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Consolidated Financial Results for the Six Months Ended September 30, 2025 [Japanese GAAP]



November 14, 2025

Company name: SUNDRUG CO., LTD.

Stock exchange listing: Tokyo Stock Exchange

Code number: 9989

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

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Scheduled date to file semi-annual securities report: November 14, 2025

Scheduled date to commence dividend payments: December 1, 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 Six Months Ended September 30, 2025 (April 1, 2025 to September 30, 2025)

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

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2025	418,437	5.8	32,012	8.9	23,057	8.7	22,893	9.9	15,269	7.0
September 30, 2024	395,585	6.4	29,397	6.7	21,212	2.9	20,828	(0.6)	14,270	1.5

(Note) Comprehensive income: Six months ended September 30, 2025: ¥15,277 million [7.0%]

Six months ended September 30, 2024: ¥14,274 million [1.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2025	130.54	—
September 30, 2024	122.02	—

(Notes)

1. EBITDA = Operating profit + Depreciation + Amortization of goodwill

2. Diluted earnings per share are not stated because there were no dilutive shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2025	450,620	277,458	61.6
As of March 31, 2025	444,007	269,713	60.7

(Reference) Equity: As of September 30, 2025: ¥277,458 million

As of March 31, 2025: ¥269,713 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2025	Yen —	Yen 65.00	Yen —	Yen 65.00	Yen 130.00
Fiscal year ending March 31, 2026	—	65.00			
Fiscal year ending March 31, 2026 (Forecast)			—	66.00	131.00

(Note) Revision to the forecast for dividends announced most recently: None

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		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	850,000	6.0	66,775	7.9	47,300	6.3	46,000	4.9	31,700	3.1	271.03

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

- (1) Significant changes in the scope of consolidation during the six months ended September 30, 2025: None
- (2) Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements: Yes
(Note) For details, please see “2. Semi-annual Consolidated Financial Statements and Primary Notes, (4) Notes to the Semi-annual Consolidated Financial Statements, (Notes on Special Accounting Treatments for Semi-annual Consolidated Financial Statements)” on page 9 of the appendix.
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):
September 30, 2025: 119,331,184 shares
March 31, 2025: 119,331,184 shares
 - 2) Total number of treasury shares at the end of the period:
September 30, 2025: 2,348,285 shares
March 31, 2025: 2,363,857 shares
 - 3) Average number of shares during the period:
Six months ended September 30, 2025: 116,973,709 shares
Six months ended September 30, 2024: 116,958,031 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

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

(Note on forward-looking statements)

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., (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” 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 Semi-annual Period Under Review

The Japanese economy during the six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025) recovered gradually, although partially affected by U.S. trade policies. While the improved employment and income environment and a growing number of international visitors to Japan, among other factors, are expected to continue to support this recovery, economic downturn risks are recognized, such as the impact of persistently rising prices on consumer spending. In addition, in the drugstore industry, the operating environment surrounding the Company 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 law amendments and regulations concerning the sale of pharmaceutical products.

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 with enhanced expertise under the key phrase, “Provide safety, reliance, and convenience,” to meet the needs and expectations of customers. In terms of expenses, the Group pursued initiatives such as further enhancing productivity, and continued to make efforts to promote environmental management.

As for the status of the Group’s store openings during the six months ended September 30, 2025, we opened 25 new stores and revitalized existing stores by renovating 49 stores and closing 14 stores.

As a result, the total number of the Group’s stores as of the end of the semi-annual period of the fiscal year under review reached 1,553 stores, consisting of 1,127 stores for the Drugstore Business (864 directly-managed stores, 84 stores operated by Seikodo Pharmacy Corporation, 76 stores operated by Sundrug Plus Co., Ltd., 65 stores operated by Daiya Inc., and 38 franchise stores) and 426 stores for the Discount Store Business (426 stores operated by DIREX CORPORATION).

As for the consolidated financial results for the six months ended September 30, 2025, the Group recorded net sales totaling ¥418,437 million (up 5.8% from the same period of the previous fiscal year), operating profit totaling ¥23,057 million (up 8.7% from the same period of the previous fiscal year), ordinary profit totaling ¥22,893 million (up 9.9% from the same period of the previous fiscal year), and profit attributable to owners of parent totaling ¥15,269 million (up 7.0% from the same period of the previous fiscal year), posting increases in sales and profit.

Overview of business segment operating results is as follows.

< Drugstore Business >

The Drugstore Business recorded a year-on-year increase in net sales despite a negative impact of record hot weather on items such as summer goods. This is mainly because of higher unit prices especially for food products as a result of soaring material prices, as well as the supply of government-stockpiled rice started as planned from September. As for gross profit, the gross profit to net sales continued to improve by 0.4 percentage points mainly due to improvements in transaction conditions since the end of the previous fiscal year.

As a result, net sales for the Drugstore Business segment amounted to ¥267,028 million (up 4.5% from the same period of the previous fiscal year), and operating profit amounted to ¥13,283 million (up 5.1% from the same period of the previous fiscal year).

< Discount Store Business >

In the Discount Store Business, where food products account for a larger part than in the Drugstore Business, net sales remained robust mainly due to the impact of higher unit prices in the market. As for gross profit, the gross profit to net sales improved by 0.4 percentage points mainly due to improvements in transaction conditions,

as in the Drugstore Business.

As a result, net sales for the Discount Store Business segment amounted to ¥181,822 million (up 8.0% from the same period of the previous fiscal year), and operating profit amounted to ¥9,774 million (up 14.1% from the same period of the previous fiscal year).

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

Total assets as of the end of the semi-annual period of the fiscal year under review increased by ¥6,613 million from the previous fiscal year end to ¥450,620 million. This is mainly attributable to an increase in merchandise as well as an increase in property, plant and equipment resulting from new store openings and renovations.

Total liabilities decreased by ¥1,130 million from the previous fiscal year end to ¥173,162 million. This is mainly attributable to a decrease in accounts payable - trade.

Total net assets increased by ¥7,744 million from the previous fiscal year end to ¥277,458 million.

(Analysis of cash flow status)

Cash and cash equivalents (hereinafter referred to as “cash”) as of the end of the semi-annual period of the fiscal year under review increased by ¥1,180 million from the previous fiscal year end to ¥66,137 million.

(Cash flows from operating activities)

Net cash provided by operating activities increased by ¥2,055 million from the same period of the previous fiscal year to ¥21,242 million (up 10.7% year on year). This is mainly attributable to the recording of ¥22,707 million in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities decreased by ¥899 million from the same period of the previous fiscal year to ¥17,410 million (down 4.9% year on year). This is mainly attributable to a decrease in purchase of property, plant and equipment, compared with the previous corresponding period.

(Cash flows from financing activities)

Net cash used in financing activities decreased by ¥4,596 million from the same period of the previous fiscal year to ¥2,651 million (down 63.4% year on year). This is mainly attributable to fund procurement to finance capital investments such as new store openings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

We have made no revision to the full-year consolidated financial results forecast, which was announced on May 15, 2025.

(Note) The consolidated financial results forecast herein is based on certain assumptions that the Company deems reasonable at the time of announcement. Actual results may differ significantly from these forecasts.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	64,956	66,137
Accounts receivable - trade	29,994	27,198
Merchandise	98,413	103,279
Supplies	261	293
Other	23,153	24,015
Total current assets	216,777	220,924
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	97,106	98,735
Other, net	39,599	41,573
Total property, plant and equipment	136,706	140,309
Intangible assets		
Goodwill	1,440	1,383
Other	7,228	7,051
Total intangible assets	8,669	8,434
Investments and other assets		
Investment securities	34,013	33,544
Leasehold and guarantee deposits	28,411	28,439
Other	19,433	18,969
Allowance for doubtful accounts	(4)	(0)
Total investments and other assets	81,853	80,952
Total non-current assets	227,229	229,696
Total assets	444,007	450,620

(Million yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	79,731	77,871
Short-term borrowings	1,000	2,000
Current portion of long-term borrowings	3,800	4,400
Income taxes payable	8,180	7,769
Provision for bonuses for directors (and other officers)	98	76
Other	35,696	31,781
Total current liabilities	128,507	123,899
Non-current liabilities		
Long-term borrowings	33,866	37,215
Provision for retirement benefits for directors (and other officers)	281	284
Retirement benefit liability	2,102	2,195
Asset retirement obligations	7,029	7,044
Other	2,505	2,524
Total non-current liabilities	45,785	49,263
Total liabilities	174,293	173,162
Net assets		
Shareholders' equity		
Share capital	3,931	3,931
Capital surplus	7,533	7,577
Retained earnings	263,754	271,421
Treasury shares	(3,868)	(3,843)
Total shareholders' equity	271,350	279,086
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	26
Revaluation reserve for land	(1,782)	(1,782)
Remeasurements of defined benefit plans	128	127
Total accumulated other comprehensive income	(1,636)	(1,628)
Total net assets	269,713	277,458
Total liabilities and net assets	444,007	450,620

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Net sales	395,585	418,437
Cost of sales	295,919	311,519
Gross profit	99,666	106,917
Selling, general and administrative expenses	78,454	83,859
Operating profit	21,212	23,057
Non-operating income		
Interest income	63	115
Dividend income	5	1
Guarantee commission income	158	171
Gain on receipt of donated non-current assets	143	96
Other	169	110
Total non-operating income	539	495
Non-operating expenses		
Interest expenses	54	168
Share of loss of entities accounted for using equity method	865	480
Other	3	11
Total non-operating expenses	923	660
Ordinary profit	20,828	22,893
Extraordinary income		
Gain on sale of non-current assets	—	2
National subsidies	134	43
Other	37	5
Total extraordinary income	171	50
Extraordinary losses		
Loss on sale of non-current assets	6	—
Impairment losses	251	111
Loss on retirement of non-current assets	97	87
Loss on tax purpose reduction entry of non-current assets	134	21
Loss on disaster	8	1
Other	27	15
Total extraordinary losses	526	236
Profit before income taxes	20,474	22,707
Income taxes	6,203	7,437
Profit	14,270	15,269
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	14,270	15,269

Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Profit	14,270	15,269
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	7
Remeasurements of defined benefit plans, net of tax	7	(0)
Share of other comprehensive income of entities accounted for using equity method	(3)	1
Total other comprehensive income	3	7
Comprehensive income	14,274	15,277
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,274	15,277
Comprehensive income attributable to non-controlling interests	—	—

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2024	For the six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	20,474	22,707
Depreciation	8,185	8,897
Impairment losses	251	111
Loss on tax purpose reduction entry of non-current assets	134	21
Increase (decrease) in retirement benefit liability	84	92
Increase (decrease) in allowance for doubtful accounts	0	(3)
Increase (decrease) in provision for bonuses for directors (and other officers)	(60)	(21)
Increase (decrease) in contract liabilities	449	369
Interest and dividend income	(68)	(117)
Interest expenses	54	168
State subsidy	(134)	(43)
Penalty income	(0)	(0)
Share of loss (profit) of entities accounted for using equity method	865	480
Loss on retirement of non-current assets	97	87
Loss on disaster	8	1
Decrease (increase) in trade receivables	2,077	2,795
Decrease (increase) in inventories	(1,765)	(4,899)
Decrease (increase) in accounts receivable - other	(402)	459
Increase (decrease) in trade payables	(2,511)	(1,860)
Increase (decrease) in accrued consumption taxes	758	362
Other, net	(3,359)	(1,721)
Subtotal	25,139	27,884
Interest and dividends received	11	57
Interest paid	(58)	(153)
Income taxes paid	(6,039)	(6,589)
Subsidies received	134	43
Net cash provided by (used in) operating activities	19,187	21,242
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,335)	(16,335)
Purchase of intangible assets	(432)	(573)
Loan advances	(328)	(141)
Payments of leasehold and guarantee deposits	(407)	(386)
Proceeds from refund of leasehold and guarantee deposits	341	307
Other, net	(147)	(281)
Net cash provided by (used in) investing activities	(18,309)	(17,410)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(35,000)	1,000
Proceeds from long-term borrowings	35,000	6,000
Repayments of long-term borrowings	(583)	(2,050)
Dividends paid	(6,664)	(7,601)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(7,248)	(2,651)
Net increase (decrease) in cash and cash equivalents	(6,370)	1,180
Cash and cash equivalents at beginning of period	69,698	64,956
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	65	—
Cash and cash equivalents at end of period	63,394	66,137

(4) Notes to the Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Notes in the Case of Material Changes in Shareholders' Equity)

Not applicable

(Notes on Special Accounting Treatments for Semi-annual Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated based on a reasonable estimate of the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year including the semi-annual period of the fiscal year under review, and then multiplying profit before income taxes by the estimated effective tax rate.

Income taxes - deferred is included in income taxes.

(Segment Information, etc.)

I. Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

Information concerning the amount of net sales and income/loss by reportable segment and information on disaggregated revenue

(Million yen)

	Reportable segment			Adjustment (Note 1)	Amount on semi-annual consolidated statements of income (Note 2)
	Drugstore Business	Discount Store Business	Total		
Net sales					
Net sales to external customers	227,169	168,416	395,585	—	395,585
Inter-segment net sales or transfers	28,454	6	28,460	(28,460)	—
Total	255,623	168,423	424,046	(28,460)	395,585
Segment income	12,643	8,568	21,212	—	21,212

Note 1: Adjustment of segment income is due to elimination of intersegment transactions.

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

Note 3: Revenues other than those arising from contracts with customers are not categorized as they are of little importance.

II. Six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

Information concerning the amount of net sales and income/loss by reportable segment and information on disaggregated revenue

(Million yen)

	Reportable segment			Adjustment (Note 1)	Amount on semi-annual consolidated statements of income (Note 2)
	Drugstore Business	Discount Store Business	Total		
Net sales					
Net sales to external customers	236,622	181,815	418,437	—	418,437
Inter-segment net sales or transfers	30,406	6	30,413	(30,413)	—
Total	267,028	181,822	448,850	(30,413)	418,437
Segment income	13,283	9,774	23,057	—	23,057

Note 1: Adjustment of segment income is due to elimination of intersegment transactions.

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

Note 3: Revenues other than those arising from contracts with customers are not categorized as they are of little importance.