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**Notice Concerning Formulation of Medium-Term Management Plan  
(Fiscal Year Ending March 31, 2026 to Fiscal Year Ending March 31, 2031)**

MatsukiyoCocokara & Co. (the “Company”) hereby announces that it has formulated a new medium-term management plan to cover the period from the fiscal year ending March 31, 2026 (FY2025) to the fiscal year ending March 31, 2031 (FY2030). Details are as described below.

**1. Background to formulation of the medium-term management plan (FY2025 to FY2030)**

At the time of our merger in 2021, we set medium-term management targets to be achieved by FY2025, which is the final fiscal year of our plan, and we have achieved the key indices for profitability and capital efficiency—which we regard as particularly important—ahead of schedule. Since the merger in 2021, our business environment has changed dramatically due to developments such as Japan’s progressively declining birth rate and aging population, changes in the social environment due to the Covid-19 pandemic, the rapid advancement of generative AI and other digital technologies, heightened geopolitical risk, and accelerating drugstore industry realignment. In response to these changes in the business environment, we sought to ensure sustainable growth and further enhance corporate value by not waiting for the final fiscal year of our existing medium-term management plan, but instead formulating a new medium-term management plan covering the period from FY2025 to FY2030.

Under this new medium-term management plan, we will follow our basic approach of “Co-creating and sharing value,” aiming to enhance corporate value by co-creating value with stakeholders of all kinds and returning the profits acquired through our businesses to these stakeholders. We have determined concrete strategies and targets to enable us to more effectively pursue and achieve our Management Philosophy of “Creating the future ‘normal’ and innovating lifestyles” and our Group Vision of “Making health and beauty more delightful and accessible.”

## **2. Overview of the medium-term management plan (FY2025 to FY2030)**

### **(1) Basic management policy and goals**

Ever since the Company's founding, we have not only delivered various forms of value to customers by using ingenuity to create a new "normal," but have also continually responded to our customers' desires to "stay healthy" and "be beautiful" through our commitment to building community-based healthcare networks. We believe that the Company's role will continue to be fulfilling customers' wishes and desires through our unique and attractive products, services, values, and experiences. In line with this belief, we have retained the Management Philosophy, Group Vision, and Group Slogan set out below unchanged as the foundation for our basic management policy, regarding these as goals to be pursued further and put into practice.

#### **(i) Management Philosophy**

##### Creating the future "normal" and innovating lifestyles

Foreseeing the future of health and beauty, and contributing to the realization of enhanced lives and livelier communities through the creation of new customer experiences.

#### **(ii) Group Vision**

##### Making health and beauty more delightful and accessible

MatsukiyoCocokara & Co. will actively incorporate new technologies and ideas in the fields of health and beauty, aiming to make people's daily lives more fun and enjoyable. MatsukiyoCocokara & Co. will continue to strive in its efforts to remain close and sensitive to the wishes and desires of consumers, and strive to deliver greater peace of mind and joy to the daily lives of people and their communities.

#### **(iii) Group Slogan**

##### Find your "!" (The "!" is pronounced "wow.")

This expresses our desire to have customers exclaim "Wow!" each time they visit, excited to see what new things we have to offer.

### **(2) Target management indices** (a supplementary explanation of the Group management targets is presented in the following section)

Given the Company's basic approach of "Co-creating and sharing value," our fundamental policy is to ensure continued growth by prioritizing sustained earning potential as a criterion when evaluating individual businesses, co-creating value with stakeholders of all kinds, and returning the profits acquired in each business to these stakeholders.

In line with this policy, we have set the Group management targets detailed below with the aim of becoming Asia's No. 1 drugstore and thereby attaining a leading position in the health and beauty fields.

	Results (for FY2024)	Previous Group management targets (for FY2025)	New Group management targets (for FY2030)
Net sales (organic growth)	1,061 billion yen	1,500 billion yen	1,300 billion yen
+ federation initiatives (M&A, etc.)			+α
Operating profit margin	7.7%	7% or more	—
EBITDA margin	9.9%	—	13% or more
ROE (Return on equity)	10.6%	10% or more	12% or more
Dividend payout ratio (consolidated)	32.9%	30% or more	50%
DOE (Dividends on equity (consolidated))	3.5%	3%	6%

Notes:

EBITDA = Operating profit + Depreciation and amortization of goodwill

EBITDA margin (%) = EBITDA ÷ Net sales

### ***Supplementary explanation: Group management targets***

- **Net sales**

The previous Group management target (for FY2025) included sales from our federation initiatives (e.g., M&A activities). For our new Group management target, however, we sought to clarify sales derived from organic growth by setting an additional, separate target for revenue from our federation initiatives, which we refer to as “+α.”

- **EBITDA margin**

We have set EBITDA margin as a new management target to indicate the medium-term cash-based profitability generated by our businesses.

- **ROE (Return on equity)**

We have set ROE as a key index for enhancement of corporate value. In the new medium-term management plan, we have raised the target from 10% or more to 12% or more with the primary aims of improving profitability still further and striking a balance between financial soundness and capital efficiency.

- **Dividend payout ratio (consolidated)**

We believe that profit returns to shareholders are one of the top priorities for our management. To continue further improving profit returns, we have set a new target based on the fundamental policy of a progressive dividend, raising the payout ratio from 30% to 50%.

Note: “Progressive dividend” refers to a dividend policy of in principle avoiding dividend decreases, instead endeavoring to maintain or increase dividends.

### **(3) Medium and long-term management strategies of the Company**

We have set management assumptions to enable us to continue practicing sustainable management while responding to a constantly changing business environment characterized by the declining birth rate and aging population, changing consumption trends, and expansion of scale by competitors due to M&A or new store openings. We have categorized the management assumptions into the following categories: “Respect for humanity in the workplace” and “Enhancement and strengthening of governance,” which are foundations to support growth of the Group, and “Contribution to health and beauty” and “Global environmental conservation,” which are strategies to achieve further growth of the Group. We have then redefined the four materialities tied to these management assumptions, linking them to three new key strategies we are currently pursuing, which are intended to enable further growth for the Group. Details of the various elements are as described below.

#### *Key strategies*

In response to a rapidly changing business environment characterized by rising prices, increasing pressure of rise in various costs, and the ongoing acceleration of drugstore industry realignment, we have set three new key strategies in line with our basic approach of “Co-creating and sharing value” to achieve our Group management targets for FY2030. Details are described below.

#### **(a) Differentiation strategy: Strengthen our unique platform business**

Our business environment remains challenging due to factors including Japan’s population decline and the diversification of people’s values, as well as accelerating realignment and aggressive opening of new stores among our competitors. Aiming to continue being the company customers choose even under such circumstances, we will continue to deliver new forms of value that we alone can provide in our business domain comprising the health and beauty fields.

To that end, we will enhance customer convenience through seamless coordination between our drugstore and pharmacy businesses and drive the expansion of our unique domains including our own unique B-to-B business. In striving to achieve these aims, we will leverage our strengths including the attractive merchandise, services, value, and experiences we offer; our store network concentrated mainly in major metropolitan regions; and the closed (private, confidential, or undisclosed) information accumulated from over 150 million customer contact points.

#### **(b) Investment strategy: Invest in business infrastructure for co-creating value**

We are aiming to earn sustained profits by actively investing in the infrastructure that underpins our platform. In specific terms, we will undertake proactive investment in systems to improve customer convenience and operational efficiency through digital technology, and

to expand our business domains.

We also seek to increase our operational scale by boosting store openings in our priority areas mainly in major metropolitan regions and promoting M&A activities, as well as to promote opening of dispensing pharmacies next to drugstores, and to expand our overseas operations by moving into new markets primarily in the ASEAN countries. At the same time, we will invest in human capital by developing a workplace environment that is easy for employees to work in and offers job satisfaction and motivation. We also continually seek to nurture professional, global human resources and increase employee engagement.

- (c) Social contribution and returning profit to society: Practice sustainable management that contributes to the enhancement of corporate value

Aiming to practice sustainable management that helps to achieve our Management Philosophy and Group Vision, and to enhance corporate value, we redefined our materialities into four categories by reconsidering the challenges we need to tackle amid a dramatically changing business environment. As initiatives to address these materialities, we will undertake the following: make stable returns to stakeholders; enhance corporate governance; take action for the benefit of the environment and society (respond to climate change and support for community healthcare); and respond to the demands of the capital markets (practice management conscious of the cost of capital and consider our optimal capital structure). The materialities we have defined are as set out below.

- (i) Materiality: “Consideration of the health and beauty of society”

Goal: Company that solves the challenges related to people’s health and beauty and brings great peace of mind and joy to society, starting with community healthcare

Non-financial KPI: Number of Registered customers 45 million

- (ii) Materiality: “Employee growth”

Goal: Company so attractive that our employees would proudly recommend it as a workplace to their closest loved ones

Non-financial KPI: Employee awareness survey 3.94 points

- (iii) Materiality: “Consideration of the health of the Earth”

Goal: Company that achieves virtually zero CO<sub>2</sub> emissions from business activities, thereby contributing to an ethical society

Non-financial KPI: Reduction of CO<sub>2</sub> emissions 40% (compared to FY2021)

Environmentally conscious private brand product ratio 60%

(iv) Materiality: “Effectiveness of governance”

Goal: Company that establishes a disciplined management system and practices stakeholder-oriented management

Non-financial KPI: Percentage of independent outside directors 50% or more

#### **(4) Basic policies for cash allocation**

Regarding cash allocation for the realization of the medium-term management plan, we will allocate operating cash flow earned until FY2030, excluding the increased amount of working capital, based on the following proportions.

- Investment in growth (Proportion: 45%)

For opening and renovating stores, small-to-medium-sized M&As, investments in human capital and intangible assets, overseas operations, addressing climate change, etc.

We have set the allocation proportion for investment in growth at 45%. To ensure further growth, we will invest in the following priorities: expanding existing businesses by opening and renovating stores, as well as through small-to-medium-sized M&As and alliances of all kinds, new businesses, DX (digital transformation), human capital, overseas expansion, and addressing climate change.

- Shareholder returns (Proportion: 45%)

For dividends, stock buybacks, etc.

To further improve profit returns to shareholders, we have set the allocation proportion for shareholder returns at 45%. Our dividend policy is based on the belief that profit returns to shareholders are one of the top priorities for our management. Accordingly, we work to strengthen our business foundation and improve profitability, maintaining the fundamental policy of a progressive dividend to target the dividend payout ratio (consolidated) of 50% and DOE (dividends on equity (consolidated)) of 6%. Additionally, we will take a flexible approach to stock buybacks, considering our financial position and stock price levels.

- Enhancing our financial base (Proportion: 10%)

Dealing with emergencies, etc.

To support investments in expansion of existing businesses and growth strategies, and to build a stable revenue base, we will secure stable funds in accordance with the scale of investments and expansion of business risks.

Furthermore, we are continuing to expand our operational scale not only through organic growth, but also by implementing our federation initiatives, and as we do so, we will also consider the possibility of using debt to procure funds.

### **3. Additional information**

For further details regarding this medium-term management plan, please refer to the document posted on the Company's website today, entitled "Medium-Term Management Plan (Fiscal Year Ending March 31, 2026 (FY2025) to Fiscal Year Ending March 31, 2031 (FY2030))."

(Reference) Website URL:

[https://www.matsukiyocokara.com/en/ir/plan/pdf/medium\\_term\\_management\\_plan\\_20250509.pdf](https://www.matsukiyocokara.com/en/ir/plan/pdf/medium_term_management_plan_20250509.pdf)