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2025-08-09

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Quarterly trends and results

Cumulative (JPYmn)	FY03/24				FY03/25				FY03/26	FY03/26			
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	% of Est.	1H Est.	% of Est.	FY Est.
Sales	27,656	56,461	86,175	115,361	29,419	59,761	91,891	122,387	31,100	51.0%	61,000	24.8%	125,500
YoY	5.2%	5.9%	5.2%	5.3%	6.4%	5.8%	6.6%	6.1%	5.7%		2.1%		2.5%
Gross profit	11,433	23,453	35,882	47,925	12,274	24,664	38,178	50,736	12,953				
YoY	3.4%	5.1%	4.7%	4.4%	7.4%	5.2%	6.4%	5.9%	5.5%				
Gross profit margin	41.3%	41.5%	41.6%	41.5%	41.7%	41.3%	41.5%	41.5%	41.6%				
SG&A expenses	10,981	21,740	32,813	44,093	11,806	23,636	35,604	47,582	12,513				
YoY	2.5%	2.5%	2.7%	3.1%	7.5%	8.7%	8.5%	7.9%	6.0%				
SG&A ratio	39.7%	38.5%	38.1%	38.2%	40.1%	39.6%	38.7%	38.9%	40.2%				
Operating profit	451	1,712	3,069	3,832	468	1,027	2,573	3,154	439	41.8%	1,050	12.9%	3,400
YoY	29.6%	55.8%	30.9%	21.2%	3.8%	-40.0%	-16.2%	-17.7%	-6.2%		2.2%		7.8%
Operating profit margin	1.6%	3.0%	3.6%	3.3%	1.6%	1.7%	2.8%	2.6%	1.4%		1.7%		2.7%
Recurring profit	410	1,692	3,044	3,825	468	1,020	2,623	3,162	404	44.9%	900	12.6%	3,200
YoY	4.6%	36.2%	21.8%	14.0%	14.1%	-39.7%	-13.8%	-17.3%	-13.7%		-11.8%		1.2%
Recurring profit margin	1.5%	3.0%	3.5%	3.3%	1.6%	1.7%	2.9%	2.6%	1.3%		1.5%		2.5%
Net income	148	861	1,693	1,860	170	207	1,445	1,262	78	33.9%	230	6.0%	1,300
YoY	62.6%	71.5%	41.7%	15.5%	14.9%	-76.0%	-14.6%	-32.2%	-54.1%		11.1%		3.0%
Net margin	0.5%	1.5%	2.0%	1.6%	0.6%	0.3%	1.6%	1.0%	0.3%		0.4%		1.0%
Earnings (quarterly) (JPYmn)	FY03/24				FY03/25				FY03/26				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1				
Sales	27,656	28,805	29,714	29,186	29,419	30,342	32,130	30,496	31,100				
YoY	5.2%	6.5%	4.1%	5.5%	6.4%	5.3%	8.1%	4.5%	5.7%				
Gross profit	11,433	12,020	12,429	12,043	12,274	12,390	13,514	12,558	12,953				
YoY	3.4%	6.8%	3.8%	3.5%	7.4%	3.1%	8.7%	4.3%	5.5%				
Gross profit margin	41.3%	41.7%	41.8%	41.3%	41.7%	40.8%	42.1%	41.2%	41.6%				
SG&A expenses	10,981	10,759	11,073	11,280	11,806	11,830	11,968	11,978	12,513				
YoY	2.5%	2.4%	3.2%	4.3%	7.5%	10.0%	8.1%	6.2%	6.0%				
SG&A ratio	39.7%	37.4%	37.3%	38.6%	40.1%	39.0%	37.2%	39.3%	40.2%				
Operating profit	451	1,261	1,357	763	468	559	1,546	581	439				
YoY	29.6%	67.9%	9.0%	-6.8%	3.8%	-55.7%	13.9%	-23.9%	-6.2%				
Operating profit margin	1.6%	4.4%	4.6%	2.6%	1.6%	1.8%	4.8%	1.9%	1.4%				
Recurring profit	410	1,282	1,352	781	468	552	1,603	539	404				
YoY	4.6%	50.8%	7.6%	-8.8%	14.1%	-56.9%	18.6%	-31.0%	-13.7%				
Recurring profit margin	1.5%	4.5%	4.6%	2.7%	1.6%	1.8%	5.0%	1.8%	1.3%				
Net income	148	713	832	167	170	37	1,238	-183	78				
YoY	62.6%	73.5%	20.1%	-59.8%	14.9%	-94.8%	48.8%	-	-54.1%				
Net margin	0.5%	2.5%	2.8%	0.6%	0.6%	0.1%	3.9%	-	0.3%				

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)	FY03/24				FY03/25				FY03/26	
	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1-Q2	Q1-Q3	Q1-Q4	Q1	Q1
Sales	27,656	56,461	86,175	115,361	29,419	59,761	91,891	122,387	31,100	31,100
YoY	5.2%	5.9%	5.2%	5.3%	6.4%	5.8%	6.6%	6.1%	5.7%	5.7%
Community Pharmacy Network	26,356	53,765	82,105	109,904	28,029	57,074	87,815	116,968	29,850	29,850
YoY	5.2%	5.9%	5.2%	5.3%	6.3%	6.2%	7.0%	6.4%	6.5%	6.5%
% of total	94.7%	94.7%	94.7%	94.6%	94.6%	94.9%	95.0%	95.0%	95.5%	95.5%
Leasing and Facility-related	800	1,687	2,560	3,611	942	1,729	2,625	3,468	747	747
YoY	0.8%	0.8%	4.6%	3.3%	17.8%	2.5%	2.5%	-4.0%	-20.7%	-20.7%
% of total	2.9%	3.0%	3.0%	3.1%	3.2%	2.9%	2.8%	2.8%	2.4%	2.4%
Meal Catering	590	1,189	1,781	2,360	586	1,177	1,768	2,359	581	581
YoY	3.0%	4.8%	4.7%	3.1%	-0.7%	-1.0%	-0.7%	0.0%	-0.9%	-0.9%
% of total	2.1%	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%	1.9%	1.9%	1.9%
Other	78	155	237	314	85	174	261	342	85	85
YoY	1.3%	2.6%	3.9%	3.3%	9.0%	12.3%	10.1%	8.9%	0.0%	0.0%
% of total	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Segment sales adjustments	-168	-336	-510	-828	-224	-394	-578	-751	-165	-165
Operating profit	451	1,712	3,069	3,832	468	1,027	2,573	3,154	439	439
YoY	29.6%	55.8%	30.9%	21.2%	3.8%	-40.0%	-16.2%	-17.7%	-6.2%	-6.2%
Community Pharmacy Network	1,077	2,947	4,965	6,433	1,061	2,241	4,420	5,626	1,065	1,065
YoY	6.2%	23.6%	15.5%	9.3%	-1.5%	-24.0%	-11.0%	-12.5%	0.4%	0.4%
Operating profit margin	4.1%	5.5%	6.0%	5.9%	3.8%	3.9%	5.0%	4.8%	3.6%	3.6%
Leasing and Facility-related	22	69	129	158	56	99	188	190	23	23
YoY	-	-	-	-	154.5%	43.5%	45.7%	20.3%	-58.9%	-58.9%
Operating profit margin	2.8%	4.1%	5.0%	4.4%	5.9%	5.7%	7.2%	5.5%	3.1%	3.1%
Meal Catering	-14	-23	-24	-43	-2	-7	1	10	-3	-3
YoY	-	-	-	-	-	-	-	-	-	-
Operating profit margin	-	-	-	-	-	-	-	0.4%	-0.5%	-0.5%
Other	-8	-20	-30	-43	-7	-12	-17	-29	-3	-3

YoY	-	-	-	-	-	-	-	-	-	-	-
	Operating profit margin	-	-	-	-	-	-	-	-	-	-3.5%
	Segment profit adjustments	-626	-1,261	-1,970	-2,671	-639	-1,293	-2,019	-2,644	-	-642
		FY03/24				FY03/25				FY03/26	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Sales		27,656	28,805	29,714	29,186	29,419	30,342	32,130	30,496	31,100	
	YoY	5.2%	6.5%	4.1%	5.5%	6.4%	5.3%	8.1%	4.5%	5.7%	
	Community Pharmacy Network	26,356	27,409	28,340	27,799	28,029	29,045	30,741	29,153	29,850	
	YoY	5.2%	6.5%	3.9%	5.6%	6.3%	6.0%	8.5%	4.9%	6.5%	
	% of total	94.7%	94.6%	94.8%	94.2%	94.6%	95.2%	95.1%	95.1%	95.5%	
	Leasing and Facility-related	800	887	873	1,051	942	787	896	843	747	
	YoY	0.8%	0.9%	12.6%	0.5%	17.8%	-11.3%	2.6%	-19.8%	-20.7%	
	% of total	2.9%	3.1%	2.9%	3.6%	3.2%	2.6%	2.8%	2.7%	2.4%	
	Meal Catering	590	599	592	579	586	591	591	591	581	
	YoY	3.0%	6.6%	4.6%	-1.5%	-0.7%	-1.3%	-0.2%	2.1%	-0.9%	
	% of total	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%	1.8%	1.9%	1.9%	
	Other	78	77	82	77	85	89	87	81	85	
	YoY	1.3%	4.1%	6.5%	1.3%	9.0%	15.6%	6.1%	5.2%	0.0%	
	% of total	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	
	Segment sales adjustments	-168	-168	-174	-318	-224	-170	-184	-173	-165	
Operating profit		451	1,261	1,357	763	468	559	1,546	581	439	
	YoY	29.6%	67.9%	9.0%	-6.8%	3.8%	-55.7%	13.9%	-23.9%	-6.2%	
	Community Pharmacy Network	1,077	1,870	2,018	1,468	1,061	1,180	2,179	1,206	1,065	
	YoY	6.2%	36.5%	5.4%	-7.6%	-1.5%	-36.9%	8.0%	-17.8%	0.4%	
	Operating profit margin	4.1%	6.8%	7.1%	5.3%	3.8%	4.1%	7.1%	4.1%	3.6%	
	Leasing and Facility-related	22	47	60	29	56	43	89	2	23	
	YoY	-	-	-	480.0%	154.5%	-8.5%	48.3%	-93.1%	-58.9%	
	Operating profit margin	2.8%	5.3%	6.9%	2.8%	5.9%	5.5%	9.9%	0.2%	3.1%	
	Meal Catering	-14	-9	-1	-19	-2	-5	8	9	-3	
	YoY	-	-	-	-	-	-	-	-	-	
	Operating profit margin	-	-	-	-	-	-	1.4%	1.5%	-0.5%	
	Other	-8	-12	-10	-13	-7	-5	-5	-12	-3	
	YoY	-	-	-	-	-	-	-	-	-	
	Operating profit margin	-	-	-	-	-	-	-	-	-	
	Segment profit adjustments	-626	-635	-709	-701	-639	-654	-726	-625	-642	
		-	-	-	-	-	-	-	-	-	

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)

	FY03/23				FY03/24				FY03/25				FY03/26
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Price per prescription	10,041	10,061	10,173	10,235	9,871	10,033	10,070	10,141	10,027	10,228	10,231	10,283	10,370
YoY	-1.3%	-1.9%	-1.3%	-1.7%	-1.7%	-0.3%	-1.0%	-0.9%	1.6%	1.9%	1.6%	1.4%	3.4%
Drug fee	7,620	7,634	7,733	7,789	7,526	7,687	7,709	7,773	7,640	7,828	7,813	7,849	7,874
Technical fee	2,421	2,427	2,440	2,446	2,345	2,346	2,361	2,368	2,387	2,400	2,419	2,434	2,496
Number of prescriptions filed ('000)	2,230	4,517	6,828	9,088	2,379	4,777	7,266	9,640	2,481	4,947	7,568	10,018	2,505
YoY	2.1%	3.4%	3.1%	3.9%	6.7%	5.8%	6.4%	6.1%	4.3%	3.6%	4.2%	3.9%	1.0%
Dispensing fees	22,399	45,448	69,472	93,029	23,484	47,935	73,168	97,765	24,878	50,600	77,438	103,018	25,979
YoY	0.7%	1.5%	1.7%	2.2%	4.8%	5.5%	5.3%	5.1%	5.9%	5.6%	5.8%	5.4%	4.4%

Source: Shared Research based on company materials

Number of network members by region

Area	Directly operated pharmacies	Affiliates	Total
Hokkaido	122	245	367
Tohoku	35	782	817
Kanto and Koshinetsu	111	3,499	3,610
Tokai and Hokuriku	44	1,816	1,860
Kinki	56	1,746	1,802
Chugoku and Shikoku	20	1,051	1,071
Kyushu and Okinawa	74	1,663	1,737
Total	462	10,802	11,264

Source: Shared Research based on company data (as of June 30, 2025)

Q1 FY03/26 results (out August 8, 2025)

Overview

Q1 FY03/26 results (April–June 2025)

- Sales: JPY31.1bn (+5.7% YoY)
- Operating profit: JPY439mn (-6.2% YoY)
- Recurring profit: JPY404mn (-13.7% YoY)
- Net income attributable to owners of the parent: JPY78mn (-54.1% YoY)

Operating results and business conditions

The Japanese economy showed a gradual recovery, driven by improved employment and income. However, concerns persist over ongoing price increases, the US trade policy, and fluctuations in financial and capital markets, creating uncertainty in economic conditions.

Under these circumstances, sales rose 5.7% YoY, mainly driven by contributions from pharmacies opened in FY03/25 in the Community Pharmacy business of the Community Pharmacy Network segment. Operating profit fell 6.2% YoY, recurring profit declined 13.7%, and net income attributable to owners of the parent dropped 54.1%, driven by higher personnel expenses in the Community Pharmacy Network and other factors. EBITDA was JPY1.3bn (+0.2% YoY).

Segment results

Q1 FY03/26 results by segment were as follows.

Community Pharmacy Network

- Segment sales: JPY29.9bn (+6.5% YoY)
- Segment profit: JPY1.1bn (+0.4% 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 segment. Digital Shift business that utilizes instant messaging app LINE was added to the segment from FY03/21.

In this core segment, despite higher labor costs from wage increases and other factors, pharmacies opened in FY03/25 in the Community Pharmacy business contributed to earnings.

Community Pharmacy

The company continued to focus on new openings and acquisitions through M&A, opening six community pharmacies in Q1, including five mall format locations, and acquiring one pharmacy through M&A. The company closed or transferred two stores. As of end-Q1 FY03/26, the company operated 462 community pharmacies, one in-home care plan support center, and nine drug stores.

Pharmaceuticals Network

Network affiliates continued to grow steadily, supported by improved service. As of end-Q1 FY03/26, pharmaceutical network affiliates totaled 11,264 (+261 from end-FY03/25), comprising 462 directly operated pharmacies and 10,802 affiliates.

Manufacture and Market Pharmaceuticals

The company offered 120 products (52 ingredients) as of end-Q1 FY03/26. As a result of efforts to develop new business partners, the number of new client stores grew steadily, bringing the total to 6,993 at end-June 2025, up 1,822 from end-FY03/25.

Pharmaceutical Logistics business

In this business, the company is working to expand its client base. The number of new client stores has been growing steadily, reaching 2,408 at end-June 2025, up 836 from end-FY03/25.

Digital Shift

In March 2021, the Digital Shift business launched the "Tsunagaru Pharmacy" service utilizing its official LINE account. This segment works to expand its customer base by providing successful experiences for both patients and pharmacies. As of end-June 2025, the number of installed locations stood at 6,226, up 206 from end-FY03/25.

Leasing and Facility-related

- Segment sales: JPY747mn (-20.7% YoY)
- Segment profit: JPY23mn (-58.9% YoY)

Operating conditions of serviced elderly housing facilities

Revenue fell 20.7% YoY, reflecting the absence of large projects recorded in Q1 FY03/25, and segment profit declined 58.9% YoY. As of end-June 2025, occupancy at all four serviced elderly housing facilities was 87.8%.

Meal Catering

- Segment sales: JPY581mn (-0.9% YoY)
- Segment loss: JPY3mn (versus a loss of JPY2mn in Q1 FY03/25)

Lower sales but a return to profitability

In response to a prolonged labor shortage, the company sought to introduce fully prepared products and worked to improve profitability through price revisions and other measures. However, higher material and personnel costs led to lower sales and a larger loss.

Other (mostly home-visit nursing care)

- Segment sales: JPY85mn (+0.0% YoY)
- Segment loss: JPY3mn (versus a loss of JPY7mn in Q1 FY03/25)

Company forecast for FY03/26

Recent performance and FY03/26 company forecast

	FY03/24			FY03/25			FY03/26		
(JPYmn)	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Est.	2H Est.	FY Est.
Sales	56,461	58,900	115,361	59,761	62,626	122,387	61,000	64,500	125,500
YoY	5.9%	4.8%	5.3%	5.8%	6.3%	6.1%	2.1%	3.0%	2.5%
Cost of sales	31,024	36,412	67,436	35,097	36,554	71,651			
Gross profit	23,453	24,472	47,925	24,664	26,072	50,736			
Gross profit margin	41.5%	41.5%	41.5%	41.3%	41.6%	41.5%			
SG&A expenses	21,740	22,353	44,093	23,636	23,946	47,582			
SG&A ratio	38.5%	38.0%	38.2%	39.6%	38.2%	38.9%			
Operating profit	1,712	2,120	3,832	1,027	2,127	3,154	1,050	2,350	3,400
YoY	55.8%	2.7%	21.2%	-40.0%	0.3%	-17.7%	2.2%	10.5%	7.8%
Operating profit margin	3.0%	3.6%	3.3%	1.7%	3.4%	2.6%	1.7%	3.6%	2.7%
Recurring profit	1,692	2,133	3,825	1,020	2,142	3,162	900	2,300	3,200
YoY	36.2%	0.9%	14.0%	-39.7%	0.4%	-17.3%	-11.8%	7.4%	1.2%
Recurring profit margin	3.0%	3.6%	3.3%	1.7%	3.4%	2.6%	1.5%	3.6%	2.5%
Net income	861	999	1,860	207	1,055	1,262	230	1,070	1,300
YoY	71.5%	-9.8%	15.5%	-76.0%	5.6%	-32.2%	11.1%	1.4%	3.0%
Net margin	1.5%	1.7%	1.6%	0.3%	1.7%	1.0%	0.4%	1.7%	1.0%

Source: Shared Research based on company data

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

As of the Q1 earnings announcement on August 8, 2025, the company maintained its full-year forecast. In Q1, the rate of progress toward the full-year forecast was 24.8% for revenue, 12.9% for operating profit, 12.6% for recurring profit, and 6.0% for net income. The full-year FY03/26 forecast, announced on May 9, 2025, is as follows:

- Sales: JPY125.5bn (+2.5% YoY)
- EBITDA: JPY6.9bn (+4.9% YoY)
- Operating profit: JPY3.4bn (+7.8% YoY)
- Recurring profit: JPY3.2bn (+1.2% YoY)
- Net income attributable to owners of the parent: JPY1.3bn (+3.0% YoY)
- Net income per share: JPY44.48 (JPY43.20 in FY03/25)

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