



Consolidated Financial Results for the Six Months Ended September 30, 2025 <under Japanese GAAP>

November 13, 2025

Company name: **MatsukiyoCocokara & Co.**
 Listing: Tokyo Stock Exchange
 Securities code: 3088
 URL: <https://www.matsukiycocokara.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 to file Semiannual Securities Report: November 13, 2025
 Scheduled date to commence dividend payments: December 2, 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 six months ended September 30, 2025 (from April 1, 2025 to September 30, 2025)

(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, 2025	549,094	4.4	51,773	6.0	40,444	7.4	42,733	7.9	26,517	6.2
September 30, 2024	525,729	3.5	48,841	1.9	37,662	0.3	39,618	(1.1)	24,958	(3.4)

Note: Comprehensive income Six months ended September 30, 2025 ¥27,444 million [9.2%]
 Six months ended September 30, 2024 ¥25,133 million [(10.1)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2025	66.42	66.40
September 30, 2024	60.38	60.36

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, 2025	717,893	522,989	72.7	1,312.26
March 31, 2025	712,780	521,499	73.1	1,290.38

Reference: Equity As of September 30, 2025 ¥522,183 million
 As of March 31, 2025 ¥520,754 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, 2025	—	21.00	—	23.00	44.00
Fiscal year ending March 31, 2026	—	24.00			
Fiscal year ending March 31, 2026 (forecast)			—	24.00	48.00

Note: Revisions to dividends forecasts most recently announced: Yes

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
Full year	1,100,000	3.6	108,500	3.6	85,500	4.2	89,500	3.7	56,500	3.3	141.52

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, 2025: Yes

Newly included: 1 company (MATSUMOTO KIYOSHI (HK) CO., LIMITED)

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

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

As of September 30, 2025	12,348,562 shares
As of March 31, 2025	12,107,808 shares

c. Average number of shares during the period

Six months ended September 30, 2025	399,242,070 shares
Six months ended September 30, 2024	413,381,337 shares

Note: The number of treasury shares at the end of each period includes shares of the Company held by the BIP (Board Incentive Plan) Trust Account and the Share Grant ESOP (Employee Stock Ownership Plan) Trust Account (662,640 shares as of September 30, 2025 and 392,896 shares as of March 31, 2025). The shares of the Company held by the BIP Trust Account and the Share Grant ESOP Trust Account are included in the number of treasury shares deducted in the calculation of average number of shares during each period.

* 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, 2025 (from April 1, 2025 to September 30, 2025), the Japanese economy picked up moderately due to improving employment and income environments. However, factors including increased geopolitical risks 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 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 are committed to enhancing customer convenience through seamless coordination between our drugstore and pharmacy businesses and driving the expansion of our unique domains including our own unique B-to-B business. In striving to 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 numerous 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 are undertaking proactive investment in systems to improve customer convenience and operational efficiency through digital technology, and to expand our business domains. We boosted store openings in our priority areas mainly in major metropolitan regions. As of September 30, 2025, the number of stores in Japan for the Group totaled 3,492 (including 1,005 pharmacies). We are also seeking to increase our operational scale by 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 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, 2025 were as follows.

	Six months ended September 30, 2024 (Millions of yen)	Six months ended September 30, 2025 (Millions of yen)	Change (Millions of yen)	Change (%)
Net sales	525,729	549,094	23,364	4.4
Operating profit	37,662	40,444	2,782	7.4
Ordinary profit	39,618	42,733	3,114	7.9
Profit attributable to owners of parent	24,958	26,517	1,558	6.2

Overview of operating results by segment

<Matsumotokiyoshi Group business>

In the Matsumotokiyoshi Group business, the Matsumotokiyoshi Group is pursuing a differentiation strategy by leveraging 163.64 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 pharmacy businesses; and improving operational efficiency through digital technology.

As for the private brand product lineup, the Matsumotokiyoshi Group launched major new products, including “Hits Different,” an oral beauty care brand that combines high-performance ingredients with stylish design and “INJESK,” a skincare brand inspired by cosmetic dermatology that shifts the focus from image to product value. In addition, the Group promoted product development from diverse perspectives and concepts, leveraging its strength in data analysis along with customer feedback and employee insights, to create high-quality products that redefine conventional standards. These efforts included the release of the “matsukiyo MAKEUP PRIMER SHEET” developed from in-store staff suggestions, and a new series under the beauty brand “matsukiyo CONCREDE,” which has received positive reviews since its launch in April.

In addition, the Matsumotokiyoshi Group is advancing its investment strategy: boosting store openings in its priority areas mainly in metropolitan regions, promoting the opening of dispensing pharmacies next to drugstores, and expanding its overseas operations, including moving into new markets primarily in the ASEAN countries. To further promote store development that symbolizes the Group’s new initiatives, the Matsumotokiyoshi Group fully renovated its Ginza 5th store and reopened it as its fifth flagship location, “GINZA FLAG.” The store features a lineup of products that are first-of-their-kind in Japan and in the drugstore industry, and offers an advanced customer experience through immersive digital signage. Through these efforts, the Matsumotokiyoshi Group aims to further enhance its brand image and differentiate itself from competitors. As of September 30, 2025, the number of stores in Japan for the Matsumotokiyoshi Group totaled 1,951 (including 471 pharmacies), and we expanded the member store network of the Community Pharmacy Support Program, which is a pharmacy management support service, to include 306 stores. We operate 88 stores overseas in total, with 34 stores in Thailand, 22 stores in Taiwan, 16 stores in Vietnam, 15 stores in Hong Kong, and one store in Guam.

By effectively capturing the increased flow of people in urban areas, downtown, and commercial facilities, as well as the rising demand from overseas tourists visiting Japan, the Matsumotokiyoshi Group showed strong sales, mainly of cosmetics.

<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. The Cocokarafine Group is promoting building a loyal customer base by implementing efficient and effective app-based sales promotion measures. In addition, based on the plan for the current fiscal year, it is taking a scrap-and-build approach aimed at reallocating human capital and optimizing management resources to further improve profitability. As of September 30, 2025, the number of stores in Japan for the Cocokarafine Group totaled 1,541 (including 534 pharmacies).

[Numbers 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, 2025	Openings	Closings	(Number of stores) Number of stores as of September 30, 2025
Matsumotokiyoshi Group	1,938	30	17	1,951
Cocokarafine Group	1,561	13	33	1,541
Total	3,499	43	50	3,492

<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:

		Six months ended September 30, 2024 (Millions of yen)	Six months ended September 30, 2025 (Millions of yen)	Change (Millions of yen)	Change (%)
Matsumotokiyoshi Group business	Net sales	328,085	351,823	23,737	7.2
	Segment profit	26,208	28,194	1,985	7.6
Cocokarafine Group business	Net sales	195,836	195,974	138	0.1
	Segment profit	11,281	11,252	(29)	(0.3)
Management support business	Net sales	336,387	349,770	13,382	4.0
	Segment profit	20,221	17,870	(2,351)	(11.6)
Adjustments	Net sales	(334,579)	(348,473)	(13,894)	—
	Segment profit	(20,049)	(16,872)	3,176	—
Total	Net sales	525,729	549,094	23,364	4.4
	Segment profit	37,662	40,444	2,782	7.4

(2) Details of financial position

Total assets as of the end of the second quarter ended September 30, 2025 increased by ¥5,112 million from the end of the previous fiscal year to ¥717,893 million. This was mainly due to increases of ¥ 6,783 million in merchandise and ¥3,588 million in other under current assets, despite decreases of ¥3,237million in goodwill and ¥3,103 million in other under investments and other assets.

Total liabilities increased by ¥3,622 million to ¥194,903 million. This was mainly due to an increase of ¥5,535 million in accounts payable - trade, despite decreases of ¥1,395 million in other under current liabilities and ¥1,099 million in other under non-current liabilities.

Net assets increased by ¥1,489 million to ¥522,989 million. This was mainly due to an increase of ¥15,847 million in retained earnings, despite a decrease of ¥12,133 million in capital surplus.

Cash flows

Cash and cash equivalents at the end of the second quarter ended September 30, 2025 decreased by ¥1,548 million from the end of the previous fiscal year to ¥110,201 million.

The respective cash flow positions and the factors thereof in the six months ended September 30, 2025 are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥34,112 million (¥45,096 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 ¥42,290 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥13,833 million (¥9,691 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 ¥6,744 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥24,674 million (¥39,751 million was used in the corresponding period of the previous fiscal year). This was mainly attributable to the acquisition of own shares of ¥15,284 million and the dividends paid of ¥9,292 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.

(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, 2026 that were announced on May 9, 2025.

2. Semiannual Consolidated Financial Statements and Significant Notes Thereto**(1) Semiannual consolidated balance sheet**

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Assets		
Current assets		
Cash and deposits	111,750	110,201
Accounts receivable - trade	64,469	65,802
Merchandise	144,168	150,951
Supplies	1,050	1,005
Other	42,947	46,536
Allowance for doubtful accounts	△70	△191
Total current assets	364,316	374,306
Non-current assets		
Property, plant and equipment		
Land	50,300	50,300
Other	60,578	62,261
Total property, plant and equipment	110,878	112,561
Intangible assets		
Goodwill	99,259	96,021
Other	28,777	29,230
Total intangible assets	128,036	125,252
Investments and other assets		
Investment securities	27,786	27,403
Leasehold and guarantee deposits	61,200	61,408
Other	20,700	17,597
Allowance for doubtful accounts	△139	△637
Total investments and other assets	109,548	105,772
Total non-current assets	348,463	343,586
Total assets	712,780	717,893

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	108,176	113,712
Income taxes payable	16,611	15,944
Short-term borrowings	1,187	1,402
Provision for bonuses	5,754	6,184
Provision for point card certificates	228	256
Contract liabilities	3,575	3,885
Asset retirement obligations	15	24
Other	27,091	25,695
Total current liabilities	162,640	167,105
Non-current liabilities		
Provision for loss on guarantees	146	104
Provision for share awards	308	363
Provision for share awards for directors (and other officers)	39	39
Retirement benefit liability	31	36
Asset retirement obligations	14,472	14,711
Other	13,641	12,542
Total non-current liabilities	28,640	27,798
Total liabilities	191,280	194,903
Net assets		
Shareholders' equity		
Share capital	22,051	22,051
Capital surplus	178,879	166,745
Retained earnings	338,939	354,787
Treasury shares	△24,946	△27,997
Total shareholders' equity	514,924	515,586
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,927	6,621
Foreign currency translation adjustment	△96	△24
Total accumulated other comprehensive income	5,830	6,597
Share acquisition rights	43	43
Non-controlling interests	701	762
Total net assets	521,499	522,989
Total liabilities and net assets	712,780	717,893

(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, 2024	Six months ended September 30, 2025
Net sales	525,729	549,094
Cost of sales	343,372	357,534
Gross profit	182,357	191,559
Selling, general and administrative expenses		
Provision for point card certificates	34	27
Salaries and allowances	49,388	51,838
Provision for bonuses	5,927	6,146
Retirement benefit expenses	1,122	1,177
Rent expenses on land and buildings	36,930	39,282
Other	51,290	52,641
Total selling, general and administrative expenses	144,694	151,115
Operating profit	37,662	40,444
Non-operating income		
Interest income	72	170
Dividend income	205	221
Gain on receipt of donated non-current assets	189	212
Order processing commission	914	989
Research fee income	301	317
Other	392	490
Total non-operating income	2,075	2,400
Non-operating expenses		
Interest expenses	30	35
Loss on investments in investment partnerships	50	50
Cash over and short	2	0
Other	34	25
Total non-operating expenses	119	111
Ordinary profit	39,618	42,733
Extraordinary income		
Gain on sale of non-current assets	249	0
Gain on sale of investment securities	—	0
Total extraordinary income	249	0
Extraordinary losses		
Loss on sale of non-current assets	4	13
Loss on retirement of non-current assets	131	168
Loss on store closings	75	94
Impairment losses	114	101
Loss on disaster	※ 52	—
Compensation for damage	—	65
Total extraordinary losses	378	443
Profit before income taxes	39,489	42,290
Income taxes - current	14,037	15,057
Income taxes - deferred	326	555
Total income taxes	14,363	15,612
Profit	25,125	26,677
Profit attributable to non-controlling interests	167	160
Profit attributable to owners of parent	24,958	26,517

Semiannual consolidated statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Profit	25,125	26,677
Other comprehensive income		
Valuation difference on available-for-sale securities	19	694
Foreign currency translation adjustment	△12	72
Total other comprehensive income	7	766
Comprehensive income	25,133	27,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	24,966	27,284
Comprehensive income attributable to non-controlling interests	167	160

(3) Semiannual consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2025
Cash flows from operating activities		
Profit before income taxes	39,489	42,290
Depreciation	7,938	8,091
Impairment losses	114	101
Amortization of goodwill	3,240	3,237
Increase (decrease) in provision for bonuses	372	429
Increase (decrease) in allowance for doubtful accounts	△15	623
Increase (decrease) in contract liabilities	427	264
Interest and dividend income	△277	△391
Interest expenses	30	35
Loss on retirement of non-current assets	131	168
Decrease (increase) in trade receivables	3,823	△1,646
Decrease (increase) in inventories	△2,712	△4,650
Increase (decrease) in trade payables	1,939	4,344
Decrease (increase) in accounts receivable - other	△1,123	△1,582
Increase (decrease) in accounts payable - other	△2,713	△200
Increase (decrease) in long-term accounts payable - other	△1,253	△1,236
Other, net	3,056	△535
Subtotal	52,469	49,344
Interest and dividends received	218	332
Interest paid	△30	△20
Income taxes paid	△16,466	△15,802
Income taxes refund	8,906	259
Net cash provided by (used in) operating activities	45,096	34,112
Cash flows from investing activities		
Purchase of property, plant and equipment	△5,441	△6,744
Purchase of intangible assets	△2,742	△3,339
Payments of leasehold and guarantee deposits	△981	△1,362
Proceeds from refund of leasehold and guarantee deposits	419	314
Proceeds from sale of investment securities	△965	△1,914
Other, net	20	△785
Net cash provided by (used in) investing activities	△9,691	△13,833
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	17	158
Repayments of lease liabilities	△426	△256
Proceeds from sale of treasury shares	23	99
Acquisition of own shares	△30,953	△15,284
Dividends paid	△8,332	△9,292
Dividends paid to non-controlling interests	△80	△99
Net cash provided by (used in) financing activities	△39,751	△24,674
Effect of exchange rate change on cash and cash equivalents	19	△266
Net increase (decrease) in cash and cash equivalents	△4,326	△4,661
Cash and cash equivalents at beginning of period	117,720	111,750
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	3,113
Cash and cash equivalents at end of period	※ 113,394	※ 110,201

(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, 2025, MATSUMOTO KIYOSHI (HK) CO., LIMITED, which had previously been a non-consolidated subsidiary, was included in the scope of consolidation due to its increased materiality.

(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 9, 2025, the Company acquired 5,399,800 of its own shares. As a result of this acquisition, treasury shares increased by ¥14,471 million as of September 30, 2025.

(Cancellation of treasury shares)

Pursuant to the resolution passed at the meeting of the Board of Directors held on May 9, 2025, the Company cancelled 5,399,800 of its treasury shares effective June 10, 2025. As a result, capital surplus and treasury shares each decreased by ¥12,160 million as of September 30, 2025.

(Semiannual consolidated balance sheet)***Overdraft agreements***

The Company has concluded overdraft agreements with 13 counterparty financial institutions for the fiscal year ended March 31, 2025 and with 12 counterparty financial institutions for the six months ended September 30, 2025, for the efficient procurement of funds. The balance of unexecuted borrowings as of September 30, 2025 based on these agreements is as follows.

	(Millions of yen)	
	As of March 31, 2025	As of September 30, 2025
Total amount of overdraft agreements	54,500	53,500
Less amounts executed	—	—
Unexecuted balance	54,500	53,500

(Semiannual consolidated statement of income)*** Loss on disaster**

Six months ended September 30, 2024

Loss on disaster due to torrential rains on the Noto Peninsula in September 2024 was recognized under extraordinary losses.

Six months ended September 30, 2025

Not applicable.

(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, 2024	Six months ended September 30, 2025
Cash and deposits	113,394	110,201
Cash and cash equivalents	113,394	110,201

(Segment information)**[Segment information]****I Six months ended September 30, 2024****1. Disclosure of net sales and profit (loss) by reportable segment**

	Matsumotokiyoshi Group business	Cocokarafine Group business	Management support business	Total	Adjustments (Note 1)	(Millions of yen) Amounts in the semiannual consolidated statement of income (Note 2)
Net sales						
Sales to external customers	327,945	195,812	1,972	525,729	—	525,729
Intersegment sales or transfers	140	23	334,415	334,579	(334,579)	—
Total	328,085	195,836	336,387	860,308	(334,579)	525,729
Segment profit	26,208	11,281	20,221	57,711	(20,049)	37,662

- Notes: 1. The adjustment of negative ¥20,049 million for segment profit includes negative ¥20,049 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 ¥114 million as an impairment loss under extraordinary losses.

The breakdown of the impairment loss is ¥60 million for the Matsumotokiyoshi Group business and ¥54 million for the Cocokarafine Group business.

II 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	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.

(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, 2024

(Millions of yen)

	Reportable segment			Total
	Matsumotokiyoshi Group business	Cocokarafine Group business	Management support business	
Retail				
Medical and pharmaceutical products	98,395	80,792	—	179,187
Cosmetics	117,241	59,913	—	177,155
General merchandise	61,553	36,158	—	97,712
Food	31,155	15,011	—	46,167
Other (Note 1)	18,580	3,502	1,818	23,901
Revenue from contracts with customers	326,926	195,379	1,818	524,124
Other revenue (Note 2)	1,018	433	153	1,605
Sales to external customers	327,945	195,812	1,972	525,729

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, 2025

(Millions of yen)

	Reportable segment			Total
	Matsumotokiyoshi Group business	Cocokarafine Group 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).

(Significant events after reporting period)**Business combination through acquisition**

The Company, at the Board of Directors meeting held on August 13, 2025, resolved to acquire all shares of SHINSEIDOYAKKYOKU CO. LTD. and make it a subsidiary. A share transfer agreement was executed on the same day, and the acquisition was completed on October 1, 2025.

(1) Outline of the business combination**a. Name and business description of the acquiree**

Name of the acquiree: SHINSEIDOYAKKYOKU CO. LTD.

Business description: Drugstore business, dispensing pharmacy business

b. Primary reasons for conducting the business combination:

To contribute to the creation of healthy communities, mainly in northern Kyushu, SHINSEIDOYAKKYOKU operates 119 dispensing pharmacies and drugstores as a group, and strives to extend healthy life expectancies and reduce social security costs. Since its establishment in 1978, SHINSEIDOYAKKYOKU has upheld the management philosophy of “helping people lead healthy lives,” and aims to become the best healthcare station in the region by increasing the number of smiles on people’s faces as much as possible.

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

c. Date of the business combination: October 1, 2025**d. Legal form of the business combination: Acquisition of shares for cash consideration****e. Name of company after the business combination: No change****f. Ratio of voting rights acquired: 100%****g. Primary grounds for determining the acquiring company: The Company acquired shares in exchange for cash consideration.****(2) Acquisition cost of the acquiree and breakdown by type of consideration**

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

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

It has not been finalized at this time.

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

It has not been finalized at this time.

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

It has not been finalized at this time.

3. Supplementary Information

Net sales and purchases

(1) Net sales by operating segment

Net sales by segment for the six months ended September 30, 2025 are as follows:

Segments	Six months ended September 30, 2025	
	Amount (Millions of yen)	Changes from the corresponding period of the previous fiscal year (%)
Matsumotokiyoshi Group business	351,572	107.2
Cocokarafine Group business	195,947	100.1
Management support business	1,574	79.8
Total	549,094	104.4

Note: Intersegment transactions are eliminated.

(2) Net sales by product

Net sales by product for the six months ended September 30, 2025 are as follows:

Products	Six months ended September 30, 2025	
	Amount (Millions of yen)	Changes from the corresponding period of the previous fiscal year (%)
Medical and pharmaceutical products	185,012	103.3
Cosmetics	191,517	108.1
General merchandise	96,664	98.9
Food	48,431	104.9
Total	521,627	104.3

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, 2025 are as follows:

Products	Six months ended September 30, 2025	
	Amount (Millions of yen)	Changes from the corresponding period of the previous fiscal year (%)
Medical and pharmaceutical products	105,229	100.4
Cosmetics	125,704	104.4
General merchandise	67,030	92.8
Food	41,242	99.7
Total	339,207	100.1

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