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Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [Japanese GAAP]



May 15, 2025

Company name: SUNDRUG CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9989

URL: <https://www.sundrug.co.jp>

Representative: Hiroshi Sadakata, CEO and Representative Director

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Scheduled date of annual general meeting of shareholders: June 20, 2025

Scheduled date to file annual securities report: June 19, 2025

Scheduled date to commence dividend payments: June 23, 2025

Preparation of supplementary material on financial results: Yes (for institutional investors and analysts)

Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	801,811	6.7	44,496	8.5	43,835	5.0	30,750	5.6
March 31, 2024	751,777	8.9	40,996	9.5	41,728	9.4	29,126	13.3

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥30,831 million [5.6%]

Fiscal year ended March 31, 2024: ¥29,191 million [12.6%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	262.91	—	11.8	10.1	5.5
March 31, 2024	249.07	—	11.9	10.7	5.5

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

Fiscal year ended March 31, 2025: ¥(1,567) million

Fiscal year ended March 31, 2024: ¥— million

Note 1: Diluted earnings per share are not stated because there were no dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	444,007	269,713	60.7	2,305.89
As of March 31, 2024	420,208	253,090	60.2	2,164.06

(Reference) Equity: As of March 31, 2025: ¥269,713 million

As of March 31, 2024: ¥253,090 million

(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
March 31, 2025	41,164	(35,373)	(10,600)	64,956
March 31, 2024	41,188	(74,850)	22,487	69,698

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended March 31, 2024	Yen —	Yen 57.00	Yen —	Yen 57.00	Yen 114.00	Million yen 13,332	% 45.8	% 5.4
March 31, 2025	—	65.00	—	65.00	130.00	15,205	49.4	5.8
Fiscal year ending March 31, 2026 (Forecast)	—	65.00	—	66.00	131.00		48.3	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	419,200	6.0	23,100	8.9	22,350	7.3	15,350	7.6	131.24
Full year	850,000	6.0	47,300	6.3	46,000	4.9	31,700	3.1	271.03

* Notes:

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
 - March 31, 2025: 119,331,184 shares
 - March 31, 2024: 119,331,184 shares
 - 2) Total number of treasury shares at the end of the period:
 - March 31, 2025: 2,363,857 shares
 - March 31, 2024: 2,379,523 shares
 - 3) Average number of shares during the period:
 - Fiscal year ended March 31, 2025: 116,962,697 shares
 - Fiscal year ended March 31, 2024: 116,942,698 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2025	485,758	4.8	25,587	3.6	24,823	(1.9)	17,588	(1.0)
March 31, 2024	463,474	7.0	24,695	8.8	25,297	9.1	17,769	12.8

	Basic earnings per share		Diluted earnings per share	
Fiscal year ended	Yen		Yen	
March 31, 2025	150.38		—	
March 31, 2024	151.95		—	

(Note) Diluted earnings per share are not stated because there were no dilutive shares.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2025	300,327	178,292	59.4	1,524.29
As of March 31, 2024	298,163	174,962	58.7	1,496.02

(Reference) Equity: As of March 31, 2025: ¥178,292 million

As of March 31, 2024: ¥174,962 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% indicates changes from the previous corresponding period.)

	Net sales		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	251,900	5.0	12,200	3.3	8,400	3.2	71.83
Full year	510,000	5.0	26,000	4.7	18,000	2.3	153.92

* These consolidated financial results are outside the scope of audit by a certified public accountant or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that the Company deems reasonable, and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from these forecasts due to a wide range of factors. Please refer to “1. Overview of Business Results, etc. (4) Future Outlook” on page 3 for the assumptions underlying the forecasts and precautions when using the forecasts.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Period Under Review

The Japanese economy during the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025) was on a recovery path in terms of economic and social activities due to the improved employment and income environment, a record-high level of international visitors to Japan and other factors. The economic outlook, on the other hand, remains uncertain due to persistently high price rises, an overseas economic downturn, policy trends in the U.S., and other conditions. In addition, in the drugstore industry, the operating environment has become even more challenging due to competition with companies in the same industry in terms of store openings, industry restructuring chiefly among major companies, and competition with companies in other business categories.

In these circumstances, the Company and its group companies (collectively, the “Group”), continued to open new stores and renovate stores in a well-planned manner under the key phrase, “Provide safety, reliance, and convenience,” to further increase expertise and improve the service level required and desired by customers. In terms of expenses, the Group continued to pursue productivity improvement through initiatives such as digitalization (labor-saving). The Group also made further efforts to promote environmental management, including by installing solar panels, actively introducing energy-saving equipment, recycling food waste, and developing environmentally-friendly private brand products.

As for the status of the Group’s store openings during the fiscal year under review, we opened 90 new stores and revitalized existing stores by renovating 98 stores and closing 21 stores.

As a result, the total number of the Group’s stores as of the end of the fiscal year under review reached 1,542 stores, consisting of 1,124 stores for the Drugstore Business (861 directly-managed stores, 85 stores operated by Seikodo Pharmacy Corporation, 76 stores operated by Sundrug Plus Co., Ltd., 64 stores operated by Daiya Inc., and 38 franchise stores) and 418 stores for the Discount Store Business (418 stores operated by DIREX CORPORATION).

As for the consolidated financial results for the fiscal year under review, the Group recorded net sales totaling ¥801,811 million (up 6.7% from the previous fiscal year), operating profit totaling ¥44,496 million (up 8.5% from the previous fiscal year), ordinary profit totaling ¥43,835 million (up 5.0% from the previous fiscal year), and profit attributable to owners of parent totaling ¥30,750 million (up 5.6% from the previous fiscal year), posting increases in sales and profit.

Overview of business segment operating results is as follows.

< Drugstore Business >

The Drugstore Business was impacted by a decline in wholesale sales, mainly for summer cosmetics, which had been affected by overseas economies through the semi-annual period of the fiscal year. Nevertheless, net sales increased year on year due in part to the ongoing gradual recovery in demand from international visitors to Japan. In addition, selling, general and administrative expenses were controlled within the planned range, despite an increase of around 0.2% in sales ratio mainly due to decreased sales of summer cosmetics through the semi-annual period of the fiscal year. As for the status of the store openings, we opened 63 new stores and revitalized existing stores by renovating 84 stores.

As a result, net sales for the Drugstore Business segment amounted to ¥517,333 million (up 5.3% from the previous fiscal year), and operating profit amounted to ¥26,645 million (up 3.6% from the previous fiscal year).

< Discount Store Business >

In the Discount Store Business, sales remained robust in the food department due to a continuous rise in market prices of rice and other food items in addition to strong sales of seasonal goods throughout the year. As for the status of the store openings, we opened 27 new stores and revitalized existing stores by renovating 14 stores.

As a result, net sales for the Discount Store Business segment amounted to ¥342,267 million (up 9.1% from the previous fiscal year), and operating profit amounted to ¥17,850 million (up 16.8% from the previous fiscal year).

(2) Overview of Financial Position for the Period Under Review

Total assets as of the end of the fiscal year under review increased by ¥23,798 million from the previous fiscal year end to ¥444,007 million. This is mainly attributable to an increase in property, plant and equipment resulting from new store openings and renovations.

Total liabilities increased by ¥7,174 million from the previous fiscal year end to ¥174,293 million. This is mainly attributable to increases in accounts payable - trade and contract liabilities.

Total net assets increased by ¥16,623 million from the previous fiscal year end to ¥269,713 million.

(3) Overview of Cash Flows for the Period Under Review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year under review decreased by ¥4,742 million from the previous fiscal year end to ¥64,956 million.

(Cash flows from operating activities)

Net cash provided by operating activities decreased by ¥24 million from the previous fiscal year to ¥41,164 million. This is mainly attributable to an increase in accounts receivable - other resulting from improved transaction terms.

(Cash flows from investing activities)

Net cash used in investing activities decreased by ¥39,476 million from the previous fiscal year to ¥35,373 million. This is mainly attributable to payments for purchase of investment securities as a result of making the Kirindo Group an equity method affiliate in the previous year.

(Cash flows from financing activities)

Net cash used in financing activities increased by ¥33,088 million from the previous fiscal year to ¥10,600 million. This is mainly attributable to the raising of funds for acquiring the Kirindo Group as an equity method affiliate in the previous year.

(4) Future Outlook

The outlook for the Japanese economy for the next fiscal year is expected to remain uncertain due to persistently high price rises, an overseas economic downturn, policy trends in the U.S. and other conditions, despite signs of recovery trends in terms of economic and social activities due to the improved employment and income environment, a record-high level of international visitors to Japan and other factors.

In our industry, the operating environment has become even more challenging due to competition with companies in the same industry in terms of store openings, industry restructuring chiefly among major companies, competition with companies in other business categories, and labor shortages resulting from the declining population, falling birth rate, and the aging of society.

In these circumstances, the Group aims to open new stores in a well-planned manner as well as in formats that suit the location, and expand EC business and the pharmacy business with a view to further expand the store network in Japan. Furthermore, the Group will seek to develop private brand products, broaden categories, conduct training to maintain a high service level, and improve productivity by promoting digitalization (labor-saving) in each type of operation. At the same time, we will work on environmental management and promote initiatives including the installation of solar panels, active introduction of energy-saving equipment, and recycling of food waste.

In the fiscal year ending March 31, 2026, the Group plans to open 100 new stores in total (70 stores for the Drugstore Business, 30 stores for the Discount Store Business). In addition, we aim to revitalize existing stores by continuously promoting store renovations and other measures.

As a result, for the consolidated financial results for the next fiscal year, the Group forecasts net sales of ¥850,000 million (up 6.0% year on year), operating profit of ¥47,300 million (up 6.3% year on year), ordinary profit of ¥46,000 million (up 4.9% year on year), and profit attributable to owners of parent of ¥31,700 million (up 3.1% year on year).

2. Basic Stance Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP.

With regard to the application of the International Financial Reporting Standards (IFRS), the Group's policy is to respond appropriately based on consideration of the situation in Japan and overseas.

3. Consolidated Financial Statements and Notes to the Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	69,698	64,956
Accounts receivable - trade	26,740	29,994
Merchandise	90,970	98,413
Supplies	322	261
Accounts receivable - other	15,900	18,390
Other	4,610	4,762
Total current assets	208,243	216,777
Non-current assets		
Property, plant and equipment		
Buildings and structures	136,203	154,450
Accumulated depreciation	(51,182)	(57,344)
Buildings and structures, net	85,020	97,106
Tools, furniture and fixtures	70,014	81,530
Accumulated depreciation	(46,322)	(53,752)
Tools, furniture and fixtures, net	23,691	27,778
Land	8,514	8,616
Other	4,103	4,204
Accumulated depreciation	(793)	(999)
Other, net	3,309	3,205
Total property, plant and equipment	120,536	136,706
Intangible assets		
Goodwill	1,556	1,440
Other	7,587	7,228
Total intangible assets	9,143	8,669
Investments and other assets		
Investment securities	35,808	34,013
Long-term loans receivable	6,815	6,854
Long-term loans receivable from subsidiaries and associates	830	510
Deferred tax assets	8,155	9,016
Deferred tax assets for land revaluation	796	820
Leasehold and guarantee deposits	27,828	28,411
Other	2,149	2,231
Allowance for doubtful accounts	(98)	(4)
Total investments and other assets	82,284	81,853
Total non-current assets	211,964	227,229
Total assets	420,208	444,007

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	77,371	79,731
Short-term borrowings	35,000	1,000
Current portion of long-term borrowings	—	3,800
Income taxes payable	7,547	8,180
Contract liabilities	5,982	6,993
Other	29,565	28,801
Total current liabilities	155,466	128,507
Non-current liabilities		
Long-term borrowings	—	33,866
Provision for retirement benefits for directors (and other officers)	315	281
Retirement benefit liability	2,158	2,102
Asset retirement obligations	6,644	7,029
Other	2,533	2,505
Total non-current liabilities	11,651	45,785
Total liabilities	167,118	174,293
Net assets		
Shareholders' equity		
Share capital	3,931	3,931
Capital surplus	7,496	7,533
Retained earnings	247,272	263,754
Treasury shares	(3,894)	(3,868)
Total shareholders' equity	254,806	271,350
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	139	17
Revaluation reserve for land	(1,805)	(1,782)
Remeasurements of defined benefit plans	(50)	128
Total accumulated other comprehensive income	(1,716)	(1,636)
Total net assets	253,090	269,713
Total liabilities and net assets	420,208	444,007

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	751,777	801,811
Cost of sales	562,457	597,723
Gross profit	189,319	204,087
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	17	0
Provision for retirement benefits for directors (and other officers)	11	10
Salaries, allowances and bonuses	54,195	58,216
Retirement benefit expenses	638	711
Rent expenses	31,383	33,337
Depreciation	15,012	17,282
Other	47,063	50,031
Total selling, general and administrative expenses	148,323	159,591
Operating profit	40,996	44,496
Non-operating income		
Interest income	120	151
Dividend income	7	9
Commission income	91	99
Guarantee commission income	—	329
Gain on receipt of donated non-current assets	350	266
Other	220	220
Total non-operating income	791	1,078
Non-operating expenses		
Interest expenses	32	164
Share of loss of entities accounted for using equity method	—	1,567
Other	26	6
Total non-operating expenses	59	1,738
Ordinary profit	41,728	43,835
Extraordinary income		
Gain on sale of non-current assets	21	0
Gain on sale of investment securities	—	198
Penalty income	133	0
Compensation income	4	—
National subsidies	429	537
Other	20	60
Total extraordinary income	610	796
Extraordinary losses		
Loss on sale of non-current assets	—	6
Loss on retirement of non-current assets	133	165
Loss on cancellation of rental contracts	9	33
Impairment losses	481	426
Loss on tax purpose reduction entry of non-current assets	242	407
Loss on disaster	162	8
Other	48	15
Total extraordinary losses	1,078	1,062
Profit before income taxes	41,261	43,569

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Income taxes - current	13,130	13,728
Income taxes - deferred	(995)	(909)
Total income taxes	12,134	12,818
Profit	29,126	30,750
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	29,126	30,750

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	29,126	30,750
Other comprehensive income		
Valuation difference on available-for-sale securities	56	(116)
Revaluation reserve for land	—	23
Remeasurements of defined benefit plans, net of tax	8	178
Share of other comprehensive income of entities accounted for using equity method	—	(4)
Total other comprehensive income	65	80
Comprehensive income	29,191	30,831
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,191	30,831
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2024

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,931	7,430	230,658	(3,940)	238,080
Changes during period					
Dividends of surplus			(12,512)		(12,512)
Profit attributable to owners of parent			29,126		29,126
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		65		46	112
Net changes in items other than shareholders' equity					
Total changes during period	—	65	16,614	45	16,726
Balance at end of period	3,931	7,496	247,272	(3,894)	254,806

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	82	(1,805)	(58)	(1,781)	29	236,328
Changes during period						
Dividends of surplus						(12,512)
Profit attributable to owners of parent						29,126
Purchase of treasury shares						(0)
Disposal of treasury shares						112
Net changes in items other than shareholders' equity	56	—	8	65	(29)	35
Total changes during period	56	—	8	65	(29)	16,761
Balance at end of period	139	(1,805)	(50)	(1,716)	—	253,090

For the fiscal year ended March 31, 2025

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,931	7,496	247,272	(3,894)	254,806
Changes during period					
Dividends of surplus			(14,269)		(14,269)
Profit attributable to owners of parent			30,750		30,750
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		36		25	62
Net changes in items other than shareholders' equity					
Total changes during period	—	36	16,481	25	16,543
Balance at end of period	3,931	7,533	263,754	(3,868)	271,350

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	139	(1,805)	(50)	(1,716)	253,090
Changes during period					
Dividends of surplus					(14,269)
Profit attributable to owners of parent					30,750
Purchase of treasury shares					(0)
Disposal of treasury shares					62
Net changes in items other than shareholders' equity	(121)	23	178	80	80
Total changes during period	(121)	23	178	80	16,623
Balance at end of period	17	(1,782)	128	(1,636)	269,713

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	41,261	43,569
Depreciation	15,127	17,282
Impairment losses	481	426
Loss on tax purpose reduction entry of non-current assets	242	407
Increase (decrease) in retirement benefit liability	164	(69)
Increase (decrease) in allowance for doubtful accounts	17	0
Increase (decrease) in contract liabilities	957	1,011
Interest and dividend income	(128)	(161)
Interest expenses	32	164
State subsidy	(429)	(537)
Penalty income	(133)	(0)
Loss on retirement of non-current assets	133	165
Share of loss (profit) of entities accounted for using equity method	—	1,567
Decrease (increase) in trade receivables	(4,515)	(3,238)
Decrease (increase) in inventories	(8,427)	(7,330)
Decrease (increase) in accounts receivable - other	(616)	(2,561)
Increase (decrease) in trade payables	3,364	2,359
Increase (decrease) in accrued expenses	296	336
Increase (decrease) in long-term deposits received	29	63
Increase (decrease) in accrued consumption taxes	(206)	503
Other, net	6,880	(35)
Subtotal	54,531	53,924
Interest and dividends received	12	49
Interest paid	(4)	(163)
Income taxes paid	(13,911)	(13,183)
Subsidies received	429	537
Other, net	131	0
Net cash provided by (used in) operating activities	41,188	41,164
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,426)	(33,451)
Purchase of intangible assets	(1,799)	(815)
Loan advances	(312)	(888)
Proceeds from collection of loans receivable	107	102
Purchase of investment securities	(35,377)	—
Payments of leasehold and guarantee deposits	(1,631)	(1,214)
Proceeds from refund of leasehold and guarantee deposits	503	529
Other, net	87	364
Net cash provided by (used in) investing activities	(74,850)	(35,373)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	35,000	(34,000)
Proceeds from long-term borrowings	—	40,000
Repayments of long-term borrowings	—	(2,333)
Dividends paid	(12,511)	(14,266)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	22,487	(10,600)
Net increase (decrease) in cash and cash equivalents	(11,173)	(4,809)
Cash and cash equivalents at beginning of period	80,872	69,698
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	66
Cash and cash equivalents at end of period	69,698	64,956

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Changes in Accounting Policies)

(Application of “Accounting Standard for Current Income Taxes,” etc.)

The Company has applied the “Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter ‘Revised Accounting Standard 2022’)” and other accounting standards from the beginning of the fiscal year ended March 31, 2025.

Revisions in the accounting classification of current income taxes (taxes on other comprehensive income) have been made in accordance with the transitional treatments stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatments stipulated in the proviso of Paragraph 65-2 (2) of the “Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter ‘Revised Implementation Guidance 2022’).” The said changes in accounting policies have no impact on the consolidated financial statements.

The Company has applied the Revised Implementation Guidance 2022 from the beginning of the fiscal year ended March 31, 2025 with respect to revisions regarding reviews on treatments in the consolidated financial statements in the case that gains or losses associated with sales of shares, etc. of subsidiaries among consolidated companies are deferred for tax purposes. The said changes in accounting policies have been retrospectively applied and the consolidated financial statements for the previous fiscal year have been prepared after the retrospective application of the changes. The said changes in accounting policies have no impact on the consolidated financial statements for the previous fiscal year.

(Segment Information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Group are components of the Group for which separate financial information is available that is evaluated regularly by the Board of Directors to determine allocation of management resources and assess performance.

The main businesses of the Group comprise Drugstore Business, which primarily sells pharmaceutical products, cosmetics and daily necessities, and the Discount Store Business selling food products and household products, etc., and each business draws up comprehensive strategies to carry out its business activities.

Accordingly, the Group consists of sales format segments, and has established two reportable segments of the Drugstore Business and Discount Store Business in order to provide appropriate information regarding the details of the business activities and the management environment.

2. Method of calculation concerning the amount of net sales, income/loss, assets, and other items by each reportable segment

The accounting treatment for reportable segments is more or less the same as that stated in “material matters that serve as the basis for preparing consolidated financial statements.” Income for the reportable segments represents figures based on operating profit. Inter-segment revenue and transfers are based on market prices.

3. Information concerning the amount of net sales and income/loss, assets, and other items by reportable segment and information on disaggregated revenue

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Reportable segment			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Drugstore Business	Discount Store Business	Total		
Net sales					
Net sales to external customers	437,950	313,826	751,777	—	751,777
Inter-segment net sales or transfers	53,463	11	53,475	(53,475)	—
Total	491,414	313,838	805,252	(53,475)	751,777
Segment income	25,707	15,288	40,996	—	40,996
Segment assets	310,231	137,351	447,583	(27,375)	420,208
Other items					
Depreciation (Note 3)	9,657	5,355	15,012	—	15,012
Amortization of goodwill	115	—	115	—	115
Investment in entities accounted for using equity method	35,390	—	35,390	—	35,390
Increase in property, plant and equipment and intangible assets (Note 4)	22,351	13,819	36,170	—	36,170

Note 1: Adjustment amounts are as follows:

(1) Adjustment of segment income is due to elimination of intersegment transactions.

(2) Adjustment of segment asset is due to intersegment eliminations.

Note 2: Segment income is adjusted according to the operating profit on the consolidated statements of income.

Note 3: Depreciation includes amortization of long-term prepaid expenses.

Note 4: The increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

Note 5: Revenue other than those arising from contracts with customers are not categorized as they are of little importance.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment			Adjustment (Note 1)	Amount on consolidated financial statements (Note 2)
	Drugstore Business	Discount Store Business	Total		
Net sales					
Net sales to external customers	459,558	342,253	801,811	—	801,811
Inter-segment net sales or transfers	57,775	13	57,789	(57,789)	—
Total	517,333	342,267	859,600	(57,789)	801,811
Segment income	26,645	17,850	44,496	—	44,496
Segment assets	316,896	152,611	469,507	(25,500)	444,007
Other items					
Depreciation (Note 3)	11,296	5,986	17,282	—	17,282
Amortization of goodwill	115	—	115	—	115
Investment in entities accounted for using equity method	33,810	—	33,810	—	33,810
Increase in property, plant and equipment and intangible assets (Note 4)	21,209	14,594	35,804	—	35,804

Note 1: Adjustment amounts are as follows:

(1) Adjustment of segment income is due to elimination of intersegment transactions.

(2) Adjustment of segment asset is due to intersegment eliminations.

Note 2: Segment income is adjusted according to the operating profit on the consolidated statements of income.

Note 3: Depreciation includes amortization of long-term prepaid expenses.

Note 4: The increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

Note 5: Revenue other than those arising from contracts with customers are not categorized as they are of little importance.

[Related information]

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information by product and service

Description is omitted as the same information is disclosed in the segment information.

2. Information by region

(1) Net sales

Not applicable as there are no sales to external customers outside Japan.

(2) Property, plant and equipment

Not applicable as there are no property, plant or equipment located outside of Japan.

3. Information by major customers

Disclosure is omitted as there are no customers accounting for 10% or more of the net sales in the consolidated statement of income with respect to net sales to external customers.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information by product and service

Description is omitted as same information is disclosed in the segment information.

2. Information by region

(1) Net sales

Not applicable as there are no sales to external customers outside Japan.

(2) Property, plant and equipment

Not applicable as there are no property, plant or equipment located outside of Japan.

3. Information by major customers

Disclosure is omitted as there are no customers accounting for 10% or more of the net sales in the consolidated statement of income with respect to net sales to external customers.

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

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment			Corporate /elimination	Total
	Drugstore Business	Discount Store Business	Total		
Impairment loss	446	34	481	—	481

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment			Corporate /elimination	Total
	Drugstore Business	Discount Store Business	Total		
Impairment loss	386	39	426	—	426

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

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment			Corporate /elimination	Total
	Drugstore Business	Discount Store Business	Total		
Balance at the end of the period	1,556	—	1,556	—	1,556

Note 1: Regarding amortization of goodwill, description is omitted as same information is disclosed in the segment information.

For the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment			Corporate /elimination	Total
	Drugstore Business	Discount Store Business	Total		
Balance at the end of the period	1,440	—	1,440	—	1,440

Note 1: Regarding amortization of goodwill, description is omitted as same information is disclosed in the segment information.

[Information on gain on bargain purchase by reportable segment]

Not applicable

(Per Share Information)

(Yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net assets per share	2,164.06	2,305.89
Basic earnings per share	249.07	262.91
Diluted earnings per share	—	—

Note 1: Diluted earnings per share are not stated because there were no dilutive shares.

Note 2: The basis for calculating the basic earnings per share and diluted earnings per share is as follows:

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	29,126	30,750
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common stock (millions of yen)	29,126	30,750
Average number of outstanding shares during the period (shares)	116,942,698	116,962,697
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (millions of yen)	—	—
Increase in shares in common stock (shares)	—	—
(of which share acquisition rights [shares])	(—)	(—)
Overview of potential shares not included in the calculation for diluted earnings per share because they do not have diluting effect	—	

(Important Subsequent Events)

Not applicable