



MatsukiyoCocokara & Co.

Integrated Report 2026



Basic Policy and Goals for Management

Philosophy

Management Philosophy

Creating the future “normal” and innovating lifestyles

“Foreseeing the future of health and beauty, and contributing to the realization of enhanced lives and livelier communities through the creation of new customer experiences.”

Vision

Group Vision

Making health and beauty more delightful and accessible.

MatsukiyoCocokara & Co. will actively incorporate new technologies and ideas in the fields of health and beauty, aiming to make people’s daily lives more fun and enjoyable. We will continue to strive to remain close and sensitive to the wishes and desires of customers, and to deliver greater peace of mind and joy to the daily lives of people and their communities.

Values and Standards of Conduct

Common Values and Standards of Conduct

The MatsukiyoCocokara WAY is a belief shared by all employees of MatsukiyoCocokara & Co. and serves as a constitution that employees are expected to uphold.

- ① How we are organized
- ② Our awareness and responsibility
- ③ A heart of joy shared by each of us
- ④ Leader’s commitment in management
- ⑤ Promise to customers
- ⑥ Commitment to business partners



Click here to read the MatsukiyoCocokara WAY.
<https://www.matsukiyococokara.com/sustainability/norm/pdf/02.pdf>



Based on the DNA of Matsumotokiyoshi (“ingenuity” and “innovation”) and Cocokarafine (“contributing to local communities”), our Group continues to take on challenges one step ahead of the times as a corporate group that creates the new normal ourselves.

The future we aspire to is one in which everyday habits that support our mental and physical health turn into moments of genuine “excitement”, creating a society where people can be true to themselves and thrive.

As we work to realize this aspiration, we will fully leverage our strengths in the field of health and beauty and propose “solutions” carefully tailored to a diverse range of customers.

We will continue to deliver unexpected value and delightful experiences that exceed people’s expectations in their daily lives, creating “a compelling reason for choosing” our Group.

We aim to realize the future we envision by fulfilling our role as a partner closely involved in our customers’ lives and an indispensable part of “social infrastructure”.

Group Symbol



MatsukiyoCocokara & Co.

The ideas behind our company name

“& Co.” is short for “and company.”
 In other words, “MatsukiyoCocokara & Co.” means “Matsumotokiyoshi, Cocokarafine and Companions.”
 It means that companions (companies) with the same aspirations come together to create a new corporate group.

Meaning of our group symbol

Based on our vision of “Making health and beauty more delightful and accessible,” we have created a motif based on the shape of the “&” in “MatsukiyoCocokara & Co.” This represents the smiles of all stakeholders who encounter our businesses and diverse services. A smile is a universal motif to express happiness anywhere in the world, and we want to express our Group’s identity as an entity that will bring excitement to people all over the world, and to ourselves. This also shows how our new brand will offer a lifestyle hub, playing a role in “connecting” people to better lives and a future that shines more brightly. We will continue to value the hopes behind our brand, and through our everyday actions we will work to deepen bonds with our stakeholders, including our customers.

Group Slogan

Find your “!” wow

The “!” is pronounced “Wow.”

Directly translated, it means “Finding ‘!’ (surprise and joy)”.

It expresses our desire to have customers exclaim “Wow!” each time they visit us, excited to see what new things we have to offer.



President and Representative Director

Kiyoo Matsumoto

Our Group's business environment

All of us at the Company are very grateful for the continued support of all our stakeholders. I am Kiyoo Matsumoto, the President and Representative Director. Global conditions remain uncertain, and the business environment surrounding our Group is also becoming increasingly difficult to predict. Such uncertainty has become the new normal. In addition to rising geopolitical and macroeconomic risks stemming from these uncertainties, industry restructuring is accelerating across our business sectors. We recognize that these are important challenges that could have a significant impact on our Group's management. Turning to the geopolitical and macroeconomic

risks, inflationary pressures have intensified due to a combination of factors, including U.S. tariff policy, fluctuations in Japan-China relations, and soaring crude oil prices caused by heightened tensions in the Middle East. As a consequence, raw materials, energy, and logistics costs have soared, which is a major factor weighing on our Group's earnings. On the other hand, industry restructuring through domestic M&As has accelerated in recent years, including business integrations of major companies. As the oligopolies of major companies advance, our pursuit of scale has shifted to a new phase in which the creation of unique added value will determine our competitive advantage.

Seizing change as an opportunity to achieve further growth

To ensure steady growth even amid such an uncertain environment, we announced a medium-term management plan in May 2025, built on the core concept of "Co-creating and sharing value". Based on this new approach, instead of simply passing on the costs such as raw materials, we have taken flexible measures as a whole company, such as thoroughly improving the efficiency of store operations and expanding our portfolio of high-margin PB products. At the same time, we established the "And Company business" as a new initiative to create unique added value. Through collaboration with new like-minded partners such as Shinseidoyakkyoku and Universal Drug, we will promote the creation of original proposals and solutions for customers, including the joint development and mutual rollout of high-quality PB products based on customer data analysis, as well as sharing medical DX infrastructure that supports online medication instructions

and electronic prescriptions. These efforts to respond to changes in the business environment have gradually begun to bear fruit, and in the fiscal year ended March 2026 we achieved record sales and record profits at each stage. While we must remain prepared for prolonged uncertainty in the external environment, we recognize that such conditions have already become the new normal. We see this as an opportunity to embrace our company culture of "taking on change". Aiming to achieve our Group's management targets for the fiscal year ending March 2031, we will continue to optimize the allocation of management resources in response to changes in the business environment. By pursuing efficiency-focused management, we will strive to enhance corporate value sustainably.

Our materiality and the intangible assets that support our competitive advantage

Based on our Group Vision, "Making health and beauty more delightful and accessible", we have identified four material issues: "Consideration of the health and beauty of society", "Employee growth", "Consideration of the health of the Earth", and "Effectiveness of governance". We are working to address these issues through our various businesses. Specifically, our efforts to establish "information hubs" support our corporate value from both financial and non-financial perspectives. These hubs

deliver new customer experiences unique to our Company (unique added value) through the integration of physical stores and digital channels, while also contributing to society by promoting self-medication and improving the well-being of local communities (social value). We believe that the intangible assets acquired through these business activities, such as customer "trust" and "data", are important assets that will enable our Group to sustain its competitive advantage over the long term.

Sources of value creation: four core competencies and our platform strategy

Our "four core competencies", including the intangible assets mentioned earlier, serve as the source of value creation for realizing our Group Vision.

- ① **"Closed customer information" (proprietary data) on over 170 million customers**
- ② **Customer characteristics with a high level of beauty consciousness**
- ③ **Capability to develop products and services that meet customer needs**
- ④ **Network of retail channels (in-store and EC)**

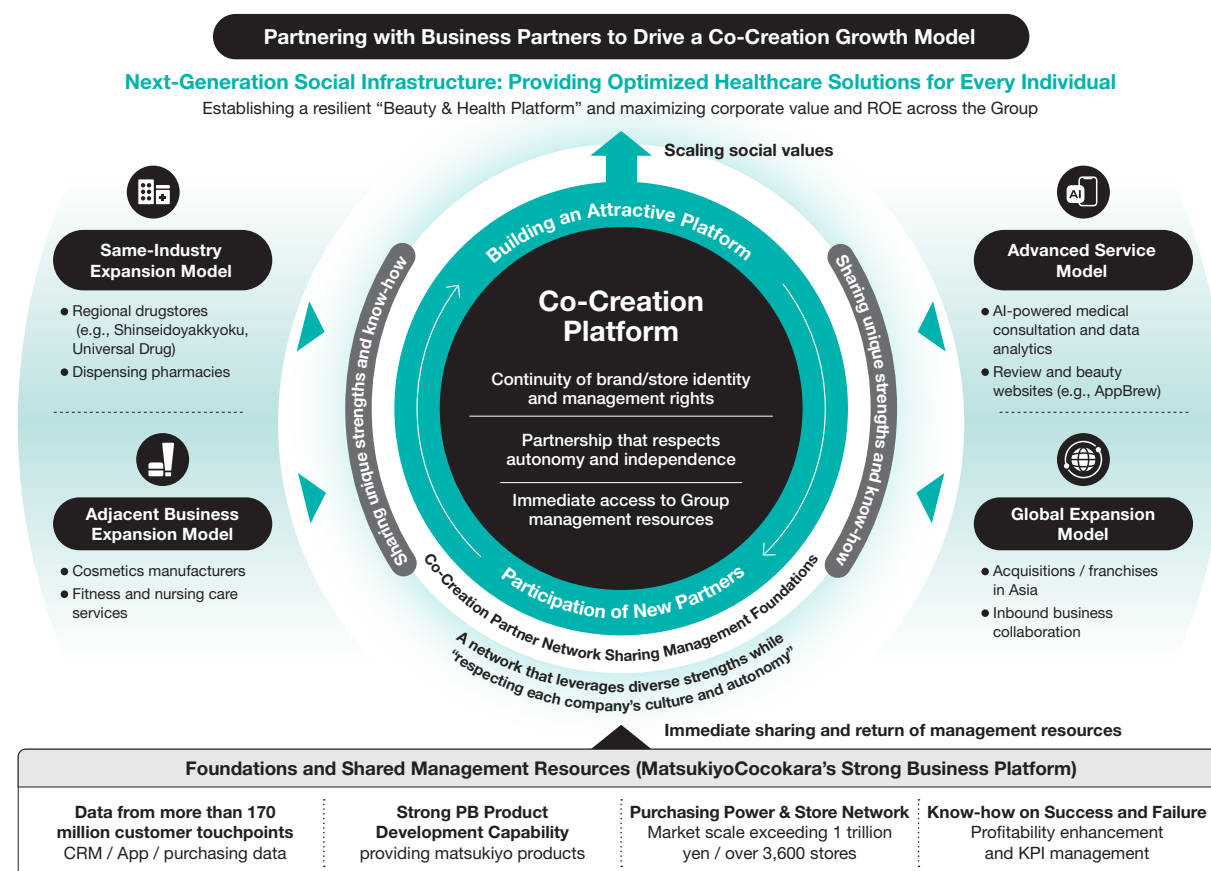
Our Group's true strength lies in the fact that these core competencies do not exist independently but function organically as an interlinked "platform". We extract deep insights based on our own analysis of vast data collected from over 170 million customer touchpoints. Based on our insights, we provide customers with the most appropriate products and services through both physical stores and digital channels, while also leveraging them in the

development of PB products. To realize these strategies, we are hiring and training highly specialized professionals while also systematically building organizations to advance our platform strategy. In fact, the businesses we have built based on data analytics are steadily producing results, with enhanced ultra-precise personalization that leverages more than 170 million purchase data points to significantly improve one-to-one marketing response rates through our app. This initiative is not limited to providing customers with a highly convenient purchasing experience. It also leads to new business opportunities by offering business partners highly targeted marketing opportunities such as delivering precise advertisements to specific target groups through the app, and providing retail media services linked to in-store digital signage that directly influences purchasing behavior. We will continue to accelerate our series of platform strategies through active investment and further bolster our unique strengths.

The federation initiatives and our aspirations

The “federation initiatives” we are promoting envisions achieving growth beyond the traditional boundaries of the drugstore industry through partnerships with a diverse range of companies. At its core is a unique management platform in which our Group’s strengths—including more than 170 million customer touchpoints and strong PB product development capabilities—are interconnected in a way that generates synergies while maintaining financial discipline with an emphasis on capital efficiency. The purpose of this initiative is not merely to expand the scale of our business (through M&As), but also to “build corporate alliances” that create new value through diverse partnerships ranging from regional drugstores and dispensing pharmacies, through to peripheral and advanced health tech businesses, while respecting the culture and autonomy of the participating companies. Last year, we established the “And Company business”

as a new segment with the aim of flexibly promoting these co-creating business alliances. We believe we can create even greater added value by taking full advantage of the independence and regional strengths of each company that joins our Group, such as Shinseidoyakkyoku and Universal Drug, who have already joined us, and combining these features with our Group’s leading PB products, data analysis platform, and operational know-how. Through our federation initiatives, we also hope to build “next-generation social infrastructure” that is not confined to a simple regional or corporate framework. Combining our assets — the data obtained from our customer touchpoints, and our expertise — allows us to provide healthcare solutions that are optimal for each individual on a daily basis, regardless of their region or age group. In this way, we will strive to create more accessible social value.



Evaluation of progress in the first year of the medium-term management plan and prospects

Financial performance and market valuation

In the first year of our medium-term management plan, which looks ahead to the fiscal year ending March 2031, we achieved record sales and record profits at each stage. We recognize that steady implementation of the plan one step at a time has already produced results. Capital markets have also recognized our Company’s “earning power” and “value creation cycle”, through

which earnings are returned to shareholders and then invested, as a rational growth scenario. Accordingly, we were able to exceed the one trillion-yen level in terms of market capitalization. These achievements have given us confidence that we have made a strong start on our new plan and have established a solid foundation for our next stage of growth.

Self-evaluation of my three roles as President

In last year’s message, I outlined “three key responsibilities” that I consider essential as President. I would like to share the progress made over the past year and my self-assessment of each area. The first of these roles is to “1. Further promote governance reform and improve the effectiveness of the Board of Directors”. We have focused on “separating our executive and supervisory functions” and “strengthening the diversity and expertise of our Board of Directors”. Accordingly, we have restructured the PMI system for the entire Group with the aim of achieving swift post-decision execution and synergistic effects. Specifically, we have formed a cross-organizational task team to bring together specialized functions, including sales, store development, corporate planning, finance and accounting, and shared services, with the Business Planning Office serving as the secretariat. At present, this team is directly supporting the newly incorporated Shinseidoyakkyoku and Universal Drug, and is robustly promoting integration and synergy creation. Turning to supervision, our Company has appointed new directors with knowledge of DX, finance and capital markets (M&As), etc., which are essential elements of our current phase of promoting the medium-term management plan and accelerating the federation initiatives. We have also replaced outside officers based on the required skill sets. As a Company with roots in our founding family, we place greater importance on the independent and objective perspectives of outside directors, and we strive to ensure a highly effective supervisory system that eliminates favoritism. In addition, over the past year, we have been working to speed up the PDCA cycle for evaluating the effectiveness of the Board of Directors, including regular opportunities for direct dialogue with outside officers, and we have worked to update our efforts to increase corporate value over the medium to long term.

With regard to the second role, “2. Develop a foundation for growth in overseas operations”, we have set an ambitious target of 100 billion yen in sales by promoting the expansion of overseas businesses, mainly in the ASEAN region. During the past year, we opened a new store in Malaysia and built a foundation for broader multi-store operations in the country. At the same time, we recognize that each country and region presents different risks and market characteristics. Therefore, to avoid simply pursuing an increasing number of stores, last year we introduced a KPI management system at our overseas operations similar to our domestic operating companies, and we strengthened the verification process. In view of the capital efficiency of the Group as a whole, we will continue to improve our foundations for growth through disciplined investment. Finally, allow me to assess our efforts to fulfill the third role, which is “3. Continue to strengthen our human resources and organizational capabilities”. I believe that our “employees” are the source of our value creation. We have included “employee growth” in our materiality, and we are accelerating the recruitment and development of specialized talent who will lead our DX and overseas operations. Moreover, it will be essential for us to foster a better corporate culture in order to strengthen our organizational capabilities. Based on the “MatsukiyoCocokara WAY”, our code of conduct, we will create an environment in which all employees can proactively embody “creativity, contribution, and challenge”. As a representative of 46,000 employees, I intend to continue leading these efforts. We will build a robust organization that is resilient to change by powerfully promoting “cycles of value creation”, through which we will realize added value as a result of improved working environments and growth among our employees.

Challenges in the second year and beyond: efficiency-conscious management

As I mentioned at the beginning, the business environment for the fiscal year ending March 2027 is expected to be even more challenging due to higher costs caused by inflation and geopolitical risks. Under these circumstances, “capital efficiency-conscious management” is becoming more important than ever, and we will continue to optimize the allocation of resources throughout our Group by prioritizing the allocation of limited resources to highly profitable and marketable businesses and business infrastructure. We are also

keenly aware of expectations from the capital markets, and in addition to focusing on ROE and ROIC we aim to generate returns (equity spreads) that exceed the cost of capital. We see this as part of our management “discipline” that must be fulfilled. By placing our Company’s unique store expertise and strategies for integrating digital capabilities at the core, we will chart a path of solid growth toward achieving our targets for the fiscal year ending March 2031.

Conclusion

Our Group aims to create a cycle of “Co-creating and sharing value” alongside all of our stakeholders. This is a cycle through which profits generated from our business activities are not only returned to shareholders, but also appropriately returned to promote the realization of a sustainable society and the development of environments that support our employees’ activities. We

remain firmly committed to expanding this cycle of value creation involving all stakeholders without allowing its momentum to slow, and continue to take on challenges while constantly questioning the “future normal”. I ask our stakeholders to continue looking forward to our Group’s growth. Your support on this path of change is truly appreciated.

Regarding the publication of the Integrated Report 2026

Message from Senior Managing Director



Senior Managing Director,
Head of Group Management

Shingo Obe

We place great importance on dialogue with our stakeholders. Based on the dialogue conducted through Integrated Report 2025, we reaffirmed stakeholders' strong expectations for a clear roadmap to transforming our unique strengths into "earning power", and the effectiveness of governance which provides the base upon which these efforts are built. In Integrated Report 2026, while following the structure of last year's report, which was well received, using the value creation equation "corporate value = profitability ÷ (cost of capital - growth potential)," we will give detailed explanations of the systems for ensuring that we turn our over 170 million customer touchpoints, as well as the added value generated by employees who embody the MatsukiyoCocokara WAY, into earnings. We will also set out our Group's aspirations for realizing sustainable growth and increased corporate value, and our roadmap to doing so.

We hereby state that the process of producing this Report involved cross-departmental discussions, deliberation by the Sustainability Committee, and approval by the Board of Directors, and that the production process was justified and sincere and the information contained is accurate.

POINT
01

Pursuing the "visibility" of our strengths —Competitive Advantage—

We logically explain how our 'intangible assets,' such as our over 170 million customer touchpoints and human capital, are transformed into financial returns and highly value-added products and services.

POINT
02

Pursuing the "repeatability" of growth —Growth Credibility—

We give specific explanations of our federation initiatives and platform strategy, and present a compelling narrative that illustrates our unique and repeatable business model that will ensure future growth.

POINT
03

Pursuing the "effectiveness" of management—Strategic Governance—

We explain from multiple perspectives how disciplined management can function effectively by positioning governance as a foundation for steadily realizing our strategies and by developing more sophisticated succession planning and risk management.

Scope of reporting

Reporting period	April 2025 to March 2026
	However, considering the importance of providing the latest information, some of the organizational structure and measures include information after April 2026.
Reporting Scope	MatsukiyoCocokara & Co. and the related operating companies
Date of issue	Septembert 2026
Contact us	General Planning Office, Group Management +81-3-6845-0005 (general inquiries)

Company name indication

"MatsukiyoCocokara & Co." and the "Company" refer to MatsukiyoCocokara & Co. as a non-consolidated entity. In addition, the "Group" indicates MatsukiyoCocokara & Co. and its operating companies in Japan and overseas.

Forward-Looking Statements

Forward-looking statements relating to business plans, strategies, and earnings for the Group that are given in this report are based on current information available, but are subject to impacts from various factors, such as the economic environment and market trends. We therefore ask you not to rely entirely on these earnings forecasts alone. Please be aware that the actual performance may differ from these statements as a result of various factors.



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History of value creation

MatsukiyoCocokara & Co. has entered its fifth year since the management merger in October 2021. Since meeting our main targets ahead of schedule as a result of generating synergy at an early stage, our Company is currently in a new growth stage. In August 2025, we established And Company Co., Ltd. as an intermediate holding company for welcoming partners (companies) possessing a certain level of regional competitiveness, and Shinseidoyakkyoku Co., Ltd. and UNIVERSAL DRUG CO., LTD. have newly joined the Group. We will continue to create the “future normal” in the health and beauty fields by accelerating our federation initiatives through the evolution of our unique business model, which is built on over 170 million customer touchpoints, and promoting value co-creation alongside partners possessing shared aspirations.

1932~



Strengths cultivated by Matsumotokiyoshi Group

An unwavering strategy focused on the fields of health and beauty

Our strength lies in this firm foundation, which never changes even as times change. Inheriting our founder's aspiration to “help people live bright, healthy, and beautiful lives”, we will continue to support the health and beauty of every customer.

1932 Founded “Matsumoto Pharmacy” as a privately run enterprise

1987 Pioneering urban drugstores (Ueno Ameyoko Store opened)

► Development of urban drugstores and know-how on highly efficient management

The Ueno Ameyoko Store, which opened in 1987, was an iconic store that marked the dawn of urban drugstores. The experience we gained in using multi-story formats in urban centers with limited store space and successfully developing formats for stores with small sales floor areas became part of our current unique know-how for maximizing earnings by sales floor area, and the source of our strong competitiveness.

1990 Listed on an over-the-counter market

1994 Launched suburban drugstore expansion

1996 TV commercials launched

1999 Company listed on the First Section of the Tokyo Stock Exchange

2001~

2001 Group expansion strategy started; number of drugstores reached 500

2002 Loyalty cards launched

► Data-driven marketing system

Pursuing digital initiatives ahead of our industry competitors, such as the launch of our loyalty card system in 2002 and the release of our official app in 2014, formed the foundation for the company's current business, and the accumulation and analysis of vast quantities of purchase data serve as the cornerstone for a “marketing company” beyond being a retailer. Our meticulous marketing that captures customers' values and preferences is one of the unique strengths from the continuous usage of data.

2007 Holding company Matsumotokiyoshi Holdings Co., Ltd. established

2008 Expansion of stores accepting UnionPay cards

► Capturing inbound demand and gaining insights into overseas expansion

Our experience of introducing UnionPay cards in 2008 and our early and strategic analysis of passport information from foreign tourists visiting Japan is now being leveraged in our current global expansion. The insights into product selection gained through our accurate assessment of inbound demand have contributed significantly to the success of our overseas business, particularly in the Asian region, which includes our first ever overseas store opening in Thailand in 2015.

2011~

2012 LINE service launched

2014 Official app released

2015 Opening of first overseas store in Thailand

2015 Original “matsukiyo” brand launched

2016 Included in Interbrand valuation rankings

2020 Opened stores in all 47 prefectures across Japan

► Establishing brand strength and innovation

Increased awareness through TV commercials in 1996 and the launch of the original “matsukiyo” brand in 2015 leading to a strong brand. Since opening stores in all 47 prefectures across Japan in 2020, we have continued to develop store designs and high-value-added products to attract trend-conscious consumers. These forward-thinking initiatives have helped us establish a corporate image that distinguishes us from our competitors.

2021~



Rapid growth of MatsukiyoCocokara & Co.

2021 Management merger of Matsumotokiyoshi Holdings Co., Ltd. with Cocokarafine Inc. to establish MatsukiyoCocokara & Co.

2023 Full-scale launch of store delivery services “MatsukiyoCocokara Q”

2024 Digital beauty services “MatsukiyoCocokara Be” launched
New dispensing services “MatsukiyoCocokara Me” launched

2024 AppBrew became a subsidiary

With the participation of AppBrew, which runs the “LIPS” review website, our contact with young people in their teens and twenties has expanded dramatically. In addition, merging vast amounts of “reviews and search data” with conventional “customer data” has allowed us to develop products that reflect detailed customer proposals and real customer feedback, and provide high levels of convenience, which supports our current platform strategy.

2025 Certified as a Health and Productivity Management Outstanding Organization 2025 (White 500 - Large Enterprise Category)

2025 Establishment of And Company

2025 Shinseidoyakkyoku became a subsidiary

Shinseidoyakkyoku, which operates 119 stores in northern Kyushu, has joined our Group. This will accelerate the expansion of our market share in northern Kyushu and increase customer convenience in the area. By combining a community-based “family pharmacy function” with high-quality services utilizing our Group's network, we aim to become an indispensable presence that supports health and beauty in the region.

2026 Acquired the UNIVERSAL DRUG CO., LTD.



Strengths cultivated by Cocokarafine Group

Integration into diversity, and building a regional healthcare network

Our strength lies in our ability to evolve flexibly in response to the needs of the times and the region, and build close relationships with everyone involved. Inheriting the history of businesses that have gained deep affection in each region, we will continue to support the health and beauty of local communities while resonating with diverse cultures and personalities.

1937 Established Segami Pharmacy

1951 Established Seijo Pharmacy

► Pursuing a business foundation rooted in the local community and expertise

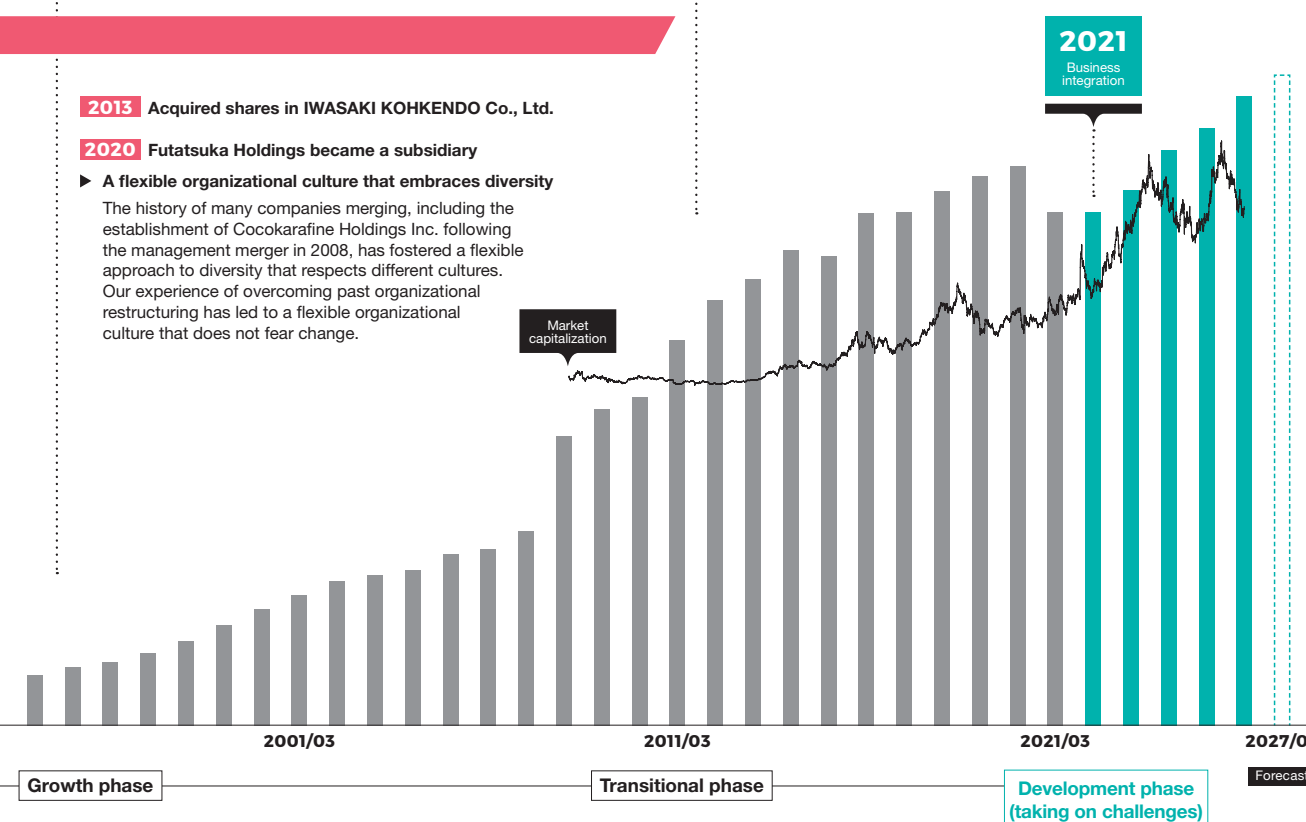
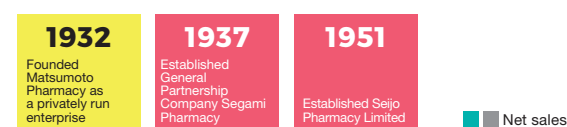
The company was founded by businesses deeply rooted in their respective local communities, including Segami Pharmacy established in 1937, and Seijo Pharmacy established in 1951, became the mother entities of Cocokarafine Group. Our history as businesses with strong local roots has built the foundation for a specialized healthcare network that supports health and beauty in the region.

2008 Management merger of Segami Pharmacy and Seijo Pharmacy to establish Cocokarafine Group

► Strategic data generated by diverse store formats

The experience of opening diverse store formats following a series of management mergers and establishment of subsidiaries, from stores in residential areas to station buildings, and suburbs, has led to our current strengths in possessing purchasing data from a wide range of customers across various store formats, as well as diverse areas and locations.

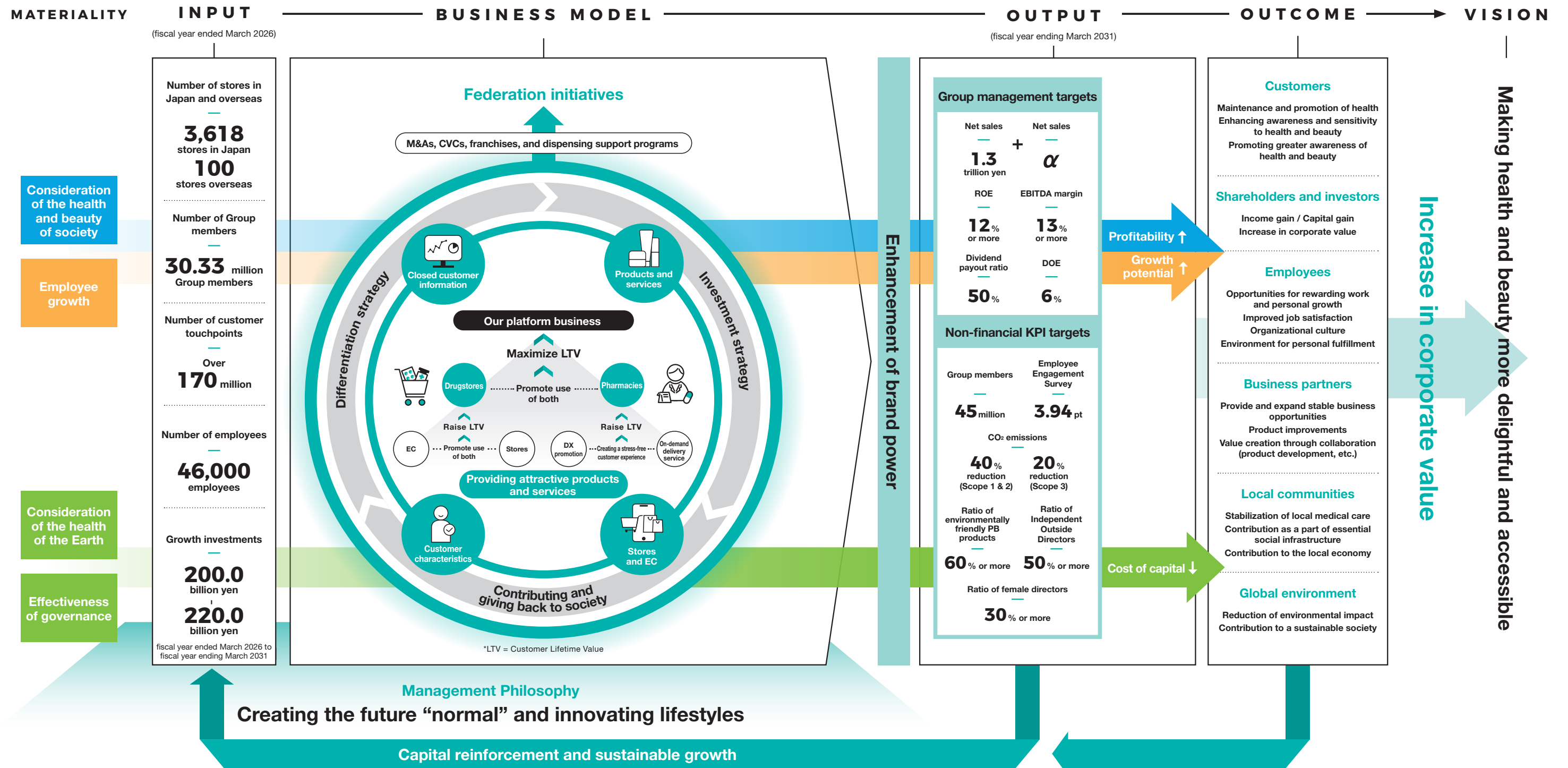
2010 Management merger with Allied Hearts Holdings Co., Ltd.



Process of value creation

Our Group is committed to sustainable value creation based on our unchanging philosophy and vision, which guide our management. Seizing upon changes in the social environment, such as the acceleration of digitalization and the diversification of values, as opportunities for growth, we have built a unique “platform business” that connects over 170 million customer touchpoints and all channels through a unified ID. We will accelerate this sustainable framework in the strategies of our current medium-term management plan to maximize LTV and deepen value co-creation with stakeholders. By becoming Asia's No. 1 drugstore and establishing a leading position in the health and beauty fields, we will continue to vigorously pursue the sustainable enhancement of corporate value.

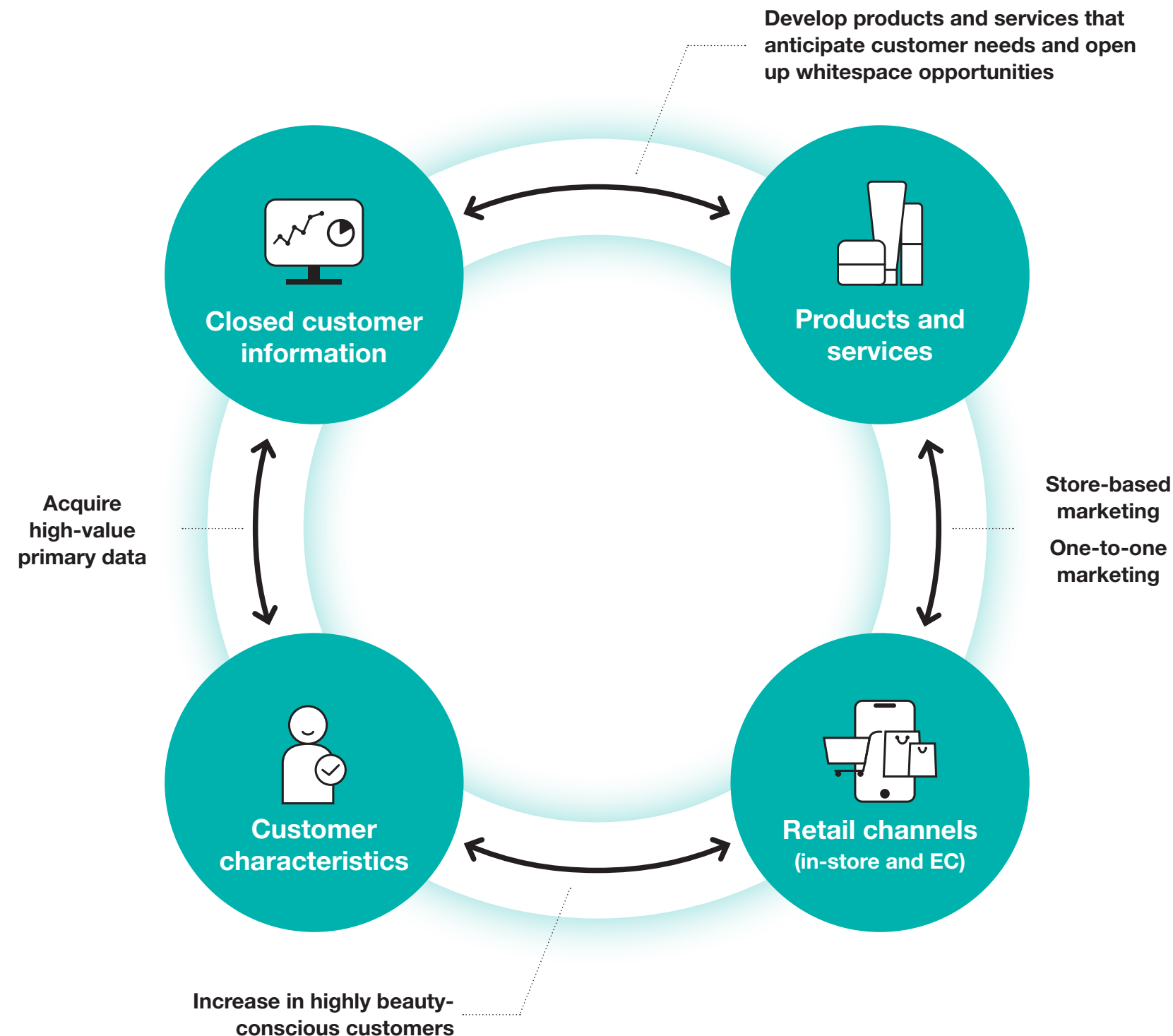
Addressing social issues through business



Four core competencies as the source of value creation

Our Group possesses 170 million customer touchpoints and closed customer information. By integrating not only primary data such as customer gender, age, and purchasing data, but also open data and data from external companies, it helps us to capture customer values and needs that would be difficult to see with primary data alone. This data is used for marketing support for manufacturers, in addition to sales promotion measures for customers and the development of private brand products. For example, we analyze the purchasing conditions for seasonal products and combine this with temperature and smartphone location data to provide incentives for customers to make app purchases, and offer this service to manufacturers.

Our Group has a very high percentage of customers who are highly conscious of health and beauty, and external data shows that we differ markedly from our competitors in this respect. This is because we have been able to attract customers sensitive to the latest trends by establishing a dominant position for our stores in the major urban areas of Japan. What's more, the products that customers purchase tend to be influenced by the product lineup in the store. Our Company's focus on health and beauty as a key domain is helping to attract more customers with a strong awareness of beauty and quality. These customer characteristics have become an important asset for creating BtoB revenue opportunities, including strong demand for promotions using our Company's platform, as many cosmetics manufacturers target their marketing segments.

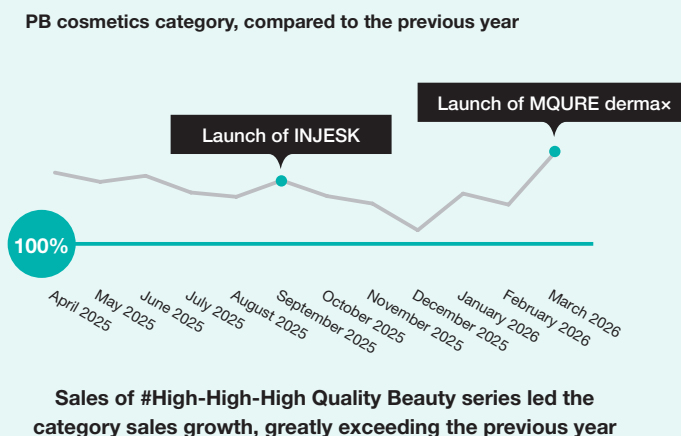


Our Group sees private brand products (PB products) as a key differentiator. By combining our analytical ability to accurately grasp customer needs with the technological capabilities of manufacturers, we are able to create hit co-creative PB products in categories where demand is strong but powerful products are lacking. Our services are designed to maximize the LTV of each customer by promoting the mutual use of channels such as in-store, pharmacy, and EC. For example, in order to offer the same experience through EC as our store experience, we introduced a makeup simulator and skin care analyzer that can be easily tried out on a smartphone. This has allowed us to meet the needs of customers who want to try our products and find out whether they are suitable for them when using EC, thereby realizing seamless use between in-store and EC channels.

Our Group operates more than 3,700 stores and EC websites both in Japan and overseas. An analysis of customer purchasing behavior shows that customers who use both services spend more than those who use only in-store or EC channels. For this reason, rather than directing customers to one channel or the other, we focus on providing a stress-free shopping environment across channels. At our stores, we provide an optimal assortment of products based on the market environment in a limited space, while at our EC website, we complement our store assortment by expanding the lineup of long-tail products. In addition, by strengthening the linkage between EC and stores, such as in-store pickup for online orders and delivering products from store inventory, we are providing a more convenient purchasing environment.

Value creation by leveraging core competencies

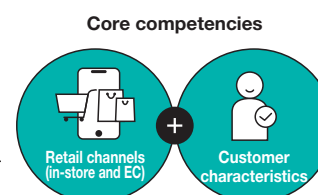
In September 2025, to embody our Company's Group Vision, "Making health and beauty more delightful and accessible", we launched a new private brand product series based on the concept of "#High-High-High-Quality Beauty" as a new pillar of our growth strategy. Each of the three "highs" stands for something different: "#high-sense products; developed with a #high level of pride; for #highly beauty-conscious customers". We will continue to develop innovative beauty items beyond the framework of conventional drugstores.



Stores that attract highly beauty-conscious customers

Our Group has established a system to quickly capture the latest beauty trends and customer feedback by promoting the opening of dominant stores, mainly in Japan's three major metropolitan areas. Data demonstrates that health and beauty products account for an extremely high 72% of our net sales. Furthermore, by combining the highly detailed needs obtained from these stores with e-commerce data,

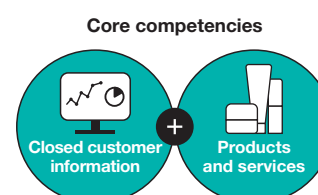
we have the advantage of being able to accurately shape the high-quality products worth paying more that customers across Japan are seeking today. We will fully utilize our stores and e-commerce platform as a base for sending out trends to successfully develop and market the innovative and high-quality "#High-High-High-Quality Beauty" PB series.



Product development based on abundant customer data

By utilizing purchasing data obtained from more than 170 million customer touchpoints, as well as independently developed analytical methods such as product DNA analysis, we conduct product planning and development that clarifies targeted customers and KBFs (key buying factors). Furthermore, in our promotional efforts, we share marketing campaigns with our contract manufacturers based on product concepts to deliver products with originality to the market.

In addition, it is essential to utilize both PB and NB (national brand) products. In niche areas that cannot be fully addressed by NB products alone, we will take advantage of the originality of our "matsukiyo" private brand to bring products to the market, thereby complementing the strengths of both national brands and private brands and meet the sophisticated needs of customers.



INJESK



MQURE dermax



Pixcella

INJESK

Using evidence to decide the best formula concentration.
"Beauty maintenance at home" with cosmetic dermatology skin care

In September 2025, we launched INJESK, a new private brand inspired by cosmetic dermatology. INJESK is an ingredient-focused brand that offers skin care products containing functional ingredients inspired by beauty maintenance. Coupled with the recent trend for focusing on "ingredients" when choosing skin care, there has been an increasing need to incorporate beauty maintenance ingredients into daily care. INJESK not only carefully selects ingredients, but also focuses on the optimal formula volumes for ingredients based on evidence. The formula is designed to ensure that the ingredients are effectively delivered.* The products offer a new concept of "selecting ingredients by concentration and formulation", rather than "selecting based on ingredients".

* to the stratum corneum

MQURE derma

Beauty begins again and again.
"Nourishing reactive skin with care and beauty" Intensive care formula

"MQURE dermax" is the second product in the series released in March 2026. The brand has been developed based on the concept of "caring for sensitive and reactive skin" in pursuit of "low stimulation but high functionality". Skin rhythms in modern life tend to be disturbed by various stresses and environmental changes. As a result, the skin's barrier function deteriorates and it often remains hypersensitive to external stimuli. More people feel that conventional skin care is no longer suitable for them as they get older, but there are also many people who hesitate to try the latest trending ingredients because they are unsure whether these would be suitable for their skin. Against this backdrop, we returned to the "basics" of skin care and developed the product as a skin management type skin care product with three steps: cleansing, delivering and nourishing.

Pixcella

Next-Generation Exosome Care*1 Born from Research on 20,000 Cell Combinations*2

"Pixcella" which was released in September 2026 as the third product in the series is a skin care series with a focus on skin condition that improves the firmness, elasticity and texture of skin, addressing concerns shared by many women. The most distinctive feature of the product is that all products contain proprietary culture secretome, offering a next-generation exosome developed through cell research. Secretome is moisturizing ingredient extracted from the supernatant of cultured stem cells. Using this ingredient has allowed us to realize a product that facilitates the enjoyment of a "skin care salon" experience at home. Through the development of these innovative beauty items, we aim to develop high-value-added products for the benefit of our customers through the 100-year life era.

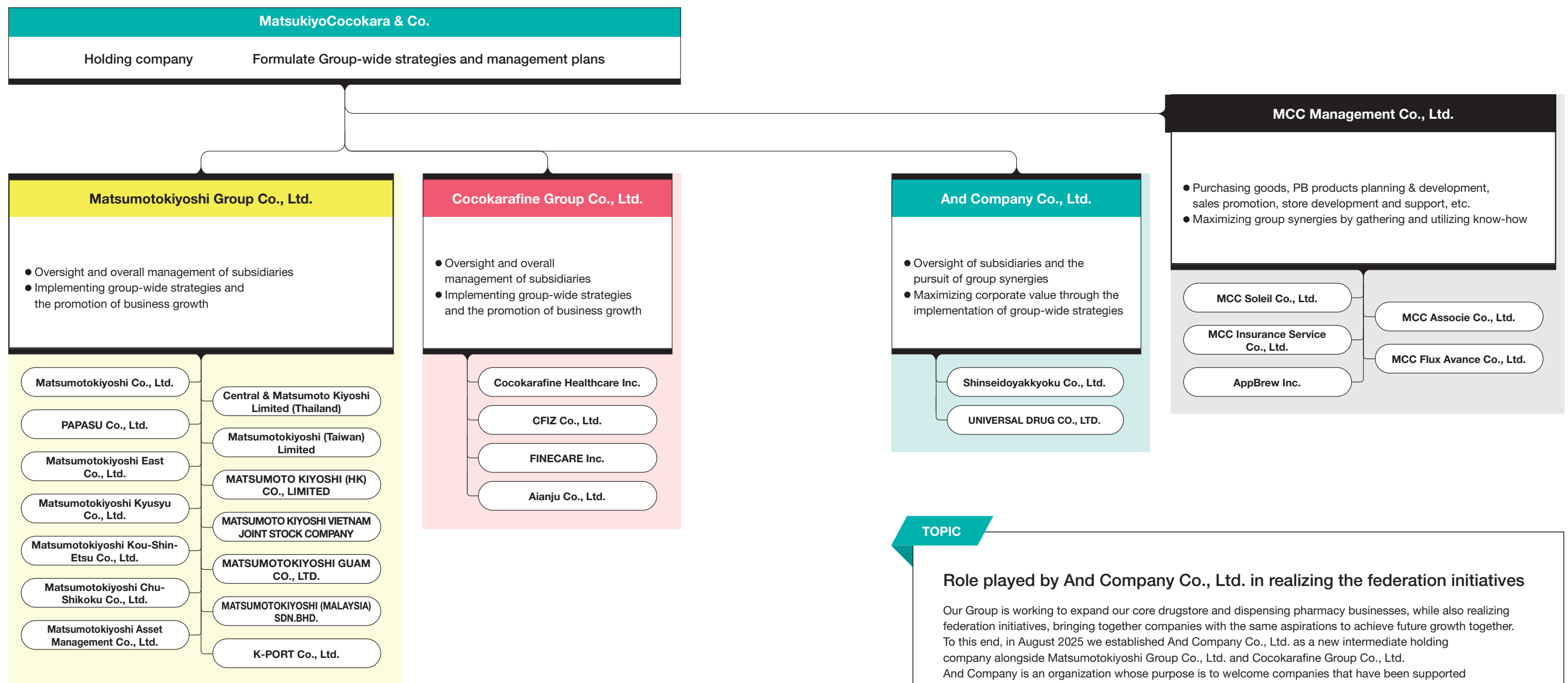
*1 Human adipose-derived stem cell conditioned medium (moisturizing ingredient) *2 Keratinocytes

Roles of Group Companies and Value Creation

MatsukiyoCocokara & Co. formulates management plans and Group strategies for value creation, while MCC Management supports and manages operating companies based on group strategies so that the operating companies within the Group can maximize their respective performance. Matsumotokiyoshi Group Co., Ltd. and Cocokarafine Group Co., Ltd. are working to penetrate and thoroughly implement various measures to maximize value at their respective operating companies. We established an intermediate holding company called And Company, and Shinseidoyakkyoku and UNIVERSAL DRUG have joined our Group.

Our Group's Organizational Structure

Current as of July 1, 2026



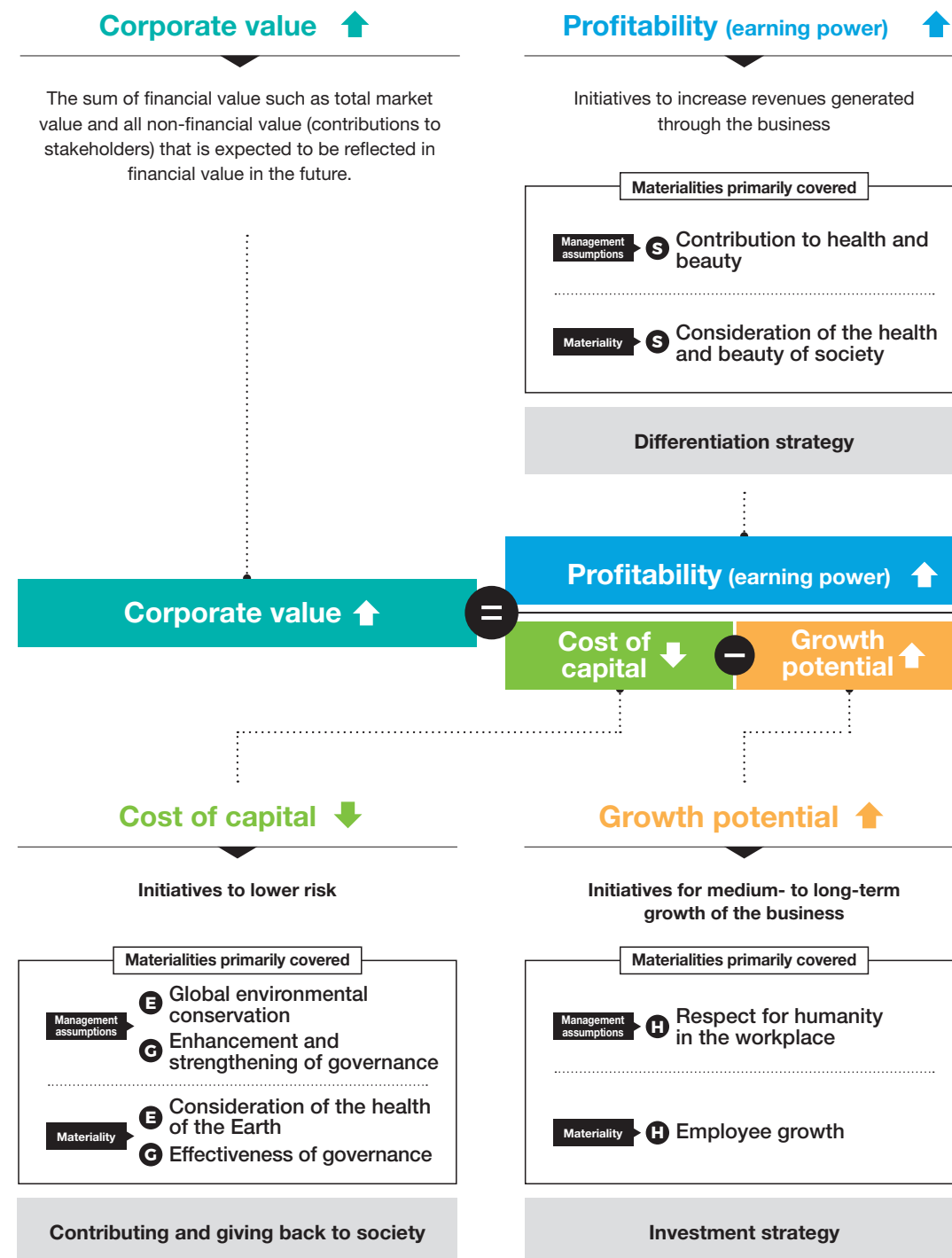
TOPIC

Role played by And Company Co., Ltd. in realizing the federation initiatives

Our Group is working to expand our core drugstore and dispensing pharmacy businesses, while also realizing federation initiatives, bringing together companies with the same aspirations to achieve future growth together. To this end, in August 2025 we established And Company Co., Ltd. as a new intermediate holding company alongside Matsumotokiyoshi Group Co., Ltd. and Cocokarafine Group Co., Ltd. And Company is an organization whose purpose is to welcome companies that have been supported and grown as trusted drugstores and pharmacies in their respective regions in a way that enables them to continue demonstrating their uniqueness and superiority even after joining our Group.

Materiality

Our Group has identified our materiality as the priority issues to achieve sustainable growth and realize our desired future state. In order to identify our materiality, we analyzed the external environment in light of changes in social conditions and international standards, and verified the importance of these factors for stakeholders and our Group from various perspectives. Through constructive dialogues with stakeholders, we identified the issues and exchanged opinions with external experts. After deliberation by the Sustainability Committee and approval by the Board of Directors, we identified four important issues. Aiming to resolve these important issues through the implementation of management strategies, our Group will promote initiatives that leverage our unique strengths to create value and generate profits.



Why the identified materiality is important to stakeholders and our Group

	Materiality	Our goal	Reasons why the identified materialities are important
Improvement in profitability	Consideration of the health and beauty of society	Company that solves problems related to people's health and beauty and delivers great peace of mind and joy to society, including local medical services	As people's lifestyles and values diversify, their concerns and needs related to health and beauty are becoming increasingly individualized and sophisticated. Our Group contributes to improving people's mental and physical health and enriching their lives by continuously proposing optimal solutions for each individual through advanced analysis and utilization of a vast amount of data obtained from over 170 million customer touchpoints. By continuing to provide these high-value-added experiences, customers will discover "reasons for choosing" our Group, and maximize customer loyalty and LTV (Lifetime Value). As a result, we believe that by further strengthening our unique "health and beauty platform", we will be able to sustainably maintain and improve our medium- to long-term profitability, even in an intensifying market environment.
	Employee growth	Company so attractive that our employees would recommend it as a workplace to their loved ones	The growth and expertise of each and every employee is the source of our Group's value creation. We believe that when employees embody the "MatsukiyoCocokara WAY" as professionals and create value, they contribute to people's health and beauty and, in turn, enhance their own work satisfaction. By bringing together the diverse expertise of our employees, we can enhance the "earning power" of our Group as a whole. We will establish a strong and sustainable competitive advantage in a rapidly changing market environment by building an organizational culture that embraces transformation and creating an environment in which employees can continue to take on challenges and grow autonomously.
Reduction of capital costs	Consideration of the health of the Earth	Company that achieves virtually zero CO ₂ emissions from business activities, thereby contributing to an ethical society	In order to fulfill our responsibilities to protect safe living environments and opportunities for ethical consumption choices among the next generation, we are deepening our efforts to reduce environmental impacts by decarbonizing our business activities and expanding our environmentally friendly PB products. Making contributions to a sustainable society a prerequisite for our management will not only help us avoid future business risks, such as climate change, and enhance the resilience of our management, but also lead to earning the firm trust of stakeholders. We believe that improving our reputation in the capital markets will help us control long-term capital costs and lay solid foundations for continued value creation sustainably in the fields of health and beauty.
	Effectiveness of governance	Company that establishes a disciplined management system and practices stakeholder-oriented management	Ensuring management transparency and fairness, as well as building and strengthening systems and mechanisms to implement strategies swiftly and reliably, are important factors for stakeholders when evaluating a company's credibility. Effective governance is also essential for our Group to enhance the quality of decision-making in order to promote our own business models and strengthen our ability to respond to increasingly diversified and sophisticated risks. By positioning governance not as a defensive measure but as a powerful engine for promoting our strategies, and by demonstrating our commitment to disciplined management to our stakeholders, we will gain appropriate evaluation and trust from the capital markets and maximize our medium- to long-term corporate value with a focus on capital efficiency.

Implementation of Sustainable Management

➤ Targets and KPIs tied to materiality

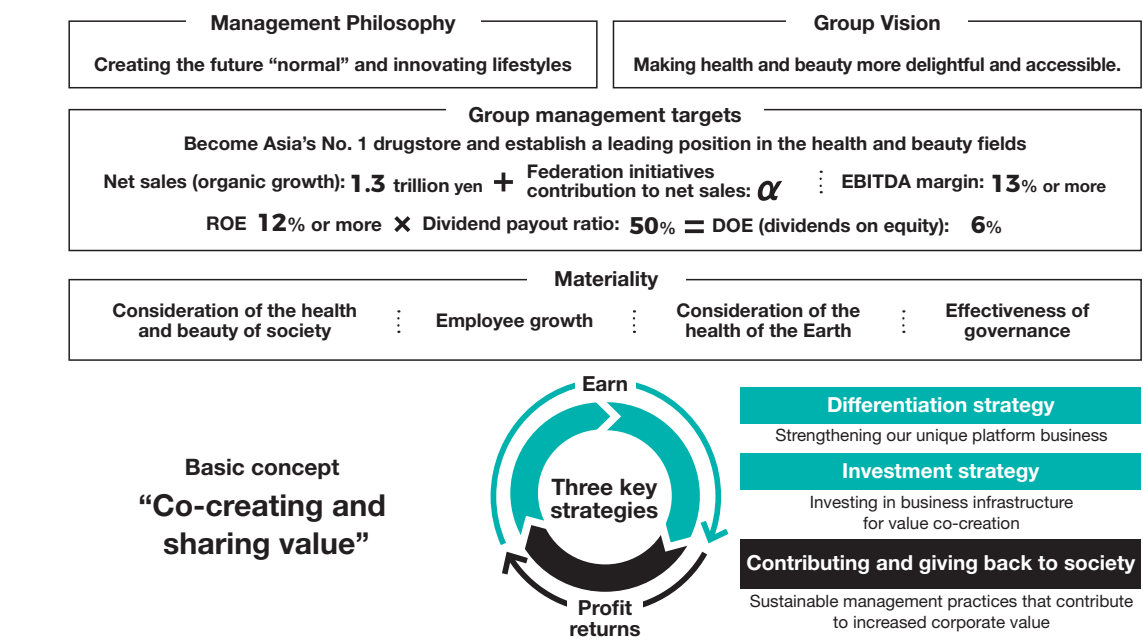
The status and major initiatives as of March 31, 2026,
for each of our Group's four materiality goals are as follows.

	Management assumptions	Materiality	Relationship with key strategies	Main initiatives	Target / KPI (for the fiscal year ending March 2031)	Results for the fiscal year ended March 2026
Initiatives to enhance profitability (earning power)	Contribution to health and beauty Society & Economy	Consideration of the health and beauty of society P35 3 すべての人に 健康と福祉を 8 働きがいも 健康増進も 9 産業と地域経済の 循環と持続性 11 住み続けられる まちづくりを	Key strategies Differentiation strategy	Further strengthen the customer base by expanding app functions and hosting campaigns to acquire members	45 million Group members	30.33 million Group members
				Pursue specialization by strengthening sales of core products and expanding the product lineup in growth categories	Health & beauty sales composition ratio: 75%	72%
				Promote our own brand strategy and further strengthen self-directed initiatives through SNS and other means	PB product sales composition ratio: 15% or more	14.8%
				Continue to expand our network of stores with unique specialized functions and promote their use as information transmission bases	Matsukiyo LAB stores: 50 stores	33 stores
				Promote the opening of dispensing pharmacies in new stores and improve convenience by introducing dispensing services to existing stores	Percentage of stores with dispensing pharmacies: 60%	54.7%
				Train highly specialized pharmacists and further enhance our function of collaborating with local medical services	Specialty Medical Cooperative Pharmacies: 9 stores	6 stores
				Restructure next-generation Community-based Integrated Care models to drive efficiency via dispensing DX and other measures	Wellness model sites 100%	- (New KPI)
				Accelerate store openings in strategic priority areas based on investment decisions that prioritize profitability	Open 130-150 stores in priority areas / year	92 stores
				Increase employee engagement through labor-management dialogue and implementation of measures to improve working environments	Employee Engagement Survey 3.94 pts	3.62 pts
				Incorporate concepts into concrete actions through the use of dissemination tools and the sharing of good practices	MatsukiyoCocokara WAY evaluation: 46.9 pts	44.4 pts
Initiatives to enhance growth potential	Respect for humanity in the workplace People & Human Rights	Employee growth P49 5 ジェンダー平等を 実現しよう 8 働きがいも 健康増進も 10 人や国の不平等を なくそう	Key strategies Investment strategy	Thorough penetration of our corporate culture through implementation of training at each level and the introduction of training methods that lead each individual to specific actions through the "WAY Declaration"	MatsukiyoCocokara WAY training participation ratio: 100%	100%
				Support women's career development through assistance with appointments at companies and holding round-table discussions	Ratio of female managers: 30%	23.8%
				Support efforts to balance childcare and work by analyzing the issues related to taking childcare leave and promoting the use of support services	Childcare leave acquisition rate: 100%	89.7%
				Eliminate post-return anxiety by continuing to hold round-table discussions for returnees and by strengthening the consultation system	Return to work rate after childcare leave: 100%	96.6%
				Expand employment opportunities by strengthening cooperation with schools and government agencies and utilizing the Soleil Office	Ratio of employees with disabilities: 2.7%	2.75%
				Develop systematic training programs to improve specialized skills and cultivate DX promotion personnel	Training effectiveness: 45,000 yen*1	39,603 yen
				Reduce long working hours by improving operational efficiency through AI and recommending "no overtime days"	Average overtime hours: 5.0 hours	6.5 hours
				Promote retention of human resources by raising awareness of consultation services, providing support for employees on leave, and enhancing welfare programs	Turnover ratio: 5.0%	4.2%
				Implement a risk-based health support approach and promote education aimed at maintaining and improving health	Maintenance of White 500 certification	Certified
				Improve the workplace environment and enhance health management based on organizational analysis of stress check results	Presenteeism: 15%	22%
Initiatives to lower the cost of capital	Global environmental conservation Earth & Environment Enhancement and strengthening of governance Governance	Consideration of the health of the Earth P73 6 清潔な水とトイレ を世界中に 7 気候変動に 適応する 12 持続可能な 消費と生産 13 気候変動による 自然災害の軽減 14 海の豊かさ を増やす Effectiveness of governance P79 8 働きがいも 健康増進も 16 平和と正義 をすべての人に	Key strategies Contributing and giving back to society	Ensure stable appointment availability and early implementation by strengthening the management of appointment slots for in-house registered nutritionists	Implementation rate of specific health guidance: 90%	53.7%
				Steadily reduce emissions through introduction of energy-saving equipment and utilization of renewable energy	CO ₂ emissions (Scope 1 and 2) reduction: 40% (vs. fiscal year ended March 2022)	15.2% reduction
				Driving reductions to achieve established targets through emission visualization and supplier engagement	CO ₂ emissions (Scope 3) reduction: 20% (vs. fiscal year ended March 2026)	- (New KPI)
				Renew environmentally friendly guidelines and promote substitution of materials in cooperation with suppliers	Ratio of environmentally friendly PB products: 60% or more	61.1%
				Reduce environmental burden by optimizing the number of vehicles owned and systematically switching to next-generation vehicles	Switching to next-generation vehicles: 70%	21.7%
				Continue to appropriately disclose information on climate change and water resources, and maintain and improve external assessments	CDP rating of "B" maintained*2	"B" rating
				Strengthen the functions of the Board of Directors based on evaluation of effectiveness, and operate an independent supervisory system	Ratio of Independent Outside Directors: 50% or more	42.9%
				Cultivate candidates through succession planning, and invite external personnel with diverse perspectives	Ratio of female directors: 30% or more	28.6%*3
				Conduct audits of domestic and overseas manufacturing contractors and reduce labor environment risks and environmental risks	Implementing CSR audits for quality control of PB products: 100%	72.5%

*1. Training effectiveness = Operating profit ÷ Annual educational investment × 100 yen *2. Evaluation of climate change programs *3. as of July 1, 2026

Medium-Term Management Plan

In our medium-term management plan, rooted in the basic concept of “Co-creating and sharing value”, our Group aims to achieve our management targets for the fiscal year ending March 2031 by focusing on three key strategies: our differentiation strategy, investment strategy, and social contribution & returning profit to society.



Looking back on the first year of the medium-term management plan

In the fiscal year ended March 2026, the first year of the medium-term management plan, we achieved record results, with net sales of 1.1174 trillion yen and operating profit of 84.9 billion yen, through the steady implementation of our three key strategies. Sales of cosmetics were strong as a result of strengthening the development of new brands and high-value-added products aimed at highly beauty-conscious customers, who form our Company’s main customer base. Sales of duty-free products increased as inbound demand was steadily captured through an increase in foreign visitors to Japan. In addition, we were able to maintain high profitability by expanding sales of high-value-added products, such as PB products, and by focusing on cost control through KPI management.

Segment performance

In Matsumotokiyoshi Group business, our Group steadily promoted our investment strategies such as strengthening store openings in priority areas in Japan, expanding stores with dispensing facilities, and expanding our overseas businesses, mainly in ASEAN. Consequently, Matsumotokiyoshi Group increased its unique brand value by developing new PB brand “MQUREdermax” and by opening “GINZA FLAG” and “SHIBUYA SCRAMBLE FLAG”, which symbolize its new initiatives. As a result of these efforts, net sales were 711.4 billion yen, whereas segment profit was 60.8 billion yen. Similar to the Matsumotokiyoshi Group, the Cocokarafine

We also made significant progress with realizing our Company’s stated federation initiatives; MATSUMOTO KIYOSHI (HK) was newly consolidated in April 2025, and Shinseidoyakkyoku joined our Group in October. To further strengthen our Company’s platform, in addition to opening stores in priority areas, we expanded our store networks both in Japan and overseas by launching SHIBUYA SCRAMBLE FLAG and the new Beauty Flagship businesses, as well as expanding our operations in Malaysia. In addition, as part of our efforts to strengthen digital services, we implemented new initiatives, such as linking customer IDs with beauty community platform LIPS, as well as adding new functions to dispensing pharmacy service MatsukiyoCocokara Me.

Group business has promoted key strategies in Japan, as well as a “scrap and build” approach with the aims of reallocating human capital and optimizing management resources to improve profitability. However, due to ongoing efforts to close unprofitable stores and improve earnings at some operating companies, net sales were 389.9 billion yen and segment profit (excluding the amortization of goodwill and the amortization of trademark rights associated with the business integration) was 30.6 billion yen. In addition, the And Company business was newly added to the business segment from the third quarter

of the current fiscal year as the first step toward realizing the federation initiatives during the period of the current medium-term management plan. In this business field, net sales were 12.9 billion yen and segment profit (excluding the amortization of goodwill

and trademark rights associated with the conversion into a subsidiary) was 300 million yen, reflecting the half-year performance of Shinseidoyakkyoku, which was incorporated into the Group in October.

Business environment outlook for the fiscal year ending March 2027 and beyond

From the fiscal year ending March 2027 onward, the Japanese economy is expected to recover moderately due to improvements in employment and income conditions, but the business environment is expected to remain challenging due to uncertain geopolitical risks, rising costs due to inflation, and revisions in dispensing fees and drug prices, as well as intensified industry restructuring and competition to open new stores. In this business environment, we will continue to promote

our three key strategies in order to further strengthen our core competencies and expand and deepen the platform business that integrates our store and online operations. Through these efforts, we aim to become a company that continues to co-create value with our customers and business partners by further enhancing the value that is unique to our Company and achieving sustainable growth by differentiating ourselves from our competitors.

Deepening our three key strategies

By continuing to deepen the three strategic priorities, we will navigate an increasingly challenging business environment and drive sustainable growth.

Differentiation strategy	Investment strategy	Contributing and giving back to society
Offering new value and services ● Evolve into “information hubs” that combine digital and store services, and offer new customer experiences that combine in-store sales with media ● Build a loyal customer base and improve LTV based on a unified ID ● Utilize Japan’s largest health and beauty platform to support marketing, develop PB products and co-creation products, and promote rebranding Expansion from the retail business ● Expand BtoB projects in platform business ● Evolve store-based marketing Increased presence in Asia ● Expand business in the ASEAN region ● Promote differentiation and market creation by enhancing global and localized PB products ● Establish a global membership base	Investment in infrastructure to support the platform ● Invest in store-based marketing promotion ● Deepen customer understanding using integrated databases Expanding the scale of business ● Strengthen store openings further in priority areas ● Continue to promote the federation initiatives ● Strengthen store openings in existing overseas markets and promote initiatives to advance into new markets Investment in human capital ● Enhance engagement and create rewarding working environments based on the Employee Engagement Survey ● Accelerate professional talent development and reallocation within the Group ● Revitalize talent mobility on a global basis and build global HR systems	Providing stable returns to stakeholders ● Continue to distribute profits steadily with the aim of achieving a dividend payout ratio of 50% in the fiscal year ending March 2031 (implement progressive dividends and flexible treasury share repurchases) ● Strengthen mechanisms that link sustainable profit growth with individual employee asset formation Environmental/social response ● Contribute to a decarbonized society and circular economy ● Achieve a ratio of 60% or more for environmentally friendly PB products Developing corporate governance ● Establish highly independent management supervision systems ● Strengthen systems to achieve our targets of increasing the ratio of independent outside directors to 50% or more and the ratio of female directors to 30% or more Responding to demands from capital markets ● Enhance and visualize corporate value through HSEG initiatives

Optimal management system for achieving the medium-term management plan

With the aim of realizing our medium-term management plan, our Company has established a top management system centered on the President and Representative Director, with the Board of Directors providing oversight. In order to promote the strategies of the medium-term management plan, we have established two executive committees: the Group Management Committee, which assists the President in making decisions and discusses important matters in advance from the perspective of enhancing medium- to long-term corporate value;

and the Management Meeting, which monitors the overall management status on a weekly basis and flexibly manages business execution. In addition, from the perspective of company-wide governance closely linked to executive management, we are promoting disciplined management by strengthening materiality progress management by the Sustainability Committee, as well as risk management of the entire Group by the Compliance Risk Committee.

MESSAGE

Differentiation Strategy and Investment Strategy

— Achieving Co-creation of Value —

Our medium-term management plan sets out the basic concept of co-creating and sharing value. This concept aims to continuously enhance corporate value by creating new value together with customers, business partners, and society, and by mutually returning profits from our business in an appropriate way. Based on this concept, as of the end of the first year of the medium-term management plan, we have steadily accumulated results in our differentiation and investment strategies.

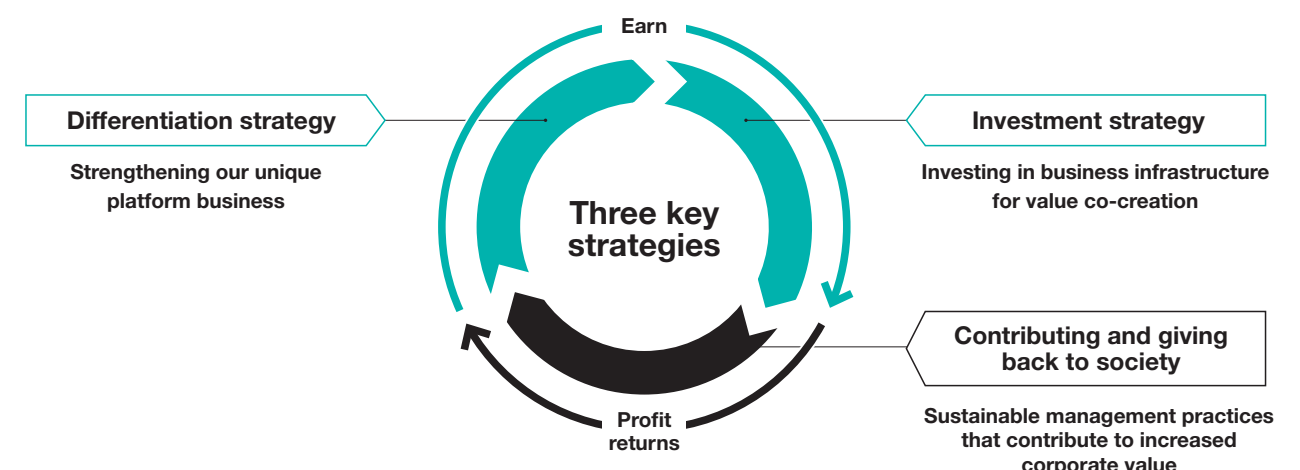
Review and Outlook of our Differentiation Strategy: Deepening Data Insights and Maximizing LTV

The core of our differentiation strategy lies in our “platform strategy” to deepen ongoing relationships with customers who are highly interested in health and beauty, and to use our services across multiple channels, including stores, EC, and dispensing pharmacies. Through this platform strategy, we aim to build a framework that maximizes LTV (lifetime value) by gaining a deeper understanding of the needs of each customer and continuing to make optimal proposals. This platform not only serves as a sales platform, but also serves as a “strategic marketing hub” where we work with manufacturing partners to analyze and validate the customer journey

Vice President and Representative Director
Takashi Matsumoto

Basic concept

“Co-creating and sharing value”



from product recognition to purchase and repurchase and jointly enhance brand value. This platform strategy is supported by high-quality data and proprietary analytical methods. By combining and analyzing primary data such as gender and purchase history with other sources of primary data, we classify customers into clusters based on their shopping preferences, and accumulate secondary data for practical use in marketing. In the first year of the medium-term management plan, we expanded our data by combining customer data with product data. By collecting data across product attributes such as formulations, colors, ingredients and key selling points, and analyzing the “WHAT” and “WHY” of successful sales, we are developing a more granular understanding of our customers’ purchasing processes. Looking ahead, we will share this knowledge with manufacturers to further accelerate the development of co-created private brands and uncover potential needs. By combining the technological capabilities of manufacturers with our data, we believe we can supply markets with high-value-added products while avoiding direct competition with national brands. By further increasing our ratio of PB products, which currently stands at approximately 15%, we aim to achieve both enhanced profitability and improved customer satisfaction.

Review and Outlook of our Investment Strategy: Launch and Global Expansion of the Federation Initiatives

As an important measure in our investment strategy, from the fiscal year ended March 2026, we began moving toward the federation initiatives to accelerate growth in Japan.

The participation of Shinseidoyakkyoku to complement the Kyushu area market is the first step in this plan. We will establish a model of coexistence and co-prosperity by sharing with our partner companies the know-how to rapidly create the synergies we have cultivated through the integration of Matsumotokiyoshi and Cocokarafine, as well as by realizing improved business performance while respecting existing uniqueness. In our overseas business, over the past year we have steadily accumulated expertise and know-how to increase earnings, including product composition and management methods tailored to each region. Going forward, we will steadily take advantage of the rapidly growing Asian market to achieve our target for the fiscal year ending March 2031, which is overseas sales of 100 billion yen. We will continue to take on the challenge of “creating the future “normal” in order to achieve our Group’s management goals. We greatly appreciate our stakeholders’ continued support and understanding.

MESSAGE

A virtuous cycle of value creation driven by differentiation, investment strategies and appropriate returns

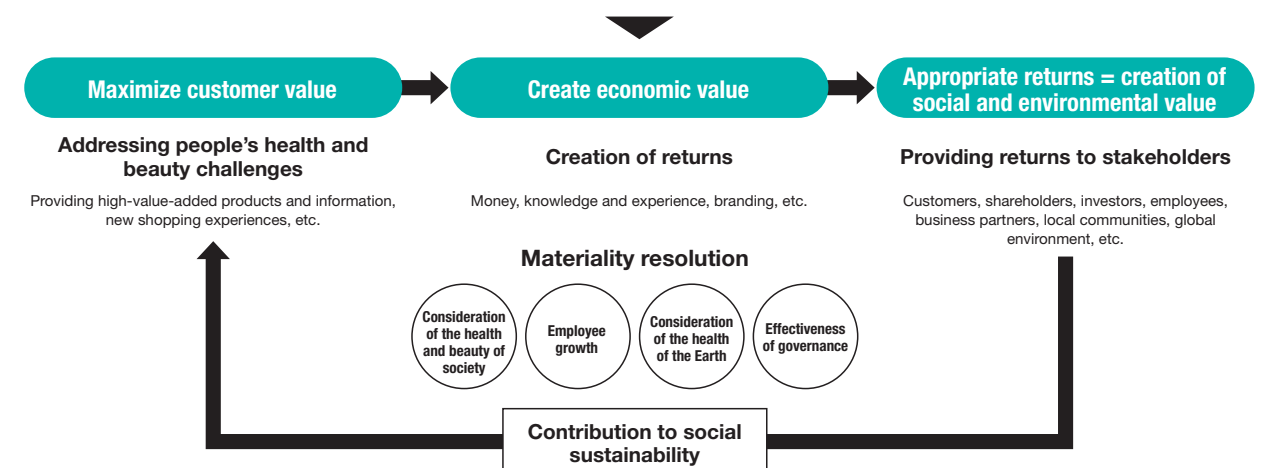
Approach to “returns” in the medium-term management plan

The basic principle of our medium-term management plan— “co-creating and sharing value”— comprises three key strategies. One of these pillars is “contributing and giving back to society”; this is not simply profit sharing— it also plays an essential role in strengthening our earning power. The core of our management lies in maximizing the value we provide to our customers through our core business, and appropriately returning the resulting economic value to our stakeholders as social and environmental value. This “appropriate return” contributes to strengthening our business foundations by enhancing employee growth and engagement, and by deepening relationships with our business partners. It also enhances our sustainable cash-generating capacity and generates funds for investment in future growth. We believe that continuing this virtuous cycle of value creation, which leads to the creation of further customer value, is the right path toward enhancing our corporate value through this process over the medium to long term. Reflecting this basic principle, our focus on “earning” is aimed at securing capital for investment and returns and ensuring the appropriateness of resource allocation. For “returns”, we actively promote stable returns, improved effectiveness of governance, and dialogue with capital markets as important management issues. Specifically, we strive to improve the appropriateness of resource allocation and risk management through the stable implementation of sustainable and disciplined shareholder returns and human capital investment based on business performance and cash-generating capacity, and also by strengthening the supervisory function of the Board of Directors and improving the transparency of the decision-making process.

Vice President and
Representative Director

Atsushi Tsukamoto

Basic principle for implementing sustainable management to enhance corporate value



Evaluation and outlook of “contributing and giving back to society” “PBR” boosted by non-financial initiatives

Above all, I prioritize investments in “intangible assets”, such as intellectual property and human capital and enhancing their value, as well as improving the effectiveness of governance. These are the foundations that enable us to sustainably deliver stakeholder returns. These efforts not only reduce future uncertainty, but also contribute to securing stable profitability. In turn, this leads to an improvement in PBR, which is recognized by capital markets. Our approach to non-financial initiatives has also received positive external recognition. In order to ensure that our efforts to create value are appreciated by our stakeholders, we will continue to promote effective governance and pursue disciplined management by monitoring the status of synergy creation across the Group and by strengthening the compliance systems at each operating company.

Embedding the “WAY” among all employees and “sowing the seeds for the future” by leveraging diversity as a source of strength

My most important responsibility is to ensure that our commitment to social contribution and stakeholder returns is deeply embedded in our organization to a degree that allows all employees to embody it in their daily activities. Investing in and sharing value with our people, who are the source of our value creation, is no less than sowing the seeds for our future as we move

toward sustainable growth. We position employee growth as our most important materiality. Specifically, we regularly hold “WAY training”, which is included among our KPIs, and incorporate “WAY evaluations” into daily performance and behavioral assessments. We also implement human resources and talent development systems based on our Philosophy. We are working to cultivate a culture that embodies “the MatsukiyoCocokara WAY”, which is a set of common values and standards of conduct. We have also set a new target of increasing the ratio of female directors to 30% or more, and we are actively developing leaders as part of our efforts to leverage diversity as a source of strength. Moreover, we aim to create an environment in which each employee can clearly understand the significance of the work they are engaged in and the contribution they make to value creation, thereby leading to autonomous action and enhanced engagement. Our score in the Employee Engagement Survey conducted in May this year showed a steady improvement from 3.55 points in the previous result to 3.62 points, which we see as evidence that we are moving in the right direction. The source of our ability to create value lies in fostering a culture that encourages employees to take on challenges autonomously and celebrates their efforts, thereby enhancing their sense of fulfillment at work. As the industry environment undergoes dramatic change, we believe that all employees will be able to utilize the vast amounts of data generated by one of the largest customer bases in Japan and convert it into unique customer value based on the MatsukiyoCocokara WAY. This will be our greatest earning power, and one which no competitor can imitate. We will constantly reflect on our roots, which is to improve society through our business, and work energetically alongside our employees to build a “future normal” that exceeds the expectations of our stakeholders.

MESSAGE

Evaluation and Outlook for Our Financial and Non-financial Strategies

Senior Managing Director,
Head of Group Management

Shingo Obe

Pursuing disciplined capital efficiency and value creation that exceeds the cost of capital

In the fiscal year ended March 2026, our ROE and ROIC were 10.5% and 11.1%, respectively. We consider our cost of capital to be within the range of the “lower limit of 5.3%” calculated using the dividend discount model and “approximately 7.5%” that was found to be required through dialogue with investors. Accordingly, we have secured an equity spread of approximately 3.0% and EVA spread of approximately 3.6% with the aim of generating returns that exceed investors’ expectations, and we believe we have been able to generate stable shareholder value. However, there is still a gap to fill when it comes to achieving our Group’s “ROE target of 12% or more”. In order to bridge this gap, we intend to enhance profitability through our core business and further optimize capital efficiency.

Initiatives pursued through dialogue with capital markets: recognizing the stock price, and policies for optimal capital structure

As of the end of March 2026, our PBR was 1.85x, leaving room for improvement. Through dialogue with our investors, we believe that our disclosure stance regarding investments in non-financial capital (intangible assets) and the stability of our governance achieved through supervision based on a ratio of independent outside directors of 42.9% (KPI for fiscal year ending March 2031: 50% or more) have been received positively to a certain extent. At the same time, we recognize that expectations have not been fully met for explanations on how each strategy for realizing the federation initiatives will lead to improvements in medium- to long-term profitability and capital efficiency (ROE and ROIC). Moving forward, we intend to enhance the logical consistency of our dialogue and provide disclosure that includes quantitative forecasts. In this regard, we believe we can leverage our experience

in improving the capital efficiency of the entire Group, including improving the operating profit margin at Cocokarafine through detailed PMI (integration processes) following the business integration in October 2021. Our approach to investment discipline is based on synergy creation formulas, which include maximizing integration synergies in the product procurement field, centralization of back-office functions, and activating human capital through the penetration of the “MatsukiyoCocokara WAY”, as well as managing the capital recovery period for opening new stores and renovating stores, and an investment hurdle rate calculated with reference to CAPM and our dividend discount model. Accordingly, we will deepen our dialogue with capital markets with a view to making this approach more visible to investors. In the medium to long term, we plan to build a financial base that enables flexible investment in order to realize our Company’s federation initiatives. As part of these measures, we will shift to management that focuses on optimizing our equity ratio in accordance with growth investment opportunities and disciplined D/E ratio control. By pursuing an optimal capital structure, we aim to improve ROE and maximize our corporate value over the medium to long term. On the non-financial side, we are further strengthening our response to climate change based on dialogue with our investors. We recognize that these measures are essential to reducing medium- to long-term uncertainties and controlling capital costs. We are making steady progress toward achieving our Scope 1 and Scope 2 emissions targets. For Scope 3, which accounts for 90% of our Group’s total emissions, we have set a new emissions target for the fiscal year ending March 2031 of a “20% reduction (compared to the fiscal year ended March 2026: actual result, 1,757,138 t-CO₂).” We have already launched dialogues with our business partners in order to reduce CO₂ emissions, and we will continue to accelerate our efforts.

Correlation analysis of growth investment progress with financial and non-financial KPIs

Of the approximately 450 billion to 500 billion yen in operating cash flow to be generated during the period of the medium-term management plan, we plan to

allocate 45% (approximately 200 billion to 220 billion yen) of our capital allocation to growth investments and 45% (the same amount) to shareholder returns. We are currently making progress on schedule, including opening new stores, renovating stores, incorporating Shinseidoyakkyoku into our Group, increasing dividends in the fiscal year ended March 2026, and acquiring treasury shares. To achieve sustainable growth, when taking management decisions we pay particular attention to how intangible assets, such as intellectual property and human capital, are linked to future financial performance. We visualize this in a unique correlation path diagram.

Investing in intangible assets produces financial results

As a result of examining the relationship between intangible assets and financial performance, we confirmed that there is a statistical correlation between human capital initiatives and financial indicators. The correlation diagram clearly shows that efforts to improve the working environment for store employees, enhance organizational stability, and encourage voluntary skill development are contributing to improved employee engagement. We believe this is evidence that measures aimed at improving human capital have worked well. We have confirmed the process whereby these qualitative improvements in human capital increase our capabilities on the frontlines of customer service, resulting in higher hourly sales per employee and more efficient store operations (improved ROIC). These analytical results suggest that investing

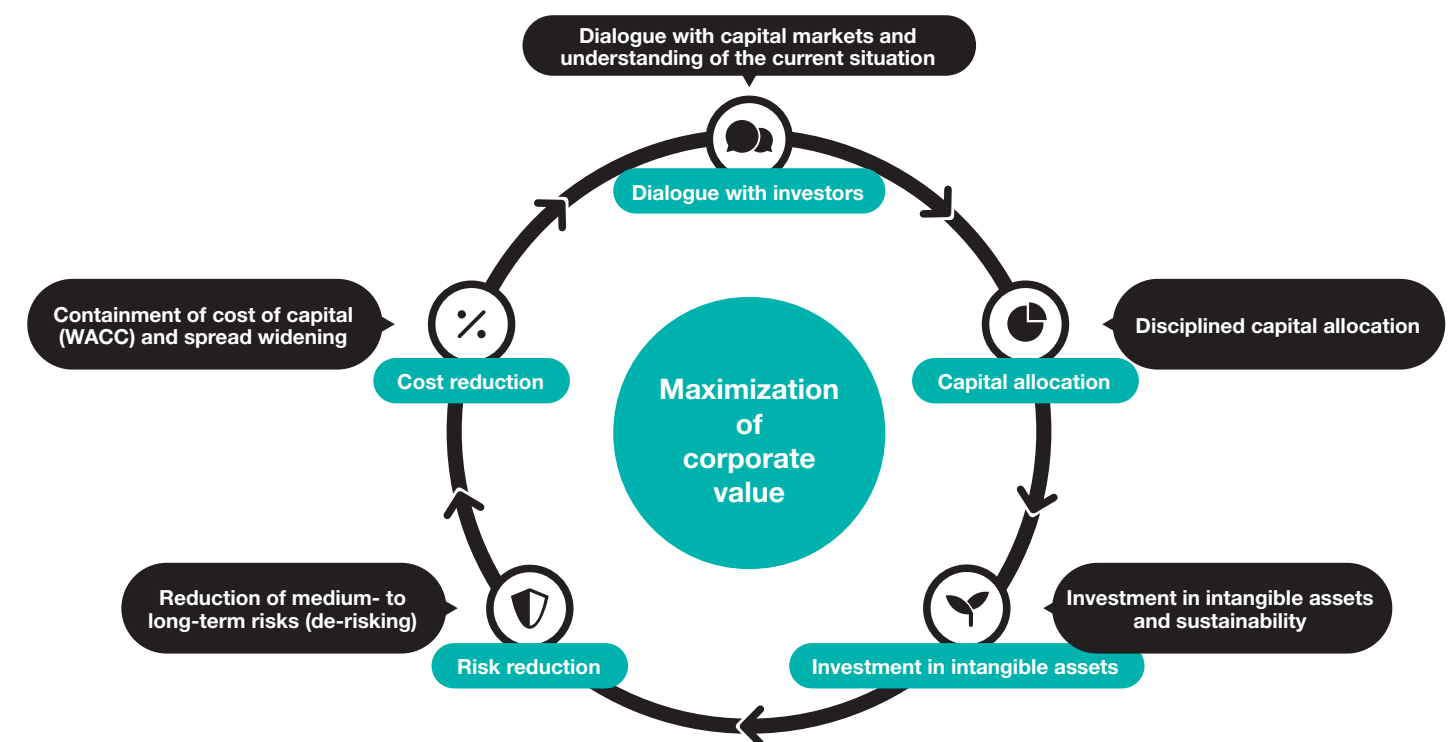
in intangible assets, including employees, has the potential to produce financial results in the future. We believe that the financial value generated through these investments, when reinvested through a broader cycle of value creation, becomes our source of long-term growth. We have not only verified these correlations, but also started to implement this in our management. As one of these activities, the Sustainability Committee monitors initiatives based on this correlation path diagram on a quarterly basis. In the future, we will continue to raise the level of sustainable management while referring to the positive and negative relationships revealed as a result of this analysis, including for example by discussing the outcomes created through investment based on a shared understanding.

Toward maximizing corporate value

We possess two distinctive strengths: platform of more than 170 million customer touchpoints as well as a proven formula for creating the integration synergies that led the successful business integration of Matsumotokiyoshi and Cocokarafine. By making the most of these assets and actively investing in tangible and intangible assets that will lead future growth, we will strengthen our “earning power” and aim to become a company with higher return on capital. Going forward, we will continue to demonstrate to investors the process by which our Company’s value-creation strategies lead to financial results, while also setting out our achievements.

Virtuous Cycle of Value Creation

Process of linking management focused on the cost of capital and investments in intangible assets and ESG



Correlation Path Between Non-Financial and Financial KPIs — Our Management Approach to Translating Intangibles into Financial Results

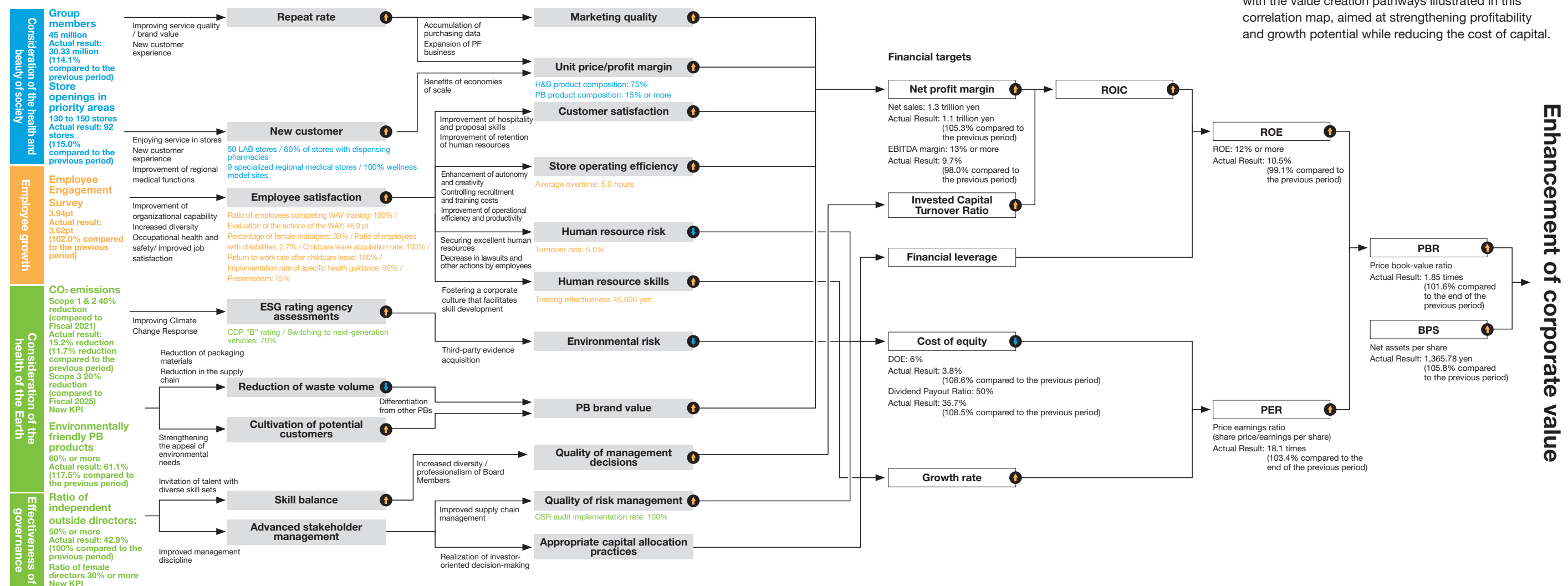
We believe that our sources of enhanced corporate value over the medium to long term lie in strengthening our unique non-financial capital. This includes human capital embodying the MatsukiyoCocokara WAY, intellectual property such as our Company's brand, and a solid customer base with more than 170 million customer touchpoints. In order to demonstrate to stakeholders the likelihood of our Group's sustainable growth, we quantitatively assess how investments and initiatives targeting intangible assets contribute to future improvements in our profitability and capital efficiency, and visualize the relationships between them. In the fiscal year ended March 2026, we took a deeper look at the results of the previous fiscal year's analysis and examined the path from non-financial capital to

financial performance in more detail. This allowed us to reconfirm that continued investment in intangible assets leads to improved profitability and capital efficiency in the future. Specifically, the number of our Group members increased to 30.33 million, and by leveraging the data from this customer base to develop and deliver high-value-added PB products, the ratio of PB products in our sales increased to 14.8%. Because profit margins tend to be high for PB products, we believe that the scale advantages of expanding our customer base will translate into higher profit margins and become a foundation for our future profitability. In addition, through investment in human capital as well as the promotion of DX and business standardization, we have reduced our turnover rate and overtime hours,

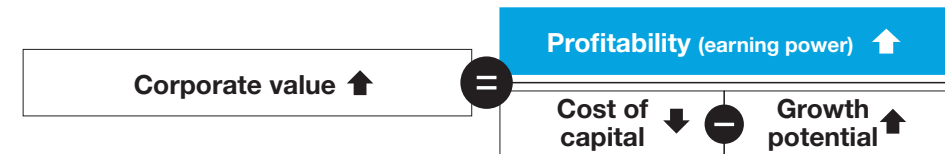
and improved scores in the Employee Engagement Survey. By developing comfortable working environments and reducing the turnover rate, we have been able to cut our hiring and training costs. We have also been able to confirm a correlation path whereby increasing the amount of time devoted to value-added activities such as customer service, planning and proposals leads to improved customer experience and increases profitability through efficient store operations. Concerning our commitments to a ratio of female directors of at least 30% and a Scope 3 reduction target of 20%, we have confirmed that these targets contribute to a lower cost of equity through improved stakeholder management driven by higher levels of management diversity and reduced environmental risks

associated with climate change. These measures will support future reductions in business risk and stable cash generation, and will lead to medium- to long-term corporate value enhancement through improved PBR. We do not view this correlation path diagram merely as a disclosure tool. Rather, we use it as a framework for verifying the allocation of management resources and the priority of measures with an awareness of the cost of capital. Going forward, the Sustainability Committee will lead efforts to monitor the progress of non-financial KPIs and correlation paths, and it will conduct repeated verifications in response to changes in the external environment, with the aims of further enhancing the effectiveness of management oversight function and maximizing sustainable corporate value. Based on the financial and business strategies outlined above, the following sections describe the specific initiatives and progress being made in line with the value creation pathways illustrated in this correlation map, aimed at strengthening profitability and growth potential while reducing the cost of capital.

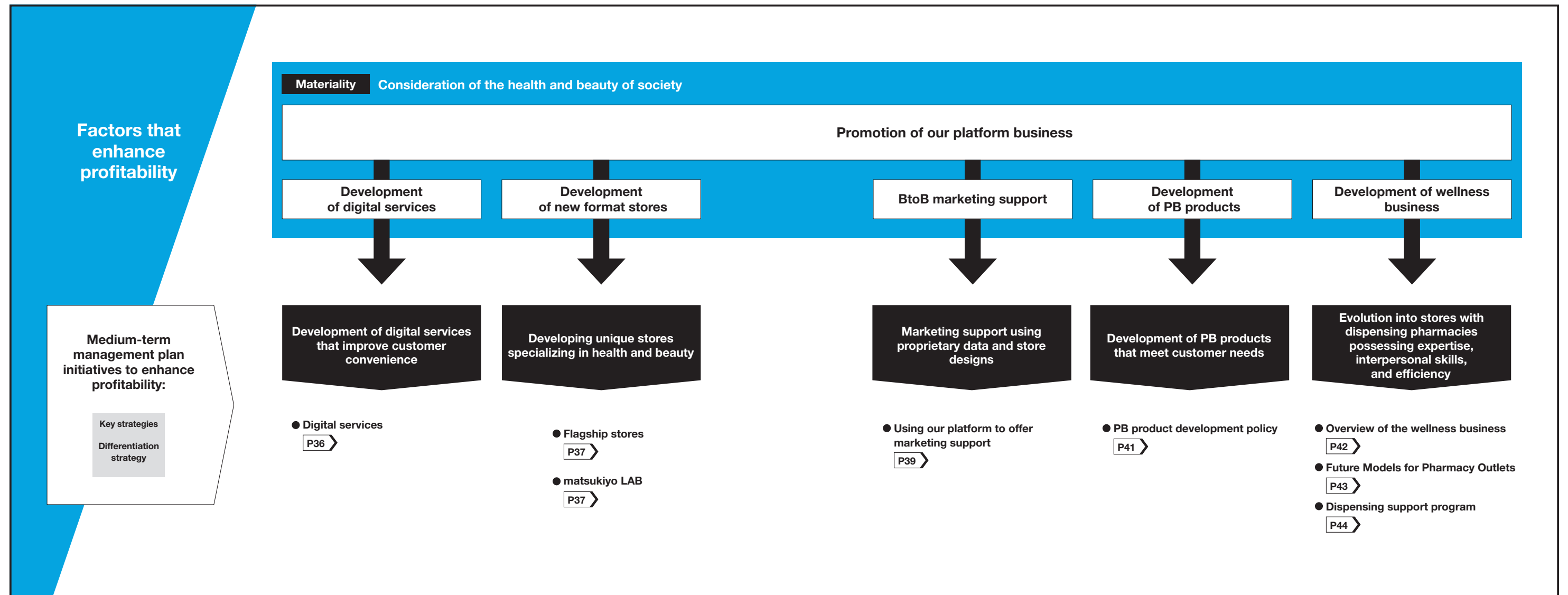
Non-financial KPIs



Initiatives to enhance profitability



Our Group has developed a unique “health and beauty platform” as our core business model to address the materiality—“consideration of the health and beauty of society”— and we are pursuing sustainable improvements in profitability. This platform integrates over 170 million closed customer information touchpoints, as well as behavioral data from apps and “LIPS,” and provides optimal value across diverse customer touchpoints. In the medium-term management plan, we are promoting the sophistication of these strategies as Key Strategy, our “Differentiation Strategy”. Specifically, we are expanding digital services that enhance customer convenience; developing flagship stores and matsukiyo LAB to attract customers highly sensitive to health and beauty; developing high-value-added PB products that accurately meet customer needs; supporting BtoB marketing for business partners using our proprietary data; and accelerating DX in dispensing pharmacies with expertise, interpersonal skills and efficiency. By maximizing the customer experience and LTV through these measures, we will continue to create “the future normal” in the fields of health and beauty, and aim to establish a sustainable high profit structure and enhance corporate value.



Offering new value and services/ Expansion from the retail business

Key strategies	Materiality
Differentiation strategy	Consideration of the health and beauty of society

Aiming to remain the company of choice for customers, our Group is working to provide new value unique to our Group in our health and beauty business domains. Specifically, we are making integrated use of our strengths as a platform, including attractive products and services, a store network centered on metropolitan areas, online services such as EC and apps, and closed information provided via our many customer touchpoints.

In the fiscal year ended March 2026, we took steps to provide new value, such as expanding the number of “Beauty Flagship” stores, which are aiming to become the source of health and beauty trends, developing new PB brand “MQURE dermax”, linking customer IDs with beauty communication platform “LIPS”, and adding functions for online health consultations and medication instructions to our “MatsukiyoCocokara Me” dispensing service. We will continue to differentiate ourselves through platform businesses that leverage our strengths.

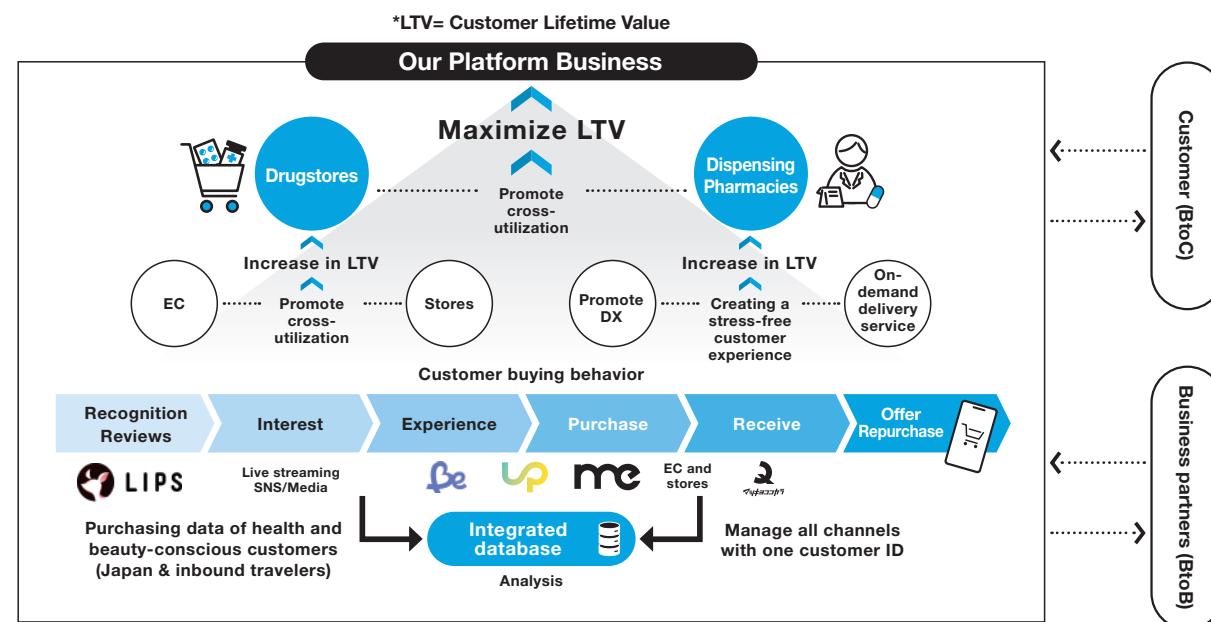
Targets and KPIs

KPI	Goal for the fiscal year ending March 2031	Actual Results for the fiscal year ended March 2026
Group members	45 million	30.33 million
Health & beauty Sales composition	75%	72%
PB products Sales composition	15% or more	14.8%
LAB stores	50 stores	33 stores
Percentage of stores with dispensing pharmacies	60%	54.7%
Specialty Medical Cooperative Pharmacies	9 stores	6 stores
Wellness model	100%	- (new KPI)

Overview of platform business

Our Group’s platform business is a business model that maximizes customers’ LTV (customer lifetime value) through the mutual use of various channels, such as e-commerce and apps, alongside physical drugstores and dispensing pharmacies. This is supported by an integrated database. By managing all channels with a single customer ID, we are able to accumulate

and analyze the purchasing data of customers with a strong interest in health and beauty from various angles. By utilizing this information not only for BtoC (optimal offers to customers) but also for BtoB (advanced marketing support to business partners), we aim to build a platform that is needed by both.



Using our platform to create added value unique to our Company

Our Group has built a marketing platform that accumulates abundant data on highly health and beauty-conscious customers by combining detailed customer information obtained from over 170 million customer touchpoints, including purchasing and behavior logs, attributes, and preference cluster information, with high-quality pre-purchase behavior data from LIPS, including reviews, information viewed in articles, and influencer followings. The greatest strength of this platform is our ability to offer a one-stop service by integrating data for each customer ID, visualizing the customer’s purchasing

processes, and taking the most appropriate action for each customer. We are maximizing our LTV by accurately understanding the customer’s purchase consideration phase and by providing information and coupons to encourage a feeling of “I want this now” at the optimal timing. Based on this solid database and precision of action, we provide marketing support to enhance the brand value of manufacturers and promote strategic co-creation PB product development based on potential needs, thereby establishing a sustainable competitive advantage.

01 Digital services

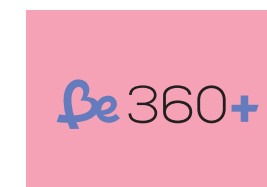
According to our Group’s analysis, LTV tends to be higher for customers who use multiple channels than for customers who use stores, EC, or dispensing pharmacy channels alone. This is why we are developing digital services in the health and beauty fields to

facilitate seamless interoperation between channels. Specifically, we provide the “Q” delivery service, the “Be” cosmetics service, the “Me” dispensing service, as well as the “Supup” healthcare service.



MatsukiyoCocokara Q

MatsukiyoCocokara Q is an EC delivery service that utilizes our nationwide store network. We use our own order system to distribute EC orders to stores close to the delivery destination and use store inventory to deliver products as early as the same day after an order is placed. Seamlessly connecting online and in-store platforms allows us to realize a high level of convenience.



MatsukiyoCocokara Be

We are developing virtual makeup and skin care analyzers to solve the problems of not being able to try out a product or know if it suits you when purchasing cosmetics through EC. Answering questions and measuring images allows us to propose products that meet the needs of each customer, thereby eliminating concerns about EC purchases. The high purchase rates of recommended products demonstrate the effectiveness of our analytical capabilities in supporting customers in making informed and confident purchasing decisions.



MatsukiyoCocokara Me

The MatsukiyoCocokara Me service solves the problems of having to leave the house or wait a long time when using hospitals or dispensing pharmacies. The service integrates everything from online health consultations to transfer of online prescriptions to dispensing pharmacies, medication guidance, and home delivery. Customers can seamlessly access healthcare using just one MatsukiyoCocokara app.



Supup

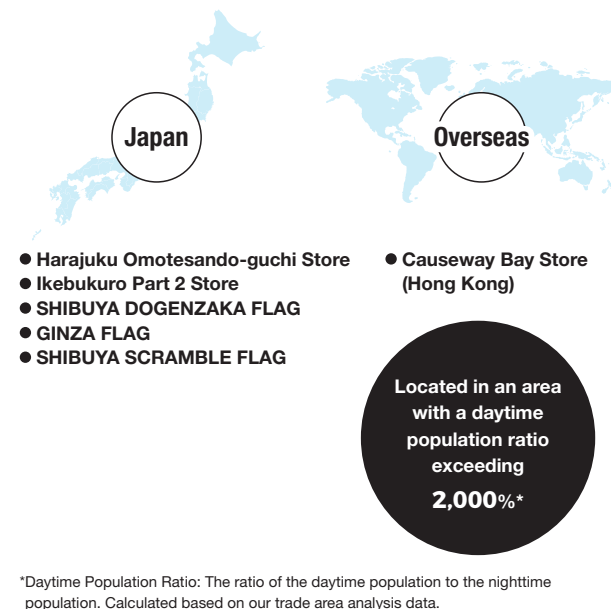
Supup is a service to assist customers when purchasing supplements when it is difficult to understand which nutrients one truly needs right now. By answering health-related questions via matsukiyo LAB and the app, it supports customers’ health by proposing optimized products for each customer.

02 New format stores

Flagship stores

Our Group is aiming to establish a new business format that goes beyond drugstores by breaking stereotypes about product lineups and sales floor designs at drugstores. Our flagship stores target prime locations in well-known cities both in Japan and overseas. We currently have five flagship stores in Japan (Harajuku, Ikebukuro, Ginza and Shibuya) and one flagship store overseas (Hong Kong). These stores are the first in Japan to handle high-brand cosmetics, which have not been available at conventional drugstores. They are also equipped with promotional functions that utilize pop-up and signage to promote store-initiated marketing that goes beyond simple retailing functions. The know-how and product lineup acquired at our flagship stores are being rolled out to stores nationwide through standardization, and the sales floor development and promotion methods established at these stores are leveraged to improve overall quality of our stores.

Flagship stores (as of March 2026)

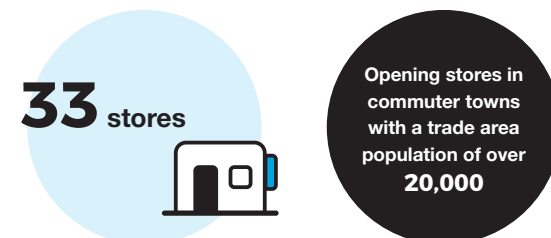


matsukiyo LAB

matsukiyo LAB is a store format designed to support the healthier lifestyles of local customers, where specialized staff including pharmacists, registered dietitians and beauty specialists provide total support for health and beauty. The stores also feature a product layout organized around specific customer concerns, enabling our specialists to engage with customers and find the care solutions best suited to them. Moreover, by offering a range of health foods and cosmetics that are of higher quality than those offered at conventional stores, matsukiyo LAB raises the standard for customers' purchasing choices when they visit the store, thereby increasing their interest

in and awareness of health and beauty. Our data analysis has confirmed that converting conventional stores into matsukiyo LAB stores enhances customers' awareness of health and beauty. We believe that opening matsukiyo LAB stores will contribute to the promotion of self-medication in local communities. For healthcare manufacturers, stores that attract highly beauty-conscious customers are an extremely valuable marketing channel. Moving forward, we aim to further develop matsukiyo LAB stores as venues for conducting healthcare marketing by utilizing the know-how accumulated at our flagship stores.

Number of matsukiyo LAB stores (as of March 2026)



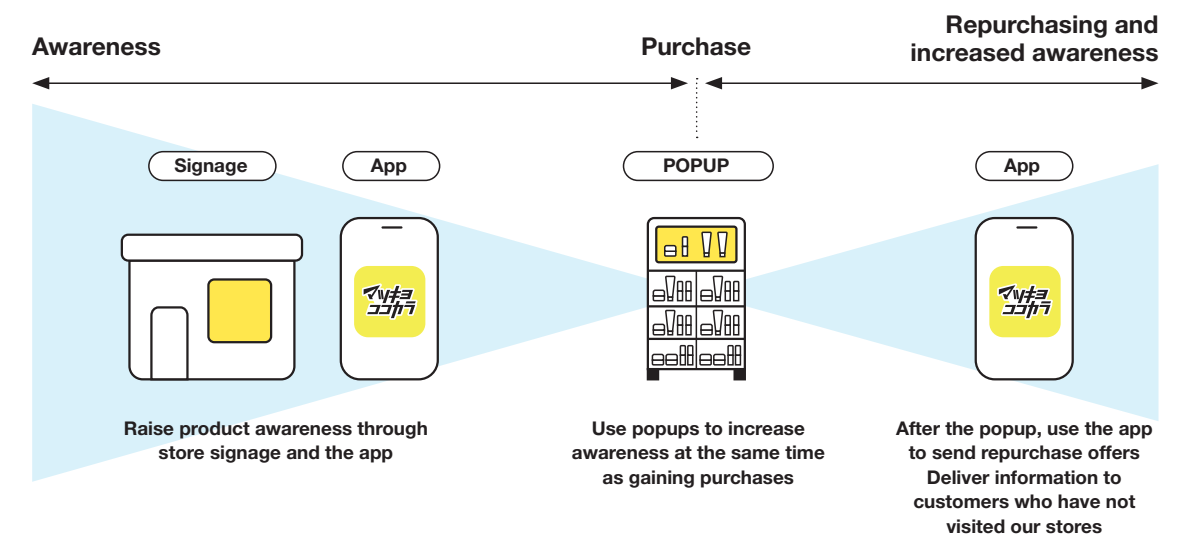
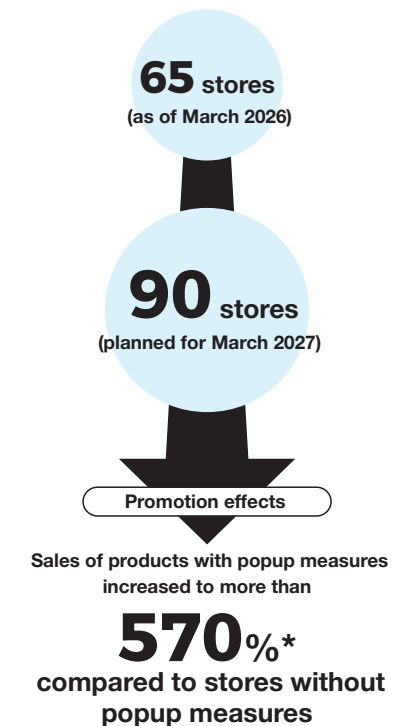
Marketing that creates a chain reaction of awareness, purchases, and word-of-mouth from the store

In general marketing, mass advertising and word-of-mouth are the mainstream methods for generating awareness and linking to sales at stores. However, many of our PB products have achieved high levels of sales since launch, taking advantage of our strong store sales capabilities ahead of efforts to raise awareness. As a result, online reviews have spread spontaneously, creating a buzz that leads to further recognition. By combining store-based marketing with traditional marketing that begins with awareness building, we have been able to achieve both initial sales expansions and ongoing steady sales.

Example of marketing based on popups at our beauty flagship stores

By leveraging the know-how of our flagship stores, we are rebranding stores with high sales of cosmetics in major cities nationwide as Beauty Flagship stores possessing marketing functions. Specifically, we provide marketing services for national brands to expand product awareness and promote purchasing through popups introducing brand products, as well as outdoor and in-store signage. Marketing using our Beauty Flagship stores is linked to online measures, and push notifications are delivered from the MatsukiyoCocokara app based on purchasing data generated in stores. In this way, we reach many app users, expanding awareness among users who have not visited our stores while also providing repurchase offers based on purchase history to customers who have already made purchases. Brands that utilize this service have achieved significantly higher purchase rates at stores where the marketing program was implemented compared to stores that did not. This demonstrates the effect of expanding awareness and promoting purchases through store-based measures.

Number of Beauty Flagship stores (as of March 2026)



03 BtoB Business

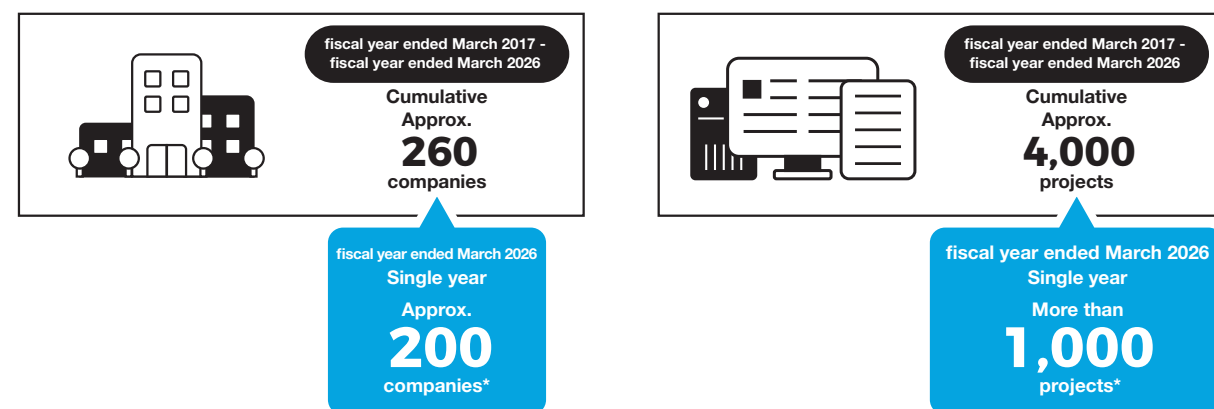
Our BtoB business utilizes customer data accumulated on our proprietary platform to support manufacturers as they pursue more sophisticated marketing activities. This platform has the advantages of integrating customer contact points such as apps, e-mail magazines, “LIPS”, and stores, and making it possible to design and execute a one-stop service from awareness to purchase and follow-up. Specifically, based on extensive data on highly health and beauty-conscious customers, we conduct high-precision targeting and campaign design, and promote purchasing by developing campaigns that link each point of contact. We also provide comprehensive service that includes post-campaign effectiveness analysis. Through these supports, we play a role as a partner for manufacturers to increase brand value, rather than as a sales promoter. By expanding the scope of our business beyond the conventional retail business to include marketing support that can leverage our strengths, we aim to build a new pillar of earnings and achieve sustainable corporate value enhancement.

Using our platform to offer marketing support

We began offering marketing support to manufacturers in fiscal year ended March 2017 through the use of retail media, focusing on the official app, e-mail magazine, and YouTube ads (MatsukiyoAds) linked to customer IDs. Since then, we have established our own platform, linking promotions such as marketing automation and LIVE commerce, as well as various digital content, and most recently integrating realistic customer experiences, such as popups at flagship stores. The most distinctive feature of marketing support is that it is in-house and provides a one-stop service from prior data analysis through to campaign design, implementation, and effectiveness verification. In addition to our Group's Sales Promotion and Analytics departments, our Merchandise Division takes the lead in coordinating with store sales floors, enabling us to implement highly effective marketing that are integrated with the sales floor. As a result of these efforts, the amount of transactions related to marketing support has continued to grow

significantly since it was first launched. As of the fiscal year ended March 2026, our Company has implemented more than 4,000 projects at approximately 260 companies cumulatively, and more than 1,000 projects at approximately 200 companies including companies with which we have ongoing business relationships in a single fiscal year ended March 2026. We believe this is a result of the high evaluation of our marketing support among manufacturers. As we move forward, we will further enhance the accuracy and added value of marketing support by linking the high-quality pre-purchase behavioral data held by “LIPS” with our Group's platform to realize advanced analysis. By accumulating customer behavior and purchasing data obtained through the implementation of these measures, we will further strengthen our closed customer information, which is the source of our strength, and aim to become a leading company for marketing models in the health and beauty fields.

Number of projects utilizing our platform



*The number of companies and initiatives for a single year represents the total number, including multiple years and multiple instances of implementation by the same company.

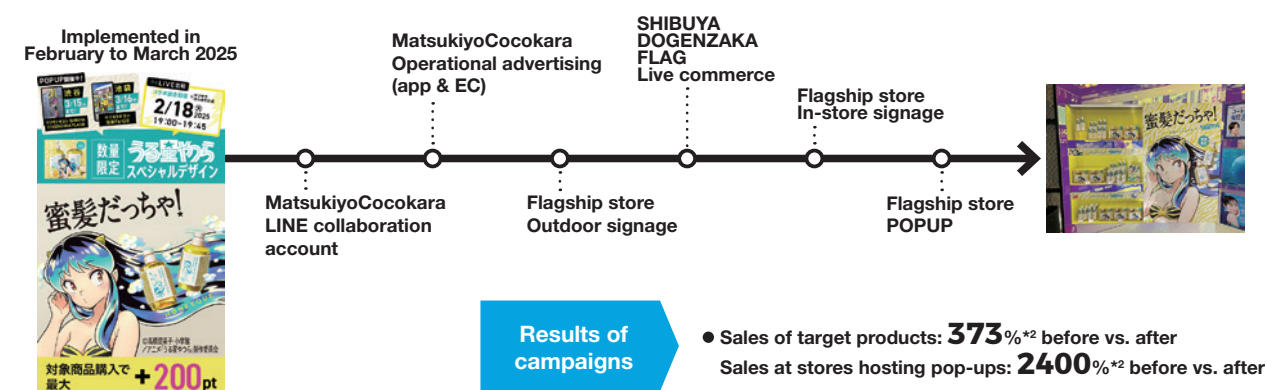
Case study

Immediate sales growth achieved through full-funnel*1 initiatives

- Bottle Works Inc, HONEYQUE

This is a marketing example of linking increased awareness through signage both inside and outside stores to in-store purchases, in response to the manufacturer's need to increase awareness and maximize sales in a short period of time for limited-edition package products developed through an IP collaboration. Our Merchandise Division worked closely with the Bottle Works' sales and marketing teams from the strategy planning stage and implemented large-scale campaign in conjunction with the development of specially designed limited-edition products. Specifically, we implemented digital measures such as distributing advertisements on the MatsukiyoCocokara app and LINE, as well as attracting attention on SNS to increase pre-purchase interest. We also strengthened the

visual appeal through in-store and outdoor signage at the SHIBUYA DOUGENZAKA flagship store, and promoted live commerce and popups to encourage customers to purchase when they visit our stores. By linking the creation of awareness through digital contact outside the store with the design of the store's sales floor, we were able to design a seamless customer journey from awareness to purchase, and achieve a high purchasing conversion rate. As a result, there were significant improvements for sales for products targeted by the measures, especially at stores that implemented popups. This initiative demonstrates the true value of our Group's platform, through which the Merchandise Division and Bottle Works Inc, work together to pursue salesfloor quality and expand awareness.



*1 The behavioral and psychological processes of a customer, from initial awareness and interest, through comparison, to final purchase or usage.

*2 Comparison of sales of target products and sales at stores hosting the POPUP before and after the campaign = Campaign period (February 16, 2025 – March 15, 2025) ÷ Non-campaign period (January 19, 2025 – February 15, 2025)

Case study

Expanding value delivery through co-creation and achieving sustainable growth

- Shiseido Japan Co., Ltd., ELIXIR

As part of our Group's collaboration with various manufacturers, the collaboration with Shiseido's ELIXIR brand marks the fourth year of a co-creation initiative this year. With the objective of achieving a deeper understanding of each customer's needs, providing an experience that ensures long-term, worry-free use, and increasing LTV, we aim to build a proposal process that enhances customer satisfaction and engagement by leveraging our Group's platform. Our Merchandise Division, Analytics Team, and Shiseido Japan Team collaborate to continuously enhance the brand experience based on analyses of purchasing data and behavioral trends. Specifically, we have developed a system that uses our official app to deliver the most relevant information and product recommendations—tailored to customers' lifestyles, skincare routines, and seasonal concerns—at the optimal time. Analytical results of the project have been shared by both companies at regular reporting meetings. By leveraging our strength in conducting analysis in-house and rapidly reflecting insights in the next measures, we have been able to generate sustainable results. As a result, over the three years since we launched this initiative, both the number of ELIXIR users and their LTV have increased. We are continuing these

efforts to further enhance the customer experience going forward. By combining manufacturers' outstanding product capabilities with our high-precision analytical expertise, we are strengthening our partnership to support our customers' skincare routines, thereby fostering brand growth and continuously enhancing trust and satisfaction in our Company.



* Source: Calculated based on purchasing data from MatsukiyoCocokara & Co.

* Period covered: Comparison between fiscal year 2022 (before the initiative) and fiscal year 2025 (after the initiative)

04 PB products

In order to meet the needs of diversifying customers, our Group focuses on developing PB products that other manufacturers do not offer. Strengthening the development and sales of PB products is an initiative that embodies our Management Philosophy of “Creating the future ‘normal’ and innovating lifestyles.” We believe that by providing attractive products, we can not only strengthen our customer base but also establish a competitive advantage in the marketplace, while contributing to improving the value of our corporate brand. In product development, in addition to focusing on whether the product is in line with our Management Philosophy, we analyze data obtained from a total of more than 170 million customer touchpoints and accurately identify customer needs to create new value. In addition, to provide a stable supply of safe and high-quality products, we are strengthening our quality control audit system at the manufacturing stage and improving the working environment at the factories of our contract manufacturers.

PB product development policy



Our private brand “matsukiyo” was launched in 2015 as a new brand that not only emphasizes product quality but also adds the emotional benefits, such as the stylish design, along with the unique and innovative spirit of Matsukiyo. On the 10th anniversary of its launch, the brand vision was renewed to “Go for WOW!”, and the brand has evolved into one that delivers new and surprising products globally.

Based on this brand vision, in addition to functional value and quality, we emphasize three key elements in development: “reliable product creation,” “interesting and fun ideas,” and “a selection of products and stylish designs that enrich everyday life”. We will continue to refine “matsukiyo” as a “PB products for the new era” by creating the future “normal” and innovating lifestyles and meet the expectations of our customers.

Example of PB product development

In May 2026, we jointly developed and launched “SPICA”, an environmentally friendly PB product that capitalizes on our Group’s originality, in collaboration with Asahi Group Foods. As the first independent PB brand in the health foods field, the brand offers diet and daily care with the aim of helping customers easily become their ideal selves. In product development, by combining our ability to analyze customer needs based on our purchasing data obtained from a total of more than 170 million customer touchpoints, along with the materials research and product development capabilities of Asahi Group Foods, we have achieved a product design that easily enables customers to incorporate the product into their daily lives and continue using it. The product contains a “yeast cell wall,” a proprietary ingredient that Asahi Group Foods has researched for many years. Rich in protein and dietary fiber, it supports customers’ physical well-being. This ingredient is an upcycled raw material derived from by-products generated during manufacturing processes, and is characterized by

being both functional and environmentally friendly. In marketing, in addition to analysis using our customer contact data, we communicated through SNS and influencers. We have used a refined design, which fits in seamlessly with everyday life, alongside highly relatable messaging to effectively reach our main target group and increase brand awareness. Looking ahead, we will continue to promote the development of PB products that combine high added value with consideration for the environment, and help to create the new future normal.



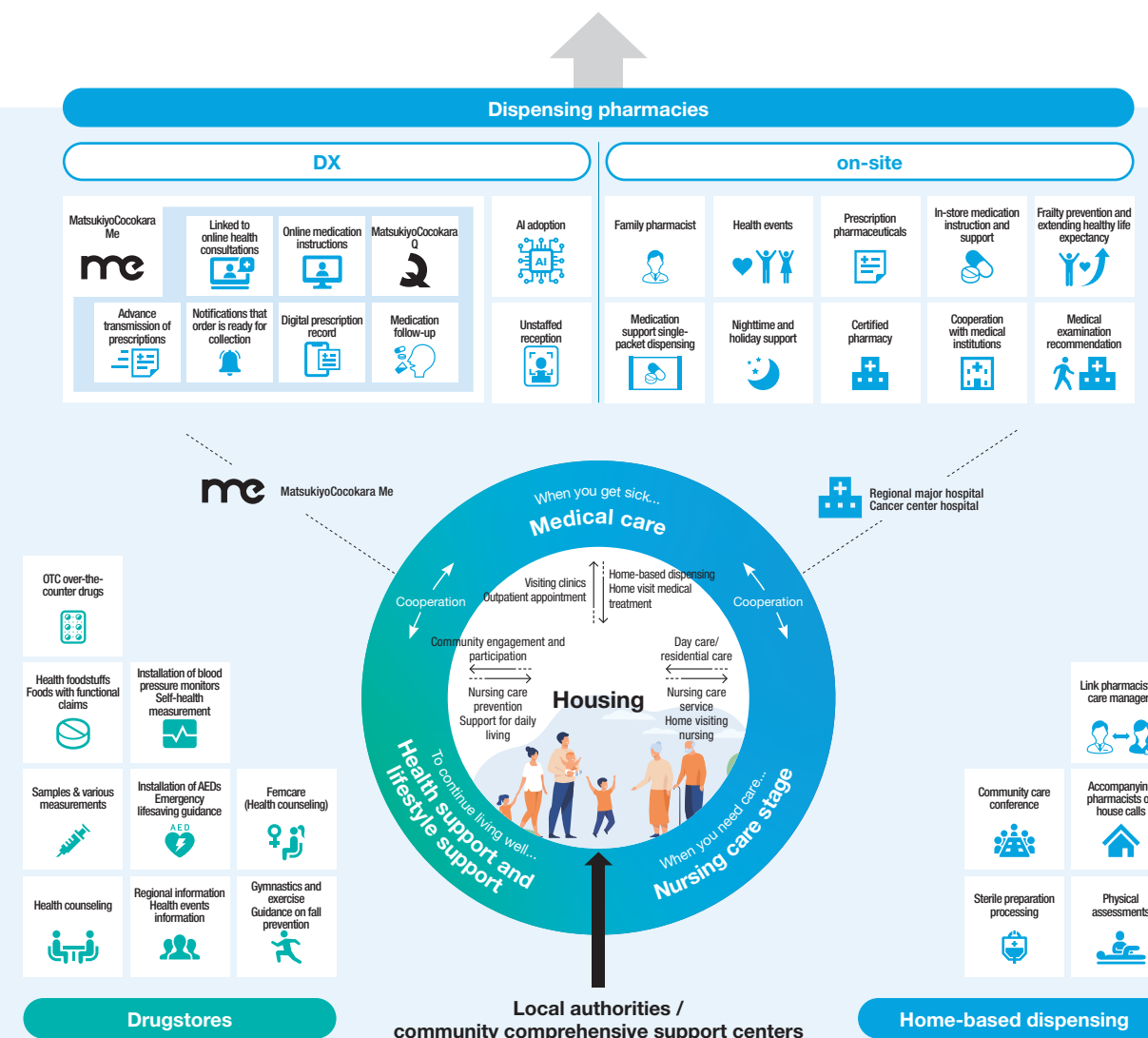
05 Wellness business

Overview of the wellness business

Our Group promotes a wellness strategy that meets the health needs of our customers according to their life stages. During the “pre-symptomatic and preventative care” stage, we support patients’ daily health via drugstores. At the “medical care” stage, we provide support through dispensing pharmacies including outpatients and online services. While at the “nursing care” stage, we provide comprehensive support from outpatient care to nursing care stages through home-based medical care. Amidst dramatic changes in the healthcare environment, we remain committed to staying close to our customers. By building on the strengths of our “people” that our

Group have cultivated over many years, we aim to create a sustainable organization. We are also establishing dispensing pharmacy DX as a new foundation for growth by promoting the use of both drug retail and dispensing services through the official MatsukiyoCocokara Me app, as well as introducing automation and AI. In this way, we will evolve our conventional stores into next-generation store models offering new medical experience that are both highly specialized and convenient. Based on this sustainable foundation, we aim to fulfill our role as a company that provides social infrastructure by providing value that will continue to contribute to the lifelong health and well-being of our customers.

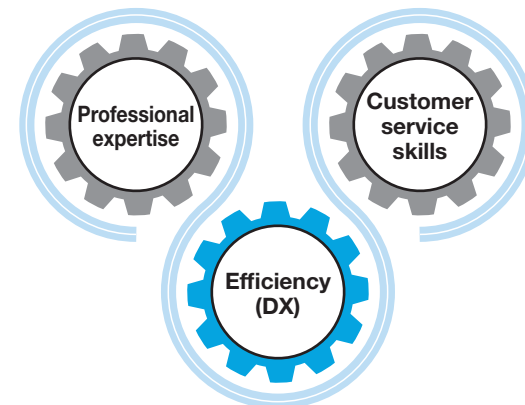
Maximizing lifetime value with new medical experiences



Future Models for Pharmacy Outlets

Providing a new medical experience through DX

Our Company's next-generation store model optimally combines the efficiency enabled by dispensing pharmacy DX with the expertise and customer service skills of our employees. In terms of the elements necessary for promoting these store models, we have established and applied performance indicators at each step from both quantitative and qualitative perspectives. We will increase the value we provide by expanding store models nationwide that meet our own unique evaluation criteria in line with the needs of the times and different regions. In addition, we will develop "organizational structure" that does not depend on the abilities of individual employees. We aim to provide new medical experience to deepen customer engagement and maximize lifetime value (LTV). Furthermore, by utilizing the time generated by DX to provide expert advice and careful consultation to patients, we aim to earn the firm trust of local communities and build long-term relationships.

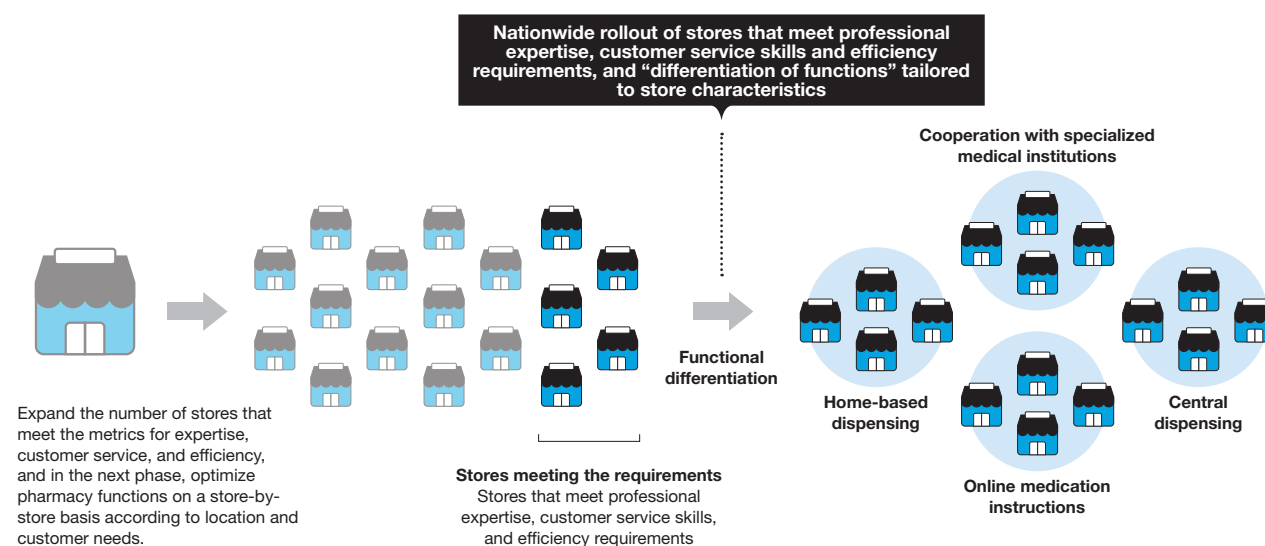


New foundation

Expansion of the store model

We are expanding our store model from two perspectives; establishing a shared foundation for nationwide expansion and the differentiation of functions based on the characteristics of the regions where stores are opened. By optimizing dispensing pharmacy functions required in each region, such as home-based dispensing, cooperation with specialized medical institutions, or online services, we aim to achieve both sustainable store operations and community contribution. The creation of these pioneering environments will not only attract highly talented professionals but will also create a base for

pharmacists to demonstrate their expertise, thereby generating a healthy growth cycle for our Company. Our Group will continue to expand our next-generation store model by combining our DX foundation with the professional expertise and customer service skills of our employees. By accelerating the development of stores optimized for local characteristics, we will expand the number of regions where we can provide high-quality medical services and further strengthen our role as part of the infrastructure needed to support the health of local communities.



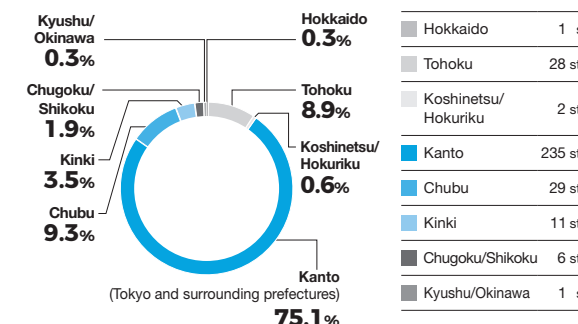
Dispensing support program

Meeting a wide range of needs, primarily in the Kanto region, and currently expanding nationwide

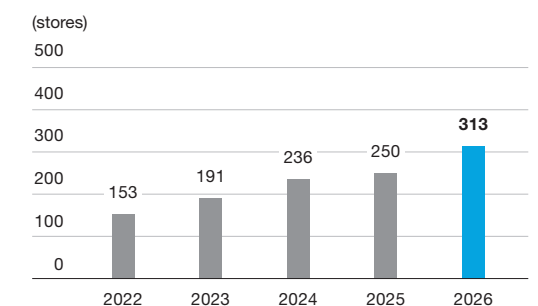
The dispensing support program is a BtoB business that helps independent "local dispensing pharmacies" address management challenges, such as ensuring a stable supply of pharmaceuticals and improving operational infrastructure, by leveraging the Group's expertise and assets. For example, participating pharmacies can improve operational efficiency through more stable procurement pricing and the consolidation of payment-related processes when purchasing pharmaceuticals. We also provide support in areas such as OTC merchandising and

pharmacist training. The program has gained strong support from "local dispensing pharmacies", and the number of participating pharmacies increased to 313 stores as of fiscal year ended March 2026. Going forward, we will continue to enhance the added-value of the business by developing new services that leverage the Group's expertise and assets. At the same time, we will continue to expand the number of participating stores while reviewing and refining our service offerings and target definitions.

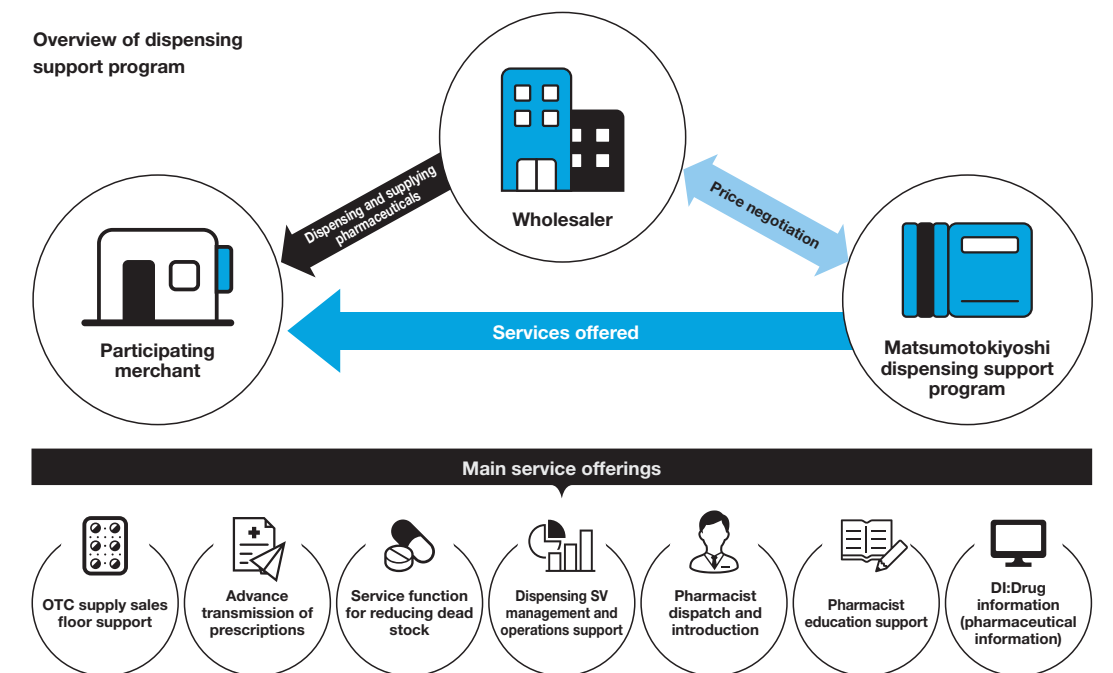
Percentage of franchised stores and number of stores by region (As of March 31, 2026)



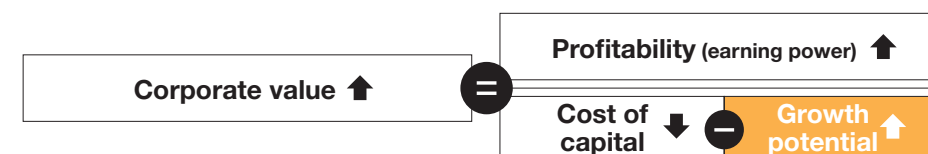
Number of stores using support program services (fiscal year ended March)



Overview of dispensing support program



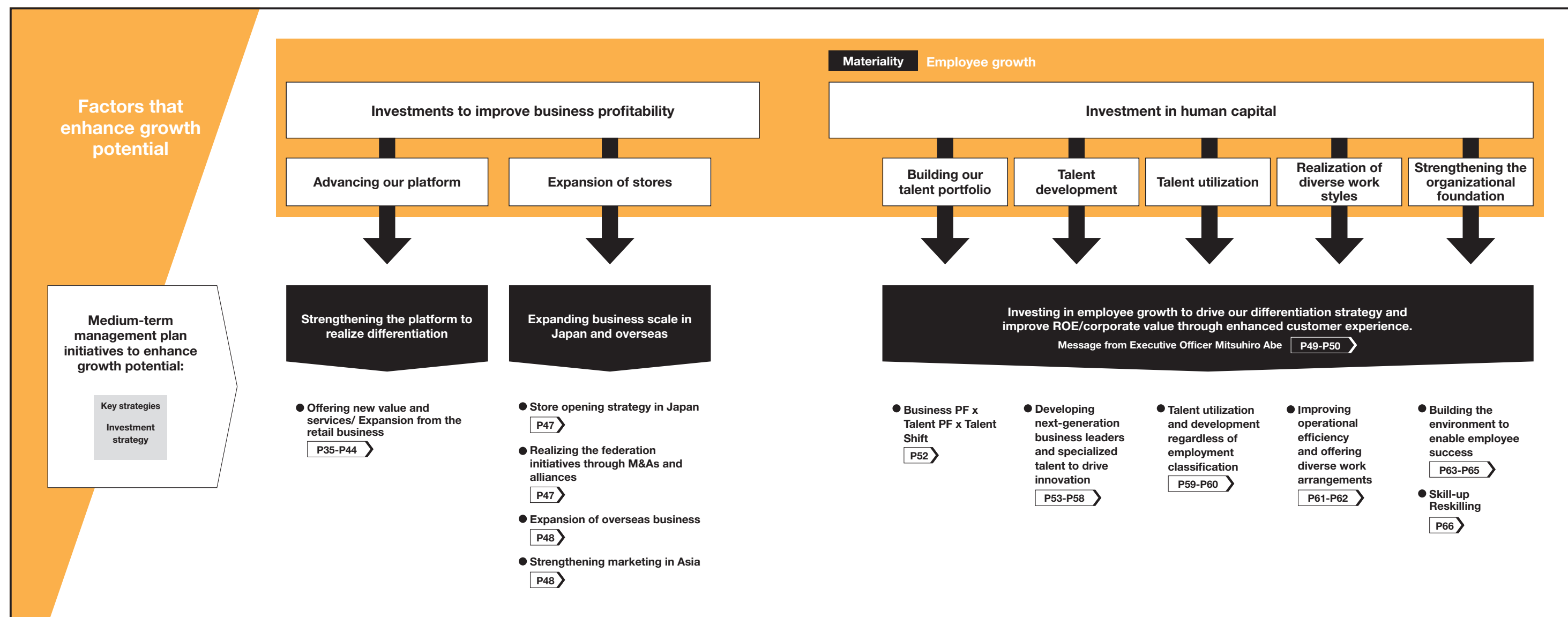
Initiatives to enhance growth potential



To accelerate growth potential in a sustainable way, we are making strategic investments in businesses and human capital under Key Strategy - “Investment Strategy” of the medium-term management plan.

On the business side, we are expanding the scale of our business by increasing the number of new stores in Japan and overseas and promoting the federation initiatives, while investing in the advancement of our platform business. At the same time, we actively invest in human capital with our “employee growth” materiality at the core of our efforts, based on the belief that maximizing the capabilities of employees is the greatest driving force for improving our business performance and corporate value. Specifically, we are building a dynamic talent portfolio aligned with our business and systematically reallocating talent to growth areas such as overseas and digital, in combination with reskilling. We are also working to strengthen our organizational foundation by fostering a professional workforce unconstrained by employment classifications and offering diverse work arrangements.

By making these investments in both business and human capital, we aim to achieve sustainable growth and maximize corporate value over the medium to long term by simultaneously enhancing customer experience and improving workforce productivity.



Expansion of business scale

Key strategies	Materiality
Investment strategy	Consideration of the health and beauty of society

Targets and KPIs

KPI	Goal for the fiscal year ending March 2031	Actual results for the fiscal year ended March 2026
Store opening in priority areas	130-150 stores/year	92 stores

Store opening strategy in Japan

As construction materials and labor costs have soared, we have prioritized recovering our investments rather than pursuing store count targets. As a result of limiting store openings to stores capable of achieving profitability at an early stage, we opened 92 new stores in the fiscal year ended March 2026. We position major metropolitan areas as priority areas where demand is strong in the health and beauty fields and our Company's strengths lie, and pursue a dominant store network strategy in these regions. As a result, we have achieved strong brand recognition, reduced logistics and operating costs structurally, and maximized our profitability. When opening new stores in the future, we will make comprehensive decisions based on both profitability, supported by the accuracy of sales forecasts, and the quality of store openings. Through this disciplined approach, we will build a store network that contributes to early profitability and stable net growth in the number of stores, and steadily expand our market share in the domestic market.

Number of stores in Japan for the entire Group

* The table below includes the number of stores operated by Shinseidoyakkyoku.

Region	Actual results for the fiscal year ended March 2026	Difference from previous year
Hokkaido/Tohoku	129 stores	-
Kanto (Tokyo and surrounding prefectures)	1,542 stores	+20 stores
Koshinetsu/Hokuriku	245 stores	△1 store
Tokai	319 stores	△11 stores
Kansai	740 stores	-
Chugoku/Shikoku	215 stores	△5 stores
Kyushu/Okinawa	428 stores	+116 stores
Total	3,618 stores	+119 stores

Realizing federation initiatives through M&A and partnerships

Our Group is expanding the scale of our business through federation initiatives involving M&As and partnerships as a part of investment strategy for our medium-term management plan. We thoroughly select candidate companies under an investment discipline approach that carefully evaluates the appropriateness of investment levels and the feasibility of synergies without being swayed by market conditions. Our targets are not limited to local drugstores and dispensing pharmacies, and we flexibly consider peripheral and advanced health technology fields. Our strength lies in building co-creation partnerships that respect the culture and autonomy of the participating companies, rather than integrating them in a uniform way. And Company is an intermediate holding company, and we have utilized it to establish a system that enables us to immediately share and leverage powerful PB products, data infrastructure, and operational know-how, while maintaining the independence of each company. Based on the integration process, which places the highest priority on "integrating people and cultures", we visualize value creation in stages, from short-term cost reductions to

medium- and long-term cross-selling and data integration. We have already created tangible synergies through the participation of Shinseidoyakkyoku and AppBrew. Shinseidoyakkyoku was the first company to join the And Company group. Rather than being assimilated into our Group's core companies, such as Matsumotokiyoshi and Cocokarafine, Shinseidoyakkyoku leverages its unique know-how while taking advantage of the synergies resulting from joining the group. As such, it serves as a model for the diverse alliance we aim to build moving forward. Turning to AppBrew, purchasing behavior was the only part of the health & beauty purchasing funnel* that MatsukiyoCocokara had not been able to obtain. AppBrew, however, possesses an information website that analyzes which reviews and awards trigger purchasing behavior. By including AppBrew in our Group, the process from product awareness to purchase has now been connected across the largest volume of customer touchpoints in Japan, thereby increasing the value of our platform. We will continue to co-create a resilient "health and beauty platform".

* The behavioral and psychological processes of a customer, from initial awareness and interest, through comparison, to final purchase or usage.

Expansion of overseas business

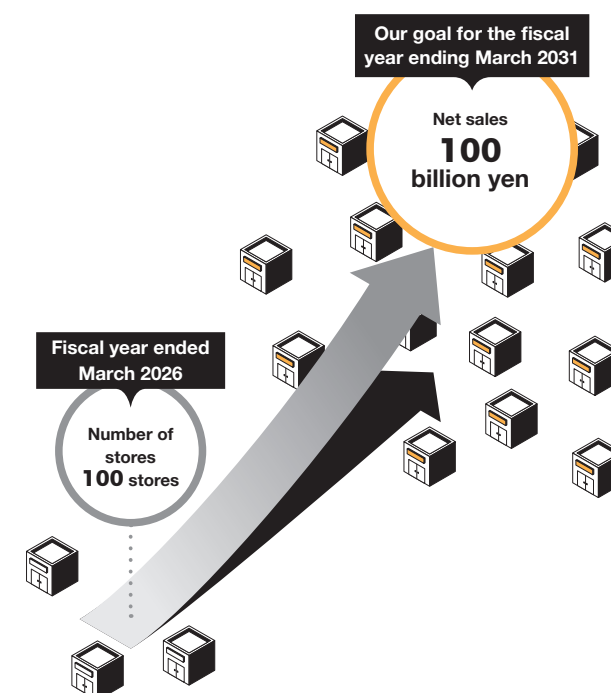
By establishing the Matsumotokiyoshi brand mainly in the ASEAN region, which is expected to see steady economic growth of 4 to 5% annually, we aim to achieve overseas sales of 100 billion yen by the fiscal year ending March 2031. As for our future store opening policy, we will focus on making our stores dominant in areas where we have already expanded, such as Thailand and Taiwan. We will also accelerate our expansion into new countries and the development of multiple stores through optimal methods suited to the characteristics of each country and region. This will include joint ventures, FCs, and M&As with leading local companies. In order to achieve profitability in line

with the expansion of our store network, we will strive to improve profitability on a per-store and area-by-area basis by thoroughly implementing KPI management, including sales, profit margins, and inventory turnover per store. In addition, by optimizing delivery routes and deepening cooperation with local logistics vendors, we will build a solid logistics base across Asia at an early stage and promote efficiency in our supply chains. We will focus our management resources on expanding our stores, building IT systems, and building a distribution base for logistics to evolve our overseas business into the next growth drivers.

Strengthening marketing in Asia

We will strengthen our global marketing efforts to maximize LTV in the ASEAN region, where consumer markets are expected to expand as the middle class grows. In order to differentiate ourselves from other companies and attract new members, we will aggressively develop high-quality PB products that are strongly supported in Japan. Furthermore, by leveraging domestic customer data and duty-free sales data, we will accelerate the development of localized private-brand products tailored to the needs of each market. By creating compelling reasons for customers to visit our stores and make purchases, we will strengthen our membership base both in Japan and in overseas markets where our app is available.

To expand customer touchpoints across the ASEAN region, we will increase opportunities to engage with customers while they are in Japan and progressively expand the number of countries where our mobile app is available, encouraging continued engagement after they return home. We will further promote app registration among duty-free shoppers visiting Japan, enabling them to continue purchasing our PB products in their home countries and other markets where the app is available. Leveraging data analytics and app-based engagement tools, including push notifications, we will drive customer traffic and purchases across both domestic and overseas channels.



Number of group-wide overseas stores

Country	Number of stores as of March 31, 2026
Thailand	37
Taiwan	23
Vietnam	20
Hong Kong	18
Guam	1
Malaysia	1
Total	100



MESSAGE

Key strategies

Investment
strategy

Materiality

Employee
growth

Strategic investments driving sustainable corporate value through the compounding growth of human capital

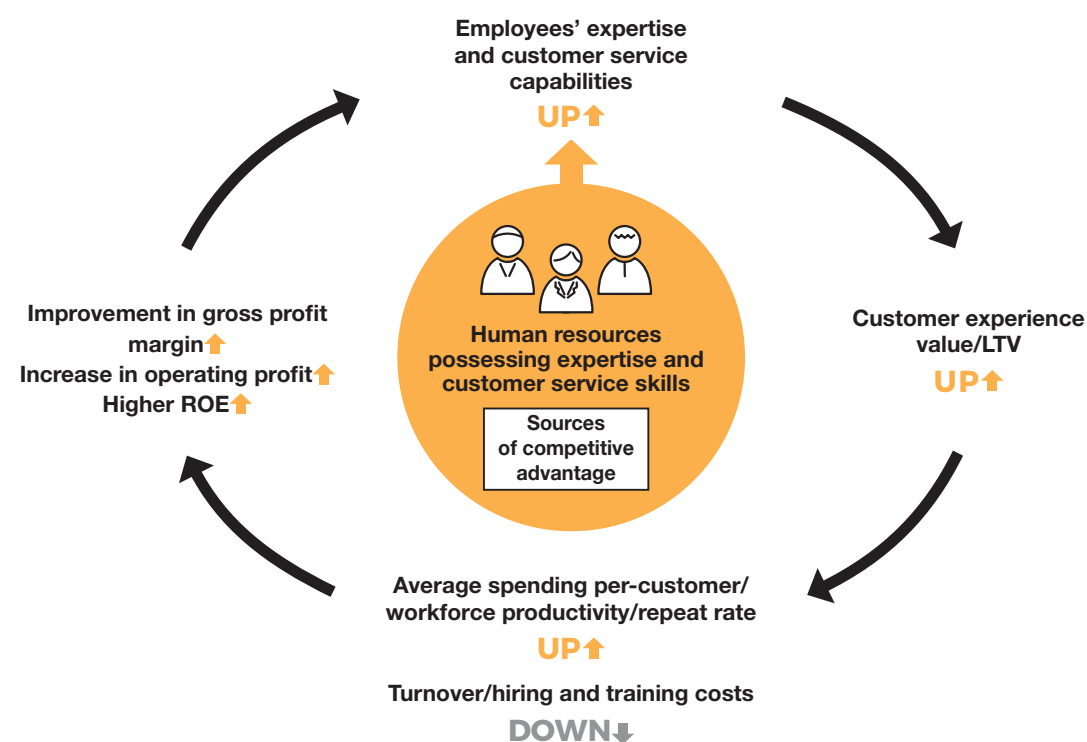
Executive Officer
General Manager of Personnel Strategies Office,
Group Management

Mitsuhiro Abe

Our approach to human capital

Guided by our corporate philosophy of “creating the future ‘normal’ and innovating lifestyles” we aim to enhance the value of each customer’s life through health and beauty. “Human resources” are the most important management capital to support this realization. The source of value that our Group provides lies not only in the products themselves, but also in the expertise and customer service capabilities of our employees, who deliver tailored recommendations

for each customer. This is why we believe that human resources are the source of our competitive advantage. We regard human capital as management capital that creates medium- to long-term corporate value. In other words, we aim to build a cycle that increases the value of human capital, and by doing so accumulate capital that can generate compounding effects. For example, as our employees’ expertise and customer service capabilities improve, the value of the customer experience and LTV will also increase, contributing to improved average spending per customer and greater workforce productivity, as well as higher repeat rates.



Furthermore, a decline in the employee turnover rate helps to control hiring and training costs, stabilize store operations, and accumulate know-how. We recognize that improving workforce productivity directly leads to achieving an ROE of 12% or more and a PB share of 15% or more, and we believe that repeating this process drives further enhancement of corporate value. Our investments in human capital are aimed at creating financial value through the enhancement of non-financial value, and achieving a sustainable increase in corporate value. By accumulating human capital on a “compound” basis, we aim to bolster our Group’s overall management capital.

Linking human capital management to increased corporate value

We position human capital management and strategy as the foundation linking our management strategy, business strategy and financial strategy, and we have promoted human capital management as an important management theme. We have strengthened our human capital base by conducting the Employee Engagement Survey, promoting health management, investing in education, and promoting DE&I. We have also formulated succession plans and worked to develop the next-generation business leaders. At the same time, our business environment has changed significantly. We believe that addressing diverse and unpredictable challenges, such as declining population, digitalization, rising social security costs, and the rising health needs of our customers, requires an integrated approach rather than simply implementing individual measures. This is why it is more important than ever to design human capital measures in an integrated manner alongside our management strategy, business strategy, and financial strategy. It is also necessary to promote measures flexibly from multifaceted perspectives and with an awareness of medium- to long-term time horizons. Based on this recognition, we are promoting human capital management based on the two pillars of “sustainable growth” and “accelerating growth potential”. In terms of “sustainable growth”, we will enhance the competitiveness of our existing businesses and increase our ability to generate sustainable earnings. Specifically, we will raise the competitiveness of existing businesses by standardizing operations and optimizing talent allocation. We will also develop environments that enable all employees to maximize their potential, thereby enhancing on-site productivity

and customer service. Meanwhile, to “accelerate growth potential”, we will focus our talent on growth areas while building a dynamic talent portfolio by linking progress in our management strategy with timely and appropriate talent allocation. Based on our Group’s unique concept of a dynamic talent portfolio, we are working to enhance the growth potential of the entire Group and improve the accuracy and speed of strategy implementation by optimally allocating talent to businesses at different stages of growth, including the domestic drugstore and dispensing pharmacy businesses, PB strategy, and overseas businesses. This will enhance both our ability to adapt to changes in the business environment and our capital efficiency. In particular, we will prioritize the development and assignment of professional talent, DX talent, global talent, and next-generation business leaders. Our current active efforts to reform our operations through DX, generative AI, and BPR are a means of generating time and manpower for such changes. By reinvesting the time generated in this way into our “strategies”, “customers”, and “development”, we generate value in ways that only people can create. Rather than seeing operational efficiency as a cost reduction measure, we will promote it as a measure to generate investment resources to strengthen our “earning power” in the future, and support our growth during the next stage. Our two pillars of “sustainable growth” and “accelerating growth potential” have been supported by the improvements to our human resources management system, increased employee engagement, promotion of health management, talent development focused on training, and penetration of the “MatsukiyoCocokara WAY” as an organizational culture. In order to promote these measures as planned, we will continuously monitor human capital KPI indicators, such as engagement, health, productivity, development, and succession, which are linked to our compensation system and succession planning for enhanced effectiveness. We view human capital not as “something to manage” but as “capital that creates corporate value”. To this end, we will promote initiatives that consider human capital not as a disclosure theme but as an important management theme that contributes to the enhancement of corporate value. I am convinced that investing in human capital is the most important strategic investment we can make to shape our Group’s future. Going forward, we will continue to foster a virtuous cycle of value creation in which the growth and challenges embraced by each employee drive corporate growth, and the resulting value is returned to society and stakeholders.

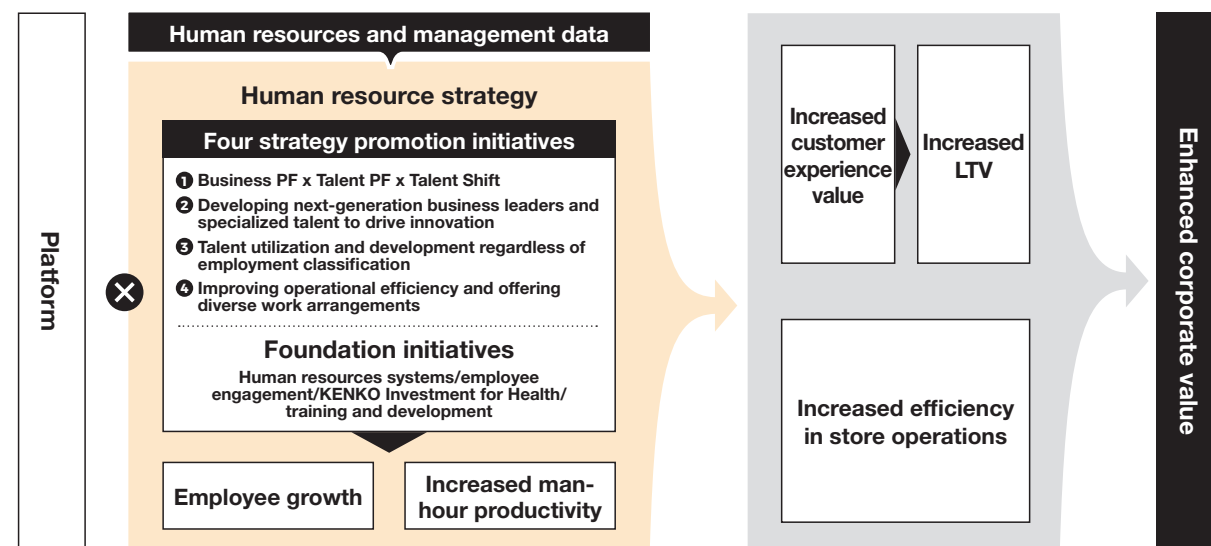
Overview of HR strategy and human capital KPIs

Viewing human capital as a “strategic investment with compound returns” and accelerating talent growth to generate sustainable enhancement in corporate value.

Our Group redefines investment in human capital as “strategic investment with compound returns” that accumulates and enhances corporate value over the medium to long term. Improving the professional capabilities of each employee enables more advanced customer counseling and DX-driven store operations, which leads directly to maximizing LTV and increasing

per-customer spend. By building a dynamic talent portfolio, cultivating next-generation leaders, utilizing diverse talent, and enhancing operational efficiency through technology, we will maximize the value of our human capital, achieve sustainable growth in profits, and enhance our corporate value.

Enhancement of corporate value through employee growth



Targets and KPIs

KPI	Goal for the fiscal year ending March 2031	Actual results for the fiscal year ended March 2026
Employee Engagement Survey	3.94pt	3.62pt
WAY behavioral evaluation	46.9pt	44.4pt
WAY training program participation ratio	100%	100%
Ratio of female managers	30%	23.8%
Childcare leave acquisition rate	100%	89.7%
Return to work ratio after childcare leave	100%	96.6%
Ratio of employees with disabilities	2.7%	2.75%
Training effectiveness	45,000yen	39,603yen
Average overtime hours	5.0hours	6.5hours
Turnover ratio	5.0%	4.2%
White 500	Continued certification	Certified
Presenteeism	15%	22.0%
Implementation rate of specific health guidance	90%	53.7%

Strategy promotion measure ①

Business PF x Talent PF x Talent Shift

*PF: Portfolio

Accelerate the transformation of our business portfolio and increase corporate value through dynamic human resource shifts synchronized with our strategy.

Achieving our Group’s goal of becoming “Asia’s No. 1 drugstore” requires us to go beyond conventional businesses such as drugstores and dispensing pharmacies and accelerate initiatives to expand overseas, globalize our PB products, and expand into BtoB business. As part of our efforts to support this bold transformation of our business portfolio, we need

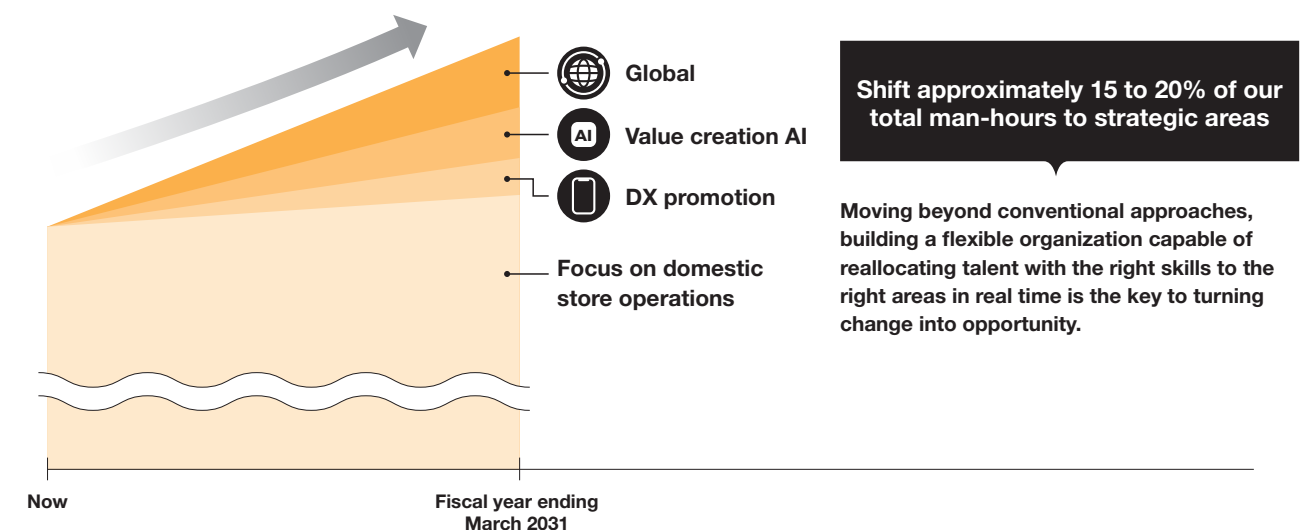
a “dynamic talent portfolio” that is not an extension of the past and is synchronized with our management strategies. As our business strategy evolves, building a flexible organization capable of reallocating talent with the right skills to the right areas in real time is the key to turning change into opportunity.

Our approach to “dynamic talent shift”

To realize a dynamic talent portfolio, we promote initiatives based on the two approaches of “defensive efficiency improvements” and “offensive talent reallocation”. In terms of “defensive efficiency improvements”, we are restructuring store operations and headquarters functions through the integrated implementation of DX, generative AI, and BPR across our existing businesses. By doing so, rather than simply reducing our workforce, we intend to create “spare capacity” within the Company as a core talent pool that can be redeployed to take on challenges in new areas of growth. In “offensive talent reallocation”, we will systematically shift these human resources to “growth and new fields”, such as global expansion, new business development based on data science, and implementation of value-creating AI, in combination with a reskilling program. While our current talent portfolio is centered on

domestic store operations, throughout the period of the medium-term management plan we will designate three “strategic specialist roles”— Global, DX, and Value Creation AI— and aim to foster professional talent communities. To support our medium-term management plan to achieve “100 billion yen in overseas sales by fiscal year ending March 31, 2031” we plan to shift approximately 15 to 20% of total man-hours of our Group to these strategic growth areas by the fiscal year ending March 2031. To accelerate this transformation, we will actively invest in human capital, including expanding the training and reskilling of our internal workforce and recruiting highly specialized professionals. We aim to improve our customers’ LTV and maximize corporate value by linking human resource growth to improvements in man-hour productivity and store operation efficiency.

Dynamic talent portfolio



Strategy promotion measure ②

Developing next-generation business leaders and specialized talent to drive innovation

Developing next-generation management leaders to drive sustainable growth and professional talent to lead change.

Achieving our aim of becoming “Asia’s No. 1”, as stated in our medium-term management plan, requires human capital who drive business growth. By systematically cultivating next-generation management leaders, we will accelerate the expansion of overseas businesses and the development of new business models utilizing data and AI. We will also need human capital with advanced expertise to strengthen our Company’s unique platform business, which

maximizes the value provided to customers. Accordingly, we have identified the core of our strategic specialists as follows: global talent capable of understanding different cultures and responsible for the growth of overseas businesses; and DX and value-creating AI talent who lead business transformation through the use of data. We will continuously enhance our corporate value by strengthening both management talent and strategic specialists.

Specialized Talent Development

AI utilization policy

Our Group has formulated a medium- to long-term roadmap consisting of the following three phases, with the aim of evolving into an organization that continuously enhances its corporate value by encouraging all employees to create value through the effective use of AI. At the center of this roadmap is what we define as “Value-creating AI talent”. Firstly, in **Phase 1 (the short term)**, we will promote “defensive DX” by establishing a secure operational foundation and improving operational efficiency across all departments. In **Phase 2 (the medium term)**, as part of our “offensive transition to AI,” we will conduct advanced AI analysis of over 170 million customer data points. This will

improve marketing accuracy and drive the development of new high-value-added PB products, ultimately maximizing LTV. In **Phase 3 (the medium- to long- term)**, with a focus on “new business creation,” we will leverage our accumulated data and AI to lead the establishment of new business models, including BtoB solutions. By going beyond simply using AI as a tool and systematically cultivating and allocating “value-creating AI talent” who will become the core of innovation in each phase, we will steadily implement a roadmap in order to establish sustainable competitive advantages.

Phase 1 (the short term)

Defensive DX

Building a secure foundation and increasing operational efficiency

Key initiatives and achievements

- Conducting selective generative AI training
- Automation of data processing and streamlining of document creation
- Pooling generated workforce capacity

Phase 2 (the medium term)

Offensive Transition to AI

Value creation by leveraging over 170 million customer data points and AI

Key initiatives and achievements

- AI analysis of over 170 million data points on purchase and behavior
- Significant improvement in marketing accuracy
- Development of new high-value-added PB products
- Maximization of LTV (customer lifetime value)

Phase 3 (the medium- to long- term)

New Business Creation

AI-driven new business models and BtoB expansion

Key initiatives and achievements

- Establishment of new businesses by leveraging data and AI
- Expansion of BtoB solution
- Value creation based on AI by all employees
- Evolving into an organization that sustainably enhances corporate value

Development of value-creating AI human resources (Creation of new businesses, offensive)

To realize our Group vision of “Making health and beauty more delightful and accessible,” we are driving the development of “value-creating AI talent” who go beyond mere operational efficiency to generate new value and revenue. This talent will lead the creation of new businesses, such as BtoB marketing solutions, and the development of high-value-added, co-created PB

products. They will achieve it by combining advanced AI with one of Japan’s largest customer databases of over 170 million datapoints, including purchase data. We will systematically cultivate and allocate these professionals as the core of our transformation. By leveraging the time and resources freed up by DX, they will harness data and AI to maximize LTV (customer lifetime value).

Development of DX promotion talent

Developing DX promotion talent is one of the key strategic measures for achieving the medium-term management plan. In addition to expanding digital services and investing in IT systems, it is essential to have DX promotion talent who can make full use of these systems in practical business and analyze the data in order to create new customer value and link them to autonomous business reforms. As a company-wide initiative, we are raising the level of DX literacy for all employees. We provide in-house e-learning that conforms to the Ministry of Economy Trade and Industry’s DX Literacy Standards, offering a total of 13 sessions in a short video format, including DX basic skills, generative AI, and

information security. As employees have established a habit of self-directed learning during available time, more than 6,800 participants have completed the sessions in total as of the end of June 2026. In addition, the selective generative AI training conducted in the fiscal year ended March 2026 yielded tangible results, including increased operational efficiency through data automation and AI-assisted idea generation. Moving forward, we will leverage these trainees to expand and standardize AI skills across the organization. To maximize our return on human capital investment, we will also promote safe AI usage and offer tailored training by job grade and department.

Developing DX promotion talent (Streamlining existing operational processes, defensive)

We define “DX promotion talent” as individuals who possess both digital literacy and a mindset focused on operational improvement, and who drive the automation of data processing and the fundamental streamlining of existing business processes. In addition to improving company-wide DX literacy, we conducted a “selective generative AI training program” primarily aimed at improving operational efficiency. In this training,

26 participants selected from various departments learned skills such as custom prompt development and achieved a reduction in workload (streamlining existing processes) in tasks such as creating materials and conducting research for advertising sales. We will use the human resource capacity gained through this initiative as a foundation for shifting staff toward higher-value-added strategic tasks.

Building a Foundation and Streamlining Existing Operations

Defensive DX DX Promotion Talent

- | | |
|-------------------------------------|---|
| Mission | <ul style="list-style-type: none"> ● Thoroughly improving the efficiency of existing operational processes ● Automation of data processing, utilization of RPA, and standardization ● Creation of operational time and the promotion of DX in frontline operations |
| Key achievements and results | <ul style="list-style-type: none"> ● Conducting selective generative AI training ● Reduced workload in tasks such as creating materials for advertising sales ● AI adoption rate of over 70% among participants one month after training |

New Businesses and Value Creation

Offensive AI AI Talent for Value Creation

- | | |
|-------------------------------------|--|
| Mission | <ul style="list-style-type: none"> ● Creating new business opportunities by leveraging over 170 million customer data points and AI ● BtoB solution ● Development of new high-value-added PB products |
| Key achievements and results | <ul style="list-style-type: none"> ● Identification of customer needs at a granular level through pre-purchase behavior data (e.g. “LIPS”) and AI analysis ● Data-driven new customer experiences ● Development of marketing models |

Advancing customer analytics

Accurately understanding customer needs through advanced review analysis

We have built a system to create analytical reports using AI based on vast amounts of data from the “LIPS” beauty reviews website. This enables us to comprehensively and accurately capture the authentic views and potential needs of customers which were previously difficult to track manually. By leveraging these insights, we are creating new value for customers through more attractive product recommendations and service improvements at stores.



Development of global talent

Our Group has set out the goal of establishing the Matsukiyo brand in Asia in our medium-term management plan, and we are aiming to achieve overseas sales of 100 billion yen by the fiscal year ending March 2031. As the number of tourists visiting Japan increases, we are seeking to achieve synergistic effects so that customers who experience our brand at stores in Japan can continue to use the brand at their local stores after returning to their home countries. The development of global talent is the most critical priority in our growth strategy for connecting our inbound and overseas businesses. Our Group is seeking talent who

have a cross-cultural understanding, the ability to create new customer value, and the ability to produce results locally, in addition to possessing language skills. Through training in Japan and overseas, as well as the Management Talent Development Program, we will create a system that embodies our Management Philosophy and provide a global customer experience. In addition, by building a digital learning platform and promoting talent mobility, we will establish a solid human resources platform that facilitates mutual cooperation across regions, and we will strive to enhance our corporate value on a global scale.

Competencies required of global human resources

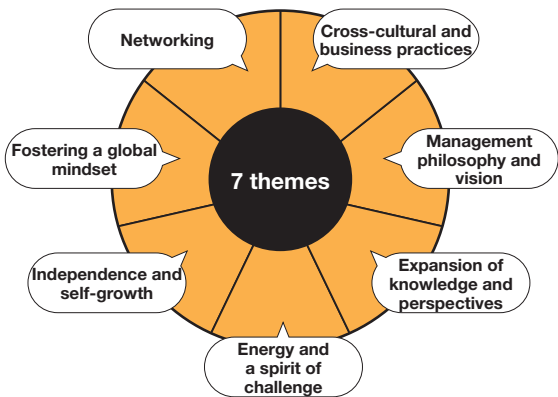
The ability to understand the local language and communicate smoothly	The ability to accept diverse values and respond to different cultures
Ability to engage and align diverse stakeholders and organizations with different cultural values and complex interests	The ability to co-create new value based on local needs and independently drive business success in local markets

Global training

As part of our medium-term management plan, our Group is promoting both a “differentiation strategy” and an “investment strategy” for strengthening global talent development for overseas business growth. At the core of this effort is the implementation of “global training” for overseas Group companies. Through this training, employees gain a deep understanding of local cultures, business practices, and unique needs, cultivate the ability to autonomously create new products, services, and store experiences that are supported by local customers, and contribute to increased organizational engagement. In the fiscal year ended March 2026, next-generation leader candidates at MATSUMOTO KIYOSHI (HK) CO., LIMITED participated

in a wide-ranging program covering seven themes, including “cross-cultural understanding and business practices” and “philosophy and vision.” This program included visits to stores in Japan, experience using PB products, and health and beauty practical training. As a result of these efforts, high achievement rates were recorded for the goals set in advance by each participant, such as sales and improved store operations. Moreover, strong impacts on driving local business growth were confirmed, such as strengthening the PB product sales strategies and applying customer service techniques to stores. We will continue this training program as an important investment for strengthening our global human resources platform and developing global talent.

Implementation of training programs in accordance with 7 themes



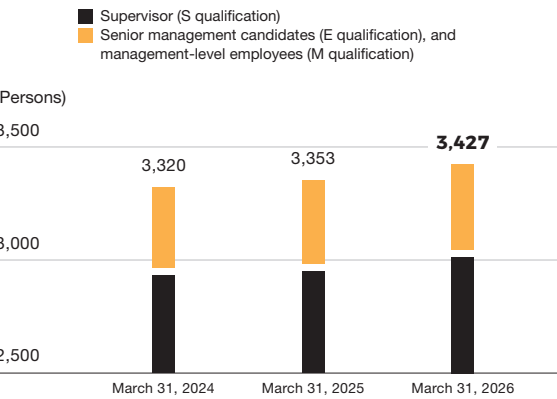
- **Cross-cultural and business practices**
Experience differences in business practices through experiencing Japanese culture and visiting competing stores
- **Management philosophy and vision**
Deepen understanding of our Group's management philosophy and vision
- **Expansion of knowledge and perspectives**
Learn about the latest trends through DgS shows and store visits featuring a variety of formats
- **Energy and a spirit of challenge**
Take a proactive approach to practical training, such as gaining an understanding of and experiencing PB products
- **Independence and self-growth**
Identify challenges for applying the skills gained during the training program in one's home country
- **Fostering a global mindset**
Experience the Japanese market and our company's strengths, and develop a global perspective
- **Networking**
Deepen relationships through visits to related departments and sessions with store staff

Management Talent Development

Management Talent Development Program by leadership level

In order to achieve sustainable growth and to enhance our corporate value over the medium to long term, we consider the development of next-generation leaders who will be responsible for future management as one of the most important management issues, and we are promoting the “Management Talent Development Program” accordingly. The program begins with early identification of candidates and includes management strategy formulation workshops and leadership training to help employees acquire the skills required for each level. To ensure the effectiveness of these initiatives, we have established successor coverage ratios for executive and management positions as key management metrics and actively promote internal appointments linked to training. At the same time, we must continue to develop leaders with diverse backgrounds who can lead efforts to “enhance our presence in Asia” and “strengthen our platform business,” as stated in our medium-term management plan. In the future, we will incorporate modules on global management perspectives and DX strategy execution into our Management Talent Development Program, and through the implementation of succession plans, we will strive to develop management talent with diversity and expertise, thereby strengthening our corporate competitiveness.

Trends in the Number of Personnel by Qualification Level (fiscal year ending March)



Management Talent Development Program

		Training	Skill requirement
Qualification E	Candidates for senior management level	● E entry training	● Business Design Skills ● Execution Skills ● Interpersonal Skills
Qualification E assessment			
Qualification M	Management level	● M step-up training ● M skill-up training ● M entry training	● Strategic Planning Skills ● Multidimensional Thinking Skills ● Leadership
Qualification M assessment			
Qualification S	Supervisor	● S step-up training ● S2 skill-up training ● S1 skill-up training ● S entry training	● Problem-Solving Skills ● Ability to Apply Knowledge ● Management Skills
Qualification S assessment			
Qualification L	Member	● L step-up training ● L skill-up training ● L entry training	● Problem-Identification Skills ● Team-Building Skills ● Job Performance Skills
Qualification A	Member	● Follow-up training ● New-employee training	

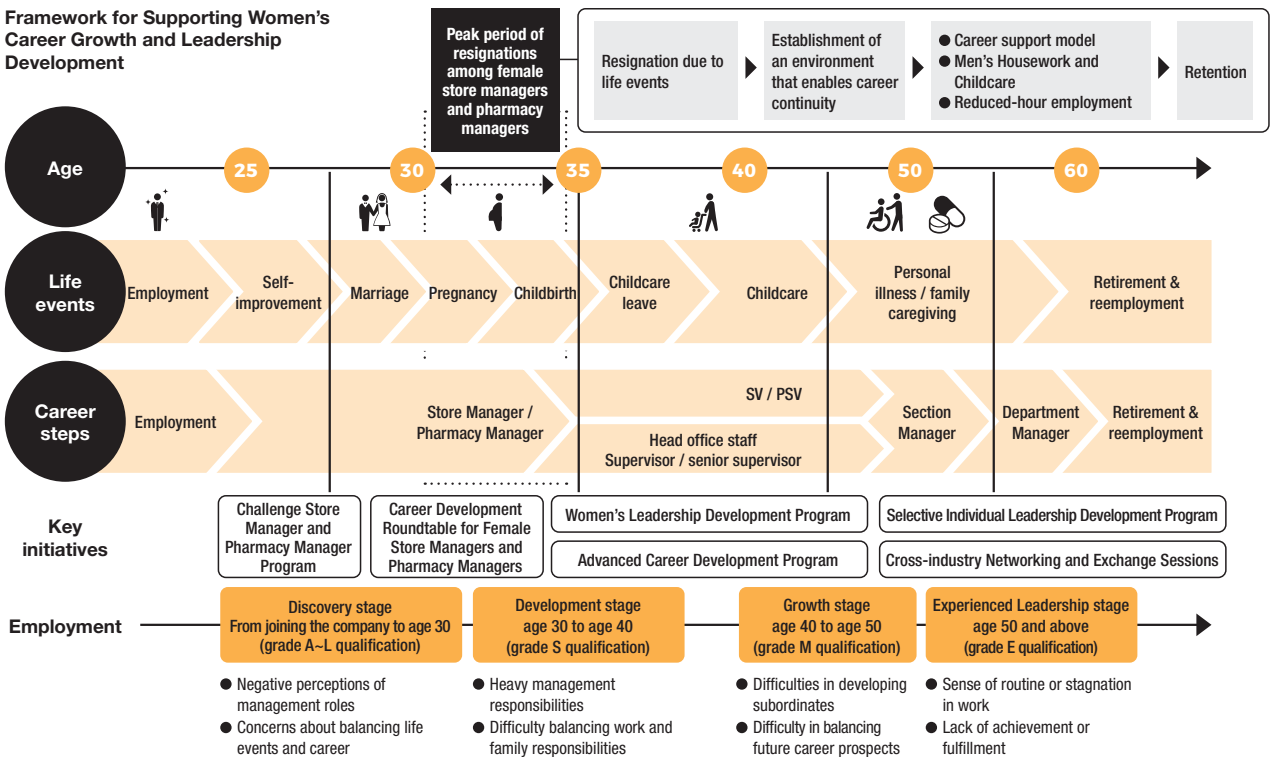
Women's Empowerment and Career Development

Our Group regards employee growth as a key driver of corporate value creation and is committed to developing the next generation of leaders. Given the nature of our business, where approximately 70% of our customers and patients are women, we believe that incorporating diverse perspectives into management through the advancement of women is essential to creating better products and services and delivering management decisions that reflect customer perspectives. To this end, we are building an environment in which female employees can maximize their potential while balancing career development and life events. We also support the development of future female leaders through training programs and career development initiatives. Specific measures include a “mentoring program” led by senior leaders and participation in “cross-industry networking opportunities” designed to encourage self-awareness, learning, and professional growth. In addition, we have established a talent development pipeline that supports employees’ step-by-step career progression. This includes the “Women’s Leadership Development Program” for corporate functions and the “Advanced Career Development Program” for store operations. Through these initiatives, we foster growth from store managers and pharmacy managers to middle management positions, including supervisors, senior supervisors, SV/PSV^{*1}, and section managers, and ultimately to senior leadership and executive roles. As part of our efforts to develop female management candidates at headquarters, we introduced an individualized leadership development program for nine selected candidates. Based on pre-assessment results that identify individual skill gaps and operational challenges, participants receive tailored development support. Through nine online training

modules, participants acquire advanced management and strategic capabilities directly applicable to business operations, including data-driven business proposal development based on accounting, finance, and analytics; business process redesign utilizing digital technologies and generative AI; simplification of investor relations materials; and quantitative visualization of educational outcomes. We also promote the conversion of non-regular employees to regular employment, with more than 100 individuals transitioned annually. In addition, we utilize a talent management system to support strategic workforce assignments and have expanded flexible working arrangements, including a purpose-specific four-day workweek option and a full-flex working system. Through these initiatives, we are addressing imbalances in position structures, narrowing the gender pay gap, and creating a workplace where all employees can be evaluated fairly and fully demonstrate their capabilities. As a result of these ongoing talent development efforts, we appointed its first female Executive Officer in April 2026, demonstrating steady progress in developing and promoting female leaders who will shape the next generation of management. The ratio of female managers across the Group increased to 23.8% in fiscal year ended March 2026, up 0.9 pt from 22.9% in the previous fiscal year. In particular, female managers account for more than 50% of management positions at some overseas subsidiaries, where diverse talent is actively demonstrating leadership. Looking ahead, we will continue to expand the pipeline of management candidates in Japan through initiatives such as the “Challenge Store Manager and Pharmacy Manager Program”^{*2}, while aiming to increase the Group-wide ratio of female managers to 30% by FY2030 (ending March 2031).

^{*1} SV (Supervisor) and PSV (Pharmacy Supervisor) refer to area manager positions

^{*2} The Challenge Store Manager and Pharmacy Manager Program is a development program under which candidates acquire practical management skills through hands-on experience, supported by training managers and experienced store or pharmacy manager mentors, with the objective of preparing them for promotion.



Examples of Women's Leadership Development Program

Key Training Topics and Business Value Creation Examples

Department	Key Skills to Strengthen (Training Topics)	Value Creation and Proposals in Business Practice
Corporate Communications	Business strategy, corporate governance, medium-term management plan, data analysis	Quantitative visualization of factors differentiating the company from competitors Used regression analysis and factor analysis to identify correlations between the external environment and the company's performance, and incorporated these findings into investor disclosures as quantitative evidence for the IR narrative.
Product Development	Business strategy, accounting, design thinking, effectual shift ^{*1} , price analysis	Mandating Revenue Projections and Accelerating Verification Mandated "revenue and cost projections" that leverage accounting knowledge when creating proposals for new private-brand products (standardizing the financial basis). Additionally, led efforts to implement "price acceptance tests" using statistical methods and to accelerate the verification process.
Marketing Planning Store Operations	Project management, DX-driven business process redesign, self-study of generative AI	DX and AI Utilization in Retail Stores and Sales Operations Developed a "Store Operations Guide" to enable rapid responses to unexpected issues at store locations and rolled out the practice of "creating supervisor (SV) training materials using generative AI." Led a project to reduce workload in sales operations (with a target reduction of 20%).
Human Resource Development	Marketing (customer's perspective), document design, engagement, organizational adaptation	Visualizing Education ROI and Onboarding Developed a "Monthly Dashboard for ROI by Recruitment Channel." Additionally, redesigned training manuals—such as those for cosmetics sales staff—from the customer's (trainee's) perspective and led a mid-career onboarding program in collaboration with the sales team.
Wellness Business Planning	Systems thinking, business data utilization, assertive communication ^{*2}	Structuring the Bottlenecks in Promoting the Integration of Dispensing Services Visualized on-site store labor hours and patient wait times using "causal loop diagrams." Led negotiations with other departments and external partners by leveraging assertive communication.

^{*1} Effectual Shift: A shift toward effectuation, a way of thinking that starts with the resources and strengths already at hand and focuses on flexibly creating new value through iterative action and adaptation

^{*2} Assertive Communication: A communication style that promotes constructive dialogue by enabling individuals to express their views and needs clearly and respectfully while valuing mutual understanding and respect

Leaders' Message



Taeko Hatsushika

Executive Officer, MCC Management Co., Ltd.
General Manager, Pharmacy Business Division, Wellness Business Promotion Headquarters

Promoting Women's Advancement and Supporting Career Development

Approximately 70% of both our customers and employees are women. Given this composition of our customers and workforce, we believe that developing and promoting women into senior management positions and incorporating diverse perspectives into management decision-making is not only an important aspect of advancing diversity, but also a key management strategy for delivering management that responds to the expectations of our stakeholders, including customers and employees. Throughout my career, I have benefited from a variety of development opportunities, including a mentoring program with directors of MatsukiyoCocokara & Co. (currently serving as Representative Director and Executive Vice Presidents) and participation in leadership programs such as the Ministry of Economy, Trade and Industry's "Women's Initiative for Leadership". Through direct exposure to the perspectives of senior executives and engagement with people with diverse perspectives, I gained valuable insights into my own strengths and developed the confidence that continues to support my management and leadership decisions today. Prior to my current position, I worked in corporate functions, focusing on human resource development and the expansion of the fem-care business, which supports women's physical and mental well-being. Today, as head of the Pharmacy Business Division, I am committed to creating an organizational environment in which all employees, regardless of gender, can demonstrate initiative and achieve results through pharmacy operations. When frontline employees are given opportunities to broaden their perspectives, identify role models, and pursue meaningful personal growth, it directly contributes to higher engagement across the organization. Going forward, we will continue to systematically develop future senior leaders and executive talent while fostering a workplace where every employee is evaluated fairly and encouraged to take on new challenges. As a business leader, I am committed to contributing to the creation of an organization in which diverse talent can thrive and reach its full potential.

Strategy promotion measure ③

Talent utilization and development regardless of employment classification

Turning diverse talent into specialized capabilities. Maximizing organizational competitiveness through career support beyond employment classifications.

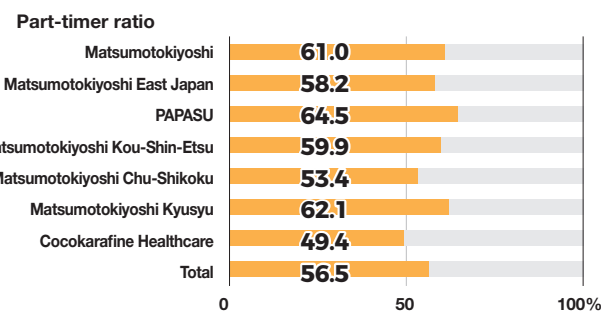
In addition to our full-time employees, our Group employs a diverse workforce, including part-timers who support frontline store operations, seniors, and employees from various national and cultural backgrounds. Under these circumstances, we are moving away from traditional one-size-fits-all management based on “attributes” and aiming to establish true DE&I whereby all employees can achieve

maximum performance according to their career aspirations and abilities. We believe that building the infrastructure that enables highly motivated employees to develop their skills and build fulfilling careers regardless of employment classification will serve as a unique driving force to respond more effectively to the needs of local communities.

Strengthening the development of part-timers who support our store operations

Our Group does not treat part-timers, who make up the majority of our employees, simply as a “labor force”. Rather, we see them as “irreplaceable, specialized expertise” who support our store operations. As colleagues working together in the same field, we refer to them as “service crews (SCs)”. The quality of customer service of our SCs, who are in contact with customers on the frontline, is what determines customer satisfaction and customer support, so we are actively investing in their education. Currently, we are promoting the introduction of the system in which employees work concurrently at multiple stores within an area. We are promoting a shift from a store-fixed working style to a “multi-job” style that allows employees to work flexibly within specific areas. We

have also introduced an Advanced Skills Certification System in specific areas of health and beauty to support the growth of each SC to enhance their expertise and maximize the competitiveness of the entire organization.

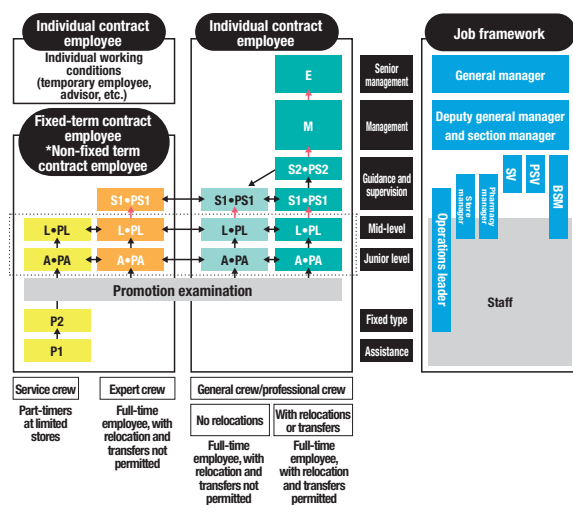


Talent development system regardless of employment classification

Our Group strives to provide fair opportunities for our employees to take on challenges anytime, anywhere. Specifically, we visualize the path of promotion from SC to contract employee, full-time employee, and store manager, and develop systems for open recruitment to help employees take the next step up. As the basis for our talent development system, we have designated that employees of all employment classifications receive training on our “Management Philosophy” and basic skills. In addition, we support SCs’ development of professional expertise in pharmaceutical sales by supporting them in obtaining qualifications, such as the Registered Pharmaceutical Sales Clerk. We have also established a licensing system based on practical experience, and have clarified the career paths for successful candidates to pursue positions of greater responsibility, such as store manager. In addition, we regularly conduct examinations for promotion to full-time employee, and we support vertical career development across employee classifications. Through these systems, many SCs have been promoted to full-time employee or store manager positions, and career mobility regardless of employment classification has contributed to a more vibrant organization.

We believe that this unique and consistent talent development model enhances the psychological safety of employees and leads to improved organizational engagement. By establishing systems through which employees are evaluated according to their abilities and performance, regardless of the employee classification at the time of hiring, we will enhance organizational flexibility and maximize competitiveness and productivity so that we are capable of responding to changes.

Training system diagram



TOPIC

Creating value through the active roles played by part-timers

By appointing part-timers as Area SCs and SC Store Managers, we not only improve the skills and careers of individual SCs, but also dramatically increase the flexibility and efficiency of store operations. The spare time generated by these initiatives among full-time employees can be redirected toward tasks that will strengthen the company’s future competitiveness, such as management and new business development. In addition to improving earnings through the optimization of unit labor costs, we believe that creating a rewarding work environment for regionally rooted SCs will lead to improved customer service quality and maximized customer LTV and sustainably enhance corporate value.

Case 1

Matsumotokiyoshi Chu-Shikoku Utilization of Area SCs

Background and Overview

In October 2025, we introduced the Area SC system to secure qualified pharmaceutical personnel in regions where our stores have a dominant presence. Under this system, SC employees based at headquarters with a license as the Registered Pharmaceutical Sales Clerk, are deployed flexibly across multiple nearby stores under the direction of area supervisors.

Impact of the Project

In a trial run at ten stores in Okayama City, the total overtime hours of full-time employees across the ten stores were reduced by an average of approximately 40 to 50 hours per month. In addition to this quantitative effect, SCs have improved their own skills by gaining experience at multiple stores. This has also stabilized operations so that we can avoid delays in opening stores even in the event of sudden vacancies. Moreover, the improvement of work-life balance has led to increased engagement for full-time employees, and the expansion of SC roles has contributed to strengthening the capabilities of our entire organization.

Case 2

Matsumotokiyoshi Kou-Shin-Etsu Utilization of SC store managers

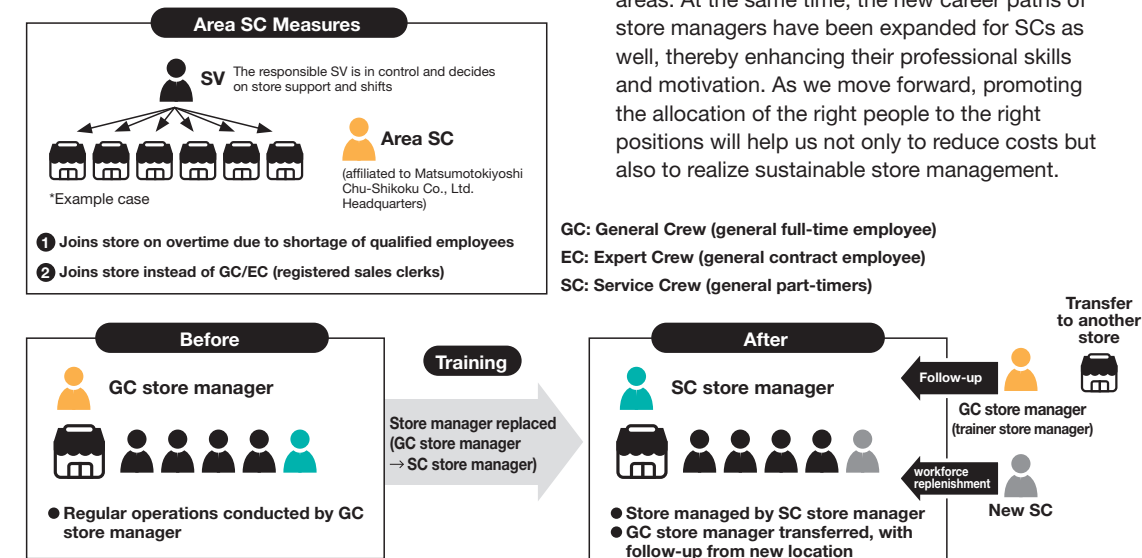
Background and Overview

In November 2025, we launched the SC store manager project with the aim of increasing the efficiency of store operations and flexibly reallocating full-time store managers. After support from full-time store managers and two months of intensive training, the SC store managers began running stores autonomously in January 2026.

Impact of the Project

The SC store manager system has made store operations more efficient and improved our profitability structure significantly. Furthermore, in line with our goal of “hiring more than 100 full-time employees annually”—as disclosed in our securities reports—we strongly support vertical career advancement across different employment categories. In addition, when introducing this system, we redefined our missions to match the employment classification, thereby simultaneously improving the mobility of full-time employees and expanding the career path of SCs. More specifically, we are now able to flexibly transfer full-time store managers, who previously worked at specific stores, enabling them to provide support to other stores and facilitating their assignment to strategic areas. At the same time, the new career paths of store managers have been expanded for SCs as well, thereby enhancing their professional skills and motivation. As we move forward, promoting the allocation of the right people to the right positions will help us not only to reduce costs but also to realize sustainable store management.

Measures implemented with area SCs and SC store managers



Strategy promotion measure ④

Improving operational efficiency and offering diverse work arrangements

Creative time generated by increased efficiency and flexible work environments that empower individuals to become engines for sustainable growth.

Attracting and retaining talent is a top priority for management amid a shrinking labor force and increasingly diverse values. Improving operational efficiency reduces the burden of routine tasks and employees can focus on higher-value-added work. This supports self-fulfillment as a professional. Providing flexible work arrangements

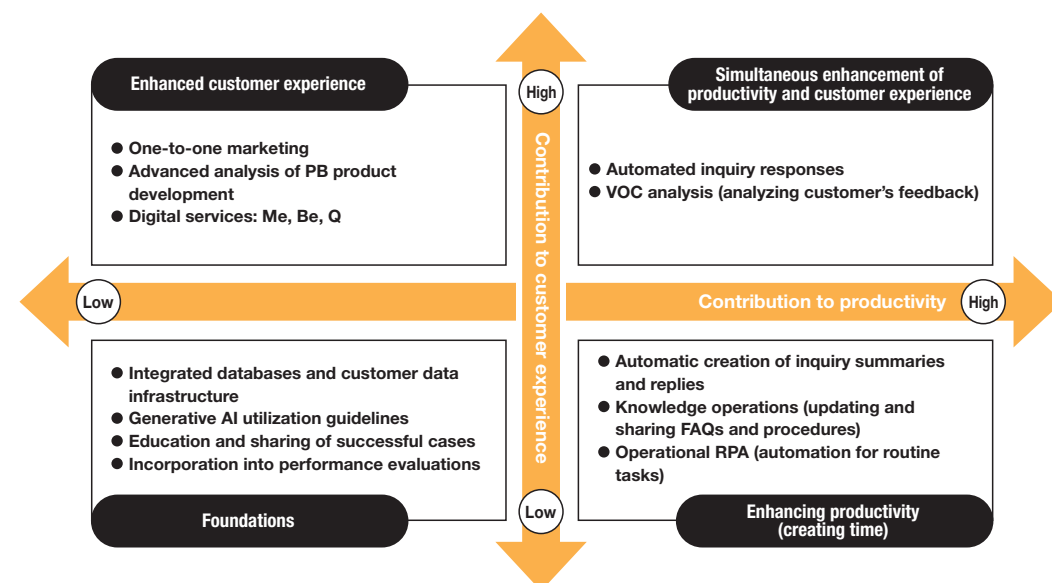
tailored to individual life stages also enhances psychological safety and strengthens engagement with the organization. By promoting these activities in tandem, we aim to create an organization where employees from diverse backgrounds can maximize their capabilities and continue to generate innovation.

Promoting operational efficiency

We view improving productivity and optimizing customer experience (CX) as inseparable, and are transforming our operations on both fronts. Beyond reducing costs, we aim to improve the quality of CX by shifting the resources generated by leveraging technology into higher-value-added customer engagement and strategic planning. Specifically, we are accelerating our efforts in the following three areas. Firstly, we are working to reduce the burden of administrative work on employees by increasing the efficiency of information gathering and document preparation through the “deployment of AI partners.” This will also enable faster access to necessary information and decision-making. Next, we have introduced “Robotic Process Automation (RPA)”

across the company and replaced routine processes, such as payroll and social insurance procedures, with automation tools. Moreover, we are not bound by existing organizational practices and are redesigning our business processes to optimize them throughout the workflows. One of our key challenges is to eliminate silos in systems and processes optimized for each division, and to further strengthen company-wide data integration. In addition to focusing our efforts on integrating operations in conjunction with the renewal of our core systems, we will continue to improve UI/UX* in ways that reflect the voices of frontline employees and build a foundation that enables all employees to naturally adopt effective working styles.

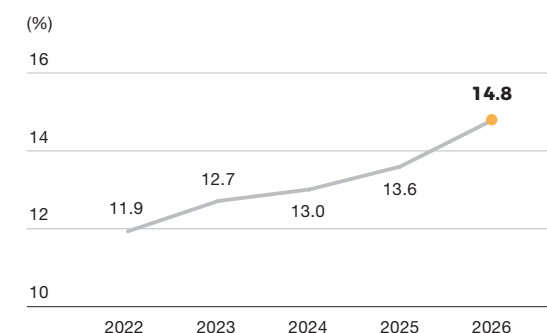
*UI/UX: Refers to the system's user interface (UI), including screens and design elements, as well as the ease of use and overall user experience (UX) that users gain through interacting with the system.



Impacts of value creation

As a result of improved operational efficiency, average overtime hours per month in the fiscal year ended in March 2026 were 6.5 hours (down 1.3 hours from the previous year), and productivity indicators are steadily improving. In the future, we plan to create additional time and redistribute resources to strategic operations such as PB product development by using automation to increase our first-contact resolution rate. We aim to further improve profitability and achieve sustainable growth by investing the time saved into high-value-added operations.

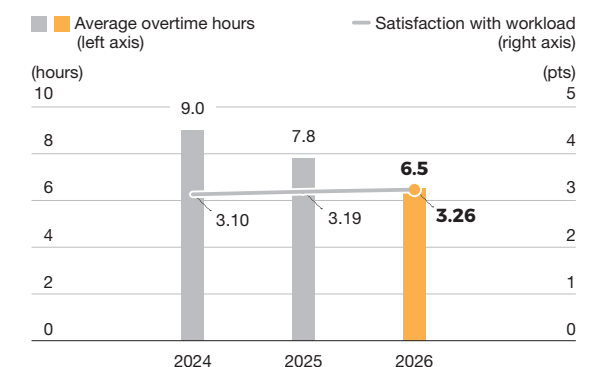
Share of PB product sales (fiscal year ended March)



Increasing workforce productivity

Promoting robotic process automation has led to improved operational efficiency of our headquarters functions. As an example of concrete results, by reducing manual work and promoting automation related to labor and payroll procedures, we have been able to prevent errors and eliminate reliance on specific individuals for certain tasks. Through these initiatives, in addition to reducing average monthly overtime hours, employee satisfaction scores regarding their workload have also improved, leading to positive results in both the quality of work and employee engagement (a better working environment).

Average overtime hours per month (fiscal year ended March) and satisfaction with “workload” (conducted in May)



Realization of flexible working arrangements

Respecting the diverse lifestyles of our employees, we are expanding our “shortened working hours system” and “optional four-day workweek system” to suit individual circumstances, as well as offering work arrangements regardless of location or time. These initiatives are also an important foundation from the perspective of our business continuity plan (BCP), which enables us to continue our business even in the event of an unexpected situation. According to the Employee Engagement Survey conducted in May 2026, the degree of satisfaction with “workload” increased by 0.07 points from the previous year to 3.26 points. Together with the reduction of overtime hours, these

results indicate that improvements in work-life balance are taking root in a tangible and meaningful way. Offering these types of diverse and flexible work arrangements not only encourages individuals to change their mindsets to achieve maximum results within a limited time and contributes to improved work efficiency and workforce productivity, but also enhances the well-being of each employee. We also believe that improving well-being provides a foundation upon which diverse talent can exercise their abilities. As a result, diverse perspectives are incorporated within the organization, which strengthens organizational resilience and leads to sustainable enhancement of corporate value.

Encouraging the Use of Childcare Leave

The Group is committed to creating a workplace environment where diverse employees can fully realize their potential while balancing life events and professional responsibilities. To support male employees in taking childcare leave as a meaningful opportunity to actively participate in childcare, we promote the sharing of experiences by employees who have taken leave and have established a process for discussions with supervisors prior to taking leave. These initiatives help create a workplace culture where employees feel comfortable making full use of the program. As a result, the childcare leave utilization rate among

male employees reached 65.6% in the fiscal year ended March 2026, an increase of 11.5 pt year on year, while the average duration of leave increased to 68 days, up 23 days from the previous year. These figures demonstrate that awareness and acceptance of childcare leave are steadily becoming embedded throughout the organization. Going forward, we will continue to enhance working environments that enable employees to choose flexible work styles according to their life stage, while striving to achieve both the success of a diverse workforce and improved organizational productivity.

Basic initiatives

Building the environment to enable employee success

Building an environment that enables employees to maximize their capabilities and play a powerful role in enhancing corporate value

Enhancing our corporate value through a virtuous cycle of “earning power” and “returning profits” depends on the efforts of each and every employee. As a foundation for sustainable growth, our Group has implemented four basic initiatives: “human resources systems”, “employee engagement”, “health management”, and “training and development”. Specifically, we are laying the foundations for maximizing employee performance by promoting three “environmental improvements”: building

human resources systems based on accumulated data; improving engagement through the penetration of the MatsukiyoCocokara WAY; and health management that supports mental and physical vitality. Based on this environment, we promote training and development (reskilling) for each job type with the aim of enhancing professional expertise, thereby accelerating optimal allocation and effective human capital investment and achieving sustainable enhancement of corporate value.

Penetration of the MatsukiyoCocokara WAY

Our Group positions the MatsukiyoCocokara WAY, a belief shared by all employees, as our Group’s “Constitution”, and we have been making efforts to embed this belief among our employees. In the fiscal year ending March 2027, we are further strengthening the penetration of the WAY by working to incorporate concrete action guidelines into everyday work at our stores and offices nationwide through messages from top management, in-house newsletters, and training.

Embedding the MatsukiyoCocokara Way fosters a corporate culture in which each employee takes

responsibility as a professional and is willing to take on new challenges.

In addition, the employees of companies that newly join our Group are introduced to and aligned with the WAY from an early stage. In this way, we bring together colleagues from diverse backgrounds with shared goals and maximize synergies across our Group, contributing to the creation of new customer experiences that go beyond expectations. We will continue to place the MatsukiyoCocokara WAY at the core for all decision-making and actions, and actively strengthen our human capital.

Relationship between WAY behavioral evaluations and performance

WAY behavioral evaluations have been set as a KPI for promoting shared values. By fostering a culture in which employees think and act independently, we are encouraging greater initiative and creativity. As a result, mechanisms are now functioning that connect the real voices of frontline employees to PB development and operational improvements. In our own customer satisfaction survey, we analyzed the scores at each store and the mobility of Group members (such as trends in retention, churn, and repeat visits). As a result, we confirmed a correlation between stores with higher scores in the WAY behavioral evaluation and a higher frequency of member retention and repeat visits. These behavioral changes has created a virtuous cycle that directly leads to improvements in corporate productivity and profitability, supporting sustainable corporate growth.

Investing in health and well-being

Our Group has set “employee growth” as one of our materialities, and we regard the health of our employees and their families as an important source of management resource. Based on our Health Declaration, we see health promotion as an investment in human capital and aim to enhance our corporate value over the medium to long term by improving employee vitality. The Health Management Promotion Task Team, headed by the President and Representative Director, and the Wellness Support Center promote company-wide health management in cooperation with the health insurance association, labor union, and the Safety and Health Committee.

To establish an even more effective management framework, we operate a management system centered on our Health Declaration. By promoting occupational health and safety initiatives (such as accident prevention and workplace environment improvements) together with health and productivity management initiatives (such as enhancing employees’ physical and mental well-being), we aim to improve employee well-being. For example, for individuals at high risk due to blood pressure, blood sugar, and other conditions, occupational health nurses and health insurance nurses work together to provide multilayered individual

health guidance and encourage consultations. In the area of preventing mental health problems, company-wide training by job rank has resulted in a steady improvement in the results of stress checks. With regard to the prevention of occupational accidents, “fall accidents” among elderly and female employees are seen as an important issue, and we have shifted from the conventional post-accident response to education and environmental improvements aimed at prevention. We support long-term employment continuity by building “people and

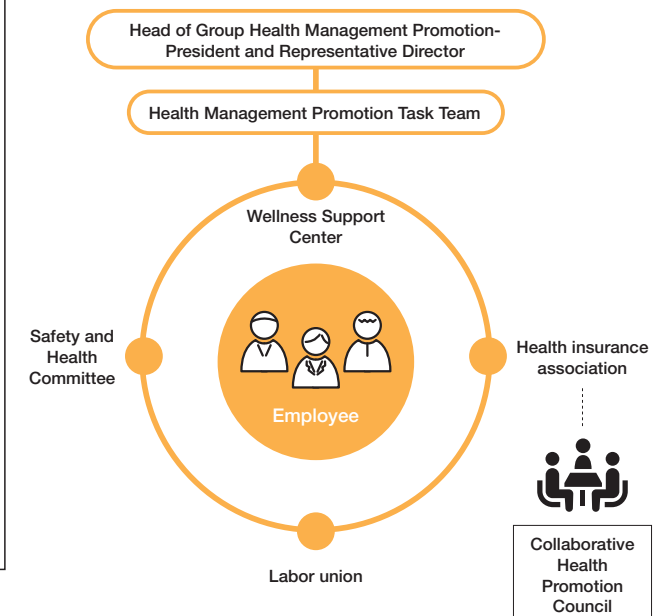
organizations that are less prone to accidents”. Through quantitative verification of the results of these multifaceted measures based on the Strategy Map and by implementing PDCA cycles, we are improving presenteeism (productivity losses) and contributing significantly to the increase in the value of our human capital. Going forward, we will continue to optimize and maximize our health investments to both improve employee well-being and maximize corporate value.

MatsukiyoCocokara & Co. Health Declaration

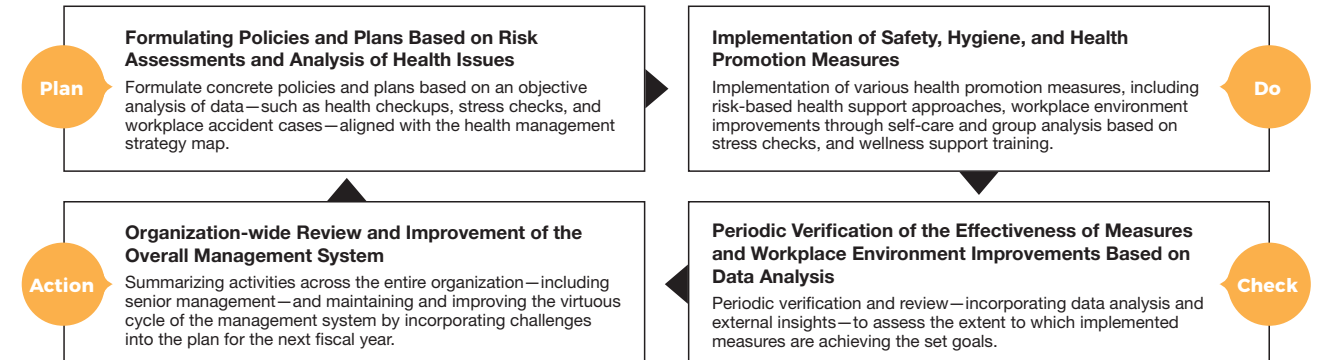
Based on our “Group Philosophy,” in order to serve our customers’ health and support their health promotion, it is essential that our employees themselves are healthy. We believe that without health, we cannot be the most customer-friendly store. We regard the mental and physical health of our employees and their families, who support the growth of our Company, as one of our most important management resources. By proactively supporting health maintenance and improvement activities and promoting organizational health promotion, we aim to be a company that contributes to the development of local medical care and the economy while enabling each employee to live a vibrant, rich, and healthy life in society.

President and Representative Director **Kiyoo Matsumoto**

Health Management System of MatsukiyoCocokara & Co.



Health Management System



Human resources system supporting data-driven strategy execution

Our Group’s human resources system goes beyond labor management and functions as a talent management platform closely aligned with our management strategies. In addition to dynamic data, such as employees’ career history, training records, and performance evaluations, the system integrates qualitative information such as employees’ career aspirations. This foundation supports strategy execution from two main aspects. First, by analyzing accumulated data to visualize the skill gaps that must be addressed to execute strategic operations, we can quickly implement optimal

staffing and reskilling measures. Second, by analyzing the correlation between performance evaluations and career aspirations, we identify which groups have mismatches or signs of low motivation in terms of placement, development, and promotion. In this way, we identify organizational issues at an early stage and formulate effective human resource measures based on evidence. Through this data-driven talent management cycle, we simultaneously promote individual growth and the achievement of organizational strategy.

Results of Employee Engagement Survey

Our Group conducts an annual Employee Engagement Survey with the aim of cultivating our organizational culture and understanding the current working environment after the business integration. The sixth survey, conducted in May 2026, covered 25,712 employees across the Group, with a response rate of 99.7%. The overall score this year was 3.62 points (out of 5), up 0.07 points from the previous survey. We exceeded the previous score in all three perspectives and all 22 sub-items. In particular, “Attractiveness of welfare benefits”, which had dropped in the previous year’s results, recorded the largest increase to 3.62 points (an increase of 0.13 points). We believe these results reflect the successful implementation of measures designed to make information on internal regulations and welfare benefits programs more accessible and easier to use in accordance with their life events. These efforts include organizing relevant information via a learning management tool assigned to each employee. These improvements have been driven by proactive dialogue led by senior management. In addition to enhancing employee motivation through the communication of key management messages at important milestones, we have

engaged in direct discussions with employees through labor-management jointly organized Prefecture-Based Communication Meetings, fostering a stronger sense of unity across the organization. Going forward, we will roll out best practices across all Group companies and enhance the quality of communication by senior management. Through these efforts, we aim to achieve our materiality KPI target of a score of 3.94 points by the fiscal year ending March 2031, thereby strengthening employee engagement across the Group and contributing to sustainable growth in corporate value. The results of these dialogues with senior management and improvements to the work environment are reflected in “improved employee retention,” with the turnover rate for new graduates within three years of joining the company improving significantly from 35.2% in the fiscal year ended March 2024 to 31.0% in the fiscal year ended March 2025 and 20.3% in the fiscal year ended March 2026. We will continue to foster a culture in which talented employees can continuously enhance their professional expertise and customer service capabilities, thereby contributing to sustained improvements in productivity.

Results of Employee Engagement Survey		May 2025	May 2026	Difference vs. previous year
Total		3.55	3.62	+0.07
Perspective	① Commitment to management	3.73	3.80	+0.07
	② Employee satisfaction	3.39	3.46	+0.07
	③ Organizational culture	3.67	3.73	+0.06
Sub-item	Excellence of philosophy	3.99	4.04	+0.05
	Internalization of philosophy	3.69	3.75	+0.06
	① Feasibility of vision	3.72	3.78	+0.06
	Internalization of vision	3.64	3.71	+0.07
	Feasibility of policy	3.69	3.77	+0.08
	Internalization of policy	3.68	3.76	+0.08
	Attractiveness of the Company	3.72	3.78	+0.06
	Attractiveness of human resource development	3.54	3.62	+0.08
	Attractiveness of welfare benefits	3.49	3.62	+0.13
	Satisfaction with compensation	3.01	3.10	+0.09
	② Satisfaction with evaluation	3.35	3.43	+0.08
	Satisfaction with placement	3.18	3.29	+0.11
	Attractiveness of work	3.51	3.59	+0.08
	Workload	3.19	3.26	+0.07
	Supervisor’s management	3.77	3.82	+0.05
	Working hours and holidays	3.11	3.21	+0.10
	Work environment	3.40	3.44	+0.04
	Interpersonal relationships	3.73	3.78	+0.05
	Communication	3.71	3.76	+0.05
	③ Management	3.58	3.65	+0.07
	Delegating authority	3.81	3.86	+0.05
	Sense of belonging	3.45	3.52	+0.07

Regular employees

May 2025
3.56

May 2026
3.65

Difference vs. previous year
+0.09

Non-regular employees

May 2025
3.53

May 2026
3.58

Difference vs. previous year
+0.05

Basic initiatives

Skill-up Reskilling

Enhancing talent capabilities in the health, beauty, and wellness fields through role-specific reskilling

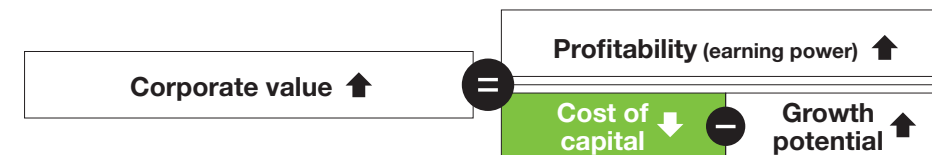
Based on our Management Philosophy of “creating the future ‘normal’ and innovating lifestyles,” we have positioned the ongoing development of “professional talent”, who are the driving force for achieving our Group Vision, as a key management priority. We define “professional talent” as individuals who possess a high level of expertise and skills, as well as high ethical standards and independence, and who contribute to the achievement of organizational goals and the creation of innovation by continuing to learn while embracing change. In order to promote the three key strategies of the medium-term management plan, namely our “differentiation strategy”, “investment strategy”, and

“social contribution & returning profit to society”, it is essential to develop not only DX and global talent, but also healthcare and sickness care professionals involved in our core businesses of dispensing pharmacy and nursing, etc., as well as beauty care professionals. Specifically, for pharmacists who are required to have a high level of expertise in diseases, etc. we have established a “Skill-up reskilling” that builds upon the Advanced Class, which was previously the highest-level training program. Our aim is to further enhance their expertise through specialized curricula in cancer, endocrine diseases, renal diseases, and disaster-related pharmaceutical services.

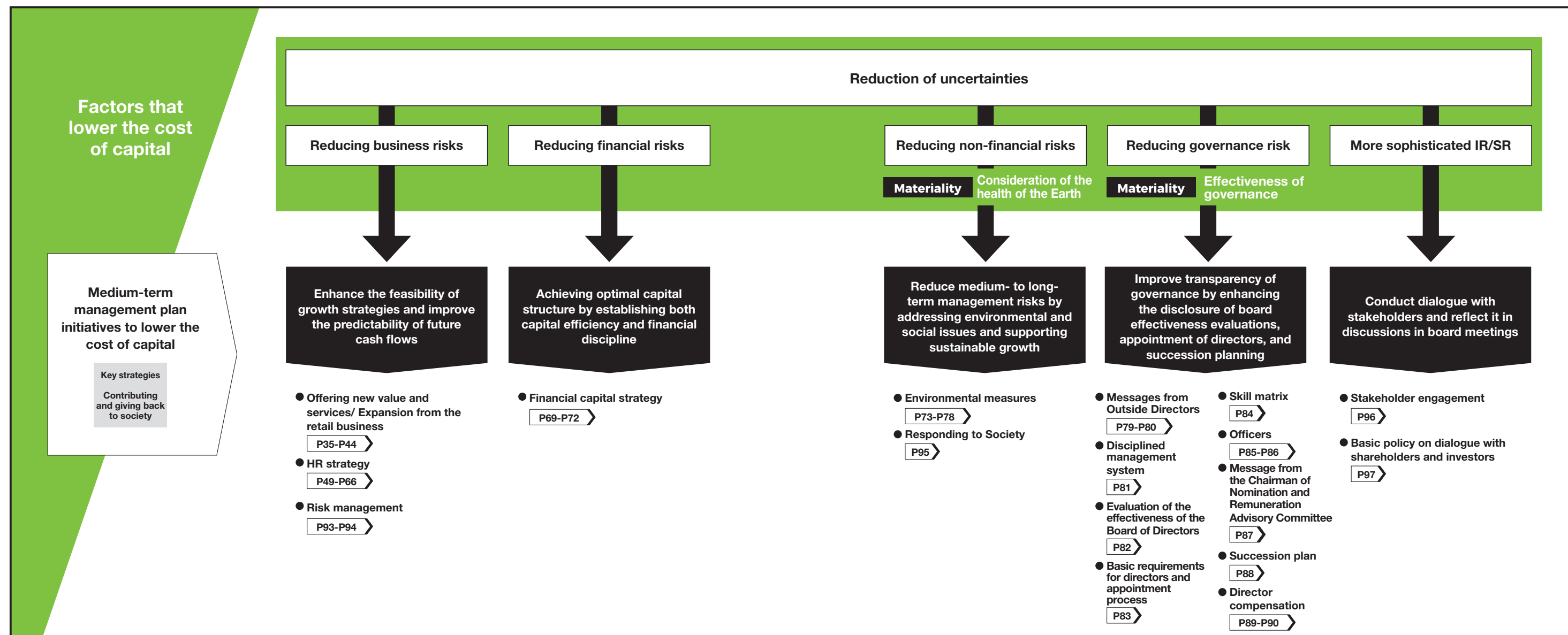
		Basic class	Middle class	Advanced class	Skill-up reskilling
Role-specific training	Pharmacist	- Understanding of pathology - Hospitality - Pharmaceutical compliance	- Case study - Cooperation with medical institutions - Home care	- Sterile preparations - Hospital training - Clinical research - Conference presentations	- Cancer - Disasters - the Elderly - Heart Failure - Dementia - Children - Kidney Disease - Diabetes
		Training to obtain certification as a training-accredited pharmacist, training for supervising pharmacists, training for health support pharmacists			
	Pharmacy administration	- Overview of prescription fees - Laws and regulations related to insurance dispensing - Hospitality	- Nursing Care Insurance Scheme - Cooperation with medical institutions	- Medical Plan - Error-control measures - Risk prediction	—
		Pharmacy assistant training, responses to medical fee revisions, responses to changes in the health insurance system			
	Registered Pharmaceutical Sales Clerk	- OTC (basic) - Pharmaceutical compliance - Counseling skills	- OTC (applied) - Medical examination recommendation (basic)	- Clinical inference - Medical examination recommendation (applied)	—
		Additional training for Registered Pharmaceutical Sales Clerks, continuous training for Registered Pharmaceutical Sales Clerks, training for pharmaceutical store managers			
	Registered dietitians	- Nutrition by life stage - Recipe creation and pre-symptomatic area - Counseling skills	- Understanding of prescription (basic) - Specific pathological condition (basic) - Coaching skill	- Understanding of prescription (applied) - Specific pathological condition (applied) - Conference presentations	—
		Skill development training (nutritional counseling, specific health guidance, support for the earlier-stage seniors, etc.)			
	Cosmetics	- Basic make-up - Basic skin care	- Make-up practice - Skin care practice	Total beauty care practice	—
		Cosmetics skill improvement seminar			
	Specialized departmental positions	Field-specific training (HR, finance, legal affairs, IT, marketing, wellness, global, etc.)			

Support for acquiring job-specific professional qualifications

Initiatives to lower the cost of capital



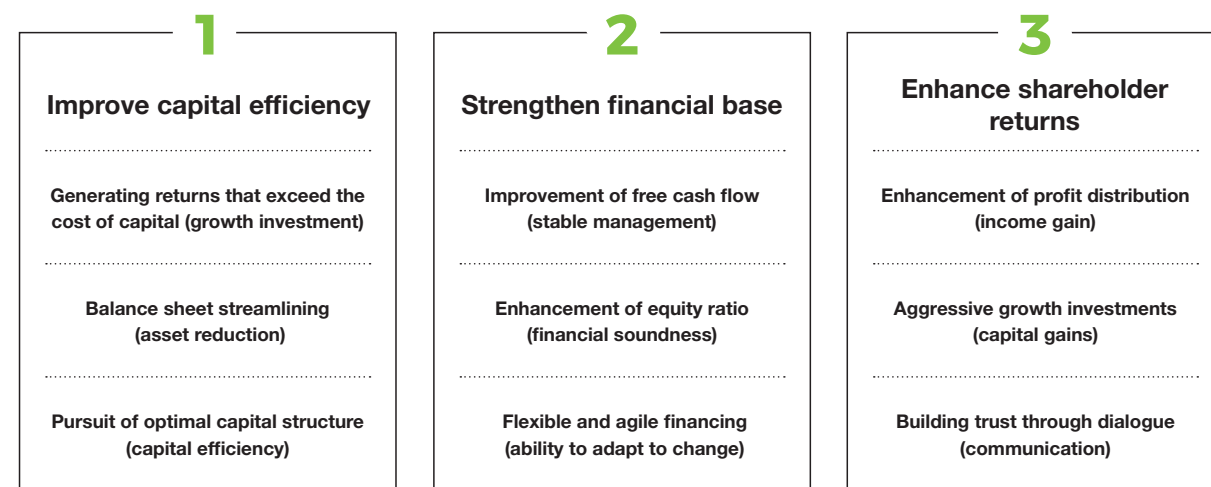
We recognize the cost of capital as the return investors expect from our future prospects, as well as the risk premium for bearing the uncertainties inherent in those prospects. The five factors that affect the current cost of capital are business sustainability, financial soundness, environmental and social response, effectiveness of governance, and the quality of dialogue with the capital markets. We believe that reducing risks and uncertainties in each of these factors is fundamental to lowering the cost of capital. Based on this approach, we will enhance the predictability of future cash flows through the steady implementation of strategies, and we will control business risks through risk management. We will also minimize both financial and non-financial risks through disciplined financial capital strategy and sustainability management practices. In addition, we will enhance the transparency of information through IR and SR activities and more sophisticated disclosures, and continue constructive dialogue with shareholders and investors in order to reduce market uncertainties reflected in market valuations. We aim to maximize sustainable corporate value by further enhancing initiatives and dialogue and gaining trust from the market.



Financial capital strategy

In order to achieve sustainable growth in corporate value, our Group has identified the reduction of the “cost of capital,” one of the components of our corporate value, as a priority issue in our financial capital strategy. The three pillars of our financial capital strategy are “improve capital efficiency,” “strengthen financial base,” and “enhance shareholder returns”, and we will vigorously promote this strategy. Specifically, we will create added value that exceeds the cost of capital by efficiently allocating resources using ROIC

to achieve our Group’s management target for “ROE of 12% or more.” In addition, we will mitigate future risks by incorporating the results of correlation analysis between non-financial indicators, such as human capital, and financial indicators into our investment decisions. Moreover, by pursuing an optimal capital structure, we will aim to lower our WACC and enhance the predictability of returns through expanded shareholder returns, thereby meeting the expectations of our shareholders and investors.

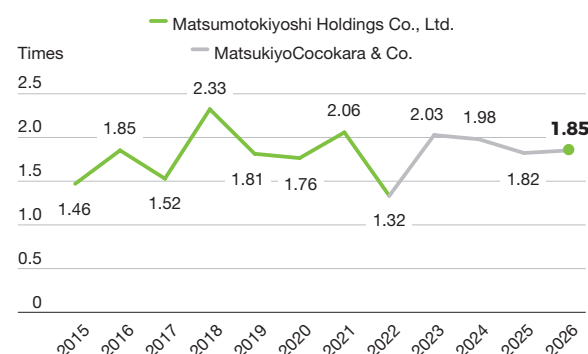


Market valuation of our Group

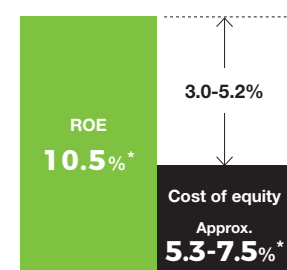
We analyze and evaluate our cost of capital and WACC using multiple calculation methods, and while taking into account the opinions we received through dialogues with our shareholders and investors, we strive to gain a multifaceted understanding of the cost of capital that serves as a discipline for management. We recognize our current cost of equity and WACC to be in the range of around 5.3% to 7.5%, but ROE and ROIC were 10.5% and 11.1% respectively, for the fiscal year ended March 2026. In other words, we have

been able to create equity spreads and EVA spreads that consistently exceed the cost of capital, which is evidence that we are structurally strengthening our earning power. On the other hand, given that PBR stood at around 1.85x as of the end of March 2026, we believe there is room for improvement (in valuation) between the capital market’s current valuation and the company’s intrinsic value. Going forward, we aim to maximize corporate value by improving capital efficiency and reducing the cost of capital.

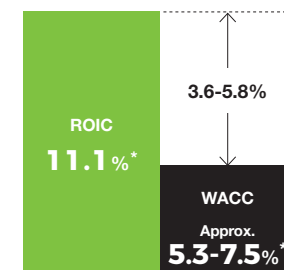
Market valuation: trends in PBR (end of each FY)



Equity spread



EVA spread



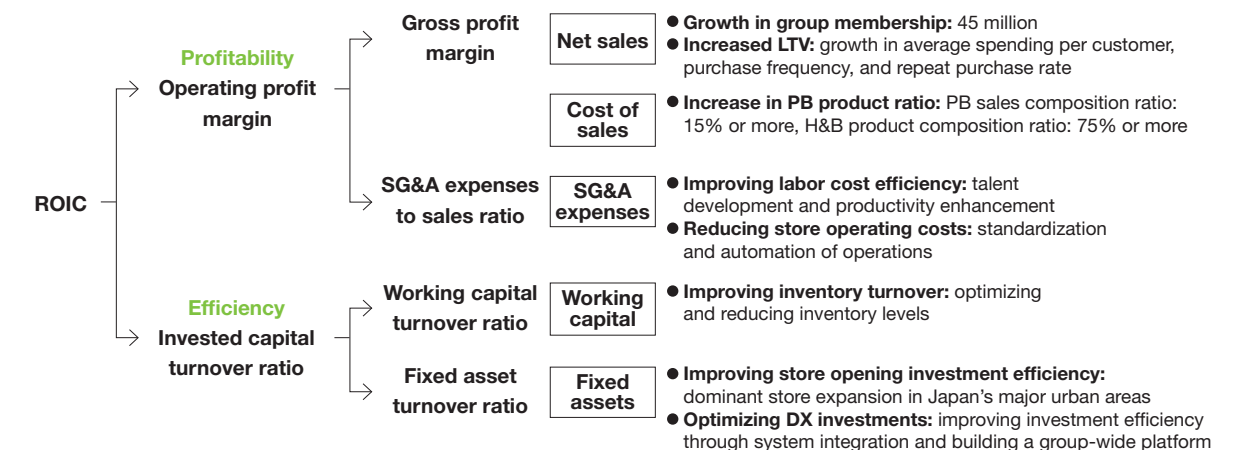
* Results for the fiscal year ended March 2026

1 Improve capital efficiency

Initiatives to improve ROE and ROIC

We are working to maximize capital efficiency in order to achieve the Group’s management target set out in our medium-term management plan of “ROE of 12% or more.” Specifically, in order to improve both earning power (profitability) and efficiency, we use ROIC as an important management indicator and strive to create added value (spread) that exceeds the cost of capital. To improve profitability, we will focus on our platform strategy and aim to raise our operating profit margin by maximizing LTV through apps and digital services, developing and selling high-value-added PB products, and raising unit prices through highly specialized counseling services. To improve efficiency, we will pursue economies of

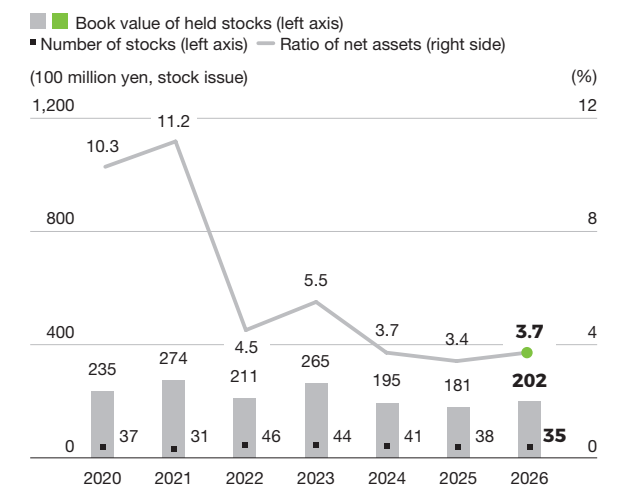
scale through the integration of system infrastructure, and improve the turnover of invested capital by dominant store openings in priority areas and inventory optimization. We will also use AI and DX to streamline store operations and optimize selling, general and administrative expenses. In addition, by making investment decisions based on the results of correlation analysis between non-financial indicators related to human capital and environmental measures, etc. and financial indicators, we will mitigate future risks and increase the probability of future growth, thereby committing to improving our market valuation (PBR) and maximizing sustainable corporate value.



Towards the reduction of cross-shareholdings

In order to improve capital efficiency and strengthen governance, we are systematically reducing cross-shareholdings for which there is no recognized rationale for continued ownership. Every year, the Board of Directors reviews the purpose of holding shares, and verifies whether the returns are commensurate with the cost of capital to decide whether to continue holding these shares. In the fiscal year ended March 2026, we made steady progress in reducing cross-shareholdings through constructive dialogue with companies in which we have invested. Going forward, we will continue to optimize our asset portfolio by flexibly utilizing the funds we generate through reductions for growth investment and shareholder returns. In this way, we will reduce the cost of capital and maximize our sustainable corporate value.

Cross-shareholdings (Fiscal year-end)



② Strengthen financial base

To improve free cash flow

In order to sustainably enhance corporate value, we are focusing on improving free cash flow (FCF) by maximizing cash flow from operating activities and enhancing investment efficiency. To strengthen our earning power, we are improving our operating profit margin through the expansion of digital platforms and PB product development. In addition, we are enhancing our cash-generating capacity by pursuing thorough

working capital management, including inventory optimization. We will allocate the cash generated to growth investments in a disciplined manner aimed at realizing the “federation initiatives.” We aim to further maximize corporate value by maintaining financial soundness through the generation of stable FCF, controlling the cost of capital, and enhancing shareholder returns.

The status of capital allocation

Our Company has a basic policy of allocating cash at a ratio of “45% for growth investment, 45% for shareholder returns, and 10% for strengthening of financial base” over the six years to the fiscal year ending March 2031. By maximizing both investment and returns, we aim to build a solid growth cycle that will serve as the source of shareholder returns. In the fiscal year ended March 2026, the first year of the plan, operating cash flow (CF) was approximately 73.2 billion yen, and in accordance with the discipline set forth in our basic policy, we have appropriately allocated funds to both growth investments and shareholder returns. The allocation ratio has been maintained at the 45% level in accordance with established discipline, and we are progressing toward our medium- to long-term target of 400–440 billion yen in total over the six-year period. Turning to the content of our growth investment, in line with our initial policy, we have prioritized investment in store openings and renovations, intangible assets

such as DX and human capital, and the acquisition of shares in Shinseidoyakkyoku Co., Ltd. as part of our efforts to realize the “federation initiatives.” These investments are steadily producing financial results, including an increase in the PB share and more efficiency in store operations. On the other hand, regarding shareholder returns, we believe we have been able to appropriately return profits to our shareholders by continuing to pay progressive dividends based on our allocation discipline. From the next fiscal year onwards, we will continue to adhere to this policy and strategically reallocate the cash we generate. Furthermore, when a large amount of cash is required to realize the “federation initiatives,” while maintaining an optimal capital structure, our Company will pursue discontinuous growth in corporate value and the maximization of total returns with a view to flexibly raising funds through debt utilization.

Building a sound financial base (approach to optimal capital structure)

We will pursue an optimal capital structure that minimizes WACC (cost of capital) in order to sustainably increase our corporate value. To date, our Company has built strong equity capital to prepare for executing large-scale M&A transactions flexibly in an uncertain business environment. Our equity ratio of 71.9% as of the end of the fiscal year ended March 2026 reflects this stable management base. At the same time, we believe it is now necessary to actively leverage this strong financial base to drive further growth and improve capital efficiency. For this reason, we are working to properly understand the expectations of our shareholders and investors by, for example, calculating WACC based on dialogue with participants in the capital markets. Over the medium to long term, we intend to maintain and promote management with a focus on optimizing our equity ratio in line with growth investment opportunities and disciplined management of D/E ratio. We believe that pursuing an optimal capital

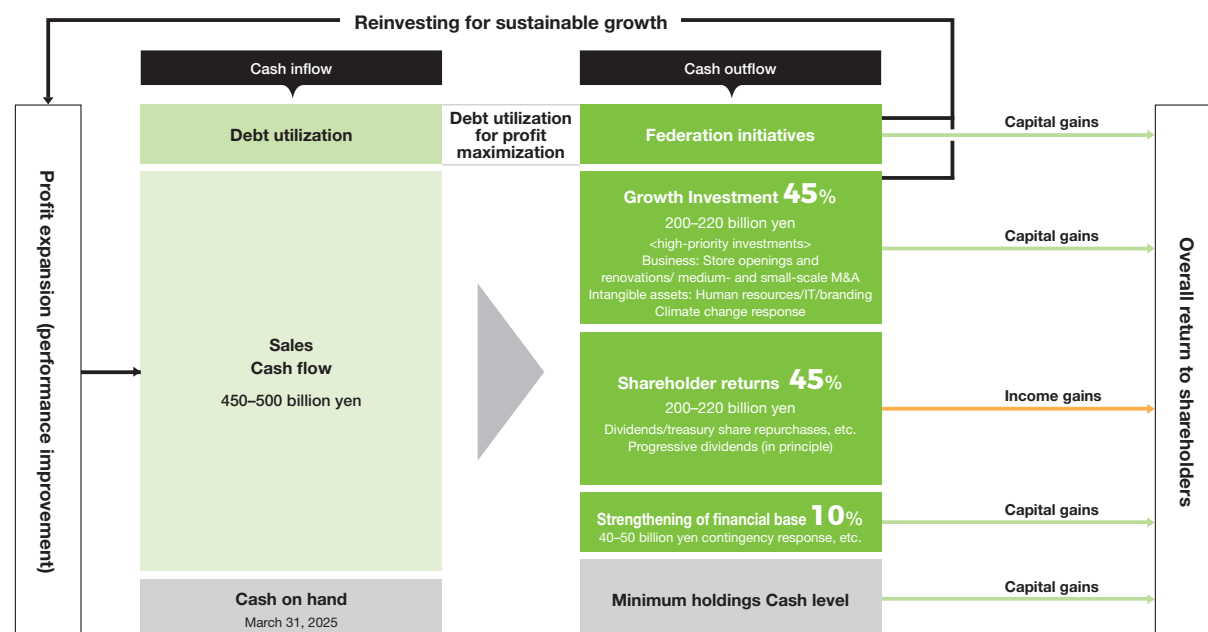
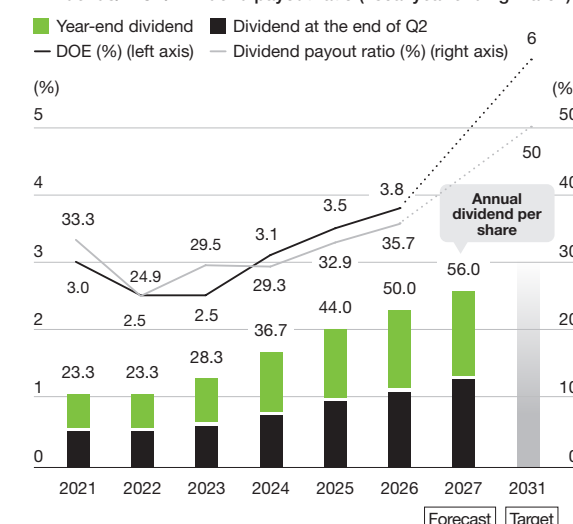
structure based on this policy will lead directly to ROE improvements and maximization of our corporate value in the medium to long term.

In order to achieve an optimal capital structure, our basic policy for growth investment is to invest cash generated through operating activities in store development and intangible assets. In the event of large-scale M&A transactions, our policy is to maximize the leverage effect by making full use of debt. To strengthen shareholder returns, we will return profit to shareholders in order to raise our dividend payout ratio to 50% and DOE (dividend on equity ratio) to 6% by the fiscal year ending March 2031. In addition, we will improve our asset efficiency by reducing non-operating assets, such as idle real estate and cross-shareholdings. Through such disciplined capital allocation, we will optimize the balance between growth investment and returns, and build a strong and efficient financial base.

③ Enhance shareholder returns

Reflecting our basic policy of “co-creating and sharing value,” our Group regards returning the fruits of our growth to all stakeholders, including shareholders, as one of the priority issues in our financial capital strategy. To maximize returns, we will pay stable and consistent dividends with a target dividend payout ratio of 50% and a DOE of 6%. In the fiscal year ended March 2026, we repurchased and retired 5.39 million treasury shares totaling approximately 14.4 billion yen in order to drive improvements in ROE and EPS. In the future, our Company will flexibly acquire treasury shares by comprehensively evaluating our share price level and capital efficiency, while taking into account the balance between cash reserves for growth investment and liquidity on hand.

Dividends/ DOE/ Dividend payout ratio (fiscal year ending March)



Environmental measures

Key strategies	Materiality
Contributing and giving back to society	Consideration of the health of the Earth

Our Group has identified “consideration of the health of the Earth” as a materiality to be resolved over the medium to long term. By accelerating decarbonization management, we will reduce future uncertainties and stabilize our management base. In order to achieve net-zero emissions for the fiscal year ending March 2051, we have set a new “20% reduction target for Scope 3 emissions by the fiscal year ending March 2031.” In collaboration with our major business partners, we will strengthen decarbonization efforts throughout the entire supply chain and advance ethical consumption together with our customers by promoting the “FACE to EARTH Mark” based on our unique “Environmentally Friendly Products Guidelines.” We will work to enhance the environmental resilience of society as a whole, while simultaneously achieving sustainable growth in our corporate value.

Targets and KPI

KPI	Goal for the fiscal year ending March 2031	Actual results for the fiscal year ended March 2026
CO ₂ emissions (Scope 1 and 2)	40% reduction (compared to the fiscal year ended March 2022)	15.2% reduction
CO ₂ emissions (Scope 3)	20% reduction (compared to the fiscal year ended March 2026)	- (New KPI)
Environmentally friendly PB product ratio	60% or more	61.1%
Switching to next-generation vehicles	70%	21.7%
Maintain CDP rating of “B”*	“B” rating maintained	“B” rating

* Evaluation of climate change programs

Setting targets for the fiscal year ending March 2031 aligned with long-term targets

As a critical milestone toward realizing a decarbonized society by the fiscal year ending March 2051, our Group set new medium- to long-term reduction targets for Scope 3 emissions in July 2026. We will address structural issues related to product purchasing (Category 1), which accounts for more than 90% of our total supply chain emissions, and we aim to achieve a “20% reduction in absolute Scope 3 emissions (compared to the fiscal year ended March 2026) by the fiscal year ending March 2031.” This is an ambitious

challenge that exceeds international SBT certification criteria. In order to achieve this goal, we will first shift our calculation method from monetary value to product weight and a quantity basis, and establish a foundation for visualizing reduction effects. At the same time, we will further deepen data integration with our major business partners. We view uncertain environmental changes as an opportunity to build a resilient supply chain and establish both social responsibility and a solid competitive advantage.

Initiatives to reduce CO₂ emissions

Initiatives to reduce CO₂ emissions in Scope 1 and 2

To reduce Scope 1 emissions, we are focusing on optimizing company vehicles and switching to next-generation vehicles. Despite difficulties in vehicle procurement due to geopolitical risks, we made steady progress by thoroughly reviewing our vehicle lineup, achieving a 21.7% reduction (a 6.2 pt improvement over the previous year). To reduce Scope 2 emissions,

in addition to installing energy-saving equipment and solar power generation systems (22 stores, 1 office), we implemented a planned procurement of non-fossil fuel certificates in the fiscal year ended March 2026 so as to secure diversified supply of green electricity. As a result, emissions for the current fiscal year were 160,375 t-CO₂ demonstrating a solid reduction in emissions.

In anticipation of the future application of the SSBJ disclosure standards, we are working to improve the accuracy of data calculation and establish management systems across the entire company, including companies newly added to our Group through M&A. By building a resilient management foundation that does

not depend on the uncertain energy market, we will ensure the “certainty of measures” aimed at achieving our target for the fiscal year ending March 2031 of reducing Scope 1 and 2 emissions by 40% (compared to the fiscal year ended March 2022).

Initiatives to reduce Scope 3 emissions

Our Group is reforming our logistics structure to reduce the environmental impact across the entire supply chain. The integration effects of distribution centers in the Tokai and Kyushu areas were further enhanced by the optimization of delivery routes this year, resulting in significant improvements in shipping efficiency. As a result, CO₂ emissions in Category 4 (transportation and delivery) were significantly reduced by 14.0% compared to the previous year. Utilizing this distribution network, we continue to collect and recycle used paper as raw materials for

our PB products, and ensure thorough waste sorting. Furthermore, we will also engage in direct dialogue with our business partners and begin full-scale collaboration to achieve our newly disclosed medium- to long-term reduction targets for Scope 3. On the product front, we are strengthening the development of PB products using the “FACE to EARTH Mark” based on our own Environmentally Friendly Products Guidelines. We will continue to work closely with our stakeholders to build a robust and sustainable supply chain.

Item	Fiscal year ended March 2025	Fiscal year ended March 2026		Fiscal year ending March 2027
	CO ₂ emissions (t-CO ₂)	CO ₂ emissions (t-CO ₂)	Main achievements	Action plan
Scope 1	3,764	3,593	Optimizing company vehicles and switching to next-generation vehicles	Switching to next-generation vehicles
Scope 2 Market-based	167,074	160,375	Use of renewable energy, purchase of FIT non-fossil certificates, and switch to energy-saving models for air conditioners and refrigeration equipment	- Introduction of energy-saving equipment (LED lighting, air conditioners, refrigerators, etc.) - Installation of solar power generation systems - Purchase of FIT non-fossil certificates
Scope 1+2 Total	170,838	163,968		
Category 1: Purchased goods and services	1,571,809	1,649,933	- Request to business partners regarding CO₂ emissions reduction - Introducing environmentally friendly PB products - Reviewing delivery operations by integrating logistics warehouses - Promoting the recycling of store waste - As a partner company of “Re-style” initiative with the Ministry of the Environment, conducting 3R activities in cooperation with customers, business partners, and local communities	Promoting emissions reduction to achieve set targets through emissions visualization and dialogue with business partners
Category 2: Capital goods	55,610	50,074		
Category 3: Fuel- and energy-related activities	29,948	31,075		
Category 4: Upstream transportation and distribution	16,611	14,285		
Scope 3	29,541	900		
Category 5: Waste generated in operations	1,658	1,689		
Category 6: Business travel	4,792	4,883		
Category 7: Employee commuting	222	220		
Category 12: End-of-life treatment of sold products	3,684	4,079		
Category 14: Franchises				
Scope 3 total	1,713,875	1,757,138		

Environmental measures

Climate change (disclosures in line with TCFD recommendations)

Recognizing climate change as one of the most urgent and important environmental issues, we expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2021 and disclose our governance, strategy, risk management, metrics and targets in accordance with the frameworks.

Governance

In order to adapt to changes in the external environment due to climate change and to enhance sustainable business practices, we have established a Sustainability Committee, chaired by the President and Representative Director and composed of full-time Directors, full-time Corporate Auditors, heads of all division , and other members appointed by the Committee Chairperson. The Committee meets four times a year to conduct deliberation and assessment of risks and opportunities related to climate change, make decisions on key policies and initiatives, and report on KPI progress and other relevant matters. The Board of Directors supervises important matters and action plans discussed by the Committee. In addition, our General Planning Office serves as the secretariat of the Sustainability committee and works with related departments to minimize the impact of climate change on our business by regularly analyzing climate change risks and opportunities, confirming the status

of responses to identified risks and opportunities, and reviewing our climate change response plan.

Bodies and departments	Roles
Board of Directors	- Supervising the Sustainability Committee - Deliberating on and making decisions related to important policies and matters pertaining to climate change
Sustainability Committee	- Managing and reporting on the progress of actions taken to respond to climate change - Reporting and offering advice to the Board of Directors (four times per year and as necessary) - Deliberating on and evaluating various types of analysis, measures, etc. related to responding to climate change
General Planning Office (the Sustainability Committee secretariat) and related departments	- Analyzing risks and opportunities related to climate change - Gaining an understanding of the impacts on our business strategy - Considering measures to mitigate or adapt to climate change and disclosing related information

Strategy

We re-identified material issues by analyzing the significance of external environmental factors and social issues, both to society and to our group. We will continue to regard the response to climate change as a critical management issue for us, and to address the material issues “consideration of the health of Earth,” we will promote various initiatives to become “a company that contributes to an ethical society by reducing CO₂ emissions from our business activities to net zero.” In addition, we conducted an impact analysis of our retail business based on the IEA’s NZE scenario and the IPCC’s assumed scenario, with the aim of identifying

issues that need to be addressed by us from a long-term perspective and understanding the possible impacts. As a result, we have identified increased energy costs and resource materials as the main transition risk, damage to stores and employees due to natural disasters as the main physical risk. We also recognized new opportunities, including changes in consumer awareness (shift to sustainable consumption behavior). Based on these findings, we are promoting initiatives such as installing energy-saving equipment and solar power generation to reduce risk, and developing and promoting environmentally friendly PB products to create opportunities.

Risk management

Recognizing that “delays in responding to climate change risks” could lead to a major management risk, we have incorporated it into the company-wide risk assessment items and monitors the progress of KPIs in the same manner as other risks. The risks and opportunities identified in the scenario analysis are analyzed by the Sustainability Committee secretariat, which takes the lead in developing a

plan of action. These measures are incorporated into business strategies, and after setting KPIs and departments in charge of each measure, the Sustainability Committee deliberates on them and reports to the Board of Directors. Through this series of processes, we update risk assessment items as necessary and manage them in accordance with our internal risk management implementation plan.

Metrics and targets

Our goal is to achieve “net zero CO₂ emissions and 100% eco-friendly PB products by the fiscal year ending March 2051”. We have set KPI targets for the fiscal year ending March 2031 of reducing Scope 1 and 2 CO₂ emissions by 40% compared with the fiscal year ended March 2022, reducing Scope 3 CO₂ emissions by 20% compared with

the fiscal year ending March 2026, and increasing the ratio of environmentally friendly PB products to 60% or more. We are steadily advancing initiatives to achieve these goals. In addition, our initiatives for climate change have earned us a “B” rating under the CDP, an external rating organization, for the third year in a row.

Identifying risks and opportunities

We analyze climate change risks and opportunities in our retail business based on the IEA’s NZE scenarios and IPCC assumed scenarios. As a result of our analysis, we have identified particularly critical risks, such as the introduction of carbon pricing, increased store costs due to higher electricity prices, and the impact of severe weather-related disasters, and we are working

to procure renewable energy and develop and promote environmentally friendly PB products. To address the material issue “consideration of the health of the Earth,” we will promote energy and resource reduction throughout our entire supply chain, aiming for “net zero CO₂ across our entire Group and 100% eco-friendly PB products” by the fiscal year ending March 2051.

	Category	Risk	Realization/achievement period *1	Financial impacts	Related businesses and key measures
Transition risks	Introduction of and increase carbon pricing, Stronger GHG (greenhouse gases) emissions regulations	- Increased store operating costs - Increased raw material procurement costs - Increased manufacturing costs	Medium term	Approximately 3.5 billion yen (per year) * The amount resulting from the introduction of the carbon pricing system is shown here. The above calculation assumes a carbon price of 140 dollars per ton based on the NZE Scenario.	- Optimization of the number of company cars - Transition to next generation vehicles - Installation of solar panels
	Rise in electricity prices	- Increased energy costs - Increased raw material procurement costs - Increased manufacturing costs	Medium term		
	Stronger CFC regulations	Increased investment costs to shift to non-CFC equipment in stores, etc.	Medium term	Approximately 800 million yen (converted to an annual value) * The above calculation assumes an average capital investment of 5 million yen per target store.	Switch to eco-friendly high efficient air conditioners and refrigeration equipment at stores
	Stronger plastic regulations	Increased procurement costs to obtain alternative raw materials in response to plastic regulations	Short term	The impact on the Group's business and finances is assumed to be somewhat large.	Simplification of packaging and reduction of materials used for private brand products
	Change in consumer attitudes	Decline in brand image due to delayed environmental consideration	Medium term	The impact on the Group's business and finances is assumed to be minor.	Development of environmentally friendly PB products
Physical risks	Growing intensity of extreme weather-related disasters	- Damage to employees, the source of our value creation - Damage to the stores themselves and decreased sales due to store closures	Medium term	The impact on the Group's business and finances is assumed to be somewhat large.	- Implementation of regular checks on safety confirmation systems for all employees - Establishment of disaster preparedness manual
	Rise in global average temperatures	Increased electricity use in stores	Medium term	Approximately 700 million yen (per year) * The above calculation assumes a 10% increase in the amount of electricity used by air conditioning and refrigeration equipment.	Directly or indirectly contribute to measures against climate change, such as reduction of CO₂ emissions
Opportunity	Introduction of and increased carbon pricing, Stronger GHG (greenhouse gases) emissions regulations	Reduced operating costs when the carbon price increases due to the use of low-emission energy sources	Medium term	Approximately 1.7 billion yen (per year) * The above calculation is based on the NZE Scenario and assumes a 50% CO ₂ emission reduction rate.	Introduction of renewable energy
	Investments in energy saving equipment	Reduced energy consumption due to the use of low-emission energy sources	Medium term	Approximately 1.2 billion yen (per year) * The above calculation assumes that energy saving equipment can be introduced at 30% of all stores and an electricity use reduction rate of 30%.	Switch to energy-saving equipment, such as LED lighting and more efficient air conditioners at stores
	Change in consumer attitudes	Increased sales due to the development of environmentally friendly products and services	Medium term	Approximately 1.6 billion yen * The above calculation assumes the achievement of all of the KPIs related to our fiscal year ending March 2031 net sales targets, net private brand product sales composition, and the ratio of environmentally friendly private brand products, as well as a sales increase rate of 2%.	Development of environmentally friendly PB products

*1: In the table above, “short term” means up to the fiscal year ending March 2028, “medium term” up to March 2031, and “long term” up to March 2051.

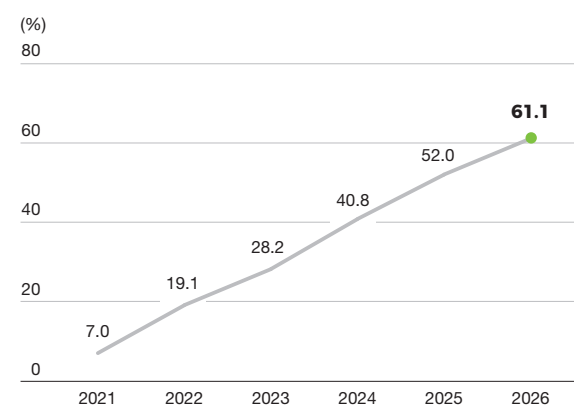
Environmental measures

Initiatives to increase the environmentally friendly PB product ratio

To further promote environmentally friendly measures for PB products by the type of material, our Group established the “Environmentally Friendly Products Guidelines” for packaging materials in the fiscal year ended March 2023, and we have called for cooperation among our contract manufacturers. As a result, our environmentally friendly PB product ratio has been steadily increasing with the support of many of our contract manufacturers. At the same time, as concern for the environment increases, regulations on packaging materials are being tightened in Japan and overseas, and new materials are being developed to meet these requirements. In order to respond flexibly to these changes and further promote the development of new environmentally friendly PB products that meet customers’ needs, we updated our “Environmentally Friendly Products Guidelines” in March 2026. Through this update, we will promote more detailed management and handling of not only packaging materials but also products themselves. In order to further promote

the use of environmentally friendly materials, we will strengthen our cooperative relationship with our contract manufacturers, and address the materiality of “consideration of the health of the Earth” by developing and supplying environmentally friendly PB products.

Environmentally friendly PB product ratio (fiscal year ending March)



Environmental logo

With the aim of increasing the ratio of PB products, our Company established the new “Environmentally Friendly Products Guidelines” and our own environmental logo “FACE to EARTH Mark.” This logo is based on the letter “e” of EARTH and represents the “smiles” of the Earth, manufacturers and customers. Through the logo, our Company has expressed our strong desire to contribute to better lives and a better future by taking a sincere approach

to environmental issues and committing to working with our stakeholders through our products. In addition, with the aim of reducing the environmental impact of PB products throughout the entire supply chain, from manufacturing to delivery to customers, we have newly established our own “FACE to EARTH Mark accreditation criteria” for product packaging materials, and we are gradually applying this logo to products launched from April 2026 onwards.

Classification	Guidelines
Reduce	Simplification, weight reduction, miniaturization and concentration
Reuse	Products sold as refills or replacements, in addition to main unit Products that can be used repeatedly for a certain period of time
Recycle	Use of recycled materials and recycled paper Utilization of waste Easier disassembly and sorting Switching to a single material
Renewable	Use of plant-derived raw materials
Protection	Display of environmental logo, etc. Visualization of environmental impact Substitution with non-plastic materials



Updates to the environmental guidelines

In the new guidelines updated in March 2026, we redefined the framework as five initiatives to protect the health of the Earth by incorporating “Renewable” and “Protection” in addition to the conventional environmental 3Rs (Reduce, Reuse, Recycle). In order to make environmental considerations “more accessible” to our customers and simultaneously contribute to a sustainable society and enhance our Group’s corporate value, we will promote initiatives in accordance with clearer standards, such as the development of reusable products that reduce environmental impact, the use of plant-

derived raw materials, and the simplification of packaging. Furthermore, when formulating the guidelines, we will also take into consideration the opinions of third-party organizations and promote efforts based on objective evidence. Amid growing concern for the environment, we will promote our products through this logo and expand sales of our PB products. We also aim to reduce the environmental impact across the entire supply chain as part of our efforts to realize a sustainable society and further enhance our corporate value.

Quality control of PB products

We share the vision of the “matsukiyo” brand with approximately 560 factories (as of March 31, 2026) in Japan and overseas that manufacture pharmaceuticals, cosmetics, daily necessities, and food products and have established a cooperative framework with them. We work with our business partners to improve quality on a daily basis in order to provide functionality and value beyond our customers’ expectations and to earn their unwavering trust in our safety and security.

The “matsukiyo” brand has established strict quality standards for each product category. We implement quality control by incorporating “ingredient and product inspections”, “manufacturing process inspections”, and “verification of regulatory compliance” into our process in cooperation with external testing agencies and manufacturing plants. Furthermore, we are promoting measures at our overseas manufacturing plants in conjunction with CSR audits.

Conduct quality control audits and CSR audits

Auditors from our Company or external specialized firms visit the factories of our contract manufacturers to conduct audits of the manufacturing environment and operational status. In accordance with our own audit criteria based on ISO 9001 and cosmetics GMP, we verify areas such as “quality control system”, “raw materials and supplies management”, “hazardous materials and equipment management”, “manufacturing process management”, “lot, inspection and shipping management”, and “5S management (sorting, tidying, cleaning, standardization and discipline)”. Through this process, we identify issues and request improvements to maintain and improve quality. Currently, we are working to conduct CSR audits of our contract manufacturers, including not only

domestic manufacturing plants but also overseas manufacturing plants. We will enhance sustainability across our supply chain by identifying risks at our contract manufacturers at an early stage based on criteria such as whether there are “any problems with operations,” “any factors in the supply chain that could hinder the realization of a sustainable society,” and whether “systems are in place to respect human rights of employees,” and by working together to implement appropriate risk mitigation measures. In addition, the Internal Control Office conducts internal audits of the Quality Control Division from the three perspectives of “quality control,” “risk management,” and “compliance,” and strives for continuous evaluation and improvement.

Conduct quality control audits and CSR audits

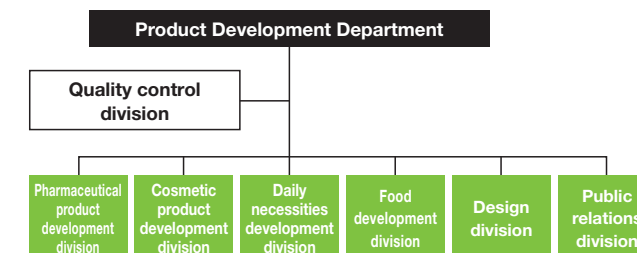
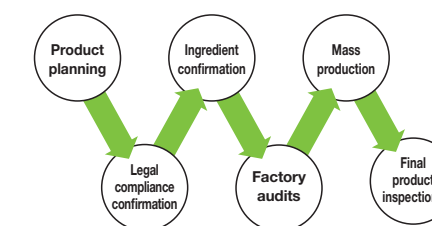


Image of quality control operation

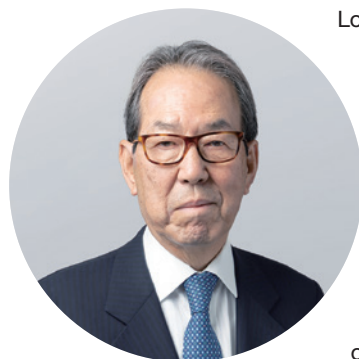


Messages from the Outside Directors

Developing corporate governance

Key strategies
Contributing
and giving back
to society

Materiality
Effectiveness
of governance



Lead independent outside
director

Keiji Kimura

Looking back on the first year of the medium-term management plan, I highly commend the efforts of the executives to build competitive advantage through a highly profitable business model by developing a unique platform business. Reflecting the basic management policy of “co-creating and sharing value”, the Group’s mission is to continue creating value while providing benefits to customers and other stakeholders. I am aware that the role of outside directors is particularly important for our Group, where members of the founding family are involved in management. From my perspective, I have advocated leveraging debt financing as a means of further improving capital efficiency. In addition to regular Board meetings, we hold meetings composed exclusively of outside officers quarterly in order to avoid biased viewpoints or rigid discussions, and also to reflect diverse opinions in management. The purpose of this meeting is to conduct discussions from a standpoint that does not depend on the premises of the executives. Separate opportunities are provided for dialogue with the President regarding the results of these discussions and recognition of the issues. Through these initiatives, I intend to enhance the effectiveness of governance and support the management in setting out a strong vision for growth, while adhering to a governance system in which supervision and execution function in tandem.

Achieving the Group’s medium-term management plan will entail large-scale investment and M&As. In order to ensure the appropriateness of management decisions taken during this process, it is essential to consider not only existing legal risks but also potential legal risks that we may face in the future. For example, in the case of large-scale investment projects, such as large-scale expansion and reconstruction of stores in Tokyo, I focus on the role of preventive legal affairs by clarifying potential legal risks, including whether there are hidden risks in contractual terms and whether necessary procedures are strictly complied with. Similarly, in M&A transactions that support our federation initiatives, I place particular emphasis on the role of preventive legal oversight, examining the due diligence process and its findings, as well as the appropriateness of contractual arrangements, to identify potential legal risks before they materialize. I approach these matters from both the perspective of a legal professional and an outside director. I anticipate risks and propose countermeasures to help executives pursue growth with confidence. I also advise the Group to ensure ethical standards and prevent violations. Through effective risk management, I will continue to contribute to building a solid governance foundation for the Group in a way that earns the trust of society.



Outside director

Junko Kawai

As the first year of the medium-term management plan, the fiscal year ended March 2026 was an important year for future growth. Both net sales and operating profit reached record highs, and I feel this has laid the groundwork for the next stage of growth. The Board of Directors must fulfill its responsibility to translate these results into sustainable growth. For the Group, it is necessary to monitor whether investment discipline and financial strategies are appropriately responding to the requirements of the capital markets, while leveraging the agility of a family-founded business as an asset. With a view to implementing the Group’s growth investment plan of 210 billion yen over six years, the Board has discussed the balance between investment efficiency and financial discipline in this fiscal year’s projects from the various perspectives before granting its approval. Furthermore, the decision to allow Shinseidoyakkyoku to join was made after examining not only the appropriateness of the payback period and capital allocation, but also future scenarios about whether the horizontal expansion of dispensing DX to Shinseidoyakkyoku could increase profitability. Drawing on my management experience, I will continue to contribute to the establishment of solid foundations for growth and the creation of social value through rigorous strategic audits, as well as thorough risk management.



Outside director

Hideaki Shinada



Outside director

Taeko Yamamoto

The strength of the Group is that it has a platform that leverages more than 170 million customer touchpoints and incorporates this into its strategy in unique ways. In addition to its ability to analyze purchasing data in-house, I highly value the Group’s ability to combine this data with other resources to create unique value. In order to support the promotion of this data strategy, I use my experience to advise the executives, focusing on the perspective of DX. Specifically, in the case of the large-scale core system upgrade and POS integration, I asked the executives to streamline the system to prevent increases in system complexity and costs. I will continue to focus on how customer contact can directly lead to improved operating profit margins through DX, and provide advice as necessary. In addition to overseeing and advising on DX-related initiatives, I will continue to contribute to the Group’s sustainable growth from the independent perspective of an outside director, providing oversight across management as a whole.

Throughout my career in the global IT sector, I have been involved in formulation of business strategies and developing new businesses, and have led management reforms on a global scale as Chief Marketing Officer. As the Group aspires to become Asia’s No. 1 drugstore, realizing growth scenarios in the overseas business will be extremely important. At the Outside Officers’ Meeting, which I participated in for the first time as a newly appointed Outside Director, I suggested that in order to achieve overseas business sales of 100 billion yen in the fiscal year ending March 2031, it will be necessary to pursue aggressive M&As of local competitors and establish a subsequent PMI system in addition to expanding the store network. Going forward, I will strive to provide highly effective supervision and advice so that the Board of Directors can provide maximum support to the Group as it aims to further increase its value from a global perspective.



Outside director

Akiko Asami



Outside director

Yoshino Tsujita

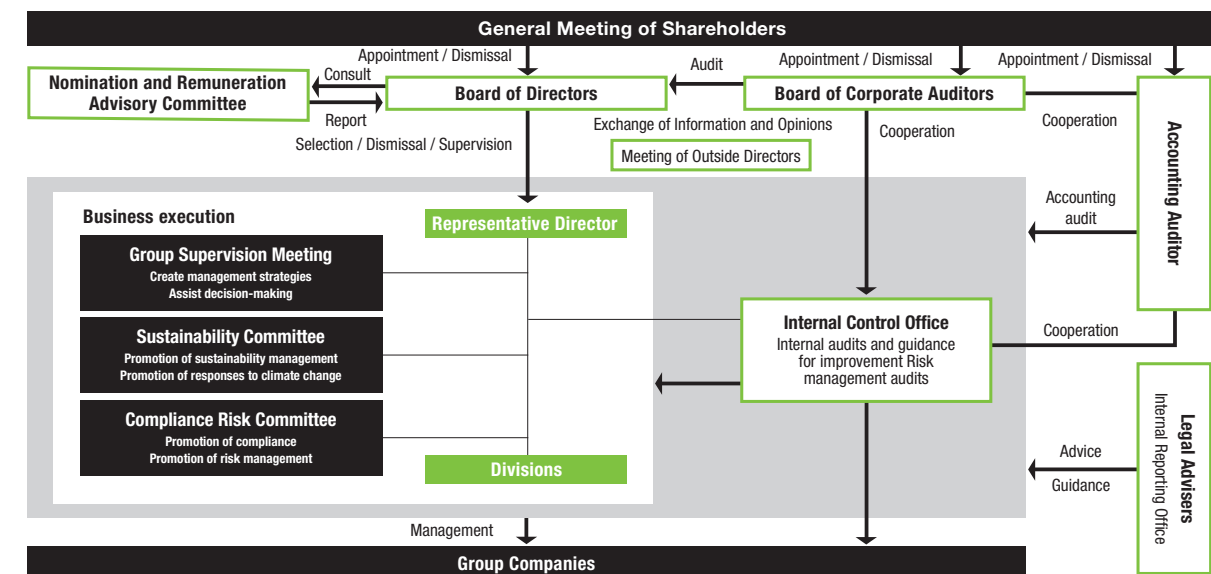
I was recently appointed as an Outside Director. Drawing on my experience in capital markets at a global financial institution, as well as in corporate planning, compliance, investor relations, and corporate communications at Japanese companies, I will make recommendations focusing on the Group’s financial strategies and market valuations. The Group has set an ROE of 12% or more as one of its management targets, and I will monitor from the perspective of the capital markets whether the executives are making optimal decisions in light of the cost of capital. I also highly value the Group’s commitment to human capital management, which supports the Company’s long-term ability to execute its strategy. In particular, I view the incorporation of Employee Engagement Survey score into director compensation evaluation as a meaningful approach to governance beyond protecting corporate value. In cooperation with the Sustainability Committee, I will closely examine the correlation paths through which non-financial initiatives lead to improvements in financial KPIs and PBR and support improvements in capital efficiency, and I will strive to maximize the Group’s corporate value.

Corporate Governance

Disciplined management system

Our Group has identified the reduction of the cost of capital by pursuing “effectiveness of governance”, which is one of our materiality, as an important management issue for the sustainable enhancement of our corporate value. Aiming to establish “proactive governance” to support our medium-term management plan, we are currently exploring a transition to a monitoring-based system that shifts the role of the Board of Directors to “strategic oversight.” As part of this effort, we reviewed our annual agenda for the current fiscal year in order to

discuss important topics in depth, including the cost of capital and our business portfolio. Looking ahead, in addition to the “ratio of independent outside directors at 50% or more,” we will also set the “ratio of female directors at 30% or more” as a new KPI to consolidate diverse insights, strengthen objective supervisory functions, and enhance the effectiveness of monitoring. We will minimize information asymmetry and uncertainty through continuous management reforms, and implement highly transparent management in order to gain the trust of markets.



Key points of our governance

- Company with a board of corporate auditors
- Term of office for directors: 1 year
- Chairman of Board of Directors: President
- Lead independent outside director
- Executive Officer system: Implemented
- 9 independent outside officers out of 18 total officers, including 6 female officers (improving supervisory functions and diversity including skills)
- Establishment of an “Outside Directors’ Meeting” (to promote active information exchange among outside directors and strengthen oversight functions)
- A Group Supervision Meeting is established as subordinate body to the Board of Directors (improving operational efficiency)
- An Internal Control Office is established (ensuring appropriateness and efficiency of business activities)
- A Compliance Risk Committee is established (promoting compliance and risk management)
- A Nomination and Remuneration Advisory Committee is established (to strengthen and enhance the corporate governance system and improve corporate value)
- A Sustainability Committee is established (to promote sustainability management and improve corporate value)

Targets and KPIs	KPI	Goal for the fiscal year ending March 2031	Actual results for the fiscal year ended March 2026
	Ratio of independent outside directors	50% or more	42.9% (as of July 1, 2026)
	Ratio of female directors	30% or more	28.6% (as of July 1, 2026)

Operation of the Board of Directors

Based on our basic policy of formulating medium- to long-term management strategies and appropriately supervising business operations, our Board of Directors has clearly defined the responsibilities of each director and has established a system in which outside directors work together to reflect diverse perspectives into management.

Three roles expected of outside directors

- 1** Providing advice to enhance corporate value in the medium to long term
- 2** Overseeing management in critical decision-making processes
- 3** Reflecting diverse stakeholder perspectives in governance

Major indicators	Target	Results
Ratio of independent outside directors	50% or more	42.9%
Ratio of female directors	30% or more	28.6%
Ratio of female officers*	—	33.3%

*Directors and auditors: the results in the table above are figures as of July 1, 2026.

Major topics at the Board of Directors meetings in the fiscal year ended March 2026

Theme	Major topics
Medium-term management plan	● Evaluation of the progress of the medium-term management plan ● Analysis of the medium- to long-term external environment and our Company’s growth plan
Cost of capital	● Pursuit of profitability and growth potential with an awareness of cost of capital ● Shareholder returns policy
Strategic investment	● Store opening strategy ● Overseas business strategy
Asset portfolio optimization	● Planned reduction of cross-shareholdings and the status of dialogue with companies holding cross-shareholdings
Sustainability	● Environmental initiatives in the supply chain ● Risk management

Setting the annual agenda for the fiscal year ending March 2027 at the Board of Directors

Aiming to make a transition to a monitoring-based system, we have reviewed our annual agenda and improved the quality of discussions so that the Board of Directors can focus on its essential role of overseeing strategy. This will allow us to secure time to discuss important issues in depth such as the cost of capital and our business portfolio, thereby further enhancing the effectiveness of governance.

Main topics of discussion	1	Group management plan (strengths/external environment analysis/PL, BS, CF forecast, etc.), and report on IR/SR activities
	2	Management with an awareness of the cost of capital and stock price (capital efficiency)
	3	Management strategy audits (progress and validation), shareholder returns policy
	4	Corporate governance system and skill set
	5	Candidates for director appointments (including succession planning), director compensation structure

Evaluation of the effectiveness of the Board of Directors

Overview of the Board effectiveness evaluation	Evaluation method	Evaluation items
With the cooperation of a third-party organization, we regularly conduct effectiveness evaluations of all directors. In order to enhance the effectiveness of the Board of Directors in the fiscal year ended March 2026, and to accelerate preparations for the future transition to a monitoring-based system, evaluation of the Board of Directors was designed based on two pillars: (1) recurring and standardized questions to assess the current effectiveness of the Board and (2) open-ended questions about concerns, expectations, and future issues regarding our Company’s corporate governance. While confirming that the foundation for highly effective management of the Board of Directors is in place, we conducted multifaceted evaluations with the aim of realizing our desired future goals.	Five-grade evaluation (with comments for each question) and additional space for open-ended comments on the evaluation	1 Composition and operation of the Board of Directors 2 Management strategy and business strategy 3 Business ethics and risk management 4 Senior management evaluation and compensation 5 Dialogue with shareholders, etc.
Major issues identified in evaluations	● Enhancing supervisory functions related to director nomination and compensation strategies by strengthening cooperation with the Nomination and Remuneration Advisory Committee ● Developing medium- to long-term holistic strategic discussions on individual issues such as DX policy, the business portfolio, and cost of capital ● Further enhancing agenda control and information sharing systems with outside directors in preparation for a transition to a monitoring-based Board of Directors	

Initiatives in the fiscal year ended March 2026 and future direction

In response to the issues identified in the evaluation of the fiscal year ended March 2025, we implemented measures in the fiscal year ended March 2026 such as enhancing deliberations on the medium-term management plan and the cost of capital incorporating the opinions of shareholders and investors, strengthening prior briefings and exchanges of opinions with outside directors, and considering the introduction of non-financial KPIs into director compensation at the Nomination and Remuneration Advisory Committee. As a result, in the effectiveness evaluation for the fiscal year ended March 2026, “reflecting the content of dialogue with stakeholders into management” received the highest score, and the

overall score improved to 4.5 out of 5, confirming the highest level of effectiveness ever. On the other hand, a lack of supervisory involvement in DX policy and director compensation, as well as shortage of forward-looking strategic discussions with a holistic view of the entire business, such as those on capital efficiency, were identified as the next issues. Looking ahead, we will further advance toward a monitoring-based Board of Directors by, for example, strengthening our comprehensive oversight functions through the review of resolution items, improving the transparency of the Nomination and Remuneration Advisory Committee, and setting annual priority themes at meetings of outside directors.

Basic requirements for directors and appointment process

We appoint directors who meet the following requirements.

1 Expertise of corporate management

To achieve our Group's vision and management targets, directors must be capable of understanding changes in the management environment in the fields of health and beauty and then formulating appropriate strategies. In addition, directors must have a wide range of knowledge and experience necessary to achieve the management plan and maximize corporate value.

2 ESG and sustainability

Directors must have extensive knowledge and experience in environmental, social and governance (ESG) practices and sustainability (including solutions to environmental and social issues) to ensure the smooth execution of our Company's management plans, the long-term enhancement of our corporate value, and the management of our Group. In addition, directors must meet the business execution requirements necessary to implement our Company's "four materialities (consideration of the health and beauty of society, employee growth, consideration of the health of the Earth, and effectiveness of governance)."

Basic requirements for outside directors

In the decision-making processes of the Board of Directors and other bodies, outside directors are required to maintain a high-level supervisory functions over our Company's management practices by providing necessary feedback and pointing out issues from an independent and objective standpoint based on their extensive experience, knowledge, and expertise.

Appointment process

The Company consults the Nomination and Remuneration Advisory Committee about candidates for directors, taking into consideration the composition of the Board of Directors, the qualifications and performance of the eligible candidates, and the criteria for director appointment. The Committee reviews the proposed director candidates and reports to the Board of Directors. The Board of Directors then discusses and passes a resolution, giving the utmost consideration to the Committee's report. Upon approval, the Board of Directors submit the candidate for directors to the general meeting of shareholders.

Skill matrix items and reasons for selection

Item	Reasons for selection	Item	Reasons for selection
DX	In order to realize the Group's Vision and Management Targets, it is important that we utilize and promote information technology while providing new value to our customers and expanding our business. Therefore, we require Directors who possess a wide range of knowledge and experience needed to promote DX and build a corporate culture in which DX is deployed as a strength.	Global	With the aim of becoming Asia's No. 1 drugstore group, it is important to formulate growth strategies for our global operations and supervise their management. Therefore, we require Directors who have experience in overseas business management and also possess broad knowledge and experience in overseas lifestyles, cultures, and business environments.
Marketing	In order to realize the Group's Vision and Management Targets, it is important that we utilize marketing that is responsive to our customers' values and life stages. Therefore, we require Directors who possess a wide range of knowledge and experience needed for accurately grasping the business environment and consumer preferences, building strategies, and implement specific measures for ensuring our superiority in the industry.	Finance/ accounting/ M&As	In order to realize the Company's management plan, improve our corporate value including financial aspects, and achieve sustainable growth, we require Directors who can conduct appropriate financial activities for rebuilding our revenue base and ensure our financial soundness. We also require Directors who have a wide range of knowledge and experience needed for expanding the scale of our existing businesses and creating new businesses by promoting M&As.
HR Human Resources	In order to achieve the medium-term management plan targets of "ROE of 12% or more" and "shifting 15 to 20% of human resources to strategic areas", we require Directors with broad knowledge and experience who can dramatically increase workforce productivity through the active participation of diverse human resources and organizational development (compounding effects of human capital).	Risk management/ legal affairs	Building an appropriate governance system is the basis for sustainable enhancement of our corporate value, and it is important to improve the effectiveness of management supervision by the Board of Directors. Therefore, we require Directors who possess solid knowledge and experience in the fields of corporate governance, risk management, and compliance.

Skill matrix

We have identified the skills the Board of Directors as a whole should possess, in order to promote strategies for sustainable growth and medium- to long-term enhancement of corporate value of our Company. We expect our outside directors to oversee management from an independent and objective perspective. For this reason, regarding outside directors, the Company places particular emphasis on their high level of expertise and abundant experience in "management experience at other companies (corporate management)," "international perspectives" that support global expansion, "legal affairs and compliance (risk management)"

to ensure a sustainable management system.

We believe that the current Board of Directors meets the requirements of our Company's management strategy, as reflected in the skill matrix based on the expertise and experience of each director, and possesses sufficient and appropriate knowledge and skills. However, in anticipation of future changes in the business environment and business expansion, we are focusing on selecting candidates for the next generation of directors and developing successors to ensure that we can consistently maintain an optimal governance structure.

● indicates the possession of experience and knowledge

Name	Current position and responsibilities at the Company	Business execution requirements					
		DX	Marketing	Human resources	Global	Finance/ accounting/ M&As	Risk management/ legal affairs
Namio Matsumoto	Chairman of the Board		●				
Kiyoo Matsumoto	President and Representative Director		●		●		●
Atsushi Tsukamoto	Vice President and Representative Director	●	●				●
Takashi Matsumoto	Vice President and Representative Director Head of Group Sales Planning	●	●		●		
Shingo Obe	Senior Managing Director Head of Group Management			●		●	●
Akio Ishibashi	Managing Director Head of Group Management Planning	●	●			●	
Tsuyoshi Yamamoto	Director Head of Group Business Planning			●		●	●
Takashi Matsuda	Director Deputy Head of Group Sales Planning	●	●		●		
Keiji Kimura	Outside Independent Director				●	●	●
Junko Kawai	Outside Independent Director			●		●	●
Hideaki Shinada	Outside Independent Director		●	●	●		
Taeko Yamamoto	Outside Independent Director	●	●		●		
Akiko Asami	Outside Independent Director	●	●		●		
Yoshino Tsujita	Outside Independent Director				●	●	●
Hisao Honta	Standing Corporate Auditor					●	●
Noriko Koike	Outside Independent Corporate Auditor					●	
Shoichi Watanabe	Outside Independent Corporate Auditor						●
Yoko Okumura	Outside Independent Corporate Auditor					●	

Officers

(as of July 1, 2026. The number of the Board of Directors meetings attended is based on results for the period of June 20th 2025 to June 18th 2026.)



By establishing a unique business model, he led the Matsumotokiyo brand to a position with strengths in the health and beauty fields and contributed to the development of the drugstore industry through the establishment of the Japan Association of Chain Drug Stores. Based on his extensive experience and broad perspective, he is expected to contribute to enhancing the effectiveness of the Board of Directors and enhancing the corporate value of the entire Group.

Chairman of the Board

Namio Matsumoto

Attendance Board of Directors **14**/14



He successfully and smoothly achieved the management integration of the former Cocokaraine Group by demonstrating leadership that values the workplace, and significantly improved the company's operating profit margin. Based on his extensive knowledge of the industry and a deep understanding of sustainability, he has contributed to expanding business scale and increased profitability. He is expected to continue maximizing group synergies.

Vice President and Representative Director

Atsushi Tsukamoto

Attendance Board of Directors **14**/14



As the Head of Group Management, he introduced human capital-related KPIs and built the foundations for data-driven human capital management. He oversees the governance structure, including financial and legal risk management, and promotes the greater sophistication in human capital initiatives. He is expected to continue strengthening our sustainable management foundations based on people, organizations, and governance.

Senior Managing Director

Shingo Obe

Attendance Board of Directors **14**/14



He has worked to restructure the entire Group and promoted business planning, including the introduction of CVC and the establishment of And Company, which is central to the federation initiatives. He has built foundations for promoting collaboration with new partners using a multifaceted investment approach. He is expected to contribute to expanding business areas and enhancing growth potential through new M&As and venture partnerships.

Director

Tsuyoshi Yamamoto

Attendance Board of Directors **14**/14



Based on his broad knowledge as an executive, he has made recommendations to the Board of Directors on the best capital policies and appropriateness of growth investment policies involving debt leverage, as well as the importance of ethics in compliance, thereby contributing to stronger management oversight. He is expected to continue using his insight to contribute to the supervision of the Group as part of efforts to realize sustainable enhancement in corporate value.

Outside director

Keiji Kimura

Attendance Board of Directors **13**/14



He has built the foundations for a highly profitable business structure by promoting bottom-up management that brings out the expertise of diverse human resources and ideas from the workplace. He has expanded the scale of the business and increased profitability by digitalizing sales promotions and pursuing measures targeting inbound demand. In his role as President, he is expected to achieve the goals of the medium-term management plan and drive the sustainable growth of the Group.

President and Representative Director

Kiyoo Matsumoto

Attendance Board of Directors **14**/14



He supervises sales, DX, stores, and overseas strategies, and has increased the value of the brand by building data infrastructure and investing in intangible assets. He has also increased store openings, strengthened the earnings base, and driven global expansion. As the Head of Group Sales Planning, he is expected to continue promoting unique strategies that combine real and digital technologies, and to contribute to sustainable growth.

Vice President and Representative Director

Takashi Matsumoto

Attendance Board of Directors **14**/14



He has led the formulation of the new Group management plan for the fiscal year ending March 2031, and contributed to enhanced dialogue with capital markets by strengthening IR activities. As the Head of Group Management Planning, he will continue to steadily promote and manage the progress of management plans. He is expected to contribute to sustainable enhancement of corporate value by strengthening relationships with stakeholders through dialogue with the markets.

Managing Director

Akio Ishibashi

Attendance Board of Directors **14**/14



He has strengthened the marketing system by promoting the use of data analysis in marketing and improving operations through KPI management. Looking ahead, as Deputy Head of Group Sales Planning, he is expected to contribute to the creation of new customer experience and to increase profitability by making the best use of unique databases.

Director

Takashi Matsuda

Attendance Board of Directors **14**/14



Based on her expertise and extensive practical experience as an attorney, she has provided recommendations and given advice from a legal perspective on the construction of compliance systems and the appropriateness of risk management, and contributed to improving the effectiveness of management oversight functions. She is expected to continue contributing from an independent standpoint to supervision aimed at maintaining and strengthening sound and transparent governance systems.

Outside director

Junko Kawai

Attendance Board of Directors **14**/14



Based on his management experience at a global company, he has highlighted and proposed the need to respond to uncertainties in overseas business and to conduct extensive analysis of competitors, thereby contributing to improved accuracy in our business strategies. He is expected to continue applying his knowledge to supervising the appropriateness of the Group's strategy for global growth from an objective perspective.

Outside director

Hideaki Shinada

Attendance Board of Directors **14**/14



Based on her experience of brand strategy at a global company as well as entrepreneurial and corporate management, she is expected to make recommendations on differentiation strategies and new business creation from an objective perspective and to contribute to improving the effectiveness of management oversight functions.

Outside director

Akiko Asami

Attendance Board of Directors **0**/0*



Leveraging his extensive workplace experience in store operations and general affairs, as well as his expertise in risk management and legal affairs, he has led a collaborative framework among the Group's corporate auditors and contributed significantly to ensuring sound management. As a standing corporate auditor, he is expected to continue performing supervisory functions to strengthen the governance of the entire Group, and to support sound corporate growth through objective and rigorous audits.

Standing corporate auditor

Hisao Honta

Attendance Board of Directors **14**/14



Utilizing his expertise as an attorney, he has conducted on-site visits to group companies to meet directly with senior management. He has also contributed to strengthening the Group's governance by effectively checking potential risks in stores' compliance systems and business operations from a workplace perspective. He is expected to continue ensuring the legality of the Group as a whole and further enhancing our risk management systems through his advanced legal expertise and rigorous audits.

Independent Outside Auditor

Shoichi Watanabe

Attendance Board of Directors **14**/14



Based on her expertise in technological fields, which she cultivated at global companies and IT companies, she has contributed to the establishment of differentiation strategies by making recommendations on the standardization of business processes and promotion of digital strategies on core system transition. She is expected to continue supervising from an objective perspective on the appropriateness of strategies, with a focus on DX and marketing.

Outside director

Taeko Yamamoto

Attendance Board of Directors **14**/14



Based on her extensive experience in finance, corporate planning, IR, etc. at international financial institutions and operating companies, as well as her entrepreneurial experience, she is expected to make recommendations from an objective perspective on the appropriateness of management, taking into account the cost of capital and capital efficiency, and to provide the Board of Directors with expert perspectives on finance and capital policy.

Outside director

Yoshino Tsujita

Attendance Board of Directors **0**/0*



Leveraging her expertise as a certified public accountant, she has contributed to the advancement of governance from a financial perspective, including direct meetings with senior management during site visits to group companies and making recommendations at Board meetings to improve the Group's capital efficiency. As the number of companies participating in the Group is expected to increase in line with the progress of the federation initiatives, she is expected to offer sound and highly effective management audits based on her advanced expertise.

Independent Outside Auditor

Noriko Koike

Attendance Board of Directors **14**/14



Utilizing her expertise as a tax accountant, she has conducted site visits to group companies to meet with senior management directly. She has contributed to strengthening the Group's governance by effectively controlling potential tax and accounting risks from a workplace perspective. As the number of companies participating in the Group is expected to increase in line with the progress of the federation initiatives, she is expected to offer highly transparent management audits.

Independent Outside Auditor

Yoko Okumura

Attendance Board of Directors **14**/14

*Appointed as Director on June 19, 2026

Executive officers (as of July 1, 2026)

Name	Position at the Company	Duties and important concurrent positions
Yasuyuki Oike	Executive officer	General Manager of Wellness Strategies Office, Group Sales Planning General Manager of IT and Logistics, Sales Support Strategies Office (concurrent)
Ryoichi Wachi	Executive officer	General Manager, Internal Control Office
Mitsuhiro Abe	Executive officer	General Manager of Personnel Strategies Office, Group Management
Yasuhiko Nakamura	Executive officer	General Manager of the Business Planning Office, Group Business Planning General Manager of the General Planning Office, Group Management (concurrent)

Name	Position at the Company	Duties and important concurrent positions
Seiichi Tenma	Executive officer	General Manager of Corporate Planning Office, Group Management Planning
Masafumi Morita	Executive officer	General Manager of the Legal Planning Office, Group Management
Shunichi Mori	Executive officer	General Manager of Policy Collaboration Office, Group Management
Taro Yamauchi	Executive officer	Manager of Product Strategy, Sales Strategies Office, Group Sales Planning

MESSAGE

From the Chairman of the Nomination and Remuneration Advisory Committee

Evaluation of and prospects for the effectiveness of governance related to nomination and compensation

Outside director
Chairman of the Nomination and Remuneration Advisory Committee

Keiji Kimura

Nurturing the next generation of leaders and building an effective supervisory system for the federation initiatives

Since assuming the position of outside director in 2018, I have been continuously involved in working to improve the governance of our Company. I have assumed the position of Chairman of the Committee, succeeding Mr. Omura, and I am deeply mindful of the responsibilities that come with this role. Drawing on my experience in corporate management, I will strive to ensure objective and transparent committee operations while maintaining an appropriate degree of constructive tension with the executive side. In the fiscal year ended March 2026, we deepened implementation of the succession plan, including for the CEO, in order to achieve the goals of the medium-term management plan. In light of the rapidly changing market environment, we continuously deliberated and monitored the selection and development process for next-generation leaders who can lead flexible management while leveraging the Company's four core competencies. For example, we have engaged in substantive deliberations aimed at enhancing both the Company's agility and the quality of its governance, including clarifying the qualifications and attributes expected of next-generation

leaders in President appointment criteria and examining the optimal officer succession in preparation for a phased transition to the new leadership structure. We also need to remember that improving the diversity and expertise of the Board of Directors will be essential to improving the effectiveness of supervisory functions. The Committee reassessed the skill areas required to execute our management strategy and, at the same time, standardized the evaluation of directors' expertise by redefining and organizing each director's experience and knowledge based on a common set of criteria within the skills matrix. Through this review process, we identified gaps in the Board's expertise and revisited the requirements of the skills matrix itself. As a result, in June 2026, we appointed two new independent outside directors with deep expertise in digital transformation (DX), global business, and finance and capital markets. Going forward, I will continue to pursue supervision that contributes to the creation of medium- to long-term corporate value and fulfill my duties as Chairman while taking into account the perspectives of stakeholders.

Nomination and Remuneration Advisory Committee

As an advisory body to the Board of Directors, we have established a voluntary "Nomination and Remuneration Advisory Committee," in which a majority of the members

are outside directors. During the current fiscal year, the Committee deliberated on and submitted recommendations primarily on the following matters.

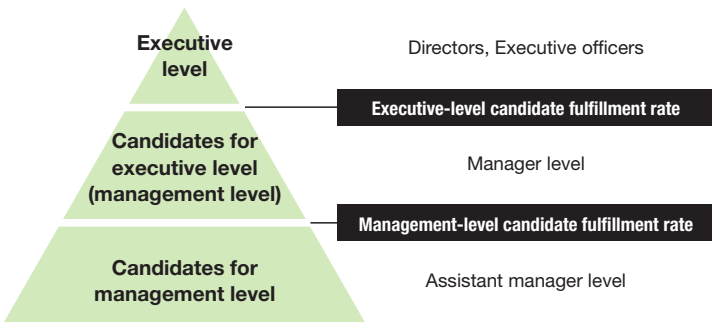
Overview of activities in fiscal year ended March 2026

Number of meetings	Major topics
6 (April 2025 to March 2026)	1 Matters related to director nomination 1 Skill set 2 Director candidates, executive officers, and the representative directors of Group operating companies 3 Succession plan 4 Shareholders' expectations of the committee
	2 Matters related to director compensation 1 Performance evaluation KPI 2 Shareholders' expectations of the committee

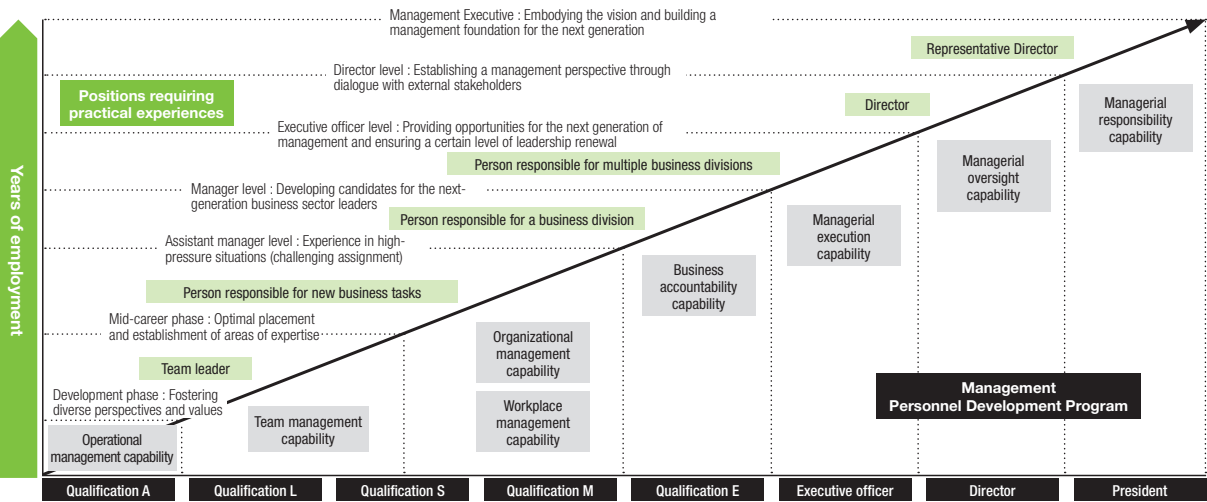
Succession plan

Our Company's basic policy in our succession plan is to systematically develop and select successors for the role of President and other executive roles, to achieve a successor preparation rate of 200% for important positions (currently 138.8% in the case of candidates executive level, and 168.1% for management level), and to conduct smooth successions at the right time by utilizing the talent management system. The Board of Directors, Nomination and Remuneration Advisory Committee, current senior management, and Human Resources Department work together to formulate these plans. The Board of Directors sets basic policies and clarifies the human resources requirements for the next generation of leaders in executives, including the president, in a way that is consistent with the goals of our Company's long-term management strategies and medium-term management plan. In addition, the current executive team and the Human Resources Department plays a central role in implementing a systematic development program based on human resource requirements and assigning candidates to key positions. The Nomination and

Remuneration Advisory Committee is responsible for selecting and evaluating specific candidates, monitoring their development, and formulating proposals for their appointment and dismissal, thereby ensuring highly effective development and selection processes. Ultimately, the Board of Directors deliberates and decides upon the proposed selection and dismissal of successor candidates recommended by the Nomination and Remuneration Advisory Committee.



Career Roadmap



Requirements for appointment of President

Director candidates are evaluated and selected based on the following six objective criteria, in addition to meeting the Company's director qualification standards and the requirements defined in the skills matrix.

- 1 Ability to innovate and create**
 - The ability to lead the transformation of the health and beauty business portfolio, based on the Group Vision
 - The ability to drive innovation beyond conventional assumptions and build new growth engines beyond the framework of the drugstore business
- 2 Capability to lead global business management**
 - The ability to respect diverse cultures and values, and allocate management resources optimally in Asia and other global markets
- 3 Organizational development and talent development capabilities**
 - The ability to promote "employee growth", which is a materiality of our Company, enhance employee engagement by improving both Employee Engagement Survey scores and the turnover rates for new employees, and systematically develop and select leaders for the next generation
- 4 Ability to hold dialogue with capital markets**
 - The ability to communicate corporate value, including non-financial value, through constructive dialogue with investors and other stakeholders
- 5 Ability to implement sustainability management practices**
 - Places ESG issues (promotion of health and beauty, environmental consideration, etc.) at the core of management, with a view to achieving both solutions to social issues and corporate growth
- 6 High ethical standards and leadership influence**
 - The personal credibility and leadership influence to unite and inspire the entire Group, grounded in integrity and a strong sense of ethics.

Director compensation

Matters regarding the policy on determining individual director compensation

We have established the “Nomination and Remuneration Advisory Committee” as a voluntary advisory body to the Board of Directors for matters related to nominations and compensation. The individual compensation for our directors is discussed and resolved by the Board of Directors based upon the deliberations and reports of the Nomination and Remuneration Advisory Committee. The proposed compensation for directors for the current fiscal year is formulated in accordance with the director compensation framework previously approved by the General Meeting of Shareholders, our director compensation structure (fixed compensation, performance-based compensation, and stock-based compensation) as well as their positions and

performance. The proposed compensation will be submitted to the Nomination and Remuneration Advisory Committee for consultation and deliberation, and reports to the Board of Directors, which will give the utmost respect to the results of the Nomination and Remuneration Advisory Committee. To foster a desire to contribute to enhancing our Group’s sustainable growth, we have designed a compensation system that aims to secure and retain the talent essential for our Group’s growth. In addition, our compensation system is designed considering factors such as improving consolidated financial performance, strengthening competitiveness, enhancing the effectiveness of governance, and building productive relationships with various stakeholders.

Fixed compensation	Performance-linked compensation
Basic compensation	Performance-based compensation
51.4%	30.0%
	Stock-based compensation
	18.6%

Matters regarding resolutions at the General Meeting of Shareholders on director and corporate auditor remuneration
Within ¥1 billion per year (including an outside director remuneration limit of 100 million yen, with no limit for performance remuneration)

Category		Overview	Eligible officers	
Fixed compensation	Basic compensation		Directors (excluding outside directors)	Outside directors and corporate auditors*
		- Fixed compensation based on position - Monthly pay * Compensation levels are determined based on market standards (companies of similar size in the same industry and in the retail sector)	8	12
Performance-linked	Performance-based compensation	- Set using consolidated net sales, consolidated operating profit, ROE, and Employee Engagement Survey scores as indicators, with a performance coefficient that fluctuates based on the degree of achievement against performance targets. - Monthly pay, calculated during a certain period every year and divided into 12 equal parts	8	-
	Stock-based compensation	- Set based on a performance coefficient in accordance with the degree of achievement against performance targets of consolidated net sales and consolidated operating profit - Paid during a certain period every year by using restricted stock (RS)	8	-

*Includes two outside directors and one outside auditor who stepped down in June 2025.

Basic compensation (fixed)

The basic compensation for internal directors is determined as a fixed amount for each position (Chairman, President, Vice President, Senior Managing Director, Managing Director, or Director) based on the highest employee salary, market standards, and the Company’s ability to pay. The basic compensation for outside directors is determined as a uniform fixed amount based on market standards for listed companies.

Performance-linked compensation (short-term incentives)

We view the growth of our Group as the result of our employees’ efforts and aim to establish a compensation system that enables them to share the rewards of that growth. In terms of evaluation of performance-based compensation and stock-based compensation, we use the “consolidated net sales” and “consolidated operating profit” which reflect the Group’s overall growth and “ROE” as a performance indicator of efficient management. The compensation for internal directors is directly linked to the Group’s performance through a performance coefficient

ranging from 0% to 200%, which varies according to the degree to which these metrics are achieved. This system proved effective, and during the fiscal year ended March 2026, we achieved consolidated net sales of 1,117.4 billion yen (a year-on-year increase of 5.3%) and consolidated operating profit of 84.9 billion yen (a year-on-year increase of 3.5%), thereby attaining an increase in revenue and profit. Furthermore, believing that employee engagement is a key to our Group’s sustainable growth, we have added the “Employee Engagement Survey” score as an evaluation metric for performance-based compensation and stock-based compensation to further advance our human capital management. The survey conducted in May 2026 showed a result of 3.62 points (up 0.07 points from the previous period, 102.0% of the previous period), and this result has been reflected in the compensation for internal directors since July 2026. Our Company promotes the growth of the entire Group by linking the compensation for internal directors to employee growth. We sincerely listen to each employee’s voice and work together to build a prosperous future.

Stock-based compensation (medium- to long-term incentives) reflecting shareholder value

We have introduced a restricted stock-based compensation plan to provide incentives to achieve the sustained improvement of business performance and to promote further sharing of value with our shareholders. In this plan, the maximum number of shares to be granted is 90,000 per year and annual monetary compensation claims is limited to a maximum of 360 million yen. We grant monetary compensation claims to eligible directors as compensation for the allocation of restricted stock. These directors then contribute the full amount of the monetary claims as assets in kind, in exchange for the issuance or disposal of common shares of the Company.

Matters regarding resolutions at the General Meeting of Shareholders on director and corporate auditor compensation

Category	General Meeting of Shareholder resolution date		Resolution overview	Number of officers*
Directors	June 21, 2024 (17th Annual General Meeting of Shareholders)	Stock-based compensation	- Within ¥360 million per year - Within 90,000 shares per year	8 (excluding outside directors)
	June 20, 2025 (18th Annual General Meeting of Shareholders)	Basic compensation Performance-based compensation	Within ¥1 billion per year (including an outside director remuneration limit of ¥100 million, excluding performance-based compensation)	14 (including 6 outside directors)
Corporate auditors	June 27, 2008 (1st Annual General Meeting of Shareholders)	Basic compensation	Within ¥48 million per year	4 (including 3 outside auditors)

*Number of officers as of the effective date of the Annual General Meeting of Shareholders

Total amount of director and corporate auditor compensation (for the period from April 2025 to March 2026)

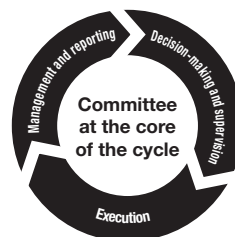
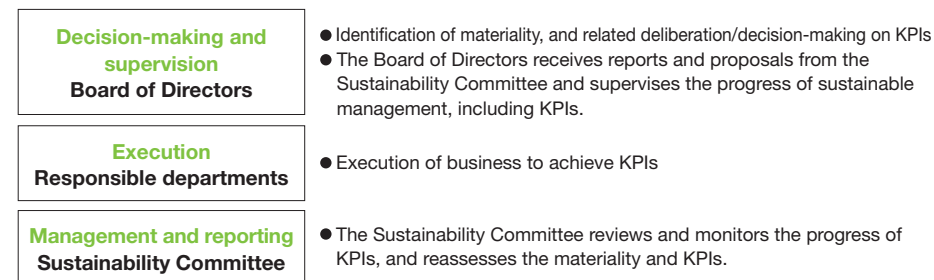
Officer category	Total amount of compensation, etc.	Total amount of compensation by compensation type			Number of eligible officers
		Basic compensation	Performance-based compensation, etc.	Non-monetary compensation, etc.	
Director (including outside directors)	619 million yen (57)	358 million yen (57)	168 million yen (-)	92 million yen (-)	16 (8)
Corporate auditors (including outside auditors)	27 (20)	27 (20)	-	-	5 (4)
Total	646 (77)	385 (77)	168 (-)	92 (-)	21 (12)

(Note) 1. The above amounts paid to directors do not include the salaries paid to directors who also serve as employees.
2. As of the end of the most recent fiscal year, there were 14 directors (including 6 outside directors) and 4 auditors (including 3 outside auditors).
3. Performance-linked compensation includes the payment of both performance-linked compensation and stock-based compensation, and we use consolidated net sales (year-on-year), consolidated operating profit (year-on-year), and ROE (year-on-year) as indicators. Performance-linked compensation is calculated by using a performance coefficient that fluctuates according to the degree of achievement against performance targets. Note that these performance indicators were selected to consider the Group’s overall growth potential and profitability.

Sustainability Committee

We have established a Sustainability Committee with the objective of promoting sustainable management in order to enhance corporate value through the resolution of our materiality. The Committee is chaired by the President and Representative Director and composed of full-time Directors, Auditors, all the department managers, and other members nominated by the chairman.

Sustainable management implementation cycle



Main progress in the fiscal year ended March 2026

Our Company promotes sustainability management practices as a “strategy directly linked to enhancement of corporate value.” Based on the results of the “correlation analysis between non-financial KPIs and financial indicators” conducted in the previous fiscal period, we have worked to enhance our KPI monitoring. Each non-financial KPI is periodically evaluated and reviewed by the responsible departments and the Committee to ensure its appropriateness in order to allocate resources to more effective measures and respond to changes in the business environment.

Initiatives for the fiscal year ending March 2027

We will continue to promote strategic management of non-financial KPIs led by the Sustainability Committee. Furthermore, based on the issues identified and the expectations for our Group expressed through dialogue with stakeholders, including shareholders and investors, we will deliberate and consider these issues at the Sustainability Committee to resolve them.

Activities in the fiscal year ended March 2026

Item	Overview
Committee members	Chairman ● President and Representative Director
	Committee members ● Full-time Directors, Full-time Auditors, all department managers, and other members nominated by the chairman.
Roles	Committee ● Reassessing materiality ● Setting, monitoring and reassessing KPIs linked to materiality ● Regular reporting and advice to the Board of Directors (four times per year)
	Responsible department ● Execution of business to achieve KPIs ● Proposal of KPIs linked to materiality
Number of meetings	4 (April 2025 to March 2026)

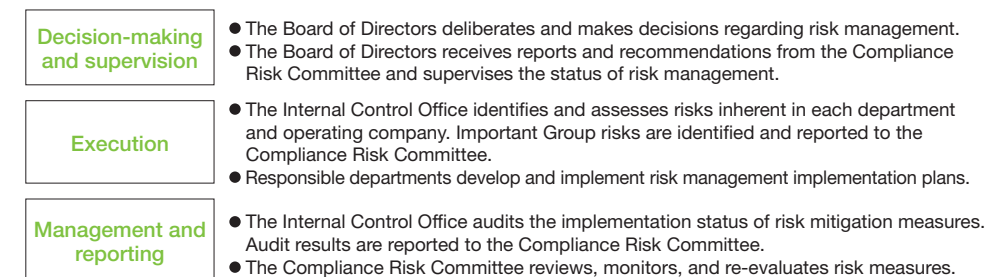
Major agenda for the fiscal year ended March 2026

Item	Overview
Major topics	● Progress management on the achievement of non-financial KPIs, and formulating plans ● Strengthening of monitoring using correlation analysis between non-financial KPIs and financial indicators ● Discussion on the policy for preparation of Integrated Report 2025, and progress report ● Promotion of climate change response and environmental measures ● Formulation of policies for compliance with the Sustainability Disclosure Standards

Compliance Risk Committee

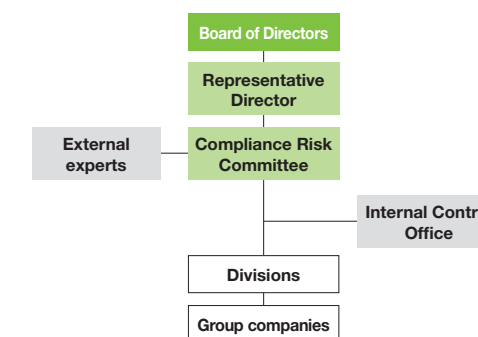
We have established a permanent Compliance Risk Committee in order to fulfill our social responsibilities by promoting compliance with a high level of ethics and conducting risk management across the Group's corporate activities.

Risk management promotion cycle



Risk management system

The Internal Control Office conducts risk identification and identifies significant risks based on their impact and likelihood of occurrence. Departments and group companies associated with these identified key risks are implementing mitigation measures, and the Compliance Risk Committee is monitoring the progress of these initiatives. Furthermore, to enhance the objectivity, transparency, and expertise of this framework and strengthen its management, external experts have been appointed as members of this committee.



Activities in the fiscal year ended March 2026

Item	Overview
Committee members	Chairman ● President and Representative Director
	Committee members ● 16 members
Roles	Committee ● Deliberation and decision-making on compliance and risk management issues, and reporting to the Board of Directors
	Responsible department ● Internal Control Office
Number of meetings	4 (April 2025 to March 2026)

Major agenda for the fiscal year ended March 2026

Item	Overview
Major topics	Important Group risks ● Review of the progress of risk mitigation measures for the fiscal year ended March 2026 ● Group risk assessment for the fiscal year ending March 2027 and discussion on key risks
	Whistleblowing system ● Review of the operation of the Internal Reporting Office in the fiscal year ended March 2026 and discussion on reported cases
	Dispensing errors ● Review of dispensing error incidents in the fiscal year ended March 2026 and discussion on preventative measures
	Other accidents and incidents ● Report on the status of compliance accidents and incidents in the fiscal year ended March 2026 and discussion on preventive measures

Risk management

As a company that is responsible for supporting social infrastructure, ensuring compliance with laws and regulations and a high level of ethical standards is the cornerstone of our management, and we regard the continuous strengthening of our risk management system as our key priority. In order to appropriately manage risks, each year we identify potential management risks, evaluate their severity, and select major risks. The Compliance Risk Committee monitors responses to these risks and reports the results to the Board of Directors in order to establish and manage effective governance. We aim to continuously improve our corporate value by steadily operating these ongoing processes and meeting the trust placed in us by our stakeholders.

Main Group risks

We have extracted risks from all departments within the Group and selected risks to be specifically controlled to address our materiality.

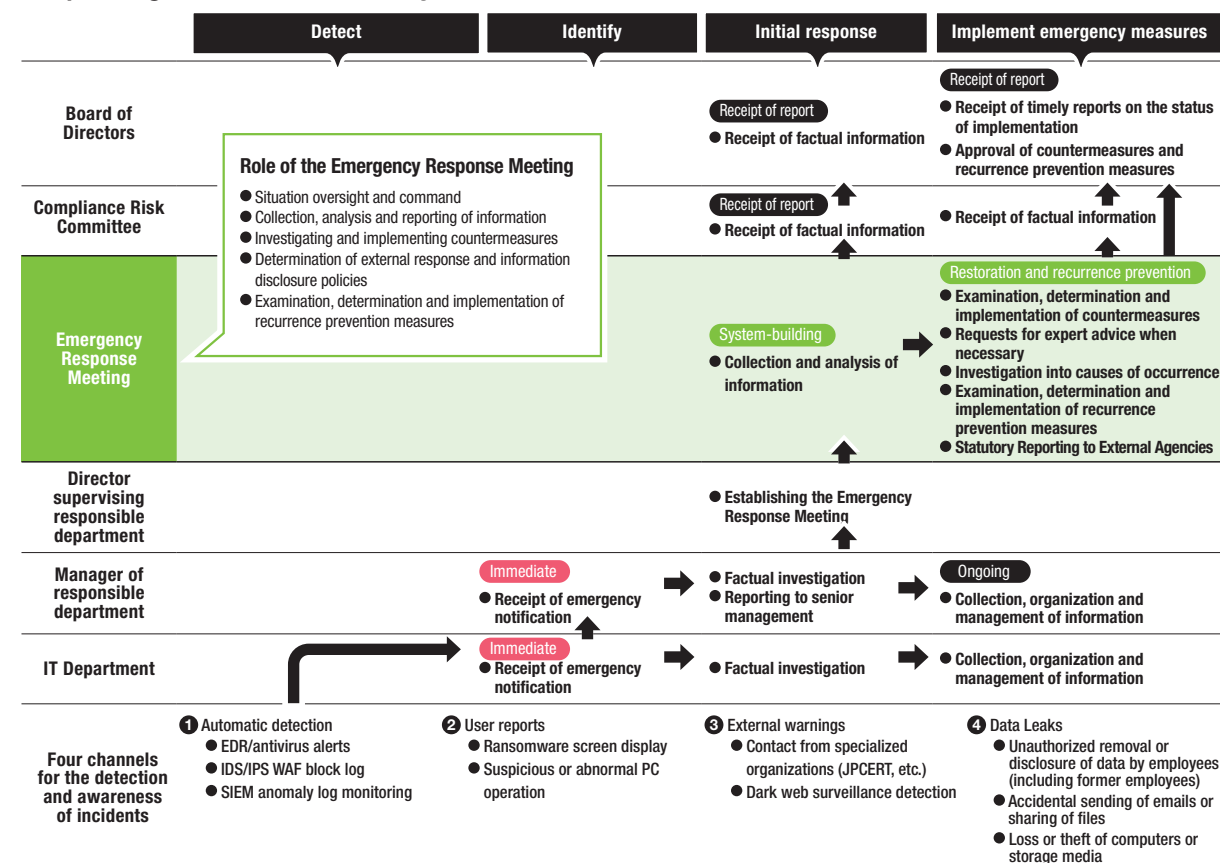
Materiality	Assumed risks	Key measures
Consideration of health and beauty of society	Risk of a decline in market share due to delayed response to changes brought by increased competition and fluctuations in inbound demand	- Advanced analysis of purchase histories accumulated from a customer base of more than 170 million touchpoints and thorough one-to-one marketing optimized for each individual - Visualization of potential needs by combining customer data and product feature data - Promotion of high-value-added co-creation PB product development in collaboration with manufacturers
	Risk of not being able to secure enough legally qualified professional, which would affect store operations and business plans and result in a decline in earnings	- Systematic recruitment and development of qualified professionals through extensive support for obtaining qualifications, such as examination preparation seminars and a qualification incentive system - Promoting retention through investments in human capital, including labor saving in store operations and promotion of diverse working styles in line with the promotion of DX
Employee growth	Risk of talent outflow, lack of training, and rising human capital costs affecting profitability	- Improving workforce productivity through the use of AI/DX and operational reforms, and promoting the dynamic reallocation of talent to strategic areas, such as core businesses - Preventing the outflow of high-performing talent by linking engagement indicators to director compensation and building an environment that supports autonomous career development
	Risk that employee health issues could result in employee turnover and a decline in workforce productivity, thereby affecting profitability	Maintaining White 500 certification, improving labor management to meet the target of 5 hours of average overtime, and promoting health through specific health guidance and stress checks
	Risk that human rights violations such as harassment could cause a loss of social credibility and damage corporate value	Training for all employees to promote the human rights policy, the Group's Code of Conduct, and the MatsukiyoCocokara WAY, regular training specialized in preventing harassment, and preventing harassment through the functions of a helpline using outside experts as a contact point
Consideration of the health of the Earth	Risk of decreased earnings due to long-term suspension of business operations caused by natural disasters, such as intensifying wind and flood damage caused by climate change	Promoting risk management based on TCFD recommendations, reducing CO₂ emissions by introducing renewable energy at stores, and reducing the impact on business by developing Environmentally Friendly Products Guidelines and energy saving measures
	Risk of administrative action or loss of social credibility due to violation of laws or inappropriate sales	Thorough compliance training and awareness for all employees, appropriate operation of the whistle-blowing system, and enhanced monitoring by the Compliance Risk Committee
Effectiveness of governance	Risk that accumulated customer information or confidential information may be leaked due to cyber attacks, etc., resulting in compensation for damages and loss of social credibility	Introduction of the latest protective systems, establishment of a continuous monitoring system, security education for employees, and immediate establishment and operation of an Emergency Response Meeting in case of emergencies
	Risk that large-scale natural disasters such as earthquakes, infectious diseases, etc., could affect business continuity, such as the headquarters failing to function for a long period, or operations being suspended, resulting in a decline in earnings	Operating a company-wide safety confirmation system based on the Business Continuity Plan (BCP) for which we obtained Resilience Certification, and ensuring the rapid functioning of an Emergency Response Meeting in the event of an emergency in order to strengthen the emergency recovery system

Strengthening our crisis management

Our Group has been highly evaluated for our crisis management system, which encompasses human resources, infrastructure, and management decisions, and we have obtained the government-recommended “Resilience Certification (Certification for Organizations Contributing to National Resilience)”. To prepare for natural disasters, we have formulated a BCP and established an initial response system that will allow us to promptly ascertain information and take action by establishing an emergency contact system and conducting ongoing training. In response to climate change risks, we are working to reduce impacts on our business by developing disaster response manuals to address physical risks, such as the intensification of natural disasters, and by saving energy consumption. Furthermore, our Group as a whole is expanding the use of our customer data platform of more than 170 million customer

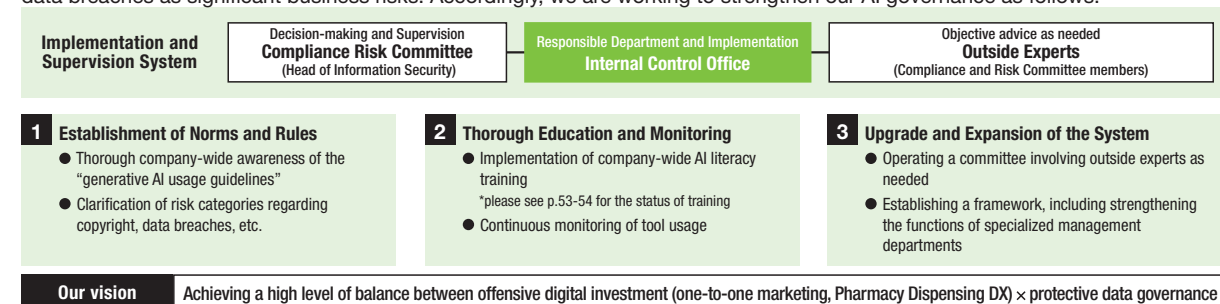
data. In this context, we have positioned cybersecurity and AI risks as important issues to be addressed, and have established company-wide management systems with the involvement of senior management. As a concrete measure, we have formulated and implemented Group internal information management rules. The IT Department, which is responsible for responding to threats such as unauthorized access and ransomware, implements cutting-edge defense systems and has established an ongoing monitoring system. In the event of an emergency, we will immediately set up an “Emergency Response Meeting” to control the rapid isolation and restoration of information. In addition, the Group strives to prevent information leaks through employee education, training, and continuous reminders, and regularly reports on monitoring status to the Compliance Risk Committee as part of efforts to strengthen governance.

Responding to information security incidents



AI governance

While promoting the use of AI technology driving advanced one-to-one marketing and pharmacy dispensing DX, we recognize the various risks associated with AI use such as copyright, privacy infringements, deepfakes, the spread of misinformation, and data breaches as significant business risks. Accordingly, we are working to strengthen our AI governance as follows:



Responding to society

Human rights due diligence

Through our Group's Code of Conduct, the MatsukiyoCocokara WAY, and by offering training for all employees (100% participation rate in the fiscal year ended March 2026), we instill an awareness of respect for human rights throughout the entire organization and put respect for human rights into practice in our daily work. In addition to the foundation of these initiatives, we are working to further enhance our human rights due diligence processes by incorporating objective perspectives, such as SR dialogue.

Specifically, we have established a verification system within the Compliance Risk Committee that incorporates external experts in the field of human rights. For example, in light of the characteristics of our core business (the domestic retail business), we have taken effective preventive measures against harassment that we have identified as significant risks, by conducting video-based training with confirmation tests based on advice from experts.

Significant human rights risks	Details	Countermeasures
Harassment risk	These include the risks of losing social credibility and experiencing increased employee turnover due to harassment in our main domestic businesses.	We have introduced video-based training with confirmation tests supervised by external experts. We promote thorough implementation of training throughout the Company and objective assessments of the workplace environment, alongside prompt corrective measures.
Excessive work and occupational accidents risk	This is the risk of employees' health damage and violations of safety obligations due to long working hours or the office environment.	Overtime hours are strictly monitored through monthly meetings attended by the President. AI-driven work efficiency has advanced, and average monthly overtime hours has been reduced to 6.5 hours.

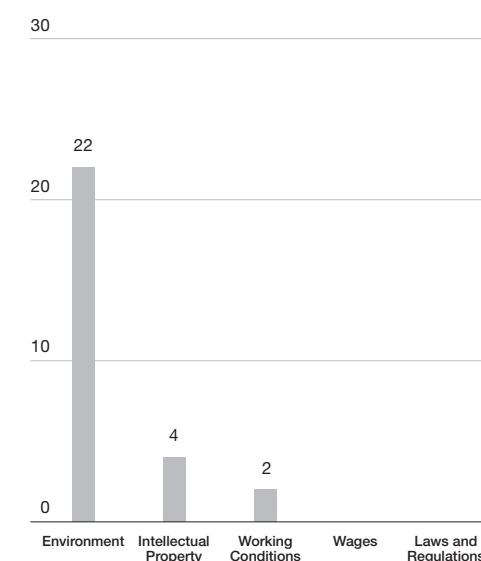
Specific efforts to reduce human rights risks in the supply chain

Through a survey of business partners conducted in the fiscal year ended March 2026, we assessed the status of each company's efforts in areas such as "laws and regulations," "working conditions," "wages," "harassment and discrimination," "health and safety," and "environment." As a result, we were able to confirm that all responding companies comply with the Labor Standards Act and other laws and regulations, and also that they provide employee education on the prohibition of harassment and discrimination, and have

whistleblowing systems in place. We also conducted on-site audits to ascertain working environments and the treatment of employees against the CSR survey responses collected in advance based on our Group's own stricter standards. While no cases posing a direct risk were found, we requested improvements in items that could pose a risk in the future, and encouraged continuous improvement activities. We will continue to strengthen cooperation with business partners and promote CSR initiatives in our supply chain.

Survey questions	Content
Laws and regulations	- Does the supplier comply with the Labor Standards Act, the Industrial Safety and Health Act, environmental laws, and local ordinances? - Does the supplier keep track of legal revisions and new laws? - Does the supplier provide education and training to prevent compliance violations?
Working conditions	- Has the supplier drafted employment regulations and submitted them to the Labor Standards Inspection Office? - Does the supplier provide occupational safety training to employees? - Does the supplier manage operations based on the Labor Standards Act and the Part-Time Employment Act? - Does the supplier understand and comply with the prohibition of forced labor?
Wages	- Does the supplier pay salaries on a specified date and provide pay slips? - Does the supplier pay wages that meet or exceed the applicable local minimum wage? - Does the supplier properly grant and manage paid leave days to eligible employees?
Harassment and discrimination	- Have any systems been established imposing fines for violations of internal rules and errors? - Has the supplier set up mechanisms and educational systems to prevent harassment and discrimination—thereby ensuring that employees' human rights are respected—and does the supplier make all employees aware of this? - Does the supplier have a whistleblowing system as well as a help desk that accepts complaints, and are the employees aware of this?
Health and safety	- Does the supplier provide and keep a record of health and safety education upon hiring and when job duties change? - Does the supplier have necessary fire prevention equipment, create an in-house fire brigade organization chart and evacuation routes, communicate and post this information? Does the supplier conduct regular maintenance? - Are tasks requiring specific qualifications being managed appropriately?

Number of factories for which improvements were recommended



Stakeholder engagement

Status of stakeholder engagement

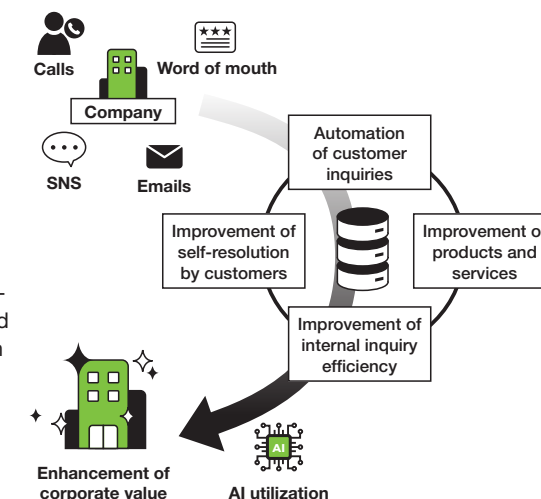
Through constructive dialogue with our customers, patients, shareholders, investors, employees, and business partners, by understanding the expectations and issues facing our Group and addressing them,

we aim to build relationships of trust and co-create value. We believe that the role of our Group is to resolve our materiality through these activities and contribute to the realization of a sustainable society.

Stakeholders	Key engagement methods	Value created
Customers/ patients	- Sales activities at stores and e-commerce sites - Store events - Disseminating information through websites, Apps, and SNS - Customer Relations Center	Focusing on our materiality, "consideration of the health and beauty of society", we provide value tailored to each customer's life stage through one-to-one marketing utilizing data from more than 170 million customers. Through the development of highly convenient platforms that integrate physical stores and digital technology and highly unique PB products, we will create seamless customer experiences that enable people to enjoy their daily lives in a happy and healthy way, and generate "amazement and joy" that makes people gasp in surprise.
Shareholders and investors	- Annual General Meeting of Shareholders - Financial results briefings - Top management meetings - IR/SR meetings - Integrated reports/HESG data book	We aim to sustainably enhance corporate value through the three pillars of increasing profitability, improving growth potential, and lowering the cost of capital. We reflect markets' expectations in our management by holding constructive dialogue. We also improve capital efficiency and implement flexible shareholder returns with the aim of achieving ROE of 12% or more. By building a highly transparent governance structure and expanding information disclosures that contribute to investment decisions from a long-term perspective, we will create returns that meet the expectations of our shareholders and investors.
Employees	- Employee training - Employee Engagement Survey - Self-evaluation system and feedback interviews - Company internal portal site and in-house newsletter - Labor-management collaboration communication meetings - Health counseling helpdesk - Whistleblowing system	We are working to build an environment where every employee can work energetically in their own way, and create virtuous cycles in which diverse personalities generate value. We will provide opportunities for personal growth through reskilling and the development of professional human resources to improve job satisfaction. In addition to realizing the well-being of employees and their families by thoroughly implementing health management, we will create opportunities for employees to grow with pride and a spirit of challenge by penetrating the MatsukiyoCocokara WAY.
Business partners	- Briefing sessions with business partners - CSR audits - Business partners helpline (reporting desk)	Based on sound business relationships, we will contribute to solving the problems of our partner companies and creating new markets through marketing support by utilizing our own customer data and store network. Based on the concept of "co-creating and sharing value", we will achieve sustainable growth by combining our mutual strengths in product development and service evolution. We will also promote CSR audits and human rights measures throughout our supply chains in order to create ethical and robust partnerships.

Using AI to enhance the customer experience

The Customer Relations Center is working to increase its value as a knowledge center that collects, analyzes, and leverages customer feedback (VOC), and to reform business processes by actively utilizing AI technology. By introducing an AI chatbot free-text search and an inquiry form that predicts users' intent from context, we have dramatically improved response speed and improved the accuracy of self-resolution. In addition, the quality of responses has been standardized through the automatic creation of inquiry summaries and replies, saving approximately 12,500 person-hours per year. This has allowed us to redirect the time saved to high-value-added services that enhance engagement with customers, such as further improving our response rates and attentively listening to each customer's requests and engaging in flexible dialogue with them. This has created an environment in which customers can receive health and beauty support more comfortably and seamlessly.



Basic policy on dialogue with shareholders and investors

Our Company prioritizes constructive dialogue with shareholders and investors in order to achieve sustainable growth and enhance our corporate value over the medium to long term. The senior management team takes the initiative in disclosing information in a fair, timely and proactive manner in order to eliminate information asymmetry and enhance management transparency. Market evaluations and useful suggestions

obtained through dialogue are appropriately reported to the Board of Directors and reflected in more sophisticated management strategies. Through this series of initiatives, we aim to transform future uncertainty into “trust,” structurally lower the cost of capital, and maximize sustainable corporate value based on strong relationships of trust with stakeholders.

Framework for dialogue with shareholders and investors, and results of dialogue

In order to strengthen dialogue with shareholders and investors, we have established the dedicated IR and SR departments, and have built a cross-departmental internal system in which all relevant divisions collaborate. In addition to reporting to the Board of Directors, we have

also established a mechanism for directly sharing and discussing our Group's issues and expectations obtained through dialogue at the Outside Officers Meeting, thereby enhancing the effectiveness of our supervisory function.

Opportunity	Frequency/number of companies	Formats/details	Major dialogue holders
Annual General Meeting of Shareholders	Once a year	The meeting is held to report important matters concerning company to the shareholders for their resolution.	President and representative Director
Financial results briefings	2 times a year	Held for analysts and institutional investors each quarter.	President and representative Director /Vice President and Representative Director /Senior Managing Director and Representative Director / Managing Director and Head of Group Management/ Managing Director and Head of Group Management Planning
Top management meetings	4 times a year	A group meeting is held with the participation of the President and Representative Director.	Same as above
IR meetings	330 companies (fiscal year ended March 2026)	One-on-one meetings are held for institutional investors, focusing on the themes of profitability and growth potential.	Group Management Planning and Corporate Communications Office
SR meetings	8 companies (fiscal year ended March 2026)	The program is conducted regularly as part of SR activities.	Managing Director and Head of Group Management/ Managing Director and Head of Group Management Planning/ Executive Officers (in charge of management Planning, IR, Financial Strategy, HR Strategy, and General Affairs Planning (SR))

Major contents of dialogue and improvements through dialogue in the fiscal year ended March 2026

The content of dialogue, the issues raised through dialogue, and expectations for our Group are reported to the Board of Directors, the Meetings of Outside Directors, the Sustainability Committee, and other bodies. In the dialogues held during the fiscal year ended March 2026, our top institutional investors and the outside directors shared a common understanding of the issues facing our Company, including “the

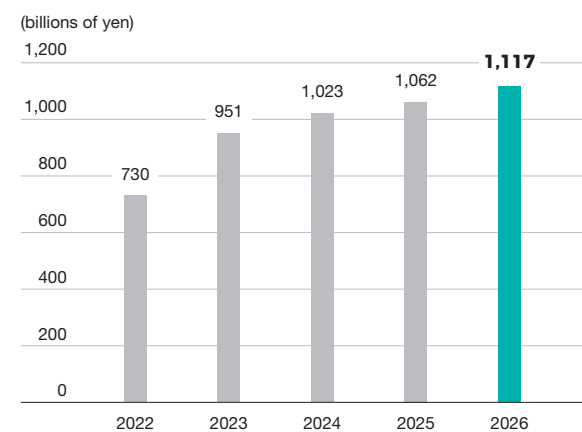
likelihood of growth in the overseas businesses” and “capital efficiency”. We held extensive discussions on optimal capital structure and governance structure at the Board of Directors. We incorporate these insights into the visualization of strategic processes and the enhancement of disclosures of intangible assets. Our Company will seek to lower the cost of capital at a structural level by increasing management predictability.

Co-creation of value		Share	
Expectations for converting our unique strengths into “earning power”		Disciplined management, and expectations for effectiveness and transparency	
Growth strategy	- Earnings structure and long-term sustainability - Defining the path to competitive advantage	Capital efficiency	- Conducting management with an awareness of the cost of capital and stock prices - BS management (concept of optimal capital structure, and methods of cash utilization)
Federation initiatives	- Reproducibility of growth stories and visualization of synergies - Specific target areas, and a sense of scale	Governance system	Governance structure, including transition to a monitoring board, by working backward from the desired role of the Board of Directors and the requirements for strategy execution
Overseas business	Roadmap and likelihood of achieving goals	Succession	Transparency of selection criteria and processes
DX investment	Explaining the appeal of DX strengths, such as productivity improvements, impacts, and the creation of added value	Skill set	Reinforcing skill sets and ensuring diversity in line with the strategy
Human capital	- Increasing added value in workplaces by implementing the WAY - Replenishing capital (global and digital) - Encouraging the career development of female senior managers	Risk governance	- Enhancing AI and information security governance - Response to Scope 3 and environmental issues

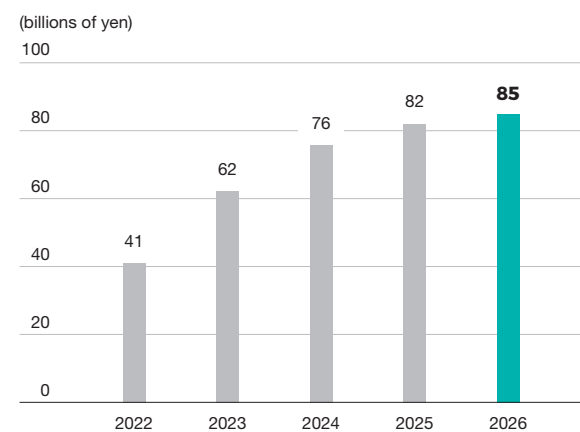
Data and corporate profile

Financial Highlights Fiscal year to March

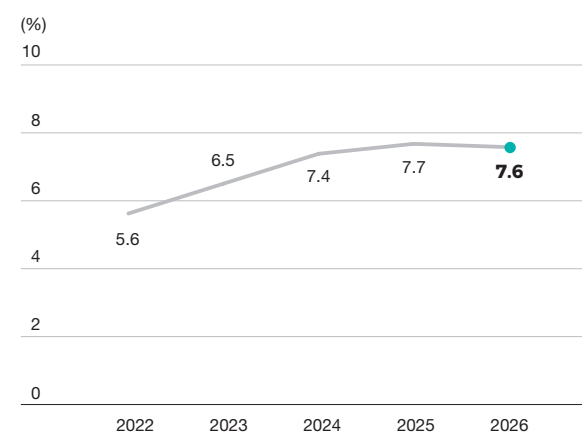
Consolidated net sales



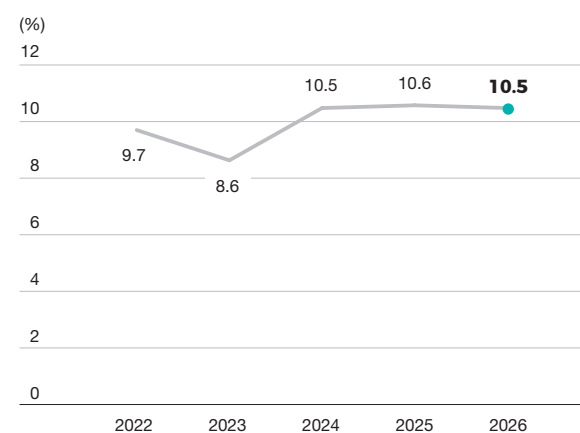
Consolidated operating profit



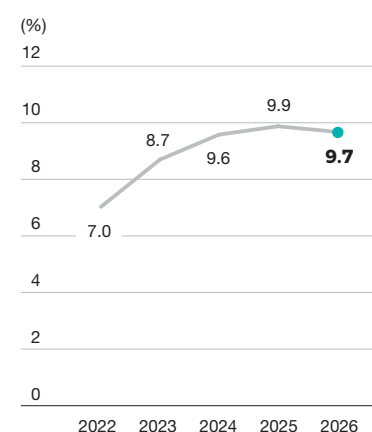
Consolidated operating profit margin



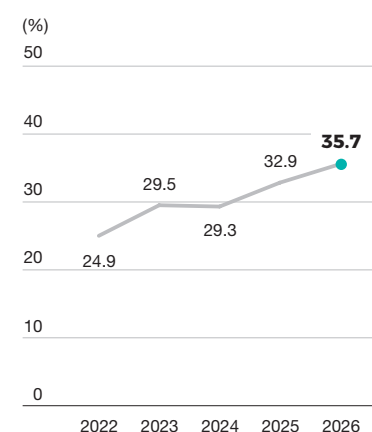
ROE



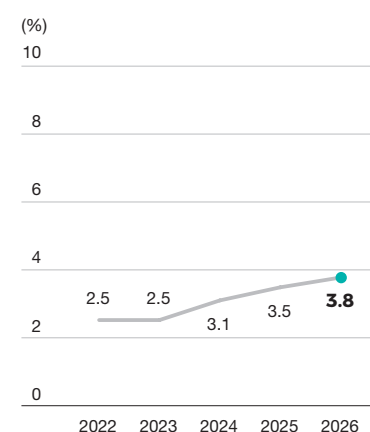
EBITDA margin



Dividend payout ratio

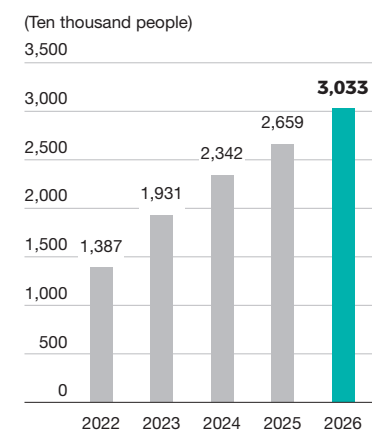


DOE

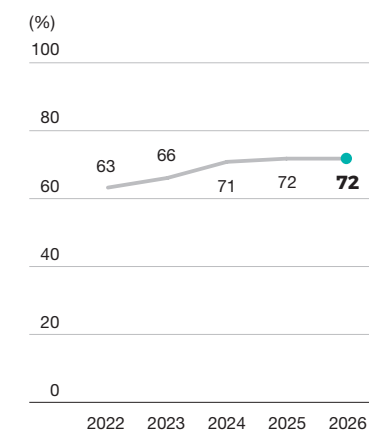


Non-Financial Highlights Fiscal year to March

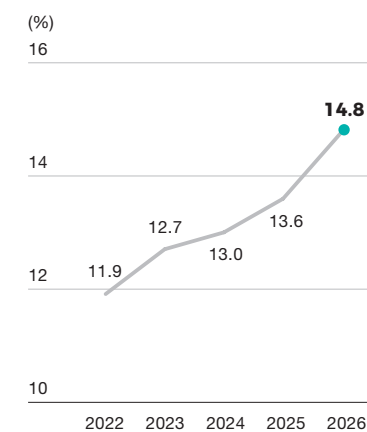
Number of Group members



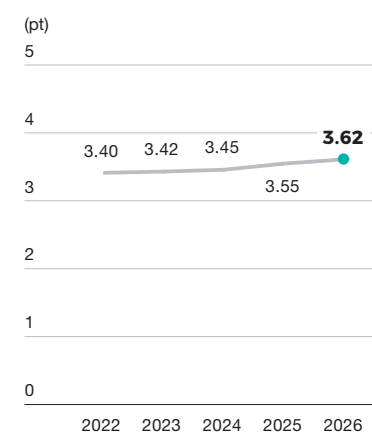
Health & beauty sales composition ratio



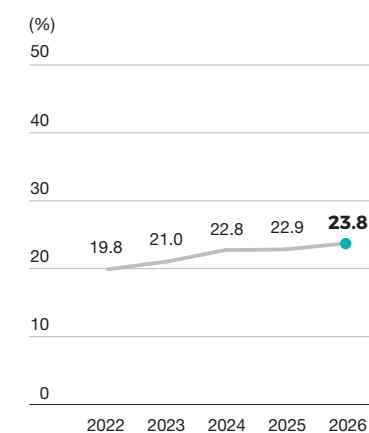
PB products sales composition ratio



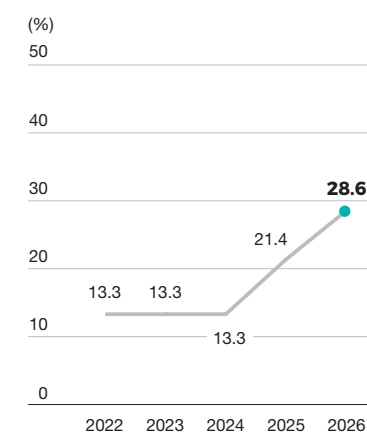
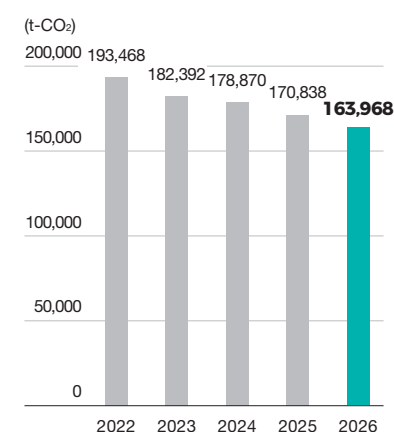
Employee Engagement Survey



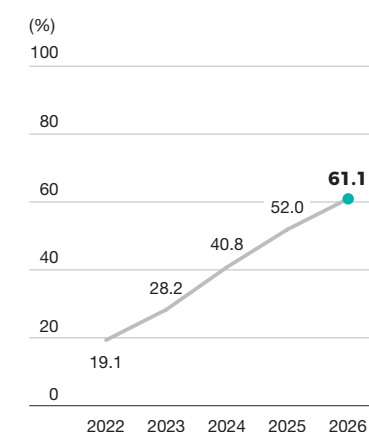
Female manager ratio



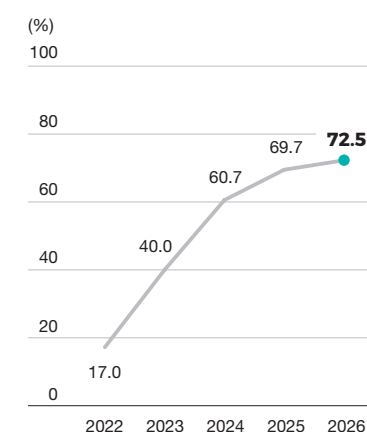
Female director ratio (as of July 1, 2026)

CO₂ emissions(Scope1,2)

Environmentally friendly PB product ratio



Ratio of implementation of PB product CSR audits



Financial data / Non-financial data (past summary)

Financial data

		Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Business performance (unit: millions of yen)	Net sales	536,052	535,133	558,879	575,991	590,593	544,737	729,969	951,247	1,022,531	1,061,626	1,117,440
	Cost of sales	380,380	376,848	389,673	396,509	401,154	373,496	489,990	621,927	668,433	689,390	723,655
	SG&A	128,253	129,854	135,639	143,453	151,875	139,658	198,887	267,043	278,392	290,153	308,849
	Operating profit	27,418	28,431	33,565	36,028	37,563	31,582	41,091	62,276	75,705	82,082	84,935
	EBITDA	34,989	36,377	41,270	44,262	45,968	40,162	55,954	83,117	98,073	104,681	108,596
	Net profit for the year	17,853	20,119	22,755	25,035	26,176	21,602	34,377	40,545	52,347	54,675	55,776
Financial condition (end of each fiscal year) (unit: millions of yen)	Total assets	276,990	285,733	314,178	318,324	351,809	368,936	652,524	688,132	724,747	712,780	755,831
	Interest-bearing liabilities	4,257	4,262	4,587	5,794	24,180	23,701	22,921	21,414	20,664	2,206	3,632
	Equity	171,579	183,998	204,813	209,226	229,261	246,177	460,062	482,429	514,686	520,754	543,480
Cash flow (unit: millions of yen)	Cash flow from operating activities	31,075	23,722	27,938	21,897	24,764	25,875	39,812	64,061	63,506	81,472	73,201
	Cash flow from investing activities	-4,330	-7,453	-7,741	-7,872	-48,840	-6,311	-15,485	-19,669	-22,760	-20,792	-34,223
	Cash flow from financing activities	-5,745	-9,824	-7,060	-22,290	-9,089	-9,409	-20,337	-23,734	-18,273	-66,662	-34,141
	Free cash flow	26,744	16,269	20,197	14,025	-24,075	19,563	24,326	44,392	40,746	60,679	38,978
	Cash and cash equivalents at end of year	32,032	38,477	51,613	43,349	28,363	38,517	74,519	95,224	117,720	111,750	119,670
Per share information (unit: yen)	Net profit for the year	332.9	378.2	215.0	239.4	255.0	210.5	281.4	96.0	125.3	133.9	139.9
	Net assets	3,199.1	3,477.7	1,935.4	2,038.8	2,233.5	2,398.1	3,255.2	1,153.6	1,233.8	1,290.4	1,365.8
	Annual dividend	85	95	80	65	70	70	70	85	—	44	50
Various indicators	Operating profit margin	5.1%	5.3%	6.0%	6.3%	6.4%	5.8%	5.6%	6.5%	7.4%	7.7%	7.6%
	ROE	10.8%	11.3%	11.7%	12.1%	11.9%	9.1%	9.7%	8.6%	10.5%	10.6%	10.5%
	ROIC	11.6%	11.1%	12.0%	12.1%	11.4%	8.6%	7.7%	8.8%	10.2%	10.8%	11.1%
	Equity ratio	61.9%	64.4%	65.0%	65.7%	65.2%	66.7%	70.5%	70.1%	71.0%	73.1%	71.9%
	Dividend payout ratio	25.5%	25.1%	37.2%	27.1%	27.4%	33.3%	24.9%	29.5%	29.3%	32.9%	35.7%
	DOE	2.8%	2.8%	3.0%	3.3%	3.3%	3.0%	2.5%	2.5%	3.1%	3.5%	3.8%

Non-financial data

	Fiscal year ended March 2016	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020	Fiscal year ended March 2021	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Number of stores (stores)	1,545	1,555	1,604	1,654	1,717	1,764	3,366	3,409	3,464	3,499	3,618
Number of overseas stores (stores)	—	10	21	35	40	48	43	55	66	79	100
Number of employees (people) *The number of temporary employees is adjusted based on their actual working hours compared with an eight-hour workday. The number is the average during the fiscal year.	14,583	14,216	14,097	14,559	14,666	14,666	27,896	28,464	28,638	27,575	29,967
Number of Group members (10,000 people)	72	136	210	326	495	1,016	1,387	1,931	2,342	2,659	3,033
PB products sales composition ratio (%)	—	—	—	—	—	—	11.9	12.7	13.0	13.6	14.8
matsukiyo LAB stores (stores)	1	4	10	20	22	26	29	32	32	33	33
Employee Engagement Survey (points)	—	—	—	—	—	3.44	3.40	3.42	3.45	3.55	3.62
MatsukiyoCocokara WAY evaluation (points)	—	—	—	—	—	—	45.5	43.6	43.7	44.4	44.4
Female manager ratio (%)	14.8	16.4	17.6	15.4	17.9	18.7	19.8	21.0	22.8	22.9	23.8
Health and Productivity Management Organization	—	—	—	—	Certified Health & Productivity Management Outstanding Organizations Recognition Program 2020 (Large enterprise category)	Certified Health & Productivity Management Outstanding Organizations Recognition Program 2021 (Large enterprise category)	Certified Health & Productivity Management Outstanding Organizations Recognition Program 2022 (Large enterprise category)	Certified Health & Productivity Management Outstanding Organizations Recognition Program 2023 (Large enterprise category)	Certified Health & Productivity Management Outstanding Organizations Recognition Program 2024 (Large enterprise category)	Certified Health and Productivity Management Outstanding Organizations Recognition Program 2025 (Large enterprise category) Acquisition of White 500 certification	Certified Health & Productivity Management Outstanding Organizations Recognition Program 2026 (Large enterprise category) Acquisition of White 500 certification
Acquisition of White 500 certification	—	—	—	—	—	—	—	—	—	—	—
CO₂ emissions (Scope1,2)(t-CO₂)	-	-	-	-	-	-	193,468	182,392	178,870	170,838	163,968
Environmentally friendly PB product ratio (%)	-	-	-	-	-	7.0	19.1	28.2	40.8	52.0	61.1
Independent Outside Director ratio (%)	37.5	37.5	33.3	33.3	33.3	40.0	40.0	40.0	40.0	42.9	42.9
Female director ratio (%)	0.0	0.0	0.0	0.0	0.0	10.0	13.3	13.3	13.3	21.4	28.6
Ratio of implementation of PB product CSR audits (%)	-	-	-	-	-	-	17.0	40.0	60.7	69.7	72.5

(Notes) * The financial data for the fiscal year ended March 2021 and earlier uses the indicators of the former Matsumotokiyoshi Holdings, Co., Ltd.

* The financial data for the fiscal year ended March 2022, does not include the consolidated results for the first six months (April 1, 2021, to September 30, 2021) related to Cocokarafine Group Co., Ltd. (formerly cocokara fine Inc.).

* Starting in the fiscal year ended March 2022, the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, which is dated March 31, 2020) was applied, so the financial data for the fiscal year ended March 2021 uses indicators, etc. that reflect the retrospective application of this accounting standard.

* Starting in the fiscal year ended March 2023, the evaluation method for the Matsumotokiyoshi Group's business products was changed from the lower of cost or market method based on the retail method to a cost method based on the periodic average method (including the use of the book value write-down method based on profitability decreases for balance sheet prices). The financial data for the fiscal year ended March 2022 uses indicators, etc. that reflect the retrospective application of the above accounting policy change.

* We conducted a stock split in the ratio of 3 shares for 1 ordinary share held, as of October 1, 2023. Based on the assumption that a stock split was implemented at the start date of the fiscal year ended March 2023, we calculate the information per share, net profit for fiscal year and net assets.

* Regarding information per share and the annual dividend for fiscal years before the fiscal year ended March 2023, we record the actual dividend amount prior to the stock split as of October 1, 2023. We do not indicate dividends for the fiscal year ended March 2024 because a simple aggregation cannot be carried out as result of the implementation of a stock split. The annual dividend per share prior to the stock split for the fiscal year ended March 2025 is 132 yen.

* The female director ratio for the fiscal year ended March 2026 is as of July 1, 2026.

Store openings by group

Total number of stores

3,718 stores

(as of March 31, 2026)



Matsumotokiyoshi Group

Total number of stores

2,070 stores

Matsumotokiyoshi (including FC stores and NET stores)	1,175 stores
PAPASU	156 stores
Matsumotokiyoshi East	186 stores
Matsumotokiyoshi Kyusyu	184 stores
Matsumotokiyoshi Kou-Shin-Etsu	184 stores
Matsumotokiyoshi Chu-Shikoku	85 stores

Overseas

Central & Matsumoto Kiyoshi	37 stores
Matsumotokiyoshi (Taiwan)	23 stores
MATSUMOTO KIYOSHI VIETNAM	20 stores
MATSUMOTO KIYOSHI (HK)	18 stores
Guam	1 store
Malaysia	1 store



Cocokaraine Group

Total number of stores

1,536 stores

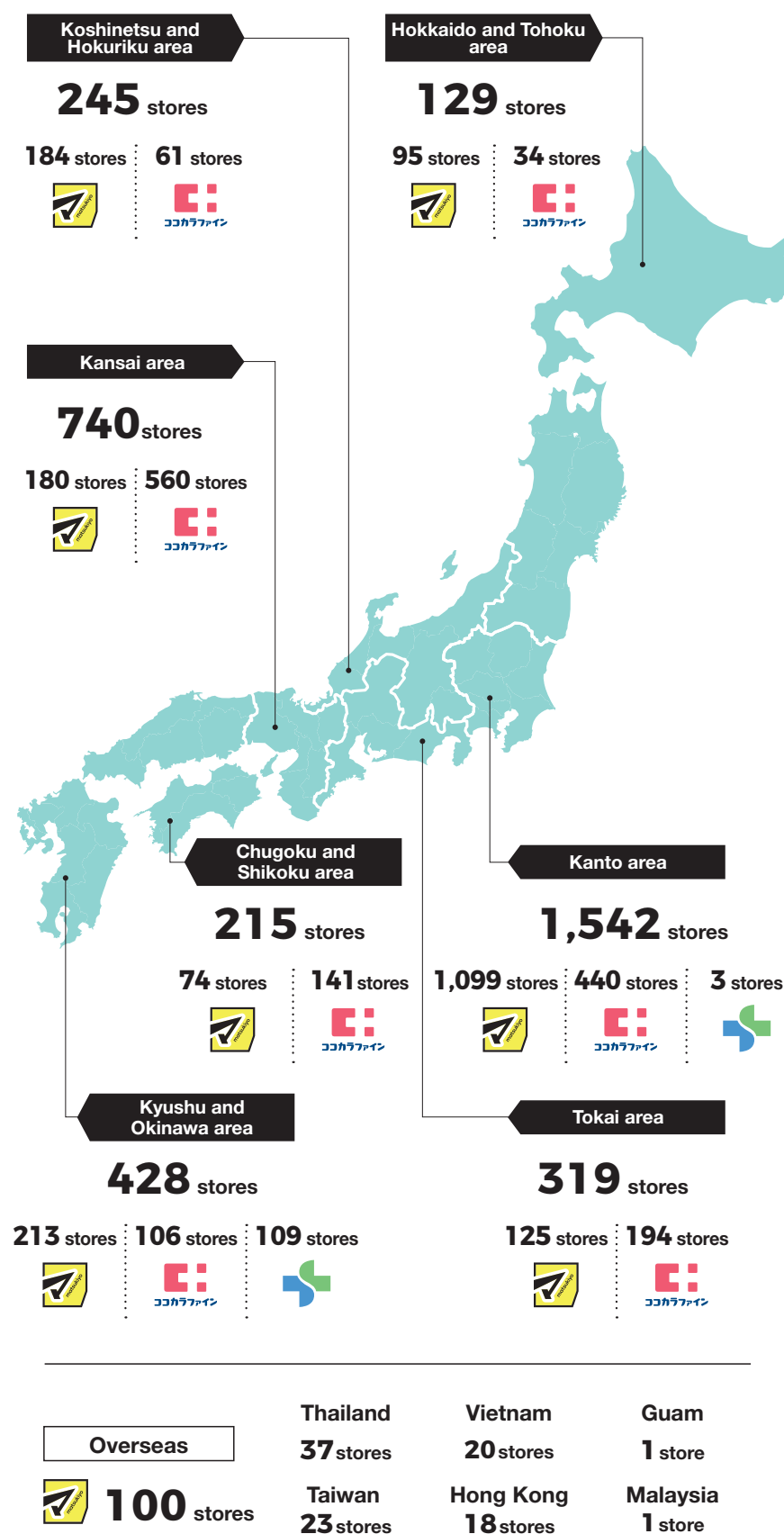
cocokaraine Healthcare	1,445 stores
IWASAKI KOHKENDO	61 stores
CFIZ	30 stores

And Company

Total number of stores

112 stores

Shinseidoyakkyoku	112 stores
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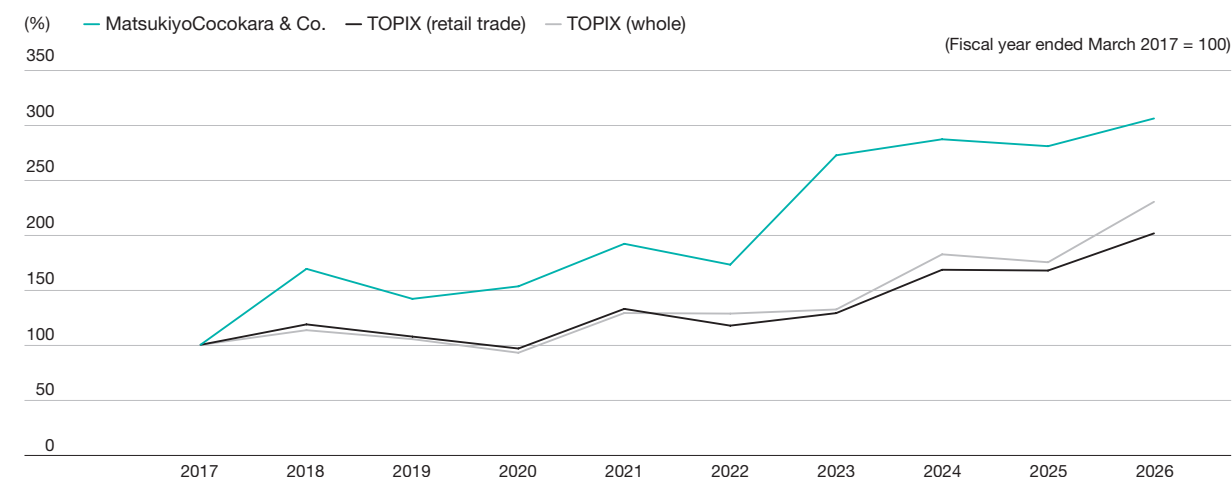
Stock Information

Stock price and trading volume



	Fiscal year ended March 2022	Fiscal year ended March 2023	Fiscal year ended March 2024	Fiscal year ended March 2025	Fiscal year ended March 2026
Stock price at end of period (yen)	1,445.00	2,336.66	2,439.50	2,340.50	2,526.00
High price	1,936.66	2,336.66	3,068.00	2,525.50	3,386.00
Low price	1,261.67	1,348.33	2,296.66	2,023.00	2,308.50

TSR (at the end of each term)



Corporate information

Corporate profile As of July 1, 2026

Company name	MatsukiyoCocokara & Co.	Trade name change	October 1, 2021 Trade name changed from Matsumotokiyoshi Holdings Co., Ltd. due to the business integration with Cocokara fine Inc.
Address	1-8-2 Yushima, Bunkyo-ku, Tokyo, 113-0034 Japan	Main business activities	Group-wide strategy formulation, strategy implementation support and management and administration
Phone	+81-3-6845-0005 (general inquiries)	Capital	¥22.051 billion
Incorporated	October 1, 2007	Fiscal year-end	March 31

Basic stock information

Company name	MatsukiyoCocokara & Co.		Notification method	Electronic notification However, if electronic notification is not possible for unavoidable reasons such as accidents, we will post information on the NIKKEI.
Listed stock exchange	Tokyo Stock Exchange Prime Market		Shareholder registry administrator and special account management institution	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, 100-8212
Securities code	3088		Contact information	Mitsubishi UFJ Trust and Banking Corporation: Securities Agency Department 1-1 Nikkocho, Fuchu, Tokyo Phone: +81-120-232-711 Reception hours: 9:00–17:00 on weekdays, excluding Saturdays, Sundays, and holidays Mailing address 137-8081 PO Box No. 29, Shin-Tokyo Post Office Mitsubishi UFJ Trust and Banking Corporation: Securities Agency Department https://www.tr.mufig.jp/daikou/
Number of shares per unit	100 shares			
Fiscal year	April 1 to March 31 of the next year			
Annual General Meeting of Shareholders	June			
Record date	Annual General Meeting of Shareholders	March 31		
	Year-end dividend	March 31		
	Interim dividend	September 30		

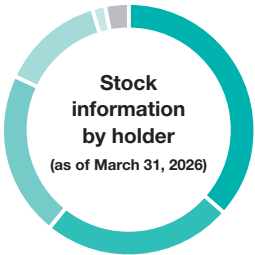
Major shareholders (top 10) As of March 31, 2026

Shareholder name	Number of shares held (unit: thousands of shares)	Shareholding ratio (unit: %)
The Master Trust Bank of Japan, Ltd.	56,759	14.24
Custody Bank of Japan, Ltd.	21,185	5.32
The Chiba Bank, Ltd.	13,546	3.40
NankaiKoonsan Co., Ltd.	12,861	3.23
STATE STREET BANK AND TRUST COMPANY 505038	10,667	2.68
Namio Matsumoto	8,879	2.23
JP MORGAN CHASE BANK 380055	7,569	1.90
Kiyoo Matsumoto	7,448	1.87
Takashi Matsumoto	7,430	1.86
JP MORGAN CHASE BANK 385642	7,134	1.79

(Note) 1. The shareholding ratio is calculated based on the number of shares (398,588,150) obtained by subtracting the number of treasury shares from the total number of issued shares and is rounded to the nearest hundredth.
2. Number of shares held is rounded down to the nearest thousand.
3. The Company's shares held by the directors' compensation BIP trust account and the stock contribution ESOP trust account are not included in the above treasury shares.
4. Under the aggregate figure for The Master Trust Bank of Japan, Ltd., the following are included: trust account, retirement benefits trust account, Lion Corp. account, directors' compensation BIP trust account 75,966 units, stock contribution ESOP trust account 75,967 units, management trust account 79,208 units. Details of shareholdings are as follows (unit: thousands of shares): trust account at 48,905; retirement benefits trust account, Lion Corp. account at 657; directors' compensation BIP trust account 75,966 units at 85; stock contribution ESOP trust account 75,967 units at 577; and management trust account 79,208 units at 6,534.
5. Under the aggregate figure for Custody Bank of Japan, Ltd., the following are included: trust account, pension trust account, Trust Account A, pension special account, trust account 4, Trust Account B, Sumitomo Mitsui Trust and Banking retrust portion/ ZERIA Pharmaceutical Co., Ltd. retirement benefit trust account. Details of shareholdings are as follows (unit: thousands of shares): trust account at 18,422; pension trust account at 288; Trust Account A at 401; pension special account at 69; trust account 4 at 1,429; Trust Account B at 126; Sumitomo Mitsui Trust and Banking retrust portion/ ZERIA Pharmaceutical Co., Ltd. retirement benefit trust account at 447.

Status of shares (as of March 31, 2026)

Total number of authorized shares	1,260,000,000 shares
Total number of issued shares	410,275,830 shares including 11,687,680 treasury shares
Number of shareholders	85,374 up 12,590 from the end of the previous term



Foreign corporations (36.63%)	150,278,303 shares
Financial institutions (24.28%)	99,641,560 shares
Individuals, etc.(21.26%)	87,214,606 shares
Other corporations (13.18%)	54,079,243 shares
Financial instruments business operators (1.80%)	7,374,438 shares
Treasury shares (2.85%)	11,687,680 shares

Evaluation from outside the Company (as of July 1, 2026)

FTSE4Good

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

MSCI ESG RATINGS

CCC B BB BBB A AA AAA

As of Mar 2026

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

*1 The FTSE4Good Index Series, developed by global index and data provider FTSE Russell, is designed to measure the performance of companies with outstanding environmental, social and governance (ESG) practices. The FTSE4Good Index is used by a wide range of market participants in the development and evaluation of responsible investment funds and other products. FTSE Russell's ratings are based on performance in areas such as corporate governance, health and safety, FTSE Russell's evaluations are based on performance in areas such as corporate governance, health and safety, anti-corruption, and climate change. Companies included in the FTSE4Good Index Series meet various criteria related to environmental, social, and governance factors.

*2 The FTSE Blossom Japan Index, created by global index and data provider FTSE Russell, is designed as an industry-neutral benchmark that reflects the performance of companies in Japan with strong environmental, social and governance (ESG) practices. FTSE Russell's assessment is based on performance in areas such as corporate governance, health and safety, anti-corruption and climate change. Companies included in the FTSE Blossom Japan Index meet various criteria related to the environment, society and governance. Companies included in the FTSE Blossom Japan Index meet a variety of environmental, social and governance criteria.

*3 The FTSE Blossom Japan Sector Relative Index is designed as a sector-neutral benchmark that reflects the performance of companies in Japan with excellent environmental, social and governance (ESG) practices. The index selects companies with high ESG ratings within the top 50% of each sector and ranks them based on the Transition Pathway Initiative's management quality score. This index selects companies with high ESG ratings within the top 50% of each sector and evaluates companies' climate governance and climate change initiatives based on the Transition Pathway Initiative's Management Quality Score, thereby supporting the transition to a low-carbon economy. For more details, please visit the FTSE Blossom Japan Index Series page.

*4 Note that the use of the data of MSCI ESG Research LLC or its affiliate (MSCI) or MSCI's logo, evidence, service marks, or index names by MatsukiyoCocokara & Co. does not imply that MSCI supports, advertises, or promotes the sales of MatsukiyoCocokara & Co. In addition, MSCI services and data are the assets of MSCI or its information providers; they present the current situation, and they do not come with any kind of warranty. MSCI's name and logo are registered trademarks or trademarks of MSCI.



Certified under the Ministry of Economy, Trade and Industry's Certified Health & Productivity Management Outstanding Organizations Recognition Program

This certification is used to recognize companies that pursue initiatives in line with health issues faced by communities or that implement health management based on the health promotion efforts of Nippon Kenko Kaigi (literally: the Japan Health Conference).



Acquired Ministry of Health, Labor and Welfare Eruboshi certification (three stars, the highest possible rating)

- Matsumotokiyoshi Co., Ltd.
- Matsumotokiyoshi Kou-Shin-Etsu Co., Ltd.
- Matsumotokiyoshi Kyusyu Co., Ltd.
- Matsumotokiyoshi Chu-Shikoku Co., Ltd.
- Cocokarafine Healthcare Inc.
- CFIZ Co., Ltd.
- MCC Soleil Co., Ltd.
- Aianju Co., Ltd.

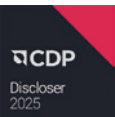


Certified as a Sports Yell Company by the Japan Sports Agency

This certification is used to recognize companies that actively pursue initiatives aimed at promoting employees' health through sports.



Endorsement and participation outside the Company (fiscal year ended March 2026)



MCC Flux Avance has issued a voluntary declaration of action as part of its initiatives aimed at sustainable distribution.



MatsukiyoCocokara & Co.

MatsukiyoCocokara & Co.

1-8-2 Yushima, Bunkyo-ku, Tokyo, 113-0034 Japan,
Tel: +81-3-6845-0005 (general inquiries)