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Consolidated Financial Results for the Six Months Ended September 30, 2026 <under Japanese GAAP>

November 13, 2026

Company name: **MatsukiyoCocokara & Co.**
Listing: Tokyo Stock Exchange
Securities code: 3088
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Scheduled date to file Semiannual Securities Report: November 13, 2026
Scheduled date to commence dividend payments: December 2, 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 six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		EBITDA		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2026	577,518	5.2	54,314	4.9	41,762	3.3	44,580	4.3	28,576	7.8
September 30, 2025	549,094	4.4	51,773	6.0	40,444	7.4	42,733	7.9	26,517	6.2

Note: Comprehensive income Six months ended September 30, 2026 ¥29,570 million [7.7%]
Six months ended September 30, 2025 ¥27,444 million [9.2%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	72.45	72.43
September 30, 2025	66.42	66.40

Note: 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
September 30, 2026	760,419	553,027	72.6	1,403.19
March 31, 2026	755,831	544,451	71.9	1,365.78

Reference: Equity As of September 30, 2026 ¥551,934 million
As of March 31, 2026 ¥543,480 million

2. Cash dividends

	Annual cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	–	24.00	–	26.00	50.00
Fiscal year ending March 31, 2027	–	28.00			
Fiscal year ending March 31, 2027 (forecast)			–	30.00	58.00

Note: Revisions to dividends forecasts most recently announced: Yes

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
Full year	1,155,000	3.4	113,000	4.1	87,500	3.0	91,500	1.8	59,000	5.8	149.59

Note: Revisions to earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2026: Yes

Newly included: 5 companies (UNIVERSAL DRUG CO., LTD., AppBrew Inc., John Masters Holdings, Inc. and two other companies)

Excluded: – companies (Company names)

(2) Adoption of special accounting treatments for preparing semiannual consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2026	405,658,130 shares
As of March 31, 2026	410,275,830 shares

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

As of September 30, 2026	12,314,328 shares
As of March 31, 2026	12,350,320 shares

c. Average number of shares during the period

Six months ended September 30, 2026	394,407,634 shares
Six months ended September 30, 2025	399,242,070 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 (650,136 shares as of September 30, 2026 and 662,640 shares as of March 31, 2026). 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.

* Semiannual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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 4.

1. Qualitative Information
(1) Details of operating results

During the six months ended September 30, 2026 (from April 1, 2026 to September 30, 2026), the Japanese economy picked up moderately due to improving employment and income environments. However, factors including prolonged geopolitical risks including the situation in the Middle East and fluctuations in the financial and capital markets 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 are promoting 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 are committed to enhancing customer convenience through seamless coordination between our drugstore and dispensing pharmacy businesses and driving the expansion of our unique domains including our own unique B-to-B business. In striving to achieve these aims, we 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 numerous customer contact points.

(2) Investment strategy: Invest in business infrastructure for co-creating value
Aiming to earn sustained profits, we are actively investing in the infrastructure that underpins our platform.

In specific terms, we are undertaking systematic investment in systems to improve customer convenience and operational efficiency through digital technology, and to expand our business domains. We are boosting store openings in our priority areas mainly in major metropolitan regions, and opening of dispensing pharmacies next to drugstores. We are also advancing our "alliance concept" through M&A. As part of this effort, we made UNIVERSAL DRUG CO., LTD. and John Masters Holdings, Inc. subsidiaries on April 1, 2026, and September 7, 2026, respectively. In addition to expanding our store network, we will strive to create new value and customer experiences by combining our robust distribution and customer base with strong brand power. As a result of these efforts, as of September 30, 2026, the number of stores in Japan for the Group totaled 3,686 (including 1,122 dispensing pharmacies).

In addition, we are expanding our overseas operations primarily in the ASEAN countries. At the same time, we are investing 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).

As a result, key operating results during the six months ended September 30, 2026 were as follows.

	Six months ended September 30, 2025 (Millions of yen)	Six months ended September 30, 2026 (Millions of yen)	Change (Millions of yen)	Change (%)
Net sales	549,094	577,518	28,424	5.2
Operating profit	40,444	41,762	1,318	3.3
Ordinary profit	42,733	44,580	1,846	4.3
Profit attributable to owners of parent	26,517	28,576	2,058	7.8

Overview of operating results by segment

<Matsumotokiyoshi Group business>

In the Matsumotokiyoshi Group business, the Matsumotokiyoshi Group is pursuing a differentiation strategy by leveraging 175.38 million customer contact points. This includes promoting measures to integrate its physical stores, apps, and e-commerce; enhancing customer convenience through seamless coordination between its drugstore and dispensing pharmacy businesses; and improving operational efficiency through digital technology.

As for the private brand product lineup, the Matsumotokiyoshi Group is aiming to evolve into a brand that delivers products offering newness and surprise by adopting the new brand vision “Go for WOW!” to mark the 10th anniversary of the “matsukiyo” brand. The Matsumotokiyoshi Group is steadily promoting product development, including the rollout of “Pixcella,” developed under the theme of “advanced beauty developed through cell research,” and the launch of joint products and exclusives developed in collaboration with manufacturers. Furthermore, through initiatives such as rolling out new series from existing popular brands including “Hits Different” and “matsukiyo W/M AAA,” the Matsumotokiyoshi Group is working to enhance profitability and maximize brand value by leveraging its enormous customer contact points and ability for highly precise analysis, developing new markets, and updating existing products.

In addition, based on the Group’s Materiality: “Consideration of the health of the Earth,” the Matsumotokiyoshi Group is advancing the development and provision of environmentally conscious private brand products together with manufacturers to reduce the environmental impact of its private brand products across the entire supply chain, and is also strengthening its sustainability initiatives.

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. As of September 30, 2026, the number of stores in Japan for the Matsumotokiyoshi Group business totaled 1,999 (including 489 dispensing pharmacies). The number of stores overseas totaled 114, with 40 stores in Thailand, 24 stores in Taiwan, 22 stores in Vietnam, 21 stores in Hong Kong, one store in Guam, and six stores in Malaysia.

<Cocokarafine Group business>

In the Cocokarafine Group business, the Cocokarafine Group is engaging in efforts similar to those taken on by the Matsumotokiyoshi Group business under the key domestic strategies, including differentiation and investment strategies. For the current fiscal year, the Cocokarafine Group is promoting the reallocation of human capital and a scrap-and-build approach to further improve profitability. In addition, cocokarafine Healthcare Inc. merged with IWASAKI KOHKENDO Co., Ltd. effective April 1, 2026, and the Cocokarafine Group is working to further improve the efficiency of the Group’s operations.

As of September 30, 2026, the number of stores in Japan for the Cocokarafine Group business totaled 1,522 (including 537 dispensing pharmacies).

<And Company business>

In the And Company business, at Shinseidoyakkyoku co. ltd. and UNIVERSAL DRUG CO., LTD., which was made into a subsidiary on April 1, 2026, we aim to expand our share in dominant areas and enhance customer convenience by combining the strengths of both companies with the know-how and resources of the Group. To generate synergies, we have started introducing private brand products and are making preparations for system integration and the optimization of the products portfolio. As of September 30, 2026, the number of stores in Japan for And Company

business totaled 130 (including 96 dispensing pharmacies).

<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. For the current fiscal year, we have newly included AppBrew Inc. in the scope of consolidation. Through the collaboration between "LIPS," the cosmetics media platform operated by the company, and the Group's customer base, we are working to deepen understanding of customers and advance marketing measures, thereby promoting the strengthening of our advertising business and platform strategy. Furthermore, on September 7, 2026, we made John Masters Holdings, Inc. a subsidiary under our "alliance concept." By combining our platform with the company's brand value in premium cosmetics, we will advance the co-creation of new added value. As of September 30, 2026, the number of stores in Japan for the management support business totaled 35.

[Numbers 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, 2026	Acquired as a subsidiary, etc.	Openings	Closings	Number of stores as of September 30, 2026
Matsumotokiyoshi Group business	1,970	—	44	15	1,999
Cocokarafine Group business	1,536	—	12	26	1,522
And Company business	112	19	0	1	130
Management support business	—	35	0	0	35
Total	3,618	54	56	42	3,686

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

		Six months ended September 30, 2025 (Millions of yen)	Six months ended September 30, 2026 (Millions of yen)	Change (Millions of yen)	Change (%)
Matsumotokiyoshi Group business	Net sales	351,823	366,028	14,205	4.0
	Segment profit	28,194	30,694	2,499	8.9
Cocokarafine Group business	Net sales	195,974	194,844	(1,129)	(0.6)
	Segment profit	11,252	10,515	(737)	(6.6)
And Company business	Net sales	—	13,269	13,269	—
	Segment profit	—	(1)	(1)	—
Management support business	Net sales	349,770	383,574	33,804	9.7
	Segment profit	17,870	43,616	25,745	144.1
Adjustments	Net sales	(348,473)	(380,198)	(31,725)	—
	Segment profit	(16,872)	(43,061)	(26,188)	—
Total	Net sales	549,094	577,518	28,424	5.2
	Segment profit	40,444	41,762	1,318	3.3

(2) Details of financial position

Total assets as of the end of the second quarter ended September 30, 2026 increased by ¥4,587 million from the end of the previous fiscal year to ¥760,419 million. This was mainly due to increases of ¥7,500 million in merchandise, ¥5,477 million in goodwill, and ¥4,488 million in land, despite decreases of ¥8,911 million in cash and deposits and ¥4,223 million in investment securities.

Total liabilities decreased by ¥3,988 million to ¥207,391 million. This was mainly due to decreases of ¥2,480 million in other under current liabilities, ¥2,378 million in income taxes payable, and ¥1,856 million in accounts payable – trade, despite increases of ¥1,507 million in other under non-current liabilities and ¥610 million in contract liabilities.

Net assets increased by ¥8,576 million to ¥553,027 million. This was mainly due to an increase of ¥18,316 million in retained earnings, despite a decrease of ¥10,537 million in capital surplus.

Cash flows

Cash and cash equivalents at the end of the second quarter ended September 30, 2026 decreased by ¥8,919 million from the end of the previous fiscal year to ¥110,750 million.

The respective cash flow positions and the factors thereof in the six months ended September 30, 2026 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥36,664 million (¥34,112 million was provided in the corresponding period of the previous fiscal year). This was mainly attributable to the recognition of profit before income taxes of ¥43,720 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥25,067 million (¥13,833 million was used in the corresponding period of the previous fiscal year). This was mainly attributable to the purchase of property, plant and equipment of ¥12,913 million and the purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥7,399 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥21,453 million (¥24,674 million was used in the corresponding period of the previous fiscal year). This was mainly attributable to the acquisition of own shares of ¥10,745 million and the dividends paid of ¥10,359 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, M&A, acquisition of own shares, etc.

(3) Consolidated earnings forecasts and other forward-looking statements

No changes have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2027 that were announced on May 13, 2026.

2. Semiannual Consolidated Financial Statements and Significant Notes Thereto

(1) Semiannual consolidated balance sheet

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Assets		
Current assets		
Cash and deposits	119,746	110,834
Accounts receivable - trade	74,520	70,416
Merchandise	159,996	167,496
Supplies	911	948
Other	47,073	47,624
Allowance for doubtful accounts	(1,119)	(1,003)
Total current assets	401,128	396,316
Non-current assets		
Property, plant and equipment		
Land	50,439	54,927
Other	65,480	67,759
Total property, plant and equipment	115,919	122,687
Intangible assets		
Goodwill	98,308	103,786
Other	31,320	32,864
Total intangible assets	129,629	136,650
Investments and other assets		
Investment securities	28,974	24,751
Leasehold and guarantee deposits	62,161	62,531
Other	18,679	17,807
Allowance for doubtful accounts	(660)	(327)
Total investments and other assets	109,154	104,763
Total non-current assets	354,703	364,102
Total assets	755,831	760,419

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Liabilities		
Current liabilities		
Accounts payable - trade	119,691	117,834
Income taxes payable	18,893	16,514
Short-term borrowings	1,880	1,646
Provision for bonuses	5,942	6,541
Provision for point card certificates	245	303
Contract liabilities	4,543	5,154
Asset retirement obligations	12	32
Other	30,486	28,006
Total current liabilities	181,696	176,034
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	342	—
Provision for loss on guarantees	70	38
Provision for share awards	363	482
Provision for share awards for directors (and other officers)	39	39
Retirement benefit liability	462	518
Asset retirement obligations	15,278	15,643
Other	13,126	14,633
Total non-current liabilities	29,683	31,356
Total liabilities	211,380	207,391
Net assets		
Shareholders' equity		
Share capital	22,051	22,051
Capital surplus	166,745	156,207
Retained earnings	374,508	392,825
Treasury shares	(27,998)	(28,098)
Total shareholders' equity	535,307	542,986
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,781	8,395
Foreign currency translation adjustment	391	552
Total accumulated other comprehensive income	8,172	8,947
Share acquisition rights	43	43
Non-controlling interests	928	1,049
Total net assets	544,451	553,027
Total liabilities and net assets	755,831	760,419

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

Semiannual consolidated statement of income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Net sales	549,094	577,518
Cost of sales	357,534	370,939
Gross profit	191,559	206,579
Selling, general and administrative expenses		
Salaries and allowances	51,838	56,538
Provision for bonuses	6,146	6,433
Retirement benefit expenses	1,177	1,281
Rent expenses on land and buildings	39,282	41,028
Provision for doubtful accounts	617	(481)
Other	52,052	60,015
Total selling, general and administrative expenses	151,115	164,816
Operating profit	40,444	41,762
Non-operating income		
Interest income	170	208
Dividend income	221	247
Gain on receipt of donated non-current assets	212	260
Order processing commission	989	1,070
Research fee income	317	319
Other	490	926
Total non-operating income	2,400	3,032
Non-operating expenses		
Interest expenses	35	33
Loss on investments in investment partnerships	50	45
Provision for doubtful accounts	9	117
Other	16	18
Total non-operating expenses	111	215
Ordinary profit	42,733	44,580
Extraordinary income		
Gain on sale of non-current assets	0	159
Gain on sale of investment securities	0	41
Total extraordinary income計	0	200
Extraordinary losses		
Loss on sale of non-current assets	13	0
Loss on retirement of non–current assets	168	196
Loss on sale of investment securities	—	4
Loss on valuation of shares of subsidiaries and associates	—	※1 239
Loss on store closings	94	414
Impairment losses	101	177
Loss on disaster	—	※2 26
Compensation for damage	65	—
Total extraordinary losses	443	1,060
Profit before income taxes	42,290	43,720
Income taxes - current	15,057	14,498
Income taxes - deferred	555	427
Total income taxes	15,612	14,925
Profit	26,677	28,795
Profit attributable to non-controlling interests	160	218
Profit attributable to owners of parent	26,517	28,576

Semiannual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Profit	26,677	28,795
Other comprehensive income		
Valuation difference on available-for-sale securities	694	614
Foreign currency translation adjustment	72	161
Total other comprehensive income	766	775
Comprehensive income	27,444	29,570
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,284	29,351
Comprehensive income attributable to non-controlling interests	160	218

(3) Semiannual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from operating activities		
Profit before income taxes	42,290	43,720
Depreciation	8,091	8,941
Impairment losses	101	177
Amortization of goodwill	3,237	3,609
Increase (decrease) in allowance for doubtful accounts	623	(449)
Increase (decrease) in provision for bonuses	429	526
Interest and dividend income	(391)	(455)
Interest expenses	35	33
Loss on retirement of non-current assets	168	196
Decrease (increase) in trade receivables	(1,646)	5,707
Decrease (increase) in inventories	(4,650)	(5,623)
Increase (decrease) in trade payables	4,344	(3,115)
Increase (decrease) in contract liabilities	264	468
Decrease (increase) in accounts receivable - other	(1,582)	47
Decrease (increase) in consumption taxes refund receivable	714	1,110
Decrease (increase) in prepaid expenses	(1,342)	(1,203)
Increase (decrease) in accounts payable - other	(200)	(1,697)
Increase (decrease) in long-term accounts payable - other	(1,236)	218
Other, net	93	1,928
Subtotal	49,344	54,142
Interest and dividends received	332	403
Interest paid	(20)	(35)
Income taxes paid	(15,802)	(18,000)
Income taxes refund	259	154
Net cash provided by (used in) operating activities	34,112	36,664
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,744)	(12,913)
Purchase of intangible assets	(3,339)	(3,061)
Payments of leasehold and guarantee deposits	(1,362)	(2,060)
Proceeds from refund of leasehold and guarantee deposits	314	933
Proceeds from sale of investment securities	(4)	(3)
Purchase of shares of subsidiaries and associates	(1,910)	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(7,399)
Other, net	(785)	(561)
Net cash provided by (used in) investing activities	(13,833)	(25,067)

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	158	72
Repayments of long-term borrowings	—	(201)
Repayments of lease liabilities	(256)	(229)
Acquisition of own shares	(15,284)	(10,745)
Proceeds from sale of treasury shares	99	108
Dividends paid	(9,292)	(10,359)
Dividends paid to non-controlling interests	(99)	(97)
Net cash provided by (used in) financing activities	(24,674)	(21,453)
Effect of exchange rate change on cash and cash equivalents	(266)	99
Net increase (decrease) in cash and cash equivalents	(4,661)	(9,756)
Cash and cash equivalents at beginning of period	111,750	119,670
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	536
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	3,113	301
Cash and cash equivalents at end of period	※ 110,201	※ 110,750

(4) Notes to semiannual consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in scope of consolidation or equity method)

During the six months ended September 30, 2026, AppBrew Inc., which had previously been a non-consolidated subsidiary, was included in the scope of consolidation due to its increased materiality.

UNIVERSAL DRUG CO., LTD. was also included in the scope of consolidation due to the acquisition of its all shares on April 1, 2026, which resulted in its becoming a subsidiary.

Furthermore, John Masters Holdings, Inc. and its subsidiaries, John Masters Organics Group, Inc. and John Masters Organics, Inc., were included in the scope of consolidation due to the acquisition of all shares of John Masters Holdings, Inc. on September 7, 2026, which resulted in its becoming a subsidiary.

(Notes when there are significant changes in amounts of shareholders' equity)

(Acquisition of own shares)

Pursuant to the resolution passed at the meeting of the Board of Directors held on May 13, 2026, the Company acquired 4,617,700 of its own shares. As a result of this acquisition, treasury shares increased by ¥10,745 million during the six months ended September 30, 2026.

(Cancellation of treasury shares)

Pursuant to the resolution passed at the meeting of the Board of Directors held on May 13, 2026, the Company cancelled 4,617,700 of its treasury shares effective May 29, 2026. As a result, capital surplus and treasury shares each decreased by ¥10,544 million during the six months ended September 30, 2026.

(Semiannual consolidated balance sheet)

Overdraft agreements

The Company has concluded overdraft agreements with 13 counterparty financial institutions during the fiscal year ended March 31, 2026 and with 14 counterparty financial institutions during the six months ended September 30, 2026, for the efficient procurement of funds. The balance of unexecuted borrowings as of September 30, 2026 based on these agreements is as follows.

(Millions of yen)

	As of March 31, 2026	As of September 30, 2026
Total amount of overdraft agreements	53,900	53,900
Less amounts executed	—	400
Unexecuted balance	53,900	53,500

(Semiannual consolidated statement of income)

*1 Loss on valuation of shares of subsidiaries and associates

Six months ended September 30, 2025

Not applicable.

Six months ended September 30, 2026

The shares of MATSUMOTOKIYOSHI GUAM Co., LTD., a subsidiary of the Company, were written down due to impairment, and the resulting loss was recognized under extraordinary losses. The Group has applied the non-reversing method to the impairment of securities for the six months ended September 30, 2026.

*2 Loss on disaster

Six months ended September 30, 2025

Not applicable.

Six months ended September 30, 2026

Loss on disaster due to the “2026 Kumamoto Earthquake” and the “August 2026 Chiba Heavy Rain” was recognized under extraordinary losses.

(Semiannual consolidated statement of cash flows)

* The reconciliation of the ending balance of cash and cash equivalents with account balances in the semiannual consolidated balance sheet is as follows.

(Millions of yen)

	Six months ended September 30, 2025	Six months ended September 30, 2026
Cash and deposits	110,201	110,834
Time deposits with maturities of more than three months	—	(84)
Cash and cash equivalents	110,201	110,750

(Segment information)

[Segment information]

I Six months ended September 30, 2025

1. Disclosure of net sales and profit (loss) by reportable segment

(Millions of yen)

	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Total	Adjustments (Note 1)	Amounts in the semiannual consolidated statement of income (Note 2)
Net sales							
Sales to external customers	351,572	195,947	—	1,574	549,094	—	549,094
Intersegment sales or transfers	250	26	—	348,195	348,473	(348,473)	—
Total	351,823	195,974	—	349,770	897,567	(348,473)	549,094
Segment profit	28,194	11,252	—	17,870	57,317	(16,872)	40,444

Notes: 1. The adjustment of negative ¥16,872 million for segment profit includes negative ¥16,872 million of intersegment transaction elimination.

2. Segment profit is adjusted with operating profit stated in the semiannual consolidated statement of income.

2. Disclosure of impairment loss on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

The Group primarily regards stores as a base unit for its minimum cash flow-generating unit, while grouping idle assets according to each property unit. With regard to the asset groups whose operating profit has consistently been negative and asset groups for which the market prices fell considerably, such as land, the Group wrote off their carrying amount to the recoverable amount and recognized the amount of the write-off of ¥101 million as an impairment loss under extraordinary losses.

The breakdown of the impairment loss is ¥24 million for the Matsumotokiyoshi Group business and ¥77 million for the Cocokarafine Group business.

II Six months ended September 30, 2026

1. Disclosure of net sales and profit (loss) by reportable segment

(Millions of yen)

	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	Total	Adjustments (Note 1)	Amounts in the semiannual consolidated statement of income (Note 2)
Net sales							
Sales to external customers	365,818	194,803	13,269	3,627	577,518	—	577,518
Intersegment sales or transfers	210	41	0	379,947	380,198	(380,198)	—
Total	366,028	194,844	13,269	383,574	957,717	(380,198)	577,518
Segment profit	30,694	10,515	(1)	43,616	84,824	(43,061)	41,762

Notes:
1. The adjustment of negative ¥43,061 million for segment profit includes negative ¥43,061 million of intersegment transaction elimination.
2. Segment profit is adjusted with operating profit stated in the semiannual consolidated statement of income.
3. During the six months ended September 30, 2026, UNIVERSAL DRUG CO., LTD. was made a consolidated subsidiary. Consequently, the company has been included in the "And Company business" segment. In addition, following the inclusion of AppBrew Inc. in the scope of consolidation, the company has been included in the "Management support" segment. Furthermore, John Masters Holdings, Inc. and its subsidiaries, John Masters Organics Group, Inc. and John Masters Organics, Inc., were made consolidated subsidiaries. Consequently, these companies have been included in the same segment.

2. Disclosure of impairment loss on non-current assets or goodwill for each reportable segment

(Significant impairment loss on non-current assets)

The Group primarily regards stores as a base unit for its minimum cash flow-generating unit, while grouping idle assets according to each property unit. With regard to the asset groups for which there has been a change in the scope or method of use that significantly reduces their recoverable amount and asset groups whose business environment has significantly deteriorated, the Group determined whether an impairment loss should be recognized, and for those for which it was determined that an impairment loss should be recognized, the Group wrote off their carrying amount to the recoverable amount and recognized the amount of the write-off of ¥177 million as an impairment loss under extraordinary losses.

The breakdown of the impairment loss is ¥88 million for the Matsumotokiyoshi Group business, ¥81 million for the Cocokarafine Group business, and ¥7 million for the And Company business.

3. Disclosure of changes, etc. for each reportable segment

During the previous fiscal year, the Group acquired all shares of Shinseidoyakkyoku co. ltd., making it a wholly owned subsidiary. Consequently, the "And Company business" has been added to the reportable segments.

Segment information for the six months ended September 30, 2025 has been restated in accordance with the new segment classification.

(Business combination)

Business combination through acquisition

The Company, at the Board of Directors meeting held on August 24, 2026, resolved that our subsidiary, MCC Management Co., Ltd. (hereinafter "MCC Management"), will acquire all shares of John Masters Holdings, Inc. (hereinafter "John Masters Holdings") and make it a subsidiary. Based on this resolution, MCC Management executed a share transfer agreement on the same day, and acquired all shares on September 7, 2026.

(1) Outline of the business combination

a. Name and business description of the acquiree

Name of the acquiree: John Masters Holdings, Inc.

Business description: Management of business activities through shareholding

b. Primary reasons for conducting the business combination:

John Masters Holdings holds John Masters Organics Group, Inc., and under its corporate philosophy of "ONE EARTH: Respect the Earth," has established high quality and a unique brand identity as a pioneer in organic cosmetics.

In order to realize the alliance concept, which was set as a medium-term management target for the fiscal year ending March 31, 2031, and to co-create new added value and customer experiences in the premium cosmetics market by integrating the brand power and product development capabilities that the John Masters Holdings group boasts with the Group's resources, such as customer contact points, distribution infrastructure, and data platforms, the Company decided that its subsidiary MCC Management would acquire 100% of the shares of John Masters Holdings and invite the John Masters Holdings group into the Group.

c. Date of the business combination:

September 7, 2026 (share acquisition date)

September 30, 2026 (deemed acquisition date)

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 semiannual consolidated statement of income for the six months ended September 30, 2026

As only the balance sheet of the acquiree has been consolidated for the six months ended September 30, 2026, the acquiree's financial results are not included.

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

Consideration for acquisition	Cash:	¥7,500 million
Acquisition cost		¥7,500 million

(4) Description and amount of major acquisition-related expenses

Advisory fees, etc. ¥34 million

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

a. Amount of goodwill incurred

¥5,424 million

The amount of goodwill has been tentatively calculated, as the allocation of the acquisition cost has not been completed as of the end of the second quarter ended September 30, 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 14 years

(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.

Six months ended September 30, 2025

(Millions of yen)

	Reportable segment				Total
	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	
Retail					
Medical and pharmaceutical products	103,642	81,370	—	—	185,012
Cosmetics	129,992	61,525	—	—	191,517
General merchandise	62,650	34,013	—	—	96,664
Food	34,055	14,376	—	—	48,431
Other (Note 1)	20,272	4,232	—	1,461	25,966
Revenue from contracts with customers	350,614	195,518	—	1,461	547,593
Other revenue (Note 2)	958	428	—	113	1,500
Sales to external customers	351,572	195,947	—	1,574	549,094

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).

Six months ended September 30, 2026

(Millions of yen)

	Reportable segment				Total
	Matsumotokiyoshi Group business	Cocokarafine Group business	And Company business	Management support business	
Retail					
Medical and pharmaceutical products	106,564	81,540	8,559	—	196,664
Cosmetics	138,324	61,469	1,957	—	201,751
General merchandise	64,904	34,028	1,675	—	100,607
Food	34,679	13,312	951	—	48,943
Other (Note 1)	20,376	3,985	69	3,515	27,947
Revenue from contracts with customers	364,848	194,337	13,213	3,515	575,914
Other revenue (Note 2)	969	466	56	111	1,603
Sales to external customers	365,818	194,803	13,269	3,627	577,518

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).

(Significant events after reporting period)

Not applicable.

1. 3. Supplementary Information

Net sales and purchases

(1) Net sales by operating segment

Net sales by segment for the six months ended September 30, 2026 are as follows:

Segments	Six months ended September 30, 2026	
	Amount (Millions of yen)	Changes from the corresponding period of the previous fiscal year (%)
Matsumotokiyoshi Group business	365,818	104.1
Cocokarafine Group business	194,803	99.4
And Company business	13,269	―
Management support business	3,627	230.4
Total	577,518	105.2

Note: Intersegment transactions are eliminated.

(2) Net sales by product

Net sales by product for the six months ended September 30, 2026 are as follows:

Products	Six months ended September 30, 2026	
	Amount (Millions of yen)	Changes from the corresponding period of the previous fiscal year (%)
Medical and pharmaceutical products	196,664	106.3
Cosmetics	201,751	105.3
General merchandise	100,607	104.1
Food	48,943	101.1
Total	547,967	105.0

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 six months ended September 30, 2026 are as follows:

Products	Six months ended September 30, 2026	
	Amount (Millions of yen)	Changes from the corresponding period of the previous fiscal year (%)
Medical and pharmaceutical products	112,737	107.1
Cosmetics	133,643	106.3
General merchandise	68,326	101.9
Food	42,039	101.9
Total	356,747	105.2

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