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TSURUHA HOLDINGS

TSURUHA HOLDINGS INC. New Medium-Term Management Plan

June 21, 2022

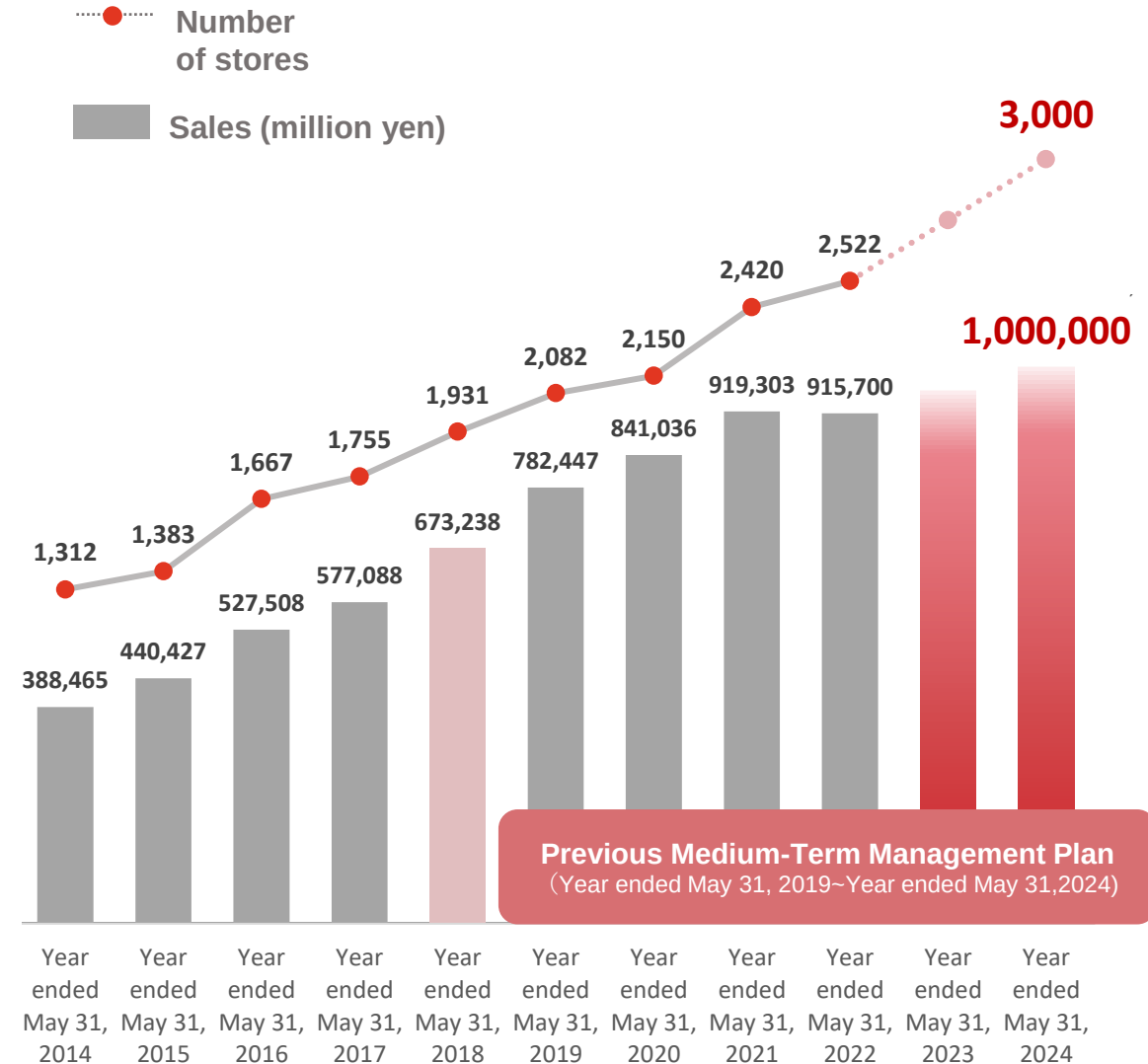
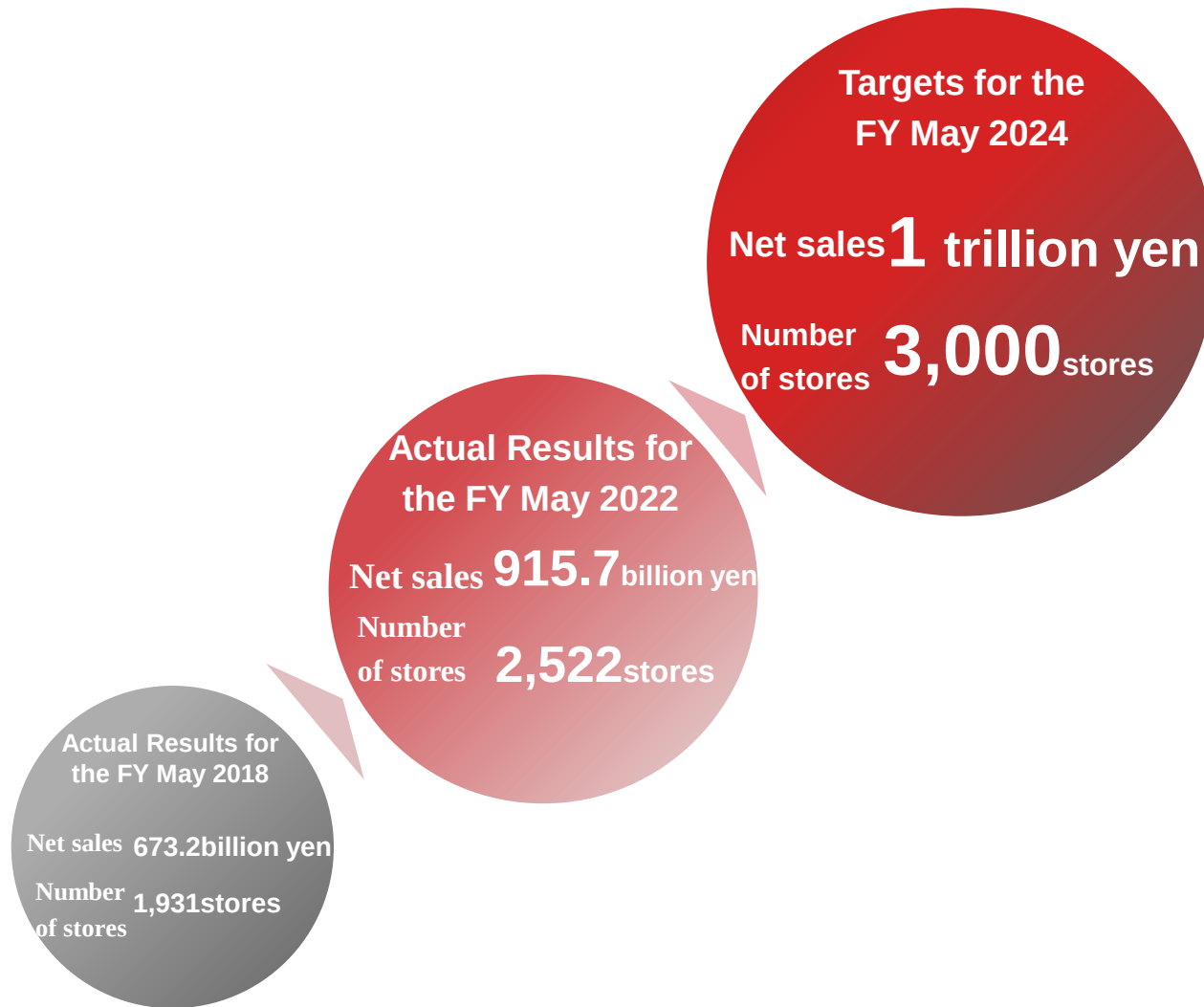
The Company's plans, earnings forecasts, and strategies appearing in this presentation are based on the judgement of the Company's management from information obtainable as of the date of this presentation. Please be aware that these correspond to forward-looking statements and that actual results could vary greatly due to various risks and uncertainties outlined below.

Smile for medicine! and life!
TSURUHA Group

Review of Previous Medium-Term Management Plan

- 1 Review of Previous Medium-Term Management Plan**
- 2 New Medium-Term Management Plan
- 3 Financial Policies and Quantitative Targets
- 4 Sustainable management

Review of Previous Medium-Term Management Plan



Summary of Focus Topic Achievements and Challenges



Pursuit of expertise and convenience

- Introduced new varieties of products (fresh food, ¥100 shops)
- Established a group-wide education program
- Built a foundation for DX (digital transformation) promotion
- Utilized registered nutritionists (customer service and product planning)

Achievements

- Promotion of the dispensing pharmacy business
- Expand points of contact with customers through digital strategies
- Strengthen the e-commerce business
- Review the price range composition of beauty products

Challenges



Store development based on dominant market strategy

- Expanded geographical areas for development (※to 40 Prefectures from 33 in the FY May 2018)
- Concentrated store openings in new areas
- Increased market share in 29 prefectures (※ No.1 share in 11 prefectures from 8 in the FY May 2018)

- Further strengthen existing stores
- Increase market share in existing areas
- Improve precision of store openings
- Shorten the time to achieve profitability



Development of private brand: expand range and appeal of products

- Creation and expansion of our group-wide brand "Kurashi Rhythm"
- Sale of all SKU※1 "Kurashi Rhythm" at group operating companies
- Product development and nurturing in healthcare and beauty care fields

- Expand lineup of high-value-added PBs (Including Ethical Consumption and Environmentally Conscious Products)
- Increase PB as a percentage of sales
- Improve product development in food categories



Strengthen organizational capabilities and profitability of the group

- Gross profit margin improved due to an increase in buying power (※ ex: 26.9% gross profit margin on daily necessities from 23.8% in the FY ending 5/31/18)
- Enhanced the governance structure (Transitioned to a Company with an Audit Committee)

- Improve the management system for financial results (Improve the accuracy of analytics and control SG&A expenses)
- Establish and Improve the organizational structure with the aim of realizing sustainable management
- Optimize the Group's internal organization

※1・・・Abbreviation of "Stock Keeping Unit." In our group, refers to the private brand products.

1

Initial plan

FY May 2024 Net sales expected to reach 1 trillion yen

2

Current Situation

Decline in profitability due to sudden changes in the market environment

① Spread of COVID-19

(Reactionary decline and delays in responding to lifestyle changes)

② Impact of the Ukrainian situation, etc.

(Increase in commodity prices due to energy and raw material price hikes)

3

Plan for the Next Fiscal Year

Formulation of new Medium-Term Management Plan to establish a firm foundation

① Three-year period ending May 2025: Formulated a new medium-term management plan with **improving profitability as a top priority**

FY May 2025: Net sales 1.06 trillion yen, operating income margin 5.0%

② Four-year period ending May 2029: Positioned as **a phase of regrowth** after transforming into a lean corporate structure

FY May 2029: Net sales 1.5 trillion yen, operating income margin 6.0%

New Medium-Term Management Plan

- 1 Review of Previous Medium-Term Management Plan
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Sudden changes in lifestyles due to the impact of COVID-19

Peripheral industries are becoming more oligopolistic amid accelerating EC demand

Changes in domestic market conditions

- Consumer EC Demand Accelerates
- Oligopolization among major industry players in drugstores, food supermarkets, home centers, and dispensing
- Continuous aggressive store-opening campaign in the drugstore industry

Lifestyle changes

Significant changes in lifestyles due to the spread of infectious diseases in COVID-19

- Decrease in income
- Decrease in opportunities to go out
- Increase in stay at home
- Avoiding prolonged stay
- Avoid the "Three Cs"
- Unspecified number of contact aversions

Trends in ASEAN Region

- Expansion of demand by convergence of COVID-19
- Expansion of the retail market due to population growth
- Improving access to healthcare through the development of a social insurance system
- Pharmaceutical market size has been on an uptrend since 2022

※Ministry of Economy, Trade and Industry, "Country Report on International Expansion of Medical Technology," March 2021

Factors and Measures for Earnings Deterioration in the Previous Fiscal Year

Strategic factors

Factors behind the deterioration in earnings

Impact of store openings

- Excessive competition due to overstore
- Excessive store openings and an increase in unprofitable stores

Delay in responding to changes in consumer lifestyles

- Slump in institutional cosmetics
- Shortage of response to demand for food, including fresh food
- Delay in developing PB products that meet consumer needs

Delay in response to dispensing and DX

Measures

Focus on opening stores of properties with earnings potential

- Converting a certain percentage of stores to company-owned properties
- Prompt closure of unprofitable stores
- Expand regional market share with a focus on dominant store openings

- Creating sales floors that immediately respond to consumer needs
- Customer management and customer service using digital cosmetics ledgers
- Review of sales promotion measures
- Strengthen PB product development mainly in the food category

- Pursuit of specialization through various data linkages centered on applications (Electronic Medication Record Book)
- Enhance convenience by diversifying access to pharmacies

Prolonged slump in consumption due to the impact of COVID-19

Various price hikes due to soaring oil prices and resource supply shortages caused by the Ukraine conflict

Decrease in revenue due to increased commissions from accelerating social penetration of cashless payment

- Cost reductions due to improved buying power and Increase in gross profit due to measures to pass on cost increases
- Expansion of points of contact with customers, such as e-commerce and online dispensing

- Reduce commissions by introducing in-house settlement services

Factors in the external environment

Management Philosophy, Basic Policies, and Vision of the Targeted Group

Management Philosophy

Provide affluence and leeway in the
lives of our customers

Basic Policy

Contribute to local communities by
serving as a lifeline to protect local
customers, helping them lead beautiful
and healthy lives, and providing a place
for local lifestyles, employment, and
economic activities.

Vision of the Targeted Group

The largest and best drug chain in Japan,
promoting business activities to realize our
management philosophy and to enhance
actions to solve social issues.

Positioning of the New Medium-Term Management Plan (Three Years)

Severe external environment

Although we planned to accelerate our goal of reaching 1 trillion yen in sales by FY May 2024, COVID-19 caused ups and downs in our business performance.

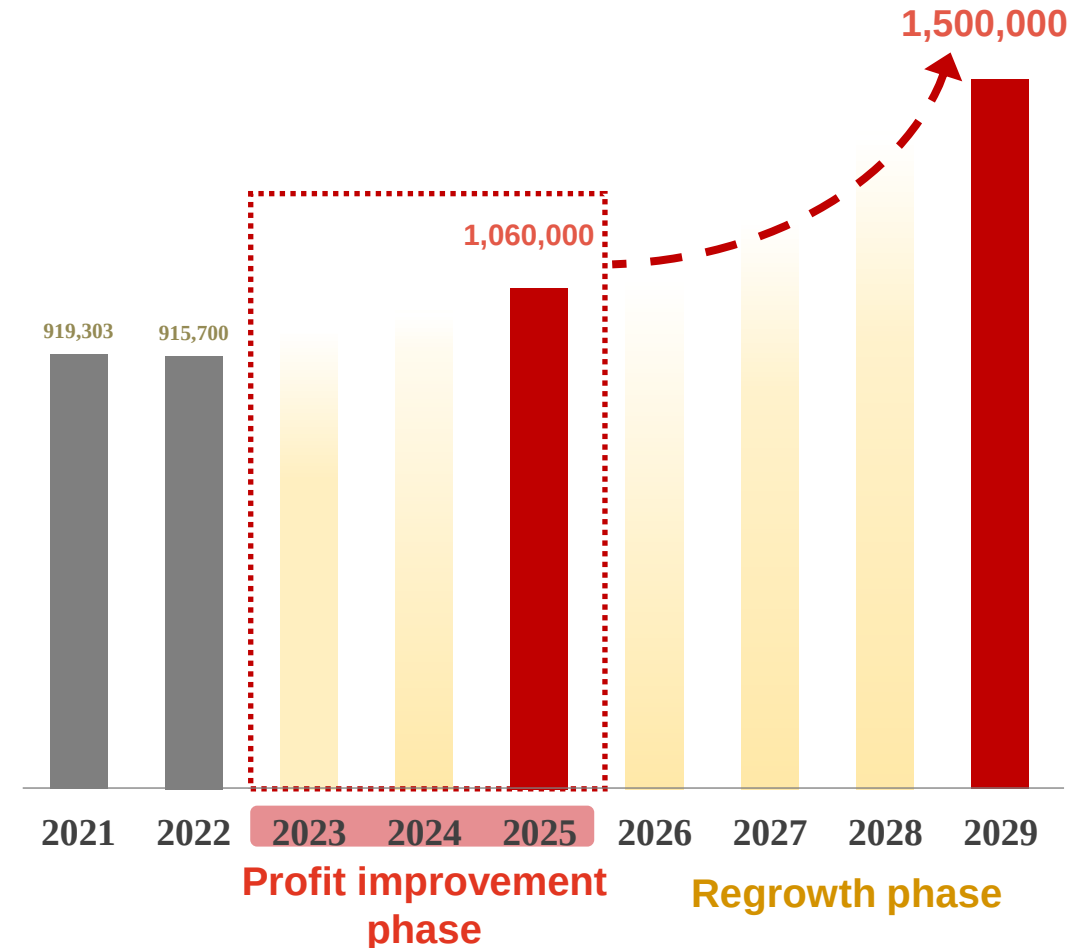
- In the previous fiscal year, the company failed to achieve its goal due to its inability to respond to changes in the external environment and consumer lifestyles.
- The impact of COVID-19 is still uncertain, and the sharp rise in energy and various prices due to the situation in Ukraine is also difficult to predict.

Formulation of the New Medium-Term Management Plan (Three Years)

We have determined that transforming into a leaner corporate structure and establishing a framework for the next major growth will contribute to our medium- to long-term development.

- The three years from this fiscal year will be the "**Profit Improvement Phase**" and will be used as the stage for establishing a foundation for subsequent goals.
- After that, the company plans to announce a new Medium-Term Management Plan for the "**Regrowth phase**" with the aim of achieving sales of 1.5 trillion yen and an operating margin of 6% as soon as possible.

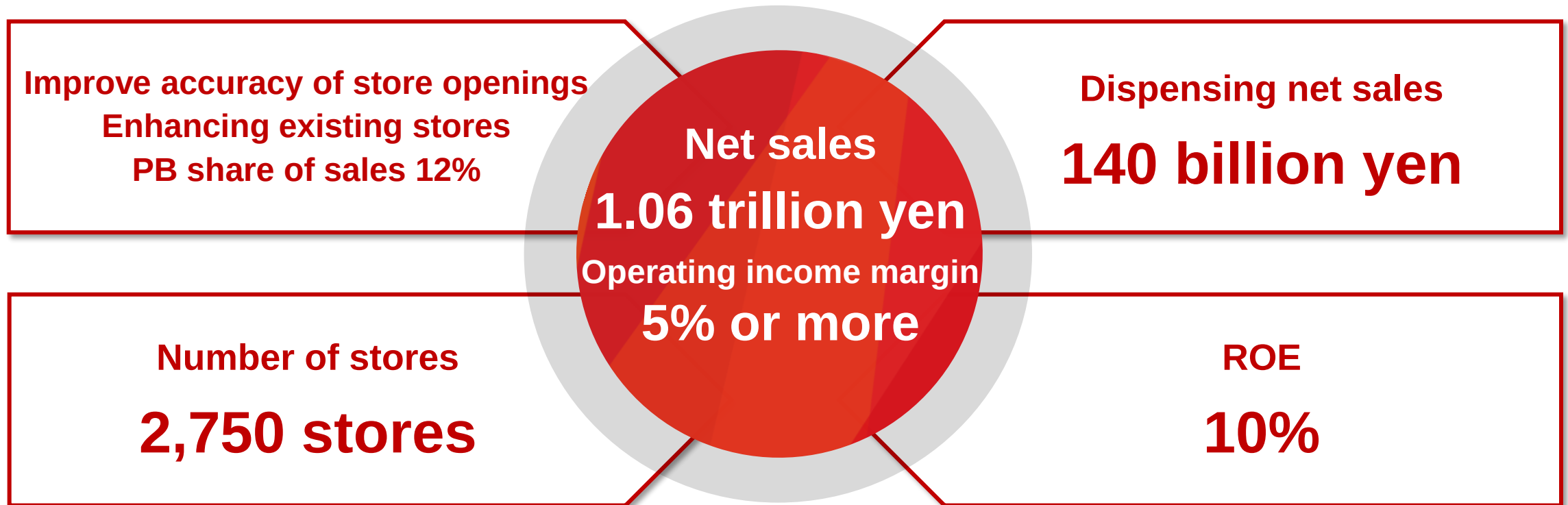
Image of Future Medium-to Long-Term Plan



Overview of the New Medium-Term Management Plan

-Establishing a Foundation for 1.5 trillion Yen-

Management Plan for the Fiscal Year Ending May, 2025



DX(Digital Transformation)



Store Strategy

- 2750 stores for the Group as a whole by FY May 2025
- 1. For the 40 prefectures with existing stores, further strengthen dominance and open stores with dispensing pharmacies
- 2. Decrease the pace of store openings, aim for increased accuracy in new stores openings. Aim to improve the profitability of existing stores.



Dispensing Strategy

- Increase current dispensing sales of about 100 billion yen to 140 billion yen by FY May 2025
- Strengthen our store openings, centering on the establishment of new stores, Plans are to increase the current 760 stores to 1,170.
- Improve pharmacy functions through incentives and an increase in the number of sheets sold to respond to anticipated revisions.



PB Strategy

- Get ratio of private brand product sales to 12% in FY 5/25
- Strengthen the product series lineup
- Promotion of joint product development with major manufacturers (Double Chop ※1)



DX Strategy

- Build a foundation for the next generation by revamping internal systems in each division
- Strengthen customer engagement by deepening digital marketing. Quickly catch up with lifestyle and social changes such as e-commerce and online dispensing



Finance Strategy

- Improve profitability and capital efficiency while continuing to invest in growth
- By FY May 2025 : Achieve operating margin of 5%, ROE of 10%
- By FY May 2029 : Achieve operating margin of 6%, ROE of 12%
- Shareholder returns from FY May 2023 to FY May 2025
- Base on a dividend payout ratio of 50%~70%**

※1・・・Store brand products developed jointly with major manufacturers

Key Strategies: Store Strategy, Improved Accuracy of Openings, Improve Existing Stores

Further strengthening of dominance in areas where stores have already been opened* and opening of new stores with dispensing pharmacy

(Currently have opened stores in 40 prefectures)

Strengthen dominance in existing areas

- Domination of stores in a market area of 15,000 people and subdivide them into a market area of 7,000 people
- Expand sales floor space in suburban stores, centered on conventional 300-tsubo class stores, and promote dominant opening of small-scale stores in urban stores
- Expect to attract more customers and increase sales per customer due to improved convenience associated with line robbing¹
 - *Establishment of sales floor formats for each Group company and their use in other regions
 - *Creating stores that are more accessible and convenient, and building a foundation that competitors cannot penetrate

Examples: handling 100-yen products, barber and beauty salons, clothing, fresh flowers (horticulture), fresh produce (fruit and vegetables, meat, fresh fish), etc.
Installation of charging stations in parking lots, etc.

Conversion of existing stores to include a dispensing pharmacy

- HD dispensing outlets to account for 30% of total dispensing outlets in FY5/22 to 42% in FY5/25
 - *Many of the existing stores have already installed spaces scheduled to be used for dispensing Perform systematic conversion to co-location of dispensing pharmacies in to contribute to regional medical care



※1・・・ Increase market share by expanding the product lineup of new products

Improve accuracy of store openings and existing stores

Increase accuracy without unreasonable acceleration of store openings

Increase in highly profitable stores

- Under over-store conditions, achieve store openings that ensure profitability rather than number of store openings
- Restraining store openings in areas where we do not leap or have dominance
- Review of store openings in areas with declining populations
- Stricter standards for store openings

KPIs for store openings

- 13th Month Operating Profitability
- Setting the payback period

Improve the profitability of existing stores

Reform of existing stores

- Strengthen central buying, including standardization of intra-group books
- Improve sales floors, review the number of SKUs, improve shelf allocation, and set competitive selling prices to realize attractive sales floors for customers
- Change to an organizational management system that can respond immediately to changes in customers' lifestyles
- Review and strengthen the overall development of the cosmetics category, including self-selection cosmetics products
- Renovation and elimination of existing stores and aggressive S&B
- Company-wide efforts to reduce costs (utilities, etc.)

Major External Environment

Dispensing Pharmacies and Medical Expense Trends

- Continued Tightening of Healthcare Resources (Compensation Decrease)
- Accelerate the shift from "object-to-person" (efficiency of healthcare investment)
- Institutional reforms and deregulation under the slogan "Data Health Reform"
- Commoditization of drugstores
- Promotion policy of "Family" including home care
- Decrease in the number of prescriptions per store

Other external factors

- Changes in "Pre-Pandemic" and "Post-Pandemic" (prevention promotion, etc.)
- Era that is difficult to predict, requires responsiveness and foresight
- Chronic shortage of pharmacists, particularly in rural areas
- Growing needs to respond to "From Cradle to Grave"

Major Initiatives

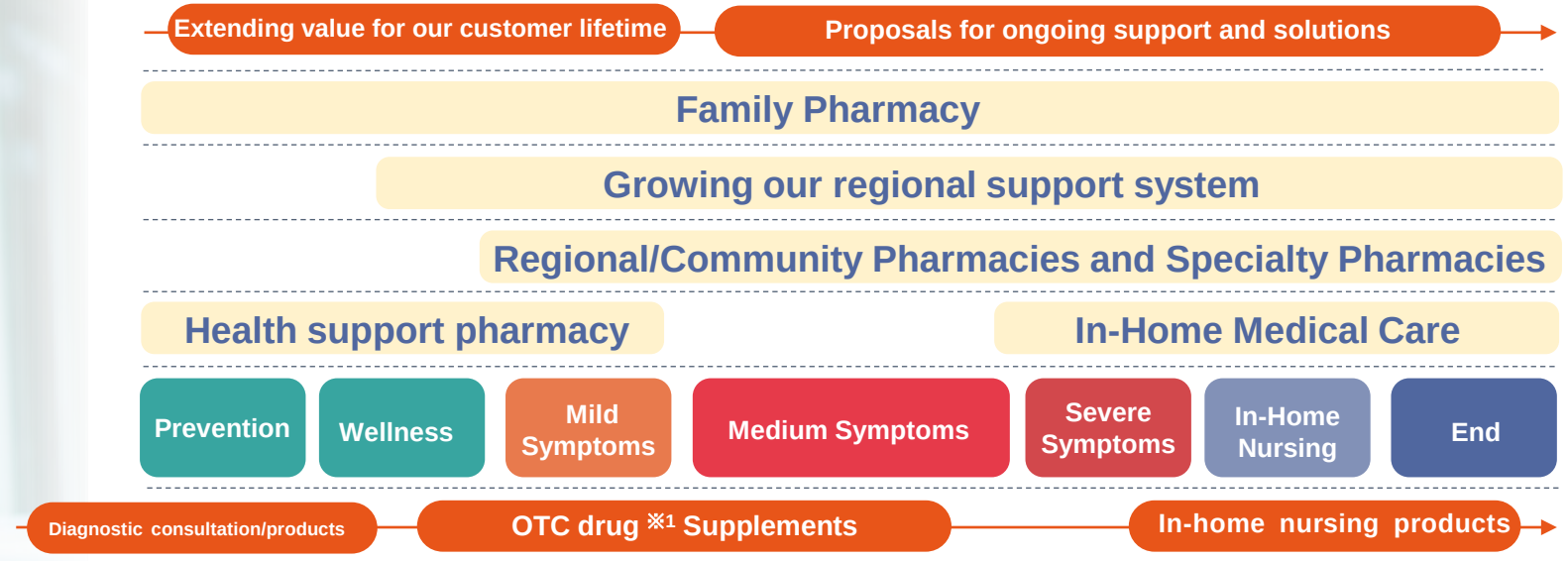
- ① **Improve convenience** by diversifying pharmacy access channels
- ② **Promote treatment and prevention** by using information and communication technology to strengthen patient and multi-occupational contact points
- ③ **Aggressive calculation of "Special Posting medical fees" (facility standards) by improving pharmacy functions**
- ④ **Increase in premiums** by promoting family care business
- ⑤ **Operation of marketing strategy in the dispensing division**
- ⑥ **Improve accuracy of store openings**
- ⑦ **Increase the number of dispensing pharmacies** at existing stores
- ⑧ **Reorganize and strengthen** the dispensing development division in order to attract hospital practitioners
- ⑨ **Securing high-quality pharmacists commensurate** with store opening plans
- ⑩ **Development of generalist human resources**

Key Strategies: Dispensing Strategy ②



From “patients” to “consumers”
From “clinical” to “everyday life”

Extending value for our customers’ lifetime enhancing our earnings.



In an era of a declining birthrate, aging population, and digital healthcare, we aim to transform ourselves into a company that can provide continual support through solution-oriented proposals by attending to everyone, both when they are sick (as patients) and within their everyday life, (general consumers).

We will work with consumers to popularize and promote self-care.

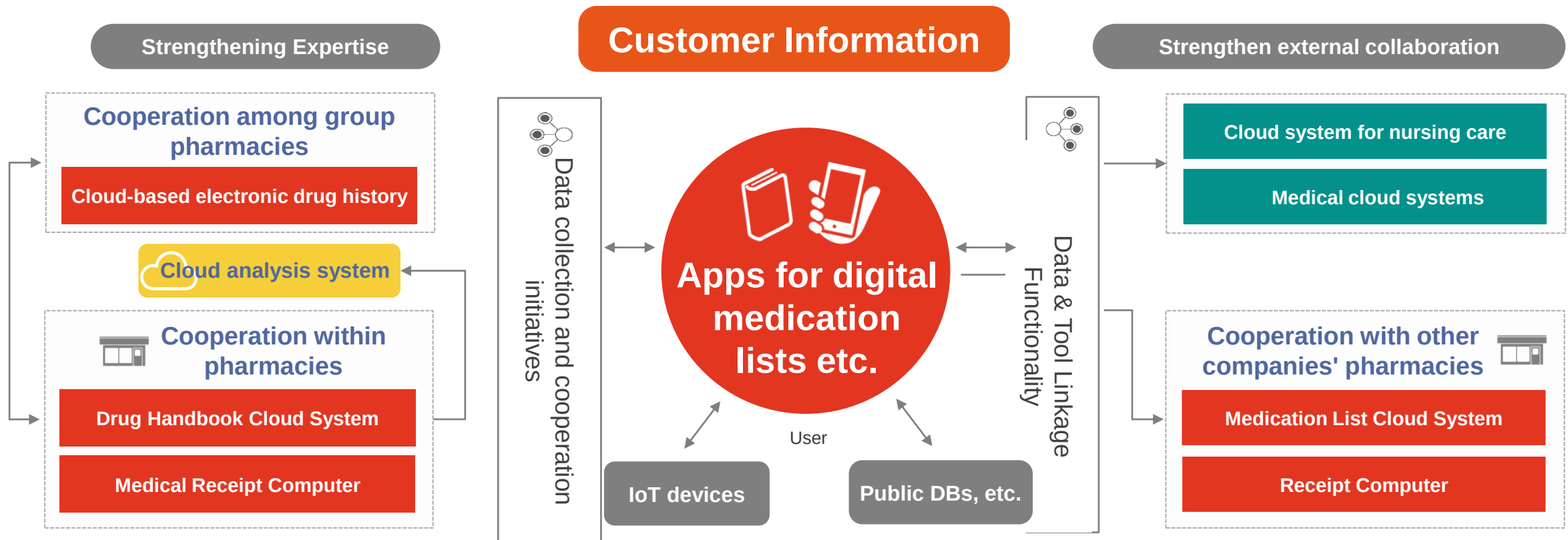
While promoting DX, we will respond to deregulation and revisions to benefits, improve our convenience and expertise, and aim to not only work on calculating additional fees and increasing prescriptions at dispensatory pharmacies, but also to **extend the lifetime value for customers of drugstores and dispensatory pharmacies as a whole.**

※1・・・Over the Counter pharmaceuticals

Key Strategies: Dispensing Strategy ③

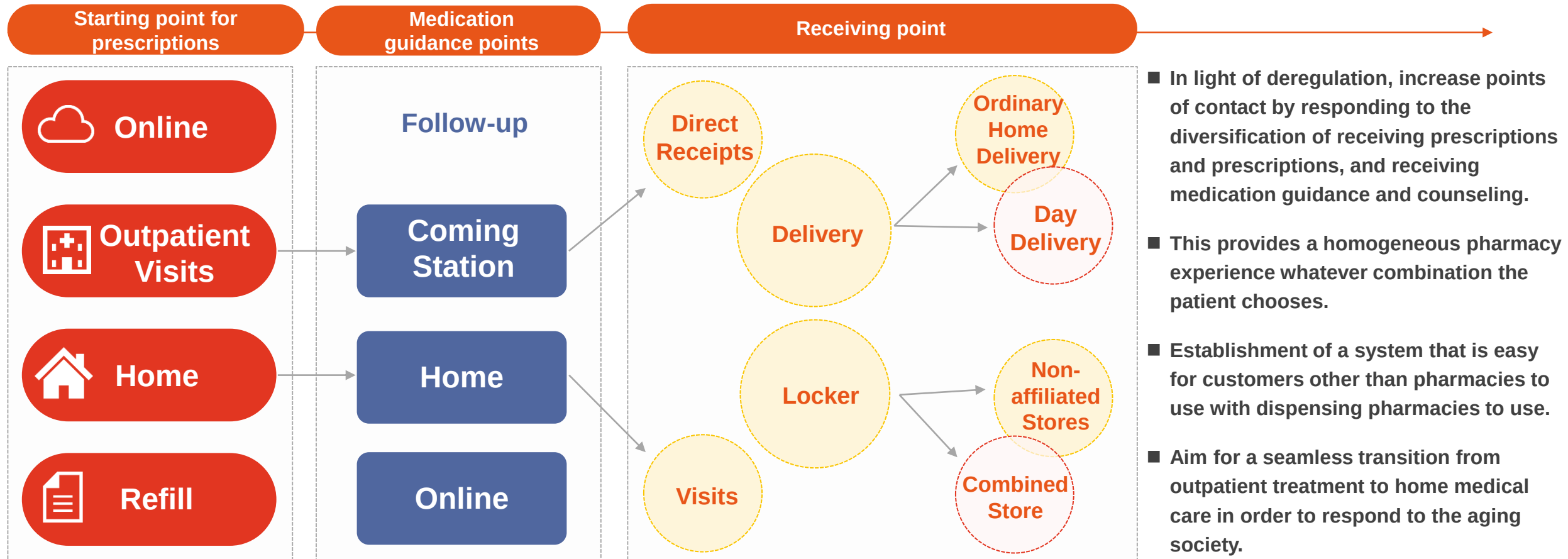
Improving treatment and prevention by an increase in patient/health care points of contact

By linking data mainly from patient-owned apps such as digital prescription records and in-house apps, we aim to contribute to data health, enhance treatment effectiveness, and promote prevention. Clarify the policy that ID-POS will be used to “improve customer convenience” with clear targeting.



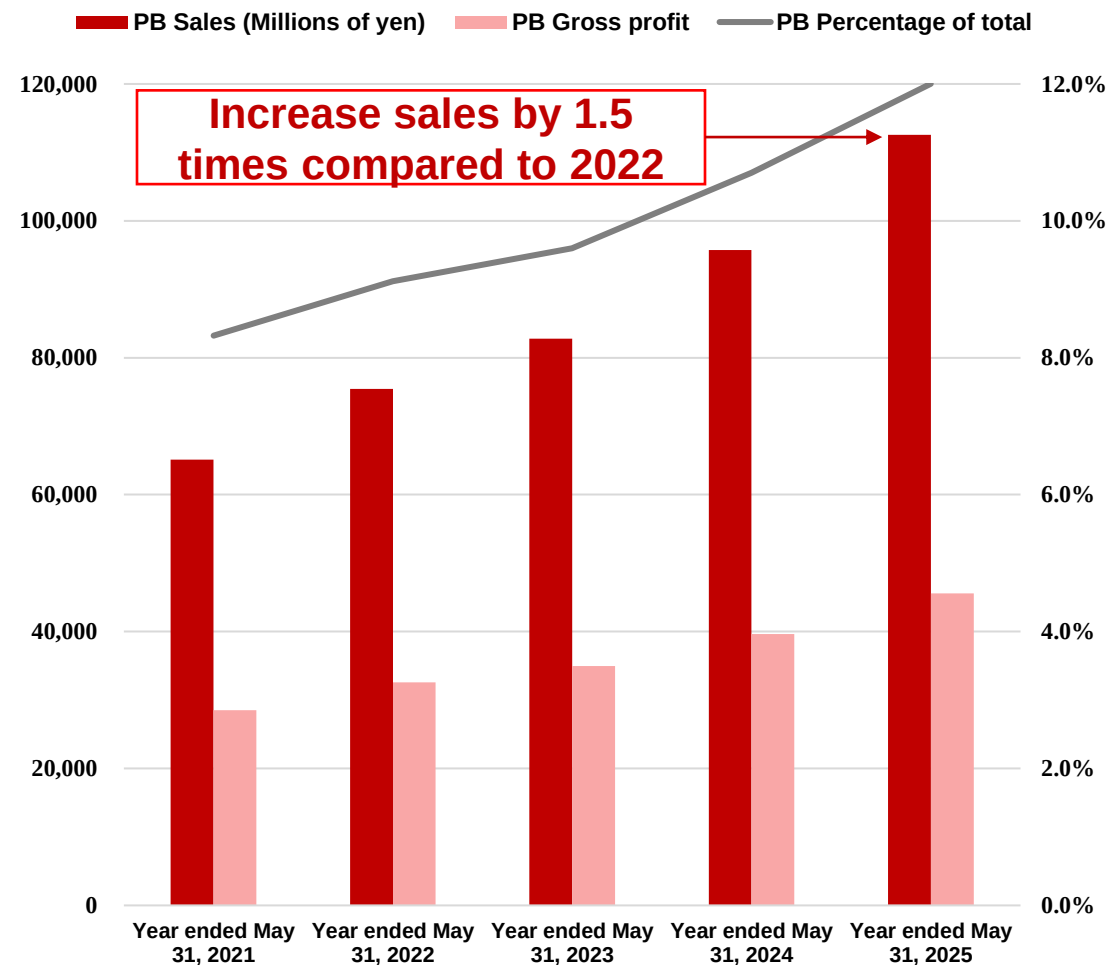
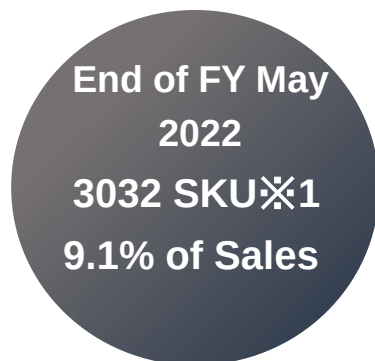
Key Strategies: Dispensing Strategy ④

Concept of diversifying pharmacy access channels (Enhanced convenience)



To achieve 12% of PB product sales composition | PB Products Sales Composition

- Strengthen lineup of PB series
Strengthen collaboration with Category MD through organizational review
- Promote jointly developed products with major manufacturers
Develop products in categories that are highly food and manufacturer-oriented
- Promoting Product Development with Our Managed Nutritioners
Develop health-oriented products that can be differentiated through value appeal
- Maintain product freshness by regularly checking category contributions and repeat rate
- Develop environmentally conscious products and respond to changes to environmentally conscious packages
(Natural origin, De-plasticization, 3R Circular Economy, etc.)



※1 ... Abbreviation for "Stock Keeping Unit. In our group, it refers to the number of PB product items.

Key Strategies: DX Strategy ①

Number of Customer Contacts of the Tsuruha Group



Significant Increase in Digital App Member Ratio

- Digital migration of loyal customers
⇒ Deepen bonds and make fans even more loyal
- Increase frequency of store visits through digital sales promotion
⇒ 1.5 times more visits to stores than general members

Total membership from the previous quarter
About 112%

Number of app members from the previous quarter
About 156%

Total membership
End of May 2022
13.5 million

App Number of digital subscribers
End of May 2022
3.9 million

Number of active users

Number of App downloads
7.5 million DL
Number of members signed up
5.5 million

Targets for FY May 2023

※Number of active users = Members who have purchased at least once a year

Deepening Digital Marketing



Customer Contact Strategy

FY May 2025

Aim for 110% of annual per capita purchases

Target to strengthen acquisition of digital app members: 50%

Retail Media Strategy

- Taking on the Challenge of Advertising Business -

Strengthening information and advertisement distribution using owned media

Using the store as a base for information dissemination, proposing new services to local customers



Use of Beacons and Digital Signage

Strengthening Advertising Distribution (including other industries)

**AD Advertising
Orders Received
YoY
approx. 242%**



Investment in IT Infrastructure Development to Support DX Strategy

Reinforcement and renewal of IT infrastructure with a view to the next 10 years
(Maintenance with a view to a business scale of 3 trillion yen)

Total investment amount of 10 billion yen or more



Core Systems

Standardization of
Operations



Dispensing System

Enhanced Security



Managing System

Strengthening inter-
system collaboration



New Network

Responding to Diverse
Work Styles



New network
Construction of
(Zero Trust)

Overseas Strategy

Expand business scale in Thailand
With an eye on the world after COVID-19,
promote plans to open stores in the
ASEAN region other than Thailand

Strengthen e-commerce as a sales
channel for customers (respond to
changing changing times)
Enhance and expand base centers
Establishment of e-commerce scheme
using Group stores (BOPIS, etc.)
Triple sales compared to 2022

Enhancement of EC

Business Domain

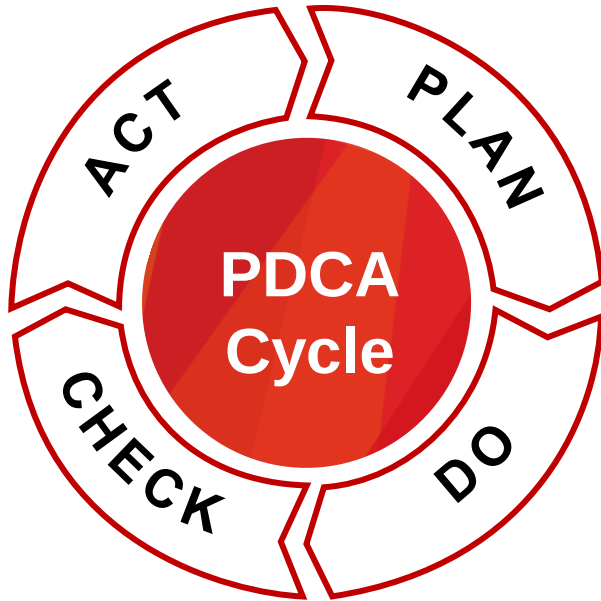


New Businesses

Explore new business outside the
drugstore segment
(from a seller of goods to a company that
provides comprehensive support to
customers)
Consideration of BaaS business starting
with in-house cashless payment

Establish a performance management system and reduce SG&A expenses

Established FP&A (Performance Management) Department Establish a PDCA cycle for effective performance management



- P** Improving the accuracy of budget preparation
- D** Budget execution
- C** Thorough budget/actual management
- A** Implementation of countermeasures

- 1** **Focused management and control** of labor costs, utilities costs, and private consumption (waste), etc.
Regarding land rent and rent, we will strive to optimize leasing/in-house ownership and **reduce costs**. In addition, by developing in-house money, the cost of electronic money, etc. **will be curbed**.
- 2** **Accelerate the efficiency** of on-site operations through the introduction of self-checkout systems, operation and expansion of LSP (automatic shift preparation), and introduction of dispensing and drug history systems, etc.
- 3** Review the Group's internal organization to **reduce head office management costs**.
- 4**

Financial Policies and Quantitative Targets

- 1 Review of Previous Medium-Term Management Plan
- 2 New Medium-Term Management Plan
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Basic Policy

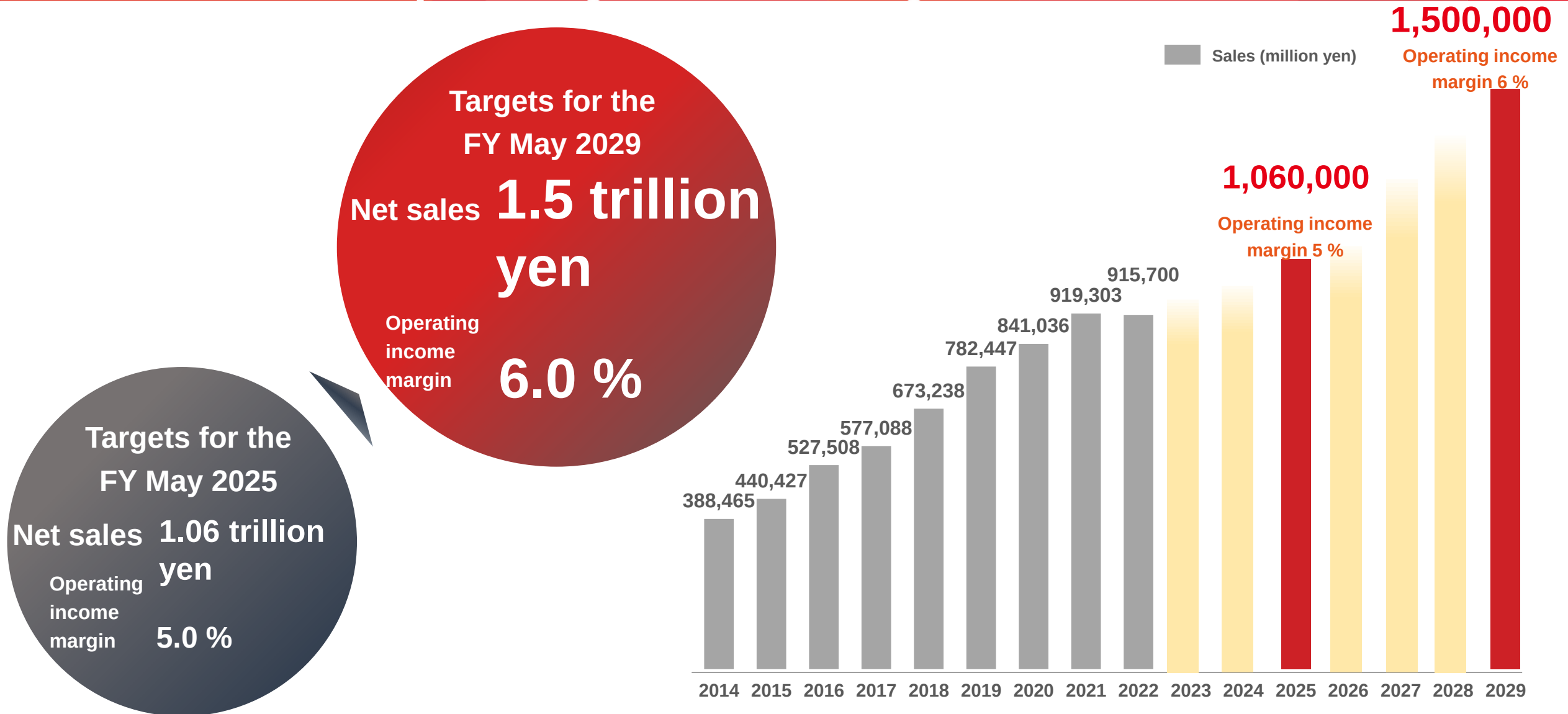
Maintain a high sales growth rate and expand profits in excess of the cost of capital in order to increase sustainable corporate value

Financial KPI

	FY May 2022	Phase1 FY May 2025	Phase2 FY May 2029	
Sales (billions of yen)	915.7	1,060	1,500	Organic growth, New business growth, M&A
Operating income margin	4.4%	5.0%	6.0%	Improve operating income margin by promoting key strategies
Operationg profit (billion yen)	40.5	53	90	
ROE	8.4%	10% or more	12% or more	To achieve a high level of capital efficiency in excess of the cost of equity capital

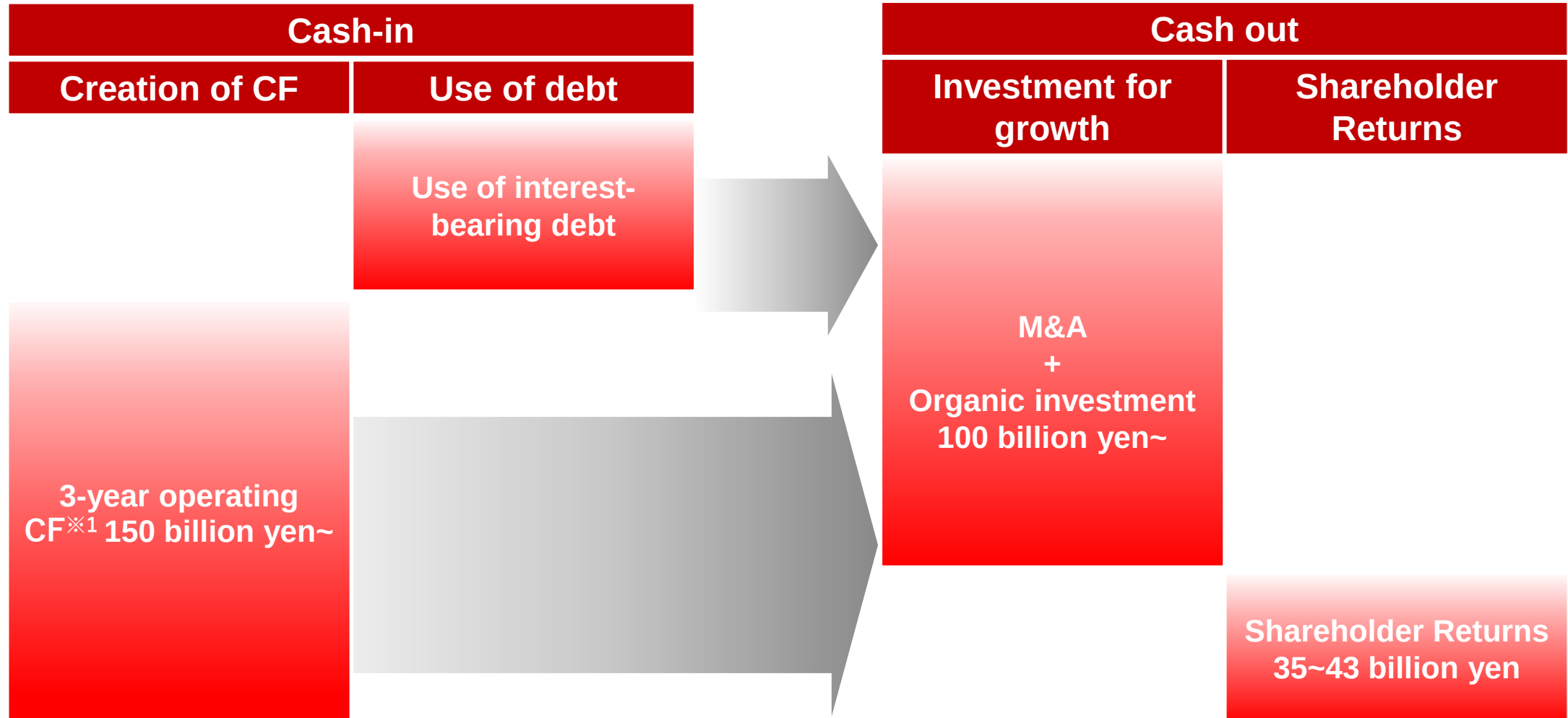
Financial Plan: Net Sales and Operating Income Margin

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Phase1 Capital Allocation Policy

Operating cash flow will be allocated to growth investments and shareholder returns in a balanced manner. Flexible use of debt for M&A.



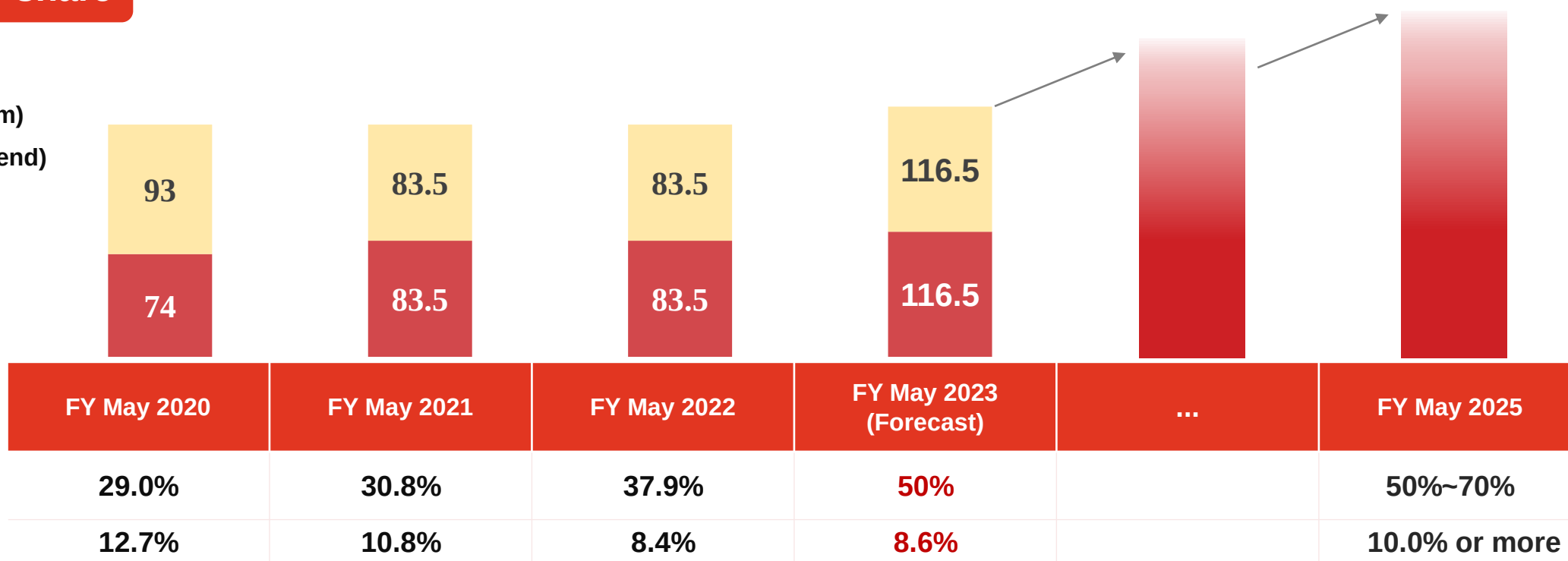
※1 Figures exclude the effect of May 15, 2022 being a holiday.

Basic Policy

Based on stable dividends, we aim for a payout ratio of 50%~70% to return profits to shareholders.

Dividend per share

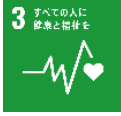
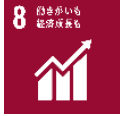
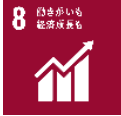
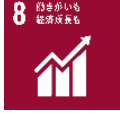
- Dividends (Interim)
- Dividends (Year-end)



Sustainable Management

- 1 Review of Previous Medium-Term Management Plan
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- 4 Sustainable Management**

Sustainable Management: Identification of Materiality

Priority issue	Target outcome	Approach to engagement and communication, examples of main initiatives	Related ESG. SDGs
Providing customers with an “enriched and flexible lifestyle”	- Providing better services - Supporting the beauty and health of all our customers - Proposing and developing products that support a healthy and fulfilling lifestyle - Extending healthy life expectancy through the provision of healthcare services - Serving as an essential lifeline for customers in the region	- Realizing our business philosophy - Activities using website, social media, brand app - Holding online health festa and health seminars - Nutrition and health counseling by a registered dietitian - Promotion of co-location of dispensaries and acceptance of dispensing trainees - Providing convenience through new store openings - Conducting local events and activities - Agreements with local governments (disaster relief, etc.) - Emergency and humanitarian aid	S         
Comfortable working environment for each individual Providing a rewarding work environment	- An environment with a good work-life balance, where employees find it easy and rewarding to work regardless of their age, nationality, gender, etc. - Promoting opportunities for success and human resource development - Promoting employee health	- Promoting diversity in talent, women's career advancement, and work flexibility - Working online to reduce the time and stress of commuting - Encouraging employees to maintain and improve their health - Annual Awards - Employee award system	S    
Thinking about the global environment for the next generation	- Working toward the realization of a decarbonized society by reducing our environmental impact - Switching to or adopting environmentally friendly products - Reduction of industrial waste	- Promotion of an ethical lifestyle (Reducing plastic products, reducing number of deliveries; LED lighting, air conditioning, solar power, etc.) - Providing environmentally friendly products, including PB products - Reduction of waste loss	E       
Cooperation with business partners	- Continuously strengthening cooperation through fair trade - Promoting sustainability throughout the supply chain (legal compliance)	- Conducting regular meetings regarding products offered and product development, etc. - Providing briefings for business partners - Formulation of CSR Procurement Policy - Promotion of product traceability	S    
Promotion of governance	- Strengthening effective governance systems and implementing risk management - Timely and accurate information disclosure	- Strengthening of the Board of Directors monitoring - Ensuring compliance - Organizational measures to ensure information security - Communication with investors and shareholders, investor-oriented website, enhanced disclosure of non-financial information	G    

Sustainable Management: Numerical Targets

Materiality	Target item	Current state	2025 target figures	2030 target figures
Providing customers with an “enriched and flexible” lifestyle	No. of point card members (No. of active members ^{*1})	12.2 million in 2021	15.8 million in 2025	22 million in 2030
Providing a rewarding work environment for each and every one	Selection of core personnel (ratio of women)	Ratio of women in 2021: 17.5%	Ratio of women in 2025: 25% (difference from 2021: +7.5%)	Percentage of women in 2030: 37% (difference from 2021: +19.5%)
Considering the global environment for the next generation	Reduction of CO ₂ emissions per store (Compared to 2013 ^{*2})	2020 CO ₂ emissions: 70% (30% reduction) (Compared to 2013)	2025 CO ₂ emissions: 63.3% (36.7% reduction) (Compared to 2013)	2030 CO ₂ emissions: 54% (46% reduction) (Compared to 2013)
	Optimization of pharmaceutical distribution Curbing CO ₂ emissions by reducing the number of dispensing deliveries (Compared to 2020 ^{*3})	2021 CO ₂ emissions: 55% (45% reduction) (Compared to 2020)	2025 CO ₂ emissions: 53% (47% reduction) (Compared to 2020)	2030 CO ₂ emissions: 50% (50% reduction) (Compared to 2020)
	Environmentally friendly PB products ratio (Compared to 2021 ^{*4})	2021 Environmentally friendly PB products ratio SKUs: 4.2%	2025 Environmentally friendly PB products ratio SKUs: 8.7% (Compared to 2021)	2030 Environmentally friendly PB products ratio SKUs: 13% (Compared to 2021)

*1: Members with purchase history over the past year

*2: In accordance with the base year specified by the government

*3: Efforts to optimize pharmaceutical distribution began in 2020

*4: Environmentally friendly PB products began in 2021

Vision for 2030 (Carbon Neutral)

Introduction of solar power generation

Install solar panels on rooftops for self-consumption and introduce renewable energy facilities.

Proactive introduction of energy-saving equipment such as LED certification and EMS from an early stage, and per store CO2 emissions have been steadily reduced and J-credits are being sold.

In the future, we will consider the use of carbon offsets.



<Results of the Tsuruha Group>

	FY2019	FY2020	FY2021
Annual CO2 Emissions (ton)	257,666	253,873	250,065

[Reference] Annual CO2 emissions per household=3,971 tons (FY 2019)

Vision for 2030 (Ethical Ecology)

Product Development of the Tsuruha Group

We have developed environmentally conscious and easy-to-use plastic bags, which are now available at all Tsuruha Group stores.

We will continue to develop environmentally conscious products.

Group also aims to increase the ratio of environmentally conscious PB products (SKUs) to 13% by 2030.



Establishment of a Robust Corporate Governance System

Recent Initiatives

2008	Aug	Introduced the executive officer system
2016	Aug	Increased the number of outside directors by 1 (2 → 3)
2017	Jul	Implemented a third-party evaluation of the effectiveness of the Board of Directors (thereafter conducted annually)
	Sep	Introduced restricted stock awards to directors and corporate auditors
2019	May	Established a voluntary Compensation Committee
	Mar	Resolution of the policy for remuneration of individual directors
	Apr	Resolved to transition to a company with an Audit and Supervisory Committee
2021	Apr	Established a voluntary Nominating Committee
		Established criteria for the appointment of Outside Directors and Outside Audit & Supervisory Board Members
	Aug	Transitioned to a company with an Audit and Supervisory Committee
	Sep	Launched the Group Managerial Meeting
	Nov	Established the Nominating and Compensation Committee
	Dec	Established the Group Risk Management Rules

Issues to be examined moving forward

Objectives of the Committees

[Nomination and Compensation Committee]

- ✓ The objective is to enhance the independence, objectivity, and accountability of the functions of the Board of Directors with respect to the election and dismissal of our senior management team (Representative Directors and Executive Officers) and the nomination of directors and executive officer candidates, as well as the compensation of senior management, directors and executive officers.

[Group Risk Management Committee]

- ✓ In order for our Group to continue to create corporate value, it is essential for each Group company to conduct sound and outstanding independent management and to implement appropriate risk management based on the shared business strategies of the Group. Based on this belief, we will clarify rules on risk management and aim to contribute to the enhancement of the corporate value of our Group through the appropriate operation of these rules.

[Group Execution Meeting]

- ✓ The purpose of the event is as follows. (1) Reporting, consultation, and sharing of important management matters; (2) reporting of monthly financial results, budget analysis; and (3) of items delegated by the Board of Directors to executive directors for decision-making, matters requested to be examined and discussed by the Group Executive Committee and important operational matters proposed by participating members.

- 1 Ensure a highly effective Board of Directors
- 2 Continue proactive IR/SR activities and publish an integrated report
- 3 ESG: Set KPIs in line with materiality. Create response to TCFD reporting
- 4 Disclose the skills matrix in the Notice of the Ordinary General Meeting of Shareholders (planned: Selected skills are necessary to implement the Medium-Term Management Plan)

TSURUHA HOLDINGS INC.

<https://www.tsuruha-hd.com/>

The Company's plans, earnings forecasts, and strategies appearing in this presentation are based on the judgement of the Company's management from information obtainable as of the date of this presentation. Please be aware that these correspond to forward-looking statements and that actual results could vary greatly due to various risks and uncertainties outlined below.

Intense price competition in the marketplace, changes in economic trends surrounding the business environment, significant volatility in capital markets, and various other elements of uncertainty