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To Those Shareholders with Voting Rights

Jun Tsuruha
Representative Director and President
TSURUHA HOLDINGS INC.
20-1-21 Kita 24 Jo Higashi,
Higashi-ku, Sapporo, Hokkaido

NOTICE OF THE 62nd ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We hereby notify you that the 62nd Ordinary General Meeting of Shareholders of the Company will be held as described below.

When convening the General Meeting of Shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders in electronic format (Matters Concerning Electronic Provision Measure), and posts this information on the Company's website. Please access the following website for your confirmation.

The Company's website:

<https://www.tsuruha-hd.com/gms/> (in Japanese)

(Please confirm through the menu on the above website.)

In addition to the Company website, the Matters concerning Electronic Provision Measure will also be available on the Tokyo Stock Exchange (TSE) website for your confirmation.

TSE website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Please access the TSE website above, enter/search "Tsuruha Holdings" in "Issue name (company name)" or the Company's securities code "3391" in "Code," and click "Search." Select "Basic information," then "Documents for public inspection/PR information," and confirm "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" under the "Documents for public inspection.")

As described in the Guidance on Exercise of your Voting Rights, in lieu of attendance at the meeting, you can exercise your voting rights either by indicating your votes for or against each of the proposals on the Voting Rights Exercise Form and returning it by mail, or by accessing the voting website printed on the Voting Rights Exercise Form and indicating your votes for or against each of the proposals via electromagnetic means (e.g., via the Internet). Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 6:00 p.m., Thursday, August 8, 2024.

- 1. Date and Time:** Friday, August 9, 2024, at 10:00 a.m. (Reception starts at 9:00 a.m.)
- 2. Place:** 11-1-1, Kita-1-joishi, Chuo-ku, Sapporo-shi, Hokkaido
Ballroom, Grand Mercure Sapporo Odori Park (formerly Royton Sapporo), 3rd Floor
- 3. Agenda of the Meeting:**
- Matters to be reported:**
1. Business Report, Consolidated Financial Statements for the 62nd Fiscal Term (from May 16, 2023, to May 15, 2024) and the Audit Report of the Accounting Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-Consolidated Financial Statements for the 62nd Fiscal Term (from May 16, 2023, to May 15, 2024)
- Proposals to be resolved:**
- Proposal No. 1:** Partial Amendments to the Articles of Incorporation
- Proposal No. 2:** Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of One Director Who Is an Audit and Supervisory Committee Member
- Proposal No. 4:** Election of Accounting Auditor

4. Arrangements in Convening the Meeting (Guidance on Exercise of your Voting Rights)

- If you exercise your voting rights via the Internet or by other means multiple times, the vote exercised last will be treated as valid.
- If you exercise your voting rights both via the Internet and in writing (by mail), the vote cast via the Internet will be treated as valid, regardless of the date and time of their receipt.
- If you exercise your voting rights by proxy, one other shareholder with voting rights may attend the General Meeting of Shareholders as your proxy. In this case, in addition to the Voting Form of the proxy himself/herself, the Company requires the submission of 1) documentation verifying proxy rights (letter of proxy), 2) the Voting Form of the shareholder, documentation verifying the other shareholder's identity such as a copy of the seal registration certificate for the seal used on the letter of proxy, a passport, a driver's license, or a health insurance identification card. Furthermore, no one other than shareholders, such as proxies who are not shareholders or other associates, may attend the General Meeting of Shareholders.
- For those shareholders attending the venue on the day, please submit the Voting Form to the reception desk at the meeting.
- Any revision to the Matters Concerning Electronic Provision Measure shall be posted on the Company's website above and the TSE website, with the details before and after the revision.

Pursuant to the provisions of laws and regulations as well as Article 14 of the Company's Articles of Incorporation, these documents exclude the following matters.

- (i) Matters connected with "Matters Concerning Subscription Rights to Shares, etc.," "Status of Accounting Auditor," "System to Ensure Proper Business Execution and its Operational Status" and "Policy for Determining Dividends of Surplus, etc." referred to in the Business Report
- (ii) Matters connected with "Consolidated Statement of Changes in Equity" and "Notes to the Consolidated Financial Statements" referred to in the Consolidated Financial Statements
- (iii) Matters connected with "Non-Consolidated Statement of Changes in Equity" and "Notes to the Non-Consolidated Financial Statements" referred to in the Non-Consolidated Financial Statements

Therefore, the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements included in the document are a part of documents audited to prepare the Accounting Audit Report by the Accounting Auditor and the Audit Report by the Audit and Supervisory Committee.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the amendment

The Company's fiscal year is from May 16 to May 15 of the following year. To perform business efficiently in business management of the Group, and as there are many companies whose fiscal year ends on the last day of February in retail business, the Company is to change its fiscal year to a year from March 1 to the last day of February of the following year, considering convenience and other aspects in comparing it with competitors on a monthly basis. Accordingly, the Company is to make necessary amendments to the provisions of Articles 11 and 12 of Chapter III and Articles 36 and 38 of Chapter VII of the current Articles of Incorporation.

As the fiscal year is changed, the 63rd fiscal term is a period of 9.5 months from May 16, 2024 to the last day of February of 2025. Therefore, the Company is to make supplementary provisions for transitional measures.

2. Details of the amendment

The details of the amendment are as follows:

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed amendments
Chapter III GENERAL MEETING OF SHAREHOLDERS	Chapter III GENERAL MEETING OF SHAREHOLDERS
Article 11 (Convocation) The Company shall convene an ordinary general meeting of shareholders in <u>August</u> every year and may convene an extraordinary general meeting of shareholders at any time according to a resolution of the Board of Directors whenever necessary.	Article 11 (Convocation) The Company shall convene an ordinary general meeting of shareholders in <u>May</u> every year and may convene an extraordinary general meeting of shareholders according to a resolution of the Board of Directors at any time whenever necessary.
Article 12 (Record date of ordinary general meeting of shareholders) The record date of voting rights at the Company's ordinary general meeting of shareholders shall be <u>May 15</u> every year.	Article 12 (Record date of ordinary general meeting of shareholders) The record date of voting rights at the Company's ordinary general meeting of shareholders shall be <u>the last day of February</u> every year.
Chapter VII ACCOUNT	Chapter VII ACCOUNT
Article 36 (Fiscal year) The Company's fiscal year is one year from <u>May 16</u> to <u>May 15</u> of the following year.	Article 36 (Fiscal year) The Company's fiscal year is one year from <u>March 1</u> to <u>the last day of February</u> of the following year.
Article 38 (Record date of dividends of surplus) 1. The record date of term-end dividends of the Company shall be <u>May 15 every year</u> . 2. <u>The record date of interim dividends of the Company shall be November 15 every year.</u>	Article 38 (Record date of dividends of surplus) 1. The record date of term-end dividends of the Company shall be <u>the last day of February every year</u> . 2. <u>The record date of interim dividends of the Company shall be August 31 every year.</u>
Supplementary Provisions (Newly made)	Supplementary Provisions <u>Article 2 (Transitional measure for first fiscal year after change of fiscal year)</u> <u>Notwithstanding the provisions of Article 36 (Fiscal year), the 63rd fiscal year which commences on May 16, 2024 shall be a period of 9.5 months until the last day of February of 2025. Moreover, this Article shall be deleted after the conclusion of the ordinary general meeting of shareholders for the 63rd fiscal year.</u>

Current Articles of Incorporation	Proposed amendments
(Newly made)	<p><u>Article 3 (Transitional measure for record date of first term-end dividends of surplus and first interim dividends after change of fiscal year)</u></p> <p><u>Notwithstanding the provisions of Article 38 (Record date of dividends of surplus), the record date of term-end dividends in the 63rd fiscal year which commences on May 16, 2024 shall be the last day of February of 2025, and the record date of interim dividends in said fiscal year shall be November 15, 2024. This Article shall be deleted after term-end dividends in the 63rd fiscal year become effective.</u></p>

Proposal No. 2: Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all (seven) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members; hereinafter the same applies in this proposal) will expire at the conclusion of this General Meeting of Shareholders. Therefore, considering the report by the Nomination and Remuneration Committee, the Company proposes to appoint six Directors.

With respect to this proposal, the Company's Audit and Supervisory Committee has judged that all candidates for Directors are suitable.

The candidates for Directors are as follows.

No.		Name	Current positions and assignments at the Company	Attendance at meetings of the Board of Directors
1	Reelection	Jun Tsuruha	President & Representative Director President & Chief Executive Officer	18/18 (100%)
2	Reelection	Shoichi Murakami	Director and Executive Officer Responsible for Tsuruha Group Drug & Pharmacy Nishinohon Inc.	18/18 (100%)
3	Reelection	Masahiro Yahata	Director and Executive Officer Responsible for TSURUHA CO., LTD.	18/18 (100%)
4	Reelection Outside	Wakana Tanaka	Outside Director	14/14 (100%)
5	Reelection Outside	Hiroshi Okuno	Outside Director	14/14 (100%)
6	New election	Kazuto Toyama	Executive Officer Responsible for Group Store Development Division	—

Note: The attendance of Ms. Wakana Tanaka and Mr. Hiroshi Okuno is attendance after they assumed the posts of Outside Directors.

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
1	Jun Tsuruha (May 21, 1974) <u>Reelection</u>	<p>April 1998 Joined TSURUHA CO., LTD.</p> <p>May 2011 Director and Executive Officer of TSURUHA CO., LTD. General Manager of Hokkaido Store Operation of TSURUHA CO., LTD. Executive Officer of the Company</p> <p>December 2011 Director of TSURUHA (Thailand) Co., Ltd.</p> <p>August 2014 Director and Senior Managing Executive Officer of the Company responsible for Group Store Operation President & Representative Director of TSURUHA CO., LTD. President & Chief Executive Officer of TSURUHA CO., LTD.</p> <p>August 2018 Senior Managing Director & Representative Director, Senior Managing Executive Officer, and Head of Sales Operations of the Company responsible for Group Store Operation</p> <p>July 2019 Vice Chairman & Director of TSURUHA (Thailand) Co., Ltd.</p> <p>June 2020 President & Representative Director of the Company (current position) President & Chief Executive Officer of the Company (current position)</p> <p>August 2020 Vice Chairman & Representative Director of TSURUHA CO., LTD. (current position)</p> <p>July 2021 Chairman & Director of TSURUHA (Thailand) Co., Ltd. (current position)</p> <p>(Significant concurrent position) Vice Chairman & Representative Director of TSURUHA CO., LTD.</p> <p>(Reasons for nomination as a candidate for Director) Mr. Jun Tsuruha, as President & Representative Director, has demonstrated appropriate decision-making on important management matters and has greatly contributed to successfully expanding the business scope of operating companies within the Group and enhancing the overall corporate value through his leadership skills and ability to take action, which he has cultivated through his experiences. We have determined that he will further demonstrate management capabilities as Chief Executive Officer of the Group, thus we have renominated him as a candidate for director.</p>	123,400

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
2	Shoichi Murakami (May 24, 1967) <u>Reelection</u>	<p>November 1992 Joined WELLNESSKOHOKU INC. (currently Tsuruha Group Drug & Pharmacy Nishinohon Inc.)</p> <p>April 2002 Director of WELLNESSKOHOKU INC. (currently Tsuruha Group Drug & Pharmacy Nishinohon Inc.)</p> <p>April 2006 Managing Director of WELLNESSKOHOKU INC. (currently Tsuruha Group Drug & Pharmacy Nishinohon Inc.)</p> <p>June 2009 President & Representative Director and Chief Executive Officer of WELLNESSKOHOKU INC. (currently Tsuruha Group Drug & Pharmacy Nishinohon Inc.) Executive Officer of the Company, responsible for WELLNESSKOHOKU INC. (currently Tsuruha Group Drug & Pharmacy Nishinohon Inc.)</p> <p>August 2015 President & Representative Director of Tsuruha Group Drug & Pharmacy Nishinohon Inc. (current position)</p> <p>August 2019 Director of the Company (current position) Executive Officer of the Company, responsible for Tsuruha Group Drug & Pharmacy Nishinohon Inc. (current position)</p> <p>(Significant concurrent position) President & Representative Director of Tsuruha Group Drug & Pharmacy Nishinohon Inc.</p> <p>(Reasons for nomination as a candidate for Director) Mr. Shoichi Murakami, as President & Representative Director of Tsuruha Group Drug & Pharmacy Nishinohon Inc., a core subsidiary of the Group, has greatly contributed to the steady expansion of the subsidiary's business in the Chugoku and Kyushu regions. His management capabilities cultivated through such experience are fully utilized for the management of the Company, thus we have renominated him as a candidate for director.</p>	4,300

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
3	Masahiro Yahata (September 12, 1968) <u>Reelection</u>	<p>April 1991 Joined TSURUHA CO., LTD.</p> <p>December 2008 Deputy Manager of North Tohoku Store Operation of TSURUHA CO., LTD.</p> <p>August 2009 Manager of Tohoku Store Operation I of TSURUHA CO., LTD.</p> <p>April 2014 General Manager of Tohoku Store Operation of TSURUHA CO., LTD.</p> <p>August 2014 General Manager of Hokkaido Store Operation of TSURUHA CO., LTD.</p> <p>May 2018 Executive Officer and General Manager of Hokkaido Store Operation of TSURUHA CO., LTD.</p> <p>August 2020 President & Representative Director of TSURUHA CO., LTD. (current position) Director of the Company (current position) Executive Officer of the Company responsible for TSURUHA CO., LTD. (current position)</p> <p>(Significant concurrent position) President & Representative Director of TSURUHA CO., LTD.</p> <p>(Reasons for nomination as a candidate for Director) Mr. Masahiro Yahata, as President & Representative Director of TSURUHA CO., LTD., which is the largest company in the Tsuruha Group, is executing high-quality management by utilizing his knowledge of actual stores and his experiences which greatly contribute to enhancing the corporate value of the Company. We have determined that he will demonstrate his capabilities to achieve management target, thus we have renominated him as a candidate for director.</p>	6,800

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
4	Wakana Tanaka (January 7, 1975) <u>Reelection</u> <u>Outside</u>	<p>July 1997 Arthur D. Little (Japan) Co., Ltd.</p> <p>July 2003 NIHON L'ORÉAL K.K.</p> <p>May 2011 Unilever Japan Services K.K.</p> <p>March 2012 National Diet of Japan Fukushima Nuclear Accident Independent Investigation Commission</p> <p>November 2012 Corporate Strategy Department, Office of the President of GlaxoSmithKline Japan K.K.</p> <p>May 2013 Head of Transformation Promotion Office, Corporate Strategy Department, Office of the President of GlaxoSmithKline Japan K.K.</p> <p>November 2014 Google Japan G.K.</p> <p>October 2021 Director (Executive Officer) of Google Japan G.K.</p> <p>March 2023 Representative of LinkedIn Japan Co., Ltd (current position)</p> <p>August 2023 Outside Director of the Company (current position)</p> <p>(Reasons for nomination as candidate for Outside Director and summary of expected roles)</p> <p>Ms. Wakana Tanaka has a high level of management consulting, brand marketing and management expertise cultivated at pharmaceutical and global IT companies and has served as a member of a special government project. In addition, as a woman, she has a viewpoint that is useful in making management decisions at the Company. We have determined that she is capable of applying her wide range of knowledge and experience to the promotion of DX and the globalization of the Company, thus we have renominated her as a candidate for outside director.</p>	-

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
5	Hiroshi Okuno (March 6, 1963) <u>Reelection</u> <u>Outside</u>	<p>January 1989 Japan Trader, Equity Portfolio Trading and Portfolio Engineering of Nomura Rosenberg Asset Management</p> <p>April 1993 Vice President in charge of Japan International Yen Equity Sales of Smith Barney Co., Ltd.</p> <p>October 1997 Vice President in charge of International Yen Equity Derivative Sales of Salomon Smith Barney Co., Ltd.</p> <p>April 1998 Vice President in charge of Japan Global Equity Sales of Robertson Stephens Co., Ltd.</p> <p>September 1998 Director in charge of Global Tech Specialist, Yen Equity Sales of Merrill Lynch Japan Securities Co., Ltd.</p> <p>September 2003 Hong Kong Director in charge of Pacific Rim Tech Specialist Sales, Pan Asian Equity Sales of Merrill Lynch Asia Pacific Limited</p> <p>September 2005 Director in charge of International Multi Product and Yen Equity Sales of Bank Of America Merrill Lynch</p> <p>June 2011 Managing Director of Jefferies Japan Limited, Jefferies Group, Inc.</p> <p>October 2022 Founder and Managing Partner of KTSS Ltd. (current position)</p> <p>August 2023 Outside Director of the Company (current position)</p> <p>(Reasons for nomination as candidate for Outside Director and summary of expected roles)</p> <p>Mr. Hiroshi Okuno has long history of working at a global financial institution and has valuable knowledge to add to the Company's finance/financing strategy, including fundraising, from a highly specialized perspective in the field of finance. In order for the Company to promote various measures for the growth of the Group, the Company's finance/financing strategy, including fund procurement, is very important. So we have judged him a staff member necessary for the Company's Board of Directors. In addition, as a consultant with considerable overseas experience, he is expected to advise and supervise the Company's management in regard to internationality and business development, which will become increasingly important in the future as well, thus we have renominated him as a candidate for outside director. Although the candidate has never been involved in the management of a company directly, other than being an outside director, for the reasons stated above, we have determined that he is capable of appropriately performing the duties of an outside director.</p>	-

No.	Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
*6	Kazuto Toyama (March 6, 1964) New election	<p>March 1982 Joined TSURUHA CO., LTD.</p> <p>March 1998 General Manager of Store Development Department I of Store Development Division of TSURUHA CO., LTD.</p> <p>August 2008 Executive Officer, and General Manager of Store Development Division and Store Development Department I of TSURUHA CO., LTD.</p> <p>August 2014 Executive Officer responsible for Group Store Development Division of the Company (current position)</p> <p>May 2020 Executive Officer and General Manager of Store Development Division of TSURUHA CO., LTD.</p> <p>August 2023 Director, Managing Executive Officer and General Manager of Store Development Division of TSURUHA CO., LTD. (current position)</p> <p>(Significant concurrent position) Director of TSURUHA CO., LTD.</p> <p>(Reasons for nomination as a candidate for Director) Mr. Kazuto Toyama, as the chief executive of the Store Development Division of the Group, has assumed the role of formulating and executing strategies for further organic growth and opening new stores through M&A. We have determined that he will contribute to the expansion of the domestic and foreign store networks with respect to the area of opening stores and store strategy, which are expected to increase in importance in the future, using knowledge that he has fostered for many years, and thus we have nominated him as a candidate for Director.</p>	6,000

- Notes: 1. * indicates a new candidate for Director.
2. No special interest exists between the Company and each candidate.
3. Mr. Jun Tsuruha is to assume the post of Director and Chair of TSURUHA CO., LTD. by a resolution of the ordinary general meeting of shareholders of said company which will be held on August 5, 2024.
4. Ms. Wakana Tanaka and Mr. Hiroshi Okuno are candidates for Outside Director.
5. In accordance with the Articles of Incorporation of the Company, the Company has entered into liability limitation contracts with Ms. Wakana Tanaka and Mr. Hiroshi Okuno to limit their liability for damages to the amount stipulated by laws and regulations. If their election is approved, the Company will extend said contracts with them.
6. The Company has entered into a directors and officers liability insurance contract with an insurance company, and each candidate will be included in insured persons under said insurance contract. Please refer to “Company Officers” for brief details of said insurance policy. At the time of next renewal, the Company plans to renew the contract with the same contents.
7. The Company has registered Ms. Wakana Tanaka and Mr. Hiroshi Okuno with Tokyo Stock Exchange, Inc. as Independent Directors as set forth in the regulations of Tokyo Stock Exchange, Inc.

8. Both Ms. Wakana Tanaka and Mr. Hiroshi Okuno have held the posts of Outside Directors for one year.

Proposal No. 3: Election of One Director Who Is an Audit and Supervisory Committee Member

As the term of office of Director Fumiyo Fujii, who is an Audit and Supervisory Committee Member, will expire at the conclusion of this General Meeting of Shareholders, election of one Director who is an Audit and Supervisory Committee Member is proposed.

The Audit and Supervisory Committee has given its consent to this proposal.

The candidate for Director who is an Audit and Supervisory Committee Member is as follows:

Name	Current positions and assignments at the Company	Attendance at meetings of the Board of Directors	Attendance at meetings of the Audit and Supervisory Committee		
<table border="1"><tr><td>New election</td></tr><tr><td>Outside</td></tr></table> Tatsuichi Asada	New election	Outside	–	–	–
New election					
Outside					

Name (Date of birth)	Career summary, positions, assignments and significant concurrent positions	Number of shares of the Company held
Tatsuichi Asada (May 17, 1960) New election Outside	April 1983 Joined Isetan Corporation	
	April 2013 Executive Officer and General Manager of Goods Supervising Department of Regional Store Business Department of Isetan Mitsukoshi Ltd.	
	April 2015 Executive Officer of Isetan Mitsukoshi Holdings Ltd. Representative Director and President of Niigata Isetan Mitsukoshi Corporation	
	April 2019 Managing Executive Officer of Isetan Mitsukoshi Holdings Ltd.	
	June 2019 Representative Director and President of West Japan Railway Isetan Company	
	July 2023 Adviser of ITOI LSR Co., Ltd. (current position)	
	February 2024 Adviser of TOP CULTURE Co., Ltd. (current position)	—
	(Reasons for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and outline of expected roles) Mr. Tatsuichi Asada has been engaged in the retail industry over many years and has a thorough knowledge of the industry, and has knowledge of corporate governance from his experience as a company manager. We have determined that he will be able to contribute to the enhancement of corporate governance and human capital management based on his accumulated knowledge and experience, and thus we have nominated him as a candidate for outside director who is an Audit and Supervisory Committee Member.	

- Notes: 1. Mr. Tatsuichi Asada is a new candidate for Outside Director.
2. No conflict of interest exists between the Company and Mr. Tatsuichi Asada.
No transaction relationships exist between ITOI LSR Co., Ltd. and TOP CULTURE Co., Ltd. and the Company.
3. The Company will register Mr. Tatsuichi Asada with Tokyo Stock Exchange, Inc. as an Independent Director as set forth in the regulations of Tokyo Stock Exchange, Inc.
4. In accordance with the Articles of Incorporation of the Company, the Company is to enter into a liability limitation contract with Mr. Tatsuichi Asada to limit his liability for damages to the amount stipulated by laws and regulations.
5. The Company has entered into a directors and officers liability insurance contract with an insurance company, and candidates will be included in insured persons under said insurance contract. Please refer to “Company Officers” for brief details of said insurance policy. At the time of next renewal, the Company plans to renew the contract with the same contents.

[Reference] The Composition of the Board of Directors and Skills Matrix subject to approval of Proposal No. 2 and Proposal No. 3

If Proposal No. 2 “Election of Six Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)” and Proposal No. 3 “Election of One Director Who Is an Audit and Supervisory Committee Member” are approved and resolved as originally proposed, the composition of the Board of Directors will be as below.

Category	Name	Outside, Independent	Item						
			Corporate Management	Business Strategy	Finance, Accounting, M&A	Human Capital, Personnel Development	Legal Affairs, Risk Management	DX and IT	Global
Director	Jun Tsuruha		○	○		○	○		○
	Shoichi Murakami		○	○		○			
	Masahiro Yahata		○	○		○			
	Wakana Tanaka	○	○	○		○		○	○
	Hiroshi Okuno	○			○				○
	Kazuto Toyama			○					
Directors Who Are Audit and Supervisory Committee Members	Masahiro Ofune			○	○	○	○		
	Harumi Sato	○			○				
	Takuya Okazaki	○					○		
	Tatsuichi Asada	○	○	○		○			

Notes: 1. Mr. Masahiro Ofune, Ms. Harumi Sato, and Mr. Takuya Okazaki have a remaining term, and their reappointment is not proposed at this ordinary general meeting of shareholders.

2. In the skills matrix above, major skills that directors have are marked with ○ preferentially.

Reference

Item	Definition of skill
Corporate Management	In working out a sustained growth strategy of the Group, the Company needs director members who have experience in managing a certain-scale business company as well as skills in and knowledge of control of corporate management performance such as results including business performance indices.
Business Strategy	As the Group needs to achieve growth targets by carrying on with various businesses, including the drugstore business, the Company needs director members who have skills in and knowledge of carrying on with business by working out a business strategy, setting specific targets, planning measures, and taking the measures.
Finance, Accounting, M&A	In making accurate financial reports, building the financial basis, carrying on with investment for growth, such as that in M&A, for a sustained increase in corporate value, and working out a financial strategy, including responses to shareholders, the Company needs members of the Board of Directors who have skills in and knowledge of finance, accounting, and M&A.
Human Resources, Personnel Development	In carrying on with human capital management, the Group needs director members who have skills in and knowledge of increasing the value of human resources which results from creating an environment in which each employee can show his/her ability to the maximum, in other words, working out comprehensive measures for personnel development from the three viewpoints of “growth, environments, and health maintenance.”
Legal Affairs, Risk Management	To carry out sustained management through compliance and by building, practicing, and verifying an appropriate management system for risk management and other elements, the Group needs director members who have certain skills and knowledge in the fields of governance building, risk management, and compliance.
DX, IT	For the sustained growth and expansion of the Group, the Group needs members of the Board of Directors who have skills and knowledge by which it can carry on with an increase in corporate value by building and operating the firm and stable management basis through IT, utilizing various data through DX and realizing efficient operations.
Global	As it is essential to actively carry on with overseas business in aiming at global development inside and outside Japan as a target of the Group, the Group needs director members who have skills in and knowledge of overseas business management in carrying on with overseas business development.

Proposal No. 4: Election of Accounting Auditor

As KPMG AZSA LLC, which is an accounting auditor of the Company, is to resign because of the expiration of its term of office at the time of conclusion of this General Meeting of Shareholders, election of a new accounting auditor is proposed.

This proposal is according to a decision of the Audit and Supervisory Committee.

The reason that the Audit and Supervisory Committee has selected Deloitte Touche Tohmatsu LLC for the candidate for accounting auditor is that, taking into consideration the number of years for which the present accounting auditor had audited the Company and other factors, the Company can expect audits from a new point of view by appointing Deloitte Touche Tohmatsu LLC. In addition, as Deloitte Touche Tohmatsu LLC is equipped with a system in which audits are properly conducted concerning the audit system, expertise, independence, quality control systems, and other features on a global basis, we have judged that Deloitte Touche Tohmatsu LLC is suitable for an accounting auditor of the Company.

The candidate for accounting auditor is as follows.

(As of June 30, 2024)

Name	Deloitte Touche Tohmatsu LLC	
Offices	Principal office:	Marunouchi Nijubashi Building, 2-3, Marunouchi 3-chome, Chiyoda-ku, Tokyo
	Other offices:	Sapporo, Sendai, Niigata, Saitama, Yokohama, Nagano, Hokuriku, Shizuoka, Nagoya, Kyoto, Osaka, Kobe, Hiroshima, Takamatsu, Fukuoka, and Naha
History	May 1968	Established Tohmatsu Awoki & Co.
	May 1975	Joined Touche Ross International (TRI)
	Oct. 1986	Merged with Sanwa & Co. (established in Jun. 1973) and changed its name to Tohmatsu Awoki & Sanwa
	Apr. 1988	Merged with Marunouchi & Co. (established in Dec. 1968)
	Oct. 1988	Merged with Nishikata Audit Corporation (established in Aug. 1969) and Sapporo Dai-ichi Kaikei Audit Corporation (established in Apr. 1976)
	Feb. 1990	After TRI merged with Deloitte Haskins & Sells International (in Jan.) and became Deloitte Ross Tohmatsu International (present Deloitte Touche Tohmatsu Limited (DTTL)), merged with Mita Audit Corporation (established in Jun. 1985) and changed its name to Tohmatsu & Co.
	Apr. 2001	Merged with SAN-AI Audit Corporation (established in May 1983)
	Jul. 2002	Merged with Seiwa Audit Corporation (established in Dec. 1974)
	Jul. 2009	Changed over to a limited liability audit corporation and changed its name to Deloitte Touche Tohmatsu LLC
		Arrived at the present day

Name	Deloitte Touche Tohmatsu LLC			
Outline	Capital stock	¥1,138 million		
	Constituent personnel	Partners (Certified public accountants)	486	
		Specified partners	59	
		Staff members	(Certified public accountants)	2,586
			(Successful candidates for CPA examination, etc. (including junior accountants))	1,176
			(Other experts)	3,142
			(Office workers)	85
	Total	7,534		
	Companies involved in audits	3,244		

Note: If Deloitte Touche Tohmatsu LLC is appointed, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, the Company is to enter into a contract to limit its liability for damages as referred to in Article 423, paragraph 1 of said Act with that corporation. The maximum amount of liability for damages pursuant to that contract is the minimum limit specified in Article 425, paragraph 1 of the Companies Act.

Business Report

(May 16, 2023 – May 15, 2024)

1. Overview of the Company Group

(1) Business Progress and Results

1) Overview of business

In the fiscal year under review (May 16, 2023 to May 15, 2024), the Japanese economy saw gradual recovery supported by strong corporate performance. Stock prices rose in Japan thanks to high stock prices in the U.S. and management with consciousness of market valuation. Factors to support consumption included wealth effects, gathered momentum toward a pay raise, and excessive savings because of the COVID-19 crisis. Meanwhile, an increase in prices due to depreciation of the yen and a decrease in real wages continued, and consumption has been taking one step back for each step forward since the beginning of the new year.

In the drugstore sector, thanks to contribution of return of a population flow because of the dying-down COVID-19, recovery in inbound demand, and an effect of a price raise, sales mainly of cosmetics and foods grew. Accordingly, Group companies' results have been changing well. On the other hand, population per store in a trading area tends to decrease because of competition in the opening of new stores. In the increasingly more severe competitive environment, movement toward industry reorganization has been seen.

Under these circumstances, the Group has made progress in the following areas to achieve our Medium-Term Management Plan. In our store strategy, we have improved the accuracy of openings and moved forward with renovations of existing stores. In our dispensing strategy, we have expanded combined stores and secured more prescriptions by using an online system. In our private brand (PB) strategy, we have increased the sales composition ratio through the development of new products and promotion of the sale of existing products. In our DX strategy, we have increased productivity by using MA tools and developing IT systems. In the performance management aspect, we have worked on expense control by improving the precision of forecast and actual results analysis and managed unprofitable departments more strictly.

In terms of store development, we have worked to establish even more dominant positions in existing areas and renovated or eliminated unprofitable stores to boost competitiveness. Since the start of the fiscal year under review, we have carried out 128 new store openings and closed 69 stores as well as made 5 stores subsidiaries. This resulted in a total of 2,653 directly managed stores as of the end of the fiscal year under review. In Thailand, the Group opened two new stores and closed one store, resulting in a total of 19 stores in Thailand as of May 15, 2024.

Store openings and closures of the Group are as follows:

(Number of stores)

	End of previous fiscal year	Openings	Made subsidiary, etc.	Closures	Net change	End of current fiscal year	Of which dispensing pharmacies
Hokkaido	425	16	1	10	7	432	139
Tohoku	593	27	–	16	11	604	162
Kanto, Koshinetsu	529	14	–	10	4	533	221
Chubu, Kansai	258	17	–	6	11	269	162
Chugoku	345	27	–	6	21	366	138
Shikoku	226	8	–	9	(1)	225	67
Kyushu, Okinawa	213	19	4	12	11	224	47
Total for Japan	2,589	128	5	69	64	2,653	936

(Others: 19 overseas stores, 7 franchised stores)

As a result of the above, for the fiscal year under review, TSURUHA Holdings reported net sales of ¥1,027,462 million (up 5.9% from the previous fiscal year), operating income of ¥49,205 million (up 8.0% from the previous fiscal year), ordinary income of ¥49,304 million (up 7.9% from the previous fiscal year), and net income attributable to owners of parent of ¥24,105 million (down 4.6% from the previous fiscal year).

Status by product category is as follows.

Pharmaceuticals

Net sales were ¥240,525 million, up 7.9% from the previous fiscal year, due to an increase in prescriptions because of 104 dispensing pharmacies newly opened in addition to strong sales of cold medicines, etc. although their growth has slowed down because of a decrease in sales of antigen testing kits, etc. in reaction to their strong sales in the previous fiscal year.

Cosmetics

Net sales were ¥146,605 million, up 9.8% from the previous fiscal year, due to the recovered flow of people, because of the faded impact of the spread of COVID-19, and to people increasingly taking off masks.

Misc. daily necessities

Net sales were ¥264,939 million, up 3.7% from the previous fiscal year, due to steady sales of clothing and kitchen detergents, hair care products, pet food, and other products, including PB products.

Foods

Net sales were ¥261,366 million, up 8.5% from the previous fiscal year, due to a demand for products at a reasonable price amid consumers having strong price consciousness because of an increase in prices.

Other

Net sales were ¥109,377 million, down 3.0% from the previous fiscal year, due to a decrease in sales of masks and to poor sales of some products of health food because of health hazards.

Results of net sales by products

Item		Year ended May 15, 2024 (May 16, 2023 - May 15, 2024)		
		Amount (Millions of yen)	Share (%)	Year-on-year (%)
Merchandise	Pharmaceuticals	240,525	23.4	107.9
	Cosmetics	146,605	14.3	109.8
	Misc. daily necessities	264,939	25.8	103.7
	Foods	261,366	25.4	108.5
	Other	109,377	10.6	97.0
Subtotal		1,022,814	99.5	105.9
Real estate rent		1,397	0.1	102.2
Commission income, etc.		3,251	0.3	106.0
Total		1,027,462	100.0	105.9

Note: The Group mainly engages in over-the-counter sales to general consumers and therefore does not engage in production and sales on orders.

2) Capital expenditure

The total amount of capital expenditure was ¥40,547 million for the fiscal year under review, mainly consisting of investment in store facilities such as guarantee deposits associated with opening of 128 new stores and renovations.

(New openings)

Number of opened stores by prefecture			
Hokkaido	16	Kyoto	1
Aomori	6	Osaka	1
Iwate	3	Hyogo	2
Miyagi	3	Wakayama	2
Akita	4	Tottori	3
Yamagata	5	Shimane	3
Fukushima	6	Okayama	3
Ibaraki	1	Hiroshima	10
Saitama	1	Yamaguchi	8
Chiba	3	Tokushima	1
Tokyo	5	Kagawa	2
Kanagawa	1	Ehime	4
Niigata	1	Kochi	1
Nagano	2	Fukuoka	11
Shizuoka	6	Kumamoto	1
Aichi	4	Kagoshima	2
Shiga	1	Okinawa	5
		Total	128

(Closures)

Number of closed stores by prefecture			
Hokkaido	10	Shiga	1
Aomori	5	Osaka	1
Iwate	1	Wakayama	3
Miyagi	2	Tottori	1
Akita	3	Okayama	1
Yamagata	3	Hiroshima	3
Fukushima	2	Yamaguchi	1
Ibaraki	2	Kagawa	1
Tochigi	1	Ehime	7
Chiba	1	Kochi	1
Tokyo	3	Fukuoka	5
Kanagawa	2	Kumamoto	1
Niigata	1	Kagoshima	2
Aichi	1	Okinawa	4
		Total	69

3) Financing

The details of the borrowings are stated in “Major Lenders.”

4) Transfer, absorption-type demerger, or incorporation-type demerger of business

Not applicable.

5) Transfer of the business of other companies

The Company’s subsidiary TSURUHA CO., LTD. concluded a business transfer agreement on July 1, 2023 to buy one dispensing pharmacy from KEYLAND Co., Ltd.

The Company’s subsidiary Drug Eleven Co., Ltd. acquired all of the shares issued and outstanding of FUKUE Co., Ltd., which owned four dispensing pharmacies, on November 16, 2023, and carried out an absorption-type merger with said company on February 16, 2024.

6) Succession to rights and obligations concerning business of other corporations, etc. through absorption-type merger or absorption-type demerger

Not applicable.

7) Acquisition or disposal of shares or other equity or subscription rights to shares in other companies

Not applicable.

(2) Trends in Assets and Income

Category	The 59 th fiscal term (Year ended May 15, 2021)	The 60 th fiscal term (Year ended May 15, 2022)	The 61 st fiscal term (Year ended May 15, 2023)	The 62 nd fiscal term (fiscal year under review) (Year ended May 15, 2024)
Net Sales (Millions of yen)	919,303	915,700	970,079	1,027,462
Ordinary Income (Millions of yen)	47,688	40,052	45,689	49,304
Net income attributable to owners of parent (Millions of yen)	26,283	21,388	25,258	24,105
Net income per share (Yen)	542.04	440.59	519.90	495.85
Total assets (Millions of yen)	537,027	562,363	539,830	549,220
Net assets (Millions of yen)	276,528	284,046	304,144	307,743
Book value per share (Yen)	5,210.88	5,314.48	5,690.49	5,797.19

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards since the 60th fiscal term. The figures of assets and income for the 60th fiscal term onward are those after the application of those accounting standards.

(3) Status of Significant Parent Companies and Subsidiaries

1) Relationship with parent company

The Company has no applicable parent company.

2) Material subsidiaries

Company name	Capital	Investment percentage	Principal business
TSURUHA CO., LTD.	¥4,252 million	100.0%	Wholesale of pharmaceuticals, etc. based on pharmacies and store-based distributors and wholesale to franchise stores
Kusurino FUKUTARO Co., LTD.	¥98 million	100.0%	Sales of pharmaceuticals, etc. based on pharmacies and store-based distributors in the Kanto region
Tsuruha Group Drug & Pharmacy Nishinohon Inc.	¥287 million	100.0%	Sales of pharmaceuticals, etc. based on pharmacies and store-based distributors in the Chugoku and Kyushu regions
Lady Drug Store Co., Ltd.	¥598 million	51.0%	Sales of pharmaceuticals, etc. based on pharmacies and store-based distributors in the Chugoku and Shikoku regions
Kyorindo Group Holdings Co., Ltd.	¥50 million	51.0%	Guidance and management of business of subsidiaries operating drug stores
Kyorindo Co., Ltd.	¥50 million	51.0%	Sales of pharmaceuticals, etc. based on pharmacies and store-based distributors in Shizuoka Prefecture
B&D Co., Ltd.	¥30 million	100.0%	Sales of pharmaceuticals, etc. based on pharmacies and store-based distributors in Aichi Prefecture
Drug Eleven Co., Ltd.	¥100 million	100.0%	Sales of pharmaceuticals, etc. based on pharmacies and store-based distributors mainly in the Kyushu and Okinawa regions
Hiroshima Chuo Pharmacy Co., Ltd.	¥40 million	100.0%	Sales of pharmaceuticals, etc. based on pharmacies and store-based distributors in Hiroshima Prefecture
Tsuruha Group Merchandising Co., Ltd.	¥10 million	100.0%	Purchase of products for the entire Group and planning, negotiation and purchasing operations relating to logistics Planning, development and marketing of the Group's private brand products Mail order of products handled by the Group via telephone, the Internet or other means
TSURUHA Financial Service Inc.	¥10 million	100.0%	Insurance agency business and guidance and management of business
TSURUHA Pharmacy K.K.	¥10 million	100.0%	Real estate rental business
TSURUHA Shurui Hanbai Co., Ltd.	¥10 million	100.0%	Mail order of alcohol, etc. via the Internet, etc.
Several Co., Ltd.	¥50 million	100.0%	Rental of vending machines and sales of beverages

Notes: 1. TSURUHA Pharmacy K.K. and TSURUHA Shurui Hanbai Co., Ltd. are wholly-owned subsidiaries of TSURUHA CO., LTD.

2. Kyorindo Co., Ltd. is a wholly-owned subsidiary of Kyorindo Group Holdings Co., Ltd.

3. Hiroshima Chuo Pharmacy Co., Ltd. is a wholly-owned subsidiary of Tsuruha Group Drug & Pharmacy Nishinohon Inc.

4. Several Co., Ltd. is a wholly-owned subsidiary of TSURUHA Financial Service Inc.

5. The Company carried out the additional acquisition of shares of Drug Eleven Co., Ltd. on May 31, 2023, and the investment percentage became 100% on the day.

6. On May 16, 2024, the Company carried out an absorption-type merger in which TSURUHA CO., LTD. was a company surviving the absorption-type merger and B&D Co., Ltd. was a company disappearing in the absorption-type merger.

(4) Issues to Be Addressed

The Japanese economy saw a bit of a standstill in consumer sentiment due to an increase in prices in the third year, and the realization of a virtuous cycle of wages and prices draws attention. In the drugstore sector, amid a pause being seen in performance recovery after the coronavirus crisis, companies continue raising product prices. The problem is skill in passing risen costs on to product prices while avoiding price competition. In addition, increasingly intense competition requires improvement of financial structure and management systems to balance expansion of scale and improvement in profitability.

The Company has started consultation about business integration with AEON CO., LTD. and WELCIA HOLDINGS CO., LTD. and will aim at showing synergy in various fields through working in cooperation with the two companies by making the best use of the three companies' management resources.

Priority policies for fiscal year ending May 15, 2025 are as follows.

(i) Store development strategy focused on profitability

Promoting the dominant strategy in the locations where we already operate stores. Also, improving profitability through achieving profitability as early as possible and strengthening the key performance indicator (KPI) management in opening new stores in the payback period, etc., and opening stores with higher quality. At existing stores, aiming to improve profitability through introducing new products and keep implementing scrap-and-build.

(ii) Promoting new openings of dispensing pharmacies and enhancement

Continuing to promote new openings of dispensing pharmacies mainly by combining them with existing stores and working to improve our healthcare support capabilities through stronger cooperation with combined drugstores. Working to enhance treatment effectiveness and promote prevention through DX initiatives including system-side infrastructure building and data collaboration originating in our in-house apps.

(iii) Improving corporate value and strengthening competitive power through private brand products

Working on joint development with leading manufacturers, accelerating development of private brand food products, and conducting development of health-conscious and value-added goods, in order to develop superior products leading the TSURUHA Group and improvement of brands by promoting the development and sale of products "Kurashi Rhythm" and "Kurashi Rhythm Medical" to work on an increase in royalties to the Company.

(iv) Promoting digital strategies and strengthening the information technology (IT) platform

Working on marketing initiatives to increase customer satisfaction and acquire new customers through the customer data platform, utilizing the largest store network in the drugstore industry. In addition, working on making the Group's management more efficient by visualizing management figures through BI tools.

(v) Promoting sustainable management

Continuing to work toward building the type of sustainable society set forth in the sustainable development goals ("SDGs"), including formulating a "human capital management policy" to encourage employees to pursue autonomous growth as members of the local community and to further contribute to local communities by enhancing the value of our human capital. Simultaneously, aiming to enhance long-term corporate value by further improving our corporate governance system.

The Group plans to achieve 2,677 stores as of the end of the fiscal year ending May 15, 2025, by opening 111 stores and closing 87 stores. On the other hand, the Company will surely implement the aforementioned measures to achieve net sales of ¥1.06 trillion, operating income margin of 5%, and ROE of 10% in the fiscal year ending May 15, 2025, as well as to maintain its high growth potential, in accordance with the policies in its Medium-Term Management Plan announced on June 21, 2022.

In addition, the Company has started consultation about business integration with AEON CO., LTD. and WELCIA HOLDINGS CO., LTD. and will aim at showing synergy in various fields through working in cooperation with the two companies by making the best use of the three companies' management resources.

(5) Principal Business (as of May 15, 2024)

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

The Group consists of the Company and 14 consolidated subsidiaries and is engaged in business including sales of pharmaceuticals, cosmetics, misc. daily necessities, foods and other products and business relating to the management of dispensing pharmacies.

(6) Principal Offices (as of May 15, 2024)

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

The number of our Group stores is as follows.

Direct stores: 2,653 (Others: 19 overseas stores and 7 franchise stores)

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

Number of stores by prefecture			
Hokkaido	432	Osaka	26
Aomori	68	Hyogo	21
Iwate	80	Wakayama	19
Miyagi	154	Tottori	42
Akita	82	Shimane	56
Yamagata	100	Okayama	14
Fukushima	120	Hiroshima	198
Ibaraki	51	Yamaguchi	56
Tochigi	35	Tokushima	25
Saitama	8	Kagawa	51
Chiba	151	Ehime	116
Tokyo	161	Kochi	33
Kanagawa	40	Fukuoka	99
Niigata	36	Saga	6
Yamanashi	32	Nagasaki	8
Nagano	19	Kumamoto	11
Shizuoka	102	Oita	8
Aichi	88	Miyazaki	11
Shiga	7	Kagoshima	40
Kyoto	6	Okinawa	41
		Total	2,653

(7) Employees (as of May 15, 2024)

1) Status of the Group

Category	Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average length of service
Male	5,680	112	38 years and 2 months old	11 years and 5 months
Female	5,953	211	33 years and 1 month old	7 years and 9 months
Total or average	11,633	323	35 years and 7 months old	9 years and 6 months

Note: The number of employees above includes 13 employees seconded from the Company to companies outside the Company and excludes 542 fixed-term employees as well as part-time employees. The annual average number of part-time employees is 20,807 (converted based on eight hours a day per person).

2) Status of the Company

Category	Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average length of service
Male	156	8	46 years and 2 months old	17 years and 8 months
Female	38	3	44 years and 6 months old	18 years and 10 months
Total or average	194	11	45 years and 10 months old	17 years and 10 months

Notes: 1. The number of employees above excludes fixed-term employees and part-time employees. The annual average number of part-time employees is one (converted based on eight hours a day per person) and that of fixed-term employees is 13.

2. The number of employees above includes 123 employees seconded from the Group and 19 employees seconded to the Group.

(8) Major Lenders (as of May 15, 2024)

Name of lender	Borrowing amount (Millions of yen)
Sumitomo Mitsui Banking Corporation	20,000
Sumitomo Mitsui Trust Bank, Limited	6,275
MUFG Bank, Ltd.	6,000

(9) Other Important Information Concerning the Company Group

Not applicable.

2. Matters Concerning the Status of the Company

(1) Status of Shares

- 1) Total number of shares authorized to be issued 152,000,000 shares
- 2) Total number of shares issued and outstanding 49,518,268 shares
- 3) Number of shareholders 28,931
- 4) Major shareholders (top 10 shareholders)

As of May 15, 2024

Shareholder name	Number of Shares (Thousand shares)	Shareholding ratio
Aeon Co., Ltd.	9,675	19.89%
The Master Trust Bank of Japan, Ltd. (trust account)	6,252	12.86%
Nomura Securities Co., Ltd.	3,002	6.18%
STATE STREET CLIENT OMNIBUS ACCOUNT OM02	2,061	4.24%
CEP LUX-ORBIS SICAV	1,796	3.69%
Tatsuru Tsuruha	1,413	2.91%
Custody Bank of Japan, Ltd. (trust account)	1,366	2.81%
Hiroko Tsuruha	1,361	2.80%
GIC PRIVATE LIMITED – C	1,259	2.59%
Akiko Tsuruha	1,043	2.15%

Note: The shareholding ratio is calculated after excluding treasury shares (886,797 shares) held by the Company.

- 5) Status of shares granted to officers of the Company in consideration of the execution of duties during the fiscal year under review

Details of stock remuneration granted during the fiscal year under review are as follows:

- Total number of shares granted to Directors by category

Category	Number of shares	Number of eligible officers
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	4,600	5
Outside Directors (excluding Audit and Supervisory Committee Members)	–	–
Directors (Audit and Supervisory Committee Members)	–	–
Other officers	10,400	16

(2) Company Officers

1) Directors

a. Directors

As of May 15, 2024

Position	Name	Assignments and significant concurrent positions
Chairman	Tatsuru Tsuruha	Chairman of TSURUHA CO., LTD.
Representative Director and President	Jun Tsuruha	Vice Chairman & Representative Director of TSURUHA CO., LTD.
Director	Hisaya Ogawa	Representative Director and Chair of Kusurino FUKUTARO Co., LTD.
Director	Shoichi Murakami	President & Representative Director of Tsuruha Group Drug & Pharmacy Nishinihon Inc.
Director	Masahiro Yahata	President & Representative Director of TSURUHA CO., LTD.
Director	Wakana Tanaka	Representative of LinkedIn Japan Co., Ltd
Director	Hiroshi Okuno	Managing Partner of KTSS Ltd.
Director (Standing Audit and Supervisory Committee Member)	Masahiro Ofune	Corporate Auditor of TSURUHA CO., LTD.
Director (Audit and Supervisory Committee Member)	Harumi Sato	Director of Sapporo Branch, Anchor Licensed Tax Accountant Office
Director (Audit and Supervisory Committee Member)	Takuya Okazaki	Representative of Okazaki Takuya Law Offices Outside Audit & Supervisory Board Member of Hokuryo Co., Ltd. Outside Director and Audit and Supervisory Committee Member of Fulltech Co. Ltd.
Director (Audit and Supervisory Committee Member)	Fumiyo Fujii	Full-time Audit & Supervisory Board Member of North Pacific Securities Co., Ltd.

- Notes:
1. Directors Wakana Tanaka, Hiroshi Okuno, Fumiyo Fujii, Harumi Sato, and Takuya Okazaki are Outside Directors and the Company registered them with Tokyo Stock Exchange, Inc. as Independent Officers.
 2. To gather information from the Directors (excluding Directors who are Audit and Supervisory Committee Members) and share such information as well as strengthening cooperation with the internal audit division, etc., to improve the effectiveness of audit and supervisory functions, the Company elected Mr. Masahiro Ofune as a Standing Audit and Supervisory Committee Member.
 3. Audit and Supervisory Committee Member Ms. Harumi Sato has certification as a tax accountant and considerable knowledge about finance and accounting.

b. Executive Officers

As of May 15, 2024

Position	Name	Assignments
President & Chief	*Jun Tsuruha	
Executive Officer	*Hisaya Ogawa	Responsible for M&A
Executive Officer	*Shoichi Murakami	Responsible for Tsuruha Group Drug & Pharmacy Nishinohon Inc.
Executive Officer	*Masahiro Yahata	Responsible for TSURUHA CO., LTD.
Executive Officer	Kazuto Toyama	Responsible for Group Store Development
Executive Officer	Makoto Murakami	Responsible for Group Administration
Executive Officer	Yoshihiro Kobashi	Responsible for Group Management Strategy and Group Information Systems
Executive Officer	Akio Shiraishi	Responsible for Lady Drug Store Co., Ltd.
Executive Officer	Naotaka Kokawaji	Responsible for Kyorindo Co., Ltd.
Executive Officer	Akiko Kamijo	Responsible for B&D Co., Ltd.
Executive Officer	Tsuyoshi Hanzawa	Responsible for Drug Eleven Co., Ltd.
Executive Officer	Yasuyuki Arima	Responsible for Group Product
Executive Officer	Kazuhiko Nomura	Responsible for Group Dispensing Management Department
Executive Officer	Yasuyuki Haruta	Responsible for Kusurino FUKUTARO Co., LTD.

Note 1. Executive Officers marked with an asterisk (*) are concurrently serving as Director.

Note 2. Ms. Akiko Kamijo retired as Executive Officer on May 16, 2024.

2) Summary of the agreement on limitation of liability

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has entered into a contract with each non-executive Director, to limit his or her liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages pursuant to the agreement shall be the amount stipulated by laws and regulations.

3) Summary of the directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract with an insurance company with Directors, Corporate Auditors and Executive Officers of the Company and its consolidated subsidiaries as the insured persons, in accordance with Article 430-3, Paragraph 1 of the Companies Act. The contract shall cover any damages and litigation costs incurred by an insured person due to a claim for damages arising from an act (including an omission) committed by the insured person in his or her capacity as an officer of the Company, etc. However, damage, etc. arising from intent or gross negligence shall not be covered so as to ensure the appropriateness of the execution of duties by officers. The insurance premiums of the insurance contracts are all paid by the Company.

4) Remuneration, etc. for Directors for the fiscal year under review

a. Matters concerning the decision policy regarding the content of remuneration, etc. for each Director

The Company decides on matters regarding the content of remuneration, etc. for each Director at meetings of the Board of Directors.

1. Basic policies

The Company has designed a systematic remuneration system in consideration of each element of the following basic policies, as it regards remuneration for Directors to be important incentives for achieving the management policy.

- (i) It shall promote the corporate philosophy of “making life better for our customers.”
- (ii) The amount and design shall be at a level that can support participation and activities of talented management team.
- (iii) It shall raise awareness for contribution to mid- to long-term growth of the Company.
- (iv) It shall be linked to business results of the Company and have a mechanism that controls overemphasis on short-term performance.
- (v) It shall be designed to have transparency, fairness and reasonability and determined through an appropriate process to ensure such factors from a viewpoint of accountability to stakeholders including shareholders and employees.

Specifically, remuneration for Directors consists of fixed remuneration, performance-linked bonuses and restricted share remuneration. The level of remuneration for Directors is verified every year in reference to the levels of officers’ remuneration of companies in the same industry with a similar size (selected in terms of net sales, market capitalization, consolidated operating income and other factors) and other companies in different industries based on objective remuneration survey data by external bodies and other data for promptly responding to changes in external environments and market environments.

2. Details of Directors’ remuneration and composition, etc.

Remuneration for Directors consists of 1) “fixed remuneration” (monetary remuneration) as basic remuneration in accordance with their job title (position), 2) “bonuses” (monetary remuneration) based on business results for each fiscal year and their individual evaluation, etc. and 3) “stock remuneration” (restricted share remuneration) in accordance with their job title. Besides, the compositions of remuneration for Directors who are Audit and Supervisory Committee Members, Outside Directors, and other Directors are different from other Directors, because such Directors have responsibilities significantly different from other Directors.

Regarding the composition of remuneration for Directors, except Directors who are Audit and Supervisory Committee Members and Outside Directors, a ratio of basic remuneration, bonuses and stock remuneration is determined, so that it functions as important incentives to achieve the management policy.

Specifically, following ratio is applied.

Basic remuneration: Bonuses: Stock remuneration = 30-40%: 50-60%: 5-15%

In this regard, shares of the Company shall be granted as stock remuneration.

Outline of the composition of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)

Type of remuneration	Payment criteria	Payment method	Composition of remuneration
Basic remuneration	Determined for each person based on the standard amount for each job title	Cash once a month	30-40%
Bonuses	The amount is calculated for each person as monetary remuneration reflecting business results of a single fiscal year, after determination of whether or not payment is made and the total amount if paid, based on consolidated business performance indicators, etc. of the previous fiscal year.	Cash once a year	50-60%
Stock remuneration	The number of shares to be granted to each Director is determined in comprehensive consideration of various factors including the degree of contribution by each eligible person to the Company and their responsibilities based on the share price and the standard for job title.	Stocks once a year	5-15%

(Bonuses)

The amount of bonuses as performance-linked remuneration is calculated for each person as monetary remuneration reflecting business results of a single fiscal year, after determination of whether or not payment is made and the total amount if paid, based on consolidated business performance indicators, etc. of the previous fiscal year. "Operating income and net income" of the consolidated results and the degree of achievement of each person's mission are used as indicators for calculating bonuses from the viewpoint of attaching importance to the degree of achievement in profit growth. The payment is made once a year after the conclusion of General Meeting of Shareholders, after internal approval is obtained.

(Stock remuneration) *Restricted share remuneration

The number of shares to be granted for restricted share remuneration is determined in comprehensive consideration of various factors including each eligible person's responsibilities based on the number of shares to be granted to each Director set in accordance with the share price and the standard for job title.

Timing of allotment is determined by the Board of Directors at a meeting held in September after the conclusion of General Meeting of Shareholders.

Restricted shares to be allotted to Directors of the Company are granted in advance.

Meanwhile, for Directors who are Audit and Supervisory Committee Members, and Outside Directors, only basic remuneration is provided taking into account their independence from business execution.

Outline of the Composition of remuneration for Directors who are Audit and Supervisory Committee Members, and Outside Directors

Type of remuneration	Payment criteria	Payment method	Composition of remuneration	
			Directors Who Are Audit and Supervisory Committee Members	Outside Directors
Basic remuneration	Determined for each person based on the standard amount for each job title	Cash once a month	100%	100%
Bonuses	The amount is calculated for each person as monetary remuneration reflecting business results of a single fiscal year, after determination of whether or not payment is made and the total amount if paid, based on consolidated business performance indicators, etc. of the previous fiscal year.	Cash once a year	0%	0%
Stock remuneration	The number of shares to be granted to each Director is determined in comprehensive consideration of various factors including the degree of contribution by each eligible person to the Company and their responsibilities based on the share price and the standard for job title.	Stocks once a year	0%	0%

3. Process for determining remuneration for Directors

Authority for determining the specifics of the remuneration amount for each Director who is not an Audit and Supervisory Committee Member is delegated to the President & Representative Director, based on a resolution of the Board of Directors within the limit of remuneration resolved in advance at the General Meeting of Shareholders. Such authority includes determination of the amount of basic remuneration for each Director and the amount of bonus distribution for each Director based on the payment criteria. For stock remuneration, the number of shares allotted to each Director is resolved at the meeting of the Board of Directors.

To ensure appropriateness of the level and amount of remuneration and the transparency of the determination process, the specific amount of remuneration to be paid is deliberated at the Nomination and Remuneration Committee which is a consulting body for remuneration of the officers involving external experts, in consideration of trends among companies in the same industry and companies with a similar scale and suggestions about necessity for corporate management. Then, the Personnel Division develops remuneration plans for each Director and the Officer responsible for Administration discusses it sufficiently with the President.

* Matters to be deliberated at meetings of the Nomination and Remuneration Committee concerning remuneration are as follows:

- Draft proposals to be submitted to the General Meeting of Shareholders concerning remuneration for Directors
- Decision policies regarding remuneration, etc. for each Director (including Executive Officers and management team members of the Group companies)
- Draft proposals for remuneration, etc., for each Director (including Executive Officers and management team members of the Group companies)

The remuneration amount for each Director who is an Audit and Supervisory Committee Member is determined by discussion of Directors who are Audit and Supervisory Committee Members, based on a proposal of the Remuneration Committee, within the limit of remuneration which has been resolved at the General Meeting of Shareholders.

- b. Matters concerning resolutions on remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members at the General Meeting of Shareholders

The upper limit of monetary remuneration for Directors consisting of monthly remuneration and bonuses for Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved to be within ¥500 million per year (including within ¥50 million for Outside Directors) at the 59th Ordinary General Meeting of Shareholders held on August 10, 2021. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) at the time of conclusion of said Ordinary General Meeting of Shareholders was six (including one Outside Director). Also, remuneration for subscription rights to shares allotted as stock option was approved to be within ¥30 million (including within ¥10 million for Outside Directors) per year at the 46th Ordinary General Meeting of Shareholders held on August 12, 2008. The number of Directors at the time of conclusion of said Ordinary General Meeting of Shareholders was eight (including two Outside Directors).

In addition, remuneration for monetary remuneration claims for granting restricted shares for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) was approved to be within ¥150 million per year at the 59th Ordinary General Meeting of Shareholders held on August 10, 2021. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) at the time of conclusion of said Ordinary General Meeting of Shareholders was five.

The upper limit of remuneration for Directors who are Audit and Supervisory Committee Members was approved to be within ¥100 million per year at the 59th Ordinary General Meeting of Shareholders held on August 10, 2021. The number of Directors who are Audit and Supervisory Committee Members at the time of the conclusion of said Ordinary General Meeting of Shareholders was three.

- c. Total amount of remuneration, etc. for Directors

Officer category	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)			Number of eligible officers (Persons)
		Basic remuneration	Performance-linked remuneration, etc.	Restricted shares	
Directors (excluding Audit and Supervisory Committee Members) (of which, Outside Directors)	293 (15)	114 (15)	155 (-)	23 (-)	4 (2)
Directors (Audit and Supervisory Committee Members) (of which Outside Directors)	71 (30)	71 (30)	- (-)	- (-)	4 (3)

Notes: 1. Employee salary is not paid to Directors because there are no Directors concurrently serving as employee at the Company.

- The amount of remuneration, etc. paid by consolidated subsidiaries to three of the seven Directors (excluding Directors who are Audit and Supervisory Committee Members) was ¥214 million. No Outside Directors received such remuneration.
- Indicators for the above performance-linked remuneration, etc. are “operating income and net income” of the consolidated results and results for the relevant fiscal year are stated in “Consolidated Statements of Income.”
- Regarding remuneration amounts for each person, President & Representative Director Jun Tsuruha, to whom authority has been delegated based on a resolution of the Board of Directors, determines the amount of basic remuneration for Directors and the amount of bonus distribution for each Director based on the payment criteria. The reason for delegation of such authority is that the Company believes that the Representative Director is suitable to evaluate divisions to which each Director was assigned while considering the Company’s results.
- The particulars of remuneration, etc., for each person for the relevant fiscal year were deliberated at the Nomination and Remuneration Committee and fully discussed between the President, the Personnel Division, and the Executive Officer responsible for Administration. Therefore, the Board of Directors has respected their decision and judged that said decision complies with the decision policy.

5) Matters concerning Outside Officers

The following is a summary of relationships between companies where outside officers hold significant concurrent positions and the Company, their main activities for the fiscal year under review, and duties performed relating to their expected roles.

a. Outside Director Wakana Tanaka

She is a Representative of LinkedIn Japan Co., Ltd. There are no special relationships between the Company and LinkedIn Japan Co., Ltd.

She attended all the 14 Board of Directors meetings held after her assumption and actively provided opinions and advice based on her wide and high-level knowledge and experience.

The Company has registered her with Tokyo Stock Exchange, Inc. as an Independent Director as set forth in the regulation of the stock exchange.

b. Outside Director Hiroshi Okuno

He is Managing Partner of KTSS Ltd. There are no special relationships between the Company and KTSS Ltd.

He attended all the 14 Board of Directors meetings held after his assumption and made remarks and gave advice using a wealth of working experience abroad from an international viewpoint.

The Company has registered him with Tokyo Stock Exchange, Inc. as an Independent Director as set forth in the regulation of the stock exchange.

c. Outside Director (Audit and Supervisory Committee Member) Harumi Sato

She is the Director of the Sapporo Branch of Anchor Licensed Tax Accountant Office. There are no special relationships between the Company and the Office.

She attended 17 of 18 Board of Directors meetings held during the fiscal year under review. With her considerable knowledge about finance and accounting, she provided useful opinions and advice on the Company's management from a professional viewpoint as a tax accountant. As an Audit and Supervisory Committee Member, she also attended 13 of 14 meetings of the Audit and Supervisory Committee and contributed to the auditing of the Directors' performance of their duties.

Besides, as a member of the Nomination and Remuneration Committee, she attended 13 of 14 committee meetings held and made remarks in the processes of selecting candidates for the Company's officers and setting officers' compensation from an objective and neutral standpoint.

The Company has registered her with Tokyo Stock Exchange, Inc. as an Independent Director as set forth in the regulation of the stock exchange.

d. Outside Director (Audit and Supervisory Committee Member) Takuya Okazaki

He is the Representative of Okazaki Takuya Law Offices and an outside director of both Hokuryo Co., Ltd. and Fulltech Co. Ltd. There are no special relationships between the Company and said Office and said two companies.

He attended all the 18 Board of Directors meetings held during the fiscal year under review and provided useful opinions and advice on the Company's management based on his abundant business experience as a lawyer and expertise on corporate legal affairs. As an Audit and Supervisory Committee Member, he also attended all 14 meetings of the Audit and Supervisory Committee and contributed to the auditing of the Directors' performance of their duties.

Besides, as a member of the Nomination and Remuneration Committee, he attended all 14 committee meetings held and made remarks in the processes of selecting candidates for the Company's officers and setting officers' compensation from an objective and neutral standpoint.

The Company has registered him with Tokyo Stock Exchange, Inc. as an Independent Director as set forth in the regulation of the stock exchange.

e. Outside Director (Audit and Supervisory Committee Member) Fumiyo Fujii

He is a full-time Audit & Supervisory Board Member of North Pacific Securities Co., Ltd. There are no special relationships between the Company and North Pacific Securities Co., Ltd.

He attended all the 18 Board of Directors meetings held during the fiscal year under review and provided useful opinions and advice on the Company's management based on his abundant experience and wide insight with thorough knowledge of financial operations. As an Audit and Supervisory Committee Member, he also attended all 14 meetings of the Audit and Supervisory Committee and contributed to the auditing of the Directors' performance of their duties.

Besides, as a member of the Nomination and Remuneration Committee, he attended all 14 committee meetings held and performed the supervision function from a leading standpoint in the processes of selecting candidates for the Company's officers and setting officers' compensation.

The Company has registered him with Tokyo Stock Exchange, Inc. as an Independent Director as set forth in the regulation of the stock exchange.

No outside officers have received any amount of remuneration, etc. from any subsidiaries, etc. of the Company during the fiscal year under review.

Consolidated Balance Sheet

(As of May 15, 2024)

(Millions of yen)

Assets		Liabilities	
Description	Amount	Description	Amount
Current assets		Current liabilities	
Cash and deposits	58,688	Accounts payable – trade	114,143
Accounts receivable – trade	47,504	Current portion of long-term loans payable	7,200
Merchandise	147,076	Accounts payable – other	19,415
Raw materials and supplies	97	Lease obligations	1,437
Other	20,483	Income taxes payable	8,794
Total current assets	273,850	Contract liabilities	16,608
Non-current assets		Provision for bonuses	6,766
Property, plant and equipment		Provision for directors’ bonuses	665
Buildings and structures	82,183	Provision for point card certificates	285
Tools, furniture and fixtures	16,747	Other	5,910
Land	15,811	Total current liabilities	181,229
Leased assets	13,466	Non-current liabilities	
Construction in progress	2,335	Long-term loans payable	25,075
Other	0	Lease obligations	16,327
Total property, plant and equipment	130,545	Deferred tax liabilities	6,934
Intangible assets		Net defined benefit liability	3,014
Goodwill	21,863	Asset retirement obligations	4,869
Software	2,828	Other	4,025
Other	4,593	Total non-current liabilities	60,247
Total intangible assets	29,285	Total liabilities	241,476
Investments and other assets		Net assets	
Investment securities	34,181	Description	Amount
Deferred tax assets	6,230	Shareholders’ equity	
Guarantee deposits	70,872	Capital stock	11,535
Other	4,304	Capital surplus	21,449
Allowance for doubtful accounts	(49)	Retained earnings	231,896
Total investments and other assets	115,539	Treasury shares	(5,314)
Total non-current assets	275,369	Total shareholders’ equity	259,567
		Accumulated other comprehensive income	
		Valuation difference on available-for-sale securities	22,150
		Remeasurements of defined benefit plans	207
		Total accumulated other comprehensive income	22,358
		Subscription rights to shares	2,017
		Non-controlling interests	23,799
		Total net assets	307,743
Total assets	549,220	Total liabilities and net assets	549,220

Consolidated Statements of Income

(May 16, 2023 — May 15, 2024)

(Millions of yen)

Description	Amount	
Net Sales		1,027,462
Cost of sales		715,185
Gross profit		312,276
Selling, general and administrative expenses		263,071
Operating Income		49,205
Non-operating income		
Interest income	118	
Dividend income	279	
Subsidy income	385	
Gain on donation of equipment	581	
Rent income	242	
Insurance income	317	
Other	405	2,330
Non-operating expenses		
Interest expenses	1,553	
Early withdrawal penalty	218	
Other	460	2,232
Ordinary Income		49,304
Extraordinary income		
Gain on sales of non-current assets	6	
Gain on sale of investment securities	3	10
Extraordinary losses		
Loss on retirement of non-current assets	146	
Impairment loss	7,434	
Loss on disaster	134	7,714
Income before income taxes		41,599
Income taxes – current	15,095	
Income taxes – deferred	(361)	14,733
Net income		26,866
Net income attributable to non-controlling interests		2,760
Net income attributable to owners of the parent		24,105

Non-Consolidated Balance Sheets

(As of May 15, 2024)

(Millions of yen)

Assets		Liabilities	
Description	Amount	Description	Amount
Current assets		Current liabilities	
Cash and deposits	22,402	Current portion of long-term loans payable	6,000
Accounts receivable – trade	873	Accounts payable – other	1,229
Supplies	0	Accrued expenses	6
Short-term loans receivable from subsidiaries and affiliates	171	Income taxes payable	102
Income taxes receivable	1,374	Deposits received	2
Other	592	Provision for bonuses	57
Allowance for doubtful accounts	(171)	Provision for directors’ bonuses	242
Total current assets	25,242	Other	140
Non-current assets		Total current liabilities	7,783
Property, plant and equipment		Non-current liabilities	
Buildings	0	Long-term loans payable	20,000
Tools, furniture and fixtures	45	Other	13
Total property, plant and equipment	45	Total non-current liabilities	20,013
Intangible assets		Total liabilities	27,797
Software	2,191	Net assets	
Software in progress	3,511	Description	Amount
Other	0	Shareholders’ equity	
Total intangible assets	5,703	Capital stock	11,535
Investments and other assets		Capital surplus	
Shares of subsidiaries and affiliates	124,612	Legal capital surplus	44,818
Deferred tax assets	55	Other capital surplus	2,452
Long-term loans receivable from subsidiaries and affiliates	5,000	Total capital surplus	47,270
Other	240	Retained earnings	
Total investments and other assets	129,908	Legal retained earnings	15
Total non-current assets	135,657	Other retained earnings	77,578
		General reserve	861
		Retained earnings brought forward	76,717
		Total retained earnings	77,593
		Treasury shares	(5,314)
		Total shareholders’ equity	131,085
		Subscription rights to shares	2,017
		Total net assets	133,102
Total assets	160,900	Total liabilities and net assets	160,900

Non-Consolidated Statements of Income

(May 16, 2023 – May 15, 2024)

(Millions of yen)

Description	Amount	
Operating revenue		22,515
Operating expenses		8,100
Operating Income		14,415
Non-operating income		
Interest income	14	
Dividend income	1	
Reversal of allowance for doubtful accounts	18	
Sponsorship money income	9	
Other	12	55
Non-operating expenses		
Interest expenses	42	
Other	4	46
Ordinary Income		14,423
Income before income taxes		14,423
Income taxes – current	235	
Income taxes – deferred	(8)	227
Net income		14,196

Independent Auditor's Report

July 4, 2024

To the Board of Directors
TSURUHA HOLDINGS INC.

KPMG AZSA LLC
Sapporo Office
Keisuke Muramatsu, CPA
Designated Limited Liability Partner,
Engagement Partner
Yoshinori Tanikawa, CPA
Designated Limited Liability Partner,
Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheets, the consolidated statements of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements of TSURUHA HOLDINGS INC. (the "Company") for the fiscal year from May 16, 2023 through May 15, 2024.

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

Basis for the Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

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

Independent Auditor's Report

July 4, 2024

To the Board of Directors
TSURUHA HOLDINGS INC.

KPMG AZSA LLC
Sapporo Office

Keisuke Muramatsu, CPA
Designated Limited Liability Partner,
Engagement Partner

Yoshinori Tanikawa, CPA
Designated Limited Liability Partner,
Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non- consolidated financial statements, which comprise the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statement of changes in equity and the related notes, and the accompanying supplementary schedules of TSURUHA HOLDINGS INC. (the "Company") for the 62nd fiscal year from May 16, 2023 through May 15, 2024.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

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

The Audit and Supervisory Committee's Audit Report

Audit Report

The Audit and Supervisory Committee audited the execution of duties by Directors for the 62nd fiscal year from May 16, 2023 to May 15, 2024. The committee hereby reports the method and results of the audits as follows.

1. Methods and Descriptions of Audits

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

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

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

2. Results of Audit

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

- 1) In our opinion, the Business Report and its supplementary schedules fairly represent the Company's condition in accordance with laws and regulations and the Articles of Incorporation.
- 2) With regard to the execution of duties by Directors, we have found no evidence of wrongful action or material facts in violation of laws and regulations or the Articles of Incorporation.
- 3) In our opinion, the contents of the resolutions by the Board of Directors related to the internal control systems are fair and reasonable.
In addition, we have found no matters to be noted with regard to the descriptions in the Business Report or the execution of duties by Directors related to such internal control systems.

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

In our opinion, the audit methods employed and results rendered by KPMG AZSA LLC, the Accounting Auditor, are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the audit methods employed and results rendered by KPMG AZSA LLC, the Accounting Auditor, are fair and reasonable.

July 5, 2024

The Audit and Supervisory Committee, TSURUHA HOLDINGS INC.

Standing Audit and Supervisory Committee Member	Masahiro Ofune	Seal
Audit and Supervisory Committee Member	Harumi Sato	Seal
Audit and Supervisory Committee Member	Takuya Okazaki	Seal
Audit and Supervisory Committee Member	Fumiyo Fujii	Seal

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