COMPANY RESEARCH AND ANALYSIS REPORT

Qol Holdings Co., Ltd. (Qol)

3034

Tokyo Stock Exchange Prime Market

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FISCO Ltd. Analyst

Yuzuru Sato

FISCO Ltd.

https://www.fisco.co.jp

Contents

Summary

Aiming to expand the share of the Pharmacy Business and drive further growth of the Pharmaceutical Manufacturing Business through large investments

Qol Holdings Co., Ltd. (Qol) <3034> (hereafter, also "the Company") is a comprehensive healthcare company that has set out the vision Deliver Peace of Mind in Healthcare to Everyone. In addition to the Pharmacy Business, which is the Company's original business, it also operates the BPO Contracting Businesses and the Pharmaceutical Manufacturing Business. The Company operates the second-largest number of dispensing pharmacies in the industry. In the BPO Contracting Businesses, the Company operates the CSO*1 Business and the Medical Professional Referral Dispatch Business. In the Pharmaceutical Manufacturing Business, in October 2023, the Company acquired 30% of the shares of DAIICHI SANKYO ESPHA CO., LTD., which is mainly engaged in authorized generic products (hereafter, "AG products"*2), making it an equity-method affiliate. The Company then acquired an additional 21% of shares in April 2024, making it a consolidated subsidiary (current shareholding ratio: 80%).

*1 CSO stands for Contract Sales Organization and involves Contract Medical Representative (CMR) dispatch services.
*2 Authorized generic (AG): generic drugs with the same drug substances, additives, manufacturing process, and so on as a brand-name drug that are manufactured with the permission of the brand-name drug's manufacturer or generic drugs that may be sold based on permission to use the patent.

1. Overview of FY3/26 results

For the FY3/26 consolidated results, the Company posted record results, with net sales up 10.2% year on year (YoY) to ¥290,772mn, and operating income up 10.0% to ¥14,811mn. Although the Pharmacy Business saw profits decline somewhat due to a decrease in the number of prescriptions and rising personnel expenses, net sales in the Pharmaceutical Manufacturing Business increased 25.8% to ¥99,010mn and operating income rose 32.0% to ¥6,960mn, supported by strong performance of AG products launched by DAIICHI SANKYO ESPHA from December 2024 onward. These significant increases drove the overall results.

2. FY3/27 forecasts

For the FY3/27 consolidated results, the Company is expected to once again achieve higher sales and profits, with net sales up 8.3% YoY to ¥315,000mn, and operating income up 11.4% to ¥16,500mn. The Pharmacy Business is expected to achieve sales and profit growth in the 4% range, driven by higher sales primarily from an increase in the number of stores, enhanced productivity, and optimized costs. The Pharmaceutical Manufacturing Business is expected to maintain double-digit growth of 13.8% in net sales and 29.5% in operating income, driven by contributions from AG products launched in the previous fiscal year and those to be launched in FY3/27, as well as by an expanded market share for existing AG products. Following the drug price revision in FY2026, it has been decided that AG products to be newly listed on the drug price list from October 2026 onward will be priced at the same level as brand-name products. However, this will have no impact on the Company's near-term earnings. Since AG products will no longer have a price advantage, the Company plans to grow the Pharmaceutical Manufacturing Business by focusing on expanding the share of its existing AG products and introducing and developing GE products.

3. Medium-term management plan

For FY3/31, the Company has set the following performance targets: net sales of ¥500.0bn, operating income of ¥35.0bn, and ROE of 15% (increasing net sales 1.7 times and operating income 2.4 times vs. FY3/26). By growing its existing businesses (adding ¥42.0bn to net sales and ¥6.6bn to operating income) and making major investments, including major M&A deals and product introductions, the Company plans to generate ¥178.0bn in net sales and ¥13.0bn in operating income. Regarding M&A, the Company appears to be advancing negotiations to bring a pharmacy chain with over 100 stores into the Group, and its next moves are attracting attention. For operating income, the Company is targeting the highest growth in the Pharmaceutical Manufacturing Business, at 2.7 times the FY3/26 level, making that business the key to achieving the plan.

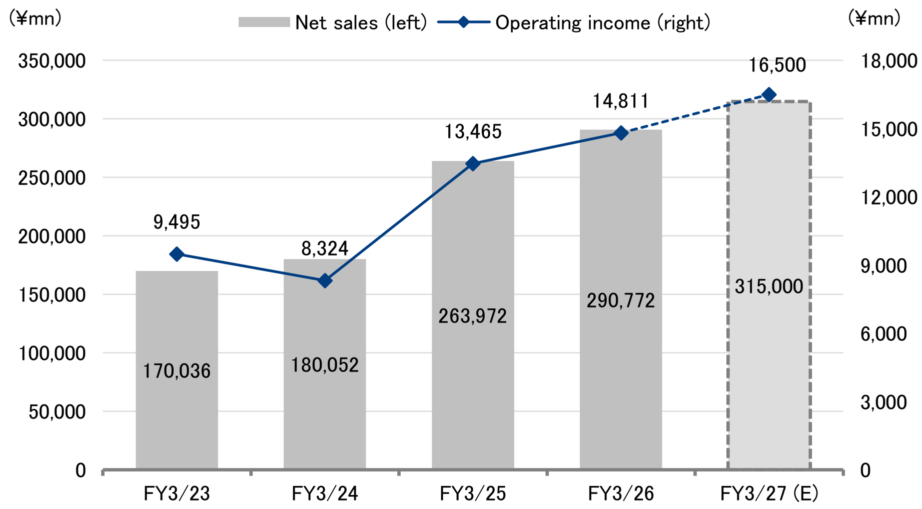
4. Shareholder return policy

The Company's basic policy is to continue providing a stable return of profits to shareholders while also giving consideration to internal reserves for future business development and reinforcement of its management foundation. The Company announced a new policy of progressive dividends, targeting an official payout ratio of more than 30% by FY3/31. For FY3/26, the Company increased the dividend per share ¥16.0 YoY to ¥50.0 (dividend payout ratio of 25.3%). It plans a further ¥4.0 increase to ¥54.0 (26.0%) for FY3/27, marking another consecutive year of dividend increases. For shareholder benefits, the Company provides catalog gifts, primarily PB products of the Company's Group. The catalog gifts worth ¥3,000, ¥5,000, or ¥7,000 are provided to shareholders registered at the end of March each year, based on the number of shares held and the length of the holding period.

Key Points

- Set new record highs in FY3/26, with the Pharmaceutical Manufacturing Business driving results
- Aiming for sales and profit growth across all business segments in FY3/27
- Executing major investments and aiming for net sales of ¥500.0bn and operating income of ¥35.0bn in FY3/31
- Announced a new policy of paying progressive dividends, targeting a dividend payout ratio of more than 30%

Results trends



Source: Prepared by FISCO from the Company's financial results

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Company profile

Expanding from the Pharmacy Business to the medical-related BPO Contracting Businesses and Pharmaceutical Manufacturing Business

1. History

Masaru Nakamura, the current Honorary Chairman, founded Qol Co., Ltd. in 1992. Since opening its first pharmacy in Nihonbashi Kabutocho in 1993, Qol Co., Ltd. has expanded its dispensing pharmacy network through organic store openings as well as actively leveraging M&A. The Company also sought to expand into related and peripheral businesses, establishing PhaseOn Co., Ltd. in 2003 to enter the clinical trial-related business (hereafter, the "CRO Business"), and establishing Qol Medis, Co., Ltd. in 2008 to start a worker referral and dispatch business.

Subsequently, the Company organized its businesses into two business segments, the Pharmacy Business and the BPO Contracting Businesses (the CSO/CRO Businesses, the Medical Professional Referral Dispatch Business, the Publishing Business, etc.). It then changed to a holding company structure in October 2018 in order to improve management efficiency and to expand the business scope. The Company subsequently changed its corporate name to Qol Holdings Co., Ltd. as a pure holding company. The Pharmacy Business is conducted by Qol Co., Ltd., and other companies that joined the Group through M&A. In the BPO Contracting Businesses, APO PLUS STATION Co., Ltd. conducts the CSO Business, mainly CMR dispatch, and the CRO Business; APO PLUS CAREER Co., Ltd. conducts the Medical Professional Referral Dispatch Business for pharmacists and other medical personnel; and Medical Qol Co., Ltd. engages in the Publishing-related Business and other such operations.

To enter the Pharmaceutical Manufacturing Business, in August 2019 the Company made Fujinaga Pharm Co., Ltd. a subsidiary, followed by the April 2024 acquisition of additional shares (for a 51% stake) in DAIICHI SANKYO ESPHA, a subsidiary of DAIICHI SANKYO Co., Ltd. <4568> involved in the manufacture and sale of generic drugs, making it a consolidated subsidiary. The Company increased its stake in DAIICHI SANKYO ESPHA to 80% in April 2025, and eventually plans to make it a wholly owned subsidiary.

In developing its businesses in the three domains of the Pharmacy Business, BPO Contracting Businesses, and Pharmaceutical Manufacturing Business, the Company is aiming to achieve business growth while increasing the stability of earnings as a comprehensive healthcare company in the medical field that provides a full line of services, from drug development to manufacturing and retail sales. The Pharmacy Business is a business that can stably acquire earnings, but it is exposed to the risk of fluctuating earnings due to the government's medical policies (including revisions to dispensing fees once every two years). In years when there are revisions, negative factors may affect earnings. The strategy is to offset these negative factors through the BPO Contracting Businesses and Pharmaceutical Manufacturing Business to achieve stable overall earnings growth. In terms of composition by business segment (results for FY3/26), the Pharmacy Business accounts for 61.0% of net sales and 52.3% of operating income, followed by the Pharmaceutical Manufacturing Business at 34.1% and 37.4% respectively and the BPO Contracting Businesses at 4.9% and 10.2%. Until FY3/24, the Company was dependent on the Pharmacy Business for earnings, but by making DAIICHI SANKYO ESPHA a subsidiary, the Company has increased the Pharmaceutical Manufacturing Business's share of the sales mix and gained a balanced business portfolio.

Pursuing an approach of "One-on-one pharmacies" and "Healthcare pharmacies" through alliances with companies in other industries to increase the number of stores while utilizing M&A

2. Pharmacy Business

(1) Business scale and position in the industry

The Pharmacy Business mainly operates dispensing pharmacies. As of the end of March 2026, the business had a total of 949 stores, of which 918 (approximately 97%) were dispensing pharmacies and the remaining 25 were shops located in hospitals. Prescription net sales (dispensing pharmacy net sales) account for around 93% of segment sales. Remaining sales are generated by products sold through pharmacies, convenience stores, and shops located in hospitals and sales of health foods, hygiene items, and other products via Qol's official e-commerce website.

Regarding positioning in the dispensing pharmacy industry, Qol ranks second in number of stores among dispensing pharmacy chains after Ain Holdings Inc. <9627>. However, in August 2025, Ain Holdings pulled further ahead by acquiring a major company in the industry, Sakura Pharmacy Group (833 stores as of the end of March 2025), thereby bringing the number of stores in its group to 2,137 (as of the end of April 2026), which is more than double the Company's number of stores.

(2) Pharmacy development strategy

A feature of the Company's pharmacy development strategy is that it conducts the business through two formats that are largely different in type. The first type is the "One-on-one pharmacies," and the second type is "Healthcare pharmacies" through business alliances with different industries such as Lawson, Inc, a major convenience store operator, and BIC CAMERA Inc. <3048>.

"One-on-one pharmacies" is a concept that defines the fundamental stance in store operations for ordinary Qol Pharmacies. It is also the "core business" in its business model. The key point lies in the close cooperation between the prescribing medical institutions and Qol Pharmacies. Our understanding at FISCO is that the phrase "One-on-one" is used to express the pharmacies' deep, cooperative relationships with medical institutions. From the phrase "One-on-one," the tendency is to imagine a deep relationship between only one Qol Pharmacy and only one prescribing medical institution. In fact, however, it seems that in many cases one pharmacy builds deep cooperative relationships with multiple medical institutions.

In its "One-on-one pharmacies," the Company is aiming to utilize cooperation with medical institutions to realize efficient and low-cost operations, and to invest the results of this into improving services for patients. Specifically, it is aiming to create these pharmacies by modifying store designs and functions in accordance with factors such as the departments of target prescribing medical institutions and the characteristics of each area. The funds for this are generated from the pharmacies' low-cost structures, including more efficient drug inventories, which is one of the benefits of "one-on-one" management. Based on the concept of "One-on-one pharmacies," the Company positions the creation of pharmacies that are selected by patients for having high utility value as the core of its pharmacy strategy.

The catalyst for Qol's deployment of "Healthcare pharmacies" through alliances with companies in other industries, which is its other format, was a revision to the Pharmaceuticals Affairs Law in June 2009 that allows convenience stores, drugstores, supermarkets, and other industry stores to sell OTC drugs as registered businesses. Spurred on by this, it became possible for companies to launch a dispensing pharmacy business, such as in drugstores. As an offensive measure in response to this, the Company entered into business alliances with the two aforementioned companies, and is now proceeding with this initiative.

"One-on-one pharmacies" have somewhat restricted customer scope that enables Qol to improve efficiencies in drug inventory management. Meanwhile, healthcare pharmacies are pharmacies that target a broad range of customers in high-foot-traffic locations. While these sites require larger inventory investments and other outlays than the "One-on-one pharmacies," they are likely to attract more customers (and thus receive more prescriptions). Qol positions "One-on-one pharmacies" as the core model and also aims to broaden the customer base through deployment of "Healthcare pharmacies." Also, the Company has allied with Ryohin Keikaku Co., Ltd. <7453> and started opening stores inside MUJI stores in FY3/22. Ryohin Keikaku opened a "Community Health Center" inside MUJI stores as a health promotion space that holds health-themed events, offers casual health consultation, and provides a full line of services covering disease prevention and health maintenance through to pharmaceuticals in order to contribute to the healthy living of local residents. The Company opens dispensing pharmacies as a collaborating partner in this initiative. As of the end of March 2026, there were 36 healthcare stores in alliance with Lawson, 4 inside BIC CAMERA stores, 2 inside MUJI stores, and a further 1 in a train station.

Looking at the number of store openings by area at the end of FY3/26, Kanto leads with 410 stores, followed by Kansai with 146 and Koshinetsu with 125, with these three areas accounting for 70% in total. The Kanto area has many stores as the Company was founded in Tokyo and focused on openings in the area. However, the Company has been pursuing an M&A strategy while steadily increasing the number of stores in the Koshinetsu, Kansai, and other areas. Ten years ago, as of the end of FY3/16, 52% of the 563 stores were in the Kanto area; however, the percentage had dropped to 43% by the end of FY3/26. Although the Company has increased the number of its stores by almost 40 each year in the past decade, it added only 1 store in FY3/26. This is because the Company prioritized strengthening its earning structure and closed 18 underperforming stores.

Change in number of stores by area

	End of FY3/16	End of FY3/25	End of FY3/26	Change vs. end of FY3/16	YoY change
Hokkaido	9	11	11	2	0
Tohoku	67	88	84	17	-4
Kanto	290	402	410	120	8
Koshinetsu	13	127	125	112	-2
Tokai, Hokuriku	38	73	74	36	1
Kansai	84	146	146	62	0
Chugoku, Shikoku	47	51	50	3	-1
Kyushu, Okinawa	15	50	49	34	-1
Total	563	948	949	386	1

Source: Prepared by FISCO from materials provided by the Company

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Company has a leading market share in the CMR dispatch and pharmacist referral dispatch industries

3. BPO Contracting Businesses

The BPO Contracting Businesses include: the CSO Business (CMR dispatches) and the CRO*1 Business (clinical trial support services), which are mainly conducted by APO PLUS STATION; the Medical Professional Referral Dispatch Business (pharmacists, registered sales personnel, public health nurses, nurses, etc.) conducted by APO PLUS CAREER; and the Medical-related Publishing Business conducted by Medical Qol. Looking at the sales composition ratio, the CSO/CRO Businesses account for the majority at 70%, followed by the Medical Professional Referral Dispatch Business at over 20% and the Medical-related Publishing Business at under 10%. In addition, in November 2025, the Company made ClinCloud Ltd., a CRO specializing in the field of EDC*2-based data management, a group company.

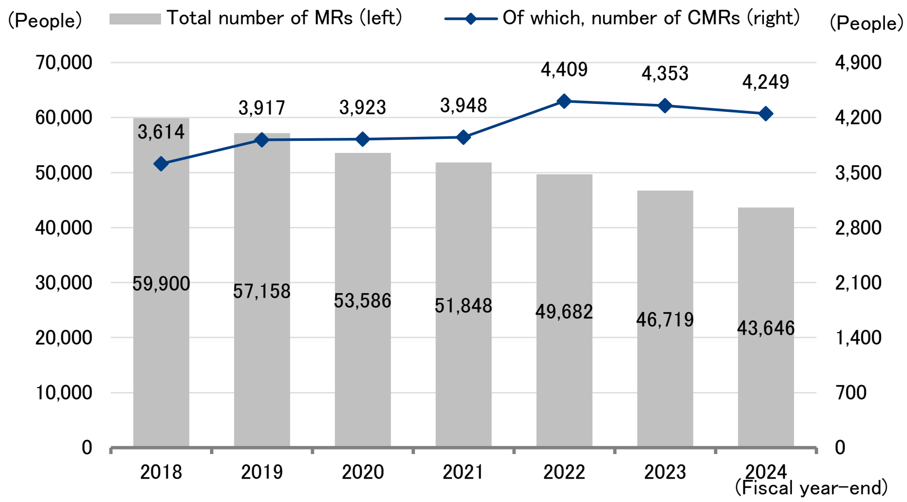
*1 Contract Research Organization (CRO) refers to a business that is entrusted with clinical trials, clinical research, and similar activities relating to the development of pharmaceuticals, etc., under contracts with pharmaceutical companies, etc.

*2 Electronic Data Capture (EDC) is a system that electronically collects and manages data obtained in clinical trials and clinical studies. ClinCloud is the sole Japanese distributor of the EDC system developed by US-based Fountayn, one of the leading players in the Japanese market, and provides EDC implementation support and CRO services. Its annual net sales are estimated at several hundred million yen.

(1) CSO/CRO Businesses

The CSO Business involves recruiting and training MRs and dispatching them to the contracted pharmaceutical companies. MRs refer to sales representatives who provide doctors, pharmacists, and others with knowledge and information on the pharmaceuticals they sell. In recent years, the development trend for new drugs among pharmaceutical companies has shifted from primary medicine (for treatment of lifestyle-related diseases, etc.) that targets many customers (medical facilities and doctors) to specialty drugs (anti-cancer drugs, etc.) for which the target customers are limited. Accordingly, there has been an expanding movement toward reducing their in-house MR personnel and switching to CMR personnel. In fact, according to the 2025 MR White Paper published by the MR Education & Accreditation Center of Japan, at the end of FY2024, there were 43,646 MRs (down 6.6% YoY), representing an eleventh consecutive year of decreases. While the number of CMRs decreased slightly to 4,249 (down 2.4%), the proportion of MRs accounted for by CMRs is rising year by year and now stands at 9.7% (up 0.4 percentage points (pp)). In this situation, the Company has been leveraging its recruiting and training capabilities to increase CMR personnel, reaching approximately 700 as of the end of March 2026, with the No. 2 share in the industry at around 18%. It also holds the leading position in the industry for the number of customers, with around 70 companies.

Number of MRs and CMRs in Japan



Source: Prepared by FISCO from the MR Education & Accreditation Center of Japan, "2025 MR White Paper"

On the other hand, the CRO Business provides total solutions from planning through to publication for clinical trials and clinical research in the respective fields of ethical drugs, OTC drugs, foods with function claims, and healthcare products. The Company has extensive track records in clinical trials in the food field, including Food for Specified Health Uses. In the pharmaceuticals field, it has experience in dermatology and ophthalmology.

(2) Medical Professional Referral Dispatch Business

This business involves referral dispatches of pharmacists, public health nurses, registered sales personnel, and others. Of these, it mainly conducts referral dispatches of pharmacists. It is in the top 10 for the number of dispatched pharmacists in the industry, while it also ranks in the top 3 for public health nurses. In addition, at APO PLUS CAREER, the Company provides pharmacy business succession and management support services and consulting services on health management for corporations.

DAIICHI SANKYO ESPHA is a major fabless manufacturer of generic drugs, primarily AG products

4. Pharmaceutical Manufacturing Business

The Pharmaceutical Manufacturing Business comprises two companies, Fujinaga Pharm and DAIICHI SANKYO ESPHA, with the latter accounting for about 98% of net sales. DAIICHI SANKYO ESPHA is a fabless manufacturer specializing in planning and sales, established by DAIICHI SANKYO in 2010 to enter the generic drug market. It now has the third-largest level of sales in Japan for generic drugs, and for AG products, it was the leading company in FY2022 with a market share of approximately 26%. AG products represent about 65% to 70% of net sales, and the company commercializes products by entering into licensing agreements for the development and sale of AG products with multiple pharmaceutical companies in addition to DAIICHI SANKYO. As of the end of March 2026, the company was selling 24 products. Production is outsourced to domestic pharmaceutical companies.

Fujinaga Pharm is a pharmaceutical manufacturer established in 1941 (founded in February 1924) that mainly covers the psychiatry and dermatology fields. It primarily manufactures brand-name drugs Phenobal and Hydantol and generic drug Fujinaga lithium carbonate for sleep disorders, depression, and other indications. In addition, since December 2022, the company has manufactured and sold the SARS-CoV-2 antigen test kit Tegaruna® stick SARS-CoV-2 Ag, as an in vitro diagnostic drug.

Results trends

Set new record highs in FY3/26, with the Pharmaceutical Manufacturing Business driving results

1. Overview of FY3/26 results

In the FY3/26 consolidated results, the Company posted record results, with net sales increasing 10.2% YoY to ¥290,772mn, operating income increasing 10.0% to ¥14,811mn, ordinary income increasing 7.6% to ¥14,879mn, and profit attributable to owners of parent increasing 43.5% to ¥7,408mn. The increases were primarily driven by the Pharmaceutical Manufacturing Business, whose results grew significantly on the back of solid sales of the five AG products that DAIICHI SANKYO ESPHA launched from December 2024 onward. Profit attributable to owners of parent grew significantly, partly because the Company acquired additional shares of DAIICHI SANKYO ESPHA in April 2025, which increased its stake from 51% to 80% and decreased profit attributable to non-controlling interests from the previous fiscal year's ¥2,312mn to ¥1,064mn.

FY3/26 results (consolidated)

(¥mn)

	FY3/25		FY3/26				
	Result	% of sales	Initial forecast	Result	% of sales	YoY	vs. forecast
Net sales	263,972	-	280,000	290,772	-	10.2%	3.8%
Gross profit	39,056	14.8%	-	40,902	14.1%	4.7%	-
SG&A expenses	25,591	9.7%	-	26,090	9.0%	2.0%	-
Operating income	13,465	5.1%	15,500	14,811	5.1%	10.0%	-4.4%
Ordinary income	13,831	5.2%	15,600	14,879	5.1%	7.6%	-4.6%
Extraordinary income/losses	-991	-0.4%	-	-499	-0.2%	-	-
Profit attributable to owners of parent	5,164	2.0%	7,000	7,408	2.5%	43.5%	+5.8%
EBITDA*	21,827	8.3%	25,300	24,624	8.5%	12.8%	-2.7%

* EBITDA = Operating income + Depreciation + Amortization of goodwill
Source: Prepared by FISCO from the Company's financial results

Net sales exceeded the initial forecast (net sales: ¥280,000mn, operating income: ¥15,500mn) by 3.8%, with the shortfall of the BPO Contracting Businesses offset by the strong performance of the Pharmaceutical Manufacturing Business. However, operating income fell short by 4.4%, as the BPO Contracting Businesses and the Pharmacy Business came in below the forecast. In the Pharmacy Business, the number of prescriptions missed the forecast and rising personnel expenses weighed on the performance. The BPO Contracting Businesses were below the forecast because the CSO Business and the Medical Professional Referral Dispatch Business fell short of the ambitious targets. However, earnings continue to expand steadily, with the BPO Contracting Businesses achieving YoY growth in sales and profits, among other factors.

Significant growth in sales and profits continues in the Pharmaceutical Manufacturing Business, thanks to strong sales of AG products

2. Trends by business

Performance by segment

(¥mn)

		FY3/24	FY3/25	FY3/26	YoY
Pharmacy Business	Net sales	165,099	171,641	177,461	3.4%
	Operating income	10,730	10,028	9,730	-3.0%
	Profit margin	6.5%	5.8%	5.5%	
BPO Contracting Businesses	Net sales	13,330	13,603	14,300	5.1%
	Operating income	1,549	1,706	1,898	11.3%
	Profit margin	11.6%	12.5%	13.3%	
Pharmaceutical Manufacturing Business	Net sales	1,621	78,726	99,010	25.8%
	Operating income	-412	5,272	6,960	32.0%
	Profit margin	-25.4%	6.7%	7.0%	

Note: Net sales for each segment do not include internal sales between segments.
Source: Prepared by FISCO from the Company's financial results

(1) Pharmacy Business

In the Pharmacy Business, net sales were up 3.4% YoY to ¥177,461mn and operating income fell 3.0% to ¥9,730mn. Despite the continued growth in net sales, operating income declined for the fourth consecutive fiscal year. The technical fee unit price increased as the acquisition of medical DX premiums* and other efforts advanced and the proportion of generic drug usage grew. However, the number of prescriptions turned downward due to the impact of longer prescription periods, etc. and wage revisions resulted in higher personnel expenses. As a result, the business's profit declined.

* This measure was newly established in FY2024 and enables pharmacies to acquire premium points based on My Number Card usage records and the development status of electronic prescription systems, etc.

a) Store openings and closures and M&A status

The number of stores at the end of March 2026 stood at 949, an increase of only 1 from the end of the previous fiscal year. This is because in FY3/26, the Company curbed new store openings and M&A and advanced rationalization of underperforming stores to strengthen its profitability, as it faced continued profit decline amid a challenging environment from FY3/23 onward. Indeed, the number of new store openings decreased from 18 in the previous fiscal year to 8, and the number of stores acquired through M&A fell from 26 to 9. The number of store closures rose from 17 to 18.

Operations of Qol Dokodemo Pharmacy (Kawagoe City, Saitama Prefecture), an online-specialized pharmacy launched in partnership with KDDI CORPORATION <9433> in November 2024, are going well, but the Company is taking a wait-and-see approach to opening additional stores. In terms of new initiatives, in June 2025 the Company joined a next-generation remote customer service platform that KDDI provides at booths inside Lawson stores. By linking these booths to Qol Dokodemo Pharmacy, the Company is providing online medication guidance, offering a new customer experience, and working to solve problems such as the disparity in medical resources between urban centers and regional areas.

Store openings and closures status

		FY3/25				FY3/26			
		Opened		Closed	End of FY3/25	Opened		Closed	End of FY3/26
Qol Pharmacies		Organic openings	18	15	884	Organic openings	8	18	883
		Through M&A	26			Through M&A	9		
New format	Lawson	0		0	36	0		0	36
	BIC CAMERA	0		1	4	0		0	4
	Within train stations	0		1	1	0		0	1
Shops		1		0	23	2		0	25
Total		45		17	948	19		18	949

Source: Prepared by FISCO from the Company's results briefing materials

b) Status of net sales at dispensing pharmacies

In the Pharmacy Business, net sales are comprised of dispensing pharmacies' sales and product sales through channels such as shops and e-commerce. Looking at the breakdown of net sales in FY3/26, all categories maintained sales growth, with dispensing pharmacy net sales coming in at ¥164,200mn, up 3.0% YoY, and other net sales at ¥13,260mn, up 8.6%. Breaking down dispensing pharmacy net sales into the number of prescriptions and the prescription unit price, the number of prescriptions decreased 2.2% YoY to 16,699,000 prescriptions, while the prescription unit price increased 5.2% to ¥9,832. Monthly statistics published by the Ministry of Health, Labour and Welfare show that the cumulative YoY growth rates for the ten months from April 2025 to January 2026 were down 1.6% for the number of prescriptions, up 5.0% for the prescription unit price, and up 3.4% for pharmacy dispensing costs. These changes are roughly in line with industry-wide trends.

The decrease in the number of prescriptions is attributed to the impact of longer prescription periods. Meanwhile, the increase in the prescription unit price was driven by a higher technical fee unit price resulting from the progress in acquiring the medical DX premiums and the rising proportion of generic drug (hereafter, "GE drug") usage, as well as by an increase in the drug cost per prescription due to longer prescription periods. On a net sales basis, the decline in the number of prescriptions weighed on technical fee revenue, which represents the added value provided by pharmacies, limiting growth to a marginal 1.5% YoY increase to ¥42,499mn. Drug cost revenue rose 3.5% to ¥121,701mn.

(2) BPO Contracting Businesses

In the BPO Contracting Businesses, both sales and profits continued to trend upward, with net sales increasing 5.1% YoY to ¥14,300mn and operating income rising 11.3% to ¥1,898mn. By company, APO PLUS STATION, which operates the CSO/CRO Businesses, reported sales and profit growth, while APO PLUS CAREER, which runs the Medical Professional Referral Dispatch Business, posted higher sales but lower profit.

The core CSO Business saw sales increase driven by higher needs for CMRs from pharmaceutical companies. However, CMR resources have remained in short supply relative to demand, so the Company strengthened recruitment through measures such as investing in advertising. As a result, the number of CMRs increased from around 650 at the end of the previous fiscal year to around 700, and the Company intends to continue strengthening recruitment, targeting 1,000 CMRs. Orders increased in the CRO Business, especially for food testing of health foods and the like, leading to higher sales. Bringing ClinCloud into the Group in November 2025 contributed approximately ¥0.2bn to sales, but had little impact on the profit front due to the posting of M&A costs. The Medical Professional Referral Dispatch Business posted higher sales as its mainstay pharmacist referral dispatch grew. However, higher personnel and advertising expenses, as well as a slowdown in referral placements, led to lower profits.

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(3) Pharmaceutical Manufacturing Business

The Pharmaceutical Manufacturing Business maintained high growth, with net sales increasing 25.8% YoY to ¥99,010mn and operating income rising 32.0% to ¥6,960mn. Of this amount, DAIICHI SANKYO ESPHA achieved significant growth in sales and profit, with net sales reaching ¥97.0bn, up ¥20.0bn YoY, and operating income ¥7.3bn, up ¥1.7bn. The operating margin also rose from 7.3% in the previous fiscal year to 7.5%.

The main driver of sales increase was steady sales growth of three AG products launched in December 2024 and one AG product launched in each of December 2025 and March 2026. On the profit front, in addition to the contribution of new products, implementation of cost reduction measures, and efforts to curb SG&A expenses also helped drive the result. Net sales and operating income exceeded the forecast by ¥11.7bn and ¥0.5bn, respectively. Due to the lower-than-expected results in the previous fiscal year, the initial forecast was conservative. However, net sales outperformed the forecast, primarily because sales of new products steadily grew and the drug price reduction rates for existing products were smaller than expected. On the profit front, results came in above the forecast, reflecting the impact of increased sales, as well as factors such as improved inventory turnover and lower-than-expected inventory compensation fees.

Among the five new products launched from December 2024 onward, Rivaroxaban Tablets (brand name: XARELTO® Tablets) and Rivaroxaban OD Tablets (brand name: XARELTO® OD Tablets) for thromboembolism treatment captured an impressive market share of around 80%. This is because these two products have a reputation for being particularly reliable AG products among the multiple GE drugs that are available and for supporting a broader range of applications compared to other GE drugs. Net sales reached ¥18,997mn on a drug price basis. Combined with the other four products*, net sales totaled ¥27,255mn (versus ¥7,550mn from three products in the previous fiscal year), accounting for the bulk of the sales increase. Meanwhile, Fujinaga Pharm posted net sales of around ¥2.0bn and roughly break-even operating income, both broadly flat YoY.

* Products launched: Loxoprofen Sodium Tape, a transdermal analgesic and anti-inflammatory agent (brand name: LOXONIN® Tape), and Hydroxychloroquine Sulfate Tablets, an immunomodulator (brand name: PLAQUENIL® Tablets), in December 2024; Abiraterone Acetate Tablets for prostate cancer (brand name: ZYTIGA® Tablets) in December 2025; and Prasugrel Tablets and Prasugrel OD Tablets, antiplatelet agents (brand names: EFIENT® Tablets and EFIENT® OD Tablets), in March 2026.

Net sales of major new products (based on drug prices)

(¥mn)

Product name	FY3/25 (from launch to March)	FY3/26 (from April to March)
Rivaroxaban	6,024	18,997
Loxoprofen Sodium Tape	1,279	5,310
Hydroxychloroquine Sulfate Tablets	247	1,057
Abiraterone Acetate	-	1,120
Prasugrel	-	771
Total	7,550	27,255

Source: Prepared by FISCO from the Company's results briefing materials

Outlook

Aiming for sales and profit growth across all business segments in FY3/27

1. FY3/27 forecasts

For the FY3/27 consolidated results, sales and profit growth is expected to continue, with net sales forecast at ¥315,000mn, up 8.3% YoY, operating income at ¥16,500mn, up 11.4%, ordinary income at ¥16,500mn, up 10.9%, and profit attributable to owners of parent at ¥7,800mn, up 5.3%. Sales and profits are expected to grow across all business segments, with the Pharmaceutical Manufacturing Business remaining the main driver as it maintains double-digit growth in sales and profit. Since profit growth of DAIICHI SANKYO ESPHA will drive an increase in profit attributable to non-controlling interests, the growth rate of profit attributable to owners of parent is expected to be single-digit.

FY3/27 forecasts

(¥mn)

	FY3/26		FY3/27		
	Result	% of sales	Company forecast	% of sales	YoY
Net sales	290,772	-	315,000	-	8.3%
Operating income	14,811	5.1%	16,500	5.2%	11.4%
Ordinary income	14,879	5.1%	16,500	5.2%	10.9%
Profit attributable to owners of parent	7,408	2.5%	7,800	2.5%	5.3%
EBITDA	24,624	8.5%	28,700	9.1%	16.5%
Earnings per share (yen)	197.35		207.76		

Source: Prepared by FISCO from the Company's financial results

(1) Pharmacy Business

In the Pharmacy Business, net sales are expected to grow 4.2% YoY to ¥184,861mn and operating income to grow 4.2% to ¥10,140mn. The Company plans to open approximately 40 new stores, including those acquired through M&A (breakdown: 15 organic store openings and 30 openings through M&A), representing annual sales of ¥6.0bn, while closing 10 underperforming stores. As of June 15, the Company had opened 4 stores and closed 3, bringing the total number of stores to 490. In addition, the Company is currently in negotiations on a major M&A deal involving over 100 stores. If an agreement is reached, the number of its stores may increase further.

The number of prescriptions, the basis for the net sales forecast, is expected to rise approximately 2% in line with the increase in the number of stores. Although the technical fee unit price will remain flat, the prescription unit price overall is expected to increase approximately 2%, as the drug cost per prescription continues to trend upward due to the impact of longer prescription periods. This fiscal year started somewhat weak, with the number of prescriptions down 3.3% YoY and dispensing fee revenue up 0.9% for the period from April to May. However, as the store count increases, driven partly by M&A, the number of prescriptions is also expected to turn upward.

As measures to recover the number of prescriptions at existing pharmacies, the Company is promoting service enhancement (reducing waiting time, addressing stockouts, enhancing after-sales follow-up (health advice through LINE mini app, etc.)) to improve the repeat rate and acquisition of new patients through collaboration with other companies. Meanwhile, although the June 2026 revision to dispensing fees will have a negative impact on the technical fee unit price through changes to the calculation categories for the dispensing management fee*1, the Company plans to offset this by accumulating points from other calculation categories, including the Community Support & Drug Supply Response Premiums*2 and the DX premium. The Company will also continue to focus on home dispensing, which continues to grow at an annual rate in the 10% range. In addition to facilities such as nursing care centers and paid senior housing, the Company aims to implement home dispensing services for individuals across all its stores.

*1 For oral medications, the prescription-duration categories and the points were revised. Previously, prescriptions were assigned 4 points for up to 7 days' supply, 28 points for 8–14 days, 50 points for 15–28 days, and 60 points for 29 days or more. Under the revision, long-term prescriptions (28 days or more) are assigned 60 points, while 1–27 days' supply is uniformly set at 10 points. The Company estimates a negative impact of approximately ¥0.1bn on technical fee revenue.
*2 The previous community support system premium (which recognized for its function as a community-based family pharmacy) and the Generic Drug Dispensing System Premium have been merged under this revision. A generic drug usage rate of 85% or higher now serves as the base requirement, with additional evaluation applied according to each primary-care pharmacist/pharmacy function.

On the profit front, as personnel expenses rise and the procurement margin is unlikely to improve, the Company will absorb these headwinds by improving productivity and optimizing costs to secure an operating margin in line with the previous fiscal year's level. As initiatives to improve productivity, the centers in Tokyo and Osaka will handle administrative tasks for small stores whose monthly number of prescriptions is 1,500 or fewer (accounting for approximately 20% of all stores), thereby reducing administrative headcount. The Company will also advance the deployment of unmanned reception terminals with avatar interfaces. As of the end of the previous fiscal year, the Company had deployed the cloud-based electronic medication history system to approximately 600 stores, and the number is expected to increase to 800 during FY3/27. The system has substantially cut the time needed to check a patient's medication history from about 180 seconds to roughly 38 seconds, and by enabling pharmacists to create medication records while providing medication guidance, it has reduced monthly overtime by around 15%. This system is expected to contribute to improved store productivity.

(2) BPO Contracting Businesses

In the BPO Contracting Businesses, the Company projects double-digit growth with net sales of ¥17,470mn, up 22.2% YoY, and operating income of ¥2,399mn, up 26.4%. In the CSO Business, the Company will focus on high-demand specialty fields and grow the business as it strengthens recruitment and develops talent. In the CRO Business, while leveraging data management know-how and strengths of ClinCloud, the Company will further acquire new customers and new business deals in the food field, beyond the pharmaceutical segment. In particular, major food manufacturers are stepping up product development for Food for Specified Health Uses, so clinical trial projects are expected to increase.

For the Medical Professional Referral Dispatch Business, the Company will concentrate resources on the highly profitable referral business. Referral needs for pharmacists are particularly high in regional areas, which continue to face pharmacist shortages. In addition, by leveraging AI to streamline operational processes, the Company will focus on developing talent and acquiring customers. The advertising expenses, which weighed on profit in the previous fiscal year, are expected to decrease, as the Company targets double-digit growth in sales and profit.

(3) Pharmaceutical Manufacturing Business

In the Pharmaceutical Manufacturing Business, net sales are expected to grow 13.8% YoY to ¥112,662mn and operating income to grow 29.5% to ¥9,012mn. The drug price revision is expected to result in a price decrease of approximately 3%. However, sales are expected to grow at a double-digit rate, as Abiraterone Acetate Tablets for prostate cancer (launched December 2025) and the antiplatelet agents Prasugrel Tablets and Prasugrel OD Tablets (launched March 2026) contribute for the full year. Additional contributions are expected from Bilastine Tablets and Bilastine OD Tablets (brand names: BILANOA® Tablets and BILANOA® OD Tablets), AG products for allergic diseases launched in June 2026, and Dapagliflozin Tablets (brand name: FORXIGA® Tablets), a GE product of a selective SGLT2 inhibitor for type 2 diabetes launched in July.

For Abiraterone Acetate Tablets, where the brand-name product commands a relatively large market of around ¥50.0bn, the substitution rate from the brand-name product is estimated at roughly 50% as of the end of the previous fiscal year. Going forward, a rising substitution rate is expected to lift the Company's sales share as well. This is because only the Company sells the AG product, although six companies, including the Company, sell generic versions. Dapagliflozin Tablets, a diabetes treatment, also targets a large market, with the brand-name product generating around ¥80.0bn in sales. However, as seven companies including the Company are launching generic versions (one of which is an AG product), the Company is aiming for a market share of roughly 10%.

One factor that will drive the operating margin from 7.0% in the previous fiscal year to 8.0% is a reduction in procurement costs. In negotiations to renew a licensing agreement for a flagship product that DAIICHI SANKYO ESPHA signed a decade ago, the Company has largely reached an agreement on terms that will reduce costs from previous levels. The Company will continue to curb SG&A expenses, among other efforts. To streamline the supply chain, the Company is currently developing a next-generation logistics system, which it aims to introduce and begin operating in FY3/28. This system is expected to improve merchandise turnover and reduce logistics costs, while further driving profitability.

The drug price revision in FY2026 involved a major review of the price policy for AG products. Specifically, it has been decided that AG products to be newly listed on the drug price list from October 2026 onward will be priced at the same level as the brand-name product. As the prices of existing AG products will remain unchanged, there will be no impact on short-term results. However, since this policy decision eliminates the price advantage of AG products, the development of new AG products will effectively come to an end. In terms of future business strategy, the Company will direct the cash generated through the expansion of market share for existing AG products toward the introduction and development of GE products, the development of in vitro diagnostic kits, investment in the renewal of manufacturing lines and the development of new products at Fujinaga Pharm, etc., thereby aiming for further growth.

Executing major investments and aiming for net sales of ¥500.0bn and operating income of ¥35.0bn in FY2030

2. Medium-term management plan

The Company announced the details of its Medium-term Management Plan ending FY3/31. The Group aims to pool its comprehensive strengths and balance the resolution of social issues related to health and medicine (provision of high-quality medical services) with the pursuit of economic value (profit growth), thereby achieving its vision for 2030, Deliver Peace of Mind in Healthcare to Everyone, and enhancing its corporate value.

It has set the following numerical management targets for FY3/31: consolidated net sales of ¥500.0bn, operating income of ¥35.0bn, and ROE of 15%. Net sales are expected to have an annual growth rate of around 11%, increasing 1.7 times vs. FY3/26, while operating income will grow 2.4 times. The Company aims to raise ROE by around 2pp from the FY3/26 level of 12.9%, as it pursues management with a view to both improving profitability and enhancing capital efficiency (including shareholder returns).

It envisions a growth scenario divided into two parts: the expansion of existing businesses and the effects of large-scale investments to be made in the future (major M&A deals, product introductions, etc.). Over the next five years, existing businesses are expected to add ¥42.0bn to net sales and ¥6.6bn to operating income, with large-scale investments such as major M&A deals and product introductions generating ¥178.0bn in net sales and ¥13.0bn in operating income. In terms of cash allocation, the Company expects to generate cumulative operating cash flow of ¥144.0bn over the five years as cash inflow, while as cash outflow it will allocate ¥77.0bn to growth investments (major M&A deals, product introductions, etc.), ¥48.0bn to investment in existing businesses, and ¥19.0bn to shareholder returns. The key to achieving these performance targets therefore lies in whether the Company can realize major M&A deals, product introductions, and other initiatives. With respect to major M&A deals, negotiations are currently underway in the Pharmacy Business, while in the Pharmaceutical Manufacturing Business the Company is negotiating with brand-name drug manufacturers with a view to creating major GE products.

Growth scenario

Source: The Company's results briefing materials

As the growth strategy for each business, the Company will pursue the themes of "deepening" (pursuing the existing growth strategy in greater depth) and "evolution" (maximizing synergies among segments and developing the Company's wide range of touchpoints, which is one of its strengths, into a new growth driver). By making aggressive growth investments, including M&A, it aims to expand all three businesses.

Medium-term performance targets

(¥bn)

		FY3/26 Result	FY3/31 Target	Change	Key initiatives
Pharmacy Business	Net sales	177.9	314.6	76.8%	• Improve the quality of medical care provided and expand functions • Implement measures to increase patient numbers, improve productivity through DX, and develop a platform • Contribute to regional healthcare through collaboration with the BPO Contracting Businesses and expand market share through M&A
	Operating income	7.7	12.9	67.5%	
	Profit margin	4.3%	4.1%		
BPO Contracting Businesses	Net sales	15.8	22.4	41.8%	• Expand businesses, including through M&A • Conduct integrated sales activities for customers within the segment • Expand new services in collaboration with the Pharmacy Business and the Pharmaceutical Manufacturing Business
	Operating income	1.8	3.1	72.2%	
	Profit margin	11.4%	13.8%		
Pharmaceutical Manufacturing Business	Net sales	99.0	164.5	66.2%	• Expand market share of existing AG products and strengthen new launches of GE products • Take on new areas such as repositioning, new formulations, and medical devices • Strengthen the development structure through intra-Group collaboration and make aggressive investments such as the introduction of large-scale products
	Operating income	7.3	20.0	174.0%	
	Profit margin	7.4%	12.2%		

Note: Simple aggregate of the Group companies. Consolidation eliminations and adjustments are not included.
Source: Prepared by FISCO from the Company's results briefing materials

(1) Pharmacy Business

In the Pharmacy Business, the Company targets net sales of ¥314.6bn and operating income of ¥12.9bn in FY3/31, both 1.7 times the FY3/26 level. By realizing major M&A deals, the number of stores is expected to reach more than 1,600. In order to provide higher-quality services, it will enhance pharmacy functions supporting health, such as health consultation, self-medication, and preventive care, while also continuing to strengthen its home dispensing initiatives. In an effort to improve convenience, it will engage in providing services using IT (e.g., Qol Okusuribin, online pharmacy), providing services using its official LINE account, and enhancing measures to promote repeat visits, as well as strengthening its collaboration with partner companies. In terms of measures to improve productivity, it aims to enhance the productivity of stores by promoting DX (e.g., using digital medication history cloud) and pursuing business flow reform (supporting remote entry of prescriptions, online medication guidance, etc.).

Meanwhile, as "evolution" initiatives, the Company aims to contribute to regional healthcare as a platform provider through measures such as promoting the consolidation and sharing of pharmacy functions (developing an environment that enables staff to focus on customer-facing work) and providing consolidated in-house functions as services to regional pharmacies as a new business (expanding sales in collaboration with APO PLUS CAREER). It will also strengthen functions and services via M&A as needed.

(2) BPO Contracting Businesses

In the BPO Contracting Businesses, the Company targets net sales of ¥22.4bn and operating income of ¥3.1bn in FY3/31, 1.4 times and 1.7 times the FY3/26 level, respectively. Its strategy is to expand the scale of each business while also utilizing M&A. In the CSO Business, it will expand sales activities into growth areas such as oncology and expand its human resources through business alliances with staffing agencies and implementation of M&A, targeting more than 1,000 CMRs. In the CRO Business, bringing ClinCloud into the Group has strengthened CRO operations, and the Company will focus on winning projects in the food field, where demand is expanding particularly strongly. In the Referral Dispatch Business, it will identify opportunities for spot deployment of pharmacists while also fostering sustainable growth by working to attract more customers among both existing and potential customers.

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In terms of “evolution” initiatives, it will aim to improve sales efficiency by selecting key customers across the Group and tailoring sales policies to each customer, thereby leading to an increase in the number of contracts. In addition, to strengthen and expand its support for regional healthcare, the Company will utilize the information consolidated in the Pharmacy Business to roll out support services for medical institutions. It will also draw on its relationships with its own pharmacies and regional healthcare to provide pharmaceutical companies with information on the needs of medical institutions and to develop services such as marketing support.

(3) Pharmaceutical Manufacturing Business

In the Pharmaceutical Manufacturing Business, the Company aims for net sales of ¥164.5bn and operating income of ¥20.0bn in FY3/31, 1.6 times and 2.7 times the FY3/26 level, respectively. As “deepening” initiatives, it will strengthen its earnings base by expanding the market share of existing AG products, enhancing its lineup of GE products, developing GE products under its own initiative, developing in vitro diagnostic kits, and improving the productivity of manufacturing lines at Fujinaga Pharm. In new areas, it will also focus on repositioning and the development of orphan drugs, new formulations, and the like, as well as pursuing patient-centered product development such as medical devices and medical apps. It will also take on the challenge of developing biosimilars, although this is a longer-term initiative.

In terms of “evolution” initiatives, it will seek to optimize the value chain through cross-Group collaboration and partnership on R&D, production, distribution, sales, etc. In addition, it will collect information on the needs of patients and medical stakeholders through the Pharmacy Business and apply it to drug development.

Shareholder return policy

Announced a new policy of paying progressive dividends, targeting a dividend payout ratio of more than 30%

With respect to shareholder returns, the Company’s basic policy is to continue providing a stable return of profits to shareholders while also giving consideration to internal reserves for future business development and reinforcement of its management foundation. It had not previously set an official payout ratio or other such standards, but in the Medium-term Management Plan it revealed a policy of implementing progressive dividends, targeting a payout ratio of more than 30% toward FY3/31. Based on this policy, the Company will pay a dividend per share of ¥50.0 for FY3/26, up ¥16.0 YoY (dividend payout ratio of 25.3%), and plans a further increase of ¥4.0 to ¥54.0 in FY3/27 (dividend payout ratio of 26.0%).

The Company has also introduced a shareholder benefits program, under which shareholders registered at the end of March each year can choose catalog gifts, primarily PB products of the Company’s Group. The gifts vary by the number of shares held and the length of the holding period. In addition, on June 26, 2026, the Company decided to reintroduce its trust-type employee stock ownership incentive plan (E-Ship®). The aim is to provide employees with an incentive to enhance the Company’s corporate value over the medium to long term. Under the plan, the Company will acquire its shares on the market during the period from July 1 to September 14, 2026, up to a maximum of ¥2,052mn. Assuming acquisition at the June 26 closing price of ¥1,822, this would generate buying demand for approximately 1.12mn shares (2.9% of the shares issued).

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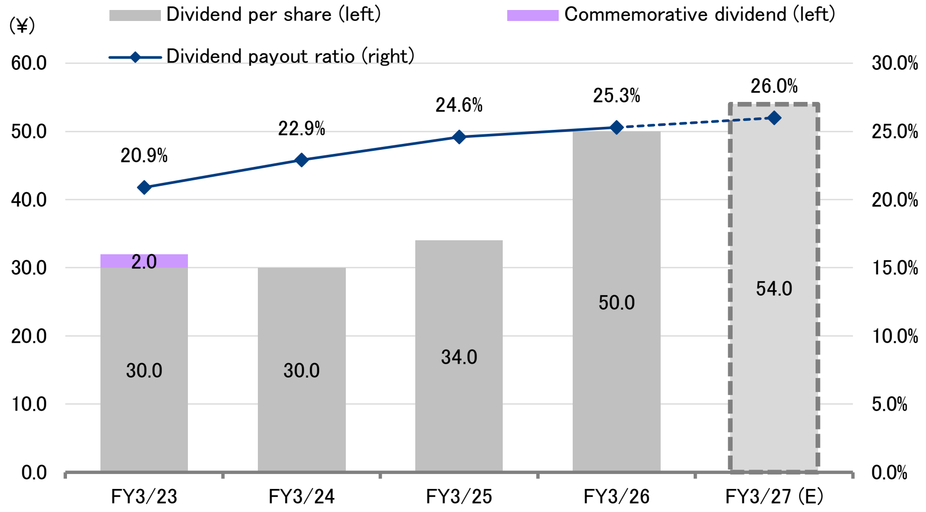
Dividend per share and dividend payout ratio



Source: Prepared by FISCO from the Company's financial results

Content of shareholder benefits

Holding period	Number of shares held	
	100–299 shares	300 shares or more
Less than 1 year	Catalog gift worth ¥3,000	Catalog gift worth ¥5,000
1 year or more	Catalog gift worth ¥5,000	Catalog gift worth ¥7,000

Note: The record date for the benefits is the end of March.
Source: Prepared by FISCO from the Company's website

Consolidated income statement and main indicators

(¥mn)

	FY3/23	FY3/24	FY3/25	FY3/26	FY3/27 (E)
Net sales	170,036	180,052	263,972	290,772	315,000
YoY	2.3%	5.9%	46.6%	10.2%	8.3%
Gross profit	23,504	23,249	39,056	40,902	
Gross margin	13.8%	12.9%	14.8%	14.1%	
SG&A expenses	14,009	14,925	25,591	26,090	
SG&A expenses ratio	8.2%	8.3%	9.7%	9.0%	
EBITDA*	14,379	13,566	21,827	24,624	28,700
YoY	-1.4%	-5.7%	60.9%	12.8%	16.5%
Operating income	9,495	8,324	13,465	14,811	16,500
YoY	-3.7%	-12.3%	61.8%	10.0%	11.4%
Operating margin	5.6%	4.6%	5.1%	5.1%	5.2%
Ordinary income	10,098	9,256	13,831	14,879	16,500
YoY	0.0%	-8.3%	49.4%	7.6%	10.9%
Profit attributable to owners of parent	5,656	4,880	5,164	7,408	7,800
YoY	3.0%	-13.7%	5.8%	43.5%	5.3%
Earnings per share (¥)	152.96	131.11	137.97	197.35	207.76
Book value per share (¥)	1,314.69	1,414.43	1,521.14	1,528.91	
Dividend per share (¥)	32.00	30.00	34.00	50.00	54.00

* EBITDA = Operating income + Depreciation + Amortization of goodwill
Source: Prepared by FISCO from the Company's financial results

Simplified balance sheet

(¥mn)

	FY3/23	FY3/24	FY3/25	FY3/26	Change
Current assets	44,214	52,690	60,348	59,277	-1,070
Cash and deposits	18,770	27,282	26,727	21,401	-5,326
Noncurrent assets	57,689	65,089	99,321	98,838	-482
Property, plant and equipment	16,108	16,281	18,141	17,801	-340
Intangible assets	33,790	33,136	70,338	69,962	-375
Investments and other assets	7,791	15,670	10,841	11,074	233
Total assets	101,905	117,779	159,669	158,116	-1,552
Current liabilities	36,330	38,823	74,202	76,134	1,932
Noncurrent liabilities	16,719	26,118	23,328	22,141	-1,187
Total liabilities	53,049	64,941	97,531	98,276	745
Interest-bearing debt	22,750	31,632	41,071	37,481	-3,590
Total net assets	48,856	52,837	62,138	59,840	-2,298

Source: Prepared by FISCO from the Company's financial results

Cash flow statement

(¥mn)

	FY3/23	FY3/24	FY3/25	FY3/26
Cash flows from operating activities	11,662	13,533	12,593	18,665
Cash flows from investing activities	-7,013	-13,155	-20,360	-9,088
Free cash flow	4,649	378	-7,767	9,577
Cash flows from financing activities	-2,569	7,969	7,201	-14,966
Cash and cash equivalents at end of period	18,596	26,944	26,378	20,988

Source: Prepared by FISCO from the Company's financial results

Management indicators

Management indicators	FY3/23	FY3/24	FY3/25	FY3/26
Equity ratio	47.9%	44.8%	35.8%	36.3%
Interest-bearing debt ratio	47.0%	60.3%	71.9%	65.2%
ROIC	9.2%	6.8%	9.0%	10.4%

Source: Prepared by FISCO from the Company's financial results

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■ For inquiries, please contact: ■
FISCO Ltd.
5-13-3 Minami Aoyama, Minato-ku, Tokyo, Japan 107-0062
Phone: 03-5774-2443 (IR Consulting Business Division)
Email: support@fisco.co.jp