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Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 <under Japanese GAAP>

May 13, 2026

Company name: **MatsukiyoCocokara & Co.**
Listing: Prime Market, Tokyo Stock Exchange
Securities code: 3088
URL: https://www.matsukiyococokara.com/
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Scheduled date of ordinary general meeting of shareholders: June 19, 2026
Scheduled date to commence dividend payments: June 22, 2026
Scheduled date to file Annual Securities Report: June 18, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	1,117,440	5.3	108,596	3.7	84,935	3.5	89,855	4.2	55,776	2.0
March 31, 2025	1,061,626	3.8	104,681	6.7	82,082	8.4	86,271	7.2	54,675	4.4

Note: Comprehensive income Fiscal year ended March 31, 2026 ¥58,078 million [7.4%]
Fiscal year ended March 31, 2025 ¥54,057 million [10.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2026	139.94	139.89	10.5	12.2	7.6
March 31, 2025	133.85	133.81	10.6	12.0	7.7

Notes: EBITDA = Operating profit + Depreciation and Amortization of goodwill

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	755,831	544,451	71.9	1,365.78
March 31, 2025	712,780	521,499	73.1	1,290.38

Reference: Equity As of March 31, 2026 ¥543,480 million
As of March 31, 2025 ¥520,754 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	73,201	(34,223)	(34,141)	119,670
March 31, 2025	81,472	(20,792)	(66,662)	111,750

2. Cash dividends

	Annual cash dividends per share					Total dividend amount	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	–	21.00	–	23.00	44.00	17,774	32.9	3.5
Fiscal year ended March 31, 2026	–	24.00	–	26.00	50.00	19,929	35.7	3.8
Fiscal year ending March 31, 2027 (forecast)	–	28.00	–	28.00	56.00		37.8	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending September 30, 2026	572,000	4.2	52,000	0.4	39,500	(2.3)	41,500	(2.9)	27,000	1.8	67.74
Full year	1,155,000	3.4	113,000	4.1	87,500	3.0	91,500	1.8	59,000	5.8	148.02

***Notes**

(1) Significant changes in the scope of consolidation during the fiscal year under review: Yes
Newly included: 3 companies (And Company Co., Ltd., MATSUMOTO KIYOSHI (HK) CO., LIMITED and Shinseidoyakkyoku co. ltd.)

Excluded: – companies (Company names)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes in accounting policies due to revisions to accounting standards and other regulations: None

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement: None

(3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	410,275,830 shares
As of March 31, 2025	415,675,630 shares

b. Number of treasury shares at the end of the period

As of March 31, 2026	12,350,320 shares
As of March 31, 2025	12,107,808 shares

c. Average number of shares during the period

Fiscal year ended March 31, 2026	398,585,985 shares
Fiscal year ended March 31, 2025	408,486,462 shares

Note: The number of treasury shares at the end of each period includes shares of the Company held by the BIP (Board Incentive Plan) Trust Account and the Share Grant ESOP (Employee Stock Ownership Plan) Trust Account (662,640 shares as of March 31, 2026 and 392,896 shares as of March 31, 2025). The shares of the Company held by the BIP Trust Account and the Share Grant ESOP Trust Account are included in the number of treasury shares deducted in the calculation of average number of shares during each period.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated operating results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2026	20,319	(12.6)	17,378	(14.8)	16,270	(19.5)	16,775	(16.2)
March 31, 2025	23,262	(25.3)	20,400	(27.9)	20,208	(29.1)	20,009	(34.4)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	42.09	42.08
March 31, 2025	48.98	48.97

Note: Net sales declined due to the decreased dividends from subsidiaries.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	469,424	316,715	67.5	795.81
March 31, 2025	468,005	332,129	71.0	822.88

Reference: Equity As of March 31, 2026 ¥316,672 million
As of March 31, 2025 ¥332,086 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements and others)
The earnings forecasts shown above are prepared based on the information available to us as of the date of this release. Actual results may be different from these forecasts due to various factors. For the assumptions related matters concerning the earnings forecasts, please refer to page 5.

1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026), the Japanese economy picked up moderately amid improving employment and income environments. However, increased geopolitical risks, fluctuations in the financial and capital markets, and other factors mean that unpredictability of future outlook persists.

The drugstore industry in which the Company operates also continues to face a challenging business environment, with new store openings by competitors across industries and business categories. This is also due to entrance into new areas aimed at commercial area expansion, expansion of scale through M&A, competition with different industries that are becoming homogenous, as well as the narrowing of the commercial area of individual stores caused by all of these factors.

In such an environment, we have promoted the following three key strategies in line with our basic approach of "Co-creating and sharing value." These strategies have been formulated to achieve the Group management targets for the fiscal year ending March 31, 2031.

(1) Differentiation strategy: Strengthen our unique platform business

Aiming to continue being the company customers choose, we deliver new forms of value that we alone can provide in our business domain comprising the health and beauty fields. To that end, we have worked to enhance customer convenience through seamless coordination between our drugstore and pharmacy businesses and driving the expansion of our unique domains including our own unique B-to-B business. In striving to do so, we leveraged our strengths including the attractive merchandise, services, value, and experiences we offer; our store network concentrated mainly in major metropolitan regions; and the closed (proprietary, exclusive, or unique) information accumulated from numerous customer contact points.

(2) Investment strategy: Invest in business infrastructure for co-creating value

Aiming to earn sustained profits, we actively invested in the infrastructure that underpins our platform. In specific terms, we undertook proactive investment in systems to improve customer convenience and operational efficiency through digital technology, and to expand our business domains. We boosted store openings in our priority areas mainly in major metropolitan regions. We are also sought to increase our operational scale by promoting M&A activities, and in order to facilitate participation in the Group and advance our alliance concept, we established a new intermediate holding company, And Company Co., Ltd., on August 1, 2025, and made Shinseidoyakkyoku co. ltd., which operates dispensing pharmacies and drugstores in the northern Kyushu area, a subsidiary of the new company, thereby promoting the opening of dispensing pharmacies next to drugstores. As a result, as of March 31, 2026, the number of stores in Japan for the Group totaled 3,618 (including 1,112 dispensing pharmacies). We also expanded our overseas operations by moving into new markets primarily in the ASEAN countries, including the launch of our operations in Malaysia. At the same time, we invested in human capital by developing a workplace environment that is easy for employees to work in and offers job satisfaction and motivation. We are also continually seeking to nurture professional, global human resources and increase employee engagement.

(3) Social contribution and returning profit to society: Practice sustainable management that contributes to the enhancement of corporate value

Aiming to practice sustainable management that helps to achieve our Management Philosophy and Group Vision, and to enhance corporate value, we are undertaking the following initiatives: make stable returns to stakeholders; enhance corporate governance; take action for the benefit of the environment and society (respond to climate change and support for community healthcare); and respond to the demands of the capital markets (practice management conscious of the cost of capital and consider our optimal capital structure).

Furthermore, the "Matsumotokiyoshi" brand developed by the Company was ranked 63rd in "Best Japan Brands 2026," a global brand value evaluation ranking by Interbrand, the world's largest branding company, and was also evaluated as the No. 1 Japanese drugstore brand in year 2026. In addition, the Company was highly regarded for its efforts in handling employee health management from a management perspective and putting them into practice

strategically. The Company was selected as a company with “Excellent Health and Productivity Management 2026 (Large-scale Corporate Division “White 500” enterprises)” by the Ministry of Economy, Trade and Industry and the Japan Health Council.

As a result, key operating results during the fiscal year ended March 31, 2026 were as follows.

	Fiscal year ended March 31, 2025 (Millions of yen)	Fiscal year ended March 31, 2026 (Millions of yen)	Change (Millions of yen)	Change (%)
Net sales	1,061,626	1,117,440	55,813	5.3
Operating profit	82,082	84,935	2,852	3.5
Ordinary profit	86,271	89,855	3,584	4.2
Profit attributable to owners of parent	54,675	55,776	1,100	2.0

Overview of operating results by segment

<Matsumotokiyoshi Group business>

In the Matsumotokiyoshi Group business, the Matsumotokiyoshi Group has pursued a differentiation strategy by leveraging 169.55 million customer contact points. This included promoting measures to integrate its physical stores, apps, and e-commerce; enhancing customer convenience through seamless coordination between its drugstore and pharmacy businesses; and improving operational efficiency through digital technology.

As for the private brand product lineup, the Matsumotokiyoshi Group worked to enhance brand recognition and value in celebration of the 10th anniversary of the “matsukiyo” brand by hosting its first experiential pop-up store, “matsukiyo Beauty School,” and launching an industry-first special collaboration with a popular cosmetics brand. Additionally, the Matsumotokiyoshi Group leveraged its enormous customer contact points and ability for highly precise analysis to promote the development of high value-added products that meet customer needs, including the launch of high-quality skincare brand “MQURE derma×” following the success of the “INJESK” brand. Furthermore, the Matsumotokiyoshi Group has continuously launched joint products and exclusives as part of initiatives with manufacturers, updated products for existing brands such as “ARGELAN” and “RECiPEO,” and expanded the lineups. By offering highly unique products, the Matsumotokiyoshi Group is working to enhance profitability and maximize brand value.

Additionally, the Matsumotokiyoshi Group is advancing its Investment Strategy, including boosting store openings in our priority areas mainly in major metropolitan regions, promoting the opening of dispensing pharmacies next to drugstores, and expanding our overseas operations by moving into new markets primarily in the ASEAN countries. Of note, in order to open stores symbolic of the new initiatives of the Matsumotokiyoshi Group, it has fully renovated the Matsumotokiyoshi Shibuya Part 1 store and reopened it as “SHIBUYA SCRAMBLE FLAG,” an information hub fostering high expectations with a spatial design driven by large-scale LED signage and showcasing Japan-first and drugstore-first products. It is the Group’s sixth flagship store. As of March 31, 2026, the number of stores in Japan for the Matsumotokiyoshi Group totaled 1,970 (including 481 dispensing pharmacies), and we expanded the member store network of the Community Pharmacy Support Program, which is a pharmacy management support service, to include 313 stores. As for overseas store development, we opened a new store in Malaysia. We operate 100 stores overseas in total, with 37 stores in Thailand, 23 stores in Taiwan, 20 stores in Vietnam, 18 stores in Hong Kong, one store in Guam, and one store in Malaysia.

With the increased flow of people in urban areas, downtown, and commercial facilities, and the increase in overseas tourists visiting Japan, the Matsumotokiyoshi Group showed strong sales, mainly of cosmetics.

<Cocokarafine Group business>

In the Cocokarafine Group business, the Cocokarafine Group engaged in efforts similar to those taken on by the Matsumotokiyoshi Group business under the key domestic strategies, including differentiation and investment strategies. The Cocokarafine Group promoted building a loyal customer base by implementing efficient and effective app-based sales promotion measures. In addition, based on the plan for the fiscal year, it took a scrap-and-build approach aimed at reallocating human capital and optimizing management resources to further improve profitability. As of March 31, 2026, the number of stores in Japan for the Cocokarafine Group business totaled 1,536 (including 538 dispensing pharmacies).

<And Company business>

The And Company business was newly added as a reportable segment in the third quarter ended December 31, 2025 following the acquisition of Shinseidoyakkyoku co. ltd., which operates dispensing pharmacies and drugstores mainly in the northern Kyushu area, becoming a subsidiary on October 1, 2025.

By combining the company's strengths with the know-how and resources of the Group, we aim to expand our share in dominant areas and enhance customer convenience. We are currently advancing specific initiatives and examinations to generate synergies, including product procurement and systems integration. As of March 31, 2026, the number of stores in Japan for the And Company business totaled 112 (including 93 dispensing pharmacies).

[Number of store openings and closures in Japan]

Numbers of store openings and closures in Japan were as follows.

(Number of stores)

	Number of stores as of March 31, 2025	Acquired as a subsidiary, etc.	Openings	Closings	Number of stores as of March 31, 2026
Matsumotokiyoshi Group	1,938	—	66	34	1,970
Cocokarafine Group	1,561	—	26	51	1,536
And Company	—	112	0	0	112
Total	3,499	112	92	85	3,618

<Management support business>

In the management support business, the scope of the Company's business activities has been expanded to include management support business, which refers to the purchase of products handled by the Company's group companies, business management and control of the Company's group companies, contracted back-office services, dividend income from the Company's group companies, supply of products to companies other than the Company's group companies, construction operations, advertising, etc.

As a result, operating results by segment were as follows:

		Fiscal year ended March 31, 2025 (Millions of yen)	Fiscal year ended March 31, 2026 (Millions of yen)	Change (Millions of yen)	Change (%)
Matsumotokiyoshi Group business	Net sales	667,226	711,413	44,186	6.6
	Segment profit	57,952	60,818	2,866	4.9
Cocokarafine Group business	Net sales	391,026	389,977	(1,049)	(0.3)
	Segment profit	23,805	23,456	(348)	(1.5)
And Company business	Net sales	―	12,948	12,948	―
	Segment profit	―	200	200	―
Management support business	Net sales	655,142	683,585	28,443	4.3
	Segment profit	20,185	17,137	(3,048)	(15.1)
Adjustments	Net sales	(651,768)	(680,484)	(28,715)	―
	Segment profit	(19,860)	(16,677)	3,182	―
Total	Net sales	1,061,626	1,117,440	55,813	5.3
	Segment profit	82,082	84,935	2,852	3.5

(2) Overview of financial position for the fiscal year under review

(Assets)

Total assets as of the end of the fiscal year ended March 31, 2026 increased by ¥43,051 million from the end of the previous fiscal year to ¥755,831 million. This was mainly due to the increase of ¥15,828 million in merchandise, ¥10,050 million in accounts receivable – trade, ¥7,995 million in cash and deposits, and ¥3,219 million in buildings and structures.

(Liabilities)

Total liabilities increased by ¥20,099 million to ¥211,380 million. This was mainly due to the increase of ¥11,515 million in accounts payable – trade, ¥3,095 million in other non-current liabilities, and ¥2,281 million in income taxes payable.

(Net assets)

Net assets increased by ¥22,951 million to ¥544,451 million. This was mainly due to the increase of ¥35,569 million in retained earnings, despite a decrease of ¥12,133 million in capital surplus.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents at the end of the fiscal year ended March 31, 2026 increased by ¥7,919 million from the end of the previous fiscal year to ¥119,670 million.

The respective cash flow positions and the factors thereof in the fiscal year ended March 31, 2026 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥73,201 million (¥81,472 million was provided in the previous fiscal year). This was mainly attributable to the recognition of profit before income taxes of ¥88,007 million.

(Cash flows from investing activities)
Net cash used in investing activities was ¥34,223 million (¥20,792 million was used in the previous fiscal year). This was mainly attributable to the purchase of property, plant and equipment of ¥13,273 million, the purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥10,261 million, and the purchase of intangible assets of ¥6,866 million.

(Cash flows from financing activities)
Net cash used in financing activities was ¥34,141 million (¥66,662 million was used in the previous fiscal year). This was mainly attributable to dividends paid of ¥18,858 million and the acquisition of own shares of ¥15,299 million.

(Capital resources and funding liquidity)
The Group mainly uses funds generated by operating activities for capital expenditures related to the opening of new stores.

(4) Future outlook

The outlook for the next fiscal year reflects our view that the Japanese economy will, under the improving employment and income environments, recover moderately. On the other hand, the outlook is expected to remain uncertain due to the concerns about the downside risk of the economy arising from concerns about a slowdown in consumption due to rising prices, increased geopolitical risks, and fluctuations in the financial and capital markets. In such an environment, we are promoting the following three key strategies in line with our basic approach of "Co-creating and sharing value:" (1) Differentiation strategy: Strengthen our unique platform business, (2) Investment strategy: Invest in business infrastructure for co-creating value, and (3) Social contribution and returning profit to society: Practice sustainable management that contributes to the enhancement of corporate value. These strategies have been formulated to achieve the Group management targets for the fiscal year ending March 31, 2031. The Group aims to differentiate itself and become a company of choice for our customers and business partners by expanding its business by leveraging its strengths, such as strong store networks in metropolitan areas, attractive private brand products, service that integrates physical stores with apps and e-commerce, and more than 160 million of our customer contact points.

In consideration of the current situation mentioned above, our consolidated earnings forecast for the fiscal year ending March 31, 2027 are as follows: net sales of ¥1,155,000 million (increase 3.4% year-on-year), operating profit of ¥87,500 million (increase 3.0% year-on-year), ordinary profit of ¥91,500 million (increase 1.8% year-on-year), and profit of ¥59,000million (increase 5.8% year-on-year).

The earnings forecasts shown above have been prepared based on the information available to the Company as of the release date of this document and projections. Actual results may differ from the forecasts shown above due to various factors.

2. Management policies

(1) Basic management policy of the Company

Ever since the Company's founding, we have not only delivered various forms of value to customers by using ingenuity to create a new "normal," but have also continually responded to our customers' desires to "stay healthy" and "be beautiful" through our commitment to building community-based healthcare networks. We believe that the Company's role will continue to be fulfilling customers' wishes and desires through our unique and attractive products and services, values, and experiences. In line with this belief, we have retained the Management Philosophy, Group Vision, and Group Slogan set out below unchanged as the foundation for our basic management policy, regarding these as goals to be pursued further and put into practice.

(1) Management philosophy
"Creating the future "normal" and innovating lifestyle"
Foreseeing the future of health and beauty, and contributing to the realization of enhanced lives and livelier communities through the creation of new customer experiences.

(2) Group vision
"Making health and beauty more delightful and accessible"
MatsukiyoCocokara & Co. will actively incorporate new technologies and ideas in the fields of health and beauty, aiming to make people's daily lives more fun and enjoyable.
MatsukiyoCocokara & Co. will continue to strive in its efforts to remain close and sensitive to the wishes and desires of consumers, and strive to deliver greater peace of mind and joy to the daily lives of people and their communities.

(3) Group slogan
"Find your '!'" (The "!" is pronounced as "Wow")
This expresses our desire to have customers exclaim "Wow!" each time they visit, excited to see what new things we have to offer.

(2) Performance targets

Given the Company's basic approach of "Co-creating and sharing value," our fundamental policy is to ensure continued growth by prioritizing sustained earning potential as a criterion when evaluating individual businesses, co-creating value with stakeholders of all kinds, and returning the profits acquired in each business to these stakeholders.

In line with this policy, we have set the Group management targets detailed below with the aim of becoming Asia's No. 1 drugstore and thereby attaining a leading position in the health and beauty fields.

	Results (Fiscal year ended March 31, 2026)	New Group management targets (Fiscal year ending March 31, 2031)
Net sales (Organic growth)	¥1.1174 trillion	¥1.3 trillion
+ federation initiatives (M&A, etc.)		+α
EBITDA margin	9.7%	13% or more
ROE (Return on equity)	10.5%	12% or more
Dividend payout ratio (consolidated)	34.3%	50%
DOE (Dividends on equity (consolidated))	3.6%	6%

*EBITDA = Operating profit + Depreciation and Amortization of goodwill

*EBITDA margin (%) = EBITDA / Net sales

(3) Medium- to long-term corporate management strategies and issues to address

We envision the business environment surrounding the Group to remain severe, including changing consumption trends caused by rising prices, as well as expansion of scale by competitors due to M&A or new store openings. To respond to such a situation, we will further promote and deepen our three key strategies, as we aim to enhance medium- and long-term corporate value.

<Key strategies>

In response to a rapidly changing business environment characterized by rising prices, increasing pressure of rise in various costs, and the ongoing acceleration of drugstore industry realignment, we have set three key strategies in line with our basic approach of "Co-creating and sharing value" to achieve our Group management targets for the fiscal year ending March 31, 2031. The details are as follows:

(1) Differentiation strategy: Strengthen our unique platform business

Our business environment remains challenging due to factors including Japan's population decline and the diversification of people's values, as well as accelerating realignment and aggressive opening of new stores among our competitors. Aiming to continue being the company customers choose even under such circumstances, we will deliver new forms of value that we alone can provide in our business domain comprising the health and beauty fields and strive to maximize lifetime value (LTV) of customers.

To that end, we will enhance customer convenience through seamless coordination between our drugstore and pharmacy businesses and drive the expansion of our unique domains including our own unique B-to-B business. In striving to achieve these aims, we will leverage our strengths including the attractive merchandise, services, value, and experiences we offer; our store network concentrated mainly in major metropolitan regions; and the closed (proprietary, exclusive, or unique) information accumulated from over 160 million customer contact points.

(2) Investment strategy: Invest in business infrastructure for co-creating value

We are aiming to earn sustained profits by actively investing in the infrastructure that underpins our platform. In specific terms, we will undertake proactive investment in systems to improve customer convenience and operational efficiency through digital technology, and to expand our business domains.

We also seek to increase our operational scale by boosting store openings in our priority areas mainly in major metropolitan regions and promoting M&A activities, as well as to promote opening of dispensing pharmacies next to drugstores, and to expand our overseas operations by moving into new markets primarily in the ASEAN countries. At the same time, we will invest in human capital by developing a workplace environment that is easy for employees to work in and offers job satisfaction and motivation. We also continually seek to nurture professional, global human resources and increase employee engagement.

(3) Social contribution and returning profit to society: Practice sustainable management that contributes to the enhancement of corporate value

Aiming to practice sustainable management that helps to achieve our Management Philosophy and Group Vision, and to enhance corporate value, we have identified four materialities that we need to tackle amid a dramatically changing business environment. As initiatives to address these, we will undertake the following: make stable returns to stakeholders; enhance corporate governance; take action for the benefit of the environment and society (respond to climate change and support for community healthcare); and respond to the demands of the capital markets (practice management conscious of the cost of capital and consider our optimal capital structure). The materialities we have defined are as set out below.

(i) Materiality: "Consideration of the health and beauty of society"
Goals: Company that solves the challenges related to people's health and beauty and brings great peace of mind and joy to society, starting with community healthcare.
Non-financial KPI: Number of Group members 45 million

(ii) Materiality: "Employee growth"
Goals: Company so attractive that our employees would proudly recommend it as a workplace to their closest loved ones.
Non-financial KPI: Employee awareness survey 3.94pt

(iii) Materiality: "Consideration of the health of the Earth"
Goals: Company that achieves virtually zero CO_2 emissions from business activities, thereby contributing to an ethical society.
Non-financial KPI: Reduction of CO_2 emissions 40% (compared to the fiscal year ended March 31, 2022)
Environmentally conscious private brand product ratio 60%

(iv) Materiality: “Effectiveness of Governance”
Goals: Company that establishes a disciplined management system and practices stakeholder-oriented management.
Non-financial KPI: Percentage of independent outside directors 50% or more.

<Basic policies for cash allocation>
Regarding cash allocation for the realization of the medium-term management plan, we will allocate operating cash flow earned until the fiscal year ending March 31, 2031, excluding the increased amount of working capital, based on the following proportions.

-Investment in growth (45%)
For opening and renovating stores, small-to-medium-sized M&As, investments in human capital and intangible assets, overseas operations, addressing climate change, etc.
To ensure further growth, we will invest in the following priorities: expanding existing businesses by opening and renovating stores, as well as through small-to-medium-sized M&As and alliances of all kinds, new businesses, DX (digital transformation), human capital, overseas expansion, and addressing climate change.

-Shareholder returns (45%)
For dividends, stock buybacks, etc.
Our dividend policy is based on the belief that profit returns to shareholders are one of the top priorities for our management. Accordingly, we work to strengthen our business foundation and improve profitability, maintaining the fundamental policy of a progressive dividend to target the dividend payout ratio (consolidated) of 50% and DOE (dividends on equity (consolidated)) of 6%. Additionally, we will take a flexible approach to stock buybacks, considering our financial position and stock price levels.

- Enhancing our financial base (10%)
Dealing with emergencies, etc.
To support investments in expansion of existing businesses and growth strategies, and to build a stable revenue base, we will secure stable funds in accordance with the scale of investments and expansion of business risks.

Furthermore, we are continuing to expand our operational scale not only through organic growth, but also by implementing our federation initiatives, and as we do so, we will also consider the possibility of using debt to procure funds.

3. Basic approach to the selection of accounting standards

For the time being, the Group plans to continue preparing its consolidated financial statements in accordance with Japanese accounting standards in consideration of the comparability of consolidated financial statements over the period and with those of other companies.
The Group also intends to respond appropriately to the application of the International Financial Reporting Standards (IFRS) in the future in consideration of the relevant domestic and international trends.

4. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	111,750	119,746
Accounts receivable - trade	64,469	74,520
Merchandise	144,168	159,996
Supplies	1,050	911
Accounts receivable - other	31,056	33,126
Income taxes refund receivable	260	162
Other	11,630	13,784
Allowance for doubtful accounts	(70)	(1,119)
Total current assets	364,316	401,128
Non-current assets		
Property, plant and equipment		
Buildings and structures	109,118	117,515
Accumulated depreciation	(61,215)	(66,392)
Buildings and structures, net	47,903	51,123
Land	50,300	50,439
Leased assets	14,995	14,720
Accumulated depreciation	(13,993)	(13,661)
Leased assets, net	1,002	1,059
Construction in progress	202	475
Other	40,808	46,423
Accumulated depreciation	(29,338)	(33,601)
Other, net	11,469	12,821
Total property, plant and equipment	110,878	115,919
Intangible assets		
Trademark right	14,714	14,789
Goodwill	99,259	98,308
Other	14,063	16,530
Total intangible assets	128,036	129,629
Investments and other assets		
Investment securities	27,786	28,974
Deferred tax assets	13,815	14,118
Leasehold and guarantee deposits	61,200	62,161
Other	6,885	4,560
Allowance for doubtful accounts	(139)	(660)
Total investments and other assets	109,548	109,154
Total non-current assets	348,463	354,703
Total assets	712,780	755,831

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	108,176	119,691
Short-term borrowings	1,187	1,880
Current portion of long-term borrowings	—	307
Lease liabilities	411	403
Income taxes payable	16,611	18,893
Contract liabilities	3,575	4,543
Provision for bonuses	5,754	5,942
Provision for point card certificates	228	245
Asset retirement obligations	15	12
Other	26,679	29,774
Total current liabilities	162,640	181,696
Non-current liabilities		
Lease liabilities	607	743
Deferred tax liabilities	8,620	8,939
Provision for retirement benefits for directors (and other officers)	—	342
Provision for share awards	308	363
Provision for share awards for directors (and other officers)	39	39
Provision for loss on guarantees	146	70
Retirement benefit liability	31	462
Asset retirement obligations	14,472	15,278
Other	4,413	3,443
Total non-current liabilities	28,640	29,683
Total liabilities	191,280	211,380
Net assets		
Shareholders' equity		
Share capital	22,051	22,051
Capital surplus	178,879	166,745
Retained earnings	338,939	374,508
Treasury shares	(24,946)	(27,998)
Total shareholders' equity	514,924	535,307
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,927	7,781
Foreign currency translation adjustment	(96)	391
Total accumulated other comprehensive income	5,830	8,172
Share acquisition rights	43	43
Non-controlling interests	701	928
Total net assets	521,499	544,451
Total liabilities and net assets	712,780	755,831

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	1,061,626	1,117,440
Cost of sales	689,390	723,655
Gross profit	372,235	393,784
Selling, general and administrative expenses		
Advertising expenses	2,180	2,226
Salaries and allowances	105,275	112,616
Provision for bonuses	5,698	5,880
Retirement benefit expenses	2,247	2,481
Depreciation	16,053	16,911
Rent expenses on land and buildings	74,343	79,337
Amortization of goodwill	6,478	6,675
Other	77,875	82,720
Total selling, general and administrative expenses	290,153	308,849
Operating profit	82,082	84,935
Non-operating income		
Interest income	185	310
Dividend income	431	458
Gain on receipt of donated non-current assets	391	468
Order processing commission	1,767	2,029
Research fee income	606	646
Other	1,090	1,264
Total non-operating income	4,472	5,177
Non-operating expenses		
Interest expenses	64	47
Loss on investments in investment partnerships	151	152
Cash over and short	3	2
Other	64	54
Total non-operating expenses	283	257
Ordinary profit	86,271	89,855

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Extraordinary income		
Gain on sale of non-current assets	608	21
Gain on sale of investment securities	97	592
Total extraordinary income	706	613
Extraordinary losses		
Loss on sale of non-current assets	81	71
Loss on retirement of non–current assets	452	414
Loss on sale of investment securities	89	—
Loss on store closings	135	228
Impairment losses	2,265	1,682
Loss on disaster	58	—
Compensation for damage	—	65
Total extraordinary losses	3,083	2,462
Profit before income taxes	83,894	88,007
Income taxes - current	29,241	32,438
Income taxes - deferred	(357)	(533)
Total income taxes	28,883	31,904
Profit	55,010	56,102
Profit attributable to non-controlling interests	334	326
Profit attributable to owners of parent	54,675	55,776

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	55,010	56,102
Other comprehensive income		
Valuation difference on available-for-sale securities	(943)	1,853
Foreign currency translation adjustment	(9)	122
Total other comprehensive income	(953)	1,976
Comprehensive income	54,057	58,078
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	53,722	57,752
Comprehensive income attributable to non-controlling interests	334	326

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	22,051	206,103	301,098	(21,351)	507,902
Changes during period					
Dividends of surplus			(16,834)		(16,834)
Profit attributable to owners of parent			54,675		54,675
Acquisition of own shares				(30,953)	(30,953)
Disposal of treasury shares		24		109	133
Cancellation of treasury shares		(27,248)		27,248	—
Change in scope of consolidation					—
Net changes in items other than shareholders' equity					
Total changes during period	—	(27,224)	37,841	(3,595)	7,021
Balance at end of period	22,051	178,879	338,939	(24,946)	514,924

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-forsale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	6,870	(86)	6,783	43	447	515,176
Changes during period						
Dividends of surplus						(16,834)
Profit attributable to owners of parent						54,675
Acquisition of own shares						(30,953)
Disposal of treasury shares						133
Cancellation of treasury shares						—
Change in scope of consolidation						—
Net changes in items other than shareholders' equity	(943)	(9)	(953)	—	254	(698)
Total changes during period	(943)	(9)	(953)	—	254	6,322
Balance at end of period	5,927	(96)	5,830	43	701	521,499

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	22,051	178,879	338,939	(24,946)	514,924
Changes during period					
Dividends of surplus			(18,857)		(18,857)
Profit attributable to owners of parent			55,776		55,776
Acquisition of own shares				(15,299)	(15,299)
Disposal of treasury shares		26		87	113
Cancellation of treasury shares		(12,160)		12,160	—
Change in scope of consolidation			(1,350)		(1,350)
Net changes in items other than shareholders' equity					
Total changes during period	—	(12,133)	35,569	(3,051)	20,383
Balance at end of period	22,051	166,745	374,508	(27,998)	535,307

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-forsale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	5,927	(96)	5,830	43	701	521,499
Changes during period						
Dividends of surplus						(18,857)
Profit attributable to owners of parent						55,776
Acquisition of own shares						(15,299)
Disposal of treasury shares						113
Cancellation of treasury shares						—
Change in scope of consolidation						(1,350)
Net changes in items other than shareholders' equity	1,853	488	2,342	—	226	2,568
Total changes during period	1,853	488	2,342	—	226	22,951
Balance at end of period	7,781	391	8,172	43	928	544,451

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	83,894	88,007
Depreciation	16,121	16,985
Impairment losses	2,265	1,682
Amortization of goodwill	6,478	6,675
Increase (decrease) in provision for bonuses	182	5
Increase (decrease) in allowance for doubtful accounts	4	1,371
Increase (decrease) in retirement benefit liability	(364)	103
Interest and dividend income	(617)	(768)
Interest expenses	64	47
Loss (gain) on sale of non-current assets	(527)	50
Loss on retirement of non-current assets	452	414
Decrease (increase) in trade receivables	(2,712)	(7,920)
Decrease (increase) in inventories	(5,817)	(10,561)
Decrease (increase) in accounts receivable - other	(2,234)	(1,336)
Increase (decrease) in contract liabilities	243	573
Increase (decrease) in trade payables	2,046	6,893
Loss (gain) on sale of investment securities	(7)	(592)
Increase (decrease) in accounts payable - other	(1,014)	637
Increase (decrease) in long-term accounts payable - other	(1,120)	(1,284)
Offset payments for house rental fee with lease and guarantee deposits	1,236	1,137
Other, net	3,667	529
Subtotal	102,241	102,652
Interest and dividends received	527	766
Interest paid	(60)	(29)
Income taxes paid	(30,142)	(30,446)
Income taxes refund	8,906	259
Net cash provided by (used in) operating activities	81,472	73,201
Cash flows from investing activities		
Purchase of shares of subsidiaries and associates	(4,998)	(1,910)
Purchase of property, plant and equipment	(8,834)	(13,273)
Proceeds from sale of property, plant and equipment	1,624	32
Purchase of intangible assets	(5,624)	(6,866)
Payments of leasehold and guarantee deposits	(2,626)	(2,812)
Proceeds from refund of leasehold and guarantee deposits	891	1,074
Purchase of long-term prepaid expenses	(349)	(329)
Proceeds from sale of investment securities	186	1,123
Loan advances	(320)	(680)
Proceeds from collection of loans receivable	2	956
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(10,261)
Other, net	(742)	(1,275)
Net cash provided by (used in) investing activities	(20,792)	(34,223)

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	347	712
Repayments of long-term borrowings	(18,400)	(199)
Repayments of lease liabilities	(774)	(510)
Acquisition of own shares	(30,953)	(15,299)
Proceeds from sale of treasury shares	28	113
Dividends paid	(16,831)	(18,858)
Dividends paid to non-controlling interests	(80)	(99)
Net cash provided by (used in) financing activities	(66,662)	(34,141)
Effect of exchange rate change on cash and cash equivalents	12	(32)
Net increase (decrease) in cash and cash equivalents	(5,970)	4,803
Cash and cash equivalents at beginning of period	117,720	111,750
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	2
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	3,113
Cash and cash equivalents at end of period	111,750	119,670

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in scope of consolidation or equity method)

During the fiscal year ended March 31, 2026, MATSUMOTO KIYOSHI (HK) CO., LIMITED, which had previously been a non-consolidated subsidiary, was included in the scope of consolidation due to its increased materiality. Additionally, And Company, which was established on August 1, 2025, and Shinseidoyakkyoku co. ltd., which was made a subsidiary following the acquisition of all its shares on October 1, 2025, were also included in the scope of consolidation.

(Changes in accounting policies)

Not applicable.

(Changes in presentation methods)

[Matters concerning consolidated balance sheets]

"Provision for point card certificates," which was presented separately under "Selling, general and administrative expenses" in the previous fiscal year, is included in "Other" from the fiscal year ended March 31, 2026 due to the decreased materiality of the amount. To reflect this change in presentation, consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥157 million presented as "Provision for point card certificates" and ¥77,718 million presented as "Other" under "Selling, general and administrative expenses" in the consolidated balance sheet for the previous fiscal year has been reclassified as "Other" of ¥77,875 million yen.

[Consolidated statements of cash flows]

"Increase (decrease) in provision for point card certificates," which was presented separately under "Cash flows from operating activities" in the previous fiscal year, is included under "Other" in the fiscal year ended March 31, 2026 due to decreased materiality of the amount. To reflect this change in presentation, consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥157 million presented as "Increase (decrease) in provision for point card certificates" and ¥3,510 million in "Other" under "Cash flows from operating activities" in the consolidated statement of cash flows for the previous fiscal year has been reclassified as "Other" of ¥3,667 million.

(Segment information)

[Segment information]

1. Summary of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are the components of the business of the Group for which separate financial information is available and are subject to regular review by the Board of Directors to determine resource allocation decisions and to assess their performance.

The Group is mainly engaged in the management of chain stores such as drugstores and health insurance prescription pharmacies, the opening and operation of health insurance prescription pharmacies, the development of franchise businesses, and the supply of products to franchisees.

As such, the Group has four reportable segments—(1) "Matsumotokiyoshi Group business" that focuses on the businesses carried out under the trade name of Matsumotokiyoshi (2) "Cocokarafine Group business" that focuses on the businesses carried out under the trade name of cocokara fine, (3) "And Company business" that was newly established after turning Shinseidoyakkyoku co. ltd. into a consolidated subsidiary, and (4) "Management support business" that purchases products handled by our group companies, manages and controls the business of our group companies, and handles contracted back-office services and advertising, etc.

(2) Disclosure of changes, etc. for each reportable segment

Following Shinseidoyakkyoku co. ltd. becoming a consolidated subsidiary in the third quarter ended December 31, 2025, the Group has defined the business comprising this company and And Company Co., Ltd., an intermediate holding company established during the fiscal year ending March 31, 2026, as the "And Company business" and added it as a reportable segment.

Segment information for the previous fiscal year has been presented in accordance with the new segment classification.

2. Calculation method of the amounts of net sales, profit or loss, assets and other items by reportable segment

Profit or loss in the reportable segments is based on the operating profit. Intersegment revenues and transfers between segments are based on prevailing market prices.

3. Disclosure of net sales, profit (loss), asset, and other items by reportable segment

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Matsumoto-kiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Total	Adjustments (Note 1)	Amounts in the consolidated financial statements (Note 2)
Net sales							
Sales to external customers	666,958	390,979	—	3,688	1,061,626	—	1,061,626
Intersegment sales or transfers	268	46	—	651,453	651,768	(651,768)	—
Total	667,226	391,026	—	655,142	1,713,395	(651,768)	1,061,626
Segment profit	57,952	23,805	—	20,185	101,942	(19,860)	82,082
Segment asset	472,552	364,279	—	677,304	1,514,136	(801,355)	712,780
Other items			—				
Depreciation	7,046	5,511	—	3,679	16,237	(116)	16,121
Amortization of goodwill	93	6,384	—	—	6,478	—	6,478
Increase in property, plant and equipment and intangible assets	7,775	2,685	—	5,471	15,931	(29)	15,902

Notes:

1. The following adjustments have been made:
   (1) The adjustment of negative ¥19,860 million for segment profit includes negative ¥19,860 million of intersegment transaction elimination.
   (2) The adjustment of negative ¥801,355 million for segment asset includes negative ¥343,087 million of offsetting the elimination of investment and capital and negative ¥458,268 million of debts and credits elimination.
   (3) The adjustment of negative ¥29 million for increase in property, plant and equipment and intangible assets is the amount of intersegment transaction elimination.
2. Segment profit is adjusted with operating profit stated in the consolidated statement of income.

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Matsumoto-kiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Total	Adjustments (Note 1)	Amounts in the consolidated financial statements (Note 2)
Net sales							
Sales to external customers	711,030	389,926	12,947	3,534	1,117,440	—	1,117,440
Intersegment sales or transfers	382	50	0	680,050	680,484	(680,484)	—
Total	711,413	389,977	12,948	683,585	1, 797,924	(680,484)	1,117,440
Segment profit	60,818	23,456	200	17,137	101,613	(16,677)	84,935
Segment asset	514,191	359,701	30,330	702,223	1,606,447	(850,615)	755,831
Other items							
Depreciation	7,340	5,122	225	4,393	17,081	(96)	16,985
Amortization of goodwill	91	6,405	178	—	6,675	—	6,675
Increase in property, plant and equipment and intangible assets	11,465	3,644	58	6,256	21,425	(73)	21,351

Notes:

1. The following adjustments have been made:
   (1) The adjustment of negative ¥16,677 million for segment profit includes negative ¥16,677 million of intersegment transaction elimination.
   (2) The adjustment of negative ¥850,615 million for segment asset includes negative ¥336,429 million of offsetting the elimination of investment and capital and negative ¥514,186 million of debts and credits elimination.
   (3) The adjustment of negative ¥73 million for increase in property, plant and equipment and intangible assets is the amount of intersegment transaction elimination.
2. Segment profit is adjusted with operating profit stated in the consolidated statement of income.

[Notes - Information associated with reportable segments]

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

1. Information for each product or service

(Millions of yen)

	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Total
Sales to external customers	666,958	390,979	—	3,688	1,061,626

2. Information for each region

(1) Net sales

Description is omitted as sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Description is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

1. Information for each product or service

(Millions of yen)

	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Total
Sales to external customers	711,030	389,926	12,947	3,534	1,117,440

2. Information for each region

(1) Net sales

Description is omitted as sales to external customers in Japan exceed 90% of net sales in the consolidated statement of income.

(2) Property, plant and equipment

Description is omitted as the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheet.

[Information on impairment loss on non-current assets for each reportable segment]

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Unallocated amounts and elimination	Total
Impairment losses	527	1,744	—	—	(6)	2,265

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Unallocated amounts and elimination	Total
Impairment losses	723	865	103	—	(10)	1,682

[Amortization and unamortized balance of goodwill for each reportable segment]

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Unallocated amounts and elimination	Total
Current period amortization	93	6,384	—	—	—	6,478
Balance at end of period	263	98,995	—	—	—	99,259

Note:

1. Balance at end of period for Cocokarafine Group business includes goodwill of ¥97,486 million which arose from share exchange with cocokara fine Inc. on October 1, 2021.

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Unallocated amounts and elimination	Total
Current period amortization	91	6,405	178	—	—	6,675
Balance at end of period	169	93,028	5,111	—	—	98,308

Notes:

1. Balance at end of period for Cocokarafine Group business includes goodwill of ¥91,197 million which arose from share exchange with cocokara fine Inc. on October 1, 2021.
2. Goodwill of ¥5,154 million was recognized in the “And Company business” as a result of including Shinseidoyakkyoku co. ltd. in the scope of consolidation during the third quarter ended December 31, 2025.

[Information about gain on bargain purchase for each reportable segment]

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)
Not applicable.

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)
Not applicable.

(Business combination)

Business combination through acquisition

The Company, at the Board of Directors meeting held on August 13, 2025, resolved that our subsidiary And Company Co., Ltd. (Head office: Bunkyo-ku, Tokyo; hereinafter, "And Company") to acquire all shares of Shinseidoyakkyoku co. ltd. (Head office: Fukuoka, Fukuoka Prefecture; hereinafter "Shinseidoyakkyoku") and make it a subsidiary. And Company executed a share transfer agreement on the same day, and the acquisition was completed on October 1, 2025.

(1) Outline of the business combination

a Name and business description of the acquiree

Name of the acquiree: Shinseidoyakkyoku co. ltd.

Business description: Drugstore business, dispensing pharmacy business

b Primary reasons for conducting the business combination:
To contribute to the creation of healthy communities, mainly in northern Kyushu, Shinseidoyakkyoku operates 119 dispensing pharmacies and drugstores as a group, and strives to extend healthy life expectancies and reduce social security costs. Since its establishment in 1978, Shinseidoyakkyoku has upheld the management philosophy of "helping people lead healthy lives," and aims to become the best healthcare station in the region by increasing the number of smiles on people's faces as much as possible.

In order to realize the alliance concept and further expand the scale of business, which were set as medium-term management targets for the fiscal year ending March 31, 2031, the Company decided to acquire 100% of the shares of Shinseidoyakkyoku and invite it into the Group.

c Date of the business combination: October 1, 2025

d Legal form of the business combination: Acquisition of shares for cash consideration

e Name of company after the business combination: No change

f Ratio of voting rights acquired: 100%

g Primary grounds for determining the acquiring company: The Company acquired shares in exchange for cash consideration.

(2) Period during which the acquiree's financial results are included in the quarterly consolidated financial statements
From October 1, 2025 to March 31, 2026

(3) Acquisition cost of the acquiree and breakdown by type of consideration

Consideration for acquisition	Cash:	¥11,504 million
Acquisition cost		¥11,504 million

(4) Description and amount of major acquisition-related expenses Advisory fees, etc. ¥17 million

(5) Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization a.
a. Amount of goodwill incurred

¥5,154 million

The amount of goodwill had been tentatively calculated, as the allocation of the acquisition cost had not been completed as of the end of the third quarter ended December 31, 2025 but the allocation of the acquisition cost had been finalized as of March 31, 2026.

b. Reasons for the goodwill incurred

The excess earning power expected to be realized through future business development

c. Method and period of amortization

Straight-line amortization over 18 years

(6) Amount allocated to intangible fixed assets other than goodwill, breakdown by type, and amortization period

Trademark right ¥1,056 million (Amortized over 18 years)

(7) Amount of assets accepted and liabilities assumed on the business combination date and their main breakdown

Current assets	¥7,186 million
Non-current assets	¥6,741 million
Total assets	¥13,927 million
Current liabilities	¥5,254 million
Non-current liabilities	¥2,323 million
Total liabilities	¥7,578 million

(8) Estimated amount and calculation method of the effect of the business combination on the consolidated statement of income for the fiscal year ended March 31, 2026, assuming that the business combination was completed at the beginning of the fiscal year

Net sales	¥13,434 million
Operating profit	¥51 million
Ordinary loss	¥119 million
Loss before income taxes	¥1,104 million
Loss attributable to owners of parent	¥1,055 million
Basic earnings per share	(¥2.65)

(Calculation method of the estimated amounts)

The estimated impact is the difference between the net sales and profit/loss information calculated assuming that the business combination was completed on the first day of the fiscal year ended March 31, 2026 and the net sales and profit/loss information in the consolidated income statement of the acquiring company.

(Revenue recognition)

Information on disaggregation of revenue from contracts with customers

In information on disaggregation of revenue from contracts with customers, net sales in each reportable segment are disaggregated into revenue from contracts with customers and other income, and revenue from contracts with customers is further disaggregated into net sales from retail sales and other net sales.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

		Reportable segment			Total
	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	
Retail					
Medical and pharmaceutical products	204,363	164,389	—	—	368,752
Cosmetics	235,465	117,909	—	—	353,375
General merchandise	123,507	70,661	—	—	194,168
Food	64,005	29,607	—	—	93,613
Other (Note 1)	37,629	7,565	—	3,438	48,632
Revenue from contracts with customers	664,971	390,133	—	3,438	1,058,542
Other revenue (Note 2)	1,986	846	—	250	3,083
Sales to external customers	666,958	390,979	—	3,688	1,061,626

Notes:

1. Includes net sales from the wholesale business, net sales from advertising, etc.
2. Includes real estate rental income pursuant to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).

Fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Millions of yen)

		Reportable segment			Total
	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	
Retail					
Medical and pharmaceutical products	213,682	165,503	8,520	—	387,707
Cosmetics	259,448	119,843	1,989	—	381,282
General merchandise	125,755	66,927	1,420	—	194,103
Food	69,134	27,966	889	—	97,990
Other (Note 1)	41,081	8,816	91	3,309	53,298
Revenue from contracts with customers	709,103	389,057	12,911	3,309	1,114,382
Other revenue (Note 2)	1,927	868	36	225	3,058
Sales to external customers	711,030	389,926	12,947	3,534	1,117,440

Notes:

1. Includes net sales from the wholesale business, net sales from advertising, etc.
2. Includes real estate rental income pursuant to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13).
3. Due to the establishment of And Company Co., Ltd. as an intermediate holding company, the business has been defined as the “And Company business” and added as a reportable segment.

(Information per share)

(Yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	1,290.38	1,365.78
Basic earnings per share	133.85	139.94
Diluted earnings per share	133.81	139.89

Notes:

1. The Company has introduced BIP Trust Account and the Share Grant ESOP Trust Account. For the purpose of calculating net assets per share, shares of the Company held by these trust accounts are included in the treasury shares that are deducted in the calculation of the total number of issued shares at the end of each period (392 thousand shares for the previous fiscal year and 662 thousand shares for the current fiscal year).
   For the purpose of calculating basic earnings per share and diluted earnings per share, such shares are also included in the treasury shares that are deducted in the calculation of the average number of shares during each period (400 thousand shares for the previous fiscal year and 599 thousand shares for the current fiscal year).

2. The basis of calculation of basic earnings per share and diluted earnings per share is as follows.

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	54,675	55,776
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent related to common shares (Millions of yen)	54,675	55,776
Average number of common shares during the period (Thousand shares)	408,486	398,585
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of common shares (Thousand shares)	121	121
(Of which, share acquisition rights (Thousand shares))	(121)	(121)
Summary of potential shares not included in the calculation of diluted earnings per share as they are not dilutive	—	—

(Significant events after reporting period)

Business combination through acquisition

The Company, at the Board of Directors meeting held on February 13, 2026, resolved that our subsidiary, And Company Co., Ltd. (Head office: Bunkyo-ku, Tokyo; hereinafter "And Company") to acquire shares of UNIVERSAL DRUG CO., LTD. (Head office: Kita-ku, Tokyo; hereinafter " UNIVERSAL DRUG") and make it a subsidiary. A share transfer agreement was executed on the same day, and the acquisition was completed on April 1, 2026.

(1) Outline of the business combination

a. Name and business description of the acquiree

Name of the acquiree: UNIVERSAL DRUG CO., LTD.

Business description: Drugstore business, dispensing pharmacy business

b. Primary reasons for conducting the business combination:
UNIVERSAL DRUG operates 19 drugstore and dispensing pharmacies in the Tokyo Metropolitan and Saitama Prefectures. Under the theme of "Health and Beauty," the stores aim to be "Medical institutions where customers can consult with their nearest and dearest" for local customers and patients by providing advice for clean and comfortable life and promoting self-medication.

In order to realize the alliance concept and further expand the scale of business, which were set as medium-term management targets for the fiscal year ending March 31, 2031, the Company has decided to acquire 100% of the shares of UNIVERSAL DRUG and invite it into the Group.

c. Date of the business combination: April 1, 2026

d. Legal form of the business combination: Acquisition of shares for cash consideration

e. Name of company after the business combination: No change

f. Ratio of voting rights acquired: 100%

g. Primary grounds for determining the acquiring company: The Company acquired shares in exchange for cash consideration.

(2) Acquisition cost of the acquiree and breakdown by type of consideration

Consideration for acquisition	Cash:	¥1,000 million
Acquisition cost		¥1,000 million

(3) Description and amount of major acquisition-related expenses.

It has not been finalized at this time.

(4) Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization
It has not been finalized at this time.

(5) Amount of assets accepted and liabilities assumed on the business combination date and their main breakdown

It has not been finalized at this time.

5. Supplementary Information

Net sales and purchases

(1) Net sales by operating segment

Net sales by segment for the fiscal year ended March 31, 2026 are as follows:

Segment name	Fiscal year ended March 31, 2026	
	Amount (Millions of yen)	Changes from the previous fiscal year (%)
Matsumotokiyoshi Group business	711,030	106.6
Cocokarafine Group business	389,926	99.7
And Company business	12,947	―
Management support business	3,534	95.8
Total	1,117,440	105.3

Notes:

1. Intersegment transactions are eliminated.
2. Due to the establishment of And Company Co., Ltd. as an intermediate holding company, the business has been defined as the “And Company business” and added as a reportable segment.

(2) Net sales by product

Net sales by product for the fiscal year ended March 31, 2026 are as follows:

Products	Fiscal year ended March 31, 2026	
	Amount (Millions of yen)	Changes from the previous fiscal year (%)
Medical and pharmaceutical products	387,707	105.1
Cosmetics	381,282	107.9
General merchandise	194,103	100.0
Food	97,990	104.7
Total	1,061,083	105.1

Note: Net sales by product do not include sales of the management support business. In addition, the amounts above do not include operating revenue (rent income from tenants and royalty income from franchisees).

(3) Purchases by product

Purchases by product for the fiscal year ended March 31, 2026 are as follows:

Products	Fiscal year ended March 31, 2026	
	Amount (Millions of yen)	Changes from the previous fiscal year (%)
Medical and pharmaceutical products	217,551	103.5
Cosmetics	250,191	106.0
General merchandise	135,914	97.0
Food	84,088	104.3
Total	687,745	103.1

Note: Purchases by product do not include purchases of the management support business.