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Press Release

SUZUKEN CO., LTD.

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(Stock Code: 9987)

Securities Traded: Prime Market of the Tokyo and Nagoya Stock Exchanges, and the Sapporo Securities Exchange

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Suzuken Announces the Formulation of a Medium-Term Management Plan with a Focus on Cost of Capital and Stock Price

SUZUKEN CO., LTD. (hereinafter, the “Company”) has formulated a new three-year Medium-Term Management Plan covering the fiscal years from the year ending March 31, 2027 to the year ending March 31, 2029 (hereinafter, “Medium-Term Management Plan”).

In addition, the Suzuken Group (hereinafter, the “Group”) has positioned its approach to management that is conscious of cost of capital and stock price, as requested by the securities exchanges.

The outline of the Medium-Term Management Plan is as follows.

1. Background to the Formulation of the Medium-Term Management Plan

The business environment surrounding the Group in the healthcare and pharmaceutical industries is undergoing significant changes due to the continuation of policies to contain medical expenses, ongoing discussions regarding systems related to pharmaceutical distribution, an increasing proportion of specialty drugs, and rising personnel and logistics costs.

In particular, in the pharmaceutical distribution sector, the sustainability of existing business models based on traditional profit structures is being called into question. While fulfilling its responsibility to ensure a stable supply as part of social infrastructure, structural transformation is required to secure medium- to long-term profitability.

Against this backdrop, the Group has formulated a new Medium-Term Management Plan covering the three fiscal years from the year ending March 31, 2027 to the year ending March 31, 2029 as a management guideline for the next stage of growth following the previous medium-term management plan.

2. Basic Concept of the Medium-Term Management Plan

The Medium-Term Management Plan (FY2026–FY2028) is positioned as a critical execution phase toward achieving our ultimate target of a return on equity (ROE) of 8% in five years, for the fiscal year ending March 31, 2031.

While the Group’s ROE in the most recent fiscal year was in the 9% range, this figure includes temporary gains from the sale of cross-shareholdings. From the perspective of earning power based on operating profit, ROE remains at the 6% level, and we recognize that further improvement is necessary.

While achieving and maintaining an ROE of 8% is positioned as a key management target, transforming our business structure and establishing new revenue models will require a certain amount of time. Accordingly, we have set an ROE of 8% for the fiscal year ending March 31, 2031 as a clear milestone. Based on a backcasting approach from this target, we will implement the Medium-Term Management Plan to build a new earnings foundation. Through these initiatives, we aim to enhance our profitability and realize sustainable growth in corporate value.

3. Overview of the Medium-Term Management Plan

[Theme]

Becoming a Health Creation Enterprise in Our Third Phase of Development —Evolving into a Next-Generation Distributor Beyond the Traditional Concept of Wholesaling—

[Slogan]

Change makes Challenge
Embrace change. Take on challenges.

**Challenge makes Change
Our challenges shape the future of the Suzuken Group**

*This slogan represents the Group's commitment to embracing change and taking on new challenges, and we will strive to achieve the key initiatives and management indicators set forth below.

[Key Initiatives of the Medium-Term Management Plan]

- (1) Evolving into a next-generation distributor
- (2) Rebuilding of the business portfolio
- (3) Strengthening of the management foundation

(1) Evolving into a next-generation distributor

In our core pharmaceutical distribution business, we will take on the challenge of developing a fee-based business driven by our functions (i.e., monetizing our capabilities), in addition to the traditional margin-based business.

To evolve into a next-generation distributor, we will further enhance efficiency in the order-to-delivery process while ensuring a stable supply. At the same time, by earning fair compensation for services that address customers' challenges, we will diversify our earnings structure and enhance value creation.

(2) Rebuilding of the business portfolio

While maintaining the pharmaceutical distribution business as its core, we will work to evolve our business structure through the advancement of existing businesses and alliances with external partners.

To adapt to changes in the environment without being constrained by traditional business frameworks, the Group will combine its functions and assets to transform toward higher value-added business models.

(3) Strengthening of the management foundation

We recognize that developing human resources responsible for executing this Medium-Term Management Plan is essential to its successful implementation.

Accordingly, we will strengthen the development and recruitment of personnel with expertise in digital transformation fields such as digital technologies and data analytics, in addition to developing next-generation leaders in a planned manner.

We will also enhance Group-wide utilization of human resources and interdepartmental collaboration, while strengthening the management foundation that supports sustainable growth by fostering an environment in which diverse talent can fully demonstrate their capabilities.

4. Management Policy

■ Long-Term Targets [five-year horizon: FY2030]

Item	Term	Target
Consolidated net sales	FY2030	¥3 trillion or more
ROE		8.0% or more

■ Key Management Indicators under the Medium-Term Management Plan

Toward Achieving the Above Long-Term Targets (FY2026-2028)

Item	Term	Target
Consolidated net sales	FY2028	¥2.7 trillion or more
ROE	Each fiscal year	Levels above cost of capital (6.0%)
	FY2028	7.0% or more
Ordinary profit margin	FY2028	Consolidated: 1.5% or more Distribution segment: 1.0% or more
Investment	3-year cumulative total	¥60 billion or more (M&A and strategic investments will be executed flexibly)
Shareholder returns	Each fiscal year	Continuation of stable dividends (DOE of 3.0% by FY2028)
		Total Payout Ratio: Implemented with 100% as the guideline
Reduction of cross-shareholdings	FY2028	10.0% or less of consolidated net assets

■ Initiatives Toward Sustainability (Continuing initiatives from the previous medium-term management plan)

Item		Target
E	CO ₂ emissions (Scopes 1 + 2)	40% reduction by FY2030 compared to FY2020 (FY2025 results: 69,397t-CO ₂ , approx. 21% reduction)
S	Percentage of female managers	20% or more by FY2030 (FY2025 results: 15.2%)
	Percentage of male employees taking childcare leave	100% required each year (FY2025 results: 100%)
G	Compliance training participation rate	100% required each year (FY2025 results: 100%)

5. Management with a Focus on Cost of Capital and Stock Price

The Group recognizes management that is conscious of cost of capital and stock price, as requested by the securities exchanges, as an important management issue. Following the disclosure of its policy in November 2023, the Group has been advancing various initiatives. Although the price-to-book ratio (PBR) has recently improved to around the 1.0 level, the Group does not believe that this level fully reflects its cost of capital or future growth potential, and recognizes that there remains room for further improvement.

The Medium-Term Management Plan has been designed with the highest priority placed on consistently generating profitability that exceeds the cost of capital and sustainably enhancing corporate value. By steadily executing and achieving the Medium-Term Management Plan, the Group will continue to improve its PBR and respond on an ongoing basis to the securities exchanges' request for the realization of management that is conscious of cost of capital and stock price.

Note: Details of the Medium-Term Management Plan and the Group's policy on initiatives for the realization of management with a focus on cost of capital and stock price are included in the materials for the earnings presentation and can be downloaded from the Company's website:

<https://www.suzuken.co.jp/en/ir/library/explanation/>

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