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# Quarterly trends and results

Cumulative (JPYmn)	FY03/23				FY03/24				FY03/25			FY03/25	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	% of Est.	FY Est.
Sales	26,299	53,340	81,878	109,551	27,656	56,461	86,175	115,361	29,419	59,761	91,891	75.3%	122,000
YoY	1.5%	2.2%	2.5%	2.7%	5.2%	5.9%	5.2%	5.3%	6.4%	5.8%	6.6%		5.8%
Gross profit	11,062	22,315	34,287	45,921	11,433	23,453	35,882	47,925	12,274	24,664	38,178		
YoY	3.0%	2.1%	2.5%	3.4%	3.4%	5.1%	4.7%	4.4%	7.4%	5.2%	6.4%		
Gross profit margin	42.1%	41.8%	41.9%	41.9%	41.3%	41.5%	41.6%	41.5%	41.7%	41.3%	41.5%		
SG&A expenses	10,713	21,215	31,942	42,758	10,981	21,740	32,813	44,093	11,806	23,636	35,604		
YoY	6.4%	6.1%	5.1%	5.4%	2.5%	2.5%	2.7%	3.1%	7.5%	8.7%	8.5%		
SG&A ratio	40.7%	39.8%	39.0%	39.0%	39.7%	38.5%	38.1%	38.2%	40.1%	39.6%	38.7%		
Operating profit	348	1,099	2,344	3,163	451	1,712	3,069	3,832	468	1,027	2,573	85.8%	3,000
YoY	-47.8%	-41.0%	-23.5%	-17.9%	29.6%	55.8%	30.9%	21.2%	3.8%	-40.0%	-16.2%		-21.7%
Operating profit margin	1.3%	2.1%	2.9%	2.9%	1.6%	3.0%	3.6%	3.3%	1.6%	1.7%	2.8%		2.5%
Recurring profit	392	1,242	2,499	3,355	410	1,692	3,044	3,825	468	1,020	2,623	87.4%	3,000
YoY	-58.1%	-44.4%	-28.3%	-22.2%	4.6%	36.2%	21.8%	14.0%	14.1%	-39.7%	-13.8%		-21.6%
Recurring profit margin	1.5%	2.3%	3.1%	3.1%	1.5%	3.0%	3.5%	3.3%	1.6%	1.7%	2.9%		2.5%
Net income	91	502	1,195	1,610	148	861	1,693	1,860	170	207	1,445	115.6%	1,250
YoY	-84.4%	-64.9%	-44.3%	-32.7%	62.6%	71.5%	41.7%	15.5%	14.9%	-76.0%	-14.6%		-32.8%
Net margin	0.3%	0.9%	1.5%	1.5%	0.5%	1.5%	2.0%	1.6%	0.6%	0.3%	1.6%		1.0%
Quarterly (JPYmn)	FY03/23			FY03/24			FY03/25						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3		
Sales	26,299	27,041	28,538	27,673	27,656	28,805	29,714	29,186	29,419	30,342	32,130		
YoY	1.5%	3.0%	3.0%	3.2%	5.2%	6.5%	4.1%	5.5%	6.4%	5.3%	8.1%		
Gross profit	11,062	11,253	11,972	11,634	11,433	12,020	12,429	12,043	12,274	12,390	13,514		
YoY	3.0%	1.2%	3.4%	5.9%	3.4%	6.8%	3.8%	3.5%	7.4%	3.1%	8.7%		
Gross profit margin	42.1%	41.6%	42.0%	42.0%	41.3%	41.7%	41.8%	41.3%	41.7%	40.8%	42.1%		
SG&A expenses	10,713	10,502	10,727	10,816	10,981	10,759	11,073	11,280	11,806	11,830	11,968		
YoY	6.4%	5.8%	3.3%	6.1%	2.5%	2.4%	3.2%	4.3%	7.5%	10.0%	8.1%		
SG&A ratio	40.7%	38.8%	37.6%	39.1%	39.7%	37.4%	37.3%	38.6%	40.1%	39.0%	37.2%		
Operating profit	348	751	1,245	819	451	1,261	1,357	763	468	559	1,546		
YoY	-47.8%	-37.2%	3.7%	3.8%	29.6%	67.9%	9.0%	-6.8%	3.8%	-56.7%	13.9%		
Operating profit margin	1.3%	2.8%	4.4%	3.0%	1.6%	4.4%	4.6%	2.6%	1.6%	1.8%	4.8%		
Recurring profit	392	850	1,257	856	410	1,282	1,352	781	468	552	1,603		
YoY	-58.1%	-34.6%	0.6%	3.4%	4.6%	50.8%	7.6%	-8.8%	14.1%	-56.9%	18.6%		
Recurring profit margin	1.5%	3.1%	4.4%	3.1%	1.5%	4.5%	4.6%	2.7%	1.6%	1.8%	5.0%		
Net income	91	411	693	415	148	713	832	167	170	37	1,238		
YoY	-84.4%	-51.5%	-2.8%	66.0%	62.6%	73.5%	20.1%	-59.8%	14.9%	-94.8%	48.8%		
Net margin	0.3%	1.5%	2.4%	1.5%	0.5%	2.5%	2.8%	0.6%	0.6%	0.1%	3.9%		

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

## Quarterly results by segment

By segment (cumulative) (JPYmn)	FY03/23				FY03/24				FY03/25		
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3
Sales	26,299	53,340	81,878	109,551	27,656	56,461	86,175	115,361	29,419	59,761	91,891
YoY	1.5%	2.2%	2.5%	2.7%	5.2%	5.9%	5.2%	5.3%	6.4%	5.8%	6.6%
Community Pharmacy Network	25,045	50,792	78,078	104,399	26,356	53,765	82,105	109,904	28,029	57,074	87,815
YoY	1.6%	2.3%	2.8%	2.9%	5.2%	5.9%	5.2%	5.3%	6.3%	6.2%	7.0%
% of total	94.5%	94.5%	94.7%	94.5%	94.7%	94.7%	94.7%	94.6%	94.6%	94.9%	95.0%
Leasing and Facility-related	794	1,673	2,448	3,494	800	1,687	2,560	3,611	942	1,729	2,625
YoY	7.4%	8.9%	-0.5%	5.1%	0.8%	0.8%	4.6%	3.3%	17.8%	2.5%	2.5%
% of total	3.0%	3.1%	3.0%	3.2%	2.9%	3.0%	3.0%	3.1%	3.2%	2.9%	2.8%
Meal Catering	573	1,135	1,701	2,289	590	1,189	1,781	2,360	586	1,177	1,768
YoY	-2.2%	-2.7%	-2.9%	-1.4%	3.0%	4.8%	4.7%	3.1%	-0.7%	-1.0%	-0.7%
% of total	2.2%	2.1%	2.1%	2.1%	2.1%	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%
Other	77	151	228	304	78	155	237	314	85	174	261
YoY	4.1%	-0.7%	-1.7%	-0.3%	1.3%	2.6%	3.9%	3.3%	9.0%	12.3%	10.1%
% of total	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Segment sales adjustments	-190	-412	-579	-937	-168	-336	-510	-828	-224	-394	-578
Operating profit	348	1,099	2,344	3,163	451	1,712	3,069	3,832	468	1,027	2,573
YoY	-47.8%	-41.0%	-23.5%	-17.9%	29.6%	55.8%	30.9%	21.2%	3.8%	-40.0%	-16.2%
Community Pharmacy Network	1,014	2,384	4,299	5,887	1,077	2,947	4,965	6,433	1,061	2,241	4,420
YoY	-15.6%	-17.4%	-7.8%	-3.8%	6.2%	23.6%	15.5%	9.3%	-1.5%	-24.0%	-11.0%
Operating profit margin	4.0%	4.7%	5.5%	5.6%	4.1%	5.5%	6.0%	5.9%	3.8%	3.9%	5.0%
Leasing and Facility-related	-43	-65	-97	-92	22	69	129	158	56	99	188
YoY	-	-	-	-	-	-	-	-	154.5%	43.5%	45.7%
Operating profit margin	-	-	-	-	2.8%	4.1%	5.0%	4.4%	5.9%	5.7%	7.2%
Meal Catering	-11	-33	-55	-65	-14	-23	-24	-43	-2	-7	1
YoY	-	-	-	-	-	-	-	-	-	-	-
Operating profit margin	-	-	-	-	-	-	-	-	-	-	-
Other	-2	-10	-14	-22	-8	-20	-30	-43	-7	-12	-17

YoY	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit margin	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Segment profit adjustments	-608	-1,175	-1,787	-2,542	-626	-1,261	-1,970	-2,671	-639	-1,293	-2,019			
	FY03/23				FY03/24				FY03/25					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3			
<b>Sales</b>	<b>26,299</b>	<b>27,041</b>	<b>28,538</b>	<b>27,673</b>	<b>27,656</b>	<b>28,805</b>	<b>29,714</b>	<b>29,186</b>	<b>29,419</b>	<b>30,342</b>	<b>32,130</b>			
YoY	1.5%	3.0%	3.0%	3.2%	5.2%	6.5%	4.1%	5.5%	6.4%	5.3%	8.1%			
Community Pharmacy Network	25,045	25,747	27,286	26,321	26,356	27,409	28,340	27,799	28,029	29,045	30,741			
YoY	1.6%	3.0%	3.7%	3.3%	5.2%	6.5%	3.9%	5.6%	6.3%	6.0%	8.5%			
% of total	94.5%	94.4%	95.1%	93.9%	94.7%	94.6%	94.8%	94.2%	94.6%	95.2%	95.1%			
Leasing and Facility-related	794	879	775	1,046	800	887	873	1,051	942	787	896			
YoY	7.4%	10.3%	-16.2%	20.9%	0.8%	0.9%	12.6%	0.5%	17.8%	-11.3%	2.6%			
% of total	3.0%	3.2%	2.7%	3.7%	2.9%	3.1%	2.9%	3.6%	3.2%	2.6%	2.8%			
Meal Catering	573	562	566	588	590	599	592	579	586	591	591			
YoY	-2.2%	-3.1%	-3.4%	3.2%	3.0%	6.6%	4.6%	-1.5%	-0.7%	-1.3%	-0.2%			
% of total	2.2%	2.1%	2.0%	2.1%	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%	1.8%			
Other	77	74	77	76	78	77	82	77	85	89	87			
YoY	4.1%	-5.1%	-3.8%	4.1%	1.3%	4.1%	6.5%	1.3%	9.0%	15.6%	6.1%			
% of total	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%			
Segment sales adjustments	-190	-222	-167	-358	-168	-168	-174	-318	-224	-170	-184			
<b>Operating profit</b>	<b>348</b>	<b>751</b>	<b>1,245</b>	<b>819</b>	<b>451</b>	<b>1,261</b>	<b>1,357</b>	<b>763</b>	<b>468</b>	<b>559</b>	<b>1,546</b>			
YoY	-47.8%	-37.2%	3.7%	3.8%	29.6%	67.9%	9.0%	-6.8%	3.8%	-55.7%	13.9%			
Community Pharmacy Network	1,014	1,370	1,915	1,588	1,077	1,870	2,018	1,468	1,061	1,180	2,179			
YoY	-15.6%	-18.6%	7.7%	9.2%	6.2%	36.5%	5.4%	-7.6%	-1.5%	-36.9%	8.0%			
Operating profit margin	4.0%	5.3%	7.0%	6.0%	4.1%	6.8%	7.1%	5.3%	3.8%	4.1%	7.1%			
Leasing and Facility-related	-43	-22	-32	5	22	47	60	29	56	43	89			
YoY	-	-	-	-	-	-	-	480.0%	154.5%	-8.5%	48.3%			
Operating profit margin	-	-	-	-	2.8%	5.3%	6.9%	2.8%	5.9%	5.5%	9.9%			
Meal Catering	-11	-22	-22	-10	-14	-9	-1	-19	-2	-5	8			
YoY	-	-	-	-	-	-	-	-	-	-	-			
Operating profit margin	-	-	-	-	-	-	-	-	-	-	-			
Other	-2	-8	-4	-8	-8	-12	-10	-13	-7	-5	-5			
YoY	-	-	-	-	-	-	-	-	-	-	-			
Operating profit margin	-	-	-	-	-	-	-	-	-	-	-			
Segment profit adjustments	-608	-567	-612	-755	-626	-635	-709	-701	-639	-654	-726			

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

## Number of prescriptions filled and price per prescription (Community Pharmacy business, all-store basis)

	FY03/22				FY03/23				FY03/24				FY03/25		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Price per prescription	10,177	10,254	10,308	10,410	10,041	10,061	10,173	10,235	9,871	10,033	10,070	10,141	10,027	10,228	10,231
YoY	-6.9%	-4.0%	-3.0%	-2.3%	-1.3%	-1.9%	-1.3%	-1.7%	-1.7%	-0.3%	-1.0%	-0.9%	1.6%	1.9%	1.6%
Drug fee	7,742	7,819	7,882	7,984	7,620	7,634	7,733	7,789	7,526	7,687	7,709	7,773	7,640	7,828	7,813
Technical fee	2,435	2,435	2,426	2,426	2,421	2,427	2,440	2,446	2,345	2,346	2,361	2,368	2,387	2,400	2,419
Number of prescriptions filled('000)	2,185	4,367	6,625	8,746	2,230	4,517	6,828	9,088	2,379	4,777	7,266	9,640	2,481	4,947	7,568
YoY	11.3%	8.0%	6.6%	5.5%	2.1%	3.4%	3.1%	3.9%	6.7%	5.8%	6.4%	6.1%	4.3%	3.6%	4.2%
Dispensing fees	22,238	44,784	68,296	91,056	22,399	45,448	69,472	93,029	23,484	47,935	73,168	97,765	24,878	50,600	77,438
YoY	3.5%	3.7%	3.4%	3.1%	0.7%	1.5%	1.7%	2.2%	4.8%	5.5%	5.3%	5.1%	5.9%	5.6%	5.8%

Source: Shared Research based on company materials

## Number of network members by region

Area	Directly operated pharmacies	Affiliates	Total
Hokkaido	123	230	353
Tohoku	34	754	788
Kanto and Koshinetsu	107	3,285	3,392
Tokai and Hokuriku	44	1,709	1,753
Kinki	54	1,713	1,767
Chugoku and Shikoku	21	1,018	1,039
Kyushu and Okinawa	72	1,573	1,645
<b>Total</b>	<b>455</b>	<b>10,282</b>	<b>10,737</b>

Source: Shared Research based on company data (as of December 31, 2024)

## Cumulative Q3 FY03/25 results (out February 7, 2025)

### Overview

Q3 FY03/25 cumulative results (April–December 2024)

- Sales: JPY91.9bn (+6.6% YoY)
- Operating profit: JPY2.6bn (-16.2% YoY)
- Recurring profit: JPY2.6bn (-13.8% YoY)
- Net income attributable to owners of the parent: JPY1.4bn (-14.6% YoY)

## Operating results and business conditions

The Japanese economy showed a gradual recovery during the cumulative Q3, driven by improved employment and income. However, concerns persist over ongoing price increases and potential financial policy revisions, creating uncertainty in economic conditions. The company's sales increased by 6.6% YoY in cumulative Q3.

Operating profit declined by 16.2% YoY, EBITDA reached JPY5.1bn (-5.7% YoY), recurring profit fell by 13.8% YoY, and net income attributable to owners of the parent declined by 14.6%. Profits in the Community Pharmacy Network business decreased YoY due to a decrease in prescription volume at existing stores, rising procurement costs for medicine, and wage increases.

Progress toward the full-year earnings forecast by the end of cumulative Q3 was 75.3% for sales, 85.8% for operating profit, 87.4% for recurring profit, and 115.6% for net income.

## Segment results

Cumulative Q3 FY03/25 results by segment were as follows.

### Community Pharmacy Network

- Segment sales: JPY87.8bn (+7.0% YoY)
- Segment profit: JPY4.4bn (-11.0% YoY)
- This is a new segment that integrates the former Pharmaceuticals Network business, the Dispensing Pharmacy business, and the manufacture and market pharmaceuticals business (mainly Feldsenf Pharma) previously included in Other. A digital shift business that utilizes instant messaging app LINE was added to the segment from FY03/21.

### Community Pharmacy

Dispensing fees exceeded cumulative Q3 FY03/24 levels in cumulative Q3 FY03/25, driven by new stores developed and acquired through M&A in FY03/24, the use of digital technologies like the LINE official account "Tsunagaru Pharmacy" for prescription transmission, and improved patient follow-up during medication periods. During the period under review, the company opened 17 community pharmacies, acquired one store, and closed or transferred 14 stores. As of end-December 2024, the company operated 455 community pharmacies, one in-home care plan support center, and eight cosmetics/drug stores.

### Pharmaceuticals Network

Service improvements supported the increase in the number of new network affiliates. As of end-December 2024, pharmaceutical network affiliates totaled 10,737 (+981 from end-FY03/24), comprising 455 directly operated pharmacies and 10,282 affiliates.

### Manufacture and Market Pharmaceuticals

The company offered 117 products (52 ingredients) as of end-December 2024. The number of new partner pharmacies steadily grew, with the total number of partner pharmacies reaching 6,562 (+2,148 YoY) as of end-December 2024.

### Digital Shift

The company established subsidiary PharmaShift Co., Ltd. on October 1, 2020, to create a "new pharmaceutical platform" for the digital age. In March 2021, the subsidiary launched the "Tsunagaru Pharmacy" service utilizing its official LINE account. The number of new stores using the service steadily grew in response to increased demand to address the NHI drug price revision. As of end-December 2024, the number of pharmacies using the service was 5,823 (+1,141 from end-FY03/24).

## Leasing and Facility-related

- Segment sales: JPY2.6bn (+2.5% YoY)
- Segment profit: JPY188mn (+45.7% YoY)

### Operating conditions of serviced elderly housing facilities

Segment sales grew 2.5% YoY, driven by an increase in construction orders. Profit growth was attributed to a review of advertising expenses related to the Wisteria serviced residences for the elderly. As of end-December 2024, three of the four serviced residences maintained stable occupancy rates, with an overall occupancy rate of 89.0%. Wisteria Minami Ichijo

reported an occupancy rate of 78.4% (91 out of 116 units occupied). The Wisteria Senri-Chuo business was transferred on October 1, 2024, and related fixed assets were sold.

## Meal Catering

- Segment sales: JPY1.8bn (-0.7% YoY)
- Segment profit: JPY1mn (versus a loss of JPY24mn in cumulative Q3 FY03/24)

### Lower sales but a return to profitability

Sales declined due to the closure of unprofitable facilities in FY03/24. However, a review of contract unit prices improved the gross profit margin, leading to a turnaround in profitability.

## Other (mostly home-visit nursing care)

- Segment sales: JPY261mn (+10.1% YoY)
- Segment loss: JPY17mn (versus a loss of JPY30mn in cumulative Q3 FY03/24)

# Company forecast for FY03/25

## Recent performance and FY03/25 company forecast

(JPYmn)	FY03/23			FY03/24			FY03/25		
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Est.	FY Est.
<b>Sales</b>	<b>53,340</b>	<b>56,211</b>	<b>109,551</b>	<b>56,461</b>	<b>58,900</b>	<b>115,361</b>	<b>59,761</b>	<b>62,239</b>	<b>122,000</b>
YoY	2.2%	3.1%	2.7%	5.9%	4.8%	5.3%	5.8%	5.7%	5.8%
Cost of sales	31,024	32,606	63,630	31,024	36,412	67,436	35,097		
<b>Gross profit</b>	<b>22,315</b>	<b>23,606</b>	<b>45,921</b>	<b>23,453</b>	<b>24,472</b>	<b>47,925</b>	<b>24,664</b>		
Gross profit margin	41.8%	42.0%	41.9%	41.5%	41.5%	41.5%	41.3%		
SG&A expenses	21,215	21,543	42,758	21,740	22,353	44,093	23,636		
SG&A ratio	39.8%	38.3%	39.0%	38.5%	38.0%	38.2%	39.6%		
<b>Operating profit</b>	<b>1,099</b>	<b>2,064</b>	<b>3,163</b>	<b>1,712</b>	<b>2,120</b>	<b>3,832</b>	<b>1,027</b>	<b>1,973</b>	<b>3,000</b>
YoY	-41.0%	3.7%	-17.9%	55.8%	2.7%	21.2%	-40.0%	-6.9%	-21.7%
Operating profit margin	2.1%	3.7%	2.9%	3.0%	3.6%	3.3%	1.7%	3.2%	2.5%
<b>Recurring profit</b>	<b>1,242</b>	<b>2,113</b>	<b>3,355</b>	<b>1,692</b>	<b>2,133</b>	<b>3,825</b>	<b>1,020</b>	<b>1,980</b>	<b>3,000</b>
YoY	-44.4%	1.7%	-22.2%	36.2%	0.9%	14.0%	-39.7%	-7.2%	-21.6%
Recurring profit margin	2.3%	3.8%	3.1%	3.0%	3.6%	3.3%	1.7%	3.2%	2.5%
<b>Net income</b>	<b>502</b>	<b>1,108</b>	<b>1,610</b>	<b>861</b>	<b>999</b>	<b>1,860</b>	<b>207</b>	<b>1,043</b>	<b>1,250</b>
YoY	-64.9%	15.1%	-32.7%	71.5%	-9.8%	15.5%	-76.0%	4.4%	-32.8%
Net margin	0.9%	2.0%	1.5%	1.5%	1.7%	1.6%	0.3%	1.7%	1.0%

Source: Shared Research based on company data

Note: Figures may differ from company materials due to differences in rounding methods.

The company maintained its full-year FY03/25 earnings forecast, which had been revised downward on October 31, 2024, at the time of the Q3 earnings announcement (February 7, 2025). The details are as follows:

- Sales: JPY122.0bn (no change from the previous forecast)
- EBITDA: JPY6.4bn (down JPY1.0bn from the previous forecast JPY7.5bn)
- Operating profit: JPY3.0bn (down JPY1.0bn from JPY4.0bn)
- Recurring profit: JPY3.0bn (down JPY950mn from JPY4.0bn)
- Net income attributable to owners of the parent: JPY1.3bn (down JPY750mn from 2.0bn)
- Net income per share: JPY42.77 (from the previous forecast JPY68.43, JPY61.83 in FY03/24)

# About Shared Research Inc.

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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