Consolidated Financial Results for the Three Months Ended June 30, 2026 [Japanese GAAP]

August 14, 2026

Company name: SUNDRUG CO., LTD.
Stock exchange listing: Tokyo Stock Exchange
Code number: 9989
URL: https://www.sundrug.co.jp
Representative: Hiroshi Sadakata, CEO and Representative Director
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2026 (April 1, 2026 to June 30, 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	
Three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
June 30, 2026	215,331	3.7	16,776	0.8	12,091	(1.5)	11,880	(2.2)	8,017	0.9
June 30, 2025	207,698	6.7	16,640	11.7	12,276	12.4	12,147	14.1	7,944	9.0

(Note) Comprehensive income: Three months ended June 30, 2026: ¥7,991 million [0.5%]
Three months ended June 30, 2025: ¥7,952 million [8.6%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	68.53	—
June 30, 2025	67.92	—

(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 June 30, 2026	465,286	286,272	61.5
As of March 31, 2026	475,505	286,001	60.1

(Reference) Equity: As of June 30, 2026: ¥286,272 million
As of March 31, 2026: ¥286,001 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	—	65.00	—	66.00	131.00
Fiscal year ending March 31, 2027	—				
Fiscal year ending March 31, 2027 (Forecast)		66.00	—	66.00	132.00

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

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

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

*** Notes:**

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2026: None

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes
(Note) For details, please see "2. Quarterly Consolidated Financial Statements and Primary Notes, (3) Notes to the Quarterly Consolidated Financial Statements, (Notes on Special Accounting Treatments for Quarterly Consolidated Financial Statements)" on page 8 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):
June 30, 2026: 119,331,184 shares
March 31, 2026: 119,331,184 shares

2) Total number of treasury shares at the end of the period:
June 30, 2026: 2,348,285 shares
March 31, 2026: 2,348,285 shares

3) Average number of shares during the period:
Three months ended June 30, 2026: 116,982,899 shares
Three months ended June 30, 2025: 116,967,327 shares

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by a certified public accountant or an audit firm: None

* 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 Period Under Review

The Japanese economy during the three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026) showed signs of recovery against the backdrop of improvements in the employment and income environment. On the other hand, the future outlook remained uncertain mainly due to persistently rising prices, fluctuations in foreign exchange rates, and concerns over the impact of instability in the Middle East. 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 continuing risks associated with fluctuations in resource prices, including energy costs, and logistics expenses.

In these circumstances, the Company and its group companies (collectively, the “Group”), continued to strive to strengthen the competitiveness of stores through further enhancement in their expertise, while promoting the opening of new stores and the renovation of existing stores for revitalization, under the key phrase, “Provide safety, reliance, and convenience.” At the same time, the Group worked to expand the pharmacy business and strengthen the EC business in light of the progress of the falling birth rate and the aging of society, and increasingly diverse consumer purchasing behavior. In terms of expenses, in addition to continuous effectiveness improvement initiatives to enhance productivity, the Group also focused on promoting environmental management.

As for the status of the Group’s store openings during the three months ended June 30, 2026, we opened 6 new stores and revitalized existing stores by renovating 33 stores and closing 3 stores.

As a result, the total number of the Group’s stores as of the end of the first quarter of the fiscal year under review reached 1,597 stores, consisting of 1,157 stores for the Drugstore Business (887 directly-managed stores, 84 stores operated by Seikodo Pharmacy Corporation, 76 stores operated by Sundrug Plus Co., Ltd., 73 stores operated by Daiya Inc., and 37 franchise stores) and 440 stores for the Discount Store Business (440 stores operated by DIREX CORPORATION).

As for the consolidated financial results for the three months ended June 30, 2026, the Group recorded net sales totaling ¥215,331 million (up 3.7% from the same period of the previous fiscal year), operating profit totaling ¥12,091 million (down 1.5% from the same period of the previous fiscal year), ordinary profit totaling ¥11,880 million (down 2.2% from the same period of the previous fiscal year), and profit attributable to owners of parent totaling ¥8,017 million (up 0.9% from the same period of the previous fiscal year).

Overview of business segment operating results is as follows.

< Drugstore Business >

The Drugstore Business recorded a year-on-year increase in net sales despite sluggish sales of summer goods due to unfavorable weather conditions, including rainy weather, and declines in demand from international visitors to Japan as a result of travel restrictions and other factors. The increase in net sales is because of the effects of renovations at existing stores, steady growth in the pharmacy business and EC business, and a temporary increase in demand for household products driven by concerns over petroleum shortages. The operating profit margin exceeded the plan mainly due to effective control of selling, general and administrative expenses, particularly personnel expenses.

As a result, net sales for the Drugstore Business segment amounted to ¥137,114 million (up 2.9% from the same period of the previous fiscal year).

< Discount Store Business >

In the Discount Store Business, robust sales of luxury grocery items and other high-margin products boosted both net sales and gross profit. The selling, general and administrative expenses ratio was 0.1 percentage points below the plan, as cashless payment usage remained below expectations, resulting in reductions in payment processing fees and other related costs.

As a result, net sales for the Discount Store Business segment amounted to ¥94,046 million (up 4.5% from the same period of the previous fiscal year), and operating profit amounted to ¥5,463 million (up 0.5% from the same period of the previous fiscal year).

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

Total assets as of the end of the first quarter of the fiscal year under review decreased by ¥10,218 million from the previous fiscal year end to ¥465,286 million. This is mainly attributable to a decrease in cash and deposits.

Total liabilities decreased by ¥10,489 million from the previous fiscal year end to ¥179,014 million. This is mainly attributable to decreases in accounts payable - trade and income taxes payable.

Total net assets increased by ¥270 million from the previous fiscal year end to ¥286,272 million.

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

We have made no revision to the consolidated financial results forecast, which was announced on May 15, 2026.

(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. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	70,523	61,353
Accounts receivable - trade	32,330	29,575
Merchandise	110,065	112,362
Supplies	257	307
Other	24,887	21,542
Total current assets	238,064	225,140
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	105,666	105,257
Other, net	42,821	46,545
Total property, plant and equipment	148,487	151,803
Intangible assets		
Goodwill	1,325	1,296
Other	6,775	6,607
Total intangible assets	8,101	7,904
Investments and other assets		
Investment securities	32,762	32,427
Leasehold and guarantee deposits	28,879	28,864
Other	19,209	19,146
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	80,851	80,437
Total non-current assets	237,440	240,145
Total assets	475,505	465,286

(Million yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	82,707	77,637
Short-term borrowings	1,000	–
Current portion of long-term borrowings	5,139	5,191
Income taxes payable	8,504	4,334
Provision for bonuses for directors (and other officers)	119	44
Other	36,564	35,594
Total current liabilities	134,035	122,802
Non-current liabilities		
Long-term borrowings	42,076	42,774
Provision for retirement benefits for directors (and other officers)	284	284
Retirement benefit liability	2,220	2,278
Asset retirement obligations	8,454	8,474
Other	2,433	2,400
Total non-current liabilities	55,468	56,211
Total liabilities	189,504	179,014
Net assets		
Shareholders' equity		
Share capital	3,931	3,931
Capital surplus	7,577	7,577
Retained earnings	279,859	280,155
Treasury shares	(3,843)	(3,843)
Total shareholders' equity	287,524	287,820
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24	(0)
Deferred gains or losses on hedges	(0)	1
Revaluation reserve for land	(1,702)	(1,702)
Remeasurements of defined benefit plans	154	152
Total accumulated other comprehensive income	(1,523)	(1,548)
Total net assets	286,001	286,272
Total liabilities and net assets	475,505	465,286

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Net sales	207,698	215,331
Cost of sales	154,358	159,957
Gross profit	53,339	55,374
Selling, general and administrative expenses	41,063	43,283
Operating profit	12,276	12,091
Non-operating income		
Interest income	30	28
Dividend income	0	0
Guarantee commission income	85	79
Gain on receipt of donated non-current assets	56	61
Other	46	54
Total non-operating income	219	224
Non-operating expenses		
Interest expenses	80	136
Share of loss of entities accounted for using equity method	259	295
Other	7	4
Total non-operating expenses	348	435
Ordinary profit	12,147	11,880
Extraordinary income		
Gain on sale of investment securities	–	33
Gain on sale of non-current assets	2	–
National subsidies	21	25
Gain on cancellation of insurance policies	–	27
Other	0	0
Total extraordinary income	24	86
Extraordinary losses		
Impairment losses	21	6
Loss on retirement of non-current assets	55	15
Loss on tax purpose reduction entry of non-current assets	–	23
Loss on disaster	–	0
Loss on cancellation of insurance policies	–	11
Other	3	–
Total extraordinary losses	81	56
Profit before income taxes	12,090	11,909
Income taxes	4,145	3,892
Profit	7,944	8,017
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	7,944	8,017

Consolidated Statements of Comprehensive Income

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Profit	7,944	8,017
Other comprehensive income		
Valuation difference on available-for-sale securities	6	(24)
Remeasurements of defined benefit plans, net of tax	(0)	(1)
Share of other comprehensive income of entities accounted for using equity method	1	0
Total other comprehensive income	7	(25)
Comprehensive income	7,952	7,991
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,952	7,991
Comprehensive income attributable to non-controlling interests	–	–

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on Special Accounting Treatments for Quarterly 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 first quarter 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.

(Notes to Segment Information, etc.)

I. Three months ended June 30, 2025 (from April 1, 2025 to June 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 quarterly consolidated statements of income (Note 2)
	Drugstore Business	Discount Store Business	Total		
Net sales					
Net sales to external customers	117,741	89,956	207,698	—	207,698
Inter-segment net sales or transfers	15,477	3	15,480	(15,480)	—
Total	133,218	89,960	223,179	(15,480)	207,698
Segment income	6,840	5,435	12,276	—	12,276

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 quarterly 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. Three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

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 quarterly consolidated statements of income (Note 2)
	Drugstore Business	Discount Store Business	Total		
Net sales					
Net sales to external customers	121,287	94,043	215,331	—	215,331
Inter-segment net sales or transfers	15,826	2	15,829	(15,829)	—
Total	137,114	94,046	231,161	(15,829)	215,331
Segment income	6,627	5,463	12,091	—	12,091

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 quarterly consolidated statements of income.

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

(Notes in the Case of Material Changes in Shareholders' Equity)
Not applicable

(Notes on Going Concern Assumptions)
Not applicable

(Notes on Statements of Cash Flows)
Quarterly consolidated statements of cash flows for the three months ended June 30, 2026 are not prepared. Depreciation, which includes amortization of intangible assets excluding goodwill, and amortization of goodwill for the three months ended June 30 are as follows:

(Million yen)

	For the three months ended June 30, 2025	For the three months ended June 30, 2026
Depreciation	4,335	4,656
Amortization of goodwill	28	28