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THE NOTICE OF THE 64th ORDINARY GENERAL MEETING OF SHAREHOLDERS

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(March 1, 2025 – February 28, 2026)

TSURUHA HOLDINGS INC.

Pursuant to the provisions of laws and regulations as well as Article 14 of the Articles of Incorporation, the above matters have been excluded from the documents delivered to shareholders requesting the delivery of documents.

Note that, for this general meeting of shareholders, documents stating Matters Concerning Electronic Provision Measure, excluding the above matters, will be delivered to all shareholders regardless of whether they have made a request for delivery of such documents.

For matters provided in the Notice of the 64th Ordinary General Meeting of Shareholders, we ask that you please reference the convocation notice.

Trends in Assets and Income

Category	The 61 st fiscal term (Year ended May 15, 2023)	The 62 nd fiscal term (Year ended May 15, 2024)	The 63 rd fiscal term (Year ended February 28, 2025)	The 64 th fiscal term (fiscal year under review) (Year ended February 28, 2026)
Net sales (Millions of yen)	970,079	1,027,462	845,603	1,450,585
Ordinary income (Millions of yen)	45,689	47,466	37,840	63,086
Net income attributable to owners of the parent (Millions of yen)	25,258	21,743	17,207	42,670
Net income per share (Yen)	519.90	447.27	353.67	144.55
Total assets (Millions of yen)	539,830	549,551	583,362	1,647,981
Net assets (Millions of yen)	304,144	305,297	306,377	895,706
Book value per share (Yen)	5,690.49	5,748.63	5,778.90	1,932.16

- Notes:
1. The Company implemented a five-for-one stock split of its common shares on September 1, 2025. Net income per share and book value per share have been calculated on the assumption that said stock split was implemented at the beginning of the current fiscal year.
 2. The 63rd fiscal term (Year ended February 28, 2025) represents an irregular period of 9.5 months, due to a change in the fiscal year-end (from May 15 to the end of February).
 3. The figures presented for the 62nd fiscal term (Year ended May 15, 2024) reflect the correction of the prior period financial statement.

Issues to Be Addressed

In the drugstore sector, the market continues to expand against a backdrop of growing dispensing pharmacy demand and strengthening of the food category. On the other hand, the earnings environment is becoming increasingly severe due to factors such as rising labor and logistics costs, and mounting importance of productivity improvement and expense control.

In this situation, the Company Group will work to improve productivity and enhance profitability by revitalizing existing stores, promoting development of stores with dispensing pharmacies, strengthening private brand products, and promoting DX, based on a Group strategy founded on business integration.

Based on the above, our forecast for the next fiscal year's consolidated results is net sales of ¥2,555.0 billion, operating income of ¥99.4 billion, ordinary income of ¥98.1 billion, net income attributable to owners of the parent of ¥41.5 billion, and EBITDA of ¥162.3 billion.

Additionally, in the Medium-Term Management Plan (FY2/27-FY2/29) disclosed on April 9, 2026, net sales of ¥2,700.0 billion, operating income of ¥135.0 billion, operating income margin of 5.0%, EBITDA of ¥202.5 billion, and EBITDA margin of 7.5% have been set as KPIs. In particular, we have set EBITDA as the most vital indicator for substantive earning power during the period of this business plan, in which upfront investments will be vital.

The fiscal year ending February 28, 2027 is the first year following the business integration between the Company and WELCIA HOLDINGS CO., LTD. At the same time, it is also the first year of the newly formulated Medium-Term Management Plan (FY2/27-FY2/29). By combining the strengths that both companies have developed thus far and steadily realizing integration synergies, we aim to achieve medium- to long-term growth and enhanced corporate value. With “building a value creation base” positioned as a key focus under the Medium-Term Management Plan, we will pursue the following initiatives with respect to strategies covering stores, dispensing pharmacies, merchandising (MD), digital transformation (DX), and overseas operations.

- 1) Store development strategy focused on profitability
 - Shift from a focus on new store openings to a focus on renovation and scrap-and-build, advancing a transformation of the store network from “quantity” to “quality”
 - Increase the frequency of store visits and customer count by reinforcing the roll-out of drug and food-format stores
- 2) Promoting new openings of dispensing pharmacies and enhancement
 - Reinforce integration of dispensing pharmacies into drugstores
 - Propose new ways to use pharmacies through online support and strengthening of family pharmacist functions

- 3) Improving corporate value and strengthening competitive power through private brand products
 - Initiate the integration and reorganization of private brands
 - Improve procurement efficiency and profitability by streamlining and standardizing product policies and transaction terms, including those of national brands
 - Launch joint delivery in certain areas

- 4) Promoting digital strategies and strengthening the information technology (IT) platform
 - Integrate customer IDs and customer data toward enabling data utilization across the entire Group
 - Promote streamlining of store operations through the introduction of electronic shelf labels, hands-free communication devices, business smartphones, etc.
 - Streamline store and dispensing pharmacy operations, and promote reallocation of resources to customer engagement and interpersonal services

- 5) Strengthening the foundation of overseas operations
 - Build a business foundation in the ASEAN region by harnessing local talent and external partners to strengthen headquarters functions, and also by establishing in-house training and education systems
 - Establish governance and risk management systems

Principal Business (as of February 28, 2026)

The Company manages and provides business guidance for each of the Group companies.

The Group consists of the Company and 28 consolidated subsidiaries and is engaged in business including sales of pharmaceuticals, cosmetics, misc. daily necessities, foods, and other products and business relating to the management of dispensing pharmacies.

Principal Offices (as of February 28, 2026)

Our Head Office: 20-1-21 Kita 24 Jo Higashi, Higashi-ku, Sapporo, Hokkaido

The number of our Group stores is as follows.

Direct stores: 5,676 (Others: 35 overseas stores)

Distribution (locations and the number of stores) of stores that are directly operated by the Group is as follows:

Number of stores by prefecture			
Hokkaido	453	Shiga	23
Aomori	152	Kyoto	97
Iwate	96	Osaka	272
Miyagi	177	Hyogo	152
Akita	95	Nara	16
Yamagata	119	Wakayama	23
Fukushima	158	Tottori	53
Ibaraki	217	Shimane	70
Tochigi	104	Okayama	87
Gunma	116	Hiroshima	277
Saitama	263	Yamaguchi	57
Chiba	332	Tokushima	29
Tokyo	497	Kagawa	62
Kanagawa	297	Ehime	145
Niigata	110	Kochi	57
Yamanashi	65	Fukuoka	134
Nagano	86	Saga	7
Toyama	43	Nagasaki	11
Ishikawa	25	Kumamoto	14
Fukui	7	Oita	12
Gifu	5	Miyazaki	10
Shizuoka	338	Kagoshima	37
Aichi	175	Okinawa	73
Mie	28	Total	5,676

Employees (as of February 28, 2026)

1) Status of the Group

Category	Number of employees	Increase (decrease) from previous fiscal year-end
Male	13,621	8,083
Female	14,120	8,344
Total or average	27,741	16,427

Note: The number of employees above has increased significantly since the previous fiscal year-end due to the business integration with WELCIA HOLDINGS CO., LTD. It includes 60 employees seconded from the Company to companies outside the Company and excludes 963 fixed-term employees as well as part-time employees. The annual average number of part-time employees is 47,917 (converted based on eight hours a day per person).

2) Status of the Company

Category	Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average length of service
Male	180	16	44 years and 11 months old	18 years and 9 months
Female	68	21	42 years and 6 months old	18 years and 0 months
Total or average	248	37	44 years and 3 months old	18 years and 7 months

Notes: 1. The number of employees above excludes fixed-term employees and part-time employees. The annual average number of part-time employees is one (converted based on eight hours a day per person) and that of fixed-term employees is 21.

2. The number of employees above includes 124 employees seconded from the Group.

Major Lenders (as of February 28, 2026)

Name of lender	Borrowing amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	101,325
North Pacific Bank, Ltd.	10,750
Mizuho Bank, Ltd.	5,887
Resona Bank, Limited	5,659
The Hokkaido Bank, Ltd.	5,000
MUFG Bank, Ltd.	3,166

Other Important Information Concerning the Company Group

Not applicable.

Matters Concerning Subscription Rights to Shares, Etc.

1. Status of subscription rights to shares, etc. held by the Company's officers as of the end of the fiscal year under review

Issue number (stock compensation- type stock options)	Number of subscription rights to shares (1,000 shares per subscription right to shares)	Number of shares subject to subscription rights to shares	Paid-in amount for subscription rights to shares	Exercise value	Exercise period	Status of holding by the Company's officers			
						Category	Number of subscription rights to shares	Number of shares subject to subscription rights to shares	Number of holders
2008 subscription rights to shares	23	23,000	Gratis	¥1	From September 26, 2008 to September 25, 2028	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	4	4,000	1
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-
2009 subscription rights to shares	24	24,000	Gratis	¥1	From September 26, 2009 to September 25, 2029	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	8	8,000	1
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-
2010 subscription rights to shares	26	26,000	Gratis	¥1	From September 28, 2010 to September 27, 2030	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	9	9,000	1
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-
2011 subscription rights to shares	35	35,000	Gratis	¥1	From September 28, 2011 to September 27, 2031	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	18	18,000	2
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-

Issue number (stock compensation- type stock options)	Number of subscription rights to shares (1,000 shares per subscription right to shares)	Number of shares subject to subscription rights to shares	Paid-in amount for subscription rights to shares	Exercise value	Exercise period	Status of holding by the Company's officers			
						Category	Number of subscription rights to shares	Number of shares subject to subscription rights to shares	Number of holders
2012 subscription rights to shares	36	36,000	Gratis	¥1	From September 28, 2012 to September 27, 2032	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	14	14,000	2
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-
2013 subscription rights to shares	17	17,000	Gratis	¥1	From September 28, 2013 to September 27, 2033	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	7	7,000	2
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-
2014 subscription rights to shares	20	20,000	Gratis	¥1	From September 28, 2014 to September 27, 2034	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	7	7,000	2
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-
2015 subscription rights to shares	11	11,000	Gratis	¥1	From September 29, 2015 to September 28, 2035	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	5	5,000	2
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-

Issue number (stock compensation- type stock options)	Number of subscription rights to shares (1,000 shares per subscription right to shares)	Number of shares subject to subscription rights to shares	Paid-in amount for subscription rights to shares	Exercise value	Exercise period	Status of holding by the Company's officers			
						Category	Number of subscription rights to shares	Number of shares subject to subscription rights to shares	Number of holders
2016 subscription rights to shares	14	14,000	Gratis	¥1	From September 27, 2016 to September 26, 2036	Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	5	5,000	2
						Outside Directors	-	-	-
						Directors (Audit and Supervisory Committee Members)	-	-	-

Note: The Company implemented a five-for-one stock split of its common shares on September 1, 2025.

2. Status of subscription rights to shares, etc. granted to employees, etc. during the fiscal year under review

Not applicable.

3. Other important matters concerning subscription rights to share, etc.

Not applicable.

Status of Accounting Auditor

1) Name Deloitte Touche Tohmatsu LLC

2) The amount of remuneration, etc.

	Amount paid
• Amount of remuneration, etc. for Accounting Auditor for the fiscal year under review	¥125 million
• Total amount of money and other property interests payable to Accounting Auditor by the Company and its subsidiaries	¥347 million

Notes: 1. Among the Company's significant subsidiaries, WELCIA SINGAPORE PTE. LTD. is audited by an audit firm other than the Company's Accounting Auditor.

2. Under the audit agreement between the Company and the Accounting Auditor, the amounts of remuneration, etc. for audits pursuant to the Companies Act and those for audits pursuant to the Financial Instruments and Exchange Act are not clearly separated, and they cannot be practically separated either. Consequently, the amount of remuneration, etc. for the fiscal year under review reflects the total amount of such remunerations.

3. The Audit and Supervisory Committee has reviewed and deliberated details of the audit plans by the Accounting Auditor, the status of execution of accounting audits and the basis for calculation of remuneration estimates after receiving necessary information and reports from Directors, internal related departments and the Accounting Auditor. As a result, it confirmed the appropriateness thereof and gave consent to the amount of remuneration for the Accounting Auditor.

4. During the fiscal year under review, the Company made WELCIA HOLDINGS CO., LTD. a subsidiary, and while the period for the consolidation was only the three months from December 1, 2025, to February 28, 2026, the audit remuneration includes the annual total amount relating to this company and its group.

3) Description of non-audit services

The Company entrusts the Accounting Auditor with "advisory services pertaining to the implementation of revised lease accounting standards" as services other than those set forth in Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan (non-audit services).

4) Policy regarding determination of termination or non-reappointment of accounting auditor

The Audit and Supervisory Committee shall determine details of proposals for the termination or non-reappointment of the Accounting Auditor, in the event that there is an obstacle to the execution of duties by the Accounting Auditor or otherwise such action is judged to be necessary.

In addition, in the event that the Accounting Auditor is deemed to have met any of the items set forth under Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall terminate the appointment of the Accounting Auditor subject to the unanimous consent of the Audit and Supervisory Committee Members. In this case, the Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee shall report on the termination of the Accounting Auditor at the first General Meeting of Shareholders convened after such termination.

5) Summary of the agreement on limitation of liability

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into a contract with the Accounting Auditor to limit its liability for damages under Article 423, Paragraph 1 of the said Act. The maximum amount of liability for damages pursuant to the agreement shall be the amount stipulated by laws and regulations.

System to Ensure Proper Business Execution and its Operational Status

The Company has resolved “Basic Policies for Establishing an Internal Control System” at its Board of Directors meeting. Under these basic policies, the Company develops and operates a structure to ensure proper execution of business. The Company will promote continual improvement by reviewing its status on an ongoing basis, aiming to establish a more efficient internal control system.

1. System to ensure that Directors and employees of the Company and its subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation

- a. The Company has established and disseminated the “Rules on Administrative Authority” and the “Segregation of Duties and Authority” which clarify the scope of administrative authority for Directors and employees of the Company and its subsidiaries, and is working to establish a system where their execution of duties is in compliance with laws and regulations and the Articles of Incorporation.
- b. The Company has established and disseminated the “Compliance Regulations,” and is working to establish a system for compliance with laws and regulations (including administrative notices and guidelines, etc.), internal rules, and corporate ethics.
- c. The Company has established the “Internal Whistleblowing Regulations” as well as a whistleblowing system, which is independent from business execution departments and is a line of communication separate from the office organization. Besides, for reports from inside and outside the Company, a system is in place where the Compliance Control Group, which is independent from business execution departments, is the recipient of such reports and the contents of whistleblowing is appropriately communicated to Directors as necessary.

2. System for storage and management of information related to the execution of duties of the Company’s Directors

The Company has established the “Document Management Regulations” and manages documents related to the execution of duties by Directors, including minutes of the Board of Directors meetings, for at least ten years (including past fiscal years), if necessary, during which the documents are available for inspection, so that Directors may obtain necessary information at any time.

3. Regulations or any other systems of the Company and its subsidiaries for the management of risk of loss

The “Crisis Management Regulations” has been formulated to address the risks surrounding the Company and its subsidiaries, which are classified in the list below. The Company has in place a system to minimize damage to the business by identifying risks at an early stage and responding promptly to them.

In the event of an unforeseen situation, the Company establishes a response headquarters headed by the Company’s President, and organizes and arranges an information liaison team and an external advisory team including legal counsels to promptly respond to such an event and prevent and minimize the spread of damage.

- (1) Risks relating to properties/resources (Company’s assets and other properties/resources)
- (2) Risks relating to human resources (management, employees)
- (3) Risks relating to business management
- (4) Risks relating to information
- (5) Other risks relating to violation of laws and regulations

4. System to ensure that the execution of duties of Directors of the Company and its subsidiaries is efficient
 - a. The Company has established and disseminated the “Rules on Administrative Authority” and the “Segregation of Duties and Authority” which clarify the roles of organizations within the Company and its subsidiaries and the authority corresponding to their positions, and is working to build a system to ensure efficient execution of duties and lay out a structure of responsibility.
 - b. The Company has established the “Board of Directors Regulations.” Regular meetings of the Board of Directors are held once a month and extraordinary meetings on an as-needed basis. Efforts are made to facilitate prompt decision-making on the Company’s management policies and strategies.
 - c. The Company has established the “Group Execution Meeting Regulations,” and regularly holds group execution meetings once a month. At the group execution meeting, which consists of Directors and Executive Officers of the Company and its subsidiaries, Directors and Executive Officers of the Company and its subsidiaries smoothly communicate basic management policies, basic plans, and other key management matters and make executive decisions.

5. System to ensure proper business execution within the Company group consisting of the Company and its subsidiaries
 - a. In order to establish an internal control system for the entire Company group consisting of the Company and its subsidiaries, as outlined in the Company’s “Basic Policies for Establishing Internal Control System,” the “Internal Control Committee” has been organized. The committee consists of Directors and Executive Officers of the Company and independently evaluates the operation status of the internal control system. Besides, the Company established the Audit Office, which is independent from business execution departments and monitors business execution departments.
 - b. The Company has established the “Group Execution Meeting Regulations,” and regularly holds group execution meetings once a month. At the group execution meeting, which consists of Directors and Executive Officers of the Company and its subsidiaries, key management matters are reported in an appropriate manner.

6. Matters related to Directors and employees who should assist the duties of the Audit and Supervisory Committee of the Company and matters regarding independence from Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Company has established the “Audit and Supervisory Committee Regulations.” Recruiting, personnel change, performance evaluation, salary, and disciplinary action of Directors and employees who are to assist the duties of the Audit and Supervisory Committee require prior consent of the Audit and Supervisory Committee Members in order to ensure the independence of such Directors and employees.

7. Matters regarding ensuring efficiency in directions from the Audit and Supervisory Committee given to Directors and employees who are to assist the duties of the Audit and Supervisory Committee of the Company

The Company established the “Audit and Supervisory Committee Regulations,” and Directors and employees who are to assist the duties of the Audit and Supervisory Committee shall execute duties by following directions given by the committee in order to ensure the effectiveness of such directions.

8. System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees of the Company and its subsidiaries to report to the Audit and Supervisory Committee of the Company and a system for ensuring that persons who have reported are not be treated unfavorably because of such reporting

The “Audit and Supervisory Committee Regulations” has been formulated to establish a system for reporting to the Audit and Supervisory Committee, Audit and Supervisory Committee Members, and employees who are to assist the duties of the Audit and Supervisory Committee. The regulations, which includes the following contents, shall be administered appropriately.

- a. The Audit and Supervisory Committee shall be able to request reports from Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees of the Company and its subsidiaries on their execution of duties as well as conduct investigations on the business and assets of the Company and its subsidiaries.
 - b. Appropriate reporting shall be made, if requested from the Audit and Supervisory Committee, Audit and Supervisory Committee Members, and employees who are to assist the duties of the Audit and Supervisory Committee.
 - c. A system shall be in place to ensure that persons who have reported to the Audit and Supervisory Committee, Audit and Supervisory Committee Members, or employees who are to assist the duties of the Audit and Supervisory Committee do not suffer any unfavorable treatment because of such reporting.
9. Matters regarding policies on repayment or reimbursement of expenses incurred in connection with the execution of duties by Audit and Supervisory Committee Members of the Company (limited to those related to the execution of duties by the Audit and Supervisory Committee), and treatment of other expenses or liabilities incurred in the performance of such duties

In the event that audit expenses are incurred by Audit and Supervisory Committee Members or employees who are to assist the duties of the Audit and Supervisory Committee, the Company shall bear such expenses. The same shall apply to advance payments of start-up fees and the like, and to reimbursement of expenses incurred after the fact.

10. Other system to ensure the effective conduct of audits by the Audit and Supervisory Committee of the Company
Audit and Supervisory Committee Members receive regular reports from the Accounting Auditor, and also request internal audit departments to make quarterly reports on the progress of establishing an internal control system. As such, an efficient audit system is in place.
11. System to ensure fairness of financial reporting

In order to ensure the reliability of financial reporting of the Company and its subsidiaries, the Company has established and is operating a system to ensure the appropriateness of financial reporting as required by the Financial Instruments and Exchange Act and other related laws and regulations. Under the system, “Internal Control Committee,” consisting of Directors and Executive Officers of the Company, holds regular meetings

every quarter and evaluates the status of internal control over financial results and reporting. During the current fiscal year, six Internal Control Committee meetings were held based on the occurrence of matters to be reported.

12. System toward elimination of anti-social forces

The Company shall have no relationship with any forces threatening the social order and sound activities of companies and resolutely take countermeasures against any unreasonable demand, if received, in an organizational way.

Policy for Determining Dividends of Surplus, etc.

(Regarding the dividends for the current fiscal year)

The Company's basic policy is to pay stable dividends by focusing on shareholder returns while taking into account the need for funds to reinforce the operating base and support future business development. The Company has also distributed profits to shareholders by taking into account the dividend payout ratio.

Based on the above policy, the Company paid an interim dividend of ¥133.50 per share as planned for the second quarter of the current fiscal year. The Company implemented a five-for-one stock split of its common shares on September 1, 2025, and has accordingly stated the amount of dividend per share for the second quarter-end on a pre-stock-split basis. At the end of the fiscal year, the Company has decided to pay a year-end dividend of ¥23.00 per share as initially planned based on the business results. Without taking the stock split into account, the year-end dividend would be ¥115.00 per share and the full-year dividend would be ¥248.50 per share.

(Regarding dividends from the next and subsequent fiscal years)

With respect to dividends in the next fiscal year, the Company will provide shareholder returns based on its performance and other factors under its basic policy of maintaining stable and progressive dividends while balancing reinforcement of its management base through the business integration with growth investment. For the fiscal year ending February 28, 2027, the Company plans to pay a full-year dividend of ¥48 per share.

Consolidated Balance Sheets

(As of February 28, 2026)

(Millions of yen)

Assets		Liabilities	
Description	Amount	Description	Amount
Current assets		Current liabilities	
Cash and deposits	202,130	Accounts payable – trade	375,592
Accounts receivable – trade	122,481	Current portion of long-term loans payable	41,389
Merchandise	307,924	Accounts payable – other	29,869
Raw materials and supplies	682	Lease obligations	12,302
Other	46,294	Income taxes payable	25,437
Allowance for doubtful accounts	(103)	Contract liabilities	20,779
Total current assets	679,409	Provision for bonuses	13,162
		Provision for directors' bonuses	816
Non-current assets		Provision for point card certificates	269
Property, plant and equipment		Provision for loss on store closings	1,979
Buildings and structures	188,934	Other	25,967
Tools, furniture and fixtures	19,303	Total current liabilities	547,566
Land	39,724	Non-current liabilities	
Leased assets	62,436	Long-term loans payable	98,864
Construction in progress	3,035	Lease obligations	55,932
Other	272	Deferred tax liabilities	911
Total property, plant and equipment	313,706	Net defined benefit liability	10,397
Intangible assets		Asset retirement obligations	28,215
Goodwill	454,593	Provision for loss on store closings	3,902
Software	12,364	Other	6,485
Other	2,699	Total non-current liabilities	204,708
Total intangible assets	469,657	Total liabilities	752,275
Investments and other assets			
Investment securities	24,845	Net assets	
Deferred tax assets	36,384	Description	Amount
Retirement benefit asset	438	Shareholders' equity	
Guarantee deposits	119,518	Capital stock	12,300
Other	4,224	Capital surplus	587,912
Allowance for doubtful accounts	(202)	Retained earnings	263,416
Total investments and other assets	185,208	Treasury shares	(3,402)
		Total shareholders' equity	860,225
Total non-current assets	968,572	Accumulated other comprehensive income	
		Valuation difference on available-for-sale securities	14,724
		Foreign currency translation adjustment	(38)
		Remeasurements of defined benefit plans	311
		Total accumulated other comprehensive income	14,997
		Subscription rights to shares	596
		Non-controlling interests	19,886
		Total net assets	895,706
Total assets	1,647,981	Total liabilities and net assets	1,647,981

Consolidated Statements of Income

(March 1, 2025 – February 28, 2026)

(Millions of yen)

Description	Amount	
Net Sales		1,450,585
Cost of sales		1,006,596
Gross profit		443,989
Selling, general and administrative expenses		380,952
Operating Income		63,037
Non-operating income		
Interest income	386	
Dividend income	256	
Subsidy income	338	
Gain on donation of equipment	509	
Rent income	346	
Compensation income	671	
Other	1,038	3,548
Non-operating expenses		
Interest expenses	2,510	
Share of loss of entities accounted for using equity method	473	
Other	515	3,499
Ordinary Income		63,086
Extraordinary income		
Gain on sales of non-current assets	63	
Gain on sale of investment securities	6,742	
Gain on step acquisitions	10,583	
Other	203	17,592
Extraordinary losses		
Loss on retirement of non-current assets	97	
Loss on sales of non-current assets	8	
Impairment loss	10,776	
Provision for loss on store closings	2,929	
Other	541	14,353
Income before income taxes		66,326
Income taxes – current	25,271	
Income taxes – deferred	(4,301)	20,969
Net income		45,356
Net income attributable to non-controlling interests		2,686
Net income attributable to owners of the parent		42,670

Consolidated Statement of Changes in Equity

(March 1, 2025 – February 28, 2026)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of the period	11,626	21,541	232,706	(5,315)	260,558
Change of items during the period					
Issuance of new shares	673	570,254			570,928
Dividends of surplus			(11,960)		(11,960)
Net income attributable to owners of the parent			42,670		42,670
Purchase of treasury shares				(78,408)	(78,408)
Disposal of treasury shares		3,815		84,095	87,910
Change in scope of consolidation				(3,774)	(3,774)
Purchase of shares of consolidated subsidiaries		(7,698)			(7,698)
Net changes of items other than shareholders' equity					
Total change of items during the period	673	566,371	30,709	1,913	599,667
Balance at end of the period	12,300	587,912	263,416	(3,402)	860,225

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the period	20,503	–	175	20,678	866	24,273	306,377
Change of items during the period							
Issuance of new shares							570,928
Dividends of surplus							(11,960)
Net income attributable to owners of the parent							42,670
Purchase of treasury shares							(78,408)
Disposal of treasury shares							87,910
Change in scope of consolidation							(3,774)
Purchase of shares of consolidated subsidiaries							(7,698)
Net changes of items other than shareholders' equity	(5,778)	(38)	136	(5,680)	(270)	(4,387)	(10,338)
Total change of items during the period	(5,778)	(38)	136	(5,680)	(270)	(4,387)	589,329
Balance at end of the period	14,724	(38)	311	14,997	596	19,886	895,706

[Notes to the Consolidated Financial Statements]

1. Figures shown are rounded down to the presentation unit.
2. Notes on the Basis of Presenting the Consolidated Financial Statements

(1) Scope of consolidation

1) Number of consolidated subsidiaries: 28

Names of consolidated subsidiaries

TSURUHA CO., LTD.

Kusurino FUKUTARO Co., LTD.

Tsuruha Group Drug & Pharmacy Nishinohon Inc.

Lady Drug Store Co., Ltd.

Kyorindo Group Holdings Co., Ltd.

Kyorindo Co., Ltd.

Drug Eleven Co., Ltd.

TSURUHA Group Merchandising Co., Ltd.

TSURUHA Financial Service Inc.

TSURUHA Shurui Hanbai Co., Ltd.

WELCIA HOLDINGS CO., LTD.

WELCIA YAKKYOKU CO., LTD.

WELCIA KAIGO SERVICE Co., Ltd.

SHIMIZU YAKUHIN Co., Ltd.

MARUDAI SAKURAI PHARMACY CO., LTD.

MASAYA.Co., Ltd.

YODOYA CO., LTD.

Marue Wellness stores Inc.

Pupule Himawari Co., Ltd.

KOKUMIN CO., LTD.

French Co., Ltd.

FUKUYAKUHIN CO., LTD.

Xchange Inc.

Xchange Solutions Inc.

Xchange Creative Inc.

Welpark Co., Ltd.

WELCIA PARTNERS Co., inc.

WELCIA SINGAPORE PTE. LTD.

(Change in scope of consolidation)

WELCIA HOLDINGS CO., LTD. and its 17 subsidiaries have been included in the scope of consolidation as the Company conducted a share exchange on December 1, 2025, under which the Company became the wholly owning parent company and WELCIA HOLDINGS CO., LTD. became a wholly owned subsidiary.

Several Co., Ltd. has been excluded from the scope of consolidation, as the Company sold its shares during the fiscal year ended February 28, 2026.

2) Names of important non-consolidated subsidiaries

TSURUHA (Thailand) Co., Ltd.

TSURUHA VIETNAM JOINT STOCK COMPANY

TSURUHA DRUGSTORE VIETNAM CO.,LTD.

Welcia Oasis Co., Ltd.

Welcia Caretransport Co., Ltd.

(Reasons for exclusion from the scope of consolidation)

Non-consolidated subsidiaries are small in size, with total assets, net sales, net income (based on the Group's equity in earnings), and retained earnings (based on the Group's equity in earnings) that do not have a material impact on the consolidated financial statements of the Group.

(2) Application of the equity method

1) Number of affiliates to which the equity method has been applied: 2

Names of affiliates to which the equity method has been applied

AEON Rēvecosme Co., Ltd.

AEON WELCIA KYUSHU Co., Ltd.

(Change in scope of equity method application)

AEON Rēvecosme Co., Ltd. and AEON WELCIA KYUSHU Co., Ltd. have been included in the scope of equity method application, as they became affiliates as a result of the share exchange conducted on December 1, 2025, whereby the Company became the wholly owning parent company and WELCIA HOLDINGS CO., LTD. became a wholly owned subsidiary.

2) Names of important non-consolidated subsidiaries to which the equity method has not been applied

TSURUHA (Thailand) Co., Ltd.

TSURUHA VIETNAM JOINT STOCK COMPANY

TSURUHA DRUGSTORE VIETNAM CO.,LTD.

Welcia Oasis Co., Ltd.

Welcia Caretransport Co., Ltd.

(Reasons for not applying the equity method)

The equity method has not been applied to non-consolidated subsidiaries that have a minimal impact on net income (based on the Group's equity in earnings) and retained earnings (based on the Group's equity in earnings) and that are immaterial overall to the consolidated financial statements of the Group.

(3) Fiscal year of consolidated subsidiaries

All consolidated subsidiaries have the same fiscal year-ends as the consolidated closing date.

(4) Accounting policies

1) Valuation criteria and methods for significant assets

a. Valuation criteria and methods for securities

Available-for-sale securities

Securities other than shares, etc. that do not have a market price

Stated at fair value (valuation differences are reported as a separate component of net assets and the cost of securities sold is determined based on the moving average method).

Shares, etc. that do not have a market price

Stated at cost using the moving average method.

b. Valuation criteria and methods for inventories

Merchandise

Whereas merchandise is primarily valued at cost using the monthly moving average method (balance sheet values are written down to reflect declines in profitability), certain consolidated subsidiaries primarily value merchandise at cost using the retail method (balance sheet values are written down to reflect declines in profitability). However, drugs used for dispensing activities are valued at cost using the retail method (balance sheet values are written down to reflect declines in profitability).

Raw materials and supplies

Last purchase cost method

2) Depreciation and amortization methods for significant depreciable assets

a. Property, plant and equipment (excluding leased assets)

Declining-balance method

However, the straight-line method is used for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and structures and facilities attached to buildings acquired on or after April 1, 2016.

In addition, certain consolidated subsidiaries use the straight-line method.

Expected useful lives of principle assets are as follows:

Buildings and structures 3 to 47 years

Tools, furniture and fixtures 2 to 20 years

b. Intangible assets (excluding leased assets)

Straight-line method

Internal-use software is amortized using the straight-line method over estimated useful lives (five years).

c. Leased assets

The straight-line method, where lease period is used as an expected useful life with a residual value of zero, is applied.

For finance lease transactions where there is no transfer of ownership that started on or before May 15, 2008, the same accounting method as for ordinary lease transactions is used.

3) Accounting for significant allowance

a. Allowance for doubtful accounts

To prepare for potential loss on receivables, the Company provides an allowance for the estimated amount of unrecoverable receivables for general receivables based on the historical rate of default, and for specific debts based on a case-by-case determination of recoverability.

- b. Provision for bonuses To prepare for accrued bonuses for employees, an allowance is provided at the amount based on the estimated bonus obligations for the current fiscal year.
 - c. Provision for directors' bonuses To provide for accrued bonuses for directors, an allowance is provided for the actual amount expected to be paid.
 - d. Provision for point card certificates Regarding a points system operated by the subsidiaries of the Company, provision for points granted to cardholders other than for the sale of merchandise is provided based on the value of projected point usage in the future.
 - e. Provision for loss on store closings To prepare for losses associated with store closures, a provision has been recorded based on estimated future losses related to stores designated for closure.
- 4) Accounting method for retirement benefits
- a. Method of attributing projected retirement benefits to periods When calculating retirement benefit obligations, the benefit formula basis is used to allocate projected retirement benefits to the period before the end of the current fiscal year.
 - b. Amortization of actuarial differences Actuarial differences are recorded as gains or losses in the fiscal year following the fiscal year in which the difference is recognized using the straight-line method based on certain periods (three to eight years) within the average remaining service years of the eligible employees.
- 5) Significant revenue and expense recognition standards
- a. Revenue recognition for sales of merchandise The Company's subsidiaries engage in sales of pharmaceuticals, cosmetics, misc. daily necessities, foods and other products. Revenue from sales of these merchandise is recognized when they are delivered to the customer. For sales on consignment and other transactions in which the role of the Company and its subsidiaries is determined to be that of an agent, revenue is recognized at the net amount of the amount received from the customer less the amount to be paid to consignor. Consideration is usually received at the time the merchandise is delivered to the customer, with no adjustment for significant financial elements.
 - b. Revenue recognition for a points system operated by the subsidiaries of the Company Regarding a points system operated by the subsidiaries of the Company, revenue from sales is recognized as of the point usage and point expiration.

Amount equivalent to points granted in connection with the sale of merchandise is recognized as performance obligation, and the transaction price is allocated based on the stand-alone selling price calculated by taking into account the expected future expiration and other factors.

c. Revenue recognition for a points system operated by other companies

Regarding a points system operated by other companies, revenue from sales is recognized at the net amount of the transaction price less the amount equivalent to points granted in connection with the sale of merchandise.

6) Standard for translating significant foreign currency-denominated assets and liabilities into Japanese yen
Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate as of the consolidated closing date, and revenues and expenses are translated into yen at the average exchange rate during the period. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

7) Amortization method and period of goodwill

Goodwill is amortized in equal installments over a reasonable period of five to 20 years, with periods determined on a case-by-case basis. Goodwill with an immaterial impact is amortized in a lump sum.

3. Notes on Change of Presenting Method

(Re: Consolidated Statements of Income)

“Compensation income” included in “other” under “non-operating income” in the previous fiscal year is independently presented from the fiscal year under review, as its monetary significance has increased. The amount of “Compensation income” for the previous fiscal year was ¥123 million.

4. Notes on Accounting-based Estimates

Reasonable amounts of accounting-based estimates are calculated based on information available as of the preparation of consolidated financial statements. Of the items whose amounts recorded in the consolidated financial statements for the current fiscal year are based on accounting-based estimates, those with a risk of significantly affecting the consolidated financial statements for the next fiscal year are as follows.

Impairment of non-current assets

(1) Amounts recorded in the consolidated financial statements

Property, plant and equipment	¥313,706 million
Intangible assets (excluding goodwill)	¥15,064 million
Investments and other assets	¥3,625 million
Impairment loss (excluding goodwill)	¥10,776 million

Note: Of investments and other assets, impairment of non-current assets covers a portion of guarantee deposits and long-term prepaid expenses included in “Other.”

- (2) Other information that helps users of consolidated financial statements to better understand the details of accounting-based estimates

The Group uses stores as the basic unit, which is the smallest unit that generates cash flow, and groups leased assets and idle assets by property.

Stores and land whose income generated from operating activities has been a negative amount on an ongoing basis and stores for which fair value of land has significantly fallen are classified into asset groups with a sign of impairment. The necessity of recognizing impairment is determined based on whether the total amount of undiscounted future cash flow for each store is below the book value of the asset group.

The estimate of future cash flow is made based on the budget plans for each store prepared by considering the results of prior fiscal years, external environment, and internal environment. In these plans, factors such as the growth rate in net sales and the improvement rate in gross profit margin after the store opening have been taken into account as key assumptions.

These assumptions may be affected by changes in the economic environment and other factors, and if it becomes necessary to revise the key assumptions, the decision on the need to recognize an impairment loss for the next fiscal year and the amount of impairment loss to be measured may be significantly affected.

Valuation and amortization period of goodwill arising from the share exchange with WELCIA HOLDINGS CO., LTD.

- (1) Amounts recorded in the consolidated financial statements

Goodwill	¥437,528 million
Goodwill amortization	¥5,538 million

The Company and WELCIA HOLDINGS CO., LTD. (“WELCIA HD”) have concluded a share exchange agreement on April 11, 2025, under which the Company and WELCIA HD will conduct a share exchange that will make the Company the wholly owning parent company and WELCIA HD a wholly owned subsidiary. The share exchange agreement forms part of the capital and business alliance among AEON, the Company, and WELCIA HD, which includes business integration between the Company and WELCIA HD. Said share exchange agreement was approved at the ordinary general meeting of shareholders held on May 26, 2025. Based on this, the Company conducted the share exchange with an effective date of December 1, 2025, and WELCIA HD became its wholly owned subsidiary in the share exchange on the same date. As a result, in the consolidated financial statements for the fiscal year under review, the Company recorded goodwill of ¥437,528 million arising from the share exchange with WELCIA HD (“goodwill”) and goodwill amortization of ¥5,538 million.

- (2) Other information that helps users of consolidated financial statements to better understand the details of accounting-based estimates

The acquisition cost of a company or business acquired through a business combination is allocated based on the fair values of identifiable assets acquired and liabilities assumed at the date of business combination. Any excess of the acquisition cost over the net amount allocated to the acquired assets and assumed liabilities is recognized as goodwill. In addition, the amortization period of goodwill is determined based on the period over

which the excess earning power from the acquisition of WELCIA HD shares is expected to continue, based on the business plan and the outlook for the market environment.

The valuation of goodwill is based on the business plan prepared by management and other factors. In the business plan, factors such as increases in net sales and an improvement in gross profit have been taken into account as key assumptions.

These assumptions may be affected by changes in the economic environment and other factors, and if it becomes necessary to revise the key assumptions, the decision on the need to recognize an impairment loss for the next fiscal year and the amount of impairment loss to be measured may be significantly affected.

5. Notes on Consolidated Balance Sheets

(1) Accumulated depreciation of property, plant and equipment ¥308,838 million

(2) Assets pledged as collateral and secured liabilities are as follows.

1) Assets pledged as collateral

Buildings and structures	¥239 million
Land	¥1,134 million
Total	¥1,374 million

2) Secured liabilities

Short-term loans payable (including current portion of long-term loans payable)	¥340 million
Long-term loans payable	¥814 million
Total	¥1,155 million

6. Notes on Consolidated Statement of Changes in Equity

(1) Class and total number of shares issued and outstanding as of February 28, 2026

Common shares 454,308,990 shares

(2) Dividends of surplus

1) Dividend amounts

Resolution	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
The Board of Directors meeting on April 11, 2025	Common shares	5,450	112.0	February 28, 2025	May 12, 2025
The Board of Directors meeting on October 10, 2025	Common shares	6,510	133.5	August 31, 2025	November 4, 2025

Note: The Company implemented a five-for-one stock split of its common shares on September 1, 2025. The “dividend per share” amounts are stated on a pre-stock-split basis.

- 2) Dividends whose record date is during this fiscal year, but whose effective date is during the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Scheduled effective date
The Board of Directors meeting on April 9, 2026	Common shares	10,448	Retained earnings	23.0	February 28, 2026	May 8, 2026

Note: The total amount of dividends resolved at the Board of Directors' meeting held on April 9, 2026 includes dividends of ¥30 million on the Company's shares held by the ESOP trust.

- (3) Subscription rights to shares as of February 28, 2026

Breakdown of subscription rights to shares	Class of shares subject to subscription rights to shares	Number of shares as of February 28, 2026
2008 subscription rights to shares	Common shares	23,000 shares
2009 subscription rights to shares	Common shares	24,000 shares
2010 subscription rights to shares	Common shares	26,000 shares
2011 subscription rights to shares	Common shares	35,000 shares
2012 subscription rights to shares	Common shares	36,000 shares
2013 subscription rights to shares	Common shares	17,000 shares
2014 subscription rights to shares	Common shares	20,000 shares
2015 subscription rights to shares	Common shares	11,000 shares
2016 subscription rights to shares	Common shares	14,000 shares
The 11th series of subscription rights to shares	Common shares	1,754,500 shares
Total		1,960,500 shares

- (4) Significant changes in the amount of shareholders' equity

- 1) Issuance of new shares

An increase of ¥569,580 million in capital surplus resulting from the share exchange with WELCIA HOLDINGS CO., LTD., and an increase of ¥1,347 million in capital stock and capital surplus resulting from the exercise of subscription rights to shares and other factors.

- 2) Purchase of treasury shares

An acquisition of ¥78,395 million in treasury shares resulting from the exercise of rights to demand the purchase of the Company's common shares in accordance with Article 797, Paragraph 1 of the Companies Act, and the buyback of ¥12 million in treasury shares resulting from the treatment of shares less than one share due to the share exchange in accordance with Article 234, Paragraphs 4 and 5 of the Companies Act.

- 3) Disposal of treasury shares

A decrease of ¥84,095 million in treasury shares resulting from the share exchange with WELCIA HOLDINGS CO., LTD. and other factors, as well as an increase of ¥3,815 million in capital surplus.

7. Notes on Financial Instruments

(1) Status of financial instruments

Regarding asset management, the Company manages financial instruments in a way that sensible returns can be gained by placing the highest priority on certainty of recovering the principal. When selecting financial institutions, the Company strives to ensure security while paying attention to credit aspects.

Investment securities are cross-shareholdings, and the Company assesses market values of listed shares every quarter.

(2) Fair value, etc. of financial instruments

The amounts recorded on the consolidated balance sheets, fair values, and differences thereof as of February 28, 2026 are as follows.

	Amount recorded on consolidated balance sheets (Millions of yen)	Fair value (Millions of yen)	Difference (Millions of yen)
(1) Investment securities (*2)	23,754	23,754	–
(2) Guarantee deposits	118,986	105,420	(13,565)
Total of assets	142,740	129,175	(13,565)
(3) Long-term loans payable (*3)	140,254	139,305	(948)
Total of liabilities	140,254	139,305	(948)

(*1) “Cash and deposits,” “accounts receivable – trade,” “accounts payable – trade,” and “short-term loans payable” are omitted, because they are either cash or short-term instruments whose carrying amounts approximate their fair values.

(*2) Shares, etc. that do not have a market price are not included in “(1) Investment securities.” The carrying amount of these financial instruments on the consolidated balance sheets are as follows:

Category	Amount recorded on consolidated balance sheets (Millions of yen)
Unlisted shares	1,090

(*3) Current portion of long-term loans payable is included in long-term loans payable.

(3) Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using unadjusted quoted prices of identical assets or liabilities in active markets

Level 2 fair value: Fair value measured using direct or indirect observable inputs other than Level 1 inputs

Level 3 fair value: Fair value measured using important unobservable inputs

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

1) Financial assets measured at fair value

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	22,094	–	–	22,094
Other	–	1,660	–	1,660
Total of assets	22,094	1,660	–	23,754

2) Financial assets and financial liabilities other than those measured at fair value

Category	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Guarantee deposits	–	105,420	–	105,420
Total of assets	–	105,420	–	105,420
Long-term loans payable	–	139,305	–	139,305
Total of liabilities	–	139,305	–	139,305

Note: A description of the valuation techniques and inputs used in the fair value measurements

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

Because investment trusts do not have a transaction price on the market nor material restrictions that would require market participants to compensate for the risk associated with cancellation, the net asset value is considered the fair value, which is classified as Level 2.

Guarantee deposits

The fair value of guarantee deposits is measured by the discounted present value method, based on the estimated period from the fiscal year-end to the return of the deposits. The calculation uses the future cash flows (after deducting amounts that are not expected to be recovered due to the fulfillment of asset retirement obligations) and the appropriate interest rate that takes into account the yield of government bonds and the credit risk involved in credit management. The fair value is classified as Level 2.

Long-term loans payable

The fair value is determined using the discounted present value method based on the sum of principal and interest, plus an interest rate that takes into account the remaining term of the debt and credit risk, and is classified as Level 2.

8. Notes on Revenue Recognition

(1) Disaggregation of revenue from contracts with customers

		Amount (Millions of yen)
	Pharmaceuticals	144,457
	Cosmetics	186,248
	Misc. daily necessities	347,894
	Foods	393,616
	Other	136,114
	Total sales of goods other than dispensing	1,208,331
	Dispensing	237,570
	Product total	1,445,901
	Commission income, etc.	2,958
	Revenue from contracts with customers	1,448,860
	Revenue from other sources	1,724
	Net sales for external customers	1,450,585

- Notes: 1. “Other” mainly consists of childcare products, health food, and medical supplies.
2. “Revenue from other sources” consists of real estate rent, etc.

(Change of presenting method)

“Dispensing,” which was previously included under “Pharmaceuticals,” is independently presented from the fiscal year under review due to its increased significance. The amount of “Dispensing” for the previous fiscal year was ¥109,296 million.

(2) Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue from contracts with customers is as presented in “2. Notes on the Basis of Presenting the Consolidated Financial Statements, (4) Accounting policies, 5) Significant revenue and expense recognition standards” in the notes to the consolidated financial statements.

(3) Relationship between the satisfaction of performance obligations under contracts with customers and cash flows from such contracts, and the amount and timing of revenue expected to be recognized from contracts with customers that existed at the end of the current fiscal year and are expected to be recognized in the following fiscal year or later

1) Contract liability balances

	As of February 28, 2026 (Millions of yen)
Receivables from contracts with customers (beginning balance)	41,180
Receivables from contracts with customers (ending balance)	122,481
Contract liabilities (beginning balance)	18,849
Contract liabilities (ending balance)	20,779

Contract liabilities are performance obligations in the amount equivalent to points granted to customers in connection with the sale of merchandise under a points system operated by the Company’s subsidiaries, with

the transaction price allocated based on the stand-alone selling price calculated by taking into account the expected future expiration and other factors. Revenue is recognized when points are used or when they expire, and contract liabilities are reversed.

Revenue recognized in the current fiscal year that was included in the beginning balance of contract liability in the fiscal year was ¥11,778 million.

2) Transaction price allocated to the remaining performance obligations

Remaining performance obligations are associated with the points granted to customers in connection with the sale of merchandise under a points system operated by the Company's subsidiaries. The aggregate transaction price allocated to remaining performance obligations and the period over which revenue is expected to be recognized are as follows.

	As of February 28, 2026 (Millions of yen)
Within one year	12,687
Over one year	8,092
Total	20,779

9. Notes on Per Share Information

Net assets per share ¥1,932.16

Net income per share ¥144.55

Note: The Company implemented a five-for-one stock split of its common shares on September 1, 2025. "Net assets per share" and "net income per share" have been calculated on the assumption that said stock split was implemented at the beginning of the current fiscal year.

10. Notes on Business Combination

(Business integration with WELCIA HOLDINGS CO., LTD.)

The Company and WELCIA HOLDINGS CO., LTD. ("WELCIA HD") have concluded a share exchange agreement on April 11, 2025, under which the Company and WELCIA HD will conduct a share exchange that will make the Company the wholly owning parent company and WELCIA HD a wholly owned subsidiary. The share exchange agreement forms part of the capital and business alliance among AEON, the Company, and WELCIA HD, which includes the business integration between the Company and WELCIA HD. Said share exchange agreement was approved at the ordinary general meeting of shareholders held on May 26, 2025. Based on this, the Company conducted the share exchange with an effective date of December 1, 2025, and WELCIA HD became its wholly owned subsidiary in the share exchange on the same date.

For reference, prior to the effective date of the share exchange, the common shares of WELCIA HD were delisted from the Prime Market of Tokyo Stock Exchange, Inc. on November 27, 2025 (last trading date was November 26, 2025).

Business combination by acquisition

(1) Overview of the business combination

1) Name of acquired company and description of its business

Name of acquired company: WELCIA HOLDINGS CO., LTD.

Description of business: Business management of subsidiaries and group companies that operate drugstore chain with dispensing pharmacy, etc.

2) Main reasons for the business combination

On February 28, 2024, the Company, AEON CO., LTD., and WELCIA HD agreed to begin deliberations on a capital and business alliance among AEON CO., LTD., the Company, and WELCIA HD (the “capital and business alliance”), which includes the business integration between the Company and WELCIA HD. The purpose is to improve health and wellness of people in local communities by engaging pre-disease care, disease prevention, and treatment in order to contribute to extending healthy life expectancy not only in Japan but also in ASEAN and on a global scale. Based on the belief that the capital and business alliance will lead to an improvement in health and wellness of people in local communities, the Company decided to execute the definitive agreement on the capital and business alliance on April 11, 2025. Through the capital and business alliance, we aim to create the largest drugstore alliance in Japan, enhance competitiveness, and evolve into a leading global company in Asia, while also creating limitless growth opportunities for employees who work there. The share exchange was implemented as part of the capital and business alliance.

3) Date of the business combination

December 1, 2025

4) Legal form of the business combination

Share exchange with the Company as the wholly owning parent company in the share exchange and WELCIA HD as the wholly owned subsidiary in the share exchange

5) Name of the combined company

Unchanged

6) Voting rights ratio acquired

Voting rights ratio held immediately before the business combination 1.60%

Additional voting rights ratio acquired on the date of the business combination 98.40%

Voting rights ratio after acquisition 100.00%

7) Basis for determining the acquiring company

This is attributable to the Company’s acquisition of all the shares of WELCIA HD in exchange for shares of the Company.

(2) Period of results of acquired companies included in the consolidated financial statements

December 1, 2025 – February 28, 2026

(3) Matters concerning the determination of acquisition cost

1) Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for the acquisition:	Fair value as of the date of the business combination of WELCIA HD's shares held immediately before the business combination	¥10,675 million
	Fair value of the Company's common shares delivered on the date of the business combination	¥657,108 million

Acquisition cost ¥667,784 million

2) Exchange ratio by class of shares, calculation method thereof, and number of shares delivered

Exchange ratio by class of shares and number of shares delivered

	The Company (Wholly owning parent company in the share exchange)	WELCIA HD (Wholly owned subsidiary in the share exchange)
Allotment ratio in the share exchange	1	1.15
Number of shares delivered in the share exchange	Common shares of the Company: 237,308,868 shares	

Note: In the share exchange, the Company used a portion of its treasury shares as the shares to be delivered.

3) Calculation method of share exchange ratio

In order to ensure the fairness of the calculation of exchange ratio, the Company and WELCIA HD selected a third-party calculation agent independent from the Company and WELCIA HD and requested it to calculate and analyze the exchange ratio in the share exchange. As a result of careful discussions and examinations, we determined that the share exchange ratio is appropriate and will benefit the shareholders of both companies.

4) Difference between acquisition cost of acquired company and aggregate acquisition cost for each transaction leading to acquisition

Gain on step acquisitions: ¥10,583 million

(4) Details and amounts of major acquisition-related costs

Advisory fees, etc. ¥2,660 million

(5) Amount of goodwill recognized, reasons for recognition, and amortization method and period

1) Amount of goodwill recognized

¥443,066 million

2) Reasons for recognition

It is primarily attributable to the expected excess earning power arising from the future business development of WELCIA HD.

3) Amortization method and period

Amortized on a straight-line basis over 20 years

(6) Amounts of assets acquired and liabilities assumed on the date of business combination and their major breakdown

Current assets	¥352,215 million
Non-current assets	<u>¥254,304 million</u>
Total assets	<u>¥606,520 million</u>
Current liabilities	¥300,732 million
Non-current liabilities	<u>¥79,129 million</u>
Total liabilities	<u>¥379,861 million</u>

(7) Estimated impact on the consolidated statement of income for the current fiscal year, assuming the business combination was completed at the beginning of the fiscal year, and the method of calculation thereof

Net sales	¥1,010,394 million
Ordinary income	¥14,798 million

(Method of calculation of estimated amount)

Assuming that the business combination was completed on the first day of the fiscal year under review, the difference between the net sales and ordinary income calculated on this basis and the net sales and ordinary income in the acquiring company's consolidated income statement is regarded as the estimated amount of impact. The estimated amount of impact is calculated by assuming that goodwill, etc. recognized at the time of the business combination had arisen at the beginning of the period.

The aforementioned information does not necessarily indicate events that may occur in the future. Furthermore, it does not indicate the operating results if investments were actually made at the beginning of the fiscal year under review.

Additionally, the estimated impact has not received audit certification.

(Wholly owned subsidiary conversion of a consolidated subsidiary, Lady Drug Store Co., Ltd.)

On December 22, 2025, the Company and its consolidated subsidiary, Lady Drug Store Co., Ltd., acquired all of the shares held by the non-controlling interests of Lady Drug Store Co., Ltd., as a result of which Lady Drug Store Co., Ltd. became a wholly owned subsidiary of the Company.

Transactions under common control

(1) Overview of the transaction

1) Name of the company involved in the business combination and description of its business

Name of the company involved in the business combination: Lady Drug Store Co., Ltd.

Description of business: Retailing of pharmaceuticals, cosmetics, daily necessities, etc. and operation of dispensing pharmacies

2) Date of the business combination

December 1, 2025 (deemed date of acquisition)

3) Legal form of the business combination

Making Lady Drug Store Co., Ltd. a wholly owned subsidiary through acquisition of its shares from non-controlling interests

4) Name of the company after the business combination

Unchanged

5) Other matters concerning the overview of transaction

The voting rights ratio of additionally acquired shares was 49.0%. Through the transaction, the Company made Lady Drug Store Co., Ltd. its wholly owned subsidiary.

(2) Overview of accounting treatment

Based on the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019), the transaction was accounted for as a transaction with non-controlling interests under common control.

(3) Matters to be disclosed in the case of an additional acquisition of shares of a subsidiary

Acquisition cost and breakdown by type of consideration

Consideration for the acquisition of shares of subsidiary by the Company	Cash	¥494 million
Consideration for acquisition of its treasury shares by Lady Drug Store Co., Ltd.	Cash	¥19,005 million
Acquisition cost		¥19,500 million

(4) Matters concerning changes in equity of the Company related to transactions with non-controlling interests

1) Major factors affecting changes in capital surplus

Additional acquisition of shares of a subsidiary and acquisition of treasury shares by the consolidated subsidiary

2) Amount of capital surplus reduced by transactions with non-controlling interests

¥8,144 million

11. Notes on Significant Subsequent Events

Not applicable.

Non-Consolidated Balance Sheets

(As of February 28, 2026)

(Millions of yen)

Assets		Liabilities	
Description	Amount	Description	Amount
Current assets		Current liabilities	
Cash and deposits	24,684	Short-term borrowings from subsidiaries and associates	20,289
Accounts receivable – trade	1,410	Current portion of long-term loans payable	31,072
Supplies	1	Accounts payable – other	1,293
Short-term loans receivable from subsidiaries and affiliates	6,522	Accrued expenses	202
Other	271	Income taxes payable	1,654
Allowance for doubtful accounts	(22)	Deposits received	822
Total current assets	32,867	Provision for bonuses	97
Non-current assets		Provision for directors’ bonuses	213
Property, plant and equipment		Other	53
Buildings	197	Total current liabilities	55,699
Tools, furniture and fixtures	98	Non-current liabilities	
Total property, plant and equipment	296	Long-term loans payable	84,178
Intangible assets		Asset retirement obligations	64
Software	7,038	Other	8
Other	380	Total non-current liabilities	84,250
Total intangible assets	7,419	Total liabilities	139,949
Investments and other assets		Net assets	
Shares of subsidiaries and affiliates	786,684	Description	Amount
Deferred tax assets	661	Shareholders’ equity	
Long-term loans receivable from subsidiaries and affiliates	20,104	Capital	12,300
Other	480	Capital surplus	
Total investments and other assets	807,930	Legal capital surplus	615,164
Total non-current assets	815,645	Other capital surplus	6,267
		Total capital surplus	621,432
		Retained earnings	
		Legal retained earnings	15
		Other retained earnings	74,235
		General reserve	861
		Retained earnings brought forward	73,373
		Total retained earnings	74,250
		Treasury shares	(15)
		Total shareholders’ equity	707,967
		Subscription rights to shares	596
		Total net assets	708,563
Total assets	848,513	Total liabilities and net assets	848,513

Non-Consolidated Statements of Income

(March 1, 2025 – February 28, 2026)

(Millions of yen)

Description	Amount	
Operating revenue		20,616
Operating expenses		14,181
Operating Income		6,434
Non-operating income		
Interest income	58	
Dividend income	2	
Reversal of allowance for doubtful accounts	156	
Gain on exchange from dividends in kind	68	
Other	16	301
Non-operating expenses		
Interest expenses	398	
Other	6	404
Ordinary Income		6,331
Extraordinary losses		
Loss on retirement of non-current assets	1	
Expenses related to correction of prior period financial statements	250	251
Income before income taxes		6,079
Income taxes – current	(2)	
Income taxes – deferred	(447)	(449)
Net income		6,529

Non-Consolidated Statement of Changes in Equity

(March 1, 2025 – February 28, 2026)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Legal retained earnings	Other retained earnings		Total retained earnings	Treasury shares	Total shareholder s' equity
		Legal capital surplus	Other capital surplus	Total capital surplus		General reserve	Retained earnings brought forward			
Balance at beginning of the period	11,626	44,909	2,452	47,362	15	861	78,804	79,681	(5,316)	133,353
Change of items during the period										
Issuance of new shares	673	570,254		570,254						570,928
Dividends of surplus							(11,960)	(11,960)		(11,960)
Net income							6,529	6,529		6,529
Purchase of treasury shares									(78,411)	(78,411)
Disposal of treasury shares			3,815	3,815					83,712	87,527
Net changes of items other than shareholders' equity										
Total change of items during the period	673	570,254	3,815	574,069	–	–	(5,430)	(5,430)	5,300	574,613
Balance at end of the period	12,300	615,164	6,267	621,432	15	861	73,373	74,250	(15)	707,967

	Subscription rights to shares	Total net assets
Balance at beginning of the period	866	134,220
Change of items during the period		
Issuance of new shares		570,928
Dividends of surplus		(11,960)
Net income		6,529
Purchase of treasury shares		(78,411)
Disposal of treasury shares		87,527
Net changes of items other than shareholders' equity	(270)	(270)
Total change of items during the period	(270)	574,342
Balance at end of the period	596	708,563

[Notes to the Non-Consolidated Financial Statements]

1. Figures shown are rounded down to the presentation unit.

2. Notes on Significant Accounting Policies

(1) Valuation criteria and methods for assets

Valuation criteria and methods for securities

Shares of subsidiaries and affiliates Stated at cost using the moving average method.

Available-for-sale securities

Securities other than shares, etc. that do not have a market price

Stated at fair value (valuation differences are reported as a separate component of net assets and the cost of securities sold is determined based on the moving average method).

Shares, etc. that do not have a market price

Stated at cost using the moving average method.

(2) Depreciation and amortization methods for non-current assets

Property, plant and equipment Declining-balance method

However, the straight-line method is used for buildings (excluding facilities attached to buildings), as well as structures and facilities attached to buildings acquired on or after April 1, 2016.

Expected useful lives of principle assets are as follows:

Buildings 8 to 19 years

Tools, furniture and fixtures 2 to 20 years

Intangible assets Straight-line method

Internal-use software is amortized using the straight-line method over estimated useful lives (five years).

(3) Accounting for allowance

1) Allowance for doubtful accounts

To prepare for potential loss on receivables, the Company provides an allowance for the estimated amount of unrecoverable receivables for general receivables based on the historical rate of default, and for specific debts based on a case-by-case determination of recoverability.

2) Provision for bonuses

To prepare for accrued bonuses for employees, an allowance is provided at the amount based on the estimated bonus obligations for the current fiscal year.

3) Provision for directors' bonuses

To provide for accrued bonuses for directors, an allowance is provided for the actual amount expected to be paid.

(4) Revenue and expense recognition standards

The Company provides management guidance to its subsidiaries and recognizes revenue over the period during which the services are rendered.

Consideration is usually received within one year, with no adjustment for significant financial elements.

3. Notes on Accounting-based Estimates

For accounting-based estimates, reasonable amounts are calculated based on information available as of the preparation of non-consolidated financial statements.

Of the items whose amounts recorded in the non-consolidated financial statements for the current fiscal year are based on accounting-based estimates, those with a risk of significantly affecting the non-consolidated financial statements for the next fiscal year are as follows.

Valuation of shares of WELCIA HOLDINGS CO., LTD.

(1) Amount recorded in the non-consolidated financial statements

Shares of subsidiaries and affiliates	¥659,857 million
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The Company and WELCIA HOLDINGS CO., LTD. (“WELCIA HD”) have concluded a share exchange agreement on April 11, 2025, under which the Company and WELCIA HD will conduct a share exchange that will make the Company the wholly owning parent company and WELCIA HD a wholly owned subsidiary. The share exchange agreement forms part of the capital and business alliance among AEON, the Company, and WELCIA HD, which includes business integration between the Company and WELCIA HD. Said share exchange agreement was approved at the ordinary general meeting of shareholders held on May 26, 2025. Based on this, the Company conducted the share exchange with an effective date of December 1, 2025, and WELCIA HD became its wholly owned subsidiary in the share exchange on the same date. As a result, in the financial statements for the fiscal year under review, the Company recorded ¥659,857 million as shares of subsidiaries and affiliates acquired through the share exchange with WELCIA HD.

(2) Other information that helps users of non-consolidated financial statements to better understand the details of accounting-based estimates

For shares of subsidiaries and affiliates for which it is deemed extremely difficult to determine fair value, if, due to a deterioration in the financial condition of the issuing company, the substantial value, calculated by multiplying the net asset value per share by the number of shares held, is deemed to have declined significantly, an appropriate write-down is recognized, unless the recoverability is supported by sufficient evidence. The resulting difference is recognized as a loss on valuation of shares of subsidiaries and affiliates.

In addition, no loss on valuation of shares of subsidiaries and affiliates has been recognized for the shares of the company in the fiscal year under review, as no significant decline in the substantial value has been identified.

The valuation of shares of subsidiaries and affiliates is based on the business plan prepared by management and other factors. In the business plan, factors such as increases in net sales and an improvement in gross profit have been taken into account as key assumptions. These key assumptions may be affected by changes in the economic environment and other factors, and if it becomes necessary to revise them in the next fiscal year, a loss on valuation of shares of subsidiaries and affiliates may be recognized.

4. Notes on Non-consolidated Balance Sheets

(1) Accumulated depreciation of property, plant and equipment	¥234 million
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(2) Guarantee obligations

The Company provides guarantees for other companies' loans payable to financial institutions and other lenders.

TSURUHA CO., LTD.	¥1,925 million
Total	¥1,925 million

(3) Monetary receivables from and payables to subsidiaries and affiliates (excluding those that are presented separately)

Short-term monetary receivables	¥1,584 million
Short-term monetary payables	¥771 million
Long-term monetary payables	¥8 million

5. Notes on Non-Consolidated Statements of Income

Amount of transactions with subsidiaries and affiliates

Amount of operating transactions	
Operating revenue	¥20,616 million
Operating expenses	¥38 million
Amount of non-operating transactions	¥205 million

6. Notes on Non-Consolidated Statement of Changes in Equity

(1) Class and number of treasury shares as of February 28, 2026

Common shares	26,563 shares
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(2) Significant changes in the shareholders' equity

Notes are omitted, since information is included in "6. Notes on Consolidated Statement of Changes in Equity" in the notes to the consolidated financial statements.

7. Notes on Tax Effect Accounting

Breakdown of deferred tax assets by their primary cause of accrual

Deferred tax assets: Enterprise tax payable, provision for bonuses

8. Notes on Revenue Recognition

Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue from contracts with customers is as presented in "2. Notes on Significant Accounting Policies, (4) Revenue and expense recognition standards" in the notes to the non-consolidated financial statements.

9. Notes on Transactions with Related Parties

Parent company

Category	Name of company, etc.	Description of business or occupation	Percentage of voting rights holding (held) (%)	Description of relationships		Description of transactions	Amount of transactions (Millions of yen)	Description	Balance at end of the period (Millions of yen)
				Interlocking officers, etc.	Business relationship				
Parent company	AEON CO., LTD.	Pure holding company	(held) Direct ownership 50.3	-	-	Share exchange (Note)	337,481	-	-

Transaction terms and policies on determination of transaction terms, etc.

Note: This is a transaction in which the Company is the wholly owning parent company in a share exchange and WELCIA HOLDINGS CO., LTD. is the wholly owned subsidiary in the share exchange. The share exchange ratio was determined through discussions between the parties, referencing the results of a third-party valuation of share value. The transaction amount is calculated based on the market price on the effective date.

Subsidiaries, related companies, etc.

Category	Name of company, etc.	Description of business or occupation	Percentage of voting rights holding (held) (%)	Description of relationships		Description of transactions	Amount of transactions (Millions of yen)	Description	Balance at end of the period (Millions of yen)
				Interlocking officers, etc.	Business relationship				
Subsidiary	TSURUHA CO., LTD.	Drug stores	(Directly holding) 100.0	3 interlocking officers	Management guidance, etc.	Receipt of management guidance fees, etc. (Note 1)	6,788	Accounts receivable – trade	763
						Guarantee of obligations on loans payable to banks (Note 2)	1,925	–	–
						Fund borrowing (Note 3)	14,168	Short-term borrowings from subsidiaries and associates	14,168
						Interest payment (Note 3)	68	–	–
Subsidiary	Lady Drug Store Co., Ltd.	Drug stores	(Directly holding) 100.0	1 interlocking officer	Management guidance, etc.	Fund lending (Note 4)	19,005	Long-term loans receivable from subsidiaries and affiliates	17,805
						Fund collection (Note 4)	1,200		

Transaction terms and policies on determination of transaction terms, etc.

(Note 1) Receipt of management guidance fees, etc. is reasonably determined upon discussions between the parties.

(Note 2) Although the Company provides guarantees of obligations on loans payable to financial institutions, the Company does not receive fees for guarantees.

(Note 3) The Company sets interest rates in borrowing funds taking into account market rates of interest.

(Note 4) The Company sets interest rates in lending funds taking into account market rates of interest.

10. Notes on Per Share Information

Net assets per share ¥1,558.43

Net income per share ¥22.09

Note: The Company implemented a five-for-one stock split of its common shares on September 1, 2025. “Net assets per share” and “net income per share” have been calculated on the assumption that said stock split was implemented at the beginning of the current fiscal year.

11. Notes on Business Combination

Notes are omitted, since information is included in “10. Notes on Business Combination” in the notes to the consolidated financial statements.

12. Notes on Significant Subsequent Events

(Reduction in the amount of legal capital surplus)

The Company resolved at the Board of Directors meeting held on April 16, 2026, to propose the transfer of legal capital surplus to other capital surplus at the 64th Ordinary General Meeting of Shareholders scheduled for May 22, 2026.

(1) Purpose of reduction of legal capital surplus

In accordance with Article 448, Paragraph 1 of the Companies Act, the amount of legal capital surplus is to be reduced and its entire amount is to be transferred to other capital surplus in order to enable the execution of a flexible capital policy in response to future changes and other factors in the business environment.

(2) Details of the amount of legal capital surplus to be reduced

The amount of legal capital surplus is to be reduced by ¥612,103,756,184 and the same amount is to be transferred to other capital surplus.

(3) Schedule for reduction in the amount of legal capital surplus (scheduled)

1) Date of resolution of the Board of Directors	April 16, 2026
2) Date of resolution at the General Meeting of Shareholders	May 22, 2026 (scheduled)
3) Date of public notice of creditors' objection period	June 8, 2026 (scheduled)
4) Final date for creditors to file objections	July 9, 2026 (scheduled)
5) Effective date	July 31, 2026 (scheduled)

(4) Future outlook

This matter involves a transfer of accounts in the net assets section, and there will be no change in the amount of the Company's net assets, nor will it impact business results.

Independent Auditor's Report

April 16, 2026

To the Board of Directors
TSURUHA HOLDINGS INC.

Deloitte Touche Tohmatsu LLC
Tokyo Office
Kentaro Ishiyama, CPA
Designated Limited Liability Partner,
Engagement Partner
Yosuke Aizawa, CPA
Designated Limited Liability Partner,
Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statements of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements of TSURUHA HOLDINGS INC. (the "Company") for the fiscal year from March 1, 2025 through February 28, 2026.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of TSURUHA HOLDINGS INC., which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan (including the provisions applicable to audits of financial statements of public interest entities).

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit and Supervisory Committee is responsible for monitoring the execution of duties by Directors related to designing and operation of the financial reporting process of the other information.

The other information does not fall under the scope of our opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility for the audit of the consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the consolidated financial statements or the knowledge we obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on our audit, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. This includes establishing and operating such internal controls as management determines necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Plan and perform audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis for our opinion on the consolidated financial statements. The auditor is responsible for directing, supervising, and inspecting the audit of the consolidated financial statements. The auditor is solely responsible for its audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence, and where applicable, convey details of any measures taken in order to eliminate obstruction factors or any safeguards applied in order to reduce obstruction factors to an acceptable level.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report

April 16, 2026

To the Board of Directors
TSURUHA HOLDINGS INC.

Deloitte Touche Tohmatsu LLC
Tokyo Office
Kentaro Ishiyama, CPA
Designated Limited Liability Partner,
Engagement Partner
Yosuke Aizawa, CPA
Designated Limited Liability Partner,
Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statement of changes in equity and the related notes, and the accompanying supplementary schedules of TSURUHA HOLDINGS INC. (the "Company") for the 64th fiscal year from March 1, 2025 through February 28, 2026.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles generally accepted in Japan (including the provisions applicable to audits of financial statements of public interest entities).

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the Audit and Supervisory Committee is responsible for monitoring the execution of duties by Directors in the development and operation of the reporting process for the other statements.

Other information is not included in the scope of Audit Opinion on the financial statements, and we express no opinion on the other information.

The other information does not fall under the scope of our opinion on the non-consolidated financial statements, and we express no opinion on the other information. Our responsibility for the audit of the non-consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the non-consolidated financial statements or the knowledge we obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on our audit, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-Consolidated Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements, etc. in accordance with accounting principles generally accepted in Japan. This includes establishing and operating such internal controls as management determines necessary for the preparation and fair presentation of the financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-Consolidated Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the nonconsolidated financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the non-consolidated financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the non-consolidated financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the non-consolidated financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the non-consolidated financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the non-consolidated financial statements and the accompanying supplementary schedules including related notes, and whether the non-consolidated financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence, and where applicable, convey details of any measures taken in order to eliminate obstruction factors or any safeguards applied in order to reduce obstruction factors to an acceptable level.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

The Audit and Supervisory Committee's Audit Report

Audit Report

The Audit and Supervisory Committee audited the execution of duties by Directors for the 64th fiscal year from March 1, 2025 to February 28, 2026. The committee hereby reports the method and results of the audits as follows.

1. Methods and Descriptions of Audits

The Audit and Supervisory Committee periodically received reports from Directors and employees and other personnel on the contents of resolutions by the Board of Directors regarding the matters set forth in Article 399-13, Item 1 of Paragraph 1 (b) and (c) of the Companies Act and the status of the establishment and operation of the systems developed based on said resolutions (internal control systems). In addition, the Audit and Supervisory Committee requested explanations as necessary, expressed its opinions, and conducted audits by the following methods.

- 1) The Audit and Supervisory Committee, in accordance with the auditing policies, allocation of duties, and other matters established by the Audit and Supervisory Committee, in cooperation with the Internal Audit Division and the Internal Control Division, attended important meetings, received reports from Directors, employees, and other personnel on the matters regarding execution of their duties, requested explanations as necessary, reviewed important approval documents and other materials, and studied the status of operations and assets at the head office and principal offices. In addition, with regard to subsidiaries, the Audit and Supervisory Committee worked to communicate and exchange information with Directors, Corporate Auditors, and other personnel of subsidiaries, and received reports from subsidiaries on their businesses as necessary.
- 2) With regard to the matters noted in Article 118, Item 5, (a) of the Ordinance for Enforcement of the Companies Act and the judgment and reasons in (b) of the same item described in the Business Report, we examined the content of such matters based on the status of deliberations at the Board of Directors and other meetings.
- 3) The Audit and Supervisory Committee monitored and verified whether the Accounting Auditor is maintaining an independent position and conducting proper audits. In addition, the Audit and Supervisory Committee received reports from the Accounting Auditor on the status of execution of its duties, and requested explanations as necessary. Furthermore, the Audit and Supervisory Committee was notified by the Accounting Auditor that it has developed "systems for ensuring that the performance of the duties is being carried out correctly" (matters stipulated in each item of Article 131 of the Regulation on Corporate Accounting) in accordance with the "Quality Control Standard for Audit" (Business Accounting Council) and other standards, and requested explanations as necessary.

Based on the above methods, the Audit and Supervisory Committee examined the Business Report and its supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements) and their supplementary schedules, and the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statement of changes in equity, and notes to the consolidated financial statements) for the fiscal year under review.

2. Results of Audit

(1) Results of Audit of the Business Report and Other Relevant Documents

- 1) In our opinion, the Business Report and its supplementary schedules fairly represent the Company's condition in accordance with laws and regulations and the Articles of Incorporation.
- 2) With regard to the execution of duties by Directors, we have found no evidence of wrongful action or material facts in violation of laws and regulations or the Articles of Incorporation.
- 3) In our opinion, the contents of the resolutions by the Board of Directors related to the internal control systems are fair and reasonable.
In addition, we have found no matters to be noted with regard to the descriptions in the Business Report or the execution of duties by Directors related to such internal control systems.
- 4) With regard to the transactions with the parent company, etc., described in the Business Report, there are no matters to be pointed out regarding the matters that were taken into consideration not to harm the interests of the Company when conducting the transactions, and the Board of Directors' judgment as to whether the transactions will harm the interests of the Company and the reasons therefor.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the audit methods employed and results rendered by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the audit methods employed and results rendered by Deloitte Touche Tohmatsu LLC, the Accounting Auditor, are fair and reasonable.

April 17, 2026

The Audit and Supervisory Committee, TSURUHA HOLDINGS INC.

Audit and Supervisory Committee Member	Harumi Sato	Seal
Audit and Supervisory Committee Member	Takuya Okazaki	Seal
Audit and Supervisory Committee Member	Tatsuichi Asada	Seal
Audit and Supervisory Committee Member	Yasuo Nakayama	Seal

Note: Audit and Supervisory Committee Members Ms. Harumi Sato, Mr. Takuya Okazaki, Mr. Tatsuichi Asada, and Mr. Yasuo Nakayama are Outside Directors set forth in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.