



Financial Results for H1 of FYE May 2025 (June 1, 2024 to November 30, 2024)

January 16, 2025

The earnings forecasts in this document are based on the business environment as of the time of writing. Actual results may differ from projections due to a variety of factors. Note also that inquiries should be submitted in Japanese.

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Consolidated Results for H1 of FYE May 2025

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Consolidated Results for H1 of FYE May 2025

1. Consolidated Financial Highlights

Consolidated results for H1 of FYE May 2025

Net sales

224.8 billion yen

(108.4% YoY)

Ordinary profit

10.8 billion yen

(106.0% YoY)

Ordinary profit margin: 4.8%

Business Overview

- Through the continued promotion of everyday low price (EDLP) measures, sales and customer numbers at existing stores remained strong. In the prescriptions business, the increase in the number of in-store pharmacies and the enhanced calculation of various additional fees set by the Ministry of Health, Labour and Welfare contributed to stable growth in both the number of prescriptions filled and prescription unit prices.
- Achieved **increased sales and profit** through control of SG&A expenses, including personnel expenses

2. Consolidated Statement of Income for H1 of FYE May 2025

	FYE May 2024 H1 Results		FYE May 2025 H1 Results			
	(Millions of yen)	Share (%)	(Millions of yen)	Share (%)	YoY change (%)	Vs plan (%)
Net sales	207,451	100.0	224,806	100.0	108.4	98.9
Gross profit	53,965	26.0	58,248	25.9	107.9	99.4
SG&A expenses	44,113	21.3	47,786	21.3	108.3	99.8
Operating profit	9,852	4.7	10,462	4.7	106.2	97.8
Ordinary profit	10,191	4.9	10,807	4.8	106.0	99.2
Profit attributable to owners of parent	6,875	3.3	7,022	3.1	102.1	96.2

Net sales

- Continued promotion of EDLP measures resulted in steady sales and customer numbers at existing stores
- In H1, seasonal products performed poorly due to the mild winter, and the absence of an outbreak of acute illnesses such as colds and influenza caused net sales to fall short of plan

Gross profit

- While boosted by the prescriptions business, a change in the gross profit mix due to an increased proportion of food sales resulted in **YoY difference of minus 0.1 points**

SG&A expenses

- Tighter control, including personnel expenses, resulted in **YoY difference of ± 0.0 points**

Ordinary profit

- Vs plan: Down 92 million yen**
- Provision for performance-linked bonuses introduced in FYE May 2024 (139 million yen) was recorded outside the plan
- Excluding the above impact, ordinary profit exceeded the plan

3. Consolidated Balance Sheet for H1 of FYE May 2025

May 31, 2024		Nov. 30, 2024	
Total assets		Total assets	
216,481		224,946	
		(+8,465)	
Current assets	Total liabilities	Current assets	Total liabilities
107,191	86,238	110,558	88,915
		(+3,367)	(+2,676)
Non-current assets	Total net assets	Non-current assets	Total net assets
109,290	130,243	114,388	136,031
		(+5,097)	(+5,788)

(Millions of yen)

■ Current assets +3,367

Increase in cash and deposits	+2,248
Increase in accounts receivable	+675
Increase in merchandise	+1,888

■ Non-current asset +5,097

Land	+1,629
Buildings and structures	+2,076

■ Total liabilities +2,676

Increase in accounts payable	+635
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■ Total net asset +5,788

Retained earnings	+4,645
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4. Store Openings/Closings

■ Store openings/closings and renovations

No. of store openings in FYE May 2025		Kanagawa	Tokyo	Shizuoka	Chiba	Aichi	Other	Annual
Store opening	Drug stores	9	4	1	3	4	2	23
	Prescription drug stores	11	2	0	2	0	0	15

- Store closings: 2 drug stores (1 after completion of contract and 1 to improve management efficiency)
- Renovations: 16 stores (revised merchandising: 8 stores; follow-up after prescription drug store openings: 8 stores)

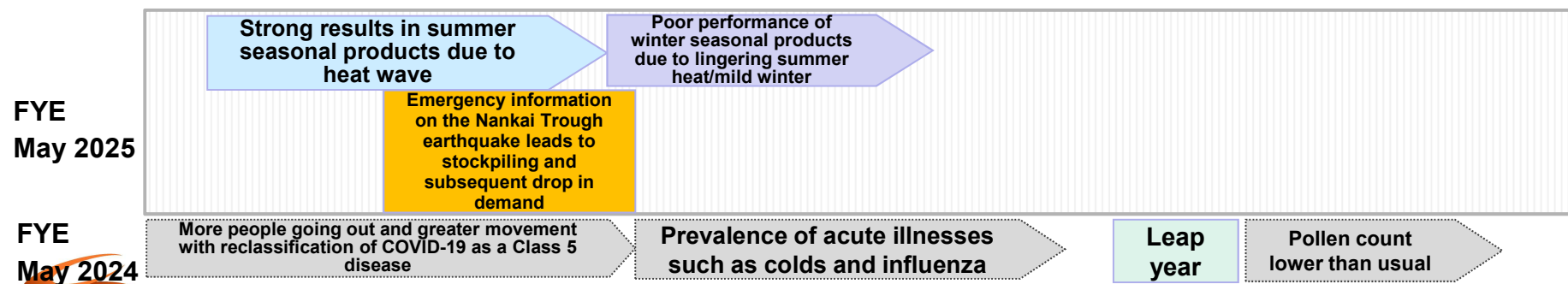
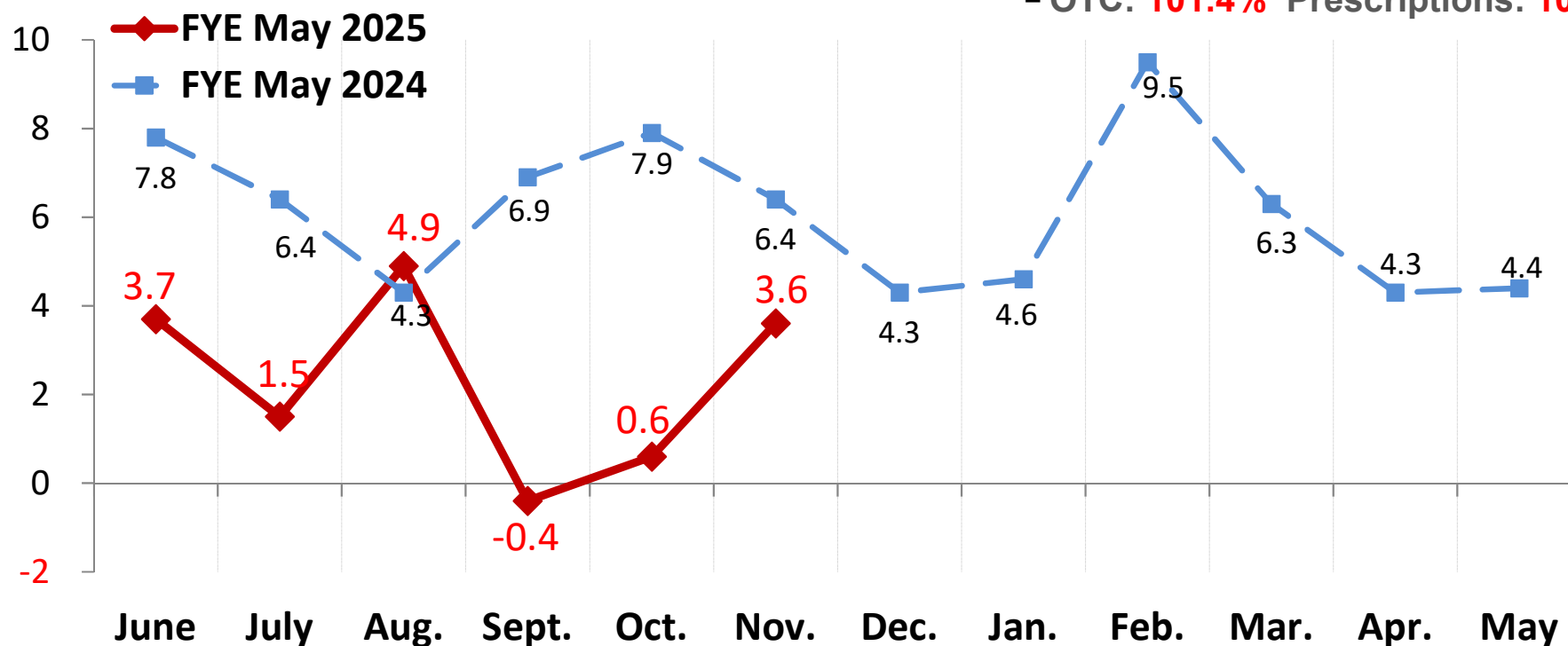
■ No. of stores at year end

	Kanagawa	Tokyo	Shizuoka	Chiba	Aichi	Other	Annual
Drug stores	427	117	98	68	27	36	773
In-store pharmacies	236	57	35	40	18	10	396
Rate of in-store pharmacies	55.3%	48.7%	35.7%	58.8%	66.6%	27.8%	51.2%
Dedicated prescription drug stores	27	7	0	2	0	1	37
Supermarkets / Fresh produce stores	6	0	0	0	0	0	6
Total no. of stores	460	124	98	70	27	37	816

5. Performance Highlights

■ YoY net sales comparison at existing stores (H1): **102.3%** (Q1: 103.3%; Q2: 101.3%)

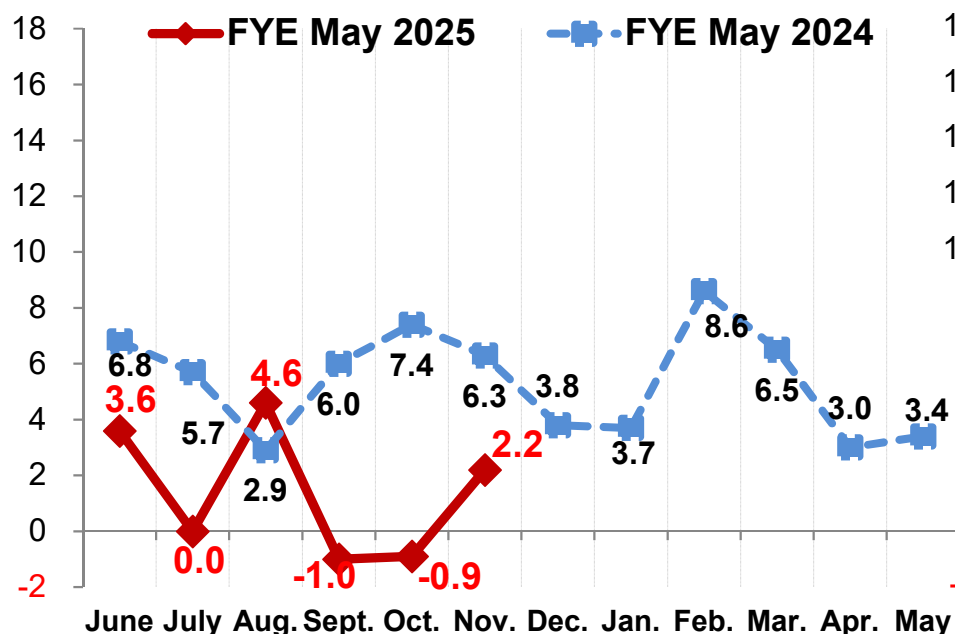
└ OTC: **101.4%** Prescriptions: **108.9%**



5. Performance Highlights

Net sales comparison at existing OTC stores

H1: 101.4% (Q1: 102.7%; Q2: 100.1%)

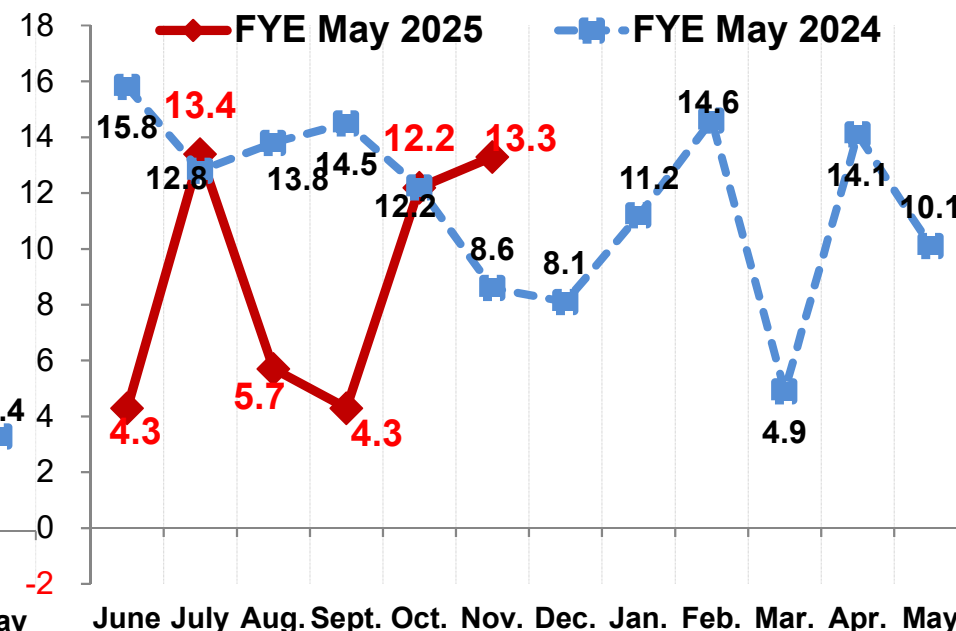


Existing OTC stores YoY change: H1 101.4%

- Continued promotion of EDLP measures from the previous fiscal year proved successful
- Q1: Strong performance of summer products due to extreme heat, with a surge in demand from stockpiling in August triggered by emergency information on the Nankai Trough earthquake
- Q2: Reactionary decline following the surge in demand in August, poor performance of winter products due to the mild winter, and a reactionary decline in masks and cold medicines following the outbreak of acute illnesses in 2024

Net sales comparison at existing prescription drug stores

H1: 108.9% (Q1: 107.8%; Q2: 109.9%)



Existing prescription drug stores YoY change: H1 108.9%

- Increased number of prescriptions filled from promotion of in-store pharmacies
- In August and September in 2024, COVID-19 spread due to a recovery from the reluctance to seek medical attention following the reclassification to Class 5, and in FYE May 2025 there was a reactionary decline
- Existing store sales were supported by an increase in prescription unit prices, driven by the calculation of various additional fees and increased demand for higher-priced prescriptions

5. Performance Highlights

■ Net sales by segment

	FYE May 2024 H1 Results		FYE May 2025 H1 Results		
	Net sales (Millions of yen)	Share (%)	Net sales (Millions of yen)	Share (%)	YoY change (%)
Medical and health products	54,654	26.6	57,543	25.9	105.3
OTC	30,497	14.8	30,358	13.7	99.5
Prescriptions	24,157	11.8	27,184	12.2	112.5
Cosmetics	24,038	11.7	25,261	11.4	105.1
Food products	86,056	41.9	95,521	42.9	111.0
Daily products	30,965	15.1	33,676	15.1	108.8
Other*	9,665	4.7	10,437	4.7	108.0
Total	205,380	100.0	222,440	100.0	108.3

Medical and health products

OTC

- Impact of a reactionary decline in cold medicines, masks, and test kits following the outbreak of acute illnesses in 2024

- Poor performance of health foods (supplements)

Prescriptions

- Increased number of prescriptions filled from promotion of in-store pharmacies
Prescriptions as a percentage of sales **up 12.2%**

Food products

- Successful EDLP strategy amid growing consumer focus on saving and selective purchasing, leading to increased in sales volume
Percentage of sales increased to 42.9%

5. Performance Highlights

■ Prescription drug store department

	FYE May 2024 H1 Results	FYE May 2025 H1 Results	YoY change (%)
Sales at all stores (millions of yen)	24,157	27,184	112.5
No. of prescriptions (thousands)	2,648	2,976	112.4
Prescription unit price (yen)	8,933	8,976	100.5
Sales at existing stores (millions of yen)	24,127	26,268	108.9
No. of prescriptions (thousands)	2,644	2,857	108.0
Prescription unit price (yen)	8,935	9,043	101.2
Home-based dispensing sales (millions of yen)	709	713	100.6
No. of stores offering home-based dispensing services	189	193	+4
No. of prescriptions (thousands)	45	45	100.1
Gross profit margin at all stores (%)	41.5	40.7	-0.8

No. of prescriptions

- Increased number of prescriptions filled from promotion of in-store pharmacies
- Reactionary decline following the increase in acute prescriptions due to the prevalence of colds and influenza in the previous year

Prescription unit price

- Despite the impact of medical fee and drug price revisions, the calculation of various additional fees set by the Ministry of Health, Labour and Welfare helped stabilize unit prices
- Increase in demand for high-priced prescriptions

Gross profit margin

- The impact of medical fee revisions had a positive effect due to the calculation of various additional fees
- As for drug prices, procurement prices were finalized at the end of September. As a result, the impact of drug price revisions caused the gross profit margin to fall below the previous year's level

■ Impact of medical fee revisions

- The reduction in the regional support system fee (-7 points) was offset by an increase in the basic dispensing fee (+3 points) and the **calculation of the collaboration enhancement fee** (+5 points)
- The introduction of Japan's elective care scheme accelerated the switch to generic drugs, resulting in an increase in the **calculation of premiums for generic dispensing systems**
- Thanks to our effort to encourage the use of the Individual Number Card, the **calculation of the healthcare DX promotion system development fee** has been advanced, which led to positive impact on technical fees

5. Performance Highlights

■ Gross profit margin / SG&A ratio

	FYE May 2024 H1 Results		FYE May 2025 H1 Results		YoY Change	
	Result (millions of yen)	Share	Result (millions of yen)	Share	Change (pts)	(%)
Amount of sales	205,380	100.0	222,440	100.0	—	108.3
Gross profit	53,660	26.1	57,890	26.0	-0.1	107.9
	FYE May 2024 H1 Results		FYE May 2025 H1 Results		YoY Change	
	Result (millions of yen)	Share	Result (millions of yen)	Share	Change (pts)	(%)
Total personnel expenses	24,535	11.9	26,270	11.8	-0.1	107.1
Utility expenses	2,148	1.0	2,608	1.2	+0.2	121.4
Depreciation and amortization	2,159	1.1	2,542	1.1	±0.0	117.7
Commissions paid	2,572	1.3	2,739	1.2	-0.1	106.5
Land/office rent	8,545	4.2	9,002	4.0	-0.2	105.4
Selling, general and administrative expenses	44,588	21.7	48,273	21.7	±0.0	108.3

Gross profit margin

Prescriptions

• While the gross profit margin for prescriptions decreased, the increase in its percentage of sales contributed to raising the overall gross profit margin

OTC

• Continued promotion of EDLP strategy

• While the gross profit margins of each division showed an improving trend, changes in the gross profit mix across divisions caused the overall gross profit margin to fall below the previous year's level

SG&A ratio

Personnel expenses

• Control of personnel costs through appropriate allocation of personnel

Utility expenses

• Increase due to the end of government subsidies

Note: Emergency support subsidies for coping with extreme heat were available only from August to October.

Commissions paid

• Change in fee rate due to the replacement of payment terminals

Land/office rent

• Lower percentage due to an increase in company-owned properties

FYE May 2025 Full-Year Plan

1. Store Openings/Closings

■ H2 store openings/closings Forecast as of Jan. 2025

Drug stores: **17 stores** (full-year: **40 stores**) Initial plan: 45 stores

Prescription drug stores: **21 stores** (full-year: **36 stores**) Initial plan: 40 stores

	H1 store openings	H2 store openings	Full-year store openings	Full-year store closings	Projected number of stores as of May 31, 2025
Drug stores	23	17	40	5	787 stores
In-store pharmacies	15	20	35	0	416 stores (In-store pharmacy rate: 52.9%)
Dedicated prescription drug stores	0	1	1	0	38 stores
Yuri Store	0	0	0	0	6 stores
Total no. of stores	23	18	41	5	831 stores

■ H2 initiatives

• Expansion of the "Cremo" beauty care-focused format

- ▶ Opening new stores within shopping centers
- ▶ Renovating existing stores to incorporate Cremo elements

• Joint store openings with Yuri Store

- ▶ Transitioning from the supermarket format to large-scale hybrid stores featuring "fresh food-focused, prescription pharmacy-integrated drugstores + medical malls"



2. FYE May 2025 Initiatives

■ Initiatives toward digital transformation of prescriptions

- **Developing system for online prescriptions**

- ▶ As of January 2025, nearly all pharmacies have implemented an electronic prescription system

- **Encouraging the use of Individual Number Cards**

- ▶ As of January 2025, approximately 80% of pharmacies have calculated the digital transformation fee (healthcare DX promotion system development fee)

- **Promoting the use of various online services and prescription pick-up app**

- ▶ Implementing measures to handle prescriptions received through digital channels

■ Initiatives to improve productivity

- **Improving logistics efficiency and reducing CO₂ emissions through the establishment of new logistics centers**

- ▶ In November 2024, a new logistics hub, Kashiwa Center, began operations in Kashiwa City, Chiba Prefecture, covering up to 100 stores in Chiba, Ibaraki, and parts of Tokyo
- ▶ The center enables simultaneous delivery of ambient, chilled, produce, meat, and prepared food products, while also establishing distribution center functions for inventory management for certain food items
- ▶ In February 2025, the Sarugashima Center, the largest company-owned logistics center (3-story building, total floor area of 36,591m², managing up to 180 stores), is scheduled to begin operations in Atsugi City, Kanagawa Prefecture



3. FYE May 2025 Plan (Consolidated)

Note: Full-year plan has not been revised.

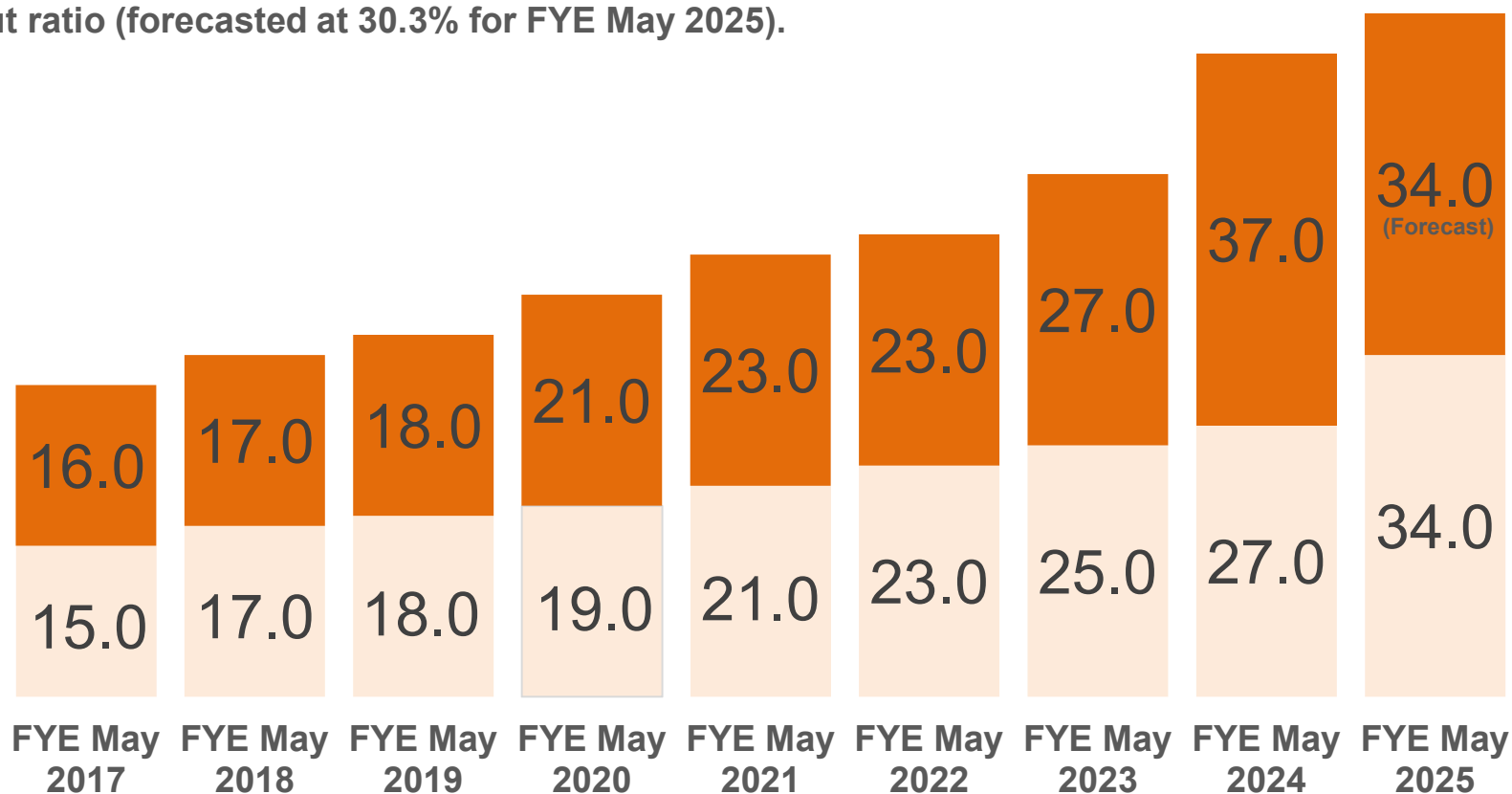
Full-year	FYE May 2024 Results		FYE May 2025 Plan			
	(Millions of yen)	Share (%)	(Millions of yen)	Share (%)	YoY change (%)	YoY change (Millions of yen)
Net sales	422,330	100.0	457,600	100.0	108.4	+35,270
Gross profit	110,187	26.1	119,100	26.0	108.1	+8,913
SG&A expenses	89,959	21.3	97,100	21.2	107.9	+7,141
Operating profit	20,227	4.8	22,000	4.8	108.8	+1,773
Ordinary profit	20,882	4.9	22,400	4.9	107.3	+1,518
Profit attributable to owners of parent	13,691	3.2	14,400	3.1	105.2	+709

4. Shareholder Returns

■ Dividends per share

Continuous dividend increase over past 13 years

- We will allocate operating cash flow in a balanced manner to investment in growth, shareholder returns, and strengthening of our financial base.
- Shareholder returns will be based on **continuous and stable increases in dividends**, comprehensively taking into consideration the ratio of dividend to net assets and dividend payout ratio (forecasted at 30.3% for FYE May 2025).



5. Sustainability Management

■ Initiatives to reduce environmental impact

SUSTAINABLE DEVELOPMENT GOALS



■ Installation of solar panels on store rooftops

- ▶ As of January 2025, solar panels have been installed at **29 stores**.
... Plan to increase this to 52 stores (+23 stores) by the end of May 2025
- ▶ Installation of solar panels is also planned for the rooftop of the Sarugashima Logistics Center, which is scheduled to begin operations in February 2025



■ Improving delivery efficiency through the establishment of new logistics centers

- ▶ Delivery efficiency will be improved by enabling simultaneous delivery of ambient products, chilled products, produce, meat, and prepared foods, as well as utilizing distribution center functions, which is expected to **reduce CO₂ emissions during product transportation** by approximately 7,000 tons per year
- ▶ Regarding distribution center functions, about one week's worth of stock for certain food items will be held for relevant stores, and a **business continuity plan** is also in place **for emergencies**