Financial Results for FYE May 2026

July 16, 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.

Inquiries: Satoru Ozaki or Ryota Kimura (hdinfo@create-sd.co.jp), Corporate Planning Office.

Consolidated Results for FYE May 2026

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2. Consolidated Statement of Income
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* CSD: CREATE SD CO., LTD.

FYE May 2027 Plan

1. Growth Strategy
2. Financial Strategy
3. Sustainability Management
4. FYE May 2027 Full-Year Plan (Consolidated)

Consolidated Results for FYE May 2026

FYE May 2026 Results

Net sales	Ordinary profit
497.1 billion yen	**25.2 billion yen**
(108.8% YoY)	(107.8% YoY)
	Ordinary profit margin: 5.1%

Business Overview

- Driven by the food products and prescriptions segments, **sales at existing stores** continued to perform strongly, **increasing by 4.1 percentage points**
- Achieved **increased sales and profit, reaching record-high earnings** through securing gross profit from higher sales and appropriate control of SG&A expenses, including personnel expenses.

2. Consolidated Statement of Income for FYE May 2026

	FYE May 2025 Results		FYE May 2026 Results			
	(Millions of yen)	Share (%)	(Millions of yen)	Share (%)	YoY change (%)	Vs plan (%)
Net sales	457,093	100.0	497,128	100.0	108.8	101.1
Gross profit	119,220	26.1	126,953	25.5	106.5	99.0
SG&A expenses	96,594	21.1	102,983	20.7	106.6	98.9
Operating profit	22,625	4.9	23,970	4.8	105.9	99.5
Ordinary profit	23,414	5.1	25,232	5.1	107.8	101.3
Profit attributable to owners of parent	15,685	3.4	16,990	3.4	108.3	104.2

Net sales

- Continued promotion of the everyday low price (EDLP) strategy and expansion of in-store pharmacies led to continued strong sales at existing stores
- Stockpiling demand following the closure of the Strait of Hormuz from March 2026 also contributed to higher sales

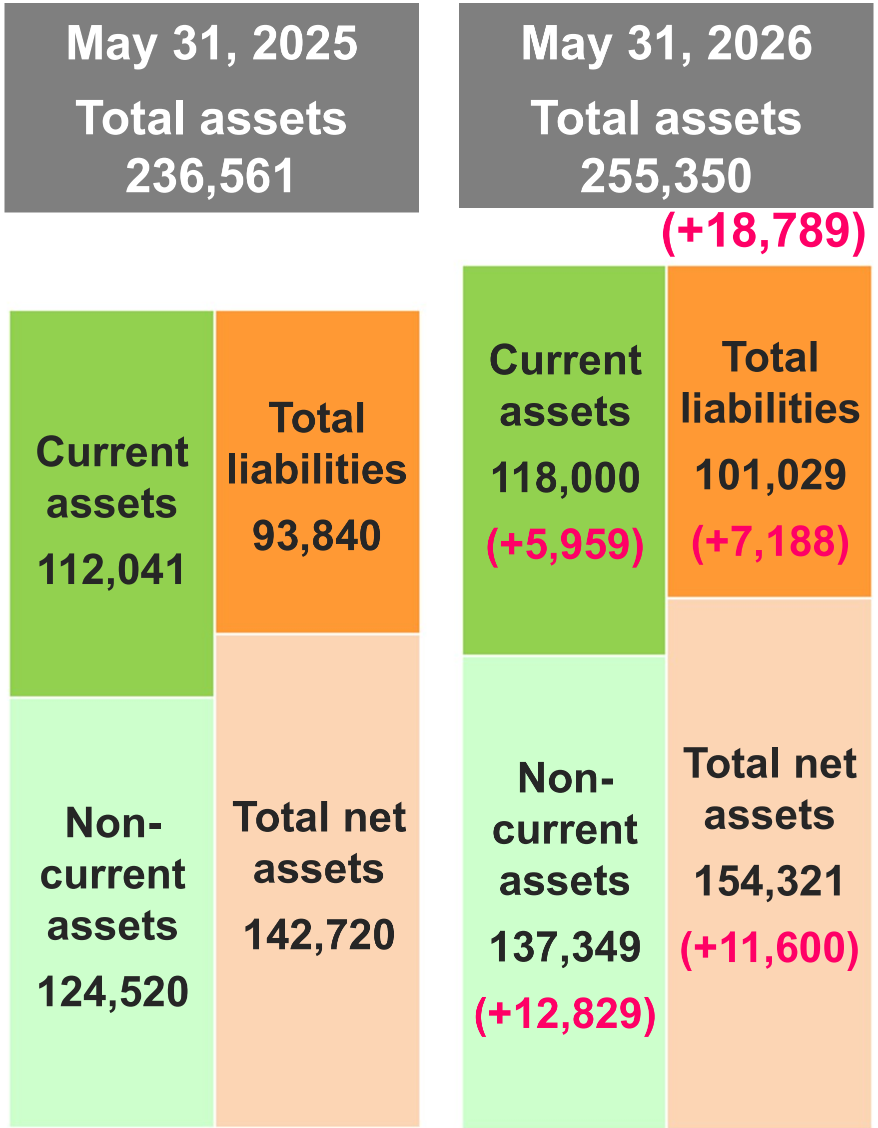
Gross profit

- Gross profit mix impact due to an increased proportion of food sales and lower gross profit margins across all departments

SG&A expenses

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

3. Consolidated Balance Sheet for FYE May 2026



(Millions of yen)

■ **Current assets**	**+5,959**
Cash and deposits	–647
Accounts receivable – trade	+3,275
Merchandise	+689
■ Non-current assets	**+12,829**
Property, plant and equipment	+13,268
Intangible fixed assets	+491
■ **Total liabilities**	**+7,188**
Accounts payable – trade	+5,711
Long-term borrowings	+1,360
■ **Total net assets**	**+11,600**
Retained earnings	+11,240

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4. Consolidated Cash Flows for FYE May 2026

■ Consolidated Statements of Cash Flows

	FYE May 2025	FYE May 2026	
	(Millions of yen)	(Millions of yen)	Change
Net cash provided by operating activities	23,625	25,435	+1,810
Net cash used in investing activities	–20,700	–20,405	+295
Net cash used in financing activities	–3,390	–5,678	–2,287
Net increase (decrease) in cash and cash equivalents	–465	–647	–181
Cash and cash equivalents at end of period	37,346	36,699	–647

■ Depreciation and amortization

	FYE May 2025	FYE May 2026	
	(Millions of yen)	(Millions of yen)	Change
Capital investment	21,908	21,893	–15
Depreciation and amortization	5,436	6,087	+651

5. Store Openings/Closings

■ Store openings/closings and renovations

No. of store openings in FYE May 2026		Kanagawa	Tokyo	Chiba	Saitama	Gunma	Ibaraki	Tochigi	Shizuoka	Aichi	Subtotal	Total
Store opening	Drug stores	13	3	2	3	3	3	2	3	1	33	41
	M&A (Supermarkets)	—	—	—	—	—	—	8	—	—	8	
	Prescription drug stores	19	1	3	2	—	—	—	3	—	28	37
	M&A (Dedicated prescription drug stores)	—	9	—	—	—	—	—	—	—	9	

- Store closings: 9 drug stores (4 after completion of contract, 4 scrap and build, and 1 to improve management efficiency)
- Renovations: 34 stores (2 conversions to "Cremo" format, 1 renovation to expand prescriptions, 4 follow-ups after prescription drug store opening, and 27 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 year end

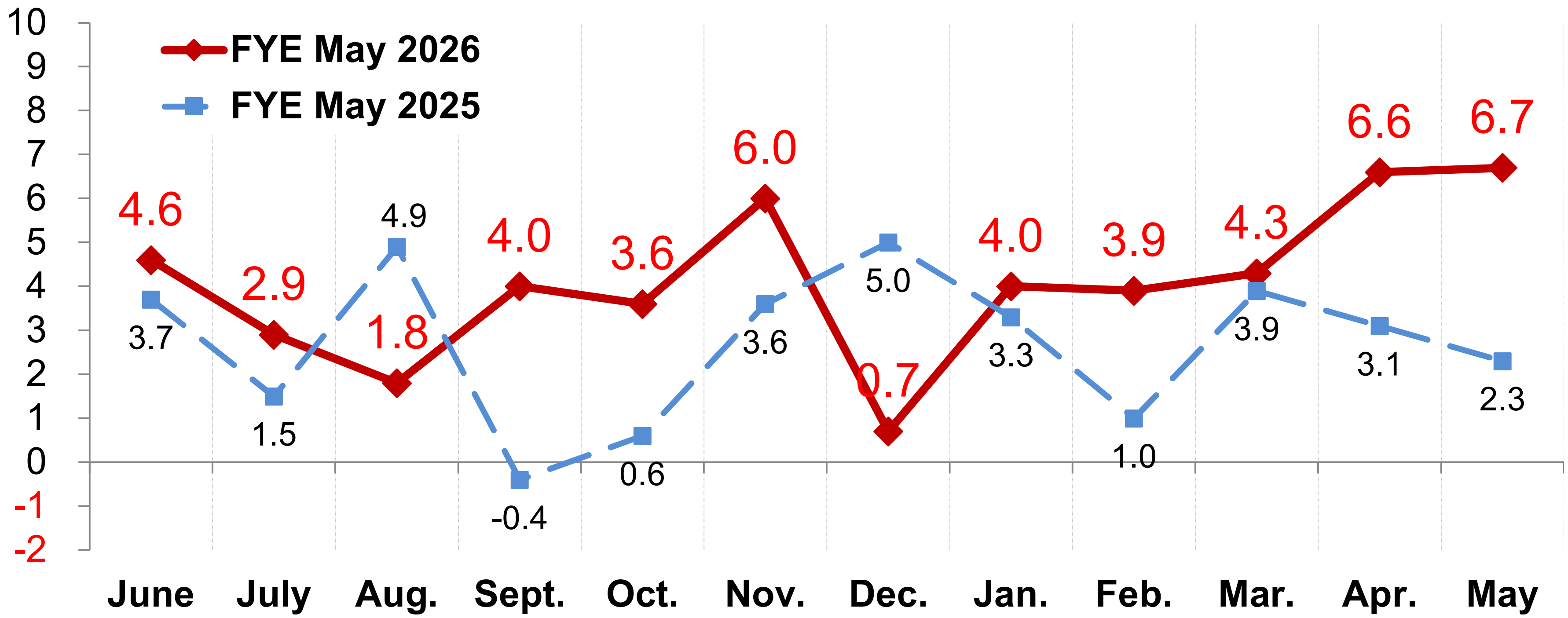
Including two companies newly consolidated as subsidiaries

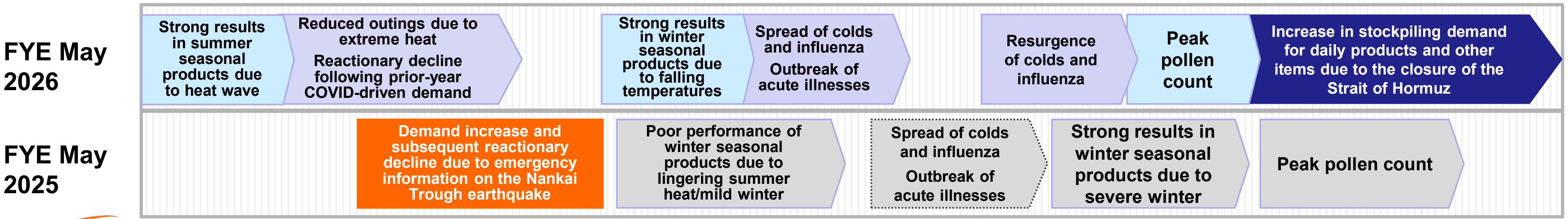
	Kanagawa	Tokyo	Chiba	Saitama	Gunma	Ibaraki	Tochigi	Shizuoka	Aichi	Total
Drug stores	444	119	72	24	11	10	2	100	29	811
In-store pharmacies	*269*	*60*	*44*	*7*	*2*	*4*	—	*39*	*17*	*442*
Rate of in-store pharmacies	*59.0%*	*50.0%*	*59.7%*	*20.8%*	*22.2%*	*57.1%*	—	*39.0%*	*64.3%*	*54.5%*
Dedicated prescription drug stores	29	16	2	1	—	—	—	—	—	48
Supermarkets / Fresh produce stores	6	—	—	—	—	—	8	—	—	14
Total no. of stores	479	135	74	25	11	10	10	100	29	873

6. Performance Highlights (CSD Non-consolidated)

■ **YoY net sales comparison at existing stores: 104.1% (H1: 103.8%; H2: 104.3%)**

└ **OTC:103.1% Prescriptions:111.0%**





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6. Performance Highlights (CSD Non-consolidated)

■ Net sales by segment

	FYE May 2025 Results		FYE May 2026 Results		
	Net sales (Millions of yen)	Share (%)	Net sales (Millions of yen)	Share (%)	YoY change (%)
Medical and health products	119,079	26.3	127,846	26.2	107.4
OTC	61,867	13.7	62,115	12.7	100.4
Prescriptions	57,211	12.6	65,730	13.5	114.9
Cosmetics	50,107	11.1	52,899	10.8	105.6
Food products	195,835	43.3	214,837	44.0	109.7
Daily products	66,225	14.6	70,719	14.5	106.8
Other*	21,066	4.7	21,926	4.5	104.1
Total	452,313	100.0	488,229	100.0	107.9

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

Medical and health products

OTC

- Despite a reactionary decline in sales of cold medicines, masks, and other products following the prior-year COVID outbreak, performance was in line with the previous year, supported by a second wave of influenza infections in late January 2026 and higher-than-usual pollen levels

Prescriptions

- Prescriptions as a percentage of sales up 13.5%

Food products

- Higher sales volume and unit prices increased the percentage of sales to 44.0%

6. Performance Highlights (CSD Non-consolidated)

■ Prescription drug store department

	FYE May 2025 Results	FYE May 2026 Results	YoY change (%)
Sales at all stores (millions of yen)	57,211	65,730	114.9
No. of prescriptions (thousands)	6,166	6,699	108.6
Prescription unit price (yen)	9,113	9,652	105.9
Sales at existing stores (millions of yen)	57,101	63,372	111.0
No. of prescriptions (thousands)	5,913	6,418	104.3
Prescription unit price (yen)	9,186	9,716	106.6
Home-based dispensing sales (millions of yen)	1,444	1,571	108.7
No. of stores offering home-based dispensing services	202	214	+12
No. of prescriptions (thousands)	91	96	105.5
Gross profit margin at all stores (%)	40.4	39.3	–1.1

No. of prescriptions

- Growth in the number of prescriptions has slowed due to longer prescription durations

Prescription unit price

Technical fees

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

Drug costs

- Increase in demand for long-term and high-priced prescriptions
  - 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

6. Performance Highlights (CSD Non-consolidated)

■ Gross profit margin / SG&A ratio

	FYE May 2025 Results		FYE May 2026 Results		YoY Change	
	Result (millions of yen)	Share (%)	Result (millions of yen)	Share (%)	Change (%)	YoY (%)
Amount of sales	452,313	—	488,229	—	—	107.9
Gross profit	118,524	26.2	125,149	25.6	–0.6	105.6

	FYE May 2025 Results		FYE May 2026 Results		YoY Change	
	Result (millions of yen)	Share (%)	Result (millions of yen)	Share (%)	Change (%)	YoY (%)
Total personnel expenses	53,368	11.8	56,855	11.6	–0.2	106.5
Utility expenses	4,611	1.0	4,362	0.9	–0.1	94.6
Depreciation and amortization	5,347	1.2	5,893	1.2	—	110.2
Land/office rent	18,259	4.0	19,034	3.9	–0.1	104.2
Selling, general and administrative expenses	97,608	21.6	102,962	21.1	–0.5	105.5

Gross profit margin

- Declined by 0.6 points due to deterioration in the gross profit mix resulting from an increased proportion of food sales, as well as the impact of lower gross profit margins across all departments

SG&A ratio

Personnel expenses

- Appropriate control of labor hours reduced the percentage of sales

Utility expenses

- Improved following a review of contract terms

Land/office rent

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

FYE May 2027 Plan

1. Growth Strategy

■ Store opening and store closing strategy

▸ **New store openings and store closings**

Drug stores: 50 store openings (8 store closings)

Prescription drug stores: 45 store openings (4 store closings)

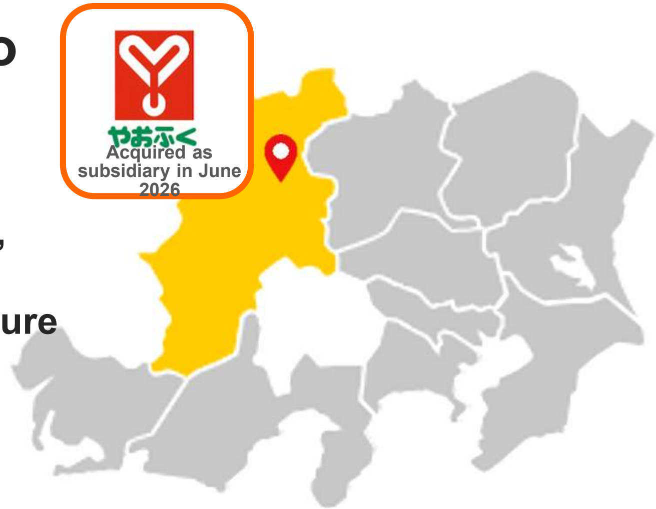
▸ **Diversification of store formats**

・Promote store formats and store development tailored to local needs

▸ **Renovation of existing stores and strengthening competitiveness at the individual store level**

・Expansion of in-store pharmacies, enhancement of the food assortment, including fresh produce, larger stores through scrap and build, conversion to the Cremo format, etc.

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



▸ **Expand into new commercial areas**

・June 2026: YAOFUKU Co., Ltd. (four supermarkets in Ueda City, Nagano Prefecture) acquired as a subsidiary
Plans to use this as a foothold for store openings in the prefecture and expand into surrounding areas

▸ **Creation of synergies with subsidiaries and promotion of post-merger integration**

・Plans to integrate systems, including IT infrastructure, to create synergies

1. Growth Strategy

■ Drug stores business

▸ Response to the revision of the Act on Pharmaceuticals and Medical Devices

・Strengthen responses to tighter sales regulations for designated abuse-prevention pharmaceuticals

→ Ensure continued placement of qualified personnel in the health section to enhance customer service skills and product knowledge, refresh the medical and health products section, and strengthen consultation-based sales of pharmaceuticals to secure profits

- **Formulate annual sales plans** (product selection, review and renewal of sales areas, tasting events, consultation events, etc.)
- **Hold regular training sessions to improve employees' customer service skills and product knowledge**
- **Review in-store operations to ensure the continuous presence of qualified personnel, etc.**

▸ Initiatives to acquire new customers and increase customer traffic

・Increase the number of active members and build a loyal customer base

→ Strengthen efforts to acquire official app members and distribute app coupons tailored to customer segments

▸ Sales strategy for new commercial areas

・Optimize the sales strategy to meet local needs, including product assortment, offerings of local products, pricing, and sales methods

→ Aim for the rapid establishment of new stores in new commercial areas

1. Growth Strategy

■ Prescription drug store business

▸ Deepen dominance in the prescription drug stores business

・Promote the addition of in-store pharmacies to drug stores
→ FYE May 2025: 53.0% → FYE May 2026: **54.5%**
・Proactively pursue M&A, primarily in existing dominant areas

▸ Response to revisions to dispensing fees

・Initiatives to increase acceptance of prescriptions from a broad range of medical institutions

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→ **Strengthen the functions of family pharmacies and become the pharmacy of choice for patients**
…Centralized medication management, adjustment of unused medications, medication follow-up, measures to address polypharmacy, etc.

・Collaboration with community healthcare
→ Promote home healthcare, participate in community activities such as consultation events, and strengthen collaboration with nearby medical institutions

▸ Promotion of pharmacy digital transformation and operational improvements

・Initiatives to place greater emphasis on patient-facing services
→ Expand the introduction of AI-powered electronic medication history systems, conduct pilot introductions of AI prescription reception systems, and test dispensing and verification support equipment, etc.

1. Growth Strategy

■ Initiatives to strengthen the earnings structure

▸ Review of product assortment and merchandising based on customer needs

・Renovate stores through conversion to the Cremo + CREATE format

→ Review existing merchandising and **improve profit margins by strengthening the health and beauty care category**

・Refresh existing Cremo sales areas

→ Plan minor renovations for Cremo stores that have been open for several years

▸Rigorous low-cost operations

・Expand the introduction of systems and equipment

(OTC) Optimize staffing requirements through the introduction of semi-self checkouts

(Prescriptions) Expand the introduction of AI-powered electronic medication history systems and conduct trials of AI prescription reception systems, etc.

・Promote the use of generative AI, primarily in administrative departments

▸Improve productivity across the supply chain

・Plan the establishment and relocation of distribution centers in line with the expansion of commercial areas and the store network

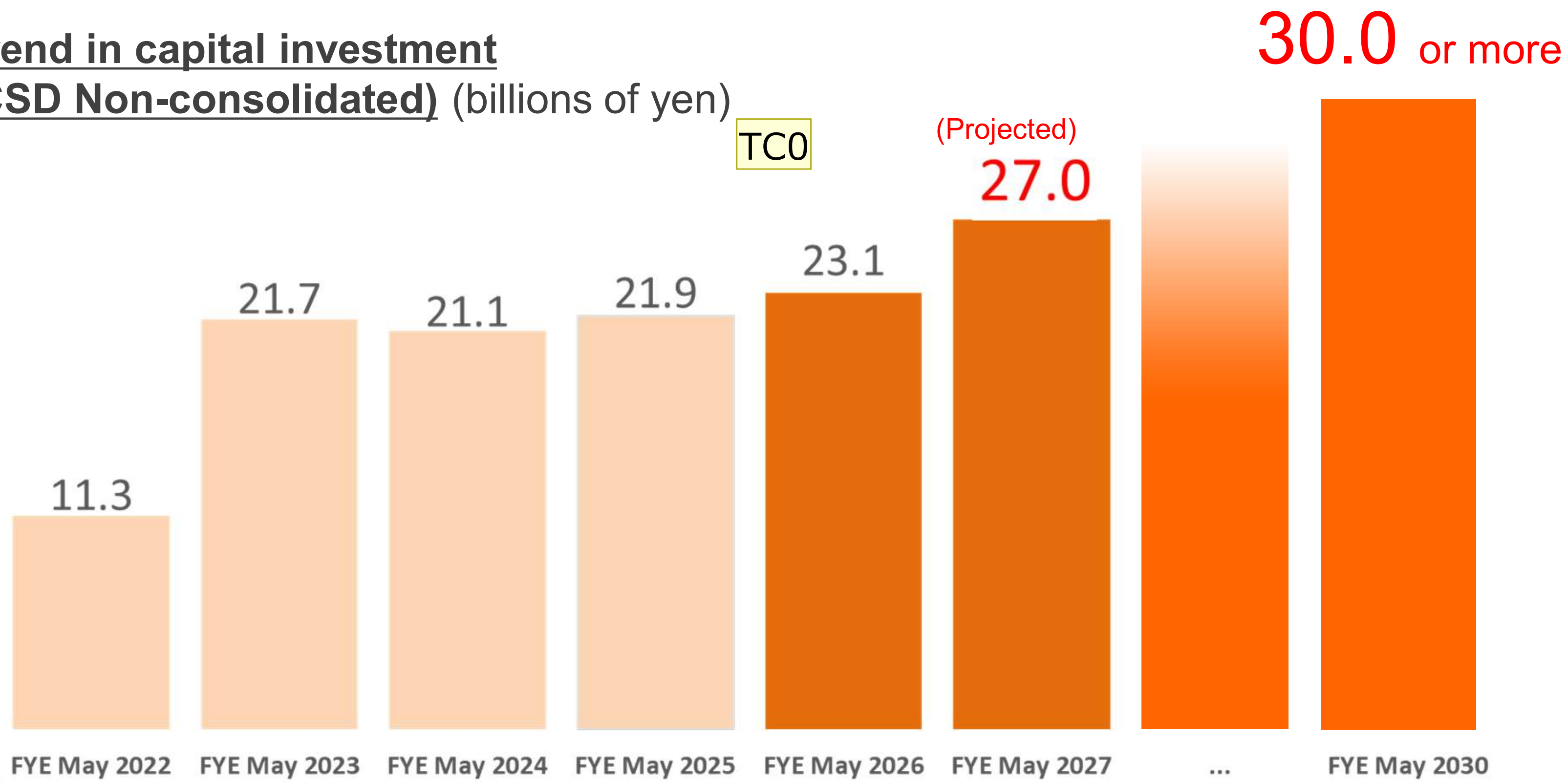
2. Financial Strategy

■ Capital Investment Plan

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

→ **Capital investment in FYE May 2026 fell slightly short of the initial plan of 25 billion yen**
From FYE May 2027 onward, we will continue to make proactive investments in new store openings and renovations, M&A, logistics, and other areas

Trend in capital investment
(CSD Non-consolidated) (billions of yen)



2. Financial Strategy

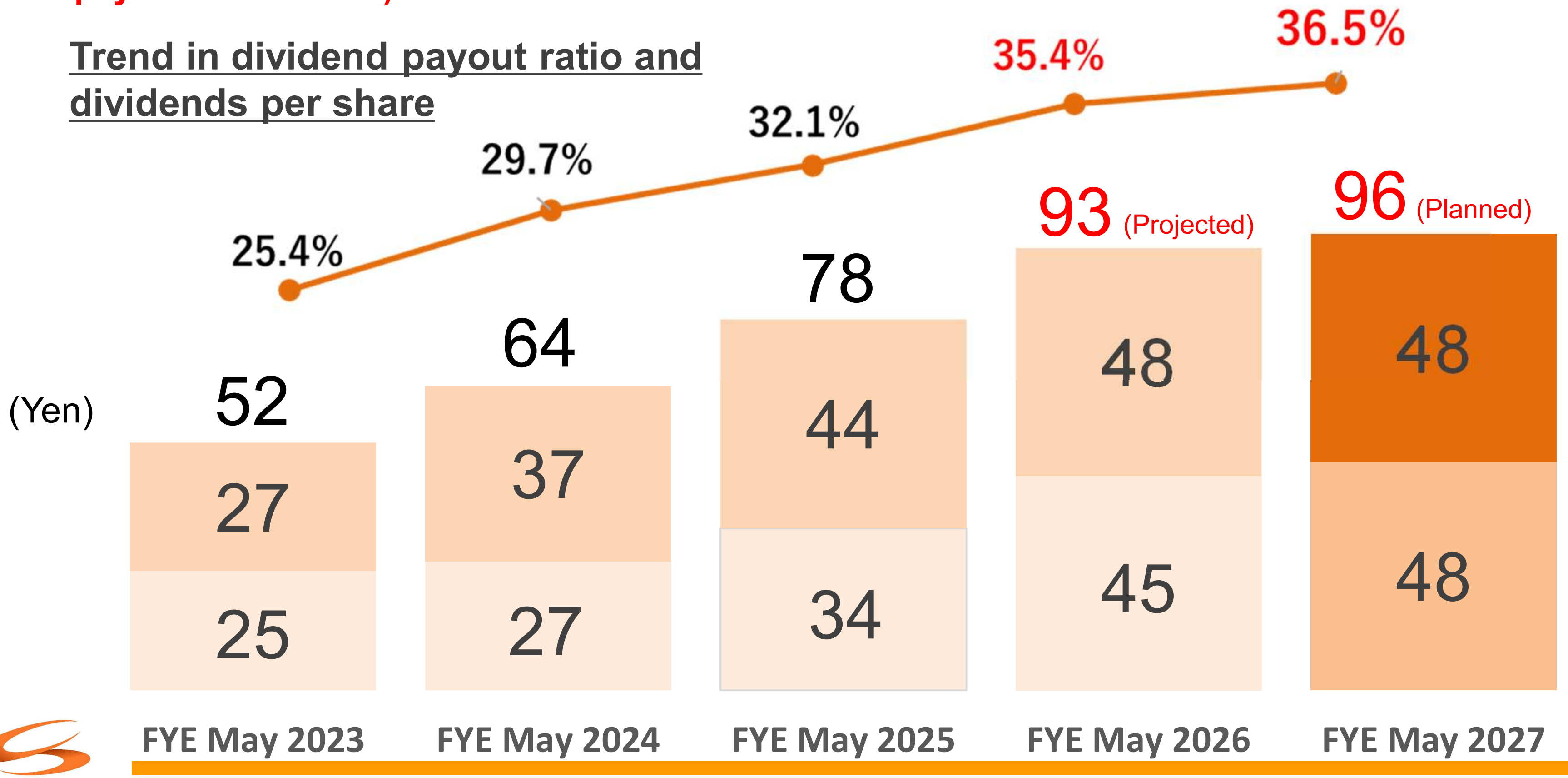
■ Shareholder Return Policy

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

→ **For FYE May 2026, we plan to increase the dividend by 15 yen from the initial plan of 90 yen, resulting in a 3 yen upward revision**

For FYE May 2027, we plan to increase the annual dividend by a further 3 yen to 96 yen (dividend payout ratio: 36.5%)

Trend in dividend payout ratio and dividends per share



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3. Sustainability Management

■ Creating a comfortable and rewarding work environment

▸ Development and empowerment of human resources

- Introduce an internal recognition (incentive) program
- Create employment opportunities for people with disabilities beyond the statutory employment rate
  → CREATE SD Group actual employment rate: **2.98%**
- Increase the proportion of women in managerial positions
  → FYE May 2025: 20.2% → FYE May 2026 **20.7%**

Indicators for promoting women's advancement

Indicator	Achievement year	Target value	Result
Ratio of women appointed as new store and pharmacy managers	**FY2030**	50% or higher	**33.5%**
Ratio of female managers (incl. store and pharmacy managers)	**FY2030**	30% or higher	**20.7%**

■ Community-based social contribution activities

▸ Disaster preparedness initiatives and coexistence with local communities

- Concluded a memorandum of understanding with the City of Yokohama regarding the operation of distributed emergency stockpiles
  → Use inventory held at the Company's distribution centers as em
  event of a disaster
- Concluded disaster response agreements with local governments
  → As of FYE May 2026, agreements had been concluded with 25 cities, 10 towns, one village, three neighborhood association
  and other organizations
- Concluded a sponsorship agreement with Kanagawa University
  → Support the development and training of student athletes

4. FYE May 2027 Full-Year Plan (Consolidated)

Full-year	FYE May 2026 Results		FYE May 2027 Plan			
	(Millions of yen)	Share (%)	(Millions of yen)	Share (%)	YoY change (%)	YoY change (Millions of yen)
Net sales	497,128	100.0	541,000	100.0	108.8	+43,871
Gross profit	126,953	25.5	137,000	25.3	107.9	+10,046
SG&A expenses	102,983	20.7	111,700	20.6	108.5	+8,716
Operating profit	23,970	4.8	25,300	4.7	105.5	+1,329
Ordinary profit	25,232	5.1	26,500	4.9	105.0	+1,267
Profit attributable to owners of parent	16,990	3.4	17,000	3.1	100.1	+9

Preconditions:

Store openings & closings (including M&A)	Full-year	
	Store openings	Store closings
OTC	50	8
Prescription drug stores	45	4

Existing store sales (YoY) (%)	Full-year	H1	H2
	Assumption	Assumption	Assumption
Company-wide	103.6	103.0	104.2
OTC	102.5	102.0	103.0
Prescription drug stores	111.0	110.2	111.8

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