Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Six Months Ended September 30, 2026 [Japanese GAAP]

November 13, 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
Contact: Yoshinobu Kato, General Manager, General Affairs Division
Phone: +81-42-369-6211
Scheduled date to file semi-annual securities report: November 13, 2026
Scheduled date to commence dividend payments: November 30, 2026
Preparation of supplementary material on financial results: Yes (for institutional investors and analysts)
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2026 (April 1, 2026 to September 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	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2026	433,475	3.6	33,530	4.7	24,030	4.2	23,446	2.4	15,479	1.4
September 30, 2025	418,437	5.8	32,012	8.9	23,057	8.7	22,893	9.9	15,269	7.0

(Note) Comprehensive income: Six months ended September 30, 2026: ¥15,450 million [1.1%]
Six months ended September 30, 2025: ¥15,277 million [7.0%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	132.31	—
September 30, 2025	130.54	—

(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 September 30, 2026	477,954	293,788	61.5
As of March 31, 2026	475,505	286,001	60.1

(Reference) Equity: As of September 30, 2026: ¥293,788 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	—	66.00			
Fiscal year ending March 31, 2027 (Forecast)			—	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
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 six months ended September 30, 2026: None

(2) Accounting policies adopted specially for the preparation of semi-annual consolidated financial statements: Yes
(Note) For details, please see "2. Semi-annual Consolidated Financial Statements and Primary Notes, (4) Notes to the Semi-annual Consolidated Financial Statements, (Notes on Special Accounting Treatments for Semi-annual Consolidated Financial Statements)" on page 9 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):
September 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:
September 30, 2026: 2,332,985 shares
March 31, 2026: 2,348,285 shares

3) Average number of shares during the period:
Six months ended September 30, 2026: 116,989,253 shares
Six months ended September 30, 2025: 116,973,709 shares

* Semi-annual financial results reports are exempt from review conducted by a certified public accountant or an audit firm.

* 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.

Table of Contents

1. Overview of Business Results, etc. 2
(1) Overview of Business Results for the Semi-annual Period Under Review 2
(2) Overview of Financial Position for the Semi-annual Period Under Review 3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information 3

2. Semi-annual Consolidated Financial Statements and Primary Notes 4
(1) Semi-annual Consolidated Balance Sheets 4
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income 6
Consolidated Statements of Income 6
(For the six months ended September 30, 2025 and 2026) 6
Consolidated Statements of Comprehensive Income 7
(For the six months ended September 30, 2025 and 2026) 7
(3) Semi-annual Consolidated Statements of Cash Flows 8
(4) Notes to the Semi-annual Consolidated Financial Statements 9
(Notes on Going Concern Assumptions) 9
(Notes in the Case of Material Changes in Shareholders' Equity) 9
(Notes on Special Accounting Treatments for Semi-annual Consolidated Financial Statements) 9
(Segment Information, etc.) 10

1. Overview of Business Results, etc.

(1) Overview of Business Results for the Semi-annual Period Under Review

The Japanese economy during the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026) continued on a moderate recovery trend. However, the future outlook remained uncertain mainly due to persistently rising prices, persistently high energy prices, fluctuations in interest rates and foreign exchange rates, along with the risk of extreme weather events and natural disasters, and uncertainties surrounding the international situation, among other factors. In the drugstore and discount store industry, the Company has faced intensifying competition with companies in the same industry in terms of store openings, competition with companies in other business categories, and growing competition resulting from the expansion of the e-commerce (EC) market. Adverse weather conditions, including heavy rainfall events and typhoons, also dampened sales of seasonal merchandise, contributing to the continued challenging operating environment.

In these circumstances, the Company and its group companies (collectively, the "Group") continued to strive to further enhance the expertise of stores, while promoting the opening of new stores and the renovation of existing stores, under the key phrase, "Provide safety, reliance, and convenience." To meet the changing needs of consumers, the Group also continued to work on strengthening the pharmacy business and EC business. In terms of expenses, the Group steadily implemented measures to enhance productivity and focused on promoting environmental management.

As for the status of the Group's store openings during the six months ended September 30, 2026, we opened 15 new stores and revitalized existing stores by renovating 53 stores and closing 9 stores.

As a result, the total number of the Group's stores as of the end of the semi-annual period of the fiscal year under review reached 1,600 stores, consisting of 1,156 stores for the Drugstore Business (884 directly-managed stores, 85 stores operated by Seikodo Pharmacy Corporation, 77 stores operated by Sundrug Plus Co., Ltd., 73 stores operated by Daiya Inc., and 37 franchise stores) and 444 stores for the Discount Store Business (444 stores operated by DIREX CORPORATION).

As for the consolidated financial results for the six months ended September 30, 2026, the Group recorded net sales totaling ¥433,475 million (up 3.6% from the same period of the previous fiscal year), operating profit totaling ¥24,030 million (up 4.2% from the same period of the previous fiscal year), ordinary profit totaling ¥23,446 million (up 2.4% from the same period of the previous fiscal year), and profit attributable to owners of parent totaling ¥15,479 million (up 1.4% from the same period of the previous fiscal year), posting increases in sales and profit.

Overview of business segment operating results is as follows.

< Drugstore Business >

The Drugstore Business experienced sluggish sales of summer merchandise due to prolonged rainfall caused by weather fronts and typhoons, particularly in eastern Japan, from the rainy season through September. Demand from international visitors to Japan also declined as a result of travel restrictions and other factors. Despite these circumstances, net sales increased year on year because of the effects of renovations at existing stores and strong performance in the pharmacy business and EC business.

As a result, net sales for the Drugstore Business segment amounted to ¥273,741 million (up 2.5% from the same period of the previous fiscal year), and operating profit amounted to ¥13,808 million (up 4.0% from the same period of the previous fiscal year).

< Discount Store Business >

In the Discount Store Business, net sales exceeded the level in the same period of the previous fiscal year as sales of food products, especially luxury grocery items, more than offset the impact of a downturn in demand following the surge in sales of government-stockpiled rice.

Net sales for the Discount Store Business segment amounted to ¥190,662 million (up 4.9% from the same period of the previous fiscal year), and operating profit amounted to ¥10,221 million (up 4.6% from the same period of the previous fiscal year).

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

Total assets as of the end of the semi-annual period of the fiscal year under review increased by ¥2,448 million from the previous fiscal year end to ¥477,954 million. This is mainly attributable to an increase in merchandise as well as an increase in property, plant and equipment resulting from new store openings and renovations.

Total liabilities decreased by ¥5,339 million from the previous fiscal year end to ¥184,165 million. This is mainly attributable to a decrease in accounts payable - trade.

Total net assets increased by ¥7,787 million from the previous fiscal year end to ¥293,788 million.

(Analysis of cash flow status)

Cash and cash equivalents (hereinafter referred to as “cash”) as of the end of the semi-annual period of the fiscal year under review decreased by ¥4,101 million from the previous fiscal year end to ¥66,421 million.

(Cash flows from operating activities)

Net cash provided by operating activities increased by ¥165 million from the same period of the previous fiscal year to ¥21,408 million (up 0.8% year on year). This is mainly attributable to the recording of ¥23,128 million in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities decreased by ¥1,154 million from the same period of the previous fiscal year to ¥16,256 million (down 6.6% year on year). This is mainly attributable to a decrease in purchase of property, plant and equipment, compared with the previous corresponding period.

(Cash flows from financing activities)

Net cash used in financing activities increased by ¥6,602 million from the same period of the previous fiscal year to ¥9,254 million (up 249.0% year on year). This is mainly attributable to fund procurement in the same period of the previous fiscal year to finance capital investments such as new store openings.

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

We have made no revision to the full-year 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. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Semi-annual Consolidated Balance Sheets

(Million yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	70,523	66,421
Accounts receivable - trade	32,330	31,813
Merchandise	110,065	115,071
Supplies	257	483
Other	24,887	24,234
Total current assets	238,064	238,023
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	105,666	104,677
Other, net	42,821	47,192
Total property, plant and equipment	148,487	151,869
Intangible assets		
Goodwill	1,325	1,267
Other	6,775	6,452
Total intangible assets	8,101	7,720
Investments and other assets		
Investment securities	32,762	31,934
Leasehold and guarantee deposits	28,879	28,967
Other	19,209	19,437
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	80,851	80,339
Total non-current assets	237,440	239,930
Total assets	475,505	477,954

(Million yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	82,707	81,099
Short-term borrowings	1,000	–
Current portion of long-term borrowings	5,139	5,282
Income taxes payable	8,504	8,515
Provision for bonuses for directors (and other officers)	119	76
Other	36,564	34,256
Total current liabilities	134,035	129,231
Non-current liabilities		
Long-term borrowings	42,076	41,398
Provision for retirement benefits for directors (and other officers)	284	284
Retirement benefit liability	2,220	2,328
Asset retirement obligations	8,454	8,508
Other	2,433	2,414
Total non-current liabilities	55,468	54,934
Total liabilities	189,504	184,165
Net assets		
Shareholders' equity		
Share capital	3,931	3,931
Capital surplus	7,577	7,610
Retained earnings	279,859	287,617
Treasury shares	(3,843)	(3,818)
Total shareholders' equity	287,524	295,341
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24	(1)
Deferred gains or losses on hedges	(0)	0
Revaluation reserve for land	(1,702)	(1,702)
Remeasurements of defined benefit plans	154	151
Total accumulated other comprehensive income	(1,523)	(1,552)
Total net assets	286,001	293,788
Total liabilities and net assets	475,505	477,954

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Net sales	418,437	433,475
Cost of sales	311,519	321,167
Gross profit	106,917	112,307
Selling, general and administrative expenses	83,859	88,276
Operating profit	23,057	24,030
Non-operating income		
Interest income	115	153
Dividend income	1	0
Guarantee commission income	171	160
Gain on receipt of donated non-current assets	96	100
Other	110	115
Total non-operating income	495	530
Non-operating expenses		
Interest expenses	168	317
Share of loss of entities accounted for using equity method	480	786
Other	11	10
Total non-operating expenses	660	1,114
Ordinary profit	22,893	23,446
Extraordinary income		
Gain on sale of investment securities	–	33
Gain on sale of non-current assets	2	–
National subsidies	43	101
Other	5	29
Total extraordinary income	50	163
Extraordinary losses		
Loss on sale of non-current assets	–	45
Impairment losses	111	156
Loss on retirement of non-current assets	87	74
Loss on tax purpose reduction entry of non-current assets	21	67
Loss on disaster	1	121
Other	15	15
Total extraordinary losses	236	481
Profit before income taxes	22,707	23,128
Income taxes	7,437	7,649
Profit	15,269	15,479
Profit attributable to non-controlling interests	–	–
Profit attributable to owners of parent	15,269	15,479

Consolidated Statements of Comprehensive Income

(Million yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Profit	15,269	15,479
Other comprehensive income		
Valuation difference on available-for-sale securities	7	(24)
Remeasurements of defined benefit plans, net of tax	(0)	(2)
Share of other comprehensive income of entities accounted for using equity method	1	(1)
Total other comprehensive income	7	(28)
Comprehensive income	15,277	15,450
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,277	15,450
Comprehensive income attributable to non-controlling interests	–	–

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2025	For the six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	22,707	23,128
Depreciation	8,897	9,441
Impairment losses	111	156
Loss on tax purpose reduction entry of non-current assets	21	67
Increase (decrease) in retirement benefit liability	92	108
Increase (decrease) in allowance for doubtful accounts	(3)	(0)
Increase (decrease) in provision for bonuses for directors (and other officers)	(21)	(43)
Increase (decrease) in contract liabilities	369	338
Interest and dividend income	(117)	(154)
Interest expenses	168	317
State subsidy	(43)	(101)
Penalty income	(0)	–
Share of loss (profit) of entities accounted for using equity method	480	786
Loss on retirement of non-current assets	87	74
Loss on disaster	1	121
Decrease (increase) in trade receivables	2,795	517
Decrease (increase) in inventories	(4,899)	(5,270)
Decrease (increase) in accounts receivable - other	459	591
Increase (decrease) in trade payables	(1,860)	(1,607)
Increase (decrease) in accrued consumption taxes	362	36
Other, net	(1,721)	(99)
Subtotal	27,884	28,409
Interest and dividends received	57	96
Interest paid	(153)	(295)
Income taxes paid	(6,589)	(6,903)
Subsidies received	43	101
Net cash provided by (used in) operating activities	21,242	21,408
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,335)	(15,229)
Purchase of intangible assets	(573)	(271)
Loan advances	(141)	(320)
Payments of leasehold and guarantee deposits	(386)	(337)
Proceeds from refund of leasehold and guarantee deposits	307	225
Other, net	(281)	(323)
Net cash provided by (used in) investing activities	(17,410)	(16,256)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,000	(1,000)
Proceeds from long-term borrowings	6,000	2,000
Repayments of long-term borrowings	(2,050)	(2,535)
Dividends paid	(7,601)	(7,719)
Purchase of treasury shares	(0)	–
Net cash provided by (used in) financing activities	(2,651)	(9,254)
Net increase (decrease) in cash and cash equivalents	1,180	(4,101)
Cash and cash equivalents at beginning of period	64,956	70,523
Cash and cash equivalents at end of period	66,137	66,421

(4) Notes to the Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable

(Notes in the Case of Material Changes in Shareholders' Equity)

Not applicable

(Notes on Special Accounting Treatments for Semi-annual 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 semi-annual period 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.

(Segment Information, etc.)

I. Six months ended September 30, 2025 (from April 1, 2025 to September 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 semi-annual consolidated statements of income (Note 2)
	Drugstore Business	Discount Store Business	Total		
Net sales					
Net sales to external customers	236,622	181,815	418,437	—	418,437
Inter-segment net sales or transfers	30,406	6	30,413	(30,413)	—
Total	267,028	181,822	448,850	(30,413)	418,437
Segment income	13,283	9,774	23,057	—	23,057

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 semi-annual 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. Six months ended September 30, 2026 (from April 1, 2026 to September 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 semi-annual consolidated statements of income (Note 2)
	Drugstore Business	Discount Store Business	Total		
Net sales					
Net sales to external customers	242,817	190,657	433,475	—	433,475
Inter-segment net sales or transfers	30,923	5	30,929	(30,929)	—
Total	273,741	190,662	464,404	(30,929)	433,475
Segment income	13,808	10,221	24,030	—	24,030

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 semi-annual consolidated statements of income.
Note 3: Revenues other than those arising from contracts with customers are not categorized as they are of little importance.