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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 [Japanese GAAP]



May 15, 2026

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 of annual general meeting of shareholders: June 27, 2026  
 Scheduled date to file annual securities report: June 26, 2026  
 Scheduled date to commence dividend payments: June 29, 2026  
 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, 2026 (April 1, 2025 to March 31, 2026)

#### (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	%
Fiscal year ended										
March 31, 2026	842,512	5.1	65,707	6.2	46,831	5.2	46,220	5.4	31,392	2.1
March 31, 2025	801,811	6.7	61,893	10.3	44,496	8.5	43,835	5.0	30,750	5.6

(Note) Comprehensive income: Fiscal year ended March 31, 2026: ¥31,424 million [1.9%]

Fiscal year ended March 31, 2025: ¥30,831 million [5.6%]

	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, 2026	268.36	—	11.3	10.1	5.6
March 31, 2025	262.91	—	11.8	10.1	5.5

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

Fiscal year ended March 31, 2026: ¥(1,258) million

Fiscal year ended March 31, 2025: ¥(1,567) 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, 2026	475,505	286,001	60.1	2,444.81
As of March 31, 2025	444,007	269,713	60.7	2,305.89

(Reference) Equity: As of March 31, 2026: ¥286,001 million

As of March 31, 2025: ¥269,713 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, 2026	43,297	(32,076)	(5,653)	70,523
March 31, 2025	41,164	(35,373)	(10,600)	64,956

## 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	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2025	—	65.00	—	65.00	130.00	15,205	49.4	5.8
March 31, 2026	—	65.00	—	66.00	131.00	15,324	48.8	5.5
Fiscal year ending March 31, 2027 (Forecast)	—	66.00	—	66.00	132.00		48.0	

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(% indicates changes from the previous corresponding period.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	434,500	3.8	33,150	3.6	23,500	1.9	23,000	0.5	15,400	0.9	131.67
Full year	876,000	4.0	69,150	5.2	48,800	4.2	48,100	4.1	32,150	2.4	274.87

### \* 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: None
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: Yes
  - 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, 2026: 119,331,184 shares
    - March 31, 2025: 119,331,184 shares
  - 2) Total number of treasury shares at the end of the period:
    - March 31, 2026: 2,348,285 shares
    - March 31, 2025: 2,363,857 shares
  - 3) Average number of shares during the period:
    - Fiscal year ended March 31, 2026: 116,978,291 shares
    - Fiscal year ended March 31, 2025: 116,962,697 shares

(Reference) Summary of Non-consolidated Financial Results

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

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2026	505,414	4.0	26,570	3.8	35,122	41.5	27,509	56.4
March 31, 2025	485,758	4.8	25,587	3.6	24,823	(1.9)	17,588	(1.0)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Fiscal year ended				
March 31, 2026	235.17		—	
March 31, 2025	150.38		—	

(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, 2026	314,187		190,666		60.7		1,629.87	
As of March 31, 2025	300,327		178,292		59.4		1,524.29	

(Reference) Equity: As of March 31, 2026: ¥190,666 million

As of March 31, 2025: ¥178,292 million

(Note) In the fiscal year under review, ordinary profit and profit increased from the previous fiscal year, mainly due to the recording of dividends received from consolidated subsidiaries.

Since these dividends are received from consolidated subsidiaries, they have no impact on the consolidated financial results.

## 2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2027 (April 1, 2026 to March 31, 2027)

(% 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	257,000	2.7	15,900	(14.0)	12,200	(18.4)	104.32	
Full year	519,600	2.8	33,300	(5.2)	24,900	(9.5)	212.92	

(Note) The expected decline in ordinary profit and profit in non-consolidated financial results forecast for the next fiscal year is due to the decrease in dividends received from consolidated subsidiaries.

Since these dividends are received from consolidated subsidiaries, they have no impact on the consolidated financial results.

\* 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, 2026 (from April 1, 2025 to March 31, 2026) showed signs of a gradual recovery against the backdrop of a continued improvement in the employment environment and rising wages. On the other hand, consumer spending remained selective due to persistently high energy prices partly resulting from the situation in the Middle East and heightened awareness of the need to protect household budgets amid prolonged rising prices. In the drugstore and discount store industry, the operating environment surrounding the Company has become even more challenging due to intensifying competition with companies in the same industry in terms of store openings, ongoing industry restructuring among major companies, competition with companies in other business categories, and the impact of law amendments and various regulations concerning the sale of pharmaceutical products.

In these circumstances, the Company and its group companies (collectively, the “Group”), continued to strive for further enhancement in expertise and promoted the opening of new stores and the renovation of existing stores in a well-planned manner under the key phrase, “Provide safety, reliance, and convenience.” At the same time, the Group worked to strengthen the pharmacy business and EC business in response to the falling birth rate, the aging of society, and changes in consumer purchasing trends. In terms of expenses, in addition to continuous initiatives to enhance productivity, the Group also focused on promoting environmental management.

As for the status of the Group’s store openings during the fiscal year under review, we opened 73 new stores and revitalized existing stores by renovating 79 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 1,594 stores, consisting of 1,155 stores for the Drugstore Business (886 directly-managed stores, 84 stores operated by Seikodo Pharmacy Corporation, 76 stores operated by Sundrug Plus Co., Ltd., 72 stores operated by Daiya Inc., and 37 franchise stores) and 439 stores for the Discount Store Business (439 stores operated by DIREX CORPORATION).

As for the consolidated financial results for the fiscal year under review, the Group recorded net sales totaling ¥842,512 million (up 5.1% from the previous fiscal year), operating profit totaling ¥46,831 million (up 5.2% from the previous fiscal year), ordinary profit totaling ¥46,220 million (up 5.4% from the previous fiscal year), and profit attributable to owners of parent totaling ¥31,392 million (up 2.1% 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 saw a decline in sales of seasonal products, mainly cold medicine, due in part to a reactionary decline following strong demand in the year before last, which had a negative impact on net sales. Nevertheless, net sales increased year on year due in part to the effects of renovations at existing stores, continued strong performance in the pharmacy business and EC business, and robust sales of government-stockpiled rice. In addition, the gross profit to net sales improved by 0.2 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 ¥539,379 million (up 4.3% from the previous fiscal year), and operating profit amounted to ¥27,481 million (up 3.1% from the previous fiscal year).

#### < Discount Store Business >

In the Discount Store Business, demand for seasonal home appliances remained sluggish due to factors such as the mild winter, which had a negative impact on net sales. On the other hand, the food sector remained robust, driven by rising market prices and other factors. In addition, the gross profit to net sales improved by 0.3 percentage points mainly due to improvements in transaction conditions for drug store products.

As a result, net sales for the Discount Store Business segment amounted to ¥364,121 million (up 6.4% from the previous fiscal year), and operating profit amounted to ¥19,350 million (up 8.4% 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 ¥31,498 million from the previous fiscal year end to ¥475,505 million. This is mainly attributable to property, plant and equipment resulting from new store openings and renovations.

Total liabilities increased by ¥15,211 million from the previous fiscal year end to ¥189,504 million. This is mainly attributable to accounts payable - trade and asset retirement obligations.

Total net assets increased by ¥16,287 million from the previous fiscal year end to ¥286,001 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 increased by ¥5,567 million from the previous fiscal year end to ¥70,523 million.

### (Cash flows from operating activities)

Net cash provided by operating activities increased by ¥2,133 million from the previous fiscal year to ¥43,297 million. This is mainly attributable to the recording of profit before income taxes.

### (Cash flows from investing activities)

Net cash used in investing activities decreased by ¥3,296 million from the previous fiscal year to ¥32,076 million. This is mainly attributable to purchase of property, plant and equipment.

### (Cash flows from financing activities)

Net cash used in financing activities decreased by ¥4,946 million from the previous fiscal year to ¥5,653 million. This is mainly attributable to dividends paid.

## (4) Future Outlook

The outlook for the Japanese economic environment for the next fiscal year is expected to require caution due to persistent price rises, persistently high energy prices resulting from the situation in the Middle East, and the impact of exchange rate fluctuations, while the Japanese economy is expected to see a pickup in consumer spending and a recovery in economic and social activities against the backdrop of improvements in the employment and income environment.

In our industry, the Group recognizes that the industry environment will remain challenging amid intensifying competition over store openings, ongoing industry restructuring, and continued competition with companies in other business categories. In addition to labor shortages caused by the declining population, falling birth rate, and the aging of society, rising raw material costs and procurement difficulties may also affect sales promotion activities.

In light of this business environment, the Group will promote the opening of new stores in formats that suit the characteristics of each location and will also work to expand EC business and the pharmacy business with a view to further strengthen the store network in Japan. At the same time, the Group will seek to expand its private brand products and develop new categories. Furthermore, while focusing on training of personnel to maintain a high service level, in an effort to address labor shortages resulting from the falling birth rate and the aging of society, the Group will promote digitalization (labor-saving) in each type of operation to improve productivity. We will also actively work on environmental management.

In the fiscal year ending March 31, 2027, the Group plans to open 100 new stores in total (68 stores for the Drugstore Business, 32 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 ¥876,000 million, EBITDA of ¥69,150 million, operating profit of ¥48,800 million (an operating profit margin of 5.6%), ordinary profit of ¥48,100 million (an ordinary profit margin of 5.5%), and profit attributable to owners of parent of ¥32,150 million.

## 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, 2025	As of March 31, 2026
<b>Assets</b>		
Current assets		
Cash and deposits	64,956	70,523
Accounts receivable - trade	29,994	32,330
Merchandise	98,413	110,065
Supplies	261	257
Accounts receivable - other	18,390	19,166
Other	4,762	5,721
Total current assets	216,777	238,064
Non-current assets		
Property, plant and equipment		
Buildings and structures	154,450	169,687
Accumulated depreciation	(57,344)	(64,020)
Buildings and structures, net	97,106	105,666
Tools, furniture and fixtures	81,530	90,550
Accumulated depreciation	(53,752)	(61,739)
Tools, furniture and fixtures, net	27,778	28,811
Land	8,616	8,470
Other	4,204	6,804
Accumulated depreciation	(999)	(1,265)
Other, net	3,205	5,539
Total property, plant and equipment	136,706	148,487
Intangible assets		
Goodwill	1,440	1,325
Other	7,228	6,775
Total intangible assets	8,669	8,101
Investments and other assets		
Investment securities	34,013	32,762
Long-term loans receivable	6,854	6,473
Long-term loans receivable from subsidiaries and associates	510	480
Deferred tax assets	9,016	9,159
Deferred tax assets for land revaluation	820	783
Leasehold and guarantee deposits	28,411	28,879
Other	2,231	2,314
Allowance for doubtful accounts	(4)	(0)
Total investments and other assets	81,853	80,851
Total non-current assets	227,229	237,440
Total assets	444,007	475,505

(Million yen)

	As of March 31, 2025	As of March 31, 2026
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	79,731	82,707
Short-term borrowings	1,000	1,000
Current portion of long-term borrowings	3,800	5,139
Income taxes payable	8,180	8,504
Contract liabilities	6,993	7,812
Other	28,801	28,872
Total current liabilities	128,507	134,035
Non-current liabilities		
Long-term borrowings	33,866	42,076
Provision for retirement benefits for directors (and other officers)	281	284
Retirement benefit liability	2,102	2,220
Asset retirement obligations	7,029	8,454
Other	2,505	2,433
Total non-current liabilities	45,785	55,468
Total liabilities	174,293	189,504
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,931	3,931
Capital surplus	7,533	7,577
Retained earnings	263,754	279,859
Treasury shares	(3,868)	(3,843)
Total shareholders' equity	271,350	287,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17	24
Deferred gains or losses on hedges	—	(0)
Revaluation reserve for land	(1,782)	(1,702)
Remeasurements of defined benefit plans	128	154
Total accumulated other comprehensive income	(1,636)	(1,523)
Total net assets	269,713	286,001
Total liabilities and net assets	444,007	475,505

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

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	801,811	842,512
Cost of sales	597,723	626,341
Gross profit	204,087	216,170
Selling, general and administrative expenses		
Provision of allowance for doubtful accounts	0	—
Provision for retirement benefits for directors (and other officers)	10	2
Salaries, allowances and bonuses	58,216	62,654
Retirement benefit expenses	711	708
Rent expenses	33,337	34,884
Depreciation	17,282	18,760
Other	50,031	52,326
Total selling, general and administrative expenses	159,591	169,338
Operating profit	44,496	46,831
Non-operating income		
Interest income	151	242
Dividend income	9	2
Commission income	99	87
Guarantee commission income	329	338
Gain on receipt of donated non-current assets	266	197
Other	220	181
Total non-operating income	1,078	1,050
Non-operating expenses		
Interest expenses	164	384
Share of loss of entities accounted for using equity method	1,567	1,258
Other	6	18
Total non-operating expenses	1,738	1,661
Ordinary profit	43,835	46,220
Extraordinary income		
Gain on sale of non-current assets	0	84
Gain on sale of investment securities	198	—
Penalty income	0	17
National subsidies	537	475
Other	60	26
Total extraordinary income	796	604
Extraordinary losses		
Loss on sale of non-current assets	6	—
Loss on retirement of non-current assets	165	228
Loss on cancellation of rental contracts	33	5
Impairment losses	426	399
Loss on tax purpose reduction entry of non-current assets	407	273
Loss on disaster	8	4
Other	15	109
Total extraordinary losses	1,062	1,021
Profit before income taxes	43,569	45,803

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Income taxes - current	13,728	14,529
Income taxes - deferred	(909)	(118)
Total income taxes	12,818	14,411
Profit	30,750	31,392
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	30,750	31,392

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	30,750	31,392
Other comprehensive income		
Valuation difference on available-for-sale securities	(116)	2
Revaluation reserve for land	23	—
Remeasurements of defined benefit plans, net of tax	178	25
Share of other comprehensive income of entities accounted for using equity method	(4)	4
Total other comprehensive income	80	32
Comprehensive income	30,831	31,424
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,831	31,424
Comprehensive income attributable to non-controlling interests	—	—

(3) Consolidated Statements of Changes in Net Assets  
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
Reversal of revaluation reserve for land					—
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	Deferred gains or losses on hedges	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
Reversal of revaluation reserve for land						—
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

For the fiscal year ended March 31, 2026

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,931	7,533	263,754	(3,868)	271,350
Changes during period					
Dividends of surplus			(15,206)		(15,206)
Profit attributable to owners of parent			31,392		31,392
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		43		25	69
Reversal of revaluation reserve for land			(80)		(80)
Net changes in items other than shareholders' equity					
Total changes during period	—	43	16,105	25	16,174
Balance at end of period	3,931	7,577	279,859	(3,843)	287,524

	Accumulated other comprehensive income					Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	17	—	(1,782)	128	(1,636)	269,713
Changes during period						
Dividends of surplus						(15,206)
Profit attributable to owners of parent						31,392
Purchase of treasury shares						(0)
Disposal of treasury shares						69
Reversal of revaluation reserve for land						(80)
Net changes in items other than shareholders' equity	6	(0)	80	25	112	112
Total changes during period	6	(0)	80	25	112	16,287
Balance at end of period	24	(0)	(1,702)	154	(1,523)	286,001

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
<b>Cash flows from operating activities</b>		
Profit before income taxes	43,569	45,803
Depreciation	17,282	18,760
Impairment losses	426	399
Loss on tax purpose reduction entry of non-current assets	407	273
Increase (decrease) in retirement benefit liability	(69)	118
Increase (decrease) in allowance for doubtful accounts	0	(3)
Increase (decrease) in contract liabilities	1,011	819
Interest and dividend income	(161)	(244)
Interest expenses	164	384
State subsidy	(537)	(475)
Penalty income	(0)	(17)
Loss on retirement of non-current assets	165	228
Share of loss (profit) of entities accounted for using equity method	1,567	1,258
Decrease (increase) in trade receivables	(3,238)	(2,336)
Decrease (increase) in inventories	(7,330)	(11,652)
Decrease (increase) in accounts receivable - other	(2,561)	(771)
Increase (decrease) in trade payables	2,359	2,975
Increase (decrease) in accrued expenses	336	222
Increase (decrease) in long-term deposits received	63	48
Increase (decrease) in accrued consumption taxes	503	712
Other, net	(35)	844
Subtotal	53,924	57,348
Interest and dividends received	49	132
Interest paid	(163)	(370)
Income taxes paid	(13,183)	(14,289)
Subsidies received	537	475
Other, net	0	1
Net cash provided by (used in) operating activities	41,164	43,297
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(33,451)	(30,336)
Purchase of intangible assets	(815)	(800)
Loan advances	(888)	(641)
Proceeds from collection of loans receivable	102	378
Payments of leasehold and guarantee deposits	(1,214)	(990)
Proceeds from refund of leasehold and guarantee deposits	529	442
Other, net	364	(129)
Net cash provided by (used in) investing activities	(35,373)	(32,076)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(34,000)	—
Proceeds from long-term borrowings	40,000	14,000
Repayments of long-term borrowings	(2,333)	(4,450)
Dividends paid	(14,266)	(15,202)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(10,600)	(5,653)
Net increase (decrease) in cash and cash equivalents	(4,809)	5,567
Cash and cash equivalents at beginning of period	69,698	64,956
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	66	—
Cash and cash equivalents at end of period	64,956	70,523

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Changes in Accounting Estimates)

(Changes in estimates of asset retirement obligations)

In the fiscal year ended March 31, 2026, with respect to asset retirement obligations recorded as obligations to restore properties to their original condition under real estate lease agreements, the Company has revised its estimates for the asset retirement obligations for restoration costs required upon vacating its stores, following the acquisition of new information including recent construction results. An increase of ¥1,234 million resulting from this change in estimate has been added to the asset retirement obligations prior to the change.

As a result of this change, for the fiscal year ended March 31, 2026, operating profit and ordinary profit decreased by ¥11 million, and profit before income taxes decreased by ¥35 million.

(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, 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.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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	478,404	364,108	842,512	—	842,512
Inter-segment net sales or transfers	60,975	13	60,988	(60,988)	—
Total	539,379	364,121	903,500	(60,988)	842,512
Segment income	27,481	19,350	46,831	—	46,831
Segment assets	332,425	169,567	501,992	(26,487)	475,505
Other items					
Depreciation (Note 3)	11,930	6,830	18,760	—	18,760
Amortization of goodwill	115	—	115	—	115
Investment in entities accounted for using equity method	32,557	—	32,557	—	32,557
Increase in property, plant and equipment and intangible assets (Note 4)	16,314	13,631	29,946	—	29,946

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, 2025 (from April 1, 2024 to March 31, 2025)

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, 2026 (from April 1, 2025 to March 31, 2026)

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, 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

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment			Corporate /elimination	Total
	Drugstore Business	Discount Store Business	Total		
Impairment loss	370	29	399	—	399

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

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.

For the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segment			Corporate /elimination	Total
	Drugstore Business	Discount Store Business	Total		
Balance at the end of the period	1,325	—	1,325	—	1,325

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, 2025	For the fiscal year ended March 31, 2026
Net assets per share	2,305.89	2,444.81
Basic earnings per share	262.91	268.36

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 is as follows:

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Basic earnings per share		
Profit attributable to owners of parent (millions of yen)	30,750	31,392
Amount not attributable to ordinary shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common stock (millions of yen)	30,750	31,392
Average number of outstanding shares during the period (shares)	116,962,697	116,978,291

(Important Subsequent Events)

Not applicable