Sugi Holdings Co., Ltd. (Stock Code: 7649, TSE Prime, NSE Premier)

Medium-Term Management Plan

（FY2026 – FY2030）

スギホールディングス

April 15, 2026

Investment Highlights

Market Leader	■ Pioneer of Drugstores with In-Store Pharmacies = Growth Potential in a Super-Aged Society ■ Competitive Advantage Through Proprietary App (Same-Store Sales Growth, Increased Gross Profit Margin)
Targeting ¥1.6 Trillion in Net Sales **Strategic Shift**	■ Transitioning from Traditional Retail to a Total Healthcare Company ■ Realizing a Community-Based Integrated Care Model Rooted in "Community Engagement"
Toward Discontinuous Growth **Growth Drivers**	■ Scalable and Replicable M&A/Partnership Models: (1) Turnaround, (2) Partnership, (3) Comprehensive Alliance ■ Scaling & Quality Enhancement through Horizontal and Vertical Integration ■ Strategic M&A leveraging DX (apps, etc.) and SCM (transition to the Sugi Pharmacy model)
Value Creation & Capital Allocation	■ Promotion of ROIC-focused management (P/L growth + efficiency of B/S and C/F) ■ Capital Allocation Strategy Aimed at Achieving ROE of Over 15% (Strategic M&A, Share Buybacks, Optimization of Financial Leverage)

The Industry-Leading "Sugi Pharmacy App" Continues to Evolve

Total Downloads

15.67 million downloads

(As of the end of February 2026)

App Member Ratio (Merchandise Sales)

64.8%

(February 2026)

Monthly Active Users※

6.59 million

(February 2026)

*Number of app users over a 30-day period

Per month Number of coupon redemptions

26.92 million

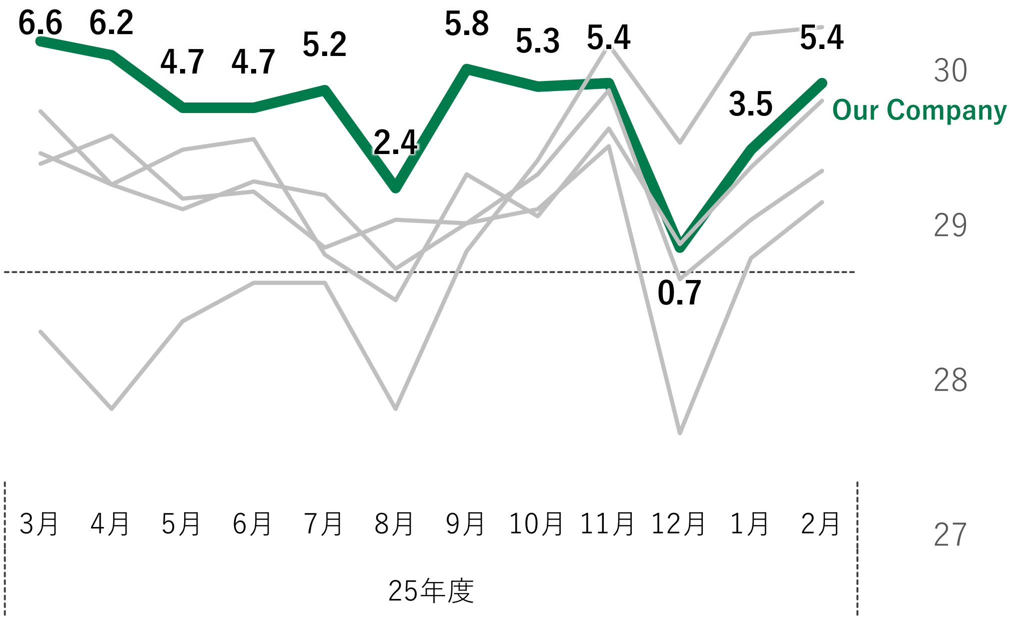
(February 2026)

Competitive Advantage Through Our Own App

By developing the app in-house, we achieved higher-than-competitor growth at existing stores and an increase in gross profit margin

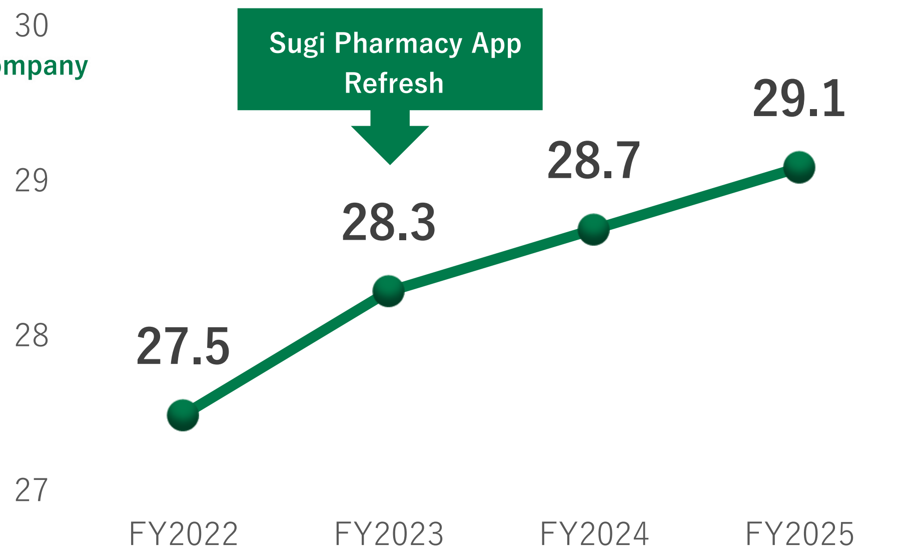
Trends in Existing Store Sales (%)

Comparison with the Top 4 Companies in the Industry



Gross Profit Margin Trends (%)

Gross Profit Margin for Merchandise Sales

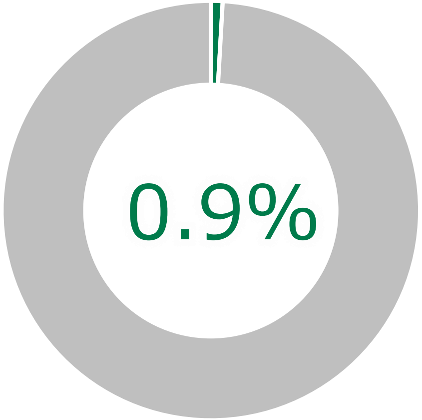


Handling of specialty pharmaceutical prescriptions

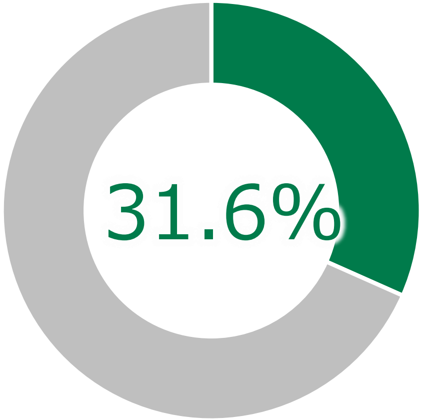
Expanding the volume of high-value prescriptions through enhanced expertise and hospital collaboration

Percentage of high-value prescriptions (prescription price of JPY 100,000 or more)

Sugi Pharmacy



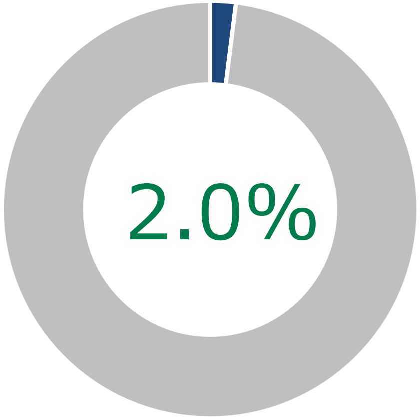
Number of prescriptions



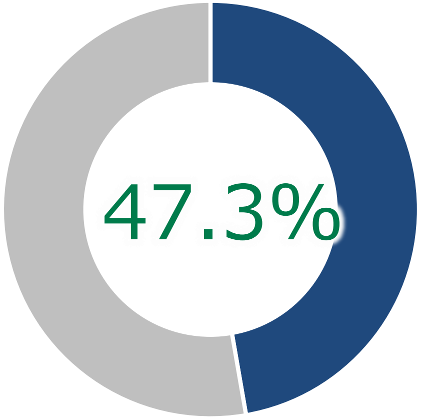
Dispensing Sales

*Cumulative results from March 2025 to February 2026

Hanshin Dispensing Pharmacy (formerly I&H)



Number of prescriptions



Dispensing Sales

*Cumulative results from March 2025 to February 2026

Our Assessment of the Business Environment

Due to the impact of macroeconomic conditions and regulatory reforms, the entire industry is entering a period of transition

Changes in the Macroeconomic Environment and Consumer Behavior

As income polarization continues to deepen, a strategy focused on LTV that addresses individual needs — rather than a one-size-fits-all approach —is becoming essential

Drastic Changes on the Supply Side and the Full-Scale Restructuring of the Industry

Amid an oversupply of stores and soaring labor costs, companies that differentiate themselves and operate efficiently accelerating industry consolidation

Redefining physical stores and the evolution of the OMO model

Physical stores are transforming into venues that provide experiential value, evolving into a proprietary OMO model that integrates apps with physical stores

The greatest opportunity to “market share expansion” and “lead industry consolidation”

Evolving into a Total Healthcare Company

Profitability Enhancement Cycle (Refining Core Businesses ⇒ Creating and Expanding Peripheral Businesses ⇒ Increasing Core Business Profitability)

Refining Core Businesses (Drugstores and Dispensing)

Expertise × DX
H&BC Counseling
Specialty Pharmacy

Private Brand
Pursuit of Depth
(Rebranding)
Expanding Scope
(Cross-Industry and Overseas)

Trade Area
Aggressive Store Expansion
(Population-dense areas)
Area Dominance
(Combination of Diverse Formats)

ROIC Improvement
Inventory and Procurement Optimization
Asset-Light Strategy

Investment in Peripheral Businesses

Cash Generation

Expanding revenue opportunities for core businesses

Creation and Expansion of Peripheral Businesses

Expanding Customer Touchpoints
Products/Services ×
Wellness, Inbound Tourism, Healthcare, and Long-Term Care

Expanding the Business Model
Monetizing data, e-commerce/OMO models

Building a Network

Qualitative and Quantitative Expansion

Horizontal
(M&A × Partnerships)

＋

Vertical
(Investment × Partnership)

① Turnaround Model
② Partnership Model
③ Comprehensive Alliance Model

Enhancing Productivity Through Drugstore Expertise × DX

15.67 Million Downloads
(As of February 28, 2026)

Personalized One-to-One Engagement

Frictionless Shopping Experience

Optimal Recommendations

Empathetic AI Agents
For Frontline Support

AI Agent

Customer Insights

Empathetic AI Agents
For Frontline Support

AI Agent

Voice AI Dedicated to Phone Inquiries

Increasing High-Value Customer Interaction Time and improving productivity

AI Agent

Fully Automated AI-Driven Ordering

Enhancing Productivity Through Dispensing Expertise × DX

1.5 million downloads
(As of February 28, 2026)

Seamless experience

Eliminating wait times

Optimal Recommendations

Personalized AI agents supporting medication counseling

AI Agents

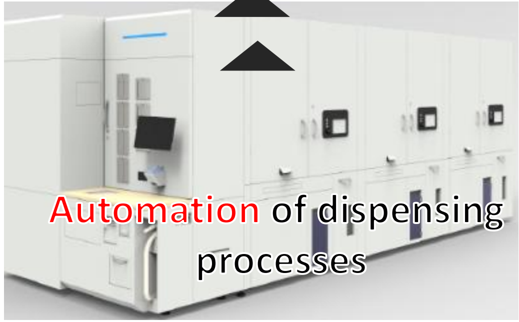
Patient data

AI Agents

AI-driven role-playing for medication counseling

Centralization of dispensing operations

Driving operational efficiency and footprint expansion



Automation of dispensing processes

Private Label Product Development

*Change from FY2025

FY2030 Targets: Private Brand (PB) Ratio 16% (+5 pts), PB Gross Margin +2.5 pts

Three Development Strategies

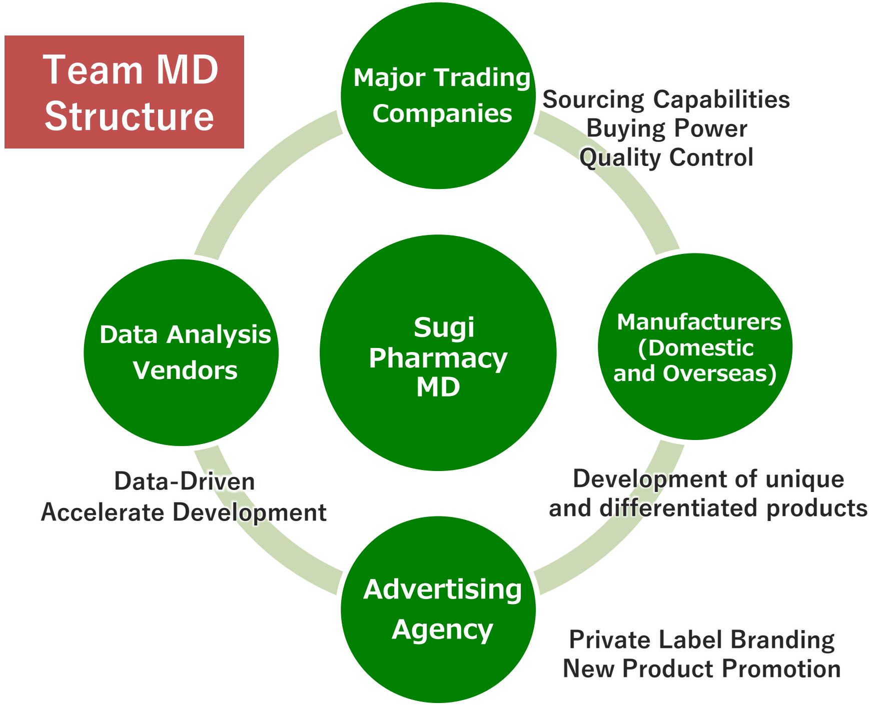
	NB ratio High range	PB ratio High range
Our PB Available	New Category Development	Relaunch
Our PB None		White Space

① Relaunch: Relaunch of existing flagship private-label products

② New Category Development: Development of co-branded private label products with major national brands

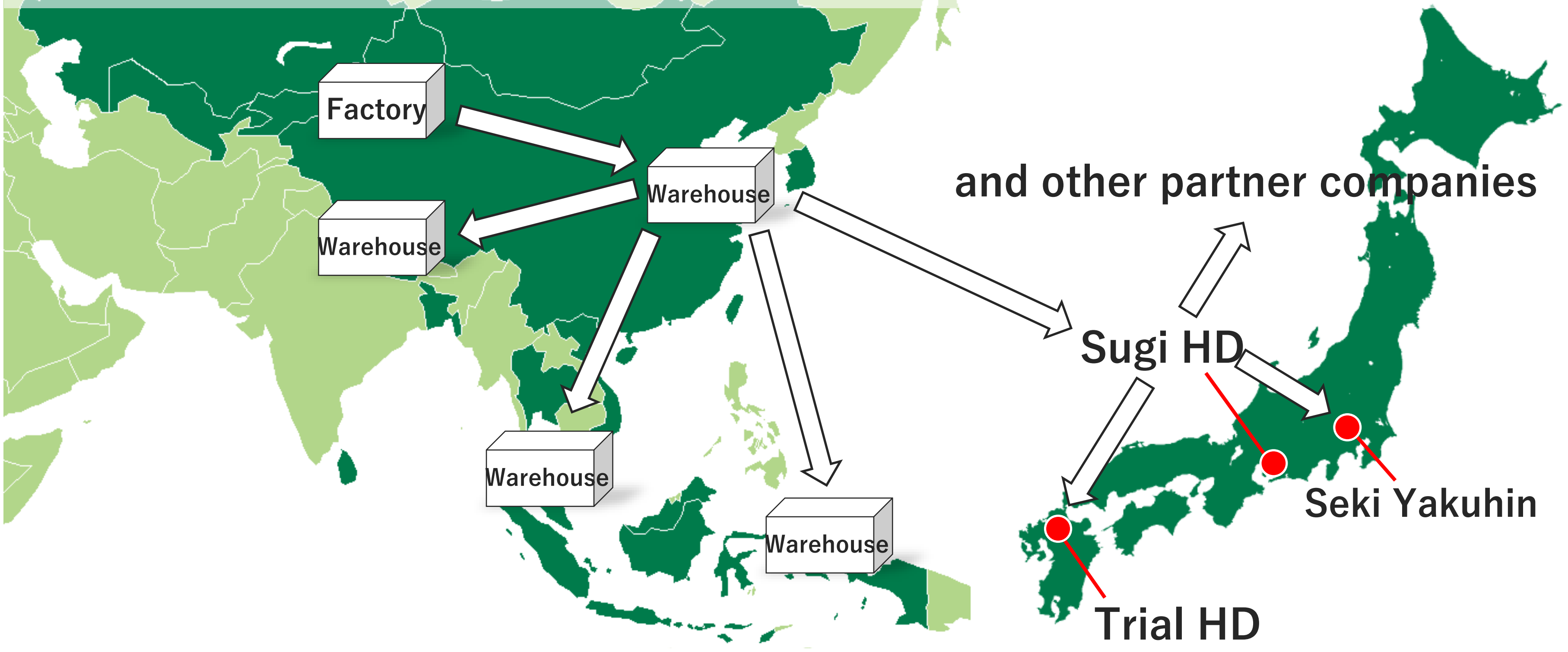
③ White Space: Development of new private brands in categories where competitors' private brands already exist

Development Structure



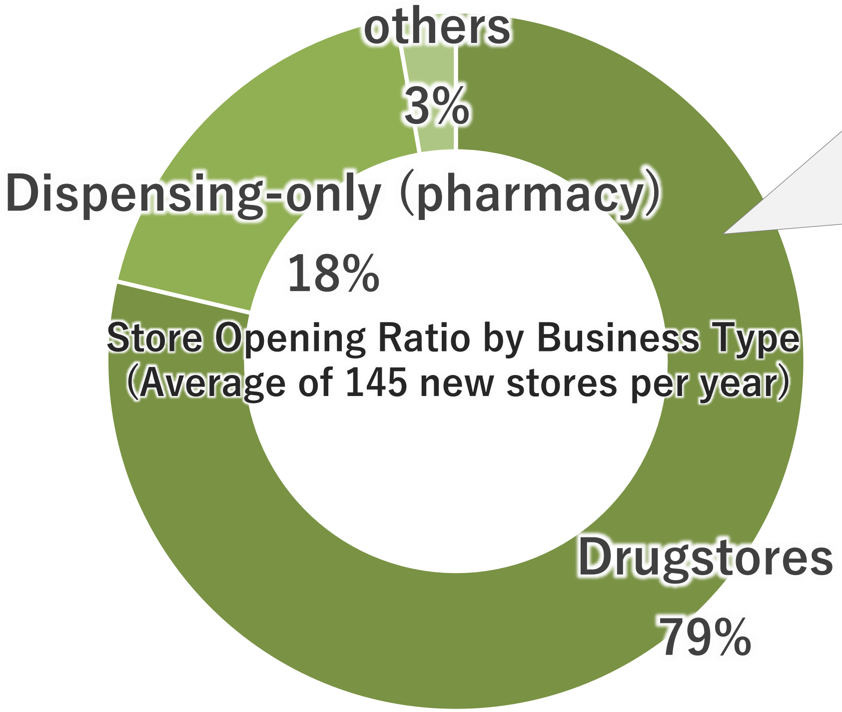
Strengthening Product Development Through Optimization of the Entire Supply Chain

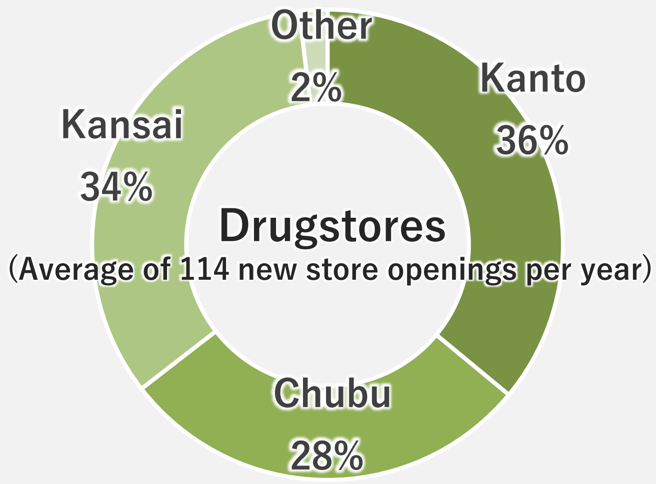
- Cost reduction through local manufacturing and delivery via local inland transport or sea freight
- Expansion of sales channels through the supply of developed products to local inland and overseas partner companies



Store Opening Strategy

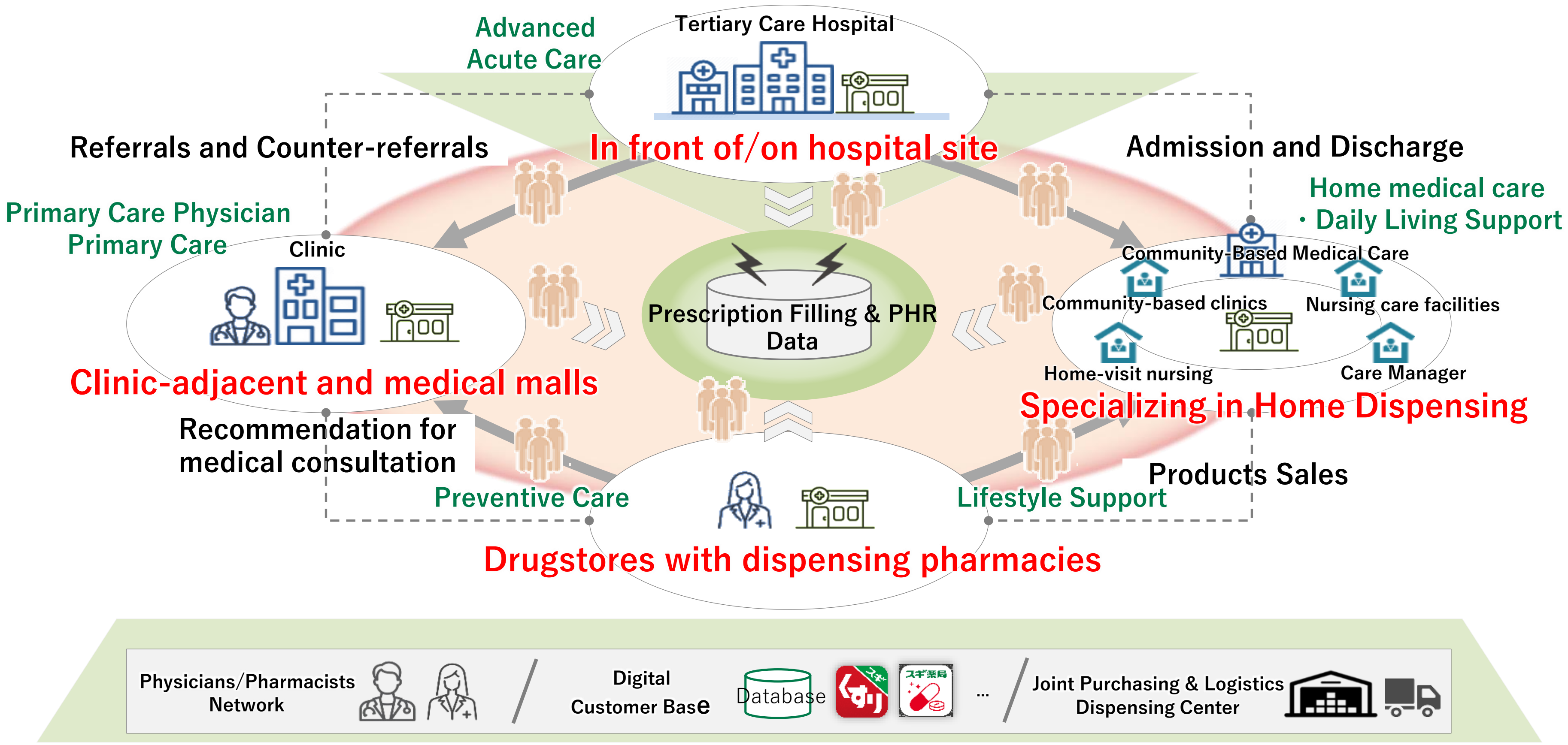
Focusing on drugstores
Deepening our presence as an area-dominant player



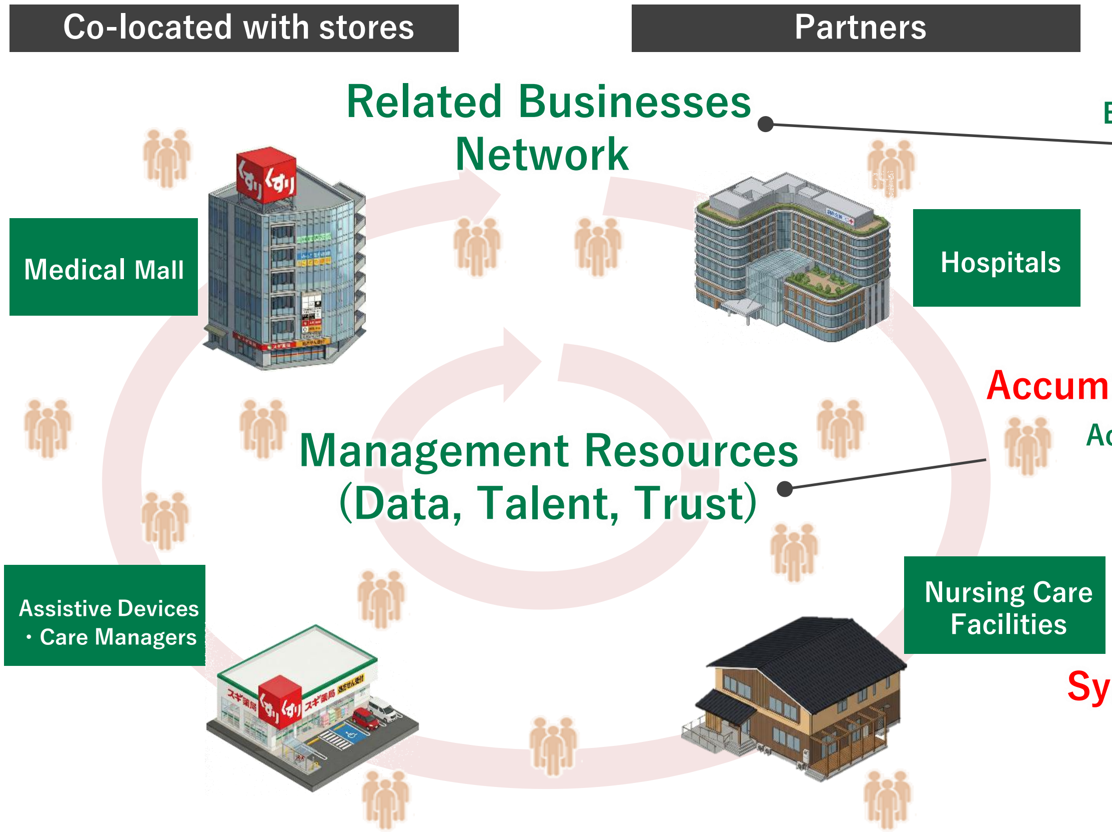


- **Growth Strategy: Store Density and Format Mix**
  (Tokyo, Nagoya, Osaka, Fukuoka, etc.)
- **Defense: Renovations, Expansion, and Relocations**
  (Aichi, Mie, etc.)
- **Restraint: Streamlining existing stores**
  (Hokuriku Region, Northern Kinki Region, etc.)
- **New Initiatives: Collaborations with other industries**
  (Supermarkets, Discount stores, etc.)

Realizing a Community-Based Integrated Care Model Rooted in "Community Engagement"



Strategic Investment in Medical and Nursing Care Fields



Network Effects

Expansion of the number of locations for related businesses

↑ ↓

Accelerated customer influx

✖

Accumulation of Management Resources

Accumulation of Data, Talent, and Trust

↑ ↓

Improved Customer LTV

＝

Synergy Effects for Core Business

Retail Sales ↗ ・Dispensing↗

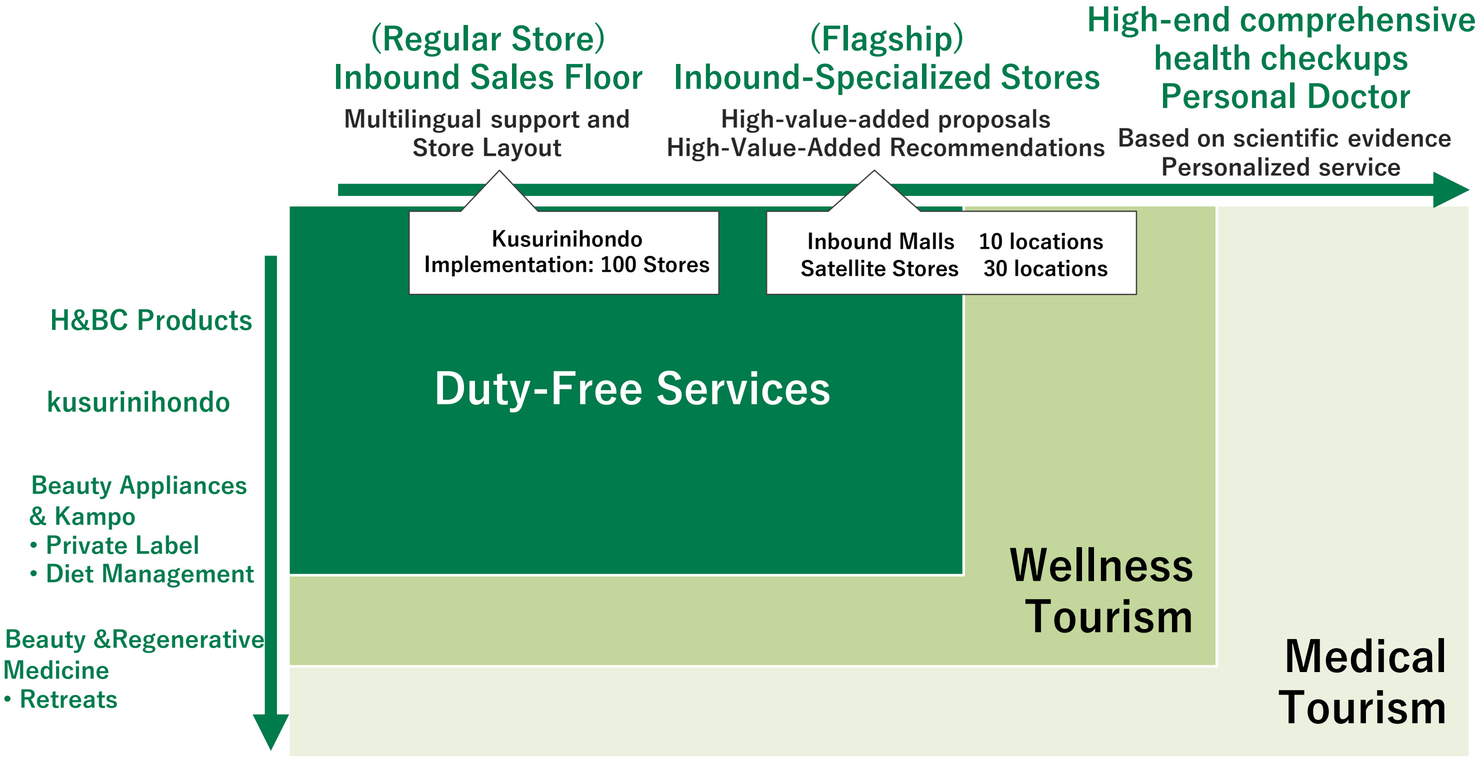
New Establishments ・Investments, etc.

Systems Development, etc.

Strategic Reinvestment

Inbound Strategy

FY2030 Target: Sales of 55 billion yen or more (accounting for 5.5% or more of merchandise sales)



Overseas Partners Drugstores

Connections via local stores, cross-border e-commerce, and social media

Pre-trip (Customer Acquisition)
Various Asian Countries

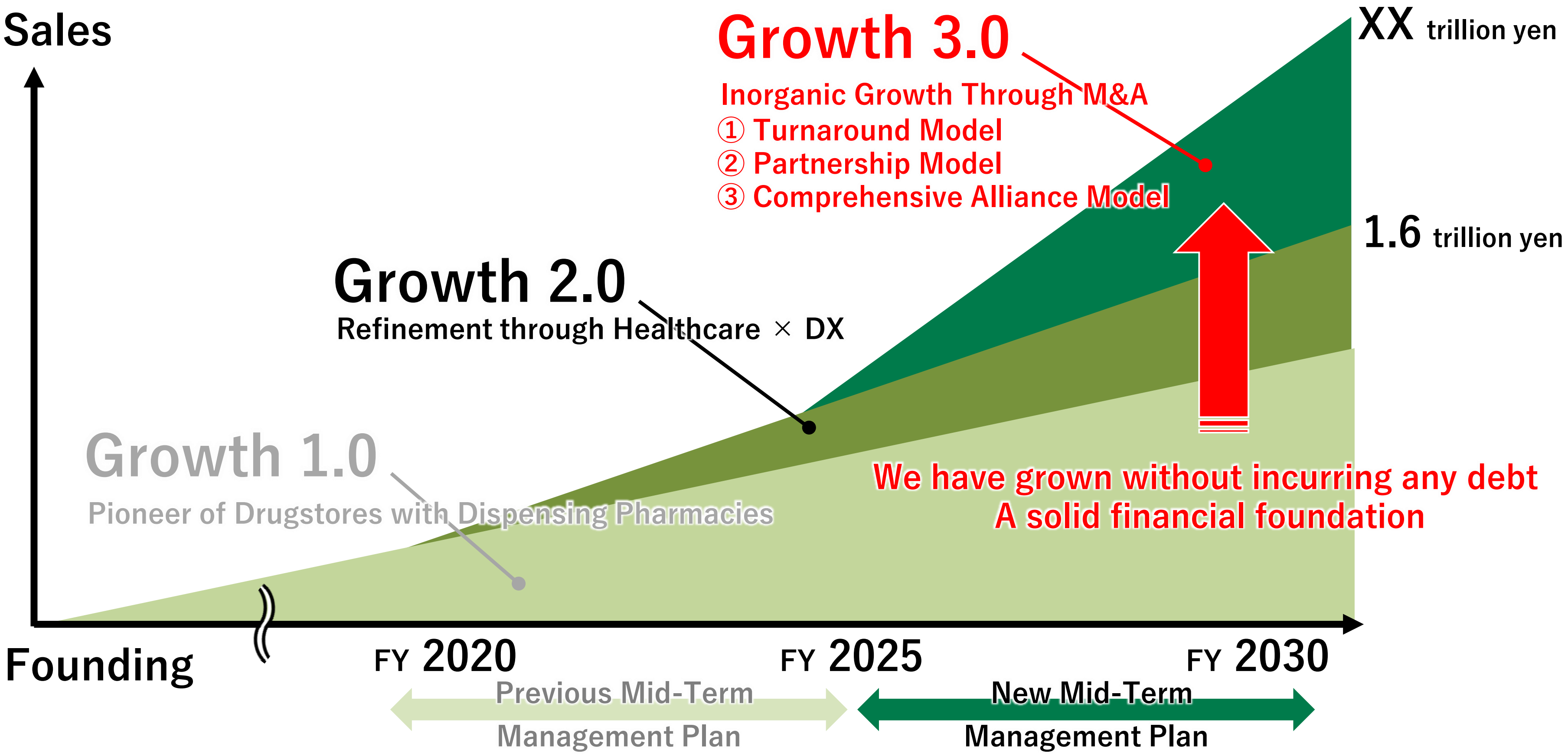
▼

During Travel (Experience)
Japan

▼

After the Trip (Continuation)
Countries in Asia

Growth Track Record and Future Growth Image



Strategic M&A and Alliances (Horizontal and Vertical Strategies)

① "Turnaround-Type" M&A at I&H (Dispensing)

- **V-shaped recovery through rapid structural reforms**: Achieved a V-shaped recovery from an ordinary loss within a year and a half of the acquisition through the carve-out of unprofitable businesses, consolidation of head office functions and pharmacy subsidiaries, and integration of procurement operations
- **Unique Omnichannel Dispensing Strategy**: By linking I&H's prime locations near major hospitals with Sugi Pharmacy's community-based network, the company strengthened its acquisition of specialty pharmaceuticals

② "Partnership-Type" Alliance with Seki Yakuhin (Drugstores)

- **Consolidation via a "soft landing"**: Began with a 49% stake, prioritized the integration of systems and logistics (PMI), and after confirming alignment of corporate philosophies and synergy effects, acquired additional 2% shares following a one-year preparation period to make it a consolidated subsidiary
- **Securing an overwhelming market share in the Saitama area**: By making a drugstore chain with a high market share in Saitama a subsidiary and securing approximately 25% of the prefectural market share across the entire group, we will promote deepening our dominant position and maximizing profits

③ Mutual Complementarity through a "Comprehensive Strategic Alliance" with Trial HD (Cross-Industry)

- **Business Complementarity Through Loose Collaboration**: Through a comprehensive alliance that does not involve the acquisition of shares, we will minimize cash outflow while combining the strengths of both companies to strengthen our product lineup, digital transformation (DX), and store expansion.
- **Securing cutting-edge DX expertise and customer touchpoints**: By partnering with non-competing companies in different industries, we will acquire advanced expertise in retail DX while promoting tenant openings in high-traffic large-scale stores (TRIAL, Seiyu) and mutual customer referrals

Evolution into a Co-creation Platform

Sugi Pharmacy Group Shared Platform

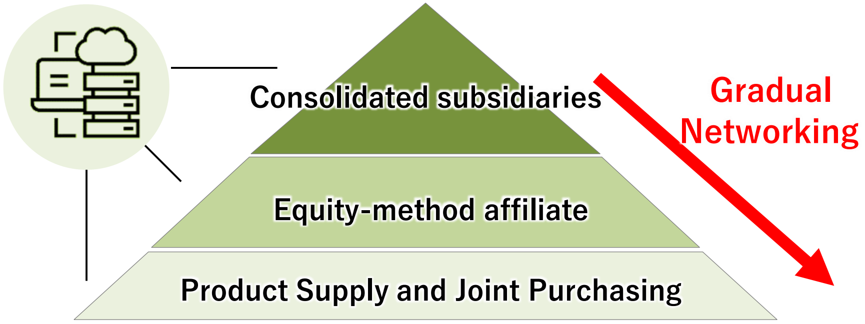
Products	Logistics	Systems	Human Resources

Transforming into a common infrastructure shareable with other companies

Horizontal Integration (Mid- to Long-Term Goal)

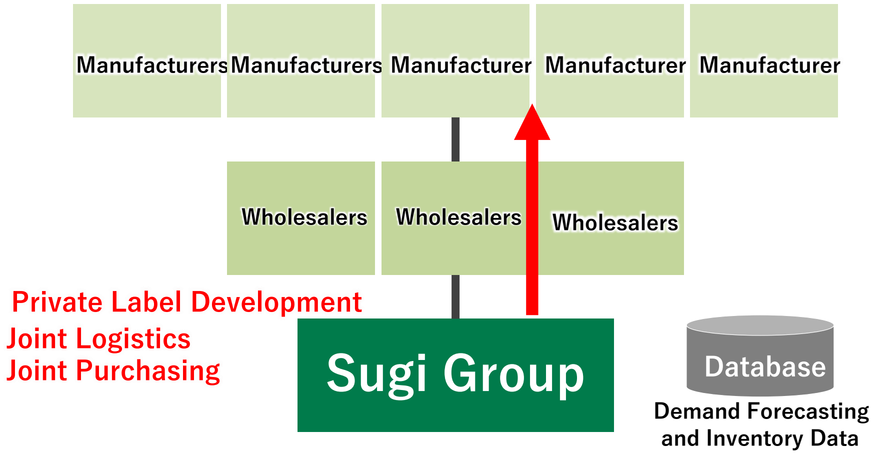
From Company-Centric to Industry-Centric

✓ Leading industry restructuring through shared infrastructure (products, logistics, systems, and talent)



Vertical Collaboration (Mid- to Long-Term Goal)

Leveraging Scale and Data to Optimize SCM



Financial Targets

Financial KPI FY 2030 Targets

Net Sales

FY2026 Plan
1.1
trillion yen

→

FY2030 Target
1.6
trillion yen or more
(CAGR of 10.0% or higher)

Operating Profit

FY2026 Plan
54
billion yen

→

FY2030 Target
88
billion yen or more
(5.5% or more of sales)

EBITDA

FY2026 Plan
77.4
billion yen

→

FY2030 Target
116
billion yen or more
(7.2% or more of sales)

ROE

FY2026 Plan
10.8%

→

FY2030 Target
15% or more

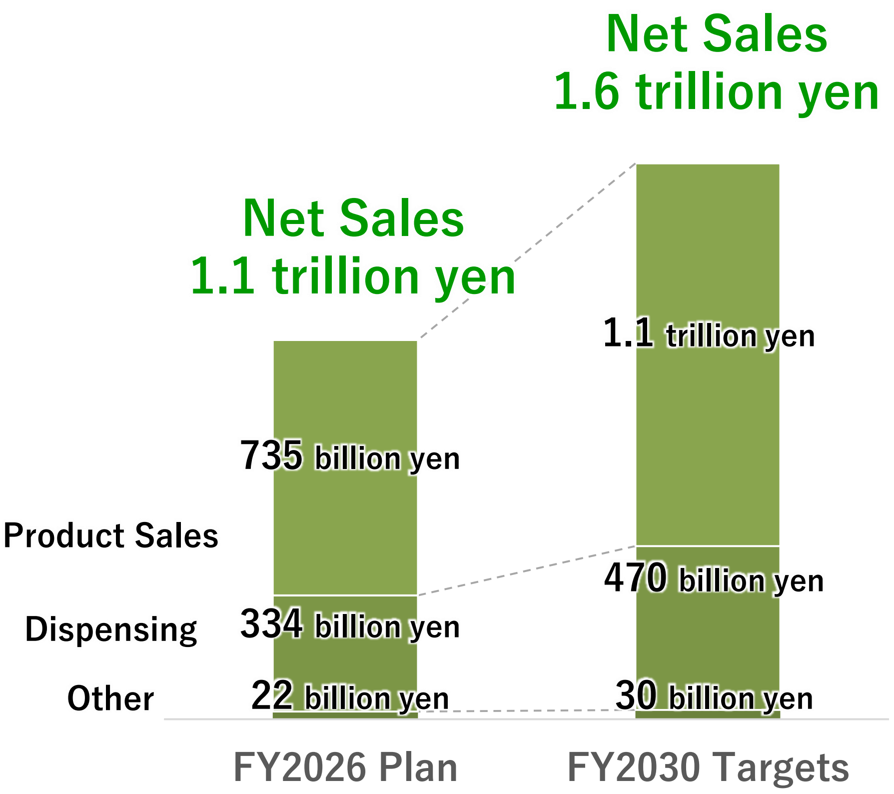
Debt Ratios

Net interest-bearing debt /EBITDA
3.0x or less

Net D/E Ratio
0.6x or less

Business Plan (1/2)

Revenue Growth



Key Assumptions

■ **Sugi HD (excluding Seki Yakuhin)**

① **Year-over-year sales at existing stores**

・Product Sales: Average 3.5%, Dispensing: Average 5.9%,
Company-wide: Average 3.9%

② **Prescription Acquisition**

・Volume: 30 million prescriptions (FY2030)
* CAGR 6.7% (FY2026–2030)

③ **Percentage of Specialty Drug (unit price of 100,000 yen or more)**

・Sugi Pharmacy: 34.1% (FY2030)

・Hanshin Pharmacy (formerly I&H standalone): 57.2% (FY2030)

④ **Inbound Tourism**

・Net Sales: 55 billion yen + (FY2030), 5.5% + of merchandise sales

⑤ **Number of New Stores**

・Drugstores: 572 stores
(5-year cumulative total) * Annual average: 114 stores

・Dispensing pharmacies: 135 stores (5-year cumulative total)
* Annual average: 27 stores

・Other (Traditional Chinese Medicine, Beauty): 20 stores (5-year cumulative total) * Annual average: 4 stores

*FY2030 figures represent minimum targets

Business Plan (2/2)

Improving Profitability

Million yen (as a percentage of sales)	FY2026 Plan	FY2030 Target
Gross profit	**354,000 (32.4%)**	**524,000 (32.8%)**
Sugi Merchandise Sales	222,380 (30.2%)	318,000 (31.5%)
Sugi Pharmacy	119,191 (35.7%)	155,000 (34.3%)
Sugi and others	12,427 (55.6%)	14,000 (53.7%)
Sekiyakuhin	–	37,000 (32.7%)
Selling, General, and Administrative Expenses	**300,000 (27.5%)**	**436,000 (27.3%)**
Sugi sales expenses	3,500 (0.3%)	3,000 (0.2%)
Sugi labor costs	150,000 (13.7%)	213,000 (14.3%)
Sugi General and Administrative Expenses	146,500 (13.4%)	189,000 (12.7%)
Sekiyakuhin	–	31,000 (27.4%)
Operating Income	**54,000 (4.9%)**	**88,000 (5.5%)**

million yen (percentage)	FY2026 Plan	5-Year Cumulative
Investment Amount	**32,200 (100%)**	**240,000 (100%)**
Store Openings	21,200 (65.8%)	120,000 (50.0%)
Renovation	4,500 (14.0%)	20,000 (8.3%)
Systems & M&A	6,500 (20.2%)	100,000 (41.7%)

Key Assumptions

■ Sugi HD (excluding Seki Yakuhin)

① App Member Ratio

- Ratio of app members to total merchandise sales: 80.0% (FY2030)

② Private Brand (PB) Ratio / PB Gross Margin

- PB ratio: 11.6% (FY2026) → 16.0% (FY2030)
- Change in PB Gross Margin: +2.5% (FY2026 → FY2030)

③ Labor Savings Through Headquarters and Store DX

- Stores: Improve productivity by 20%, and allocate half of the savings to strengthening customer-facing services (such as counseling)
- Headquarters: Improve productivity by 20% or more

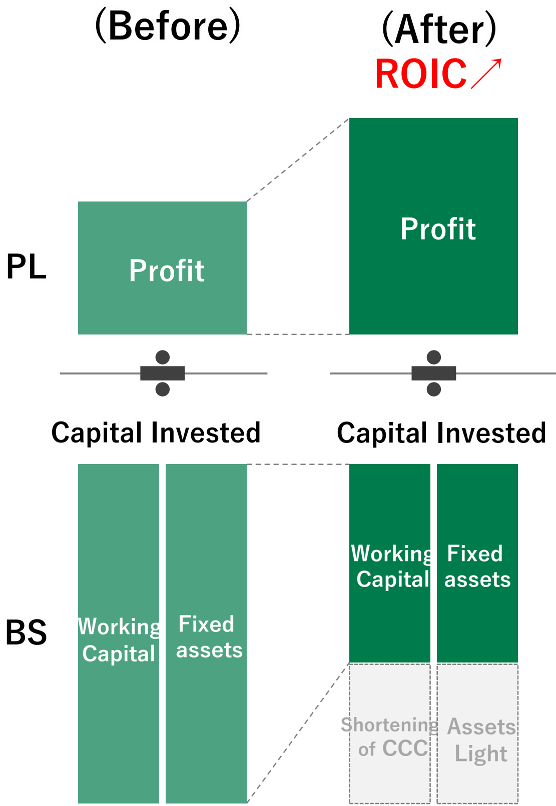
④ Investment (5-Year Total)

- Store Openings: 572 stores (Drugstores: 50% new construction / 50% existing locations)
- Renovations: 1,210 stores
- Systems/M&A: Of which, systems: 5-year cumulative total of 43.5 billion yen or more

*FY2030 figures represent minimum targets

Promoting ROIC-Based Management
(Income Statement Growth + Balance Sheet and Cash Flow Efficiency)

Maximizing ROIC (Operating Profit After Tax ÷ Capital Employed)



Profit Growth (Refinement of Core Businesses)

- ✓ Strengthening H&BC Counseling
- ✓ Expansion of pecialty dispensing Increase in private-label ratio
- ✓ Improving profitability through business portfolio management, etc.

Balance Sheet and Cash Flow Efficiency (Reduction of Capital Invested)

- ✓ Improved investment efficiency for new store openings through an asset-light approach
- ✓ Cash generation through working capital improvements (extended payment terms and optimized inventory turnover)
  ▶ Use the generated cash for new store openings/
  new business ventures

Path to a 15% ROE

- Strategic M&A
- Maximizing Capital Efficiency
- Leverage Strategy

Net Profit Margin — Maximizing Profitability

✖

Total Asset Turnover — Asset-Light

✖

Financial Leverage — Optimal Capital Structure

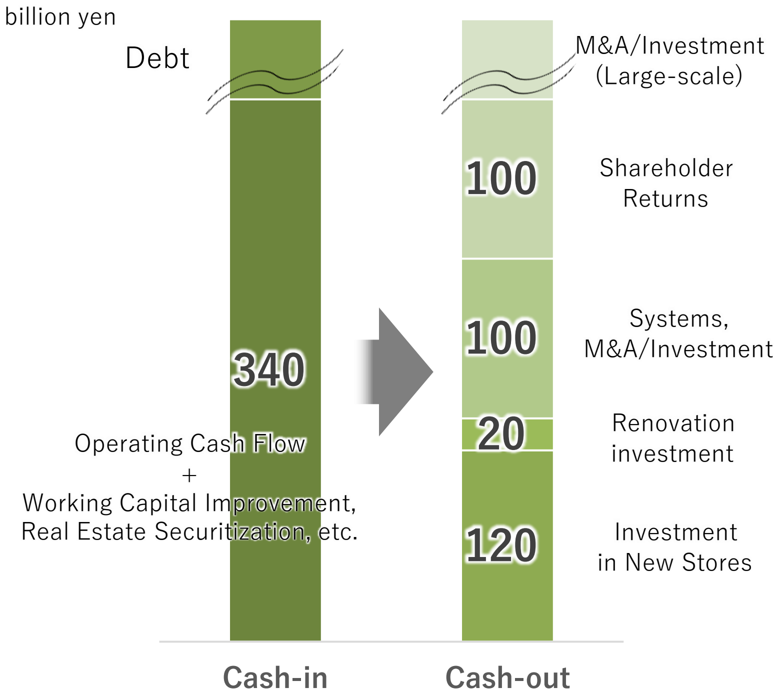
‖

ROE — Target: 15% or higher

Capital Allocation

Balancing capital efficiency (target ROE of 15%) and financial soundness

5-Year (Cumulative)



Allocation Policy

1. Prioritizing Allocation to Growth Investments

- **Deepening Core Business**: Renovating existing stores, strengthening dispensing capabilities, and reforming the supply chain through DX and AI
- **Strategic Peripheral Areas**: Focused investment and agile execution of M&A in peripheral areas such as healthcare and nursing care, data business, and e-commerce
- **Strict enforcement of investment discipline**: Applying a hurdle rate that exceeds the cost of capital

2. Strategic Use of Debt and Maintenance of Financial Soundness

- **Optimization of Capital Structure**: Reduce WACC by strategically utilizing low-cost debt
- **Compliance with debt metrics**: Implementing controls that are more conservative than JCR's A-range standards to maintain risk resilience in contingencies

3. Enhancing shareholder returns

- **Dividend Policy**: Stable Dividends
- **Flexible capital management**: We will conduct share buybacks as appropriate when surplus capital arises, taking into account investment opportunities and available liquidity

Executive Managing Officer Structure

Effective March 1, 2026
★: New Appointees

Responsibilities and Titles	Name
Corporate strategy, finance and accounting & CFO	Makoto Kasai
Human capital, administration and risk management & CHRO	Shigeki Mori
SCM, DX, and corporate branding	Kazuya Morinaga
International business(Sales)	Tsuyoshi Yamamoto
Merchandising Department	Tomohiro Shiraishi
Nursing care	★ Toshiyuki Azeo
General Manager of Legal Affairs Department General Counsel	★Mari Konagaya
International-business (planning & promotion)	★Kenta Morii
Dispensing	★Toshihiko Asaka

(Career Highlights of Newly Appointees)

★ Nursing care : Toshiyuki Azeo

A professional in overseas and medical business management who has served as Senior Vice President and Executive Officer/COO at Toyota Tsusho's Thai subsidiary

★ General Manager of Legal Affairs Department General Counsel : Mari Konagaya

A professional in international legal affairs and governance who has worked at a major law firm, served as Head of Legal Affairs at JR East, and holds an LL.M. (Master of Laws) from the United States

★ International-business (planning & promotion) :

Kenta Morii

A professional with extensive experience in global business development and office management, having held positions such as General Manager at Mitsui & Co.'s overseas offices

★Dispensing : Toshihiko Asaka

A homegrown executive at Sugi Pharmacy, he serves as General Manager of the Medical Sales Division, bridging the gap between the front lines and management to drive the growth of the pharmacy business

Sugi Pharmacy Board of Directors

★: New Appointees

Responsibilities and Titles	Name
Director & Chairman	Eiichi Sakakibara
Representative Director & President	Katsunori Sugiura
Representative Director & Vice President	Shinya Sugiura
Director, in charge of Management	Makoto Kasai
Director, Head of Merchandising Department	Tomohiro Shiraishi
Director, Head of Hanshin Dispensing Sales Division	Kenjiro Tani
Director, Head of Business Model Development Division	Sadaharu Urakawa
Director, Head of Administration Division	Shigeki Mori
Director, Deputy General Manager, Sales Support Division	Noriko Sawada
Director, Head of Sales Division	Ryoichi Nakura
Director, General Manager of the Foods Division, Product Division	Hiroshi Sakai
Director, Head of DX & AI Promotion Division, etc.	Kazuya Morinaga
Director, Head of Store Development Division	Takahiro Hanai
Director, Head of Store Operations	Mikio Sugiura
Director, Head of Medical Sales Division	Toshihiko Asaka

Responsibilities/Position	Name
Director, Head of Logistics Division	★Hiroyuki Ando
Director, Head of New Business Development Division	★Michiaki Okamoto
Director, Head of DX & AI Promotion Division and CDO	★Shigeo Kagami
Director, Head of Private Brand Product Development Division	★Naohiro Umezu

(Career Highlights of New Appointees)

★ Head of Logistics Division: Hiroyuki Ando

A SCM optimization professional who has served as Branch Manager of Kirin Beer, Head of China Operations, and President and CEO of Kirin Group Logistics

★ Head of New Business Development Division: Michiaki Okamoto

A professional in the automation and efficiency of transportation and distribution processes and new business development, with experience at Nissan Motor Co., Ltd., as well as having served as an Executive Officer at Misumi and Yamato Transport

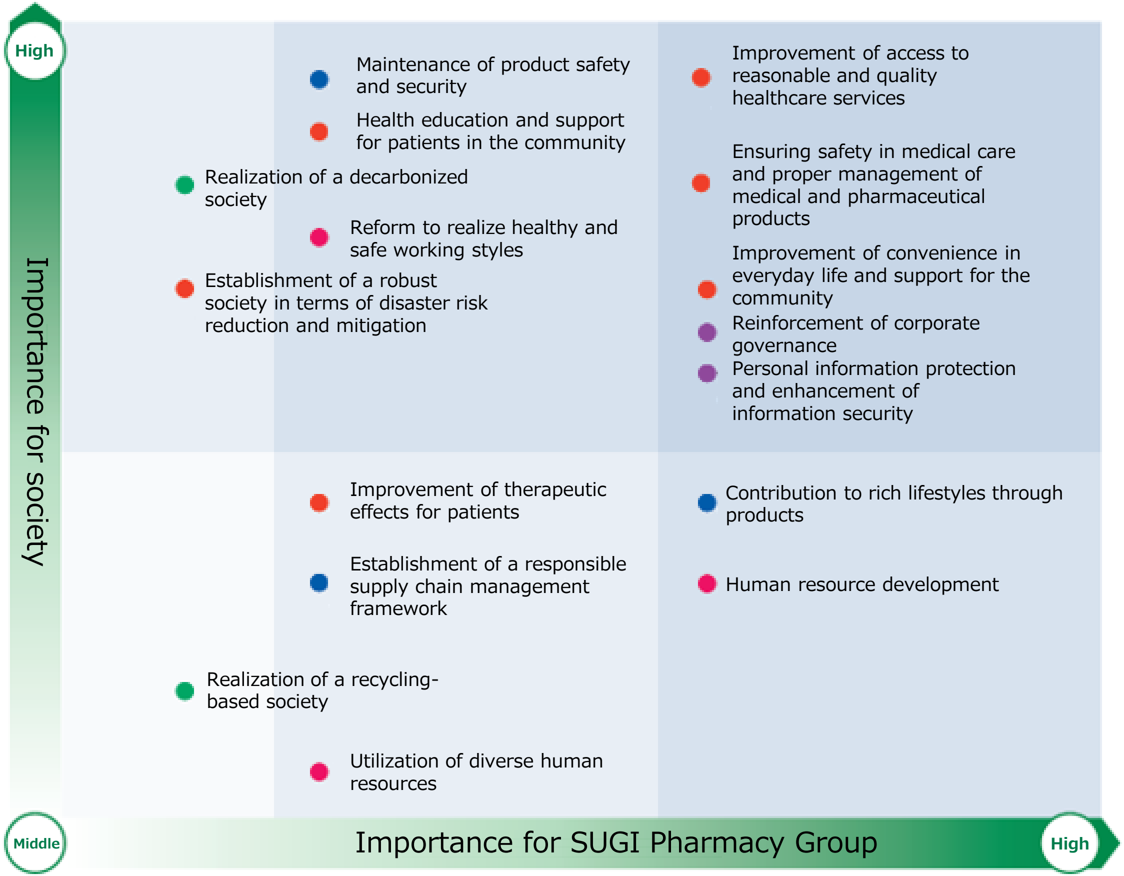
★ Head of DX & AI Promotion Division: Shigeo Kagami

A professional in digital strategy planning and DX promotion who has held positions including Head of the AWS Division, roles at Mitsubishi UFJ Bank, and Executive Officer and CDXO at JTB

★ Head of Private Brand Product Development: Naohiro Umezu

A professional in cultivating high-margin private-label brands and transforming merchandise planning, having served as a Director at Ito-Yokado and Head of Seven Premium Development

Efforts to promote sustainability management



(SUGI Pharmacy Group Integrated Report)

https://www.sugi-hd.co.jp/ir/library/related-report.html

スギ薬局グループ

Any plans, forecasts, strategies, or other statements regarding the Sugi Pharmacy Group contained in this document that are not historical facts constitute forward-looking statements regarding future performance.

These are based on the judgment of the management of Sugi Holdings Co., Ltd. using information currently available.

Therefore, please be aware that actual results may differ significantly from these forecasts due to various factors.