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To whom it may concern

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Notice concerning formulation of the 50th Anniversary Vision (from the fiscal year ending May 2026 to the fiscal year ending May 2035), and the Fourth Medium-Term Management Plan (from the fiscal year ending May 2026 to the fiscal year ending May 2030)

KUSURI NO AOKI HOLDINGS CO., LTD. (the "Company") has formulated its "50th Anniversary Vision (from the fiscal year ending May 2026 to the fiscal year ending May 2035)" as a long-term management concept in preparation for its 50th anniversary of establishment in 2035. In addition, as the next stage of growth to achieve this goal, the Company announces that it has formulated a new growth strategy for 5 years starting from the fiscal year ending May 2026, the "Fourth Medium-Term Management Plan (from the fiscal year ending May 2026 to the fiscal year ending May 2030)" (hereinafter referred to as this plan) as described below.

1. Background of formulating the 50th Anniversary Vision

The Company achieved its financial target of net sales of ¥500 billion in the fiscal year ending May 2026 under the Third Medium-Term Management Plan, one year ahead of schedule, in the fiscal year ending May 2025. Based on this early achievement, we analyzed the business environment surrounding the Company. This includes, specifically, the strategic importance of EDLP (a stable "everyday low price" strategy) in the midst of soaring prices, competition for opening new stores and intensified price competition with competitors, including those in different industries, the increase in the number of dual-income households in the super-aged society, increasing need for time saving, and improving capital efficiency and growing demand for increased shareholder returns. In order to swiftly respond to these environmental changes, and to achieve sustainable growth in the future, and to solidify our position as an essential life infrastructure for local communities, we have formulated the 50th Anniversary Vision as a long-term guideline.

2. Overview of the 50th Anniversary Vision (from the fiscal year ending May 2026 to the fiscal year ending May 2035)

The Company was established in 1985 and has implemented a variety of initiatives aimed at operating drugstores and dispensing pharmacies that are trusted by local customers based on its management philosophy of "Contributing to Society through Health, Beauty and Hygiene". In January 2025, we celebrated our 40th anniversary since establishment, and in this memorable year we achieved our two major goals, net sales of ¥500 billion and 1000 stores. In preparation for our next milestone of our 50th anniversary, we have formulated a long-term vision for 10 years called the 50th Anniversary Vision, with the aim of further growth, and stores with great convenience.

[Aspirational state (Vision)]

<Vision> Making daily life easier and bringing more smiles

<Numerical Targets> Fiscal year ending May 2035: Net sales of ¥1 trillion (top 20 retailers)

The slogan, "Making daily life easier and bringing more smiles", represents the Company's determination to remain close to local customers as an unchanging vision the Company should aim for.

3. Fourth Medium-Term Management Plan (from the fiscal year ending May 2026 to the fiscal year ending May 2030)

Based on policies set forth in the 50th anniversary vision, the Company has formulated the following targets and strategies for this plan period as the next stage of growth toward its realization.

(1) Basic Policy

<Basic Policy> Evolution of Food & Drug + Dispensing

We aim to further improve convenience at stores by combining expansion of highly specialized dispensing services with maximizing customer attraction by strengthening the handling of fresh food.

(2) Management indicator

	Actual results for the fiscal year ending May 2025	Plan for the fiscal year ending May 2026	Plan for the fiscal year ending May 2030
Net sales	¥501.4 billion	¥560 billion	¥800 billion
Operating profit	¥26.6 billion	¥23 billion	¥44 billion
payout ratio	8%	34%	30%

(3) Key Strategies in the Fourth Medium-Term Management Plan

Under this plan, we will promote the following three key strategies based on our basic policy of "Evolution of Food & Drug + Dispensing". By promoting these strategies, the Company's Group will solidify its position as a life infrastructure, and aim to achieve the quantitative targets set for the fiscal year ending May 2030.

(i) Improving fresh food know-how (maximizing customer attraction and improving profitability)

We will increase the ratio of large stores through M&A and the establishment of a location development structure centered on large stores, and we will strengthen merchandising and management capabilities on a store-by-store basis. We also aim to build PC (process center) and chilled distribution centers at each site to build a stable distribution infrastructure. We aim to achieve fresh food sales of ¥130 billion in the fiscal year ending May 2030 by strengthening the foundation and implementing fresh food enhancement initiatives.

(ii) Strengthening earnings structure

To respond to the surge in raw material prices caused by soaring prices, we will strengthen private brand (PB) development and sales, and aim for PB sales of ¥80 billion in the fiscal year ending May 2030. As part of our ongoing efforts, we will strive to maximize operational efficiency and cost efficiency through the establishment of EDLP measures and low-cost operations in the areas in which our stores are located. In the dispensing business, we will achieve dispensing sales of ¥100 billion in the fiscal year ending May 2030 by continuing efforts to increase patient numbers and improving the dispensing pharmacy co-location ratio, and will contribute to improving store profitability.

(iii) Promotion of M&A

We aim to open 400 stores during this plan period by establishing a stable store opening structure and aggressively pursuing M&A as before. Of this number, 30% will be supplemented through M&A to secure specialized personnel, mainly in fresh food know-how, and to achieve stable acquisition of properties in good locations and large stores with the aim of expanding the area in which stores open and achieving early profitability.

(4) Basic policy for cash allocation

With respect to cash allocation for the realization of this plan, the operating cash flow to be acquired by the fiscal year ending May 2030, and cash to be obtained from financing, will be allocated based on the following ratios.

(i) Growth investment (67%)

In order to flexibly and efficiently implement key strategies for the next stage of growth, the Company will invest a total of ¥200 billion in growth in strategic investments such as new store openings and remodeling, M&A, and human resources investment under the 5-year Fourth Medium-Term Management Plan.

(ii) Shareholder Return (20%)

Our basic dividend policy has been to pay stable and continuous dividends, but we will drastically review shareholder returns and set a dividend payout ratio of 30% as our basic policy. The distribution of shareholder returns, including the acquisition of treasury shares, is set at 20% of cash in as a guideline.

(iii) Increase in working capital, emergency response, etc. (13%)

In consideration of the balance between investment for growth and shareholder returns, we will secure funds for emergency response, etc., to increase working capital and maintain a strong financial position.