

3. Consolidated financial forecast for the fiscal year ending May 20, 2026 (from May 21, 2025 to May 20, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending November 20, 2025	272,000	12.0	11,300	(10.7)	11,170	(13.5)	8,000	(7.2)	79.13
Fiscal year ending May 20, 2026	560,000	11.7	23,000	(13.5)	22,700	(17.5)	15,500	(12.9)	153.31

(Note) Revisions to the earnings forecasts most recently announced : No

(Reference) The year-on-year change rates for the consolidated earnings forecasts for the second quarter (cumulative), excluding the stock compensation expense, are as follows: operating profit is projected to decrease by 13.4%; ordinary profit by 16.0%; and profit attributable to owners of parent by 11.3%. Additionally, the year-on-year change rates for the full-year consolidated earnings forecasts, excluding the stock compensation expense, are: operating profit is projected to decrease by 14.8%, ordinary profit by 18.7%, and profit attributable to owners of parent by 14.7%.

* Notes

(1) Significant changes in the scope of consolidation during the period : No

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements : No

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations : No

(ii) Changes in accounting policies due to other reasons : No

(iii) Changes in accounting estimates : No

(iv) Restatement : No

(4) Number of issued shares (common shares)

① Number of issued and outstanding shares at the period end (including treasury stock)

As of August 20, 2025	105,097,680shares	As of May 20, 2025	105,097,680shares
As of August 20, 2025	6,083,613shares	As of May 20, 2025	3,994,689shares
Three months ended August 20, 2025	100,173,422shares	Three months ended August 20, 2024	94,595,798shares

② Number of treasury stock at the period end

③ Average number of shares (quarterly period-YTD)

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm : Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

(Cautionary Statement Regarding Forward-Looking Statements) 314.96 The forward-looking statements such as performance forecasts contained in this document are based on information currently available to the Company and certain assumptions that are deemed reasonable. They are not intended as a guarantee of the Company's future performance. Actual results may differ significantly due to various factors. For the assumptions underlying the performance forecasts and notes on their use, please refer to page 2 of the attached materials, "1. Overview of Operating Results, (3) Explanation of consolidated earnings forecast and other forward-looking statements."

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1. Overview of operating results, etc.

(1) Overview of operating results for the current quarter

During the three months ended August 20, 2025 (from May 21, 2025 to August 20, 2025), the Japanese economy saw a certain degree of recovery in personal consumption associated with moves toward raising wages continued against a backdrop of labor shortages and high prices. Meanwhile, the global economy continues to face unstable conditions due to factors such as soaring resource prices resulting from prolongation of the conflict between the U.S. and China and growing tension in the Middle East. In Japan, the outlook remains uncertain as unstable foreign exchange rates and high prices stemming from the weak Japanese yen place pressure on household budgets.

In the drugstore industry, sales in some categories were strong due to an increase in seasonal product demand resulting from extreme summer heat and continued inbound demand. However, the industry has been encountering intensifying competition, including new entrants from other industries, and the business environment surrounding the Company remains severe due to price competition for attracting customers and a demand for the development of a variety of services focused on convenience. In light of this environment, to create stores that are loved by the people of the local community, the Group has worked to improve customer convenience and strengthen its expertise. In addition to improving the ratio of stores with attached dispensing pharmacies, by further expanding the food category that includes fresh foods we are accelerating conversion to a store format that allows for one-stop shopping in our “food & drug” business.

With regard to the establishment of new stores, we opened a total of 11 new drugstores to further promote our establishment of a dominant presence: one in the Hokuriku and Shinetsu region, four in the Kanto region, two in the Tokai region, two in the Kansai region and two in the Shikoku region.

On June 2, 2025, the Company acquired all shares of supermarket operator Miwa Store Inc. (Kagawa Prefecture) and made it a consolidated subsidiary.

As a result, the number of stores in the Group at the end of the three months ended August 20, 2025 was 1,042, comprising 1,015 drugstores (including 664 stores with attached dispensing pharmacies), six pharmacies specializing in dispensing, and 21 supermarkets.

As a result of the above, the financial results for the three months ended August 20, 2025 were as follows: net sales of 139,735 million yen (up 16.1% year on year), operating profit of 7,263 million yen (down 1.0% year on year), ordinary profit of 7,284 million yen (down 1.6% year on year), and profit attributable to owners of parent of 5,033 million yen (down 4.1% year on year).

(2) Overview of the financial position for the current quarter

Total assets as of August 20, 2025 were 390,457 million yen, an increase of 37,992 million yen over those of May 20, 2025. The main factors contributing to this increase include an increase of 32,894 million yen in cash and deposits.

Total liabilities were 247,860 million yen, an increase of 41,155 million yen over those of May 20, 2025. The main factors behind this increase include an increase of 35,613 million yen in long-term borrowings.

Total net assets amounted to 142,596 million yen, a decrease of 3,162 million yen over those of May 20, 2025. The equity ratio was 36.5%.

(3) Explanation of consolidated earnings forecast and other forward-looking statements

Financial results for the three months ended August 20, 2025 have been largely in line with projections, and at present there are no changes in consolidated earnings forecasts for the fiscal year ending May 20, 2026, released on July 3, 2025.

2. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Millions of yen)

	As of May 20, 2025	As of August 20, 2025
Assets		
Current assets		
Cash and deposits	47,731	80,625
Accounts receivable - trade	21,573	22,720
Merchandise	56,811	57,554
Accounts receivable - other	18,742	11,970
Other	570	610
Allowance for doubtful accounts	(61)	(60)
Total current assets	145,368	173,420
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	132,363	134,643
Machinery, equipment and vehicles, net	7,643	7,583
Land	8,980	9,137
Leased assets, net	6,710	7,280
Construction in progress	7,190	10,673
Other, net	5,991	6,645
Total property, plant and equipment	168,879	175,962
Intangible assets		
Goodwill	10,107	12,195
Other	3,572	3,623
Total intangible assets	13,679	15,818
Investments and other assets		
Investment securities	3,747	4,673
Leasehold and guarantee deposits	9,703	9,957
Deferred tax assets	5,531	4,883
Other	5,565	5,750
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	24,537	25,255
Total non-current assets	207,096	217,036
Total assets	352,464	390,457

(Millions of yen)

	As of May 20, 2025	As of August 20, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	63,602	64,176
Short-term borrowings	—	100
Current portion of long-term borrowings	14,912	19,648
Accounts payable - other	11,470	14,480
Income taxes payable	5,177	1,862
Contract liabilities	2,637	2,650
Provision for bonuses	1,994	1,008
Provision for point card certificates	35	34
Provision for loss on disaster	5	5
Provision for loss on store closings	622	622
Other	6,591	6,952
Total current liabilities	107,049	111,542
Non-current liabilities		
Long-term borrowings	78,317	113,930
Lease liabilities	6,090	6,545
Provision for retirement benefits for directors (and other officers)	280	596
Retirement benefit liability	22	—
Asset retirement obligations	14,420	14,719
Other	524	526
Total non-current liabilities	99,655	136,318
Total liabilities	206,705	247,860
Net assets		
Shareholders' equity		
Share capital	16,749	16,749
Capital surplus	17,748	17,748
Retained earnings	123,013	127,339
Treasury shares	(12,746)	(20,871)
Total shareholders' equity	144,765	140,967
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	993	1,629
Total accumulated other comprehensive income	993	1,629
Total net assets	145,759	142,596
Total liabilities and net assets	352,464	390,457

(2) Consolidated statements of income (cumulative) and consolidated statements of comprehensive income
(cumulative)
Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended August 20, 2024	Three months ended August 20, 2025
Net sales	120,333	139,735
Cost of sales	87,938	102,799
Gross profit	32,395	36,936
Selling, general and administrative expenses	25,055	29,672
Operating profit	7,339	7,263
Non-operating income		
Interest income	13	60
Dividend income	38	50
Commission income	78	87
Rent income	97	163
Subsidy income	3	8
Gain on receipt of donated non-current assets	0	7
Other	52	89
Total non-operating income	284	469
Non-operating expenses		
Interest expenses	133	252
Rental costs	37	40
Compensation	—	101
Other	51	53
Total non-operating expenses	223	447
Ordinary profit	7,400	7,284
Extraordinary income		
Gain on sale of non-current assets	0	4
Gain on sale of investment securities	—	15
Total extraordinary income	0	19
Extraordinary losses		
Loss on sale of non-current assets	5	—
Loss on retirement of non-current assets	14	17
Impairment losses	—	57
Total extraordinary losses	19	74
Profit before income taxes	7,381	7,229
Income taxes - current	1,903	1,841
Income taxes - deferred	227	354
Total income taxes	2,131	2,196
Profit	5,249	5,033
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	5,249	5,033

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended August 20, 2024	Three months ended August 20, 2025
Profit	5,249	5,033
Other comprehensive income		
Valuation difference on available-for-sale securities	(169)	635
Total other comprehensive income	(169)	635
Comprehensive income	5,080	5,669
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,080	5,669
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes on quarterly consolidated financial statements

(Notes on segment information)

[Segment information]

As our Group is in a single segment of neighborhood-based retail business that includes pharmaceuticals, cosmetics, daily goods, food, and dispensing pharmacies, the information is omitted.

(Notes concerning significant changes in the amounts of shareholder equity)

During the first quarter consolidated cumulative period, our Company acquired 530,700 shares of its own stock based on a resolution of the Board of Directors held on October 3, 2024, resulting in an increase in treasury stock of 1,869 million yen during the period.

Additionally, our Company acquired 1,558,200 shares of its own stock based on a resolution of the Board of Directors held on July 3, 2025, resulting in a further increase in treasury stock of 6,254 million yen during the same period.

Consequently, the amount of treasury stock stood at 20,871 million yen as of the end of the first quarter consolidated cumulative period.

(Notes on going concern assumption)

Not applicable.

(Notes on quarterly consolidated statement of cash flows)

A quarterly consolidated statement of cash flows for the first three months of the current fiscal year has not been prepared. The following table shows the amounts of depreciation (including amortization related to intangible assets excluding goodwill) and amortization of goodwill for the first three months of the current and previous fiscal years.

	Three months ended August 20, 2024	Three months ended August 20, 2025
Depreciation	2,904 Millions of yen	3,327 Millions of yen
Amortization of goodwill	121 Millions of yen	283 Millions of yen

(Business combinations, etc)

(Business combination by acquisition)

Our company resolved to acquire the shares of Miwa Store Inc. at the Board of Directors meeting held on April 3, 2025. We concluded the share transfer agreement on the same date, and Miwa Store Inc. became our subsidiary upon the execution of the share transfer on June 2, 2025.

1. Outline of business combination

(1) Name and business description of the acquired company

Name of the acquired company	Miwa Store Inc
Business description	Supermarket Business

(2) Main reasons for the business combination

We determined that by combining the fresh food assortment of a supermarket, the Health & Beauty and daily necessity product range of a drugstore, and a dispensing pharmacy that handles prescriptions, we could create stores that would be even more patronized by local customers.

(3) Date of business combination

May 31, 2025 (Deemed acquisition date)

(4) Legal form of business combination

Acquisition of the shares with cash consideration

(5) Name of company after business combination

No changes.

(6) Ratio of voting rights acquired

100%

(7) Basis for determining the acquiring company

We acquired the shares with cash consideration

2. Period of the results of the acquired company included in the quarterly consolidated statement of income for the period under review

For the first quarter consolidated cumulative period, May 31, 2025 is the deemed acquisition date and only the balance sheet has been consolidated; therefore, the results of the acquired company are not included in the first quarter consolidated statement of income.

3. Amount of major acquisition-related costs

Advisory cost, etc. 147Millions of yen

4. Amount of goodwill generated, reasons for recognition, amortization method and amortization period

(1) Amount of goodwill generated

2,429 Millions of yen

The amount of goodwill recognized is a provisional amount, as the allocation of the acquisition cost had not been completed as of the end of the first quarter of the current consolidated fiscal year.

(2) Reasons for recognition

It arose from the future excess earnings potential expected from future business expansion.

(3) Amortization method and amortization period

Straight-line method over 11 years

5. Assets acquired and liabilities assumed and their major components on the combination date

Current assets	716Millions of yen
Non-current assets	1,910Millions of yen
<u>Total assets</u>	<u>2,627Millions of yen</u>
Current liabilities	895Millions of yen
Non-current liabilities	2,171Millions of yen
<u>Total liabilities</u>	<u>3,066Millions of yen</u>

6. Allocation of acquisition cost

Because the identification of identifiable assets and liabilities as of the date of the business combination has not been completed and the allocation of acquisition costs has not been completed at the end of the first quarter of the current consolidated fiscal year, provisional accounting treatment was applied based on reasonable information available at that time.

7. The estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the fiscal year assuming the business combination had been completed on the beginning date of the current consolidated fiscal year.

This is omitted due to immateriality.

3. Supplemental Information

Our Group operates a single business segment of neighborhood retail, comprising pharmaceuticals, cosmetics, daily sundries, food products, and dispensing pharmacies; therefore, purchases are presented by merchandise category, and sales are presented by merchandise category and by region.

(1) Purchases

The purchases for the cumulative first quarter of the current consolidated fiscal year and for the cumulative first quarter of the previous consolidated fiscal year, by merchandise category, are as follows.

Category	Three-months period (from May 21, 2024 to August 20, 2024)		Three-months period (from May 21, 2025 to August 20, 2025)		
	Million yen	Composition ratio	Million yen	Composition ratio	YoY change
Health	6,203	7.0%	6,135	5.9%	98.9%
Beauty	10,430	11.7%	10,744	10.3%	103.0%
Daily commodities	17,113	19.2%	18,999	18.3%	111.0%
Food	47,363	53.2%	59,031	56.7%	124.6%
Dispensing	7,884	8.9%	9,119	8.8%	115.7%
Total	88,995	100.0%	104,029	100.0%	116.9%

(Note) 1. The above amounts do not deduct logistics profit, etc. (logistics profit, which is the net of direct-delivery handling income from stores less direct-delivery handling expenses, and data income related to ordering).

2. Our principal items handled in Health, Beauty, Daily commodities, Food and Dispensing are as follows.

Health: Pharmaceuticals, health foods such as vitamin supplements and diet supplements, first-aid supplies and medical/health-monitoring products.

Beauty: Counseling cosmetics, face-care products such as facial cleansers, body-care products such as body soap, hair-care products such as shampoos, and oral-care products such as toothpaste.

Daily commodities: Baby-related products such as diapers, nursing-care products, sanitary products, detergents, household goods, pet food, clothing items such as socks and underwear, and consumer electrical appliances.

Food: Processed foods, daily-delivery foods, fresh foods, seasonings, confectionery, beverages, alcoholic beverages, and other food products.

Dispensing: Prescription pharmaceuticals and other prescription medicines dispensed at pharmacies.

(2) Sales

The sales for the cumulative first quarter of the current consolidated fiscal year and for the cumulative first quarter of the previous consolidated fiscal year, by merchandise category, are as follows.

Category	Three-months period (from May 21, 2024 to August 20, 2024)		Three-months period (from May 21, 2025 to August 20, 2025)		
	Million yen	Composition ratio	Million yen	Composition ratio	YoY change
Health	10,720	8.9%	11,256	8.1%	105.0%
Beauty	15,656	13.0%	16,820	12.0%	107.4%
Daily commodities	22,662	18.8%	24,767	17.7%	109.3%
Food	59,132	49.2%	72,901	52.2%	123.3%
Dispensing	12,160	10.1%	13,989	10.0%	115.0%
Total	120,333	100.0%	139,735	100.0%	116.1%

(3) Sales by region

The sales for the cumulative first quarter of the current consolidated fiscal year and for the cumulative first quarter of the previous consolidated fiscal year, by region, are as follows.

Area segmentation	Number of stores	Three-months period (from May 21, 2024 to August 20, 2024)		Three-months period (from May 21, 2025 to August 20, 2025)		
		Million yen	Composition ratio	Million yen	Composition ratio	YoY change
Hokushinetsu	389	53,169	44.2%	57,515	41.2%	108.2%
Tohoku	81	8,429	7.0%	11,469	8.2%	136.1%
Kanto	282	28,073	23.3%	32,890	23.5%	117.2%
Tokai	182	19,872	16.5%	22,217	15.9%	111.8%
Kansai	90	9,557	8.0%	12,648	9.1%	132.3%
Shikoku	13	1,231	1.0%	2,993	2.1%	243.2%
Total	1,042	120,333	100.0%	139,735	100.0%	116.1%

(Note) The number of stores is as of the end of the current first quarter consolidated accounting period.