

FY2025 Financial Results



Genky DrugStores Co., Ltd.
(Code number: 9267, TSE Prime)

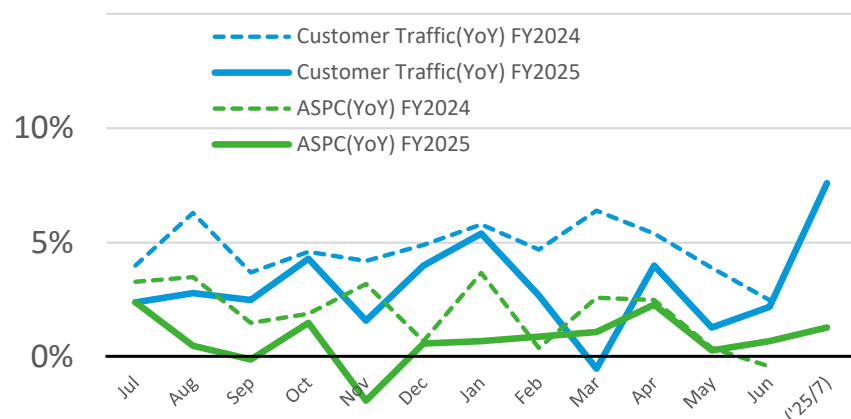
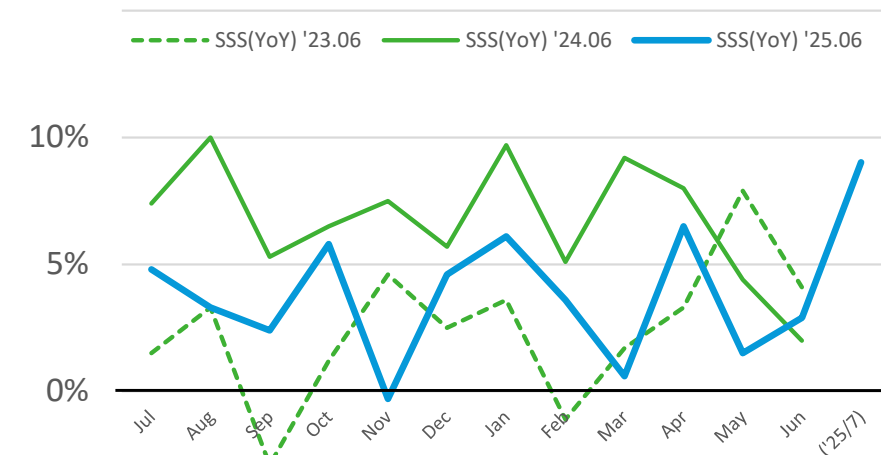
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Monthly Net sales YoY Change (existing stores)



(4Q) Driven last year's sales by attracting customers mainly for food products such as daily necessities and groceries. Unit price per item increased 4.0% due to higher selling prices at the stores in response to soaring procurement prices. As a result, customers were more thrifty and the number of items purchased declined 2.8% (-0.3 items), but the number of existing store customers remained steady at +3.6% YoY due to the penetration of EDLP.



	1Q	2Q	3Q	4Q	FY
All stores	6.8%	8.0%	9.0%	10.6%	8.6%
existing stores	3.5%	3.3%	3.5%	3.6%	3.5%
Traffic	2.6%	3.3%	2.5%	2.5%	2.7%
ASPC	0.9%	0.0%	0.9%	1.1%	0.8%
Unit Price	2.2%	1.8%	3.8%	4.0%	2.9%
Basket Quantity	(1.3%)	(1.7%)	(2.7%)	(2.8%)	(2.1%)

- March 2025 (3Q) was affected by one less business day due to the fact that the same month of the previous year was a leap year.

FY2025, 4Q Accounting Period (YoY change)



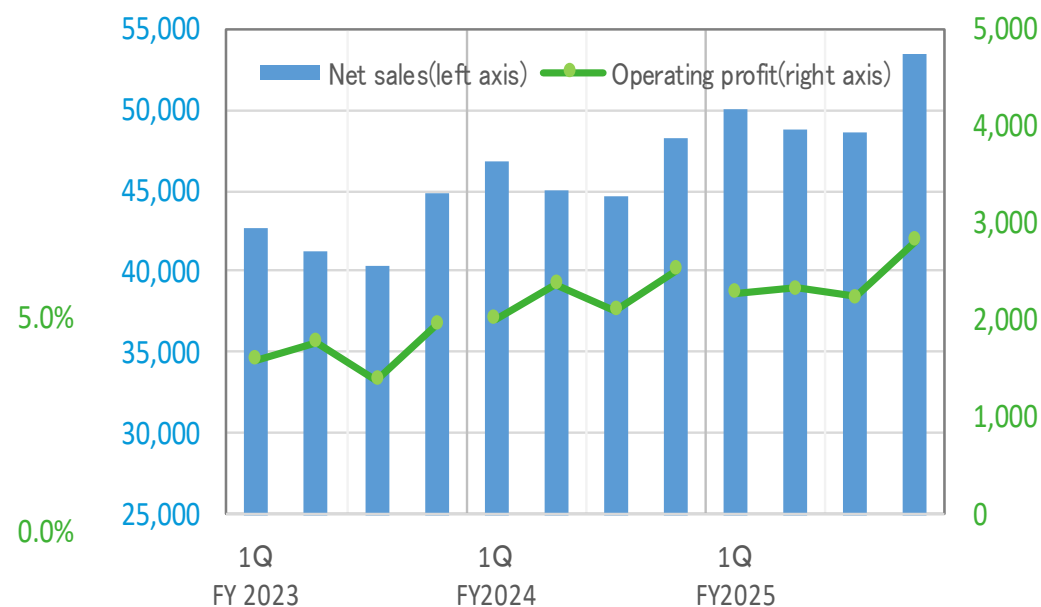
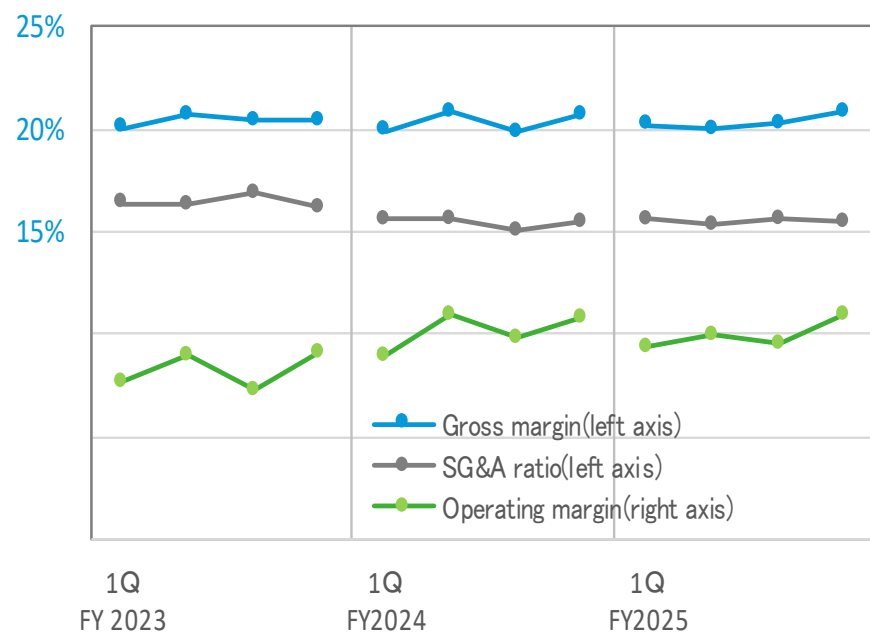
Net Sales	New store openings were as planned, and same store sales were also performing well. Therefore, Net sales were up 100 million yen compared to the forecasts.
Gross profit	The plan was for GPM to be 20.6%, but due to private brand growth and improved logistics profitability, it exceeded the plan by 0.2 points, finishing 140 million yen higher than planned.
SG&A	Personnel costs and taxes were slightly higher than planned, with overall SG&A expenses exceeding the plan by +50M. The increase in personnel costs per person was appropriately controlled through store operation controls.

Operating profit under 4Q came in at +90M compared to the plan, falling short of the full-year operating profit forecast of 10 billion yen. However, we have been able to maintain price competitiveness amid rapid store openings, while also controlling gross profit margins and expense ratios within appropriate ranges, so there are no issues with long-term growth.

	FY2024 4Q Accounting Period		FY2025 4Q Accounting Period		YoY change	
	million Yen	margin(ratio)	million Yen	margin(ratio)	million Yen YoY	changes in margin(ratio)
Net sales	48,272	-	53,403	-	+5,130 +10.6%	-
Gross profit	9,982	20.7%	11,115	20.8%	+1,132 +11.3%	+0.1pt
SG&A	7,461	15.5%	8,296	15.5%	+834 +11.2%	+0.1pt
Operating profit	2,520	5.2%	2,818	5.3%	+298 +11.8%	+0.1pt
Ordinary profit	2,579	5.3%	2,853	5.3%	+273 +10.6%	-0.0pt
Net income	1,868	3.9%	2,193	4.1%	+324 +17.4%	+0.2pt
Store opening	21		29			
Store closing	1 (Large store)		2 (Large store)			
Renovation (Large store→Regular store)	0		1			

	FY2024		FY2025		YoY change	
	million Yen	margin(ratio)	million Yen	margin(ratio)	million Yen YoY	changes in margin(ratio)
Net sales	184,860	-	200,786	-	+15,926 +8.6%	-
Gross profit	37,620	20.4%	40,889	20.4%	+3,269 +8.7%	+0.0pt
SG&A	28,605	15.5%	31,231	15.6%	+2,625 +9.2%	+0.1pt
Operating income	9,015	4.9%	9,658	4.8%	+643 +7.1%	-0.1pt
Ordinary income	9,268	5.0%	9,899	4.9%	+630 +6.8%	-0.1pt
Net income	6,324	3.4%	7,066	3.5%	+741 +11.7%	+0.1pt
Store opening	31		54			
Store closing	7 (Large store)		7 (Large store)			
Renovation (Large store→Regular store)	3		1			

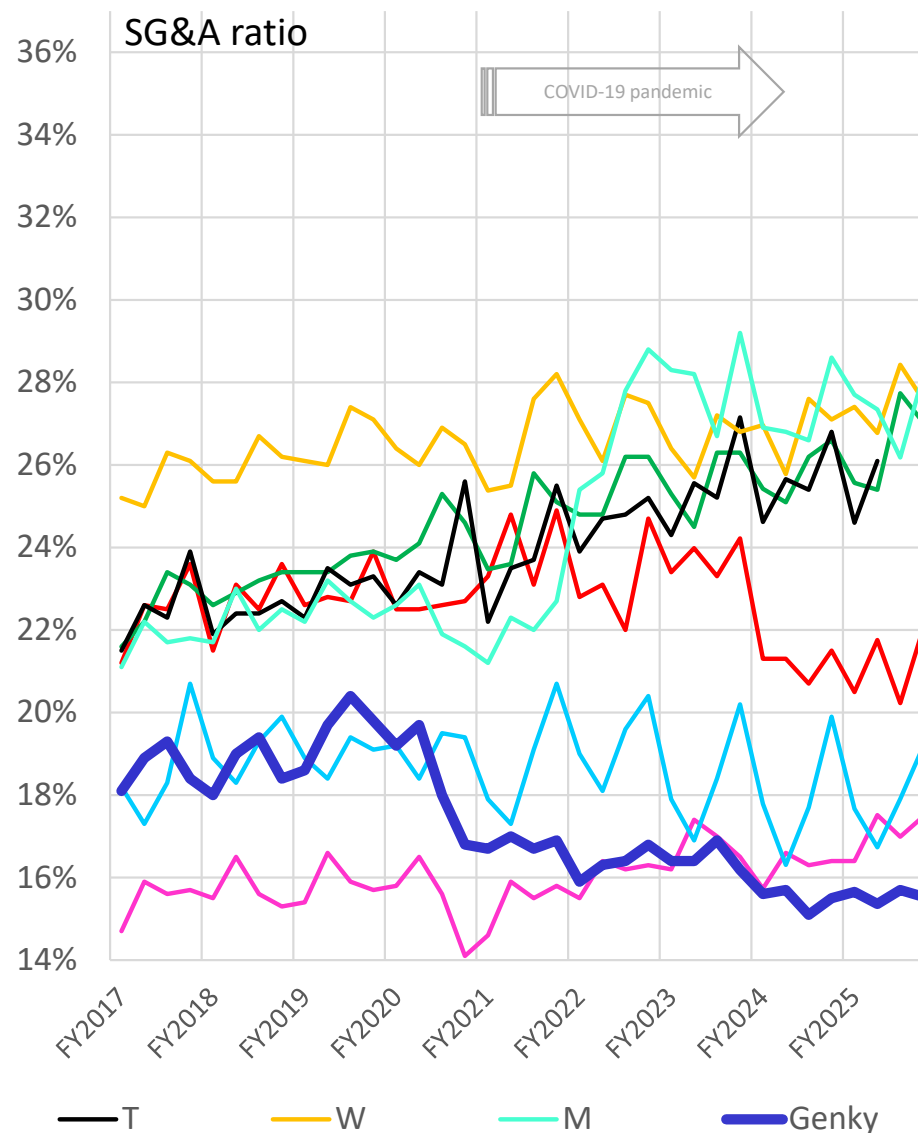
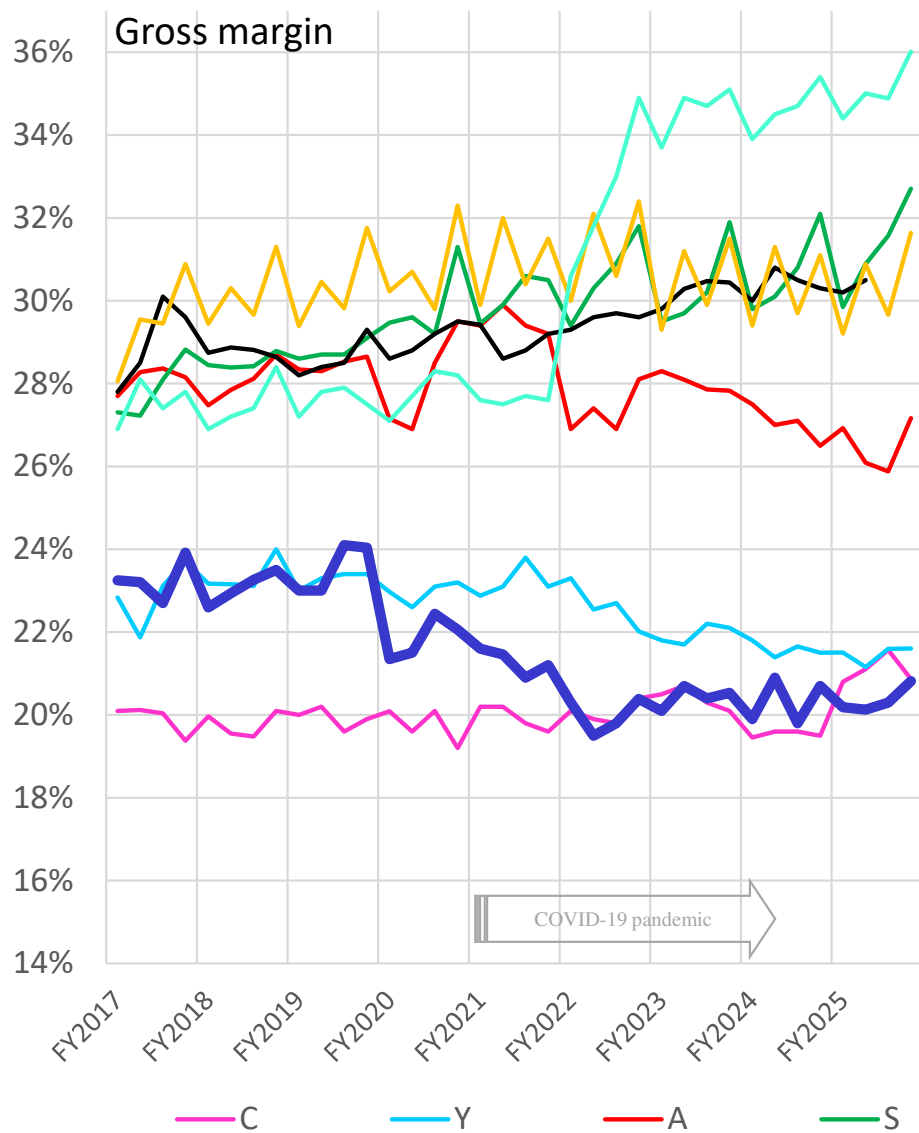
Financial Results (Quarterly trends)



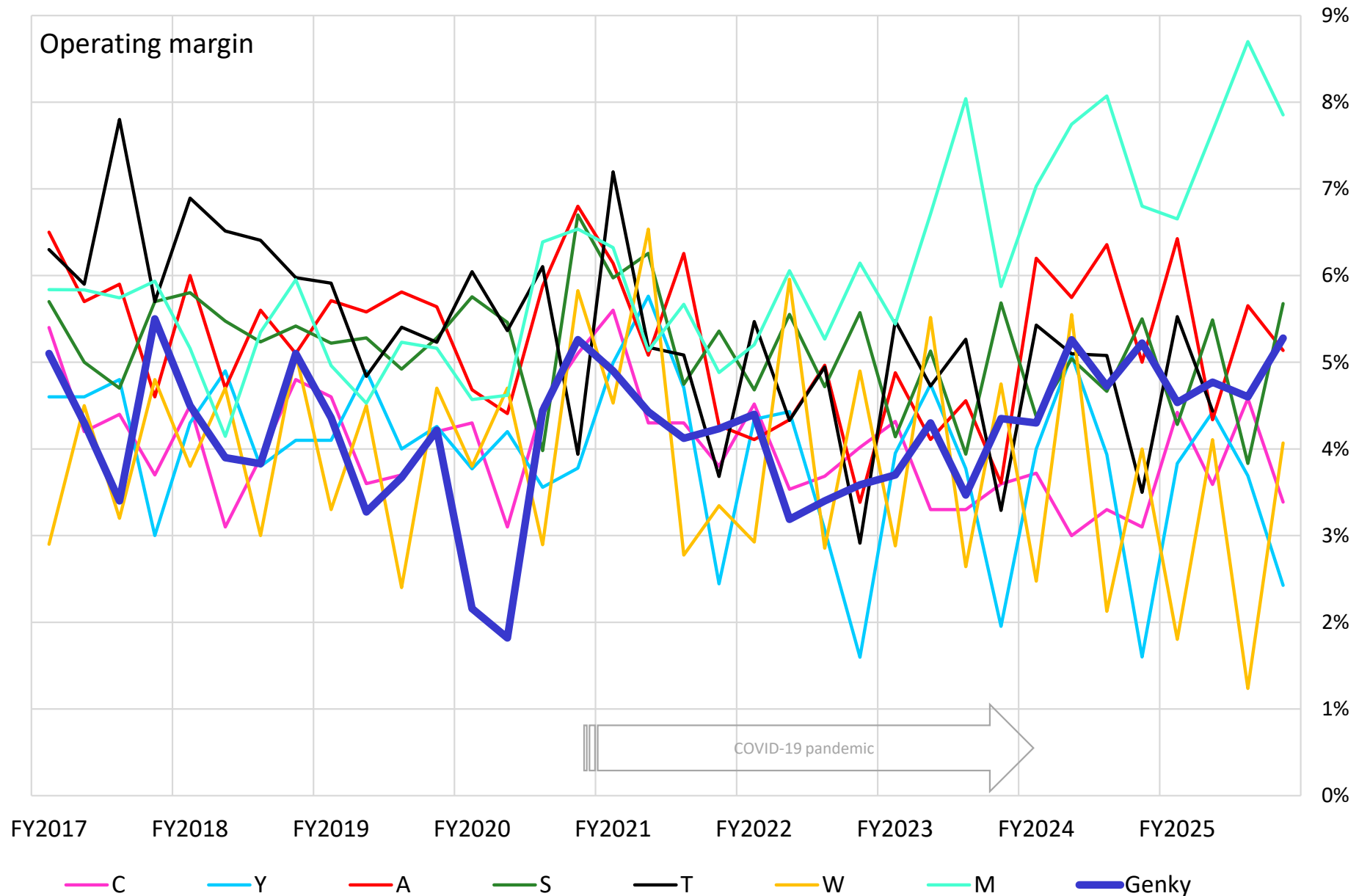
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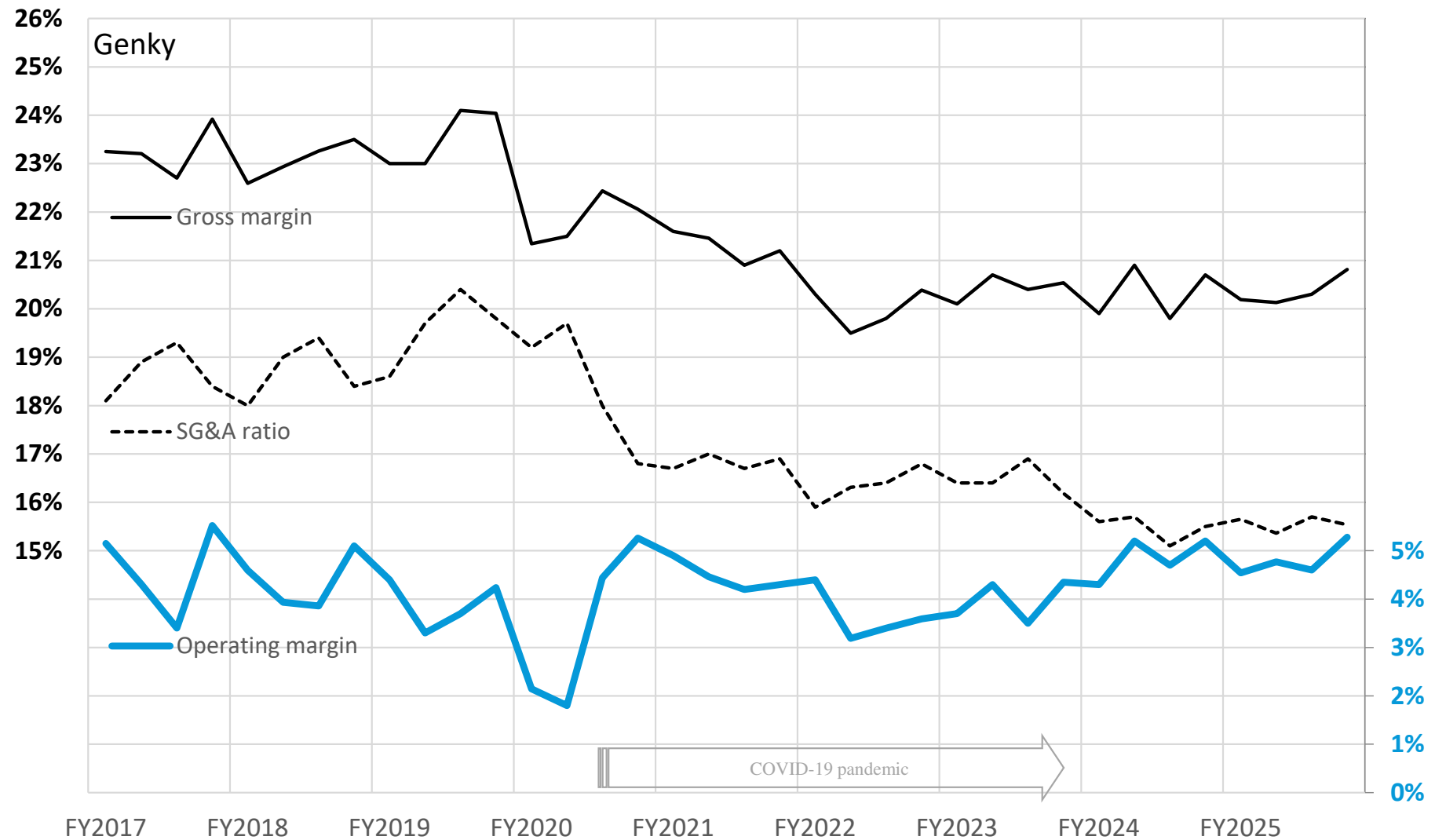
	FY 2023					FY2024					FY2025				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
Net sales	42,613	41,260	40,331	44,854	169,059	46,871	45,095	44,619	48,272	184,860	50,050	48,708	48,624	53,403	200,786
YoY of sales	+8.9%	+11.1%	+10.4%	+9.7%	+9.3%	+10.0%	+9.3%	+10.6%	+7.6%	+9.3%	+6.8%	+8.0%	+9.0%	+10.6%	+8.6%
Gross margin	20.1%	20.7%	20.4%	20.5%	20.4%	19.9%	20.9%	19.8%	20.7%	20.4%	20.2%	20.1%	20.3%	20.8%	20.4%
SG&A ratio	16.4%	16.4%	16.9%	16.2%	16.5%	15.6%	15.7%	15.1%	15.5%	15.5%	15.6%	15.4%	15.7%	15.5%	15.6%
Operating profit	1,584	1,779	1,393	1,951	6,709	2,015	2,371	2,107	2,520	9,015	2,272	2,323	2,243	2,818	9,658
Operating margin	3.7%	4.3%	3.5%	4.4%	4.0%	4.3%	5.3%	4.7%	5.2%	4.9%	4.5%	4.8%	4.6%	5.3%	4.8%

Gross margin and SG&A Ratio of Drugstore companies (Quarterly trends)



Operating margin of Drugstore companies (Quarterly trends)





KPI (Quarterly and Full-year trends)



While maintaining “SG&A per TSUBO*” at 200,000 yen, the EDLP strategy will increase “Sales per TSUBO” (“Gross profit per TSUBO” will also increase), thereby improving “Operating profit per TSUBO”.

**TSUBO is a unit of area, about 3.3m²*

Items	Unit	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025				
							1Q	2Q	3Q	4Q	FY
Sales per *TSUBO	K yen/ TSUBO·year	1,107	1,169	1,135	1,180	1,275	1,324	1,295	1,305	1,350	1,315
Gross profit per TSUBO	K yen/ TSUBO·year	242	249	227	241	259	267	261	265	281	268
SG&A per TSUBO	K yen/ TSUBO·year	203	197	186	197	197	207	199	205	210	205
Operating profit per TSUBO	K yen/ TSUBO·year	39	52	42	44	62	60	62	60	71	63
Foot area/employee	TSUBO/head	32.3	30.5	31.4	33.6	34.2	34.4	36.6	39.1	36.0	36.6
Total asset turnover	time	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.8	1.7
ROA(Ordinary profit / Total asset)	%	5.9	7.6	6.5	7.0	8.4	7.9	8.5	8.1	9.6	8.2
ROE	%	10.4	16.2	12.9	12.4	14.5	13.4	14.7	13.8	18.5	14.2
Equity Ratio	%	33.3	35.4	37.3	38.4	40.9	40.8	41.4	40.1	41.8	41.8
Operation profit / Gross profit	%	16.3	20.8	18.3	19.4	24.0	22.5	23.7	22.7	25.4	23.6

	FY2025 Results		FY2026 Forecasts		YoY change	
	million yen	margin	million yen	margin		changes in margin(ratio)
Net sales	200,786	–	221,840	–	+21,053 +10.5%	※SSS +3.6%
Gross profit	40,889	20.4%	45,260	20.4%	+4,370 +10.7%	±0.0pt
SG&A	31,231	15.6%	34,760	15.7%	+3,529 +11.3%	+0.1pt
Operating profit	9,658	4.8%	10,500	4.7%	+841 +8.7%	–0.1pt
Ordinary profit	9,899	4.9%	10,700	4.8%	+800 +8.1%	–0.1pt
Net income	7,066	3.5%	7,500	3.4%	+433 +6.1%	–0.1pt
EPS	232.5 Yen		246.7 Yen		+14.2 Yen	–
Store opening	54		66			
Store closing	7 (Large store)		3 (Large store)			
Renovation(Large→Regular)	1		7			

Financial Results and Forecasts



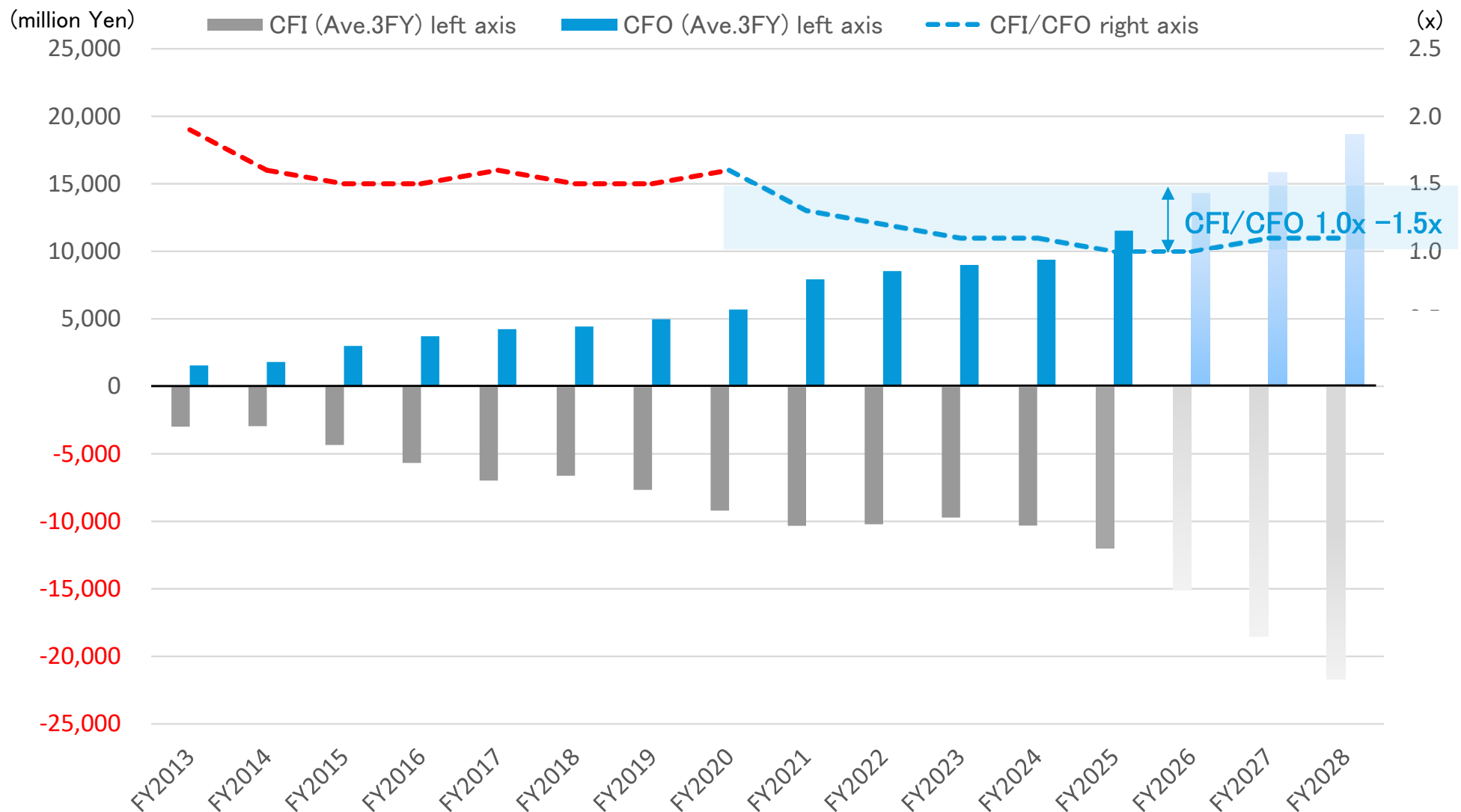
(million Yen)

	FY2021		FY2022		FY2023		FY2024		FY2025		FY2026 (Forecasts)	
Store opening	46		43		30		31		54		66	
Store closing	1		0		7		7		7		3	
Renovation (Large→Regular)	1		21		3		3		1		7	
Logistics Center	－		－		1		－		－		1 One more building planned for FY2028	
Net sales	142,376	15.2%	154,640	8.6%	169,059	+9.3%	184,860	+9.3%	200,786	+8.6%	221,840	+10.5%
Gross profit (margin)	30,289	+13.4%	30,954	+2.2%	34,553	+11.6%	37,620	+8.9%	40,889	+8.7%	45,260	+10.7%
	21.3%		20.0%		20.4%		20.4%		20.4%		20.4%	
SG&A (ratio)	23,995	+7.3%	25,279	+5.4%	27,844	+10.1%	28,605	+2.7%	31,231	+9.2%	34,760	+11.3%
	16.9%		16.3%		16.5%		15.5%		15.6%		15.7%	
Operating profit (margin)	6,295	+45.0%	5,675	(9.8%)	6,709	+18.2%	9,015	+34.4%	9,658	+7.1%	10,500	+8.7%
	4.4%		3.7%		4.0%		4.9%		4.8%		4.7%	
Net income (margin)	4,832	+75.4%	4,420	(8.5%)	4,764	+7.8%	6,324	+32.7%	7,066	+11.7%	7,500	+6.1%
	3.4%		2.9%		2.8%		3.4%		3.5%		3.4%	
CAPEX	8,829		10,588		9,736		10,631		15,618		19,000	
EPS (yen)	159		146		157		208		233		247	
ROE (%)	16.2		12.9		12.4		14.5		14.2		14.2	

* We conducted a 2-for-1 stock split of its common stock on June 21, 2024. Figures prior to FY2024 have been calculated based on the assumption that the stock split was carried out.

95% of our investment cash flow(CFI) is “growth investment” to use new stores and new logistics centers, which leads to EPS growth. We will continue to take an aggressive stance of having new CFI at least 1x operating cash flow (CFO), and continue to make leveraged growth investments, mainly through debt.

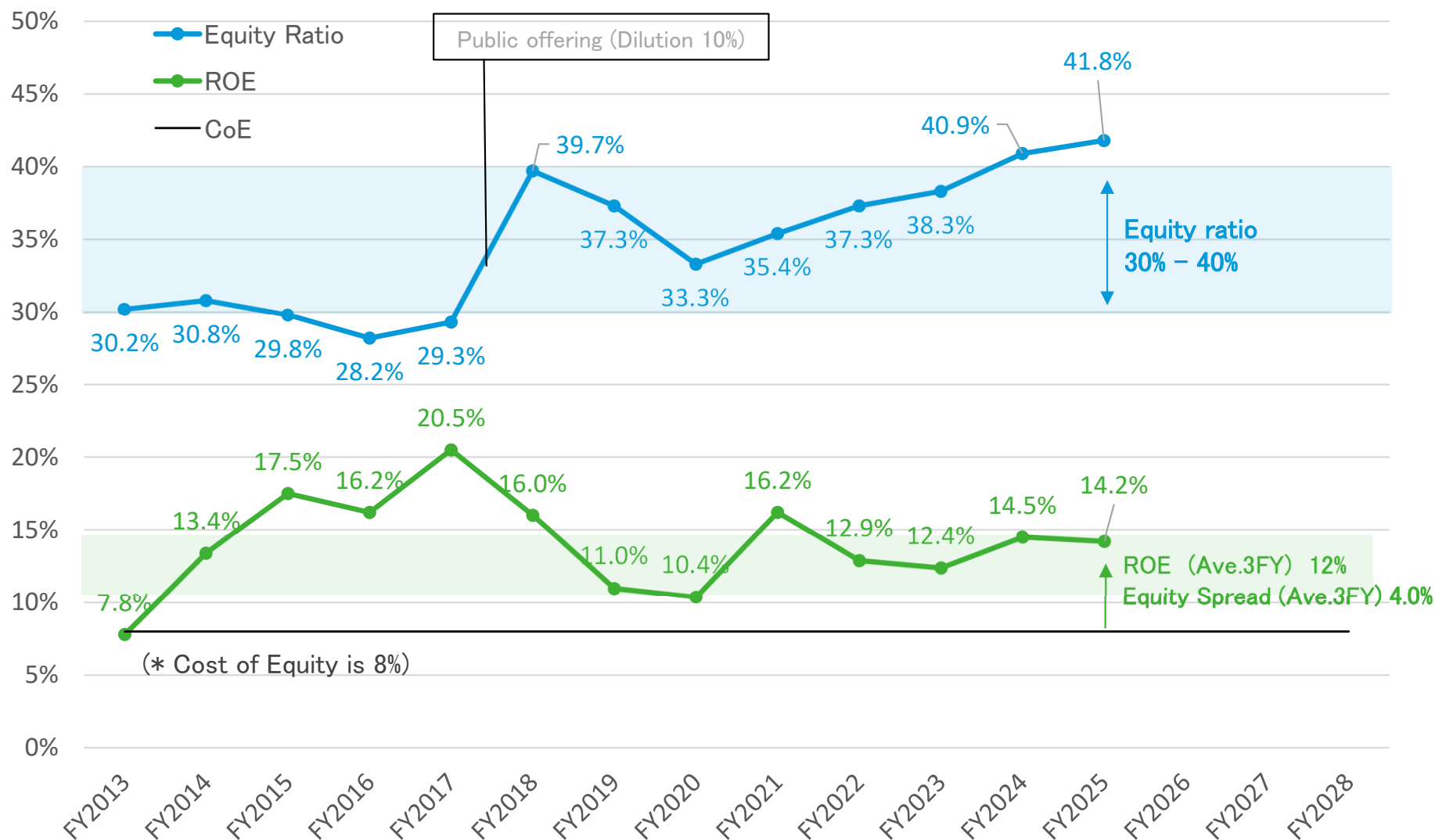
→ Although FCF on a simple calculation will be negative, we will keep CFI/CFO at 1.5x or less to avoid excessive damage to the equity ratio.



ROE, Equity Ratio and Cost of Capital

Through continuous and leveraged growth investments, ROE has been maintained over 12%, and investment efficiency continues to exceed the Cost of Equity* maintain an appropriate balance of 30%–40% for the Equity ratio, and continue to grow EPS through aggressive store openings.

(Currently, Equity ratio is being maintained at a level that anticipates a decrease due to new investments in logistics centers at FY2028.)



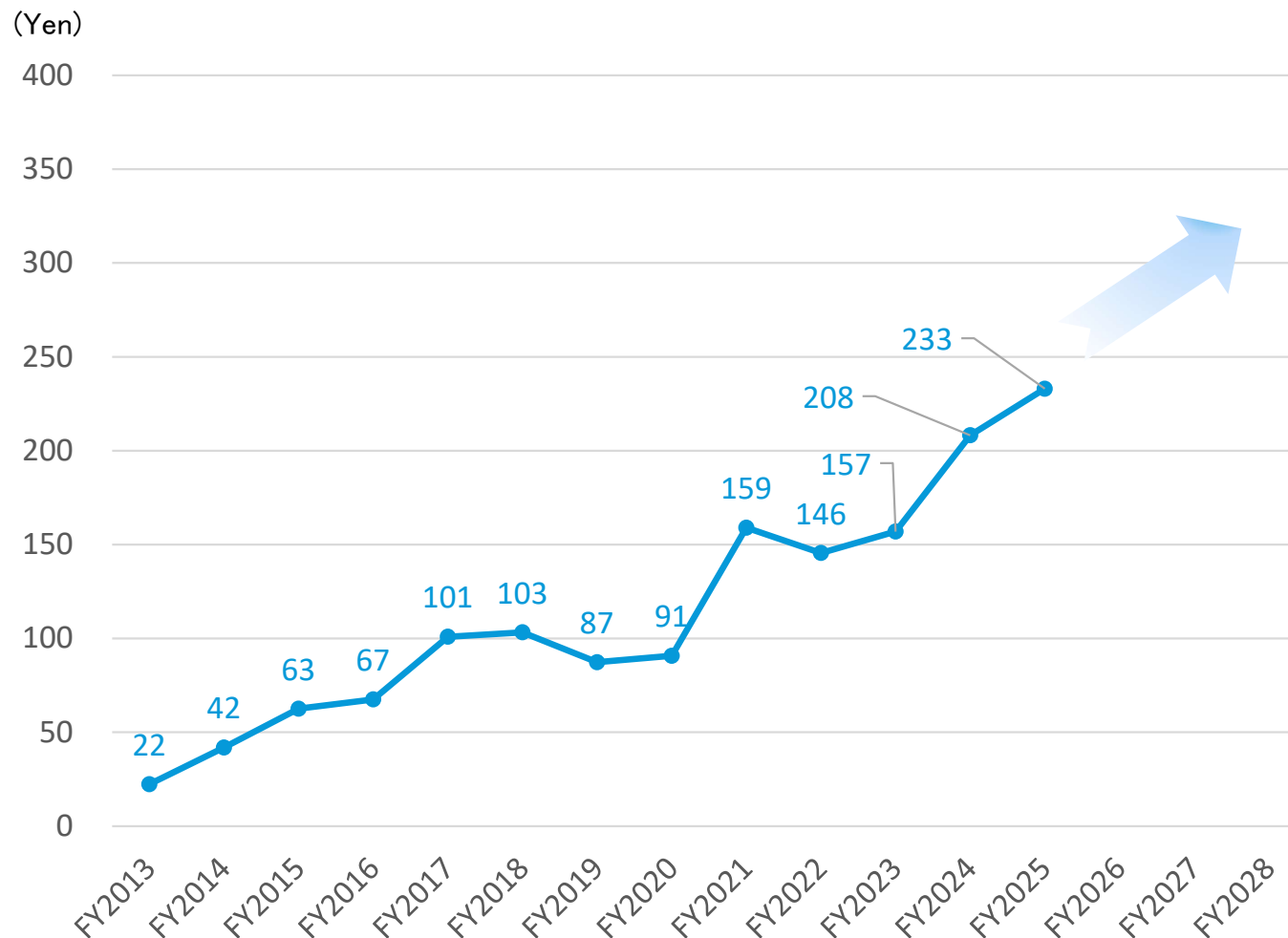
(* Cost of Equity at Genky is conservatively assumed to be 8%.)

EPS will continue to grow at a sustained rate of over 10%



EPS growth rate (CAGR) for the past 10 years has been 12.8%, which is proof that Genky is supported by customers.

We will continue to discounting business, and maintain EPS growth rate over 10%.



–Note–

The forecast figures in this presentation are based on information currently available to the Company and assumptions based on uncertain factors that may affect future performance.

In addition, the explanations given in this presentation contain forward looking statements, judgments, plans or strategies.

These forward-looking statements and remarks are subject to uncertainties, and actual results may differ from these statements and remarks because of a variety of factors.

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<https://youtube.com/shorts/cAgJsvJ8kwE?feature=share>

