Satudora official online store. In addition to our own products, the store offers carefully selected items produced by local manufacturers and companies across Hokkaido, thereby expanding customer touchpoints in the online domain and creating new revenue opportunities. Through these initiatives, we are working to establish a new, capital-efficient and highly profitable revenue model by promoting mutual customer traffic between our physical stores and the online channel.

With respect to “strengthening shareholder returns,” we have adopted a policy of maintaining an annual dividend of at least 10 yen per share and, over the longer term, aim to achieve a consolidated dividend payout ratio of 30%, thereby ensuring stable and continuous dividend payments. Furthermore, as part of our corporate governance initiatives, at the Board of Directors meeting held on June 4, 2025, we partially revised the policy on determining individual compensation for directors and reviewed the executive compensation system. To ensure that management remains committed to enhancing corporate value over the medium to long term, the system has been designed to reflect both short-term performance and long-term value creation, thereby enhancing its effectiveness.

In addition, the Group’s strength lies in its strong ties with local communities and its business foundation for sustainable growth. A symbol of this is Hokkaido’s common point card, EZOCA. Its membership has surpassed 2.3 million, and the number of affiliated stores has exceeded 300 (1,100 outlets), demonstrating the continued expansion of the EZOCA economic zone. Furthermore, in July

2025, we introduced Hidaka EZOCA, our fourth point card that gives back to the local community. Implementing systems that return a portion of shopping expenses to the town is part of our effort toward sustainable community development support through collaboration between the government, the private sector, and local shopping districts.

As a result of the above, net sales for the consolidated cumulative third quarter of the current fiscal year were 75,865 million yen (up 0.2%, or 180 million yen, year on year), operating profit was 932 million yen (down 27.7%, or 356 million yen, year on year), ordinary profit was 850 million yen (down 33.1%, or 421 million yen, year on year), and profit attributable to owners of parent of parent was 485 million yen (down 31.0%, or 218 million yen, year on year).

An overview of the segment performance is as follows.

Beginning with the end of the previous consolidated fiscal year, the classification of reportable segments has been revised. Accordingly, comparisons with the same period of the previous fiscal year are based on figures restated in accordance with the new segment classification. For details, please refer to “(3) Notes to quarterly consolidated financial statements (Segment information, etc)” under “2. Quarterly consolidated financial statements and notes.”

<Retail Business>

Our operations center on drugstore format stores aimed at becoming a dominant player primarily in Hokkaido and dispensing pharmacies, as well as inbound format stores in tourist areas that many foreign visitors to Japan frequent. As for dispensing pharmacies, in addition to the operation of standalone pharmacies, we have also established them within drugstores.

Furthermore, we are also strengthening our digital marketing initiatives through the Satudora app. Since its launch in January 2022, the app has surpassed a cumulative 1.3 million downloads, serving as a tool that makes everyday shopping more convenient and enjoyable, thereby increasing visit frequency and expanding customer touchpoints. In addition, starting in October 2025, we have introduced a Membership Rank Program, under which customer ranks are determined based on monthly purchase amounts, thereby providing a mechanism that encourages more continuous use of the app.

During the nine-month period of the current fiscal year, the drugstore format saw growth in the beauty care categories and higher average unit prices. On the other hand, the number of items purchased per customer and customer traffic declined due to factors such as lower real wages and heightened consumer awareness of household budget constraints amid rising prices, as well as increasingly diverse purchasing behaviors, resulting in net sales for the drugstore format falling below those of the same period in the previous year.

As for the inbound format, inbound demand from Taiwan, Southeast Asia and other regions remained firm, supported by the implementation of campaigns and customer referral initiatives targeting inbound tourists. However, net sales fell below those of the same period in the previous year due to the impact of the Chinese government’s request that its citizens refrain from traveling to Japan, as well as the Lunar New Year holiday falling later than in the previous year.

As for dispensing pharmacies, the revenue contribution from stores with dispensing facilities opened in the previous fiscal year, as well as gains from fees related to establishing medical DX promotion systems, led to higher sales compared to the same period last year.

As a result of the above, net sales in the retail business amounted to 74,460 million yen (up 0.1%, or 48 million yen, year on year), while the segment profit amounted to 762 million yen (down 34.9%, or 409 million yen, year on year), reflecting higher personnel expenses due to base wage increases, as well as higher electricity costs following the termination of subsidy programs and stronger promotional activities such as campaigns focused on inbound tourists.

The status of store openings and closures is as shown in the table below.

(Status of store openings and closures)

Store classification	Format classification	As of May15, 2025	Openings	Closures	As of February 15, 2026
Drugstores	Drugstore format	180 stores	1 store	2 stores	179 stores
	(Dispensing pharmacies within drugstores)	(22 stores)	(-)	(-)	(22 stores)
	Inbound format	10 stores	-	-	10 stores
Standalone pharmacies	Standalone pharmacies	9 stores	-	-	9 stores
Total		199 stores	1 store	2 stores	198 stores

<Marketing Business>

The Group is engaged in the regional marketing and payment service business, primarily utilizing Hokkaido's common point card EZOCA. The membership of EZOCA has surpassed 2.3 million, with over 300 affiliated stores (1,100 outlets), and the EZOCA economic zone continues to grow. In addition, in September 2025, we launched EZO Pay, a smartphone payment service specialized for Hokkaido. In the payment service business, performance remained solid, primarily driven by domestic cashless payment.

As a result, net sales in the marketing business totaled 1,560 million yen (up 8.9%, or 127 million yen, year on year), while the segment recorded a loss of 9 million yen (down 44 million yen, compared with a segment profit of 34 million yen in the same period of the previous year), reflecting the impact of development costs for our proprietary payment service, EZO Pay.

<Other Businesses>

The Group is engaged in the development and sales of POS applications aimed at solving issues from the user's perspective, as well as a CVC service that seeks to generate synergies with existing businesses and create new business opportunities.

The net sales of other businesses amounted to 174 million yen (up 6.1%, or 10 million yen, year on year), while segment profit was 37 million yen (up 35.7%, or 10 million yen, year on year).

(2) Overview of financial position for the current quarter

Total assets at the end of the third quarter of the current fiscal year were 50,373 million yen, an increase of 4,179 million yen from the end of the previous consolidated fiscal year. This was due mainly to an increase of 773 million yen in products, as well as increases of 1,614 million yen in cash and deposits and 1,272 million yen in accounts receivable, as the last day of the third quarter of the current fiscal year fell on a bank holiday.

Total liabilities were 40,095 million yen, an increase of 3,823 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 5,320 million yen in accounts payable, as the last day of the third quarter fell on a bank holiday, despite a decrease of 1,314 million yen in long-term borrowings (including the current portion of long-term borrowings).

Total net assets were 10,278 million yen, an increase of 355 million yen from the end of the previous consolidated fiscal year. This was mainly due to an increase of 485 million yen in retained earnings due to profit attributable to owners of parent, despite the decrease of 137 million yen in retained earnings due to dividend payments.

(3) Explanation of consolidated financial forecasts and other forward-looking statements

We have revised our consolidated earnings forecast for the fiscal year ending May 2026 from the forecast announced on June 20, 2025, in light of recent business performance trends. For further details, please refer to the "Notice Regarding Revision of Full-Year Earnings Forecast" announced today (March 19, 2026).

The above forecasts are based on information currently available as of the date of this release and on certain assumptions deemed reasonable, and actual results may differ from these forecasts due to various factors in the future.

2. Quarterly consolidated financial statements and notes**(1) Quarterly consolidated balance sheet**

(Millions of yen)

	As of May 15, 2025	As of February 15, 2026
Assets		
Current assets		
Cash and deposits	2,669	4,284
Accounts receivable-trade	3,336	4,609
Merchandise	10,467	11,241
Other	5,222	5,562
Total current assets	21,696	25,696
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,086	9,014
Land	4,048	4,048
Other, net	1,669	1,588
Total property, plant and equipment	14,804	14,652
Intangible assets	946	1,357
Investments and other assets		
Leasehold and guarantee deposits	6,462	6,351
Other	2,295	2,327
Allowance for doubtful accounts	△11	△11
Total investment and other assets	8,746	8,667
Total non-current assets	24,498	24,676
Total assets	46,194	50,373

(Millions of yen)

	As of May 15, 2025	As of February 15, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	9,871	15,192
Short-term borrowings	200	-
Current portion of long-term borrowings	1,732	1,672
Accounts payable - other	5,367	5,728
Income taxes payable	90	199
Provision for bonuses	677	309
Other	1,200	1,103
Total current liabilities	19,139	24,205
Non-current liabilities		
Long-term borrowings	13,704	12,450
Retirement benefit liability	671	706
Asset retirement obligations	824	860
Other	1,932	1,872
Total non-current liabilities	17,132	15,889
Total liabilities	36,272	40,095
Net assets		
Shareholders' equity		
Share capital	1,003	1,003
Capital surplus	2,107	2,109
Retained earnings	6,982	7,329
Treasury shares	△337	△323
Total shareholders' equity	9,754	10,119
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	△2
Deferred gains or losses on hedges	13	31
Foreign currency translation adjustment	△64	△63
Remeasurements of defined benefit plans	88	65
Total accumulated other comprehensive income	40	30
Non-controlling interests	126	128
Total net assets	9,922	10,278
Total liabilities and net assets	46,194	50,373

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income

Consolidated cumulative third quarter

(Millions of yen)

	Nine months ended February 15, 2025	Nine months ended February 15, 2026
Net sales	75,684	75,865
Cost of sales	56,632	56,518
Gross profit	19,052	19,346
Selling, general and administrative expenses	17,764	18,414
Operating profit	1,288	932
Non-operating income		
Interest and dividend income	18	17
Gain on donation of non-current assets	6	-
Subsidy income	19	33
Other	83	65
Total non-operating income	127	116
Non-operating expenses		
Interest expenses	132	178
Commission expenses	1	3
Other	9	16
Total non-operating expenses	144	197
Ordinary profit	1,271	850
Extraordinary income		
Gain on sales of non-current assets	-	43
Gain on sale of investment securities	-	2
Gain on sale of shares of subsidiaries and associates	1	-
Total extraordinary income	1	46
Extraordinary losses		
Loss on retirement of non-current assets	2	3
Loss on store closings	2	59
Total extraordinary losses	5	63
Quarterly profit before income taxes	1,267	833
Total income taxes	549	346
Quarterly profit	717	487
Quarterly profit attributable to non-controlling interests	13	1
Quarterly profit attributable to owners of parent	703	485

Quarterly consolidated statement of comprehensive income

Consolidated cumulative third quarter

(Millions of yen)

	Nine months ended February 15, 2025	Nine months ended February 15, 2026
Quarterly profit	717	487
Other comprehensive income		
Valuation difference on available-for-sale securities	3	△5
Deferred gains or losses on hedges	24	17
Foreign currency translation adjustment	0	0
Remeasurements of defined benefit plans, net of tax	△2	△23
Total other comprehensive income	24	△10
Quarterly comprehensive income	741	476
Comprehensive income attributable to:		
Comprehensive quarterly income attributable to owners of parent	728	475
Comprehensive quarterly income attributable to non-controlling interests	13	1

(3) Notes to quarterly consolidated financial statements

(Application of special accounting methods in the preparation of the quarterly consolidated financial statement)

(Calculation of income tax expense)

Income tax expense is calculated by making a reasonable estimate of the effective tax rate after the application of tax effect accounting to the profit before income taxes for the consolidated fiscal year, including the current third quarter consolidated accounting period, and multiplying the quarterly net profit before income taxes by the relevant estimated effective tax rate.

(Segment information, etc)

【Segment Information】**I. Previous consolidated cumulative third quarter (May 16, 2024 - February 15, 2025)****1. Information on net sales and profits for each reportable segment, and information on revenue breakdown**

(Millions of yen)

	Reportable Segment			Other (Note) 1	Total	Adjustments (Note)2	Amount shown in the quarterly consolidated statement of income (Note) 3
	Retail Business	Marketing Business	Total				
Net sales							
Drugstore	64,681	—	64,681	—	64,681	—	64,681
Inbound	5,070	—	5,070	—	5,070	—	5,070
Pharmacy	3,447	—	3,447	—	3,447	—	3,447
Marketing	—	118	118	—	118	—	118
Payment Service	—	1,041	1,041	—	1,041	—	1,041
Other	623	—	623	99	723	—	723
Revenue arising from contracts with customers	73,823	1,160	74,983	99	75,083	—	75,083
Other revenues	553	—	553	48	601	—	601
External sales	74,377	1,160	75,537	147	75,684	—	75,684
Inter-segment sales and transfers	34	273	307	16	324	△324	—
Total	74,411	1,433	75,844	164	76,009	△324	75,684
Segment profit	1,171	34	1,206	27	1,234	54	1,288

(Notes)

1. The "Other" category is a business segment that is not included in the reportable segments and includes the IT Solutions business, etc.
2. The adjustments include the elimination of reportable inter-segment profit and loss transactions and expenses related to the operation of the holding company.
3. Segment profit is adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

II. Current consolidated cumulative third quarter (May 16, 2025 - February 15, 2026)

1. Information on net sales and profits for each reportable segment, and information on revenue breakdown

(Millions of yen)

	Reportable Segment			Other (Note) 1	Total	Adjustments (Note)2	Amount shown in the quarterly consolidated statement of income (Note) 3
	Retail Business	Marketing Business	Total				
Net sales							
Drugstore	64,566	—	64,566	—	64,566	—	64,566
Inbound	5,014	—	5,014	—	5,014	—	5,014
Pharmacy	3,893	—	3,893	—	3,893	—	3,893
Marketing	—	119	119	—	119	—	119
Payment Service	—	1,161	1,161	—	1,161	—	1,161
Other	389	—	389	109	498	—	498
Revenue arising from contracts with customers	73,864	1,281	75,145	109	75,254	—	75,254
Other revenues	562	—	562	48	610	—	610
External sales	74,426	1,281	75,707	157	75,865	—	75,865
Inter-segment sales and transfers	34	279	313	16	330	△330	—
Total	74,460	1,560	76,020	174	76,195	△330	75,865
Segment profit or loss	762	△9	752	37	790	141	932

(Notes)

1. The "Other" category is a business segment that is not included in the reportable segments and includes the IT Solutions business, etc.
2. The adjustments include the elimination of reportable inter-segment profit and loss transactions and expenses related to the operation of the holding company.
3. Segment profit or loss are adjusted to be consistent with operating profit in the quarterly consolidated statement of income.

2. Notes on Changes to Reportable Segments

From the end of the previous consolidated fiscal year, the "Marketing Business," which had previously been included under "Other," has increased in quantitative significance and is now presented as a reportable segment.

In addition, the segment information for the third quarter of the previous consolidated cumulative period has been disclosed based on the segment classification applied in the third quarter of the current consolidated cumulative period.

(Notes in the event of any significant changes in the amount of shareholders' equity)

No applicable.

(Going concern assumption)

Not applicable.

(Notes to cash flow statements)

The Company has not created a quarterly consolidated cash flow statement for the cumulative consolidated third quarter. The depreciation (including amortization of intangible assets) for the cumulative consolidated third quarter is as follows.

	Nine months ended February 15, 2025	Nine months ended February 15, 2026
Depreciation	1,003 million yen	1,118 million yen