Last update: August 24, 2026

CREATE SD HOLDINGS CO., LTD.

Representative Director and President: Taizo Hirose
Contact: Corporate Planning Department (hdinfo@create-sd.co.jp)
Securities code: 3148
https://www.createsdhd.co.jp/English/English2/tabid/133/Default.aspx/

The status of the Company's corporate governance is as follows.

I. Basic views regarding corporate governance, capital structure, corporate attributes, and other basic information

1. Basic views

We recognize the importance of compliance with laws and regulations and corporate ethics, and consider increasing corporate value by making prompt management decisions in response to the changing social and economic environment and improving the soundness of management to be one of the most important issues for management.

To achieve this, we will enhance our corporate governance by taking into full consideration minority and foreign shareholders, effectively securing shareholder rights, ensuring equality, building good relationships with stakeholders (customers, shareholders, business partners, local communities, employees, etc.), enhancing information disclosure, and further strengthening, improving and developing institutions and systems such as the General Meeting of Shareholders, the Board of Directors, the Audit and Supervisory Committee, and Accounting Auditors.

[Reasons for non-implementation of any of principles of the Corporate Governance Code]

【Prepared in accordance with the Corporate Governance Code (June 2021 Edition).】

We have implemented all of the principles of the Corporate Governance Code.

[Disclosure based on each of the principles of the Corporate Governance Code] Updated

【Prepared in accordance with the Corporate Governance Code (June 2021 Edition).】

[Principle 1-4 Cross-Shareholdings]
It is our and our Group company's basic policy not to hold shares as cross-shareholdings, and we do not currently hold any shares. In the future, if it is necessary to increase corporate value in the medium to long term, we will hold shares after examining whether or not there is a conflict of interest and the balance between the benefits and risks of holding and the capital cost. In such cases, we will explain the purpose and reasonableness of the holding in the securities report and exercise our voting rights after comprehensively judging whether it will contribute to the interests of the Group's shareholders and the improvement of the corporate value of the relevant company.

[Principle 1-7 Related Party Transactions]
In order to prevent harm to our interests and the common interests of shareholders, we have established Board of Directors Rules and Regulations for Segregation of Duties and Regulations for Official Authority. When Directors and major shareholders enter into a transaction with the Company, in order to protect minority shareholders, the terms of the transaction and the appropriateness of the method of deciding on the transaction will be reviewed in advance, and the transaction will be decided by a Board of Directors resolution regardless of the amount. Currently, there are no related party transactions, but if such a transaction were to occur, the terms and conditions would be appropriately disclosed in accordance with the laws and regulations.

[Supplementary Principle 2-4-1 Ensuring diversity in the promotion of core human resources]
Our Group promotes personnel based on their abilities and achievements, regardless of gender, nationality, work history, age, etc. We believe that it is important to respect diverse perspectives and values in order to achieve sustainable growth and increase our corporate value, continually hire personnel with diverse experience, skills, and backgrounds, and are working to improve the work environment and provide training and job rotations for skills development, with the aim of being a "company where people would like to work long term" and where each employee can play their own part.

We are particularly proactive in promoting women to core human resources, as the Group aims to be a comprehensive healthcare support company that contributes to the community and operates its business in areas like "lifestyle, health, medicine, and nursing care," which have large numbers of female customers.

At our major subsidiary, Create SD Co., Ltd., nearly half of the employees are female workers, many of whom hold professional qualifications such as pharmacists, nutritionists, and registered salespeople, and are responsible for core tasks such as instructing on medication for medical and health products and cosmetics at stores and pharmacies, holding customer service consultations, and merchandise management.

In accordance with our promotion policy, which emphasizes individual abilities and achievements, while setting targets for the number of female employees we will promote to store and pharmacy managers, we will continue to further improve our environment, including systems, and take measures such as encouraging female candidates for management positions to participate actively in internal and external training and study sessions, in order to further promote female employees to active roles and their promotion to management positions. We disclose indicators and goals for promoting female employees to active roles on our website.
（https://www.createsdhd.co.jp/sustainability/society/）(in Japanese only)

In addition, since in our group we do not recognize any particular differences in promotion to management positions depending on nationality or time of recruitment, we do not set targets for mid-career hires and foreign nationals to managerial positions, however, we promote them to core human resources regardless of whether they are new graduates or mid-career hires. At our major subsidiary, Create SD Co., Ltd., 29.3% of the employees in managerial positions are mid-career hires. However, as for the promotion of foreign nationals, since we only have offices in Japan and the number of foreign nationals employed is small, promotion to managerial positions has not progressed well.

[Principle 2-6 Corporate Pension Funds]
Our company and group have not implemented a defined-benefits type corporate pension system.
However, our major subsidiary, Create SD, adopted a defined contribution pension plan in May 2022 to support employee asset formation and reduce future risks in corporate accounting.

[Principle 3-1 Full Disclosure]

i) Our business principles, business strategies and business plans
are as follows.
- Business principles: "We are close to our customers (in other words, patients) and value our interactions with our customers."
- Business strategies: Please refer to our website, "An Easy Guide to Create SD Group."
(https://www.createsdhd.co.jp/company/outline/) (in Japanese only)
- Business plans: Business performance forecasts for each fiscal year are published in quarterly results summaries and other documents.
（https://www.createsdhd.co.jp/ir/irlibrary/）(in Japanese only)

ii) The basic views and guidelines regarding corporate governance are described in "I-1. Basic Views" of this Report.

iii) The remuneration system for Directors aims to improve medium- to long-term corporate value, maximize profitability and efficiency, as well as secure excellent human resources who will further improve corporate governance.
The remuneration, etc. for Directors is determined using published data from external specialist institutions, etc., taking into account the remuneration levels of other companies in the same industry and in different industries. Specifically, the remuneration, etc. for Directors other than those who are Audit and Supervisory Committee Members consists of fixed monthly remuneration, as well as performance-linked remuneration based on the company's performance of medium-term business years. By linking a certain percentage of remuneration to medium-term performance rather than short-term performance, it functions as an incentive for sustainable growth.
On the other hand, remuneration, etc. for Directors who are Audit and Supervisory Committee Members (including Independent Outside Directors) shall consist only of fixed remuneration in consideration of their role and independence.

(1) Policy for determining the amount of fixed remuneration for each individual
- Fixed remuneration for Directors is fixed monthly monetary remuneration calculated by dividing the annual remuneration amount by 12, and is determined by taking into consideration the public average and the level of the Company's employees' salaries, etc., and comprehensively taking into account their position, years of service, contributions, etc.

(2) Policy for determining the content and calculation method of performance-linked remuneration (bonus)
- Since Directors, excluding Audit and Supervisory Committee Members, hold company stock through an executive stock ownership plan and other vehicles, and aim for the company's sustainable growth from the same perspective as shareholders, stock-based remuneration, etc. will not be implemented, and performance-linked remuneration will be monetary remuneration (bonus) as well. The bonus amount will be determined by taking into account each Director's contribution and job performance status to the standard amount set for each position, while referring to indicators such as consolidated ordinary profit for the previous fiscal year, in addition to the figures in the financial statements for medium-term business years, and will be paid every year after the conclusion of the Ordinary General Meeting of Shareholders.
The reason for using figures for medium-term business years as a reference indicator for determining bonus amounts is that we believe it is important to pursue improvements in corporate value and overall profitability from a medium-term perspective, rather than job performance that is biased toward improving short-term performance.

(3) Policy for determining the ratio of fixed remuneration and bonuses to the amount of individual remuneration, etc.
- The ratio of fixed remuneration and bonuses to the total amount of remuneration, etc. will be decided each time bonuses are paid after deliberation by the Nomination and Remuneration Committee, taking into account the situation at other companies and the Company's performance.

(4) Matters regarding delegation concerning determination of amount of individual remuneration, etc.
- Decisions on the amount of individual remuneration, etc. for Directors other than those who are Audit and Supervisory Committee Members will be delegated to Hisao Yamamoto, Director and Chairman, and Taizo Hirose, Representative Director and President, by resolution of the Board of Directors, and the two Directors who have been delegated will decide the amount of fixed remuneration and bonuses within the range of the remuneration, etc. limit resolved at the General Meeting of Shareholders. In addition, in making such decisions, the contents of deliberations at the Nomination and Remuneration Committee will be respected to ensure that the delegated authorities are exercised appropriately.
The reason for delegating the above authorities to the two Directors is that it was determined that it would be most appropriate for the two Directors, who are most familiar with the company's management situation and can comprehensively evaluate each Director's area of responsibility and the status of their execution of duties while overseeing the environment surrounding the company and the company's overall performance, to jointly decide the amount of remuneration for each Director. The amount of remuneration for each individual Director who is an Audit and Supervisory Committee Member will be determined through discussions among the Audit and Supervisory Committee Members, taking into account the results of the Nomination and Remuneration Committee's report, within the range of the annual remuneration limit resolved at the General Meeting of Shareholders.

iv) In order to ensure transparency and objectivity in the appointment of senior management and the nomination of Director candidates and to strengthen and enhance the corporate governance system, the Nomination and Remuneration Committee has been established as an advisory body to the Board of Directors. The Committee will deliberate on basic policies regarding nominations, proposals for the appointment of Directors and succession plans, etc., and report to the Board of Directors. The Board of Directors shall hold consultations at Board of Directors meetings based on the results of such reports and make decisions.
Our basic policies and procedures regarding nominations as of the current point of time are as follows.

(1) When appointing senior management and nominating Director candidates, we will comprehensively take into account, regardless of gender, the person's previous work experience and achievements, knowledge, leadership and problem-solving abilities, as well as whether they possess the personality and insight that might contribute to the smooth operation of the organization and the improvement of corporate value.

(2) In the event of dismissal, if they believe the person is unfit for the job, taking into account violations of public order and morals, health reasons, neglect of duties, or damage to corporate value due to lack of qualifications, Directors, including Audit and Supervisory Committee Members, will propose dismissal to the Board of Directors.

(3) When nominating candidates for Directors who are Audit and Supervisory Committee Members, candidates will be those who can be expected to provide guidance and supervision regarding management, comprehensively taking into consideration their past experience, achievements, knowledge, and diversity, such as gender. In addition, among these, Independent Outside Directors shall be candidates who have independence based on the criteria we established in accordance with the independence standards set out in the Tokyo Stock Exchange's "Guidelines for Listing Management, etc.," and who can be expected to provide guidance and supervision from a stakeholder perspective different from that of internal Directors.

v) When we appoint or dismiss a member of senior management, we disclose the details on our website and on TDnet. When we appoint Directors, we provide the background and reasons for the nomination of each candidate in the reference documents for the general meeting of shareholders.

[Supplementary Principle 3-1-3 Initiatives on Sustainability, etc.]
<<Sustainability Basic Policy>>
In accordance with our company motto of "humility," we at the Create SD Group consider sustainability initiatives to be an important issue for management, and aim to achieve both "sustainable improvement of corporate value" and "realization of a sustainable society" through honest and fair business activities.
(1) As a lifeline that supports the health and lives of the local community, we will continue to be a presence that is trusted and expected, and that can meet their trust and expectations.
(2) In order to protect the global environment, we will strive to reduce environmental impact and create a recycling-oriented society.
(3) As a corporate group trusted by society, we will strive to build an honest and fair organization and promote respect for human rights and strengthening governance and compliance.

<<Sustainability Promotion System>>
In order to promote sustainability initiatives throughout the Group, the Group has established a Sustainability Promotion Committee chaired by the Representative Director and President. The Sustainability Promotion Committee is responsible for determining basic sustainability policies and priority issues (Materiality), formulating action plans for various initiatives, and monitoring their progress. The Corporate Planning Department serves as the Committee's secretariat and works while cooperating with relevant departments within the Group. The Committee regularly reports its deliberations and examinations to the Board of Directors, which manages and supervises the reported content.
The Group's important issues (Materiality), information disclosure based on the TCFD recommendations, various information on human capital, and specific examples of sustainability initiatives are available on our website.
（https://www.createsdhd.co.jp/sustainability/）(in Japanese only)

<<Investment in human capital and intellectual property, etc. >>
In order to achieve sustainable growth and increase corporate value, our group believes it is important to respect diverse perspectives and values, regardless of gender, nationality, work history, age, etc., and we continuously hire people with diverse experience, skills, and backgrounds, aiming to be a company “where people would like to work long term” and where it is easy and rewarding to work, and we are working on improving the work environment and providing training and job rotations for skills development.

Based on our company motto of "humility," we believe that we can achieve sustainable growth by always thinking and acting from the perspective of our stakeholders, contributing to society, and gaining their trust. We also actively invest in our employees, who are some of our stakeholders, because we believe that investing in human resources, in other words, that human capital will contribute to low-cost management in the medium to long term, such as by reducing recruitment costs by preventing turnover. We also consider the importance of making it easier for employees, especially women, to work when deciding on store operating hours and sales promotion measures. We will also actively make investments that we believe are necessary to protect and expand various types of know-how and trademark rights, and the like, which constitute important intellectual property that increases our corporate value.

[Supplementary Principle 4-1-1 Scope of Delegation to Management]
The Board of Directors decides on matters that are to be decided exclusively by the Board of Directors under laws and regulations and the Articles of Incorporation, as well as important management matters for the Company and its operating subsidiaries as stipulated in its Board of Directors Regulations. All other matters are to be decided and executed by the Directors and the senior management of the Company and its subsidiaries in accordance with the Company's Ringi Approval Regulations, Regulations for Segregation of Duties and Regulations for Official Authority, Affiliated Company Management Regulations, etc.

[Principle 4-9 Independence Standards and Qualifications for Independent Outside Directors]
Candidates for Independent Outside Director will be those who meet the following standards, which were established by the Company in accordance with the independence standards set out in the Tokyo Stock Exchange's Guidelines for Listing Management, etc. In terms of qualifications, candidates will be those who can be expected to provide constructive guidance to and supervision of management from a stakeholder perspective that differs from that of internal Directors, and will be nominated by the Board of Directors.

(Independence Standards for Independent Outside Directors)
We designate as Independent Outside Directors those Outside Directors who do not fall under any of the following items.
(1) A party who is currently or has in the past 10 years been an Executive Director, executive officer, corporate officer, manager or other employee (collectively, "executive officer") of the Company or its subsidiaries.

(2) A party who directly or indirectly holds 10% or more of the total voting rights of the Company, or an executive officer thereof.
(3) A party whose major business partner is the Company or its subsidiaries (Note 1), or an executive officer thereof, and a person who is a major business partner of the Company or its subsidiaries (Note 2), or an executive officer thereof.

(4) An accounting auditor of the Company or its subsidiaries or an employee, etc. thereof
(5) A consultant, lawyer, certified public accountant, tax accountant, etc. who has received money or other assets exceeding 10 million yen in the most recent fiscal year from the Company or its subsidiaries, other than as Directors' remuneration (if the party receiving such assets is an organization such as a corporation or association, this refers to a person who belongs to such organization).
(6) A party who has received donations or grants of more than 10 million yen per year from the Company or its subsidiaries in the most recent fiscal year, or an executive officer thereof
(7) A party who falls under (2) to (6) in the past three years
(8) A party whose relative within the second degree of kinship falls under (1) to (7)
However, if such a person is an executive officer, this refers to an executive officer who executes important business operations such as a Director (excluding Outside Directors), executive officer, corporate officer, department manager, etc.
(9) Others who may have a permanent conflict of interest with general shareholders, even if they do not fall under (1) to (8)

Note 1: This refers to a business partner to which the Company or its subsidiaries have paid 2% or more of the annual consolidated sales of such business partner in the most recent fiscal year.
Note 2: This refers to a business partner that has made payments to the Company or its subsidiaries amounting to 2% or more of the Company's annual consolidated sales in the most recent fiscal year, or that has provided financial loans to the Company or its subsidiaries amounting to 2% or more of the Company's consolidated total assets at the end of the most recent fiscal year.

[Supplementary Principle 4-10-1 Voluntary Advisory Committee on Director Nomination and Remuneration, etc.]
In order to ensure the transparency and objectivity of the evaluation and decision-making process regarding the nomination and remuneration of Directors, we have established a Nomination and Remuneration Committee as an advisory body to the Board of Directors.

<<Composition of the Nomination and Remuneration Committee>>
The committee is composed of three or more members appointed by resolution of the Board of Directors, the majority of whom shall be Independent Outside Directors. The chairperson shall also be an Independent Outside Director.
<<Role of the Nomination and Remuneration Committee>>
Based on consultations with the Board of Directors, the Committee shall deliberate on the following matters and report to the Board of Directors.
(1) Matters related to the nomination of Directors
(i) Basic policies on nominating Directors (election standards, independence standards, reasonableness of skills matrix, etc.)
(ii) Original plan for the election and reelection of Directors, etc.
(iii) Succession plan for Directors
(2) Matters related to remuneration
(i) Basic policies on Director remuneration (concept, composition, level, performance-linked indicators, etc.)
(ii) Director remuneration decision-making process (delegation of remuneration decisions, performance evaluation results, etc.)
(3) Other matters deemed necessary by the Board of Directors or the Nomination and Remuneration Committee

[Supplementary Principle 4-11-1 Balance between knowledge, experience and skills of the board as a whole, and diversity and appropriate board size]
The Company's Articles of Incorporation stipulate that the number of Directors (excluding the Audit and Supervisory Committee Members) of the Company is to be no more than 10, and the number of Directors who are Audit and Supervisory Committee Members is to be no more than 4. In addition, the Company's Outside Directors, one of which is a woman, are not only familiar with the Group's business but also possess a wealth of specialized knowledge and experience in management at other companies. These Outside Directors comprise a majority of Directors who are Audit and Supervisory Committee Members, and Independent Outside Directors are involved in the management of the Company from the same perspective as a stakeholder would be. In addition, with respect to nominating Directors, the Nomination and Remuneration Committee deliberates on the basic policy for Director nominations, and the Board of Directors select candidates and makes resolutions on the basis of the report from the committee, thereby ensuring balance and diversity among the Board of Directors overall.
The table on the last page presents the skills matrix of the knowledge, experience, and skills of each Director as of the time of submission of this Report.

[Supplementary Principle 4-11-2 Status of Directors Concurrently Holding Executive Positions at Other Listed Companies]
The "status of significant concurrent positions" of our Directors and Director candidates is described in the business report and reference documents for the general meeting of shareholders in the notice of the general meeting of shareholders, as well as in the securities report.

[Supplementary Principle 4-11-3 Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole]
In order to ensure and further enhance the effectiveness of the Board of Directors, the Company has Directors periodically conduct self-evaluations in the form of a questionnaire regarding the composition, operation, fulfillment of responsibilities, and support system of the Board of Directors, and the responses are compiled and analyzed before the Board of Directors evaluates its effectiveness.
As a result of the most recent effectiveness analysis and evaluation, while reaffirming as issues the need for further enhancement of discussions on medium- to long-term management issues, as well as securing diversity in the composition of the Board of Directors and strengthening its expertise, the Company confirmed that the Board of Directors is generally functioning appropriately and that its effectiveness is ensured.

[Supplementary Principle 4-14-2 Director Training Policy]
The Company appoints Directors who possess the qualities to contribute to the Company's sustainable growth and medium-to long-term improvement of corporate value, and encourages each Director to self-develop by acquiring knowledge of the responsibilities and obligations of officers, legal risks, etc. In addition, in order to help newly appointed Directors acquire knowledge of accounting, laws, etc., and to promote understanding of the Company's business and organization for Outside Directors, we provide them with the opportunity to participate in external training as necessary, at the Company's expense.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]
The Company holds financial results briefings for institutional investors every six months and individual IR meetings every quarter, where we explain and engage in dialogue regarding our performance and policies, while paying attention to the management of insider information and the concept of fair disclosure. In addition, we also hold company briefings for individual investors as appropriate, where we explain and engage in dialogue regarding the Group's business, performance, management policies, and management plans. Furthermore, we are proactively disclosing information and collecting opinions from shareholders who are unable to attend briefing sessions by improving our website, sending out "shareholder communications" twice a year, and adding a space for comments on the shareholder benefit request change postcard.
The Representative Director and President is in charge of the overall explanations and dialogue, while the Representative Director and President and Corporate Planning Department are in charge of dialogue with institutional investors, and the General Affairs Department is in charge of dialogue with individual and other general investors, in cooperation with the relevant departments.
Opinions from shareholders that are received through a variety of dialogue are shared with senior management in a timely manner and appropriately fed back to the Board of Directors.

[Response toward Achievement of Management Conscious of Cost of Capital and Stock Prices]

Content	Initiative Disclosure (Update)
English Disclosure Availability	Available
Update Date Updated	August 24, 2026:

Explanations regarding the relevant items Updated

- The Company believes that to increase its corporate value, it is important to accurately track its cost of capital and achieve and maintain a return on equity (ROE) that exceeds its cost of equity capital. To this end, the new Medium-term Management Plan, which ends in the fiscal year ending May 31, 2030, has set specific quantitative targets: an ordinary profit margin of 5% or more and an ROE of 12% or more.
- We will allocate operating cash flow in a balanced manner to investment in future growth and shareholder returns. We are evolving our shareholder return policy to further enhance returns, moving a step beyond our traditional focus on stable and continuous dividend increases. The dividend on net asset ratio for the fiscal year ended May 31, 2026 is 4.0%, and the dividend payout ratio is 35.4%.
- In order to further increase the price-to-book (P/B) ratio, in addition to shareholder returns, we will strive to strengthen corporate governance, enhance sustainability and non-financial capital, strengthen IR/SR activities, and provide appropriate information disclosure, aiming to reduce the investment decision-making risks for shareholders and investors.

2. Capital structure

Foreign shareholding ratio	10% or greater and less than 20%

[Major shareholder status] Updated

Name or company name	Number of shares held (shares)	Proportion (%)
Yohei Yamamoto	18,534,672	28.69
Hisao Yamamoto	13,973,565	21.63
The Master Trust Bank of Japan, Ltd. (trust account)	4,490,700	6.95
Itsuko Yamamoto	3,136,065	4.85
CEP LUX-ORBIS SICAV	2,060,882	3.19
PALTAC CORPORATION	1,702,800	2.63
CREATE SD Employees Stock Ownership Association	1,013,600	1.56
STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002	869,104	1.34
THE NOMURA TRUST AND BANKING CO., LTD. AS THE TRUSTEE OF REPURCHASE AGREEMENT MOTHER FUNDSTATE	766,800	1.18
Ueda Yagi Tanshi Co., Ltd.	760,700	1.17

Whether there are controlling shareholders (excluding parent company)	Yohei Yamamoto and Hisao Yamamoto
Whether there is parent company	None

Supplementary information

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3. Corporate attributes

Listing and market division	Tokyo Prime
Fiscal year end	May
Industry	Retail

Number of employees (consolidated) at the end of the most recent fiscal year	1,000 or more
Sales (consolidated) at the end of the most recent fiscal year	100 billion yen or more and less than 1 trillion yen
Number of consolidated subsidiaries as of the end of the most recent fiscal year	Less than 10

4. Guidelines for measures to protect minority shareholders when conducting transactions with controlling shareholders

When the Company conducts important transactions in which the interests of the controlling shareholder and minority shareholders conflict, the Company will, prior to the Board of Directors' resolution, establish a special committee consisting of persons with independence, including two Independent Outside Directors by resolution of the Board of Directors, to deliberate and consider the necessity and reasonableness of the transaction and the appropriateness of the conditions, etc., and report to the Board of Directors.

Yohei Yamamoto is the eldest son of the Company's Chairman and Director Hisao Yamamoto, and together with his close relatives, he and Chairman and Director Hisao Yamamoto, own the majority of the Company's total voting rights.

None of these engage in any transactions with the Company, and have no plans to do so in the future, so there are no special circumstances that could have a significant impact on corporate governance. In addition, if any transaction should occur in the future, a decision will be made by Board of Directors resolution, regardless of the amount, and we will strive to protect minority shareholders.

5. Other special circumstances that could have a significant impact on corporate governance

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II Status of management organization and other corporate governance systems related to managerial decision-making, execution and supervision

1. Matters related to organizational structure and organizational operations

Organizational form	Company with audit and supervisory committee

[Directors]

Number of Directors under the articles of incorporation	14
Terms of office of Directors under the articles of incorporation	1 year
Chairman of the board of Directors	President
Number of Directors	6
Appointment status of Outside Directors	Number of appointed
Outside Directors	2
Number of Outside Directors designated as independent officers	2

Relationship with the company (1)

Name	Attributes	Relationship with the company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoko Ampo	Attorney at law											
Makoto Ueda	Person from another company											

*** Selection items regarding relationship with the company**

*** If the person corresponds to the item "at present and recently", select "○", if corresponds "in the past," select "△"**

*** If a close relative corresponds to the item "at present and recently", select "●"; if a close relative corresponds "in the past," select "▲".**

a. Executive officer of a listed company or subsidiary thereof
b. Executive officer or Non-Executive Director of a parent company of a listed company
c. Executive officer of a sister company of a listed company
d. A party whose major business partner is a listed company or an executive officer thereof
e. A major business partner of a listed company or an executive officer thereof
f. Consultant, accounting professional, or legal professional who is receiving a large amounts of money or other assets from a listed company in addition to Director remuneration
g. Major shareholder of a listed company (if the major shareholder is a corporation, an executive officer of such corporation)
h. Executive officer of a business partner of a listed company (not falling under any of d, e, or f) (the person only)
i. Executive officer of a company with which Outside Directors are mutually appointed (the person only)
j. Executive officer of a party to which a listed company makes donations (the person only)
k. Other

Relationship with the company(2) 更新

Name	Audit and Supervisory Committee Member	Independent officer	Supplementary explanation regarding applicable items	Reasons for appointment
Yoko Ampo	○	○	There is no transaction or special interest with the Company.	Because she has not only expertise and experience cultivated as a pharmacist and attorney, also has been involved in corporate management as she also has served as an auditor at other companies, and we believe that she will contribute to maintaining and strengthening governance from the independent position.
Makoto Ueda	○	○	There is no transaction or special interest with the Company.	Because he has extensive experience and deep knowledge related to the retail industry, and we believe that he will provide advice and recommendations based on his experience and insight in our management judgment and decision-making processes, as well as contribute to maintaining and strengthening governance from the independent position.

Audit and Supervisory Committee Updated

Composition of the committee and attributes of the chairperson

	All committee members	Full-time committee members	Internal Directors	Outside Directors	Chairperson (chairman)
Audit and Supervisory Committee meetings	3	1	1	2	Internal Director

Whether or not there are Directors and employees to assist the duties of audit and supervisory committee	Exist

Matters concerning the independence of the Directors and employees from the Executive Directors

There is no special appointment of employees to assist the Directors who are Audit and Supervisory Committee Members in their duties. Instead, each Director is supposed to have the appropriate business-related department assist them in their duties as necessary, based on their own judgment.

Collaboration between the audit and supervisory committee, Accounting Auditor, and internal audit department

The Company has entered into an audit contract with BDO Sanyu & Co. as its Accounting Auditor. The Company also receives advice and guidance on issues related to internal control.
The Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Office share internal information related to financial statements and internal control, and work closely together.
The Audit and Supervisory Committee and Accounting Auditor hold regular meetings four times a year, and also meet whenever new issues arise regarding audits, etc.
The General Affairs Department holds a Compliance Committee meeting four times a year, consisting of members including the President and Audit and Supervisory Committee Members, to receive reports from the operating subsidiaries and each department on the status of management of key risk items, and to confirm measures to address issues based on the results of business audits, mainly of the operating subsidiaries.

[Voluntary Committees]

Whether or not there is a voluntary committee equivalent to Nomination Committee or Remuneration Committee	Exist

Status of establishment of voluntary committees, composition of committee members, and attributes of the chairperson (chairman)

	Name of Committee	All committee members	Full-time Committee Members	Internal Directors	Outside Director	External experts	Others	Chairperson (chairman)
Voluntary committee equivalent to the nomination committee	Nomination and Remuneration Committee	3	1	1	2	0	0	Outside Director
Voluntary committee equivalent to the remuneration committee	Nomination and Remuneration Committee	3	1	1	2	0	0	Outside Director

Supplementary information

In order to ensure the transparency and objectivity of the evaluation and decision-making process regarding the nomination and remuneration of Directors, we have established a Nomination and Remuneration Committee as an advisory body to the Board of Directors.

<<Composition of the Nomination and Remuneration Committee>>
The committee is composed of three or more members appointed by resolution of the Board of Directors, the majority of whom shall be Independent Outside Directors. The chairperson shall also be an Independent Outside Director.
<<Role of the Nomination and Remuneration Committee>>
Based on consultations with the Board of Directors, the Committee shall deliberate on the following matters and report to the Board of Directors.
(1) Matters related to the nomination of Directors
(i) Basic policies on nominating Directors (election standards, independence standards, reasonableness of skills matrix, etc.)
(ii) Original plan for the election and reelection of Directors, etc.
(iii) Succession plan for Directors
(2) Matters related to remuneration
(i) Basic policies on Director remuneration (concept, composition, level, performance-linked indicators, etc.)
(ii) Director remuneration decision-making process (delegation of remuneration decisions, performance evaluation results, etc.)
(3) Other matters deemed necessary by the Board of Directors or the Nomination and Remuneration Committee

[Independent Officers]

Number of independent officers	2

Other matters regarding independent officers

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[Incentives]

Status of implementation of measures relating to provision of incentives to Directors	Introduction of performance-linked remuneration system

Additional explanations regarding the relevant items

Policy regarding determining the content and calculation method of performance-linked remuneration (bonuses)
- Since Directors, excluding Audit and Supervisory Committee Members, hold company stock through an executive stock ownership plan and other vehicles, and aim for the company's sustainable growth from the same perspective as shareholders, stock-based remuneration, etc. will not be implemented, and performance-linked remuneration will be monetary remuneration (bonus) as well. The bonus amount will be determined by taking into account each Director's contribution and job performance status to the standard amount set for each position, while referring to indicators such as consolidated ordinary profit for the previous fiscal year, in addition to the figures in the financial statements for medium-term business years, and will be paid every year after the conclusion of the Ordinary General Meeting of Shareholders.
The reason for using figures for medium-term business years as a reference indicator for determining bonus amounts is that we believe it is important to pursue improvements in corporate value and overall profitability from a medium-term perspective, rather than job performance that is biased toward improving short-term performance.

Persons subject to grant of stock option	

Additional explanations regarding the relevant items

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[Director remuneration]

(Individual Director remuneration) disclosure status	Individual remuneration is not disclosed

Additional explanations regarding the relevant items

We have determined that it is not against the interests of shareholders not to disclose the specific allocation to each Director as long as there is no Director whose total remuneration exceeds 100 million yen and the amount is within the range approved at the general meeting of shareholders.

Whether or not there is a policy for determining the amount of remuneration or its calculation method	Exist

Contents of disclosure of the policy for determining the amount of remuneration or calculation method thereof

The remuneration system for Directors is described in this Report, "Disclosure based on each principle of the Corporate Governance Code, [Principle 3-1 Full Disclosure] iii)

[Support system for Outside Directors]

All Outside Directors are Audit and Supervisory Committee Members, and there is no special appointment of employees to assist the Directors in their duties. Instead, each Director is supposed to have the appropriate business-related department assist them in their duties as necessary, based on their own judgment. In regard to the execution of their duties, business assistants will not receive instructions from the Executive Directors or other superiors in the organization to which they belong, and if the Audit and Supervisory Committee Members have doubts about the independence of business assistants, they will report this to the Board of Directors and may request that the matter be corrected.

2. Matters related to the functions of business execution, auditing and supervision, nomination, remuneration determination, etc. (Outline of the current corporate governance system)

At the 18th Ordinary General Meeting of Shareholders held on August 21, 2015, the Company transitioned to a "company with an audit and supervisory committee," and strengthened its corporate governance system by taking various measures, such as appointing multiple Outside Directors and having audits conducted by an Audit and Supervisory Committee composed of Directors who are Audit and Supervisory Committee Members.

In addition to regular board meetings held once a month, the Board of Directors flexibly holds extraordinary board meetings as necessary to decide on matters stipulated by laws and regulations and important matters related to management, and to continuously monitor the status of business execution.

Each Audit and Supervisory Committee Member attends Board of Directors meetings, and full-time Directors who are Audit and Supervisory Committee Members attend other important meetings, review the minutes of each meeting, and confirm requests for ringi approval. The Audit and Supervisory Committee also reviews important matters in internal audits and the results of accounting audits.

The Company has established a Nomination and Remuneration Committee. Details are as stated in [Supplementary Principle 4-10-1 Voluntary Advisory Committee on Nomination of and Remuneration to Directors].

3. Reasons for choosing the current corporate governance structure

Our Board of Directors consists of six members, including three Executive Directors who are familiar with our business and three Directors who are Audit and Supervisory Committee Members, including two Independent Outside Directors, so Independent Outside Directors account for one-third of the Board of Directors. In addition, the Audit and Supervisory Committee Members, including two Independent Outside Directors, work with the Internal Audit Office to conduct audits based on their extensive knowledge and experience, having served as Directors and Auditors for many years at various companies, including retailers, and expertise as attorneys at law for many years. They also express their opinions frankly at Board of Directors meetings and other forums from a position close to that of general shareholders. Therefore, from the perspective of our business scale and content, management efficiency and transparency, we believe that the current corporate governance system is currently optimal for our company, and also contributes to improving our corporate value.

III. Status of Implementation of Measures related to Shareholders and Other Stakeholders

Updated

1. Status of efforts to revitalize the General Meeting of Shareholders and facilitate the exercise of voting rights

	Supplementary information
Early dispatch of convocation notices of General Meeting of Shareholders	For the 29th Ordinary General Meeting of Shareholders for the fiscal year ended May 31, 2026, notices were dispatched 15 days before the meeting date. In addition, we posted the contents of the notices on our website 7 days before the dispatch date and on the Tokyo Stock Exchange website 7 days before the same date, in an effort to disclose information early.
Exercise of voting rights by electromagnetic means	From the 24th Ordinary General Meeting of Shareholders for the fiscal year ended May 31, 2021, we have adopted the exercise of voting rights by electromagnetic means.
Participation in the electronic voting platform and other efforts to improve the voting environment for institutional investors	From the 24th Ordinary General Meeting of Shareholders for the fiscal year ended May 31, 2021, we have adopted an electronic voting platform.
Provision of the Notice of Meeting (Summary) in English	Starting with the Notice of the 25th Ordinary General Meeting of Shareholders for the fiscal year ended May 31, 2022, the English version has been posted on the Tokyo Stock Exchange website and our website

2. IR Activities status

	Supplementary information	Whether or not the representative himself gives an explanation
Regular briefing sessions for analysts and institutional investors are held	We regularly hold company briefing sessions for analysts twice a year. In addition, we hold individual meetings with institutional investors every quarter.	Exist
IR materials posted on the website	We post company briefing materials for analysts (including English versions) and Shareholder Communications, etc. for shareholders on our website.	
Establishment of a department (person in charge) for IR	The Corporate Planning Department is in charge of IR, and the General Manager of the Corporate Planning Department has been appointed as the Information Handling Manager.	

3. Status of efforts to respect the position of stakeholders

	Supplementary information
Respect for stakeholders is stipulated in internal regulations, etc.	Our Code of Conduct stipulates that we act in such a way that we can earn the trust of "everyone involved with our company," including customers, employees, business partners, shareholders, and members of the local community.
Implementation of environmental conservation activities, CSR activities, etc.	Our group recognizes climate change countermeasures as an important management issue, and has set "environmentally conscious business activities" as one of four important issues (Materiality) for our group. Our operating subsidiary, Create SD Co., Ltd., has been working on waste reduction, recycling, energy conservation, etc. since 2001 as a company that has continued to hold ISO14001 certification, and some stores collect PET bottle caps from customers and use the sales proceeds to participate in the "Vaccines for the World's Children" campaign. In addition, the company is working to reduce CO2 emissions by installing solar panels on the roofs of its stores and improving delivery efficiency. The company also provides work experience and internship opportunities for students and new graduates.
Other	In order to realize a balance between work and childcare, our operating subsidiary, Create SD Co., Ltd., has introduced a childcare leave system that exceeds the legal requirements, a shortened work schedule system that takes pregnancy and childcare into consideration, and other initiatives to support the development of the next generation, and has been certified as a Kanagawa Prefecture child and childcare support promotion business operator.

IV. Matters related to Internal Control Systems, etc.

1. Basic concepts and status of development of internal control systems

1. System to ensure that the performance of duties by Directors and employees complies with laws, regulations, and the articles of incorporation

(a) The "Code of Conduct," which is the charter of corporate code, shall be the standard for all behavior as the basis of the compliance system. In addition, the General Affairs Department shall be the main department in charge of building, maintaining, and improving the internal control system, and each department in charge shall formulate rules, guidelines, manuals, etc. as necessary to ensure thorough implementation thereof.

(b) The Internal Audit Office shall be given internal audit functions as the internal audit department, and the General Affairs Department shall be given functions as the department administering compliance.

(c) The Audit and Supervisory Committee may request the Head of the Internal Audit Office to conduct an investigation relating to internal audits as necessary.

(d) In the event that a Director discovers any significant violation of laws and regulations or other important facts related to compliance within the Company, they shall immediately report such to the Audit and Supervisory Committee and report such facts at the Board of Directors meeting without delay.

(e) As an internal reporting system for violations of laws and regulations and other compliance issues, a whistleblowing system shall be established with the General Manager of the General Affairs Department, etc. as the information recipient, and such system shall be operated in accordance with the Whistleblowing Regulations.

2. Matters concerning the retention and management of information related to the execution of duties by Directors
Information related to the execution of duties by Directors shall be retained and managed in an appropriate and secure manner that is highly searchable according to the storage medium, in accordance with the Ringi Approval Regulations and Document Management Regulations, and shall be kept accessible for the period set forth in the Regulations.

3. Regulations concerning the management of risk of loss and other systems

(a) The Company recognizes the following risks (a) to (e) as major risks concerning the execution of business by the Company and its subsidiaries, and shall establish a system for identifying and managing such risks, and for people in charge of management of each risk.
(i) Risks related to legal regulations
- Risks concerning approvals and licenses under the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, the Long-Term Care Insurance Act, etc.
- Risks related to changes in the competitive environment due to deregulation of medical and health products sales, etc.

(ii) Risks related to progress in opening stores
(iii) Risks related to medical errors in dispensing work and accidents during nursing care services
(iv) Risks related to securing qualified personnel such as pharmacists, registered salespeople, and nurses
(v) Risks related to the management of personal information
(b) In managing risks, we shall determine a person to be responsible for managing each risk based on the Crisis Management Regulations and establish a management system. In the event of an unforeseen event, a countermeasures headquarters shall be established and headed by the President, and shall respond promptly with the cooperation of related internal departments and external advisors including legal advisor, etc., to prepare a structure to prevent the damage from spreading and to keep it to a minimum.

4. System to ensure efficient performance of duties by the Directors
(a) As the basis of the system to ensure that the Directors' duties are performed efficiently, the Board of Directors shall hold regular meetings once a month and hold extraordinary meetings as necessary. Important matters related to the Company's business policies and business strategies shall be confirmed for direction in advance at high level meetings between the Chairman, President, etc., and shall be executed with the approval of the Board of Directors.
(b) Regarding the execution of business based on the decisions of the Board of Directors, the respective responsible persons and their responsibilities, as well as the details of the execution procedures shall be specified in the Organization Rules and Regulations for Segregation of Duties and Regulations for Official Authority.

5. System to ensure the appropriateness of business operations in the corporate group consisting of the Company and its subsidiaries
(a) In order to ensure the proper conduct of business at subsidiaries, a "Code of Conduct" that applies to all Group companies shall be established, and decision-making and business execution shall be conducted based thereon.
If a Director discovers a violation of laws and regulations or other important compliance issues at a subsidiary, they shall immediately report such violation to the Audit and Supervisory Committee and report such violation at the Board of Directors meeting without delay.
(b) With respect to the business management of subsidiaries, the Affiliate Company Administration Regulations stipulate matters that require the Company's approval and matters that require reporting to the Company, as well as the procedures for such matters, and the Company shall apply those.
(c) If a subsidiary determines that the business management or management guidance provided by the Company violates laws and regulations or has other compliance issues, it shall report to the Head of the Internal Audit Office or the General Manager of the General Affairs Department.
The Head of the Internal Audit Office or the General Manager of the General Affairs Department shall immediately report to the Audit and Supervisory Committee and may express their opinions. The Audit and Supervisory Committee may express its opinions and request the formulation of improvement measures.
(d) Regarding violations of laws and regulations and other compliance issues at subsidiaries, a Compliance Committee shall be established to deliberate on such issues, and as an internal reporting system, the subsidiaries shall also establish a whistleblowing system with the General Manager of the General Affairs Department of the Company or the like as the information recipient, and operate it in accordance with the Whistleblowing Regulations.

6. Matters concerning Directors and employees who will assist the duties of the Audit and Supervisory Committee, matters concerning the independence of such Directors and employees from Directors (excluding Directors who are Audit and Supervisory Committee Members), and matters concerning ensuring the effectiveness of instructions to such Directors and employees. (a) Directors and employees who will assist the duties of the Audit and Supervisory Committee shall not be especially specified, and the Audit and Supervisory Committee will at its discretion have relevant business departments assist in the duties as necessary and appropriate. If the Audit and Supervisory Committee has doubts about the independence of business assistants, it shall report the matter to the Board of Directors and may request that the matter be corrected.

(b) Assistants to the Audit and Supervisory Committee shall not receive instructions from Directors (excluding Directors who are Audit and Supervisory Committee Members) or other superiors in the organization to which the assistants belong with regard to the execution of their duties.

7. System for reporting to the Audit and Supervisory Committee
(a) The Directors, Auditors and employees of the Company and its subsidiaries shall consult with the Audit and Supervisory Committee in advance regarding the matters and timing of reporting to the Audit and Supervisory Committee, and shall report to the Audit and Supervisory Committee on each occasion regarding important matters that may affect the business or performance of the Company and its subsidiaries. Notwithstanding the above, the Audit and Supervisory Committee may request reports from the Directors, Auditors and employees of the Company and its subsidiaries at any time when necessary.
Furthermore, no adverse actions shall be taken against individuals for reporting to the Audit & Supervisory Committee.
(b) An appropriate reporting system to the Audit and Supervisory Committee for violations of laws and regulations and other compliance-related issues shall be ensured by maintaining the proper operation of the whistleblowing system set forth in the "Whistleblowing Regulations."
(c) The Audit and Supervisory Committee may express its opinion and request the formulation of improvement measures when it finds that there is a problem with the legal compliance system and operation of the whistleblowing system of the Company and its subsidiaries.

8. Matters concerning the policy for the processing of expenses or liabilities arising from the execution of duties by the Audit and Supervisory Committee
For processing of advances paid or redemption, etc. arising as to execution of duties of Audit and Supervisory Committee Members, except in cases where it is deemed unnecessary for the execution of duties of the Audit and Supervisory Committee member, the relevant expenses or debts shall be processed promptly.

9. Other systems to ensure that audits by the Audit and Supervisory Committee are carried out effectively
The Representative Director shall meet regularly with the Audit and Supervisory Committee to exchange opinions on management policies, issues that the Company must address, risks surrounding the Company, and important audit issues, and strive to deepen mutual understanding and trust.

10. System for ensuring the reliability of financial reporting
(a) In order to ensure proper accounting procedures and improve the reliability of financial reporting, regulations regarding accounting operations shall be established and the system of internal control over financial reporting shall be prepared and effort shall be made to improve its effectiveness. (b)The Internal Audit Office shall audit internal controls over financial reporting. The responsible department and the audited department will take measures to correct or improve the situation if necessary.

2. Basic policy and status of measures to eliminate antisocial forces

We will have no relationships with antisocial forces or organizations that threaten the social order or the public safety, and will resolutely refuse any demands from antisocial forces or organizations, and will adhere to the policy of not conducting any transactions with companies, organizations, or individuals that are related to them.
In addition, with the General Affairs Department as the administrative department coordinating, we have been striving to manage information in a centralized way and build trust relationships with and collaborate with external specialized agencies such as the police and related organizations, and shall continue and deepen such efforts while continuing to promote the development and strengthening of internal systems to eliminate antisocial forces.

V. Other

1. Whether or not Anti-takeover Measures have been introduced

Whether or not Anti-takeover Measures have been introduced	None

Additional explanations regarding the relevant items

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2. Other matters related to the corporate governance system, etc.

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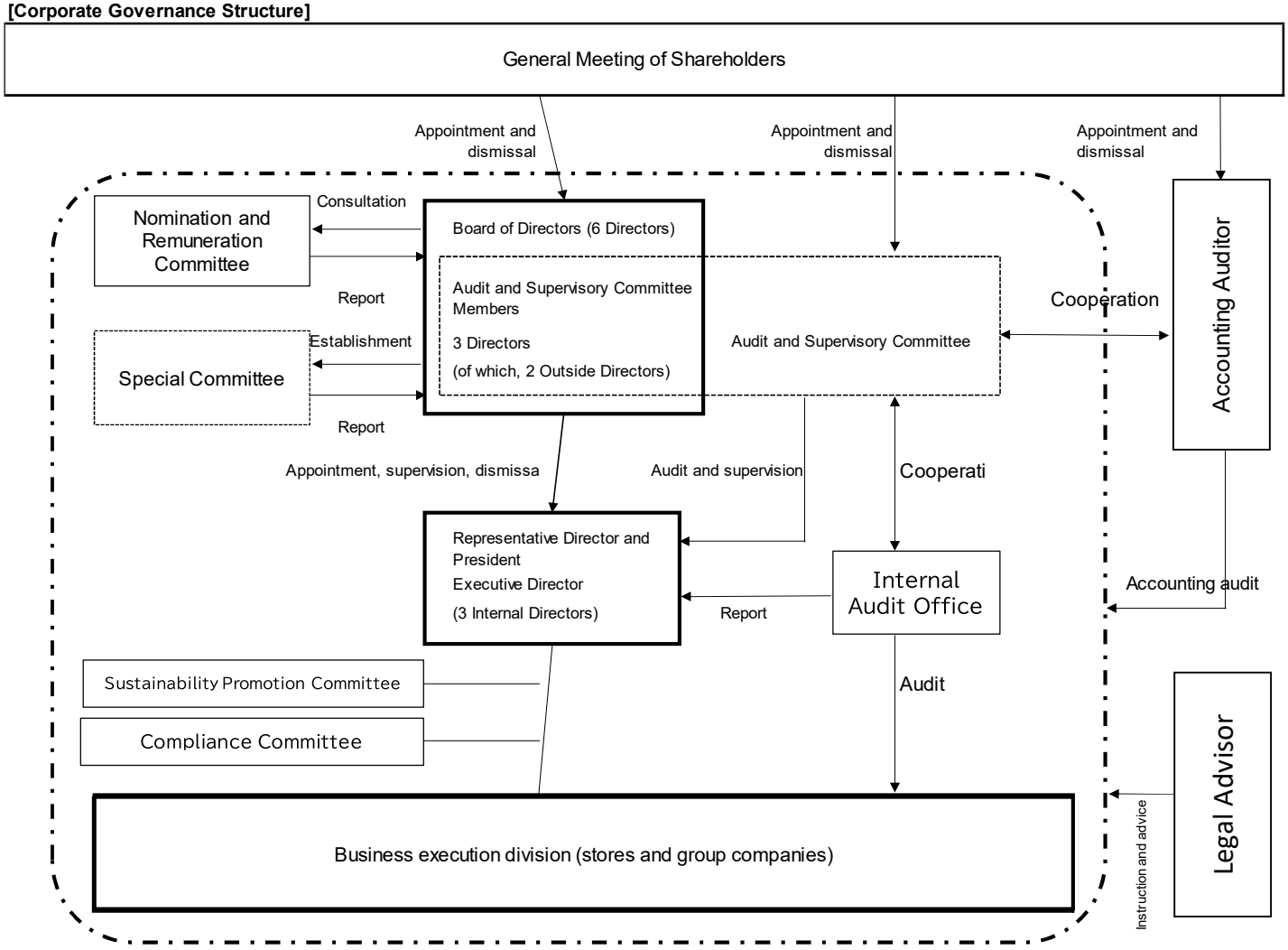
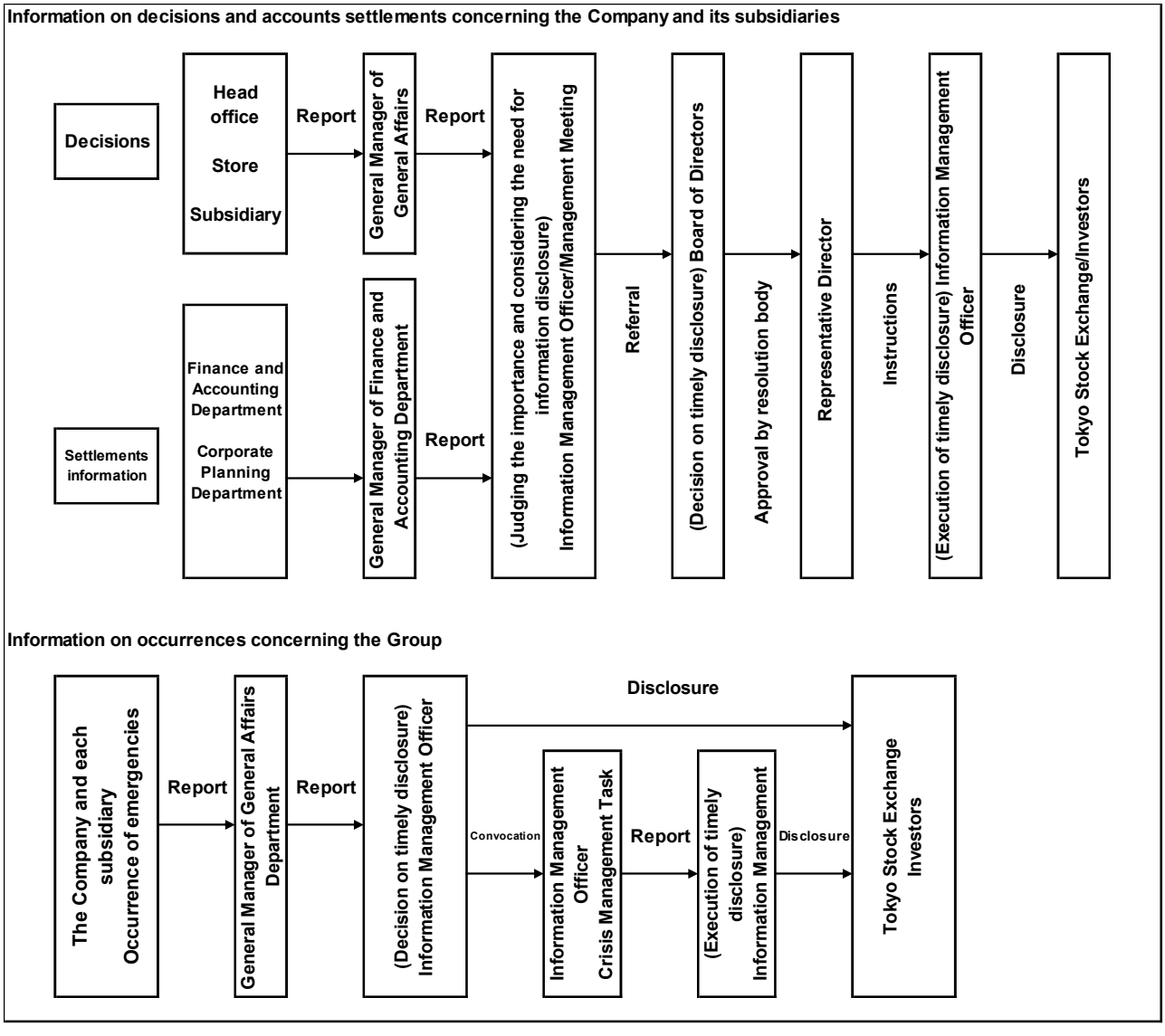
[Corporate Governance Structure]





Skills Matrix of Individual

Director/Audit and Supervisory Committee Member	Name	Gender	Expertise and experience						
			Management	Sales and Marketing	Finance and Accounting	Legal Affairs and Risk Management	Human Resources and Labor Affairs	Healthcare	IT
Director and Chairman	Hisao Yamamoto	Male	●	●				●	
Representative Director and President	Taizo Hirose	Male	●	●				●	
Director	Yukihiko Takiya	Male	●	●			●		
Director who is an Audit and Supervisory Committee	Takaaki Saegusa	Male	●		●	●			
Director who is an Audit and Supervisory Committee	Yoko Ampo	Female				●		●	●
Director who is an Audit and Supervisory Committee	Makoto Ueda	Male	●	●			●		

table above shows areas in which each Director can demonstrate a higher level of expertise based on their experience, etc., and is not a comprehensive list of all knowledge they possess.