Financial Results for H1 of FYE May 2026

(June 1, 2025 to November 30, 2025)

January 15, 2026

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 2026

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Net sales	Ordinary profit
241.9 billion yen (107.6% YoY)	**11.6 billion yen** (108.2% YoY) Ordinary profit margin: 4.8%

Business Overview

- Driven by the food products and prescriptions segments, sales at existing stores remained solid, increasing by 3.8 percentage points
- Achieved increased sales and profit through control of SG&A expenses, including personnel expenses
- In August 2025, SANEFU INC., based in Tokyo, and in October 2025, YAOHAN Holdings Co., Ltd., based in Tochigi, were acquired through M&A, bringing the total number of newly consolidated subsidiaries to two

2. Consolidated Statement of Income for H1 of FYE May 2026

	FYE May 2025 H1 Results		FYE May 2026 H1 Results			
	(Millions of yen)	Share (%)	(Millions of yen)	Share (%)	YoY change (%)	Vs plan (%)
Net sales	224,806	100.0	241,926	100.0	107.6	100.5
Gross profit	58,248	25.9	61,898	25.6	106.3	99.1
SG&A expenses	47,786	21.3	50,792	21.0	106.3	99.2
Operating profit	10,462	4.7	11,106	4.6	106.2	98.6
Ordinary profit	10,807	4.8	11,691	4.8	108.2	100.3
Profit attributable to owners of parent	7,022	3.1	7,885	3.3	112.3	99.8

Net sales

- Sales at existing stores remained solid
- From November 2025 onward, masks along with medical and health products performed well amid the peak of the influenza outbreak
- Seasonal products (summer and winter) also generally performed well

Gross profit

- Gross profit mix impact due to an increased proportion of food sales
- Decrease in prescriptions gross profit margin

  YoY change in gross profit margin:

  –0.3 pts

SG&A expenses

- Remained within plan through control of SG&A expenses, including personnel expenses

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3. Consolidated Balance Sheet for H1 of FYE May 2026

(Millions of yen)

May 31, 2025 Total assets 236,561	
Current assets 112,041	Total liabilities 93,840
Non-current assets 124,520	Total net assets 142,720

Nov. 30, 2025 Total assets 245,101 (+8,540)	
Current assets 111,681 (–359)	Total liabilities 97,395 (+3,555)
Non-current assets 133,419 (+8,899)	Total net assets 147,705 (+4,984)

■ **Current assets**	**–359**
Decrease in cash and deposits	–1,444
Increase in accounts receivable	+1,316
■ **Non-current assets**	**+8,899**
Land	+4,042
Buildings and structures	+3,950
Goodwill	+656
■ **Total liabilities**	**+3,555**
Increase in accounts payable	+1,505
Long-term borrowings	+1,888
■ **Total net assets**	**+4,984**
Retained earnings	+5,042

4. Store Openings/Closings

■ Store openings/closings and renovations

No. of store openings in FYE May 2025		Kanagawa	Tokyo	Chiba	Saitama	Gunma	Ibaraki	Tochigi	Shizuoka	Aichi	Subtotal	Total
Store opening	Drug stores	7	2	2	1	1	—	—	3	—	16	24
	M&A (Supermarkets)	—	—	—	—	—	—	8	—	—	8	
	Prescription drug stores	9	—	2	—	—	—	—	3	—	14	23
	M&A (Dedicated prescription drug stores)	—	9	—	—	—	—	—	—	—	9	

- Store closings: 4 drug stores (2 after completion of contract and 2 scrap and build)
- Renovations: 24 stores (1 conversion to "Cremo" format, 1 renovation to expand prescriptions, 1 follow-up after prescription drug store opening, and 21 revised merchandising)
- M&A: 9 dedicated prescription drug stores (SANEFU INC., based in Tokyo) and 8 supermarkets (YAOHAN Holdings Co., Ltd., based in Tochigi)

■ No. of stores at the end of H1

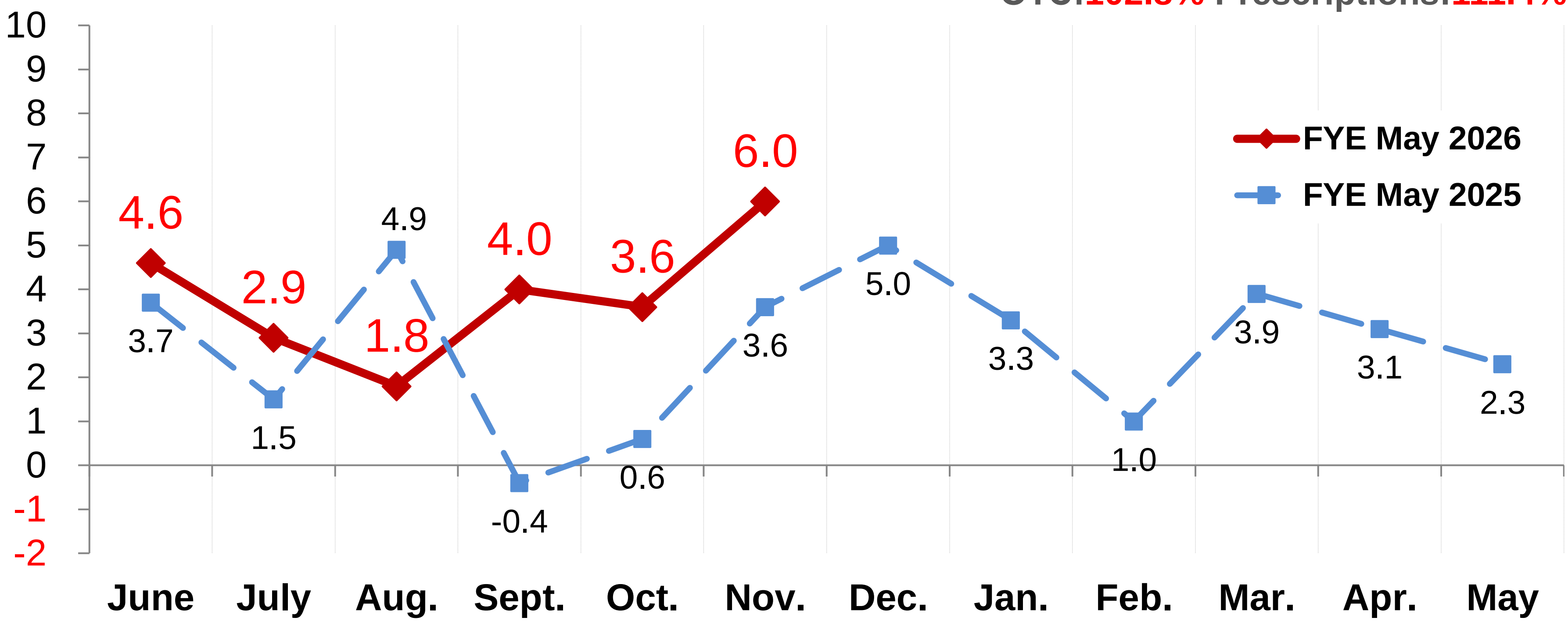
Including two companies newly consolidated as subsidiaries

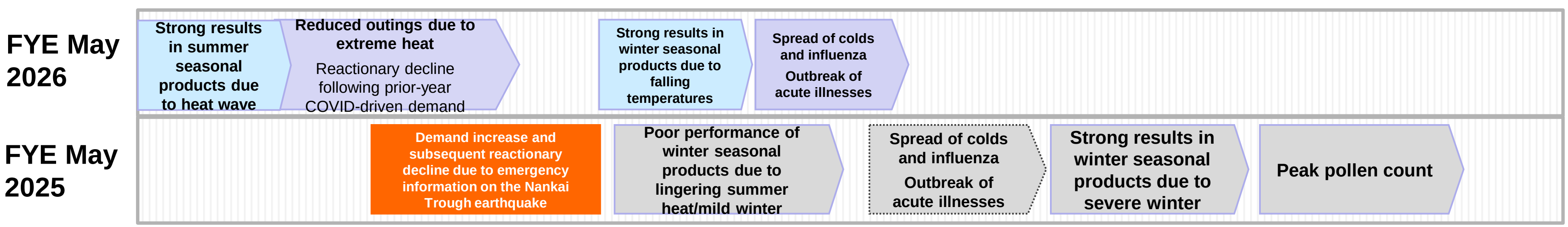
	Kanagawa	Tokyo	Chiba	Saitama	Gunma	Ibaraki	Tochigi	Shizuoka	Aichi	Total
Drug stores	439	120	72	24	9	7	—	100	28	799
In-store pharmacies	*259*	*60*	*43*	*5*	*2*	*4*	—	*39*	*18*	*430*
Rate of in-store pharmacies	*59.0%*	*50.0%*	*59.7%*	*20.8%*	*22.2%*	*57.1%*	—	*39.0%*	*64.3%*	*53.8%*
Dedicated prescription drug stores	29	16	2	1	—	—	—	—	—	48
Supermarkets / Fresh produce stores	6	—	—	—	—	—	8	—	—	14
Total no. of stores	474	136	74	25	9	7	8	100	28	861

5. Performance Highlights (CSD Non-consolidated)

■ **YoY net sales comparison at existing stores (H1): 103.8%** (Q1: 103.1%; Q2: 104.6%)

└ **OTC:102.8% Prescriptions:111.4%**





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5. Performance Highlights (CSD Non-consolidated)

■ Net sales by segment

	FYE May 2025 H1 Results		FYE May 2026 H1 Results		
	Net sales (Millions of yen)	Share (%)	Net sales (Millions of yen)	Share (%)	YoY change (%)
Medical and health products	57,543	25.9	61,672	25.8	107.2
OTC	30,358	13.7	30,412	12.7	100.2
Prescriptions	27,184	12.2	31,260	13.1	115.0
Cosmetics	25,261	11.4	26,520	11.1	105.0
Food products	95,521	42.9	105,062	43.9	110.0
Daily products	33,676	15.1	35,022	14.7	104.0
Other*	10,437	4.7	10,779	4.5	103.3
Total	222,440	100.0	239,058	100.0	107.5

* “Other” includes stationery, baby products, clothing, pet products, and gardening products.

Medical and health products

OTC

- While customer outings declined due to extreme heat and there was a reactionary decline in sales of cold medicines and masks following the prior-year COVID outbreak, performance for the first half as a whole was in line with the previous year, supported by the influenza outbreak entering its peak from November 2025 onward

Prescriptions

- Both the number of prescriptions and the average unit price remained solid

Prescriptions as a percentage of sales up 13.1%

Food products

- Successful EDLP strategy, leading to higher sales volume

Percentage of sales increased to 43.9%

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5. Performance Highlights (CSD Non-consolidated)

■ Prescription drug store department

	FYE May 2025 H1 Results	FYE May 2026 H1 Results	YoY change (%)
Sales at all stores (millions of yen)	27,184	31,260	115.0
No. of prescriptions (thousands)	2,976	3,226	108.4
Prescription unit price (yen)	8,976	9,523	106.1
Sales at existing stores (millions of yen)	27,154	30,242	111.4
No. of prescriptions (thousands)	2,971	3,104	104.5
Prescription unit price (yen)	8,980	9,581	106.7
Home-based dispensing sales (millions of yen)	713	765	107.3
No. of stores offering home-based dispensing services	193	206	+13
No. of prescriptions (thousands)	45	47	103.3
Gross profit margin at all stores (%)	40.7	39.6	–1.1

No. of prescriptions

- Increased number of prescriptions filled from promotion of in-store pharmacies

Prescription unit price

Technical fees

- Enhanced calculation of various additional fees
  - Premium for generic dispensing systems
  - Healthcare DX promotion system development fee
  - Collaboration enhancement fee, etc.

Drug costs

- Increase in demand for high-priced prescriptions
  - Impact from a rising trend in prescriptions for certain high-cost drugs

Gross profit margin

- While the calculation of various additional fees had a positive impact, the gross profit margin declined by 1.1 points YoY due to the effects of drug price revisions and an increase in demand for high-priced prescriptions

5. Performance Highlights (CSD Non-consolidated)

Gross profit margin / SG&A ratio

	FYE May 2025 H1 Results		FYE May 2026 H1 Results		YoY Change	
	Result (millions of yen)	Share (%)	Result (millions of yen)	Share (%)	Change (%)	(%)
Amount of sales	**222,440**	**100.0**	**239,058**	**100.0**	**—**	**107.5**
Gross profit	**57,890**	**26.0**	**61,396**	**25.7**	**–0.3**	**106.1**

	FYE May 2025 H1 Results		FYE May 2026 H1 Results		YoY Change	
	Result (millions of yen)	Share (%)	**Result (millions of yen)**	Share (%)	**Change (%)**	**(%)**
Total personnel expenses	**26,270**	**11.8**	**28,136**	**11.8**	**±0.0**	**107.1**
Utility expenses	**2,608**	**1.2**	**2,427**	**1.0**	**–0.2**	**93.1**
Depreciation and amortization	**2,542**	**1.1**	**2,801**	**1.2**	**+0.1**	**110.2**
Commissions paid	**2,739**	**1.2**	**3,049**	**1.3**	**+0.1**	**111.3**
Land/office rent	**9,002**	**4.0**	**9,432**	**3.9**	**–0.1**	**104.8**
Selling, general and administrative expenses	**48,273**	**21.7**	**51,072**	**21.4**	**–0.3**	**105.8**

Gross profit margin

- **Declined by 0.3 points due to deterioration in the gross profit mix resulting from an increased proportion of food sales, as well as the impact of a lower gross profit margin in the prescriptions segment**

SG&A ratio

Personnel expenses

- **Despite the impact of wage increases and revisions to the minimum wage, continued control of labor hours and productivity improvements kept the percentage of sales in line with the previous year**

Utility expenses

- **Improved following a review of contract terms in April 2025**

Land/office rent

- **Lower percentage of sales due to increase in company-owned stores**

FYE May 2026 Full-Year Plan

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1. FYE May 2026 Plan (Consolidated)

Note: Full-year plan has not been revised.

Full-year	FYE May 2025 Results		FYE May 2026 Plan			
	(Millions of yen)	Share (%)	(Millions of yen)	Share (%)	YoY change (%)	YoY change (Millions of yen)
Net sales	457,093	100.0	491,500	100.0	107.5	+34,406
Gross profit	119,220	26.1	128,200	26.1	107.5	+8,979
SG&A expenses	96,594	21.1	104,100	21.2	107.8	+7,505
Operating profit	22,625	4.9	24,100	4.9	106.5	+1,474
Ordinary profit	23,414	5.1	24,900	5.1	106.3	+1,485
Profit attributable to owners of parent	15,685	3.4	16,300	3.3	103.9	+614

Preconditions

Store openings & closings	Full-year	
	Store openings	Store closings
OTC	45	8
Prescription drug stores	45	0

Existing store sales (YoY) (%)	Full-year	H1		H2	
	Assumption	Assumption	Results	Assumption	Results
Company-wide	103.0	102.9	103.8	103.1	—
OTC	102.0	102.0	102.8	102.0	—
Prescription drug stores	110.0	108.8	111.4	111.0	—

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Progress of the New Medium-Term Management Plan—Next STAGE 2030—

1. Growth Strategy

■ Proactive pursuit of M&A and expansion into new commercial areas

▸ **Proactively pursue M&A for sustainable growth**

- **Enter Tochigi Prefecture as a new commercial area for the first time** (October 2025: YAOHAN Holdings Co., Ltd. acquired as a subsidiary)
  Provide a foothold for store openings in the prefecture and expand into surrounding areas
- Aim to **increase prescription drug store market share** in the Tokyo metropolitan area by acquiring SANEFU INC. in August 2025
- **Continue to proactively promote M&A, with drugstores, supermarkets, healthcare-related businesses, and prescription drug stores as the main targets**

■ Deepen dominance in existing areas

▸ **Renovation of existing stores into Cremo × CREATE integrated stores**

Nishikoku Mine store (renovated in June 2025)

- Verify changes in gross profit margin by increasing the health and beauty care sales composition ratio
- Promote initiatives from both perspectives: new store openings and renovations of existing stores

▸ **Store expansion and strengthening of competitiveness at the individual store level**

Average sales floor area of new stores: 1,185 m^2 (up 169 m^2 YoY)

- Verify expansion of SKUs in selected food categories and the addition of new categories in non-food segments to respond to increasingly diverse latent demand

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1. Growth Strategy

■ Initiatives to improve productivity

▸ **Rigorous low-cost operations**

Expansion of stores introducing systems and equipment

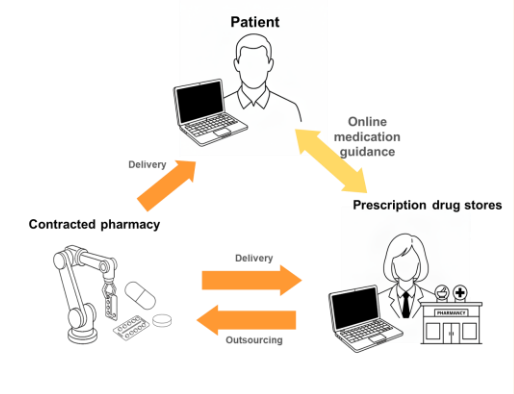
- Stores with semi-self checkouts as of November 2025: 132
- Expansion of pilot stores for AI-powered electronic medication history systems and implementation of trials for unmanned reception terminals, among other initiatives

▸ **Develop facility-based home care pharmacies with future outsourcing in mind**

Opening of the Hiratsuka Tamura Home Care Center store (August 2025)

- Opened within available space at the Company's logistics center
- Consolidation of nursing care facilities previously served by nearby stores, and efficiency improvements through the introduction of automated dispensing equipment
- Establishment of a verification framework for outsourcing by leveraging the logistics network

Auditable automatic dispensing and packaging machine



Conceptual diagram of outsourced dispensing

▸ **Improve productivity across the supply chain**

Improvement of logistics efficiency

- Optimization of delivery routes reflecting the new logistics centers (Sarugashima and Kashiwa)
- Reduction of meat product delivery costs by shifting from store-by-store deliveries to consolidated deliveries via distribution centers

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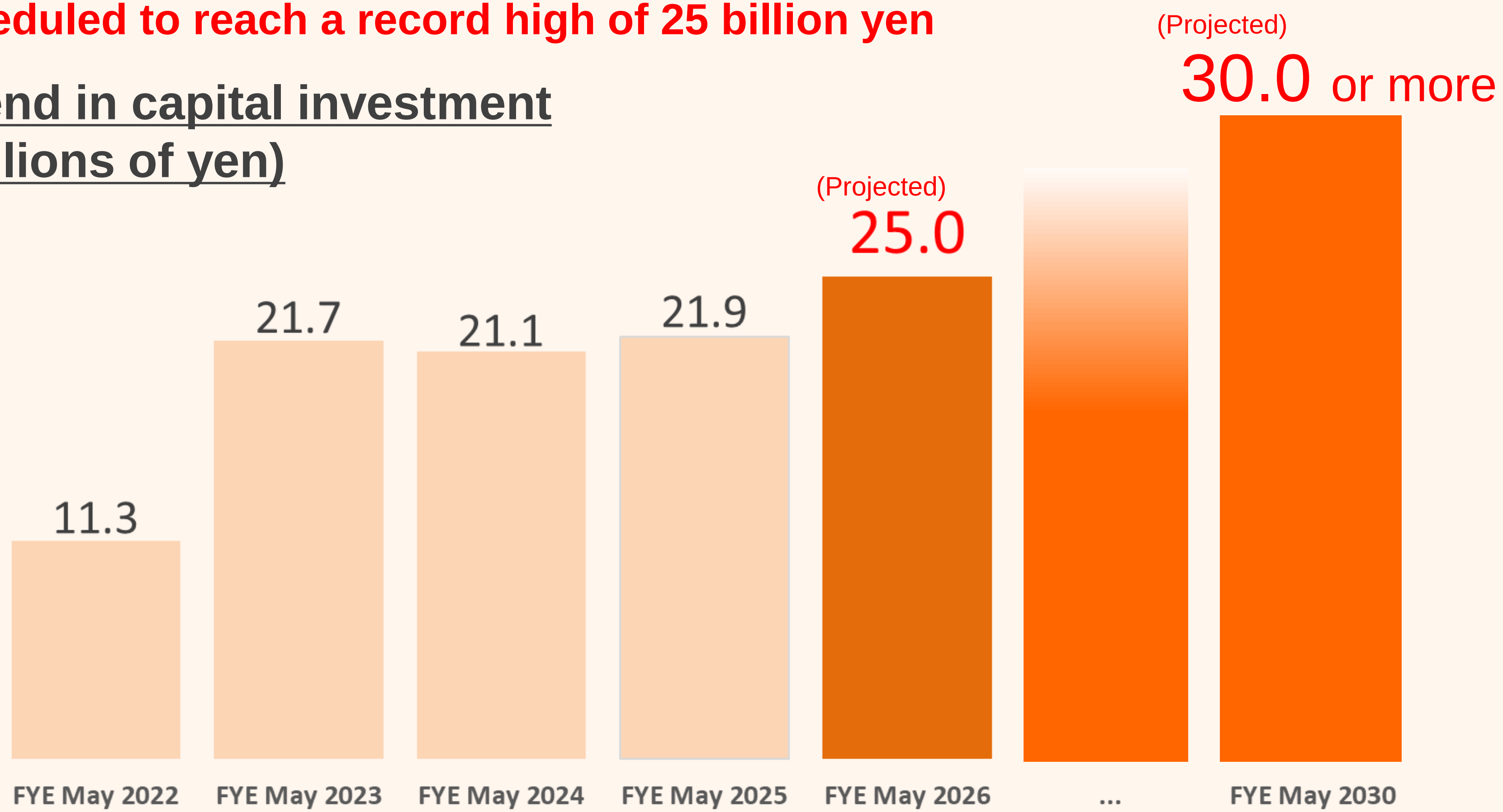
2. Financial Strategy

■ Capital investment plan

▸ **To support sustainable growth, we will continue to actively invest in capital expenditures of over 20–30 billion yen.**

→ Progressing as planned, with capital investment for the current period scheduled to reach a record high of 25 billion yen

Trend in capital investment (billions of yen)



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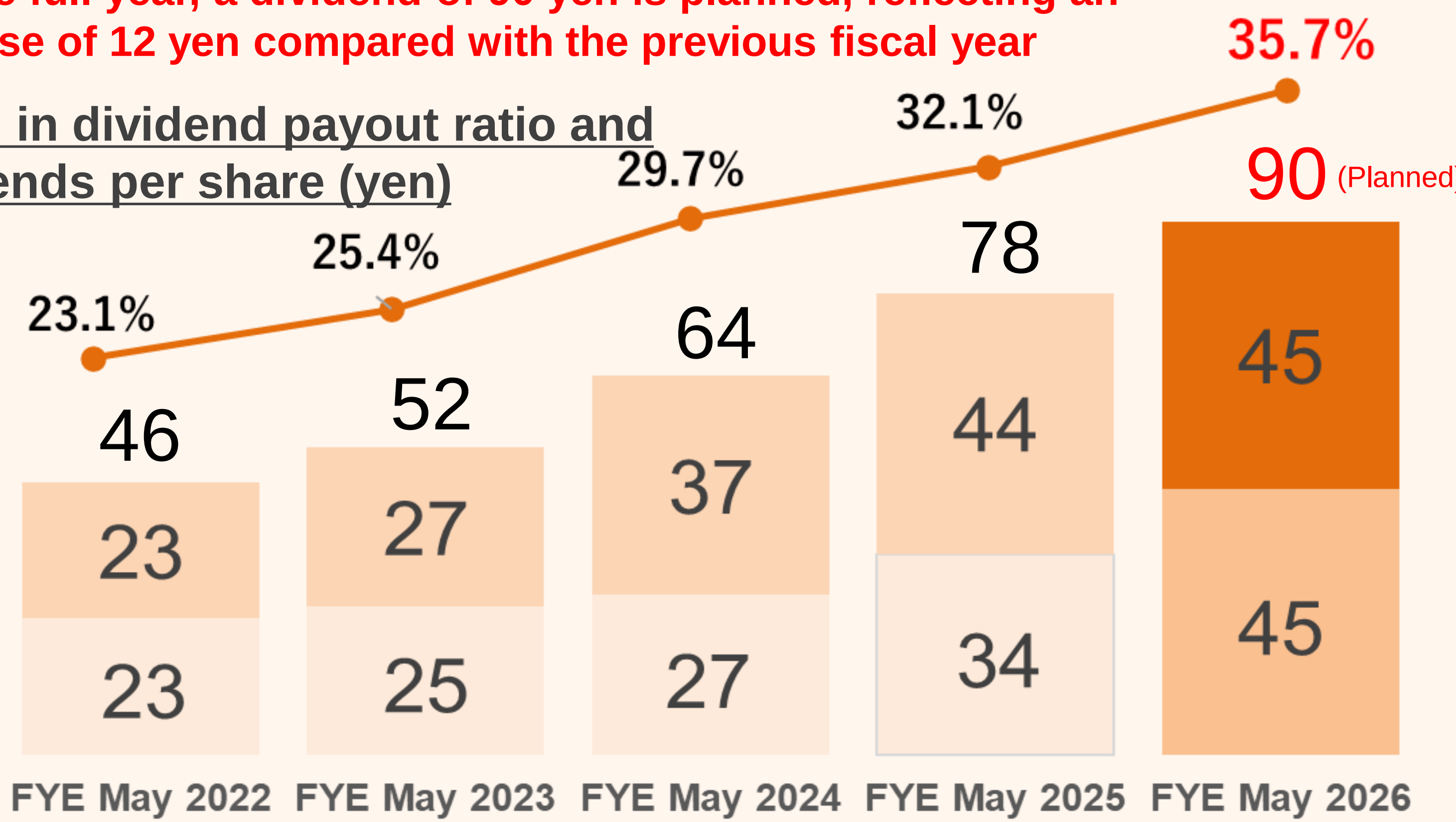
2. Financial Strategy

■ Shareholder Return Policy

▸ **We will go beyond our previous approach of stable and continuous dividend increases to further enhance and strengthen shareholder returns.**

→ **An interim dividend of 45 yen has been decided, representing an increase of 11 yen compared with the previous fiscal year**
For the full year, a dividend of 90 yen is planned, reflecting an Increase of 12 yen compared with the previous fiscal year

Trend in dividend payout ratio and dividends per share (yen)



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3. Sustainability Management

■ Enhanced investor relations activities and non-financial information disclosure

▸ Publication of the Group's first Integrated Report 2025

Key points of the integrated report

- Issued to **clearly articulate non-financial aspects, such as corporate culture and values, that have been difficult to fully convey to date**, in addition to financial information, and to serve as a catalyst for deeper dialogue with stakeholders

- **While preserving the Company's corporate culture and values and maintaining its unique approach, the report highlights growth initiatives, including M&A**

- Going forward, the Company will continue to enhance the quality of its integrated reporting and investor relations activities, with the aim of further increasing corporate value and building long-term trust

Integrated Report 2025 available here >>>

Cover of the Integrated Report 2025