

This document is a translation of the original Japanese document for reference purposes only. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.



Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 <under Japanese GAAP>

May 9, 2025

Company name: **MatsukiyoCocokara & Co.**
 Listing: Tokyo Stock Exchange
 Securities code: 3088
 URL: <https://www.matsukiyococokara.com/>
 Representative: Kiyoo Matsumoto, President and Representative Director
 Inquiries: Hiroshi Nishida, Executive Officer and General Manager of Financial Strategies
 Office, Group Management
 TEL: +81-3-6845-0005
 Scheduled date of ordinary general meeting of shareholders: June 20, 2025
 Scheduled date to commence dividend payments: June 23, 2025
 Scheduled date to file Annual Securities Report: June 20, 2025
 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, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025 | 1,061,626 | 3.8 | 104,681 | 6.7 | 82,082 | 8.4 | 86,271 | 7.2 | 54,675 | 4.4 |
| March 31, 2024 | 1,022,531 | 7.5 | 98,073 | 18.0 | 75,705 | 21.6 | 80,499 | 20.7 | 52,347 | 29.1 |

Note: Comprehensive income Fiscal year ended March 31, 2025 ¥54,057 million [10.5%]
 Fiscal year ended March 31, 2024 ¥48,907 million [9.2%]

| | 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, 2025 | 133.85 | 133.81 | 10.6 | 12.0 | 7.7 |
| March 31, 2024 | 125.31 | 125.28 | 10.5 | 11.4 | 7.4 |

Notes: 1. EBITDA = Operating profit + Depreciation and Amortization of goodwill

2. The Company conducted a 3-for-1 stock split of its shares of common stock as of October 1, 2023. The basic earnings per share and the diluted earnings per share were calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

(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, 2025 | 712,780 | 521,499 | 73.1 | 1,290.38 |
| March 31, 2024 | 724,747 | 515,176 | 71.0 | 1,233.84 |

Reference: Equity As of March 31, 2025 ¥520,754 million
 As of March 31, 2024 ¥514,686 million

Note: The Company conducted a 3-for-1 stock split of its shares of common stock as of October 1, 2023. The net assets per share was calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

(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, 2025 | 81,472 | (20,792) | (66,662) | 111,750 |
| March 31, 2024 | 63,506 | (22,760) | (18,273) | 117,720 |

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, 2024 | – | 50.00 | – | 20.00 | – | 15,322 | 29.3 | 3.1 |
| Fiscal year ended March 31, 2025 | – | 21.00 | – | 23.00 | 44.00 | 17,774 | 32.9 | 3.5 |
| Fiscal year ending March 31, 2026 (forecast) | – | 23.00 | – | 23.00 | 46.00 | | 33.3 | |

Note: The Company conducted a 3-for-1 stock split of its shares of common stock as of October 1, 2023. The cash dividends per share for the second quarter-end of the fiscal year ended March 31, 2024 is the amount before the stock split. The forecast of annual cash dividends is not presented as it is impossible to simply add the figures due to the stock split. The annual cash dividends per share for the fiscal year ended March 31, 2025 on a pre-split basis is ¥132.00.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(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, 2025 | 544,500 | 3.6 | 51,000 | 4.4 | 39,500 | 4.9 | 41,500 | 4.7 | 26,500 | 6.2 | 64.87 |
| Full year | 1,100,000 | 3.6 | 108,500 | 3.6 | 85,500 | 4.2 | 89,500 | 3.7 | 56,500 | 3.3 | 138.32 |

*Notes

- (1) Significant changes in the scope of consolidation during the fiscal year under review: None
- (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, 2025 | 415,675,630 shares |
| As of March 31, 2024 | 428,900,130 shares |

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

| | |
|----------------------|-------------------|
| As of March 31, 2025 | 12,107,808 shares |
| As of March 31, 2024 | 11,759,689 shares |

c. Average number of shares during the period

| | |
|----------------------------------|--------------------|
| Fiscal year ended March 31, 2025 | 408,486,462 shares |
| Fiscal year ended March 31, 2024 | 417,737,678 shares |

- 1) The Company conducted a 3-for-1 stock split of its shares of common stock as of October 1, 2023. The total number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares during the period were calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.
- 2) 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 (392,896 shares as of March 31, 2025 and 421,378 shares as of March 31, 2024). 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, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2025 | 23,262 | (25.3) | 20,400 | (27.9) | 20,208 | (29.1) | 20,009 | (34.4) |
| March 31, 2024 | 31,122 | 391.1 | 28,311 | 646.6 | 28,504 | 601.4 | 30,494 | 680.3 |

| | Basic earnings per share | Diluted earnings per share |
|-------------------|--------------------------|----------------------------|
| Fiscal year ended | Yen | Yen |
| March 31, 2025 | 48.98 | 48.97 |
| March 31, 2024 | 73.00 | 72.98 |

Note: The Company conducted a 3-for-1 stock split of its shares of common stock as of October 1, 2023. The basic earnings per share and the diluted earnings per share were calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

(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, 2025 | 468,005 | 332,129 | 71.0 | 822.88 |
| March 31, 2024 | 497,305 | 360,726 | 72.5 | 864.66 |

Reference: Equity As of March 31, 2025 ¥332,086 million
As of March 31, 2024 ¥360,683 million

Note: The Company conducted a 3-for-1 stock split of its shares of common stock as of October 1, 2023. The net assets per share was calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

* 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, 2025 (from April 1, 2024 to March 31, 2025), the Japanese economy picked up moderately amid improving employment and income environments. This is partly due to wage rises and various government policies taking effect. However, downside risks caused by concerns about a slowdown in consumption due to continued rising prices, 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, the Group set separate key strategies for domestic and global markets, adopting key strategies of (1) pursuit of convenience – deeper ties with customers, (2) pursuit of uniqueness – renewal of experience and service provisions, and (3) pursuit of specialization – evolution of total care under the strategic theme of “provision of values that correspond to the life stages of customers” as domestic strategies and (4) further expansion of global business under the strategic theme of “further increase in presence in Asian markets” as a global strategy. Particularly in the current fiscal year, the Group made growth investments in human capital and systems to improve its long-term business performance.

For its private brand product line-up, the Company launched KNOWLEDGE, the Group’s first private brand for men’s skincare and hair care and sequentially expanded its line-up. The Company promoted the development of its existing private brands by the sequential development of new products under the “nake” and “RECiPEO” brands. In addition, to improve customer convenience, we are taking such initiatives as promoting measures to integrate our physical stores, apps, and e-commerce, and launching “MatsukiyoCocokara Me,” a new pharmacy service using digital technology by leveraging the customer contact points of the Group.

As of March 31, 2025, the number of customer contact points for the Group reached 158.08 million and the number of stores in Japan totalled 3,499 (including 1,002 pharmacies and 120 stores designated as Health Support Pharmacies).

Furthermore, the “Matsumotokiyoshi” brand developed by the Company was ranked 73rd in “Best Japan Brands 2025,” 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 2025. 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 2025 (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, 2025 were as follows.

| | Fiscal year ended March 31, 2024 (Millions of yen) | Fiscal year ended March 31, 2025 (Millions of yen) | Change (Millions of yen) | Change (%) |
|--|--|--|--------------------------------|---------------|
| Net sales | 1,022,531 | 1,061,626 | 39,095 | 3.8 |
| Operating profit | 75,705 | 82,082 | 6,376 | 8.4 |
| Ordinary profit | 80,499 | 86,271 | 5,772 | 7.2 |
| Profit attributable to owners of parent | 52,347 | 54,675 | 2,327 | 4.4 |

Overview of operating results by segment

<Matsumotokiyoshi Group business>

In the Matsumotokiyoshi Group business, in terms of the four key strategies, the Group implemented the following initiatives.

As part of (1) pursuit of convenience – deeper ties with customers, the Group considers it necessary to become our customers’ closest partner by building deeper ties with each customer to understand their needs accurately amid increasing digitalization in the society as a whole and changes in the lifestyles of customers. For this reason, we aim to become a company that is more deeply considerate of customer needs by pursuing convenience for them, including the creation of a mechanism to deliver products and services to customers using both digital approaches and the network of physical stores and the provision of a wide variety of shopping styles.

As part of (2) pursuit of uniqueness – renewal of experience and service provisions, in this highly competitive environment, the Matsumotokiyoshi Group aims to become a company of our customers’ choice by pursuing its own unique strengths, such as the development of products/services and store models based on customers’ values and the expansion of advertisement delivery business for manufacturers, leveraging the data accumulated from various contact points with customers and its strong marketing analysis capability.

As part of (3) pursuit of specialization – evolution of total care, in Japan, which aims to realize a healthy longevity society in response to declining birth rates and aging population, our mission is to continue to offer larger security and joy to local communities by providing high-quality services that correspond to and fit various life stages of customers. To this end, the Matsumotokiyoshi Group has worked to support the community-based integrated care system and to help all people to enjoy beauty, health, and a fulfilling lifestyle for as long as they like by pursuing specialization in, for example, beauty care for both mind and body, as well as the promotion of the concept of self-medication where people protect their own health and the provision of online medication instructions and customer services.

As part of (4) further expansion of global business, the Matsumotokiyoshi Group aims to expand the scale of its business and to increase its presence in Asia where people are becoming more conscious of one’s health and beauty, by actively engaging in the effective use of overseas SNS and the strengthening of approaches by the acquisition of global members, the development of human resources that can play an active role in overseas markets, and the development of products that will become popular in overseas markets, in order to enter new countries particularly in Asia, to expand the network of overseas stores, and to expand cross-border e-commerce business.

As for the private brand product lineup, in addition to the rollout of “FEMRISA,” a new brand specializing in feminine care and “BEAU DOLCE,” which introduces a new concept of beauty snacks, under the “matsukiyo” brand, the Matsumotokiyoshi Group launched a number of new products under the global private brand “POLLU-BARRIER Series,” and actively promoted the development of its global brands. We also newly launched a product from the “Immune Care Series” under the “matsukiyoLAB” brand, which is the brand’s first product with two function claims, and worked to enhance the lineup of the series products, including the SUSTAINABLE LOCABO Line.

As of March 31, 2025, the number of stores in Japan for the Matsumotokiyoshi Group totaled 1,938 (including 461 pharmacies and 33 stores designated as Health Support Pharmacies), and we expanded the member store network of the Community Pharmacy Support Program, which is a pharmacy management support service, to include 250 stores. As for overseas store development, we newly opened our first store in Guam. We operate 79 stores overseas in total, with 29 stores in Thailand, 24 stores in Taiwan, 13 stores in Vietnam, 12 stores in Hong Kong, and one store in Guam.

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, despite a reactionary reduction in sales of COVID-19-related merchandise such as masks and testing kits.

<Cocokarafine Group business>

In the Cocokarafine Group business, it engaged in efforts similar to those taken on by the Matsumotokiyoshi Group business under the three key domestic strategies of “pursuit of convenience – deeper ties with customers,” “pursuit of uniqueness – renewal of experience and service provisions,” and “pursuit of specialization – evolution of total care.”

Despite a reactionary reduction in sales of COVID-19-related merchandise such as masks and testing kits, and the effect of drug price revisions in the pharmacy business, which makes up a large portion of its total sales, the Cocokarafine Group increased its cosmetics sales thanks to efficient and effective sales promotion measures aimed at building a loyal customer base, which helped boost overall sales.

As of March 31, 2025, the number of stores in Japan for the Cocokarafine Group totaled 1,561 (including 541 pharmacies and 87 stores designated as Health Support Pharmacies).

[Number of store openings and closures in Japan]

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

| | Number of stores as of March 31, 2024 | Openings | Closings | (Number of stores) Number of stores as of March 31, 2025 |
|------------------------|---|----------|----------|---|
| Matsumotokiyoshi Group | 1,904 | 55 | 21 | 1,938 |
| Cocokarafine Group | 1,560 | 25 | 24 | 1,561 |
| Total | 3,464 | 80 | 45 | 3,499 |

<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, 2024 (Millions of yen) | Fiscal year ended March 31, 2025 (Millions of yen) | Change (Millions of yen) | Change (%) |
|------------------------------------|----------------|--|--|--------------------------------|---------------|
| Matsumotokiyoshi Group business | Net sales | 633,117 | 667,226 | 34,109 | 5.4 |
| | Segment profit | 51,741 | 57,952 | 6,210 | 12.0 |
| Cocokarafine Group business | Net sales | 386,845 | 391,026 | 4,180 | 1.1 |
| | Segment profit | 21,795 | 23,805 | 2,009 | 9.2 |
| Management support business | Net sales | 636,534 | 655,142 | 18,607 | 2.9 |
| | Segment profit | 30,259 | 20,185 | (10,073) | (33.3) |
| Adjustments | Net sales | (633,966) | (651,768) | (17,802) | — |
| | Segment profit | (28,090) | (19,860) | 8,229 | — |
| Total | Net sales | 1,022,531 | 1,061,626 | 39,095 | 3.8 |
| | Segment profit | 75,705 | 82,082 | 6,376 | 8.4 |

(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, 2025 decreased by ¥11,967 million from the end of the previous fiscal year to ¥712,780 million. This was mainly due to the decrease of ¥8,646 million in income taxes refund receivable, ¥6,478 million in goodwill and ¥5,970 million in cash and deposits, despite an increase of ¥5,594 million in merchandise and ¥3,446 million in investment securities.

(Liabilities)

Total liabilities decreased by ¥18,289 million to ¥191,280 million. This was mainly due to the decrease of ¥18,400 million in current portion of long-term borrowings and ¥1,169 million in other non-current liabilities, despite an increase of ¥2,094 million in accounts payable - trade.

(Net assets)

Net assets increased by ¥6,322 million to ¥521,499 million. This was mainly due to the increase of ¥37,841 million in retained earnings, despite a decline in net assets owing to a decrease of ¥ 27,224 million in capital surplus, and an increase of ¥3,595 million in treasury shares.

(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, 2025 decreased by ¥5,970 million from the end of the previous fiscal year to ¥111,750 million.

The respective cash flow positions and the factors thereof in the fiscal year ended March 31, 2025 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥81,472 million (¥63,506 million was provided in the previous fiscal year). This was mainly attributable to the recognition of profit before income taxes of ¥83,894 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥20,792 million (¥22,760 million was used in the previous fiscal year). This was mainly attributable to the purchase of property, plant and equipment of ¥8,834 million, the purchase of intangible assets of ¥5,624 million and the purchase of shares of subsidiaries and associates of ¥4,998 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥66,662 million (¥18,273 million was used in the previous fiscal year). This was mainly attributable to the acquisition of own shares of ¥30,953 million, the repayments of long-term borrowings of ¥18,400 million and the dividends paid of ¥16,831 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 due to the effects of various policies. 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 a situation, the Group formulated a medium-term management plan (effective from the fiscal year ending March 31, 2026 to the fiscal year ended March 31, 2031) with three new key strategies: (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. 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 150 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, 2026 are as follows: net sales of ¥1,100,000 million (increase 3.6% year-on-year), operating profit of ¥85,500 million (increase 4.2% year-on-year), ordinary profit of ¥89,500 million (increase 3.7% year-on-year), and profit of ¥56,500 million (increase 3.3% 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, 2025) | Previous Group management targets (Fiscal year ending March 31, 2026) | New Group management targets (Fiscal year ending March 31, 2031) |
|---|--|--|---|
| Net sales (Organic growth) | ¥1.0616 trillion | ¥1.5 trillion | ¥1.3 trillion |
| + federation initiatives (M&A, etc.) | | | +α |
| Operating profit margin | 7.7% | 7% or more | — |
| EBITDA margin | 9.9% | — | 13% or more |
| ROE (Return on equity) | 10.6% | 10% or more | 12% or more |
| Dividend payout ratio (consolidated) | 32.9% | 30% or more | 50% |
| DOE (Dividends on equity (consolidated)) | 3.5% | 3% | 6% |

*EBITDA = Operating profit + Depreciation and Amortization of goodwill

*EBITDA margin (%) = EBITDA / Net sales

<Supplement – regarding Group management targets>

•Net sales:

The previous Group management target (for the fiscal year ending March 31, 2026) included sales from our federation initiatives (e.g., M&A activities). For our new Group management target, however, we sought to clarify sales derived from organic growth by setting an additional, separate target for revenue from our federation initiatives, which we refer to as "+α."

•EBITDA margin:

We have set EBITDA margin as a new management target to indicate the medium-term cash-based profitability generated by our businesses.

•ROE (Return on equity):

We have set ROE as a key index for enhancement of corporate value. In the new medium-term management plan, we have raised the target from 10% or more to 12% or more with the primary aims of improving profitability still further and striking a balance between financial soundness and capital efficiency.

•Dividend payout ratio (consolidated):

We believe that profit returns to shareholders are one of the top priorities for our management. To continue further improving profit returns, we have set a new target based on the fundamental policy of a progressive dividend, raising the payout ratio from 30% to 50%.

*Progressive dividend: It refers to a dividend policy of in principle avoiding dividend decreases, instead endeavoring to maintain or increase dividends.

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

We have set management assumptions to enable us to continue practicing sustainable management while responding to a constantly changing business environment characterized by the declining birth rate and aging population, changing consumption trends, and expansion of scale by competitors due to M&A or new store openings. We have categorized the management assumptions into the following categories: “Respect for humanity in the workplace” and “Enhancement and strengthening of governance,” which are foundations to support growth of the Group, and “Contribution to health and beauty” and “Global environmental conservation,” which are strategies to achieve further growth of the Group. We have then redefined the four materialities tied to these management assumptions, linking them to three new key strategies we are currently pursuing, which are intended to enable further growth for the Group. Details of the various elements are as described below.

<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 new 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 continue to deliver new forms of value that we alone can provide in our business domain comprising the health and beauty fields.

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 (private, confidential, or undisclosed) information accumulated from over 150 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 redefined our materialities into four categories by reconsidering the challenges we need to tackle amid a dramatically changing business environment. As initiatives to address these materialities, 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 CO₂ emissions from business activities, thereby contributing to an ethical society.

Non-financial KPI: Reduction of CO₂ 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.

We have set the allocation proportion for investment in growth at 45%. 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.

To further improve profit returns to shareholders, we have set the allocation proportion for shareholder returns at 45%. 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, 2024 | As of March 31, 2025 |
|-------------------------------------|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 117,720 | 111,750 |
| Accounts receivable - trade | 61,747 | 64,469 |
| Merchandise | 138,573 | 144,168 |
| Supplies | 779 | 1,050 |
| Accounts receivable - other | 28,883 | 31,056 |
| Income taxes refund receivable | 8,906 | 260 |
| Other | 14,212 | 11,630 |
| Allowance for doubtful accounts | (24) | (70) |
| Total current assets | 370,798 | 364,316 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 102,519 | 109,118 |
| Accumulated depreciation | (54,768) | (61,215) |
| Buildings and structures, net | 47,751 | 47,903 |
| Land | 51,350 | 50,300 |
| Leased assets | 15,156 | 14,995 |
| Accumulated depreciation | (13,903) | (13,993) |
| Leased assets, net | 1,252 | 1,002 |
| Construction in progress | 1,160 | 202 |
| Other | 36,540 | 40,808 |
| Accumulated depreciation | (24,386) | (29,338) |
| Other, net | 12,153 | 11,469 |
| Total property, plant and equipment | 113,668 | 110,878 |
| Intangible assets | | |
| Trademark right | 15,665 | 14,714 |
| Goodwill | 105,737 | 99,259 |
| Other | 11,804 | 14,063 |
| Total intangible assets | 133,207 | 128,036 |
| Investments and other assets | | |
| Investment securities | 24,340 | 27,786 |
| Deferred tax assets | 13,453 | 13,815 |
| Leasehold and guarantee deposits | 61,198 | 61,200 |
| Other | 8,262 | 6,885 |
| Allowance for doubtful accounts | (181) | (139) |
| Total investments and other assets | 107,073 | 109,548 |
| Total non-current assets | 353,949 | 348,463 |
| Total assets | 724,747 | 712,780 |

(Millions of yen)

| | As of March 31, 2024 | As of March 31, 2025 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 106,082 | 108,176 |
| Lease liabilities | 705 | 411 |
| Income taxes payable | 17,390 | 16,611 |
| Contract liabilities | 3,331 | 3,575 |
| Short-term borrowings | 970 | 1,187 |
| Current portion of long-term borrowings | 18,400 | — |
| Provision for bonuses | 5,600 | 5,754 |
| Provision for point card certificates | 71 | 228 |
| Asset retirement obligations | 20 | 15 |
| Other | 26,856 | 26,679 |
| Total current liabilities | 179,428 | 162,640 |
| Non-current liabilities | | |
| Lease liabilities | 588 | 607 |
| Deferred tax liabilities | 8,902 | 8,620 |
| Provision for share awards | 249 | 308 |
| Provision for share awards for directors (and other officers) | 39 | 39 |
| Provision for loss on guarantees | 206 | 146 |
| Retirement benefit liability | 396 | 31 |
| Asset retirement obligations | 14,175 | 14,472 |
| Other | 5,583 | 4,413 |
| Total non-current liabilities | 30,142 | 28,640 |
| Total liabilities | 209,570 | 191,280 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 22,051 | 22,051 |
| Capital surplus | 206,103 | 178,879 |
| Retained earnings | 301,098 | 338,939 |
| Treasury shares | (21,351) | (24,946) |
| Total shareholders' equity | 507,902 | 514,924 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,870 | 5,927 |
| Foreign currency translation adjustment | (86) | (96) |
| Total accumulated other comprehensive income | 6,783 | 5,830 |
| Share acquisition rights | 43 | 43 |
| Non-controlling interests | 447 | 701 |
| Total net assets | 515,176 | 521,499 |
| Total liabilities and net assets | 724,747 | 712,780 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Net sales | 1,022,531 | 1,061,626 |
| Cost of sales | 668,433 | 689,390 |
| Gross profit | 354,097 | 372,235 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 2,250 | 2,180 |
| Provision for point card certificates | 8 | 157 |
| Salaries and allowances | 100,784 | 105,275 |
| Provision for bonuses | 5,420 | 5,698 |
| Retirement benefit expenses | 2,286 | 2,247 |
| Depreciation | 15,714 | 16,053 |
| Rent expenses on land and buildings | 71,157 | 74,343 |
| Amortization of goodwill | 6,584 | 6,478 |
| Other | 74,184 | 77,718 |
| Total selling, general and administrative expenses | 278,392 | 290,153 |
| Operating profit | 75,705 | 82,082 |
| Non-operating income | | |
| Interest income | 136 | 185 |
| Dividend income | 483 | 431 |
| Gain on receipt of donated non-current assets | 459 | 391 |
| Ordering processing commission | 2,103 | 1,767 |
| Research fee income | 584 | 606 |
| Other | 1,252 | 1,090 |
| Total non-operating income | 5,020 | 4,472 |
| Non-operating expenses | | |
| Interest expenses | 57 | 64 |
| Loss on investments in investment partnerships | 76 | 151 |
| Provision of allowance for doubtful accounts | 54 | — |
| Cash over and short | 4 | 3 |
| Other | 34 | 64 |
| Total non-operating expenses | 226 | 283 |
| Ordinary profit | 80,499 | 86,271 |

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Extraordinary income | | |
| Gain on sale of non-current assets | 166 | 608 |
| Gain on sale of investment securities | 2,779 | 97 |
| Gain on revision of retirement benefit plan | 685 | — |
| Total extraordinary income | 3,631 | 706 |
| Extraordinary losses | | |
| Loss on sale of non-current assets | 207 | 81 |
| Loss on retirement of non-current assets | 616 | 452 |
| Loss on sale of investment securities | 38 | 89 |
| Loss on store closings | 155 | 135 |
| Impairment losses | 1,760 | 2,265 |
| Loss on disaster | 105 | 58 |
| Total extraordinary losses | 2,883 | 3,083 |
| Profit before income taxes | 81,246 | 83,894 |
| Income taxes - current | 28,121 | 29,241 |
| Income taxes - deferred | 509 | (357) |
| Total income taxes | 28,630 | 28,883 |
| Profit | 52,616 | 55,010 |
| Profit attributable to non-controlling interests | 268 | 334 |
| Profit attributable to owners of parent | 52,347 | 54,675 |

Consolidated statement of comprehensive income

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Profit | 52,616 | 55,010 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (3,677) | (943) |
| Foreign currency translation adjustment | 11 | (9) |
| Remeasurements of defined benefit plans, net of tax | (42) | — |
| Total other comprehensive income | (3,708) | (953) |
| Comprehensive income | 48,907 | 54,057 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 48,638 | 53,722 |
| Comprehensive income attributable to non-controlling interests | 268 | 334 |

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 22,051 | 205,977 | 262,001 | (18,094) | 471,937 |
| Changes during period | | | | | |
| Dividends of surplus | | | (13,250) | | (13,250) |
| Profit attributable to owners of parent | | | 52,347 | | 52,347 |
| Acquisition of own shares | | | | (3,689) | (3,689) |
| Disposal of treasury shares | | 125 | | 431 | 557 |
| Cancellation of treasury shares | | | | | — |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | — | 125 | 39,096 | (3,257) | 35,965 |
| Balance at end of period | 22,051 | 206,103 | 301,098 | (21,351) | 507,902 |

| | Accumulated other comprehensive income | | | | Share acquisition rights | 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 period | 10,547 | (98) | 42 | 10,492 | 43 | 245 | 482,718 |
| Changes during period | | | | | | | |
| Dividends of surplus | | | | | | | (13,250) |
| Profit attributable to owners of parent | | | | | | | 52,347 |
| Acquisition of own shares | | | | | | | (3,689) |
| Disposal of treasury shares | | | | | | | 557 |
| Cancellation of treasury shares | | | | | | | — |
| Net changes in items other than shareholders' equity | (3,677) | 11 | (42) | (3,708) | — | 202 | (3,506) |
| Total changes during period | (3,677) | 11 | (42) | (3,708) | — | 202 | 32,458 |
| Balance at end of period | 6,870 | (86) | — | 6,783 | 43 | 447 | 515,176 |

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 | — |
| 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-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | 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 | | | | | | | — |
| 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 |

(4) Consolidated statement of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income taxes | 81,246 | 83,894 |
| Depreciation | 15,783 | 16,121 |
| Impairment losses | 1,760 | 2,265 |
| Amortization of goodwill | 6,584 | 6,478 |
| Increase (decrease) in provision for bonuses | (634) | 182 |
| Increase (decrease) in allowance for doubtful accounts | 24 | 4 |
| Increase (decrease) in provision for point card certificates | 8 | 157 |
| Increase (decrease) in retirement benefit liability | (5,381) | (364) |
| Interest and dividend income | (620) | (617) |
| Interest expenses | 57 | 64 |
| Loss (gain) on sale of non-current assets | 41 | (527) |
| Loss on retirement of non-current assets | 616 | 452 |
| Decrease (increase) in trade receivables | (6,263) | (2,712) |
| Decrease (increase) in inventories | (2,801) | (5,817) |
| Decrease (increase) in accounts receivable - other | (1,937) | (2,234) |
| Increase (decrease) in contract liabilities | (93) | 243 |
| Increase (decrease) in trade payables | 3,569 | 2,046 |
| Loss (gain) on sale of investment securities | (2,741) | (7) |
| Increase (decrease) in accounts payable - other | 2,835 | (1,014) |
| Increase (decrease) in long-term accounts payable - other | 2,223 | (1,120) |
| Offset payments for house rental fee with lease and guarantee deposits | 1,313 | 1,236 |
| Other, net | (4,085) | 3,510 |
| Subtotal | 91,506 | 102,241 |
| Interest and dividends received | 489 | 527 |
| Interest paid | (57) | (60) |
| Income taxes paid | (33,880) | (30,142) |
| Income taxes refund | 5,448 | 8,906 |
| Net cash provided by (used in) operating activities | 63,506 | 81,472 |
| Cash flows from investing activities | | |
| Purchase of shares of subsidiaries and associates | (4,221) | (4,998) |
| Purchase of property, plant and equipment | (13,209) | (8,834) |
| Proceeds from sale of property, plant and equipment | 735 | 1,624 |
| Purchase of intangible assets | (6,904) | (5,624) |
| Payments of leasehold and guarantee deposits | (2,912) | (2,626) |
| Proceeds from refund of leasehold and guarantee deposits | 1,691 | 891 |
| Purchase of long-term prepaid expenses | (1,852) | (349) |
| Proceeds from sale of investment securities | 4,726 | 186 |
| Loan advances | (3) | (320) |
| Proceeds from collection of loans receivable | 0 | 2 |
| Other, net | (809) | (742) |
| Net cash provided by (used in) investing activities | (22,760) | (20,792) |

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | (91) | 347 |
| Repayments of long-term borrowings | — | (18,400) |
| Repayments of lease liabilities | (1,185) | (774) |
| Acquisition of own shares | (3,689) | (30,953) |
| Proceeds from sale of treasury shares | 10 | 28 |
| Dividends paid | (13,252) | (16,831) |
| Dividends paid to non-controlling interests | (66) | (80) |
| Net cash provided by (used in) financing activities | (18,273) | (66,662) |
| Effect of exchange rate change on cash and cash equivalents | 23 | 12 |
| Net increase (decrease) in cash and cash equivalents | 22,495 | (5,970) |
| Cash and cash equivalents at beginning of period | 95,224 | 117,720 |
| Cash and cash equivalents at end of period | 117,720 | 111,750 |

(5) Notes to consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

Not applicable.

(Segment information)

[Segment information]

1. Summary of reportable segments

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 three 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, and (3) “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. 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, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Matsumoto-kiyoshi Group business | Cocokarafine Group business | Management support business | Total | Adjustments (Note 1) | Amounts in the consolidated financial statements (Note 2) |
|---|----------------------------------|-----------------------------|-----------------------------|-----------|----------------------|---|
| Net sales | | | | | | |
| Sales to external customers | 632,676 | 386,818 | 3,036 | 1,022,531 | — | 1,022,531 |
| Intersegment sales or transfers | 440 | 27 | 633,498 | 633,966 | (633,966) | — |
| Total | 633,117 | 386,845 | 636,534 | 1,656,497 | (633,966) | 1,022,531 |
| Segment profit | 51,741 | 21,795 | 30,259 | 103,795 | (28,090) | 75,705 |
| Segment asset | 443,144 | 375,987 | 690,440 | 1,509,572 | (784,825) | 724,747 |
| Other items | | | | | | |
| Depreciation | 7,258 | 5,660 | 2,998 | 15,916 | (132) | 15,783 |
| Amortization of goodwill | 197 | 6,387 | — | 6,584 | — | 6,584 |
| Increase in property, plant and equipment and intangible assets | 10,475 | 9,218 | 8,413 | 28,107 | (64) | 28,043 |

Notes:

1. The following adjustments have been made:

- (1) The adjustment of negative ¥28,090 million for segment profit includes negative ¥28,090 million of intersegment transaction elimination.
- (2) The adjustment of negative ¥784,825 million for segment asset includes negative ¥348,600 million of offsetting the elimination of investment and capital and negative ¥436,224 million of debts and credits elimination.
- (3) The adjustment of negative ¥64 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, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Matsumoto- kiyoshi Group business | Cocokarafine Group 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.

[Notes - Information associated with reportable segments]

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

1. Information for each product or service

(Millions of yen)

| | Matsumotokiyoshi Group business | Cocokarafine Group business | Management support business | Total |
|-----------------------------|------------------------------------|--------------------------------|--------------------------------|-----------|
| Sales to external customers | 632,676 | 386,818 | 3,036 | 1,022,531 |

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, 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 | 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.

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

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Matsumotokiyoshi Group business | Cocokarafine Group business | Management support business | Unallocated amounts and elimination | Total |
|-------------------|------------------------------------|--------------------------------|--------------------------------|---|-------|
| Impairment losses | 1,259 | 508 | — | (7) | 1,760 |

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

(Millions of yen)

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

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

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Matsumotokiyoshi Group business | Cocokarafine Group business | Management support business | Unallocated amounts and elimination | Total |
|--------------------------------|------------------------------------|--------------------------------|--------------------------------|---|---------|
| Current period amortization | 197 | 6,387 | — | — | 6,584 |
| Balance at end of period | 357 | 105,380 | — | — | 105,737 |

Notes:

1. Balance at end of period for Cocokarafine Group business includes goodwill of ¥103,776 million which arose from share exchange with cocokara fine Inc. on October 1, 2021.
2. Goodwill impairment losses of ¥803 million are recorded in Matsumotokiyoshi Group business.

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

(Millions of yen)

| | Matsumotokiyoshi Group business | Cocokarafine Group 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.

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

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Not applicable.

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

Not applicable.

(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, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable segment | | | Total |
|---------------------------------------|---------------------------------|-----------------------------|-----------------------------|-----------|
| | Matsumotokiyoshi Group business | Cocokarafine Group business | Management support business | |
| Retail | | | | |
| Medical and pharmaceutical products | 197,857 | 164,034 | — | 361,892 |
| Cosmetics | 217,651 | 113,736 | — | 331,387 |
| General merchandise | 121,004 | 72,048 | — | 193,052 |
| Food | 58,932 | 29,657 | — | 88,590 |
| Other (Note 1) | 35,130 | 6,634 | 2,675 | 44,439 |
| Revenue from contracts with customers | 630,576 | 386,110 | 2,675 | 1,019,362 |
| Other revenue (Note 2) | 2,100 | 707 | 360 | 3,169 |
| Sales to external customers | 632,676 | 386,818 | 3,036 | 1,022,531 |

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, 2025 (from April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Reportable segment | | | Total |
|---------------------------------------|---------------------------------|-----------------------------|-----------------------------|-----------|
| | Matsumotokiyoshi Group business | Cocokarafine Group 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).

(Information per share)

(Yen)

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|----------------------------|-------------------------------------|-------------------------------------|
| Net assets per share | 1,233.84 | 1,290.38 |
| Basic earnings per share | 125.31 | 133.85 |
| Diluted earnings per share | 125.28 | 133.81 |

Notes:

1. The Company conducted a 3-for-1 stock split of its shares of common stock as of October 1, 2023. The basic earnings per share and the diluted earnings per share were calculated assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.
2. 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 (421 thousand shares for the previous fiscal year and 392 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 (431 thousand shares for the previous fiscal year and 400 thousand shares for the current fiscal year).
3. The basis of calculation of basic earnings per share and diluted earnings per share is as follows.

| | Fiscal year ended March 31, 2024 | Fiscal year ended March 31, 2025 |
|--|-------------------------------------|-------------------------------------|
| Basic earnings per share | | |
| Profit attributable to owners of parent (Millions of yen) | 52,347 | 54,675 |
| Amount not attributable to common shareholders (Millions of yen) | — | — |
| Profit attributable to owners of parent related to common shares (Millions of yen) | 52,347 | 54,675 |
| Average number of common shares during the period (Thousand shares) | 417,737 | 408,486 |
| | | |
| 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)

Not applicable.

5. Supplementary Information

Net sales and purchases

(1) Net sales by operating segment

Net sales by segment for the fiscal year ended March 31, 2025 are as follows:

| Segment name | Fiscal year ended March 31, 2025 | |
|---------------------------------|-------------------------------------|--|
| | Amount (Millions of yen) | Changes from the previous fiscal year (%) |
| Matsumotokiyoshi Group business | 666,958 | 105.4 |
| Cocokarafine Group business | 390,979 | 101.1 |
| Management support business | 3,688 | 121.5 |
| Total | 1,061,626 | 103.8 |

Note: Intersegment transactions are eliminated.

(2) Net sales by product

Net sales by product for the fiscal year ended March 31, 2025 are as follows:

| Products | Fiscal year ended March 31, 2025 | |
|-------------------------------------|-------------------------------------|--|
| | Amount (Millions of yen) | Changes from the previous fiscal year (%) |
| Medical and pharmaceutical products | 368,752 | 101.9 |
| Cosmetics | 353,375 | 106.6 |
| General merchandise | 194,168 | 100.6 |
| Food | 93,613 | 105.7 |
| Total | 1,009,909 | 103.6 |

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, 2025 are as follows:

| Products | Fiscal year ended March 31, 2025 | |
|-------------------------------------|-------------------------------------|--|
| | Amount (Millions of yen) | Changes from the previous fiscal year (%) |
| Medical and pharmaceutical products | 210,232 | 99.9 |
| Cosmetics | 236,013 | 104.1 |
| General merchandise | 140,170 | 99.1 |
| Food | 80,585 | 101.9 |
| Total | 667,001 | 101.4 |

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