

CORPORATE PROFILE 2017

Matsumoto KiYoshi Holdings Co.,Ltd.



Matsumoto KiYoshi
Holdings

What we can do for a brighter future

Moving ahead to provide support for the promotion of self-medication and longer healthy life-spans amid anxieties over the collapse of the health care insurance system.

Aiming at “excellent health” for each and every one of our customers

The Environment Surrounding Japanese Society

Japan's ageing society has placed the sustainability of the national health insurance system in danger owing to reductions in the working-age population and the additional cost of medical care and other services provided for the increasing number of elderly people. In order to countermand this, the government is promoting self-medication and longer healthy life-spans, and is also advocating that prescription pharmacies establish themselves as “health-support pharmacies” equipped with functions for promoting good health that the public can consider to be easily-accessible “family pharmacists” and “family pharmacies.”

Our Thought Process, Health-Support Pharmacies and Tie-ups with Local Medical Care

The Matsumotokiyoshi Group has been forging ahead with establishing tie-ups with local family doctors and other multi-discipline and related organizations since before the launch of health-support pharmacies in order to achieve our aim of becoming approachable family pharmacies (drugstores) that are trusted by all customers and intimately connected to each community as members of the integrated community care system. As part of these initiatives, we have expanded our chain of stores centering mainly on the next-generation “matsukiyo LAB” healthcare stores for the purpose of providing healthcare and self-medication to local communities as health-support pharmacies.

One wish that we all have in common is to remain attractive and healthy, and by becoming an intimate part of our customers' lifestyles and enhancing our level of specialty enables us to achieve our aim of becoming an entity that is both trusted and eagerly selected by our customers with regard to the fields of beauty and health.



Health-support pharmacies are symbolized by the duties of pharmacists evolving from “dealing with commodities” to “dealing with people,” and pharmacies and pharmacists are required to strengthen their function for being easily approachable, maintain the role of specialists capable of treating existing ailments with drugs, and enhance their reputation for being experts in providing health support.

Demands for Health-Support Pharmacies

- 1 On call 24-hours a day and able to provide home visits
 - 2 Tie-ups with medical care organizations
 - 3 Centralized management and continual understanding of drug dosage information
 - 4 Establishment of collaborative systems with the local community
 - 5 The permanent presence of pharmacists who have completed their training studies and have experience of the work involved
 - 6 Consultations that take personal information into account
 - 7 Labeled as a health-support pharmacy
 - 8 Maintaining stocks of pharmaceuticals that require guidance for use and nursing care products, etc.
 - 9 Designated opening hours
 - 10 Actions for providing health support
- * From drug-oriented work to patient-oriented work

Model Businesses Supporting Family Pharmacies that are Easily-Approachable by the Local Community

Background to the Development of the “Matsumotokiyoshi Community Pharmacy Support Program”

Approximately 58,000 prescription pharmacies are available throughout the country; a number that exceeds even the scale of convenience stores. However, more and more pharmacies are choosing to close down owing to anxieties over their administrative future brought about by the separation of medical and dispensary practice rates leveling off, a reduction in drug profit margins in alignment with revisions to amounts that can be charged for prescriptions, and severe competition between the huge number of pharmacies, as well as the problem of finding successors to take over the business. While equipping pharmacies with self-medication and easily-accessible Family Pharmacy functions, the “Matsumotokiyoshi Community Pharmacy Support Program” was developed to provide pharmacy management methods steeped in the Matsumotokiyoshi style to combat the many issues that privately-owned and small-scale pharmacies face with regard to dead stock issues, improving store operations, administrative management, staff training, the stable supply of commodities, and improving system efficiency, etc., for the purpose of not only solving these problems, but also to promote a business model that will contribute to extending healthy life-spans, which has been targeted under government policy.

Concept Behind the Matsumotokiyoshi Community Pharmacy Support Program

The Matsumotokiyoshi Community Pharmacy Support Program is a full package that makes the best possible use of the knowhow and infrastructures that Matsumotokiyoshi has cultivated over the course of many years struggling in the market of competitive superiority and differentiating strategies, to provide support for prescription pharmacies that contribute to local societies, through the medium of suggestions for attaining specialization, improving work efficiency, gaining administrative knowhow, training pharmacists and management staff, creating next-generation healthcare stores, and solving all other problems that pharmacy owners face.



Services Provided

- Improving operations and providing administrative support with pharmacy supervisors
- Educational support with training and study programs for improving the skills of mainly pharmacists
- Distributing information on pharmaceutical science written by experts, and providing consultations with regard to the work involved in prescriptions (DI functions)
- Functions for shifting dead stock in order to reduce losses incurred in disposal
- Stable supply of medicinal drugs, OTC drugs and PB products
- Use of prescriptions systems that improve work efficiency
- Proposals for next-generation pharmacies developed first by Matsumotokiyoshi

The above and other types of functions and services are provided to support the smooth management of prescription pharmacies.



As a partner with member pharmacies, the “Matsumotokiyoshi Community Pharmacy Support Program” responds to continual changes in the pharmaceutical industry and supports the management of Health Support Pharmacies equipped with functions for promoting health as approachable Family pharmacists and pharmacies in order to promote self-medication and extend healthy life-spans.



Next-Generation Healthcare -matsukiyo LAB-

matsukiyo LAB stores are healthcare shops providing total support for beauty and health manned by pharmacists, registered dietitians and beauty specialists capable of providing support for the healthy lifestyles of residents in the local community. These professionals will listen to all anxieties regarding health and beauty to provide finely-tuned advice on optimal products, dietary management, and the keys to maintaining beauty.



*matsukiyo LAB original supplements developed under the supervision of our registered dietitians.

The Matsumotokiyoshi Group will continue to adopt initiatives for solving a wide range of social issues through our business interests into the future to contribute to the development of a sustainable society.

The 85-year Trajectory of Matsumotokiyoshi Holdings *1st for You.*



Matsumotokiyoshi Holdings Co., Ltd. has roots going back to the company Matsumotokiyoshi, which was founded in 1932 in the Kogane district of the city of Matsudo, Chiba Prefecture (not far from Tokyo). The founder's name was Matsumoto Kiyoshi (it is from him we get our corporate name). The store he opened as an independent business was called Matsumoto Pharmacy. His philosophy did not follow the business concepts current at the time—the ideals he embraced for his business were sincerity and empathy, and from these ideals came two slogans: Consideration for Customers, and Good Products at Better Prices. Customer satisfaction was the base he built on, and when he went to the United States and learned about chain store practices, he had the tools he needed to grow his business.

■ Establishment of Ueno Ameyoko Store Revolutionizes the Industry

At the time, people tended not to visit pharmacies unless they had ill health or other such reasons. Learning from American drugstores, the company moved away from the dark and intimidating image of Japanese pharmacies, toward a bright interior and an inviting storefront, transforming the store into a place with new products and a wide range of other items, a place where customers could test cosmetics, and a place where shopping was enjoyable.



The Ueno Ameyoko Store, opened in 1987

■ Arrival of the Era of Suburban Stores

Matsumotokiyoshi continued to change its type of business according to customer needs, while at the same time moving ahead with the operation of large drugstores with parking lots, located along suburban thoroughfares. As young customers of urban-type Matsumotokiyoshi stores moved to the suburbs, the company responded to the needs of customers in each region with large drugstores that handled not only the drugs and cosmetics available at urban-type stores, but also a broad range of products that included items such as household and baby products.



The first suburban-type drugstore: the Kashiwa Kaga Store

1932

Establishment of Matsumotokiyoshi

Kiyoshi Matsumoto founds Matsumoto Pharmacy as a privately-run enterprise at 44 Kogane, Matsudo City. (December 26)

1954

From private enterprise to incorporated body

Drugstore Matsumotokiyoshi incorporated (January), with a view to future growth.

1987

Pioneer urban drugstore

Innovative Ueno Ameyoko Store opens (July). It was a "friendly and accessible drugstore that offered consultations," which "aimed to make customers cheerful and bring them greater health and beauty."

1990

Public offering of over-the-counter shares

The Company receives approval from the Japan Securities Dealers Association to register its shares on the over-the-counter market. (August)

1994

Opens first suburban-type drugstore

First roadside-type drugstore opens in Kaga, Kashiwa City. (March)

■ The Aim of Kiyoshi Matsumoto

At the age of 23, Kiyoshi Matsumoto opened the Matsumoto Pharmacy in the Kogane district of the city of Matsudo (currently the Matsumotokiyoshi Kogane Store). In addition to selecting a strategic location along the Joban railway line, in a town without a pharmacy, Kiyoshi displayed empty boxes to show the appeal of the store's broad product lineup, and even went to other stores to buy a product if he did not have it in stock, to ensure a prompt response to orders. These and other such aspects of the pharmacy garnered it a reputation as a friendly and diligent store.



Founder Kiyoshi Matsumoto



First Pharmacy

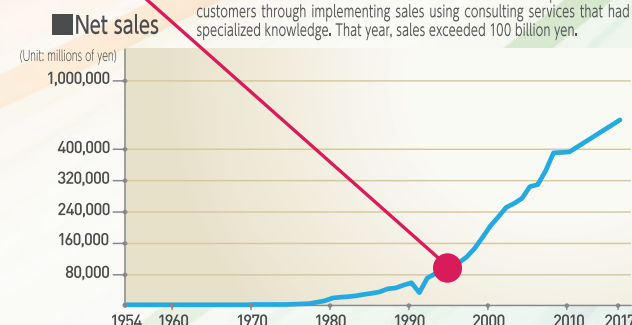
1995

Company achieves largest sales in the Japanese drugstore market

(March) Sales: 101,778 millions of yen / 216 stores

1995 The drugstore with the highest sales in Japan

Matsumotokiyoshi opened a large number of stores in strategic locations in the Tokyo metropolitan area, introduced a broad product lineup that better served the needs of the local residents and built a relationship of trust with customers through implementing sales using consulting services that had specialized knowledge. That year, sales exceeded 100 billion yen.



1996

TV commercials start

(April)

1999

Company listed on the First Section of the Tokyo Stock Exchange

(August)

■ Garnering Attention through TV Commercials



■ Listing on the First Section of the Tokyo Stock Exchange



Initiatives for Our Customers' Health and Beauty

2001

Group expansion strategy starts

Company commences business partnership with leading regional companies.

Number of drugstores reaches 500

(March)

■ Accelerating on the path of expansion



A storefront that still displays the character logo from the time of the company's founding

In addition to aggressive opening of new stores, Matsumotokiyoshi launched its group expansion strategy through business partnerships/capital alliances with leading regional companies and entering into franchise agreements. The number of stores reached 500 in the fiscal year ended March 2001. The company partnered with other companies for the mutual supply of products to take advantage of economies of scale, development of private brand products, etc., in an aim to achieve its new target of forming the Matsumotokiyoshi Group on a national scale in order to resolve issues such as a decreased profit ratio caused by an intensified race to open stores, new entry by companies from outside the market, and price competition.

2002

Point card services start

(April)

Introduction of the point system



To offer the polite service anywhere

2005

New type of franchise package starts

Keikyu Hautsu Store opens (August)

2007

Holding company Matsumotokiyoshi Holdings Co., Ltd. established

(October)



2012

Celebrates 80th year since establishment

(December)

2014

Kiyoo Matsumoto assumed as President

(April)

Official Matsumotokiyoshi application released

(August)

Tax-free sales start

(October)



2015

Expanding into tax-free specialized stores Yurakucho ITOCia Plaza Store

(March)

Chairman Namio Matsumoto receives the Order of the Rising Sun, Gold Rays with Rosette during the Emperor's Awards Presentation, spring of 2015.

(April)

Chairman Namio Matsumoto was recognized for his major role in society as Founding Chairman of the Japan Association of Chain Drugstores (JACDS) for promoting understanding about drug stores in Japan, promoting the concept of self-medication where people protect their own health, and moving beyond his position involved in the business development of a single company.



Our first store in an outlet mall Mitsui Outlet Park Makuu Store (July)



Expanding into next-generation healthcare stores

Lifestyle Healthcare Store matsukiyo LAB Shin-Matsudo Eki-mae Store

(September)



Support for cross-border EC Started sales in Alibaba's Tmall Global

(September)



Opens our first store in an airport facility Keikyu Haneda Airport International Terminal Station (franchise chain operated by Keikyu Hautsu Co., Ltd.)

(October)



Opens first store overseas, in Thailand

(October)



Original "matsukiyo" brand launched

(December)



2016

Received the 2016 Supply Chain Innovation Award for Excellence

(July)



2017

Ranked 38th in the Japan's Best Domestic Brands rankings for the second year running

(February)

Japan's only drugstore to appear in the Japan's Best Domestic Brands rankings, at no.38, compiled by Interbrand Japan, Inc. Ranked 1st for brand value growth rates over the previous year.



matsukiyo LAB Shin-Matsudo Eki-mae store designated as a Health-Support Pharmacy

(February)



Striving to be the “Number 1” for everyone.

TOP MESSAGE

Matsumotokiyoshi Holdings has set its goals to be the achiever of sustained growth and the improvement of its corporate value, under the banner of our corporate motto, “1st for you.” Our corporate group includes 13 consolidated subsidiaries and 1 affiliate company, and its core business areas are mainly retail sales of chain stores, such as drugstores and health insurance prescription pharmacies, as well as wholesale and management support. As of the end of March 2017, our network of 1,555 stores covers 45 prefectures nationwide. We expect that our business environment will continue to be challenging; nevertheless, we aim to become “the company with a trillion Yen in sales in the health and beauty field” as our management vision describes and implement a priority plan established in line with our mid-term business strategy. We will utilize the database we have on our customers to provide detailed support through a diverse range of store arrangements that suit today’s every-changing lifestyles and personal needs. In addition, we will enhance the development and sales of private brand products based on customer-focused marketing and ensure our competitive edge by providing high level of specialization and convenience, with a goal to become a corporate group trusted and supported by all our stakeholders. With this corporate vision in mind, we will continue to work unceasingly by constantly tackling new challenges and endeavor to grow as a corporation.

Namio Matsumoto

Chairman
Matsumotokiyoshi Holdings Co., Ltd.

At Matsumotokiyoshi Holdings, all employees make a shared promise called the “Matsumotokiyoshi WAY.” The “WAY” contains our philosophy of continuing to be “an upbeat organization with an ever fresh approach.” The rapid spread of smartphones has resulted in additional diversity in that customer purchasing habits not only include visits to stores, but also a pronounced increase in the use of EC. This change in purchasing habits does not mean that customer needs themselves have changed; it is a manifestation of an inherent desire to “shop freely” brought about by technological advances. Because of these changes in the times, we at Matsumotokiyoshi are constantly considering business opportunities that incorporate ingenuity. We have already involved ourselves in EC business and have received a certain amount of support. However, what we really need to accomplish is not simply reinforcing our EC projects, but catering to the desire of customers to “shop freely”. We believe that the role we should play is to eliminate the concepts of store and EC “channels” and the “time and place” aspects of being at home, being out and about, and being on the move, and instead move ahead with an omni-channel strategy. Ever since our establishment, Matsumotokiyoshi Holdings has continued to carry out business based on our management philosophy of “providing beauty and health” to customers. This philosophy remains deep-rooted, so we intend to adopt initiatives to cater to the changes in the times with free and easy ingenuity without modifying this underpinning philosophy.

Kiyoo Matsumoto

President
Matsumotokiyoshi Holdings Co., Ltd.

Matsumoto KiYoshi Holdings Co., Ltd.

Management Philosophy of the Group

We will always...

Treat all of our customers with respect,

Provide them with the help and advice

they need to maintain and improve

their health and beauty,

Strive to be the friendliest drugstore.

● The logo of Matsumotokiyoshi Holdings shows three fully grown birds in dynamic flight.

● The three birds in our logo represent our three-fold commitment to further growth: listening attentively to our customers, helping them improve their health and beauty, and achieving the further growth of our group.



Matsumoto KiYoshi Holdings

Customers

We are proud to bring satisfaction to customers by supporting their pursuit of good health and beauty.

Employees

We want our employees to find satisfaction in their work, and to achieve personal growth as contributing members of society.

Client enterprises

We are promoting the development of the company together with client enterprises and all people and organizations we have business relations with.

Local communities

Through our activities as a corporate entity we contribute to the well-being of local communities.

Shareholders

We share profits with shareholders. These are the ways we work for our many stakeholders.

Matsumotokiyoshi Holdings harnesses the power created by individuals for tomorrow's growth

What is the **1st** for me?

1st for You.



It is about creating
bridge into the future

Pharmacist, Prescription
Handling Department
Ichiro Shinomiya

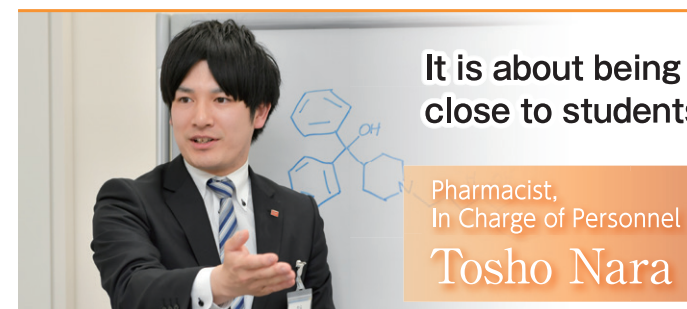
Amid the current environment of a declining birthrate and ageing of society, calls for connecting pharmacists with local doctors, nurses and care managers to form medical teams in order to provide integrated community care for the purpose of stimulating occupational functions are growing stronger and stronger. This has led to the Prescription Handling Department, to which I belong, inaugurating local medical care and social welfare collaboration team. The role of this team is to establish favorable relationships with medical institutions and facilities for the elderly in order to create bridges that enable local people to take part in integrated community care. I am currently visiting these facilities and engaged in follow-up activities to facilitate the smooth start of home-visit projects by stores. It is my hope to create bridges that connect all localities together under favorable circumstances in the future, and play a useful role for patients by establishing situations in which the pharmacists who cross these bridges can be active within the communities. In order to achieve this, I will continue to diligently carry out my daily duties while creating bridges into the future.



It is about never
establishing limits

Store Manager and
OTC-Medicine Counselor
Ayano Matsumoto

I recently get the feeling that the items customers require from drugstores are getting more and more diversified, and that the role of drugstores is gradually changing. Amid these changing times, my aim is to create sales areas that automatically reach out to customers while firmly recognizing their close proximity. Although it is not easy creating stores that cater to customer needs within all existing environments, I concentrate on doing everything I can to base my actions on what I myself am able to do and on what customers actually need, instead of simply drawing lines that demark the limits of my capabilities. I sometimes fail, but I am committed to working on self-development by repeating the process of trial and error. It is my wish to diligently apply myself to work not only alone but also together with my co-workers despite our friendly rivalry in order to push ourselves to the limit with regard to our chosen targets.



It is about being
close to students

Pharmacist,
In Charge of Personnel
Tosho Nara

A recruiting team providing support for pharmacy students has been launched in Matsumotokiyoshi. The amount of time students have for job searching is now shorter than before, so this team was launched to help support students during their job-searching activities and to strength our relationship with universities. The impression I leave on students is that I am a company worker who remains close to them and is easy to talk to. I am ready to visit any part of the country before they join the company in order to answer their questions and provide needed consultations to let them know that we are the best company for them. I myself am convinced that the company will provide them with the opportunity to accept a wide range of challenges and is therefore the best company for them, and because of this I am able to recommend it to the students from the bottom of my heart. Today I will find myself in another part of the country, busily ensuring that Matsumotokiyoshi Holdings remains the best company not only from the point of view of its store chain, but also from the point of view of its workers.



It is about putting smiles
on the faces of customers

OTC-Medicine Counselor,
In Charge of Cosmetics
Miho Onishi

I make the best possible use of the knowledge I have built up as an OTC-medicine counselor, cosmetics counselor and dietitian during my daily work to provide advice on internal and external beauty and health in order to solve the problems of our customers in some way, and in order to support the health and beauty of customers together with them. My job is to listen carefully to everything customers visiting the store have to say, not only to solve their problems but to also provide various suggestions that will bring a smile to their faces. Although it is sometimes hard working in a store, I am often delighted and feel that my job is worthwhile when I sense the trust that customers place in me when they visit for consultations. I get the opportunity to deal with customers of all different ages in my work, and I must always ensure that I give them the most accurate advice for their age group. Instead of being satisfied with my current level of knowledge and skills, I always strive hard to find information that will be useful to my customers and obtain various types of qualifications. I work hard to provide the most up-to-date and reliable information while making sure that I continue to improve myself. I intend to continue polishing my own knowledge and skills so that I am able to put smiles on the faces of as many customers as possible via the medium of health and beauty as a specialist in both fields.



It is about cherishing
opportunities and encounters

Store Manager
and Pharmacist
Kaore Masaki

I have worked in stores with dispensing facilities and prescription pharmacies, and I carry out my work while sensing that continuing to grasp every opportunity leads to some wonderful encounters. And, cherishing these encounters leads to other opportunities. My daily work not only involves handing over prescriptions to pharmacy patients, but also listening in a friendly manner to everything the customers have to say so that I can learn their backgrounds and thereby serve them more efficiently with health food and cosmetics. Cherishing the encounters I have with these people provides me with the opportunity to improve the quality of their lifestyles, and I am convinced that this is the real charm of working for Matsumotokiyoshi. In addition, although it was not just easy to accept the challenges of gaining experience and enhancing my career by working in various stores, I also feel that I have been firmly supported by the people I have encountered and the people I have worked with throughout all of this, and I intend to keep moving ahead while expressing my gratitude for this.



It is about trust

Store Manager and
OTC-Medicine Counselor
Koudai Tsukamoto

One of my aims while working is to create stores that earn the trust of customers. I believe that earning trust means to convince customers that we have everything they require, including friendly service, knowledge of products, a pleasant sales area, a full line-up of products and competitive prices. Achieving this is very difficult, and it is impossible for just one person to ensure every element. However, the people I work with are also very trustworthy. They are able to stand in our customers' shoes and respond to every eventuality without compromising, and they also turn the impossible into the possible. While approaching everything from a trial and error perspective, we get to experience first-hand the trust that we earn from our customers from the way that they leave the store paying us compliments and with big smiles on their faces. The delight that my co-workers and I feel at times like this is irreplaceable. Together with my reliable colleagues, we will continue to create a store that overflows with trust.



It is about not
forgetting to smile

Registered Dietitian and
OTC-Medicine Counselor
Hiroko Watanabe

My current job is, as a Registered Dietitian, to suggest supplements to customers who have anxieties and in alignment with their dietary situations, but I also provide advice on eating habits and lifestyle habits. I carefully listen to everything my customers have to say in the hope that they can achieve a certain amount of enjoyment and feel glad that they visited the store, and I do everything I can to make sure our conversations are fun. I also pay close attention to mixing drug dosages in my role of OTC-medicine consultant. Seeing the smiling faces and assurances that they feel much better after my counseling makes the job worthwhile for me. I am full of gratitude for the customers who place their trust in us and visit the store. I also place much importance on the communications I have with not only customers, but also the staff members I work with. I am convinced that helping each other out through teamwork and showing compassion is vital in operating a store. I make sure I never forget to smile before expecting to see smiles on the faces of my co-workers.



It is about providing customers
with health and beauty

Pharmacist, Buyer
Akihiro Sawada

I take care of product procurement for the Group's companies and make sure that we are always fully stocked in my role as a buyer of products and drugs. I pay special attention to the fact that I work for the Pharmaceuticals Department and that it is my duty to provide customers with health and beauty. I want all customers who purchase and use items from our stores to be delighted with them. It is with this hope constantly in mind that I carry out my daily duties. Another important part of my job is to inexpensively provide superior products in my role as a buyer. My work involves obtaining the cooperation of suppliers in order to provide customers with products at prices that give full satisfaction. I also propose plans, revise stock lists and provide information to enable actual stores to serve customers as efficiently as possible. In order to achieve this, identifying problems, checking and verifying the figures, collecting information and other such tasks are extremely important. I will continue working hard to ensure that as many customers as possible become fans of the Matsumotokiyoshi Group.

For Ever-greater Customer Satisfaction

The Matsumotokiyoshi Group is actively planning and developing private brand products.

The new and original brand of the Matsumotokiyoshi Group 「matsukiyo」

In 2015, “matsukiyo” was created as the new and original brand of the Matsumotokiyoshi Group.

With the diversification in lifestyles through changes in how modern people work, including more and more women having careers, our brand is aimed at helping our customer's daily lifestyles as well as the lifestyles of Japanese society as a whole to be more beautiful and healthy than ever. This goal is illustrated in the design of

the “matsukiyo” logo mark. The logo mark was created with a focus on the 19 degree-angle of our *katakana* logo and the symbol of our high quality and continuous advancement. It also shows the desire of Matsumotokiyoshi to progress strongly ahead, rising up to the right to better serve our customers and emphasizing “Matsukiyo-ness” to the front to support a comfortable lifestyle for our customers through next-generation healthcare services and products.

Overall Future Vision of the matsukiyo Brand



The Concept of Our Original Product Brand “matsukiyo”

matsukiyo is an original brand product that is all about ideas for making daily life more beautiful, healthy, and full of fun.



1 An emphasis on Creating Products

Reflecting the voices of customers from our stores, we place an even greater emphasis on quality and safety, by carefully selecting only the finest materials and ingredients and ensuring thorough quality control. We also carry out routine tests during final trial after initial production, and depending on the type of product, we continue to monitor internal tests at the pre-production stage, so that we only sell the very finest and carefully selected products. We also pursue quality and functionality that allow us to respond to the needs of customers who wish to be beautiful and healthy.

2 An emphasis on ideas with fun and enjoyment

We develop products from the idea of staying a step ahead of our customers' expectations. We provide additional values as well, such as fun, surprise, joy, and excitement in line with matsukiyo-ness.

3 An Emphasis on Design

To incorporate the uplifting feeling of Matsumotokiyoshi, the design is about expressing matsukiyo-ness in the new brand logo and package design. For example, the fact that our *katakana* logo, our symbol, is bent 19 degree creates a design that will increase awareness of our new private brand with its increased emphasis on customers. In addition, we use a stylish, innovative package design that considers our customers' lifestyles and is easy to select. The design allows the product's features to be seen at a glance, resulting in its usage with ease.

The concept of our next-generation healthcare brand “matsukiyo LAB”

matsukiyo LAB is our original health brand product that provides total support for health and beauty by specialists such as pharmacists, registered dietitians, and beauty specialists, who help maintain the healthy lifestyles of our local customers in each region.



*matsukiyo LAB is a next-generation healthcare brand for products that provide total health and beauty support, recommended by specialists.

Original Brand with High Quality and Added Value

Among our various products, those that have been planned and developed on the basis of high quality and added value have been sold in the past as “MK Customer” and enjoyed wide support. Interviews with users have shown that there

are high expectations for our products, and each individual brand has been highly recognized. In the future, we will make each of these brand products independent, strengthening our ability to respond to our customers' needs.

ARGELAN Authentic Organic Hair Care Product

Argelan is developed according to strict organic standards so that it is gentle on your skin.



Upgraded version
now on sale

NEW BLANC WHITE

A new whitening series that can be experienced first-hand

BLANC WHITE Series

A whitening series based on a new concept of blemishes being caused by differences in brightness levels between blemished areas and non-blemished areas.



Retinotime レチノタイム

Lively firmness, deep resilience
A skincare series that defies aging.



LUNG TA

The best hair I have ever had with hair architecture concept.



INSTREAM

By focusing on the changes of lifestyles of modern-day women, we offer solutions for skin disorders resulting from busy lifestyles through scents and cosmetic ingredients.



ルアンプリュス Leun Plus

An outstanding cosmetics line that combines the effects of brilliant makeup that lasts a long time combined with a skin care product.



In the beauty and health business fields, Aiming to become a corporation with 1 trillion Yen in sales

1st for You.

Basic Management Policy of the Group

- Our company strives to ensure that everyone connected with our Group can enjoy beauty, health, and abundant lifestyles for as long as they like.
- Our company promotes self-medication to support the coming ageing society, and intends to serve as the local "family pharmacy" to help guard the health of our customers and their loved ones.
- Our company aims to become a corporate group essential in the fields of health and beauty through always creating new values and providing sincere services in these fields.
- Our company aims to become a corporate group trusted and supported by all its stakeholders, so shall continue to work unceasingly, constantly tackle challenges, and grow to achieve this.

Mid to Long-term Management Strategy

Mid-term Management Goals(2020)	Management Vision
800 billion Yen in group sales Return on equity(ROE) exceeding 10%	In the beauty and health business fields, Aiming to become a corporation with 1 trillion Yen in sales
Mid-term Strategy Theme 1	Key Strategy 1
Development of a New Business Line Model to Create Demand	•Development of a New Business Model •Strengthening and Expansion of the Pharmacy Business
Mid-term Strategy Theme 2	Key Strategy 2
Further Evolution of CRM Based on the Omni-channel	•Promotion of Omni-channel •Development of a Vertical Partnership Structure
Mid-term Strategy Theme 3	Key Strategy 3
Attaining the overwhelmingly No.1 lead in all regions	•Expanding market share in seven areas

Mid-term
Management Goals
Group Sales
800 billion Yen
Return on equity (ROE)
exceeding 10%

Management Vision

In the beauty and health business fields,
Aiming to become
a corporation with
1 trillion Yen in sales

Priority Plan for FY2017

The priority plans to achieve our management vision and targets has been established as follows.

1 Development of a New Business Model

- Upgraded inbound response
- Promotion of next-generation healthcare business
- Development of high quality services and business that induce customers to purchase
- Reinforcement and expansion of overseas business interests

2 Strengthening and Expansion of the Pharmacy Business

- Promotion of Pharmacy Support Programs
- Initiatives promoting doctor home visits and nursing care home visits
- Promotion of human resource business affairs

3 Promotion of the Omni-channel

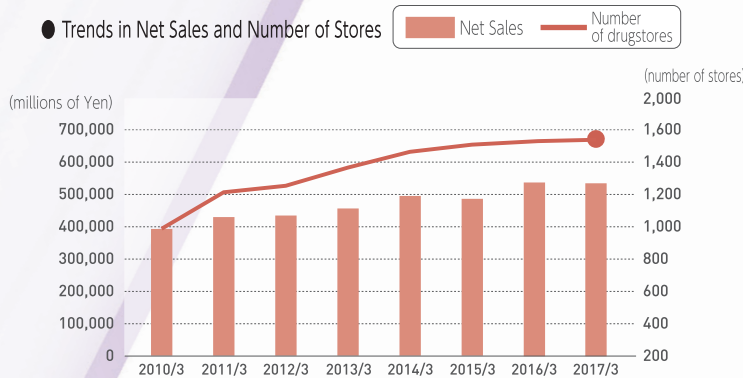
- Use and application of Big Data
- Achievement of one-to-one marketing
- Expansion of male customers, preparations for rainy days

4 Development of a Vertical Partnership Structure

- Optimization of the overall supply chain
- High-quality PB products with the use of data analysis
- Expansion of exclusive products in alignment with market conditions
- Expansion of brand support business affairs with the use of the Omni-channel infrastructure

5 Expansion of Market Share in Seven Areas

- Strategies for the three main metropolitan areas and other areas
- Increased profitability centered on key performance indicators (KPI)
- Lateral expansion of success stories and knowhow
- Promotion of M&A, franchises and business partnerships
- Training of human resources capable of supporting growth strategies



Glossary of Terms

One-to-one marketing

Individually developed marketing activities designed to match factors including the preferences, needs, and purchase history of each customer.

Omni-channel

Denotes the integration of all sales and distribution channels, including brick-and-mortar stores and online stores. In addition, through the creation of such integrated sales network, an environment exists where products can be purchased in the same manner regardless of the sales channel used.

Vertical partner structure

Through the cooperation of upstream manufacturers to downstream retailers, this structure maintains variable functions by artificially integrating distribution level functions.

The Matsumotokiyoshi family drugstores

Matsumoto KiYoshi Holdings Co., Ltd.

Group Companies



Matsumotokiyoshi Co., Ltd.



PAPASU Co., Ltd.



SIMENO Co., Ltd.

マツモトキヨシ 東日本販売

Matsumotokiyoshi East Co., Ltd.

マツモトキヨシ 九州販売

Matsumotokiyoshi Kyusyu Co., Ltd.

マツモトキヨシ 甲信越販売

Matsumotokiyoshi Kou-Shin-Etsu Co., Ltd.

マツモトキヨシ 中四国販売

Matsumotokiyoshi Chu-Shikoku Co., Ltd.

マツモトキヨシ ファーマシーズ

Matsumotokiyoshi Pharmacies Co., Ltd.

Wholesale / Other Business Companies

- Matsumotokiyoshi Wholesale Co., Ltd.
- MK Planning Co., Ltd.
- Matsumotokiyoshi Asset Management Co., Ltd.
- Matsumotokiyoshi Insurance Service Co., Ltd.

Affiliated Company

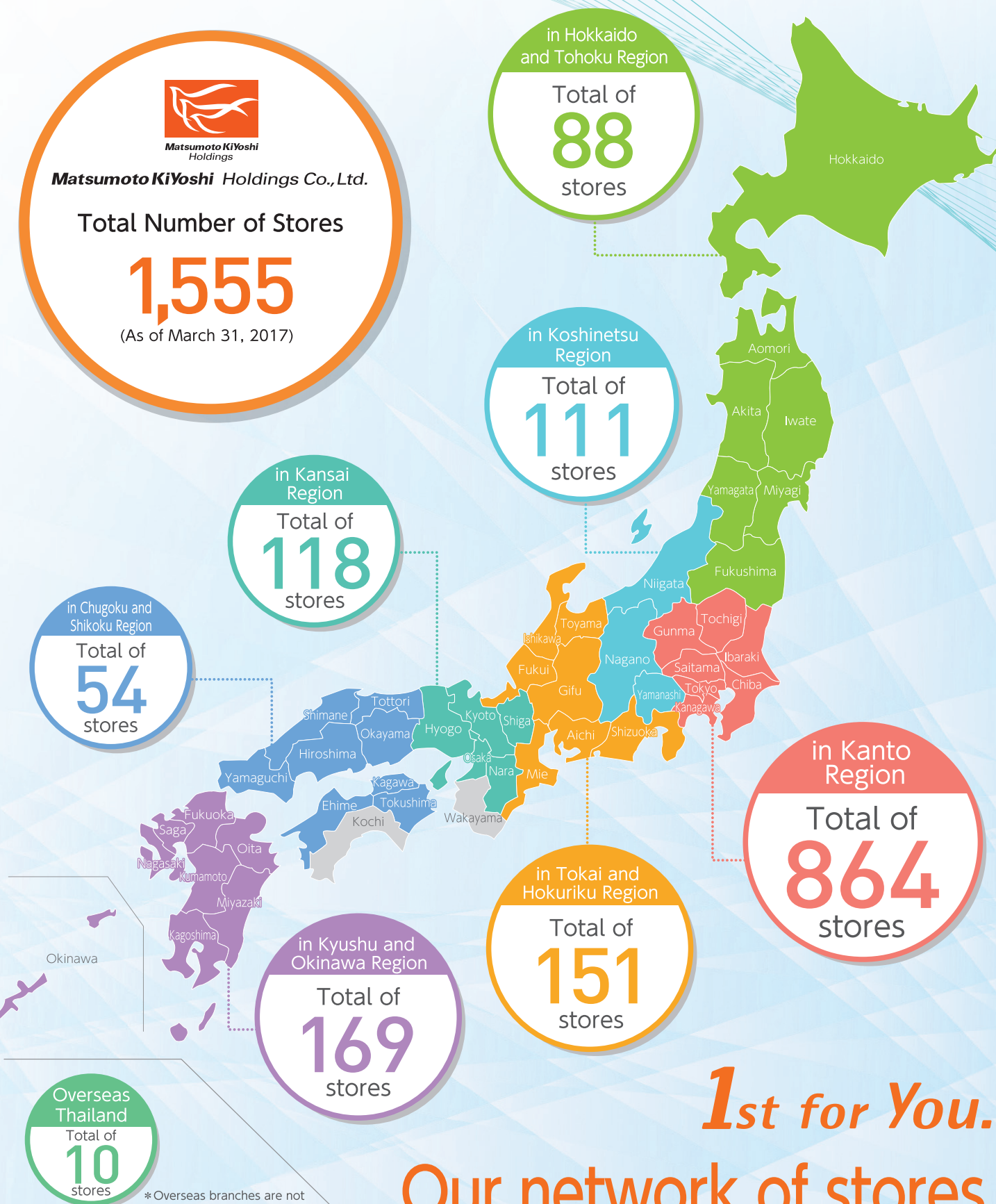
- Central and Matsumotokiyoshi Ltd.
(Kingdom of Thailand)

(as of April 30, 2017)

Franchise Stores

- KEIKYU HAUTSU Co., Ltd.
(HQ) Yokohama-shi, Kanagawa Pref.
- Kohnan Shoji Co., Ltd.
(HQ) Sakai-shi, Osaka Pref.
- SAN-A Co., Ltd.
(HQ) Ginowan-shi, Okinawa Pref.
- Izumi Co., Ltd.
(HQ) Hiroshima-shi, Hiroshima Pref.
- BEST DENKI Co., Ltd.
(HQ) Fukuoka-shi, Fukuoka Pref.
- Kyoiei Co., Ltd.
(HQ) Tokushima-shi, Tokushima Pref.
- JA-Shimane
(HQ) Izumo-shi, Shimane Pref.
- Meijido-Yakuhin Co., Ltd.
(HQ) Ama-gun, Aichi Pref.
- SUPER VALUE CO., Ltd.
(HQ) Ageo-shi, Saitama Pref.
- Yasui Co., Ltd.
(HQ) Ichikawa-shi, Chiba Pref.
- OKUWA Co., Ltd.
(HQ) Wakayama-shi, Wakayama Pref.
- Entetsu Store Co., Ltd.
(HQ) Hamamatsu-shi, Shizuoka Pref.
- Food Mikuni Co., Ltd.
(HQ) Sakai-shi, Fukui Pref.
- Inai Co., Ltd.
(HQ) Kurayoshi-shi, Tottori Pref.
- A&S Takashimaya
Duty Free Company Limited
(HQ) Shibuya-ku, Tokyo

Group's

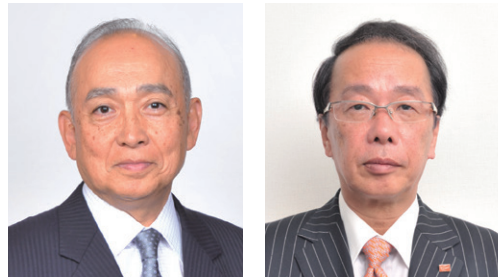


1st for You.
Our network of stores covers 45 prefectures in Japan.





【Corporate name】 Matsumotokiyo Co., Ltd.
【Address】 9-1 Shinmatsudo-Higashi, Matsudo-shi, Chiba 270-8501 Japan
【Phone】 +81-47-344-5111 【Incorporated】 December, 1932
<http://www.matsukiyo.co.jp/>



Aiming for further progress fully using strategies.

Kazuo Narita | **Takao Ohta**
Chairman (left) | President (right)

Aiming to be an advanced marketing company in the fields of health & beauty

The company, Matsumotokiyo was founded in 1932 in the Kogane of Matsudo City, Chiba Prefecture as a private-run enterprise, "Matsumoto Pharmacy," and has now celebrated its 85th anniversary of founding.

In 1995, the company achieved the highest sales in the industry, and still actively promoting area domination in Kanto, Tokai and Kansai regions as the core company of Matsumotokiyo Holdings Co., Ltd.

The company has started issuing the "Matsumotokiyo Point Card" since 2002 and has 24.4 million card members as of March 2017.

With Japan's population estimated to be approximately 127 million, our company have acquired about 19% of the population in terms of customer baseline. In addition, our friends on LINE, which was started in July 2012, reached 17.6 million at the end of March 2017. In August 2014, we launched the Matsumotokiyo Official App which as of the end of March 2017 was downloaded 5.5 million times. Through such efforts, we strive to be an advanced marketing company in the health and beauty field by carefully cultivating points of contact with many customers.



Ginza 5th Store(Urban-type drugstore)

Business Contents Matsumotokiyo Store Model We are opening up a range of stores to match sites and customers.



DiverCity Tokyo Plaza Store



Prescription pharmacy Shin-Matsudo Store



petit madoca Noda Mizuki Store



matsukiyo LAB Shin-Matsudo Eki-mae Store



OUTLET Mitsui Outlet Park Makuhari Store



Koshigaya Nishikata Store (Suburban-type drugstore)



matsukiyo LAB SUPPLEMENT Bar



matsukiyo LAB BEAUTYCARE Studio



matsukiyo LAB HEALTHCARE Lounge



Sweetie Nail

Stores Targeting Inbound Travelers



Yurakucho ITOCIA Plaza Store



Kyoto Tower Sando Store



Shinsaibashi Chuo Store

Franchise Stores



Keikyu Haneda Airport International Terminal Station Store (KEIKYU HAUTSU Co., Ltd.)



Maehara Store (SAN-A Co., Ltd.)



Dg'S Asaba Store (Entetsu Store Co., Ltd.)



Takashimaya Duty Free SHILLA & ANA Shinjuku Store (A&S Takashimaya Duty Free Company Limited)



Matsumotokiyo online store
<http://www.matsukiyo.co.jp/store/online>



Cross-border EC: Tmall Global

Tokai and Hokuriku Region



【Corporate name】 SIMENO Co.,Ltd
【Address】 e-town Kanazawa, 1-48-1 Takayanagi-cho, Kanazawa-shi, Ishikawa 920-0005 Japan
【Phone】 +81-076-253-9595 【Incorporated】 May,1962
<http://www.matsukiyo.co.jp/map/simeno>



We maintain a spirit of challenge and unity to grow further and keep refining the company culture.

Hisanori Seki
President



Aiming at the Deeper Penetration of Group Brands in the Hokuriku Area

SIMENO Co., Ltd. has opened primary stores in Ishikawa Prefecture, Toyama Prefecture and Fukui Prefecture, and we are currently forging ahead with creating a foundation that will firmly establish the Group brand in the medical care and lifestyle fields around major railway stations and other locations at a pace that is in alignment with the rapid growth being experienced in the Hokuriku area.

In order to take even greater strides forward in the future while taking advantage of the foundation we have built up until now, we will strengthen our training programs under the key-phrase of "reinforcing on-site skills" to accelerate growth and attempt to create environments containing the spirit of challenge possessed by all employees, and we will do everything within our power to expand our group share within the Hokuriku area by improving customer satisfaction and acquiring the title of Royal Customer by providing products of the "highest quality," "attractive levels of value" and "heartfelt customer services."

Business Contents



Drugstores

We are expanding our stores throughout the prefectures of Ishikawa, Toyama, Fukui and Gifu. Through our customer-first ideology, we pursue ever-greater convenience, place the highest priority on acting from the viewpoint of our customers, and aim to become the top store in the region.



Pharmacies

We aim to be a gateway to regionally based medicine and a society based on preventive medicine. We offer medical advice and counseling as prevention of illnesses, as well as nutrition and child care counseling. We also aim to be the number one family pharmacy in the region.

Unique Approaches



Our company provides the Clover Passport to customers 60 years old or above who receive a 5% discount on certain products if they present their passport on Senior Appreciation Days which are the 15th, 16th, and 17th of each month. On those days, we flourish with many senior customers as well as their family members.

Kanto Region



【Corporate name】 PAPASU Co., Ltd.
【Address】 4-8-3 Yokokawa, Sumida-ku, Tokyo 130-0003 Japan
【Phone】 +81-3-5610-8811 【Incorporated】 November, 1989
<http://www.matsukiyo.co.jp/map/papasu>



Under the motto “Your town’s life convenience store,” our aim is to become a community-based drugstore that is loved by its customers.

Koichi Nezu
Chairman (left)

Hitoshi Takagi
President (right)

Our goal is to expand our group share throughout Tokyo

Our motto is “to stand in the shoes of our customers when conducting business and to create stores loved by them.” In order to achieve this, we believe that customer satisfaction comes before anything else, and we do everything within our power to not only make sure that all stores are fully stocked with products that cater to customer needs, but also to substantiate our employee training programs. We will never rest our laurels on believing we have satisfied our customers. We will always aim for even higher levels of satisfaction, and work hard to create a company that exudes individuality in which employees are happy to work. We will also contribute to local society in our role of self-medication advisor. We will continue to develop and grow together with our customers in the community as a “convenient store for the town’s lifestyles.”



Business Contents



Drugstores

Drugstores are the core business of PAPASU and provide a wide variety of products at reasonable prices based on the various lifestyles of our customers. In this way, we contribute to the betterment of society.



Pharmacies

Aiming to become “family pharmacies” for our customers, our businesses contribute to society through our abundant expertise, careful handling of prescriptions, professional advice, and sincere, heartfelt service.

Store Introduction



Drug Papasu Senkawa Eki-Mae Store

Aiming at becoming an indispensable store for our customers as a “convenient store for the town’s lifestyles” intimately linked into the 23 wards of Tokyo in alignment with our corporate philosophy of standing in the shoes of our customers to create stores loved by them.



Drug Papasu Okudo Store

The first floor contains a drugstore combined with a prescription pharmacy and the second floor contains a combined Medical Mall care facility, both of which provide assistance to the local people in their quest for anxiety-free lifestyles.

Initiatives for Inbound Travelers



Drug Papasu Asakusa Kaminarimon Store

Located in a busy tourist area, this store is fully stocked with a wide range of products targeting overseas visitors. It also stocks the products required by people who live in the local community.

Corporate Social Responsibility (CSR)



We support and sponsor the Chiba Prefecture Child Welfare Facility Council Marathon, which is held in winter every year, by giving out heat pads.



Hokkaido and Tohoku Region



【Corporate name】 Matsumotokiyoshi East Co., Ltd.
【Address】 Sendai MKD Building 3rd floor, 2-2-24 Chuo, Aoba-ku, Sendai-shi, Miyagi 980-0021 Japan
【Phone】 +81-22-268-1780 【Incorporated】 October, 2006
<http://www.matsukiyo.co.jp/map/mk-east>



Always bearing in mind the smiles of our customers, we do our best to provide people in the community with health and more abundant lifestyles.

Masashi Takano
President

Retail outlets rooted in communities in eastern Japan

In October 2015, we merged with DARUMA DRUG STORE CO., LTD. which has been one of the top performers in terms of both business history and scope, opening up drugstores and pharmacies in the Tohoku region, Miyagi Prefecture in particular, ever since its founding in 1946. Our mission is to expand our Group’s share in the East Japan area. Our basic idea is “Thanks—that single word makes us happy,” and to truly place the customer first, we provide customer interaction services based on the stance of each individual customer, as well as consultations that make use of our specializations in health and beauty,



to increase customer satisfaction. Being offered that single word, “Thanks,” as often as possible is what gives us, the staff of Matsumotokiyoshi East Co. Ltd., our job satisfaction. This prompts all of us employees to strive every day for an even higher level of professional services, as we assist customers in their pursuit of health and beauty.

Business Contents



Drugstores

Our stores sell a wide range of products and offer advice based on the needs of customers. Through our consulting sales service we are improving our standing as trusted stores in our communities.



Pharmacies

Deploying pharmacy/drugstores in mainly station buildings, we are aiming to become the best in the community, providing customers with everything from preventive medicine to prescription drugs.

Unique Approaches



CSR Activities

In order to solve the worries our regional customers have regarding health and beauty, and to provide them with information, we hold H&B-related consumer seminars in addition to providing goods.

Store Introduction



Pharmacy stores Akita Station Building ALS Store

We are opening stores in station buildings and shopping centers throughout the East Japan area. We are serving local customers to maintain their beauty and health, developing our specialty mainly in medicines and cosmetics.



Drugstore Iwanuma Tamaura-Nishi Store

We are opening suburban-type drugstores that carry not just H&B products but also daily goods and foods to serve as lifestyle stores in the East Japan area. We have also opened a store in the Special Reconstruction Urban Planning Zone of Tamaura-Nishi in the city of Iwanuma, which was affected in the Great East Japan Earthquake, serving as a lifestyle store for local customers.



As a new business line, we are also opening up stores in outlet malls for the increasing number of overseas visitors and customers who use outlets.

Koshinetsu Region



マツモトキヨシ 甲信越販売

【Corporate name】 Matsumotokiyo Kou-Shin-Etsu Co., Ltd.
【Address】 1-4-18 Akahane, Okayama-shi, Nagano 394-0002 Japan
【Phone】 +81-266-22-8496 【Incorporated】 March, 1993
<http://www.matsukiyo.co.jp/map/mk-koushinetsu>



We are proud of our community-based support through responding to an aging society and parallel establishment of dispensing corners!

Keiichi Okano
Chairman (left)



Hiroshi Ando
President (right)

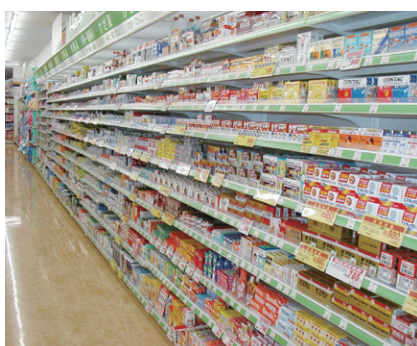
Aiming to expand the group's market share in the Koshinetsu Region

In July 2009, Kenko Kazoku Drug Corporation merged with MAX Co., Ltd. to become Matsumotokiyo Kou-Shin-Etsu Co., Ltd. The former had a strong base in Nagano Prefecture, while the latter had most of its stores in Niigata Prefecture. By combining the two we have been able to utilize the strengths each had in their respective areas to offer our customers even better services. In addition, in January 2012, we merged with Nakajima Family Pharmacy Co., Ltd., which has a strong base in northern Nagano Prefecture, and in October 2015, ITAYAMAMEDICO Co., Ltd. from Yamanashi Prefecture to expand the scale of our business as Matsumotokiyo Kou-Shin-Etsu Co., Ltd. We cover all lifestyle needs of our customers by enhancing our lineup of food and daily goods, in



addition to our core of health and beauty products. We also provide specialist services with a dispensing pharmacy located inside our stores which can fill prescriptions issued by hospitals, giving us a strength in the development of community-based businesses.

Business Contents



Drugstores

We are promoting our drugstore business according to our company's keywords, "Everyday and New discovery." We provide a wide range of products at reasonable prices based on the daily needs of our customers. We will continue to bring new discoveries to our customers through our products and services.



Pharmacies

Revisions to the health care insurance system increased demand not only for prescriptions filed outside of hospitals, but also for functions in Health Support Pharmacies for the provision of outside calls, including home visits. We combine our expertise in handling prescription medications with the convenience of a drugstore to contribute to the healthy lives of our customers.

Store Introduction

Drugstore Matsumotokiyo Karuizawa Store



We operate a store combining a prescription pharmacy in Karuizawa, a prominent sightseeing spot in Nagano Prefecture. The store carries out its sales activities to provide a sales outlet and to come into contact with not only the local residents but also the visitors who arrive here from all over the country from all age groups for the purpose of sightseeing to ensure that they enjoy their shopping experiences.

Unique Approaches



Responding to an Aging Society

The aging rate in our area is higher than the national average. We have adopted a wide range of initiatives to respond to the needs of the ageing society by training counselors in nursing-care diapers during internal training programs in order to provide higher levels of specialized services. In addition, we proactively participate in the Dementia Supporter System where we have dementia care providers at each store. We promote efforts aimed at correct understanding and support for the illness.

Chugoku and Shikoku Region



マツモトキヨシ 中四国販売

【Corporate name】 Matsumotokiyo Chu-Shikoku Co., Ltd.
【Address】 1-20-32 Fukutomi-Nishi, Minami-ku, Okayama-shi, Okayama 702-8031 Japan
【Phone】 +81-86-265-4161 【Incorporated】 October, 2012
<http://www.matsukiyo.co.jp/map/mk-chugoku>



Earning the trust of customers and patients with professional community-based drugstores.

Hiroshi Kamimura
President

Expanding group market share in the Chugoku and Shikoku regions

Matsumotokiyo Chu-Shikoku Co., Ltd. was established on October 1, 2012, to take over the drugstore business of Matsumotokiyo Co., Ltd. in the Chugoku and Shikoku regions, as well as the Harima region in Hyogo Prefecture. In October 2015, with the aim of strengthening our commitment to the region and expanding our share still further, we absorbed and merged with LOVEDRUGS Co., Ltd., which had been our consolidated subsidiary, to extend our area domination. In addition to the urban-type stores which Matsumotokiyo excels at, we will



strive to provide stores that are always designed from the standpoint of the customer, increase convenience and expertise, and work to become a drugstore that is loved by local residents, in an aim to be the same sort of "family drugstore" available for consultations for our customers' health and beauty issues that LOVEDRUGS had been. We strive hard for even higher levels of customer satisfaction and for employee satisfaction as well—we want our workers to be proud they belong to our company, and to find their work meaningful.

Business Contents



Drugstores

We have suburban-type drugstores in commercial and residential areas, as well as urban-type stores around train stations and bus terminals. We value good communication with our customers, and always aim to give them the personalized service they appreciate.



Pharmacies

In the Chugoku and Shikoku Region, we empathize with patients, taking their point of view into account. Through close, friendly relations with our customers, we can be sure they will continue to choose us.

Unique Approaches



Senior Card

We have introduced the "Senior Card" a point card for customers aged 60 or older, and is attracting senior citizen customer base with a high level of consumer confidence. In addition to regular points, Senior Card holders receive points at the time they make purchases at the store, as well as additional points on the monthly "Senior Day." Senior Card Service is available at all Matsumotokiyo Stores (all locations in Okayama, Hiroshima, Tottori, Tokushima, Ehime Prefectures and some locations in Hyogo) and Love Drugstores.

Store Introductions

Matsumotokiyo Nikke Park Town Store



We have opened Matsumotokiyo stores and Love Drugstore in station buildings and shopping malls throughout the Chugoku and Shikoku area, and are enhancing our level of specialty focused on pharmaceuticals and cosmetics. Our stores in the suburbs are also fully stocked with not only H&B products, but also daily necessities and food in order to establish their roles as Lifestyle Stores that give a hearty welcome to the people in the community.

Love Drugstore Omoto Store



Matsumotokiyo Kakogawa Eki-Mae Store (Pharmacy)



We have opened stores with dispensing facilities and as stores nearby to hospitals. We are aiming at becoming the most approachable Family Drugstore within the community with our friendly and detailed counseling in order to attract patients suffering from ailments within the area.

1st for You.



マツモトキヨシ 九州販売

【Corporate name】 Matsumotokiyoshi Kyusyu Co., Ltd.
【Address】 2-2-1 Sumiyoshi, Hakata-ku, Fukuoka-shi, Fukuoka 812-0018 Japan
【Phone】 +81-92-283-3211 【Incorporated】 August, 1984
<http://www.matsukiyo.co.jp/map/mk-kyushu>



Aiming to be a company that contributes to the community as a specialist in beauty and health.

Ryoji Miyata
President

Aiming to expand the group's market share in the Kyushu Region

Matsumotokiyoshi Kyusyu Co., Ltd. was newly established on April 1, 2012 through a company name change from MIDORIYAKUHIN Co., Ltd., for the purpose of taking over the handling of drugstore business in the Kyushu Region (wholly owned outlets in the Kyushu Region and Shimonoseki City in Yamaguchi Prefecture) of Matsumotokiyoshi Co., Ltd., and consolidating administration in that region and market, thereby increasing the efficiency of management and establishing a solid structure in the Kyushu Region. Japan is facing a low birthrate and an aging population, the markets are shrinking, and the needs of the customer are becoming more diverse. In the Kyushu Region as well, differences are emerging between business/entertainment districts and areas immediately around train stations, and residential areas, suburbs, and other residential areas, in the product lineups and services expected by customers in those areas. Our strength is our ability to provide detailed support for those needs and become the trusted and community-based family drugstore for our customers.



Business Contents



Drugstores

Eager to maintain personal contact with our customers, we do our best to sell medical and cosmetic products after consultation. Our goal is to contribute to the beauty and health of everyone in our communities. We place a person in charge at each section, such as the medicine sales section and cosmetic sales section, to give customers every opportunity to discuss their needs and get advice in our face-to-face sales.



Pharmacies

As doctors and pharmacies become separate operations, we have begun operating pharmacies in our drugstores. This allows us to become further specialized and contribute to local medical services as a family drugstore.

Store Introduction

Matsumotokiyoshi Canal City Hakata Store



The store is located 10 minutes on foot from Hakata Station, on the Basement Floor in the Business Center Building of Canal City. The Tenjin area, Kyushu's largest business and entertainment district, is also nearby, making the area around the store a gathering place for many people. We have many female customers, and with a full-scale cosmetics corner near the store's entrance, beauty products are big sellers. Because Canal City is a commercial complex, it is visited by many foreign tourists, and the area is bustling each day with customers who have come to Canal City.

Unique Approaches



To respond to the diversifying and detailed needs of our customers, we aim to expand our share of the market in the area while utilizing the characteristics both the Matsumotokiyoshi and the MIDORIYAKUHIN type stores. The population of Kyushu is aging particularly fast compared to the rest of Japan, so we operate stores on the three pillars of "convenience," "expertise," and "hospitality," with the "customer-first mindset" firmly in place.

マツモトキヨシ ファーマシーズ

【Corporate name】 Matsumotokiyoshi Pharmacies Co., Ltd.
【Address】 9-1 Shinmatsudo-Higashi, Matsudo-shi, Chiba 270-8501 Japan
【Phone】 +81-47-344-5150 【Incorporated】 April, 2012
<http://www.mk-pharmacies.co.jp/>



We aim to contribute to the local community through healthcare, and be "the family pharmacy" that is the most trusted by patients.

Masami Kato
President

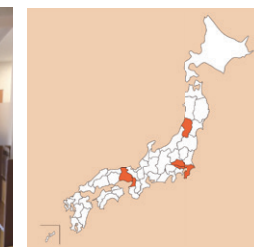
We will play a role in the healthcare field by operating prescription pharmacies and entering new business domains

We were established for the purpose of anticipating changes in the social environment, entering a variety of healthcare fields in partnership with healthcare institutions based on a higher level of expertise, and further expanding our pharmaceutical dispensing business.

In the context of a rapidly aging society, we believe that the role of Matsumotokiyoshi Pharmacies in the healthcare field will grow in importance in the future.

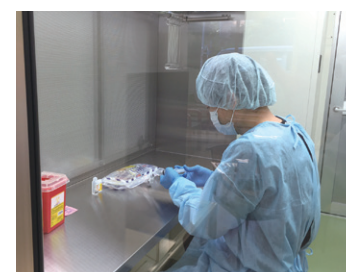


Business Contents



Prescription Pharmacy

We are proactively expanding our prescription pharmacies mainly in the Kanto and Kansai areas (as of March 2017, there are a total of 23 prescription pharmacy locations in Tokyo, Chiba, Saitama, Osaka, Hyogo, and Yamagata Prefectures).



Prescription Laboratory

We are also actively engaged in specialized medicine, home healthcare, and similar fields.

Unique Approaches



Fully enhanced training system

Not only do we provide head office study courses, we also offer a wide range of contents, including home-visit medical care training, germfree prescription training, physical assessment training, and store study courses, in order to improve the skills of pharmacists with high levels of specialty. We also provide skill improvement backup in alignment with the life plans of supervising pharmacists, pharmacy managers and PSVs (pharmacy supervisors), etc.



We emphasize a good balance between work and life

We provide a support system for working pharmacists who are mothers, which includes maternity and childcare leave as well as shortened working hours for childcare, consecutive leaves, anniversary leaves, etc., working hard to create a perfect work-life balance.

Human Resource Projects

With the expansion of the group's pharmacy business, we have a Special Dispatch Business where employees can experience working at different pharmacies other than Matsumotokiyoshi Pharmacies in line with their career plans, aptitude, commuting situation, etc. in order to acquire a broad range of knowledge and skills.

Our mission as a member of the group

- 1 Expand the market share of the group's pharmaceutical dispensing business by opening new prescription pharmacies.
- 2 Pursue expertise by proactively hiring and training pharmacists.
- 3 Promote contract management and opening of prescription pharmacies within the group.
- 4 Provide at-home dispensing and other services in partnership with local healthcare institutions and facilities.
- 5 In addition, strengthen each type of development related to prescription pharmacies and pharmacists.

Matsumotokiyoishi Holdings Concept of Corporate Social Responsibility



CSR through business activities (Positive CSR)

We regard "Management philosophy" and "Company ethics" as the basis of CSR. The basic policy of CSR is being the "1st for you." for every stakeholder through each employee's acts with awareness of society in everyday duties.

Under such a policy, we, as a corporate group playing a role in the healthcare fields, engage in various activities with the themes, "Self medication" and "Community based family pharmacies" as our corporate social responsibility.

Establishment of disaster-time agreements with local governments

The Matsumotokiyoishi Holdings Group is moving ahead with establishing partnerships during disasters in order to provide as many supplies and as much support as possible to victims of disasters in alignment with demands from local authorities. Matsumotokiyoishi Co., Ltd. concluded disaster partnerships with Yachiyo City, Chiba Prefecture, in January 2001, with Matsudo City in September 2014, and with Tachikawa City, Tokyo, in March 2016. We also concluded disaster partnerships with Tomisato City, Chiba Prefecture, in April, with Kashiwa City in October, and with Noda City in December 2016.

Matsumotokiyoishi East Co., Ltd. concluded disaster partnerships with Tome City, Miyagi Prefecture, in March 2009, with Kurihara City in May 2016, with Tagajo City in June 2016, and with Ninohe City, Iwate Prefecture, in January 2017.

Matsumotokiyoishi Kyushu Co., Ltd. concluded disaster partnerships with Tomigusuku City, Okinawa Prefecture, in November 2016.

Matsumotokiyoishi Kou-Shin-Etsu Co., Ltd. concluded disaster partnerships with Takamori Town, Shimoina-Gun, Nagano Prefecture, in December 2016. We will continue to conclude partnership agreements from now on.

AED(Automatic External Defibrillator) was installed in the stores



Fibrillation treatment (applying electric shock to the heart) used to be handled only by people with medical qualifications, such as physicians and emergency life-saving technicians. However, now it is allowed to be handled by unqualified people using AED. Since that, the number of AED installations has been increasing at stations, airports, local governmental facilities and public facilities. We are installed AED from May 2014. As a company playing a role in community healthcare, we keep contributing to the communities life saving activities.

The Great East Japan Earthquake Reconstruction Support

To help support recovery following the Great East Japan Earthquake, our Group donates money and materials, holds donation drives, dispatches pharmacists in cooperation with the Japan Association of Chain Drug Stores, expands employment opportunities for both new and mid-career hires, and works to contribute to the recovery of affected regions in many other ways from our position as one of the companies that helps maintain medical treatment in the region.

1 Matsumotokiyoishi Holdings Scholarship System Adopted by School of Pharmacy of Iwate Medical University for the Third Time

Reconstruction of the affected areas is still underway. The economic impact of the disaster on families and individuals means that there are those who find it difficult to continue their studies. This scholarship is to support strongly driven students and thus help develop human resources who can contribute to reconstruction and medical care in disaster-struck areas. In consideration of this, the scholarship has been offered since 2014. Recipients of the scholarships reported that the funds received had helped greatly in lightening their financial burden, and that the awareness of being in receipt of a scholarship had further motivated them educationally, making them better able to deal with the basic practicum. This support will be continued in order to encourage students who can play an active role as pharmacists in the future.



Scholarship Award Ceremony (July 23, 2016)

2 Donation of relief funds

The Matsumotokiyoishi Holdings group has donated a total of 120 million yen to the five prefectures most severely affected by the disasters (Iwate, Miyagi, Fukushima, Ibaraki and Chiba Prefectures).

3 Collection of donations

Group stores have encouraged the general public to make cash donations in boxes and donations of their Cash Points. A total of 87,734,270 yen raised this way was donated through the Japan Association of Chain Drug Stores (JACDS) to the Japanese Red Cross Society, to be given to afflicted areas.



"Hang In There Japan" Reconstruction Support Plan

Matsumotokiyoishi implemented a plan to donate 1% of all sales of products listed in the March 27, 2011 advertising circular. We donated 6,779,835 yen to Ashinaga (NPO), to be used for lump-sum payments, scholarship loans, conducting mental healthcare programs, and other activities for children orphaned by the Great East Japan Earthquake.

Participation in the Kodomo 110-ban child protection program

Kodomo 110-ban* is a program established with the cooperation of the police to protect children from becoming victims of crime by providing emergency safe havens where they can go to seek help. Our group's CSR activities include support for this program, and in this way too we contribute to the safety and security of communities, helping them protect children, who are our future. (*Dialing "110" connects the caller to the police.)



Matsumotokiyoishi Kashiwa Sakaine Store made local crime prevention location

On November 13, 2015, a Crime Prevention Box was established in the parking lot of the Matsumotokiyoishi Kashiwa Sakaine Store, which has been selected as a local crime prevention center by Chiba Prefecture. An inauguration ceremony held that day was attended by the Governor of Chiba Prefecture Kensaku Morita and Company President Kiyoo Matsumoto. The Box is staffed by Safety Advisors who are former members of the Chiba Prefectural Police, who work to improve safety and security in the district.



Safety Advisors



Crime Prevention Box



Chiba Prefecture Governor Morita exchanging a firm handshake with President Matsumoto

4 Dispatch of pharmacists

The group represents working pharmacists as member of the Japan Association of Chain Drug Stores (JACDS). In that role, the group dispatched pharmacists to an evacuation site in Fukushima Prefecture in March 2011, and to Miyagi Prefecture in May. As support for the affected areas, the pharmacists provided prescription and over-the-counter drugs, as well as health consultation and mental healthcare.



A temporary pharmacy at an evacuation site in Fukushima Prefecture (Paruse Izaka)



A temporary office for the Ishinomaki Pharmacists Association in Miyagi Prefecture (VITAL-NET Ishinomaki Branch)

5 Donation of relief supplies

In response to requests for aid from the stricken areas, our group has donated supplies valued at a total of 30 million yen, primarily products required for daily life and sanitation.



On Monday, April 18, 2011, relief supplies were loaded onto this truck at Matsumotokiyoishi Holdings HQ and delivered directly as a donation to the emergency supply center at Ishinomaki City Hall.

6 Employment support measures

Our group expanded its employment criteria to hire graduates who were not hired at other companies due to the disasters, and to hire other graduates unable to find work elsewhere.

7 Energy conservation

In response to electricity shortages, during our daily operations we are lowering energy consumption as much as our customers find acceptable, and are reducing electricity use at group offices as much as possible without jeopardizing business continuity.

Collection of donations for Solaputi Kids' Camp

The Solaputi Kids' Camp in Japan offer outdoor experiences and clinical facilities for approximately 200,000 children fighting incurable diseases in Japan. Our group, a member of the Japan Association of Chain Drug Stores (JACDS), is collecting donations for the camp construction to support the efforts of the association.

Solaputi Kids' Camp
<http://www.solaputi.jp/>



2016 Kumamoto Earthquake Recovery Support

The Matsumotokiyoshi Group is working hard to contribute to providing support for the victims of the 2016 Kumamoto Earthquake that struck on April 14, 2016, and to recovery work in the disaster area.

Scholarship System Adopted by the Sojo University Faculty of Pharmaceutical Sciences

There are families and people who still have trouble keeping up with academic studies and research owing to financial difficulties caused by the disaster. This scholarship system was adopted in the hope that it would help provide financial support to nurture strong-willed students capable of contributing to the disaster recovery work and local medical care.



Commemorative photograph with scholarship students (November 2, 2016)

Contribution Activities for Victims of the Nepal Earthquake

Following the major earthquake that struck Nepal in April 2015, Matsumotokiyoshi Holdings Group held an emergency fundraising drive for those affected by the disaster. The contributions we collected were donated to the Japan Association of Chain Drug Stores in order to help reconstruction in the stricken areas.

Contribution Activities for Victims of the Hiroshima Storms

Collection boxes were provided at stores operated by Matsumotokiyoshi Chu-Shikoku Co., Ltd. and emergency fundraising was conducted as a response to the torrential rain disaster in Hiroshima City, which occurred in August 2014. The deep condolences of our customers and store staff, together with donations provided by Matsumotokiyoshi Holdings and Matsumotokiyoshi Chu-Shikoku headquarters were contributed to Hiroshima City for disaster relief purposes.

Forums in taking responsibility for one's own health

Our group is conducting promotional activities to educate the public in ways to maintain their own health, acting in a responsible advisory capacity to suggest how to improve their health and beauty. The program includes always-popular forums facilitated by reputable experts.



Latest self-medication

Endowed Course Established at Chiba University

From a shared awareness of the importance of being able to deal with the ever-diversifying work of insurance pharmacies due to the rapidly ageing society and the development of the separation of prescribing from dispensing, we have joined with Chiba University to establish the Drug Informatics (Matsumotokiyoshi Holdings) Endowed Course at the university's Graduate School of Pharmaceutical Sciences, with the goals of spreading the proper usage of pharmaceutical products, contributing to local medical treatment, and enhancing medical-related services.



In March 5 2013, Chiba University President Yasushi Saito (center left) and Matsumotokiyoshi Holdings Chairman Namio Matsumoto (center right) shake hands firmly towards making a contribution to community medicine.

Scholarship System for School of Pharmacy, Nihon University

Matsumotokiyoshi aspires to become the local family pharmacy, an essential part of the community; as part of our overall drive to educate and support people in medical care. We provide support to pharmaceutical colleges, the pharmaceutical departments of universities, and students who wish to study in these fields. The Matsumotokiyoshi (Holdings) Scholarship system was subsequently established for students studying at the School of Pharmacy, Nihon University, which is located close to our headquarters in Matsudo City, Chiba prefecture, and many of whose graduates, both men and women, now work with us. Our aim is to support students in becoming the regional medical care personnel of the future.



Matsumotokiyoshi (Holdings) Scholarship Award Ceremony, 2016

ECO Together (power and water conservation, garbage reduction) Campaign

Some of the proceeds from certain products (Eco Together products: household products from Kao) were donated to the Chiba Prefecture Environment Foundation. Since the company implemented activities which helped environmental conservation efforts in Chiba Prefecture, we have been awarded with a Certificate of Appreciation for three years running by Kensaku Morita, the Governor of Chiba Prefecture.



Matsumotokiyoshi Holdings President Kiyoo Matsumoto (left) receives a certificate of appreciation from Chiba Prefecture Governor Kensaku Morita (right).



Chiba Prefecture Governor Kensaku Morita gives a certificate of appreciation to Takashi Matsumoto Managing Director.



(Center Left) Chiba Prefecture Governor Kensaku Morita
 (Center Right) Executive Vice-President Kazuo Narita

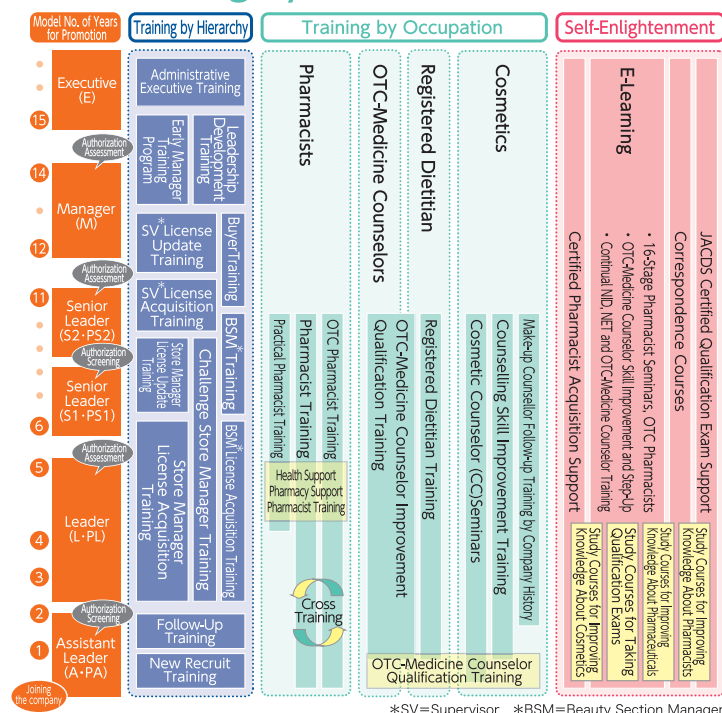
Matsumotokiyoshi Group's True professionalism, bolstered further by thorough training programs

Enhanced specialist education

We provide personalized customer services and conduct training programs for sales staff, to ensure customer loyalty in our local Family Drugstores.



Training System Chart



Initiatives in Which Female Staff Can be Active and Grow Together with the Company



Female Staff Activation Project

Initiatives for allowing female staff to grow together with the company and be active in a wide range of forums are indispensable for maintaining high levels of competitiveness and sustainable growth within the company. Matsumotokiyoshi initiated positive action ahead of the field, and we have promoted the employment of female managers ever since. A project enabling female staff to "Challenge Store Manager" was launched within the personnel system in April 2012, and they are active in the hospitality field. We are currently engaged in the activation of female staff with the use of personnel policies, and have launched a Female Staff Activation Project that aims at creating model working environments that will appeal to the next generation. We will also actively adopt other initiatives to create environments in which female staff can grow alongside the company.

Because we are specialists...The professional role of our specialist pharmacies

Career-based specialist education



Sterile formulation training



Next-generation healthcare blood test practicum



Home-based physical assessment training



Training to improve the quality of OTC Medicine Counselors

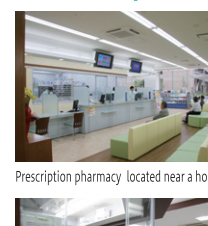


For students: Training pharmacists and instruction for pharmacy practicum

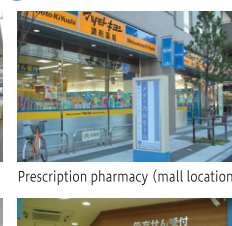


Registered dietitian consultations (OJT)

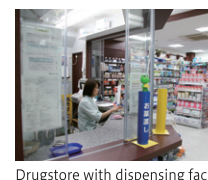
Responding to diverse customer needs



Prescription pharmacy located near a hospital



Prescription pharmacy (mall location)



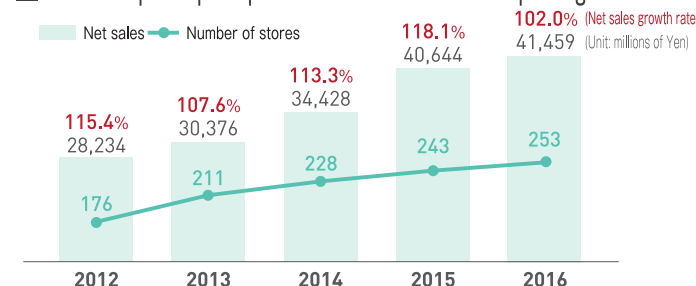
Drugstore with dispensing facility



Prescription reception counter

Our group will continue to open new drugstores that put customer needs and convenience first. We are always keen to offer even more comprehensive services in our prescription pharmacies and dispensing business and are increasing the number of pharmacies with extended business hours.

Number of prescription pharmacies and stores with dispensing facilities



*Net sales figures are the simple aggregate of sales of retail operating companies.
 *For MIDORIYAKUHIN, LOVEDRUGS and Nakajima Family Pharmacy, sales figures begin from April 2010. For SIMENO, they begin from January 2014.

Corporate Data

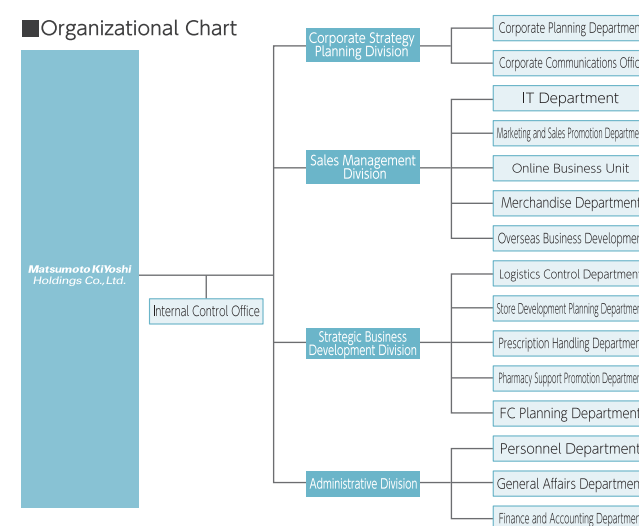
(as of July 1, 2017)



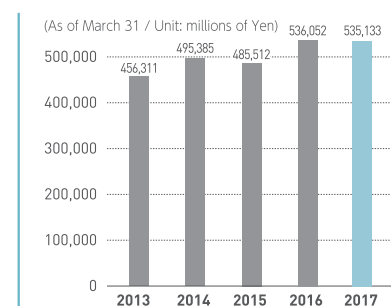
Corporate name Matsumotokiyo Holdings Co., Ltd.
Address 9-1 Shinmatsudo-Higashi, Matsudo-shi,
Chiba 270-8511 Japan
Phone +81-47-344-5110
Incorporated October 1, 2007
Common Stock 22.051 billion Yen
Book Closing March 31
Lines of Business Management and supervision of
subsidiaries, purchase and sale of products
Issued Shares 54,636,107

Chairman	Namio Matsumoto	Corporate Auditor	Satoru Suzuki
President	Kiyoo Matsumoto	Corporate Auditor	Akemi Sunaga
Executive Vice President	Kazuo Narita	Executive Officer	Takao Ohta
Managing Director	Takashi Matsumoto	Executive Officer	Takao Watanabe
Director	Shingo Obe	Executive Officer	Keiichi Okano
Director	Akio Ishibashi	Executive Officer	Hidesato Hiramatsu
Director and Advisor	Tetsuo Matsumoto	Executive Officer	Kazunori Sugito
Director	Masahiro Oya	Executive Officer	Hiroaki Kozawa
Director	Ryoichi Kobayashi		
Director	Isao Matsushita		
Standing Corporate Auditor	Yukio Koyama		

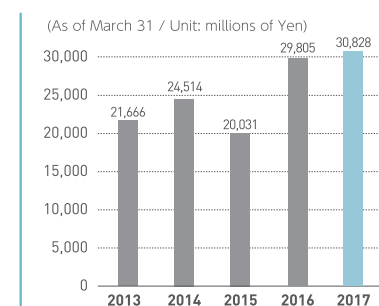
Organizational Chart



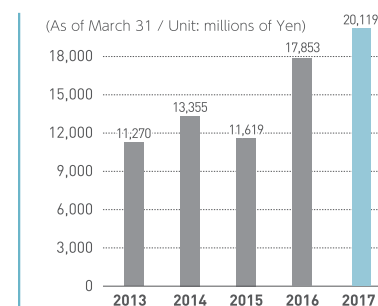
Net Sales



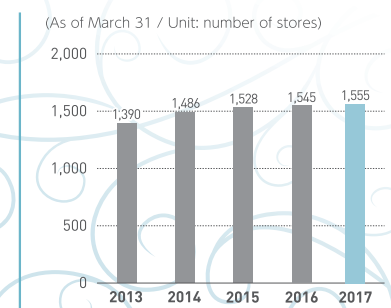
Ordinary Income



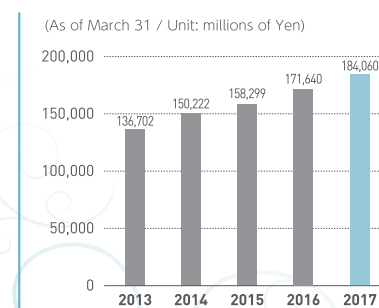
Net Income



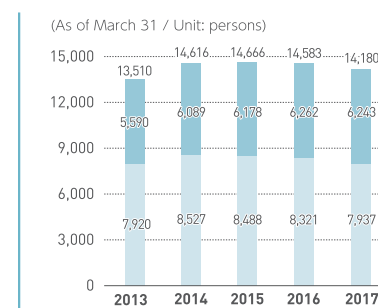
Number of drugstores



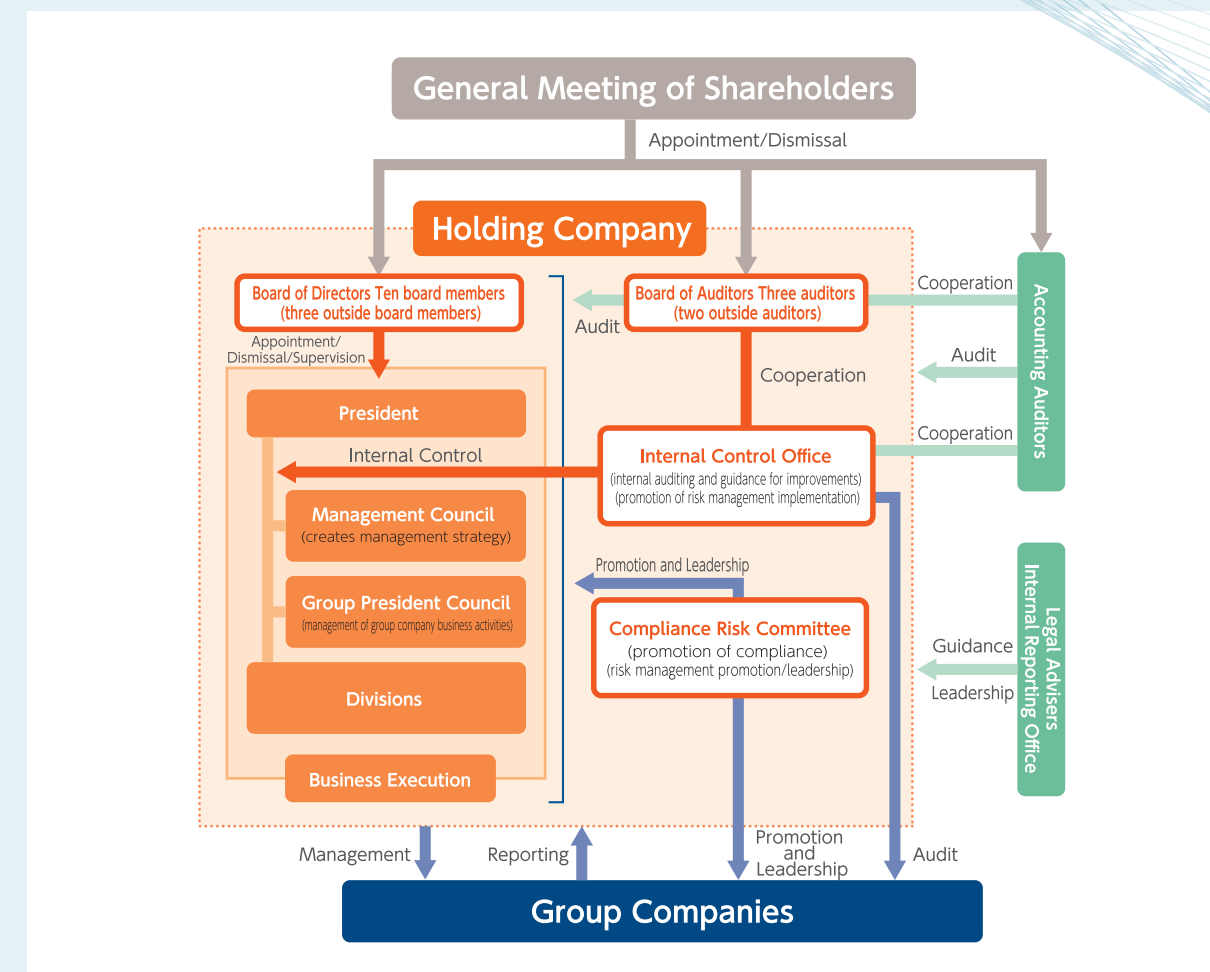
Net Assets



Number of group employees



Corporate Governance System



Our basic philosophy regarding corporate governance

"1st for you" is the management philosophy of the group. Based on this management philosophy, this group will aim to be a "company indispensable to the beauty and health field," and strive for an enriched form of corporate governance, which serves as the foundation

and live up to the expectations of all our stakeholders (customers, employees, client enterprises, local communities, and shareholders) and continue to earn their trust.

Overview of the corporate governance system

As a company with a board of company auditors, we have established a general meeting of shareholders, board of directors, and board of auditors. Among the ten directors on the board, three are outside board members, and among the three auditors, two are outside auditors. These five people serve as independent officers in accordance with Tokyo Stock Exchange regulations. Maintaining a high degree of independence from the company, the independent officers cooperate and bring an outside perspective to the board of directors while increasing supervisory function and diversity. Our board of directors serves a term of one year, which makes the mission and responsibility of each board member clear. Also, by adopting an executive officer system, the execution and supervision of duties in business management are separated, and the functions and responsibilities of board members and executive officers are clarified. In addition, our corporate governance system is a Management Council

established under the board of directors comprised of board members, executive officers, and full-time auditors who work together for efficiency in the execution of duties. The Group President Council was established for the steady and effective implementation of group company management, leadership, and guidance. The Internal Control Supervision Office was established as an internal auditing division. Aiming for full cooperation with auditors, the office supervises internal auditing and the internal control system related to duties of each division and group companies, and creates an effective auditing system by maintaining the suitability and efficiency of business activities. In the areas of compliance and risk management, it is our belief that all activities are thoroughly linked. Therefore, in order to maintain compliance and risk management in the company and our group, the Compliance Risk Committee was established.

Even More Convenient and Great Value Services

Expanding Omni-channel Services to Provide Even Better Shopping Experiences

1 Matsumotokiyoshi Omni-channel Strategies

Matsumotokiyoshi Holdings is aiming at becoming a vital company in the fields of health and beauty (H&B), and is promoting the establishment of an omni-channel as one of its most important strategies.

The elements involved in establishing this omni-channel include expanding our points of contact with customers by optimizing communication channel combinations, including bricks-and-mortar stores, official corporate websites, smartphone applications for online stores and other factors, and aiming at creating an environment that provides customers with high-convenience shopping. Because this involves not only web-based stores but also street corner stores, we are able to provide our customers with better levels of shopping while at the same time obtaining a wide range of information.

3 Points Integrated for Brick-and-mortar Store and Online Store Members

The refurbishment of the official website has enabled the points awarded separately up until now for the Matsumotokiyoshi Cash Point Card and Matsumotokiyoshi Mail Order Site (former site name) channels to be integrated together.

All Matsumotokiyoshi points can consequently now be used on all channels. This has widened the scope at which points accumulated by customers can be used, enabling them to use them across channels in both brick-and-mortar stores and in the online store.



2 Expanding Omni-channel Services

Official Site Refurbished

In addition to bricks-and-mortar stores, the omni-channel continues to provide customers with new services whenever the occasion arrives on convenient and user-friendly shopping



Matsumotokiyoshi Online Store top page

forums, so we hope you will come and visit the official site.

My-Page Functions

My-Page functions have been newly added to the official site for all members. The My-Page functions provide higher levels of convenience by allowing members to browse details of their past purchasing history, the campaigns they have applied for, point information and other information simply by logging in.



My-Page functions provided for all members

4 Possible to Check Information on Products Stocked and Word-of-Mouth Reviews

It is now possible to browse information on the more than 90,000 different products that the Group stocks, as well as word-of-mouth reviews posted by other customers.

5 Possible to Check Store Stocks and Prices Online

Registering the stores frequently patronized on the My-Page enables customers to check stock situations and retail prices in the real-time without actually visiting the store. This has drastically improved the level of convenience provided to customers.

More Convenient and Pleasant Shopping Experiences



Application

A few convenient functions from the many available are introduced below.

▶ **Coupons** Provides bargain coupons that can be used in all stores.

▶ **Active Rewards**

Presetting targets in alignment with perceived problems enables activity, weight and body fat levels associated with the targets to be recorded. There is also a chance of winning points and other rewards depending on the number of days the activities are continued.

▶ **Medicine notebook**

The medicine information that used to be managed in notebooks can now be managed with smartphones.



Downloaded
5.6 Million Times!
(As of March 2017)



For iPhone users



For Android users



Active Rewards



Medicine notebook



SNS

Matsumotokiyoshi has an official account on the popular LINE communication application. Product information and coupons distributed.

Matsumotokiyoshi Official LINE Account
Number of friends

About **17.6 Million**
(As of March 2017)



Matsumotokiyoshi LINE Stamps



Cash Point Card



Credit Card

Point Card

Matsumotokiyoshi Members Card
Number of members

24.4 Million
(As of March 2017)

1st for You.

Fly Beyond the Future



Matsumoto KiYoshi
Holdings

Matsumoto KiYoshi Holdings Co., Ltd.

<http://www.matsumotokiyoshi-hd.co.jp/>

9-1 Shinmatsudo-Higashi, Matsudo-shi, Chiba 270-8511 Japan

Phone: +81-47-344-5110



This corporate profile has been printed
using vegetable oil inks to help save the environment.